

Date of Hearing: April 24, 2019

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 11 (Chiu, et al.) – As Amended April 11, 2019

SUBJECT: Community Redevelopment Law of 2019.

SUMMARY: Authorizes a city or county to create affordable housing and infrastructure agency (agency) subject to approval by the Strategic Growth Council (SGC). Specifically, **this bill:**

1) Establishes the Community Redevelopment Law of 2019, and defines the following terms:

- a) “Affected taxing entity” to mean any governmental taxing agency which levied or had levied on its behalf an ad valorem property tax on all or a portion of the property located in the proposed agency in the fiscal year before the designation of the agency district;
- b) “Affected taxing entity equity amount” to mean the amount of ad valorem property tax revenue that the affected taxing entity would have received from property located within the redevelopment project area in the absence of the affordable housing and infrastructure agency, calculated as specified;
- c) “Agency” to mean an affordable housing and infrastructure agency created by this title;
- d) “County” to mean a county or a city and county;
- e) “Debt” to mean any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals;
- f) “Designated official” to mean the appropriate official, such as an engineer of a city or county that is an affected taxing entity, as designated;
- g) “Governing board” to mean the governing body of an agency;
- h) “Landowner” or “owner of land” to mean any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the governing board. Specifies that the governing board has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive. Specifies that a public agency is not a landowner or owner of land, unless the public agency owns all of the land to be included within the proposed agency;
- i) “Legislative body” to mean the city council of the city or board of supervisors of the county;
- j) “Redevelopment project” to mean any undertaking of an agency, as specified; and,
- k) “Special district” to mean an agency of the state formed for the performance of governmental or proprietary functions within limited geographic boundaries.

- 2) States that the Legislature declares that this title constitutes the Community Redevelopment Law within the meaning of Article XVI of Section 16 of the California Constitution, and that an agency formed pursuant to this title shall have all powers granted to a redevelopment agency pursuant to that section.
- 3) Allows the legislative body of a city or county to propose to form an agency by adopting a resolution of intention, which shall contain: a statement that an agency is proposed to be established; a statement of the need for the proposed agency and the goals that that proposed agency seeks to achieve; a preliminary project plan prepared by the legislative body; a financing section; a statement that the city or county adopting the resolution thereby elects to not receiving, whether by pass through or otherwise, a portion of those ad valorem property tax revenues that are in excess of the base year amount that the city or county would have otherwise been entitled to in absence of the agency; and, a statement that a public hearing will be held on the proposal, and a statement of the time and place of that hearing.
- 4) Requires the preliminary project plan, at a minimum, to include the following:
 - a) A description of the proposed boundaries of the project area, as specified;
 - b) A general statement of the land uses, layout of principal streets, population densities and building intensities, and standards proposed as the basis for the redevelopment of the project area;
 - c) Evidence that redevelopment will achieve the purposes of this title;
 - d) Evidence that the proposed redevelopment is consistent with the general plan of each applicable city or county in which the projects are proposed to be located;
 - e) A general description of the impact of the project upon the area's residents and upon the surrounding neighborhood; and,
 - f) A description of the affordable housing or infrastructure projects that are proposed to be financed by the agency.
- 5) Requires the financing section to contain all of the following information:
 - a) A projection of the amount of tax revenues expected to be received by the agency in each year during which the agency will receive tax revenues, including an estimate of the amount of tax revenues attributable to each affected taxing entity for each year;
 - b) A plan for financing the projects to be assisted by the agency, including a detailed description of any intention to incur debt;
 - c) A statement of the total number of dollars of taxes that may be allocated to the agency pursuant to the plan;
 - d) The date on which the agency will cease to exist, by which time all tax allocation to the agency will end, as specified;

