

AMENDED IN SENATE MARCH 31, 1997

SENATE BILL

No. 71

Introduced by Senator Kelley

December 11, 1996

An act to add ~~and repeal Sections 33334.25 and 33334.30 of Section 65584.7 to the Government Code, and to add Section 33334.25 to the Health and Safety Code, relating to redevelopment.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 71, as amended, Kelley. Redevelopment: Coachella Valley: low- and moderate-income housing.

The existing Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, in those communities. This law generally prohibits a redevelopment agency from using money in its Low and Moderate Income Housing Fund outside the agency's jurisdiction except under limited conditions.

This bill would establish ~~2 pilot projects to be administered by the Department of Housing and Community Development, that would allow 10 specified jurisdictions in the Coachella Valley, to (1) transfer housing set-aside funds to any one or more of the other communities therein in order to efficiently provide low- and moderate-income housing where it is determined by the communities to be most appropriate consistent with the Community Redevelopment Law and (2) to enter into cooperative agreements by which the participating jurisdictions may agree to transfer housing~~

~~credits under conditions prescribed by the department~~ *a pilot project that would allow, under specified conditions, any of the redevelopment agencies in the Coachella Valley to transfer money from its Low- and Moderate-Income Housing Fund to any one or more of the other communities therein in exchange for affordable housing credits to meet project area production requirements or regional housing needs, or both, in order to revitalize and provide low- and moderate-income housing in blighted downtown communities.*

This bill also would make legislative findings relating to the need for the pilot projects.

The California Constitution provides that a local or special statute is invalid in any case if a general statute can be made applicable.

This bill would declare that, due to the unique circumstances within the Coachella Valley that the bill is intended to remedy, a general statute within the meaning of specified provisions of the California Constitution cannot be made applicable and a special statute is necessary.

~~This bill would state that these provisions are to remain in effect only until~~ *provide that on or after January 1, 2008, and as of that date are repealed no redevelopment agency shall enter into a contract pursuant to these provisions unless a later enacted statute, enacted before that date deletes or extends that date.*

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. The Legislature finds and declares, as
2 follows:

3 (a) The 10 ~~jurisdictions~~ *communities* in the Coachella
4 Valley of California have a total population of that of a
5 medium-sized city in this state.

6 (b) ~~These jurisdictions~~ *The 10 communities* in the
7 Coachella Valley are bounded by mountains and desert,
8 forming a relatively compact and seamless development
9 pattern *and single housing market area.*



1 (c) Larger individual municipalities in this state are
2 able to make rational allocation of housing resources by
3 more effectively targeting low- and moderate-income
4 housing in areas with affordable real estate, adequate
5 infrastructure, and good linkages to jobs and services.

6 (d) It is in the best interests of the people of California
7 that the California Redevelopment Law provide greater
8 flexibility to redevelopment agencies of small
9 communities located in a larger finite region in using low-
10 and moderate-income ~~set-aside~~ funds outside of their
11 jurisdictions in order that these funds be expended more
12 ~~strategically~~ efficiently.

13 SEC. 2. *Section 65584.7 is added to the Government*
14 *Code, to read:*

15 *65584.7. (a) A city or county located within the*
16 *Coachella Valley, including the County of Riverside,*
17 *whose redevelopment agency transfers housing funds to*
18 *a provider agency pursuant to Section 33334.25 of the*
19 *Health and Safety Code may receive credit for satisfying*
20 *its share of the regional housing need determined*
21 *pursuant to Section 65584.*

22 *(b) For transfers of regional housing need pursuant to*
23 *this section, the contract between the investor agency*
24 *and provider agency, in accordance with subdivision (d)*
25 *of Section 33334.25 of the Health and Safety Code, shall*
26 *comply with the following provisions:*

27 *(1) The transfer of credit shall apply to the housing*
28 *element planning period in force, identified in Section*
29 *65588, at the time of the transfer and to future housing*
30 *element periods to the extent that the city or county of*
31 *an investor agency has exceeded its share of the regional*
32 *housing need.*

