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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 HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*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 3.7. The Jobs-Housing Balance Improvement Program [50540 - 50546] (*Chapter 3.7 added by Stats. 2000, Ch. 80, Sec. 2.)*

50540. This chapter shall be known and may be cited as the Jobs-Housing Balance Improvement Program.

(*Added by Stats. 2000, Ch. 80, Sec. 2. Effective January 1, 2001.*)

50541. The Legislature finds and declares all of the following:

- (a) Despite strong economic growth and record-level unemployment in most areas of the state, California has fallen seriously short of its policy of providing every California family with the opportunity to live in decent, affordable housing in a suitable living environment.
- (b) The Department of Finance estimates that to meet California's housing need, 230,000 new residential units per year must be built.
- (c) For each of the last eight years, California has produced only 50 percent of the housing to meet its need, resulting in a critical accumulated deficit.
- (d) Although the lack of sufficient housing is a statewide problem cutting across all geographic areas and income categories, it is most severe in strong economic job center markets where high housing costs make it extremely difficult for working-class Californians to afford a home.
- (e) Increasingly, due to high housing costs and constraints on regulatory development policy, California workers are forced to seek homeownership opportunities further and further away from their places of employment.
- (f) Conversely, many communities where land is more available and less expensive are located long distances from high-growth job centers. Those developments are occupied predominantly by commuters who travel long distances outside of the communities in which they live and inflate the price of housing.
- (g) The exportation of housing demand to outlying areas, including agricultural areas, carries with it definite environmental and quality of life consequences.
- (h) Throughout the state, major investments have been, and are being made, in public transit infrastructure. The use of this infrastructure depends on local decisions about the location of jobs and housing to better manage traffic flow and to direct new development and fiscal resources to revive existing urban centers, especially central business districts and infill sites.
- (i) Ensuring that transit facilities are surrounded by compact, mixed-use development is a key to increasing transit ridership and reducing reliance on the automobile for all trips. However, neighborhood concerns, complex ownership issues, and local government preference for major sales tax generators make the planning and environmental clearance process for transit-oriented communities very expensive and time-consuming. Investment in pedestrian-friendly, compact transit-village development will reduce long-term infrastructure costs associated with accommodating new highways and roadways.
- (j) The failure to provide California's growing workforce an affordable place to live close to one's place of employment is viewed by business, environmental, civic, and labor leaders as a serious threat to sustaining long-term economic prosperity and environmental quality.
- (k) Communities need effective tools to promote and reward development in job centers of the state, to reward the development of affordable infill housing as well as mixed-use development that includes housing close to transit, within urbanized areas, and to attract and add employment to areas that lack a sufficient employment base.

(Added by Stats. 2000, Ch. 80, Sec. 2. Effective January 1, 2001.)

50542. It is the intent of the Legislature in enacting this chapter:

- (a) To develop an incentive-based strategy to encourage the construction of housing in those areas of the state that over the last decade have experienced the greatest increase in job growth but have not kept pace with necessary housing. This may include the construction of infill housing and transit-oriented development that includes housing, within existing urbanized areas.
- (b) To attract new business and new jobs to areas that lack a sufficient employment base in relation to the housing they already provide.
- (c) To provide local governments with state funding to reward the approval and construction of housing, particularly housing for California's working class, in strategically defined areas.

(Added by Stats. 2000, Ch. 80, Sec. 2. Effective January 1, 2001.)

50542.1. (a) The Jobs-Housing Balance Improvement Account is hereby created as a special fund in the State Treasury. All money in the fund shall be available, upon appropriation by the Legislature, to the Department of Housing and Community Development for the following purposes:

- (1) To make grants to local agencies pursuant to Section 50543.
- (2) To make grants to cities, counties, and cities and counties pursuant to Section 50544.
- (3) For transfer to the Rental Housing Construction Fund pursuant to Sections 50543 and 50545.
- (4) For the related administrative expenses of the department.

(b) There shall be paid into the fund, the following moneys:

- (1) Any moneys that may be made available by the Legislature for the purposes of the fund.
- (2) Any other moneys that may be made available to the department for the purposes of this chapter from any other source or sources.

(Added by Stats. 2000, Ch. 665, Sec. 5. Effective January 1, 2001.)

50543. (a) Five million dollars (\$5,000,000) of the funds appropriated for purposes of this chapter in Item 2240-114-0001 of Section 2.00 of the Budget Act of 2000 shall be transferred to the Rental Housing Construction Fund created pursuant to Section 50740 to be used pursuant to subdivisions (b) and (c).

(b) The department shall provide state grants to local agencies to assist them in attracting new business and jobs in "housing rich" communities that lack an adequate employment base to match the amount and cost of housing in those communities.

(c) A local agency that has completed an economic development strategic plan may apply for a grant to create an economic development strike team to assist the local agency in better targeting and coordinating outreach to employers who may choose to locate jobs within the community.

(d) In order to be eligible for a grant pursuant to this section, a local agency shall have an adopted housing element that the department has determined pursuant to Section 65585 of the Government Code to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(e) The department shall establish maximum grant amounts and establish an appropriate process for evaluating need and making grant awards.

(f) No later than December 31, 2002, the department shall provide an interim report to the Legislature indicating the progress of the program established by this section, including the number of jurisdictions accessing the program. No later than December 31, 2005, the department shall provide a final report with updates to the data contained in the interim report and a description of the achievements by local agencies participating in the program.

