

AMENDED IN ASSEMBLY SEPTEMBER 3, 2013

AMENDED IN ASSEMBLY AUGUST 5, 2013

AMENDED IN SENATE MAY 2, 2013

AMENDED IN SENATE APRIL 15, 2013

SENATE BILL

No. 1

**Introduced by Senator Steinberg
(Coauthor: Senator DeSaulnier)**

December 3, 2012

An act to add Part 1.86 (commencing with Section 34191.10) to Division 24 of the Health and Safety Code, and to amend Section 21094.5 of the Public Resources Code, relating to economic development, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as amended, Steinberg. Sustainable Communities Investment Authority.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies.

Existing law provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

This bill would authorize certain public entities of a Sustainable Communities Investment Area, as described, to form a Sustainable Communities Investment Authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would

require the authority to adopt a Sustainable Communities Investment Plan for a Sustainable Communities Investment Area and authorize the authority to include in that plan a provision for the receipt of tax increment funds provided that certain economic development and planning requirements are met. The bill would authorize the legislative body of a city or county forming an authority to dedicate any portion of its net available revenue, as defined, to the authority through its Sustainable Communities Investment Plan. The bill would require the authority to contract for an independent financial and performance audit every 5 years.

The bill would establish prequalification requirements for entities that will receive more than \$1,000,000 from the Sustainable Communities Investment Authority and would require the Department of Industrial Relations to monitor and enforce compliance with prevailing wage requirements for specified projects within a Sustainable Communities Investment Area. The bill would deposit moneys received by the department from developer charges related to the costs of monitoring and enforcement in the State Public Works Enforcement Fund. By depositing a new source of revenue in the State Public Works Enforcement Fund, a continuously appropriated special fund, the bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Part 1.86 (commencing with Section 34191.10)
2 is added to Division 24 of the Health and Safety Code, to read:

3
4 PART 1.86. SUSTAINABLE COMMUNITIES INVESTMENT
5 PROGRAM

6
7 CHAPTER 1. GENERAL PROVISIONS

8
9 34191.10. (a) The Legislature finds and declares that better
10 economic development patterns in California can contribute to
11 greater economic growth by creating good jobs, reducing commuter
12 times for employees, reducing the costs of public infrastructure,
13 and reducing energy consumption. Better development patterns
14 may also result in increased options in the type of housing

1 available, more affordable housing, and a reduction in a
2 household’s combined housing and transportation costs.

3 (b) The construction industry has been one of the sectors hardest
4 hit by the economic downturn of recent years. Creating incentives
5 for construction can help restore construction and permanent jobs,
6 which are essential for a restoration of prosperity.

7 (c) Economic development patterns can also help California
8 attain some of its long-term strategic environmental objectives
9 including reduced air pollution, greater water conservation, reduced
10 energy consumption, and increased farmland and habitat
11 preservation.

12 (d) Implementation of the growth plans identified by the
13 metropolitan planning organizations in their sustainable
14 communities strategies, and in particular the development of areas
15 identified for transit priority projects, is essential if California is
16 to achieve the multiple benefits that would result from economic
17 development. Implementation of growth plans in transit priority
18 project areas requires redevelopment of existing developed areas.

19 (e) In addition to economic pressures from the current recession,
20 development of transit priority projects remains challenging.
21 Infrastructure is often old and inadequate. Sites may suffer from
22 contamination that is expensive to remediate. The high construction
23 costs in urban areas, particularly for multifamily dwellings, create
24 an additional challenge. For these reasons, it is critical to restructure
25 and refocus redevelopment in California to assist in achievement
26 of these multiple benefits.

27 (f) At the same time, California cannot afford a redevelopment
28 program that causes schools to lose revenue at a time when
29 investing in education is also key to the state’s economic
30 prosperity. A growth plan for the state consistent with regional
31 sustainable communities strategies must also provide that schools
32 are able to play their full role in achieving the future of California.
33 In this regard, Section 16 of Article XVI of the California
34 Constitution does not require that all taxing agencies set aside their
35 portion of future property tax for tax increment. It defines taxing
36 agencies disjunctively as “any city, county, city and county, district,
37 or other public corporation.”

38 (g) The elimination of redevelopment agencies has resulted in
39 the loss of approximately one billion dollars (\$1,000,000,000)
40 annually in low- and moderate-income housing funds for

1 communities throughout the state. Communities need alternative
2 sources of revenue to support the continued production of
3 affordable housing units.

4 (h) The Legislature finds that a comprehensive strategy for the
5 long-term economic development of the state must encourage the
6 creation of good jobs and workforce skills needed to attract and
7 retain a high-wage workforce, in addition to public infrastructure
8 requirements. Public investments in human capital are as vital to
9 the long-term growth of the state's economy as investments in
10 physical capital.