33 *(2) The city or county of an investor agency that*
34 *transfers housing funds to a provider agency may receive*
35 *credit for satisfying its share of the regional housing need*
36 *determined by Section 65584, provided the units assisted*
37 *are funded by, in whole or part, the transfer.*

38 *(3) The city or county of an investor agency that*
39 *transfers housing funds to a provider agency may receive*
40 *credit for satisfying its share of the regional housing need*



1 *determined by Section 65584, for new units provided in*
2 *the city or county of the provider agency during the*
3 *housing element planning period.*

4 *(4) The city or county of the provider agency may not*
5 *count those same transferred housing units toward its*
6 *own share of the region's affordable housing need.*

7 *SEC. 3. Section 33334.25 is added to the Health and*
8 *Safety Code, to read:*

9 *33334.25. (a) There is hereby established the*
10 *Coachella Valley Redevelopment Affordable Housing*
11 *Credit Pilot Project, ~~to be~~ for the purpose of allowing the*
12 *10 redevelopment agencies of the 10 communities*
13 *located in the Coachella Valley, including the*
14 *Redevelopment Agency of the County of Riverside, to*
15 *use their Low- and Moderate-Income Housing Funds*
16 *outside of their territorial jurisdiction, consistent with this*
17 *section, in order to efficiently provide and improve low-*
18 *and moderate-income housing in blighted*
19 *redevelopment project areas in the regional housing*
20 *market of the Coachella Valley.*

21 *(b) (1) Notwithstanding subdivision (c) of Section*
22 *33334.3 or Section 33670, an investor agency may transfer*
23 *money from its Low- and Moderate-Income Housing*
24 *Fund established pursuant to Section 33334.2 or 33334.6 to*
25 *a provider agency in exchange for affordable housing*
26 *credits.*

27 *(2) An investor agency that transfers housing funds to*
28 *a provider agency may receive credit for satisfying*
29 *project area production requirements, pursuant to*
30 *paragraph (1) or (2) of subdivision (b) of Section 33413,*
31 *provided the units funded by, in whole or part, the*
32 *transfer are used by the provider agency for new*
33 *construction, substantial rehabilitation, or the acquisition*
34 *of long-term affordability covenants in accordance with*
35 *the current provisions of subdivision (b) of Section 33413.*
36 *The provider agency and its community shall obtain and*
37 *maintain enforcement authority over long-term*
38 *affordability covenants in accordance with paragraph (2)*
39 *of subdivision (f) of Section 33334.3.*



1 (3) *An investor agency that transfers housing funds to*
2 *a provider agency may receive credit for satisfying*
3 *project area production requirements, pursuant to*
4 *paragraph (1) or (2) of subdivision (b) of Section 33413,*
5 *for units that were previously constructed, substantially*
6 *rehabilitated, or for which affordability covenants were*
7 *acquired, in the community of the provider agency,*
8 *provided the units have long-term affordability*
9 *covenants in accordance with subdivision (c) of Section*
10 *33413, the provider agency or a state or federal agency has*
11 *enforcement authority over the covenants, and the*
12 *provider agency does not use the units to satisfy its*
13 *housing production requirements.*

14 (c) *An investor agency may transfer its housing funds*
15 *to a provider agency, provided the funds are used by the*
16 *provider agency in accordance with the provisions of*
17 *subdivision (e) of Section 33334.2 and Section 33334.3.*

18 (d) *Each of the following conditions shall be met and*
19 *described in a mutually acceptable, binding contract*
20 *between the investor agency, the legislative body of the*
21 *investor community, the provider agency and the*
22 *legislative body of the provider community before an*
23 *agency identified in subdivision (a) of this section may*
24 *transfer money from its Low- and Moderate-Income*
25 *Housing Fund to another agency located in the Coachella*
26 *Valley:*

