



*City of Arts & Innovation*

---

# Development Committee

**TO: DEVELOPMENT COMMITTEE MEMBERS      DATE: NOVEMBER 19, 2015**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT      WARDS: ALL**

**SUBJECT: ASSEMBLY BILL 2 – COMMUNITY REVITALIZATION AND INVESTMENT AUTHORITIES**

## **ISSUE**

The issue for Development Committee consideration is to direct staff to procure a consultant to investigate the feasibility of establishing Community Revitalization and Investment Authority.

## **RECOMMENDATION**

That the Development Committee receive an overview regarding Assembly Bill 2 and direct staff to procure a consultant to investigate the feasibility of establishing a Community Revitalization and Investment Authority.

## **BACKGROUND**

With the dissolution of the redevelopment in 2012, California's cities and counties have struggled to find alternative economic development tools that create investment in disadvantaged areas where investment does not flow naturally.

Approved by Governor Brown on September 22, 2015, Assembly Bill 2 provides new authority to revitalize disadvantaged communities through planning and financing infrastructure improvements and upgrades, economic development activities, and affordable housing via tax increment financing.

Specifically, AB 2 allows for the creation of a Community Revitalization and Investment Authority, which can be formed for the benefit of areas in the City that meet the following conditions:

1. Areas where not less than 80% of the land contains census tracts or census block groups with an annual median household income that is less than 80% of the statewide annual median income; and
2. Exhibit three of the four following conditions:
  - a. Non-seasonal unemployment at least 3% higher than the statewide average;
  - b. Crime rates at least 5% higher than the statewide median;
  - c. Deteriorated or inadequate infrastructure; and
  - d. Deteriorated commercial or residential structures.

## Community Revitalization and Investment Authority Powers and Duties

A Community Revitalization and Investment Authority is a public agency separate from the city that created it and is deemed to be an “agency” for purposes of receiving property tax increment pursuant to Article XVI, section 16(b) of the California Constitution. Any taxing entity within a created community revitalization and investment area (except for a school district) may choose to allocate some or all of its share of tax increment funds to the Community Revitalization and Investment Authority.

A Community Revitalization and Investment Authority’s key powers and duties include:

1. Adopt community revitalization and investment plan
2. Provide economic development assistance
3. Provide funding for infrastructure
4. Provide for affordable housing
5. Brownfield remediation and clean-up
6. Seismic retrofits of existing buildings
7. Acquire and sell property
8. Incur debt backed by tax increment
9. Make loans
10. Participate with funding mechanisms including cap and trade and New Market Tax Credits

## Two Ways to be Eligible to Create a Community Revitalization and Investment Authority

1. A city, county, or city and county that has received a Finding of Completion from the Department of Finance and whose successor agency has complied with all orders of the Controller may form a Community Revitalization and Investment Authority; or
2. Any combination of a city, county, city and county, and special district may form a CRIA through a joint powers agreement.

## Governing Body Composition

1. For a Community Revitalization and Investment Authority created by a city, the governing body must include 3 members of the city council or board of supervisors and 2 public members who live or work within the community revitalization and investment area.
2. For a Community Revitalization and Investment Authority created through a joint powers agreement, the governing body must include a majority of the members from the legislative bodies of the public agencies that created the authority and a minimum of two public members who live or work within the area.

## Community Revitalization and Investment Plan

A Community Revitalization and Investment Authority must adopt a Plan that guides its revitalization programs and authorizes receipt and expenditure of property tax increment revenue.

The Plan must include:

1. Statement of principal goals and objectives
2. Description of the deteriorated or inadequate infrastructure and program for repair and upgrade
3. Housing program
4. A program to remedy or remove the release of hazardous substances
5. A program to provide funding for or otherwise facilitate the economic revitalization of the area
6. A fiscal analysis setting forth projected receipt of revenues and expenses over a five-year planning horizon
7. Time limits to establishing loans, advances and indebtedness and fulfilling all of the authority's housing obligations

### Plan Adoption Process

The Plan must be adopted over a series of three public hearings, held at least thirty days apart. The final version of the plan is subject to written and oral protests. Proceedings to adopt the plan must terminate if there is a majority protest (over 50% of the combined number of property owners and residents in the area). An election on whether to adopt the plan must be called if between 25% and 50% of the combined number of property owners and residents file a protest.

### Ongoing Accountability

An annual report and annual independent financial audit is required. Every ten years the Community Revitalization and Investment Authority must conduct a protest proceeding to consider property owners and residents' objections against the continuing work of the Community Revitalization and Investment Authority. A majority protest means no additional work can be undertaken pursuant to the plan, but the Community Revitalization and Investment Authority can complete projects underway, repay existing indebtedness, and fulfill existing housing obligations. If between 25 and 50 percent protest, then an election is called to determine whether the Community Revitalization and Investment Authority should continue with its work.

### Affordable Housing

The following affordable housing requirements apply to a Community Revitalization and Investment Authority:

1. 25% of property tax increment revenues must be used to increase, improve and preserve the community's supply of low and moderate income families.
2. Affordable housing programs are entitled to receive a priority, after housing successor agencies, for assistance in housing programs administered by the California Housing Finance Agency, the Department of Housing and Community Development and other state agencies and departments, if those agencies determine that the housing is otherwise eligible for assistance under a particular program.
3. The Community Revitalization and Investment Authority may transfer its housing responsibilities to the housing authority if it determines that combining funding streams will

reduce administrative costs or expedites the construction of affordable housing.

4. Every five years beginning in the year in which the Community Revitalization and Investment Authority is allocated a cumulative total of more than \$1,000,000 in tax increment revenues, an independent audit is required to determine compliance with affordable housing requirements.
5. All housing assisted with property tax increment funds must remain affordable for 55 years for rental units and 45 years for owner-occupied units.
6. Housing funds must be spent proportionally on low, very low, and moderate income housing.

#### Property Acquisition

A Community Revitalization and Investment Authority may acquire property through all of the commonly-used methods including, purchasing, leasing, accepting a conveyance from a public or private entity, and acquiring property via eminent domain.

With the aforementioned in mind, staff recommends that the Development Committee receive this overview regarding Assembly Bill 2 and direct staff to procure a consultant to investigate the feasibility of establishing a Community Revitalization and Investment Authority in Riverside.

#### **FISCAL IMPACT**

There is no immediate fiscal impact to the General Fund associated with this report.

Submitted by:	Emilio Ramirez, Community & Economic Development Deputy Director
Certified as to	
availability of funds:	Brent A. Mason, Finance Director/Treasurer
Approved by:	Al Zelinka, FAICP, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney