



Item #12-4-8
Consent

SACOG Board of Directors

April 12, 2012

Adopt State Advocacy Principles and Community Revitalization Guiding Principles

Issue: Action on State Advocacy Principles and update on legislation.

Recommendation: The Government Relations & Public Affairs Committee recommends that the board adopt the State Advocacy Principles and Community Revitalization Guiding Principles.

Committee Action/Discussion: The Board asked staff to work with the Government Relations & Public Affairs Committee to revise the State Advocacy Principles (Attachment A) and Community Revitalization Guiding Principles (Attachment B). Staff's recommended changes are noted.

Transportation

Most of the focus for transportation legislation is on high-speed rail, and much of that is still evolving. Staff may have specific bills for the Board to consider later this year. Staff is working on a legislative proposal to address farebox recovery ratios in Sacramento County, which is a separate item on the Board's agenda.

Redevelopment Dissolution/Community Revitalization

The dissolution of redevelopment and the future of local economic development and affordable housing is one of the most active topics in the legislature. Over a dozen bills have an impact in some way on this topic, with some very narrowly focused, and others covering multiple issues. Attachment C provides a narrative overview of the ideas being proposed. A key Senate hearing is scheduled for April 18.

Water

The legislature has held a few informational hearings on Sacramento-San Joaquin Delta issues. Several legislators have introduced bills that may be worth consideration later this session as they are amended. Additionally, the legislature may still attempt to open up the statewide water bond measure that is currently scheduled for the November election. Staff will present any new updates at the committee meeting.

Approved by:

Mike McKeever
Chief Executive Officer

MM:EJ:ef

Attachments Attachment A - SACOG State Advocacy Principles
 Attachment B - Community Revitalization Guiding Principles
 Attachment C - Redevelopment Dissolution/Community Revitalization Update

Key Staff: Kirk Trost, Chief Operating Officer/General Counsel, (916) 340-6210
 Rebecca Sloan, Director of External Affairs & Member Services, (916) 340-6224
 Erik Johnson, Government & Media Affairs Coordinator, (916) 340-6247

SACOG State Advocacy Principles

The principles outlined below help support SACOG's work in linking transportation, air quality, and land use. SACOG will work to advance the interests of the Sacramento region. In order to accomplish these principles, SACOG will advocate for sufficient funding in legislation and the state budget, and seek out grants to effectively plan for and deliver projects that meet these principles.

Financial Stewardship

A transportation system that delivers cost-effective results that are feasible to construct and maintain.

- Give regions and local governments additional revenue options and protections, including transferring legal control of state funds to local governments for transportation.
- Offer regions and local governments tools for community revitalization and infrastructure, and provide them with additional financing options.
- Provide local governments more flexibility and options, particularly for transit operations/capital and road maintenance/rehabilitation, in both rural and urban areas.
- Restructure the state budget to help stabilize transportation funding.
- Restructure state government to be more efficient, but do not silo the important integration of transportation, land use and air quality planning.

Economic Vitality

Efficiently connect people to jobs and get goods to market.

- Fund goods movement improvements in the Sacramento region.
- Fund rail freight improvements and regional air quality programs, and coordinate state passenger rail planning.
- Fund improvements on rural farm-to-market roads.
- Modify representation on state boards and commissions to provide equitable representation for those entities that directly impact SACOG or its members, and where appropriate, a dedicated Sacramento region representative, such as on the Air Resources Board.

Smart Land Use

Design a transportation system to support good growth patterns, including increased housing and transportation options, focusing more growth inward and improving the economic viability of rural areas.

- ~~Protect redevelopment funds~~ Preserve assets and ~~related~~ tools that help existing communities of all sizes and support smart growth, Senate Bill 375 implementation, and Assembly Bill 32 implementation.
- Amend housing element law and/or administrative procedures to give jurisdictions flexibility to provide affordable housing that is appropriate for their community, and remove disincentives and regulatory obstacles to providing affordable housing, including devolution of decision making from HCD to regions and local governments.
- Create performance-based funding for local governments and regions to implement Senate Bill 375.
- Help local governments and regions use CEQA benefits from Senate Bill 375.
- Fund Williamson Act subventions.

Environmental Quality & Sustainability

Minimize direct and indirect transportation impacts on the environment for cleaner air and natural resource protection.

