

# A Summary of California Tax-Increment Financing Tools for Community Economic Development

By Karen Tiedemann, Lynn Hutchins and Rafael Yaquian

Participation and Governance				
	<b>Community Revitalization &amp; Investment Authority (CRIA)</b> Gov't. Code Title 6, Div. 4, Part 1-3 (§62000 et. seq.)	<b>Infrastructure Financing District (IFD)</b> Gov't. Code Title 5, Div. 2, Part 1, Chapter 2.8 (§53395 et. seq.)	<b>Enhanced Infrastructure Financing District (EIFD)/ Seaport Infrastructure Financing District (SIFD)</b> Gov't. Code Title 5, Div. 2, Part 1, Chapter 2.99 (§53398.50 et. seq.)	<b>Infrastructure and Revitalization Financing District (IRFD)</b> Gov't. Code Title 5, Div. 2, Part 1, Chapter 2.6 (§53369 et. seq.)
<i>Who initiates formation?</i>	City, county or base reuse authority	City or county	City or county	City, county or base reuse authority
<i>Which taxing entities can participate?</i>	Any local taxing entity except school entities and successor agencies	Any local taxing entity except school entities and successor agencies	Any local taxing entity except school entities and successor agencies	Any local taxing entity except school entities and successor agencies
<i>Who's in control?</i>	CRIAs have separate governing boards	The sponsoring community's legislative body	EIFDs are governed by a public financing authority, and SIFDs are governed by harbor agency	The sponsoring community's legislative body
<i>What's the governing document?</i>	Revitalization Investment Plan that meets requirements in Gov't. Code §62003	Infrastructure Financing Plan that meets requirements in Gov't. Code §53395.14	Infrastructure Financing Plan that meets requirements in Gov't. Code §53398.63	Infrastructure Financing Plan that meets requirements in Gov't. Code §53369.14
<i>Is voter approval required for plan adoption?</i>	No, but CRIAs are subject to protest proceeding at adoption and every 10 years	Yes, 2/3 of votes cast by registered voters within the proposed district, if at least 12 persons are registered to vote; otherwise, landowner vote with each landowner receiving one vote per acre or partial acre of land owned within the proposed district	No	Yes, 2/3 of votes cast by registered voters within the proposed district, if at least 12 persons are registered to vote; otherwise, landowner vote with each landowner receiving one vote per acre or partial acre of land owned within the proposed district
<i>What property can be included?</i>	No blight findings required, but 80 percent of property within area must be characterized by (1) annual median income (AMI) less than 80 percent of statewide AMI; and (2) three of four conditions related to high unemployment, crime rates, deteriorated or inadequate infrastructure, commercial or residential structures	No blight findings or other specific restrictions	No blight findings or other specific restrictions	No blight findings or other specific restrictions; may contain noncontiguous parcels that may be divided into project areas
<i>Can the entity include properties in former redevelopment agency project area?</i>	Yes, if specified conditions are satisfied	Yes, if specified conditions are satisfied	Yes, if specified conditions are satisfied	Yes, if specified conditions are satisfied
<i>Is the entity subject to time limits?</i>	<ul style="list-style-type: none"> <li>• 30 years to establish debts;</li> <li>• 45 years to repay debts; and</li> <li>• 45 years to complete activities.</li> </ul>	District must cease to exist 30 years from adoption of ordinance forming the district	District must cease to exist within 45 years of controlling entity's approval of bond issuance or first loan issuance	District must cease to exist within 40 years from adoption of ordinance forming the district or a later date if specified by ordinance
<i>Are there ongoing reporting/audit requirements?</i>	Yes. CRIA's board must adopt an annual report and an annual independent financial audit	No	No annual report is required, but if district issues bonds, district must contract for independent financial audit every 2 years	Yes. Annual report must be posted on sponsoring community's website

