

ASSEMBLY BILL

No. 1284

Introduced by Assembly Member Lowenthal
(Principal coauthor: Senator Dunn)

February 23, 2001

An act to add Article 11 (commencing with Section 65610) to Chapter 3 of Division 1 of Title 7 of the Government Code, relating to community development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1284, as introduced, Lowenthal. Job-Center, Community Infill Housing Development Incentive Act of 2001.

(1) The Community Redevelopment Law requires redevelopment agencies to increase, improve, and preserve the community's supply of low- and moderate-income housing that is available at affordable cost and provides that this housing shall be entitled to priority consideration for assistance in housing programs administered by the California Housing Finance Agency, the Department of Housing and Community Development, and other state agencies and departments, as specified.

This bill would enact the Job-Center, Community Infill Housing Development Incentive Act of 2001 to promote, encourage, and facilitate adequate housing development to provide affordable housing to California's growing work force.

The bill would authorize a city, county, or city and county having a serious imbalance between jobs and housing supply to create a housing opportunity district and would require a portion of the property tax revenues resulting from increases in assessed value due to affordable housing construction to be paid to the district. The bill would create a state-mandated local program because, under other existing provisions,

counties would be required to allocate those property tax revenues. The bill would require the housing opportunity districts to pay those costs.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Article 11 (commencing with Section 65610) is
2 added to Chapter 3 of Division 1 of Title 7 of the Government
3 Code, to read:

4

5 Article 11. Job-Center, Community Infill Housing
6 Development Incentive Act

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8 65610. This article may be cited and shall be known as the
9 Job-Center, Community Infill Housing Development Incentive
10 Act of 2001.

11 65611. The Legislature finds and declares all of the following:

12 (a) Despite strong economic growth and record-level
13 unemployment in most areas of the state, California has fallen
14 seriously short of its policy of providing every California family
15 with the opportunity to live in safe, decent, affordable housing in
16 a suitable living environment.

17 (b) The Department of Finance estimates that to meet
18 California’s housing needs, 230,000 new residential units per year
19 must be built.

20 (c) For each of the last eight years, California has produced
21 only 50 percent of the housing to meet this need, resulting in a
22 critical, accumulated deficit.

23 (d) Although the lack of sufficient housing is a statewide
24 problem cutting across all geographic areas and income
25 categories, it is most severe in strong, economic job-center
26 markets where high housing costs make it extremely difficult for
27 working-class Californians to afford a home.



1 (e) Increasingly, due to high housing costs and local
2 development policies, California workers are forced to seek
3 homeownership opportunities farther away from where they
4 work.

5 (f) The exportation of housing demand to outlying areas,
6 including agricultural areas, carries with it definite environmental
7 and quality of life consequences.

8 (g) The failure to provide California's growing work force an
9 affordable place to live close to one's place of employment is
10 viewed by business, environmental, civic, and labor leaders as a
11 serious threat to sustaining long-term economic prosperity and
12 environmental quality.

13 (h) Communities need effective tools to promote, encourage,
14 and facilitate adequate housing development in the job centers of
15 the state; to promote incentives for the development of affordable,
16 infill housing within existing urban and suburban areas, and to
17 increase employment in areas where adequate housing is
18 available.

19 (i) According to figures from the Department of Finance,
20 California should be building one housing unit for every 1.5 jobs
21 created in order to sustain a healthy balance between housing and
22 jobs and a healthy overall economy. In light of this, a serious
23 imbalance in housing supply exists in the following areas of the
24 state:

25 (1) The Los Angeles and Long Beach metropolitan statistical
26 area.

27 (2) The Orange County metropolitan statistical area.

28 (3) The San Diego County metropolitan statistical area.

29 (4) The San Francisco metropolitan statistical area.

30 (5) The Oakland metropolitan statistical area.

31 (6) The San Jose metropolitan statistical area.

32 65612. It is the intent of the Legislature in enacting this article
33 to do all of the following:

34 (a) Develop an incentive-based strategy to encourage the
35 construction of housing in those areas of the state which, over the
36 last decade, have experienced the greatest increase in job growth
37 but have not kept pace with necessary housing.

38 (b) Develop an incentive-based strategy to encourage the
39 construction of infill housing within existing urbanized and
40 suburban areas.



