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CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1080

Introduced by Assembly Member Alejo
(Principal coauthors: Assembly Members Atkins, Mullin, and
V. Manuel Pérez)
(Coauthors: Assembly Members Brown, ~~Dickinson~~, Ian Calderon,
Chau, *Dickinson*, *Holden*, *Perea*, *Stone*, *Ting*, 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:

1 PART 1.87. COMMUNITY REVITALIZATION AND
2 INVESTMENT AUTHORITIES
3

4 34191.50. As used in this part, the following terms have the
5 following meanings:

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

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

9 34191.51. (a) A community revitalization and investment
10 authority is a public body, corporate and politic, with jurisdiction
11 to carry out a community revitalization plan within a community
12 revitalization and investment area. The authority shall be deemed
13 to be an “agency” as defined in Section 33003 for purposes of
14 receiving tax increment revenues pursuant to Article XVI of
15 Section 16 of the California Constitution. The authority shall have
16 only those powers and duties specifically set forth in Section
17 34191.53.

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

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

23 (B) A city, county, city and county, and special district, as
24 special district is defined in subdivision (m) of Section 95 of the
25 Revenue and Taxation Code, or any combination thereof, may
26 create an authority by entering into a joint powers agreement
27 pursuant to Chapter 5 (commencing with Section 6500) of Division
28 7 of Title 1 of the Government Code.

29 (2) (A) A school entity, as defined in subdivision (f) of Section
30 95 of the Revenue and Taxation Code, may not participate in an
31 authority created pursuant to this part.

32 (B) *A successor agency, as defined in subdivision (j) of Section*
33 *34171, may not participate in an authority created pursuant to*
34 *this part, and an entity created pursuant to this part shall not*
35 *receive any portion of the property tax revenues or other moneys*
36 *distributed pursuant to Section 34188.*

37 (3) A city or county that created a redevelopment agency that
38 was dissolved pursuant to Part 1.85 (commencing with Section
39 34170) of Division 24 shall not form an authority under this section
40 unless the successor agency or designated local authority for the

1 former redevelopment agency has received a finding of completion
2 from the Department of Finance pursuant to Section 34179.7.

3 (c) (1) The governing board of an authority created pursuant
4 to subparagraph (A) of paragraph (1) of subdivision (b) shall be
5 appointed by the legislative body of the city, county, or city and
6 county that created the authority and shall include three members
7 of the legislative body of the city, county, or city and county that
8 created the authority and two public members. The appointment
9 of the two public members shall be subject to the provisions of
10 Section 54974 of the Government Code. The two public members
11 shall live or work within the community revitalization and
12 investment area.

13 (2) The governing body of the authority created pursuant to
14 subparagraph (B) of paragraph (1) of subdivision (b) shall be
15 comprised of a majority of members from the legislative bodies
16 of the public agencies that created the authority and a minimum
17 of two public members who live or work within the community
18 revitalization and investment area. The majority of the board shall
19 appoint the public members to the governing body. The
20 appointment of the public members shall be subject to the
21 provisions of Section 54974 of the Government Code.

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

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

28 (2) Three of the following four conditions:

29 (A) Nonseasonal unemployment that is at least 3 percent higher
30 than statewide median unemployment, as defined by the report on
31 labor market information published by the Employment
32 Development Department in January of the year in which the
33 community revitalization plan is prepared.

34 (B) Crime rates that are 5 percent higher than the statewide
35 median crime rate, as defined by the most recent annual report of
36 the Criminal Justice Statistics Center within the Department of
37 Justice.

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

40 (D) Deteriorated commercial or residential structures.

1 (e) As an alternative to subdivision (d), an authority may also
2 carry out a community revitalization plan within a community
3 revitalization and investment area established within a former
4 military base that is principally characterized by deteriorated or
5 inadequate infrastructure and structures. Notwithstanding
6 subdivision (c), the governing board of an authority established
7 within a former military base shall include a member of the military
8 base closure commission as a public member.

