

Date of Hearing: August 25, 2016

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Susan Talamantes Eggman, Chair

AB 806 (Dodd) – As Amended August 8, 2016

SUBJECT: Community development: economic opportunity

SUMMARY: Allows counties and cities to acquire, sell, or lease county-owned or city-owned real property to promote economic development, subject to specified requirements.

The Senate amendments strike the existing contents of the bill, and instead:

- 1) Specify that loan agreements, sale agreements, and lease agreements that meet specified criteria are included in the statutory definition of “economic opportunity.”
- 2) Prohibit, for the purposes of specified statutes authorizing the sale, lease, or transfer of property for the creation of an economic opportunity, a city, county, or city and county from selling, leasing, or otherwise transferring, at a price that is less than fair market value, any real property that was acquired through eminent domain. Exempt from this prohibition any property that is:
 - a) Governed by a long-range property management plan pursuant to redevelopment law; and,
 - b) A housing asset of a former redevelopment agency that is transferred to a city, county, or city and county, provided that the successor agency or designated local authority in the affected jurisdiction has received a finding of completion from the Department of Finance.
- 2) Require that the creation of an economic opportunity shall be subject to statute that requires public agencies to disclose specified information, hold hearings and produce reports relating to economic development subsidies.
- 3) Specify that the provisions of the bill shall be an alternative to any authority of a city, county, or city and county to create an economic opportunity or to acquire, sell, or lease property for economic development, found in the Constitution, state law, local ordinance, or charter, as specified.
- 4) Allow a city, county, or city and county to acquire property in furtherance of the creation of an economic opportunity, and may sell or lease property to create an economic opportunity.
- 5) Delete statutory language that limits the authority to sell or lease city-owned or county-owned property for economic development purposes to property that is governed by a long-range property management plan, thereby allowing a city, county, or city and county to sell or lease any county-owned or city-owned property to create an economic opportunity, as defined.

- 6) Require that a loan provided by a city or county to owners or tenants for the purpose of rehabilitating commercial buildings or structures must be in the form of a written loan agreement that includes specified elements.
- 7) Require that, before entering into a loan agreement, a city, county, or city and county, must find, after a public hearing, that the assistance is necessary for the economic feasibility of the development and that the assistance cannot be obtained on economically feasible terms in the private market.
- 8) Make findings and declarations and additional clarifying and conforming changes to state law.

EXISTING LAW:

- 1) Prohibits counties and general law cities from making a gift of public funds.
- 2) Allows, generally, a city to dispose of real property in any way it chooses if doing so is for the common benefit. Allows a city to sell or lease real property for less than fair market value, without violating the constitutional prohibition against making a gift of public funds, if the sale or lease serves a public purpose.
- 3) Requires a county to sell or lease property using a competitive sealed-bid process, as specified:
 - a) A county board of supervisors must, by a two-thirds vote, adopt a resolution in a regular open meeting declaring its intention to sell or lease the property;
 - b) The resolution must describe the property and the terms upon which it will be sold or leased; and,
 - c) At least three weeks after adopting the resolution, the board must hold a public meeting at which sealed proposals to purchase or lease the property must be considered.
- 4) Exempts a county from these requirements and allows it to sell real property at less than fair market value to provide housing that is affordable to low and moderate income residents.

AS PASSED BY THE ASSEMBLY, this bill made various changes to provisions of law governing former redevelopment agencies (RDAs).

FISCAL EFFECT: None

COMMENTS:

- 1) **Bill Summary.** This bill clarifies that a city or county may acquire, sell and lease property in furtherance of the creation of an economic opportunity, and that such authority extends to any property and not just property that the city or county acquired from the successor agency to the redevelopment agency under the long range property management plan.

This bill is sponsored by the City of Fairfield and the League of California Cities.

- 2) **Author's Statement.** According to the author, "In 2011 the Governor and Legislature eliminated redevelopment agencies in order to provide more property tax revenues to local taxing agencies. All redevelopment agencies in the State were dissolved as of February 1, 2012.

"In 2013, the Legislature adopted SB 470 to promote economic development on a local level, to give local governments tools, at no cost to the state, that allow local governments to use their funds in a manner that promotes economic opportunity, and to provide cities, counties, and cities and counties certain powers previously afforded to redevelopment agencies that were critical to economic development.

"SB 470 declared that it is the policy of the State of California to protect and promote the sound development of economic opportunity in cities and counties. That whenever the creation of economic opportunity in cities and counties cannot be accomplished by private enterprise alone, without public participation and assistance in the acquisition of land, in planning and in the financing of land assembly, in the work of clearance, and in the making of improvements necessary therefor, it is in the public interest to advance or expend public funds for these purposes. That the creation of economic opportunity and the provisions for appropriate continuing land use and construction policies with respect to property acquired, in whole or in part, for economic opportunity constitute public uses and purposes for which public money may be advanced or expended and private property acquired, and are governmental functions of state concern in the interest of health, safety, and welfare of the people of the state and cities and counties.

- 3) **Support Arguments.** Supporters argue that this bill offers communities additional tools that can be used to rehabilitate deteriorated areas, attract and retain jobs, and improve local quality of life.
- 4) **Opposition Arguments.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

City of Fairfield [SPONSOR]

League of California Cities [SPONSOR]

California Association for Local Economic Development

Cities of:

Azusa, Camarillo, Commerce, Fountain Valley, Industry, Los Alamitos, Napa, Norwalk,
Redding, and Vacaville

Fairfield-Suisun Chamber of Commerce

Lystek International, Ltd.

Opposition

None on file

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