

AMENDED IN SENATE MARCH 29, 2012

SENATE BILL

No. 1156

Introduced by Senator Steinberg

February 22, 2012

An act to add Part 1.86 (commencing with Section 34191.1) to Division 24 of the Health and Safety Code, *and to amend Section 21094.5 of the Public Resources Code*, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

SB 1156, as amended, Steinberg. Community Development and Housing Joint Powers Authority.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies. Existing law requires that the successor agency, among other things, wind down the affairs of the former redevelopment agency and dispose of assets and properties of the former redevelopment agency, as directed by an oversight board.

Existing law provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

~~This bill would declare the intent of the Legislature to establish and authorize the use of new joint powers authorities and a new financing option for cities and counties throughout the state to develop sustainable economic development and affordable housing. The bill would authorize 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 (authority) *after July 1, 2012, and to carry out the provisions of the Community Redevelopment Law.* The bill would ~~require the authority to assume from a successor agency the responsibility for managing the assets and property of the former redevelopment agency~~ *authorize the authority to adopt a redevelopment plan for a project area covering specified areas and sites and to include a provision in the plan to provide for tax increment financing, provided that certain mitigation and land use plans have been adopted.* The bill would *retain the Low and Moderate Income Housing Fund of a former redevelopment agency in another fund and authorize the authority to exercise specified powers enumerated in the Community Redevelopment Law, to enter into agreements to facilitate articulated career technical education pathways, and to exercise certain other powers relating to the financing of its activities.*

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

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

1 SECTION 1. Part 1.86 (commencing with Section 34191.1) is
 2 added to Division 24 of the Health and Safety Code, to read:

3
 4 PART 1.86. ECONOMIC DEVELOPMENT AND HOUSING
 5 PROGRAM

6
 7 CHAPTER 1. GENERAL PROVISIONS

8
 9 ~~34191.1. (a) It is the intent of the Legislature to establish and~~
 10 ~~authorize the use of new joint powers authorities and a new~~
 11 ~~financing option for cities and counties throughout the state to~~
 12 ~~develop sustainable economic development and affordable housing.~~
 13 ~~It is further the intent of the Legislature that the economic~~
 14 ~~development activities undertaken pursuant to this part encourage~~
 15 ~~planning and development that reduce greenhouse gas emissions~~
 16 ~~and facilitate infill and transit-oriented development.~~

17 *34191.1. (a) The Legislature finds and declares that better*
 18 *economic development patterns in California can contribute to*
 19 *greater economic growth by reducing commuter times for*
 20 *employees, reducing the costs of public infrastructure, and*

1 *reducing energy consumption. Better development patterns may*
2 *also result in increased options in the type of housing available,*
3 *more affordable housing, and a reduction in a household's*
4 *combined housing and transportation costs.*

5 *(b) The construction industry has been one of the sectors hardest*
6 *hit by the economic downturn of recent years. Creating incentives*
7 *for construction can help restore construction jobs, which are*
8 *essential for a restoration of prosperity.*

9 *(c) Economic development patterns can also help California*
10 *attain some of its long-term strategic environmental objectives*
11 *including reduced air pollution, greater water conservation,*
12 *reduced energy consumption, and increased farmland and habitat*
13 *preservation.*

14 *(d) Implementation of the growth plans identified by the*
15 *metropolitan planning organizations in their sustainable*
16 *communities strategies, and in particular the development of areas*
17 *identified for transit priority projects, is essential if California is*
18 *to achieve the multiple benefits that would result from economic*
19 *development.*

20 *(e) In addition to the economic problems of the current*
21 *recession, development of transit priority projects remains*
22 *challenging. Infrastructure is often old and inadequate. Sites may*
23 *suffer from contamination that is expensive to remediate. The high*
24 *construction costs in urban areas, particularly for multifamily*
25 *dwellings, create an additional challenge. For these reasons, it is*
26 *critical to restructure and refocus redevelopment in California to*
27 *assist in achievement of these multiple benefits.*

