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# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Michele Byrd  
Director, HCD

**SUBJECT:** Infrastructure and Community  
Development Financing Opportunities

**DATE:** November 23, 2015

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City Administrator Approval

Date:

12/3/15

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## RECOMMENDATION

**Staff Recommends The City Council Accept This Informational Report On Various Infrastructure And Community Development Financing Opportunities For The City Of Oakland Recently Adopted By The California State Legislature. Specifically, The California State Legislation That Will Be Reviewed In This Report Includes Enhanced Infrastructure Financing Districts (SB 628 And AB 313), Infrastructure And Revitalization Financing Districts (AB 229), And Community Revitalization Authorities (AB 2). This Legislation Is Compared To Former Redevelopment Agencies And Existing Infrastructure Financing Districts In The Attachment A: Tax Increment Financing Alternatives.**

## EXECUTIVE SUMMARY

The California State Legislature recently adopted three new types of infrastructure and community development financing opportunities. While each of the tools has various advantages and disadvantages as outlined in this report, they will likely only be useful for the City of Oakland in limited special circumstances.

The financing opportunities do not provide a new revenue source for Oakland; rather they expand the usefulness of infrastructure financing districts and provide a significantly scaled-down version of former redevelopment agencies. The legislation allows for the former tax increment revenue remaining after the payment of enforceable obligations that comes to the City in the form of a Redevelopment Property Tax Trust Fund (RPTTF) residual or "boomerang" payment to be used for economic and community development and affordable housing. Council would need to redirect some of these funds from their current uses in the General Purpose Fund (1010). However, certain future projects could generate new net tax increment revenue for the City and thus, these new financing tools could help optimize the effectiveness of those funds.

## BACKGROUND / LEGISLATIVE HISTORY

***Enhanced Infrastructure Financing Districts (SB 628 and AB 313)***

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Signed into law on September 29, 2014, SB 628 authorizes a legislative body of a city or county to form an Enhanced Infrastructure Financing District (EIFD) to finance public capital facilities or other specific projects of community-wide significance that provide significant benefits to the district or surrounding community. AB 313 clarifies and provides details to sections of AB 628.

EIFDs are able to finance projects, including but not limited to, the following:

- Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities;
- Sewage treatment and water reclamation plants and interceptor pipes;
- Facilities for the collection and treatment of water for urban uses;
- Flood control levees and dams, retention basins, and drainage channels;
- Child care facilities;
- Libraries;
- Parks, recreational facilities, and open space;
- Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles;
- Brownfield restoration and other environmental mitigation;
- The development of projects on a former military base, provided that the projects are consistent with the military base authority reuse plan and are approved by the military base reuse authority, if applicable;
- The repayment of the transfer of funds to a military base reuse authority pursuant to Section 67851 that occurred on or after the creation of the district;
- The acquisition, construction, or rehabilitation of housing for persons of low and moderate income for rent or purchase;
  - Mixed-income housing developments are allowable, but the EIFDs may finance only those units in such a development that are restricted to occupancy by persons of low or moderate incomes and those onsite facilities for child care, after-school care, and social services that are integrally linked to the tenants of the restricted units.
- Acquisition, construction, or repair of industrial structures for private use;
- Transit priority projects, as defined in Section 21155 of the Public Resources Code, that are located within a transit priority project area; and,
- Projects that implement a sustainable communities strategy, when the State Air Resources Board, has accepted a metropolitan planning organization's determination that the sustainable communities strategy or the alternative planning strategy would, if implemented, achieve the greenhouse gas emission reduction targets.

EIFDs can finance the purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of property associated with the projects listed above, or the planning and design work associated with the purchase, construction, expansion and rehabilitation of the property. The facilities need not be physically located within the boundaries of the district. However, any facilities financed outside of a district must have a tangible connection to the work of the district, as detailed in the infrastructure financing plan adopted pursuant to Section 53398.69.

Furthermore, a district may not finance routine maintenance, repair work, or the costs of an ongoing operation or providing services of any kind.

EIFDs are able to finance these projects through net tax increment financing, after payment of existing financial obligations, pursuant to an infrastructure financing plan and agreement between the affected taxing entities.

### ***How to Establish an Enhanced Infrastructure District***

In order to establish an EIFD, the legislative body of the city or county would need to establish a public financing authority, consisting of members from the city or county, other participating taxing entities, if any, and the general public. A city or county can be the only taxing entity in the EIFD, or multiple taxing entities could participate to achieve a shared goal. This public financing authority acts as the governing body of the EIFD and would be responsible for performing actions related to the formation of the EIFD. After a public hearing, the public financing authority would adopt a resolution to form an EIFD for a period up to 45 years and create an infrastructure financing plan. This resolution must include the boundaries of the district, the type of development proposed to be financed or assisted by the district, the need for the district and the goals the district proposes to achieve.

