ASSEMBLYMEMBER

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DISTRICT 44

AB 930 – Reinvestment in Infrastructure for a Sustainable and Equitable California (RISE) Act 2023

Summary:

AB 930 would permit two or more local governments to jointly form a Reinvestment in Infrastructure for a Sustainable and Equitable California (RISE) district to unlock tax increment financing (TIF) for infrastructure and equitable development in location-efficient areas.

For jurisdictions that opt in to form a RISE district and have state-approved RISE Plans, the state will provide state sales tax increment and revolving loans to jump start equitable development and investments in supportive community infrastructure.

The RISE Act will align planning and infrastructure investments to refocus growth toward community centers while reducing car dependence, lower carbon emissions, and encourage economic development and climate resilient housing production near transit in walkable communities.

Background:

Many cities in California have longstanding and ambitious goals to reduce vehicle miles traveled (VMT) and greenhouse gas (GHG) emissions, in order to achieve climate, equity and quality of life goals for the state's residents. SB 375 (Steinberg, 2008) launched a process for regional per capita GHG reductions, and more recently the California Air Resources Board has proposed in its 2022 scoping plan update achieving a per-capita VMT reduction of at least 25% below 2019 levels by 2030 and 30% below 2019 levels by 2045 in order to meet the state's climate goals. Yet the state is moving in the wrong direction on VMT.

Many local governments would like to boost investment in infrastructure and transit-oriented infill development however lack access funding and projects are not economically feasible due to lack of available land, high infrastructure costs, weak market comps and expensive and risky entitlement processes.

In 1945 California enacted the Community Redevelopment Act to assist local governments in eliminating blight through development. This program allowed redevelopment agencies to use state and local incremental property tax to support redevelopment. The program was successful in eliminating blight and resulted in thousands of new housing units over the course of its 67 year history. On February 1, 2012 Redevelopment agencies were dissolved by ABx1 26.

Since Redevelopment ended, California has instituted a form of tax increment legislation, SB 628 (Beall) from 2014 authorized the establishment of Enhanced Infrastructure Financing Districts (EIFDs) to allow cities and counties to promote economic development through the use of tax increment funding. AB 2 (Alejo) from 2015 authorizes cities and counties to establish Community Revitalization and Investment Authorities (CRIAs) to promote community revitalization and affordable housing through the use of tax increment financing. AB 1568 (Bloom) from 2017 authorizes cities and counties to use sales taxes and transaction and use taxes within EIFDs to finance affordable housing on infill sites.

A small hand full of EIFD's that have been established, new tools are needed. California's climate, transportation, and housing challenges require a fresh approach that aligns funding to build infrastructure and equitable communities.

AB 930:

- To qualify, districts must submit plans in compliance with state standards.
- A minimum of 20% of all new housing must be affordable and a minimum of 50% of the funds must be spend on infill supportive infrastructure, including water, sewer, energy improvement, environmental cleanup, sidewalks, parks, transit facilities and economic development.
- RISE districts will have access to TIF comprised of local property, sales and use tax increments, and state sales tax increment.
- RISE financed projects must pay prevailing wages to construction workers, among other labor standards.

Support:

Council of Infill Builders (co-sponsor)
San Francisco Bay Area Planning and Urban Research Association (SPUR) (co-sponsor)
Civic Well (co-sponsor)

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