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Governor Signs League-Supported AB 2, Restores Redevelopment Option for State's Most Disadvantaged Communities *Cleanup to EIFD Law Also Signed*

Three years of legislative effort finally bore fruit on Tuesday when Gov. Jerry Brown signed AB 2 (Alejo and Garcia), which will restore a redevelopment tool that can be used in the state's disadvantaged areas. Additional improvements were also made to Enhanced Infrastructure Finance Districts (EIFD) when the Governor signed AB 313 (Atkins). *For more, see Page 2.*



Legislature Names Members for Transportation Conference Committee *Committee Expected to Meet This Fall to Craft Deal*

The Assembly and [Senate](#) today announced the members of the conference committee for the special session on Transportation (X1). The plan to hold a conference committee was announced the last week of the legislative session when it became apparent that an agreement on how to address the transportation funding shortfall was not imminent. The conference committee is expected to begin a series of hearings by mid-October. *For more, see Page 3.*



SB 107 Redevelopment Dissolution Bill Signed *League Releases Summary of New Law*

Gov. Jerry Brown on Tuesday signed [SB 107](#), which contains significant changes to redevelopment dissolution laws and several unrelated items. *For more, see Page 4.*

AB 2

For the last three legislative sessions, the League worked closely with Assembly Member Luis Alejo (D-Watsonville) in an effort to restore redevelopment authority to California's most disadvantaged communities with AB 1080 in 2013, AB 2280 in 2014 and AB 2 this year. The finish line appeared closer last year when the Governor's veto message on AB 2280 conveyed that he would support the policy if it was redrafted outside of the former redevelopment law. AB 2 was drafted this year to comply with that request and the Governor responded.

"Today, we celebrate a major victory for our state's most disadvantaged communities with the Governor's signature of Assembly Bill 2," said Assembly Member Alejo. "For three years I have worked diligently with the Governor's office and Assembly leadership to create policy that will serve as a new effective tool to help and uplift disadvantaged communities throughout the state. I want to thank the Governor for his leadership and thoughtful consideration on redevelopment. This is the right thing for jobs, economic development and affordable housing in California."

[AB 2](#) authorizes the creation of a Community Revitalization Investment Authority (CRIA) at the local level. This agency would be empowered to invest the property tax increment of consenting local agencies (other than schools) and use other available funding to improve conditions leading to increased employment opportunities, including reducing high crime rates, repairing deteriorated and inadequate infrastructure, and developing affordable housing.

Its powers and responsibilities would mirror those of former redevelopment agencies, but have been tightened in several ways including adding rigorous accountability criteria and increasing the traditional affordable housing set-aside to 25 percent.

Many California communities continue to rebound after the effects of the last recession. However, not all are doing well; especially the state's most economically challenged areas. It is these communities and neighborhoods that need more options that provide investments to address aging infrastructure, lack of affordable housing and remediate environmental conditions. AB 2 embodies the core of what led to redevelopment — a tool to assist poor areas and dilapidated urban cores that will not be improved without such a policy, and gives cities another tool they can work with.

AB 2 was also supported by key business, affordable housing organizations, League diversity caucuses, labor and local government groups.

The League would like thank the following groups:

Business Organizations: California Chamber of Commerce, California Building Industry Association, California Business Properties Association, Building Owners and Managers Association of California, International Council of Shopping Centers, and NAIOP of California, the Commercial Real Estate Development Association.

Affordable Housing Organizations: Housing California, California Coalition for Rural Housing, Western Center on Law and Poverty, and the California Rural Legal Assistance Foundation.

League Diversity Caucuses: Latino Caucus of the League of California Cities, African American Caucus of the League of California Cities, and the Asian & Pacific Islander Caucus of the League of California Cities.

Labor Groups: Glendale City Employees Association, Organization of SMUD Employees, San Luis Obispo County Employees Association, and the San Bernardino Public Employees Association.

Local Government Organizations: California Association for Local Economic Development, American Planning Association, California Chapter, and the California Special Districts Association.

Next Steps

AB 2 will take effect Jan. 1, 2016. The League will be providing a more detailed explanation of the details of this new tool for cities in the coming days.

AB 313

[AB 313](#), by Assembly Speaker Toni Atkins' (D-San Diego), provides important cleanup to last year's EIFD legislation ([SB 628](#)) by Sen. Jim Beall (D-San José). The changes reflect technical suggestions made by city attorneys to help facilitate EIFD implementation and also clarifications requested by housing advocates.

