

AMENDED IN ASSEMBLY AUGUST 5, 2013

AMENDED IN SENATE MAY 2, 2013

AMENDED IN SENATE APRIL 15, 2013

SENATE BILL

No. 1

**Introduced by Senator Steinberg
(Coauthor: Senator DeSaulnier)**

December 3, 2012

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 amended, 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

1 available, more affordable housing, and a reduction in a
2 household’s combined housing and transportation costs.

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

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

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

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

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

38 (g) The elimination of redevelopment agencies has resulted in
39 the loss of approximately one billion dollars (\$1,000,000,000)
40 annually in low- and moderate-income housing funds for

1 communities throughout the state. Communities need alternative
2 sources of revenue to support the continued production of
3 affordable housing units.

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

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

24 34191.12. The Legislature finds and declares that the
25 interrelated problems identified in this chapter are a form of blight
26 that can be addressed through a new Sustainable Communities
27 Investment Program.

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

1 34191.14. It is the intent of the Legislature in establishing the
2 Sustainable Communities Investment Program to create a new,
3 collaborative structure for the creation of a governing board for a
4 Sustainable Communities Investment Authority and to allow
5 governmental entities through a consensual process to invest tax
6 increment revenue to relieve conditions of blight as prescribed by
7 the Legislature. The new authority shall have new planning
8 obligations and, in particular, shall have a new focus on the job
9 creation associated with new economic development. To the extent
10 not inconsistent with the new program, the authority shall be able
11 to exercise the powers of the former redevelopment agencies, but
12 only as part of this newly created and reformed program.

13 34191.15. For purposes of this part, “authority” or “Sustainable
14 Communities Investment Authority” means the entity formed under
15 Chapter 2 (commencing with Section 34191.20).

16
17 CHAPTER 2. SUSTAINABLE COMMUNITIES INVESTMENT
18 AUTHORITY
19

20 34191.20. (a) A Sustainable Communities Investment
21 Authority is a public body, corporate and politic, that may be
22 created by the appointment of a governing board as provided in
23 subdivision (e). The authority shall comply with the provisions of
24 this part, the Community Redevelopment Law (Part 1 (commencing
25 with Section 33000)), excluding Sections 33401, 33492.140, 33607,
26 33607.5, 33607.7, 33676, and any other similar payment provision
27 of that part, Part 1.5 (commencing with Section 34000), Part 1.6
28 (commencing with Section 34050), and Part 1.7 (commencing
29 with Section 34100), to the extent not inconsistent with this part.
30 The authority shall not be subject to the provisions of Part 1.8
31 (commencing with Section 34161) and Part 1.85 (commencing
32 with Section 34170).

33 (b) The authority shall be deemed to be an “agency” pursuant
34 to Section 33003 and shall have all the rights, responsibilities, and
35 obligations of an agency. For purposes of this part, a project area
36 shall be referred to as a Sustainable Communities Investment Area
37 and a redevelopment plan shall be referred to as a Sustainable
38 Communities Investment Plan.

39 (c) An authority created pursuant to this part may rely on the
40 legislative determination of blight and shall not be required to

1 make a separate finding of blight or conduct a survey of blight
2 within the project area.

3 (d) *Notwithstanding any other provision of law, a Sustainable*
4 *Communities Investment Authority shall not be formed under this*
5 *section by either of the following:*~~A~~

6 (1) A city or county that created a redevelopment agency that
7 was dissolved pursuant to Part 1.85 (commencing with Section
8 34170) of Division ~~24~~ shall not form a Sustainable Communities
9 Investment Authority under this section 24, unless the successor
10 agency or designated local authority for the former redevelopment
11 agency has received a finding of completion from the Department
12 of Finance pursuant to Section 34179.7.

13 (2) *A city, county, city and county, or special district that has*
14 *declared a fiscal emergency, unless the city, county, city and*
15 *county, or special district subsequently declares that the fiscal*
16 *emergency has been resolved.*

17 (e) An authority may be created as follows:

18 (1) A city, county, city and county, or a special district may
19 create an authority pursuant to this part by entering into a joint
20 powers agreement under Chapter 5 (commencing with Section
21 6500) of Division 7 of Title 1 of the Government Code. The joint
22 powers agreement shall establish a governing board and designate
23 the Sustainable Communities Investment Area.