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Financing Activities				
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<i>Which taxing entities can allocate funds?</i>	Any local taxing entity except school entities and successor agencies	Any local taxing entity except school entities and successor agencies	Any local taxing entity except school entities and successor agencies	Any local taxing entity except school entities and successor agencies
<i>What funds can a participating entity pledge?</i>	<p>Sponsoring community may pledge all or any portion of tax increment and residual distributions from redevelopment agency dissolution process</p> <p>Affected taxing entities make affirmative decision to pledge all or portion of tax increment by revocable resolution</p>	<p>Sponsoring community may pledge all or any portion of tax increment and residual distributions from redevelopment agency dissolution process</p> <p>Affected taxing entities make affirmative decision to retain all or any portion of the tax increment by revocable resolution</p>	<p>Sponsoring community may pledge all or any portion of tax increment and residual distributions from redevelopment agency dissolution process</p> <p>Affected taxing entities make affirmative decision to pledge all or portion of tax increment by revocable resolution</p> <p>Districts may also be funded through a combination of governmental or private loans, grants, bonds, assessments and fees (including Vehicle License Fee and Mello-Roos assessment)</p>	<p>Sponsoring community may pledge all or any portion of tax increment and residual distributions from redevelopment agency dissolution process</p> <p>Affected taxing entities make affirmative decision to pledge all or portion of tax increment by irrevocable resolution</p>
<i>Can entity issue long term debt?</i>	Yes	Yes	Yes	Yes
<i>Is voter approval required to issue bonds?</i>	No	2/3 of votes cast by registered voters within the proposed district, if at least 12 persons are registered to vote; otherwise, landowner vote with each landowner receiving one vote per acre or partial acre of land owned within the proposed district	<p>EIFDs: 55 percent of votes cast by registered voters within the proposed district if at least 12 persons are registered to vote; otherwise, landowner vote with each landowner receiving one vote per acre or partial acre of land owned within the proposed district</p> <p>SIFDs: 2/3 of votes cast by registered voters within the proposed district if at least 12 persons are registered to vote; otherwise, landowner vote with each landowner receiving one vote per acre or partial acre of land owned within the proposed district</p> <p>State Lands Commission must authorize issuance of bonds for SIFDs prior to submittal to electorate</p>	2/3 of votes cast by registered voters within the proposed district, if at least 12 persons are registered to vote; otherwise, landowner vote, with each landowner receiving one vote per acre or partial acre of land owned within the proposed district

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Affordable Housing Requirements				
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<b><i>Is there a low-/moderate-income housing set-aside?</i></b>	25 percent of taxes allocated to authority (subject to excess surplus rules)	No	No	No
<b><i>Is there a replacement housing obligation?</i></b>	<p>One for one replacement obligation for units inhabited by low- or moderate-income household</p> <p>Unit must be replaced within 2 years of unit removal</p> <p>Units must be replaced within revitalization area</p>	<p>One for one replacement obligation for units inhabited by low- or moderate-income household</p> <p>20 percent replacement obligation for market rate units</p> <p>Units must be replaced within 4 years of unit removal</p> <p>Units must be replaced within district boundaries</p>	<p>One for one replacement obligation for units inhabited by low- or moderate-income household <i>at any time 5 years prior to adoption of district</i></p> <p>25 percent replacement obligation for market rate units</p> <p>Units must be replaced within 2 years of unit removal</p> <p>Replacement unit must be located within 1/2 mile of demolished unit</p>	<p>One for one replacement obligation for units inhabited by low or moderate income household</p> <p>20 percent replacement obligation for market rate units</p> <p>Unit must be replaced within 4 years of unit removal</p> <p>Replacement unit must be located within district or anywhere on former military base consistent with base reuse plan</p>
<b><i>Are relocation benefits required to be paid?</i></b>	Yes	Yes	Yes	Yes
<b><i>Is there an inclusionary housing production requirement?</i></b>	<p>30 percent of units constructed or substantially rehabilitated <i>by the CRIA</i> must be made available to and occupied by low- and moderate-income households at an affordable housing cost and not less than 50 percent of those units by very low-income households</p> <p>15 percent of units constructed or substantially rehabilitated <i>by entity other than the CRIA</i> within plan area must be made available to and occupied by low and moderate income households at an affordable housing cost and not less than 40 percent of those units by very-low income households</p>	<p>20 percent of units constructed <i>by the district</i> must be made available to and occupied by low- and moderate-income households at an affordable housing cost</p> <p>No specific inclusionary housing production requirement for all other units constructed or rehabilitated within district</p>	No	<p>20 percent of units constructed <i>by the district</i> must be made available to and occupied by low- and moderate-income households at an affordable housing cost</p> <p>No specific inclusionary housing production requirement for all other units constructed or rehabilitated within district</p>
<b><i>How long must units be restricted?</i></b>	<ul style="list-style-type: none"> <li>• 55 years for rental;</li> <li>• 45 years for owner-occupied units; and</li> <li>• 15 years for self-help units.</li> </ul>	Not specified	55 years for rental 45 years for owner-occupied units	Not specified

