

AMENDED IN SENATE MAY 25, 2000
AMENDED IN SENATE MAY 18, 2000
AMENDED IN SENATE APRIL 27, 2000
AMENDED IN SENATE MARCH 30, 2000

SENATE BILL

No. 2113

Introduced by Senator Burton

February 25, 2000

An act to ~~amend Section 33333.6 of~~ *add Section 33333.7 to* the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 2113, as amended, Burton. Redevelopment plans: San Francisco.

The Community Redevelopment Law prescribes time limits on the effectiveness of, and the establishing and payment of debt and the receipt of property taxes pursuant to, redevelopment plans adopted on or before December 31, 1993, and authorizes a 10-year extension of those time limits, as specified. The Community Redevelopment Law also imposes specified requirements relating to replacement of low- or moderate-income housing units that are removed or destroyed.

This bill would authorize the Redevelopment Agency of the City and County of San Francisco, subject to the approval of the board of supervisors of that city and county, to incur indebtedness exclusively for Low and Moderate Income Housing Fund activities until January 1, 2014, or until the

agency replaces all of the housing units demolished prior to the enactment of the replacement housing obligations, whichever occurs earlier, and to receive tax increment revenues to repay indebtedness incurred for those activities until no later than January 1, 2044, as specified. The bill would prohibit the agency from incurring that indebtedness until the director certifies the net difference between those housing units destroyed prior to January 1, 1976, and those rehabilitated, developed, or constructed, prior to that date.

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

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

1 SECTION 1. (a) It is the intent of the Legislature in
2 enacting this act to enable the Redevelopment Agency of
3 the City and County of San Francisco to redress the
4 demolition of a substantial number of residential dwelling
5 units affordable to very low, low-, and moderate-income
6 households during the agency’s earlier urban renewal
7 efforts. San Francisco’s housing situation is unique, in that
8 median rents and sales prices are among the highest in
9 the state even though it has consistently exceeded the
10 housing production goals of the Community
11 Redevelopment Law and has used local funds beyond the
12 Low and Moderate Income Housing Fund to assist
13 affordable housing development. San Francisco’s early
14 redevelopment activities, including the removal of
15 previously existing dwelling units serving a lower income
16 population, have compounded the effects of the private
17 market that have led to the city’s current affordable
18 housing crisis.

19 (b) The Legislature finds and declares that prior to the
20 enactment of the replacement housing obligations in
21 Section 33413 of the Health and Safety Code (Chapter
22 970, Statutes of 1975), agencies destroyed or removed
23 dwelling units housing persons and families of low or
24 moderate income without replacing those units. In
25 particular, some of San Francisco’s existing
26 redevelopment project areas have fewer housing units



1 affordable to low- and moderate-income households than
2 were in existence prior to the initiation of urban renewal
3 activities. Four of San Francisco's project areas adopted
4 prior to 1970 experienced a combined net loss of
5 approximately 7,000 units of housing affordable to low-
6 and moderate-income households since the initiation of
7 redevelopment activities. The Redevelopment Agency of
8 the City and County of San Francisco, due to its unique
9 housing situation and net loss of affordable housing units
10 in these project areas, wishes, to the greatest extent
11 feasible, to replace these lost units according to the
12 formulas set forth in Section 33413 of the Health and
13 Safety Code.

14 (c) The Legislature further finds and declares that
15 allowing the Redevelopment Agency of the City and
16 County of San Francisco to replace units destroyed or
17 removed prior to the enactment of the replacement
18 housing obligations in 1975 is consistent with a
19 fundamental purpose of the Community Redevelopment
20 Law identified in subdivision (a) of Section 33334.6 of the
21 Health and Safety Code, namely the provision of
22 affordable housing.

23 (d) The Legislature further finds and declares that the
24 time limits for incurring indebtedness in Section 33333.6
25 of the Health and Safety Code impede the efforts of the
26 Redevelopment Agency of the City and County of San
27 Francisco to replace affordable housing units destroyed
28 or removed prior to the enactment of the replacement
29 housing obligations in 1975.

30 (e) The Legislature further finds and declares that the
31 Redevelopment Agency of the City and County of San
32 Francisco should be granted a limited continuance of
33 specific tax increment financing powers to achieve its
34 goal of replacing housing units, and that this continuance
35 will have no fiscal impact on the state.

