

# **AB 346 (DALY) – REDEVELOPMENT: HOUSING SUCCESSOR: LOW AND MODERATE INCOME HOUSING ASSET FUND**

---

## **JOINT AUTHOR – ASSEMBLYMEMBER BROUGH**

### **IN BRIEF**

Assembly Bill 346 would authorize a housing successor to use funds remaining in their Low and Moderate Income Housing Fund (LMIHF) towards a variety of homelessness services, in addition to affordable housing development.

### **THE ISSUE**

Since the dissolution of redevelopment, in 2012, cities and counties with redevelopment agencies (RDA) found that they had much lower contributions to their LMIHF funds (also known as “20% housing set-aside funds”). This is due in part, because LMIHF funds are gathered through the 20% dedicated RDA/ successor agency property tax increment revenues, generated from housing assets. These funds have stagnated, depleted or have ceased to produce other revenue streams.

Because LMIHF funds are much lower, cities must wait for their set-aside funds to accumulate enough money to actually build new housing units, which is the majority purpose for these dollars. This has left cities with unused or unusable LMIHF funds. Additionally, there is not enough flexibility to use the reduced LMIHF funds in other ways to help residents who are homeless or needing other housing services associated to affordable housing.

Exasperating the issue, is the 3% increase to the homeless population across the state. Nationwide, cities have seen a decrease in homelessness, yet California is experiencing a steady rise.

### **EXISTING LAW**

Section 33334.2 of the CA Health & Safety Code mandates that not less than 20 percent of all taxes (set-aside funds) that are allocated to RDAs, now successor agencies, shall be used by the agency for the purposes of increasing, improving, and preserving the community's supply of low and moderate income housing available at affordable housing costs.

Currently, cities can only use a very small amount of capped dollar for homelessness prevention and rapid rehousing services, but not other emergency shelter efforts.

### **THE SOLUTION**

AB 346, will provide cities the flexibility to use their reduced LMIHF funds to help residents who are homeless or needing housing services, a problem that is directly correlated to affordable housing needs.

This measure will allow cities to extend their LMIHF dollars for homelessness prevention, and emergency housing services. Municipalities will also be able to contiguously pool up to \$100,000,000 (per successor agency) amongst neighboring cities to use towards emergency shelters.

Cities need solutions to address the affordable housing shortfall in their communities, and require assistance in tackling the homelessness issues facing the state. This bill will help to provide the resources necessary for these growing challenges.

### **FOR MORE INFORMATION**

---

*Bill Sponsor Contact:*

Association of California Cities – Orange County  
Diana Coronado  
(714) 953-1300  
[dcoronado@accoc.org](mailto:dcoronado@accoc.org)

*Assemblymember Daly Contact:*

Kurt Schuparra  
(916) 319-2069  
[Kurt.Schuparra@asm.ca.gov](mailto:Kurt.Schuparra@asm.ca.gov)

*Assemblymember Brough Contact:*

Brent Finkle  
(916) 319-2078  
[Brent.Finkle@asm.ca.gov](mailto:Brent.Finkle@asm.ca.gov)

AMENDED IN ASSEMBLY APRIL 20, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 346**

---

---

**Introduced by Assembly Members Daly and Brough**

February 8, 2017

---

---

An act to amend Section 34176.1 of the Health and Safety Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 346, as amended, Daly. Redevelopment: housing successor: Low and Moderate Income Housing Asset Fund.

Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform duties required by any enforceable obligation.

Existing law authorizes the city, county, or city and county that created a former redevelopment agency to elect to retain the housing assets and functions previously performed by the former redevelopment agency. Existing law requires the housing successor to maintain any funds transferred to it, together with any funds generated from housing assets in a separate Low and Moderate Income Housing Asset Fund to be used in accordance with applicable housing-related provisions of the Community Redevelopment Law, except as specified. Existing law requires the housing successor to expend funds received from the successor agency to meet its enforceable obligations, and for specified administrative and monitoring costs relating to ensuring the long-term affordability of units subject to affordability restrictions. The housing

successor may *then* expend a specified amount per fiscal year for homeless prevention and rapid rehousing services, *including specified types of services described in that provision*, and must use all funds remaining thereafter for the development of affordable housing, as specified.