- e) An analysis of the costs to the city or county of providing facilities and services to the area of the agency while the area is being developed and after the area is developed, as specified;
 - f) An analysis of the projected fiscal impact of the agency and the associated development upon each affected taxing entity;
 - g) A passthrough provision that provides that the agency will, except as otherwise provided, pay to each affected taxing entity an amount equivalent to the affecting taxing entity equity amount. Specifies that a passthrough provision shall not provide payment to the city or county proposing to form the agency, or to any school entity; and,
 - h) An override passthrough provision that provides that the agency will pay to each affected taxing entity that imposed an override property tax on properties located within the project area an amount that is equivalent to the amount that affected taxing entity would have received, as specified.
- 6) Requires the legislative body to direct the city clerk or county recorder to mail a copy of the resolution of intention to each affected taxing entity.
 - 7) Allows the legislative body of two or more cities to propose to jointly form an agency, subject to certain conditions, by adoption of a resolution of intention by each city proposing to jointly form the agency, and specifies the process for jointly forming an agency.
 - 8) Requires the city or county that adopted the resolution of intention, or the cities that jointly adopted a resolution of intention, to consult with each affected taxing entity. Allows any affected taxing entity to suggest revisions to be included in the resolution of formation.
 - 9) Allows an affected taxing entity to consent to not receive any amount that would have been received under a passthrough provision, as specified.
 - 10) Requires the legislative body to hold a public hearing on the proposal, no sooner than 60 days after the resolution of intention was provided to each affected taxing entity. Requires the legislative body to provide notice of the public hearing, as specified.
 - 11) Requires the legislative body, at the public hearing, to proceed to hear and pass upon all written and oral objections to the formation of the agency, and to consider the recommendations, if any, of affected taxing entities, and all evidence and testimony for and against the formation of the agency. Allows the hearing to be continued. Allows the legislative body to adopt a resolution proposing the formation of the agency, at the conclusion of the public hearing. Requires the resolution of formation to be sent to each affected taxing entity.
 - 12) Requires the legislative body that adopted the resolution of formation to submit that resolution, along with supporting documents, to SGC for review. Requires SGC to determine whether the establishment of an agency would promote statewide greenhouse gas reduction goals. Requires SGC to ensure that the proposed projects equitably represent rural, suburban, and urban communities, and that establishing the agency would not result in an equitable geographic distribution of agencies throughout the state. Requires SGC to approve the resolution of formation of an agency if it determines both of the following:

- a) Formation of the agency would not result in a state fiscal impact that exceeds the limits specified in ____ below; and,
 - b) Formation of the agency would promote statewide greenhouse gas reduction goals.
- 13) Provides that the agency is deemed to be in existence as of the date of that approval.
- 14) Requires SGC to adopt policies and procedures for the receipt and evaluation of resolutions of intention. Requires SGC to establish a program to provide technical assistance to a city or county that desires to form an agency.
- 15) Provides for the governing body of the agency, as follows:
- a) One member appointed by the legislative body, or in the case of agency jointly formed by two or more cities, one member appointed by the legislative body of each city;
 - b) One member appointed by each affected taxing entity; and,
 - c) Two public members initially appointed by the members appointed by the board composed of the members specified above, and then thereafter appointed by the board as a whole. Prohibits the public members from being an elective officer or employee of any affected taxing entity;
- 16) Provides that a majority of the membership of the board constitutes a quorum. A majority of the remaining members of the board shall constitute a quorum, if there is a vacancy.
- 17) Prohibits members of the board from receiving compensation, but may receive reimbursement for actual and necessary expenses. Provides that members of the governing board are subject to ethics training, and that the agency is subject to the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974.
- 18) Allows an agency to finance:
- a) The purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real or other tangible property with an estimated useful life of 15 years or longer that constitutes affordable housing or infrastructure projects;
 - b) The planning and design work that is directly related to the purchase, construction, expansion, or rehabilitation of property; and,
 - c) Costs described in 25), below;
- 19) Provides that financed facilities are not required to be physically located within the boundaries of the agency if there is a tangible connection to the work of the agency. Prohibits an agency from financing routine maintenance, repair work, or the costs of an ongoing operation or providing services of any kind. Provides that an agency can only finance redevelopment projects that the agency finds are appropriate or necessary in the interests of the general welfare. States that redevelopment projects shall only include the following affordable housing or infrastructure projects:

- a) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities;
 - b) Sewage treatment and water reclamation plants and interception pipes;
 - c) Facilities for the collection and treatment of water for urban uses;
 - d) Flood control levees and dams, retention basins, and drainage channels;
 - e) Childcare facilities;
 - f) Libraries;
 - g) Parks, recreational facilities, and open space;
 - h) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles;
 - i) Brownfield restoration and other environmental mitigation;
 - j) The acquisition, construction, or rehabilitation of housing for persons of very low, low, and moderate income, as specified, for rent or purchase. Allows the agency to finance very low, low, or moderate income units in mixed-income housing developments, as specified;
 - k) Transit priority projects, as specified;
 - l) Projects that implement a sustainable communities strategy, as specified; and,
 - m) Port or harbor infrastructure, as specified;
- 20) Requires the agency to require, by recorded covenant or restrictions, that housing units built by the agency shall remain available at affordable housing costs to, and occupied by, persons and families of very low, low, or moderate income households, not less than 55 years for rental units and 45 years for owner-occupied units.
- 21) Prohibits an agency from allocating or transferring any funds to any city, county, or special district unless it is a payment required by the passthrough provision included in the financing section.
- 22) Allows an agency to, within the area established in an approved redevelopment project plan, do either of the following:
- a) Purchase, lease, obtain option upon, acquire by gift, grant, bequest, devise, or otherwise, any real or personal property, any interest in property, and any improvements on it, as specified; or,
 - b) Acquire real property by eminent domain to be used in a redevelopment project, as specified.

- 23) Allows an agency to rent, maintain, manage, operate, repair, and clear real property owned by the agency in an area established in an approved project plan for the purpose of providing affordable housing.
- 24) Prohibits a city or county that created a former redevelopment agency from forming an agency, or participating in the governance or financing of an agency, until specified conditions have been met. Allows an agency to include a portion of a former redevelopment project area, in specified circumstances.
- 25) States the intent of the Legislature that the creation of an agency should not ordinarily lead to the removal of existing dwelling units. Requires replacement dwelling units to be identified, if dwelling units to be removed or destroyed are or were inhabited by persons or families of very low, low, or moderate income at any time within five years before the establishment of the agency, as specified. Provides for other replacement dwelling and relocation assistance requirements, as specified.
- 26) Requires any action or proceeding to attack, review, set aside, void, or annul the creation of an agency, adoption of a redevelopment plan, including the division of taxes thereunder, to be commenced within 30 days after the formation of the agency or adoption of the project plan, as applicable. Specifies that an action or proceeding with respect to a division of taxes or an action to determine the validity of the issuance of bonds may be brought pursuant to Chapter 9 of Title 10 of Part 2 of the Code of Civil Procedure.
- 27) Requires an agency to maintain detailed records of every action taken by that agency, as specified.
- 28) Requires an agency to adopt an annual budget, as specified.
- 29) Requires an agency to submit an annual report to its governing board within six months of the end of the agency's fiscal year, and to submit any audit undertaken by any other local, state, or federal government entity within 30 days of receipt of that audit report. Specifies the contents of the annual report. Requires the agency to file the annual report with the Controller and the Department of Housing and Community Development (HCD) within six months of the end of the agency's fiscal year. Requires the agency to provide a copy, upon written request, to any persons or any affected taxing entity.
- 30) Requires the agency to inform the governing board of any major audit violations at the time the agency presents the annual report to the governing board.
- 31) Requires the Controller to develop and periodically revise the guidelines for the content of the report, and appoint an advisory committee to advise in the development of those guidelines, as specified.
- 32) Requires HCD to compile and publish reports of the activities of each agency for the previous fiscal year, as specified.
- 33) Requires the Controller to compile a list of agencies that appear to have major audit violations, and determine if the agency has corrected the major audit violation, as specified. Requires the Controller to send an agency's major violations and relevant documents to the Attorney General, if the Controller determines that an agency has not corrected the major

audit violation. Requires notice to the agency if the Controller refers audit violations to the Attorney General. Requires the Attorney General to determine whether to file an action to compel the agency's compliance, as specified, and provides for court procedures, as specified. Provides for a sliding scale of fines based on the agency's total revenue, if the court determines that the major audit violation has not been corrected.