36 (f) This limited continuance in no way affords the
37 Redevelopment Agency of the City and County of San
38 Francisco an extension of any of its powers, above and
39 beyond tax increment financing and the collection of tax
40 increment to repay indebtedness exclusively to support



1 Low and Moderate Housing Fund activities, nor does it
2 signify the extension or expansion of the redevelopment
3 plans or activities to which paragraph (1) of subdivision
4 (a) of Section 33333.6 of the Health and Safety Code
5 applies.

6 ~~SEC. 2. Section 33333.6 of the Health and Safety Code~~
7 ~~is amended to read:~~

8 ~~33333.6. The limitations of this section shall apply to~~
9 ~~every redevelopment plan adopted on or before~~
10 ~~December 31, 1993.~~

11 ~~(a) (1) The time limit on the establishing of loans,~~
12 ~~advances, and indebtedness adopted pursuant to~~
13 ~~paragraph (2) of subdivision (a) of Section 33333.2 or~~
14 ~~paragraph (2) of subdivision (a) of Section 33333.4 shall~~
15 ~~not exceed 20 years from the adoption of the~~
16 ~~redevelopment plan or January 1, 2004, whichever is~~
17 ~~later. This limit, however, shall not prevent agencies from~~
18 ~~incurring debt to be paid from the Low and Moderate~~
19 ~~Income Housing Fund or establishing more debt in order~~
20 ~~to fulfill the agency's housing obligations under Section~~
21 ~~33413. This limit shall not prevent agencies from~~
22 ~~refinancing, refunding, or restructuring indebtedness~~
23 ~~after the time limit if the indebtedness is not increased~~
24 ~~and the time during which the indebtedness is to be~~
25 ~~repaid does not exceed the date on which the~~
26 ~~indebtedness would have been paid.~~

27 ~~(2) The time limitation established by this subdivision~~
28 ~~may be extended, only by amendment of the~~
29 ~~redevelopment plan, after the agency finds, based on~~
30 ~~substantial evidence that: (A) significant blight remains~~
31 ~~within the project area; and (B) this blight cannot be~~
32 ~~eliminated without the establishment of additional debt.~~
33 ~~However, this amended time limitation may not exceed~~
34 ~~10 years from the time limit established pursuant to this~~
35 ~~subdivision or the time limit on the effectiveness of the~~
36 ~~plan established pursuant to subdivision (b), whichever~~
37 ~~is earlier.~~

38 ~~(b) The effectiveness of every redevelopment plan to~~
39 ~~which this section applies shall terminate at a date which~~
40 ~~shall not exceed 40 years from the adoption of the~~



1 redevelopment plan or January 1, 2009, whichever is
2 later. After the time limit on the effectiveness of the
3 redevelopment plan, the agency shall have no authority
4 to act pursuant to the redevelopment plan except to pay
5 previously incurred indebtedness and to enforce existing
6 covenants, contracts, or other obligations.

7 ~~(e) (1) Except as provided in paragraph (2) and~~
8 ~~subdivisions (g) and (h), a redevelopment agency shall~~
9 ~~not pay indebtedness or receive property taxes pursuant~~
10 ~~to Section 33670 after 10 years from the termination of the~~
11 ~~effectiveness of the redevelopment plan pursuant to~~
12 ~~subdivision (b).~~

13 ~~(2) (A)~~

14 *SEC. 2. Section 33333.7 is added to the Health and*
15 *Safety Code, to read:*

16 33333.7. (a) Notwithstanding the time limits in
17 paragraph (1) of subdivision (a) of Section 33333.6, the
18 Redevelopment Agency of the City and County of San
19 Francisco may, subject to the approval of the Board of
20 Supervisors of the City and County of San Francisco,
21 retain its ability to incur indebtedness exclusively for Low
22 and Moderate Income Housing Fund activities eligible
23 under Sections 33334.2 and 33334.3 until January 1, 2014,
24 or until the agency replaces all of the housing units
25 demolished prior to the enactment of the replacement
26 housing obligations in Chapter 970 of the Statutes of 1975,
27 whichever occurs earlier. The ability of the agency to
28 receive tax increment revenues to repay indebtedness
29 incurred for these Low and Moderate Income Housing
30 Fund activities may be extended until no later than
31 January 1, 2044. Nothing in this paragraph shall be
32 construed to extend a plan's effectiveness, except to incur
33 additional indebtedness for Low and Moderate Income
34 Housing Fund activities, to pay previously incurred
35 indebtedness, and to enforce existing covenants,
36 contracts, or other obligations.

