



# California Association for Local Economic Development

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March 13, 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: Support - Senate Bill 5 (Beall/McGuire) Local-State Sustainable Investment Incentive Program

Dear Senator Beall and Senator McGuire:

I am writing on behalf of the California Association for Local Economic Development (CALED) to express our support for Senate Bill 5 (SB 5), the Local-State Sustainable Investment Incentive Program. This is important legislation to help California communities with their economic development efforts because it allows local governments to collaborate on state approved economic development and housing projects. These projects will be funded by reducing local governments' contributions to local Education Revenue Augmentation Funds (ERAFs).

The elimination of redevelopment in 2011 created a huge deficit in community revitalization resources throughout California, including an annual loss of \$1 billion in funding for low- and moderate-income housing. As a result, many of our members' communities have had difficulties with economic and transit-oriented development as well as affordable housing.

SB 5 would incentivize cities throughout California to identify innovative solutions to address the housing crisis while also supporting other State policy objectives. The funding mechanism will allow local governments that have opted-in and have an approved project plan to receive a reduction of their ERAF contribution. Furthermore, the bill will commit at least \$1 billion in ongoing state funding and will ensure schools are held harmless to meet the Proposition 98 guarantee.

SB 5 provides the opportunities for communities to access additional tax increment revenues to fund affordable housing, infrastructure, and economic development projects that advance state and local priorities, including reducing greenhouse gas emissions, expanding transit oriented development (TOD), addressing poverty, and revitalizing neighborhoods.

With over 750 members practicing economic development in California, CALED is the voice for the profession, and we are invested in keeping California competitive nationally and globally. CALED commends you for recognizing the diversity of California cities and acknowledging the flexibility cities need to spur housing construction and economic revitalization. Thank you for leadership in authoring SB 5.

Sincerely,

Gurbax Sahota  
President & CEO

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*The California Association for Local Economic Development (CALED) is the premier statewide professional economic development organization dedicated to advancing its members' ability to achieve excellence in delivering economic development services to their communities and business clients.*