24 (2) A city may create an authority, appoint the authority
25 governing board, designate a Sustainable Communities Investment
26 Area within the city's incorporated area, and establish the
27 parameters of the proposed economic development within a
28 proposed Sustainable Communities Investment Area with county
29 approval of the economic development parameters and the
30 Sustainable Communities Investment Plan, including any
31 amendments to the plan.

32 (3) A city and a county may create an authority and appoint the
33 authority governing board, which shall be comprised of two
34 members appointed by the city and two members appointed by the
35 county. A fifth member shall be appointed by the two city and the
36 two county members. The governing board shall designate the
37 Sustainable Communities Investment Area. A Sustainable
38 Communities Investment Plan, including any amendments to it,
39 shall be approved by both the city and the county. The Sustainable

1 Communities Investment Area may include an incorporated area
2 or both an incorporated area and an unincorporated area.

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

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

10 (f) If an authority is created pursuant to this section by an entity
11 that is a city and county the governing body shall be composed of
12 five members appointed by the mayor of the city, if that
13 appointment is subject to confirmation by the county board of
14 supervisors.

15 (g) Any city or county approval under this section shall be by
16 resolution of the legislative body.

17 (h) A taxing agency participating in or approving the formation
18 of a Sustainable Communities Investment Authority or appointing
19 governing board members may authorize an allocation to the
20 authority of all or part of the tax increment revenue that otherwise
21 would be paid to that taxing agency.

22 (i) A governing board appointed pursuant to this section shall
23 consist of five members. The members of any governing board
24 formed pursuant to this part shall be appointed for four-year terms
25 and shall be removed by the appointing authority only for cause.
26 The initial appointees to the governing board shall serve either
27 two-year or four-year terms and shall draw their terms by lot. An
28 authority created pursuant to this section shall be deemed to be a
29 local public agency subject to the Ralph M. Brown Act (Chapter
30 9 (commencing with Section 54950) of Part 1 of Division 2 of
31 Title 5 of the Government Code), the California Public Records
32 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
33 of Title 1 of the Government Code), the Meyers-Milias-Brown
34 Act (Chapter 10 (commencing with Section 3500) of Division 4
35 of Title 1 of the Government Code), and the Political Reform Act
36 of 1974 (Title 9 (commencing with Section 81000) of the
37 Government Code). The governing board shall adopt policies
38 regarding the use of personal service contracts to the standards set
39 forth in Section 19130 of the Government Code that apply to the
40 authority and its employees.

1 (j) A school district shall be excluded from participating in a
2 Sustainable Communities Investment Authority.

3

4 CHAPTER 3. SUSTAINABLE COMMUNITIES INVESTMENT AREAS

5

6 34191.25. A Sustainable Communities Investment Area shall
7 include only the following:

8 (a) Transit priority project areas, which are areas where a transit
9 priority project, as defined in Section 21155 of the Public
10 Resources Code, may be constructed, provided that if the
11 Sustainable Communities Investment Area is based on proximity
12 to a planned major transit stop or a high-quality transit corridor,
13 the stop or the corridor must be scheduled to be completed within
14 the planning horizon established by Section 450.322 of Title 23
15 of the Code of Federal Regulations. For purposes of this paragraph,
16 a transit priority project area may include a military base reuse
17 plan that meets the definition of a transit priority project area and
18 it may include a contaminated site within a transit priority project
19 area.

20 (1) If the Sustainable Communities Investment Area includes
21 a high-speed rail station, the radius of the area may be up to one
22 mile from a high-speed rail station. If the project area consists of
23 a radius greater than one-half of one mile, at least 50 percent of
24 tax increment revenue derived from the area shall be used to
25 support construction of the high-speed rail station and related
26 infrastructure.

27 (2) All or part of a transit priority project area may be included
28 in the Sustainable Communities Investment Area or an area may
29 include one or more contiguous transit priority project areas. One
30 or more Sustainable Communities Investment Areas may be created
31 pursuant to subdivision (e) of Section 34191.20.

