

**Introduced by Senator Steinberg**December 3, 2012

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An act to add Part 1.86 (commencing with Section 34191.10) to Division 24 of the Health and Safety Code, and to amend Section 21094.5 of the Public Resources Code, relating to economic development, and making an appropriation therefor.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1, as introduced, Steinberg. Sustainable Communities Investment 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 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 Sustainable Communities Investment Area, as described, to form a Sustainable Communities Investment Authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a Sustainable Communities Investment Plan for a Sustainable Communities Investment Area and authorize the authority to include in that plan a provision for the receipt of tax increment funds provided that certain economic development and planning requirements are met. The bill would authorize the legislative body of a city or county forming an authority to dedicate any portion of its net available revenue, as defined, to the authority through its

Sustainable Communities Investment Plan. The bill would require the authority to contract for an independent financial and performance audit every 5 years.

The bill would establish prequalification requirements for entities that will receive more than \$1,000,000 from the Sustainable Communities Investment Authority and would require the Department of Industrial Relations to monitor and enforce compliance with prevailing wage requirements for specified projects within a Sustainable Communities Investment Area. The bill would deposit moneys received by the department from developer charges related to the costs of monitoring and enforcement in the State Public Works Enforcement Fund. By depositing a new source of revenue in the State Public Works Enforcement Fund, a continuously appropriated special fund, the bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: 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 34191.10)  
2 is added to Division 24 of the Health and Safety Code, to read:

3  
4 PART 1.86. SUSTAINABLE COMMUNITIES INVESTMENT  
5 PROGRAM

6  
7 CHAPTER 1. GENERAL PROVISIONS

8  
9 34191.10. (a) The Legislature finds and declares that better  
10 economic development patterns in California can contribute to  
11 greater economic growth by creating good jobs, reducing commuter  
12 times for employees, reducing the costs of public infrastructure,  
13 and reducing energy consumption. Better development patterns  
14 may also result in increased options in the type of housing  
15 available, more affordable housing, and a reduction in a  
16 household’s combined housing and transportation costs.

17 (b) The construction industry has been one of the sectors hardest  
18 hit by the economic downturn of recent years. Creating incentives  
19 for construction can help restore construction and permanent jobs,  
20 which are essential for a restoration of prosperity.

1 (c) Economic development patterns can also help California  
2 attain some of its long-term strategic environmental objectives  
3 including reduced air pollution, greater water conservation, reduced  
4 energy consumption, and increased farmland and habitat  
5 preservation.

6 (d) Implementation of the growth plans identified by the  
7 metropolitan planning organizations in their sustainable  
8 communities strategies, and in particular the development of areas  
9 identified for transit priority projects, is essential if California is  
10 to achieve the multiple benefits that would result from economic  
11 development. Implementation of growth plans in transit priority  
12 project areas requires redevelopment of existing developed areas.

13 (e) In addition to economic pressures from the current recession,  
14 development of transit priority projects remains challenging.  
15 Infrastructure is often old and inadequate. Sites may suffer from  
16 contamination that is expensive to remediate. The high construction  
17 costs in urban areas, particularly for multifamily dwellings, create  
18 an additional challenge. For these reasons, it is critical to restructure  
19 and refocus redevelopment in California to assist in achievement  
20 of these multiple benefits.

21 (f) At the same time, California cannot afford a redevelopment  
22 program that causes schools to lose revenue at a time when  
23 investing in education is also key to the state's economic  
24 prosperity. A growth plan for the state consistent with regional  
25 sustainable communities strategies must also provide that schools  
26 are able to play their full role in achieving the future of California.  
27 In this regard, Section 16 of Article XVI of the California  
28 Constitution does not require that all taxing agencies set aside their  
29 portion of future property tax for tax increment. It defines taxing  
30 agencies disjunctively as "any city, county, city and county, district,  
31 or other public corporation."

32 (g) The elimination of redevelopment agencies has resulted in  
33 the loss of approximately one billion dollars (\$1,000,000,000)  
34 annually in low- and moderate-income housing funds for  
35 communities throughout the state. Communities need alternative  
36 sources of revenue to support the continued production of  
37 affordable housing units.

