



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 4/8/2019

Agenda Placement: 7C

Napa County Legislative Subcommittee Board Agenda Letter

TO: Napa County Legislative Subcommittee
FROM: Mary Booher for Minh Tran - County Executive Officer
County Executive Office
REPORT BY: Molly Rattigan, Deputy County Executive Officer - 253-4112
SUBJECT: SB 5-Redevelopment

RECOMMENDATION

County Executive Officer requests discussion and possible direction on SB 5 (Beall), a bill that would allow local governments to collaborate on state-approved redevelopment plans, which would be funded by reduced contributions to Education Revenue Augmentation Funds.

EXECUTIVE SUMMARY

SB 5 would allow local governments to collaborate on state-approved redevelopment plans, which would be funded by reducing their contributions to the local Education Revenue Augmentation Funds (ERAF). Funding can be used for affordable housing, transient oriented development, infill development, revitalizing and restoring neighborhood, and planning for sea level rise.

The Assistant Auditor-Controller will be present at the Legislative Subcommittee meeting to discuss the potential impacts to Napa County. Staff is seeking discussion and recommends authorization for County staff to approach the author's office with minor edits that should resolve Napa County's issue.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

In 2011, the Legislature enacted legislation to dissolve Redevelopment Agencies (RDA's) in response to the Great Recession and a need to close a massive budget shortfall. The elimination of RDAs returned billions of dollars of property tax revenues to schools, cities, and counties to fund core services.

Since the elimination of RDAs, local governments and lawmakers have searched for ways to raise the capital needed to invest in public works projects including affordable housing.

A number of new laws have brought back some of the tools of RDAs to help combat our growing affordable housing crisis. Most notably is the establishment of Enhanced Infrastructure Finance Districts (EIFD). These tools have not been widely used by local governments for many reasons including the need for local governments to opt-in and partner on EIFDs and a lack of state financial support.

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This bill will commit at least \$1 billion in ongoing state funding and will ensure schools are held harmless to meet the Proposition 98 guarantee. At a minimum, 50% of the program's funding must be used to construct workforce and affordable housing.

The Napa County Auditor-Controller's Office has flagged this bill as problematic for Napa County as an "excess-ERAF" county and for other counties closing in on insufficient ERAF. The concern is that the bill attempts to reduce the ERAF funds by shifting to another purpose. For County's like Napa that often shift more funds into ERAF than required to fully fund K-14 educational funding requirements, this will reduce the amount of discretionary funds that are eligible to be returned to the County and cities, once 100% of the school funding requirement is met. Napa County has consistently received excess ERAF funds on an annual basis and has traditionally relied on these funds to meet capital needs--like setting aside to finance the construction of a jail facility, thus reducing the amount that may need to be financed in the future.

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California State Association of Counties- Pending
Rural County Representatives of California (RCRC)-Pending

SUPPORTING DOCUMENTS

A . SB 5

B . SB 5 Fact Sheet

Recommendation: Approve

Reviewed By: Molly Rattigan