

Date of Hearing: April 15, 2021

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

AB 832 (Bloom) – As Introduced February 17, 2021

SUBJECT: City of Los Angeles: transfer of former redevelopment agency land use plans and functions

SUMMARY: Makes zoning and land use designations adopted in various underlying governing documents by the City of Los Angeles apply when in conflict with any provision of a redevelopment plan. Specifically, **this bill:**

- 1) Exempts from the California Environmental Quality Act (CEQA) the adoption of Los Angeles City Ordinance No. 186325 on September 27, 2019, and any action by the City of Los Angeles before or after the adoption of the ordinance to transfer all land use related plans and functions of the former redevelopment agency, Community Redevelopment Agency of the City of Los Angeles (CRA/CLA), including but not limited to the adoption of an implementing ordinance or resolution.
- 2) Provides all of the following, effective November 11, 2019:
 - a) All land use related plans and functions of the former CRA/CLA are transferred to the City of Los Angeles. The amendment or repeal of a land use related plan or function from the CRA/CLA is exempt from Community Redevelopment Law.
 - b) Any land use or development project that is permitted by the City of Los Angeles General Plan, community plan, specific plan, Los Angeles Municipal Code, or other applicable land use plan or zoning ordinance adopted under the authority of the Los Angeles City Charter or the Los Angeles Municipal Code for a property in a redevelopment project area is an allowed land use or development project;
 - c) Any conflicting provision of the any redevelopment plan is deferred and superseded by the applicable provision of the City of Los Angeles General plan, community plan, specific plans, Los Angeles Municipal Code, and any other land use plans or zoning ordinances adopted under the authority of the Los Angeles City Charter;
 - d) Any provision of any land use related plan or function of the former CRA/CLA that does any of the following has no force and effect:
 - i. Requires the City of Los Angeles to prepare or adopt policies, guidelines, or take any other legislative action;
 - ii. Requires the administration of or places a numerical cap or any other limitation on density, floor area ration, total dwelling units or buildings, that could limit the development of housing; and
 - iii. Imposes requirements that rely upon the allocation of tax increment to redevelopment agencies.

- 3) States that a special statute is necessary and that a general statute cannot be applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the City of Los Angeles.
- 4) Includes a severability clause.
- 5) Includes an urgency clause.

EXISTING LAW: Provides that at the request of the city, county, or city and county, all land use related plans and functions of the former redevelopment agency are hereby transferred to the city, county, or city and county that authorized the creation of a redevelopment agency; provided, however, that the city, county, or city and county must not create a new project area, add territory to, or expand or change the boundaries of a project area, or take any action that would increase the amount of obligated property tax (formerly tax increment) necessary to fulfill any existing enforceable obligation beyond what was authorized as of June 27, 2011.

FISCAL EFFECT: Unknown. This bill is keyed non-fiscal by the Legislative Counsel.

COMMENTS:

Author's statement: "Los Angeles voters approved of Measure JJJ and the TOC program to maximize the production of affordable and mixed-income housing around transit. AB 832 is a simple fix to sunset more restrictive land use regulations contained in redevelopment plans that conflict with the TOC Program. With a 1.5 million shortfall in housing production, we cannot allow for ambiguities in state law to further delay affordable housing production."

Redevelopment agencies dissolution: Redevelopment agencies (RDAs) were created in post-World War II era to build communities and eradicate blight. RDAs had authority to create redevelopment project plan areas, freeze the property taxes in the plan area, and collect any tax increment (TI) generated in the plan area that resulted from redevelopment efforts. Over time, as a result of Proposition 13 and the resulting loss of property taxes as a source of local revenues, the role of RDAs grew, and in 2011, 12 percent of property taxes statewide were redirected to RDAs. Because RDAs were able to capture the TI that would normally follow to schools, the state was forced to backfill schools to meet Proposition 98 guarantees, costing the General Fund \$1.3 billion in revenues in 2011. Facing a severe deficit, resulting from recession, in 2011 AB 26X and AB 27X abolished redevelopment agencies and replaced them with a voluntary option. The League of Cities and the California Redevelopment Association sued the state to invalidate AB 27X but as a result invalidated AB 26X as well, forcing the dissolution of all redevelopment agencies in the state.

