

**Assembly Bill No. 661**

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Passed the Assembly    September 13, 2001

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*Chief Clerk of the Assembly*

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Passed the Senate    September 13, 2001

\_\_\_\_\_  
*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day of  
\_\_\_\_\_, 2001, at \_\_\_\_\_ o'clock \_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*



## CHAPTER \_\_\_\_\_

An act to add Section 33334.2a to, and to repeal Section 33334.17 of, the Health and Safety Code, relating to redevelopment.

## LEGISLATIVE COUNSEL'S DIGEST

AB 661, Correa. Redevelopment: project area.

The Community Redevelopment Law requires redevelopment agencies to use not less than 20% of taxes allocated to the agency for low- and moderate-income housing, as specified. These funds may be used outside of the project area upon a finding by the agency and the legislative body of the community that it will benefit the project area.

This bill would expressly authorize the Orange County Development Agency to use these funds outside of a project area and within the county or any city in the county, upon a finding by the agency and the board of supervisors that this use of funds will benefit the project area. The bill would prescribe other criteria for the use of those funds.

The bill would also repeal provisions that authorized until January 1, 2000, a donor agency and a receiving community to contract for the use of low- and moderate-income housing funds outside the territorial jurisdiction of the donor community under specified conditions.

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

SECTION 1. Section 33334.2a is added to the Health and Safety Code, to read:

33334.2a. (a) The Orange County Development Agency may use the funds described in Section 33334.2 anywhere within the unincorporated territory, or within the incorporated limits of any city within the County of Orange. The agency may only use these funds outside the project area upon a resolution of the agency and board of supervisors determining that the use will be of benefit to the project area. In addition, the agency may use these funds within the incorporated limits of a city only if the agency and the board of supervisors find all of the following:



(1) Both the County of Orange and the city have adopted and are implementing complete and current housing elements of their general plans that the department has determined to be in compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(2) The development to be funded shall not result in any residential displacement from the site where the development is to be built.

(3) The development to be funded shall be a rental housing development containing units affordable to lower income households or very low income households, as defined in Sections 50079.5 and 50105.

(4) The development is in an area with a need for additional affordable housing.

(5) If applicable, Article XXXIV of the California Constitution permits the development.

(6) The city in which the development is to be constructed has certified to the agency that the city's redevelopment agency, if one exists, is not subject to sanctions pursuant to subdivision (e) of Section 33334.12 for failure to expend or encumber a housing fund excess surplus.

(b) If the agency uses these funds within the incorporated limits of a city, all of the following requirements shall apply:

(1) The funds shall be used only for the acquisition of land for, and the design and construction of, housing containing units affordable to lower income households or very low income households, as defined in Sections 50079.5 and 50105, or for the acquisition or rehabilitation of publicly assisted rental housing that is threatened with conversion to market rates.

(2) If less than all the units in the development are affordable to lower income households or very low income households, any agency assistance shall not exceed the amount needed to make the housing affordable to lower income households and very low income households.

(3) The units in the development that are affordable to lower income households or very low income households shall remain affordable for a period of at least 55 years. Compliance with this requirement shall be ensured by the execution and recordation of



covenants and restrictions that, notwithstanding any other provision of law, shall run with the land.

(4) No development shall be located in a census tract where more than 50 percent of its population is very low income.

(5) Assisted developments shall be located on sites suitable for multifamily housing near public transportation.

(6) Developed units shall not be treated as meeting the regional housing needs allocation under both the city's and county's housing elements.

(7) The funds shall be used only for developments for which the city in which the development will be constructed has approved the agency's use of funds for the development or has granted land use approvals for the development.

(8) The aggregate number of units assisted by the county over each five-year period shall include at least 10 percent that are affordable to households earning 30 percent or less of the area median income, and at least 40 percent that are affordable to very low income households.

(c) The Orange County Development Agency shall make diligent efforts to obtain the development of low- and moderate-income housing in unincorporated areas, including in developing areas of the county.

SEC. 2. Section 33334.17 of the Health and Safety Code is repealed.

SEC. 3. In enacting Section 33334.2a of the Health and Safety Code pursuant to Section 1 of this act, the Legislature recognizes the unique circumstances that exist with respect to the Orange County Development Agency that justify the enactment of this legislation. The County of Orange has a policy, consistent with state law, of encouraging annexation and incorporation of already developed areas so as to minimize the role of the County of Orange as a provider of municipal services. This policy has resulted in a shrinking unincorporated area within the County of Orange that is available and suitable for development of housing. As of 2000, only 7.7 percent of the county population resides in unincorporated areas. In addition, the existing county redevelopment project areas in the unincorporated territory of the County of Orange offer few opportunities for development of affordable rental housing. The Santa Ana Heights project area is constrained by noise limitations resulting from the location of the



developable areas adjacent to John Wayne Airport. The Neighborhood Development and Preservation project areas consist largely of single family homes with few available sites for new housing. Given these constraints, there are few opportunities for development of new affordable housing within the unincorporated areas of the County of Orange, either inside or outside of the redevelopment project areas that have been adopted by the county.

Consequently, the policy goals of the Legislature to advance the development of affordable housing is best served in the case of the Orange County Development Agency by allowing the agency to spend its housing funds within the incorporated cities in the County of Orange subject to the restrictions and requirements set forth in this act.



Approved \_\_\_\_\_, 2001

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*Governor*