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

13 (g) An authority created pursuant to this part shall be a local
14 public agency subject to the Ralph M. Brown Act (Chapter 9
15 (commencing with Section 54950) of Part 1 of Division 2 of Title
16 5 of the Government Code), the California Public Records Act
17 (Chapter 3.5 (commencing with Section 6250) of Division 7 of
18 Title 1 of the Government Code), and the Political Reform Act of
19 1974 (Title 9 (commencing with Section 81000) of the Government
20 Code).

21 (h) (1) At any time after the authority is authorized to transact
22 business and exercise its powers, the legislative body or bodies of
23 the local government or governments that created the authority
24 may appropriate the amounts the legislative body or bodies deem
25 necessary for the administrative expenses and overhead of the
26 authority.

27 (2) The money appropriated may be paid to the authority as a
28 grant to defray the expenses and overhead, or as a loan to be repaid
29 upon the terms and conditions as the legislative body may provide.
30 If appropriated as a loan, the property owners within the plan area
31 shall be made third-party beneficiaries of the repayment of the
32 loan. In addition to the common understanding and usual
33 interpretation of the term, “administrative expense” includes, but
34 is not limited to, expenses of planning and dissemination of
35 information.

36 34191.53. An authority may do all of the following:

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

39 (b) Provide 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) Borrow money, receive grants, or accept financial or other
20 assistance or investment from the state or the federal government
21 or any other public agency or private lending institution for any
22 project or within its area of operation, and may comply with any
23 conditions of the loan or grant. An authority may qualify for
24 funding as a disadvantaged community as determined by the
25 California Environmental Protection Agency pursuant to Section
26 79505.5 of the Water Code or as defined by Section 56033.5 of
27 the Government Code. An authority may also enter into an
28 agreement with a qualified community development entity, as
29 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) Adopt a community revitalization and investment plan
36 pursuant to Section 34191.55.

37 (i) Make loans or grants for owners or tenants to improve,
38 rehabilitate, or retrofit buildings or structures within the plan area.

1 (j) Except as specified in Section 33426.5, provide direct
2 assistance to businesses within the plan area in connection with
3 new or existing facilities for industrial or manufacturing uses.

4 34191.55. An authority shall adopt a community revitalization
5 and investment plan that may include a provision for the receipt
6 of tax increment funds generated within the area according to
7 Section 33670 provided the plan includes each of the following
8 elements:

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

10 (b) A description of the deteriorated or inadequate infrastructure
11 within the area and a program for construction of adequate
12 infrastructure or repair or upgrading of existing infrastructure.

13 (c) A program that complies with Sections 33334.2 and all other
14 housing-related provisions of the Community Redevelopment Law
15 (Part 1 (commencing with Section 33300) of Division 24). An
16 authority that includes a provision for the receipt of tax increment
17 revenues pursuant to Section 33670 in its Community
18 Revitalization and Investment Plan shall dedicate at least 25 percent
19 of allocated tax increment revenues for affordable housing
20 purposes. If the authority makes a finding that combining funding
21 received under this program with other funding for the same
22 purpose shall reduce administrative costs or expedite the
23 construction of affordable housing, then an authority may transfer
24 funding from the program to the housing authority within the
25 territorial jurisdiction of the local jurisdiction that created the
26 authority or to the entity that received the housing assets of the
27 former redevelopment agency pursuant to Section 34176; however,
28 Section 34176.1 shall not apply to funds transferred. Funding shall
29 be spent within the project area in which the funds were generated.
30 Any recipient of funds transferred pursuant to this subdivision
31 shall comply with all applicable provisions of the Community
32 Redevelopment Law.

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

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

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

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

40 (h) A program that does both of the following:

1 (1) Prohibits the number of housing units occupied by extremely
2 low, very low, and low-income households, including the number
3 of bedrooms in those units, *at the time the plan is adopted*, from
4 being reduced in the plan area during the effective period of the
5 plan.