11 34191.11. The Legislature further finds and declares that
12 inefficient land use patterns cause an increased economic burden
13 on taxpayers for the costs of an inefficient transportation
14 infrastructure, and create a high combined economic cost of
15 housing and transportation for California residents. These
16 development patterns have also contributed to declining property
17 values and foreclosures in many communities. They create further
18 economic risks for the agricultural industry, the largest industry
19 in California, through the loss of critical farmland. They also result
20 in increased air pollution, energy consumption, and greenhouse
21 gas emissions which impose additional costs on business and
22 damage public health. They also lead to inefficient consumption
23 of water, a critical resource for all of California.

24 34191.12. The Legislature finds and declares that the
25 interrelated problems identified in this chapter are a form of blight
26 that can be addressed through a new Sustainable Communities
27 Investment Program.

28 34191.13. In order to more effectively address blight, the
29 program shall be established to support development in transit
30 priority project areas and small walkable communities and to
31 support clean energy manufacturing through tax increment revenue.
32 This new program shall use tax increment revenue to fight blight
33 as it is understood in the contemporary setting without including
34 those aspects of the former redevelopment program that created
35 so much controversy, including the manipulation of the definition
36 of blight and the use of the school share of tax increment revenue,
37 such that it became a drain on the General Fund. The new program,
38 focused on certain geographic areas and sites, shall require greater
39 levels of intergovernmental collaboration.

1 34191.14. It is the intent of the Legislature in establishing the
 2 Sustainable Communities Investment Program to create a new,
 3 collaborative structure for the creation of a governing board for a
 4 Sustainable Communities Investment Authority and to allow
 5 governmental entities through a consensual process to invest tax
 6 increment revenue to relieve conditions of blight as prescribed by
 7 the Legislature. The new authority shall have new planning
 8 obligations and, in particular, shall have a new focus on the job
 9 creation associated with new economic development. To the extent
 10 not inconsistent with the new program, the authority shall be able
 11 to exercise the powers of the former redevelopment agencies, but
 12 only as part of this newly created and reformed program.

13 34191.15. For purposes of this part, “authority” or “Sustainable
 14 Communities Investment Authority” means the entity formed under
 15 Chapter 2 (commencing with Section 34191.20).

16
 17 CHAPTER 2. SUSTAINABLE COMMUNITIES INVESTMENT
 18 AUTHORITY
 19

20 34191.20. (a) A Sustainable Communities Investment
 21 Authority is a public body, corporate and politic, that may be
 22 created by the appointment of a governing board as provided in
 23 subdivision (e). ~~The~~

24 (1) ~~The~~ authority shall comply with ~~the~~ all of the following:

25 (A) ~~The~~ provisions of this ~~part,~~ the part.

26 (B) ~~The~~ Community Redevelopment Law (Part 1 (commencing
 27 with Section 33000)), excluding Sections 33401, 33492.140, 33607,
 28 33607.5, 33607.7, 33676, ~~and~~ any other similar payment provision
 29 of that part, ~~Part and Article 6 (commencing with Section 33080)~~
 30 ~~of Chapter 1 of that part.~~

31 (C) ~~Part~~ 1.5 (commencing with Section 34000), ~~Part to the~~
 32 ~~extent not inconsistent with this part.~~

33 (D) ~~Part~~ 1.6 (commencing with Section 34050), ~~and Part to the~~
 34 ~~extent not inconsistent with this part.~~

35 (E) ~~Part~~ 1.7 (commencing with Section 34100), to the extent
 36 not inconsistent with this part. ~~The~~

37 (2) ~~The~~ authority shall not be subject to the provisions of Part
 38 1.8 (commencing with Section 34161) and Part 1.85 (commencing
 39 with Section 34170).

1 (b) The authority shall be deemed to be an “agency” pursuant
2 to Section 33003 and shall have all the rights, responsibilities, and
3 obligations of an agency. For purposes of this part, a project area
4 shall be referred to as a Sustainable Communities Investment Area
5 and a redevelopment plan shall be referred to as a Sustainable
6 Communities Investment Plan.

7 (c) An authority created pursuant to this part may rely on the
8 legislative determination of blight and shall not be required to
9 make a separate finding of blight or conduct a survey of blight
10 within the project area.

11 (d) Notwithstanding any other provision of law, a Sustainable
12 Communities Investment Authority shall not be formed under this
13 section by either of the following:

14 (1) A city or county that created a redevelopment agency that
15 was dissolved pursuant to Part 1.85 (commencing with Section
16 34170) of Division 24, unless the successor agency or designated
17 local authority for the former redevelopment agency has received
18 a finding of completion from the Department of Finance pursuant
19 to Section 34179.7.