38 (h) The Legislature finds that a comprehensive strategy for the  
39 long-term economic development of the state must encourage the  
40 creation of good jobs and workforce skills needed to attract and

1 retain a high-wage workforce, in addition to public infrastructure  
2 requirements. Public investments in human capital are as vital to  
3 the long-term growth of the state's economy as investments in  
4 physical capital.

5 34191.11. The Legislature further finds and declares that  
6 inefficient land use patterns cause an increased economic burden  
7 on taxpayers for the costs of an inefficient transportation  
8 infrastructure, and create a high combined economic cost of  
9 housing and transportation for California residents. These  
10 development patterns have also contributed to declining property  
11 values and foreclosures in many communities. They create further  
12 economic risks for the agricultural industry, the largest industry  
13 in California, through the loss of critical farmland. They also result  
14 in increased air pollution, energy consumption, and greenhouse  
15 gas emissions which impose additional costs on business and  
16 damage public health. They also lead to inefficient consumption  
17 of water, a critical resource for all of California.

18 34191.12. The Legislature finds and declares that the  
19 interrelated problems identified in this chapter are a form of blight  
20 that can be addressed through a new Sustainable Communities  
21 Investment Program.

22 34191.13. In order to more effectively address blight, the  
23 program shall be established to support development in transit  
24 priority project areas and small walkable communities and to  
25 support clean energy manufacturing through tax increment revenue.  
26 This new program shall use tax increment revenue to fight blight  
27 as it is understood in the contemporary setting without including  
28 those aspects of the former redevelopment program that created  
29 so much controversy, including the manipulation of the definition  
30 of blight and the use of the school share of tax increment revenue,  
31 such that it became a drain on the General Fund. The new program,  
32 focused on certain geographic areas and sites, shall require greater  
33 levels of intergovernmental collaboration.

34 34191.14. It is the intent of the Legislature in establishing the  
35 Sustainable Communities Investment Program to create a new,  
36 collaborative structure for the creation of a governing board for a  
37 Sustainable Communities Investment Authority and to allow  
38 governmental entities through a consensual process to invest tax  
39 increment revenue to relieve conditions of blight as prescribed by  
40 the Legislature. The new authority shall have new planning

1 obligations and, in particular, shall have a new focus on the job  
2 creation associated with new economic development. To the extent  
3 not inconsistent with the new program, the authority shall be able  
4 to exercise the powers of the former redevelopment agencies, but  
5 only as part of this newly created and reformed program.

6 34191.15. For purposes of this part, “authority” or “Sustainable  
7 Communities Investment Authority” means the entity formed under  
8 Chapter 2 (commencing with Section 34191.20).

9

10 CHAPTER 2. SUSTAINABLE COMMUNITIES INVESTMENT  
11 AUTHORITY

12

13 34191.20. (a) A Sustainable Communities Investment  
14 Authority is a public body, corporate and politic, that may be  
15 created by the appointment of a governing board as provided in  
16 subdivision (d). The authority shall comply with the provisions of  
17 this part, the Community Redevelopment Law (Part 1 (commencing  
18 with Section 33000)), excluding Sections 33401, 33492.140, 33607,  
19 33607.5, 33607.7, 33676, and any other similar payment provision  
20 of that part, Part 1.5 (commencing with Section 34000), Part 1.6  
21 (commencing with Section 34050), and Part 1.7 (commencing  
22 with Section 34100), to the extent not inconsistent with this part.  
23 The authority shall not be subject to the provisions of Part 1.8  
24 (commencing with Section 34161) and Part 1.85 (commencing  
25 with Section 34170).

26 (b) The authority shall be deemed to be an “agency” pursuant  
27 to Section 33003 and shall have all the rights, responsibilities, and  
28 obligations of an agency. For purposes of this part, a project area  
29 shall be referred to as a Sustainable Communities Investment Area  
30 and a redevelopment plan shall be referred to as a Sustainable  
31 Communities Investment Plan.

32 (c) An authority created pursuant to this part may rely on the  
33 legislative determination of blight and shall not be required to  
34 make a separate finding of blight or conduct a survey of blight  
35 within the project area.

36 (d) An authority may be created as follows:

37 (1) A city, county, city and county, or a special district may  
38 create an authority pursuant to this part by entering into a joint  
39 powers agreement under Chapter 5 (commencing with Section  
40 6500) of Division 7 of Title 1 of the Government Code. The joint

1 powers agreement shall establish a governing board and designate  
2 the Sustainable Communities Investment Area.

