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HEALTH AND SAFETY CODE - HSC

DIVISION 31. HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*

PART 2. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT [50400 - 50899.7] (*Heading of Part 2 amended by Stats. 1981, Ch. 996.)*

CHAPTER 3.2. The Joe Serna, Jr. Farmworker Housing Grant Program [50515.2 - 50517.11] (*Heading of Chapter 3.2 amended by Stats. 2000, Ch. 312, Sec. 3.)*

50515.2. (a) Notwithstanding any other law, the department may extend the term of an existing multifamily housing loan made by the department under the original Rental Housing Construction Program established by Chapter 9 (commencing with Section 50735), the Special User Housing Rehabilitation Program established by Section 50670, or the Deferred Payment Rehabilitation Loan Program established by Chapter 6.5 (commencing with Section 50660) upon the request of any borrower subject to the following conditions:

- (1) The borrower shall provide to the department a complete report showing all existing tenants, their incomes, as reported in the most recent annual income certification, and the rents currently charged to each tenant.
- (2) The borrower shall agree to an extension of the term of the loan by an additional 55 years from the date of departmental approval. If the department determines that the remaining useful life of a project is less than 55 years, the loan may be extended for the remaining useful life of the project, but not less than 30 years. The department may convert the existing outstanding principal and any accrued interest into the new loan amount. The interest rate on the extended term shall be 3 percent simple interest. All future payments of principal and interest may be deferred except for a percentage of interest equal to the percentage charged in the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)) for the department's ongoing monitoring and management responsibilities.
- (3) The borrower shall agree to amend or replace the existing regulatory agreement to include terms generally equivalent to those used in the Multifamily Housing Program. In addition, the borrower shall agree to replace, amend, or revise any other loan document as necessary to accomplish the purposes of this section.
- (4) (A) The borrower shall agree to a rent schedule that ensures that all assisted units are affordable to households earning no more than 60 percent of the area median income and that at least 35 percent of all assisted units shall be reserved for, affordable to, and occupied by, households earning less than or equal to the midlevel target used by the Multifamily Housing Program, unless the department finds both of the following:
 - (i) That the project income is insufficient to maintain fiscal integrity, as that term is used in the Multifamily Housing Program, and is insufficient to maintain the rents required under this subparagraph pursuant to the terms of the Uniform Multifamily Regulations, or any successor regulations, except that commercial vacancy loss shall be projected based on the operating history of the project, commercial vacancy rates in the neighborhood, and similar factors typically used by commercial lenders.
 - (ii) That the borrower has exhausted all available potential sources of rental subsidies, including, but not limited to, federal, state, and local funds.(B) If the department finds that a reduction in the percentage of assisted units to less than 35 percent of assisted units is justified, it shall ensure that the largest possible percentage is reserved for the targeted households.
(C) For the purposes of this paragraph, "midlevel target used by the Multifamily Housing Program" shall mean the following:

(i) For counties with an area median income of 110 percent or less of the state median income, it shall mean households earning 30 percent of state median income, expressed as a percentage of area median income.

(ii) For counties with an area median income that exceeds 110 percent of the state median income, it shall mean households earning less than 35 percent of state median income, expressed as a percentage of area median income.

(5) No tenant residing in a project at the time of an extension authorized by this section may be displaced as a result of the regulatory revisions authorized by this section, and, for the initial operating year after approval of the extension, that tenant may not have his or her rent increased above the amounts specified in his or her preexisting regulatory agreements, except that no tenant may pay less than 30 percent of his or her income, calculated pursuant to the Multifamily Housing Program criteria. If a rent increase authorized under this section would exceed a 10 percent increase in payment for a lower income tenant, the project owner shall phase in the increase so that it does not exceed 10 percent per year. After the initial operating year after the extension authorized under this section, the rents for all regulated units that are subject to the new agreement may be adjusted in the percentage calculated pursuant to the Multifamily Housing Program criteria, plus the amount necessary to bring an individual tenant up to the 30-percent-of-income standard, provided that the total annual increase does not exceed 10 percent. Rent adjustments for all tenants occupying assisted units at the time of the extension shall be based on the tenant's initial rent established under this paragraph. Upon vacancy of an assisted unit occupied at the time of the extension, the new base rent for that unit shall be established consistent with the standards used in the Multifamily Housing Program for the regulated income band, subject to the reservation of units required under paragraph (4).