20 (2) A city, county, city and county, or special district that has
21 declared a fiscal emergency, unless the city, county, city and
22 county, or special district subsequently declares that the fiscal
23 emergency has been resolved.

24 (e) An authority may be created as follows:

25 (1) A city, county, city and county, or a special district may
26 create an authority pursuant to this part by entering into a joint
27 powers agreement under Chapter 5 (commencing with Section
28 6500) of Division 7 of Title 1 of the Government Code. The joint
29 powers agreement shall establish a governing board and designate
30 the Sustainable Communities Investment Area.

31 (2) A city may create an authority, appoint the authority
32 governing board, designate a Sustainable Communities Investment
33 Area within the city’s incorporated area, and establish the
34 parameters of the proposed economic development within a
35 proposed Sustainable Communities Investment Area with county
36 approval of the economic development parameters and the
37 Sustainable Communities Investment Plan, including any
38 amendments to the plan.

39 (3) A city and a county may create an authority and appoint the
40 authority governing board, which shall be comprised of two

1 members appointed by the city and two members appointed by the
2 county. A fifth member shall be appointed by the two city and the
3 two county members. The governing board shall designate the
4 Sustainable Communities Investment Area. A Sustainable
5 Communities Investment Plan, including any amendments to it,
6 shall be approved by both the city and the county. The Sustainable
7 Communities Investment Area may include an incorporated area
8 or both an incorporated area and an unincorporated area.

9 (4) If the Sustainable Communities Investment Area is within
10 an unincorporated area, the board of supervisors of a county may
11 create an authority and appoint the authority governing board.

12 (5) A city may create an authority, which shall constitute a
13 legally distinct entity from that city, and appoint the authority
14 governing board, which may designate a Sustainable Communities
15 Investment Area only within the incorporated limits of that city.

16 (f) If an authority is created pursuant to this section by an entity
17 that is a city and county the governing body shall be composed of
18 five members appointed by the mayor of the city, if that
19 appointment is subject to confirmation by the county board of
20 supervisors.

21 (g) Any city or county approval under this section shall be by
22 resolution of the legislative body.

23 (h) A taxing agency participating in or approving the formation
24 of a Sustainable Communities Investment Authority or appointing
25 governing board members may authorize an allocation to the
26 authority of all or part of the tax increment revenue that otherwise
27 would be paid to that taxing agency.

28 (i) A governing board appointed pursuant to this section shall
29 consist of five members. The members of any governing board
30 formed pursuant to this part shall be appointed for four-year terms
31 and shall be removed by the appointing authority only for cause.
32 The initial appointees to the governing board shall serve either
33 two-year or four-year terms and shall draw their terms by lot. An
34 authority created pursuant to this section shall be deemed to be a
35 local public agency subject to the Ralph M. Brown Act (Chapter
36 9 (commencing with Section 54950) of Part 1 of Division 2 of
37 Title 5 of the Government Code), the California Public Records
38 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
39 of Title 1 of the Government Code), the Meyers-Milias-Brown
40 Act (Chapter 10 (commencing with Section 3500) of Division 4

1 of Title 1 of the Government Code), and the Political Reform Act
 2 of 1974 (Title 9 (commencing with Section 81000) of the
 3 Government Code). The governing board shall adopt policies
 4 regarding the use of personal service contracts ~~to~~ *that apply* the
 5 standards set forth in Section 19130 of the Government Code ~~that~~
 6 ~~apply~~ to the authority and its employees.

7 (j) A school district shall be excluded from participating in a
 8 Sustainable Communities Investment Authority.

9

10 CHAPTER 3. SUSTAINABLE COMMUNITIES INVESTMENT AREAS

11

12 34191.25. (a) A Sustainable Communities Investment Area
 13 shall include only the following:

14

(a)

15

(1) Transit priority project areas, which are areas where a transit
 16 priority project, as defined in Section 21155 of the Public
 17 Resources Code, may be constructed, provided that if the
 18 Sustainable Communities Investment Area is based on proximity
 19 to a planned major transit stop or a high-quality transit corridor,
 20 the stop or the corridor must be scheduled to be completed within
 21 the planning horizon established by Section 450.322 of Title 23
 22 of the Code of Federal Regulations. For purposes of this paragraph,
 23 a transit priority project area may include a military base reuse
 24 plan that meets the definition of a transit priority project area and
 25 it may include a contaminated site within a transit priority project
 26 area.

27

(1)

28

(A) If the Sustainable Communities Investment Area includes
 29 a high-speed rail station, the radius of the area may be up to one
 30 mile from a high-speed rail station. If the project area consists of
 31 a radius greater than one-half of one mile, at least 50 percent of
 32 tax increment revenue derived from the area shall be used to
 33 support construction of the high-speed rail station and related
 34 infrastructure.