~~This bill would authorize a housing successor to also use funds remaining in the Low and Moderate Income Housing Asset Fund for homelessness services, transitional housing, or emergency housing services, as well as for the development of affordable housing. expand the specified types of services included within permissible homeless prevention and rapid rehousing services to include contributions toward the construction of local or regional homeless shelters.~~

~~This bill would also make nonsubstantive changes to that provision.~~

~~Existing law authorizes 2 or more of specified types of housing successors to transfer funds among their respective low and moderate income housing asset funds for the sole purpose of financing specified types of projects, if certain conditions are met.~~

~~This bill would add a regional homeless shelter to the list of projects for which those types of housing successors may finance by transferring funds among their respective low and moderate income housing asset funds.~~

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 34176.1 of the Health and Safety Code*  
2        *is amended to read:*

3        34176.1. Funds in the Low and Moderate Income Housing  
4        Asset Fund described in subdivision (d) of Section 34176 shall be  
5        subject to the provisions of the Community Redevelopment Law  
6        (Part 1 (commencing with Section 33000)) relating to the Low and  
7        Moderate Income Housing Fund, except as follows:

8        (a) Subdivision (d) of Section 33334.3 and subdivision (a) of  
9        Section 33334.4 shall not apply. Instead, funds received from the  
10      successor agency for items listed on the Recognized Obligation  
11      Payment Schedule shall be expended to meet the enforceable  
12      obligations, and the housing successor shall expend all other funds  
13      in the Low and Moderate Income Housing Asset Fund as follows:

1       (1) For the purpose of monitoring and preserving the long-term  
2 affordability of units subject to affordability restrictions or  
3 covenants entered into by the redevelopment agency or the housing  
4 successor and for the purpose of administering the activities  
5 described in paragraphs (2) and (3), a housing successor may  
6 expend per fiscal year up to an amount equal to 5 percent of the  
7 statutory value of real property owned by the housing successor  
8 and of loans and grants receivable, including real property and  
9 loans and grants transferred to the housing successor pursuant to  
10 Section 34176 and real property purchased and loans and grants  
11 made by the housing successor. If this amount is less than two  
12 hundred thousand dollars (\$200,000) for any given fiscal year, the  
13 housing successor may expend up to two hundred thousand dollars  
14 (\$200,000) in that fiscal year for these purposes. The Department  
15 of Housing and Community Development shall annually publish  
16 on its Internet Web site an adjustment to this amount to reflect any  
17 change in the Consumer Price Index for All Urban Consumers  
18 published by the ~~the federal~~ *United States* Department of Labor for  
19 the preceding calendar year. For purposes of this paragraph,  
20 “statutory value of real property” means the value of properties  
21 formerly held by the former redevelopment agency as listed on  
22 the housing asset transfer form approved by the department  
23 pursuant to paragraph (2) of subdivision (a) of Section 34176, the  
24 value of the properties transferred to the housing successor pursuant  
25 to subdivision (f) of Section 34181, and the purchase price of  
26 properties purchased by the housing successor.

27       (2) Notwithstanding Section 33334.2, if the housing successor  
28 has fulfilled all obligations pursuant to Sections 33413 and 33418,  
29 the housing successor may expend up to two hundred fifty thousand  
30 dollars (\$250,000) per fiscal year for homeless prevention and  
31 rapid rehousing services for individuals and families who are  
32 homeless or would be homeless but for this assistance, including  
33 the provision of short-term or medium-term rental assistance,  
34 *contributions toward the construction of local or regional homeless*  
35 *shelters*, housing relocation and stabilization services including  
36 housing search, mediation, or outreach to property owners, credit  
37 repair, security or utility deposits, utility payments, rental assistance  
38 for a final month at a location, moving cost assistance, and case  
39 management, or other appropriate activities for homelessness

1 prevention and rapid rehous ing of persons who have become  
2 homeless.

3 (3) (A) The housing successor shall expend all funds remaining  
4 in the Low and Moderate Income Housing Asset Fund after the  
5 expenditures allowed pursuant to paragraphs (1) and (2) for the  
6 development of housing affordable to and occupied by households  
7 earning 80 percent or less of the area median income, with at least  
8 30 percent of these remaining funds expended for the development  
9 of rental housing affordable to and occupied by households earning  
10 30 percent or less of the area median income and no more than 20  
11 percent of these remaining funds expended for the development  
12 of housing affordable to and occupied by households earning  
13 between 60 percent and 80 percent of the area median income. A  
14 housing successor shall demonstrate in the annual report described  
15 in subdivision (f), for 2019, and every five years thereafter, that  
16 the housing successor's expenditures from January 1, 2014, through  
17 the end of the latest fiscal year covered in the report comply with  
18 the requirements of this subparagraph.

