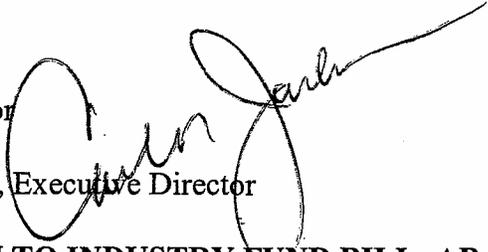


Community Development Commission

February 28, 2005

TO: Each Supervisor 

FROM: Carlos Jackson, Executive Director

SUBJECT: OPPOSITION TO INDUSTRY FUND BILL; AB 1491 (CALDERON)

This is to alert you that the City of Industry is yet again attempting to remove control from your Board over the current structure of the Industry Housing Fund Program. As you know, the Industry Housing Fund Program has been a major source of financing for affordable housing in Los Angeles County. Your Board recently awarded the 8th round of funding.

Assemblyman Ronald S. Calderon of the 58th Assembly District, which includes portions of the City of Industry, has introduced AB 1491 (attached) that would amend the Housing Authority's authority over the allocation and approval of the Industry Housing Fund Program. Under the proposed legislation, up to one-half of the funds would be controlled by the City, with no apparent allocation, eligibility or project criteria, or timeframe for expenditures, except as required by redevelopment law. Additionally, the City would retain its Housing Element exemption from developing affordable housing as provided under the original 1992 legislation.

Background

In 1992, your Board approved a contract between the County's Housing Authority and the City of Industry, which transferred initial funding to the Housing Authority. However, due to litigation, no funds were distributed until 1998 when your Board, pursuant to State legislation, charged the Housing Authority with the competitive application and use of these funds within a 15-mile radius of the City of Industry. That legislation, sponsored by the City of Industry, transferred the City's Low and Moderate Income Housing (LMIH) Set-Aside portion of its tax increment revenues to the Housing Authority for approximately 20 years. In exchange, the City was exempted from developing a Housing Element. Since that time, the Housing Authority has allocated over \$116 million in program funds and leveraged over \$736 million in resources for the production of over 4,500 units.

The City of Industry previously sponsored bills in 2001 and 2004 that would have transferred control of the LMIH Industry Set-Aside funds back to the City. Your Board voted to oppose both of these bills. In June 2001, your Board requested that the Housing Authority conduct outreach efforts to cities located in the San Gabriel Valley and in the funding round subsequent to outreach effort, allocations to such cities increased 29%.

Next Steps

It is anticipated that, within the next month, AB 1491 will be referred to the Assembly Housing and Community Development Committee. We will work with your Board and

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the Chief Administrative Office to oppose any legislation that would alter the current legal authority provided to the Housing Authority to administer these funds. Opposing legislation that would jeopardize the transfer of LMIH Industry Set-Aside funds to the Housing Authority is consistent with your Board's State Legislative Priorities that were adopted on January 11, 2005.

I have scheduled a meeting in Sacramento on Monday, March 7, 2005 with Ed Berends, County Legislative staff, to discuss the current Industry fund legislation (AB 1491). Should you have any questions, please call me at (323) 890-7400, or Syed Rushdy, Director of Housing Development and Preservation, at (323) 890-7230.

CJ:TT/GK
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Attachment

c: David E. Janssen, CAO
Gerri Kariya, Assistant Administrative Officer, IGR
Each Deputy

ASSEMBLY BILL

No. 1491

Introduced by Assembly Member Calderon

February 22, 2005

An act to amend Section 65584.3 of the Government Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 1491, as introduced, Calderon. Redevelopment: low and moderate-income housing.

Existing law authorizes a city, incorporated to promote commerce and industry, located in the County of Los Angeles, and that has no residentially zoned land within its boundaries, to adopt a housing element that makes no provision for new housing or for meeting its share of regional housing needs if a specified amount of tax increment revenue is annually transferred by the city to the Housing Authority of the County of Los Angeles and specified additional conditions, including the transfer of land, are met.

This bill would authorize the above described city to transfer the specified amount to a public entity located outside the above described city and to the housing authority or only to the authority if the additional conditions are met. The bill would also repeal the above described transfer of land requirement.