35

(2)

36

(B) All or part of a transit priority project area may be included
 37 in the Sustainable Communities Investment Area or an area may
 38 include one or more contiguous transit priority project areas. One
 39 or more Sustainable Communities Investment Areas may be created
 40 pursuant to subdivision (e) of Section 34191.20.

1 ~~(3)~~

2 (C) Transit priority project areas shall be within the geographic
3 boundaries of a metropolitan planning organization in which a
4 sustainable communities strategy has been adopted by the
5 metropolitan planning organization, and the State Air Resources
6 Board, pursuant to subparagraph (H) of paragraph (2) of
7 subdivision (b) of Section 65080 of the Government Code, has
8 accepted the metropolitan planning organization’s determination
9 that the sustainable communities strategy would, if implemented,
10 achieve the region’s greenhouse gas emission reduction targets.

11 ~~(b)~~

12 (2) Areas that are small walkable communities, as defined in
13 paragraph (4) of subdivision (e) of Section 21094.5 of the Public
14 Resources Code, except that small walkable communities may
15 also be designated in a city that is within the area of a metropolitan
16 planning organization. No more than one small walkable
17 community project area shall be designated within a city. All or
18 part of a small walkable community may be included in the
19 Sustainable Communities Investment Area.

20 ~~(e)~~

21 (3) Sites that have land use approvals, covenants, conditions
22 and restrictions, or other effective controls restricting the sites to
23 clean energy manufacturing, and that are consistent with the use,
24 designation, density, building intensity, and applicable policies
25 specified for the Sustainable Communities Investment Area in the
26 applicable sustainable communities strategy, if those sites are
27 within the geographic boundaries of a metropolitan planning
28 organization. Clean energy manufacturing shall consist of the
29 manufacturing of any of the following:

30 ~~(1)~~

31 (A) Components, parts, or materials for the generation of
32 renewable energy resources.

33 ~~(2)~~

34 (B) Equipment designed to make buildings more energy efficient
35 or the component parts thereof.

36 ~~(3)~~

37 (C) Public transit vehicles or the component parts thereof.

38 ~~(4)~~

39 (D) Alternative fuel vehicles or the component parts thereof.

1 **(b) Notwithstanding subdivision (a), a Sustainable Communities**
 2 *Investment Authority shall not include land subject to a contract*
 3 *pursuant to the Williamson Act or more than two acres of prime*
 4 *farmland, farmland of statewide importance, unique farmland, or*
 5 *farmland of local importance, as defined pursuant to United States*
 6 *Department of Agriculture land inventory and monitoring criteria,*
 7 *as modified for California.*

8

9 CHAPTER 4. SUSTAINABLE COMMUNITIES INVESTMENT PLAN

10

11 34191.26. A Sustainable Communities Investment Plan may
 12 include a provision for the receipt of tax increment funds according
 13 to Section 33670, provided that the local government with land
 14 use jurisdiction has adopted all of the following:

15 (a) A sustainable parking standards ordinance that restricts
 16 parking in transit priority project areas to encourage transit use to
 17 the greatest extent feasible.

18 (b) An ordinance creating a jobs plan that requires all entities
 19 receiving financial support from the authority to enter into an
 20 agreement with the authority describing how the project will do
 21 both of the following:

22 (1) Further construction careers that pay prevailing wages and
 23 create living wage permanent jobs.

24 (2) Implement a program for community outreach, local hire,
 25 and job training that includes disadvantaged California residents,
 26 including veterans of the Iraq and Afghanistan wars, people with
 27 a history in the criminal justice system, and single-parent families.

28 (c) For transit priority project areas and small walkable
 29 communities within a metropolitan planning organization, a plan
 30 consistent with the use designation, density, building intensity,
 31 and applicable policies specified for the Sustainable Communities
 32 Investment Area in the sustainable communities strategy.

33 (d) Within small walkable communities outside a metropolitan
 34 planning organization, a plan for new residential construction that
 35 provides a density of at least 20 dwelling units per net acre and,
 36 for nonresidential uses, provides a minimum floor area ratio of
 37 0.75.

38 (e) An ordinance that does both of the following:

39 (1) Prohibits the number of housing units occupied by extremely
 40 low, very low, and low-income households, including the number

1 of bedrooms in those units, in the Sustainable Communities
2 Investment Area at the time the Sustainable Communities
3 Investment Authority is established from being reduced during the
4 effective period of the Sustainable Communities Investment Plan.

5 (2) Requires the replacement of dwelling units that house
6 extremely low, very low, or low-income households, upon their
7 removal from the Sustainable Communities Investment Area,
8 pursuant to subdivision (a) of Section 33413 within two years of
9 their displacement.