37 ~~(B)~~

38 (b) Annual revenues shall not exceed the amount
39 necessary to fund the Low and Moderate Income
40 Housing Fund activities of the agency. The agency shall



1 neither collect nor spend more than 10 percent for the
 2 planning and administrative costs authorized pursuant to
 3 subdivision (e) of Section 33334.3. Revenues received
 4 under this paragraph shall not exceed the amount of tax
 5 increment received and allocated to the agency pursuant
 6 to the plan, as it has been amended, less the amount
 7 necessary to pay prior outstanding indebtedness, and less
 8 the amount of the project area's property tax revenue
 9 that school entities are entitled to receive pursuant to
 10 Chapter 3 (commencing with Section 75) and Chapter 6
 11 (commencing with Section 95) of Part 0.5 of Division 1 of
 12 the Revenue and Taxation Code if the plan had not been
 13 amended. Additionally, revenues collected under this
 14 paragraph are subject to the payments to affected taxing
 15 entities pursuant to Section 33607.

16 ~~(C)~~

17 (c) The activities conducted with revenues received
 18 under this paragraph shall be consistent with the policies
 19 and objectives of the community's housing element, as
 20 reviewed and approved by the department, and shall
 21 address the unmet housing needs of very low, low- and
 22 moderate-income households. The activities shall also be
 23 consistent with the community's most recently approved
 24 consolidated and annual action plans submitted to the
 25 United States Department of Housing and Urban
 26 Development, and if the director deems it necessary, the
 27 annual action plans shall be submitted to the department
 28 on an annual basis. No less than 50 percent of the revenues
 29 received shall be devoted to assisting in the development
 30 of housing that is affordable to very low income
 31 households.

32 ~~(D)~~

33 (d) The agency shall not incur any indebtedness
 34 pursuant to this paragraph until the director certifies,
 35 after consulting with the agency, the net difference
 36 between the number of housing units affordable to
 37 persons and families of low- and moderate-income that
 38 the agency destroyed or removed prior to January 1, 1976,
 39 and the number of housing units affordable to persons
 40 and families of low- and moderate-income that the



1 agency rehabilitated, developed, or constructed, or
2 caused to be rehabilitated, developed, or constructed
3 within the project areas adopted prior to January 1, 1976.

4 ~~(E)~~

5 (e) The agency shall not incur any indebtedness
6 pursuant to this paragraph unless the director of the
7 department certifies annually, prior to the creation of
8 indebtedness, all of the following:

9 ~~(i)~~

10 (1) The community has a current housing element
11 that substantially complies with the requirements of
12 Article 10.6 (commencing with Section 65580) of Chapter
13 3 of Division 1 of Title 7 of the Government Code.

14 ~~(ii)~~

15 (2) The community's housing element indicates an
16 unmet need for Low and Moderate Income Housing
17 Fund activities.

18 ~~(iii)~~

19 (3) The agency's most recent independent financial
20 audit report prepared pursuant to Section 33080.1 reports
21 acceptable findings and no major violations of this part.

22 ~~(iv)~~

23 (4) The agency has complied with subdivision (a) of
24 Section 33334.2.

25 ~~(v)~~

26 (5) The agency has met the requirements of this part
27 with respect to the provision of dwelling units for persons
28 and families of low or moderate income, including, but
29 not limited to, the requirements of Section 33413.

30 ~~(d) (1) If plans that had different dates of adoption~~
31 ~~were merged on or before December 31, 1993, the time~~
32 ~~limitations required by this section shall be counted~~
33 ~~individually for each merged plan from the date of the~~
34 ~~adoption of each plan. If an amendment to a~~
35 ~~redevelopment plan added territory to the project area~~
36 ~~on or before December 31, 1993, the time limitations~~
37 ~~required by this section shall commence, with respect to~~
38 ~~the redevelopment plan, from the date of the adoption of~~
39 ~~the redevelopment plan, and, with respect to the added~~



1 territory, from the date of the adoption of the
2 amendment.

3 (2) If plans that had different dates of adoption are
4 merged on or after January 1, 1994, the time limitations
5 required by this section shall be counted individually for
6 each merged plan from the date of the adoption of each
7 plan.

8 (e) (1) Unless a redevelopment plan adopted prior to
9 January 1, 1994, contains all of the limitations required by
10 this section and each of these limitations does not exceed
11 the applicable time limits established by this section, the
12 legislative body, acting by ordinance on or before
13 December 31, 1994, shall amend every redevelopment
14 plan adopted prior to January 1, 1994, either to amend an
15 existing time limit that exceeds the applicable time limit
16 established by this section or to establish time limits that
17 do not exceed the provisions of subdivision (a), (b), or
18 (e).