(b) The department may approve an extension of a loan made by the department if it determines that the project has, or will have after rehabilitation or repairs, a potential remaining useful life of at least 30 years and that the project is deemed financially feasible pursuant to the terms of its Uniform Multifamily Regulations or successor regulations.

(c) The department may subordinate its loan or loans to refinance existing senior debt and to additional permanent financing if that additional senior debt is used only for rehabilitation, repairs, or improvements, or both, including related soft costs, that are modest in size, scope, and cost, as determined by the department and necessary to maintain and extend the useful life of the project.

(d) (1) For the purposes of this subdivision, the "agency projects" are the 26 projects assisted through the original Rental Housing Construction Program with funds administered by the California Housing Finance Agency.

(2) Upon the request of a borrower the agency may extend the term of an existing loan for an agency project by a period that is equal to the remaining useful life of the project, as determined by the agency, but not more than 55 years and not less than 30 years from the date of agency approval, under terms that are substantially consistent with the purposes of this section, if all of the following conditions are met:

(A) The borrower shall provide to the agency the report described in paragraph (1) of subdivision (a).

(B) The extension shall be subject to the conditions set forth in paragraph (2) of subdivision (a).

(C) The rent levels and tenant protections described in paragraphs (4) and (5) of subdivision (a) shall be satisfied, except that the agency, not the department, shall make the determination required under clause (i) of subparagraph (A) of paragraph (4) of subdivision (a) that the project income is insufficient to meet the agency's affordable multifamily lending program requirements.

(3) Any determination or approval under this section regarding the agency projects shall be by the agency rather than the department.

(4) The borrower and the agency shall amend, replace, or revise any other loan documents or agreements governing the loans for the agency projects as necessary to accomplish the purposes of this section.

(5) All funds received by the agency for the agency projects, whether by loan repayment, foreclosure, accrued interest, or otherwise, shall be used to provide assistance to existing or future projects financed by or through the agency pursuant to terms consistent with the agency's affordable multifamily lending programs.

(e) It is the intent of the Legislature in enacting this section that the department should manage its reserves for the original Rental Housing Construction Program in a manner that will allow for the continuation of current benefits to current low-income tenants for the longest period of time possible. Accordingly, rent subsidies shall be continued only for units occupied by lower income tenants who were in residence at the time of the extension authorized under this section.

(f) It is the intent of the Legislature in enacting this section to provide to the department the flexibility necessary to preserve the affordable rental units for which the state has already made a significant public investment. Accordingly, the department may implement this section through guidelines that shall not be subject to Chapter 2.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(g) This section shall become operative on July 1, 2008.

(h) This section shall not apply to loan extensions and senior debt subordinations executed by the department and recorded after the effective date of the guidelines adopted by the department pursuant to subdivision (h) of Section 50560.

(Amended by Stats. 2012, Ch. 780, Sec. 2. (AB 1699) Effective January 1, 2013.)

50517.5. (a) (1) The department shall establish the Joe Serna, Jr. Farmworker Housing Grant Program under which, subject to the availability of funds, there shall be made to local public entities, nonprofit corporations, limited liability companies, and limited partnerships, any of the following:

(A) Loans for the construction or rehabilitation of rental housing for lower-income agricultural employees and their families, including the cost of acquiring the land and any building related thereto and constructing or rehabilitating-related support facilities necessary to the housing. For the funds loaned under this subparagraph, the department shall do all of the following:

- (i) Make funds available at the same time it makes funds, if any, available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)).
- (ii) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this paragraph in addition to those used in the Multifamily Housing Program.
- (iii) Administer funds subject to this chapter in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)), except that assisted units may serve agricultural employees and their families with incomes of up to 80 percent of the area median income. Loan terms shall be consistent with Section 50675.6 and any other requirements concerning loan terms in Chapter 6.7 (commencing with Section 50675).
- (iv) Only applications meeting the threshold requirements of this subparagraph, and any additional threshold requirements established by the department, shall be eligible to receive funds pursuant to this subparagraph.