10 34191.27. (a) Upon adoption of a Sustainable Communities
11 Investment Plan that includes the tax increment financing provision
12 authorized by Section 34191.26, the county auditor-controller shall
13 allocate tax increment revenue to the authority as follows:

14 (1) If the authority was formed pursuant to paragraph (1) of
15 subdivision (e) of Section 34191.20, the authority shall be allocated
16 each year specified in the plan that portion of the levied taxes for
17 each city, county, city and county, and special district that is a
18 party to the joint powers authority in excess of the amount specified
19 in subdivision (a) of Section 33670.

20 (2) If the authority was formed pursuant to paragraph (2) or (3)
21 of subdivision (e) of Section 34191.20, the authority shall be
22 allocated each year specified in the plan that portion of the levied
23 taxes for the city and the county in excess of the amount specified
24 in subdivision (a) of Section 33670.

25 (3) If the authority was formed pursuant to paragraph (4) of
26 subdivision (e) of Section 34191.20, the authority shall be allocated
27 each year specified in the plan that portion of the levied taxes for
28 the county in excess of the amount specified in subdivision (a) of
29 Section 33670.

30 (4) If the authority was formed pursuant to paragraph (5) of
31 subdivision (e) of Section 34191.20, the authority shall be allocated
32 each year specified in the plan that portion of the levied taxes for
33 the city in excess of the amount specified in subdivision (a) of
34 Section 33670.

35 (5) Any city, county, city and county, or special district may,
36 by resolution of its board, authorize the county auditor-controller
37 to allocate that portion of the levied taxes for that entity in excess
38 of the amount specified in subdivision (a) of Section 33670.

1 (6) Any allocation of revenues to the authority made pursuant
2 to this subdivision shall be adjusted to comply with ~~the provisions~~
3 ~~of~~ subdivision (h) of Section 34191.20.

4 (7) Proceeds of taxes levied for a school district that are in
5 excess of the amount specified in subdivision (a) of Section 33670
6 shall not be pledged or allocated to an authority created by any of
7 the governance structures specified in subdivision (e) of Section
8 34191.20.

9 (8) Notwithstanding any other law, the county auditor-controller
10 shall allocate to the authority a taxing agency's portion of tax
11 increment revenues only if the governing body of the taxing agency
12 adopts a resolution authorizing the allocation. A taxing agency
13 that adopts a resolution shall not revoke the county
14 auditor-controller's authority pursuant to this section if revocation
15 would impair the authority's ability to honor existing obligations
16 secured by tax increment revenues.

17 (b) If a Sustainable Communities Investment Area includes, in
18 whole or in part, land formerly or currently designated as a part
19 of a redevelopment project area, as defined in Section 33320.1,
20 any Sustainable Communities Investment Plan adopted pursuant
21 to this part that includes a provision for the receipt of tax increment
22 revenues according to Section 33670 shall include a provision that
23 tax increment amounts collected and received by an authority are
24 subject and subordinate to any preexisting enforceable obligation,
25 as that term is defined in Section 34171.

26 (c) The legislative body of the city or county forming an
27 authority may choose to dedicate any portion of its net available
28 revenue to the authority through the Sustainable Communities
29 Investment Plan. The plan shall state that net available revenue
30 from the city or county may be used by the authority in accordance
31 with this part, and state the maximum portion of the net available
32 revenue to be committed to the authority for each year during
33 which the authority will receive these revenues. The portion may
34 vary over time. The plan shall state the date upon which the
35 authority will cease to receive net available revenue. The city or
36 county may direct the county auditor-controller to transfer any
37 portion of the net available revenue to the authority and the county
38 auditor-controller may collect administrative costs from the
39 authority.

1 (d) For purposes of this section, “net available revenue” means
2 periodic distributions to the city or county from the Redevelopment
3 Property Tax Trust Fund, created pursuant to Section 34170.5,
4 that are available to the city or county after all preexisting legal
5 commitments and statutory obligations funded from that revenue
6 are made pursuant to Part 1.85 (commencing with Section 34170).
7 Net available revenue shall include only revenue remaining after
8 all current distributions, including, but not limited to, payment of
9 enforceable obligations, all distributions to other taxing entities,
10 and applicable administrative fees, have been made.

11 (e) In accordance with Section 33334.2 and all other applicable
12 affordable housing provisions of the Community Redevelopment
13 Law (Part 1 (commencing with Section 33000)) *that are not*
14 *expressly excluded pursuant to Section 34191.20*, an authority that
15 includes in its Sustainable Communities Investment Plan a
16 provision for the receipt of tax increment revenues according to
17 Section 33670 shall dedicate no less than 25 percent of allocated
18 tax increment revenues for affordable housing purposes.