27 (1) *The contract shall specify the terms and conditions*
28 *under which the affordable housing credits will be*
29 *transferred, the allocation of credits, in accordance with*
30 *subdivision (b) and the responsibilities of each agency. In*
31 *no circumstance shall a single housing unit count as more*
32 *than one credit.*

33 (2) *The investor agency may purchase affordable*
34 *housing credits only if the community of the investor*
35 *agency has, in the current or previous housing element*
36 *cycle, met 40 percent or more of its share of the region's*
37 *affordable housing needs for very low and low-income*
38 *households, as defined in Section 65584 of the*
39 *Government Code.*



1 (3) *The provider agency shall use transferred funds*
2 *within three years of the date it first receives moneys*
3 *from the investor agency pursuant to this section. At the*
4 *end of three years, all unencumbered low- and*
5 *moderate-income housing funds transferred from the*
6 *investor agency to the provider agency shall be*
7 *transferred back to the agency from which the moneys*
8 *were generated.*

9 (4) *An investor agency shall separately account for all*
10 *moneys transferred and expenditures made pursuant to*
11 *this section and shall comply with all annual reporting*
12 *requirements under the provisions of this part. An*
13 *investor agency that transfers housing funds shall report*
14 *the transfer as a use of its Low- and Moderate-Income*
15 *Housing Fund, during the year in which the transfer*
16 *occurs. Affordable housing credits shall be included in the*
17 *investor agency's annual report prepared and submitted*
18 *in accordance with Section 33080.1 and 33080.4, the*
19 *compliance plan pursuant to subdivision (b) of Section*
20 *33413, and its share of the region's affordable housing*
21 *needs, as defined in Section 65584 of the Government*
22 *Code, in accordance with the provisions of this section*
23 *and as specified in the contract between the investor*
24 *agency and the provider agency. The provider agency*
25 *shall report the receipt of transferred funds, but shall*
26 *forfeit the ability to receive credit against any of its*
27 *housing obligations for low- and moderate-income*
28 *housing units counting as transferred affordable housing*
29 *credits.*

30 (5) *An investor agency shall receive credit for the use*
31 *of its transferred funds for meeting project area*
32 *production requirements in accordance with paragraphs*
33 *(1) and (2) of subdivision (b) upon one or more of the*
34 *following events:*

35 (A) *Execution by both parties of a contract providing*
36 *affordable housing credits for existing low- and*
37 *moderate-income units.*

38 (B) *Issuance of a certificate of occupancy.*

39 (C) *Completion of rehabilitation improvements.*



1 (D) Recordation of affordability covenants.
2 Affordable housing credits may be credited towards the
3 housing obligations under Section 33413 so long as the
4 units satisfy the affordability covenant requirements of
5 that section.

6 (6) The provider community and the investor
7 community shall, at least 45 days before the date proposed
8 for the approval of the contract, hold a public hearing,
9 after providing notice pursuant to Section 6062 of the
10 Government Code, to solicit public comments on the
11 draft contract, including its terms, conditions, and
12 determinations.

13 (7) An investor agency may only transfer its funds to
14 a providing agency within the Coachella Valley, defined
15 as the boundaries of the Coachella Valley Association of
16 Governments.

17 (8) No moneys shall be transferred from an investor
18 agency that has, pursuant to Section 33413, replacement
19 housing requirements that must be met, unless sufficient
20 moneys are identified to meet those needs.

21 (e) The expenditure of low- and moderate-income
22 housing funds and other tax increment funds allocated to
23 an agency pursuant to Section 33670 outside of the
24 territorial jurisdiction of an agency, as authorized by this
25 section, shall, upon the adoption of the agreement, be
26 deemed to be of benefit to the redevelopment plan and
27 a part of the redevelopment plan of the project area, as
28 if the redevelopment plan had been amended to include
29 the contract and those expenditures. However, in
30 adopting the agreement pursuant to this section, neither
31 the investor agency nor the provider is required to
32 comply with Article 12 (commencing with Section
33 33450).