(B) Loans that assist development projects involving multiple home ownership units, including single-family subdivisions, for lower-income agricultural employees and their families, including the cost of acquiring the land and constructing or rehabilitating-related support facilities necessary to the housing. Upon completion of construction, the department may convert project loans into grants for programs of assistance to lower-income agricultural employees and their families consistent with the process described in subdivision (c) of Section 50650.3. For the funds loaned under this subparagraph, the department shall do all of the following:

- (i) Make funds available at the same time it makes funds, if any, available under the CalHome Program authorized by Chapter 6 (commencing with Section 50650).
- (ii) Rate and rank applications in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this paragraph in addition to those used in the CalHome Program.
- (iii) Administer funds subject to this chapter in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650). Loan terms shall be consistent with loan terms in the CalHome Program authorized by Chapter 6 (commencing with Section 50650).
- (iv) Only applications meeting the threshold requirements of this subparagraph, and any additional threshold requirements established by the department, shall be eligible to receive funds pursuant to this subparagraph.

(C) Grants for programs that assist lower-income agricultural employees and their families to become or remain homeowners consistent with the eligible funding purposes described in Section 50650.3. For the funds granted under this subparagraph, the department shall do all of the following:

- (i) Make funds available at the same time it makes funds, if any, available under the CalHome Program authorized by Chapter 6 (commencing with Section 50650).
- (ii) Rate and rank applications in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this paragraph in addition to those used in the CalHome Program.

(iii) Administer funds subject to this chapter in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650).

(iv) Only applications meeting the threshold requirements of this subparagraph, and any additional threshold requirements established by the department, shall be eligible to receive funds pursuant to this subparagraph.

(D) Grants for the acquisition of manufactured housing as part of a program to address and remedy the impacts of current and potential displacement of lower-income farmworker families from existing labor camps, mobilehome parks, or other housing, including the cost of acquiring the land related to the housing and constructing or rehabilitating-related support facilities necessary to the housing. For the funds granted under this subparagraph, the department shall do all of the following:

(i) Make funds available at the same time it makes funds, if any, available under the CalHome Program authorized by Chapter 6 (commencing with Section 50650).

(ii) Rate and rank applications in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this paragraph in addition to those used in the CalHome Program.

(iii) Administer funds subject to this chapter in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650).

(iv) Only applications meeting the threshold requirements of this subparagraph, and any additional threshold requirements established by the department, shall be eligible to receive funds pursuant to this subparagraph.

(2) With respect to any moneys appropriated for the purposes of this section, the department shall determine the amounts, if any to be made available for each of the purposes described in paragraph (1).

(b) (1) The Joe Serna, Jr. Farmworker Housing Grant Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, all money in the fund is continuously appropriated to the department for making grants or loans, or both, pursuant to this section and Section 50517.10, for purposes of Chapter 8.5 (commencing with Section 50710), and for costs incurred by the department in administering these programs.

(2) There shall be paid into the fund the following:

(A) Any moneys appropriated and made available by the Legislature for purposes of the fund.

(B) Any moneys that the department receives in repayment or return of grants or loans from the fund, including any interest therefrom.

(C) Any other moneys that may be made available to the department for the purposes of this chapter from any other source or sources.

(D) All moneys appropriated to the department for the purposes of Chapter 8.5 (commencing with Section 50710) and any moneys received by the department from the occupants of housing or shelter provided pursuant to Chapter 8.5 (commencing with Section 50710). These moneys shall be separately accounted for from the other moneys deposited in the fund.

(c) (1) If funds granted or loaned pursuant to this section constitute less than 25 percent of the total development cost or value, whichever is applicable, of a project assisted under this section, the department may adopt, criteria for determining the number of units in a project to which the restrictions on occupancy contained in the agreement apply. In no event may these regulations provide for the application of the agreement to a percentage of units in a project that is less than the percentage of total development costs that funds granted or loaned pursuant to this section represent.