19 (B) If the housing successor fails to comply with the extremely  
20 low income requirement in any five-year report, then the housing  
21 successor shall ensure that at least 50 percent of these remaining  
22 funds expended in each fiscal year following the latest fiscal year  
23 following the report are expended for the development of rental  
24 housing affordable to, and occupied by, households earning 30  
25 percent or less of the area median income until the housing  
26 successor demonstrates compliance with the extremely low income  
27 requirement in an annual report described in subdivision (f).

28 (C) If the housing successor exceeds the expenditure limit for  
29 households earning between 60 percent and 80 percent of the area  
30 median income in any five-year report, the housing successor shall  
31 not expend any of the remaining funds for households earning  
32 between 60 percent and 80 percent of the area median income until  
33 the housing successor demonstrates compliance with this limit in  
34 an annual report described in subdivision (f).

35 (D) For purposes of this subdivision, "development" means new  
36 construction, acquisition and rehabilitation, substantial  
37 rehabilitation as defined in Section 33413, the acquisition of  
38 long-term affordability covenants on multifamily units as described  
39 in Section 33413, or the preservation of an assisted housing  
40 development that is eligible for prepayment or termination or for

1 which within the expiration of rental restrictions is scheduled to  
2 occur within five years as those terms are defined in Section  
3 65863.10 of the Government Code. Units described in this  
4 subparagraph may be counted towards any outstanding obligations  
5 pursuant to Section 33413, provided that the units meet the  
6 requirements of that section and are counted as provided in that  
7 section.

8 (b) Subdivision (b) of Section 33334.4 shall not apply. Instead,  
9 if the aggregate number of units of deed-restricted rental housing  
10 restricted to seniors and assisted individually or jointly by the  
11 housing successor, its former redevelopment agency, and its host  
12 jurisdiction within the previous 10 years exceeds 50 percent of the  
13 aggregate number of units of deed-restricted rental housing assisted  
14 individually or jointly by the housing successor, its former  
15 redevelopment agency, and its host jurisdiction within the same  
16 time period, then the housing successor shall not expend these  
17 funds to assist additional senior housing units until the housing  
18 successor or its host jurisdiction assists, and construction has  
19 commenced, a number of units available to all persons, regardless  
20 of age, that is equal to 50 percent of the aggregate number of units  
21 of deed-restricted rental housing units assisted individually or  
22 jointly by the housing successor, its former redevelopment agency,  
23 and its host jurisdiction within the time period described above.

24 (c) (1) Program income a housing successor receives shall not  
25 be associated with a project area and, notwithstanding subdivision  
26 (g) of Section 33334.2, may be expended anywhere within the  
27 jurisdiction of the housing successor or transferred pursuant to  
28 paragraph (2) without a finding of benefit to a project area. For  
29 purposes of this paragraph, “program income” means the sources  
30 described in paragraphs (3), (4), and (5) of subdivision (e) of  
31 Section 34176 and interest earned on deposits in the account.

32 (2) Two or more housing successors within a county, within a  
33 single metropolitan statistical area, within 15 miles of each other,  
34 or that are in contiguous jurisdictions may enter into an agreement  
35 to transfer funds among their respective Low and Moderate Income  
36 Housing Asset Funds for the sole purpose of developing transit  
37 priority projects as defined in subdivisions (a) and (b) of Section  
38 21155 of the Public Resources Code, permanent supportive housing  
39 as defined in paragraph (2) of subdivision (b) of Section 50675.14,  
40 housing for agricultural employees as defined in subdivision (g)

1 of Section 50517.5, or special needs housing as defined in federal  
2 or state law or ~~regulation~~ *regulation, or for a regional homeless*  
3 *shelter*, if all of the following conditions are met:

4 (A) Each participating housing successor has made a finding  
5 based on substantial evidence, after a public hearing, that the  
6 agreement to transfer funds will not cause or exacerbate racial,  
7 ethnic, or economic segregation.

8 (B) The development to be funded shall not be located in a  
9 census tract where more than 50 percent of its population is very  
10 low income, unless the development is within one-half mile of a  
11 major transit stop or high-quality transit corridor as defined in  
12 paragraph (3) of subdivision (b) of Section 21155 of the Public  
13 Resources Code.

14 (C) The completed development shall not result in a reduction  
15 in the number of housing units or a reduction in the affordability  
16 of housing units on the site where the development is to be built.

17 (D) A transferring housing successor shall not have any  
18 outstanding obligations pursuant to Section 33413.

19 (E) No housing successor may transfer more than one million  
20 dollars (\$1,000,000) per fiscal year.