28 *(f) At the same time, California cannot afford a redevelopment*
29 *program that causes schools to lose revenue at a time when*
30 *investing in education is also key to the state's economic*
31 *prosperity. A growth plan for the state consistent with regional*
32 *sustainable communities strategies must also provide that schools*
33 *are able to play their full role in achieving the future of California.*

34 *(g) The elimination of redevelopment agencies has resulted in*
35 *the loss of approximately \$1 billion annually in low- and*
36 *moderate-income housing funds for communities throughout the*
37 *state. Communities need alternative, permanent sources of revenue*
38 *to support the continued production of affordable housing units.*

39 ~~(h)~~

1 (h) The Legislature finds that a comprehensive strategy for the
 2 long-term economic development of the state must encourage the
 3 creation of workforce skills needed to attract and retain a high-wage
 4 workforce, in addition to public infrastructure requirements. Public
 5 investments in human capital are as vital to the long-term growth
 6 of the state’s economy as investments in physical capital.

7 34191.2. For purposes of this part, “authority” or “Community
 8 Development and Housing Joint Powers Authority” means the
 9 joint exercise of powers agency formed under Chapter 5
 10 (commencing with Section 6500) of Division 7 of Title 1 of the
 11 Government Code.

12
 13 CHAPTER 2. COMMUNITY DEVELOPMENT AND HOUSING JOINT
 14 POWERS AUTHORITY
 15

16 ~~34191.10. (a) The legislative body of the city and county
 17 representing the geographic territory covering the area served by
 18 a former redevelopment agency may elect to form a Community
 19 Development and Housing Joint Powers Authority pursuant to this
 20 part.~~

21 ~~(b) The authority may exercise the powers enumerated in the
 22 Community Redevelopment Law (Part 1 (commencing with
 23 Section 33000)) with respect to assembling, purchasing, and selling
 24 property and remediating environmental damage to further housing,
 25 commercial, and industrial development.~~

26 *34191.10. (a) The legislative body of the city and county
 27 representing the geographic territory covering the area served by
 28 a former redevelopment agency may elect to form a Community
 29 Development and Housing Joint Powers Authority pursuant to this
 30 part after July 1, 2012, to carry out the provisions of the
 31 Community Redevelopment Law (Part 1.8 (commencing with
 32 Section 33000)). If the former redevelopment agency was formed
 33 solely by a county, the county may exercise the powers authorized
 34 by this part.*

35 ~~(e)~~
 36 (b) The authority may enter into financial and other agreements
 37 with community colleges, K-12 school districts, and private
 38 businesses to facilitate the development and operation of articulated
 39 career technical education pathways, as specified in Section 88532
 40 of the Education Code.

CHAPTER 3. FINANCING

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~~34191.15. An authority formed pursuant to this part shall assume from a successor agency the operational and fiduciary responsibility for managing the assets, properties, contracts, leases, books and records, buildings, and equipment of former redevelopment transferred to the successor agency pursuant to Chapter 5 of the First Extraordinary Session of the Statutes of 2011. The authority shall maximize the economic value of the assets in furtherance of the goals and objectives authorized in this part. To the extent that any conflict occurs, this part shall supersede the asset disposition procedures set forth in subdivision (c) of Section 34177 and subdivision (a) of Section 34181.~~

34191.15. An authority formed pursuant to this part may adopt a redevelopment plan for a project area pursuant to this section. Notwithstanding any other provision of this division, a determination shall not be required to be made regarding blight within the project area, and an action shall not be required to be taken for the elimination of blight in connection with the creation of a redevelopment plan for a project area. The redevelopment plan shall terminate on a specified date not to exceed 30 years from the date of the first issuance of bond indebtedness by the agency. A project area shall include only the following areas:

(a) For areas within the geographic boundaries of a metropolitan planning organization where a sustainable communities strategy has been adopted by the metropolitan planning organization, and the State Air Resources Board, pursuant to subparagraph (H) of paragraph (2) of subdivision (b) of Section 65080 of the Government Code, has accepted the metropolitan planning organization’s determination that the sustainable communities strategy would, if implemented, achieve the greenhouse gas emission reduction targets:

(1) Transit priority areas where a transit priority project, as defined in Section 21155 of the Public Resources Code, may be constructed, provided that if the project area is based on proximity to a planned major transit stop or a high-quality transit corridor, the stop or the corridor must be scheduled to be completed within the planning horizon established by Section 450.322 of Title 23 of the Code of Federal Regulations. For purposes of this paragraph, a transit priority area may include a military base reuse plan that

1 *meets the definition of a transit priority area and a contaminated*
2 *site within a transit priority area.*

3 *(2) Areas that are small walkable communities, as defined in*
4 *paragraph (4) of subdivision (e) of Section 21094.5 of the Public*
5 *Resources Code. No more than one small walkable community*
6 *project area shall be designated within a city.*

7 *(b) Sites that have land use approvals, covenants, conditions*
8 *and restrictions, or other effective controls restricting the sites to*
9 *clean energy manufacturing, and sites that are consistent with the*
10 *sustainable communities strategy, if those sites are within the*
11 *geographic boundaries of a metropolitan planning organization.*
12 *Clean energy manufacturing consists of the manufacture of*
13 *components, parts, or materials for the generation of renewable*
14 *energy resources or for alternative fuel vehicles.*

15 *34191.16. Solely for purposes of Section 16 of Article XVI of*
16 *the California Constitution, a redevelopment plan adopted pursuant*
17 *to Section 34191.11 may include a provision for the receipt of tax*
18 *increment funds according to Section 33670, provided that the*
19 *local government with land use jurisdiction has adopted all of the*
20 *following:*

21 *(a) A school mitigation plan to offset losses of property tax*
22 *revenue to schools serving the project area as a result of the*
23 *imposition of a provision for the receipt of tax increment funds.*
24 *The plan may include assessment districts, provisions of covenants,*
25 *conditions and restrictions, or other mechanisms. Except as*
26 *otherwise specified, the plan shall be approved by the fiscally*
27 *affected school districts. If the plan is not approved by the school*
28 *districts, it may be submitted by the authority established under*
29 *this part to the Department of Finance for approval. The*
30 *department shall approve the plan if there is no impact on the state*
31 *budget because of the provisions of subdivision (b) of Section 8 of*
32 *Article XVI of the California Constitution or if the impacts on the*
33 *state budget are not unacceptable.*

34 *(b) An analysis of the public service costs and*
35 *revenue-generating impact of new development with respect to the*
36 *provision of basic public services, including police, fire, and rescue*
37 *services. The plan shall include a strategy for mitigating unfunded*
38 *service impacts.*

39 *(c) A sustainable parking standards ordinance that restricts*
40 *parking in transit priority project areas.*

1 (d) A provision requiring that 20 percent of the housing in the
2 project area be affordable to persons of low- and moderate-income.

3 (e) For transit priority areas and small walkable communities
4 within a metropolitan planning organization, a plan consistent
5 with the use designation, density, building intensity, and applicable
6 policies specified for the project area in the sustainable
7 communities strategy and that, for new residential construction,
8 provides a density of at least 20 dwelling units per net acre and
9 for nonresidential uses, provides a minimum floor area ratio of
10 0.75.

11 (f) Within small walkable communities outside a metropolitan
12 planning organization, a plan for new residential construction
13 that provides a density of at least 20 dwelling units per acre and,
14 for nonresidential uses, provides a minimum floor area ratio of
15 0.75.

16 (g) For areas referred to in subdivision (e), the authority shall
17 obtain the metropolitan planning organization's concurrence that
18 the plan is consistent with the use designation, density, building
19 intensity, and applicable policies for the project area in the
20 sustainable communities strategy.

21 34191.17. The authority shall approve any bond financing
22 under this division.

