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CITY OF OAKLAND

2016 MAR 24 PM 5:34  
Councilmembers Abel Guillén & Dan Kalb  
CITY HALL - ONE FRANK H. OGAWA PLAZA, 2<sup>ND</sup> FLOOR - OAKLAND - CALIFORNIA 94612

## Agenda Memorandum

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To: Rules & Legislation Committee

From: Councilmembers Abel Guillén and Dan Kalb

Date: March 24, 2016

Subject: Support of AB 2031: Affordable Housing Financing For Local Government

Colleagues on the City Council and Members of the Public,

With our Resolution of Support for Assembly Bill - AB 2031 (Bonta), we are submitting the attached fact sheet and text of the bill.

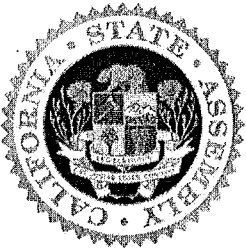
Respectfully submitted,

A handwritten signature in black ink that reads "Abel Guillén". The signature is written in a cursive, somewhat stylized font.

Abel Guillén, Councilmember

A handwritten signature in black ink that reads "Dan Kalb". The signature is written in a cursive, somewhat stylized font.

Dan Kalb, Councilmember



## AB 2031 (Bonta) Fact Sheet

### *Affordable Housing*

#### **Summary**

AB 2031 allows cities to pass an ordinance to issue bonds for construction of affordable housing.

#### **Background**

Since the economic recovery housing and rental prices have skyrocketed, leaving many Californians behind. According to a 2013 study, a person working full time at minimum wage must work 130 hours a week to afford a two-bedroom rental, which was the second highest rate in the nation. One-third of California's working households are paying more than half of their income towards housing.

#### **Problem**

It takes years to put enough new affordable housing on the market to make an impact on prices. Depending on the project, construction time can take a few weeks to several months. In addition, average approval time is eight months to a year in cities like San Francisco and Los Angeles. Finally, with the dissolution of redevelopment agencies, and no permanent source of funds from the state to support the construction of affordable housing, there is no ongoing source to subsidize the construction of affordable and workforce housing.

#### **Solution**

AB 2031 empowers local governments to rapidly address the affordable housing crisis. The bill allows cities to pass an ordinance to issue bonds for affordable housing without raising taxes or diverting property taxes from other sources. AB 2031 allows cities to tap any portion of their net available revenue to use bonds for affordable housing. The net available, also known as "boomerang funds", is distributed by the county auditor-controller to cities from the Redevelopment Property Tax Trust Fund (RPTTF). By front-loading projects with a bond cities can build more units more quickly and address displacement.

#### **Support**

City of Oakland (Sponsor)

Non-profit Housing Association of California (Co-Sponsor)

California Housing Partnership Coalition

Housing Leadership Council of San Mateo County

MidPen Housing

#### **Contact**

Rylan Gervase

Legislative Aide

[Rylan.gervase@asm.ca.gov](mailto:Rylan.gervase@asm.ca.gov)

Phone: (916) 319-2018

Fax: (916) 319-2118

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015—16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2031**

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**Introduced by Assembly Members Bonta and Atkins  
(Coauthors: Assembly Members Low and Mullin)**

February 16, 2016

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An act to add Part 1.87 (commencing with Section 34191.30) to Division 24 of the Health and Safety Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2031, as amended, Bonta. Local government: affordable housing: financing.

*Existing law requires, from February 1, 2012, to July 1, 2012, inclusive, and for each fiscal year thereafter, the county auditor-controller in each county to allocate property tax revenues in the county's Redevelopment Property Tax Trust Fund, established to receive revenues equivalent to those that would have been allocated to former redevelopment agencies had those agencies not been dissolved, towards the payment of enforceable obligations and among entities that include, among others, a city and the county or the city and county.*

*This bill would authorize a city or county that formed a redevelopment agency and became the successor agency that received a finding of completion from the Department of Finance to reject its allocations of property tax revenues from the trust fund. The bill would direct those rejected property tax revenues to an affordable housing special beneficiary district, established as a temporary and distinct local governmental entity for the purposes of receiving a rejected distribution of property tax proceeds and promoting affordable housing by providing financing assistance within its boundaries. The bill would require a*

beneficiary district to be governed by a 5-member board and comply with specified open meeting and public record laws. The bill would require a beneficiary district to cease to exist on the 90th calendar day after the date the county auditor-controller makes the final transfer of the distribution of property tax revenues to the beneficiary district, and prohibit a beneficiary district from undertaking any obligation that requires its action past that date. The bill would transfer any funds and public records of a beneficiary district remaining after the date the beneficiary district ceases to exist to the city or county that rejected the of property tax revenues thereafter directed to that district, as specified.