SB 628 allows the creation of EIFDs within the boundaries of, or overlapping with, former redevelopment project areas; however, property tax within the area must first be used for payment of the successor agency's enforceable obligations before funding EIFD projects. Furthermore, EIFDs can only be formed if the successor agency has received a finding of completion from the California Department of Finance (DOF); no former redevelopment assets are subject to litigation involving the state where the successor agency is the plaintiff; and the State Controller completed its review of asset transfers after January 1, 2011, pursuant to section 34167.5 of the Health and Safety Code and the successor agency complied with those findings. Oakland has received a finding of completion, is not involved in litigation over redevelopment assets, and has complied with the State Controller's clawback order, so it meets those preconditions.

### ***Infrastructure Financing Plan***

After adopting a resolution to form an EIFD, the city or county must prepare an infrastructure financing plan. SB 628 and AB 313 require that this plan include the following:

- A map and legal description of the EIFD;
- A description of the projects and financial assistance that is proposed within the EIFD;
- A description addressing relocation assistance requirements if any low or moderate income units will be destroyed due to EIFD activities or financing;
- A financing section that specifies:
  - The maximum amount of incremental tax revenues each participating entity proposes to dedicate to the EIFD;
  - Revenue projections;
  - A plan for financing the projects;
  - A limit on the total revenues that will be allocated to the EIFD;

- A date the EIFD will cease to exist and when tax allocations to the district will end (this date can be up to 45 years from the approval date for issuing EIFD bonds or loan); and ,
- A fiscal analysis of potential impacts on the city, county or other taxing entities.

Prior to approving an infrastructure financing plan, the legislative body must hold a public hearing for comments from landowners within the district, taxing entities and members of the public.

SB 628 allows a public financing authority to issue bond(s) if more than 55 percent of the voters (or landowners if less than 12 persons are registered to vote within the EIFD) vote in favor of issuing the bond(s). If voters defeat the bond proposition, the public finance authority must wait at least one year before trying again. If bonds are issued, the EIFD must contract for an independent financial and performance audit every two years and the audit must be sent to the Controller, DOF and Joint Legislative Budget Committee.

### ***Replacement Housing***

If housing units are destroyed by private development or a public project as a result of an EIFD written agreement or financing, SB 628 and AB 313 require that all demolished units occupied by low- to moderate-income households be replaced, and 25 percent of all affordable units not occupied by low- to moderate-income households be replaced within two years of the units' destruction. Units occupied by low- and moderate-income households may not be destroyed unless replacement units are available and ready for occupancy, and relocation assistance must be provided to all displaced residents. Replacement dwelling units constructed or rehabilitated must remain available at designated affordable rents for 55 years for rental properties or remain available at affordable resale prices for 45 years for owner-occupied units. Furthermore, the sale of owner-occupied units prior to the end of the 45 year term must be allowed for a price in excess of the restricted sales price in order to protect the EIFD's investment.

### ***Other Provisions***

- Any taxing entity contributing tax increment to an EIFD must consent and opt into participating in the EIFD. EIFDs cannot divert property tax revenues from schools or from any non-consenting taxing entity.
- Specified property tax increment revenues allocated to an EIFD must not be deemed "proceeds of taxes" and are not subject to the appropriations limits. EIFDs are able to combine tax increment financing with other permitted funding sources, including property tax revenue distributed to a city, county or special district after payment of the successor agency debt and Mello Roos funds.
- A special district is considered an affected taxing entity if it is providing any portion of the funding included the EIFD's adopted infrastructure financing plan.
- A city, county or special district within the EIFD may loan funds to the EIFD to fund the activities described in the plan at the California State Treasurer Local Agency Investment Fund interest rate in effect at the time of the loan.

- EIFD can use powers granted by a specified statute that allows local governments to remedy or remove releases of hazardous substances (the powers are substantially the same as those available under the Polanco Act).

### ***Infrastructure and Revitalization Financing Districts (AB 229) (2014 - Pérez)***

AB 229 creates Infrastructure and Revitalization Financing Districts (IRFDs) and is modeled after existing law that allows cities and counties to create Infrastructure Financing Districts (IFDs). This bill broadens the type of projects that IRFDs may finance (versus existing IFDs) to include capital facilities and projects of communitywide significance. The life of an IRFD would be 40 years, as opposed to the 30-year life of IFDs under existing law. The establishment of an IRFD would maintain the same voter approval requirements as existing law for IFDs (two-thirds vote of the local voters to form the district and authorize the issuance of bonds).

The bill also allows IRFDs to purchase land and property for development purposes, acquisition, construction or repair of housing, the clean-up of brownfields using the powers of the Polanco Redevelopment Act, and explicitly allows a city to form an IRFD to finance projects on a former military base, as long as the project is consistent with the authority's reuse plan. Additionally, this bill allows an IRFD to finance any project that overlaps with any redevelopment project area or former redevelopment project area (current IFD law prohibits this overlap), as long as the successor agency to the former redevelopment agency has received a finding of completion from the Department of Finance prior to the IRFD financing any project or portion of a project in the overlapping area. As previously mentioned, Oakland has received this finding. Additionally, this bill clarifies that the division of taxes allocated to the IRFD shall not include any taxes required to be deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund, in order to ensure that all debts of the former redevelopment agency (RDA) are not included in the division of taxes.