(2) Prior to funds granted pursuant to this section being used to finance the acquisition of a manufactured home, the grantee shall ensure that the home either is already installed in a location where it will be occupied by the eligible household or that a location has been leased or otherwise made available for the manufactured home to be occupied by the eligible household.

(3) The department shall provide linguistically appropriate services and publications, or require grantees to do so, as necessary to implement the purposes of this section.

(d) The department shall include in its annual report required by Section 50408, a current report of the Joe Serna, Jr. Farmworker Housing Grant Program. The report shall include, but need not be limited to, (1) the number of households assisted, (2) the average income of households assisted and the distribution of annual incomes among assisted households, (3) the rents paid by households assisted, (4) the number and amount of grants or loans, or both, made to each grantee in the preceding year, (5) the dollar value of funding derived from sources other than the state for each project receiving a grant or loan, or both, under this section, and an identification of each source, (6) recommendations, as needed, to improve operations of the program and respecting the desirability

of extending its application to other groups in rural areas identified by the department as having special need for state housing assistance, and (7) the number of manufactured housing units assisted under this section.

(e) As used in this section:

- (1) "Agricultural employee" has the same meaning as specified in subdivision (b) of Section 1140.4 of the Labor Code, but also includes any person who works on or off the farm in the processing of any agricultural commodity until it is shipped for distribution, whether or not this person is encompassed within the definition specified in subdivision (b) of Section 1140.4 of the Labor Code.
- (2) "Grantee" means the local public entity, nonprofit corporation, limited liability company, or limited partnership that is awarded the grant or loan, or both, under this section.
- (3) "Housing" may include, but is not necessarily limited to, conventionally constructed units and manufactured housing installed pursuant to either Section 18551 or 18613.
- (4) "Local public entity" includes, but is not limited to, the duly constituted governing body of an Indian reservation or rancheria or a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.
- (5) "Limited liability company" means a limited liability company where all the members are nonprofit public benefit corporations.
- (6) "Limited partnership" means a limited partnership where all of the general partners are either nonprofit public benefit corporations, limited liability companies, or a combination of nonprofit public benefit corporations and limited liability companies.
- (7) "Nonprofit corporations" includes, but is not limited to, a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.

(f) The department may provide the assistance offered pursuant to this chapter in any area where there is a substantial unmet need for farmworker housing.

(g) The department may adopt guidelines to administer this chapter. Guidelines adopted pursuant to this subdivision shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(h) This section shall become operative on January 1, 2022.

(Amended by Stats. 2022, Ch. 632, Sec. 6. (SB 1252) Effective January 1, 2023.)

50517.6. (a) The department may set aside the amount of funds authorized by subdivision (d) for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the dwelling unit assisted pursuant to this chapter.

(b) The department may use the set-aside funds made available pursuant to this chapter to repair or maintain any dwelling unit assisted pursuant to this chapter that was acquired to protect the department's security interest in the dwelling unit.

(c) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to any grant amount secured by the lien and shall be payable to the department upon demand.

(d) On the effective date of the act that adds this section, the department may set aside up to two hundred thousand dollars (\$200,000) from the Joe Serna, Jr. Farmworker Housing Grant Fund for the purposes authorized by this section. On July 1 of each subsequent fiscal year, the department may set aside, for the purposes of this section, up to 1.5 percent of the funds available in the Joe Serna, Jr. Farmworker Housing Grant Fund on that date.

(Amended by Stats. 2019, Ch. 159, Sec. 13. (AB 101) Effective July 31, 2019.)

50517.7. In counties in which a disaster has been declared by the Governor pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code and for a period of 12 months after the declaration, the department may provide grants from the fund established by subdivision (b) of Section 50517.5, subject to the following terms and conditions, which are applicable only to this section:

(a) Grants may be made to local public entities, nonprofit corporations, and housing owners comprised of either homeowners who are agricultural employees or owners of rental property used primarily by agricultural households.

