

Date of Hearing: May 3, 2017

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Cecilia Aguiar-Curry, Chair
AB 346 (Daly and Brough) – As Amended April 20, 2017

SUBJECT: Redevelopment: housing successor: Low and Moderate Income Housing Asset Fund.

SUMMARY: Authorizes a housing successor to use funds remaining in their Low and Moderate Income Housing Fund (LMIHF) towards a variety of homelessness services. Specifically, **this bill:**

- 1) Allows, in specified conditions, the housing successor to additionally expend funds in the LMIHF for contributions toward the construction of local or regional homeless shelters.
- 2) Allows two or more housing successors within a county, as specified, to additionally enter into an agreement to transfer funds among their respective LMIHF for a regional homeless shelter, if specified conditions are met.

EXISTING LAW:

- 1) Requires a housing successor to a redevelopment agency (RDA) to spend all the funds in the LMIHF fund not used to repay enforceable obligations as follows:
 - a) Up to 2% of the statutory value of real property owned by the housing successor and loans and grants receivable or \$200,000 in a fiscal year on monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenant entered into by the RDA or the housing successor;
 - b) Allows up to \$250,000 for homeless prevention and rapid rehousing services for individuals and families who are homeless or would be homeless but for this assistance; and,
 - c) All other funds must be used for the development of housing affordable to and occupied by households earning 80% or less of the area median income (AMI) with at least 30% of these remaining funds expended for the development of rental housing affordable to and occupied by households earning 30% or less of AMI and no more than 20% for households earning 60% and 80% of AMI.
- 2) Authorizes two or more housing successors within a county, within a single metropolitan statistical area and within 15 miles of each other to enter into an agreement to transfer funds from their respective LMIHF to develop transit priority projects, permanent supportive housing, housing for agricultural employees, or special needs housing, if all of the following conditions are met:
 - a) Each participating housing successor makes a finding based on substantial evidence after a public hearing that the agreement to transfer funds will not cause or exacerbate racial, ethnic or economic segregation;

- b) The development will not be located in census tract where more than 50% of its population is very low income, unless the development is within one-half mile of a major transit stop or high quality transit corridor;
- c) The development will not result a reduction in the number of housing units or a reduction in the affordability of housing units on the site where the development is built;
- d) A transferring housing successor must not have any outstanding obligations, pursuant to Health and Safety Code Section 33413; and,
- e) No housing successor may transfer more than \$1 million per fiscal year.

FISCAL EFFECT: None

COMMENTS:

- 1) **Background and Bill Summary.** Existing law allows a city or county that created a former RDA to elect to retain the housing assets and functions previously performed by that RDA. The housing successor must maintain any funds transferred to it, as well as funds generated from housing assets, in a separate LMIHF, in accordance with certain provisions of the Community Redevelopment Law. Existing law requires the housing successor to expend funds received from the successor agency to meet its enforceable obligations, and for specified administrative and monitoring costs relating to ensuring the long-term affordability of units subject to affordability restrictions. The housing successor, at that point, may expend up to \$250,000 per fiscal year for homeless prevention and rapid rehousing services.

This bill expands what the \$250,000 can be spent on to additionally include contributions toward the construction of local or regional homeless shelters. Existing law also authorizes two or more housing successors to transfer funds among their respective LMIHF for the sole purpose of financing specified projects. This bill expands the types of projects to additionally include allowing two housing successors to enter into an agreement to transfer funds for a regional homeless shelter.

This bill is sponsored by the Association of California Cities – Orange County.

- 2) **Author’s Statement.** According to the author, “California cities have fewer financial resources to use for addressing a wide range of local housing needs. Unfortunately, current law also restricts how cities can use what little revenues they have available for such purposes. AB 346 will give them some additional flexibility and local control over how those funds are best spent to address specific needs in their communities.

“LMIHF funds (also known as “20% housing set-aside funds”) are gathered through the 20% dedicated redevelopment agencies (RDA) / successor agency property tax funds, generated from housing assets. These funds have stagnated, depleted or have ceased to produce other revenue streams, since the dissolution of redevelopment, in 2012. Cities and counties with RDAs have found that they had much lower contributions to their LMIHF funds since that time.

“Because LMIHF funds are now much lower, cities frequently wait for their set-aside funds to accumulate enough money to actually build new housing units, which is the majority

purpose for these dollars. This has left cities with unused or unusable LMIHF funds. Additionally, there is not enough flexibility to use the reduced LMIHF funds in other ways to help residents who are homeless or needing other housing services associated to affordable housing. Exasperating the issue is the increase to the homeless population across the state. “

- 3) **Arguments in Support.** Supporters argue that this bill is a commonsense approach towards the effort of finding solutions to housing our homeless population.
- 4) **Arguments in Opposition.** None on file.
- 5) **Double-Referral.** This bill was heard by the Housing and Community Development Committee on April 19, 2017, and passed on a 7-0 vote.

REGISTERED SUPPORT / OPPOSITION:

Support

Association of California Cities – Orange County [SPONSOR]
Cities of Alhambra, Costa Mesa, Fullerton, Garden Grove, La Habra, La Palma, Los Alamitos,
Pasadena, Santa Ana, Stanton, Tustin, Yorba Linda
California Apartment Association
California Coalition for Youth
Catholic Conference
League of California Cities
National Association of Social Workers
St. Jude Medical Center
San Gabriel Valley Council of Governments
Union Station Homeless Services
United Way – Orange County

Opposition

None on file

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