### ***Community Revitalization and Investment Authorities (AB 2)<sup>1</sup>***

This bill was enacted September 22, 2015 and is effective January 2016. This bill amends sections of 53398.51 of California Government Code relating to enhanced infrastructure financing districts. Community Revitalization and Investment Authorities (CRIA) are what many are calling "Redevelopment 2.0."

#### ***What is the purpose of AB 2?***

AB 2 authorizes the use of tax increment revenue to improve infrastructure, assist business, and support affordable housing in disadvantaged communities. Specifically, AB 2 authorizes local governments, that satisfy specific conditions, to create "community revitalization and investment authorities" and sets out the procedures for adoption of "community revitalization and investment plans" for the purpose of carrying out specified community economic development activities in designated "community revitalization and investment areas."

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<sup>1</sup> Information for this summary was provided in a September 25, 2015 email alert by Goldfarb and Lipman.

This legislation is a scaled-down version of former redevelopment , which would allow CRIAs, like redevelopment agencies to issue bonds, providing funding for low and moderate income housing (a portion of the tax increment collected in designated areas), and use eminent domain powers but only in designated project areas that meet certain criteria. The legislation was written to address concerns of misuse of former redevelopment agencies.

***What are Revitalization Authorities and what entities can participate in them?***

AB 2 authorizes the creation of two different types of revitalization authorities, both of which are considered separate public bodies from their sponsoring community or participating taxing entities. The first type of revitalization authority is a separate single member authority consisting only of the city, county or city and county that created the authority. Alternatively, one or more local governments can join forces with one or more special districts to create a joint powers authority. No school entities or redevelopment successor agencies are allowed to participate in revitalization authorities.

A city, county, or city and county that created a former redevelopment agency will be prohibited from a revitalization authority unless the former redevelopment agency's successor agency has received a finding of completion and the successor agency or designated local authority makes specified findings.

Each constituent taxing entity of a community revitalization and investment authority is allowed to adopt a resolution directing the county auditor-controller to allocate some or all of the entities' share of tax increment funds within the designated area to the revitalization authority. However, this can only be done after those entities approve a memorandum of understanding with the authority's governing board. The pledge of tax increment by the taxing entities could be revoked upon 60-days written notice to the county auditor controller.

***Where do community revitalization and investment authorities operate?***

Community revitalization and investment authorities created under AB 2 will be authorized to carry out revitalization activities only within the boundaries of designated "community revitalization and investment areas."

AB 2 requires that not less than 80 percent of the property (calculated on the census tract or block group level) located within the revitalization area must have an annual median household income less than 80 percent of the statewide annual median income AND exhibit three of four of the following conditions: (1) non-seasonal unemployment rate three percent higher than the statewide median unemployment rate; (2) crime rates that are five percent higher than the statewide median crime rate; (3) deteriorated or inadequate infrastructure (e.g. streets, sidewalks, water supply, sewer treatment and processing, and parks); or (4) deteriorated commercial or residential structures.

Staff has performed a preliminary analysis of the household income data and the non-seasonal unemployment rate, and many parts of Oakland meet the criteria outlined by the CRIA

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legislation (as shown in Attachment 2). Research of Oakland crime data is underway and further research needs to be performed regarding infrastructure and commercial and residential structures. Based on staff preliminary research and discussions with OPD, Public Works Department and Department of Workforce and Economic Development, it is likely that certain parts of Oakland will meet the necessary criteria to form a CRIA.

Alternatively, a community revitalization and investment area may be established within a former military base that is principally characterized by deteriorated or inadequate infrastructure and structures.

A revitalization area can include property in a former redevelopment project area, so long as the adopted plan for the revitalization area acknowledges that the tax increment payable to the revitalization authority are subject and subordinate to the preexisting enforceable obligations of the redevelopment successor agency.

***What activities can a community revitalization and investment authority fund?***

Generally, community revitalization and investment authorities are authorized to adopt a community revitalization and investment plan, provide funding for infrastructure, low and moderate income housing, brownfield cleanup, seismic retrofits of existing buildings, acquire and transfer real property, issue bonds, borrow and accept funds or assistance from the state or federal government, fund owner or tenant improvement loans, fund the construction of specified structures for provision of air rights, and to provide direct assistance to businesses for industrial and manufacturing uses, subject to specific exceptions.

Prohibited activities include: (1) assistance to automobile dealerships on previously undeveloped land; (2) development of five acres or more which that were not previously developed for urban use that will generate sales taxes except if the principal permitted use is office, hotel, manufacturing, or industrial; (3) gaming or gambling uses.

