

Agenda Report

DATE: MAY 21, 2001
TO: CITY COUNCIL
THROUGH: LEGISLATIVE COMMITTEE
FROM: CYNTHIA J. KURTZ, CITY MANAGER
SUBJECT: OPPOSE ASSEMBLY BILL 618 (CALDERON) *HOUSING: CITY OF INDUSTRY*

RECOMMENDATION

It is recommended that the City Council:

1. Oppose Assembly Bill 618 (Calderon) *Housing: City of Industry*; and
2. Support the Mayor's transmittal of letters to the appropriate authorities stating Pasadena's opposition to Assembly Bill 618.

EXECUTIVE SUMMARY

On April 13, 2001, the City of Pasadena received a request on behalf of the Los Angeles County Board of Supervisors to provide direct support in defeating Assembly Bill 618 (AB 618). This bill proposes the return of control for administration of the City of Industry's low and moderate income housing set-aside funds (Industry Fund) from the Housing Authority of the County of Los Angeles (HACOLA) to the City of Industry Urban Development Agency. The bill also restricts the use of these funds to within a five-mile radius of the City of Industry and provides for the future allocation of funds based solely on determinations by the City of Industry. Based on the passage of AB 618, as amended, Pasadena will no longer be eligible for Industry Funds.

BACKGROUND

Existing Community Redevelopment Law requires redevelopment agencies to set aside 20% of tax-increment revenues for low and moderate-income housing. In addition, Senate Bill 1718, which was passed by the State Legislature in August, 1992, also

authorizes, when a specified condition is met, 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 on January 1, 1992, to adopt a Housing Element that makes no provision for new housing or for meeting its share of regional housing for a period of time when the tax-increment revenue required to be set aside for low-and moderate-income housing is annually transferred to the Housing Authority of the County of Los Angeles (HACOLA). HACOLA is required to expend the amount transferred to provide housing and assistance for low and moderate-income families and individuals, as specified.

The Industry Fund was created pursuant to SB 1718 and allowed the City of Industry to adopt its Housing Element that makes no provision for sharing regional housing needs in exchange for the City transferring 20% of all tax increment revenue from its redevelopment project areas to HACOLA. Subsequently, HACOLA's Board of Commissioners (Los Angeles County Board of Supervisors) entered into an agreement with the City of Industry to receive these funds and approved administrative and allocation plans implementing a competitive process to allocate and distribute the Industry Funds.

The Industry Fund Program, as currently operated by HACOLA, has been and continues to effectively address the housing needs of the existing Program area within the County of Los Angeles; it is well run and enjoys local support. To date, the program has enabled the allocation of \$61 million and leveraged \$265 million in private investment toward the production of over 2,500 units of affordable housing. The HACOLA Industry Fund Program has produced over 1,800 affordable rental units (nearly 1,150 for seniors), over 260 first-time ownership units and over 700 special needs housing units. It also has the standards that require the funds to be used for the greatest affordable housing needs in the County. Approximately, 90% of all the units are affordable principally to very low-income households.

On April 5, 2001, Assemblyman Calderon introduced amendments to Assembly Bill 618 (Calderon), *Housing: City of Industry*, which would allow:

- The City of Industry to allocate a specified portion of the Industry Fund to be spent in cities designated by the City of Industry, within five miles from the City's boundaries, regardless of the County;
- The allocation of these funds would no longer be subject to the competitive criteria established by the Los Angeles County Board of Supervisors, including housing types (i.e.- homeownership, affordable housing, special needs) and only be limited by Redevelopment Law income standard of 120% of median income;

- The Housing Authority of the County of Los Angeles's (HACOLA) involvement to be limited to an administrative/monitoring role with respect to these funds; and
- The City of Industry to remain exempt from the Housing Element requirements applicable to all other jurisdictions.

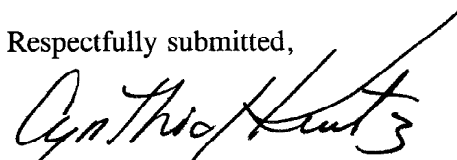
The Los Angeles County Board of Supervisors voted on March 20, 2001 to oppose AB 618 because it represents an attempt by the City of Industry to (1) exert full control over the funds and (2) restrict the use of the funds from the current 15 mile radius within Los Angeles County to a 5 mile radius of the nearest boundary line of the City. The proposed amendment is contrary to Senate Bill 1718 and the existing agreement between the City and HACOLA. More specifically, the bill negatively impacts the availability of these funds to support affordable housing activities within surrounding cities, such as Pasadena, that are more than five miles from the City of Industry. To date, Pasadena has received 6 separate allocations of Industry Funds totaling \$2.7 million for 105 affordable housing units in residential projects submitted by local non-profits and the Industry Funds are anticipated as a primary financial resource for two pending projects – Washington Theater & Heritage Square.

Assembly Bill 618, as amended, is scheduled for review by the Assembly Housing and Community Development Committee on May 9, 2001. Due to the urgency of this matter, the attached letter was transmitted by the Mayor, on behalf of the City of Pasadena, to Committee Chairman Lowenthal in opposition to AB 618.

FISCAL IMPACT

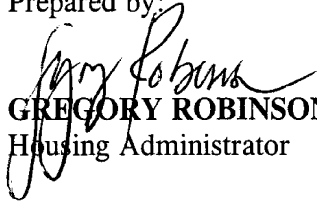
The Industry Fund is a major funding source that allows municipalities to address critical affordable housing needs. Passage of Assembly Bill 618, as amended, would significantly eliminate a number of localities, including Pasadena, currently eligible to receive Industry Funds and totally eliminate the Board of Supervisors criteria for the allocation of said funds. The bill also allows the City of Industry increased control over scarce housing resources and the potential allocation of these funds to counties other than the County of Los Angeles.

Respectfully submitted,



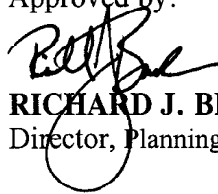
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Prepared by:



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