3 (2) A city may create an authority, appoint the authority  
4 governing board, designate a Sustainable Communities Investment  
5 Area within the city’s incorporated area, and establish the  
6 parameters of the proposed economic development within a  
7 proposed Sustainable Communities Investment Area with county  
8 approval of the economic development parameters and the  
9 Sustainable Communities Investment Plan, including any  
10 amendments to the plan.

11 (3) A city and a county may create an authority and appoint the  
12 authority governing board, which shall be comprised of two  
13 members appointed by the city and two members appointed by the  
14 county. A fifth member shall be appointed by the two city and the  
15 two county members. The governing board shall designate the  
16 Sustainable Communities Investment Area. A Sustainable  
17 Communities Investment Plan, including any amendments to it,  
18 shall be approved by both the city and the county. The Sustainable  
19 Communities Investment Area may include an incorporated area  
20 or both an incorporated area and an unincorporated area.

21 (4) If the Sustainable Communities Investment Area is within  
22 an unincorporated area, the board of supervisors of a county may  
23 create an authority and appoint the authority governing board.

24 (5) A city may create an authority, which shall constitute a  
25 legally distinct entity from that city, and appoint the authority  
26 governing board, which may designate a Sustainable Communities  
27 Investment Area only within the incorporated limits of that city.

28 (e) If an authority is created pursuant to this section by an entity  
29 that is a city and county the governing body shall be composed of  
30 five members appointed by the mayor of the city, if that  
31 appointment is subject to confirmation by the county board of  
32 supervisors.

33 (f) Any city or county approval under this section shall be by  
34 resolution of the legislative body.

35 (g) A taxing agency participating in or approving the formation  
36 of a Sustainable Communities Investment Authority or appointing  
37 governing board members may authorize an allocation to the  
38 authority of all or part of the tax increment revenue that otherwise  
39 would be paid to that taxing agency.

1 (h) A governing board appointed pursuant to this section shall  
2 consist of five members. The members of any governing board  
3 formed pursuant to this part shall be appointed for four-year terms  
4 and shall be removed by the appointing authority only for cause.  
5 The initial appointees to the governing board shall serve either  
6 two-year or four-year terms and shall draw their terms by lot. An  
7 authority created pursuant to this section shall be deemed to be a  
8 local public agency subject to the Ralph M. Brown Act (Chapter  
9 9 (commencing with Section 54950) of Part 1 of Division 2 of  
10 Title 5 of the Government Code), the California Public Records  
11 Act (Chapter 3.5 (commencing with Section 6250) of Division 7  
12 of Title 1 of the Government Code), and the Political Reform Act  
13 of 1974 (Title 9 (commencing with Section 81000) of the  
14 Government Code).

15 (i) A school district shall be excluded from participating in a  
16 Sustainable Communities Investment Authority.

17

18 CHAPTER 3. SUSTAINABLE COMMUNITIES INVESTMENT AREAS

19

20 34191.25. (a) A Sustainable Communities Investment Area  
21 shall include only the following:

22 (1) Transit priority project areas, which are areas where a transit  
23 priority project, as defined in Section 21155 of the Public  
24 Resources Code, may be constructed, provided that if the  
25 Sustainable Communities Investment Area is based on proximity  
26 to a planned major transit stop or a high-quality transit corridor,  
27 the stop or the corridor must be scheduled to be completed within  
28 the planning horizon established by Section 450.322 of Title 23  
29 of the Code of Federal Regulations. For purposes of this paragraph,  
30 a transit priority project area may include a military base reuse  
31 plan that meets the definition of a transit priority project area and  
32 it may include a contaminated site within a transit priority project  
33 area.

34 (A) If the Sustainable Communities Investment Area includes  
35 a high-speed rail station, the radius of the area may be up to one  
36 mile from a high-speed rail station. If the project area consists of  
37 a radius greater than one-half of one mile, at least 50 percent of  
38 tax increment revenue derived from the area shall be used to  
39 support construction of the high-speed rail station and related  
40 infrastructure.

1 (B) All or part of a transit priority project area may be included  
2 in the Sustainable Communities Investment Area or an area may  
3 include one or more contiguous transit priority project areas. One  
4 or more Sustainable Communities Investment Areas may be created  
5 pursuant to subdivision (d) of Section 34191.20.

