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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 HOUSING AND HOME FINANCE [50000 - 54913]** ( *Division 31 repealed and added by Stats. 1977, Ch. 610.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 3. CALIFORNIA HOUSING FINANCE AGENCY [50900 - 51532]** ( *Heading of Part 3 amended (as amended by Stats. 1994, Ch. 94) by Stats. 2000, Ch. 471, Sec. 17.5. )*

**CHAPTER 6. Neighborhood Preservation [51300 - 51311]** ( *Chapter 6 added by Stats. 1977, Ch. 610. )*

**51300.** This chapter empowers the agency to designate neighborhood preservation areas, and to enter into agreements with local agencies. It does not limit agency powers to provide construction loans and mortgage loans as provided in Chapter 5 (commencing with Section 51100) of this part.

(*Added by Stats. 1977, Ch. 610.*)

**51301.** The agency shall, after public hearings, establish priorities for the allocation of financing assistance pursuant to this chapter among eligible areas and counties and cities throughout the state. In so doing, the agency shall take into account the following factors, to the extent applicable:

- (a) The impact of financing assistance in upgrading substandard residential structures to decent, safe, and sanitary condition.
- (b) The impact of financing assistance in stabilizing urban neighborhoods and preventing or arresting the process of deterioration.
- (c) The impact of financing assistance in effectuating the efficient utilization of commitments of housing subsidies, thereby increasing housing opportunities for lower income households and very low income households.
- (d) The impact of financing assistance in complementing the local utilization of community development funds made available pursuant to Title 1 of the Housing and Community Development Act of 1974 (Public Law 93-383).
- (e) The availability and feasibility of alternative means to achieve substantially the same results as financing assistance provided pursuant to this chapter.
- (f) The availability of efficient and effective public mass transit service for the residents of the neighborhood assisted. Other things being equal, preference shall be given to preserving neighborhoods where efficient and effective public mass transit service exists.

(*Amended by Stats. 1979, Ch. 96.*)

**51302.** Upon application by a local agency supplying such supporting information and data as the agency may require, the agency may designate an area within a city or county as a concentrated rehabilitation area if it makes the following findings:

- (a) The area was selected by the legislative body after citizen participation.
- (b) The area is an area of substantial deterioration of residential structures, as evidenced by a significant number of older and deteriorating residential structures in such area requiring rehabilitation.
- (c) Rehabilitation assistance is necessary to enable and encourage residents in such area to cooperate in a local program of concentrated enforcement of rehabilitation standards.
- (d) Rehabilitation of residential structures will arrest deterioration in the area.
- (e) Rehabilitation of residential structures in the area is economically feasible.
- (f) The local agency has offered to contract with the agency to (1) provide necessary supporting neighborhood public improvements and services, such as street improvements, landscaping and acquisition of open space, undergrounding of utility lines, and construction of drainage facilities in the area for which eligibility has been requested, and (2) provide concentrated and continuing enforcement of rehabilitation standards in such area.
- (g) The local agency has agreed to make every effort to prevent unnecessary displacement in accomplishing rehabilitation and has an adequate program of relocation advisory assistance for persons unavoidably displaced due to rehabilitation.

(h) The supply of housing available to very low income households at affordable rents and the supply of housing available to other persons and families of low or moderate income at affordable rents will not be reduced within the area because those displaced will receive relocation payments and be able to obtain standard housing in the area. Alternatively, standard housing will be available at affordable rents in equally desirable neighborhoods, expanding the range of housing opportunities for minorities and lower income households.

(i) The local agency has adopted a housing element in compliance with Section 65302 of the Government Code, and with housing element guidelines, which sets forth an effective plan for systematic enforcement of state and local building and housing standards throughout its jurisdiction.

(j) The application is consistent with local housing assistance plans adopted pursuant to the Housing and Community Development Act of 1974 (Public Law 93-383).

(k) The local agency has satisfied such other pertinent criteria as the agency may by regulation require.