19 (2) The limitations established in the ordinance
20 adopted pursuant to this section shall apply to the
21 redevelopment plan as if the redevelopment plan had
22 been amended to include those limitations. However, in
23 adopting the ordinance required by this section, neither
24 the legislative body nor the agency is required to comply
25 with Article 12 (commencing with Section 33450) or any
26 other provision of this part relating to the amendment of
27 redevelopment plans.

28 (f) (1) If a redevelopment plan adopted prior to
29 January 1, 1994, contains one or more limitations required
30 by this section, and the limitation does not exceed the
31 applicable time limit required by this section, this section
32 shall not be construed to require an amendment of this
33 limitation.

34 (2) A redevelopment plan adopted prior to January 1,
35 1994, that has a limitation shorter than the terms provided
36 in this section may be amended by a legislative body by
37 adoption of an ordinance on or after January 1, 1999, but
38 on or before December 31, 1999, to extend the limitation,
39 provided that the plan as so amended does not exceed the
40 terms provided in this section. The ordinance authorized



1 by this subdivision shall not be used to extend a limitation
2 pursuant to the authority in paragraph (2) of subdivision
3 (a). In adopting this ordinance, neither the legislative
4 body nor the agency is required to comply with Section
5 33354.6 or Article 12 (commencing with Section 33450) or
6 any other provision of this part relating to the
7 amendment of redevelopment plans.

8 (g) The limitations established in the ordinance
9 adopted pursuant to this section shall not be applied to
10 limit allocation of taxes to an agency to the extent
11 required to eliminate project deficits created under
12 subdivision (e) of Section 33320.5, subdivision (g) of
13 Section 33334.6, or subdivision (d) of Section 33487, in
14 accordance with the plan adopted pursuant thereto for
15 the purpose of eliminating the deficits or to implement a
16 replacement housing program pursuant to Section 33413.
17 In the event of a conflict between these limitations and
18 the obligations under Section 33334.6 or to implement a
19 replacement housing program pursuant to Section 33413,
20 the legislative body shall amend the ordinance adopted
21 pursuant to this section to modify the limitations to the
22 extent necessary to permit compliance with the plan
23 adopted pursuant to subdivision (g) of Section 33334.6
24 and to allow full expenditure of moneys in the agency's
25 Low and Moderate Income Housing Fund in accordance
26 with Section 33334.3 or to permit implementation of the
27 replacement housing program pursuant to Section 33413.
28 The procedure for amending the ordinance pursuant to
29 this subdivision shall be the same as for adopting the
30 ordinance under subdivision (e).

31 (h) This section shall not be construed to affect the
32 validity of any bond, indebtedness, or other obligation,
33 including any mitigation agreement entered into
34 pursuant to Section 33401, authorized by the legislative
35 body, or the agency pursuant to this part, prior to January
36 1, 1994. This section shall not be construed to affect the
37 right of an agency to receive property taxes, pursuant to
38 Section 33670, to pay the bond, indebtedness, or other
39 obligation.



1 ~~(i) A redevelopment agency shall not pay~~
2 ~~indebtedness or receive property taxes pursuant to~~
3 ~~Section 33670, with respect to a redevelopment plan~~
4 ~~adopted prior to January 1, 1994, after the date identified~~
5 ~~in subdivision (e) or the date identified in the~~
6 ~~redevelopment plan, whichever is earlier, except as~~
7 ~~provided in paragraph (2) of subdivision (f) or in~~
8 ~~subdivision (h).~~
9 ~~(j) The Legislature finds and declares that the~~
10 ~~amendments made to this section by the act that adds this~~
11 ~~subdivision are intended to add limitations to the law on~~
12 ~~and after January 1, 1994, and are not intended to change~~
13 ~~or express legislative intent with respect to the law prior~~
14 ~~to that date. It is not the intent of the Legislature to affect~~
15 ~~the merits of any litigation regarding the ability of a~~
16 ~~redevelopment agency to sell bonds for a term that~~
17 ~~exceeds the limit of a redevelopment plan pursuant to law~~
18 ~~that existed prior to January 1, 1994.~~
19 ~~(k) If a redevelopment plan is amended to add~~
20 ~~territory, the amendment shall contain the time limits~~
21 ~~required by Section 33333.2.~~

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