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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 HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*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 6. CalHome Program [50650 - 50650.8] (*Chapter 6 added by Stats. 2000, Ch. 84, Sec. 2.)*

50650. The Legislature finds and declares as follows:

- (a) An adequate supply of safe and affordable housing is the foundation for strong and sustainable communities. Owner occupied housing is a key housing resource, contributing to neighborhood stability as well as economic vitality.
- (b) In California, homeownership is beyond the reach of a large segment of the population. There are also many homeowners who lack the resources to make necessary repairs to their homes, or who would welcome the opportunity to share them with suitable tenants.
- (c) Reflecting California's diversity, there is a variety of proven approaches to the promotion of homeownership within the state. The purpose of the CalHome Program established by this chapter is to support existing homeownership programs aimed at lower and very low income households, and in the case of a disaster, as defined in Section 8680.3 of the Government Code, households at or below moderate income, and operated by private nonprofit and local government agencies, and thereby to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize use of existing homes.
- (d) The CalHome Program is intended to take the place of the Senior Citizens' Shared Housing Program established by Chapter 3.6 (commencing with Section 50533), which is repealed by the act enacting this chapter.

(Amended by Stats. 2019, Ch. 159, Sec. 15. (AB 101) Effective July 31, 2019.)

50650.1. This chapter shall be known and may be cited as the CalHome Program.

(Added by Stats. 2000, Ch. 84, Sec. 2. Effective January 1, 2001.)

50650.2. The department shall administer this chapter.

(Added by Stats. 2000, Ch. 84, Sec. 2. Effective January 1, 2001.)

50650.3. (a) Funds appropriated for purposes of this chapter shall be used to enable low- and very low income households to become or remain homeowners as provided in paragraphs (1) and (2), and to provide disaster relief assistance to households at or below 120 percent of the area median income as provided in paragraph (3). Funds shall be provided by the department to local public agencies or nonprofit corporations as any of the following:

- (1) Grants for programs that assist individual households.
- (2) Loans that assist development projects involving multiple home ownership units, including single-family subdivisions.
- (3) Grants for programs that assist individual households as provided in subdivision (d).

(b) (1) Grant funds may be used for any of the following:

(A) Programs that assist individual households with first-time homebuyer mortgage assistance.

(B) Home rehabilitation, including the installation or retrofit of ignition resistant exterior components on existing manufactured homes, mobilehomes, and accessory structures required pursuant to Article 2.3 (commencing with Section 4200) of Subchapter 2 of Chapter 3 of Division 1 of Title 25 of the California Code of Regulations.

(C) Homebuyer counseling.

(D) Home acquisition and rehabilitation.

(E) Construction, repair, reconstruction, or rehabilitation, in whole or in part, of accessory dwelling units, as defined in subdivision (a) of Section 66313 of the Government Code, or junior accessory dwelling units, as defined in subdivision (d) of Section 66313 of the Government Code.

(F) Self-help mortgage assistance programs.

(G) Technical assistance for self-help and shared housing home ownership.

(2) Home rehabilitation funding for the purpose of installing ignition resistant components on manufactured homes, mobilehomes, or accessory structures pursuant to this subdivision shall not be conditioned upon the rehabilitation of additional or unrelated home components unless that rehabilitation is required pursuant to Article 2.3 (commencing with Section 4200) of Subchapter 2 of Chapter 3 of Division 1 of Title 25 of the California Code of Regulations. In administering funding for this purpose, local public agencies and nonprofit corporations may consider the condition and age of the manufactured home or mobilehome, including whether the home was constructed on or after June 15, 1976, in accordance with federal standards and whether the available funds could be more effectively used to replace the manufactured home or mobilehome.

(3) Except as provided in paragraph (4), financial assistance provided to individual households shall be in the form of deferred payment loans, repayable upon sale or transfer of the homes, when they cease to be owner-occupied, or upon the loan maturity date. Financial assistance may be provided in the form of a secured forgivable loan to an individual household to rehabilitate, repair, or replace manufactured housing located in a mobilehome park and not permanently affixed to a foundation. The loan shall be due and payable in 20 years, with 10 percent of the original principal to be forgiven annually for each additional year beyond the 10th year that the home is owned and continuously occupied by the borrower. Not more than 10 percent of the funds available for the purposes of this chapter in a fiscal year shall be used for financial assistance in the form of secured forgivable loans.

(4) Notwithstanding any other law, the department may, in its discretion, permit the mortgage assistance loan to be subordinated to refinancing if it determines that the borrower has demonstrated hardship, subordination is required to avoid foreclosure, and the new loan meets the department's underwriting requirements. The department may permit subordination on those terms and conditions as it determines are reasonable, however subordination shall not be permitted if the borrower has sufficient equity to repay the loan.