23 34191.18. The Low and Moderate Income Fund shall be
24 retained in the Sustainable Economic Development and Housing
25 Trust Fund for uses authorized under Section 33334.2. If the funds
26 are not contracted for use within 60 months from the effective date
27 of this section, the balance shall be transferred to an agency
28 designated by the Governor for use as grants to the authority for
29 the provision of affordable housing to low- and moderate-income
30 households. Any funds expended by the authority for affordable
31 housing from any of the granted funds shall be credited against
32 the 20-percent set-aside requirement under Section 33334.2.

33 ~~34191.16.~~

34 34191.19. A state or local public pension fund system
35 authorized by state law or local charter, respectively, including,
36 but not limited to, the Public Employees' Retirement System, the
37 State Teachers' Retirement System, a system established under
38 the County Employees Retirement Law of 1937, Chapter 3
39 (commencing with Section 31450) of Part 3 of Division 4 of Title
40 3 of the Government Code, or an independent system, may invest

1 capital in the public infrastructure projects and private commercial
2 and residential developments undertaken by an authority.

3 ~~34191.17.~~

4 34191.20. (a) An authority may exercise the full powers
5 granted under Chapter 2.8 (commencing with Section 53395) of
6 Part 1 of Division 2 of Title 5 of the Government Code and the
7 Marks-Roos Local Bond Pooling Act of 1985 (Article 4
8 (commencing with Section 6584) of Chapter 5 of Division 7 of
9 Title 1 of the Government Code).

10 (b) An authority may implement a local transactions and use
11 tax under Part 1.6 (commencing with Section 7251) of Division 2
12 of the Revenue and Taxation code, except that the resolution
13 authorizing the tax may designate the use of the proceed of the
14 tax.

15 (c) An authority may issue bonds paid for with authority
16 proceeds, which shall be deemed to be special funds to be expended
17 by the authority for the purposes of carrying out this part.

18 *SEC. 2. Section 21094.5 of the Public Resources Code is*
19 *amended to read:*

20 21094.5. (a) (1) If an environmental impact report was
21 certified for a planning level decision of a city or county, the
22 application of this division to the approval of an infill project shall
23 be limited to the effects on the environment that (A) are specific
24 to the project or to the project site and were not addressed as
25 significant effects in the prior environmental impact report or (B)
26 substantial new information shows the effects will be more
27 significant than described in the prior environmental impact report.
28 A lead agency’s determination pursuant to this section shall be
29 supported by substantial evidence.

30 (2) An effect of a project upon the environment shall not be
31 considered a specific effect of the project or a significant effect
32 that was not considered significant in a prior environmental impact
33 report, or an effect that is more significant than was described in
34 the prior environmental impact report if uniformly applicable
35 development policies or standards adopted by the city, county, or
36 the lead agency, would apply to the project and the lead agency
37 makes a finding, based upon substantial evidence, that the
38 development policies or standards will substantially mitigate that
39 effect.

1 (b) If an infill project would result in significant effects that are
2 specific to the project or the project site, or if the significant effects
3 of the infill project were not addressed in the prior environmental
4 impact report, or are more significant than the effects addressed
5 in the prior environmental impact report, and if a mitigated negative
6 declaration or a sustainable communities environmental assessment
7 could not be otherwise adopted, an environmental impact report
8 prepared for the project analyzing those effects shall be limited as
9 follows:

10 (1) Alternative locations, densities, and building intensities to
11 the project need not be considered.

12 (2) Growth inducing impacts of the project need not be
13 considered.

14 (c) This section applies to an infill project that satisfies both of
15 the following:

16 (1) The project satisfies any of the following:

17 (A) Is consistent with the general use designation, density,
18 building intensity, and applicable policies specified for the project
19 area in either a sustainable communities strategy or an alternative
20 planning strategy for which the State Air Resources Board,
21 pursuant to subparagraph (H) of paragraph (2) of subdivision (b)
22 of Section 65080 of the Government Code, has accepted a
23 metropolitan planning organization's determination that the
24 sustainable communities strategy or the alternative planning
25 strategy would, if implemented, achieve the greenhouse gas
26 emission reduction targets.

