

ASSEMBLY BILL

No. 2492

Introduced by Assembly Member Alejo

February 19, 2016

An act to amend Sections 62001, 62002, and 62004 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 2492, as introduced, Alejo. Community revitalization.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, by means of redevelopment projects financed by the issuance of bonds serviced by tax increment revenues derived from the project area. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved agencies and to fulfill the enforceable obligations of those agencies. Existing law also provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

Existing law authorizes certain local agencies to form a community revitalization and investment authority (authority) within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. Existing law requires not less than 80% of the land calculated by census tracts or census block groups, as defined by the United States Census Bureau, within the area to be characterized by several conditions, including a condition that the land has an annual

median household income of less than 80% of the statewide annual median income.

This bill would authorize the calculation to be made with a combination of census tracts and census block groups. The bill would also revise the conditions to require, among other things, an annual median household income that is less than 80% of the statewide, countywide, or citywide annual median household income.

Existing law authorizes certain entities that receive ad valorem property taxes to adopt a resolution in a specified manner to allocate their share of tax increment funds within the area covered by a community revitalization plan to the authority.

Existing law authorizes an authority to borrow money, receive grants, or accept financial or other assistance or investment from the state or any other public agency for any project within its area of operation.

This bill would authorize an authority to also receive funds allocated to it pursuant to a resolution adopted by a city, county, or special district to transfer these funds from certain tax and assessment revenues, subject to specified requirements as to the use of those funds.

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

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

1 SECTION 1. Section 62001 of the Government Code is
2 amended to read:

3 62001. (a) A community revitalization and investment
4 authority is a public body, corporate and politic, with jurisdiction
5 to carry out a community revitalization plan within a community
6 revitalization and investment area. The authority shall be deemed
7 to be the “agency” described in subdivision (b) of Section 16 of
8 Article XVI of the California Constitution for purposes of receiving
9 tax increment revenues. The authority shall have only those powers
10 and duties specifically set forth in Section 62002.

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

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

16 (B) A city, county, city and county, and special district, as
17 special district is defined in subdivision (m) of Section 95 of the

1 Revenue and Taxation Code, or any combination thereof, may
2 create an authority by entering into a joint powers agreement
3 pursuant to Chapter 5 (commencing with Section 6500) of Division
4 7 of Title 1.

5 (2) (A) A school entity, as defined in subdivision (f) of Section
6 95 of the Revenue and Taxation Code, may not participate in an
7 authority created pursuant to this part.

8 (B) A successor agency, as defined in subdivision (j) of Section
9 34171 of the Health and Safety Code, may not participate in an
10 authority created pursuant to this part, and an entity created
11 pursuant to this part shall not receive any portion of the property
12 tax revenues or other moneys distributed pursuant to Section 34188
13 of the Health and Safety Code.

14 (3) An authority formed by a city or county that created a
15 redevelopment agency that was dissolved pursuant to Part 1.85
16 (commencing with Section 34170) of Division 24 of the Health
17 and Safety Code shall not become effective until the successor
18 agency or designated local authority for the former redevelopment
19 agency has adopted findings of fact stating all of the following:

20 (A) The agency has received a finding of completion from the
21 Department of Finance pursuant to Section 34179.7 of the Health
22 and Safety Code.

23 (B) No former redevelopment agency assets which are the
24 subject of litigation against the state, where the city or county or
25 its successor agency or designated local authority are a named
26 plaintiff, have been or will be used to benefit any efforts of an
27 authority formed under this part unless the litigation, has been
28 resolved by entry of a final judgment by any court of competent
29 jurisdiction and any appeals have been exhausted.

30 (C) The agency has complied with all orders of the Controller
31 pursuant to Section 34167.5 of the Health and Safety Code.

32 (c) (1) The governing board of an authority created pursuant
33 to subparagraph (A) of paragraph (1) of subdivision (b) shall be
34 appointed by the legislative body of the city, county, or city and
35 county that created the authority and shall include three members
36 of the legislative body of the city, county, or city and county that
37 created the authority and two public members. The appointment
38 of the two public members shall be subject to ~~the provisions of~~
39 Section 54974. The two public members shall live or work within
40 the community revitalization and investment area.

1 (2) The governing body of the authority created pursuant to
 2 subparagraph (B) of paragraph (1) of subdivision (b) shall be
 3 comprised of a majority of members from the legislative bodies
 4 of the public agencies that created the authority and a minimum
 5 of two public members who live or work within the community
 6 revitalization and investment area. The majority of the board shall
 7 appoint the public members to the governing body. The
 8 appointment of the public members shall be subject to ~~the~~
 9 ~~provisions of~~ Section 54974.

