

Summary of SB 33 (Wolk)¹

IFD Establishment: Legislative body of city or county may designate one or more Infrastructure Financing Districts (IFD) by resolution. Resolution must include the type of public facilities and development proposed to be financed or assisted by the district. Resolution must also state the sources of property tax increment (TI) that may be used. (Other taxing entities must approve use of their shares of TI by resolution. Schools are excluded. If fire district is governed by the county board of supervisors, the plan must be adopted by separate vote of fire district's governing board.) On final adoption of an IFD, the legislative body must find that the goals of the IFD are consistent with the general plan and the IFD financing is an efficient means of implementing the goals of the district.

Organizing the IFD: Notice of intention to form an IFD must be sent to all property owners and affected taxing entities. The IFD is a legally separate and distinct entity. The legislative body of the IFD is called the "public financing authority," with its members being three members of the city council or board of supervisors that established it and two public members. The public financing authority shall designate and direct the city engineer to prepare an infrastructure plan. The plan must contain a map, a description of the public facilities or assistance that benefits or serves the development, a financing section, a limit on the total number of dollars of taxes that may be allocated, the date the district may cease to exist, which is not more than 40 years from its formation, and various forms of analysis including whether any housing units occupied by low income households will be removed, and the goals of the district. The public financing authority shall call a public hearing, with notice in the newspaper, on the proposed IFD no sooner than 60 days from the date that notice was sent to property owners.

Revenues and Financing: Revenues may be used directly for a work of the IFD, may be accumulated for no more than five years, and may be pledged to pay the interest and principal on bonds (Bond Act of 1915, Mello-Roos, or an Integrated Financing District). An IFD may contribute to the cost of maintaining facilities financed by the IFD. The IFD may enter into agreements with any taxing entities to finance public facilities and development authorized by the law.

Authorized Purposes: The IFD is authorized to finance a broad range of public works and some development.

- **Traditional Public Works:** The purchase, construction, expansion, improvement, seismic retrofit and rehabilitation (includes planning and design work and maintenance of facilities financed by IFD), with an estimated useful life of 15 years or longer. Facilities

¹ The introduced version of SB 33 (Wolk) of the 2013-14 Session is a reintroduction of the last amended version of SB 214 (Wolk) from the 2011-12 Session.

need not be physically located within the boundaries of the district and may be structural or nonstructural public capital facilities that either benefit properties within the district or make facilities available to those properties, including but not limited to, all of the following:

- Highways, interchanges, ramps and bridges, arterial streets, parking facilities and transit facilities.
 - Sewage treatment and water reclamation plants and interceptor pipes.
 - Facilities and watershed lands used for the collection and treatment of water for urban uses.
 - Flood management, including levees, bypasses, dams, retention basins, and drainage channels.
 - Child care facilities and libraries.
 - Parks, recreational facilities, open space and habitat restoration.
 - Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles.
- Rehabilitation and Upgrade of Existing Facilities: The IFD can rehabilitate, upgrade or make more sustainable existing facilities.
 - Maintenance: The IFD can dedicate funds to maintain development financed by the district.
 - Other Development: The district may finance any project that implements a “transit priority project,” regional transportation plan, or other projects consistent with a sustainable communities strategy.

The term “transit priority project” is not defined in the bill, but presumed to mean as the term was defined by PRC 21155 (b), which was included in SB 375 (Steinberg) of 2008. These projects must contain (1) at least 50 percent residential use, based on total building square footage and, if the project contains between 26 percent and 50 percent nonresidential uses, a floor area ratio of not less than 0.75; (2) provide a minimum net density of at least 20 dwelling units per acre; and (3) be within one-half mile of a major transit stop or high-quality transit corridor included in a regional transportation plan. A major transit stop is as defined in Section 21064.3, except that, for purposes of this section, it also includes major transit stops that are included in the applicable regional transportation plan. For purposes of this section, a high-quality transit corridor means a corridor with fixed route bus service with service intervals no longer than 15 minutes during peak commute hours. A project shall be considered to be within one-half mile of a major transit stop or high-quality transit corridor if all parcels within the project have no more than 25 percent of their area farther than one-half mile from the stop or corridor and if not more than 10 percent of the residential units or 100 units, whichever is less, in the project are farther than one-half mile from the stop or corridor.

- **Housing:** Any district *that constructs housing* must require 20% of the units to be affordable, as defined. Requires replacement and relocation benefits for any dwelling units that are proposed to be destroyed in the course of private development or public works construction within the area of the district.
- **Polanco Act:** The IFD may finance any actions to implement the Polanco Act (remediating brownfields).
- **Authority To Enter JPA:** An IFD can enter into a JPA with an affected taxing entity to carry out only nontaxing authority or powers.
- **Prevailing Wage:** Language added states that projects financed that involve construction, demolition, installation, or repair work and dwelling units constructed by a district shall comply with prevailing wage laws.

Legal Challenges: Applies a 30-day statute of limitations for any legal challenges to the final adoption of the IFD, its financing plan or debt issuance.

Accountability Provisions:

- **Annual Report:** An annual report must be mailed to each property owner and affected taxing entity. The report shall also be published on the legislative body's website. The report shall describe the district's expenditures, progress toward its goals, and status on the completion of projects. An IFD is prohibited from spending funds if the report is not submitted. If a district does not show evidence of progress for five consecutive years then its expenditure authority is limited to only completing projects it has started, with remaining funds returned to affected taxing entities.
- **Public Accountability Committee:** If other taxing entities agree to dedicate their shares of tax increment to the IFD, then a public accountability shall be formed. The committee shall consist of one member of each participating affected taxing entity and a member appointed by the IFD. Meetings are subject to the Brown Act. The Committee shall conduct or have conducted an annual performance and an independent financial audit.