- Strengthen the Williamson Act, and provide additional resources and tools for local governments to preserve farmland and open space through public or private programs.
- Reform regulations to streamline review and approval of transportation and smart land use projects with low environmental impacts and positive benefits to state regional, and local goals.
- Involve regional and local governments in flood management and water resources.
- Support local flood protection efforts with funding and administrative support.
- Fund innovations that link natural resource mitigation and habitat valuation on agricultural lands.

Access & Mobility

Improve opportunities for businesses and citizens to easily access goods, jobs, services and housing.

Support complete streets designed to accommodate cars, transit, bicyclists, and pedestrians including education, encouragement, and infrastructure for Safe Routes to School.

Community Revitalization Guiding Principles

Expanding on the State Advocacy Principle listed below, the SACOG Board and staff will use the following guiding principles in working with the legislature and stakeholders in developing alternative tools for community revitalization, and will not support proposals that conflict with these principles.

State Advocacy Principle: Offer regions and local governments tools for community revitalization and infrastructure, and provide them with additional financing options.

Redevelopment Dissolution

- Provide for dissolution of existing redevelopment agency assets in a manner that preserves the value of the asset ~~protects the best interests of the public~~.
- Preserve existing affordable housing funds as well as supportive infrastructure.

Community Revitalization

- Maximize tax-increment benefits to existing plans, including general plans and specific plans, and metropolitan transportation plans and sustainable communities strategies.
- Encourage multijurisdictional coordination without restrictions or other conditions on tax-increment benefits.
- Provide financing and other tools for communities of all sizes to promote economic development and public infrastructure.
- Offer CEQA streamlining to community revitalization plans and projects to accelerate projects.
- Continue to provide a dedicated source of affordable housing for local governments to meet state requirements and community needs.

Redevelopment Dissolution/Community Revitalization Update

Since the SACOG Board meeting in March, the legislature has been working on several bills related to redevelopment dissolution and reestablishment of tools for community revitalization. The field of bills is crowded and varied, with some bills attempting to cover all aspects of the issues, while others are narrowly focused. This document gives a general overview of the concepts being discussed. On March 29, the legislature introduced substantial amendments to several bills. While most of the bills are generally consistent with the Draft Community Revitalization Guiding Principles (Attachment B), in many cases there is insufficient detail to be sure. Staff will continue to analyze these bills and present more information at the Committee meeting.

SACOG staff met with various legislative staff earlier in March to provide feedback on some of the bills that have been introduced. In addition, SACOG staff has spoken with a group of regional managers about the specific needs of their communities and shared some of the information on proposals that SACOG staff learned from legislative staff.

Redevelopment Dissolution

There are two primary aspects related to redevelopment dissolution being addressed by active legislation: disposal of RDA assets, and governance/legal. General direction from the SACOG Board on redevelopment dissolution is to preserve the value of the assets and preserve affordable housing funds.

While earlier measures, such as SB 659, attempted to delay the dissolution of redevelopment, the focus of most bills addressing dissolution is on the criteria and process for disposal of assets, both real estate and funds. Some attempt to expand the definition of enforceable obligations to allow more projects that were started by RDAs to be completed. Others focus on creating statewide trust funds to preserve assets until there is more certainty about the future of local tools for community revitalization. The most significant legislation at this point focusing on disposal of assets is AB 1585 (Perez), which is pending in the Senate. Given the strong statements by the governor to dissolve RDAs quickly, the proposals addressing governance and legal issues focus on clarifying the authorities of successor agencies. It is important to note that the state has a legal claim to some portion of the RDA assets, so changes to the disposal of assets will likely depend on the resolution of the state budget deficit.

The following concepts are part of one or more bills:

Disposal of Assets

- Establishing a statewide trust fund, that either directly returns assets or redistributes assets
- Passing low and moderate housing funds to agencies assuming housing functions
- Allowing cities to retain low and moderate housing funds
- Expanding definition of enforceable obligations (e.g., loans from cities, school construction bonds)
- Preserving funds for brownfield and military base reuse
- Delaying disposal of assets and requiring bonds to be used for original purposes by December 2014
- Preserving funds for development in transit priority project areas, as identified in regional transportation plans

Governance/Legal

- Allowing successor agencies to continue to develop brownfield areas (use of Polanco Act)
- Requiring redevelopment to be consistent with a Sustainable Communities Strategy (SCS) or Alternative Planning Strategy (APS)

Community Revitalization

Going forward, legislative concepts for replacing redevelopment in general preserve many of the tools from redevelopment agencies, but the approaches vary. One replacement for tax-increment financing (TIF) discussed in several bills is an expanded version of Infrastructure Financing Districts (IFDs). None of the proposed tools fully replace the financial benefits of redevelopment because of the desire to protect the school share and payments to other tax-receiving entities.