10 (d) An authority may carry out a community revitalization plan
 11 within a community revitalization and investment area. Not less
 12 than 80 percent of the land calculated by census tracts, ~~or~~ census
 13 block groups, as defined by the United States Census Bureau, *or*
 14 *any combination of both* within the area shall be characterized by
 15 both of the following conditions:

16 (1) An annual median household income that is less ~~than~~ *than,*
 17 *at the option of the authority,* 80 percent of the ~~statewide~~ *statewide,*
 18 *countywide, or citywide* annual median income.

19 (2) Three of the following four conditions:

20 (A) ~~Nonseasonal unemployment~~ *An unemployment rate* that is
 21 at least 3 ~~percent~~ *percentage points* higher than *the* statewide
 22 ~~median unemployment~~ *average annual unemployment rate,* as
 23 defined by the report on labor market information published by
 24 the Employment Development Department in ~~January~~ *March* of
 25 the year in which the community revitalization plan is prepared.

26 (B) ~~Crime rates~~ *rates, as documented by records maintained by*
 27 *the law enforcement agency that has jurisdiction in the proposed*
 28 *plan area for violent or property crime offenses,* that are at least
 29 5 percent higher than the ~~statewide median~~ *average crime rate,*
 30 *rate for violent or property crime offenses,* as defined by the most
 31 recent annual report of the Criminal Justice Statistics Center within
 32 the Department of Justice, when data is available on the California
 33 Attorney General’s Internet Web site. *The crime rate shall be*
 34 *calculated by taking the local crime incidents for violent or*
 35 *property crimes, or any offense within those categories, for the*
 36 *most recent calendar year for which the Department of Justice*
 37 *maintains data, divided by the total population of the proposed*
 38 *plan area, multiplied by 100,000. If the local crime rate for the*
 39 *proposed plan area exceeds the statewide average rate for either*
 40 *violent or property crime, or any offense within these categories,*

1 *by more than 5 percent, then the condition described in this*
2 *subparagraph shall be met.*

3 (C) Deteriorated or inadequate ~~infrastructure such as~~
4 *infrastructure, including streets, sidewalks, water supply, sewer*
5 *treatment or processing, and parks.*

6 (D) Deteriorated commercial or residential structures.

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

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

21 (g) (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 and residents within
31 the plan area shall be made third-party beneficiaries of the
32 repayment of the loan. In addition to the common understanding
33 and usual interpretation of the term, “administrative expense”
34 includes, but is not limited to, expenses of planning and
35 dissemination of information.

36 SEC. 2. Section 62002 of the Government Code is amended
37 to read:

38 62002. An authority may do all of the following:

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

- 1 (b) Provide for low- and moderate-income housing in accordance
 2 with Part 2 (commencing with Section 62100).
- 3 (c) Remedy or remove a release of hazardous substances
 4 pursuant to the Polanco Redevelopment Act (Article 12.5
 5 (commencing with Section 33459) of Part 1 of Chapter 4 of
 6 Division 24) or Chapter 6.10 (commencing with Section 25403)
 7 of Division 20 of the Health and Safety Code.
- 8 (d) Provide for seismic retrofits of existing buildings in
 9 accordance with all applicable laws and regulations.
- 10 (e) Acquire and transfer real property in accordance with Part
 11 3 (commencing with Section 62200). The authority shall retain
 12 controls and establish restrictions or covenants running with the
 13 land sold or leased for private use for ~~such~~ *the* periods of time and
 14 under ~~such~~ *the* conditions as are provided in the plan. The
 15 establishment of ~~such~~ *these* controls is a public purpose under ~~the~~
 16 ~~provisions of this part.~~
- 17 (f) Issue bonds in conformity with Article 4.5 (commencing
 18 with Section 53506) and Article 5 (commencing with Section
 19 53510) of Chapter 3 of Part 1 of Division 2 of Title 5.
- 20 (g) (1) Borrow money, receive grants, or accept financial or
 21 other assistance or investment from the state or the federal
 22 government or any other public agency or private lending
 23 institution for any project ~~or~~ within its area of operation, and may
 24 comply with any conditions of the loan or grant. An authority may
 25 qualify for funding as a disadvantaged community pursuant to
 26 Section 79505.5 of the Water Code or as defined by Section
 27 56033.5. An authority may also enter into an agreement with a
 28 qualified community development entity, as defined by Section
 29 45D(c) of the Internal Revenue Code, to coordinate investments
 30 of funds derived from the New Markets Tax Credit with those of
 31 the authority in instances where coordination offers opportunities
 32 for greater efficiency of investments to improve conditions
 33 described in subdivisions (d) and (e) within the territorial
 34 jurisdiction of the authority.
- 35 (2) *Receive funds allocated to it pursuant to a resolution adopted*
 36 *by a city, county, or special district to transfer these funds from a*
 37 *source described in subdivision (d), (e), or (f) of Section 53398.75,*
 38 *subject to any requirements upon, or imposed by, the city, county,*
 39 *or special district as to the use of these funds.*

1 (h) Adopt a community revitalization and investment plan
2 pursuant to Sections 62003 and 62004.