19 34191.28. A Sustainable Communities Investment Plan, in
20 addition to the applicable requirements of Part 1 (commencing
21 with Section 33000) shall include all of the following:

22 (a) A fiscal analysis setting forth the projected receipt of tax
23 increment and other revenue and projected expenses over five-year
24 planning horizons for the life of the authority.

25 (b) A statement of the principal goals and objectives of the plan
26 together with findings of the public purposes and uses that will be
27 achieved.

28 (c) A statement of how the plan will relieve blight as follows:

29 (1) How it will implement the goals of a sustainable
30 communities strategy, if the Sustainable Communities Investment
31 Area is within a metropolitan planning organization.

32 (2) How it will contribute to more efficient transportation.

33 (3) How it will contribute to a reduced cost for the combined
34 costs of housing and transportation for California residents.

35 (4) How it will contribute to improved public health.

36 (5) How it will promote more efficient water consumption.

37 (6) How it will avoid loss of prime farmland.

38 (7) How it will reduce air pollution, energy consumption, and
39 greenhouse gas emissions by reducing vehicle miles traveled.

1 (8) How it will reduce energy consumption by facilitating clean
2 energy manufacturing.

3 (9) How it will ensure compliance with the affordable housing
4 maintenance and preservation requirements contained in
5 subdivision (e) of Section 34191.26.

6 (d) A statement of how the plan will implement the sustainable
7 parking standards adopted pursuant to subdivision (a) of Section
8 34191.26.

9 (e) A statement of how the plan will implement the jobs plan
10 adopted pursuant to subdivision (b) of Section 34191.26.

11 (f) In addition to satisfying the *applicable* requirements of Part
12 1 (commencing with Section 33000), a Sustainable Communities
13 Investment Plan may include, to the extent applicable to the area,
14 any of the following:

15 (1) Farmworker housing.

16 (2) Transitional and supportive housing including, but not
17 limited to, former foster youth, persons with mental health
18 treatment needs, persons with substance use disorder treatment
19 needs, and various offender populations.

20 (3) Health and safety related infrastructure investments for
21 disadvantaged and rural communities.

22 (4) Infrastructure investments to support countywide services
23 including, but not limited to, health clinics, hospitals, medical
24 provider offices, child care facilities, day reporting centers, and
25 grocery stores in food desert areas.

26 (g) If a city, county, city and county, or special district that has
27 entered into an agreement pursuant to this part to allocate a portion
28 of its tax increment to a Sustainable Communities Investment
29 Authority subsequently declares a fiscal emergency, that city,
30 county, or city and county, or special district shall develop a plan
31 for how the county auditor-controller shall reduce the amount of
32 the tax increment revenue allocated to the authority during the
33 period of time of the fiscal emergency.

34 34191.29. A state or local public pension fund system
35 authorized by state law or local charter, respectively, including,
36 but not limited to, the Public Employees' Retirement System, the
37 State Teachers' Retirement System, a system established under
38 the County Employees Retirement Law of 1937 (Chapter 3
39 (commencing with Section 31450) of Part 3 of Division 4 of Title
40 3 of the Government Code), or an independent system, may invest

1 capital in the public infrastructure projects and private commercial
2 and residential developments undertaken by an authority.

3 34191.30. (a) An authority may exercise the full powers
4 granted under Chapter 2.8 (commencing with Section 53395) of
5 Part 1 of Division 2 of Title 5 of the Government Code and the
6 Marks-Roos Local Bond Pooling Act of 1985 (Article 4
7 (commencing with Section 6584) of Chapter 5 of Division 7 of
8 Title 1 of the Government Code).

9 (b) An authority may implement a local transactions and use
10 tax under Part 1.6 (commencing with Section 7251) of Division 2
11 of the Revenue and Taxation Code, except that the resolution
12 authorizing the tax may designate the use of the proceeds of the
13 tax.

14 (c) An authority may issue bonds paid for with authority
15 proceeds, which shall be deemed to be special funds to be expended
16 by the authority for the purposes of carrying out this part.

17 (d) School district property tax revenues shall not be pledged
18 for the repayment of bonds issued by the authority.

19 34191.31. (a) Every five years the authority shall contract for
20 an independent financial and performance audit. The audit shall
21 be conducted according to guidelines established by the Controller.
22 A copy of the completed audit shall be provided to the Controller,
23 the Director of the Department of Finance, and to the Joint
24 Legislative Budget Committee. The Controller shall not be required
25 to review and approve the completed audits.

