

AMENDED IN ASSEMBLY APRIL 4, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1080

**Introduced by Assembly Member Alejo
(Principal coauthors: Assembly Members Mullin and
V. Manuel Pérez)
(Coauthors: Assembly Members Brown, Ian Calderon, Perea, Stone,
and Williams)**

February 22, 2013

An act to add Part 1.87 (commencing with Section 34191.50) to Division 24 of the Health and Safety Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1080, as amended, Alejo. Community Revitalization and Investment Authorities.

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

This bill would authorize certain public entities of a community revitalization and investment area, as described, to form a community revitalization plan within a community revitalization and investment authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a

community revitalization plan for a community—~~Revitalization~~
revitalization and investment area and authorize the authority to include
in that plan a provision for the receipt of tax increment funds.

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

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

1 SECTION 1. (a) Certain areas of the state are generally
2 characterized by buildings in which it is unsafe or unhealthy for
3 persons to live or work, conditions that make the viable use of
4 buildings or lots difficult, high business vacancies and lack of
5 employment opportunities, and inadequate public improvements,
6 water, or sewer utilities. It is the intent of the Legislature to create
7 a planning and financing tool to support the revitalization of these
8 communities.

9 (b) It is in the interest of the state to support the economic
10 revitalization of these communities through tax increment
11 financing.

12 (c) It is the intent of the Legislature to authorize the creation of
13 Community Revitalization and Investment Authorities to invest
14 tax increment revenue to relieve conditions of unemployment,
15 reduce high crime rates, repair deteriorated or inadequate
16 infrastructure, promote affordable housing, and improve conditions
17 leading to increased employment opportunities.

18 SEC. 2. Part 1.87 (commencing with Section 34191.50) is
19 added to Division 24 of the Health and Safety Code, to read:

20

21 PART 1.87. COMMUNITY REVITALIZATION AND
22 INVESTMENT AUTHORITIES

23

24 34191.50. As used in this part, the following terms have the
25 following meanings:

26 (a) “Authority” means the Community Revitalization and
27 Investment Authority created pursuant to this part.

28 (b) “Plan” means a community revitalization plan.

29 34191.51. (a) A community revitalization and investment
30 authority is a public body, corporate and politic, with jurisdiction
31 to carry out a community revitalization plan within a community
32 revitalization and investment area. The authority shall be deemed

1 to be an “agency” as defined Section 33003 for purposes of
2 receiving tax increment revenues pursuant to Article XVI of section
3 16 of the California Constitution. The authority shall have only
4 those powers and duties specifically set forth in Section ~~3~~ 34191.53.

5 (b) An authority may be created in one of the following ways:

6 (1) A city, county, or city and county may adopt a resolution
7 creating an authority ~~and appointing the governing board~~. The
8 composition of the governing board shall be comprised as set forth
9 in subdivision (c).

10 (2) A city, county, city and county, and special district, as
11 *special district* is defined in subdivision (m) of Section 95 of the
12 Revenue and Taxation Code, or any combination thereof, may
13 create an authority by entering into a joint powers agreement
14 pursuant to Chapter 5 (commencing with Section 6500) of Division
15 7 of Title I of the Government Code. ~~The joint powers agreement~~
16 ~~shall establish the composition of the governing board.~~

17 (c) (1) The governing board of an authority created pursuant
18 to paragraph (1) of subdivision (b) *shall be appointed by the*
19 *legislative body of the city, county, or city and county that created*
20 *the authority and shall include three members of the ~~governing~~*
21 ~~board~~ *legislative body of the city, county, or city and county that*
22 *created the authority and two public members. The appointment*
23 *of the two public members shall be subject to the provisions of*
24 *Section 54974 of the Government Code.* The two public members
25 shall live or work within the community revitalization and
26 investment area.

