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AMENDED IN ASSEMBLY APRIL 29, 2010

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CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2531**

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**Introduced by Assembly Member Fuentes  
(Principal coauthor: Assembly Member Bradford)**

February 19, 2010

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An act to add and repeal Section 33131.5 of, and to add and repeal Article 10.5 (commencing with Section 33427) of Chapter 4 of Part 1 of Division 24 of, the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 2531, as amended, Fuentes. Redevelopment: economic development.

(1) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight, as defined, in those communities and requires those agencies to prepare, or cause to be prepared, and approve a redevelopment plan for each project area. Existing law defines the term "redevelopment" for these purposes and specifies the scope of activities that the term includes. Existing law also makes specified legislative findings and declarations regarding the fundamental purposes of redevelopment.

This bill would, *until January 1, 2018*, authorize the Community Redevelopment Agency of the City of Los Angeles, at the request of its legislative body, to prepare applications for, and execute, economic development programs, to accept public or private assistance, and to expend those funds for any economic development activities inside or outside a project area within the territorial jurisdiction of the agency.

(2) Existing law authorizes an agency to construct foundations, platforms, and other structural forms necessary for the provision or utilization of air rights sites for buildings to be used for residential, commercial, industrial, or other uses contemplated by the redevelopment plan. An agency is also authorized to establish a program under which it loans funds to owners or tenants for the purpose of rehabilitating commercial buildings or structures within the project area.

This bill would, *until January 1, 2018*, expand the agency’s programmatic authority by authorizing it to provide direct assistance, including, but not limited to, loans, financial guarantees, or other financial assistance, to businesses within project areas in connection with new or existing facilities for retaining or expanding employment in the project area, increasing energy efficiency of buildings in the project area, or for other specified redevelopment purposes. *This bill would specify that these programs constitute redevelopment, as defined.*

~~(3) This bill would repeal its provisions to the extent it modifies existing law on January 1, 2018, as specified.~~

~~This~~

(3) *This* bill would make legislative findings and declarations as to the necessity of a special statute for the Community Redevelopment Agency of the City of Los Angeles.

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. Section 33131.5 is added to the Health and Safety
- 2 Code, to read:
- 3 33131.5. (a) In addition to authority otherwise provided in
- 4 this part, the Community Redevelopment Agency of the City of
- 5 Los Angeles, at the request of its legislative body, may do both of
- 6 the following:
- 7 (1) Prepare applications for various state and federal grant
- 8 programs relating to economic development, plan and carry out

1 those programs and expend grant funds inside or outside any  
2 redevelopment project area within the territorial jurisdiction of the  
3 agency, and comply with any conditions of the program.

4 (2) Accept any other assistance from the state or federal  
5 government or any public or private source, spend those funds for  
6 any economic development activities inside or outside any  
7 redevelopment project area within the territorial jurisdiction of the  
8 agency, and comply with any conditions of that assistance.

9 (b) This section shall remain in effect only until January 1, 2018,  
10 and as of that date is repealed, unless a later enacted statute, that  
11 is enacted before January 1, 2018, deletes or extends that date.

12 SEC. 2. Article 10.5 (commencing with Section 33427) is  
13 added to Chapter 4 of Part 1 of Division 24 of the Health and Safety  
14 Code, to read:

15  
16 Article 10.5. Direct Assistance for Business and Job  
17 Development Programs  
18

19 33427. (a) In addition to any other authority granted under  
20 this part, an agency may, within a project area, for the purposes  
21 of redevelopment, carry out activities and programs pursuant to  
22 this article. *Those activities and programs shall constitute*  
23 *redevelopment as prescribed in Sections 33020 and 33021.*

24 (b) The Legislature finds and declares that the purpose of this  
25 article is to clarify existing law and to provide agencies with  
26 additional temporary authority to assist businesses in order to  
27 encourage the retention of existing employment opportunities and  
28 the attraction of new employment opportunities.

29 (c) Nothing in this article shall be construed as limiting or  
30 restricting the authority that an agency possessed prior to January  
31 1, 2011.

32 33427.1. (a) On or before July 1 of each fiscal year during  
33 which an agency proposes to carry out activities and programs  
34 pursuant to this article, the legislative body shall adopt a resolution  
35 authorizing the agency to carry out those activities and programs  
36 during that fiscal year. *For the 2010–11 fiscal year only, the*  
37 *legislative body shall adopt the resolution required by this*  
38 *subdivision on or before February 1, 2011.*

39 (b) The legislative body's resolution shall find, based on  
40 substantial evidence in the record, all of the following:

1 (1) The community has adopted a housing element that the  
2 department has determined pursuant to Section 65585 of the  
3 Government Code to be in substantial compliance with the  
4 requirements of Article 10.6 (commencing with Section 65580)  
5 of Chapter 3 of Division 1 of Title 7 of the Government Code.

6 (2) During the three fiscal years prior to the year in which the  
7 agency proposes to carry out activities and programs pursuant to  
8 this article, the agency has not been included in the list of agencies  
9 that have not corrected a major audit violation compiled pursuant  
10 to subdivision (b) Section 33080.8.

11 (3) The agency has not accumulated an excess surplus in its  
12 Low and Moderate Income Housing Fund. As used in this  
13 paragraph, “excess surplus” has the same meaning as in Section  
14 33334.12.