26 (b) The guidelines established by the Controller shall include
27 guidelines for determining compliance with the affordable housing
28 maintenance and replacement requirements of subdivision (e) of
29 Section 34191.26, including provisions to ensure that the
30 requirements are met within each five-year period covered by the
31 audit. A finding of failure to comply with the requirements of
32 subdivision (e) of Section 34191.26 shall require the authority to
33 adopt and submit to the Controller, as part of the audit, a plan to
34 achieve compliance with those provisions as soon as feasible but
35 in not less than two years following the findings. The Controller
36 shall review and approve the plan, and require the plan to stay in
37 effect until compliance is achieved. The Controller shall ensure
38 that the plan includes one or more of the following means of
39 achieving compliance:

1 (1) The expenditure of an additional 10 percent of gross tax
2 increment revenue on increasing, preserving, and improving the
3 supply of low-income housing.

4 (2) An increase in the production, by an additional 10 percent,
5 of housing for very low income households as required by
6 paragraph (2) of subdivision (b) of Section 33413.

7 (3) The targeting of expenditures pursuant to Section 33334.2
8 exclusively to rental housing affordable to, and occupied by,
9 persons of very low and extremely low income.

10

11 CHAPTER 5. PREQUALIFICATION REQUIREMENTS

12

13 34191.35. All entities that will receive in excess of one million
14 dollars (\$1,000,000) from the Sustainable Communities Investment
15 Authority, including projects undertaken by private developers,
16 shall comply with the following prequalification process for all
17 construction contracts or subcontracts:

18 (a) The entity shall require that each prospective bidder on a
19 construction contract complete and submit to the authority a
20 standardized questionnaire and financial statement in a form
21 specified by the authority that includes a complete statement of
22 the prospective bidder’s financial ability and experience in
23 performing large construction contracts. The questionnaire and
24 financial statement shall be verified under oath by the bidder in
25 the manner in which civil pleadings in civil actions are verified.
26 The questionnaires and financial statements shall not be public
27 records and shall not be open to public inspection.

28 (b) The entity receiving funding from the authority shall adopt
29 and apply a uniform system of rating bidders on the basis of the
30 completed questionnaires and financial statements, in order to
31 determine the size of the contracts, if any, upon which each bidder
32 shall be deemed qualified to bid.

33 (c) The questionnaire described in subdivision (a) and the
34 uniform system of rating bidders described in subdivision (b) shall
35 cover, at a minimum, the issues covered by the standardized
36 questionnaire and model guidelines for rating bidders developed
37 by the Department of Industrial Relations pursuant to subdivision
38 (a) of Section 20101 of the Public Contract Code.

1 (d) For purposes of this section, bidders shall include all
2 subcontractors performing work on a contract in excess of 3 percent
3 of the total cost.

4 (e) A bid shall not be accepted from any person or entity who
5 is required to submit a completed questionnaire and financial
6 statement for prequalification pursuant to subdivision (a) but has
7 not done so by the deadline set by the entity or who has not been
8 prequalified by the authority prior to the deadline for submission
9 of bids.

10 (f) This section shall not prevent an entity or the authority itself
11 from establishing additional prequalification requirements.

12 34191.36. (a) (1) Within a Sustainable Communities
13 Investment Area, the Department of Industrial Relations shall
14 monitor and enforce compliance with prevailing wage requirements
15 for any project paid for in whole or part out of public funds, within
16 the meaning of subdivision (b) of Section 1720 of the Labor Code
17 that include funds of a Sustainable Communities Investment
18 Authority and shall charge each awarding body or developer for
19 the reasonable and directly related costs of monitoring and
20 enforcing compliance with the prevailing wage requirements on
21 each project.

22 (2) All moneys received by the department pursuant to this
23 section shall be deposited in the State Public Works Enforcement
24 Fund created by Section 1771.3 of the Labor Code.

25 (b) Paragraph (1) of subdivision (a) shall not apply to any project
26 paid for in whole or part out of public funds if the awarding body
27 or developer has entered into a collective bargaining agreement
28 that binds all of the contractors performing work on the project
29 and includes a mechanism for resolving disputes about the payment
30 of wages.

31 SEC. 2. Section 21094.5 of the Public Resources Code is
32 amended to read:

33 21094.5. (a) (1) If an environmental impact report was
34 certified for a planning level decision of a city or county, the
35 application of this division to the approval of an infill project shall
36 be limited to the effects on the environment that (A) are specific
37 to the project or to the project site and were not addressed as
38 significant effects in the prior environmental impact report or (B)
39 substantial new information shows the effects will be more
40 significant than described in the prior environmental impact report.

1 A lead agency’s determination pursuant to this section shall be
2 supported by substantial evidence.

3 (2) An effect of a project upon the environment shall not be
4 considered a specific effect of the project or a significant effect
5 that was not considered significant in a prior environmental impact
6 report, or an effect that is more significant than was described in
7 the prior environmental impact report if uniformly applicable
8 development policies or standards adopted by the city, county, or
9 the lead agency, would apply to the project and the lead agency
10 makes a finding, based upon substantial evidence, that the
11 development policies or standards will substantially mitigate that
12 effect.

