

Action #14.4 Recreate Redevelopment Agencies with a Focus on Affordable Housing

1.1	Key Element of CASA Compact	#14 Affordable Housing Production Funding
1.2	Brief Description	<p>Up until 2012, California's Redevelopment Agencies provided a crucial source of local funding for affordable housing in the Bay Area. From 1949 to 2012, California's Redevelopment Agencies provided a critical tax increment financing tool for cities and counties. Agencies would "freeze" the property tax that taxing entities could collect at a certain rate (known as the "base rate") and would then collect the increase in property taxes over time in that neighborhood (also known as the tax increment) and use it to pay for their activities. Previously, Redevelopment Agencies could collect the whole tax increment from a given redevelopment area with the State providing a backfill for the local school district's portion of that increment. Redevelopment Agencies could previously pay for a host of activities including infrastructure improvements in a given neighborhood (sewers, utilities, etc.) and affordable housing. At the time of dissolution in 2012, Redevelopment Agencies collected over \$5 billion in annual tax revenues with 20% of those revenues or \$1 billion dedicated to the construction and rehabilitation of affordable homes statewide. In the Bay Area, Redevelopment represented the single largest funding source for affordable housing bringing in around \$220 million annually across the 9 Bay Area Counties. The State dissolved Redevelopment Agencies in 2012 and reverted their tax increment back to taxing entities in response to significant state general fund budget deficits. Former Redevelopment Agencies were replaced with successor agencies tasked with paying off existing legal obligations and winding down each agency's activities.</p> <p>We propose to reinstate Redevelopment Agencies and their previous powers (to finance specified infrastructure and housing projects, and to carry out related powers, such as the power to purchase and lease property within the redevelopment project area, that are similar to the powers previously granted to redevelopment agencies) with several important changes to both increase the resources dedicated to affordable housing and to protect against past abuses. Our proposed changes include:</p> <p><u>Dedicate 50% of the increment generated to affordable housing and housing-related infrastructure:</u> Increasing the increment dedicated to affordable housing would immediately generate significant ongoing revenues to ensure construction of deed-restricted homes affordable to low and very-low income households (up to 80% AMI). Funding housing-related infrastructure would ensure that essentials like sewers, utility connections, sidewalks, streets, and other critical infrastructure needs can be paid for. To combat previous abuses, where moneys dedicated to affordable housing were not spent, agencies would be given a specified time to spend such funds or they would revert to the Department of Housing and Community Development's Multifamily Housing Program (MHP).</p> <p><u>Establishing a tax-increment base year:</u> Provide jurisdictions with some flexibility in identifying the base year for collection of tax increment as in AB 1598 (Mullin) Affordable Housing Authorities of 2017.</p> <p><u>Ensuring accountability and transparency:</u> Adoption of annual budgets and annual reports (to be sent to two State oversight agencies including the Controller and HCD), required audits every two years after the issuance of debt, strict accountability measures and reporting for every action taken, steep fines for noncompliance, oversight by the State Controller and the Office of the Attorney</p>

		General in case of any violations. All proposed projects to be funded through Redevelopment would need to be part of a Redevelopment Plan approved through a resolution adopted at a public meeting. Redevelopment agencies would be governed by a board consisting of one member appointed by the legislative body that adopted the resolution of intention, one member appointed by each affected taxing entity, and 2 public members.
1.3	Supports these CASA goals: <i>(check all that apply)</i>	<input type="checkbox"/> Protection <input checked="" type="checkbox"/> Preservation <input checked="" type="checkbox"/> Production
1.4	Desired Effect <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	Create a permanent and ongoing source of revenue for the construction and rehabilitation of affordable homes at a level that is similar to or higher than what was previously generated by Redevelopment.
1.5	Key Questions and Points of Concern <i>What key questions or issues need to be resolved?</i> <i>What are the major sticking points and areas of negotiation?</i>	<ul style="list-style-type: none"> Will there be a state backfill for taxing entities, in addition to school, whose increment has been redirected?
1.6	Resources Needed <i>What costs will be incurred and by whom? Note any funding sources that are readily available.</i>	Tax increment is generated as assessed value grows without increasing property taxes.
1.7	Scale of Impact <i>(as measured by Plan Bay Area goal alignment)</i>	Produce: 1,000-1,500 affordable units a year
1.8	Potential Vehicles for Implementation <i>Check all that apply</i>	<ul style="list-style-type: none"> <u>Legislation</u>: Legislation to be proposed at the next legislative session to reestablish Redevelopment while curbing past abuses. (See AB 3037 Community Redevelopment Law of 2018 by Assemblymember David Chiu).

1.9	Time Frame <i>Time needed for action to be approved and implemented.</i>	<i>Select one</i> <input checked="" type="checkbox"/> Short-Term (0-2 years): <input type="checkbox"/> Med-Term (3-5 years): <input type="checkbox"/> Long-Term (6-10 years)
1.10	Feasibility <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i>	<input checked="" type="checkbox"/> Medium <i>Rationale:</i> There is interest in the State Legislature to bring back Redevelopment and a new governor is more likely to entertain such a proposal.