32 (3) Transit priority project areas shall be within the geographic
33 boundaries of a metropolitan planning organization in which a
34 sustainable communities strategy has been adopted by the
35 metropolitan planning organization, and the State Air Resources
36 Board, pursuant to subparagraph (H) of paragraph (2) of
37 subdivision (b) of Section 65080 of the Government Code, has
38 accepted the metropolitan planning organization’s determination
39 that the sustainable communities strategy would, if implemented,
40 achieve the region’s greenhouse gas emission reduction targets.

1 (b) Areas that are small walkable communities, as defined in
2 paragraph (4) of subdivision (e) of Section 21094.5 of the Public
3 Resources Code, except that small walkable communities may
4 also be designated in a city that is within the area of a metropolitan
5 planning organization. No more than one small walkable
6 community project area shall be designated within a city. All or
7 part of a small walkable community may be included in the
8 Sustainable Communities Investment Area.

9 (c) Sites that have land use approvals, covenants, conditions
10 and restrictions, or other effective controls restricting the sites to
11 clean energy manufacturing, and that are consistent with the use,
12 designation, density, building intensity, and applicable policies
13 specified for the Sustainable Communities Investment Area in the
14 applicable sustainable communities strategy, if those sites are
15 within the geographic boundaries of a metropolitan planning
16 organization. Clean energy manufacturing shall consist of the
17 manufacturing of any of the following:

- 18 (1) Components, parts, or materials for the generation of
19 renewable energy resources.
- 20 (2) Equipment designed to make buildings more energy efficient
21 or the component parts thereof.
- 22 (3) Public transit vehicles or the component parts thereof.
- 23 (4) Alternative fuel vehicles or the component parts thereof.

24

25 CHAPTER 4. SUSTAINABLE COMMUNITIES INVESTMENT PLAN

26

27 34191.26. A Sustainable Communities Investment Plan may
28 include a provision for the receipt of tax increment funds according
29 to Section 33670, provided that the local government with land
30 use jurisdiction has adopted all of the following:

31 (a) A sustainable parking standards ordinance that restricts
32 parking in transit priority project areas to encourage transit use to
33 the greatest extent feasible.

34 (b) An ordinance creating a jobs plan that requires all entities
35 receiving financial support from the authority to enter into an
36 agreement with the authority describing how the project will do
37 both of the following:

- 38 (1) Further construction careers that pay prevailing wages and
39 create living wage permanent jobs.

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

5 (c) For transit priority project areas and small walkable
6 communities within a metropolitan planning organization, a plan
7 consistent with the use designation, density, building intensity,
8 and applicable policies specified for the Sustainable Communities
9 Investment Area in the sustainable communities strategy.

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

15 (e) An ordinance that does both of the following:

16 (1) Prohibits the number of housing units occupied by extremely
17 low, very low, and low-income households, including the number
18 of bedrooms in those units, in the Sustainable Communities
19 Investment Area at the time the Sustainable Communities
20 Investment Authority is established from being reduced during the
21 effective period of the Sustainable Communities Investment Plan.

22 (2) Requires the replacement of dwelling units that house
23 extremely low, very low, or low-income households, upon their
24 removal from the Sustainable Communities Investment Area,
25 pursuant to subdivision (a) of Section 33413 within two years of
26 their displacement.

27 34191.27. (a) Upon adoption of a Sustainable Communities
28 Investment Plan that includes the tax increment financing provision
29 authorized by Section 34191.26, the county auditor-controller shall
30 allocate tax increment revenue to the authority as follows:

31 (1) If the authority was formed pursuant to paragraph (1) of
32 subdivision (e) of Section 34191.20, the authority shall be allocated
33 each year specified in the plan that portion of the levied taxes for
34 each city, county, city and county, and special district that is a
35 party to the joint powers authority in excess of the amount specified
36 in subdivision (a) of Section 33670.

37 (2) If the authority was formed pursuant to paragraph (2) or (3)
38 of subdivision (e) of Section 34191.20, the authority shall be
39 allocated each year specified in the plan that portion of the levied

1 taxes for the city and the county in excess of the amount specified
2 in subdivision (a) of Section 33670.

3 (3) If the authority was formed pursuant to paragraph (4) of
4 subdivision (e) of Section 34191.20, the authority shall be allocated
5 each year specified in the plan that portion of the levied taxes for
6 the county in excess of the amount specified in subdivision (a) of
7 Section 33670.

