



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 3b

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Memorandum

TO: Legislation Committee

DATE: February 1, 2013

FR: Executive Director

W. I. 1131

RE: SB 1 (Steinberg): Sustainable Communities Investment Authority

Background

Senate Bill 1 (Steinberg) creates a new structure for local government to raise revenue for economic development, housing and other community development needs. It is identical to the final version of SB 1156 (Steinberg) which passed the Legislature but was ultimately vetoed by the Governor last year. In his veto message on SB 1156, Governor Brown noted, “The planning and investment that is envisioned by this bill would help to develop and redevelop a California that is sustainable and thriving,” and that he “is committed to working with the Legislature and interested parties on the important task of revitalizing our communities,” However, he also indicated his preference to only consider this approach “once the winding down of redevelopment is complete and General Fund savings are achieved.”

Authorizes New Sustainable Communities Investment Authorities

Until 2011, the Community Redevelopment Law allowed local officials to set up redevelopment agencies (RDAs), prepare and adopt redevelopment plans, and finance redevelopment activities. A redevelopment agency kept the property tax increment revenues generated from increases in property values within a redevelopment project area. This bill would allow cities and counties to establish Sustainable Communities Investment Authorities (SCIAs) to use tax increment financing, on a limited scale, along with other financing tools to support the goals SB 375 (Steinberg), Chapter 728, Statutes of 2008.

Specifically, SB 1 would allow a city, a city and a county, a county, or a special district to enter into a joint powers agreement to form a SCIA. The bill would permit a city or county to also form a SCIA by itself, but such an authority would be by geographical areas under its jurisdiction. An SCIA would be equipped with a variety of local economic development and housing tools, including Tax Increment Financing (TIF) — subject to certain conditions — Community Redevelopment Law powers, local sales taxes, infrastructure financing districts, and the ability to leverage public pension fund investments for specified types of projects that are consistent with a region’s adopted Sustainable Communities Strategy (SCS).

New Revenue Tools, With Some Strings Attached

The bill would require that an SCIA may only receive tax increment funds if it has adopted:

- A sustainable parking standards ordinance that restricts parking in transit priority project areas to encourage transit use, and
- An ordinance creating a jobs plan that describes how the project will create construction careers that pay prevailing wages and create living wage permanent jobs.

If an SCIA meets the requirements above and collects tax increment revenue, it is then required to dedicate at least 20 percent of the allocated revenue to affordable housing purposes.

Scope of Sustainable Communities Investment Areas

The bill would limit the type of project areas that may qualify for funding by an SCIA, as follows:

- ***Transit priority project areas:*** A project, of which at least 50 percent must be residential, located within one-half mile of a major transit stop or high quality transit corridor included in a regional transportation plan.
- ***Small walkable communities:*** A project area of approximately one-quarter mile in diameter that includes a residential area next to a retail downtown area, and a density of at least eight units per acre or floor area ratio ≥ 0.50 .
- ***Clean energy manufacturing sites:*** Include sites that manufacture parts used for the generation of renewable energy, equipment to make buildings more efficient, public transit vehicles or components thereof, alternative fuel vehicles or components thereof.

Recommendation: Support

Discussion

SB 1156 would create significant opportunities for new sources of revenue that can be used to promote infill development, consistent with the SCS. In light of Plan Bay Area's focus on accommodating the region's population growth within priority development areas and providing housing to meet the needs of all-income levels. While it is unclear at this time whether Governor Brown will support a second attempt at this bill in 2013, we recommend your support for the bill as a means for us to highlight the critical issue of providing new local tools to help finance the affordable housing and transportation investments that will be critical to delivering the SCS.

Known Positions

Support

American Federation of State, County and Municipal Employees
BRIDGE Housing
California Infill Builders Association
California State Association of Counties (in concept)
DMB Pacific Ventures
Los Angeles Alliance for a New Economy
Mission Bay Development Group

Oppose

Associated Builders and Contractors of California
California Taxpayers Association
Plumbing-Heating-Cooling Contractors Association of California
Western Electrical Contractors Association

(List above is based on formal positions on the final version of SB 1156 (Steinberg, 2012).



Steve Heminger