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AB-1568 Enhanced infrastructure financing districts. (2017-2018)

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Assembly Bill No. 1568

CHAPTER 562

An act to amend Section 53398.59 of, and to add Section 53398.75.5 to, the Government Code, relating to local government.

[Approved by Governor October 07, 2017. Filed with Secretary of State October 07, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1568, Bloom. Enhanced infrastructure financing districts.

Existing law establishes procedures for the formation of infrastructure financing districts, enhanced infrastructure financing districts, infrastructure and revitalization financing districts, and community revitalization and investment authorities, as specified, to undertake various economic development projects, including financing public facilities and infrastructure, affordable housing, and economic revitalization. Existing law authorizes an infrastructure financing plan or a community revitalization and investment plan to provide for the division of taxes levied upon taxable property, if any, between the affected taxing entities, as defined, and the district or authority.

This bill would enact the Neighborhood Infill Finance and Transit Improvements Act, which would authorize a city, county, or city and county to adopt a resolution, at any time before or after the adoption of the infrastructure refinancing plan, to allocate specified tax revenues to the district under specified circumstances. This bill would require the legislative body of a city or county establishing an enhanced infrastructure financing district that will allocate those revenues, as described, to adopt an ordinance to establish the procedure by which the city or county will calculate the amount of revenues that will be dedicated to the proposed district.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 53398.59 of the Government Code is amended to read:

53398.59. A legislative body of a city or county may designate one or more proposed enhanced infrastructure financing districts pursuant to this chapter. Proceedings for the establishment of a district shall be instituted by the adoption of a resolution of intention to establish the proposed district and shall do all of the following:

(a) State that an enhanced infrastructure financing district is proposed to be established under the terms of this chapter and describe the boundaries of the proposed district, which may be accomplished by reference to a map on file in the office of the clerk of the city or in the office of the recorder of the county, as applicable.

(b) State the type of public facilities and development proposed to be financed or assisted by the district in accordance with Section 53398.52.

(c) State the need for the district and the goals the district proposes to achieve.

(d) State that incremental property tax revenue from the city or county and some or all affected taxing entities within the district, if approved by resolution pursuant to Section 53398.68, may be used to finance these activities.

(e) (1) State that a city, county, or city and county may allocate tax revenues derived from local sales and use taxes imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) or transactions and use taxes imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code) to an enhanced infrastructure financing district pursuant to Section 53398.75.5, if applicable.

(2) The legislative body of the city or county that elects to make an allocation pursuant to paragraph (1) shall adopt an ordinance to establish the following:

(A) The procedure by which the city or county will calculate the revenues derived from sales and use taxes and transactions and use taxes to be allocated to the enhanced infrastructure financing district.

(B) The decision process by which the city or county will determine the amount that will be dedicated to the proposed district.

(f) Fix a time and place for a public hearing on the proposal.

SEC. 2. Section 53398.75.5 is added to the Government Code, to read:

53398.75.5. (a) This section shall be known and may be cited as the Neighborhood Infill Finance and Transit Improvements Act, or NIFTI.

(b) The Legislature finds and declares all of the following:

(1) California is facing an affordable housing crisis that necessitates the creation of additional tools for local jurisdictions to create new local funding streams that will support equitable infill housing and associated supportive utility and transit infrastructure.

(2) The creation of a NIFTI district will authorize local jurisdictions to capitalize on existing revenues. This will spur private investment and provide additional dollars to support development and revitalization of urbanized areas that include housing for all income levels with equal access to public transit, goods, services, and economic opportunities.

(3) The benefits of a NIFTI district include the ability to fund more affordable housing units, as well as needed infrastructure upgrades to meet the current and future capacity demands.

(c) At any time before or after the adoption of the infrastructure financing plan, a city, county, or city and county may adopt a resolution to allocate tax revenues of that entity to the district, including revenues derived from local sales and use taxes imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) or transactions and use taxes imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code) if all of the following apply:

(1) The area to be financed with funds received pursuant to this section is an infill site, as defined by Section 21061.3 of the Public Resources Code.

(2) The infrastructure financing plan requires that at least 20 percent of the total funds received by the district pursuant to this section be used for the acquisition, construction, or rehabilitation of housing for persons and families of low income, as defined in Section 50093 of the Health and Safety Code, or very low income households, as defined in Section 50105 of the Health and Safety Code, for rent or purchase.

(3) (A) The infrastructure financing plan requires that, prior to the time limits set forth in subdivision (d) of Section 53398.63, at least 20 percent of any new housing units constructed in the district be affordable to persons and families of low or moderate income with at least 6 percent of the new units affordable to very low income households and at least 9 percent of the new units affordable to persons and families of low income.

(B) The infrastructure financing plan shall ensure that the requirements of this subdivision are met every 10 years.

(4) The use of the revenues derived from the local sales and use tax imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) or transactions

and use taxes imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code) pursuant to the infrastructure financing plan is consistent with the purposes for which that tax is imposed.

(5) The boundaries of the enhanced infrastructure financing district are coterminous with the city or county that established the district.

(d) Notwithstanding Section 53398.52, revenues collected and allocated for the purposes of this section shall not be used for highway or highway interchange improvements.

(e) The enhanced infrastructure financing district shall require, by recorded covenants or restrictions, that affordable housing units financed pursuant to this section remain available at affordable housing costs to, and occupied by, very low income households, persons and families of low income, or persons and families of low or moderate income for the longest feasible time, but for not less than 55 years for rental units and 45 years for owner-occupied units.

(f) A legislative body shall not adopt an ordinance terminating an enhanced infrastructure financing district created pursuant to this section if the district has not complied with its affordable housing obligations.

(g) Paragraph (1) of subdivision (c) of Section 1720 of the Labor Code shall not apply to projects financed by the enhanced infrastructure financing district.