



March 8, 2019

The Honorable Jim Beall
California State Senate
State Capitol Building, Room 2082
Sacramento, CA 95814

The Honorable Mike McGuire
California State Senate
State Capitol Building, Room 5061
Sacramento, CA 95814

RE: SB 5 (Beall/McGuire) Local-State Sustainable Investment Incentive Program
Notice of SUPPORT (*As Introduced 12/03/2018*)

Dear Senator Beall and Senator McGuire:

The League of California Cities is pleased to support your SB 5 (Beall/McGuire), the Local-State Sustainable Investment Incentive Program.

This measure would incentivize cities throughout California to identify innovative solutions to address the housing crisis while also supporting other State policy objectives. The League commends you for recognizing the diversity of California cities and acknowledging the flexibility cities need to spur housing construction and revitalize communities.

Since the elimination of redevelopment agencies in 2011, the Legislature has created several new tools that use tax increment financing, which include the formation of enhanced infrastructure financing districts (EIFD), affordable housing authorities, and community revitalization investment authorities (CRIA). While these new tools can be useful to local agencies, they are widely viewed as lacking sufficient financial capacity compared to what existed under former redevelopment agencies. The limited funding has resulted in few cities taking advantage of these new tools.

SB 5 would create a local-State partnership to provide up to \$2 billion annually to fund State approved affordable housing, infrastructure, and economic development projects that also support State policies to reduce greenhouse gas emissions, expand transit oriented development (TOD), address poverty, and revitalize neighborhoods.

With a projected multi-billion State budget surplus for the 2019/2020 fiscal year, the League believes the time is right for the State to restore more robust financing mechanisms that support local efforts to build more affordable housing, provide essential infrastructure, and create opportunities in underserved communities. The League applauds your leadership in this effort and we look forward to working together on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Rhine".

Jason Rhine
Assistant Legislative Director

cc. The Honorable Richard Roth, Principal Coauthor
Members, Senate Governance and Finance Committee
Anton Favorini-Csorba, Consultant, Senate Governance and Finance Committee
Ryan Eisberg, Policy Consultant, Senate Republican Caucus