6 (C) Transit priority project areas shall be within the geographic  
7 boundaries of a metropolitan planning organization in which a  
8 sustainable communities strategy has been adopted by the  
9 metropolitan planning organization, and the State Air Resources  
10 Board, pursuant to subparagraph (H) of paragraph (2) of  
11 subdivision (b) of Section 65080 of the Government Code, has  
12 accepted the metropolitan planning organization's determination  
13 that the sustainable communities strategy would, if implemented,  
14 achieve the region's greenhouse gas emission reduction targets.

15 (2) Areas that are small walkable communities, as defined in  
16 paragraph (4) of subdivision (e) of Section 21094.5 of the Public  
17 Resources Code, except that small walkable communities may  
18 also be designated in a city that is within the area of a metropolitan  
19 planning organization. No more than one small walkable  
20 community project area shall be designated within a city. All or  
21 part of a small walkable community may be included in the  
22 Sustainable Communities Investment Area.

23 (b) Sites that have land use approvals, covenants, conditions  
24 and restrictions, or other effective controls restricting the sites to  
25 clean energy manufacturing, and that are consistent with the use,  
26 designation, density, building intensity, and applicable policies  
27 specified for the Sustainable Communities Investment Area in the  
28 applicable sustainable communities strategy, if those sites are  
29 within the geographic boundaries of a metropolitan planning  
30 organization. Clean energy manufacturing shall consist of the  
31 manufacturing of any of the following:

32 (1) Components, parts, or materials for the generation of  
33 renewable energy resources.

34 (2) Equipment designed to make buildings more energy efficient  
35 or the component parts thereof.

36 (3) Public transit vehicles or the component parts thereof.

37 (4) Alternative fuel vehicles or the component parts thereof.

1 CHAPTER 4. SUSTAINABLE COMMUNITIES INVESTMENT PLAN

2  
3 34191.26. (a) A Sustainable Communities Investment Plan  
4 may include a provision for the receipt of tax increment funds  
5 according to Section 33670, provided that the local government  
6 with land use jurisdiction has adopted all of the following:

7 (1) A sustainable parking standards ordinance that restricts  
8 parking in transit priority project areas to encourage transit use to  
9 the greatest extent feasible.

10 (2) An ordinance creating a jobs plan that requires all entities  
11 receiving financial support from the authority to enter into an  
12 agreement with the authority describing how the project will do  
13 both of the following:

14 (A) Further construction careers that pay prevailing wages and  
15 create living wage permanent jobs.

16 (B) Implement a program for community outreach, local hire,  
17 and job training that includes disadvantaged California residents,  
18 including veterans of the Iraq and Afghanistan wars, people with  
19 a history in the criminal justice system, and single-parent families.

20 (3) For transit priority project areas and small walkable  
21 communities within a metropolitan planning organization, a plan  
22 consistent with the use designation, density, building intensity,  
23 and applicable policies specified for the Sustainable Communities  
24 Investment Area in the sustainable communities strategy.

25 (4) Within small walkable communities outside a metropolitan  
26 planning organization, a plan for new residential construction that  
27 provides a density of at least 20 dwelling units per net acre and,  
28 for nonresidential uses, provides a minimum floor area ratio of  
29 0.75.

30 (b) For areas referred to in paragraph (4) of subdivision (a), the  
31 authority shall consult with the metropolitan planning organization  
32 to obtain its opinion whether the plan is consistent with the use  
33 designation, density, building intensity, and applicable policies  
34 for the project area in the sustainable communities strategy.

35 34191.27. (a) Upon adoption of a Sustainable Communities  
36 Investment Plan that includes the tax increment financing provision  
37 authorized by subdivision (a) of Section 34191.26, the county  
38 auditor-controller shall allocate tax increment revenue to the  
39 authority as follows:

1 (1) If the authority was formed pursuant to paragraph (1) of  
2 subdivision (d) of Section 34191.20, the authority shall be allocated  
3 each year specified in the plan that portion of the levied taxes for  
4 each city, county, city and county, and special district that is a  
5 party to the joint powers authority in excess of the amount specified  
6 in subdivision (a) of Section 33670.