8 (4) If the authority was formed pursuant to paragraph (5) of
9 subdivision (e) of Section 34191.20, the authority shall be allocated
10 each year specified in the plan that portion of the levied taxes for
11 the city in excess of the amount specified in subdivision (a) of
12 Section 33670.

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

17 (6) Any allocation of revenues to the authority made pursuant
18 to this subdivision shall be adjusted to comply with the provisions
19 of subdivision (h) of Section 34191.20.

20 (7) Proceeds of taxes levied for a school district that are in
21 excess of the amount specified in subdivision (a) of Section 33670
22 shall not be pledged or allocated to an authority created by any of
23 the governance structures specified in subdivision (e) of Section
24 34191.20.

25 (8) Notwithstanding any other law, the county auditor-controller
26 shall allocate to the authority a taxing agency's portion of tax
27 increment revenues only if the governing body of the taxing agency
28 adopts a resolution authorizing the allocation. A taxing agency
29 that adopts a resolution shall not revoke the county
30 auditor-controller's authority pursuant to this section if revocation
31 would impair the authority's ability to honor existing obligations
32 secured by tax increment revenues.

33 (b) If a Sustainable Communities Investment Area includes, in
34 whole or in part, land formerly or currently designated as a part
35 of a redevelopment project area, as defined in Section 33320.1,
36 any Sustainable Communities Investment Plan adopted pursuant
37 to this part that includes a provision for the receipt of tax increment
38 revenues according to Section 33670 shall include a provision that
39 tax increment amounts collected and received by an authority are

1 subject and subordinate to any preexisting enforceable obligation,
2 as that term is defined in Section 34171.

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

17 (d) For purposes of this section, “net available revenue” means
18 periodic distributions to the city or county from the Redevelopment
19 Property Tax Trust Fund, created pursuant to Section 34170.5,
20 that are available to the city or county after all preexisting legal
21 commitments and statutory obligations funded from that revenue
22 are made pursuant to Part 1.85 (commencing with Section 34170).
23 Net available revenue shall include only revenue remaining after
24 all current distributions, including, but not limited to, payment of
25 enforceable obligations, all distributions to other taxing entities,
26 and applicable administrative fees, have been made.

27 (e) In accordance with Section 33334.2 and all other applicable
28 affordable housing provisions of the Community Redevelopment
29 Law (Part 1 (commencing with Section 33000)), an authority that
30 includes in its Sustainable Communities Investment Plan a
31 provision for the receipt of tax increment revenues according to
32 Section 33670 shall dedicate no less than 25 percent of allocated
33 tax increment revenues for affordable housing purposes.

34 34191.28. A Sustainable Communities Investment Plan, in
35 addition to the applicable requirements of Part 1 (commencing
36 with Section 33000) shall include all of the following:

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

1 (b) A statement of the principal goals and objectives of the plan
2 together with findings of the public purposes and uses that will be
3 achieved.

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

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

8 (2) How it will contribute to more efficient transportation.

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

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

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

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

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

16 (8) How it will reduce energy consumption by facilitating clean
17 energy manufacturing.

18 (9) How it will ensure compliance with the affordable housing
19 maintenance and preservation requirements contained in
20 subdivision (e) of Section 34191.26.

21 (d) A statement of how the plan will implement the sustainable
22 parking standards adopted pursuant to subdivision (a) of Section
23 34191.26.

24 (e) A statement of how the plan will implement the jobs plan
25 adopted pursuant to subdivision (b) of Section 34191.26.

26 (f) In addition to satisfying the requirements of Part 1
27 (commencing with Section 33000), a Sustainable Communities
28 Investment Plan may include, to the extent applicable to the area,
29 any of the following:

30 (1) Farmworker housing.

31 (2) Transitional and supportive housing including, but not
32 limited to, former foster youth, persons with mental health
33 treatment needs, persons with substance use disorder treatment
34 needs, and various offender populations.

35 (3) Health and safety related infrastructure investments for
36 disadvantaged and rural communities.

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

1 (g) If a city, county, city and county, or special district that has
2 entered into an agreement pursuant to this part to allocate a
3 portion of its tax increment to a Sustainable Communities
4 Investment Authority subsequently declares a fiscal emergency,
5 that city, county, or city and county, or special district shall develop
6 a plan for how the county auditor-controller shall reduce the
7 amount of the tax increment revenue allocated to the authority
8 during the period of time of the fiscal emergency.

