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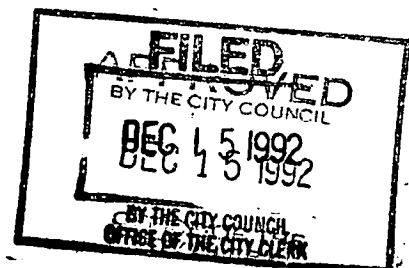


December 15, 1992

City Council of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: STATE LEGISLATIVE ISSUES



LOCATION

City

SUMMARY

This report updates the Council on 1992 state legislation and related issues of interest to the Sacramento Housing and Redevelopment Agency. No action is being recommended.

STAFF RECOMMENDATION

Staff recommends that this report be received and filed.

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BACKGROUND

This informational staff report is a follow-up to the legislative staff report dated July 21, 1992. The previous report described legislation of interest to and which would have some effect on the Sacramento Housing and Redevelopment Agency (Agency), and indicated the Agency's position on each bill. Now that the current two-year session has ended, staff would like to update you on any actions taken on the bills in the previous report, and other legislation which will impact the Agency.

Just to reiterate, the following policies were adopted by the Council in 1991:

1. State government should increase, without a direct increase in taxes, funding available to local government to meet affordable housing, neighborhood revitalization, and related community services needs. The Agency supports measures such as state housing bond issues and increased tax incentives for production of affordable housing, in addition to larger appropriations from the state general fund and the reordering of state programs and priorities to make more resources available to local government to provide affordable housing.
2. With regard to matters within the Agency's authority and where the administrative capacity exists, local governments should, at their election, be designated as agency for development and administration of affordable housing, neighborhood improvement and related social services programs. Among other things, local governments should receive specific entitlements of state funds and other resources and have final authority over use of resources within their jurisdictions. Local authority should specifically extend to tax-exempt mortgage revenue bonds, mortgage credit certificates, and rental housing tax credits; programs administered by the State Department of Housing and Community Development (HCD); programs administered by the California Housing and Finance Agency; and the development of affordable housing program requirements consistent with comparable provisions of federal law.

These policies offer guidelines by which Agency position is determined on proposed legislation.

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The following bills were presented in the July 21 staff report and are updated below. If a bill failed to obtain passage by the legislature, that bill is now dead, and in order for the bill to be considered in the next two-year legislative session, it will have to be reintroduced as a new bill. Bill introductions may begin December 7, 1992, for the 1993-94 legislative session.

COMMUNITY/SOCIAL SERVICES

AB 594 (Bates): Homelessness Prevention

Agency Position: Support

This bill would have appropriated \$5 million from the General Fund to create the Homelessness Prevention Program to provide short-term financial assistance in the form of grants or loans to prevent displacement due to eviction for nonpayment of rent or mortgage foreclosure.

STATUS: Failed passage by the legislature.

AB 1859 (Bates): Homeless Programs

Agency Position: Support

This bill would have required every city and county to establish a program of emergency shelter and services for the homeless on or before January 1, 1993. Homeless shelters would be given preference for utilization of unused or underused state buildings or facilities. The bill would authorize any city or county to establish a special homeless shelter and services assessment district to fund emergency shelters and homeless services.

STATUS: Failed passage by the legislature.

AB 3760 (Mays): In-Home Support Services

Agency Position: Support

This bill would have required the State Department of Social Services to adopt a formula for the distribution of In-Home Support Services (IHSS) funds appropriated based upon county population of aged, blind and disabled persons, weighted by recipients of benefits under SSI/SSP programs.

STATUS: Failed passage by the legislature.

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SB 230 (Watson): Public Assistance Benefits for the Homeless

Agency Position: Support

This bill would have required the Department of Social Services to seek the necessary federal waivers and approvals to establish an Emergency Assistance for Needy Families Program to serve the temporary shelter needs of homeless families eligible for AFDC payments.

STATUS: Failed passage by the legislature.

SB 1811 (Bergeson): Child Care Development Programs

Agency Position: Support

This bill reappropriates \$40,146,000 specified funds for deposit in the Preschool Facilities Fund and revise the funding priority so that funding priority is given to the expansion of the full-day child development programs for eligible four-year-old children once funding is provided to serve eligible four-year-old children in the state preschool programs.

STATUS: Signed by the Governor.

HOUSING

AB 639 (Bronzan): Criminal History Information

Agency Position: Support

This bill would have provided the authorization to obtain criminal history information for use in screening all public housing applicants as authorized by HUD CFR 960.205 (3). The Agency has previously attempted to administratively obtain criminal history information, but received refusal from the State Attorney General. A suit was filed by SHRA; the California Court of Appeals ruled that the release of criminal history information for this purpose must be specifically authorized by the State Legislature.

STATUS: Failed passage by the legislature.