7 (2) If the authority was formed pursuant to paragraph (2) or (3)  
8 of subdivision (d) of Section 34191.20, the authority shall be  
9 allocated each year specified in the plan that portion of the levied  
10 taxes for the city and the county in excess of the amount specified  
11 in subdivision (a) of Section 33670.

12 (3) If the authority was formed pursuant to paragraph (4) of  
13 subdivision (d) of Section 34191.20, the authority shall be allocated  
14 each year specified in the plan that portion of the levied taxes for  
15 the county in excess of the amount specified in subdivision (a) of  
16 Section 33670.

17 (4) If the authority was formed pursuant to paragraph (5) of  
18 subdivision (d) of Section 34191.20, the authority shall be allocated  
19 each year specified in the plan that portion of the levied taxes for  
20 the city in excess of the amount specified in subdivision (a) of  
21 Section 33670.

22 (5) Any city, county, city and county, or special district may,  
23 by resolution of its board, authorize the county auditor-controller  
24 to allocate that portion of the levied taxes for that entity in excess  
25 of the amount specified in subdivision (a) of Section 33670.

26 (6) Any allocation of revenues to the authority made pursuant  
27 to this subdivision shall be adjusted to comply with the provisions  
28 of subdivision (g) of Section 34191.20.

29 (7) Proceeds of taxes levied for a school district that are in  
30 excess of the amount specified in subdivision (a) of Section 33670  
31 shall not be pledged or allocated to an authority created by any of  
32 the governance structures specified in subdivision (d) of Section  
33 34191.20.

34 (8) Notwithstanding any other law, the county auditor-controller  
35 shall allocate to the authority a taxing agency's portion of tax  
36 increment revenues only if the governing body of the taxing agency  
37 adopts a resolution authorizing the allocation. A taxing agency  
38 that adopts a resolution shall not revoke the county  
39 auditor-controller's authority pursuant to this section if revocation

1 would impair the authority’s ability to honor existing obligations  
2 secured by tax increment revenues.

3 (b) If a Sustainable Communities Investment Area includes, in  
4 whole or in part, land formerly or currently designated as a part  
5 of a redevelopment project area, as defined in Section 33320.1,  
6 any Sustainable Communities Investment Plan adopted pursuant  
7 to this part that includes a provision for the receipt of tax increment  
8 revenues according to Section 33670 shall include a provision that  
9 tax increment amounts collected and received by an authority are  
10 subject and subordinate to any preexisting enforceable obligation,  
11 as that term is defined in Section 34171.

12 (c) The legislative body of the city or county forming an  
13 authority may choose to dedicate any portion of its net available  
14 revenue to the authority through the Sustainable Communities  
15 Investment Plan. The plan shall state that net available revenue  
16 from the city or county may be used by the authority in accordance  
17 with this part, and state the maximum portion of the net available  
18 revenue to be committed to the authority for each year during  
19 which the authority will receive these revenues. The portion may  
20 vary over time. The plan shall state the date upon which the  
21 authority will cease to receive net available revenue. The city or  
22 county may direct the county auditor-controller to transfer any  
23 portion of the net available revenue to the authority and the county  
24 auditor-controller may collect administrative costs from the  
25 authority.

26 (d) For purposes of this section, “net available revenue” means  
27 periodic distributions to the city or county from the Redevelopment  
28 Property Tax Trust Fund, created pursuant to Section 34170.5,  
29 that are available to the city or county after all preexisting legal  
30 commitments and statutory obligations funded from that revenue  
31 are made pursuant to Part 1.85 (commencing with Section 34170).  
32 Net available revenue shall include only revenue remaining after  
33 all current distributions, including, but not limited to, payment of  
34 enforceable obligations, all distributions to other taxing entities,  
35 and applicable administrative fees, have been made.

36 (e) In accordance with Section 33334.2 and all other applicable  
37 affordable housing provisions of the Community Redevelopment  
38 Law (Part 1 (commencing with Section 33000), an authority that  
39 includes in its Sustainable Communities Investment Plan a  
40 provision for the receipt of tax increment revenues according to

1 Section 33670 shall dedicate no less than 20 percent of allocated  
2 tax increment revenues for affordable housing purposes.

