

AMENDED IN ASSEMBLY MAY 5, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 485**

---

---

**Introduced by Assembly Member Ma**

February 15, 2011

---

---

An act to amend ~~Section~~ *Sections 53395.1 and 53395.19* of, and to add Sections 53395.7.5 and 65460.2.5 to, the Government Code, relating to local planning.

LEGISLATIVE COUNSEL'S DIGEST

AB 485, as amended, Ma. ~~Local planning: transit village development districts.~~ *Infrastructure financing.*

The

(1) *The Transit Village Development Planning Act of 1994* authorizes a city or county to create a transit village plan for a transit village development district that addresses specified characteristics. Existing law authorizes the legislative body of the city or county to adopt an infrastructure financing plan, create an infrastructure financing district, and issue bonds for which only the district is liable, to finance specified public facilities, upon voter approval.

This bill would eliminate 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 with respect to a transit village development district. The bill would require 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; to require that those housing units remain available and occupied by moderate-,

low-, very low, and extremely low income households for at least 55 years for rental units and 45 years for owner-occupied units; and to rehabilitate, develop, or construct for rental or sale to persons and families of low or moderate income an equal number of replacement dwellings to those removed or destroyed from the low- and moderate-income segment of the housing market as a result of the development of the district, as specified. The bill would set forth the findings and declarations of the Legislature, and the intent of the Legislature that the development of transit village development districts be environmentally conscious and sustainable, and that related construction meet or exceed the requirements of the California Green Building Standards Code.

*(2) Existing law prohibits the legislative body of a city or county from enacting a resolution proposing the formation of an infrastructure finance district and providing for the division of taxes of any affected taxing entity unless a resolution approving the plan has been adopted by the governing body of each affected taxing entity that is proposed to be subject to the division of taxes has been filed with the legislative body at or prior to the time of the hearing.*

*This bill would require, in the case of an affected taxing entity that is a special district that provides fire protection services and where the county board of supervisors is the governing authority or has appointed itself as the governing board of the district, that the proposed infrastructure financing district plan be adopted by a separate resolution approved by the special district’s governing authority or board.*

Vote: majority. Appropriation: no. Fiscal committee: no.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. (a) The Legislature finds and declares all of the
- 2 following:
- 3 (1) Federal, state, and local governments in California are
- 4 investing in new and expanded transit systems in areas throughout
- 5 the state, including Los Angeles County, the San Francisco Bay
- 6 area, San Diego County, Santa Clara County, and Sacramento
- 7 County.
- 8 (2) This public investment in transit is unrivaled in the state’s
- 9 history and represents well over ten billion dollars
- 10 (\$10,000,000,000) in planned investment alone.

1 (3) Recent studies of transit ridership in California indicate that  
2 people who live within a one-half mile radius of transit stations  
3 utilize the transit system in far greater numbers than does the  
4 general public living elsewhere.

5 (4) The planning strategy of clustering housing and commercial  
6 development around transit stations, and the creation of transit  
7 villages pursuant to that strategy, has gained momentum in recent  
8 years.

9 (5) Only a few transit stations in California have any  
10 concentration of housing in close proximity to the station.

11 (6) The greater use of public transit facilitated by the  
12 development of transit villages improves local street, road, and  
13 highway congestion by providing viable alternatives to automobile  
14 use.

15 (7) The development of transit village development districts  
16 can improve environmental conditions by increasing the use of  
17 public transit, facilitating the creation of and improvements to  
18 walkable, mixed-use communities, and decreasing automobile use.

19 (8) Transit-oriented development can improve local and regional  
20 economies by providing appropriate commercial and residential  
21 development opportunities, including investment in local transit  
22 village development, job creation through the construction of  
23 related facilities, and job creation through employment  
24 opportunities associated with related entertainment, retail,  
25 residential, and other mixed-use development.

26 (9) Facilitating the use of infrastructure financing districts for  
27 transit village development could provide local jurisdictions with  
28 a cost-effective tool for pursuing transit-oriented development  
29 projects.