At this point, it appears that every legislative proposal protects the school share, so that there is no fiscal impact to the state. The cost of school funding, borne either by the local government or the developer, is a new local cost that did not exist under redevelopment. The legislative proposals also vary on the participation from other local governments. In all cases, a jurisdiction seeking to use tax-increment financing cannot use the full tax increment benefit without some measure of approval by other tax-receiving entities (e.g., counties, school districts, special districts). These factors combined limit the tax-generating ability of new tools.

Because RDAs cannot be wholly recreated, the benefits of the proposed community revitalization tools vary from the benefits of RDAs. Previously, RDAs could benefit projects of all sizes because of their ability to capture a significant portion of the tax increment. TIF applied to the same project area under the current proposals would not yield the same amount of funding. Projects that may have been financially viable under RDAs may not be viable going forward.

In staff conversations with regional managers, we heard that the significantly reduced revenue stream from a new TIF means that in order for this to be meaningful, and motivate them to want to elect to participate at all, the tools need to include:

- New, locally controlled and raisable revenue tools (at this point, none of the legislative proposals appear to include this)
- Maximum local flexibility on how to spend funds, so they are not subdivided into many small, ineffective subcategories
- No added state regulations (e.g., rules about what parking ratios local governments are allowed to put in the zoning codes)

Perhaps of benefit to communities in this region, a couple of proposals to restore some form of redevelopment replace the blight finding with an SCS consistency requirement. Although the potential revenue may be lower, such a shift could help jurisdictions support infill proposals.

The proposals also continue support for affordable housing. Some take a direct approach, by continuing to require local jurisdictions to set aside a portion of the funds generated from community revitalization for affordable housing. One proposal establishes a new funding stream for affordable housing, funded by fees on real estate transactions. Other proposals discussed (but not introduced) include other fees, such as vehicle license fees. Legislative proposals for new fees generally will face stiff opposition. Building industry opposition would be expected on proposals to increase real estate costs, and such opposition may seek other legislative changes, such as limitations on exclusionary zoning ordinances.

The following concepts are part of one or more bills:

Tax Increment Financing

- Contingency for school share made whole and public safety funding taken into consideration
- Contingency for SCS consistency and meeting other criteria to promote infill development

Affordable Housing Funding

- Requiring 20% of bond revenue set aside for low/moderate income housing
- Making affordable housing an eligible use of IFD revenues
- Establishing a trust fund, funded by fees on real estate transactions

Governance/Legal

- Requirement of SCS, and/or APS, connection or consistency
- Requirement for consent of counties and/or other taxing entities, or participation by local agencies in the formation of a JPA (acknowledging that counties in particular have unique obligations that consume most of their budgets; counties also did not participate in RDAs at the same rate; this proposal is intended to keep counties fiscally whole)
- Allowing financial and other agreements with community colleges, K-12 school districts, and private businesses for workforce development

Other Investment Tools

- Modified local sales tax measure authority for community revitalization purposes
- Requiring public pensions to prioritize in-state capital investments over out-of-state investments

Infrastructure Financing Districts

Under current law, cities and counties can form Infrastructure Financing Districts (IFDs) to issue bonds for public works projects. Like redevelopment, IFDs use tax-increment financing to repay bonds from the increase property values over the life of the bonds. Unlike redevelopment, IFDs require voter approval (2/3) to form and issue bonds. IFDs have access to a smaller share of tax increment, because the school share is excluded, and other taxing entities are required to approve the IFD plan. Several bills attempt to modify IFD requirements to increase their usefulness to cities and counties. Among the ideas:

- Allowing Infrastructure Financing Districts (IFD) to be formed in redevelopment areas
- Removing or lowering voter approval requirements for IFD formation or bond issuance
- Require an affordable housing, economic development, or transit village plan (IFDs do not have a blight finding requirement)
- Extending the life of IFDs from 30 to 40 years
- Adding new purposes for other public benefits, including affordable housing and economic development with restrictions (e.g., no auto malls or big box centers)

