

BILL: SENATE BILL 961
AS AMENDED MARCH 22, 2018

AUTHOR: SENATOR BEN ALLEN (D- SANTA MONICA)

SUBJECT: ENHANCED INFRASTRUCTURE FINANCING DISTRICTS

STATUS: SENATE FLOOR

ACTION: SUPPORT IF AMENDED

RECOMMENDATION

Staff recommends that the Board of Directors adopt a SUPPORT IF AMENDED position on Senate Bill 961 (Allen).

ISSUE

Senator Ben Allen (D-Santa Monica) has recently amended Senate Bill 961, which would enact the Second Neighborhood Infill Finance and Transit Improvements Act (NIFTI-2) to authorize the creation of an additional version of Enhanced Infrastructure Financing Districts (EIFDs) to increase transit-oriented development and affordable housing.

Specifically, this bill:

- Allows for the formation of a second Infill Finance and Transit Improvements Act, or NIFTI-2 within one half mile of a rail transit station;
- Allows a city or county to adopt a resolution to allocate its tax revenues to a NIFTI-2, including revenues derived from its local sales and use taxes,
- Specifies that the 40% of the funds are to be used for affordable housing;
- Specifies the income levels that would be eligible for the affordable housing;
- Authorizes a NIFTI-2 to sell bonds without voter approval;
- Allows NIFTI-2 funds not allocated for housing to be used to facilitate access to transit similar to those permitted under the Affordable Housing Sustainable Communities Program, which funds infill and compact development near transit;
- Direct the Office of Planning and Research (OPR) to evaluate the effectiveness of the various tax increment financing authorities that currently exist and to conduct a study evaluating the impacts of extending NIFTI-2 to apply to areas around bus stops and Bus Rapid Transit and make recommendations to the Legislature; and
- Clarifies provisions related to public work contracts and the public process to community revitalization investment authorities.

DISCUSSION

SB 961 would create an additional option to use the EIFD model to fund various infrastructure improvements. Currently EIFD's are allowed to use their sales tax revenues for affordable housing and infrastructure improvements. This bill would create another pathway to creating EIFD's and a more streamlined process by allowing a district to sell bonds without a vote if a certain percentage of the funds are dedicated to affordable housing.

This bill would create an additional pathway to supporting affordable housing around transit stations. The bill expands upon the existing EIFD law by creating another tool to support these investments. Staff believes it is important to support efforts to increase funding for affordable housing near transit. Staff would like to confirm with counsel and the author that Metro's current sales tax measures would not be impacted by the proposed legislation. Pursuant to discussion at the Executive Management Committee meeting the revised staff recommendation reflects the position to work with the author to seek amendments that would protect Measure M, R and other transportation tax revenues for their intended purpose. The revised position of SUPPORT IF AMENDED will also allow time for staff to evaluate the potential impacts to sales tax revenue. Staff recommends that the Board adopt a SUPPORT IF AMENDED position on the measure SB 916 (Allen) as amended.

DETERMINATION OF SAFETY IMPACT

There is no determined safety impact due to the enactment of the proposed legislation.

FINANCIAL IMPACT

There is not direct financial impact to Metro however the bill would create a new funding opportunity for affordable housing near transit.

ALTERNATIVES CONSIDERED

Staff has determined that the Board could opt to take an OPPOSE or Neutral position on the measure, however this is counter to the Board Adopted 2018 State Legislative Program Goal #2, which outlines Metro's support for legislation that would enhance opportunities for Value Capture or related concepts and mechanisms to fund transportation infrastructure or promote Transit-Oriented Developments and Metro's Transit Oriented Communities strategy.

NEXT STEPS

Should the Board decide to adopt a SUPPORT IF AMENDED position on this measure; staff will communicate the Board's position to the author and work to ensure that Metro's priorities are included in the final version of the bill. Staff will continue to keep the Board informed as this issue is addressed throughout the legislative session.