27 (2) *The governing body of the authority created pursuant to*
28 *paragraph (2) of subdivision (b) shall be comprised of a majority*
29 *of members from the legislative bodies of the public agencies that*
30 *created the authority and a minimum of two public members who*
31 *live or work within the community revitalization and investment*
32 *area. The majority of the board shall appoint the public members*
33 *to the governing body. The appointment of the public members*
34 *shall be subject to the provisions of Section 54974 of the*
35 *Government Code.*

36 (d) An authority may carry out a community revitalization plan
37 within a community revitalization and investment area. Not less
38 than 80 percent of the land calculated by census tracts within the
39 area shall be characterized by *both of* the following conditions:

- 1 (1) An annual median household income that is less than 80
- 2 percent of the statewide annual median income.
- 3 (2) Three of the following four conditions:
- 4 (A) Unemployment that is at least 3 percent higher than
- 5 statewide median unemployment.
- 6 (B) Crime rates that are 5 percent higher than the statewide
- 7 median crime rate.
- 8 (C) Deteriorated or inadequate infrastructure such as streets,
- 9 sidewalks, water supply, sewer treatment or processing, and parks.
- 10 (D) Deteriorated commercial or residential structures.
- 11 (e) An authority may also carry out a community revitalization
- 12 plan within a community revitalization and investment area
- 13 established within a former military base that is principally
- 14 characterized by deteriorated or inadequate infrastructure and
- 15 structures. *Notwithstanding the provisions of subdivision (c), the*
- 16 *governing board of an authority established within a former*
- 17 *military base shall include a member of the military base closure*
- 18 *commission as a public member.*
- 19 (f) The conditions described in subdivisions (d) and (e) shall
- 20 constitute blight within the meaning of the Community
- 21 Redevelopment Law. The authority shall not be required to make
- 22 a finding of blight or conduct a survey of blight within the area.
- 23 (g) An authority created pursuant to this part shall be a local
- 24 public agency subject to the Ralph M. Brown Act (Chapter 9
- 25 (commencing with Section 54950) of Part 1 of Division 2 of Title
- 26 5 of the Government Code), the California Public Records Act
- 27 (Chapter 3.5 (commencing with Section 6250) of Division 7 of
- 28 Title 1 of the Government Code), and the Political Reform Act of
- 29 1974 (Title 9 (commencing with Section 81000) of the Government
- 30 Code).
- 31 34191.53. An authority may do all of the following:
- 32 (a) Provide funding to rehabilitate, repair, upgrade, or construct
- 33 infrastructure.
- 34 (b) Provide funding for low-and moderate-income housing.
- 35 (c) Remedy or remove a release of hazardous substances
- 36 pursuant to the Polanco Redevelopment Act (Sections 33459 to
- 37 33459.8, inclusive).
- 38 (d) Provide for seismic retrofits of existing buildings pursuant
- 39 to Section 33420.1.

1 (e) Acquire and transfer real property in accordance with
2 paragraph (4) of subdivision (a) of Section 33333.2, Article 7
3 (commencing with Section 33390) of Part 1 of Division 24, and
4 Sections 33340, 33349, 33350, 33435, 33436, 33437, 33437.5,
5 33438, 33439, 33440, 33442, 33443, 33444, 33444.5, 33444.6,
6 and 33445.

7 The authority shall retain controls and establish restrictions or
8 covenants running with the land sold or leased for private use for
9 such periods of time and under such conditions as are provided in
10 the plan. The establishment of such controls is a public purpose
11 under the provisions of this part.

12 (f) Issue bonds pursuant to Article 5 (commencing with Section
13 33640) of Chapter 6 of Part 1 of Division 24.