Redevelopment Dissolution/Community Revitalization Legislation Summary

Disposal of Assets

CA AB 1555	<p>AUTHOR: Norby [R] TITLE: Redevelopment: Debt Forgiveness Agreements SUMMARY:</p> <ul style="list-style-type: none"> • Prohibits the oversight board from requiring the successor agency to take any action that results in the forgiveness, wholly or partially, of a loan, advance, or indebtedness that is owed by a public body to the dissolved redevelopment agency. • Authorizes the board to set aside any agreements relating to such forgiveness that date back to January 1, 2011. <p>Vote Requirement: Majority STATUS: 03/06/2012 In ASSEMBLY. Read second time and amended. Re-referred to Committee on HOUSING AND COMMUNITY DEVELOPMENT. Hearing 04/25/2012 9:00 am, Room 126</p> <p>POSITIONS: Not available COMMENTS: Staff recommends monitoring this bill.</p>
CA AB 1585	<p>AUTHOR: Perez J [D] TITLE: Redevelopment SUMMARY:</p> <ul style="list-style-type: none"> • Provides that any amounts on deposit in the Low and Moderate Income Housing Fund of a dissolved redevelopment agency be transferred to the city or county if they assume the housing functions. • Makes numerous clarifications governing the administration of affordable housing funding and related programs. • Adds the following types of loans to be considered as an enforceable obligation: <ul style="list-style-type: none"> ○ Loan agreements between the former RDA and the city, county, or city and county that created it, made within two years of the date of the creation of a project area, if the loan was for the project area; ○ Loans made from the city or county to the former RDA to make a payment to the State's Supplemental Educational Revenue Augmentation Fund (SERAF); and ○ Any other loan, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes; the oversight board may also condition its approval of on the loan being repaid on a defined schedule over a reasonable term, at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. • Requires the compilation of a complete inventory of existing real property assets, by project area, including the general categories of such assets, the purpose for which they were originally acquired, the original purchase price and the estimated current market value. <ul style="list-style-type: none"> ○ Authorizes an oversight board to direct the transfer of assets integral for a governmental purpose to an appropriate governmental jurisdiction. ○ Prior to disposing of any assets, the oversight board must receive and review this inventory and adopt a strategy for disposal or transfer in an expeditious but orderly manner that preserves the asset's value. <p>Vote Requirement: 2/3 (urgency clause) STATUS: 03/26/2012 In ASSEMBLY. Read third time, urgency clause adopted. Passed</p>

ASSEMBLY. *****To SENATE.

POSITIONS:

Support: League of Cities, California Redevelopment Association. Oppose: Santa Clara County, Los Angeles County

COMMENTS:

This is a significant piece of legislation related to dissolution. While it provides some helpful changes, Los Angeles and Santa Clara counties are opposing the bill because it modifies the dissolution procedures and adds additional enforceable obligations. CSAC has not taken a position on the bill. The bill includes some elements that would benefit cities and counties in our region that had RDAs, but stops short of providing the full potential benefits of new tools for community revitalization. Several of the subjects of this bill are also being addressed in other bills, such as SB 1156. Given the changeable nature of this and other bills addressing these subjects, staff recommends monitoring this bill at this time, monitoring the developments around other bills addressing these subjects, and continuing to seek input on these bills from SACOG members.

CA SB 986

AUTHOR: Dutton [R]

TITLE: Redevelopment: Bond Proceeds

SUMMARY:

- Provides that all bond proceeds that were generated by a former redevelopment agency shall be deemed to be encumbered.
 - Prohibits a successor agency from remitting these proceeds to the county auditor-controller.
 - Requires that the proceeds of bonds issued by a former redevelopment agency must be used by the successor agency for the purposes for which the bonds were sold pursuant to an enforceable obligation that was entered into either by the former agency or its successor agency by December 14, 2014.
 - Requires the oversight board to approve of the establishment of an enforceable obligation with respect to bond proceeds.
 - Prohibits the oversight board from disapproving the establishment of an enforceable obligation with respect to bond proceeds if that obligation is reasonably in furtherance of the purposes for which the bonds were sold.
- Vote Requirement: 2/3

STATUS:

03/21/2012 In SENATE Committee on GOVERNANCE AND FINANCE: Not heard.
Hearing 04/18/2012 9:30 am, Room 112

POSITIONS:

Support: League of Cities and various cities, including Folsom. Oppose: Los Angeles County, California Professional Firefighters

COMMENTS:

Opponents to this bill argue that it prefers successor agencies over taxing entities, and it honors loans between cities and former RDAs. Staff is unsure about the specific impacts of this bill to our region. Staff recommends monitoring this bill at this time, and continuing to seek input on these bills from SACOG members.

