

SECTION 7

SUMMARY HOUSING SET ASIDE REQUIREMENTS

Expenditure Requirements

- Redevelopment Agency must set aside 20% of the tax increment received for any project area for the purpose of “increasing, improving, and preserving the community’s supply of low- and moderate-income housing”. (Section 33334.2; 33334.3)
- Project areas that have extended their time limits on the effectiveness of the plan generally must set aside 30% to their housing set aside fund. Additional restrictions apply limiting expenditures for moderate income. (Section 33333.10)
- Generally, so long as the expenditures serve to increase, improve, or preserve the supply of low- and moderate-income housing, a broad range of uses are authorized, including:
 - Acquisition of land or buildings;
 - Offsite and Onsite improvements(restricted proportionally to benefit);
 - Construction of buildings;
 - Rehabilitation of existing housing;
 - Preservation of housing (defined to include subsidized housing so long as covenants are recorded extending the use restrictions); and,
 - Provision of rental subsidies under specified conditions.
- Housing funds may be used for planning and administration proportional to activity expenditure and necessary for the production, improvement, or preservation of affordable housing. (33334.3(d))
- Housing must be available at an affordable housing cost and occupied by very low, low and moderate-income persons.
 - Affordability is defined- definitions of gross income, housing costs, and percentage calculation.
 - Over the ten-year term of the implementation plan, funds must be expended to assist housing in at least the same proportion of very low, low and moderate income as identified in the housing element (“Proportionality”).
 - Very Low is 9%
 - Low is 34%
 - Moderate is 57%

- Over the ten-year term of the plan, expenditures to benefit the population over 65 cannot exceed the proportion of this population to the total population as identified in the Census.
 - 24.2%
- It is possible to make adjustments to the proportionality based on locally controlled expenditures for new construction (not already counted for as specified /meeting all the requirements for affordability, covenants, etc. as tax increment expenditures.
- Long-term affordability covenants are required for all new and substantially rehabilitated housing units. Covenants must:
 - Run with the land and be recorded and be enforceable by the Redevelopment Agency or the community.
 - Be 45 years for ownership housing and 55 years for rental housing

Production/Inclusionary Requirements

- 30% of all new and substantially rehabilitated units **developed directly by the Redevelopment Agency** must be affordable to very low, low and moderate-income households. (50% of these funds must be for very low income).
- 15% of all new units and all substantially rehabilitated units (receiving Redevelopment Agency assistance) must be affordable to specified incomes (40% of these funds must be for very low income).
- Requirements apply to post 1976 areas, and pre-1976 areas that either 1) added geographic area (applies only to new area); or 2) had a SB 211 “Plan Effectiveness/Tax Increment receipt extension) amendment (applies to entire project area). Requirements apply from the date of the addition of area or plan extension.
- Specific requirements (for both triggers and fulfillment of requirement) changed throughout the years. AB 1290 changed the implementation timeline to every ten years following the implementation plan cycles.
- Production units must be affordable to and occupied by specified income households, and the covenants are the same as for Expenditure Requirements.
- Requirement can be met one for one within project areas, but two for one if units are produced outside the area.
- Ownership household should not be used for production requirements because, when funds are recaptured upon sale, the Redevelopment Agency must replace with a newly constructed or rehabilitated unit.

Replacement Housing Requirements

- When residential units occupied by (or might be expected to be occupied by) low or moderate-income persons are destroyed or removed by the Redevelopment Agency action or assistance, these units must be replaced within four years.
- 100% of units must be replaced at an affordable cost – calculated for the income of the displaced household. Covenants are the same as for expenditures.
- Units may be located anywhere within the territorial jurisdiction.
- A replacement housing plan must be adopted 30 days prior to the execution of any agreement.
- Ownership units should not be used as replacement units because, when funds are recaptured upon sale, the Redevelopment Agency must replace with a newly constructed or rehabilitated unit.

Aggregation of Project Areas for Housing Purposes

- Housing fund monies must be used inside the project area unless the legislative body makes a finding that use outside the project area will be of benefit to the redevelopment project. (Section 33334.2(g))
- Redevelopment Agencies with more than one project area may satisfy expenditure and set aside requirements by allocating less than 20 percent from one area if the difference is allocated in the same fiscal year from other project areas. (33334.3(I))
- Section 33413(b)92)(v) allows a Redevelopment Agency to aggregate new or substantially rehabilitated dwelling units in one or more project areas if finding is made that it will not cause or exacerbate racial, ethnic, or economic segregation.