(5) All loan repayments shall be used for activities allowed under this section, and shall be governed by a reuse plan approved by the department. Those reuse plans may provide for loan servicing by the grant recipient or a third-party local government agency or nonprofit corporation.

(6) Notwithstanding paragraph (3), loans provided pursuant to the CalHome Program Disaster Assistance for Imperial County that have been made for the purpose of rehabilitation, reconstruction, or replacement of lower income owner-occupied manufactured homes shall be due and payable in 10 years, with 20 percent of the original principal to be forgiven annually for each additional year beyond the fifth year that the manufactured home is owned and continuously occupied by the borrower.

(c) (1) Except as provided in paragraph (6) of subdivision (b), loan funds may be used for purchase of real property, site development, predevelopment, construction period expenses incurred on home ownership development projects, and permanent financing for mutual housing or cooperative developments.

(2) Units within home ownership development projects that receive CalHome funds shall initially be sold to, and occupied by, a lower income household, as defined in Section 50079.5.

(3) Ownership units shall initially be sold to and occupied by a qualified household and shall be subject to a recorded covenant for at least 30 years that includes one or more of the following:

(A) A resale restriction.

(B) Recapture of the CalHome funds upon resale.

(C) Equity sharing upon resale.

(4) Upon completion of construction, the department may convert project loans into grants.

(5) For home ownership development projects that include construction of accessory dwelling units or junior accessory dwelling units, neither this chapter nor any administrative rule or guideline implementing the CalHome Program precludes those dwelling units from being separately conveyed to separate lower income households on separate parcels created pursuant to Section 66411, 66411.1, or 66411.5 of the Government Code, as applicable.

(d) Notwithstanding any other provision of this chapter, the department may use funds appropriated pursuant to this chapter to make grants to local agencies or nonprofit corporations to assist households at or below 120 percent of the area median income that are victims of a disaster, if one of the following occurs with respect to the county in which the household's residence is located:

(1) The Governor has proclaimed a state of emergency, pursuant to Section 8625 of the Government Code, resulting from a disaster, as defined in Section 8680.3 of the Government Code.

(2) A special appropriation of federal emergency supplemental assistance or a presidential declaration of disaster has occurred.

(e) The department shall review, adopt, amend, and repeal guidelines to implement the making of grants pursuant to subparagraph (E) of paragraph (2) of subdivision (b) and making grants pursuant to subdivision (d). Any guidelines adopted to implement subparagraph (E) of paragraph (2) of subdivision (b) and subdivision (d) shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. In the event of inconsistency regarding the requirements of qualified applicants and eligibility of accessory dwelling units and junior accessory dwelling units, and rents associated with them between those guidelines and any regulations otherwise enacted pursuant to this chapter, those guidelines shall prevail.

(f) The changes made to this section by the act adding this subdivision shall be implemented by the department into program guidelines and notices of funding availability released after December 31, 2024.

(Amended by Stats. 2024, Ch. 7, Sec. 27. (SB 477) Effective March 25, 2024.)

50650.35. (a) In allocating grants to local public agencies or nonprofit corporations for new construction of home ownership units, the department shall consider setting higher per-unit and total project allocations based on local development costs when appropriate.

(b) The department shall consider adjustments to the maximum unit and project allocations for each new round of funding for new construction of home ownership units.

(Added by Stats. 2022, Ch. 207, Sec. 1. (AB 2217) Effective January 1, 2023.)

50650.4. (a) To be eligible to receive a grant or loan, local public agencies or nonprofit corporations shall demonstrate sufficient organizational stability and capacity to carry out the activity for which they are requesting funds, including, where applicable, the capacity to manage a portfolio of individual loans over an extended time period. Capacity may be demonstrated by substantial successful experience performing similar activities, or through other means acceptable to the department. In administering the CalHome program, the department may permit local agencies and nonprofit corporations to apply their own underwriting guidelines when evaluating CalHome rehabilitation loan applications, following prior review and approval of those guidelines by the department. The local agency or nonprofit corporation shall not subsequently alter its underwriting guidelines with respect to the use of CalHome funds without review and approval by the department, including how the local agencies and nonprofit corporations will ensure participation by low-income households if making loans in response to a disaster as described in paragraph (1) of subdivision (g) of Section 50650.3. In allocating funds, the department shall utilize a competitive application process, using weighted evaluation criteria, including, but not limited to, the extent that the program or project utilizes volunteer or self-help labor, trains youth and young adults in construction skills, creates balanced communities, involves community participation, or whether the program or project contributes toward community revitalization. To the extent feasible, the application process shall ensure a reasonable geographic distribution of funds.

(b) In administering department funds received pursuant to subdivision (a), local public agencies and nonprofit corporations shall not deny the funding application of, or apply different underwriting guidelines to, a housing program or project solely on the basis of either of the following:

(1) The home is a manufactured home or mobilehome, as defined in Sections 18007 and 18008.