21 (F) The jurisdictions of the transferring and receiving housing  
22 successors each have an adopted housing element that the  
23 Department of Housing and Community Development has found  
24 pursuant to Section 65585 of the Government Code to be in  
25 substantial compliance with the requirements of Article 10.6  
26 (commencing with Section 65580) of Chapter 3 of Division 1 of  
27 Title 7 of the Government Code and have submitted to the  
28 Department of Housing and Community Development the annual  
29 progress report required by Section 65400 of the Government Code  
30 within the preceding 12 months.

31 (G) Transferred funds shall only assist rental units affordable  
32 to, and occupied by, households earning 60 percent or less of the  
33 area median income.

34 (H) Transferred funds not encumbered within two years shall  
35 be transferred to the Department of Housing and Community  
36 Development for expenditure pursuant to the Multifamily Housing  
37 Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

38 (d) Sections 33334.10 and 33334.12 shall not apply. Instead, if  
39 a housing successor has an excess surplus, the housing successor  
40 shall encumber the excess surplus for the purposes described in

1 paragraph (3) of subdivision (a) or transfer the funds pursuant to  
2 paragraph (2) of subdivision (c) within three fiscal years. If the  
3 housing successor fails to comply with this subdivision, the housing  
4 successor, within 90 days of the end of the third fiscal year, shall  
5 transfer any excess surplus to the Department of Housing and  
6 Community Development for expenditure pursuant to the  
7 Multifamily Housing Program or the Joe Serna, Jr. Farmworker  
8 Housing Grant Program. For purposes of this subdivision, “excess  
9 surplus” shall mean an unencumbered amount in the account that  
10 exceeds the greater of one million dollars (\$1,000,000) or the  
11 aggregate amount deposited into the account during the housing  
12 successor’s preceding four fiscal years, whichever is greater.

13 (e) Section 33334.16 shall not apply to interests in real property  
14 acquired on or after February 1, 2012. With respect to interests in  
15 real property acquired by the former redevelopment agency ~~prior~~  
16 *to before* February 1, 2012, the time periods described in Section  
17 33334.16 shall be deemed to have commenced on the date that the  
18 department approved the property as a housing asset.

19 (f) Section 33080.1 of this code and Section 12463.3 of the  
20 Government Code shall not apply. Instead, the housing successor  
21 shall conduct, and shall provide to its governing body, an  
22 independent financial audit of the Low and Moderate Income  
23 Housing Asset Fund within six months after the end of each fiscal  
24 year, which may be included in the independent financial audit of  
25 the host jurisdiction. If the housing successor is a city or county,  
26 it shall also include in its report pursuant to Section 65400 of the  
27 Government Code and post on its Internet Web site all of the  
28 following information for the previous fiscal year. If the housing  
29 successor is not a city or county, it shall also provide to its  
30 governing body and post on its Internet Web site all of the  
31 following information for the previous fiscal year:

32 (1) The amount the city, county, or city and county received  
33 pursuant to subparagraph (A) of paragraph (3) of subdivision (b)  
34 of Section 34191.4.

35 (2) The amount deposited to the Low and Moderate Income  
36 Housing Asset Fund, distinguishing between amounts deposited  
37 pursuant to subparagraphs (B) and (C) of paragraph (3) of  
38 subdivision (b) of Section 34191.4, amounts deposited for other  
39 items listed on the Recognized Obligation Payment Schedule, and  
40 other amounts deposited.

1       (3) A statement of the balance in the fund as of the close of the  
2 fiscal year, distinguishing any amounts held for items listed on the  
3 Recognized Obligation Payment Schedule from other amounts.

4       (4) A description of expenditures from the fund by category,  
5 including, but not limited to, expenditures (A) for monitoring and  
6 preserving the long-term affordability of units subject to  
7 affordability restrictions or covenants entered into by the  
8 redevelopment agency or the housing successor and administering  
9 the activities described in paragraphs (2) and (3) of subdivision  
10 (a), (B) for homeless prevention and rapid rehousing services for  
11 the development of housing described in paragraph (2) of  
12 subdivision (a), and (C) for the development of housing pursuant  
13 to paragraph (3) of subdivision (a).

14     (5) As described in paragraph (1) of subdivision (a), the statutory  
15 value of real property owned by the housing successor, the value  
16 of loans and grants receivable, and the sum of these two amounts.

17     (6) A description of any transfers made pursuant to paragraph  
18 (2) of subdivision (c) in the previous fiscal year and, if still  
19 unencumbered, in earlier fiscal years and a description of and status  
20 update on any project for which transferred funds have been or  
21 will be expended if that project has not yet been placed in service.

22     (7) A description of any project ~~for which that~~ the housing  
23 successor receives or holds property tax revenue pursuant to the  
24 Recognized Obligation Payment Schedule and the status of that  
25 project.

