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HEALTH AND SAFETY CODE - HSC

DIVISION 32. SEISMIC SAFETY BUILDING REHABILITATION LOANS [55000 - 55117] (*Division 32 added by Stats. 1982, Ch. 1602, Sec. 1.*)

PART 1. GENERAL PROVISIONS [55000 - 55009] (*Part 1 added by Stats. 1982, Ch. 1602, Sec. 1.*)

55000. The Legislature finds and declares that there exist throughout the state many buildings which are structurally inadequate to safely withstand seismic forces of the magnitude predicted or determined for their locations by seismic safety elements of local general plans. This problem is particularly acute with respect to residential hotels and with respect to commercial buildings in which employees must work or to which the public is invited. The Legislature further finds and declares that rehabilitation of these buildings to meet current standards of earthquake safety is in the public interest, but that private enterprise will be unable in many cases to meet the high cost of making the necessary modifications without the availability of long-term, low-interest loans for the purpose.

It is, therefore, the intent of the Legislature in enacting this division to authorize establishment of local loan programs to serve this need at the lowest possible cost and upon favorable terms so that owners of eligible buildings will be encouraged to make modifications required to assure structural integrity in the event of an earthquake.

(*Added by Stats. 1982, Ch. 1602, Sec. 1.*)

55001. As used in this division:

- (a) "Bonds" means bonds, notes, or other evidence of indebtedness issued by a local agency pursuant to Part 2 (commencing with Section 55100) of this division, including bonds issued to refund previously issued bonds or other indebtedness.
- (b) "Eligible building" means a building existing on the effective date of this section which is identified as hazardous pursuant to Article 4 (commencing with Section 19160) of Chapter 2 of Part 3 of Division 13, with the exception of the following:
 - (1) Industrial buildings for assembling, fabricating, manufacturing and processing activities.
 - (2) Structures subject to the provisions of Part 1.5 (commencing with Section 17910) of Division 13, other than a residential hotel or apartment building containing six or more units or a commercial building containing six or more residential units which is identified as hazardous pursuant to this section.
- (c) "Eligible costs" means all costs, including costs of design, preparation, and inspection incurred in making structural or other modifications to an eligible building, which are required in order to meet reconstruction standards established by a local ordinance pursuant to Sections 19162, 19163, and 19163.5, or to mitigate potentially hazardous buildings, as defined by subdivision (a) of Section 8875 of the Government Code including costs of payments required by Section 7265.3 of the Government Code, and including costs necessary to provide for the reasonable safety of the exterior and interior of the eligible building and of interior fixtures and appurtenances. Other eligible costs include nonseismic and nonstructural costs, including, but not limited to, plaster, wallboard, paint, and carpeting, and any other finishes deemed necessary by the local building official to restore an eligible building to its original conditions and suitable for occupancy.
- (d) "Financing" means a loan made by the local agency pursuant to this division to the owner of an eligible building for eligible costs and which is secured by a deed of trust or mortgage upon the real property improved thereby.
- (e) "Local agency" means a city, county, or city and county.
- (f) "Residential hotel" means any building containing six or more guestrooms intended or designed to be used, or which are used, rented, or hired out, to be occupied, or which are occupied, for sleeping purposes by guests, which is also the primary residence of those guests, but does not mean any hotel which is primarily used by transient guests who do not occupy the hotel as their primary residence.

(*Amended by Stats. 1989, Ch. 756, Sec. 3.*)

55002. (a) Pursuant to this division, the local agency may provide financing to pay for eligible costs to an owner of an eligible building only if the legislative body of the local agency makes one of the following findings:

(1) The owner to whom financing would be made available pursuant to this division is unable to qualify for or could not afford financing for eligible costs from private lending institutions.

(2) Absent the availability of financing pursuant to this division, the eligible building would be demolished.

(3) Absent the availability of financing pursuant to the division, the costs of modifying the eligible building to meet reconstruction standards, pursuant to Sections 19162, 19163, and 19163.5, or to mitigate potentially hazardous buildings, as defined by subdivision (a) of Section 8875 of the Government Code, would cause severe economic hardship to the businesses in the building.

(b) Financing provided by a local agency pursuant to this division shall not, when combined with existing liens on the property, exceed 80 percent of the current appraised value of the property, as determined by an independent, certified appraiser, unless existing lienholders consent in writing to a higher loan-to-value ratio. Notice of the intention to provide financing to the owner of the property shall be given to existing lienholders of record not less than 30 days prior to any vote of the local agency authorizing the provision of financing to the owner of the property.

(Amended by Stats. 1995, Ch. 385, Sec. 2. Effective January 1, 1996.)

55002.5. Pursuant to this division, the local agency may provide financing to pay for or buy out any existing note or deed of trust which may be a lien against the real property on which an eligible building is situated, not to exceed an 80 percent loan to appraised value ratio. The local agency shall establish rules and regulations to ensure the repayment of the funds being borrowed and shall establish a minimum equity requirement that the owner of the eligible building must have in the property.

(Added by Stats. 1990, Ch. 378, Sec. 1.)

55003. The local agency may contract with state or federally chartered banks or savings and loan associations for originating or servicing loans authorized by this division.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55004. The local agency shall adopt rules and regulations for the administration of the financing program, which shall include, but not be limited to, borrower eligibility criteria designed to assure the fiscal integrity of the financing program while permitting maximum application to existing buildings which have sufficient economic life to warrant the amount of financing required. The regulations shall specify procedures to be followed in the event of default.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55005. For the purposes of this division, the local agency shall have the following powers in addition to any other powers granted by this division:

(a) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this division with any governmental agency, private corporation, or other entity or individual.

(b) To determine the terms and conditions of any mortgage instrument, deed of trust, or promissory note used or executed in conjunction with financing pursuant to this division.

(c) To employ architects, engineers, attorneys, accountants, construction and financial experts, and other advisers, consultants, and agents as may be necessary in its judgment.

(d) To provide advice, technical information, and consultative and technical service in connection with financing pursuant to this division.

(e) To procure insurance against any loss in connection with its property and other assets, including mortgages and deeds of trust, in the amounts and from insurers as it deems desirable.

(f) To establish, revise from time to time, and charge and collect fees and charges in connection with financing provided by the local agency.

(g) To borrow money and issue bonds, as provided in this division.

(h) To do any and all things necessary or convenient to the exercise of other powers under this division.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55006. The interest rate on financing provided pursuant to this division shall be sufficient and shall be limited to the amount necessary to pay the interest on the bonds issued therefor and to defray costs of administration incurred by the local agency pursuant to this division.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55007. The local agency may conduct a financing program under this division in tandem with a residential rehabilitation financing program under Part 13 (commencing with Section 37910) of Division 24 and may in such case, notwithstanding any other provision of law, issue one form of bond, to be jointly secured as provided in both this division and Part 13 (commencing with Section 37910) of Division 24.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55008. The exercise of the powers specified in this division shall be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions, and the local agency shall not be required to pay any tax or assessment on any property owned by the local agency under the provisions of this division or upon the income therefrom.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55009. Any bonds issued by the local agency under the provisions of this division, their transfer, and the income therefrom shall at all times be free from all direct and indirect taxation of every kind by the state, including all taxes imposed pursuant to Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code and imposed by cities, counties, cities and counties, or other political subdivisions of this state, except inheritance and gift taxes.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)