**SB-961 (Allen)**

***Mockup of amendments agreed to***

***between Senator Allen and Chairman McGuire***

**The people of the State of California do enact as follows:**

***SECTION 1.*** *Section 53398.75.7 is added to the Government Code, to read:*

**53398.75.7.** (a) This section shall be known and may be cited as the Second Neighborhood Infill Finance and Transit Improvements Act, or NIFTI-2.

(b) At any time before or after the adoption of the infrastructure financing plan, a city, county, or city and county may adopt a resolution to allocate tax revenues of that entity to the district, including revenues derived from local sales and use taxes imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code), or transactions and use taxes imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), if all of the following apply:

(1) The area to be financed with funds received pursuant to this section is within one-half mile of a rail transit station, including regional commuter rail, or within 300 feet of a transit-rich boulevard served by bus rapid transit or high-frequency bus service.

(2) The infrastructure financing plan requires that at least 40 percent of the total funds received by the district pursuant to this section be used for the acquisition, construction, or rehabilitation of housing, including the costs of predevelopment and land acquisition, for persons and families of low income as defined in Section 50093 of the Health and Safety Code, or very low income households as defined in Section 50105 of the Health and Safety Code, for rent or purchase. **Predevelopment costs include but are not limited to site control, engineering studies, architectural plans, application fees, legal services, permits, bonding, and site preparation.**

(3) The infrastructure financing plan requires that 50 percent of the housing funds are used to develop housing affordable to and occupied by households with incomes below 60 percent and greater than 30 percent of area median income, and 50 percent of the housing funds are used for either housing affordable to and occupied by households with incomes below 30 percent of area median income or permanent supportive housing to help homeless persons get off the street.

(4) The infrastructure financing plan gives first priority for occupancy of housing funded through this plan to income-qualified households displaced from the district through no fault of their own, and secondary priority for occupancy of housing funded through this program is given to households with a member or members employed within two miles of the district.

**(5) ~~The infrastructure financing plan requires at least 50 percent of the ground floor area of developments to be occupied by pedestrian-oriented commercial uses. The remaining ground floor area may be occupied by live-work space occupied by low- or moderate-income artists with covenants that ensure public display of their art during normal business hours.~~ The boundaries of the enhanced infrastructure financing district are coterminous with the city or county that established the district.**

(6) The infrastructure financing plan requires that, within the time limits set forth in subdivision (d) of Section 53398.63, at least 20 percent of any new housing units constructed in the district be affordable to persons and families of low or moderate income, with at least 6 percent of the new units affordable to very low income households and at least 9 percent of the new units affordable to persons and families of low income.

(7) The use of the revenues derived from the local sales and use tax imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) or transactions and use taxes imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code) pursuant to the infrastructure financing plan is consistent with the purposes for which that tax is imposed.

(c) The remaining **~~tax increment~~** funds may be used **~~at the discretion of the district for investments to create an attractive environment for mixed-use residential development near transit or to facilitate transit including~~** **for** any of the following:

**~~(1) Station development for rail transit or bus rapid transit service.~~**

**~~(2) Urban forestry, landscaping, and greening improvements that make the district more attractive for residential development.~~**

**~~(3) Detached or decoupled parking in lieu of onsite parking for proposed developments.~~**

**~~(4) First-last-mile access to transit for pedestrians and bicyclists, older adults, and people with disabilities.~~**

**~~(5) Other infrastructure as needed for residential communities, including water infrastructure or waste water infrastructure that captures rainwater or urban runoff.~~**

**(1) Multifamily affordable housing projects or mixed-use projects with affordable multifamily housing and ground floor commercial uses that support infill and compact development.**

**(2) Transit capital projects, including transit stations, and programs supporting transit ridership, including water-borne transit.**

**(3) Active transportation capital projects that qualify under the Active Transportation Program, including pedestrian and bicycle facilities and supportive infrastructure, including connectivity to transit stations.**

**(4) Transit-oriented development projects, including affordable housing and infrastructure at or near transit stations or connecting those developments to transit stations.**

**(5) Capital projects that implement local complete streets programs.**

**(6) Capitol costs of parks, urban forestry, and permanent greening improvements along boulevards, streets, and other public areas within a district.**

**(7) Parking, including detached and decoupled parking structures that provide parking for residents, businesses or visitors in lieu of onsite parking for proposed developments. Such parking structures should provide no more than one space for each residential unit. The ground floors in such structures should provide space for pedestrian-oriented commercial or public uses. Revenues from parking may be used to implement transportation demand management programs to reduce automobile trips to and from the district.**

**(8) Other projects or programs designed to reduce greenhouse gas emissions and other criteria air pollutants by reducing automobile trips and vehicle miles traveled within a community.**

(d) The infrastructure financing plan shall ensure that the requirements of this section are met every 10 years.

(e) Notwithstanding Section 53398.52, revenues collected and allocated for the purposes of this section shall not be used for highway or highway interchange improvements.

(f) The district shall require, by recorded covenants or restrictions, that affordable housing units financed pursuant to this section remain permanently available at affordable housing costs to, and occupied by, very low income households, persons and families of low income, or persons and families of low or moderate income for the longest feasible time, but for not less than 55 years for rental units and 45 years for owner-occupied units.

(g) A legislative body shall not adopt an ordinance terminating an enhanced infrastructure financing district created pursuant to this section if the district has not complied with its affordable housing obligations.

(h) Notwithstanding Article 4 (commencing with Section 53398.77), bonds issued by a district pursuant to this section may be issued without voter approval.

**(i) Paragraph (1) of subdivision (c) of Section 1720 of the Labor Code shall not apply to projects financed by the enhanced infrastructure financing district.**

**Section 53398.75.8 is added to the Government Code, to read:**

**[Add parallel section for protest proceedings (with election option) on adoption and 10-year-review of plans from CRIAs—Section 62004 et seq.]**

**Section 53398.75.9 is added to the Government Code, to read:**

**On or before January 1, 2021, the Office of Planning and Research shall complete a study of the effectiveness of tax increment financing tools for increasing housing production, including a comparison of the relative advantages and disadvantages of infrastructure financing districts, enhanced infrastructure financing districts, affordable housing authorities, NIFTIs, and NIFTI-2s.**