30 (10) Tax-increment financing of transit village development  
31 districts will provide a new tool for green development to help  
32 achieve *the* sustainable communities strategy and regional  
33 transportation plan goals of Senate Bill 375 (Chapter 728 of the  
34 Statutes of 2008), as well as the greenhouse gas reduction goals  
35 of Assembly Bill 32 (Chapter 488 of the Statutes of 2006).

36 (11) Tax-increment financing has been a useful tool for local  
37 government to fund redevelopment projects, and the need for the  
38 state to continue to provide local governments with revenue  
39 generating infrastructure financing tools during difficult economic  
40 times. Local governments will benefit greatly from the expanded

1 use of infrastructure financing districts for the delivery of  
2 transit-oriented development and related low-income housing.

3 (b) It is the intent of the Legislature that the development of  
4 transit village development districts throughout the state be  
5 environmentally conscious and sustainable, and that related  
6 construction meet or exceed the requirements of the California  
7 Green Building Standards Code, Part 11 of Title 24 of the  
8 California Code of Regulations, or its successor code.

9 SEC. 2. Section 53395.1 of the Government Code is amended  
10 to read:

11 53395.1. Unless the context otherwise requires, the following  
12 definitions shall govern the construction of this chapter:

13 (a) “Affected taxing entity” means any governmental taxing  
14 agency that levied or had levied on its behalf a property tax on all  
15 or a portion of the property located in the proposed district in the  
16 fiscal year prior to the designation of the district, but not including  
17 any county office of education, school district, or community  
18 college district.

19 (b) “City” means a city, a county, or a city and county.

20 (c) “Debt” means any binding obligation to repay a sum of  
21 money, including obligations in the form of bonds, certificates of  
22 participation, long-term leases, loans from government agencies,  
23 or loans from banks, other financial institutions, private businesses,  
24 or individuals.

25 (d) “Designated official” means the city engineer or other  
26 appropriate official designated pursuant to Section 53395.13.

27 (e) (1) “District” means an infrastructure financing district.

28 (2) An infrastructure financing district is a “district” within the  
29 meaning of Section 1 of Article XIII A of the California  
30 Constitution.

31 (f) “Infrastructure financing district” means a legally constituted  
32 governmental entity established pursuant to this chapter for the  
33 sole purpose of financing public facilities.

34 (g) “Landowner” or “owner of land” means any person shown  
35 as the owner of land on the last equalized assessment roll or  
36 otherwise known to be the owner of the land by the legislative  
37 body. The legislative body has no obligation to obtain other  
38 information as to the ownership of land, and its determination of  
39 ownership shall be final and conclusive for the purposes of this  
40 chapter. A public agency is not a landowner or owner of land for

1 purposes of this chapter, unless the public agency owns all of the  
2 land to be included within the proposed district.

3 (h) “Legislative body” means the city council or board of  
4 supervisors.

5 (i) “Transit facility” includes, but is not limited to, any publicly  
6 owned facility and amenity necessary to implement a transit village  
7 plan adopted pursuant to Article 8.5 (commencing with Section  
8 65460) of Chapter 3 of Division 1 of Title 7.

9 SEC. 3. Section 53395.7.5 is added to the Government Code,  
10 to read:

11 53395.7.5. With respect to an infrastructure financing district  
12 proposed to implement a transit village plan adopted pursuant to  
13 Article 8.5 (commencing with Section 65460) of Chapter 3 of  
14 Division 1 of Title 7, an election is not required to form an  
15 infrastructure financing district, adopt an infrastructure financing  
16 plan, or issue bonds pursuant to this chapter. Any other provision  
17 of this chapter applies to the formation of an infrastructure  
18 financing district and the adoption of an infrastructure financing  
19 plan.

20 SEC. 4. Section 53395.19 of the Government Code is amended  
21 to read:

22 53395.19. (a) The legislative body shall not enact a resolution  
23 proposing formation of a district and providing for the division of  
24 taxes of any affected taxing entity pursuant to Article 3  
25 (commencing with Section 53396) unless a resolution approving  
26 the plan has been adopted by the governing body of each affected  
27 taxing entity which is proposed to be subject to division of taxes  
28 pursuant to Article 3 (commencing with Section 53396) has been  
29 filed with the legislative body at or prior to the time of the hearing.