These include:

- Clarification that the public financing authority, rather than the legislative body is the entity required to prepare the plan;
- Clarification of interpretations associated with constitutional debt limit;
- Clarification that only those dwelling units proposed to be removed or destroyed within a district that receives district financing or subject to a written agreement with the district shall be subject to the law's housing requirements; and
- Detailing housing replacement requirements for any demolished or destroyed units.

Under SB 628, one or more EIFDs can be created within a city or a county and used to finance the construction or rehabilitation of a wide variety of public infrastructure and private facilities. An EIFD may fund this with the property tax increment of those taxing agencies (cities, counties, special districts but not schools) that consent. EIFDs are also authorized to combine tax increment funding with other permitted funding sources. The League drafted a [full analysis](#) of the bill last year, which is available on the League website.

The League thanks Assembly Speaker Atkins for carrying this important cleanup legislation.

'Committee' Continued from Page 1...

Conference Committee Members

Assembly Members

- Jimmy Gomez, co-chair (D-Los Angeles);
- Autumn Burke (D-Inglewood);
- Kevin Mullin (D-South San Francisco);
- Jay Obernolte (R-Big Bear Lake); and
- Melissa Melendez (R-Lake Elsinore).

Senators

- Jim Beall, co-chair (D-San José);
- Ben Allen (D-Santa Monica);
- Connie Leyva (D-Chino);
- Anthony Cannella (R-Ceres); and
- Ted Gaines (R-El Dorado Hills).

Those familiar with the legislative process will recognize that this conference committee has more than the typical six members. While no specific reason was given for the deviation, the League applauds the Legislature for including as many members as possible in this important discussion. Transportation funding is complex and has many different facets. With more members on the committee, it is more likely that all sides of the issue will be considered in the negotiations.

The League remains committed to advocating for additional funding and streamlining measures to address the 10-year, \$78 billion funding shortfall for the local streets and roads system. The League is a member of [Fix Our Roads](#), a broad coalition of local government, labor, and business stakeholders working toward an agreement.

While the 104-page bill surfaced in print on Friday, Sept. 11, the last day of session, aspects of this proposal had been discussed and debated since January when the Administration first unveiled a proposal that conveyed benefits and resolved issues for some agencies, while harming others.

From January until mid-May the proposal only dealt with redevelopment dissolution; however, the politics became more complicated when the Administration added in four unrelated and strongly-supported provisions containing solutions to outstanding tax-allocation issues for several Central Valley counties, San Benito County, four cities in Santa Clara County, and four recently incorporated cities.

Juxtaposed against the proposal's beneficial features and their supporters were more than 100 cities opposed to provisions that sought to reverse and revise key provisions of dissolution laws and court decisions affecting loan repayment and interest rates offered to local agencies obtaining a Department of Finance (DOF) finding of completion. The League strived from the outset to limit the enormous financial harm such changes would cause to the affected agencies.

For most of the year, this proposal had no bill number, just various versions of legislative counsel drafts. Finally, on June 18 a bill was put into print as AB 113. While proposed as a "budget trailer bill," it was not adopted with the budget due to concerns from Senate Budget Committee members. Assembly members had also voiced concerns, and a subgroup of Assembly Democrats met privately for several months to consider options.

SB 107 emerged on the last day of session and was quickly routed without a hearing to the Assembly Floor where it passed after some debate. Given the speed in which the bill proceeded, the League and its attorneys had little time to fully analyze the proposal including changes to the loan repayment provisions that had concerned many cities.

Later that afternoon, the Senate Budget Committee heard the bill where the supporters of the various beneficial provisions dominated the discussions. During the hearing, the League's representative and several others raised issues with the loan repayment provisions. The League specifically pointed out that the language in the bill appearing to cap total loan repayments at \$5 million was in conflict with statements made by DOF staff that it was intended to be "per loan." This contributed to a discussion that led to the item being addressed in a [Letter to the Journal](#).

Cities can view the committee's discussion on SB 107 and witness testimony [online](#).

The legislative debates are now over and SB 107 is law. The beneficial provisions will be helpful to individual agencies, and other clarifications and process changes can improve aspects of the dissolution process. Yet other communities will likely still be harmed. How DOF will interpret many of these new changes is unknown. SB 107 does represent an improvement over earlier versions and some legislators were able to secure commitments from DOF to address specific unresolved issues for their cities.

In short, SB 107 represents the latest chapter in the difficult process of redevelopment dissolution.

The League's attorneys have drafted a [summary of SB 107](#).