Prior to conducting any activities, each community revitalization and investment authority will be required to adopt a community revitalization and investment plan, which among other things, must include elements describing the principal goals and objectives of the plan, a description of how the deteriorated or inadequate infrastructure in the revitalization area, a housing program, estimated housing revenues and expenditures, a program to remedy or remove hazardous materials, and a program to provide funding or to facilitate economic revitalization.

Additionally, the revitalization plan must include specified statutory limits, including a 30 year time limit on establishing debt, a 45 year time limit for plan effectiveness and a 45 year time limit on repayment of debt.

AB 2 provides specific processes and procedures that an authority must consider in adopting the plan, including three public hearings, a protest process, and in specified instances, voter approval. Furthermore, AB 2 requires annual reviews of the revitalization plan and provides a process for the revitalization authority to make necessary and appropriate amendments.



***Does AB 2 provide funding for affordable housing?***

Yes, under AB 2, not less than 25 percent of tax increment allocated to a revitalization authority must be deposited into a "Low and Moderate Income Housing Fund" and used for the purposes of increasing, improving, and preserving the community's supply of affordable housing.

In addition to providing funding, AB 2 offers other protections for low income residents of the designated revitalization areas. AB 2 prevents the reduction or removal of housing units occupied by extremely-low, very-low and low income households and imposes a one for one replacement housing obligation within in two years of the destruction or removal of a low and moderate income households w/in CRIA area.

**ANALYSIS AND POLICY ALTERNATIVES**

In regards to EIFDs and IFRDs, the expansion of infrastructure districts to include former Redevelopment Project Areas is extremely important since nearly half of Oakland was formerly included in various Project Areas. In addition, the ability to utilize RPTTF funds to issue debt is theoretically useful, but currently of limited utility to the City, since most of our RPTTF funding stream is claimed for existing project obligations dating back to before the dissolution of Redevelopment Agencies by the state in 2012 and 75 percent of the residual provided to the City is used for general operations. The 25 percent share allocated to funding for affordable housing within the City is a steady source of funds that could potentially be bonded to provide a one-time large sum of funds. While a larger sum of funds would be useful for the creation of affordable housing in the short-term, it would severely limit the housing funds available for the long-term since those funds would be covering debt service of the bond.

EIFDs have greater flexibility and benefit over IRFDs since no voter approval is required to establish the district. Voter approval is required to issue bonds in EIFDs; however, only 55 percent voter approval is required compared to the two-thirds for the other infrastructure districts.

In regards to CRIA's, unlike previous redevelopment law, which allowed redevelopment agencies to receive most of the tax increment revenue that would otherwise go to all the taxing entities, a CRIA would only receive the tax increment revenue share from those entities who agree to forgo their portion of the property tax revenue. It is unlikely that other taxing entities would consent to give up their share of tax increment to a CRIA, unless it is in support of a shared goal and project. As a result, if the City was to choose to only use its own tax increment revenue, staff would need to determine if a CRIA would yield enough revenue to jumpstart community and economic development in the designated area. A significant benefit of CRIAs versus the infrastructure districts is that a CRIA authority can bond without voter approval, which would remove a significant potential barrier of the infrastructure districts. Adopting a CRIA requires many steps and could be difficult to accomplish, depending on the level of community support and opposition. The CRIA must be considered at three public hearings held 30 days apart. If more that 50 percent of property owners and residents of the designated area object to its formation, then it cannot proceed. If between 25 percent and 50 percent of the property



owners and residents of the designated area object to its formation, then it must go to a public vote. This “protest proceeding” of the adoption process must then be repeated every 10 years during the life of the CRIA.

Depending on the type of project, CRIAs and EIFDs may be the most useful for Oakland. While CRIAs might be more difficult to establish, the issuance of bonds does not require voter approval. EIFDs are much easier to establish because they may be in any area of the City, regardless of criteria such as crime rate and unemployment rate. The similarities and differences of CRIAs and EIFDs are as follows<sup>2</sup>:

*Similarities:*

- 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; and,
- Authority to use property tax increment to finance facilities and housing with contributions from other taxing entities with their consent.

*Differences*

- 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; and,
- 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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<sup>2</sup> League of Cities, Community Revitalization and Investment Authorities AB 2 (Alejo and Garcia), Chapter 319, Statutes of 2015, October 6, 2015.

As previously mentioned, **Attachment A** outlines the similarities and differences between EIFDs, IFRDs and CRIAs as they pertain specifically to Oakland. Information about former redevelopment agencies and infrastructure financing districts (IFDs) is included as well.

### **FISCAL IMPACT**

For all of these infrastructure and community benefit financing opportunities, the fiscal impact will mainly be in redirecting former tax-increment or RPTTF funds from the City of Oakland's General Purpose Fund (1010) and possibly the other taxing entities represented by members of the Oakland Oversight Board. This would require the diversion of 1010 funds that currently support City operations (public safety, general government, etc.) to the projects of the EIFD, IRFD or CRIA. *These tools do not provide any new source of funding.*

The boomerang funds deposited into the Affordable Housing Trust Fund (1870) could be an appropriate source for these financing opportunities since the City is already dedicating 25 percent of the net tax increment revenue to this Fund to create and rehabilitate affordable housing within Oakland. While bonding Affordable Housing Trust Fund monies might be useful for the creation of affordable housing in the short-term, it would severely limit the housing funds available for the long-term since those funds would be covering debt service of the bond.