(2) The home is located in a mobilehome park or in a manufactured housing community, as defined in Sections 18210.7 and 18214.

(Amended by Stats. 2019, Ch. 159, Sec. 17. (AB 101) Effective July 31, 2019.)

50650.5. For the purposes of this chapter, all of the following shall apply:

(a) Mutual housing, community land trusts, and limited equity cooperative housing shall be deemed to be forms of home ownership and developments of those types of housing, as defined in subdivision (b), shall be eligible to receive assistance under the CalHome Program. The department may require that mutual housing, community land trust, or limited equity cooperative applicants not simultaneously apply for and receive funding through the department's rental housing programs for the same projects for which CalHome assistance is sought. For mutual housing, community land trust projects that do not convey an interest in real estate to the homebuyer, and limited equity cooperative projects, all of the following shall apply:

(1) Program funds shall be used for permanent financing only.

(2) The department shall enter into a regulatory agreement limiting occupant incomes, occupancy charges, and share purchase terms for 55 years.

(3) Notwithstanding Section 50650.3, program assistance shall be provided in the form of a deferred payment loan.

(b) As used in this section, "mutual housing development" means a housing development owned and sponsored by a nonprofit corporation or a limited partnership in which the nonprofit corporation is the sole general partner, and all of the following requirements are met:

(1) The nonprofit corporation is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code or subdivision (b) of Section 23701 of the Revenue and Taxation Code.

(2) The nonprofit corporation has as one of its principal purposes the advancement of mutual housing.

(3) A majority of the board of directors of the nonprofit corporation sponsor are residents or former residents of developments sponsored by the nonprofit corporation.

(4) The nonprofit corporation agrees to assist the residents of the development in setting up a resident council, and the operating budget for the development provides for ongoing financial support to allow the resident council to carry out its activities.

(c) Lower income participants in a qualified mutual housing development that is assisted pursuant to this chapter shall not be required to have a vested ownership interest in the property.

(d) (1) Funds provided under this chapter may be used to finance either of the following:

(A) The purchase of land beneath a manufactured home or mobilehome by the owner of the home.

(B) The purchase of both the land beneath a manufactured home or mobilehome and the home.

(2) (A) A loan to purchase a subdivided lot in a manufactured housing community or mobilehome park, or both a subdivided lot and the manufactured home or mobilehome that is located on the lot, may be secured either by the land alone or by both the land and the manufactured home or mobilehome.

(B) A loan to purchase an interest in an entity that owns a manufactured housing community or mobilehome park may be secured by an interest in the entity, a manufactured home, or a mobilehome, or both an interest in the entity and the home.

(3) A manufactured home or mobilehome shall not be required to be placed on a permanent foundation as a condition of receiving financing under this chapter.

(4) Funds provided under this chapter shall not be used for a loan to purchase the first lot or space in a manufactured housing community or mobilehome park at the time of the initial conversion of the park to resident ownership unless the conversion meets the two-thirds signature requirement in subdivision (a) of Section 66428.1 of the Government Code, or the transfer of the park to resident ownership has qualified for the change of ownership exclusion under Section 62.1 of the Revenue and Taxation Code.

(5) For purposes of this subdivision, "land beneath a manufactured home or mobilehome" means either a subdivided lot in a manufactured housing community or mobilehome park or a membership, share, certificate, or other interest in the entity that owns the manufactured housing community or mobilehome park, including, but not limited to, a limited equity cooperative, community land trust, or mutual housing association.

(e) Subdivision (a) shall not apply to the financing of an interest in a manufactured housing community or mobilehome park that is organized as mutual housing or a limited equity cooperative.

(f) For purposes of this section, "community land trust" has the same definition as that term is defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code, as amended by the act adding this subdivision.

(Amended by Stats. 2024, Ch. 580, Sec. 3. (AB 2897) Effective January 1, 2025.)

50650.6. The department may use up to 5 percent of the funds appropriated for the purposes of this chapter for its costs in administering the program.

(Added by Stats. 2000, Ch. 84, Sec. 2. Effective January 1, 2001.)

50650.7. For appropriations of fifteen million dollars (\$15,000,000) or less, the department may administer the funds using guidelines that shall not be subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code). If an appropriation exceeds that amount, the department may administer the funds using guidelines for 24 months, during which time those guidelines shall not be subject to the Administrative Procedure Act. The guidelines and any

regulations governing the CalHome Program shall include, among other things, loan terms and limits, underwriting standards, home price limits, application procedures and selection criteria, loan and grant documentation requirements, and monitoring requirements.

(Added by Stats. 2000, Ch. 84, Sec. 2. Effective January 1, 2001.)

50650.8. (a) For purposes of this chapter, the term "local public agencies" or "local government agencies" 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.

(b) For purposes of this chapter, the term "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.

(Added by Stats. 2019, Ch. 660, Sec. 9. (AB 1010) Effective January 1, 2020.)