

Redevelopment Housing Bill Proposal

Planning and admin expenditures

- 1) Substitute for the “not disproportionate” standard in current law a cap on planning and administration expenses of 15% of tax increment and redefine what are allowable costs that count towards the cap.
- 2) Require the adoption of an annual resolution stating the percentage of L&M funds budgeted for P&A and an itemization and justification of those expenditures.
- 3) Prohibit spending on:
 - code enforcement,
 - land use planning, including housing element development,
 - lobbying,
 - administration of non-redevelopment programs, including CDBG, HOME, etc.,
 - general agency or city overhead in excess of the proportion that agency employees working exclusively on housing represent in comparison to total city and agency employees.
- 4) Make non-compliance with the planning and admin prohibitions a major audit violation.

Auditing and Reporting

- 5) Require independent auditors to check for “major audit violations.”
- 6) Require the annual report to list the percentage of L&M deposits spent on planning and administration over each of the previous five years.
- 7) Require the annual report to list all the properties owned by the agency and the dates of acquisition.
- 8) Allow the controller to conduct quality reviews of independent audits.
- 9) Require agencies to remit .5% of L&M income to HCD to conduct redevelopment audits and require HCD to conduct such audits and post results online.
- 10) Require AG follow-up on HCD audits.

Land purchased with L&M funds

- 11) If an agency has not initiated affordable housing development activity, as newly defined, on sites purchased with L&M funds within five years or completed the activities

within 10 years, require the agency to reimburse the L&M fund 150% of the costs or value, whichever is greater. Also, require an agency that sells a site or uses less than half of a site purchased with L&M funds for a non-affordable housing purpose to reimburse the L&M fund 150% of the full market value.

Excess surplus

12) Count the value of land purchased with L&M funds for which the agency has not initiated affordable housing development towards excess surplus.

13) Repeal provisions allowing a transfer of excess surplus to housing authorities, thereby requiring agencies to expend the funds or face the shut down sanctions.

Proportionality requirements

14) Repeal current income proportionality requirement and instead require that at least 70% of L&M funds be expended for the construction, acquisition and substantial rehabilitation, or preservation of rental housing affordable to ELI/VLI/LI populations and at least 20% for ELI rental housing.

15) Delete ability for agencies to meet this obligation with non-L&M funds.

Enforcement

16) Require a court to prohibit the issuance of non-L&M debt for an agency's failure to meet productions and replacement housing requirements.

17) Provide that an agency failing to deposit L&M funds as required or spending L&M money inappropriately must reimburse the L&M fund 150%.

18) Require that replacement units generally be new construction, with an exception that up to 25% of replacement units may be rehabilitated units meeting certain criteria. Trigger the replacement obligation at time of acquisition.