### **PUBLIC OUTREACH / INTEREST**

EIFDs, IFRDs and CRIAs all involve considerable public outreach and participation to form, as outlined in the report. However, this is an informational report to Council and no action regarding the formation of any of these financing opportunities is being recommended.

### **COORDINATION**

Housing staff coordinated with the City Attorney's Office, the Controller's Bureau, and the Treasury Department, and consulted with Project Implementation staff in the preparation of this report.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** The legislation discussed in this report allows for the former tax increment revenue after payment of enforceable obligations that comes to the City in the form of a Redevelopment Property Tax Trust Fund (RPTTF) residual or "boomerang" payment to be used for economic and community development and affordable housing. In certain circumstances, Council would need to redirect these funds from their current uses in the General Purpose Fund (1010). However, certain future projects could generate new net tax increment revenue for the City and thus, these new financing tools could help optimize the effectiveness of those funds.

**Environmental:** The legislation discussed in this report allow for funds to be used for brownfield restoration and other environmental mitigation.

**Social Equity:** The financing opportunities discussed in this report may be an appropriate source to create or rehabilitate affordable housing for low and very low income residents, which is a means of achieving greater social equity. Oakland's neighborhood-level environment will be improved by replacing vacant or underused lots or sometimes blighted buildings with new homes and residents.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends The City Council Accept This Informational Report On Various Infrastructure And Community Development Financing Opportunities For The City Of Oakland Recently Adopted By The California State Legislature. Specifically, The California State Legislation That Will Be Reviewed In This Report Includes Enhanced Infrastructure Financing Districts (SB 628 And AB 313), Infrastructure And Revitalization Financing Districts (AB 229), And Community Revitalization Authorities (AB 2). This Legislation Is Compared To Former Redevelopment Agencies And Existing Infrastructure Financing Districts In The Attachment A: Tax Increment Financing Alternatives.

For questions regarding this report, please contact me at 510-238-3714.

Respectfully submitted,



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- Attachments (2):  
(A) – Tax Increment Financing Alternatives  
(B) - Map

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# TAX INCREMENT FINANCING ALTERNATIVES

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	Redevelopment Agencies ("RDA") <sup>1</sup>	Infrastructure Financing Districts ("IFD")	Enhanced Infrastructure Financing Districts ("EIFD")	Infrastructure and Revitalization Financing Districts ("IRFD")	Community Revitalization and Investment Authorities ("CRIA")
<b>Statutory authority</b>	H&S Code §§33000, et seq.	Gov't Code §§53395-53397.11	Gov't Code §§53398.50-53398.88	Gov't Code §§53369-53369.49	Gov't Code §§62000-62208
<b>Governing body</b>	City Council, acting as RDA board	City Council	Public financing authority, with following membership: <ul style="list-style-type: none"> <li>• if only City, three members from City Council and two members from general public</li> <li>• If multiple participating entities, majority of each entities' governing bodies, plus two members from general public</li> </ul>	City Council	CRIA authority, with following membership: <ul style="list-style-type: none"> <li>• if only City, three members from City Council and two members from general public</li> <li>• If multiple participating entities, majority of each entities' governing bodies, plus two members from general public</li> </ul>

<sup>1</sup> Redevelopment agencies were dissolved as of 2/2012. Summary of redevelopment provisions is provided for historical reference only.

# TAX INCREMENT FINANCING ALTERNATIVES

11/20/2015

	Redevelopment Agencies ("RDA") <sup>1</sup>	Infrastructure Financing Districts ("IFD")	Enhanced Infrastructure Financing Districts ("EIFD")	Infrastructure and Revitalization Financing Districts ("IRFD")	Community Revitalization and Investment Authorities ("CRIA")
<b>Formation process</b>	<ul style="list-style-type: none"> <li>• Survey area adopted by Council</li> <li>• Preliminary plan adopted by Council</li> <li>• Project Area Committee elected</li> <li>• Consultations with taxing entities</li> <li>• Public hearing</li> <li>• Redevelopment plan adopted by Council</li> <li>• No voter approval required</li> <li>• Implementation plans adopted every five years</li> </ul>	<ul style="list-style-type: none"> <li>• Resolution of intention to form IFD adopted by Council</li> <li>• Consultations with taxing entities</li> <li>• Public hearing</li> <li>• Infrastructure financing plan adopted by Council</li> <li>• Voter approval required (2/3 of registered voters or landowners)</li> </ul>	<ul style="list-style-type: none"> <li>• Resolution of intention to form EIFD adopted by Council</li> <li>• Consultations with taxing entities</li> <li>• Public hearing</li> <li>• Infrastructure financing plan adopted by Council</li> <li>• No voter approval required</li> </ul>	<ul style="list-style-type: none"> <li>• Resolution of intention to form IRFD adopted by Council</li> <li>• Consultations with taxing entities</li> <li>• Public hearing</li> <li>• Infrastructure financing plan adopted by Council</li> <li>• Voter approval required (2/3 of registered voters or landowners)</li> </ul>	<ul style="list-style-type: none"> <li>• Three public hearings</li> <li>• Property owners and residents given opportunity to file protest</li> <li>• CRIA plan adopted by Council if less than 25% of owners and residents protest</li> <li>• Voter approval (majority) required if 25-50% of owners and residents protest</li> <li>• Protest process and possible voter approval required every 10 years</li> </ul>