3 34191.28. A Sustainable Communities Investment Plan, in  
4 addition to the applicable requirements of Part 1 (commencing  
5 with Section 33000) shall include all of the following:

6 (a) A fiscal analysis setting forth the projected receipt of tax  
7 increment and other revenue and projected expenses over five-year  
8 planning horizons for the life of the authority.

9 (b) A statement of the principal goals and objectives of the plan  
10 together with findings of the public purposes and uses that will be  
11 achieved.

12 (c) A statement of how the plan will relieve blight as follows:

13 (1) How it will implement the goals of a sustainable  
14 communities strategy, if the Sustainable Communities Investment  
15 Area is within a metropolitan planning organization.

16 (2) How it will contribute to a more efficient transportation  
17 infrastructure.

18 (3) How it will contribute to a reduced cost for the combined  
19 costs of housing and transportation for California residents.

20 (4) How it will contribute to improved public health.

21 (5) How it will promote more efficient water consumption.

22 (6) How it will avoid loss of prime farmland.

23 (7) How it will reduce air pollution, energy consumption and  
24 greenhouse gas emissions by reducing vehicle miles traveled.

25 (d) A statement of how the plan will implement the sustainable  
26 parking standards adopted pursuant to paragraph (1) of subdivision  
27 (a) of Section 34191.26.

28 (e) A statement of how the plan will implement the jobs plan  
29 adopted pursuant to paragraph (2) of subdivision (a) of Section  
30 34191.26.

31 (f) In addition to satisfying the requirements of Part 1  
32 (commencing with Section 33000), a Sustainable Communities  
33 Investment Plan may include, to the extent applicable to the area,  
34 any of the following:

35 (1) Farmworker housing.

36 (2) Transitional and supportive housing including, but not  
37 limited to, former foster youth, persons with mental health  
38 treatment needs, persons with substance use disorder treatment  
39 needs, and various offender populations.

1 (3) Health and safety related infrastructure investments for  
2 disadvantaged and rural communities.

3 (4) Infrastructure investments to support countywide services  
4 including, but not limited to, health clinics, hospitals, medical  
5 provider offices, child care facilities, day reporting centers, and  
6 grocery stores in food desert areas.

7 34191.29. A state or local public pension fund system  
8 authorized by state law or local charter, respectively, including,  
9 but not limited to, the Public Employees' Retirement System, the  
10 State Teachers' Retirement System, a system established under  
11 the County Employees Retirement Law of 1937, Chapter 3  
12 (commencing with Section 31450) of Part 3 of Division 4 of Title  
13 3 of the Government Code, or an independent system, may invest  
14 capital in the public infrastructure projects and private commercial  
15 and residential developments undertaken by an authority.

16 34191.30. (a) An authority may exercise the full powers  
17 granted under Chapter 2.8 (commencing with Section 53395) of  
18 Part 1 of Division 2 of Title 5 of the Government Code and the  
19 Marks-Roos Local Bond Pooling Act of 1985 (Article 4  
20 (commencing with Section 6584) of Chapter 5 of Division 7 of  
21 Title 1 of the Government Code).

22 (b) An authority may implement a local transactions and use  
23 tax under Part 1.6 (commencing with Section 7251) of Division 2  
24 of the Revenue and Taxation Code, except that the resolution  
25 authorizing the tax may designate the use of the proceeds of the  
26 tax.

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

30 (d) School district property tax revenues shall not be pledged  
31 for the repayment of bonds issued by the authority.

32 34191.31. Every five years the authority shall contract for an  
33 independent financial and performance audit. The audit shall be  
34 conducted according to guidelines established by the Controller.  
35 A copy of the completed audit shall be provided to the Controller,  
36 the Director of the Department of Finance, and to the Joint  
37 Legislative Budget Committee. The Controller shall not be required  
38 to review and approve the completed audits.

