

MEMO

To: City of Cupertino
City Council

From: Townsend Public Affairs, Inc.

Date: June 1, 2021

Subject: Consider adopting a position on Senate Bill 780 (Cortese) Local finance: public investment authorities

Bill Information

The official text of SB 780 can be found [here](#)¹.

Summary

SB 780 provides a number of changes to current law governing Enhanced Infrastructure Financing Districts (EIFDs) and Community Revitalization Investment Authorities (CRIAs). Both of these tools were developed after the elimination of redevelopment as a means of generating revenue for the purposes of economic development and creating affordable housing. These tools are not widely used, particularly when compared to redevelopment, in part because the process of establishing the authorities is cumbersome and bureaucratic.

SB 780 tries to reduce some of the barriers that have prevented public agencies from establishing EIFDs and CRIAs. The major elements of SB 780 include:

- Provides that if an EIFD has one or two participating tax entities, the legislative body may appoint one of its members to be an alternate member.
- Provides that if an EIFD has three participating tax entities, the legislative bodies may, upon agreement by all participating affected taxing entities, appoint only one member and one alternative member of their respective bodies to the public financing authority, and a minimum of two members of the public chosen by the legislative bodies of the participating entities.
- Authorizes an EIFD map to identify project areas.
- Requires the EIFD plan to contain either of the following:
 - A date on which the EIFD will cease to exist, not more than 45 years from the date on which the issuance of bonds is approved or the issuance of a loan is approved by a governing board of a local agency.

¹ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=20210220SB780

- If the district is subdivided into project areas, a date on which the plan will cease to be in effect and all tax allocations to the district will end and a date on which the authority to repay indebtedness with incremental tax revenues will end, not to exceed 45 years.
- Provides for an alternative schedule to mailing the EIFD plan and any CEQA documents, and any additional required notices.
- Authorizes amendments to the EIFD plan, including proposals to finance affordable housing and additional eligible projects, to be approved by a majority vote of the governing board at a public hearing held following the 30-day notice describing the proposed changes mailed to all property owners, residents, and affected taxing entities.
- Provides that if after the date of the formation of the EIFD, an affected taxing entity adopts a resolution approving the EIFD plan and to participate in the division of taxes to finance an EIFD, the division of taxes shall be based upon the last equalized assessment roll that is used for the district.
- Authorizes the governing board of the CRIA to appoint one of its members to be an alternate.
- Adds sites identified in a local government's housing element that are suitable for residential development, including parcels that allow transit priority projects, to the list of alternative locations where local agencies can establish CRIAs if they comply with either a sustainable communities strategy or an alternative planning strategy.
- Authorizes a CRIA to provide direct assistance to business within the plan area in connection with the redevelopment or conversion of underutilized office or retail structures or parcels into housing.
- Requires the plan to specify that the CRIA shall dissolve in no more than 45 years from the date upon which the issuance of the debt is approved for a plan, or approved for a project area designated by the CRIA, as specified.
- Provides that, if a CRIA divides the plan into multiple project areas, the date on which the plan will cease to be in effect and all tax allocations to the CRIA will end and a date on which the repayment of indebtedness with incremental tax revenues will not exceed 45 years, as specified.
- Requires the CRIA to prepare an annual independent financial audit paid for from revenues from the CRIA, and to make amendments to an approved plan including proposals to finance affordable housing by a majority vote of the governing board, as specified.
- Requires the CRIA, every 15 years, to consider whether property owners and residents within the plan area wish to prepare amendments to the plan.

Status

SB 780 was approved on the Senate Floor (34-0) on May 10th. The measure has been referred to the Assembly Local Government Committee and the Assembly Housing and Community Development Committee. The bill has not yet been set for hearing.

Support

According to the author, “After the elimination of redevelopment agencies, the state has tried to find effective solutions to spur economic development and build affordable housing in local communities. EIFDs and CRIAs have shown promise, yet have proven to be overly cumbersome to establish and operate. SB 780 will successfully revitalize these tools, empowering local agencies to leverage their tax increment to spur the development of affordable housing and public infrastructure in their communities.”

Supporters of SB 780 include: California Association (Assn) for Local Economic Development; California Business Properties Assn; City of Lakewood; City of Lynwood; City of San Diego; City of West Sacramento; County of Monterey; League of California Cities; and San Francisco Bay Area Planning and Urban Research Assn.

Opposition

There is no official opposition to SB 780.

Recommended Action

Recommend that the City Council take a support position on SB 780 and authorize the Mayor to send letters to the state legislature.