

Date of Hearing: August 30, 2012

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Norma Torres, Chair

AB 1585 (John A. Pérez) – As Amended: August 24, 2012

SUBJECT: Community development.

SUMMARY: Appropriates funds to the Infill Incentive Grant (IIG) Program and to the Transit-Oriented Development (TOD) Program created by Proposition 1C: Housing and Emergency Shelter Trust Fund Act of 2006. Specifically, this bill:

- 1) Provide that the provisions of the Community Redevelopment Law (CRL) governing administrative and planning costs for the Low and Moderate Income Housing Fund shall apply to any funds retained by a housing successor agency that assume the responsibilities of a former redevelopment agency.
- 2) Appropriates \$50 million to HCD for the following:
 - a) \$25 million to the IIG program; and
 - b) \$25 million to the TOD Program
- 3) Any funds disencumbered and deposited for the 2012-2013 and 2013-2014 fiscal years will be deposited into the Regional Planning, Housing, and Infill Incentive Account and made available through the IIG Program.
- 4) Any funds disencumbered and deposited for the 2012-2013 into the Transit-Oriented Development Account will be made available through the TOD Program.

EXISTING LAW

- 1) Establishes the TOD program to make grants to cities, counties, cities and counties, or transit agencies for the provision of infrastructure necessary for the development of higher density uses within close proximity to a transit station, or to facilitate connections between that development and the station (Health and Safety Code Section 53560)
- 2) Establishes IIG program, administered by HCD, to provide grants to fund capital improvement projects that are an integral part of, or necessary to facilitate the development of, residential or mixed-use infill development. (Health and Safety Code Section 53545.13).

FISCAL EFFECT: According to the Senate Appropriations Committee,

- 1) Appropriation of \$25 million from the Regional Planning, Housing, and Infill Incentive Account to HCD (bond funds).
- 2) Appropriation of \$25 million from the Transit-Oriented Development Implementation Fund to HCD (bond funds).

COMMENTS:

In November 2006, California voters approved Proposition 1C, the \$2.85 billion Housing and Emergency Shelter Trust Fund Act of 2006. Among other things, Proposition 1C included:

- \$790 for the Infill Infrastructure Grant (IIG) Program, under which the Department of Housing and Community Development (HCD) offers gap financing grants to cover the costs of infrastructure improvements necessary for the development of higher-density affordable and mixed-income housing in locations designated as infill.
- \$300 million for the Transit-Oriented Development (TOD) Program, under which HCD provides grants to cities, counties, and transit agencies for the provision of infrastructure necessary to support mixed-income housing developments within close proximity to a transit station. Housing developers may also obtain loans for the development of the TOD housing units.

Although all of the original bond funds were awarded to projects, some projects that received awards have or will return the funds because they were unable to complete the project. HCD estimates that it will recover approximately \$50 million by the end of this fiscal year, which will need to be awarded to other projects that meet the program guidelines.

The Senate amendments delete the contents of this bill and instead appropriate \$25 million to the IIG program and \$25 million to the TOD program. Because there are potentially more funds that could be returned to HCD from initial awardees above the \$50 million, this bill allows any additional disencumbered funds to be deposited into the IIG and TOD Funds for appropriations.

The bill also clarifies that a housing successor entity that assume the housing functions of former redevelopment agencies are required to adhere to the requirements of the CRL with regard to how they spend money on planning and administration. This provision is clarifying, as housing successor entities are already subject to the CRL.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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