6 (2) Requires the replacement of dwelling units that house
7 extremely low, very low, or low-income households pursuant to
8 subdivision (a) of Section 33413 within two years of their
9 displacement.

10 34191.57. (a) The authority shall consider adoption of the plan
11 at two public hearings that shall take place at least 30 days apart.
12 At the first public hearing, the authority shall hear all written and
13 oral comments but take no action. At the second public hearing,
14 the authority shall consider all written and oral comments and take
15 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 30
18 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 10 days prior
28 to the date of the second public hearing in a newspaper of general
29 circulation published in the county in which the area lies and shall
30 be mailed to each property owner within the proposed area of the
31 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 (g) The authority shall consider and adopt an amendment or
15 amendments to a plan in accordance with the provisions of this
16 section.

17 34191.59. (a) The plan adopted pursuant to Section 34191.57
18 may include a provision for the receipt of tax increment funds
19 according to Section 33670 in accordance with this section.

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

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

27 (d) At any time prior to or after adoption of the plan, any city,
28 county, or special district, other than a school entity as defined in
29 subdivision (n) of Section 95 of the Revenue and Taxation Code
30 *or a successor agency as defined in subdivision (j) of Section*
31 *34171*, that receives ad valorem property taxes from property
32 located within an area may adopt a resolution directing the county
33 auditor-controller to allocate its share of tax increment funds within
34 the area covered by the plan according to Section 33670 to the
35 authority. The resolution adopted pursuant to this subdivision may
36 direct the county auditor-controller to allocate less than the full
37 amount of the tax increment, establish a maximum amount of time
38 in years that the allocation takes place, or limit the use of the funds
39 by the authority for specific purposes or programs. A resolution
40 adopted pursuant to this subdivision may be repealed and be of no

1 further effect by giving the county auditor-controller 60 days'
2 notice; provided, however, that the county auditor-controller shall
3 continue to allocate to the authority the taxing entity's share of ad
4 valorem property taxes that have been pledged to the repayment
5 of debt issued by the authority until the debt has been fully repaid.
6 Prior to adopting a resolution pursuant to this subdivision a city,
7 county, or special district shall approve a memorandum of
8 understanding with the authority governing the authority's use of
9 tax increment funds for administrative and overhead expenses
10 pursuant to subdivision (h) of Section 34191.51.

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

15 (1) If the authority was formed pursuant to subparagraph (A)
16 of paragraph (1) of subdivision (b) of Section 34191.51, the
17 authority shall be allocated each year specified in the plan that
18 portion of the taxes levied for each city, county, city and county,
19 and special district that has adopted a resolution pursuant to
20 subdivision (d), in excess of the amount specified in subdivision
21 (a) of Section 33670.

22 (2) If the authority was formed pursuant to subparagraph (B)
23 of paragraph (1) of subdivision (b) of Section 34191.51, the
24 authority shall be allocated each year specified in the plan that
25 portion of the taxes levied for each jurisdiction as provided in the
26 joint powers agreement in excess of the amount specified in
27 subdivision (a) of Section 33670.

28 (f) If an area includes, in whole or in part, land formerly or
29 currently designated as a part of a redevelopment project area, as
30 defined in Section 33320.1, any plan adopted pursuant to this part
31 that includes a provision for the receipt of tax increment revenues
32 according to Section 33670 shall include a provision that tax
33 increment amounts collected and received by an authority are
34 subject and subordinate to any preexisting enforceable obligation
35 as that term is defined by Section 34171.

36 34191.61. (a) The authority shall review the plan at least
37 annually and make any amendments that are necessary and
38 appropriate in accordance with the procedures set forth in Section
39 34191.57, and shall require the preparation of an annual
40 independent financial audit paid for from revenues of the authority.

