

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2734**

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**Introduced by Assembly Member Atkins**

February 19, 2016

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An act to add Chapter 10 (commencing with Section 34191.10) to Part 1.85 of Division 24 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2734, as amended, Atkins. Local Control Affordable Housing Act.

Existing law, effective February 1, 2012, dissolved all redevelopment agencies and community development agencies and provides for the designation of successor agencies, as specified. Existing law requires successor agencies to service the enforceable obligations of the dissolved agencies and otherwise wind down the affairs of the dissolved agencies.

This bill would establish the Local Control Affordable Housing Act to require the Department of Finance, on or before \_\_\_\_ and on or before the same date each year thereafter, to determine the state General Fund savings for the fiscal year as a result of the dissolution of redevelopment agencies. The bill would provide that, upon appropriation, 50% of that ~~amount~~ *amount or \$1,000,000,000, whichever is greater*, be allocated to the Department of Housing and Community Development to provide funding to local agencies for housing ~~purposes~~. *purposes, except as specified*. The bill would require the Department of Housing and Community Development to create an equitable funding formula, which shall be geographically balanced and shall take into account factors of need including, but not limited to, poverty rates and lack of supply of

affordable housing for persons of low and moderate incomes in local jurisdictions. The bill would also specify the housing purposes for which those funds may be used.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) The Legislature finds and declares that having  
2 a healthy housing market that provides an adequate supply of  
3 homes affordable to Californians at all income levels is critical to  
4 the economic prosperity and quality of life in the state.

5 (b) The Legislature further finds and declares all of the  
6 following:

7 (1) Funding approved by the state's voters in 2002 and 2006,  
8 as of June 2014, has financed the construction, rehabilitation, and  
9 preservation of over 14,000 shelter spaces and 149,000 affordable  
10 homes. These numbers include thousands of supportive homes for  
11 people experiencing homelessness. In addition, these funds have  
12 helped tens of thousands of families become or remain  
13 homeowners. Nearly all of the voter-approved funding for  
14 affordable housing was awarded by the beginning of 2016.

15 (2) The requirement in the Community Redevelopment Law  
16 that redevelopment agencies set aside 20 percent of tax increment  
17 for affordable housing generated roughly \$1 billion per year. With  
18 the elimination of redevelopment agencies, this funding stream  
19 has disappeared.

20 (3) In 2014, the Legislature committed 10 percent of ongoing  
21 cap-and-trade funds for affordable housing that reduces greenhouse  
22 gas emissions and dedicated \$100 million in one-time funding for  
23 affordable multifamily and permanent supportive housing. In  
24 addition, the people of California thoughtfully approved the  
25 repurposing of \$600 million in already committed bond funds for  
26 the creation of affordable rental and permanent supportive housing  
27 for veterans through the passage of Proposition 41.

28 (4) Despite these investments, the need in the State of California  
29 greatly exceeds the available resources, with recent data showing  
30 36.2 percent of mortgaged homeowners and 47.7 percent of all  
31 renters are spending more than 35 percent of their household  
32 incomes on housing.

1 (5) California has 12 percent of the United States population,  
2 but 20 percent of its homeless population. California has the highest  
3 percentage of unsheltered homeless in the nation, with 63 percent  
4 of homeless Californians not having shelter. California has 24  
5 percent of the nation’s homeless veteran’s population and one-third  
6 of the nations’ chronically homeless population. California also  
7 has the largest populations of unaccompanied homeless children  
8 and youth, with 30 percent of the national total.

9 (6) Furthermore, four of the top 10 metropolitan areas in the  
10 country with the highest rate of homelessness are in the following  
11 metropolitan areas in California: San Jose-Sunnyvale-Santa Clara,  
12 Los Angeles-Long Beach-Santa Ana, Fresno, and Stockton.

13 (7) California continues to have the second lowest  
14 homeownership rate in the nation, and the Los Angeles  
15 metropolitan area is now a majority renter area. In fact, five of the  
16 eight lowest homeownership rates are in metropolitan areas in  
17 California.

18 (8) Los Angeles and Orange Counties have been identified as  
19 the epicenter of overcrowded housing, and numerous studies have  
20 shown that children in crowded homes have poorer health, worse  
21 scores on mathematics and reading tests, and higher rates of  
22 depression and behavioral problems—even when poverty is taken  
23 into account.

24 (9) Millions of Californians are affected by the state’s chronic  
25 housing shortage, including seniors, veterans, people experiencing  
26 chronic homelessness, working families, people with mental,  
27 physical, or developmental disabilities, agricultural workers, people  
28 exiting jails, prisons, and other state institutions, survivors of  
29 domestic violence, and former foster and transition-aged youth.

30 (10) Eight of the top 10 hardest hit cities by the foreclosure  
31 crisis in the nation were in California. They include the Cities of  
32 Stockton, Modesto, Vallejo, Riverside, San Bernardino, Merced,  
33 Bakersfield, and Sacramento.

34 (11) California’s workforce continues to experience longer  
35 commute times as persons in the workforce seek affordable housing  
36 outside the areas in which they work. If California is unable to  
37 support the construction of affordable housing in these areas,  
38 congestion problems will strain the state’s transportation system  
39 and exacerbate greenhouse gas emissions.