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COMMUNITY DEVELOPMENT

Redevelopment: Each year we see various legislative proposals seeking to modify the redevelopment process or its intended purposes. The Agency's posture has been to support those bills that increase local authority and flexibility for redevelopment and oppose those that do not. A summary of major bills follows:

**AB 3700 (Brown): Project Area Committee,
Replacement Housing and Mandatory Affordable
Housing**

Agency Position: Oppose

AB 3700 was the annual effort of the affordable housing advocates to restrict and entangle the expenditure of 20% housing funds. This veto message states that the "bill would eliminate provisions in existing law requiring project area committees to be formed when redevelopment plans have the potential to displace low- and moderate-income residents of the area through any type of redevelopment activity."

STATUS: Vetoed by the Governor.

Farmworker housing:

**AB 3526 (Polanco): Farmworker Housing Protection
Act of 1992**

Agency Position: Support

This bill to strengthen the law governing licensing and inspection of labor camps provides for attorneys fees, relocation costs, increased fines, and other measures against operators of substandard farm labor camps. This bill also contains other changes to the Employee Housing Act and provisions encouraging development of farmworker housing which may have to be negotiated with local governments.

STATUS: Signed by the Governor.

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AB 3527 (Polanco): Farmworker Housing Incentive Act of 1992

Agency Position: Support

This bill is a companion measure to AB 3526 (Polanco), providing tax credits to developers, lenders and growers for new farmworker housing.

STATUS: Failed passage by the legislature.

Civil Rights:

AB 3825 (Brown): Omnibus Civil Rights Enforcement Act

Agency Position: Watch

Related bills: SB 1227 (Roberti); AB 531 (Polanco); SB 837 (Bergeson); SB 1987 (Bergeson); AB 311 (Moore); AB 2601 (Friedman); AB 3019 (Vasconcellos); AB 2440 (Becerra); AB 1077 (Bronzan); AB 1286 (Vasconcellos); SB 1234 (Calderon)

This bill, which was strongly supported by housing and civil rights advocates, generally supersedes recent California Supreme Court decisions which restrict certain civil rights protections and the remedies available to the victims of unlawful discrimination. It added new prohibitions on economic discrimination and permitted evidence relating to the effects of discriminatory acts to be introduced into adjudicatory proceedings. It also brought the state into compliance with federal housing and disability discrimination laws; prohibited housing and employment discrimination on the basis of sexual orientation; and prohibited employers from requiring that English only be spoken at the workplace unless justified by business necessity. The bill also made procedural changes affecting enforcement by state agencies.

STATUS: Vetoed by the Governor.

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Housing Development:

SB 593 (Roberti): California Housing Bond Act of 1992

Agency Position: Support

This bill placed a scaled-back version of an earlier \$500 million affordable housing bond issue before the voters in November 1992. The \$325 million in funds generated by this bill would have been used for various programs operated by HCD. Staff recommended support of this measure in a previous staff report. However we would like to see local government have a greater decision-making role in the utilization of these funds.

STATUS: Failed passage by the legislature.

SCA 17 (Calderon): Project Approvals

Agency Position: Watch

This proposed constitutional amendment would amend Article 34 to require that local voters who wish to challenge a low-income housing project must first collect signatures to place the issue on the ballot. It essentially reverses the Article 34 approval process by establishing a procedure whereby a low-income housing project would be considered approved unless specifically rejected by the voters. Additionally, the bill narrows the applicability of Article 34 to only publically owned and federally subsidized housing projects of more than 24 units. This removes the Article 34 requirement for privately owned, publically subsidized projects.

Staff previously opposed this bill, but later was able to clarify that there is a grandfather clause which protects the Agency's current Article 34 authority and exempts that authority from any future public ballot vote. Therefore, opposition was withdrawn.

STATUS: Approved by the legislature to be placed on the June 1994 ballot.

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Housing Preservation:

SB 1537 (Petris): California Housing Partnership Corporation

Agency Position: Support

This measure authorizes the California Housing Partnership Corporation, as purchaser of last resort, to acquire low-income multi-family housing at risk of being converted to market-rate housing. The bill also specifies that acquisition may be carried out provided: 1) there is no priority purchaser as specified, in accordance with federal law; and 2) title to the housing shall be transferred within five years to a tenant group or qualified community-based non-profit organization in accordance with federal law.

STATUS: Signed by the Governor.

SB 1927 (L. Greene): Refunding of Housing Revenue Bonds

Agency Position: Support

This bill requires that when the refunding of previously issued revenue bonds for multi-family housing results in a reduction of the rate of interest by more than one percent, the affected agency shall ensure that rental units required to be reserved for low-and very low-income households shall remain occupied by eligible households until: 1) the date required by law under the original finance terms; or 2) as long as any bonds remain outstanding.

STATUS: Signed by the Governor.