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

5 (j) Construct foundations, platforms, and other like structural
6 forms necessary for the provision or utilization of air rights sites
7 for buildings to be used for residential, commercial industrial, or
8 other uses contemplated by the revitalization plan.

9 (k) Provide direct assistance to businesses within the plan area
10 in connection with new or existing facilities for industrial or
11 manufacturing uses, except as specified in this division.

12 SEC. 3. Section 62004 of the Government Code is amended
13 to read:

14 62004. (a) The authority shall consider adoption of the plan
15 at three public hearings that shall take place at least 30 days apart.
16 At the first public hearing, the authority shall hear all written and
17 oral comments but take no action. At the second public hearing,
18 the authority shall consider any additional written and oral
19 comments and take action to modify or reject the plan. If the plan
20 is not rejected at the second public hearing, then the authority shall
21 conduct a protest proceeding at the third public hearing to consider
22 whether the property owners and residents within the plan area
23 wish to present oral or written protests against the adoption of the
24 plan.

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

31 (c) (1) Notice of the meeting required by subdivision (b) and
32 the public hearings required by this subdivision shall be given in
33 accordance with subdivision ~~(k)~~ (j). The notice shall do all of the
34 following, as applicable:

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

36 (B) Describe the purpose of the plan.

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

1 (D) Notice of second public hearing shall include a summary
2 of the changes made to the plan as a result of the oral and written
3 testimony received at or before the public hearing and shall identify
4 a location accessible to the public where the plan proposed to be
5 presented and adopted at the second public hearing can be
6 reviewed.

7 (E) Notice of the third public hearing to consider any written
8 or oral protests shall contain a copy of the final plan adopted
9 pursuant to subdivision (a), and shall inform the property owner
10 and resident of his or her right to submit an oral or written protest
11 before the close of the public hearing. The protest may state that
12 the property owner or resident objects to the authority taking action
13 to implement the plan.

14 (2) At the third public hearing, the authority shall consider all
15 written and oral protests received prior to the close of the public
16 hearing and shall terminate the proceedings or adopt the plan
17 subject to confirmation by the voters at an election called for that
18 purpose. The authority shall terminate the proceedings if there is
19 a majority protest. A majority protest exists if protests have been
20 filed representing over 50 percent of the combined number of
21 property owners and residents in the area who are at least 18 years
22 of age. An election shall be called if between 25 percent and 50
23 percent of the combined number of property owners and residents
24 in the area who are at least 18 years of age file a protest.

25 (d) An election required pursuant to paragraph (2) of subdivision
26 (c) shall be held within 90 days of the public hearing and may be
27 held by mail-in ballot. The authority shall adopt, at a duly noticed
28 public hearing, procedures for this election.

29 (e) If a majority of the property owners and residents vote
30 against the plan, then the authority shall not take any further action
31 to implement the proposed plan. The authority shall not propose
32 a new or revised plan to the affected property owners and residents
33 for at least one year following the date of an election in which the
34 plan was rejected.

35 (f) At the hour set in the notice required by subdivision (a), the
36 authority shall consider all written and oral comments.

37 (g) If less than 25 percent of the combined number of property
38 owners and residents in the area who are at least 18 years of age
39 file a protest, the authority may adopt the plan at the conclusion

1 of the third public hearing by ordinance. The ordinance adopting
2 the plan shall be subject to referendum as prescribed by law.

3 (h) For the purposes of Section 62005, the plan shall be the plan
4 adopted pursuant to this section.

5 (i) The authority shall consider and adopt an amendment or
6 amendments to a plan in accordance with the provisions of this
7 section.

8 (j) The authority shall post notice of each meeting or public
9 hearing required by this section in an easily identifiable and
10 accessible location on the authority's Internet Web site and shall
11 mail a written notice of the meeting or public hearing to each owner
12 of land and each resident at least 10 days prior to the meeting or
13 public hearing.

14 (1) Notice of the first public hearing shall also be published not
15 less than once a week for four successive weeks prior to the first
16 public hearing in a newspaper of general circulation published in
17 the county in which the area lies.

18 (2) Notice of the second public hearing shall also be published
19 not less than 10 days prior to the second public hearing in a
20 newspaper of general circulation in the county in which the area
21 lies.

22 (3) Notice of the third public hearing shall also be published
23 not less than 10 days prior to the third public hearing in a
24 newspaper of general circulation in the county in which the area
25 lies.