

AMENDED IN ASSEMBLY APRIL 5, 2016
AMENDED IN ASSEMBLY MARCH 17, 2016
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2734

Introduced by Assembly Member Atkins

February 19, 2016

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 or \$1,000,000,000, whichever is ~~greater~~, *less*, be allocated to the Department of Housing and Community ~~Development to provide funding~~ *Development. The bill would require the department to retain 1/2 of these funds for state level programs and to provide the other 1/2 to local agencies for housing purposes, except as specified. The bill*

would require the Department of Housing and Community Development to create an equitable funding ~~formula~~, *formula for funding distributed to local agencies*, which ~~shall the bill would require to~~ 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.

1 (4) Despite these investments, the need in the State of California
2 greatly exceeds the available resources, with recent data showing
3 36.2 percent of mortgaged homeowners and 47.7 percent of all
4 renters are spending more than 35 percent of their household
5 incomes on housing.

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

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

18 (7) California continues to have the second lowest
19 homeownership rate in the nation, and the Los Angeles
20 metropolitan area is now a majority renter area. In fact, five of the
21 eight lowest homeownership rates are in metropolitan areas in
22 California.

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

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

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

39 (11) California's workforce continues to experience longer
40 commute times as persons in the workforce seek affordable housing

1 outside the areas in which they work. If California is unable to
2 support the construction of affordable housing in these areas,
3 congestion problems will strain the state’s transportation system
4 and exacerbate greenhouse gas emissions.

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

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

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

18

19 CHAPTER 10. LOCAL CONTROL AFFORDABLE HOUSING ACT

20

21 34191.10. (a) On or before ____, and on or before the same
22 date each year thereafter, the Department of Finance shall
23 determine the amount of General Fund savings for the fiscal year
24 as a result of the dissolution of redevelopment agencies pursuant
25 to this part.

26 (b) (1) Upon appropriation, 50 percent of the savings computed
27 pursuant to subdivision (a) or one billion dollars (\$1,000,000,000),
28 whichever is ~~greater~~, *less*, in each fiscal year shall be allocated to
29 the Department of Housing and Community ~~Development to~~
30 ~~provide funding~~ *Development. One-half of these funds shall be*
31 *retained by the department for state level programs and one-half*
32 *shall be provided* to local agencies for housing purposes pursuant
33 to subdivision (c).

34 (2) An appropriation described in paragraph (1) shall be
35 suspended for any fiscal year in which the transfer of General Fund
36 revenues to the Budget Stabilization Account is suspended or
37 reduced or funds are returned to the General Fund from the Budget
38 Stabilization Account pursuant to Section 22 of Article XVI of the
39 California Constitution.

1 (c) The Department of Housing and Community Development
2 shall create an equitable funding ~~formula~~, *formula for funding*
3 *distributed to local agencies*, which shall be geographically
4 balanced and shall take into account factors of need including, but
5 not limited to, poverty rates and lack of supply of affordable
6 housing for persons of low and moderate incomes in local
7 jurisdictions.

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

10 (A) The development, acquisition, rehabilitation, and
11 preservation or provision of rental housing and homeownership
12 opportunities that are affordable to extremely low, very low, low-,
13 and moderate-income households, including necessary capitalized
14 reserves for operating and rental subsidies and resident services.

15 (B) Capitalized reserves for capitalized operating costs, rental
16 subsidies, and resident services connected to the creation of new
17 permanent supportive housing, including, but not limited to,
18 developments funded through the Veterans Housing and
19 Homelessness Prevention Program.

20 (C) Modifications to homes to increase accessibility and
21 visitability, in conjunction with the construction, acquisition, and
22 rehabilitation or preservation of homes affordable to lower income
23 households.

24 (D) The acquisition and rehabilitation and reuse of foreclosed
25 and vacant homes.

26 (E) Infrastructure related to affordable infill housing
27 development and other related infill development infrastructure.

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

30 (G) Rapid rehousing of homeless individuals and families.

31 (2) At least 25 percent of the expenditures shall be directed
32 towards housing for persons of extremely low income and at least
33 50 percent of the expenditures shall be directed towards housing
34 for persons of very low income.

35 (3) Any housing built with funds received pursuant to this
36 chapter shall require, by recorded covenants or restrictions, that
37 housing units built shall remain available at affordable housing
38 costs to, and occupied by, persons and families of very low, low-,
39 or moderate-income households for the longest feasible time, but

1 for not less than 55 years for rental units and 45 years for
2 owner-occupied units.

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

7 (5) No more than 5 percent of funds received pursuant to ~~these~~
8 ~~provisions~~ *this chapter* may be used for administrative costs.

9 (6) Any local agency that receives funds pursuant to ~~these~~
10 ~~provisions~~ *this chapter* shall provide an annual report to the
11 Department of Housing and Community Development on the
12 expenditures of the funds.

13 (e) If a local agency that receives funds does not expend those
14 funds in full within five years, the local agency shall return those
15 *unexpended* funds to the Department of Housing and Community
16 Development, and the department ~~may~~ *shall* award those funds to
17 another qualifying local agency.

18 (f) For the purposes of this chapter the following terms have
19 the following meanings:

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

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

24 (3) “Moderate-income households” has the same meaning as
25 the term “persons and families of moderate income” as defined in
26 Section 50093.

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

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