

AMENDED IN ASSEMBLY MAY 6, 2013

AMENDED IN ASSEMBLY APRIL 24, 2013

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, Chau, 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 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.

1 34191.51. (a) A community revitalization and investment
2 authority is a public body, corporate and politic, with jurisdiction
3 to carry out a community revitalization plan within a community
4 revitalization and investment area. The authority shall be deemed
5 to be an “agency” as defined in Section 33003 for purposes of
6 receiving tax increment revenues pursuant to Article XVI of
7 Section 16 of the California Constitution. The authority shall have
8 only those powers and duties specifically set forth in Section
9 34191.53.

10 (b) (1) An authority may be created in one of the following
11 ways:

12 (A) A city, county, or city and county may adopt a resolution
13 creating an authority. The composition of the governing board
14 shall be comprised as set forth in subdivision (c).

15 (B) A city, county, city and county, and special district, as
16 special district is defined in subdivision (m) of Section 95 of the
17 Revenue and Taxation Code, or any combination thereof, may
18 create an authority by entering into a joint powers agreement
19 pursuant to Chapter 5 (commencing with Section 6500) of Division
20 7 of Title 1 of the Government Code.

21 (2) A school entity, as defined in subdivision (n) of Section 95
22 of the Revenue and Taxation Code, may not participate in an
23 authority created pursuant to this part.

24 (c) (1) The governing board of an authority created pursuant
25 to *subparagraph (A) of paragraph (1) of subdivision (b)* shall be
26 appointed by the legislative body of the city, county, or city and
27 county that created the authority and shall include three members
28 of the legislative body of the city, county, or city and county that
29 created the authority and two public members. The appointment
30 of the two public members shall be subject to the provisions of
31 Section 54974 of the Government Code. The two public members
32 shall live or work within the community revitalization and
33 investment area.

34 (2) The governing body of the authority created pursuant to
35 *subparagraph (B) of paragraph (2) of subdivision (b)* shall be
36 comprised of a majority of members from the legislative bodies
37 of the public agencies that created the authority and a minimum
38 of two public members who live or work within the community
39 revitalization and investment area. The majority of the board shall
40 appoint the public members to the governing body. The

1 appointment of the public members shall be subject to the
2 provisions of Section 54974 of the Government Code.

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

7 (1) An annual median household income that is less than 80
8 percent of the statewide annual median income.

9 (2) Three of the following four conditions:

10 (A) Unemployment that is at least 3 percent higher than
11 statewide median unemployment.

12 (B) Crime rates that are 5 percent higher than the statewide
13 median crime rate.

14 (C) Deteriorated or inadequate infrastructure such as streets,
15 sidewalks, water supply, sewer treatment or processing, and parks.

16 (D) Deteriorated commercial or residential structures.

17 (e) An authority may also carry out a community revitalization
18 plan within a community revitalization and investment area
19 established within a former military base that is principally
20 characterized by deteriorated or inadequate infrastructure and
21 structures. Notwithstanding subdivision (c), the governing board
22 of an authority established within a former military base shall
23 include a member of the military base closure commission as a
24 public member.

25 (f) The conditions described in subdivisions (d) and (e) shall
26 constitute blight within the meaning of the Community
27 Redevelopment Law. The authority shall not be required to make
28 a finding of blight or conduct a survey of blight within the area.

29 (g) An authority created pursuant to this part shall be a local
30 public agency subject to the Ralph M. Brown Act (Chapter 9
31 (commencing with Section 54950) of Part 1 of Division 2 of Title
32 5 of the Government Code), the California Public Records Act
33 (Chapter 3.5 (commencing with Section 6250) of Division 7 of
34 Title 1 of the Government Code), and the Political Reform Act of
35 1974 (Title 9 (commencing with Section 81000) of the Government
36 Code).

37 34191.53. An authority may do all of the following:

38 (a) Provide funding to rehabilitate, repair, upgrade, or construct
39 infrastructure.

40 (b) Provide funding for low- and moderate-income housing.

1 (c) Remedy or remove a release of hazardous substances
2 pursuant to the Polanco Redevelopment Act (Sections 33459 to
3 33459.8, inclusive).

4 (d) Provide for seismic retrofits of existing buildings pursuant
5 to Section 33420.1.

6 (e) Acquire and transfer real property in accordance with
7 paragraph (4) of subdivision (a) of Section 33333.2, Article 7
8 (commencing with Section 33390) of Part 1 of Division 24, and
9 Sections 33340, 33349, 33350, 33435, 33436, 33437, 33437.5,
10 33438, 33439, 33440, 33442, 33443, 33444, 33444.5, 33444.6,
11 and 33445.

