

# AB 1568 (Bloom): Neighborhood Infill and Transit Improvements Act Fact Sheet

## PURPOSE

This measure provides local jurisdictions with the authority to finance infrastructure and affordable housing using new sales and use and transactions and use taxes, in addition to property tax increment within qualifying enhanced infrastructure improvements districts, as specified.

## SUMMARY

AB 1568, The Neighborhood Infill Finance and Transit Improvement Act of 2017 (NIFTI), provides local jurisdictions with the authority to finance infrastructure and affordable housing using new sales and use and transactions and use taxes, in addition to property tax increment within qualifying districts.

The NIFTI districts must be located in qualified infill locations, meeting the SB 375 definition of infill. In addition, 20% of the total district funds be used on affordable housing projects, and requires that 20% of new housing constructed in the district be affordable, with 6 % dedicated to very low, and 9 % dedicated to low income households

NIFTI will usher in new opportunities for local governments and the private sector to work together to revitalize communities, create good jobs, and build affordable homes, while meeting the state's landmark greenhouse gas reduction targets (AB 32, Núñez, 2006; SB 32, Pavley, 2016). NIFTI:

- Enables sales, transactions, use and property tax increment financing for local/regional projects including affordable housing, utility infrastructure, transit improvements, and more.
- Ensures the production of homes for low and very low income households that will be located near public transit, goods, services, and economic opportunities.
- Does not increase property or sales taxes and no school district increment is allowed
- No additional public vote required.

## BACKGROUND

SB 628 (Beall, 2014) permits local governments to form Enhanced Infrastructure Finance Districts (EIFD), pursuant to Section 53398.59 of the Government Code.

Upon a 55% vote of the district residents, local governments can use bond financing to fund eligible infrastructure improvements using the incremental property tax revenue from the city or county and some or all affected taxing entities within the district.

Despite the statutory authority of EIFDs, many communities do not have sufficient property tax increment to form EIFDs to fund their needed infrastructure costs. Local governments have therefore been without a reliable financing mechanism to invest in economically depressed, transit-rich areas, particularly since the demise of redevelopment agencies in 2011. Many of these neighborhoods lack sufficient resources to spur private investment, economic development and affordable housing.

AB 1568 will give local jurisdictions more flexibility and authority in their local financing to allow for the creation of more affordable housing and necessary infrastructure to meet the demands of our growing population.

## SUPPORT

- American Planning Association, California Chapter
- California League of Conservation Voters
- California Rural Legal Assistance Foundation
- California State Association of Counties
- Council of Infill Builders
- Housing California
- Local Government Commission
- Planning and Conservation League
- Public Advocates
- SF Council of Community Housing Organizations
- State Building and Construction Trades Council
- Western Center on Law & Poverty

\*AB 1568 has no opposition.

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