26     (8) For interests in real property acquired by the former  
27 redevelopment agency ~~prior to~~ before February 1, 2012, a status  
28 update on compliance with Section 33334.16. For interests in real  
29 property acquired on or after February 1, 2012, a status update on  
30 the project.

31     (9) A description of any outstanding obligations pursuant to  
32 Section 33413 that remained to transfer to the housing successor  
33 on February 1, 2012, of the housing successor's progress in meeting  
34 those obligations, and of the housing successor's plans to meet  
35 unmet obligations. In addition, the housing successor shall include  
36 in the report posted on its Internet Web site the implementation  
37 plans of the former redevelopment agency.

38     (10) The information required by subparagraph (B) of paragraph  
39 (3) of subdivision (a).

1       (11) The percentage of units of deed-restricted rental housing  
2 restricted to seniors and assisted individually or jointly by the  
3 housing successor, its former redevelopment agency, and its host  
4 jurisdiction within the previous 10 years in relation to the aggregate  
5 number of units of deed-restricted rental housing assisted  
6 individually or jointly by the housing successor, its former  
7 redevelopment agency, and its host jurisdiction within the same  
8 time period.

9       (12) The amount of any excess surplus, the amount of time that  
10 the successor agency has had excess surplus, and the housing  
11 successor's plan for eliminating the excess surplus.

12       (13) An inventory of homeownership units assisted by the  
13 former redevelopment agency or the housing successor that are  
14 subject to covenants or restrictions or to an adopted program that  
15 protects the former redevelopment agency's investment of moneys  
16 from the Low and Moderate Income Housing Fund pursuant to  
17 subdivision (f) of Section 33334.3. This inventory shall include  
18 all of the following information:

19       (A) The number of those units.

20       (B) In the first report pursuant to this subdivision, the number  
21 of units lost to the portfolio after February 1, 2012, and the reason  
22 or reasons for those losses. For all subsequent reports, the number  
23 of the units lost to the portfolio in the last fiscal year and the reason  
24 for those losses.

25       (C) Any funds returned to the housing successor as part of an  
26 adopted program that protects the former redevelopment agency's  
27 investment of moneys from the Low and Moderate Income Housing  
28 Fund.

29       (D) Whether the housing successor has contracted with any  
30 outside entity for the management of the units and, if so, the  
31 identity of the entity.

32       SECTION 1. ~~Section 34176.1 of the Health and Safety Code~~  
33 is amended to read:

34       34176.1. ~~Funds in the Low and Moderate Income Housing~~  
35 ~~Asset Fund described in subdivision (d) of Section 34176 shall be~~  
36 ~~subject to the provisions of the Community Redevelopment Law~~  
37 ~~(Part 1 (commencing with Section 33000)) relating to the Low and~~  
38 ~~Moderate Income Housing Fund, except as follows:~~

39       (a) ~~Subdivision (d) of Section 33334.3 and subdivision (a) of~~  
40 ~~Section 33334.4 shall not apply. Instead, funds received from the~~

1 successor agency for items listed on the Recognized Obligation  
2 Payment Schedule shall be expended to meet the enforceable  
3 obligations, and the housing successor shall expend all other funds  
4 in the Low and Moderate Income Housing Asset Fund as follows:

5 (1) For the purpose of monitoring and preserving the long-term  
6 affordability of units subject to affordability restrictions or  
7 covenants entered into by the redevelopment agency or the housing  
8 successor and for the purpose of administering the activities  
9 described in paragraphs (2) and (3), a housing successor may  
10 expend per fiscal year up to an amount equal to 5 percent of the  
11 statutory value of real property owned by the housing successor  
12 and of loans and grants receivable, including real property and  
13 loans and grants transferred to the housing successor pursuant to  
14 Section 34176 and real property purchased and loans and grants  
15 made by the housing successor. If this amount is less than two  
16 hundred thousand dollars (\$200,000) for any given fiscal year, the  
17 housing successor may expend up to two hundred thousand dollars  
18 (\$200,000) in that fiscal year for these purposes. The Department  
19 of Housing and Community Development shall annually publish  
20 on its Internet Web site an adjustment to this amount to reflect any  
21 change in the Consumer Price Index for All Urban Consumers  
22 published by the United States Department of Labor for the  
23 preceding calendar year. For purposes of this paragraph, "statutory  
24 value of real property" means the value of properties formerly held  
25 by the former redevelopment agency as listed on the housing asset  
26 transfer form approved by the department pursuant to paragraph  
27 (2) of subdivision (a) of Section 34176, the value of the properties  
28 transferred to the housing successor pursuant to subdivision (f) of  
29 Section 34181, and the purchase price of properties purchased by  
30 the housing successor.