15 33427.2. (a) An agency may provide direct assistance to  
16 businesses within project areas in connection with new or existing  
17 facilities for industrial or manufacturing uses.

18 (b) Direct assistance may include, but is not limited to, loans,  
19 loan guarantees, and other financial assistance.

20 (c) Direct assistance may also include the provision or  
21 replacement of machinery and equipment in new or existing  
22 facilities for industrial or manufacturing uses where the assistance  
23 is reasonably expected to result in either of the following:

24 (1) The retention or expansion of the number of persons  
25 employed in industrial or manufacturing jobs within that project  
26 area.

27 (2) Any of the following:

28 (A) Reduced emissions of greenhouse gases.

29 (B) Increased use of clean, renewable, or alternative energy.

30 (C) Increased energy efficiency.

31 (D) Increased use of recycled and locally sourced materials.

32 (E) Increased efficiency in water, wastewater, and stormwater  
33 systems.

34 (F) Increased efficiency of construction methods.

35 (G) Reduced demolition- and construction-induced pollution  
36 and waste material generation.

37 (H) Improved indoor air quality.

38 (I) Reduced building operation costs through increased operation  
39 and maintenance efficiency.

40 (J) Reduced public infrastructure costs related to development.

1 (d) When providing direct assistance to businesses *for the*  
2 *acquisition of machinery, equipment, or other personal property*  
3 pursuant to this section, an agency shall impose covenants ~~and or~~  
4 other restrictions that require the machinery, equipment, and other  
5 *personal property to remain within the project areas for the duration*  
6 ~~of the direct assistance, including, but not limited to, the duration~~  
7 ~~of the loans, loan guarantees, and other financial assistance. either~~  
8 *the term of the agreement providing the direct assistance or the*  
9 *useful life of the machinery, equipment, or other personal property,*  
10 *as determined by the agency.*

11 33427.3. An agency may provide job training, job placement,  
12 apprenticeship, and preapprenticeship programs relating to  
13 construction or to operations of businesses within project areas.

14 33427.4. (a) An agency may assist public agencies or private  
15 nonprofit corporations to establish, construct, and maintain one or  
16 more small business incubators within project areas.

17 (b) An agency may provide loan guarantees for small businesses  
18 within project areas.

19 (c) As used in this section, “small business” has the same  
20 meaning as defined in Section 11342.610 of the Government Code.

21 33427.5. An agency may establish a program to provide loans,  
22 financial guarantees, or other financial assistance to owners or  
23 tenants within project areas for any of the following:

24 (a) Rehabilitating commercial buildings or structures in project  
25 areas.

26 (b) Retaining or expanding employment within project areas.

27 (c) Increasing the energy efficiency of buildings within project  
28 areas.

29 (d) Any of the purposes specified in paragraph (2) of subdivision  
30 (c) of Section 33427.2.

31 33427.6. An agency may construct buildings for industrial or  
32 manufacturing purposes within project areas if the construction  
33 meets any of the purposes specified in paragraph (2) of subdivision  
34 (c) of Section 33427.2.

35 33428. An agency shall not amend a redevelopment plan to  
36 increase or extend the limits imposed pursuant to Section 33333.2,  
37 33333.4, or 33333.6 for the purpose of implementing this article.

38 33428.1. An agency that carries out activities and programs  
39 pursuant to this article shall report the amount of money, regardless  
40 of source, that it spent in each project area for those activities and

1 programs. This information shall be contained in the annual fiscal  
 2 statement required by Section 33080.5.

3 33428.2. On or before January 1, 2012, the Legislative Analyst  
 4 shall, *after consultation with interested parties*, design a study to  
 5 measure and evaluate the effectiveness of this article *in retaining*  
 6 *or expanding employment opportunities within project areas and*  
 7 *improving the energy efficiency of buildings and development*  
 8 *within project areas*. The study date shall do all of the following:

9 (a) Describe the specific categories and formats of the  
 10 information that the Legislative Analyst needs to measure.

11 (b) Evaluate the effectiveness of this article.

12 (c) Include a reporting form that agencies shall use to comply  
 13 with Section 33428.3.

14 33428.3. On or before December 1, 2016, an agency that carries  
 15 out activities and programs pursuant to this article shall submit to  
 16 the Legislative Analyst’s Office a report that describes those efforts  
 17 within each project area for each fiscal year after January 1, 2011,  
 18 and before July 1, 2016. The report shall include any information  
 19 which the Legislative Analyst determines he or she needs to  
 20 measure and evaluate the effectiveness of this article. The report  
 21 shall be in the form determined by the Legislative Analyst pursuant  
 22 to Section 33428.2.

23 33428.4. On or before January 1, 2017, and consistent with  
 24 Section 9795 of the Government Code, the Legislative Analyst  
 25 shall report to the Legislature on how agencies used the authority  
 26 provided by this article. The report shall include recommendations  
 27 for modifying or extending this article.

28 33428.5. This article shall remain in effect only until January  
 29 1, 2018, and as of that date is repealed, unless a later enacted  
 30 statute, that is enacted before January 1, 2018, deletes or extends  
 31 that date.

32 SEC. 3. The Legislature finds and declares, with respect to  
 33 Section 1 of this act, that a special law is necessary and that a  
 34 general law cannot be made applicable within the meaning of  
 35 Section 16 of Article IV of the California Constitution because of  
 36 the unique circumstances, needs, and challenges of the Community  
 37 Redevelopment Agency of the City of Los Angeles.