14 ~~(n)~~

15 (g) An authority may borrow money, receive grants, or accept
16 financial or other assistance or investment from the state or the
17 federal government or any other public agency or private lending
18 institution for any project or within its area of operation, and may
19 comply with any conditions of the loan or grant. An authority may
20 qualify for funding as a disadvantaged community as determined
21 by the California Environmental Protection Agency pursuant to
22 Section 79505.5 of the Water Code or as defined by Section
23 56033.5 of the Government Code. An authority may also
24 ~~coordinate~~ *enter into an agreement* with a qualified community
25 development entity ~~that has entered into an allocation agreement~~
26 ~~with the Community Development Financial Institutions Fund of~~
27 ~~the United States Department of the Treasury with respect to credits~~
28 ~~authorized by, as defined by Section 45D 45D(c) of the Internal~~
29 ~~Revenue Code of 1986, to maximize the benefits associated with~~
30 *coordinate investments of funds derived from the New Markets*
31 *Tax Credit with those of the authority in instances where*
32 *coordination offers opportunities for greater efficiency of*
33 *investments to improve conditions described in subdivisions (d)*
34 *and (e) within the territorial jurisdiction of the authority.*

35 ~~(o)~~

36 (h) At any time after the authority is authorized to transact
37 business and exercise its powers, the legislative body or bodies of
38 the local government that created the authority may appropriate
39 the amounts the legislative body or bodies deem necessary for the
40 administrative expenses and overhead of the authority.

1 The money appropriated may be paid to the authority as a grant
2 to defray the expenses and overhead, or as a loan to be repaid upon
3 such terms and conditions as the legislative body may provide. If
4 appropriated as a loan, the property owners within the plan area
5 shall be made third party beneficiaries of the repayment of the
6 loan. In addition to the common understanding and usual
7 interpretation of the term, “administrative expense“ includes, but
8 is not limited to, expenses of planning and dissemination of
9 information.

10 ~~(p)~~

11 (i) Adopt a community revitalization and investment plan
12 pursuant to Section 34191.55.

13 ~~(q)~~

14 (j) Make loans or grants for owners or tenants to improve,
15 rehabilitate, or retrofit buildings or structures within the plan area.

16 ~~(r) Provide~~

17 (k) *Except as specified in Section 33426.5, provide* direct
18 assistance to businesses within the plan area in connection with
19 new or existing facilities for industrial or manufacturing uses.

20 34191.55. An authority shall adopt a community revitalization
21 and investment plan that may include a provision for the receipt
22 of tax increment funds generated within the area according to
23 Section 33670 provided the plan includes each of the following
24 elements:

25 (a) A statement of the principal goals and objectives of the plan.

26 (b) A description of the deteriorated or inadequate infrastructure
27 within the area and a program for construction of adequate
28 infrastructure or repair or upgrading of existing infrastructure.

29 (c) A program that complies with Sections 33334.2 and
30 33334.12. If the authority makes a finding that combining funding
31 received under this program with other funding for the same
32 purpose shall reduce administrative costs or expedite the
33 construction of affordable housing, then an authority may transfer
34 funding from the program to a private nonprofit corporation, to
35 the housing authority within the territorial jurisdiction of the local
36 jurisdiction that created the authority, or to the entity that received
37 the housing assets of the former redevelopment agency pursuant
38 to Section 34176. Any recipient of funds transferred pursuant to
39 this subdivision shall comply with each of the requirements of
40 Sections 33334.2 and 33334.12. The program adopted pursuant

1 to this subdivision shall comply with the provisions of Section
2 33413.

3 (d) A program to remedy or remove a release of hazardous
4 substances, if applicable.

5 (e) A program to provide funding for or otherwise facilitate the
6 economic revitalization of the area.

7 (f) A fiscal analysis setting forth the projected receipt of revenue
8 and projected expenses over a five-year planning horizon.

9 (g) *The time limits imposed by Section 33333.2.*

10 34191.57. (a) The authority shall consider adoption of the plan
11 at two public hearings ~~which~~ *that* shall take place at least ~~thirty~~
12 ~~days~~ *30 days* apart. At the first public hearing, the authority shall
13 hear all written and oral comments but take no action. At the
14 second public hearing, the authority shall consider all written and
15 oral comments and take action to modify, adopt, or reject the plan.

16 (b) The draft plan shall be made available to the public and to
17 each property owner within the area at a meeting held at least ~~thirty~~
18 *30 days* prior to the notice given for the first public hearing. The
19 purposes of the meeting shall be to allow the staff of the authority
20 to present the draft plan, answer questions about the plan, and
21 consider comments about the plan.