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. Section 65584.3 of the Government Code is
- 2 amended to read:

1 65584.3. (a) A city that is incorporated to promote commerce
2 and industry, that is located in the County of Los Angeles, and
3 that has no residentially zoned land within its boundaries on
4 January 1, 1992, may elect to adopt a housing element that makes
5 no provision for new housing or the share of regional housing
6 needs as determined pursuant to Section 65584 for the current
7 and subsequent revisions of the housing element pursuant to
8 Section 65588, for the period of time that 20 percent of all tax
9 increment revenue accruing from all redevelopment projects, and
10 required to be set aside for low- and moderate-income housing
11 pursuant to Section 33334.2 of the Health and Safety Code, is
12 annually transferred to the Housing Authority of the County of
13 Los Angeles *and to another public entity located outside the city*
14 *that qualifies under this subdivision, or only to the Housing*
15 *Authority of the County of Los Angeles, as determined by the city*
16 *that qualifies under this subdivision .*

17 (b) (1) The amount of tax increment to be transferred each
18 year pursuant to subdivision (a) shall be determined at the end of
19 each fiscal year, commencing with the 1992-93 fiscal year. This
20 amount shall be transferred within 30 days of the agency
21 receiving each installment of its allocation of tax increment
22 moneys, commencing in 1993. *No more than 50 percent of this*
23 *amount may be transferred to a public entity located outside the*
24 *city that qualifies under subdivision (a), other than the Housing*
25 *Authority of the County of Los Angeles.*

26 (2) On or before December 31, 1992, the *transferring* agency
27 shall make an additional payment to the Housing Authority of the
28 County of Los Angeles that eliminates any indebtedness to the
29 low- and moderate-income housing fund pursuant to Section
30 33334.3. This amount shall be reduced by any amount actually
31 expended by the redevelopment agency for principal or interest
32 payments on agency bonds issued prior to the effective date of
33 the act that adds this section, when that portion of the agency's
34 tax increment revenue representing the low and
35 moderate-income housing set-aside funds was lawfully pledged
36 as security for the bonds, and only to the extent that other tax
37 increment revenue in excess of the 20-percent low- and
38 moderate-income set-aside funds is insufficient in that fiscal
39 year to meet in full the principal and interest payments.

1 (c) The Department of Housing and Community Development
2 shall annually review the calculation and determination of the
3 amount transferred pursuant to subdivisions (a) and (b). The
4 department may conduct an audit of these funds if and when the
5 Director of Housing and Community Development deems an
6 audit appropriate.

7 (d) The amount transferred pursuant to subdivisions (a) and
8 (b) shall fulfill the obligation of ~~that~~ *the transferring city's*
9 redevelopment agency to provide for housing for low- and
10 moderate-income families and individuals pursuant to Sections
11 33334.2 to 33334.16, inclusive, of the Health and Safety Code.
12 The use of these funds for low- and moderate-income families in
13 the region of the Southern California Association of
14 Governments within which the city is located shall be deemed to
15 be of benefit to the city's redevelopment project areas.

16 (e) (1) The amount transferred pursuant to subdivisions (a)
17 and (b) ~~to the Housing Authority of the County of Los Angeles~~
18 shall be expended to provide housing and assistance, including,
19 but not limited to, that specified in subdivision (e) of Section
20 33334.2 of the Health and Safety Code for low- and
21 moderate-income families and individuals, in the region of the
22 Southern California Association of Governments within which
23 the city is located.

24 (2) Funds expended pursuant to this subdivision shall be
25 expended in accordance with all of the following:

26 (A) The funds shall be expended for the construction of low-
27 and moderate-income housing located no further than 15 miles
28 from the nearest boundary line of the City of Industry.

29 (B) The low- and moderate-income housing constructed
30 pursuant to this subdivision shall be in addition to any other
31 housing required by the housing element of the general plan of
32 the jurisdiction in which the low- and moderate-income housing
33 is constructed.

34 (C) Funds may be encumbered by the *receiving public entity*
35 *or the Housing Authority of the County of Los Angeles* for the
36 purposes of this subdivision only after ~~the authority receiving~~
37 *public entity or the authority, as the case may be*, has prepared a
38 written plan for the expenditure of funds to be transferred to the
39 *authority receiving public entity or authority, as the case may be*,
40 pursuant to this subdivision and has filed a copy of this

1 expenditure plan with the Department of Housing and
2 Community Development *In the case of funds transferred to a*
3 *public entity, this requirement for a written plan may be met as*
4 *part of the housing element of the general plan of the jurisdiction*
5 *in which the receiving public entity is located .*

6 (f) A city that meets the conditions specified in subdivision (d)
7 shall continue to have responsibility for preparing a housing
8 element pursuant to Section 65583 only to the extent to which the
9 assessment of housing needs, statement of goals and objectives,
10 and the five-year schedule of actions relate to the city's plan to
11 maintain, preserve, and improve the housing that exists in the
12 city on the effective date of the act ~~which~~ *that* adds this section.

13 (g) ~~This section shall not become operative unless and until a~~
14 ~~parcel of land, to be dedicated for the construction of a high~~
15 ~~school, is transferred pursuant to a written agreement between~~
16 ~~the City of Industry and the Pomona Unified School District, and~~
17 ~~a copy of this agreement is filed with the County Clerk of the~~
18 ~~County of Los Angeles does not authorize a public entity to~~
19 ~~expend funds for the construction of low- and moderate-income~~
20 ~~housing if the public entity is not otherwise authorized to~~
21 ~~construct this housing.~~