(b) The department may enter into master agreements with nonprofit corporations or local public entities or it may enter into contracts directly with housing owners to carry out the activities authorized by this section.

(c) The department may make grants directly to housing owners or through master agreements for the cost of preparation of applications for funds, and supervision of expenditures from the fund, including, but not limited to estimates, work writeups, bidding

supervision, and inspections. Funds granted pursuant to this subdivision shall not be secured by, and subject to, the liens required by Section 50517.5.

(d) The department, either directly or through master agreements, may provide grants to housing owners which shall be used for housing rehabilitation or acquisition and rehabilitation, and related costs, other than those costs accruing pursuant to subdivision (c). Only those funds from the fund which are actually utilized pursuant to this subdivision shall be secured by, and subject to, the liens required by Section 50517.5.

(Amended by Stats. 2019, Ch. 159, Sec. 14. (AB 101) Effective July 31, 2019.)

50517.8. A household deemed eligible by the United States Department of Agriculture, under the Rural Housing Loan Program of Section 502 of Title V of the Housing Act of 1949 (42 U.S.C. Sec. 1472 et seq.), on the basis of the household's ratio of housing costs to household income shall be deemed eligible for a grant pursuant to this chapter notwithstanding the department's calculation of the ratio of housing costs to income utilizing different and additional housing cost factors.

(Added by Stats. 1997, Ch. 881, Sec. 1. Effective January 1, 1998.)

50517.9. (a) In enacting this section, it is the intent of the Legislature to provide disaster assistance for farmworkers displaced by the 1997 floods in the most expeditious and fiscally sound manner possible. It is the intent of the Legislature that the Department of Housing and Community Development administer this section in accordance with those goals.

(b) In counties in which a disaster has been declared by the Governor pursuant to Section 8625 of the Government Code, and for a period of 12 months after the declaration, the department may award funds for the purposes of this section, subject to the following terms and conditions:

(1) Loans may be made to local public entities, nonprofit corporations, and private property owners to repair, rehabilitate, or replace housing previously used exclusively by migrant farmworker households or unaccompanied migrant farmworker adults, which will be used in the future for those purposes. Loan funds may be used to acquire or lease "manufactured structures," which, for the purposes of this section, means structures subject to Part 2 (commencing with Section 18000) of Division 13. Private property owners shall be eligible for loans only to the extent that other federal and state resources, private insurance proceeds, or private institutional lending sources are not available in a timely manner or do not provide the coverage needed to rehabilitate or reconstruct the housing without increasing the rent above that charged for the units prior to the disaster.

(2) The department may enter into contracts directly with nonprofit corporations, local public entities, or private property owners to carry out the activities authorized by this section.

(3) Loans made under this section shall be secured by, and subject to, security instruments approved by the department, including, but not limited to, real property leases or liens, regulatory agreements, and liens on manufactured structures. The department shall establish loan terms and conditions with consideration to the financial feasibility and prudent operation of the housing units financed. In no event shall the loans require interest at a rate higher than 3-percent simple interest or have a term longer than the useful life of the housing units. Repayments may be deferred for the first five years of the loan term, if the department determines that it is necessary for fiscal integrity or to prevent foreclosure.

(4) In making any loan, the department shall require that the borrower meet all of the following conditions:

(A) The borrower shall be capable of providing occupancy in decent, safe, and sanitary housing that meets all of the requirements of law within six months after the award of funds.

(B) The borrower shall demonstrate the financial feasibility of the project.

(C) Prior to disbursement of funds, the borrower shall identify the property on which the housing will be repaired, rehabilitated, or replaced, and provide information satisfactory to the department related to the costs and sources of funding necessary to complete the repairs, rehabilitation, or replacement. All costs shall be reasonable, considering the necessity of expeditious rehabilitation or replacement.

(5) Priority for use of the funds shall be given to borrowers who will provide housing at the earliest date.

(6) All units assisted under this section shall remain affordable to low- and very low income households for the life of the project. For the 1997–98 growing season, farmworkers who previously occupied the damaged or destroyed housing shall have first priority to occupy any unit assisted under this section.