1 (b) An authority shall adopt an annual report on or before June
2 30 of each year after holding a public hearing. Written copies of
3 the draft report shall be made available to the public 30 days prior
4 to the public hearing. The authority shall cause the draft report to
5 be posted in an easily identifiable and accessible location on the
6 authority's Internet Web site and shall mail a written notice of the
7 availability of the draft report on the Internet Web site to each
8 owner of land and each resident within the area covered by the
9 plan and to each taxing entity that has adopted a resolution pursuant
10 to subdivision (d) of Section 34191.59. The notice shall be mailed
11 by first-class mail, but may be addressed to "occupant."

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

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

16 (2) A chart comparing the actual revenues and expenses,
17 including administrative costs, of the authority to the budgeted
18 revenues and expenses

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

20 (4) The amount of revenues received for low- and
21 moderate-income housing

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

24 (6) An assessment of the status regarding completion of the
25 authority's projects.

26 (7) The amount of revenues expended to assist private
27 businesses.

28 (d) If the authority fails to provide the annual report required
29 by subdivision (a), the authority shall not spend any funds received
30 pursuant to a resolution adopted pursuant to subdivision (d) of
31 Section 34191.59.

32 (e) Every 10 years, at the public hearing held pursuant to
33 subdivision (b), the authority shall conduct a protest proceeding
34 to consider whether the property owners and residents within the
35 plan area wish to present oral or written protests against the
36 authority. Notice of this protest proceeding shall be included in
37 the written notice of the hearing on the annual report and shall
38 inform the property owner and resident of his or her right to submit
39 an oral or written protest before the close of the public hearing.
40 The protest may state that the property owner or resident objects

1 to the authority taking action to implement the plan on and after
2 the date of the election described in subdivision (f). The authority
3 shall consider all written and oral protests received prior to the
4 close of the public hearing.

5 (f) If there is a majority protest, the authority shall call an
6 election of the property owners and residents in the area covered
7 by the plan, and shall not initiate or authorize any new projects
8 until the election is held. A majority protest exists if protests have
9 been filed representing over 50 percent of the combined number
10 of property owners and residents in the area.

11 (g) An election required pursuant to subdivision (f) shall be held
12 within 90 days of the public hearing and may be held by mail-in
13 ballot. The authority shall adopt, at a duly noticed public hearing,
14 procedures for holding this election.

15 (h) If a majority of the property owners and residents vote
16 against the authority, then the authority shall not take any further
17 action to implement the plan on and after the date of the election
18 held pursuant to subdivision (e). This section shall not prevent the
19 authority from taking any and all actions and appropriating and
20 expending funds, including, but not limited to, any and all
21 payments on bonded or contractual indebtedness, to carry out and
22 complete projects for which expenditures of any kind had been
23 made prior to the date of the election.

24 34191.63. (a) Every five years the authority shall contract for
25 an independent audit to determine compliance with the affordable
26 housing maintenance and replacement requirements of subdivision
27 (h) of Section 34191.55, including provisions to ensure that the
28 requirements are met within each five-year period covered by the
29 audit. The audit shall be conducted according to guidelines
30 established by the Controller. A copy of the completed audit shall
31 be provided to the Controller. The Controller shall not be required
32 to review and approve the completed audits.

33 (b) Where the audit demonstrates a failure to comply with the
34 requirements of subdivision (h) of Section 34191.55 shall require
35 the authority to adopt and submit to the Controller, as part of the
36 audit, a plan to achieve compliance with those provisions as soon
37 as feasible, but in not less than two years following the findings.
38 The Controller shall review and approve the plan, and require the
39 plan to stay in effect until compliance is achieved. The Controller

1 shall ensure that the plan includes one or more of the following
2 means of achieving compliance:

3 (1) The expenditure of an additional 10 percent of gross tax
4 increment revenue on increasing, preserving, and improving the
5 supply of low-income housing.

6 (2) An increase in the production, by an additional 10 percent,
7 of housing for very low income households as required by
8 paragraph (2) of subdivision (b) of Section 33413.

9 (3) The targeting of expenditures pursuant to Section 33334.2
10 exclusively to rental housing affordable to, and occupied by,
11 persons of very low and extremely low income.

O