1 (12) Many economists agree that the state’s higher than average  
 2 unemployment rate is due in large part to massive shrinkage in the  
 3 construction industry from 2005 to 2009, inclusive, including  
 4 losses of nearly 700,000 construction-related jobs, a 60-percent  
 5 decline in construction spending, and an 83-percent reduction in  
 6 residential permits. Restoration of a healthy construction sector  
 7 will significantly reduce the state’s unemployment rate.

8 (13) The lack of sufficient housing impedes economic growth  
 9 and development by making it difficult for California employers  
 10 to attract and retain employees.

11 SEC. 2. Chapter 10 (commencing with Section 34191.10) is  
 12 added to Part 1.85 of Division 24 of the Health and Safety Code,  
 13 to read:

14  
 15 CHAPTER 10. LOCAL CONTROL AFFORDABLE HOUSING ACT

16  
 17 34191.10. (a) On or before \_\_\_\_\_, and on or before the same  
 18 date each year thereafter, the Department of Finance shall  
 19 determine the amount of General Fund savings for the fiscal year  
 20 as a result of the dissolution of redevelopment agencies pursuant  
 21 to this part.

22 (b) (1) Upon appropriation, 50 percent of the savings computed  
 23 pursuant to subdivision—~~(a)~~ (a) or one billion dollars  
 24 (\$1,000,000,000), whichever is greater, in each fiscal year shall  
 25 be allocated to the Department of Housing and Community  
 26 Development to provide funding to local agencies for housing  
 27 purposes pursuant to subdivision (c).

28 (2) *An appropriation described in paragraph (1) shall be*  
 29 *suspended for any fiscal year in which the transfer of General*  
 30 *Fund revenues to the Budget Stabilization Account is suspended*  
 31 *or reduced or funds are returned to the General Fund from the*  
 32 *Budget Stabilization Account pursuant to Section 22 of Article XVI*  
 33 *of the California Constitution.*

34 (c) The Department of Housing and Community Development  
 35 shall create an equitable funding formula, which shall be  
 36 geographically balanced and shall take into account factors of need  
 37 including, but not limited to, poverty rates and lack of supply of  
 38 affordable housing for persons of low and moderate incomes in  
 39 local jurisdictions.

1 (d) (1) A local agency that has received funds pursuant to this  
2 chapter shall only use the funds for any of the following purposes:

3 (A) The development, acquisition, rehabilitation, and  
4 preservation or provision of rental housing and homeownership  
5 opportunities that are affordable to extremely low, very low, low-,  
6 and moderate-income households, including necessary capitalized  
7 reserves for operating and rental subsidies and resident services.

8 (B) Capitalized reserves for capitalized operating costs, rental  
9 subsidies, and resident services connected to the creation of new  
10 permanent supportive housing, including, but not limited to,  
11 developments funded through the Veterans Housing and  
12 Homelessness Prevention Program.

13 (C) Modifications to homes to increase accessibility and  
14 visitability, in conjunction with the construction, acquisition, and  
15 rehabilitation or preservation of homes affordable to lower income  
16 households.

17 (D) The acquisition and rehabilitation and reuse of foreclosed  
18 and vacant homes.

19 (E) Infrastructure related to affordable infill housing  
20 development and other related infill development infrastructure.

21 (F) The acquisition of land necessary for the development of  
22 affordable housing as part of an overall development strategy.

23 (G) *Rapid rehousing of homeless individuals and families.*

24 (2) At least 25 percent of the expenditures shall be directed  
25 towards housing for persons of extremely low income and at least  
26 50 percent of the expenditures shall be directed towards housing  
27 for persons of very low income.

28 (3) Any housing built with funds received pursuant to this  
29 chapter shall require, by recorded covenants or restrictions, that  
30 housing units built shall remain available at affordable housing  
31 costs to, and occupied by, persons and families of very low, low-,  
32 or moderate-income households for the longest feasible time, but  
33 for not less than 55 years for rental units and 45 years for  
34 owner-occupied units.

35 (4) Any local agency that will receive funds pursuant to this  
36 chapter shall provide the Department of Housing and Community  
37 Development a plan for a no net loss of housing as a result of  
38 destruction of any affordable housing units.

39 (5) No more than 5 percent of funds received pursuant to these  
40 provisions may be used for administrative costs.

1 (6) Any local agency that receives funds pursuant to these  
2 provisions shall provide an annual report to the Department of  
3 Housing and Community Development on the expenditures of the  
4 funds.

5 (e) If a local agency that receives funds does not expend those  
6 funds in full within five years, the local agency shall return those  
7 funds to the Department of Housing and Community Development,  
8 and the department may award those funds to another qualifying  
9 local agency.

10 (f) For the purposes of this chapter the following terms have  
11 the following meanings:

12 (1) “Extremely low income households” has the same meaning  
13 as used in Section 50106.

14 (2) “Low-income households” has the same meaning as the  
15 term “lower income households” as defined in Section 50079.5.

16 (3) ~~“Moderate income~~ “*Moderate-income* households” has the  
17 same meaning as the term “persons and families of moderate  
18 income” as defined in Section 50093.

19 (4) “Very low income households” has the same meaning as  
20 used in Section 50105.