(7) If units assisted under this section are built or rehabilitated in the same natural disaster zone as the units damaged or destroyed by the disaster, the borrower shall maintain disaster insurance on the units for the useful life of the units. For purposes of this section, "disaster insurance" means fire, earthquake, flood, or other insurance against the natural disaster that damaged or destroyed the housing units.

(8) To the extent that any housing unit that was damaged or destroyed is reconstructed under this section with substantially the same number of units, it shall be deemed to be "existing housing" for the purposes of subdivision (d) of Section 37001.5.

(9) The department may waive any requirements of Section 50517.5 and any regulations promulgated thereunder that are inconsistent with prompt and effective implementation of the program described in this section. In addition, any rule, policy, or standard of general application employed by the department in implementing the provision of this section shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 12 of Division 3 of Title 2 of the Government Code. Awards of funds made pursuant to this section shall not be subjected to review or approval by the Local Assistance Loan and Grant Committee of the department operating pursuant to Subchapter 1 (commencing with Section 6900) of Chapter 6.5 of Title 25 of the California Code of Regulations.

(Amended by Stats. 2004, Ch. 183, Sec. 222. Effective January 1, 2005.)

50517.10. (a) In addition to the purposes specified in subdivision (a) of Section 50517.5 and except as otherwise provided in subdivision (b), the department may make grants and loans under the Joe Serna, Jr. Farmworker Housing Grant Program to local public entities and nonprofit corporations in order to establish capitalized operating reserves for short-term occupancy housing for migrant farmworker households, purchase land for, and construct, housing structures for short-term occupancy by migrant farmworker households, lease or purchase existing structures for short-term occupancy by migrant farmworker households, and, where the department determines that extraordinary or emergency circumstances exist, directly rent or lease housing for short-term occupancy by migrant farmworker households.

(b) (1) Notwithstanding any other provision of this chapter, except as provided in paragraph (2), the department shall not make grants or loans under the Joe Serna, Jr. Farmworker Housing Grant Program on or after January 1, 2020, for the purpose of funding predevelopment of developing or operating any housing that is rented, sold, or subleased to an agricultural employer, as defined in Section 1140.4 of the Labor Code, or its agent, or a farm labor contractor, as defined in Section 1682 of the Labor Code, or its agent, who employs at least one H-2A worker as defined in 50205, until the expiration of the regulatory agreement or affordability covenant, as applicable. A person or entity who receives any grant or loan under the Joe Serna, Jr. Farmworker Housing Grant Program on or after January 1, 2020, and expends any of those funds for any housing that is rented, sold, or subleased to an agricultural employer, as defined in Section 1140.4 of the Labor Code, or its agent, or a farm labor contractor, as defined in Section 1682 of the Labor Code, or its agent, who employs at least one H-2A worker, as defined in Section 50205, until the expiration of the regulatory agreement or affordability covenant, as applicable, shall reimburse the department as provided in paragraph (2) of subdivision (b) of Section 50205.

(2) This subdivision shall not apply to any contract entered into or any grant or loan provided pursuant to the Joe Serna, Jr. Farmworker Housing Grant Program prior to January 1, 2020.

(3) The department shall not be responsible for inspecting units that are not subsidized by funding received from the department.

(4) A person or entity who receives funds under the Joe Serna, Jr. Farmworker Housing Grant Program on and after January 1, 2020, and expends any of those funds for the purpose of funding predevelopment of, developing, or operating any housing shall submit a declaration to the department declaring the following:

(A) (i) The person or entity is not an agricultural employer, as defined in Section 1140.4 of the Labor Code, or its agent, or a farm labor contractor, as defined in Section 1682 of the Labor Code, or its agent, who employs at least one H-2A worker, as defined in Section 50205.

(ii) The person or entity will not rent, sell, or sublease any housing funded pursuant to this chapter to an agricultural employer, as defined in Section 1140.4 of the Labor Code, or its agent, or a farm labor contractor, as defined in Section 1682 of the Labor Code, or its agent, who employs at least one H-2A worker, as defined in Section 50205, until the expiration of the regulatory agreement or affordability covenant, as applicable.