CHAPTER 5. PREQUALIFICATION REQUIREMENTS

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2  
3 34191.35. All entities that will receive in excess of one million  
4 dollars (\$1,000,000) from the Sustainable Communities Investment  
5 Authority, including projects undertaken by private developers,  
6 shall comply with the following prequalification process for all  
7 construction contracts or subcontracts:  
8 (a) The entity shall require that each prospective bidder on a  
9 construction contract complete and submit to the authority a  
10 standardized questionnaire and financial statement in a form  
11 specified by the authority that includes a complete statement of  
12 the prospective bidder's financial ability and experience in  
13 performing large construction contracts. The questionnaire and  
14 financial statement shall be verified under oath by the bidder in  
15 the manner in which civil pleadings in civil actions are verified.  
16 The questionnaires and financial statements shall not be public  
17 records and shall not be open to public inspection.  
18 (b) The entity receiving funding from the authority shall adopt  
19 and apply a uniform system of rating bidders on the basis of the  
20 completed questionnaires and financial statements, in order to  
21 determine the size of the contracts, if any, upon which each bidder  
22 shall be deemed qualified to bid.  
23 (c) The questionnaire described in subdivision (a) and the  
24 uniform system of rating bidders described in subdivision (b) shall  
25 cover, at a minimum, the issues covered by the standardized  
26 questionnaire and model guidelines for rating bidders developed  
27 by the Department of Industrial Relations pursuant to subdivision  
28 (a) of Section 20101 of the Public Contract Code.  
29 (d) For purposes of this section, bidders shall include all  
30 subcontractors performing work on a contract in excess of 3 percent  
31 of the total cost.  
32 (e) A bid shall not be accepted from any person or entity who  
33 is required to submit a completed questionnaire and financial  
34 statement for prequalification pursuant to subdivision (a) but has  
35 not done so by the deadline set by the entity or who has not been  
36 prequalified by the authority prior to the deadline for submission  
37 of bids.  
38 (f) This section shall not prevent an entity or the authority itself  
39 from establishing additional prequalification requirements.

1 34191.36. (a) (1) Within a Sustainable Communities  
2 Investment Area, the Department of Industrial Relations shall  
3 monitor and enforce compliance with prevailing wage requirements  
4 for any project paid for in whole or part out of public funds, within  
5 the meaning of subdivision (b) of Section 1720 of the Labor Code  
6 that include funds of a Sustainable Communities Investment  
7 Authority and shall charge each awarding body or developer for  
8 the reasonable and directly related costs of monitoring and  
9 enforcing compliance with the prevailing wage requirements on  
10 each project.

11 (2) All moneys received by the department pursuant to this  
12 section shall be deposited in the State Public Works Enforcement  
13 Fund created by Section 1771.3 of the Labor Code.

14 (b) Paragraph (1) of subdivision (a) shall not apply to any project  
15 paid for in whole or part out of public funds if the awarding body  
16 or developer has entered into a collective bargaining agreement  
17 that binds all of the contractors performing work on the project  
18 and includes a mechanism for resolving disputes about the payment  
19 of wages.

20 SEC. 2. Section 21094.5 of the Public Resources Code is  
21 amended to read:

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

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

1 development policies or standards will substantially mitigate that  
2 effect.

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

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

14 (2) Growth inducing impacts of the project need not be  
15 considered.

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

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

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

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

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

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

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

1 (e) For the purposes of this section, the following terms mean  
2 the following:

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

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

6 (i) Residential.

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

9 (iii) A transit station.

10 (iv) A school.

11 (v) A public office building.

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

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

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

25 (4) “Small walkable community project” means a project that  
26 is ~~in an incorporated city, which~~ *located in a small walkable*  
27 *community project area. A small walkable community project area*  
28 *means an area within an incorporated city that is not within the*  
29 *boundary of a metropolitan planning organization and that satisfies*  
30 *meets all the following requirements:*

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

34 (B) Has a project area that includes a residential area adjacent  
35 to a retail downtown area.

36 (C) The project ~~has a~~ *area has an average net* density of at  
37 least eight dwelling units per *net* acre or a floor area ratio for retail  
38 or commercial use of not less than 0.50. *For purposes of this*  
39 *subparagraph: (i) “Floor area ratio” means the ratio of gross*  
40 *building area (GBA) of development, exclusive of structured*

1 *parking areas, proposed for the project divided by the total net lot*  
2 *area (NLA); (ii) “gross building area” means the sum of all*  
3 *finished areas of all floors of a building included within the outside*  
4 *faces of its exterior walls; and (iii) “net lot area” means the area*  
5 *of a lot excluding publicly dedicated land, private streets that meet*  
6 *local standards, and other public use areas as determined by the*  
7 *local land use authority.*

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

11 (A) The population of the unincorporated area and the  
12 population of the surrounding incorporated cities equal a population  
13 of 100,000 or more.

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