

April 18, 2019

The Honorable Lenny Mendonca
Chief Economic and Business Advisor and
Director of the California Office of Business and Economic Development
1325 "J" Street, Suite 1800
Sacramento, California 95814

Dear Director Mendonca,

The Los Angeles County Business Federation, a grassroots alliance of more than 180 business organizations representing 400,000 employers with 3.5 million employees in Los Angeles County, is writing to support Governor Newsom's goal of increasing housing production sevenfold over what the State built over the past seven years. This effort will require a massive increase in resources and a change in the way we organize ourselves to meet the challenge. To be successful, a new partnership between the State and communities throughout California is needed to provide zoned land, infrastructure and economic development activity.

To accomplish this change, BizFed proposes the following three actions:

1. **The Legislature must reform multiple financing tools:** EIFD's, CRIA's, NIFT's have been enacted over the past four years to provide local government with financing tools and resources needed for housing, infrastructure, economic development and other development needs. Combining the best provisions of existing statutes and making them easier to understand and implement will go a long way toward accomplishing the task at hand. This will require a new statute, called *Community Investment and Funding Authorities* or CIFA's. **(See attached recommendations).**

These changes would make these authorities easier to form and by clarifying their powers and funding capacity, needed investments would also be easier to implement. Modifying their board composition, including adding state organizations and school districts that wish to participate, will facilitate the partnerships needed to build necessary housing and retain and create jobs with higher incomes, enabling more people to afford housing. These outcomes will require new investments and funding streams that can finance these vital projects. Hence, the name *Community Investment and Funding Authorities* for our State's communities.

2. **The Governor, using executive authority and directives, should involve state agencies whose organizations and programs will become active partners with CIFA's.** This partnership will combine the resources of all organizations within the state that can assist in creating the housing, infrastructure, environmental mitigation, and community support structures, as well as further local and state economic development goals.
3. **The Governor and the Legislature should create new financial assistance for local governments to leverage the desired performance.** The Governor has identified \$750 million to assist in this effort. The budget trailer bill suggested that \$250 million, over 5 years, be allocated to regional COG's. These resources can support using their GIS systems to work with individual jurisdictions and identify sites that are zoned to fill the needed pipeline for housing and economic development. The Southern California Association of Governments has already started this process. Where sites are deficient, the COG's will provide technical assistance and a portion of the state resources

to begin specific planning efforts to provide them. The additional \$500 million that the Governor identified could be allocated to COG's over five years to assist local governments in financing the CIFA investments and mitigation needed to convert parcels into shovel ready sites for housing construction, economic development, and other key local projects.

BizFed believes this effort is critical to the connection between the designated Opportunity Zones and the Community Investment Plan developed by the CIFA. The CIFA can provide the local infrastructure investment that will be needed to attract private equity investment in neighborhoods that have been long overlooked by private investment. State tax conformity should focus on opportunity zone investment that will improve the economic conditions of the Zone based on community consensus and investment that will increase the pipeline of housing and increase the job and income earning opportunity of individuals.

Finally, the investment programs of CIFA's will grow local economies and create opportunity for California residents by increasing the wealth and income of districts. Similar to local governments use of tax increment to fund a portion of these investments, the state should allocate a portion of the increased revenue that it collects from these increased evaluations back to CIFA.

In conclusion, this initiative contains strategies to help the state and its jurisdictions double the amount of housing that is constructed over the next seven years and alter the jobs and income earnings of the population so more Californians can qualify. The first is the creation of partnerships between the state and its jurisdictions. Secondly, the formation of these partnerships will lead all parties to commit the funding needed to support the levels of investment necessary to fully meet the challenge. By implementing these strategies, we can realize the Governor's goal of furthering a California for All.

Sincerely,



Steve Bullock
BizFed Chair
Cerrell Associates



David Fleming
BizFed Founding Chair



Tracy Hernandez
BizFed Founding CEO
IMPOWER, Inc.