- 1 (c) Develop an incentive-based strategy to attract new
- 2 businesses and new jobs to areas that lack a sufficient employment
- 3 base in relation to the housing they already provide.
- 4 (d) Provide local governments with a financing mechanism
- 5 designed to provide incentives for the approval and construction
- 6 of housing, particularly housing for California’s working class, in
- 7 strategically defined areas.
- 8 (e) Remove barriers to all types of housing, particularly those
- 9 that utilize innovative design and land use that produce higher
- 10 density, mixed-use and infill developments.
- 11 (f) Develop a set of proposals that promote locally controlled,
- 12 incentive-based, market-sensitive, environmentally accountable
- 13 development strategies that can be implemented through public,
- 14 private, and community-based partnerships.
- 15 (g) Authorize a city, county, or city and county located within
- 16 a metropolitan statistical area in which a serious housing
- 17 imbalance is found to exist to create a housing opportunity district.
- 18 65613. (a) A city, county, or city and county located in a
- 19 metropolitan statistical area in which a serious housing imbalance
- 20 is found to exist may create a housing opportunity district for the
- 21 purpose of mitigating that housing imbalance.
- 22 (b) Notwithstanding any other provision of law, this article
- 23 provides full and complete authority for the creation of a housing
- 24 opportunity district.
- 25 (c) This article is not intended to limit any other authority that
- 26 a city, county, or city and county may have to authorize, permit,
- 27 encourage, or finance housing construction or public facilities or
- 28 services to serve housing construction.
- 29 65614. A housing opportunity district shall not be created to
- 30 include any territory occupied by a project area of a redevelopment
- 31 agency. A redevelopment project area shall not be created to
- 32 include any territory occupied by a housing opportunity district.
- 33 65615. Notwithstanding any other provision of law, in the
- 34 fiscal year following the establishment of a housing opportunity
- 35 district, and for each subsequent fiscal year, the taxes, if any, levied
- 36 upon taxable property in the area included within the district each
- 37 year for the benefit of the state or any affected taxing entity after
- 38 the effective date of the ordinance establishing the housing
- 39 opportunity district shall be divided as follows:



1 (a) That portion of the taxes that would be produced by the rate
2 upon which the tax is levied each year by or for each of the affected
3 taxing entities upon the total sum of the assessed value of the
4 taxable property in the district as shown upon the assessment roll
5 used in connection with the taxation of the property by the affected
6 taxing entity, last equalized prior to the effective date of the
7 ordinance establishing the housing opportunity district, shall be
8 allocated to, and when collected shall be paid to, the respective
9 affected taxing entities as taxes by and for the affected taxing
10 entities on all other property are paid.

11 (b) Fifty percent of the increase in tax revenue resulting from
12 increases in assessed value due to construction of new housing that
13 is affordable to very low income households, as defined in Section
14 50105 of the Health and Safety Code, and lower income
15 households, as defined in Section 50079.5 of the Health and Safety
16 Code, but not more than the amount of increased tax revenue due
17 to this new construction that would otherwise have gone to school
18 districts and community college districts within the territory of the
19 district, shall be allocated to, and, when collected, paid into, the
20 fund of the district designated by the district for that purpose.
21 Allocations and payments pursuant to this subdivision resulting
22 from increases in assessed value due to construction of a new
23 housing unit shall continue for 20 years after the first allocation
24 due to that unit.

25 (c) Thirty percent of the increase in tax revenue resulting from
26 increases in assessed value due to construction of new housing that
27 is affordable to moderate income households, as defined in
28 subdivision (b) Section 50093 of the Health and Safety Code, but
29 not more than the amount of increased tax revenue due to this new
30 construction that would otherwise have gone to school districts
31 and community college districts within the territory of the district,
32 shall be allocated to, and, when collected, paid into, the fund of the
33 district designated by the district for that purpose. Allocations and
34 payments pursuant to this subdivision resulting from increases in
35 assessed value due to construction of a new housing unit shall
36 continue for 20 years after the first allocation due to that unit.

37 (d) Twenty percent of the increase in tax revenue resulting from
38 increases in assessed value due to construction of new housing that
39 is affordable to households that exceed 120 percent of area median
40 income as described in Section 50093 of the Health and Safety



1 Code, but not more than the amount of increased tax revenue due
 2 to this new construction that would otherwise have gone to school
 3 districts and community college districts within the territory of the
 4 district, shall be allocated to, and, when collected, paid into, the
 5 fund of the district designated by the district for that purpose.
 6 Allocations and payments pursuant to this subdivision resulting
 7 from increases in assessed value due to construction of a new
 8 housing unit shall continue for 20 years after the first allocation
 9 due to that unit.

10 (e) Unless and until the total assessed valuation of the taxable
 11 property in a district exceeds the total assessed value of the taxable
 12 property in the district as shown by the last equalized assessment
 13 roll referred to in subdivision (a), all of the taxes levied and
 14 collected upon the taxable property in the district shall be paid to
 15 the respective affected taxing entities. When the district ceases to
 16 exist, all moneys thereafter received from taxes upon the taxable
 17 property in the district shall be paid to the respective affected
 18 taxing entities as taxes on all other property are paid.

19 65616. All costs incurred by a county in connection with the
 20 division of taxes pursuant to this article shall be paid by the district.

21 SEC. 2. No reimbursement is required by this act pursuant to
 22 Section 6 of Article XIII B of the California Constitution because
 23 a local agency or school district has the authority to levy service
 24 charges, fees, or assessments sufficient to pay for the program or
 25 level of service mandated by this act, within the meaning of
 26 Section 17556 of the Government Code.