# TAX INCREMENT FINANCING ALTERNATIVES

11/20/2015

	Redevelopment Agencies ("RDA") <sup>1</sup>	Infrastructure Financing Districts ("IFD")	Enhanced Infrastructure Financing Districts ("EIFD")	Infrastructure and Revitalization Financing Districts ("IRFD")	Community Revitalization and Investment Authorities ("CRIA")
<b>Project area/district criteria</b>	<ul style="list-style-type: none"> <li>• Must demonstrate prevalent physical and economic blight</li> <li>• Must be predominantly urban</li> <li>• May be noncontiguous</li> </ul>	<ul style="list-style-type: none"> <li>• Any area of the City</li> <li>• May be noncontiguous</li> <li>• May include redevelopment project areas</li> </ul>	<ul style="list-style-type: none"> <li>• Any area of the City</li> <li>• May be noncontiguous</li> <li>• May include redevelopment project areas</li> </ul>	<ul style="list-style-type: none"> <li>• Any area of the City</li> <li>• May be noncontiguous</li> <li>• May include redevelopment project areas</li> </ul>	<ul style="list-style-type: none"> <li>• 80% of area (1) must have median income less than 80% of state median income, and (2) must meet 3 of 4 criteria:                             <ul style="list-style-type: none"> <li>▪ unemployment rate 3% higher than state unemployment rate</li> <li>▪ crime rate 5% higher than state crime rate</li> <li>▪ deteriorated or inadequate infrastructure, or</li> <li>▪ deteriorated commercial or residential structures</li> </ul> </li> <li>• Alternatively, may be former military base with deteriorated or inadequate infrastructure</li> <li>• May include redevelopment project areas</li> </ul>



# TAX INCREMENT FINANCING ALTERNATIVES

11/20/2015

	Redevelopment Agencies ("RDA") <sup>1</sup>	Infrastructure Financing Districts ("IFD")	Enhanced Infrastructure Financing Districts ("EIFD")	Infrastructure and Revitalization Financing Districts ("IRFD")	Community Revitalization and Investment Authorities ("CRIA")
<b>Tax increment revenue</b>	All tax increment revenues from all taxing entities, less statutory pass-throughs	<ul style="list-style-type: none"> <li>City's tax increment share <b>only</b>, plus any other consenting taxing entity's share</li> <li>School entities may not participate</li> </ul>	<ul style="list-style-type: none"> <li>City's tax increment share <b>only</b>, plus any other consenting taxing entity's share</li> <li>School entities may not participate</li> </ul>	<ul style="list-style-type: none"> <li>City's tax increment share <b>only</b>, plus any other consenting taxing entity's share</li> <li>School entities may not participate</li> </ul>	<ul style="list-style-type: none"> <li>City's tax increment share <b>only</b>, plus any other consenting taxing entity's share</li> <li>School entities may not participate</li> </ul>