22 (c) (1) Notice of the first public hearing shall be given by
23 publication not less than once a week for four successive weeks
24 in a newspaper of general circulation published in the county in
25 which the area lies and shall be mailed to each property owner
26 within the proposed area of the plan. Notice of the second public
27 hearing shall be given by publication not less than ~~ten~~ *10 days*
28 prior to the date of the second public hearing in a newspaper of
29 general circulation published in the county in which the area lies
30 and shall be mailed to each property owner within the proposed
31 area of the plan. The notice shall do all of the following:

32 (A) Describe specifically the boundaries of the proposed area.

33 (B) Describe the purpose of the plan.

34 (C) State the day, hour, and place when and where any and all
35 persons having any comments on the proposed plan may appear
36 to provide written or oral comments to the authority.

37 (D) Notice of second public hearing shall include a summary
38 of the changes made to the plan as a result of the oral and written
39 testimony received at or before the public hearing and shall identify

1 a location accessible to the public where the plan to be presented
2 at the second public hearing can be reviewed.

3 (2) The authority may provide notice of the public hearings to
4 tenants of properties within the proposed area of the plan in a
5 manner of its choosing.

6 (d) At the hour set in the notice required by subdivision (a), the
7 authority shall consider all written and oral comments.

8 (e) The authority may adopt the plan at the conclusion of the
9 second public hearing by ordinance. The ordinance adopting the
10 plan shall be subject to referendum as prescribed by law for the
11 ordinances of the local jurisdiction that created the authority.

12 (f) The redevelopment plan referred to in Section 33670 shall
13 be the plan adopted pursuant to this section.

14 34191.59. (a) The plan adopted pursuant to Section 34191.57
15 may include a provision for the receipt of tax increment funds
16 according to Section 33670 in accordance with this section.

17 (b) The plan shall limit the taxes that are allocated to the
18 authority to those defined in Section 33670 collected for the benefit
19 of the taxing agencies that have adopted a resolution pursuant to
20 subdivision (d).

21 (c) The provision for the receipt of tax increment funds shall
22 become effective in the tax year that begins after the December 1
23 first following the adoption of the plan.

24 (d) At any time prior to or after adoption of the plan, any city,
25 county, or special district, *other than a school entity* as defined in
26 subdivision ~~(m)~~ (n) of Section 95 of the Revenue and Taxation
27 Code, that receives ad valorem property taxes from property located
28 within an area may adopt a resolution directing the county
29 auditor-controller to allocate its share of tax increment funds within
30 the area covered by the plan according to Section 33670 to the
31 authority. The resolution adopted pursuant to this subdivision may
32 direct the county auditor-controller to allocate less than the full
33 amount of the tax increment, establish a maximum amount of time
34 in years that the allocation takes place, or limit the use of the funds
35 by the authority for specific purposes or programs. A resolution
36 adopted pursuant to this subdivision may be repealed and be of no
37 further effect by giving the county auditor-controller ~~sixty~~ 60 days'
38 notice; provided, however, that the county auditor-controller shall
39 continue to allocate to the authority the taxing entity's share of ad

1 valorem property taxes that have been pledged to the repayment
2 of debt issued by the authority until the debt has been fully repaid.

3 (e) Upon adoption of a plan that includes a provision for the
4 receipt of tax increment funds according to Section 33670, the
5 county auditor-controller shall allocate tax increment revenue to
6 the authority as follows:

7 (1) If the authority was formed pursuant to paragraph (1) of
8 subdivision (b) of Section 34191.51, the authority shall be allocated
9 each year specified in the plan that portion of the taxes levied for
10 each city, county, city and county, and special district that has
11 adopted a resolution pursuant to subdivision (d), in excess of the
12 amount specified in subdivision (a) of Section 33670.

13 (2) If the authority was formed pursuant to paragraph (2) of
14 subdivision (b) of Section 34191.51, the authority shall be allocated
15 each year specified in the plan that portion of the taxes levied for
16 each jurisdiction as provided in the joint powers agreement in
17 excess of the amount specified in subdivision (a) of Section 33670.