- 34) Requires, after the agency is formed, the governing board to designate an appropriate official, such as an engineer of a city or county that is an affected taxing entity, to prepare a redevelopment project plan. Requires the official to prepare a proposed redevelopment project plan, as specified. Requires the designated official to mail the plan to each owner of land within the agency's boundaries and to each affected taxing entity together with any report required by the California Environmental Quality Act (CEQA), as specified, and make the plan available for public inspection. Requires the report to be sent to the governing board. Requires the governing board, no sooner than 60 days after the plan was submitted, to hold a public hearing on the proposal, and provide notice of the public hearing, as specified. Requires the governing board to hear and pass upon all written and oral objections to the plan, and to consider the recommendations, if any, of affected taxing entities, and all evidence and testimony for and against the proposed plan. Allows the board to modify the plan. Allows the governing board to adopt a resolution proposing the adoption of the plan, at the conclusion of the hearing. Specifies that the plan shall take effect upon the adoption of the resolution, unless the proceedings are abandoned.
- 35) Allows a redevelopment project plan to contain a provision that taxes, if any, levied upon taxable property in the area included within the agency each year by or for the benefit of the State of California, or any affected taxing entity after the effective date of the ordinance adopted pursuant to the bill's provisions to create the agency, shall be divided as follows:
- a) That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of the affected taxing entities upon the total sum of the assessed value of the taxable property in the agency as shown upon the assessment roll used in connection with the taxation of the property by the affected taxing entity, last equalized prior to the effective date of the ordinance adopted to create the agency, to be allocated to, and when collected shall be paid to, the respective affected taxing entities as taxes by or for the affected taxing entities on all other property are paid;
 - b) That portion of the levied taxes each year specified in the financing plan for the city or county and each affected taxing entity that has agreed to participate in excess of the amount, as specified, shall be allocated to, and when collected shall be paid into a special fund of the agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by the agency to finance or refinance, in whole or in part, the project. Unless and until the total assessed valuation of the taxable property in an agency exceeds the total assessed value of the taxable property in the agency as shown by the last equalized assessment roll referred to in a), above, all of the taxes levied and collected upon the taxable property in the agency shall be paid to the respective affected taxing entities. When the loans, advances, and indebtedness, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in the project shall be paid to the affected taxing entities as taxes on all other property are paid. When the agency ceases to exist, all moneys thereafter received from taxes upon the

taxable property in the agency shall be paid to the respective affected taxing entities as taxes on all other property are paid; and,

- c) That portion of the taxes in excess of the amount identified in a), above, which are attributable to a tax rate levied by an affected taxing entity for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property shall be allocated to, and when collected shall be paid into, the fund of that affected taxing entity. This shall only apply to taxes levied to repay bonded indebtedness approved by the voters of the affected taxing entity on or after January 1, 1989.
- 36) Specifies, where any agency boundaries overlap with the boundaries of any former redevelopment agency (RDA) project area, any debt or obligation of an agency shall be subordinate to any and all enforceable obligations of the former RDA, as approved by the Oversight Board and Department of Finance (DOF), as specified. Specifies that the division of taxes allocated to the agency, as specified, shall not include any taxes required to be deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund.
- 37) Allows the legislative body of the city or county forming the agency to choose to dedicate any portion of its net available revenue to the agency through the redevelopment project plan.
- 38) Requires, that portion of any ad valorem property tax revenue annually allocated to a city or county pursuant to existing law related to the Educational Revenue Augmentation Fund (ERAF) that is specified in the adopted infrastructure financing plan for the city or county that has agreed to participate in the division of taxes, and that corresponds to the increase in the assessed valuation of taxable property, to be allocated to, and when collected to be apportioned to a special fund of the agency for all lawful purposes of the agency.
- 39) Provides that when the agency ceases to exist pursuant to the adopted infrastructure financing plan, the revenues described in the division of taxes section of the bill shall be allocated to, and when collected, shall be apportioned to the respective city or county.
- 40) Provides that the bill's provisions shall not be construed to prevent an agency from utilizing revenues from any of the following sources to support its activities provided that the applicable voter approval has been obtained, and the infrastructure financing plan has been approved: the Improvement Act of 1911; the Municipal Improvement Act of 1913; the Improvement Bond Act of 1915; the Landscaping and Lighting Act of 1972; the Vehicle Parking District Law of 1943; the Parking District Law of 1951; the Park and Playground Act of 1909; the Mello-Roos Community Facilities Act of 1982; the Benefit Assessment Act of 1982; and, the so-called facilities benefit assessment levied by the charter city of San Diego or any substantially similar assessment levied for the same purpose by any other charter city pursuant to any ordinance or charter provision.
- 41) Provides that all costs incurred by a county in connection with the division of taxes for an agency shall be paid by that agency.
- 42) Requires, for each redevelopment project for which a statement of indebtedness is required to be filed, the statement to contain all of the following:

- a) For each loan, advance, or indebtedness incurred or entered into, all of the following information:
 - i) The date the loan, advance, or indebtedness was incurred or entered into;
 - ii) The principal amount, term, purpose, interest rate, and total interest of each loan, advance, or indebtedness;
 - iii) The principal amount and interest due in the fiscal year in which the statement of indebtedness is filed for each loan, advance, or indebtedness; and,
 - iv) The total amount of principal and interest remaining to be paid;
 - b) The sum of the amounts in iii), above;
 - c) The sum of the amounts in iv) above; and,
 - d) The available revenues as of the end of the previous year, as specified.
- 43) Requires certain information to be included in a reconciliation statement, as specified, for each redevelopment project where it is required.
- 44) Contains provisions for county auditors to allocate funds deposited in a special trust fund, after deducting administrative costs, as specified.
- 45) Requires not less than 30% of all taxes allocated to the agency from any affected taxing entity, as specified, to be deposited into a separate fund, which shall be used for the purposes of increasing, improving, and preserving the community's supply of low and moderate income housing available at affordable housing cost, as specified. Provides for the powers the agency may exercise in carrying out the purposes of this section, and limits what the agency can use the money for. Requires each agency to expend over each 10-year period of the project plan the moneys in the separate fund, unless otherwise specified.
- 46) Requires every redevelopment project plan to contain both of the following:
- a) A provision that requires, whenever dwelling units housing persons and families of low or moderate income are destroyed or removed as part of a project, the agency to, within two years, rehabilitate, develop or construct an equal number of replacement dwelling units, as specified; and,
 - b) A provision that prohibits the number of housing units occupied by extremely low, very low, and low income households, including the number of bedrooms in those units, at the time the plan is adopted, from being reduced in the plan area during the effective period of the plan.
- 47) Allows an agency to adopt a plan for expenditure of all moneys in the separate fund, in the event that an excess surplus accumulates, as specified.

- 48) Contains procedures specifying what happens if the agency fails to expend or encumber excess surplus in the separate fund, as specified.
- 49) Allows the agency, by majority vote of its governing board, to initiate proceedings to issue bonds by adopting a resolution stating its intent to issue bonds, and shall require the following information:
- b) A description of the facilities or developments to be financed with the proceeds of the proposed bond issue;
 - c) The estimated cost of the facilities or developments, the estimated cost of preparing and issuing the bonds, and the principal amount of the proposed bond issuance;
 - d) The maximum interest rate and discount on the proposed bond issuance;
 - e) A determination of the amount of tax revenue available or estimated to be available, for the payment of the principal of, and interest on, the bonds; and,
 - f) A finding that the amount necessary to pay the principal of, and interest on, the proposed bond issuance will be less than, or equal to, the amount determined pursuant to e), above.
- 43) Requires the clerk of the agency to publish the resolution once a day for at least seven successive days in a newspaper published in the city or county at least six days a week, or at least once a week for two successive weeks in a newspaper published in the city or county less than six days a week. Requires, in the case of an agency jointly formed by two or more cities, the clerk to publish the resolution in a newspaper in each city. If no newspapers meet the criteria, the resolution must be posted in three public places within the territory of the district for two succeeding weeks.
- 44) Requires the agency to issue bonds by adopting a resolution providing for all of the following:
- a) The issuance of the bonds in one or more series;
 - b) The principal amount of the bonds that shall be consistent with the amount specified above;
 - c) The date the bonds will bear;
 - d) The date of maturity of the bonds;
 - e) The denomination of the bonds;
 - f) The form of the bonds;
 - g) The manner of execution of the bonds;
 - h) The medium of payment in which the bonds are payable;