(Added by Stats. 2000, Ch. 665, Sec. 6. Effective January 1, 2001.)

50544. (a) One hundred million dollars (\$100,000,000) of the funds transferred for purposes of this chapter in Item 2240-114-0001 of the Budget Act of 2000, any funds transferred in Item 2240-114-0001 and appropriated pursuant to Item 2240-114-3006 in the Budget Act of 2001, and any funds appropriated thereafter for the purposes of this section shall be used to award incentive grants to cities, counties, and city and counties to be used for any project, service, or other local need determined by the city, county, or city and county to be in the community's best interest. Grants shall be provided through a grant agreement that requires the recipient to

provide to the department a report on the number of residential building permits issued during the reporting period, the number of certificates of occupancy issued for those units, and the services provided or amenities purchased or built. The department may operate this program through at least one annual allocation. In addition, because housing production may be affected by economic factors during the course of any allocation year, the department may, if it deems necessary, reasonably adjust incentive criteria to meet the intent of this section and allow funding to remain available for subsequent annual funding cycles upon expenditure authorization by the Legislature.

(b) To be eligible for a grant pursuant to this section, a local government shall do both of the following:

(1) By the end of the calendar year in which unit production is to be counted (hereafter referred to as "allocation reporting year"), have an adopted housing element that the department has determined pursuant to Section 65585 of the Government Code to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(2) Have a demonstrable and significant increase in the issuance of residential building permits issued between January 1 and December 31 of the allocation reporting year over the average number of building permits issued annually for the most recent 36-month period that can be calculated prior to the allocation reporting year. This calculation shall be adjusted for incorporations and annexations. The department shall establish a benchmark level to be achieved in order to establish eligibility for funding based on criteria including a survey of economic forecasts to be conducted by the Department of Finance no later than November 30 of the year prior to the reporting year for any year in which the program is to be operated.

(c) Grant amounts shall be determined as a per-unit incentive weighted for high, medium, and low employment demand areas. In addition, the department shall provide additional incentives for units in projects within eligible communities that meet criteria designed to encourage planning priorities such as affordability, multifamily housing, and infill development. The department shall establish the definitions and measurement specifications for the incentive criteria to be used to determine grant amounts that are easily and objectively verifiable.

(d) Funding shall be provided as soon after January 1 of the year following the allocation reporting year, as is reasonably possible, allowing time for receipt by the Department of Finance of yearend production figures as well as other information necessary to apply the established criteria. If all funds are not expended after the end of the calendar year in which housing production is counted, the department may continue the program into the following year if it determines there are adequate appropriated funds to administer the program. If residential production within eligible jurisdictions exceeds the department's projections, per-unit incentives shall be prorated within the appropriated funding amount.

(e) The department shall solicit and consider comments from interested parties on the criteria that shall be used for determining the amount of funds granted per unit. The department may deny funding to any jurisdiction that it determines, based on reasonable evidence, failed to issue residential building permits on a timely basis between the effective date of this chapter and January 1, 2001, or, where the department determines, upon reasonable evidence, that the jurisdiction inappropriately withheld the issuance of building permits so that it could be counted in a subsequent allocation reporting year.

(f) No later than December 31, 2002, and on December 31 of each subsequent year in which funds are expended, the department shall provide an interim report to the Legislature indicating the benchmark levels of production established, the number of jurisdictions accessing the program, the number of residential units building permits issued above the established benchmark, and the success of the additional incentives in achieving state housing policies. When all funds have been expended, the department shall provide a final report with updates to the data contained in the previous reports, a description of the achievements and expenditures by local governments through the program and information regarding the number of certificates of occupancy issued in relation to the residential building permits issued. The report shall be issued within twelve months following the final allocation of funds.

(Amended by Stats. 2002, Ch. 503, Sec. 2. Effective January 1, 2003.)

50545. Five million dollars (\$5,000,000) of the funds appropriated for the purposes of this chapter in Item 2240-114-0001 of the Budget Act of 2000 shall be transferred to the Rental Housing Construction Fund created pursuant to Section 50740 to be used for predevelopment loans pursuant to Chapter 3.5 (commencing with Section 50530), subject to the following provisions:

(a) All projects shall be located within one-half mile of an existing or planned transit station proposed for development. For these purposes, a transit station is a site where two or more mass transit modes, or one transit mode with three or more mass transit lines, are accessible to the public.

(b) Notwithstanding any other provision of law, the department may establish interest rates between 3 and 7 percent based on the department's analysis of project need.

(c) In addition to the activities eligible under the Predevelopment Loan Program, funds awarded pursuant to this section may be used for master environmental impact reports or other environmental documents that would assess potential impacts in advance and propose measures to mitigate negative impacts.

(d) Awards made pursuant to this section shall require a 50 percent match from the local agency in which the site is located.

(e) In addition to those eligible sponsors specified in subdivision (e) of Section 50530.5, eligible sponsors shall include limited liability companies and limited partnerships where all managing members or general partners are nonprofit organizations.

(Amended by Stats. 2003, Ch. 593, Sec. 4. Effective January 1, 2004.)

50546. (a) The administrative expenses of the department shall not exceed 3 percent of the amount available for the purposes of this chapter.

(b) The department may administer the programs set forth in this chapter pursuant to guidelines that shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

(Added by Stats. 2000, Ch. 665, Sec. 7. Effective January 1, 2001.)