Use of Funds by Successor Agencies

CA AB 1235

AUTHOR: Hernandez R [D]

TITLE: Polanco Redevelopment Act: Transfers

SUMMARY:

Amends the Polanco Redevelopment Act to apply all authority, rights, powers, duties, obligations, and protections relating to the remedy or removal of a hazardous substance release afforded to a redevelopment agency under the act to a successor agency, for any property that was within the redevelopment project of a redevelopment agency that has been dissolved by an act of the Legislature.

Vote Requirement: 2/3

STATUS:

09/08/2011 In SENATE. From third reading. To Inactive File.

POSITIONS:

Support: Center for Creative Land Recycling (Sponsor), California Realtors Association

COMMENTS:

This bill is narrowly focused on maintaining the ability of communities to continue to remediate brownfield sites in former redevelopment agencies. Staff believes that hazardous material remediation is an important issue in redevelopment. However, this bill is inactive. Staff recommends monitoring this bill, continuing to promote the extension of the Polanco act to successor agencies, and seeing whether this issue is addressed in other broader bills related to redevelopment.

CA SB 1335

AUTHOR:

Pavley [D]

TITLE:

Redevelopment and Brownfield Sites

SUMMARY:

- Authorizes a successor agency to retain land of a former redevelopment agency that is a brownfield site for specified remediation or removal purposes.
- Upon completion of remediation, requires the successor agency to dispose of the land pursuant to existing asset disposition provisions.

Vote Requirement: Majority

STATUS:

03/29/2012 In SENATE. Read second time and amended. Re-referred to Committee on ENVIRONMENTAL QUALITY. Hearing 04/16/2012 1:30 pm, Room 112

POSITIONS:

Not available

COMMENTS:

Because of the limited scope, and because it is on the periphery of the issues in SACOG's guiding principles, staff recommends monitoring this bill.

CA SB 1439

AUTHOR:

Huff [R]

TITLE:

Redevelopment: Successor Agencies

SUMMARY:

- Amends existing law that suspends various activities of redevelopment agencies and prohibits the agencies from incurring indebtedness for a specified period and requires successor entities perform certain duties, including, to continue to oversee development or properties until the contracted work has been completed or the contract obligation can be transferred.
- Requires a successor agency to continue to oversee the development and construction of any regional transportation project of the former agency.

Vote Requirement: 2/3 (urgency)

STATUS:

04/09/2012 Re-referred to SENATE Committee on GOVERNANCE AND FINANCE.

POSITIONS:

Not available

COMMENTS:

This bill appears to have limited applicability to the City of Monrovia, the Monrovia Redevelopment Agency, and transportation projects in which the city and agency have an interest. Therefore, staff recommends monitoring this bill.

Community Revitalization

CA AB 1644

AUTHOR:

Carter [D]

TITLE:

Military Base Reuse and Preservation Act of 2012

SUMMARY:

- Makes findings and declarations relating to the granting of redevelopment powers to communities affected by federal military base closures.

- Requires a reuse plan to contain several elements relating to the economic, environmental, and low- and moderate-income housing impacts of the military base closure.
- Authorizes the reuse authority to acquire and dispose of real property and other assets adjacent to, or near, the former base.

Vote Requirement: Majority

STATUS:

03/29/2012 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT. Hearing 04/25/2012 1:30 pm, Room 447

POSITIONS:

Not available

COMMENTS:

This bill is narrowly focused. It is not clear, however, that any of the former military bases in the region (Mather, McClellan) could benefit from this authority. Staff will follow up with legislative staff to determine whether the bill does, or could, impact this region. Nevertheless, because of the limited scope, and because it is on the periphery of the issues in SACOG's guiding principles, staff recommends monitoring this bill.

CA SB 1151

AUTHOR:

Steinberg [D]

TITLE:

Long Range Asset Management Plan

SUMMARY:

- Establishes a Sustainable Economic Development and Housing Trust Fund to serve as a repository of the unencumbered balances and assets of the former redevelopment agency (i.e., cash, liquid investments, real and personal property).
- Requires a Community Development and Housing Joint Powers Authority (established in SB 1156) formed by August 1, 2012, to prepare a long range asset management plan that governs the disposition and ongoing use of the fund.
 - Requires an authority to submit the plan to the Department of Finance by December 1, 2012, which would be approved or returned for revision by December 31, 2012.
 - Authorizes moneys from the fund to be expended for specified purposes relating to economic development and affordable housing:
 - Infill development financing and maintenance of infrastructure consistent with an SCS
 - Affordable housing, including transitional criminal justice housing
 - Environmental mitigation, including brownfields remediation
 - Former military bases
 - Clean energy and energy efficiency investments
 - Educational, labor-management and job training programs leading to high-skill, high-wage jobs