30 (b) *In the case of an affected taxing entity that is a special*  
31 *district that provides fire protection services and where the county*  
32 *board of supervisors is the governing authority or has appointed*  
33 *itself as the governing board of the district, the plan shall be*  
34 *adopted by a separate resolution approved by the district’s*  
35 *governing authority or governing board.*

36 ~~(b)~~

37 (c) Nothing in this section shall be construed to prevent the  
38 legislative body from amending its infrastructure financing plan  
39 and adopting a resolution proposing formation of the infrastructure  
40 financing district without allocation of the tax revenues of any

1 affected taxing entity which has not approved the infrastructure  
2 financing plan by resolution of the governing body of the affected  
3 taxing entity.

4 ~~SEC. 4.~~

5 *SEC. 5.* Section 65460.2.5 is added to the Government Code,  
6 to read:

7 65460.2.5. If a city, county, or city and county finances any  
8 portion of a district, as defined in this article, under the provisions  
9 of Chapter 2.8 (commencing with Section 53395) of Part 1 of  
10 Division 2 of Title 5, the city, county, or city and county shall do  
11 all of the following:

12 (a) Use at least 20 percent of all revenues derived from the  
13 property tax increment under Chapter 2.8 (commencing with  
14 Section 53395) of Part 1 of Division 2 of Title 5 for the purposes  
15 of increasing, improving, and preserving the supply of lower and  
16 moderate-income housing available in the district at *an* affordable  
17 housing cost, as defined in Section 50052.5 of the Health and  
18 Safety Code, and occupied by persons and families of low or  
19 moderate income, as defined in Section 50093 of the Health and  
20 Safety Code, lower income households, as defined in Section  
21 50079.5 of the Health and Safety Code, very low income  
22 households, as defined in Section 50105 of the Health and Safety  
23 Code, and extremely low income households, as defined in Section  
24 50106 of the Health and Safety Code. The amount of very low,  
25 low- and moderate-income housing shall be in compliance with  
26 the Community Redevelopment Law (Part 1 (commencing with  
27 Section 33000) of Division 24 of the Health and Safety Code) and  
28 any adopted policies of the city, county, or city and county that  
29 adopted the transit village plan.

30 (b) Require that housing units described in subdivision (a)  
31 remain available at affordable housing cost to, and occupied by,  
32 persons and families of low or moderate income and very low  
33 income and extremely low income households for the longest  
34 feasible time, but for not less than 55 years for rental units and 45  
35 years for owner-occupied units. The covenants or restrictions  
36 implementing this requirement shall be in compliance with  
37 subdivision (f) of Section 33334.3 of the Health and Safety Code.

38 (c) Rehabilitate, develop, or construct, or cause to be  
39 rehabilitated, developed, or constructed for rental or sale to persons  
40 or families of low or moderate income an equal number of

1 replacement dwelling units that have an equal or greater number  
2 of bedrooms as the destroyed or removed units, at affordable  
3 housing costs within the district, and within four years after the  
4 destruction or removal, whenever dwelling units housing persons  
5 or families of low or moderate income are destroyed or removed  
6 from the low- and moderate-income housing market as part of the  
7 development of a district that is subject to a written agreement  
8 with the city, county, or city and county, or when financial  
9 assistance has been provided by the city, county, or city and county.  
10 The replacement dwelling units shall be available at affordable  
11 housing cost to, and occupied by, persons and families in the same  
12 or a lower income category as the persons and families displaced  
13 from those destroyed or removed units.

14 (d) Include in the transit village plan both of the following:

15 (1) As one of the five demonstrable public benefits required by  
16 subdivision (f) of Section 65460.2, either an increased stock of  
17 affordable housing or live-travel options for transit-needy groups.

18 (2) Provisions to implement subdivisions (a) and (b) and  
19 paragraph (1).