18 (f) If an area includes, in whole or in part, land formerly or
19 currently designated as a part of a redevelopment project area, as
20 defined in Section 33320.1, any plan adopted pursuant to this part
21 that includes a provision for the receipt of tax increment revenues
22 according to Section 33670 shall include a provision that tax
23 increment amounts collected and received by an authority ~~shall~~
24 ~~not be used for the payment of~~ *are subject and subordinate to any*
25 preexisting enforceable obligation as that term is defined by Section
26 34171.

27 34191.61. (a) The authority shall review the plan at least
28 annually and make any modifications that are necessary and
29 appropriate in accordance with the provisions of this section, and
30 shall require the preparation of an annual independent financial
31 audit paid for from revenues of the authority.

32 (b) After holding a public hearing, an authority shall adopt a
33 report on or before June 30 of each year. Written copies of the
34 draft report shall be made available to the public ~~thirty~~ 30 days
35 prior to the public hearing. The clerk of the legislative body shall
36 post the draft report in an easily identifiable and accessible location
37 on the authority's Internet Web-Site *site* and shall mail a written
38 notice of the availability of the draft report on the Web-Site *site*
39 to each owner of land within the area covered by the plan and to

1 each taxing entity that has adopted a resolution pursuant to
2 subdivision (d) of Section 34191.59.

3 (c) The annual report shall contain all of the following:

4 (1) A description of the projects undertaken in the fiscal year
5 and a comparison of the progress expected to be made on those
6 projects compared to the actual progress.

7 (2) A chart comparing the actual revenues and expenses,
8 *including administrative costs*, of the authority to the budgeted
9 revenues and expenses

10 (3) The amount of tax increment revenues received.

11 (4) The amount of revenues received for low-and
12 moderate-income housing

13 (5) The amount of revenues expended for low-and
14 moderate-income housing.

15 (6) An assessment of the status regarding completion of the
16 authority’s projects.

17 (7) *The amount of revenues expended to assist private*
18 *businesses.*

19 ~~(e)~~

20 (d) If the authority fails to provide the annual report required
21 by subdivision (a), the authority shall not spend any funds received
22 pursuant to a resolution adopted pursuant to subdivision (d) of
23 Section 34191.59.

24 ~~(d)~~

25 (e) Every 10 years, at the public hearing held pursuant to
26 subdivision (a), the authority shall conduct a protest proceeding
27 to consider whether the property owners within the plan area wish
28 to present oral or written protests against the authority. Notice of
29 ~~his~~ *this* protest proceeding shall be included in the written notice
30 of the hearing on the annual report and shall inform the property
31 owner of his or her right to submit an oral or written protest before
32 the close of the public hearing. The protest may state that the
33 property owner objects to the authority taking action to implement
34 the plan on and after the effective date of the election described
35 in subdivision (e). The authority shall consider all written and oral
36 protests received prior to the close of the public hearing.

37 ~~(e)~~

38 (f) If there is a majority protest, the authority shall call an
39 election of the property owners in the area covered by the plan,
40 and shall not initiate or authorize any new projects until the election

1 is held. A majority protest exists if protests have been filed
2 representing over 50 percent of the assessed value in the area.

3 ~~(f)~~

4 (g) An election required pursuant to subdivision (e) shall be
5 held within 90 days of the public hearing and may be held by
6 mail-in ballot.

7 ~~(g)~~

8 (h) If a majority of the property owners, weighted proportional
9 to the assessed value of their property, vote against the authority,
10 then the authority shall not take any further action to implement
11 the plan on and after the effective date of the election held pursuant
12 to subdivision (e). This section shall not prevent the authority from
13 taking any and all actions and appropriating and expending funds,
14 including but not limited to any and all payments on bonded or
15 contractual indebtedness, to carry out and complete projects for
16 which expenditures of any kind had been made prior to the effective
17 date of the election.

O