Vote Requirement: Majority

STATUS:

03/29/2012 In SENATE. Read second time and amended. Re-referred to Committee on GOVERNANCE AND FINANCE. Hearing 04/18/2012 9:30 am, Room 112

POSITIONS:

Not available

COMMENTS:

This bill makes significant changes to the disposition of former RDA assets and establishes a new statewide fund that may result in redistribution of locally-generated tax increment funds. The structure of the fund is likely to be opposed by local governments, but members in our region could benefit if they would like to preserve assets for economic development and affordable housing purposes identified in the bill. Members in the region also could be net beneficiaries, as the assets on hand from former RDAs are lower than in other parts of the state, so if other regions forfeit funds,

local governments in our region could compete for them. Staff recommends working with our members to identify areas of common interest, and providing specific feedback to Senator Steinberg and his staff, consistent with the SACOG's advocacy principles, on the anticipated benefits and tradeoffs of this bill for the region.

CA SB 1156

AUTHOR: Steinberg [D]
TITLE: Community Development & Housing Joint Powers Authority
SUMMARY:

- Authorizes the legislative body of the city and county representing the geographic territory covering the area served by a former redevelopment agency to elect to form a Community Development and Housing Joint Powers Authority (JPA) after July 1, 2012, and to carry out the provisions of the Community Redevelopment Law.
- JPA would manage and invest the Sustainable Economic Development and Housing Trust Fund (established in SB 1151).
- Defines new project areas as any of the following:
 - SCS adopted by MPO and accepted by ARB and either:
 - Within the geography of a Transit Priority Area in SCS, or
 - Small walkable communities within an incorporated city:
 - approximately 1/4 mile diameter of contiguous land completely within the existing city boundaries
 - include a residential area adjacent to a retail downtown area.
 - average net density of at least eight dwelling units per acre or a floor area ratio for retail or commercial use of not less than 0.50.
 - Clean energy manufacturing site (including alternative fuel vehicles)
 - Former military bases
 - Brownfields
- Authorizes the authority to adopt a redevelopment plan for a project area including plans for tax increment financing if they:
 - develop school mitigation plans to fully offset the property tax losses of school districts (mechanism would be defined by JPA, but could include assessment districts, exactions, or other means)
 - analyze strategies for mitigating other public service impacts
 - adopt sustainable parking standards that restrict parking (in transit priority areas)
 - 20% set-aside for low/mod income housing
 - For transit priority areas and small walkable communities within an MPO, a plan consistent with the use designation, density, building intensity, and applicable policies specified for the project area in the sustainable communities strategy and that, for new residential construction, provides a density of at least 20 dwelling units per net acre and for nonresidential uses, provides a minimum floor area ratio of 0.75.
- provided specified mitigation and land use plans have been adopted.
- Retains the Low and Moderate Income Housing Fund.
- Authorizes JPAs to implement a local sales tax, subject to voter approval
- Authorizes public pension funds to invest in the public infrastructure and private commercial and residential developments (similar to SB 955)
- Authorizes the authority to enter into agreements to facilitate career and technical education.

Vote Requirement: Majority

STATUS:

03/29/2012 In SENATE. Read second time and amended. Re-referred to Committee on GOVERNANCE AND FINANCE. Hearing 04/18/2012 9:30 am, Room 112

POSITIONS:

Not available

COMMENTS:

This bill allows for joint powers authorities to create tax increment and other tax mechanisms to support SCS, clean tech and brownfield development, preserves housing funding, increases/expands uses of TI, but requires financing mechanisms and strategies to mitigate school and other public service impacts. Requirements, particularly parking standards, and funding offset for schools may be problematic for support of bill from cities and the building industry. The financial net benefit of TI is an important consideration in weighing the restrictions in this bill. Staff recommends providing specific feedback to Senator Steinberg and his staff on the anticipated benefits and tradeoffs of this bill for the region.

