

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: May 20, 2016

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations and Neighborhoods Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 15-0002-S170
Assignment No: 16-04-0356

SUBJECT: Resolution (Harris-Dawson – Cedillo) to SUPPORT AB 2734 (Atkins) to enact the Local Control Affordable Housing Act.

CLA RECOMMENDATION: Adopt Resolution (Harris-Dawson – Cedillo) to include in the City's 2015-2016 State Legislative Program SUPPORT for AB 2734 (Atkins), which would enact the Local Control Affordable Housing Act to determine the State General Fund savings as a result of the dissolution of redevelopment agencies, and appropriate those savings to support local housing programs.

SUMMARY

Resolution (Harris-Dawson – Cedillo), introduced on April 22, 2016, supports AB 2734 (Atkins), which establishes the Local Control Affordable Housing Act. The Resolution states that the Local Control Affordable Housing Act would require the California Department of Finance to determine the State General Fund savings for the fiscal year as a result of the dissolution of redevelopment agencies and appropriate those savings in an amount of 50% or \$1 billion, whichever is less, to the Department of Housing and Community Development to support local housing programs. In addition, the resolution states that the bill would require one-half of the appropriated funds be reserved for state level programs and the other one-half distributed to local agencies for housing purposes. The Resolution further states that the bill would provide additional State funding for affordable housing at a time when local jurisdictions are acting to provide local resources to address this crisis. As a result, the Resolution recommends support of AB 2734.

BACKGROUND

Historically, the State of California has invested in low- and moderate-income housing due to the high cost of land and construction associated with building affordable housing, as well as subsidies needed to keep housing affordable to residents. Affordable housing developers typically utilize multiple sources of financing, including voter-approved housing bonds, state and federal low-income housing tax credits, tax increment revenues, private bank financing, and local matching dollars.

Prior to the dissolution of redevelopment authorities, the state utilized tax increment revenues that were given to redevelopment agencies for community development and affordable housing. By 2008, redevelopment redirected approximately 12 percent of property tax revenues statewide into community development and affordable housing. During fiscal year 2009-10, redevelopment agencies collectively deposited \$1.075 billion of property tax increment revenues into their low- and moderate-income housing funds.

Due to a severe budget shortfall in the state, redevelopment agencies were dissolved in 2012, resulting in the loss of an average of \$56 million annually based on available receipts allocated to the development of affordable housing in the City of Los Angeles. In addition, statewide funding for the development and preservation of affordable homes has been reduced by 79 percent. This reduction in property tax increment revenues deposited by redevelopment agencies for the development of affordable housing may have contributed to the current shortfall of 1.5 million affordable units available to low- and moderate-income households in California. As of 2014, the California Housing Partnership Corporation estimates that the County of Los Angeles has an affordable housing shortfall of at least 500,000 units.

If adopted, the Local Control Affordable Housing Act would authorize the California Department of Finance to appropriate savings in an amount of 50 percent or \$1 billion, whichever is less, to the Department of Housing and Community Development to support local housing programs. Lastly, when enacted, the Local Control Affordable Housing Act would require the Department of Housing and Community Development to create an equitable formula for funding distributed to local agencies that is geographically balanced and takes into account factors of need, such as, poverty rates and lack of supply of affordable housing for persons of low- and moderate-income households in local jurisdictions.

Support for AB 2734 would be consistent with past and current City support for new federal and State sources of funding to address the affordable housing shortfall.

DEPARTMENTS NOTIFIED

Housing and Community Investment Department

BILL STATUS

05/04/16	In committee: Set, first hearing. Referred to APPR. Suspense file.
04/14/16	Passed Com. on L. GOV. Re-referred to Com. on APPR.
04/05/16	Amended and re-referred to Com. on L. GOV.
03/30/16	Passed Com. on H. & C.D. Re-referred to Com. on L. GOV.
03/17/16	Amended and re-referred to Com. on H. & C.D.
03/10/16	Referred to Coms. On H. & C.D. and L. GOV.
02/19/16	Introduced



Steve Luu
Analyst

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, AB 2734 (Atkins) would create the Local Control Affordable Housing Act, and require the California Department of Finance to determine the State General Fund savings for the fiscal year as a result of the dissolution of redevelopment agencies and appropriate savings in an amount of 50% or \$1 billion, whichever is less, to the Department of Housing and Community Development to support local housing programs; and

WHEREAS, in fiscal year 2009-10, redevelopment agencies collectively deposited \$1.075 billion of property tax increment revenues into their low- and moderate-income housing funds, and since the dissolution of redevelopment agencies in 2012, funding for the development and preservation of affordable homes has been reduced by 79 percent; and

WHEREAS, the dissolution of the CRA/LA resulted in the loss of approximately \$56 million annually based on available receipts during the five-year period between 2008 and 2012 allocated to the development of affordable housing; and

WHEREAS, the Local Control Affordable Housing Act would require one-half of the appropriated funds be reserved for state level programs and the other one-half distributed to local agencies for housing purposes; and

WHEREAS, AB 2734 would require the Department of Housing and Community Development to create an equitable funding formula for funding distributed to local agencies in a manner that is geographically balanced and takes 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; and

WHEREAS, according to the California Housing Consortium, California has a shortfall of 1.5 million affordable units for extremely low- and very-low income renter households; and

WHEREAS, AB 2734 would provide additional State funding for affordable housing at a time when local jurisdictions are acting to provide local resources to address this serious crisis;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-16 State Legislative Program SUPPORT for AB 2734 which enacts the Local Control Affordable Housing Act to determine the State General Fund savings as a result of the dissolution of redevelopment agencies, and appropriate those savings to support local housing programs.

PRESENTED BY:

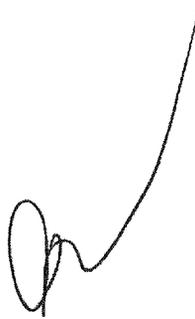


MARQUEECE HARRIS-DAWSON
Councilmember, 8th District

SECONDED BY:



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