31 (2) Notwithstanding Section 33334.2, if the housing successor  
32 has fulfilled all obligations pursuant to Sections 33413 and 33418,  
33 the housing successor may expend up to two hundred fifty thousand  
34 dollars (\$250,000) per fiscal year for homeless prevention and  
35 rapid rehousing services for individuals and families who are  
36 homeless or would be homeless but for this assistance, including  
37 the provision of short-term or medium-term rental assistance,  
38 housing relocation and stabilization services including housing  
39 search, mediation, or outreach to property owners, credit repair,  
40 security or utility deposits, utility payments, rental assistance for

1 a final month at a location, moving cost assistance, and case  
2 management, or other appropriate activities for homelessness  
3 prevention and rapid rehousing of persons who have become  
4 homeless.

5 (3) The housing successor shall expend all funds remaining in  
6 the Low and Moderate Income Housing Asset Fund after the  
7 expenditures allowed pursuant to paragraphs (1) and (2) for the  
8 development of one of the following purposes set out in  
9 subparagraph (A) or (B) below:

10 (A) Notwithstanding Section 33334.2, the development of  
11 homelessness services, transitional housing, or emergency housing  
12 services.

13 (B) (i) The development of housing affordable to and occupied  
14 by households earning 80 percent or less of the area median  
15 income, with at least 30 percent of these remaining funds expended  
16 for the development of rental housing affordable to and occupied  
17 by households earning 30 percent or less of the area median income  
18 and no more than 20 percent of these remaining funds expended  
19 for the development of housing affordable to and occupied by  
20 households earning between 60 percent and 80 percent of the area  
21 median income. A housing successor shall demonstrate in the  
22 annual report described in subdivision (f), for 2019, and every five  
23 years thereafter, that the housing successor's expenditures from  
24 January 1, 2014, through the end of the latest fiscal year covered  
25 in the report comply with the requirements of this subparagraph.

26 (ii) If the housing successor fails to comply with the extremely  
27 low income requirement in any five-year report, then the housing  
28 successor shall ensure that at least 50 percent of these remaining  
29 funds expended in each fiscal year following the latest fiscal year  
30 following the report are expended for the development of rental  
31 housing affordable to, and occupied by, households earning 30  
32 percent or less of the area median income until the housing  
33 successor demonstrates compliance with the extremely low income  
34 requirement in an annual report described in subdivision (f).

35 (iii) If the housing successor exceeds the expenditure limit for  
36 households earning between 60 percent and 80 percent of the area  
37 median income in any five-year report, the housing successor shall  
38 not expend any of the remaining funds for households earning  
39 between 60 percent and 80 percent of the area median income until

1 the housing successor demonstrates compliance with this limit in  
2 an annual report described in subdivision (f).

3 (C) For purposes of this subdivision, “development” means new  
4 construction, acquisition and rehabilitation, substantial  
5 rehabilitation as defined in Section 33413, the acquisition of  
6 long-term affordability covenants on multifamily units as described  
7 in Section 33413, or the preservation of an assisted housing  
8 development that is eligible for prepayment or termination or for  
9 which within the expiration of rental restrictions is scheduled to  
10 occur within five years as those terms are defined in Section  
11 65863.10 of the Government Code. Units described in this  
12 subparagraph may be counted towards any outstanding obligations  
13 pursuant to Section 33413, provided that the units meet the  
14 requirements of that section and are counted as provided in that  
15 section.

16 (b) Subdivision (b) of Section 33334.4 shall not apply. Instead,  
17 if the aggregate number of units of deed-restricted rental housing  
18 restricted to seniors and assisted individually or jointly by the  
19 housing successor, its former redevelopment agency, and its host  
20 jurisdiction within the previous 10 years exceeds 50 percent of the  
21 aggregate number of units of deed-restricted rental housing assisted  
22 individually or jointly by the housing successor, its former  
23 redevelopment agency, and its host jurisdiction within the same  
24 time period, then the housing successor shall not expend these  
25 funds to assist additional senior housing units until the housing  
26 successor or its host jurisdiction assists, and construction has  
27 commenced, a number of units available to all persons, regardless  
28 of age, that is equal to 50 percent of the aggregate number of units  
29 of deed-restricted rental housing units assisted individually or  
30 jointly by the housing successor, its former redevelopment agency,  
31 and its host jurisdiction within the time period described above.