# TAX INCREMENT FINANCING ALTERNATIVES

11/20/2015

	Redevelopment Agencies ("RDA") <sup>1</sup>	Infrastructure Financing Districts ("IFD")	Enhanced Infrastructure Financing Districts ("EIFD")	Infrastructure and Revitalization Financing Districts ("IRFD")	Community Revitalization and Investment Authorities ("CRIA")
<b>Eligible uses of funds</b>	<ul style="list-style-type: none"> <li>• Project area planning</li> <li>• Demolition and site clearance</li> <li>• Construction or rehab of infrastructure</li> <li>• Purchase, construction, rehab, or subsidizing of affordable housing</li> <li>• Environmental remediation</li> <li>• Retrofit of buildings</li> <li>• Graffiti eradication</li> <li>• Acquisition of real property</li> <li>• Loans or grants for rehab</li> <li>• Construction of foundations for residential and commercial uses</li> <li>• Assistance to industrial businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase, construction, rehab, design, or planning of capital improvements</li> <li>• Public capital facilities must be of communitywide significance</li> <li>• Eligible public improvements include:                             <ul style="list-style-type: none"> <li>○ Highways, streets, parking facilities, transit</li> <li>○ Sewage treatment, water, flood control, solid waste facilities</li> <li>○ Child care facilities</li> <li>○ Libraries</li> <li>○ Parks and open space</li> <li>○ Broadband</li> </ul> </li> <li>• Reimbursement of developer expenses on affordable housing construction for transit priority projects</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase, construction, rehab, design, or planning of capital improvements</li> <li>• Eligible improvements include:                             <ul style="list-style-type: none"> <li>○ Highways, streets, parking facilities, transit</li> <li>○ Sewage treatment, water, flood control, solid waste facilities</li> <li>○ Child care facilities</li> <li>○ Libraries</li> <li>○ Parks and open space</li> <li>○ Environmental remediation</li> <li>○ Former military base projects</li> <li>○ Affordable housing</li> <li>○ Replacement housing</li> <li>○ Industrial structures</li> <li>○ Transit priority projects</li> <li>○ Sustainable communities projects</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Purchase, construction, rehab, design, or planning of capital improvements</li> <li>• Facilities must be of communitywide significance</li> <li>• Eligible improvements include:                             <ul style="list-style-type: none"> <li>○ Highways, streets, parking facilities, transit</li> <li>○ Sewage treatment, water, flood control, solid waste facilities</li> <li>○ Child care facilities</li> <li>○ Libraries</li> <li>○ Parks and open space</li> <li>○ Environmental remediation</li> <li>○ Former military base projects</li> <li>○ Housing</li> <li>○ Commercial and industrial structures</li> <li>○ Sustainable communities projects</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Construction or rehab of infrastructure</li> <li>• Purchase, construction, rehab, or subsidizing of affordable housing</li> <li>• Environmental remediation</li> <li>• Retrofit of buildings</li> <li>• Acquisition of real property</li> <li>• Loans or grants for rehab</li> <li>• Construction of foundations for residential and commercial uses</li> <li>• Assistance to industrial businesses</li> </ul>

# TAX INCREMENT FINANCING ALTERNATIVES

11/20/2015

	Redevelopment Agencies ("RDA") <sup>1</sup>	Infrastructure Financing Districts ("IFD")	Enhanced Infrastructure Financing Districts ("EIFD")	Infrastructure and Revitalization Financing Districts ("IRFD")	Community Revitalization and Investment Authorities ("CRIA")
<b>Ineligible uses of funds</b>	<ul style="list-style-type: none"> <li>No normal maintenance or operations of public facilities</li> <li>Limits on assistance to auto dealers and big box retail</li> <li>Limits on assistance to large retail on nonurban land</li> <li>No gambling developments</li> <li>No city halls</li> </ul>	<ul style="list-style-type: none"> <li>No existing facilities, other than supplemental facilities</li> <li>No routine maintenance, repair, ongoing operations or services</li> </ul>	<ul style="list-style-type: none"> <li>No existing facilities, other than rehab or upgrade</li> <li>No routine maintenance, repair, ongoing operations or services</li> </ul>	<ul style="list-style-type: none"> <li>No existing facilities, other than rehab or upgrade</li> <li>No routine maintenance, repair, ongoing operations or services</li> </ul>	<ul style="list-style-type: none"> <li>Limits on assistance to auto dealers</li> <li>Limits on assistance to large retail on nonurban land</li> <li>No gambling developments</li> </ul>
<b>Use of funds outside district/area</b>	<ul style="list-style-type: none"> <li>Projects may be outside project area if they benefit project area</li> <li>Low/mod housing projects may be anywhere in city</li> </ul>	Improvements may be within or outside district	Improvements may be within district, or outside district if improvements have tangible connection to and benefit district	Improvements may be within or outside district	Projects must be within CRIA area
<b>Bonds</b>	<ul style="list-style-type: none"> <li>45 year term maximum</li> <li>No voter approval required</li> </ul>	<ul style="list-style-type: none"> <li>30 year term maximum</li> <li>Voter approval (2/3) required</li> </ul>	<ul style="list-style-type: none"> <li>45 year term maximum</li> <li>Voter approval (55%) required</li> </ul>	<ul style="list-style-type: none"> <li>30 year term maximum</li> <li>Voter approval (2/3) required</li> </ul>	<ul style="list-style-type: none"> <li>45 year term maximum</li> <li>No voter approval required</li> </ul>
<b>Affordable housing funding obligations</b>	20% of revenue to Low/Mod Housing Fund	None	None	None	25% of revenue to Low/Mod Housing Fund
<b>Replacement housing obligation</b>	Yes	Yes	Yes	Yes	Yes