Existing law establishes various programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, veteran housing, home ownership for very low and low-income households, and downpayments for first-time homebuyers. Additionally, the Housing Authorities Law establishes public corporations known as housing authorities within each city and county in this state, and authorizes these housing authorities to undertake various actions for the purpose of increasing the availability of housing.

This bill would state the intent of the Legislature to enact legislation that would allow local governments to provide additional funding for affordable housing.

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. Part 1.87 (commencing with Section 34191.30)  
2 is added to Division 24 of the Health and Safety Code, to read:

3  
4 PART 1.87. AFFORDABLE HOUSING SPECIAL BENEFICIARY  
5 DISTRICT  
6

7 34191.30 For purposes of this part, the following definitions  
8 shall apply:

- 9 (a) "Affordable housing" means a dwelling available for  
10 purchase or lease by persons and families who qualify as low or  
11 moderate income, as defined in Section 50093 of the Health and  
12 Safety Code, very low income households, as defined in Section  
13 50105 of the Health and Safety Code, or extremely low income

1 households, as defined in Section 50106 of the Health and Safety  
2 Code.

3 (b) "Beneficiary district" is an affordable housing special  
4 beneficiary district established pursuant to this part that exists for  
5 a limited duration as a distinct local governmental entity for the  
6 purposes of receiving rejected distributions of property tax  
7 revenues and providing financing assistance to promote affordable  
8 housing within its boundaries.

9 (c) "Distributions of property tax revenues" means all property  
10 tax revenues a city or county would be entitled to receive pursuant  
11 to Part 1.85.

12 34191.35. (a) Commencing when a successor entity receives  
13 a finding of completion pursuant to Section 34179.7, there exists,  
14 within the same geographical boundaries of the jurisdiction of  
15 that successor agency, an affordable housing special beneficiary  
16 district.

17 (b) (1) A beneficiary district ceases to exist on the 90th calendar  
18 day after the date the county auditor-controller makes the final  
19 transfer of distributed property tax revenues to the beneficiary  
20 district. On and after the date a beneficiary district ceases to exist,  
21 the beneficiary district shall not have the authority to conduct any  
22 business, including, but not limited to, taking any action or making  
23 any payment, and any funds of the beneficiary district shall  
24 automatically transfer to the city or county that rejected its  
25 distributions of property tax revenues pursuant to Section 34191.45  
26 that were thereafter directed to the district.

27 (2) Notwithstanding Section 34191.40, the terms of the members  
28 of the board of a beneficiary district shall expire on the date the  
29 beneficiary district ceases to exist.

30 (3) Any legal right of the beneficiary district on or after the date  
31 the beneficiary district ceases to exist, including, but not limited  
32 to, the right to repayment pursuant to a loan made by the  
33 beneficiary district, is the right of the city or county that rejected  
34 its distributions of property tax revenues pursuant to Section  
35 34191.45 that was thereafter directed to the district.

36 34191.40. (a) A beneficiary district shall be governed by a  
37 board composed of the following five members:

38 (1) Three members of the city council, if a city formed the  
39 redevelopment agency and became the successor agency that  
40 received the finding of completion pursuant to Section 34179.7,

1 or three members of the board of supervisors, if a county formed  
2 the redevelopment agency and became the successor agency that  
3 received the finding of completion pursuant to Section 34179.7.  
4 The three members shall be appointed by the city council or board  
5 of supervisors, as applicable.

6 (2) The treasurer of the city or county that formed the  
7 redevelopment agency and became the successor agency that  
8 received the finding of completion pursuant to Section 34179.7.

9 (3) One member of the public who lives within the boundaries  
10 of the beneficiary district who is appointed by the city council or  
11 county board of supervisors of the city or county that formed the  
12 redevelopment agency and became the successor agency that has  
13 received a finding of completion pursuant to Section 34179.7.

14 (b) The board shall elect one of its members as the chairperson.

15 (c) Each member shall serve a term of four years from the date  
16 of his or her appointment. Vacancies on the board shall be filled  
17 by the appointing authority for a new four-year term. A member  
18 may be reappointed.

19 (d) Each member shall serve without compensation.

20 34191.45. Notwithstanding any other law, a city or county that  
21 formed a redevelopment agency and became the successor agency  
22 that received the finding of completion pursuant to Section 34179.7,  
23 may by ordinance or resolution reject its distributions of property  
24 tax revenues from the trust fund. Except as provided in subdivision  
25 (b) of Section 34191.35, on and after the date that a city or county  
26 rejects its distributions of property tax revenues, the city or county  
27 shall not have any claim to, or control over, the distributions of  
28 property tax revenues it may have otherwise received pursuant to  
29 Part 1.85, and the county auditor-controller shall transfer all of  
30 that distribution of property tax revenues to the beneficiary district.