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

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

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

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

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

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

1 (b) The guidelines established by the Controller shall include
2 guidelines for determining compliance with the affordable housing
3 maintenance and replacement requirements of subdivision (e) of
4 Section 34191.26, including provisions to ensure that the
5 requirements are met within each five-year period covered by the
6 audit. A finding of failure to comply with the requirements of
7 subdivision (e) of Section 34191.26 shall require the authority to
8 adopt and submit to the Controller, as part of the audit, a plan to
9 achieve compliance with those provisions as soon as feasible but
10 in not less than two years following the findings. The Controller
11 shall review and approve the plan, and require the plan to stay in
12 effect until compliance is achieved. The Controller shall ensure
13 that the plan includes one or more of the following means of
14 achieving compliance:

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

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

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

24

25 CHAPTER 5. PREQUALIFICATION REQUIREMENTS

26

27 34191.35. All entities that will receive in excess of one million
28 dollars (\$1,000,000) from the Sustainable Communities Investment
29 Authority, including projects undertaken by private developers,
30 shall comply with the following prequalification process for all
31 construction contracts or subcontracts:

32 (a) The entity shall require that each prospective bidder on a
33 construction contract complete and submit to the authority a
34 standardized questionnaire and financial statement in a form
35 specified by the authority that includes a complete statement of
36 the prospective bidder's financial ability and experience in
37 performing large construction contracts. The questionnaire and
38 financial statement shall be verified under oath by the bidder in
39 the manner in which civil pleadings in civil actions are verified.

1 The questionnaires and financial statements shall not be public
2 records and shall not be open to public inspection.

3 (b) The entity receiving funding from the authority shall adopt
4 and apply a uniform system of rating bidders on the basis of the
5 completed questionnaires and financial statements, in order to
6 determine the size of the contracts, if any, upon which each bidder
7 shall be deemed qualified to bid.

8 (c) The questionnaire described in subdivision (a) and the
9 uniform system of rating bidders described in subdivision (b) shall
10 cover, at a minimum, the issues covered by the standardized
11 questionnaire and model guidelines for rating bidders developed
12 by the Department of Industrial Relations pursuant to subdivision
13 (a) of Section 20101 of the Public Contract Code.

14 (d) For purposes of this section, bidders shall include all
15 subcontractors performing work on a contract in excess of 3 percent
16 of the total cost.

17 (e) A bid shall not be accepted from any person or entity who
18 is required to submit a completed questionnaire and financial
19 statement for prequalification pursuant to subdivision (a) but has
20 not done so by the deadline set by the entity or who has not been
21 prequalified by the authority prior to the deadline for submission
22 of bids.

23 (f) This section shall not prevent an entity or the authority itself
24 from establishing additional prequalification requirements.

25 34191.36. (a) (1) Within a Sustainable Communities
26 Investment Area, the Department of Industrial Relations shall
27 monitor and enforce compliance with prevailing wage requirements
28 for any project paid for in whole or part out of public funds, within
29 the meaning of subdivision (b) of Section 1720 of the Labor Code
30 that include funds of a Sustainable Communities Investment
31 Authority and shall charge each awarding body or developer for
32 the reasonable and directly related costs of monitoring and
33 enforcing compliance with the prevailing wage requirements on
34 each project.

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

38 (b) Paragraph (1) of subdivision (a) shall not apply to any project
39 paid for in whole or part out of public funds if the awarding body
40 or developer has entered into a collective bargaining agreement

1 that binds all of the contractors performing work on the project
2 and includes a mechanism for resolving disputes about the payment
3 of wages.

4 SEC. 2. Section 21094.5 of the Public Resources Code is
5 amended to read:

6 21094.5. (a) (1) If an environmental impact report was
7 certified for a planning level decision of a city or county, the
8 application of this division to the approval of an infill project shall
9 be limited to the effects on the environment that (A) are specific
10 to the project or to the project site and were not addressed as
11 significant effects in the prior environmental impact report or (B)
12 substantial new information shows the effects will be more
13 significant than described in the prior environmental impact report.
14 A lead agency's determination pursuant to this section shall be
15 supported by substantial evidence.