Redevelopment dissolution required the transfer of RDA assets to a successor agency that was responsible for winding down the activities of the RDA and paying for any "enforceable obligations" or debts or contractual obligations of the RDA. The CRA/CLA was unique in the state due to size and scope with over nineteen active redevelopment project areas. No city within the county agreed to take on the role of successor agency, and as a result, Governor Brown appointed a Designated Local Authority (DLA) to wind down CRA/CLA's operations.

Transit Oriented Communities (TOC): In 2016, the voters in the City of Los Angeles approved Measure JJJ to create a ministerial process for developments with a percentage of affordable housing near transit that become the TOC program. TOC imposes zoning and density

requirements on sites near transit. Because redevelopment dissolution did not abolish the redevelopment plans that contain requirements for density, floor area ratios, and limits on dwelling numbers and size, a conflict exists with TOC. LA's planning Department concluded that three redevelopment plan areas -- Hollywood, North Hollywood, and Central Industrial -- are impacted. In an effort to resolve the conflict between the redevelopment plans and the TOC requirements, on November 11, 2019, the City of Los Angeles adopted Los Angeles City Ordinance No. 186325, which transferred the land use authority from the CRA/CLA, Designated Local Authority (CRA/CLA-DLA) to the City of Los Angeles. After the adoption of the transfer of plans, the City faced litigation that have hindered affordable housing project development.

In mid-2018, CRA/CLA-DLA released a memorandum articulating its position on the interplay between the land use provisions set forth in its redevelopment plans and the TOC Program. Because its authority over redevelopment plan areas is derived from state law, CRA/CLA-DLA has taken the position that its land use authority to administer redevelopment plans exceeds that of the City Planning Department, and that as a result, the land use requirements of the redevelopment plans—in particular, the density limits set by redevelopment plans—trump application of the TOC Program when the two conflict.

This bill seeks to address the inconsistencies between the redevelopment plans of the former CRA/CLA and the land use plans of the City of Los Angeles and voter-approved Measure JJJ. All land use related plans and functions of the former CRA/CLA are transferred to the City of Los Angeles. The land use authority city's general plan and any other adopted land use documents would apply instead of the redevelopment plan. In addition, the bill would exempt the ordinance that the City of Los Angeles adopted in 2019 which transferred the land use authority from the CRA/CLA, Designated Local Authority (CRA/LA-DLA) to the City of Los Angeles.

This bill would make the City responsible for all land use function of the former CRAL/CLA that are required under dissolution. Opponents have argued that AB 832 will reduce affordable housing development obligations of the City, because some redevelopment plans required that fifteen percent of all the housing in the project area be affordable, a higher requirement than what the city requires in its land use controls. However, in relation to inclusionary housing requirements, the courts have opined that these obligations are not currently in effect, and have not been in effect since redevelopment agencies were dissolved. When redevelopment agencies were dissolved the tax increment needed to meet the inclusionary housing requirements of the plans ended.

Arguments in Support: According to the sponsor of this bill, Los Angeles Mayor Garcetti, "because of the ongoing legal and administrative uncertainty created by the discrepancies between the former redevelopment plans and Measure JJJ, approximately 3,300 units of housing are delayed because they are currently under litigation or may be facing administrative challenges or threats of litigation. This includes approximately 275 units of deed-restricted affordable housing. AB 832 will streamline the production of affordable and mixed-income housing within redevelopment areas by resolving any and all discrepancies between City land use regulations and Redevelopment plans and providing clarification that the TOC Program incentives may be utilized in all areas of Los Angeles."

Double referred: This bill was also referred to the Assembly Committee on Local Government where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Mayor Eric Garcetti, City of Los Angeles (Sponsor)
California Apartment Association
Central City Association
Individual - 2

Support If Amended

AIDS Healthcare Foundation
Housing is a Human Right
Individual - 1

Opposition

None on file.

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085