31 34191.50. (a) A beneficiary district shall only promote the  
32 development of affordable housing within its boundaries.

33 (b) A beneficiary district may promote the development of  
34 affordable housing by doing any of the following:

35 (1) Issuing bonds to be repaid from the property tax revenues  
36 directed to the district.

37 (2) Providing financial assistance for the development of  
38 affordable housing, including, but not limited to, providing loans,  
39 grants, and other financial incentives and support.

1 (3) Taking other actions the board determines will promote the  
2 financing of the development of affordable housing within its  
3 boundaries.

4 (c) A beneficiary district shall not undertake any obligation that  
5 requires an action after the date it will cease to exist, including,  
6 but not limited to, issuing a bond that requires any repayment of  
7 the bond obligation after the date the beneficiary district will cease  
8 to exist.

9 34191.55. (1) A beneficiary district shall comply with the  
10 Ralph M. Brown Act (Chapter 9 (commencing with Section 54950)  
11 of Part 1 of Division 2 of Title 5 of the Government Code) and the  
12 California Public Records Act (Chapter 3.5 (commencing with  
13 Section 6250) of Division 7 of Title 1 of the Government Code).

14 (2) When a beneficiary district ceases to exist pursuant to  
15 subdivision (b) of Section 34191.35, a public record of the  
16 beneficiary district shall be the property of the city or county that  
17 rejected its distribution of property tax proceeds pursuant to  
18 Section 34191.45.

19 ~~SECTION 1. It is the intent of the Legislature to enact~~  
20 ~~legislation that would allow local governments to provide~~  
21 ~~additional funding for affordable housing.~~

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Approved as to Form and Legality

~~DRAFT~~  
City Attorney's Office

## OAKLAND CITY COUNCIL

### RESOLUTION NO. \_\_\_\_\_ C.M.S.

INTRODUCED BY COUNCILMEMBERS ABEL GUILLÉN AND DAN KALB

**RESOLUTION IN SUPPORT OF AB 2031 (BONTA) THAT WOULD ALLOW CITIES AND COUNTIES TO REDIRECT THEIR NET AVAILABLE REAL PROPERTY TAX TRUST FUND REVENUE ("BOOMERANG FUNDS") TO AN AFFORDABLE HOUSING SPECIAL BENEFICIARY DISTRICT FOR FUNDING AFFORDABLE HOUSING**

**WHEREAS**, The City of Oakland is facing an affordability crisis, perpetuated by the lack of housing stock available to all that wish to live in the city, combined with the increase costs in rent of the limited housing sources available; and

**WHEREAS**, Since 2011, fair market rents have doubled, according to a survey conducted by SmartAsset, and Oakland's fair market rent prices have far outpaced every other large city in the United States, and it has become nearly impossible to obtain affordable housing in Oakland, and new residents to Oakland searching for a market-rate rental apartment would need to allocate 70% of their income on rent; and

**WHEREAS**, The City of Oakland needs to build new housing for all income levels and especially for the very-low income to moderate income residents at 30% - 80%AMI, and the Association of Bay Area Governments (ABAG) estimates that in order to address the shortage of affordable housing in Oakland, 15,000 units need to be built by 2022; and

**WHEREAS**, In recognition of this extreme housing need, the City of Oakland is working with its county, state and federal legislative representatives to address the housing emergency; and

**WHEREAS**, With the dissolution of redevelopment agencies, and no permanent source of funds from the state to support the construction of affordable housing, there is no ongoing source to subsidize the construction of affordable and workforce housing; and

**WHEREAS**, Assembly Bill (AB) 2031 (Bonta) would enable the City of Oakland to address the affordability housing crisis by allowing local governments to redirect their net available real property tax trust fund revenue ("Boomerang funds") to an affordable



housing special beneficiary district for funding the construction of affordable housing;  
and

**WHEREAS**, AB 2031 is endorsed by the Non-Profit Housing Association of Northern California, California Housing Partnership Coalition, Housing Leadership Council of San Mateo County, MidPen Housing, San Diego Housing Federation, and other groups; and now, therefore, be it

**RESOLVED**: That the Oakland City Council hereby endorses AB 2031 and urges the California State Legislature and Governor Jerry Brown to support its enactment into law.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, AND  
PRESIDENT GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LATONDA SIMMONS  
City Clerk and Clerk of the Council of the  
City of Oakland, California