Infrastructure Financing Districts

CA AB 485

AUTHOR:

Ma [D]

TITLE:

Local Planning: Transit Village Development Districts

SUMMARY:

- Extends tax-increment benefits to transit village development districts. Requires a city or county that uses infrastructure financing district bonds to finance its transit village development district to use at least 20% of the revenue from those bonds for the purposes of increasing, improving, and preserving the supply of lower and moderate-income housing and rental units.
- Eliminates the requirement of voter approval for the adoption of an infrastructure financing plan, the creation of an infrastructure financing district, and the issuance of bonds.
- Requires every local agency that will contribute its property tax increment revenue to the IFD to approve the infrastructure financing plan.
- Extends the life of IFDs from 30 to 40 years.

Vote Requirement: Majority

STATUS:

09/07/2011 In SENATE. From third reading. To Inactive File.

POSITIONS:

Support: BART, California Transit Association, MTC. Oppose: California Realtors Association, Howard Jarvis Taxpayers Association, California Taxpayers Association

COMMENTS:

While this bill is inactive, the concept of modifications to IFDs remains active. This bill attempts to replace the blight finding with a Transit Village Development District as the threshold requirement for access to tax-increment financing. While this bill could potentially benefit transit-rich areas of the region, provided that former redevelopment areas are permitted to establish districts, it leaves out infill opportunities in smaller communities or those without significant transit use. This bill is co-sponsored by Senator Wolk. Staff recommends monitoring this bill.

CA AB 2144

AUTHOR:

Perez J [D]

TITLE:

Local Government: Economic Development

SUMMARY:

- Amends existing law that authorizes a city or county to establish IFDs for the purpose of financing public facilities utilizing TIF revenues.
- Deletes the provision prohibiting an IFD from including a redevelopment project area and a project area from including any portion of an IFD.

Vote Requirement: Majority

STATUS:

03/29/2012 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.

POSITIONS:

Not available

COMMENTS:

This bill simply allows IFDs to form in former redevelopment areas. Given the limited scope of this bill, staff recommends monitoring this bill until it can determine whether

there are bills with a broader scope that may move forward this legislative session.

CA AB 2551

AUTHOR: Hueso [D]
TITLE: Infrastructure Financing Districts: Energy Zones
SUMMARY:

- Authorizes a legislative body to establish an IFD in a renewable energy zone for the purpose of promoting renewable energy projects.
- Deletes provisions prohibiting the Legislature from changing pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county.
- Exempts the creation of the district from the voter-approval requirement.

Vote Requirement: Majority

STATUS:

03/29/2012 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT. Hearing 04/18/2012 1:30 pm, Room 127

POSITIONS:

Not available

COMMENTS:

This bill focuses on extending allowable uses of IFDs to cover renewable energy. Again, given the limited scope of this bill, staff recommends monitoring this bill at this time.

CA SB 214

AUTHOR: Wolk [D]
TITLE: Infrastructure Financing Districts: Voter Approval
SUMMARY:

- Revises provisions governing the public facilities that may be financed.
- Eliminates the requirement of voter approval to create an IFD, adopt a financing plan, and issue bonds.
- Adds the following types of facilities an IFD can finance:
 - Facilities and watershed lands used for the collection and treatment of water for urban uses;
 - Flood management, including levees, bypasses; and,
 - Habitat restoration.
- Authorizes an IFD to finance any projects that implement an SCS
- Extends Polanco Act (brownfield remediation) powers to IFDs
- Removes exclusion of IFDs in RDAs
- Removes intent language that IFDs are substantially undeveloped
- Prohibits an IFD from providing financial assistance to a vehicle dealer or big box retailer.
- Extends life of IFDs from 30 years to 40 years.

Vote Requirement: Majority

STATUS:

09/09/2011 In ASSEMBLY. To Inactive File.

POSITIONS:

Support: CSAC, California Rural Legal Assistance, Nonprofit Housing Association.

Oppose: Howard Jarvis Taxpayers Association, California Taxpayers Association

COMMENTS:

This bill proposes several changes to IFDs to make them useful to communities for revitalization purposes. Staff is aware that some local governments, including some of our members, have been in discussion with Senator Wolk to make additional amendments to this bill that would make IFDs more useful. Staff will follow up with our members and legislative staff to determine the status of the recommended revisions and recommends monitoring this bill. Staff continues to evaluate this bill in relation to other bills that seek to extend tax increment financing more broadly.

CA SB 1417

AUTHOR: Hancock [D]
TITLE: Local Government: Infrastructure Financing Districts
SUMMARY:

- Amends existing law that authorizes a city or county to establish IFDs for the purpose of financing public facilities utilizing TIF revenues.
- Deletes the provision prohibiting an IFD from including a redevelopment project area and a project area from including any portion of an IFD.
- Specifies that the date a district shall cease to exist may not be more than 45 years from the date on which the ordinance forming the district is adopted or not more than 45 years from the date on which bonds have been issued, whichever is later.
- Authorizes a legislative body that forms an IFD to issue bonds by a majority vote of the body (removes voter approval).

