

## 2019 Legislative Action Day

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### SB 5 (Beall/McGuire) Affordable Housing and Community Development Investment Program

League Position: Support

#### Key Elements

- \$200 million initially, ramps up to \$2 billion annually by 2029. These financial commitments allocated to projects would be a bondable funding stream of property tax for up to 30 years. During the ramp up, new awards can be suspended when the Legislature uses the “Rainy Day Fund” or suspends Prop. 98 school funding guarantee.
- Schools will be made whole. No impact to Prop 98.
- Strong priorities for affordable housing.
- Anti-tenant displacement provisions.
- Opt-in: No taxing entities are forced to participate.
- 12% rural city/county set aside for counties of less than 200K.
- Prevailing wage and skilled and trained workforce requirements.
- Limits communities that have violated various state housing laws to only accessing funds for housing, transit-oriented development and infill purposes, not developments aimed at addressing sea level rise and promoting strong neighborhoods.
- Strong state oversight.

#### Overview:

- The Program creates a state investment program support the development of affordable housing, reduce poverty and advance other state priorities financed, in part, by property tax increment. A city, county, or JPA, that has a financial commitment to a plan, is eligible for a portion of the school share of property tax if the plan that includes affordable housing. Eligible uses include:
  - Predevelopment, development, acquisition, rehabilitation, and preservation of affordable housing for households up to 120% area median income. At least 50 percent of program funds, and 50% of funding for each project funded shall be dedicated to affordable housing. A 30% inclusionary requirement applies for housing units constructed pursuant to the plan.
  - Transit-oriented development in priority locations that maximize density and transit use, and contribute to the reduction of vehicle miles traveled and greenhouse gas emissions.
  - Infill development by new construction and rehabilitation of infrastructure that supports high density, affordable, and mixed income housing in locations designated for infill, including, but not limited to park creation and rehabilitation, water, sewer and other public infrastructure costs, transportation improvement and traffic mitigation.
  - Promoting strong neighborhoods through supporting of local community planning and engagement efforts to revitalize and restore neighborhoods, including repairing infrastructure and parks, rehabilitating and building housing, promoting public-private partnerships, supporting small businesses and job growth for affected residents.
  - Protecting communities dealing with the effects of sea level rise.
  - Acquisition, construction or rehabilitation of land or property to support eligible uses.

#### State Oversight:

- Creates the nine-member Affordable Housing and Community Development Investment Committee which shall be comprised of the following: Chair of the Strategic Growth Council; Chair of the State Infrastructure and Economic Development Bank; Chair of California Workforce Investment Board; Director of the California Housing and Community Development Department; two people appointed by the Speaker of the Assembly; two people appointed by the Senate Rules Committee; and one public member appointed by the Joint Legislative Budget Committee with expertise in education finance. The Committee is empowered to review and approve or disapprove proposed projects. The Department of Housing and Community

Development provides staffing and technical support to the committee. Numerous reports are required to be filed by successful applicants.

## **Other Major Pending Economic Development Proposals:**

### **ACA 1 (Aguiar-Curry) 55% Vote For Local Affordable Housing and Infrastructure Measures.**

League Position: Support

#### Key Elements

- Proposes to place before the voters a proposal to reduce the local vote threshold for proposed local general obligation bonds, or enact or increase a local sales tax or parcel tax, to invest in infrastructure and affordable housing from 2/3rds to 55 percent. (Voters granted school construction this option in 2000)
- “Affordable housing” includes housing developments, or portions of housing developments that provide very low, low, moderate and workforce housing meeting state affordability definitions.
- “Public infrastructure” is defined to include, but not be limited to: water; water quality; sanitary sewer; treatment of wastewater or reduction of pollution from stormwater runoff; protection of property from impacts of sea level rise; parks and recreation facilities; open space; improvements to transit and streets and highways; flood control; broadband internet access service expansion in underserved areas; local hospital construction; public safety buildings or facilities, equipment related to fire suppression, emergency response equipment, or interoperable communications equipment for direct and exclusive use by fire, emergency response, police or sheriff personnel; and public library facilities.
- Provides specific requirements for voter protection, public notice, and financial accountability.

## **Other Pending Measures:**

**AB 11 (Chiu)** Seeks to reestablish a community redevelopment tool. Allows a city or county, or two or more cities acting jointly, to form an Affordable Housing and Infrastructure Agency to fund projects such as infrastructure and affordable housing projects. 30% of tax increment must be deposited into low/moderate income housing fund.

League Position: Support in Concept

#### Key Elements

- Annual unspecified state commitment: At the discretion of the State Controller.
- Opt-in: No taxing entities are forced to participate.
- Schools will be made whole. No impact to Prop 98.
- Creates an economic development tool with similar powers as the old redevelopment agencies.
- Extensive upfront planning and costs required before a city or county can form an agency and receive project funding from the state.

**AB 1259 (Luz Rivas)** Seeks to establish a California New Markets Tax Credit with the goal of attracting additional investments from the federal program to the state.

League Position: Watch

**AB 1717 (Friedman)** Provides a tax increment financing mechanism to finance transit-oriented development.

League Position: Watch

**SB 15 (Portantino)** Allows local agencies to submit a request to the Department of Finance to receive a portion of local property tax that is otherwise dedicated to the Educational Revenue Augmentation Fund to fund affordable housing, build and maintain housing infrastructure, revitalize communities and build local public safety facilities. (*Similar in some respects to SB 5 (Beall)*)

League Position: Watch

**SB 128 (Beall)** Removes the existing 55 percent vote requirement from Enhanced Infrastructure Finance District (EIFD) bond issuance. May be a vehicle for additional changes to EIFDs.

League Position: Watch