

Community Revitalization and Investment Authorities

Community Revitalization and Investment Authorities (CRIA), was enacted into law by AB 2 (Alejo and E. Garcia, Chapter 319, Statutes of 2015), which authorized the revitalization of disadvantaged communities through planning and financing infrastructure improvements and upgrades; economic development activities; and affordable housing via tax increment financing based, in part, on the former community redevelopment law. AB 2492¹ (Alejo and E. Garcia), Chapter 524, Statutes of 2016, made several additional improvements to CRIA law.

Three Possible Locations:

A Community Revitalization and Investment Authority (CRIA) can be created in the following three locations:

1. Areas where not less than 80% of the land contains any combination of census tracts or census block groups meet both of these conditions: (i) an annual median household income that is less than 80% of the statewide, citywide or countywide annual median income; and (ii) three of four following conditions:
 - An unemployment rate at least 3 percentage points higher than the statewide average annual unemployment rate median, as defined by the labor market report published by the California Employment Development Department in March of the year in which the community revitalization plan is prepared. *(In determining the unemployment rate within the community revitalization and investment area, an authority may use unemployment data from the periodic American Community Survey published by the United States Census Bureau.)*
 - Crime rates, as documented by records maintained by the law enforcement agency that has jurisdiction in the proposed plan area for violent or property crime offenses, at least 5 percent higher than statewide average crime rate for violent or property crime offenses, as defined by the Criminal Justice Statistics Center within the Department of Justice, when data is available on the Attorney General's Internet Web site. *(The crime rate shall be calculated by taking the local crime incidents for violent or property crimes, or any offense within those categories, for the most recent calendar year for which the Department of Justice maintains data, divided by the total population of the proposed plan area, multiplied by 100,000. If the local crime rate for the proposed plan area exceeds the statewide average rate for either violent or property crime, or any offense within these categories, by more than 5 percent, then this condition shall be met.)*
 - Deteriorated or inadequate infrastructure, and
 - Deteriorated commercial or residential structures.²
2. A former military based that is principally characterized by deteriorated or inadequate infrastructure or structures.

¹ AB 2 took effect on January 1, 2016; AB 2492 takes effect January 1, 2017.

² Section 62001(d), (e)(1).

3. Census tracts or census block groups, as defined by the United States Census Bureau, within the area are situated within a disadvantaged community as identified by the California Environmental Protection Agency (EPA).

CRIA: Powers and Duties

A CRIA is a public agency separate from the city, county, or city and county that created it; and deemed to be an “agency” for purposes of receiving property tax increment pursuant to Article XVI, section 16(b) of the Constitution. Any taxing entity within the Area (except for a school district) may choose to allocate some or all its share of tax increment funds to the CRIA. The CRIA may issue bonds backed by property tax increment revenues.³

A CRIA’s key powers and duties mirror those of former redevelopment agencies and consist of the following:

- Adopt community revitalization and investment plan⁴
- Provide funding for infrastructure
- Provide for affordable housing
- Brownfield remediation and clean-up
- Seismic retrofits of existing buildings
- Acquire and sell property
- Issue bonds
- Borrow funds and make loans
- Receive cap and trade funds designated for disadvantaged communities funds or enter agreements with a qualified community development entity to coordinate the investment of federal New Market Tax Credit Funds.⁵
- Receive funds allocated to it pursuant a resolution adopted by a city, county, or special district to transfer these funds from:⁶
 - The increased property tax revenues that a city, county, or special district receives from the dissolution of redevelopment agencies (RDAs).
 - Property taxes received by a city or county in lieu of former vehicle license fee funds, or
 - Funds derived from various assessments that may be imposed by special districts.
- Provide direct assistance to businesses within the plan area (with some exceptions)⁷

³ Section 62005

⁴ Section 62002.

⁵ 62002(g)(1)

⁶ 62002(g)(2)

⁷ 62202. As with former redevelopment law, the following types of developments cannot be assisted:

- Auto dealerships located on land not previously developed for urban use.
- Developments generating sales and use taxes on parcels of five acres on land not previously developed for urban use, unless the principal permitted use is an office, hotel, manufacturing or industrial.
- Any gaming establishments.

Two Ways to be Eligible to Create a CRIA:

- A city, county, or city and county that has received a Finding of Completion from DOF and whose successor agency has complied with all orders of the Controller may form the CRIA; or
- Any combination of a city, county, city and county, and special district may form a CRIA through a joint powers agreement.⁸

Composition of Governing Body

- For a CRIA created by a city, county, or city and county: 3 members of the city council or board of supervisors and 2 public members who live or work within the community revitalization and investment area.
- For a CRIA created through a joint powers agreement: majority of the members from the legislative bodies of the public agencies that created the authority and a minimum of two public members who live or work within the area.⁹

Required Contents Community Revitalization and Investment Plan (Plan)

A CRIA must adopt a Plan that guides its revitalization programs and authorizes receipt and expenditure property tax increment revenues. The Plan includes:

- Statement of principal goals and objectives
- Description of the deteriorated or inadequate infrastructure and program for repair and upgrade
- Housing program
- A program to remedy or remove the release of hazardous substances
- A program to provide funding for or otherwise facilitate the economic revitalization of the area
- A fiscal analysis setting forth projected receipt of revenues and expenses over five-year planning horizon
- Time limits to establishing loans, advances and indebtedness and fulfilling all the authority's housing obligations.¹⁰

Robust Procedure for Plan Adoption:

The Plan must be adopted over a series of three public hearings, held at least 30 days apart. The final version of the plan is subject to written and oral protests. Proceedings to adopt the plan must terminate if there is a majority protest (over 50% of the combined number of property owners and residents in the area). An election on whether to adopt the plan must be called if between 25% and 50% of the combined number of property owners and residents file a protest.¹¹

⁸ Government Code 62001(b)(1). A CRIA may not include a school district or a successor agency. All references are to the Government Code.

⁹ Section 62001(c)

¹⁰ Section 62003.

¹¹ Section 62004.

Ongoing Accountability: 10-year Check-In with Property Owners and Residents

An annual report and annual independent financial audit is required.¹² Every ten years the CRIA must conduct a protest proceeding to consider property owners and residents' protests against the continuing work of the Authority. A majority protest means no additional work can be undertaken pursuant to the plan, but the authority can complete projects underway, repay existing indebtedness, and fulfill existing housing obligations. If between 25 and 50 percent protest, then an election is called to determine whether the CRIA should continue with its work.

Affordable Housing: 25% Requirement

The following affordable housing requirements apply to a CRIA:

- 25% of property tax increment revenues must be used to increase, improve and preserve the community's supply of low and moderate income families.
- CRIA affordable housing programs are entitled to receive a priority, after housing successor agencies, for assistance in housing programs administered by the California Housing Finance Agency, the Department of Housing and Community Development and other state agencies and departments, if those agencies determine that the housing is otherwise eligible for assistance under a particular program.¹³
- The CRIA may transfer its housing responsibilities to the housing authority if it determines that combining funding streams will reduce administrative costs or expedites the construction of affordable housing.¹⁴
- Every five years beginning in the year in which the CRIA is allocated a cumulative total of more than \$1,000,000 in tax increment revenues, an independent audit is required to determine compliance with affordable housing requirements.
- All housing assisted with property tax increment funds must remain affordable for 55 years for rental units and 45 years for owner-occupied units.
- Housing funds must be spent proportionally on low, very low, and moderate income housing.¹⁵

Affordable Housing: Replacement and Relocation

- Replacement of housing destroyed or removed within 2 years of destruction or removal¹⁶
- Number of housing units occupied by extremely low, very low, and low-income households at the time the plan is adopted may not be reduced during the effective period of the plan
- Relocation in compliance with state relocation law¹⁷

¹² Section 62006.

¹³ Section 62104

¹⁴ Section 62100 (a)

¹⁵ Section 62102.

¹⁶ Section 62103

¹⁷ Section 62115

Property acquisition

CRIA may acquire property through all of the commonly-used methods including, purchasing, leasing, accepting a conveyance from a public or private entity, and acquiring property via eminent domain.¹⁸

Key Similarities and Differences: **Community Revitalization and Investment Authority (CRIA) vs.** **Enhanced Infrastructure Financing District (EIFD)**

In 2014 the Legislature created the **Enhanced Infrastructure Financing District (EIFD)**, SB 628 (Beall), Chapter 785, Statutes of 2014, as a new way to finance public infrastructure, affordable housing and other projects. In 2015, refinements were made through AB 313 (Atkins), Chapter 320, Statutes of 2015. A CRIA and an EIFD have some things in common and are different in other ways.

CRIA and EIFD: Things in common

- Both are public entities separate and distinct from the city or county that established them.
- Both can finance a wide-range of public and private projects including the acquisition, construction or rehabilitation of affordable housing
- Creation of each requires finding of completion from DOF and compliance with State Controller's orders
- Authority to use property tax increment to finance facilities and housing with contributions from other taxing entities with their consent
- May receive funds derived from other city, county or special district sources, subject to any conditions those entities may impose on the use of these funds:
 - Property taxes received by a city or county from dissolved redevelopment agencies
 - Property taxes received by a city or county in lieu of former vehicle license fee funds, or
 - Funds derived from various assessments that may be imposed by a special district

CRIA and EIFD: Things that are different

- CRIA operates solely within specifically defined area characterized by quantifiable social and economic deterioration, census tracts within Cal- EPA designated disadvantaged communities or a former military base; EIFD can be used for a wide range of infrastructure and other development and established anywhere within a city or county
- CRIA is an "agency" for purposes of the tax-increment provisions of the California Constitution used by former redevelopment agencies; EIFD is modeled off of

¹⁸ Section 62201

existing Infrastructure Financing District law rather than Community Redevelopment Law

- Adoption of a Plan by CRIA is subject to majority protest; adoption of Plan by EIFD is not.
- Issuance of bonds by CRIA does not require voter approval. Issuance of bonds by an EIFD requires 55% voter approval.
- Different replacement housing obligations are imposed.
- CRIA must dedicate 25% of tax increment revenue on affordable housing; EIFD may provide affordable housing as an option.