AB 424 (Costa): Predevelopment Loans

Agency Position: Support

This measure allows HCD to make forgivable loans for feasibility work on acquiring at-risk housing.

STATUS: Failed passage in the legislature.

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Listing of other bills the Agency is following:

**ACA 19 (Elder), AB 2479 (Friedman)
and SB 1330 (Roberti): Related Crime
Prevention Bills**

Agency Position: Support if Amended

AB 2479 and SB 1330 would have become operative only upon adoption of ACA 19 which expressly authorizes redevelopment tax increment revenues to be used for programs intended to reduce the reported incidence of gang-related violent crimes or crimes involving possession, sale or use of drugs or narcotics. These bills would have added the deployment of police officers to mitigate drug trafficking and gang violence to the definition of redevelopment. These bills would also have added the existence of drug trafficking and gang violence to the characterization of a blighted area.

STATUS: Defeated in the Assembly.

SB 1155 (Bergeson): Disaster Bill

Agency Position: Support if Amended

SB 1155, previously a measure which proposed to repeal the state's special subvention to redevelopment agencies, had been amended to eliminate the subvention repeal provisions. The measure provided procedures for allocating subvention payments according to Governor Wilson's then-proposed \$9.6 million appropriation and priority scale. This bill also standardized procedures for adopting and executing redevelopment authority in areas devastated by a natural disaster.

Opposition to this bill was based on the fact that it set a poor precedent of giving one local government absolute veto power over another local government's attempt to care for its community. The current method of special legislation to resolve fiscal issues is preferred.

STATUS: Failed passage by the legislature.

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**AB 3330 (Costa): Expenditure of Housing Funds
Outside of Agency**

Agency Position: Watch

This bill, sponsored by the California Association of Realtors, would have amended conditions where it would be allowable to convert agency-subsidized affordable housing into market-rate housing. The bill also provided that agencies which currently defer deposits into the low- and moderate-income housing fund adopt a plan for making up their housing set-aside deficits within a "reasonable time period." The Governor's veto message expressed concern that the bill would weaken the housing element process and increase administrative costs without increasing production of affordable housing units.

STATUS: Vetoed by the Governor.

**AB 3208 (Epple): Expenditure of Housing Funds
Outside of Agency**

Agency Position: Watch

This measure authorizes the expenditure of redevelopment agency low- and moderate-income housing fund revenues in areas outside of the community in which the revenues were generated under specified conditions which include: 1) targeting the units to low- and very low-income earners; 2) authorizing the Attorney General to enforce the agreed-upon conditions for developing the units; and 3) the communities are contiguous. This bill contains significant amendments to limit negative impact of legislation allowing the City of Cerritos to transfer \$16 million of low and mod funds to the City of Artesia.

STATUS: Signed by the Governor.

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**AB 3277 (Katz): Conflict Between
Redevelopment Law and HOPE and HOME
Regulations**

Agency Position: Support

AB 3277 was sponsored by the California Redevelopment Association. It provides that to the extent there is a conflict between the requirements of state redevelopment law relating to the repayment of loans from the 20% set-aside fund and the regulations of the federal HOPE and HOME programs, the federal requirements will prevail.

STATUS: Signed by the Governor.

**SB 844: State Budget-Local
Government/Redevelopment Cuts**

Agency Position: Oppose

This bill was modified substantially during the last few days of the state budget process. The bill as passed requires a one-time \$205 million shift of redevelopment funds to schools during the 1992-93 fiscal year. This will affect five of the Agency's redevelopment areas (Merged Downtown, Alkali Flat, Oak Park, Del Paso Heights and Walnut Grove). The five redevelopment areas are required to transfer a total of \$2,313,247 to the Education Revenue Augmentation Fund by May 15, 1993.

STATUS: Signed by the Governor.

FINANCIAL CONSIDERATIONS

This report is for information only and there are no financial considerations related to this staff report.

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POLICY CONSIDERATIONS

No action is being recommended with this report, therefore no new policy changes are being recommended.

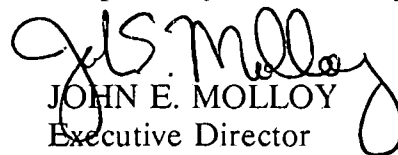
ENVIRONMENTAL REVIEW

Because no action is being recommended, environmental review is not applicable to this staff report.

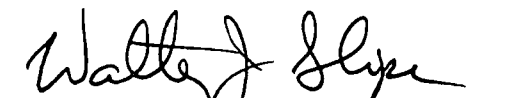
M/WBE

Because no action is being recommended, M/WBE requirements are not applicable to this staff report.

Respectfully submitted by,


JOHN E. MOLLOY
Executive Director

Transmittal approved by,


WALTER J. SLIPE
City Manager

For Council Meeting of:
December 15, 1992

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