Vote Requirement: Majority

STATUS:

04/09/2012

Re-referred to SENATE Committee on GOVERNANCE AND FINANCE. Hearing 05/02/2012 9:30 am, Room 112

POSITIONS:

Not available

COMMENTS:

This bill is similar to AB 2144. It allows IFDs to form in former redevelopment areas, extends their maximum life to 45 years from 30, and removes voter approval requirement. Given the limited scope of this bill, staff recommends monitoring this bill until it can determine whether there are bills with a broader scope that may move forward this legislative session.

Affordable Housing Funding

CA SB 654

AUTHOR:

Steinberg [D]

TITLE:

Redevelopment

DISPOSITION:

Pending

SUMMARY:

- Allows a host city or county of a dissolving agency to retain the funds on deposit in the agency's L&M fund and requires the city or county to expend those funds in compliance with the housing provisions of Redevelopment law. If the city or county chooses not to retain these funds, the local housing authority or HCD may do so.
- Requires, rather than permits, an entity assuming the housing functions of an agency to enforce affordability covenants on affordable housing properties.
- Expands the definition of an "enforceable obligation" to include two additional types of loan agreements between an agency and its host city or county: (a) a loan that was executed within two years of the date of creation of a project area, if the loan is specific to that project area; and (b) a loan to fund the agency's 2009-10 SERAF (Supplemental Educational Revenue Augmentation Fund) payment to schools.

Vote Requirement: Majority

STATUS:

01/31/2012

In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY. (34-1)

POSITIONS:

Support: housing advocates and housing agencies

COMMENTS:

As redevelopment dissolution was originally envisioned, cities and counties would keep low and moderate income housing funds. When AB 26x and 27x were adopted, Legislative Counsel was concerned that retention of funds was a reallocation of property taxes, and therefore a trigger for a 2/3 vote. Legislative Counsel has since changed its interpretation. This bill transfers those funds to cities and counties as originally intended. By extending the enforceable obligation definition to all projects within their first two years, regardless of year of formation, it allows protection of start-up funds that were commonly loaned from cities and counties to RDAs. Staff recommends monitoring this bill since it did not pass the Senate with an urgency clause and these

issues are addressed in the Speaker's AB 1585.

CA SB 1220

AUTHOR: DeSaulnier [D]
TITLE: Housing Opportunity Trust Fund Act of 2012
SUMMARY:

Enacts the Housing Opportunity Trust Fund Act of 2012 relating to the need for permanent ongoing sources of funding dedicated to affordable housing development. Imposes a \$75 fee to be paid at the time of the recording of every real estate instrument paper, or notice.

Vote Requirement: 2/3 (taxation)

STATUS:

03/08/2012 To SENATE Committees on TRANSPORTATION AND HOUSING and GOVERNANCE AND FINANCE.

POSITIONS:

Oppose: California Association of Realtors

COMMENTS:

This bill raises new revenue to pay for affordable housing, but is likely going to draw significant opposition. This concept was originally introduced by Claudia Cappio, executive director of the California Housing Finance Agency. Other concepts have been discussed for financing affordable housing, but they have not been introduced in print. Staff recommends monitoring this bill, monitoring other developments around other revenue sources for affordable housing, and seeking input from SACOG members prior to taking a position on this bill.

Other Investment Tools

CA SB 955

AUTHOR: Pavley [D]
TITLE: Public Employees' Retirement System: Fund Management
SUMMARY:

- Authorizes various public retirement systems, including, among others, the Public Employees' Retirement System (PERS), the State Teachers' Retirement System (STRS), the Judges' Retirement System II, and various county retirement systems pursuant to the County Employees Retirement Law of 1937, consistent with their fiduciary duties and the standard for prudent investment, to prioritize investment in an in-state infrastructure project over a comparable out-of-state infrastructure project.

Vote Requirement: Majority

STATUS:

04/11/2012 In SENATE. Read second time. To third reading.

POSITIONS:

Not available

COMMENTS:

This proposal is one of the few that would bring a non-TIF financing option to local communities. The concept is also included in SB 1156. Because of the limited scope, and because the concept is being considered in other bills, such as SB 1156, that potentially have broader impact, staff recommends monitoring this bill at this time.