# TAX INCREMENT FINANCING ALTERNATIVES

11/20/2015

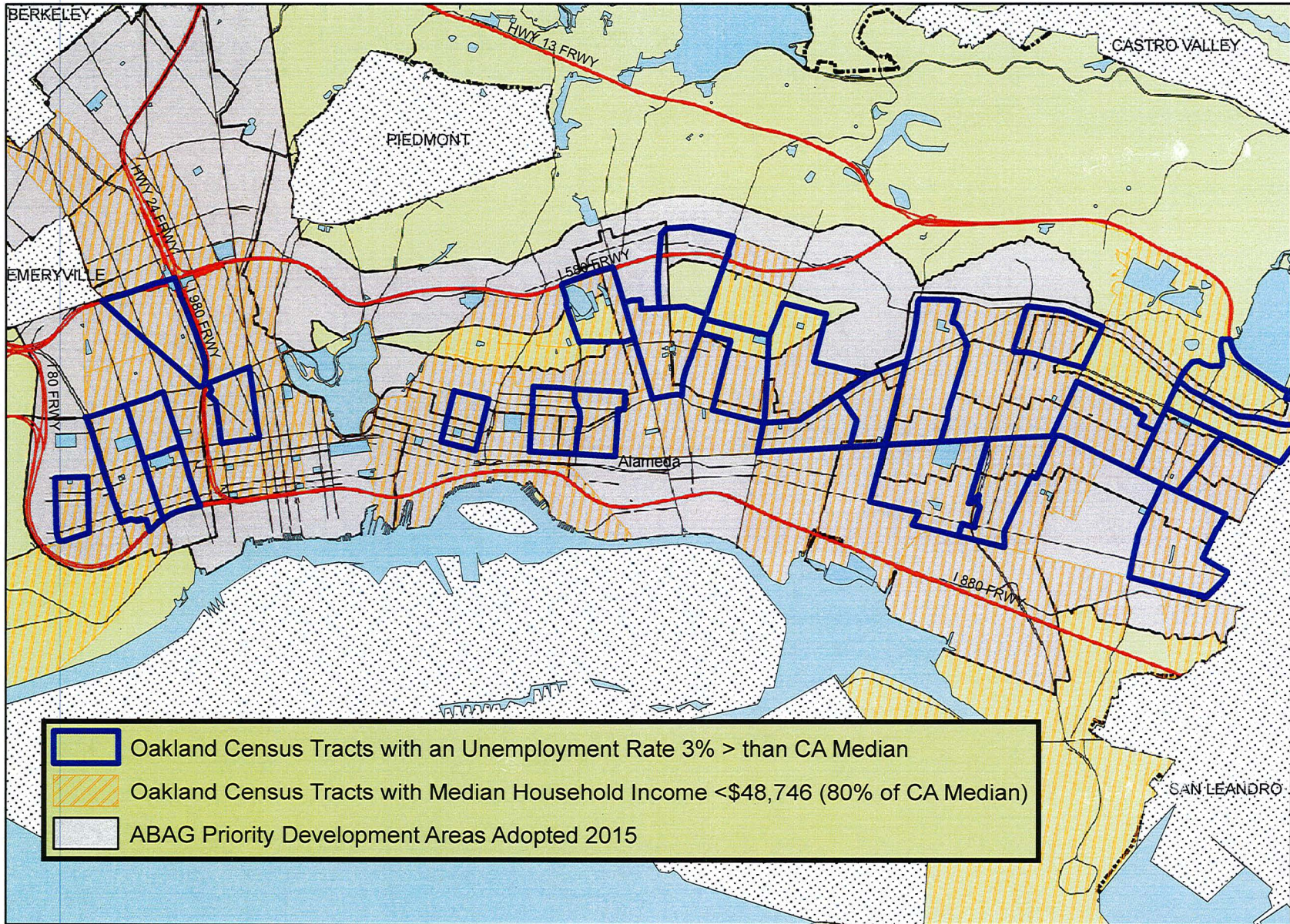
	Redevelopment Agencies ("RDA") <sup>1</sup>	Infrastructure Financing Districts ("IFD")	Enhanced Infrastructure Financing Districts ("EIFD")	Infrastructure and Revitalization Financing Districts ("IRFD")	Community Revitalization and Investment Authorities ("CRIA")
<b>Affordable housing production obligations</b>	<ul style="list-style-type: none"> <li>15% of units in project area for low/mod (6% very low)</li> <li>30% of units developed by RDA for low/mod (15% very low)</li> </ul>	20% of units developed by IFD for low/mod	None	20% of units developed by IRFD for low/mod	<ul style="list-style-type: none"> <li>15% of units in CRIA area for low/mod (6% very low)</li> <li>30% of units developed by CRIA for low/mod (15% very low)</li> </ul>
<b>Eminent domain powers</b>	Yes, if exercised within time limits	None	None	None	Yes, if exercised within 12 years of plan adoption
<b>Other powers</b>	<ul style="list-style-type: none"> <li>Acquire and convey real property</li> <li>Environmental remediation authority (Polanco Act)</li> </ul>		Environmental remediation authority (Polanco Act)	Environmental remediation authority (Polanco Act)	Acquire and convey real property



# Attachment B

## AB 2 (2015 Alejo & Garcia) - Community Revitalization and Investment Authorities

### Analysis of Eligible Neighborhoods



Prepared by: Maryann Sargent, City of Oakland, Housing and Community Development