32 (c) (1) Program income a housing successor receives shall not  
33 be associated with a project area and, notwithstanding subdivision  
34 (g) of Section 33334.2, may be expended anywhere within the  
35 jurisdiction of the housing successor or transferred pursuant to  
36 paragraph (2) without a finding of benefit to a project area. For  
37 purposes of this paragraph, “program income” means the sources  
38 described in paragraphs (3), (4), and (5) of subdivision (e) of  
39 Section 34176 and interest earned on deposits in the account.

1       (2) Two or more housing successors within a county, within a  
2 single metropolitan statistical area, within 15 miles of each other,  
3 or that are in contiguous jurisdictions may enter into an agreement  
4 to transfer funds among their respective Low and Moderate Income  
5 Housing Asset Funds for the sole purpose of developing transit  
6 priority projects as defined in subdivisions (a) and (b) of Section  
7 21155 of the Public Resources Code, permanent supportive housing  
8 as defined in paragraph (2) of subdivision (b) of Section 50675.14,  
9 housing for agricultural employees as defined in subdivision (g)  
10 of Section 50517.5, or special needs housing as defined in federal  
11 or state law or regulation if all of the following conditions are met:

12       (A) Each participating housing successor has made a finding  
13 based on substantial evidence, after a public hearing, that the  
14 agreement to transfer funds will not cause or exacerbate racial,  
15 ethnic, or economic segregation.

16       (B) The development to be funded shall not be located in a  
17 census tract where more than 50 percent of its population is very  
18 low income, unless the development is within one-half mile of a  
19 major transit stop or high-quality transit corridor as defined in  
20 paragraph (3) of subdivision (b) of Section 21155 of the Public  
21 Resources Code.

22       (C) The completed development shall not result in a reduction  
23 in the number of housing units or a reduction in the affordability  
24 of housing units on the site where the development is to be built.

25       (D) A transferring housing successor shall not have any  
26 outstanding obligations pursuant to Section 33413.

27       (E) No housing successor may transfer more than one million  
28 dollars (\$1,000,000) per fiscal year.

29       (F) The jurisdictions of the transferring and receiving housing  
30 successors each have an adopted housing element that the  
31 Department of Housing and Community Development has found  
32 pursuant to Section 65585 of the Government Code to be in  
33 substantial compliance with the requirements of Article 10.6  
34 (commencing with Section 65580) of Chapter 3 of Division 1 of  
35 Title 7 of the Government Code and have submitted to the  
36 Department of Housing and Community Development the annual  
37 progress report required by Section 65400 of the Government Code  
38 within the preceding 12 months.

1 (G) Transferred funds shall only assist rental units affordable  
2 to, and occupied by, households earning 60 percent or less of the  
3 area median income.

4 (H) Transferred funds not encumbered within two years shall  
5 be transferred to the Department of Housing and Community  
6 Development for expenditure pursuant to the Multifamily Housing  
7 Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

8 (d) Sections 33334.10 and 33334.12 shall not apply. Instead, if  
9 a housing successor has an excess surplus, the housing successor  
10 shall encumber the excess surplus for the purposes described in  
11 paragraph (3) of subdivision (a) or transfer the funds pursuant to  
12 paragraph (2) of subdivision (c) within three fiscal years. If the  
13 housing successor fails to comply with this subdivision, the housing  
14 successor, within 90 days of the end of the third fiscal year, shall  
15 transfer any excess surplus to the Department of Housing and  
16 Community Development for expenditure pursuant to the  
17 Multifamily Housing Program or the Joe Serna, Jr. Farmworker  
18 Housing Grant Program. For purposes of this subdivision, "excess  
19 surplus" shall mean an unencumbered amount in the account that  
20 exceeds the greater of one million dollars (\$1,000,000) or the  
21 aggregate amount deposited into the account during the housing  
22 successor's preceding four fiscal years, whichever is greater.

23 (e) Section 33334.16 shall not apply to interests in real property  
24 acquired on or after February 1, 2012. With respect to interests in  
25 real property acquired by the former redevelopment agency before  
26 February 1, 2012, the time periods described in Section 33334.16  
27 shall be deemed to have commenced on the date that the  
28 department approved the property as a housing asset.

