

Community Revitalization and Investment Authorities
AB 2 (Alejo and Garcia)
Chapter 319, Statutes of 2015

A New Planning and Financing Tool

AB 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 based, in part, on the former community redevelopment law.

A Community Revitalization and Investment Authority (CRIA) can be created in the following two locations:

1. Areas where not less than 80 percent of the land contains census tracts or census block groups meet both of these conditions: (i) an annual median household income that is less than 80 percent of the statewide annual median income; and (ii) three of four following conditions:
 - a. non-seasonal unemployment at least 3 percent higher than statewide average.
 - b. crime rates at least 5 percent higher than statewide median.
 - c. deteriorated or inadequate infrastructure, and
 - d. deteriorated commercial or residential structures.¹
2. A former military based that is principally characterized by deteriorated or inadequate infrastructure or structures.

CRIA: Powers and Duties

A CRIA is a public agency separate from the city, county, or city and county that created it; and deemed to be an “agency” for purposes of receiving property tax increment pursuant to Article XVI, section 16(b) of the Constitution. Any taxing entity within the Area (except for a school district) may choose to allocate some or all its share of tax increment funds to the CRIA. The CRIA may issue bonds backed by property tax increment revenues.²

A CRIA’s key powers and duties mirror those of former redevelopment agencies and consist of the following:

- Adopt community revitalization and investment plan³

¹ Section 62001(d), (e).

² Section 62005

³ Section 62002.

- Provide funding for infrastructure
- Provide for affordable housing
- Brownfield remediation and clean-up
- Seismic retrofits of existing buildings
- Acquire and sell property
- Issue bonds
- Borrow funds and make loans
- Receive cap and trade funds designated for disadvantaged communities funds or enter agreements with a qualified community development entity to coordinate the investment of federal New Market Tax Credit Funds.⁴
- Provide direct assistance to businesses within the plan area (with some exceptions)⁵

Two Ways to be Eligible to Create a CRIA:

1. A city, county, or city and county that has received a Finding of Completion from the state Department of Finance (DOF) and whose successor agency has complied with all orders of the Controller may form the CRIA; or
2. Any combination of a city, county, city and county, and special district may form a CRIA through a joint powers agreement.⁶

Composition of Governing Body

1. For a CRIA created by a city, county, or city and county: 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 CRIA created through a joint powers agreement: 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.⁷

Required Contents Community Revitalization and Investment Plan (Plan)

⁴ 62002(g)

⁵ 62202. As with former redevelopment law, the following types of developments cannot be assisted:

- Auto dealerships located on land not previously developed for urban use.
- Developments generating sales and use taxes on parcels of five acres on land not previously developed for urban use, unless the principal permitted use is an office, hotel, manufacturing or industrial.
- Any gaming establishments.

⁶ Government Code 62001(b)(1). A CRIA may not include a school district or a successor agency. All references are to the Government Code.

⁷ Section 62001(c)

A CRIA must adopt a Plan that guides its revitalization programs and authorizes receipt and expenditure property tax increment revenues. The Plan includes:

- Statement of principal goals and objectives
- Description of the deteriorated or inadequate infrastructure and program for repair and upgrade
- Housing program
- A program to remedy or remove the release of hazardous substances
- A program to provide funding for or otherwise facilitate the economic revitalization of the area
- A fiscal analysis setting forth projected receipt of revenues and expenses over five-year planning horizon
- Time limits to establishing loans, advances and indebtedness and fulfilling all the authority's housing obligations.⁸

Robust Procedure for Plan Adoption:

The Plan must be adopted over a series of three public hearings, held at least 30 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 percent 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 percent and 50 percent of the combined number of property owners and residents file a protest.⁹

Ongoing Accountability: 10-year Check-In with Property Owners and Residents

An annual report and annual independent financial audit is required.¹⁰ Every ten years the CRIA must conduct a protest proceeding to consider property owners and residents' protests against the continuing work of the Authority. A majority protest means no additional work can be undertaken pursuant to the plan, but the 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 CRIA should continue with its work.

Affordable Housing: 25 percent Requirement

The following affordable housing requirements apply to a CRIA:

- 25 percent of property tax increment revenues must be used to increase, improve and preserve the community's supply of low and moderate income families.

⁸ Section 62003.

⁹ Section 62004.

¹⁰ Section 62006.

- CRIA 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.¹¹
- The CRIA 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.¹²
- Every five years beginning in the year in which the CRIA 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.
- All housing assisted with property tax increment funds must remain affordable for 55 years for rental units and 45 years for owner-occupied units.
- Housing funds must be spent proportionally on low, very low, and moderate income housing.¹³

Affordable Housing: Replacement and Relocation

- Replacement of housing destroyed or removed within 2 years of destruction or removal¹⁴
- Number of housing units occupied by extremely low, very low, and low-income households at the time the plan is adopted may not be reduced during the effective period of the plan
- Relocation in compliance with state relocation law¹⁵

Property acquisition

CRIA 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.¹⁶

Key Similarities and Differences:
Community Revitalization and Investment Authority (CRIA) vs.
Enhanced Infrastructure Financing District (EIFD)

¹¹ Section 62104
¹² Section 62100 (a)
¹³ Section 62102.
¹⁴ Section 62103
¹⁵ Section 62115
¹⁶ Section 62201

In 2014 the Legislature created the **Enhanced Infrastructure Financing District (EIFD)**, SB 628 (Beall), Chapter 785, Statutes of 2014, as a new way to finance public infrastructure, affordable housing and other projects. In 2015, refinements were made through AB 313 (Atkins), Chapter 320, Statutes of 2015. A CRIA and an EIFD have some things in common and are different in other ways.

CRIA and EIFD: Things in common

- Both are public entities separate and distinct from the city or county that established them.
- Both can finance a wide-range of public and private projects including the acquisition, construction or rehabilitation of affordable housing
- Creation of each requires finding of completion from DOF and compliance with State Controller's orders
- Authority to use property tax increment to finance facilities and housing with contributions from other taxing entities with their consent

CRIA and EIFD: Things that are different

- CRIA operates solely within specifically defined area characterized by social and economic deterioration or a former military base; EIFD can be used for a wide range of infrastructure and other development and established anywhere within a city or county
- CRIA is an "agency" for purposes of the tax-increment provisions of the California Constitution used by former redevelopment agencies; EIFD is modeled off of existing Infrastructure Financing District law rather than Community Redevelopment Law
- Adoption of a Plan by CRIA is subject to majority protest; adoption of Plan by EIFD is not.
- Issuance of bonds by CRIA does not require voter approval. Issuance of bonds by an EIFD requires 55 percent voter approval.
- Different replacement housing obligations are imposed.
- CRIA must dedicate 25 percent of tax increment revenue on affordable housing; EIFD may provide affordable housing as an option.
- CRIA relies on property tax increment revenue; EIFD also authorized to use funding from property taxes local agencies receive in lieu of former vehicle license fee revenue and a variety of assessment district laws (for example, Improvement Act of 1911, Landscaping and Lighting Act of 1972, Mello-Roos Community Facilities Act of 1982)

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