



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 2c(i)

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Memorandum

TO: Legislation Committee

DATE: June 1, 2012

FR: Executive Director

W. I. 1131

RE: SB 214 (Wolk): Infrastructure Financing Districts

Background

With the elimination of redevelopment agencies last year, local governments have no options to use tax-increment financing other than through the formation of an Infrastructure Financing District (IFD). IFDs enable local governments to forego a portion of the non-school property tax in order to generate revenue to issue bonds for high priority capital projects. However, under current law, formation of an IFD requires not only the formal approval by all of the affected taxing entities, but also voter approval by a two-thirds vote. Senate Bill 214 (Wolk), introduced last year but anticipated to be revived within the next month, would remove the voter approval requirement for both the formation of the district and the issuance of bonds and would extend the maximum duration of an IFD from 30 years to 40 years.

Recommendation: Support

Discussion

SB 214 currently resides on the Assembly Floor and the author has requested our support. Last year the Commission adopted the following four principles to guide our advocacy related to IFDs:

1. Eliminate the voter approval requirement to create the district.
2. Incentivize and support infill development at appropriate levels of density near existing and planned public transit service.
3. Consistent with SB 375 (Steinberg, 2008), IFDs should incentivize and support construction of new affordable housing to help metropolitan regions house 100 percent of the projected growth in population for *all* income levels without displacing current low-income residents.
4. IFDs should be used to support preservation of open space and agricultural land and be focused on those areas within the existing urban footprint.

SB 214 (Wolk) is consistent with these principles, making a wider variety of projects eligible for the IFD revenue, including any project that “implements a sustainable communities strategy” and requiring that any housing units that are constructed include a minimum of 20 percent that are set aside to increase the supply of low and moderate-income housing. To demonstrate MTC’s support for helping cities and counties finance their huge backlog of capital needs without reducing funding for K-14 education, we recommend a support position on SB 214.

Known Positions

Support

Bay Area Council
Bay Area Rapid Transit
Business Council, Inco.
California Professional Firefighters
California Rural Legal Assistance Foundation
California Special Districts Association
California State Association of Counties
City of Cerritos
County of Imperial
County of Yolo
Davis Unified School District
Greater Fresno Area Chamber of Commerce
Los Angeles Business Council
Los Angeles Chamber of Commerce
Los Angeles Economic Development Corporation
Long Beach Area Chamber of Commerce
Nature Conservancy
North Bay Leadership Council
Orange County Business Council
Orangeline Development Authority
San Diego Regional Economic Development Corporation
San Francisco Chamber of Commerce
San Gabriel Valley Economic Partnership
Ventura Council of Governments

Oppose

California Taxpayers Association
Howard Jarvis Taxpayers Association



Steve Heminger