13 (b) If an infill project would result in significant effects that are
14 specific to the project or the project site, or if the significant effects
15 of the infill project were not addressed in the prior environmental
16 impact report, or are more significant than the effects addressed
17 in the prior environmental impact report, and if a mitigated negative
18 declaration or a sustainable communities environmental assessment
19 could not be otherwise adopted, an environmental impact report
20 prepared for the project analyzing those effects shall be limited as
21 follows:

22 (1) Alternative locations, densities, and building intensities to
23 the project need not be considered.

24 (2) Growth inducing impacts of the project need not be
25 considered.

26 (c) This section applies to an infill project that satisfies both of
27 the following:

28 (1) The project satisfies any of the following:

29 (A) Is consistent with the general use designation, density,
30 building intensity, and applicable policies specified for the project
31 area in either a sustainable communities strategy or an alternative
32 planning strategy for which the State Air Resources Board,
33 pursuant to subparagraph (H) of paragraph (2) of subdivision (b)
34 of Section 65080 of the Government Code, has accepted a
35 metropolitan planning organization’s determination that the
36 sustainable communities strategy or the alternative planning
37 strategy would, if implemented, achieve the greenhouse gas
38 emission reduction targets.

39 (B) Consists of a small walkable community project located in
40 an area designated by a city for that purpose.

- 1 (C) Is located within the boundaries of a metropolitan planning
2 organization that has not yet adopted a sustainable communities
3 strategy or alternative planning strategy, and the project has a
4 residential density of at least 20 units per net acre or a floor area
5 ratio of at least 0.75.
- 6 (2) Satisfies all applicable statewide performance standards
7 contained in the guidelines adopted pursuant to Section 21094.5.5.
- 8 (d) This section applies after the Secretary of the Natural
9 Resources Agency adopts and certifies the guidelines establishing
10 statewide standards pursuant to Section 21094.5.5.
- 11 (e) For the purposes of this section, the following terms mean
12 the following:
- 13 (1) “Infill project” means a project that meets the following
14 conditions:
- 15 (A) Consists of any one, or combination, of the following uses:
- 16 (i) Residential.
- 17 (ii) Retail or commercial, where no more than one-half of the
18 project area is used for parking.
- 19 (iii) A transit station.
- 20 (iv) A school.
- 21 (v) A public office building.
- 22 (B) Is located within an urban area on a site that has been
23 previously developed, or on a vacant site where at least 75 percent
24 of the perimeter of the site adjoins, or is separated only by an
25 improved public right-of-way from, parcels that are developed
26 with qualified urban uses.
- 27 (2) “Planning level decision” means the enactment or
28 amendment of a general plan, community plan, specific plan, or
29 zoning code.
- 30 (3) “Prior environmental impact report” means the
31 environmental impact report certified for a planning level decision,
32 as supplemented by any subsequent or supplemental environmental
33 impact reports, negative declarations, or addenda to those
34 documents.
- 35 (4) “Small walkable community project” means a project that
36 is located in a small walkable community project area. A small
37 walkable community project area means an area within an
38 incorporated city that is not within the boundary of a metropolitan
39 planning organization and meets all of the following requirements:

- 1 (A) Has a project area of approximately one-quarter mile
- 2 diameter of contiguous land completely within the existing
- 3 incorporated boundaries of the city.
- 4 (B) Has a project area that includes a residential area adjacent
- 5 to a retail downtown area.
- 6 (C) The project area has an average net density of at least eight
- 7 dwelling units per net acre or a floor area ratio for retail or
- 8 commercial use of not less than 0.50. For purposes of this
- 9 subparagraph: (i) “floor area ratio” means the ratio of gross
- 10 building area (GBA) of development, exclusive of structured
- 11 parking areas, proposed for the project divided by the total net lot
- 12 area (NLA); (ii) “gross building area” means the sum of all finished
- 13 areas of all floors of a building included within the outside faces
- 14 of its exterior walls; and (iii) “net lot area” means the area of a lot
- 15 excluding publicly dedicated land, private streets that meet local
- 16 standards, and other public use areas as determined by the local
- 17 land use authority.
- 18 (5) “Urban area” includes either an incorporated city or an
- 19 unincorporated area that is completely surrounded by one or more
- 20 incorporated cities that meets both of the following criteria:
- 21 (A) The population of the unincorporated area and the
- 22 population of the surrounding incorporated cities equal a population
- 23 of 100,000 or more.
- 24 (B) The population density of the unincorporated area is equal
- 25 to, or greater than, the population density of the surrounding cities.