27 (B) Consists of a small walkable community project located in
28 an area designated by a city for that purpose.

29 (C) Is located within the boundaries of a metropolitan planning
30 organization that has not yet adopted a sustainable communities
31 strategy or alternative planning strategy, and the project has a
32 residential density of at least 20 units per acre or a floor area ratio
33 of at least 0.75.

34 (2) Satisfies all applicable statewide performance standards
35 contained in the guidelines adopted pursuant to Section 21094.5.5.

36 (d) This section applies after the Secretary of the Natural
37 Resources Agency adopts and certifies the guidelines establishing
38 statewide standards pursuant to Section 21094.5.5.

39 (e) For the purposes of this section, the following terms mean
40 the following:

1 (1) “Infill project” means a project that meets the following
2 conditions:

3 (A) Consists of any one, or combination, of the following uses:

4 (i) Residential.

5 (ii) Retail or commercial, where no more than one-half of the
6 project area is used for parking.

7 (iii) A transit station.

8 (iv) A school.

9 (v) A public office building.

10 (B) Is located within an urban area on a site that has been
11 previously developed, or on a vacant site where at least 75 percent
12 of the perimeter of the site adjoins, or is separated only by an
13 improved public right-of-way from, parcels that are developed
14 with qualified urban uses.

15 (2) “Planning level decision” means the enactment or
16 amendment of a general plan, community plan, specific plan, or
17 zoning code.

18 (3) “Prior environmental impact report” means the
19 environmental impact report certified for a planning level decision,
20 as supplemented by any subsequent or supplemental environmental
21 impact reports, negative declarations, or addenda to those
22 documents.

23 ~~(4) “Small walkable community project” means a project that~~
24 ~~is in an incorporated city, which is not within the boundary of a~~
25 ~~metropolitan planning organization and that satisfies the following~~
26 ~~requirements:~~

27 ~~(A) Has a project area of approximately one-quarter mile~~
28 ~~diameter of contiguous land completely within the existing~~
29 ~~incorporated boundaries of the city.~~

30 ~~(B) Has a project area that includes a residential area adjacent~~
31 ~~to a retail downtown area.~~

32 ~~(C) The project has a density of at least eight dwelling units per~~
33 ~~acre or a floor area ratio for retail or commercial use of not less~~
34 ~~than 0.50.~~

35 *(4) “Small walkable community project” means a project that*
36 *is located in a small walkable community project area. A small*
37 *walkable community project area means an area within an*
38 *incorporated city that is not within the boundary of a metropolitan*
39 *planning organization and meets all the following requirements:*

1 (A) Has a project area of approximately one-quarter-mile
2 diameter of contiguous land completely within the existing
3 incorporated boundaries of the city.

4 (B) Has a project area that includes a residential area adjacent
5 to a retail downtown area.

6 (C) The project area has an average net density of at least eight
7 dwelling units per acre or a floor area ratio for retail or
8 commercial use of not less than 0.50. For purposes of this
9 subparagraph: (i) “Floor area ratio” means the ratio of gross
10 building area (GBA) of development, exclusive of structured
11 parking areas, proposed for the project divided by the total net lot
12 area (NLA); (ii) “gross building area” means the sum of all
13 finished areas of all floors of a building included within the outside
14 faces of its exterior walls; and (iii) “net lot area” means the area
15 of a lot excluding publicly dedicated land, private streets that meet
16 local standards, and other public use areas as determined by the
17 local land use authority.

18 (5) “Urban area” includes either an incorporated city or an
19 unincorporated area that is completely surrounded by one or more
20 incorporated cities that meets both of the following criteria:

21 (A) The population of the unincorporated area and the
22 population of the surrounding incorporated cities equal a population
23 of 100,000 or more.

24 (B) The population density of the unincorporated area is equal
25 to, or greater than, the population density of the surrounding cities.

O