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Summary of Activities				
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<b><i>What activities can the entity undertake?</i></b>	<p>Provide funding to:</p> <ul style="list-style-type: none"> <li>• Rehabilitate, repair, upgrade or construct infrastructure;</li> <li>• Provide for low- and moderate-income housing;</li> <li>• Remedy or remove a release of hazardous substances; and</li> <li>• Seismically retrofit existing buildings.</li> </ul> <p>Acquire and transfer real property and retain regulatory controls or covenants</p> <p>Issue bonds</p> <p>Borrow money, receive grants or accept financial or other assistance or investment from the state or the federal government or any other public agency or private lending institution</p> <p>Qualify for funding as a disadvantaged community pursuant to Water Code §79505.5 or under Gov't. Code §56033.5</p> <p>Enter into an agreement with a qualified community development entity to coordinate investments of funds derived from the New Markets Tax Credits</p> <p>Adopt a Community Revitalization and Investment Plan</p> <p>Make loans or grants for owners or tenants to improve, rehabilitate or retrofit buildings or structures within the plan area</p>	<p>Finance the purchase, construction, expansion, improvement, seismic retrofit or rehabilitation of any real or other tangible property with an estimated useful life of at least 15 years and that is of communitywide significance, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Highways, interchanges, ramps and bridges, arterial streets, parking facilities and transit facilities;</li> <li>• Sewage treatment and water reclamation plants and interceptor pipes;</li> <li>• Facilities for collecting and treating water for urban uses;</li> <li>• Flood control levees and dams, retention basins and drainage channels;</li> <li>• Child care facilities;</li> <li>• Libraries;</li> <li>• Parks, recreational facilities and open space; and</li> <li>• Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles.</li> </ul> <p>Finance planning and design work that is directly related to the purchase, construction, expansion or rehabilitation of property</p>	<p>Finance the purchase, construction, expansion, improvement, seismic retrofit or rehabilitation of any real or other tangible property with an estimated useful life of at least 15 years and that is of communitywide significance, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Highways, interchanges, ramps and bridges, arterial streets, parking facilities and transit facilities;</li> <li>• Sewage treatment and water reclamation plants and interceptor pipes;</li> <li>• Facilities for collecting and treating water for urban uses;</li> <li>• Flood control levees and dams, retention basins and drainage channels;</li> <li>• Child care facilities;</li> <li>• Libraries;</li> <li>• Parks, recreational facilities and open space;</li> <li>• Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles;</li> <li>• Brownfield restoration and other environmental mitigation;</li> <li>• Development of projects on a former military base;</li> <li>• Repayment of the transfer of funds to a military base reuse authority;</li> <li>• Acquisition, construction or rehabilitation of housing for persons of very low-, low- and moderate-income and a proportionate share of affordable units in mixed-income housing developments;</li> </ul>	<p>Finance the purchase, construction, expansion, improvement, seismic retrofit or rehabilitation of any real or other tangible property with an estimated useful life of at least 15 years and that is of communitywide significance, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Highways, interchanges, ramps and bridges, arterial streets, parking facilities and transit facilities;</li> <li>• Sewage treatment and water reclamation plants and interceptor pipes;</li> <li>• Facilities and watershed lands used for collecting and treating water for urban uses;</li> <li>• Flood management, including levees, bypasses, dams, retention basins and drainage channels;</li> <li>• Child care facilities;</li> <li>• Libraries;</li> <li>• Parks, recreational facilities, open space and habitat restoration;</li> <li>• Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles;</li> <li>• Brownfield restoration and other environmental mitigation;</li> <li>• Purchase of land and property for development purposes and related site improvements;</li> <li>• Acquisition, construction or repair of housing for rental or purchase, including multipurpose facilities;</li> <li>• Acquisition, construction or repair of commercial or industrial structures for</li> </ul>

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	<p>Construct foundations, platforms and other similar structural forms necessary for the provision or utilization of air rights sites for buildings to be used for residential, commercial, industrial or other uses contemplated by the Revitalization Plan</p> <p>Provide direct assistance to businesses within the plan area in connection with new or existing facilities for industrial or manufacturing uses</p>		<ul style="list-style-type: none"> <li>Acquisition, construction or repair of industrial structures for private use;</li> <li>Transit priority projects located within priority project area;</li> <li>Projects to implement a Sustainable Communities Strategy; and</li> <li>Port or harbor infrastructure.</li> </ul> <p>Finance planning and design work that is directly related to the purchase, construction, expansion or rehabilitation of property</p>	<p>private use;</p> <ul style="list-style-type: none"> <li>Repayment of the transfer of funds to a military base reuse authority; and</li> <li>Projects to implement a Sustainable Communities Strategy.</li> </ul>
<i>Can the entity supplant existing facilities or services?</i>	No specific limitation, and CRIA is authorized to rehabilitate, repair, upgrade or construct infrastructure	No, but the IFD may supplement those facilities and services as needed to serve new development	No, but may supplement, rehabilitate, upgrade or make those facilities more sustainable	Yes, if those facilities or services are essentially nonfunctional, obsolete, hazardous, or in need of upgrading or rehabilitation, or as needed to serve new developments
<i>Can the entity fund facilities located outside its boundaries?</i>	No	Yes, if specified conditions are satisfied	Yes, if specified conditions are satisfied	Yes, if specified conditions are satisfied
<i>Can the entity finance routine maintenance, repair work or costs of ongoing operation or services?</i>	No	No	No	No
<i>Can the entity exercise power of eminent domain?</i>	Yes	No	No	No

This summary does not represent the legal opinion of the authors, and the information contained in this chart should not be construed as legal advice. Contact your agency counsel for information related to your agency's unique situation.