29 (f) Section 33080.1 of this code and Section 12463.3 of the  
30 Government Code shall not apply. Instead, the housing successor  
31 shall conduct, and shall provide to its governing body, an  
32 independent financial audit of the Low and Moderate Income  
33 Housing Asset Fund within six months after the end of each fiscal  
34 year, which may be included in the independent financial audit of  
35 the host jurisdiction. If the housing successor is a city or county,  
36 it shall also include in its report pursuant to Section 65400 of the  
37 Government Code and post on its Internet Web site all of the  
38 following information for the previous fiscal year. If the housing  
39 successor is not a city or county, it shall also provide to its

1 governing body and post on its Internet Web site all of the  
2 following information for the previous fiscal year:

3 (1) The amount the city, county, or city and county received  
4 pursuant to subparagraph (A) of paragraph (3) of subdivision (b)  
5 of Section 34191.4.

6 (2) The amount deposited to the Low and Moderate Income  
7 Housing Asset Fund, distinguishing between amounts deposited  
8 pursuant to subparagraphs (B) and (C) of paragraph (3) of  
9 subdivision (b) of Section 34191.4, amounts deposited for other  
10 items listed on the Recognized Obligation Payment Schedule, and  
11 other amounts deposited.

12 (3) A statement of the balance in the fund as of the close of the  
13 fiscal year, distinguishing any amounts held for items listed on the  
14 Recognized Obligation Payment Schedule from other amounts.

15 (4) A description of expenditures from the fund by category,  
16 including, but not limited to, expenditures for the following:

17 (A) Monitoring and preserving the long-term affordability of  
18 units subject to affordability restrictions or covenants entered into  
19 by the redevelopment agency or the housing successor and  
20 administering the activities described in paragraphs (2) and (3) of  
21 subdivision (a).

22 (B) Homeless prevention and rapid rehousing services for the  
23 development of housing described in paragraph (2) of subdivision  
24 (a).

25 (C) The development of housing pursuant to paragraph (3) of  
26 subdivision (a).

27 (5) As described in paragraph (1) of subdivision (a), the statutory  
28 value of real property owned by the housing successor, the value  
29 of loans and grants receivable, and the sum of these two amounts.

30 (6) A description of any transfers made pursuant to paragraph  
31 (2) of subdivision (c) in the previous fiscal year and, if still  
32 unencumbered, in earlier fiscal years and a description of and status  
33 update on any project for which transferred funds have been or  
34 will be expended if that project has not yet been placed in service.

35 (7) A description of any project that the housing successor  
36 receives or holds property tax revenue pursuant to the Recognized  
37 Obligation Payment Schedule and the status of that project.

38 (8) For interests in real property acquired by the former  
39 redevelopment agency before February 1, 2012, a status update  
40 on compliance with Section 3334.16. For interests in real property

1 acquired on or after February 1, 2012, a status update on the  
2 project.

3 (9) A description of any outstanding obligations pursuant to  
4 Section 33413 that remained to transfer to the housing successor  
5 on February 1, 2012, of the housing successor's progress in meeting  
6 those obligations, and of the housing successor's plans to meet  
7 unmet obligations. In addition, the housing successor shall include  
8 in the report posted on its Internet Web site the implementation  
9 plans of the former redevelopment agency.

10 (10) The information required by clause (ii) of subparagraph  
11 (B) of paragraph (3) of subdivision (a).

12 (11) The percentage of units of deed-restricted rental housing  
13 restricted to seniors and assisted individually or jointly by the  
14 housing successor, its former redevelopment agency, and its host  
15 jurisdiction within the previous 10 years in relation to the aggregate  
16 number of units of deed-restricted rental housing assisted  
17 individually or jointly by the housing successor, its former  
18 redevelopment agency, and its host jurisdiction within the same  
19 time period.

20 (12) The amount of any excess surplus, the amount of time that  
21 the successor agency has had excess surplus, and the housing  
22 successor's plan for eliminating the excess surplus.

23 (13) An inventory of homeownership units assisted by the  
24 former redevelopment agency or the housing successor that are  
25 subject to covenants or restrictions or to an adopted program that  
26 protects the former redevelopment agency's investment of moneys  
27 from the Low and Moderate Income Housing Fund pursuant to  
28 subdivision (f) of Section 33334.3. This inventory shall include  
29 all of the following information:

30 (A) The number of those units.

31 (B) In the first report pursuant to this subdivision, the number  
32 of units lost to the portfolio after February 1, 2012, and the reason  
33 or reasons for those losses. For all subsequent reports, the number  
34 of the units lost to the portfolio in the last fiscal year and the reason  
35 for those losses.

36 (C) Any funds returned to the housing successor as part of an  
37 adopted program that protects the former redevelopment agency's  
38 investment of moneys from the Low and Moderate Income Housing  
39 Fund.

1 (D) Whether the housing successor has contracted with any  
2 outside entity for the management of the units and, if so, the  
3 identity of the entity.

O