(B) The declaration described in subparagraph (A) can be met through the inclusion in a regulatory agreement or affordability covenant, as applicable, with the department that is signed by the person or entity receiving funds pursuant to this chapter.

(Amended by Stats. 2020, Ch. 264, Sec. 17. (AB 107) Effective September 29, 2020.)

50517.11. (a) (1) In the City and County of Los Angeles, where the federal Department of Housing and Urban Development has granted an authority, as defined in Section 34203, a waiver effective August 17, 2024, to allow household income verifications to occur after a lease contract is signed for unhoused populations seeking entry into projects pursuant to or in connection with Section 5.110 of Title 24 of the Code of Federal Regulations, if an owner or a management agent leases a subsidized unit to an unhoused person and subsequently learns and verifies that the unhoused person does not meet applicable income requirements, then the department shall not take any negative actions against the owner or management agent if both of the following conditions are met:

(A) The owner or management agent has cured the noncompliance within 24 months of discovery of the violation.

(B) The local housing authority and continuum of care have developed and posted on their respective internet websites a plan describing how the local housing authority and continuum of care will coordinate with the owner or management agent to move tenants that do not meet applicable income requirements into affordable housing where the tenant is eligible for occupancy within 24 months of discovery of the violation. Income ineligible tenants shall retain their unhoused targeting eligibility.

(2) For purposes of this subdivision, "negative actions" include, but are not limited to, both of the following:

(A) Issuing negative points on a current or future application.

(B) Imposing a financial penalty.

(b) If an agreement between the owner or management agent and the authority or the department restricts a unit to a tenant earning no more than 30 percent of the area median income, the tenant shall be deemed to satisfy the income requirements of this program during the 24-month period described in paragraph (1) of subdivision (a) if all of the following conditions are met:

(1) The tenant experienced homelessness prior to moving into the unit. For purposes of this subparagraph, "homelessness" has the same meaning as "homeless," as that term is defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

(2) The tenant self-certified household income at no more than 30 percent of the area median income.

(3) A third-party verification shows that the tenant has household income of no more than 50 percent of the area median income, unless the tenant is otherwise eligible pursuant to federal income eligibility requirements.

(4) The tenant's income certification is fully verified in accordance with the program rules within 90 days of the date the tenant took possession of the unit.

(5) At least 50 percent of the assisted units restricted to 30 percent area median income are occupied by verified, income-eligible households.

(6) The issuing housing authority and continuum of care, in coordination with other public agencies, coordinate with an owner or a management agent and move a tenant found to have a household income of more than 50 percent of the area median income following third-party verification described in paragraph (3) within 24 months of discovery of the violation to an affordable housing unit for which the tenant is eligible without reliance upon the same waiver described in subdivision (a). Income ineligible tenants shall retain their unhoused targeting eligibility.

(c) (1) This section does not modify any other eligibility requirements attached to assistance provided by the Department of Housing and Community Development.

(2) Tenant self-certified date of birth shall be accepted so long as the agreement between the department and the owner does not impose age-based demographic targeting requirements.

(3) If the conditions described in subdivision (b) are met, absent any rent setting methodology from subsidy programs, a tenant whose adjusted income at move-in exceeded 30 percent area median income shall have an effective rent limit for their unit be redesignated to 50 percent of area median income or, if the tenant's verified income is higher than 50 percent of area median income, an effective rent limit for their unit be redesignated to an area median income level commensurate with the income level.

(4) Owner or management agents shall discontinue use of the waiver as described in subdivision (a) in the event that more than 50 percent of the assisted units restricted to 30 percent area median income are occupied by households with adjusted incomes at move-in over 30 percent area median income.

(d) This section shall become inoperative on July 31, 2025, or the final expiration date of a waiver as described in subdivision (a), whichever is later, and, as of January 1 of the following year, is repealed.

(Added by Stats. 2024, Ch. 491, Sec. 2. (SB 1500) Effective January 1, 2025. Conditionally inoperative on or after July 31, 2025, as prescribed by its own provisions. Conditionally repealed, by its own provisions.)