34 (f) As used in this section:

35 (1) "Investor agency" means an agency which
36 proposes to spend moneys from its Low- and
37 Moderate-Income Housing Fund outside its jurisdiction
38 in exchange for receiving affordable housing credits.

39 (2) "Provider agency" means an agency which
40 proposes to accept money from an investor agency's Low-



1 and Moderate-Income Housing Fund and to transfer
2 affordable housing credits.

3 (3) “Low- and moderate-income housing units”
4 means dwelling units occupied by or available for
5 occupancy by persons and families for low- or
6 moderate-income, as defined in Section 50093, lower
7 income households, as defined in Section 50079.5, and
8 very low income households, as defined in Section 50105,
9 at an affordable housing cost in accordance with the
10 provisions of Section 50052.5.

11 (g) On or after January 1, 2008, no agency shall enter
12 into a contract pursuant to this section unless a later
13 enacted statute, which is enacted before January 1, 2008,
14 deletes or extends that date. Affordable housing credits
15 transferred in accordance with this section shall continue
16 to qualify toward satisfying an investor agency’s
17 affordable housing requirements as specified in the
18 contract between the investor agency and the provider
19 agency. ~~administered by the Department of Housing and
20 Community Development for the purpose of allowing
21 the following communities located in the Coachella
22 Valley to transfer set aside funds, within the meaning set
23 forth in Section 33334.2, to any one or more of the other
24 communities therein in order to efficiently provide low-
25 and moderate-income housing where it is determined by
26 the communities to be most appropriate consistent with
27 this article:~~

28 (1) Cathedral City.

29 (2) Coachella.

30 (3) Desert Hot Springs.

31 (4) Indian Wells.

32 (5) Indio.

33 (6) La Quinta.

34 (7) County of Riverside.

35 (8) Palm Desert.

36 (9) Palm Springs.

37 (10) Rancho Mirage.

38 (b) ~~This section shall remain in effect only until
39 January 1, 2008, and as of that date is repealed, unless a~~



1 ~~later enacted statute, that is enacted before January 1,~~
2 ~~2008, deletes or extends that date.~~

3 ~~SEC. 3. Section 33334.30 is added to the Health and~~
4 ~~Safety Code, to read:~~

5 ~~33334.30. (a) There is hereby established the~~
6 ~~Coachella Valley Redevelopment Housing Credit~~
7 ~~Transfer Pilot Project, to be administered by the~~
8 ~~Department of Housing and Community Development~~
9 ~~for the purpose of allowing one or more of the following~~
10 ~~communities located in the Coachella Valley to enter into~~
11 ~~cooperative agreements by which the participating~~
12 ~~jurisdictions may agree to transfer housing credits under~~
13 ~~conditions prescribed by the department:~~

- 14 ~~(1) Cathedral City.~~
- 15 ~~(2) Coachella.~~
- 16 ~~(3) Desert Hot Springs.~~
- 17 ~~(4) Indian Wells.~~
- 18 ~~(5) Indio.~~
- 19 ~~(6) La Quinta.~~
- 20 ~~(7) County of Riverside.~~
- 21 ~~(8) Palm Desert.~~
- 22 ~~(9) Palm Springs.~~
- 23 ~~(10) Rancho Mirage.~~

24 ~~(b) This section shall remain in effect only until~~
25 ~~January 1, 2008, and as of that date is repealed, unless a~~
26 ~~later enacted statute, that is enacted before January 1,~~
27 ~~2008, deletes or extends that date.~~

28 ~~SEC. 4. The Legislature finds and declares that,~~
29 ~~because of the unique circumstances applicable only to~~
30 ~~the Coachella Valley communities, a statute of general~~
31 ~~applicability cannot be enacted within the meaning of~~
32 ~~subdivision (b) of Section 16 of Article IV of the California~~
33 ~~Constitution. Therefore, this special statute is necessary.~~