12 The authority shall retain controls and establish restrictions or
13 covenants running with the land sold or leased for private use for
14 such periods of time and under such conditions as are provided in
15 the plan. The establishment of such controls is a public purpose
16 under the provisions of this part.

17 (f) Issue bonds pursuant to Article 5 (commencing with Section
18 33640) of Chapter 6 of Part 1 of Division 24.

19 (g) An authority may borrow money, receive grants, or accept
20 financial or other assistance or investment from the state or the
21 federal government or any other public agency or private lending
22 institution for any project or within its area of operation, and may
23 comply with any conditions of the loan or grant. An authority may
24 qualify for funding as a disadvantaged community as determined
25 by the California Environmental Protection Agency pursuant to
26 Section 79505.5 of the Water Code or as defined by Section
27 56033.5 of the Government Code. An authority may also enter
28 into an agreement with a qualified community development entity,
29 as defined by Section 45D(c) of the Internal Revenue Code, to
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 (h) At any time after the authority is authorized to transact
36 business and exercise its powers, the legislative body or bodies of
37 the local government that created the authority may appropriate
38 the amounts the legislative body or bodies deem necessary for the
39 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 (i) Adopt a community revitalization and investment plan
11 pursuant to Section 34191.55.

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

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

17 34191.55. An authority shall adopt a community revitalization
18 and investment plan that may include a provision for the receipt
19 of tax increment funds generated within the area according to
20 Section 33670 provided the plan includes each of the following
21 elements:

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

23 (b) A description of the deteriorated or inadequate infrastructure
24 within the area and a program for construction of adequate
25 infrastructure or repair or upgrading of existing infrastructure.

26 (c) A program that complies with Sections 33334.2 and all
27 applicable provisions of the Community Redevelopment Law (Part
28 1 (commencing with Section 33300) of Division 24). An authority
29 that includes a provision for the receipt of tax increment revenues
30 pursuant to Section 33670 in its Community Revitalization and
31 Investment Plan shall dedicate at least 25 percent of allocated tax
32 increment revenues for affordable housing purposes. If the authority
33 makes a finding that combining funding received under this
34 program with other funding for the same purpose shall reduce
35 administrative costs or expedite the construction of affordable
36 housing, then an authority may transfer funding from the program
37 to the housing authority within the territorial jurisdiction of the
38 local jurisdiction that created the authority or to the entity that
39 received the housing assets of the former redevelopment agency
40 pursuant to Section 34176. Funding shall be spent within the

1 project area in which the funds were generated. Any recipient of
2 funds transferred pursuant to this subdivision shall comply with
3 all applicable provisions of the Community Redevelopment Law.

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

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

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

10 (g) The time limits imposed by Section 33333.2.

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

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

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

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

34 (B) Describe the purpose of the plan.

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

38 (D) Notice of second public hearing shall include a summary
39 of the changes made to the plan as a result of the oral and written
40 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 (n) of Section 95 of the Revenue and Taxation Code,
27 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 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 subparagraph (A)
8 of paragraph (1) of subdivision (b) of Section 34191.51, the
9 authority shall be allocated each year specified in the plan that
10 portion of the taxes levied for each city, county, city and county,
11 and special district that has adopted a resolution pursuant to
12 subdivision (d), in excess of the amount specified in subdivision
13 (a) of Section 33670.

14 (2) If the authority was formed pursuant to subparagraph (B)
15 of paragraph (1) of subdivision (b) of Section 34191.51, the
16 authority shall be allocated each year specified in the plan that
17 portion of the taxes levied for each jurisdiction as provided in the
18 joint powers agreement in excess of the amount specified in
19 subdivision (a) of Section 33670.

20 (f) If an area includes, in whole or in part, land formerly or
21 currently designated as a part of a redevelopment project area, as
22 defined in Section 33320.1, any plan adopted pursuant to this part
23 that includes a provision for the receipt of tax increment revenues
24 according to Section 33670 shall include a provision that tax
25 increment amounts collected and received by an authority are
26 subject and subordinate to any preexisting enforceable obligation
27 as that term is defined by Section 34171.

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

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

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

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

35 (f) If there is a majority protest, the authority shall call an
36 election of the property owners in the area covered by the plan,
37 and shall not initiate or authorize any new projects until the election
38 is held. A majority protest exists if protests have been filed
39 representing over 50 percent of the assessed value in the area.

1 (g) An election required pursuant to subdivision (f) shall be held
2 within 90 days of the public hearing and may be held by mail-in
3 ballot.

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