- i) The place or manner of payment and any requirements for registration of the bonds; and,
- j) The terms of call or redemption, with or without premium.

45) Allows the agency to provide for the refunding of bonds, as specified.

46) Prohibits the agency or any person executing the bonds from being personally liable on the bonds by reason of their issuance, and provides that the bonds and other obligations of an agency are not a debt of the city, county, or state or any of its political subdivisions, other than the agency, and none of those entities, other than the agency, shall be liable on the bonds. Requires the bond obligations to be payable exclusively from funds or properties of the agency. Requires the bonds to contain a statement to this effect on their face. States that the bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation.

47) Allows the bonds to be sold at a discount not to exceed 5% of par at public sale. Requires, at least five days prior to the sale, notice to be published, as specified, in a newspaper of general circulation and in a financial newspaper published in the City and County of San Francisco and in the City of Los Angeles. Prohibits bonds from being sold at not less than par to the federal government at a private sale without any public advertisement.

48) Provides that if any member of the agency whose signature appears on bonds ceases to be a member of the public financing authority before delivery of the bonds, his or her signature is as effective as if he or she had remained in office. Provides that bonds issued pursuant to the bill's provisions are fully negotiable.

49) Requires the agency to contract for an independent financial and performance audit every two years after the issuance of debt, conducted according to guidelines established by the Controller.

50) Defines "state fiscal impact" to mean the impact on the amount that the state is required to apportion to local educational entities, in accordance with existing requirements, with respect to agencies within the state.

51) Requires, for the 2020-21 fiscal year, and each fiscal year thereafter, the Controller to determine the state fiscal impact with respect to all agencies within the state. Requires, if the state fiscal impact exceeds an unspecified dollar amount in any fiscal year, that an agency shall not be formed, and an existing agency shall not incur any additional indebtedness, until the next fiscal year in which the Controller determines that the state fiscal impact is below a specified limit.

52) Requires the Controller to publish on the Controller's website a notice that includes the Controller's determination of the state fiscal impact of all agencies within the state for the prior fiscal year and stating whether or not any additional agencies may be formed.

FISCAL EFFECT: This bill is keyed fiscal and contains a state-mandated local program.

COMMENTS:

- 1) **Background.** Article XVI, Section 16 of the California Constitution authorizes the Legislature to provide for the formation of RDAs to eliminate blight in an area by means of a self-financing schedule that pays for the redevelopment project with tax increment derived from any increase in the assessed value of property within the redevelopment project area (or tax increment). Prior to Proposition 13 very few RDAs existed; however, after its passage, RDAs became a source of funding for a variety of local infrastructure activities. Eventually, RDAs were required to set-aside 20% of funding generated in a project area to increase the supply of low and moderate income housing in the project areas. At the time RDAs were dissolved, the Controller estimated that statewide, RDAs were obligated to spend \$1 billion on affordable housing.

At the time of dissolution, over 400 RDAs statewide were diverting 12% of property taxes, over \$5.6 billion yearly. In 2011, facing a severe budget shortfall, the Governor proposed eliminating RDAs in order to deliver more property taxes to other local agencies. Ultimately, the Legislature approved and the Governor signed two measures, ABX1 26 (Blumenfield), Chapter 5 and ABX1 27 (Blumenfield), Chapter 6 that together dissolved RDAs as they existed at the time and created a voluntary redevelopment program on a smaller scale. In response, the California Redevelopment Association (CRA) and the League of California Cities, along with other parties, filed suit challenging the two measures. The Supreme Court denied the petition for peremptory writ of mandate with respect to ABX1 26. However, the Court did grant CRA's petition with respect to ABX1 27. As a result, all RDAs were required to dissolve as of February 1, 2012.