(l) The local agency has investigated the current and planned levels of public transit service for the area.

*(Amended by Stats. 1979, Ch. 96.)*

**51304.** The agency may designate a mortgage assistance area, after soliciting maximum feasible participation by community organizations, if it makes the following findings:

(a) It is an area (1) where deterioration has not progressed to the stage where there is a substantial number of residential structures which do not conform to rehabilitation standards, or (2) where a program of concentrated code enforcement has been conducted previously.

(b) There is a recent history of mortgage deficiency in the area.

(c) Agency activity in the area is likely to prevent or arrest deterioration in the area.

(d) Agency activity in the area is economically feasible.

(e) Agency activity in the area will inure primarily to the benefit of persons and families of low and moderate income.

(f) The area was selected by the legislative body after citizen participation.

(g) The local agency in which the area is located has given substantial assurances acceptable to the agency that it will provide those supporting neighborhood public improvements and services determined appropriate by the agency.

*(Added by Stats. 1977, Ch. 610.)*

**51305.** Upon approval of an application for designation of an area as a concentrated rehabilitation area, the agency may, with respect to such area, do any one of the following:

(a) Enter into an agreement with the applicant local agency or another local public entity for purchase by the agency of bonds and notes issued pursuant to Chapter 3 (commencing with Section 37930) of Part 13 of Division 24; or

(b) Enter into an agreement with the applicant local agency or another local public entity for a program of rehabilitation assistance as provided in Section 51306, to be administered by the local agency or other local public entity; or

(c) Enter into an agreement with the local agency for a program of rehabilitation assistance as provided in Section 51306, to be administered by the agency, except that the agency shall make mortgage loans only under the conditions of Chapter 5 (commencing with Section 51100).

In addition, or instead, the agency may provide loan insurance assistance in such areas, which may include insurance of loans provided pursuant to this chapter or of other loans or bonds as provided in Part 5 (commencing with Section 51600) of this division.

*(Amended by Stats. 1979, Ch. 1207.)*

**51306.** Financing assistance for housing developments in concentrated rehabilitation areas may include any or all of the following types of loans:

(a) Development loans to prepare for rehabilitation.

(b) Mortgage loans for purchase of housing developments.

(c) Construction loans for rehabilitation, or for rehabilitation with acquisition or refinancing.

(d) Mortgage loans for rehabilitation, or for rehabilitation with acquisition or refinancing, where the cost of acquisition and rehabilitation or the cost of rehabilitation without refinancing exceeds the financial capability of the owner, or would result in rents which are not competitive for the area, as determined by the agency. For owner-occupied housing developments, the terms and interest rates of such mortgage loans shall be commensurate with ability to pay, as established by regulations of the agency.

*(Amended by Stats. 1979, Ch. 1207.)*

**51308.** Financing assistance may include mortgage loans for the acquisition of housing developments and residential structures in any mortgage assistance area, or any other neighborhood preservation area which the agency finds to be mortgage deficient.

*(Amended by Stats. 1981, Ch. 1031.)*

**51310.** Relocation payments shall be made to persons and families displaced in making a site or a residential structure available for rehabilitation or construction financed under this chapter, and relocation advisory assistance provided, as set forth in Section 51063. Relocation payments shall also be made to owners involuntarily displaced because of inability to afford costs of compliance required pursuant to this chapter.

*(Added by renumbering Section 41557 by Stats. 1978, Ch. 380.)*

**51311.** Upon application by a local public entity the agency may agree to allocate funds for property improvement loans or mortgage loans for rehabilitation of residential structures or housing developments as required in a citywide or countywide program of systematic enforcement of rehabilitation standards. The agreement between the local public entity and the agency shall provide for notice to potentially affected owners and tenants and for an opportunity for participation by them in the determination of criteria for selection or order of selection of dwelling units to be inspected and rehabilitated. Such assistance may be administered by the local public entity or the agency.

*(Amended by Stats. 1979, Ch. 1207.)*