16 (2) An effect of a project upon the environment shall not be
17 considered a specific effect of the project or a significant effect
18 that was not considered significant in a prior environmental impact
19 report, or an effect that is more significant than was described in
20 the prior environmental impact report if uniformly applicable
21 development policies or standards adopted by the city, county, or
22 the lead agency, would apply to the project and the lead agency
23 makes a finding, based upon substantial evidence, that the
24 development policies or standards will substantially mitigate that
25 effect.

26 (b) If an infill project would result in significant effects that are
27 specific to the project or the project site, or if the significant effects
28 of the infill project were not addressed in the prior environmental
29 impact report, or are more significant than the effects addressed
30 in the prior environmental impact report, and if a mitigated negative
31 declaration or a sustainable communities environmental assessment
32 could not be otherwise adopted, an environmental impact report
33 prepared for the project analyzing those effects shall be limited as
34 follows:

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

37 (2) Growth inducing impacts of the project need not be
38 considered.

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

- 1 (1) The project satisfies any of the following:
- 2 (A) Is consistent with the general use designation, density,
- 3 building intensity, and applicable policies specified for the project
- 4 area in either a sustainable communities strategy or an alternative
- 5 planning strategy for which the State Air Resources Board,
- 6 pursuant to subparagraph (H) of paragraph (2) of subdivision (b)
- 7 of Section 65080 of the Government Code, has accepted a
- 8 metropolitan planning organization’s determination that the
- 9 sustainable communities strategy or the alternative planning
- 10 strategy would, if implemented, achieve the greenhouse gas
- 11 emission reduction targets.
- 12 (B) Consists of a small walkable community project located in
- 13 an area designated by a city for that purpose.
- 14 (C) Is located within the boundaries of a metropolitan planning
- 15 organization that has not yet adopted a sustainable communities
- 16 strategy or alternative planning strategy, and the project has a
- 17 residential density of at least 20 units per net acre or a floor area
- 18 ratio of at least 0.75.
- 19 (2) Satisfies all applicable statewide performance standards
- 20 contained in the guidelines adopted pursuant to Section 21094.5.5.
- 21 (d) This section applies after the Secretary of the Natural
- 22 Resources Agency adopts and certifies the guidelines establishing
- 23 statewide standards pursuant to Section 21094.5.5.
- 24 (e) For the purposes of this section, the following terms mean
- 25 the following:
- 26 (1) “Infill project” means a project that meets the following
- 27 conditions:
- 28 (A) Consists of any one, or combination, of the following uses:
- 29 (i) Residential.
- 30 (ii) Retail or commercial, where no more than one-half of the
- 31 project area is used for parking.
- 32 (iii) A transit station.
- 33 (iv) A school.
- 34 (v) A public office building.
- 35 (B) Is located within an urban area on a site that has been
- 36 previously developed, or on a vacant site where at least 75 percent
- 37 of the perimeter of the site adjoins, or is separated only by an
- 38 improved public right-of-way from, parcels that are developed
- 39 with qualified urban uses.

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

4 (3) “Prior environmental impact report” means the
5 environmental impact report certified for a planning level decision,
6 as supplemented by any subsequent or supplemental environmental
7 impact reports, negative declarations, or addenda to those
8 documents.

9 (4) “Small walkable community project” means a project that
10 is located in a small walkable community project area. A small
11 walkable community project area means an area within an
12 incorporated city that is not within the boundary of a metropolitan
13 planning organization and meets all of the following requirements:

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

17 (B) Has a project area that includes a residential area adjacent
18 to a retail downtown area.

19 (C) The project area has an average net density of at least eight
20 dwelling units per net acre or a floor area ratio for retail or
21 commercial use of not less than 0.50. For purposes of this
22 subparagraph: (i) “floor area ratio” means the ratio of gross
23 building area (GBA) of development, exclusive of structured
24 parking areas, proposed for the project divided by the total net lot
25 area (NLA); (ii) “gross building area” means the sum of all finished
26 areas of all floors of a building included within the outside faces
27 of its exterior walls; and (iii) “net lot area” means the area of a lot
28 excluding publicly dedicated land, private streets that meet local
29 standards, and other public use areas as determined by the local
30 land use authority.

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

34 (A) The population of the unincorporated area and the
35 population of the surrounding incorporated cities equal a population
36 of 100,000 or more.

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

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