- 2) **Bill Summary and Author's Statement.** This bill would allow cities and counties to create affordable housing and infrastructure agencies to fund infrastructure and would require that 30% of funding generated be set-aside for affordable housing activities. To establish an agency all taxing entities would be required to participate; however, the local agency that establishes the agency would be required to passthrough property tax sufficient to keep the other taxing entities whole, excluding the schools' portion. Agencies are also required to get state approval. Agencies would provide the SGC with a copy of the resolution to create the agency and their plan to fund infrastructure, affordable housing, and finance their activities. Agencies that the state approves will receive the school's portion of tax increment in addition to the city's portion that created the agency. Schools would be kept whole because the state would contribute to agencies by backfilling schools to meet the Proposition 98 obligations. Each year, the Controller would determine the "state fiscal impact" or the amount that the state needs to contribute to schools to meet the Proposition 98 guarantee. This amount would be capped and would limit the amount of agencies that could be formed. This bill is sponsored by the author.

According to the author, "Redevelopment agencies were a major source of funding for affordable housing and infrastructure. At the time of dissolution, the Controller estimated that the amount required to be spent on affordable housing was approximately \$1 billion. AB 11 would authorize the creation of a new tax increment financing tool, affordable housing and infrastructure agencies, to fund infrastructure and affordable housing, but only with state approval.

“Cities and counties would need to pass a resolution creating an agency that includes a description of the project area, the intended activities, and local funding commitments. All taxing entities would be required to participate, however, cities could pass property taxes back to counties and special districts in an amount equivalent to what they would have received if the agency did not exist. The state would approve the creation of an agency and would backfill the schools’ portion of property taxes to keep them whole under Proposition 98. The bill would cap the amount that the state provides in backfill each year and consequently the general fund cost. If we are going to address our housing affordability crisis, we need to give local governments the tools to fund affordable housing and infrastructure. AB 11 reinvigorates tax increment financing in a reasonable and fiscally prudent manner.”

- 3) **Arguments in Support.** Supporters highlight the deficit that the dissolution of RDAs created in affordable housing funding statewide and the need to create a more robust tax increment financing tool than what has been authorized since redevelopment dissolution. RDAs generated \$1 billion in funding a year for affordable housing and the loss of that funding has contributed to the affordable housing and homelessness crisis. New tools created after dissolution do not require the other taxing entities to participate and so far only cities have contributed tax increment. AB 11 would contribute the schools share but in a responsible manner by capping the total contribution statewide and requiring the state to backfill schools so they continue to receive adequate funding.
- 4) **Arguments in Opposition.** Howard Jarvis Taxpayers Association is concerned about the “unlimited ability to use eminent domain within a project area....while we see purpose in using eminent domain to improve property that may be creating a public nuisance, or threatens the health and safety of citizens, the current definition of blight in California law is far too broad to accomplish these objectives. Another concern is lack of voter involvement regarding issuing long-term debt. Any long-term bond that is on the property tax roll for 30-40 years will be in place long after the local politicians that approved it are out of office. Voters should have a say regarding how their tax dollars are allocated, and what projects they are spent on.”
- 5) **Double-Referral.** This bill was heard in the Housing and Community Development Committee on April 10, 2019, and passed with a 6-2 vote.

REGISTERED SUPPORT / OPPOSITION:

Support

Alameda County Transportation Commission
Bay Area Housing Advocacy Coalition
California Apartment Association
California Association of Realtors
Leadingage California
San Francisco Housing Action Coalition

Opposition

California Teachers Association
Fieldstead And Company, Inc.
Howard Jarvis Taxpayers Association
Institute for Justice
Pacific Legal Foundation

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