

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2110 (Johnson) – As Amended April 16, 2026

|                   |                                   |       |        |
|-------------------|-----------------------------------|-------|--------|
| Policy Committee: | Local Government                  | Vote: | 10 - 0 |
|                   | Housing and Community Development |       | 12 - 0 |

Urgency: No                      State Mandated Local Program: Yes                      Reimbursable: No

**SUMMARY:**

This bill authorizes a city or county to establish a tax increment financing (TIF) district for the purpose of constructing workforce housing.

Specifically, this bill:

- 1) Authorizes a city, county, or city and county to designate one or more TIF districts to finance the construction of workforce housing.
- 2) Requires the agency forming the TIF district to adopt a resolution describing the intent, boundaries, projects, and goals for the district, as well as whether it intends to use property tax increment revenues to finance projects.
- 3) Specifies the membership of the governing board of the district and requires the governing board to be subject to existing ethics training requirements, open meeting laws, the California Public Records Act, and the Political Reform Act of 1974.
- 4) Allows a TIF district to finance the construction of residential housing where at least 80% of the units are reserved for public safety, education, health care, or manufacturing personnel. The units must all be deed-restricted so that at least 70% of the units serve lower income households and the remaining 30% of the units serve moderate income households. The project may be single-family or multifamily housing and may be a mixed-use development where at least 80% of the square footage of the project is dedicated to residential use.
- 5) This bill authorizes a TIF district to acquire, receive, and transfer real property but not through eminent domain.
- 6) Establishes the process for establishing a TIF district and the adoption of a financing plan, which requires the participation of the public through a protest process, and provides for a process to amend the plan.
- 7) Requires the district to adopt an annual report and requires that the district’s finances be subject to an audit by the State Controller every five years, commencing with the date the district allocates a total of \$1 million in tax increment revenues.
- 8) Prohibits the agency forming the TIF district from adopting a resolution providing for the division of taxes of any affected taxing unless a resolution approving the plan has been

adopted by the governing body of each taxing entity proposed to be subject to the division of taxes. A district must follow the procedures for the division of taxes described in this bill.

- 9) Requires the governing board of the district to submit any bond issuance proposal to the voters who reside within the district, and authorizes issuance only upon approval of two-thirds of the voters.

#### **FISCAL EFFECT:**

- 1) General Fund costs to the State Controller to perform an audit of a district's finances every five years commencing with the date the district allocates a cumulative total of \$1 million in tax increment revenues are likely infrequent and absorbable.
- 2) Local costs to county auditors of an unknown amount to reallocate property tax revenues pursuant to this bill. These costs are not likely reimbursable by the state, subject to a determination by the Commission on State Mandates, because counties may levy fees, service charges, or assessments to cover the cost of these services.
- 3) Other local costs incurred as the result of the formation of a TIF district, either by a district or other affected local entities are not reimbursable by the state.

#### **COMMENTS:**

- 1) **Purpose.** According to the author:

[This bill] provides local governments with a market-flexible, non-tax-increasing tool to directly address this stability gap. By authorizing a specialized form of tax increment financing, we empower our cities and counties to invest in their own essential human infrastructure without relying on state grants or imposing new tax burdens on residents. This measure is a strategic evolution in local finance that ensures the people who make California's economy and communities possible can actually afford to live in them.

- 2) **Background. TIF Tools.** After the dissolution of redevelopment agencies (RDAs) in 2012, per the Supreme Court's 2011 *Matasantos* decision, the Legislature created and subsequently modified new tax increment financing tools to pay for local economic development, including housing. These tools include Enhanced Infrastructure Financing Districts (EIFDs), Community Revitalization and Investment Authorities (CRIAs), affordable housing authorities (AHAs), and climate resilience districts (CRDs). These tools have been seldom used, some not at all. According to a 2021 report by the Governor's Office of Planning and Research (OPR), key limitations of these new tools (compared to RDAs) include their lack of access to the schools' share of property tax increment revenues and their reliance on voluntary participation of other taxing entities. Both of these features limit the revenue potential of these tools, thereby limiting their usefulness.

EIFDs are the most commonly used infrastructure financing tool created since the dissolution of RDAs and many of this bill's provisions are substantially similar to provisions in EIFD Law.

***Workforce Housing.*** Existing law allows cities, counties and school districts to build and provide employee rental housing. Generally, for cities and counties, employees must be an employee of the local agency, the state or any political subdivision, special district, including a school district, or any other local government entity, or an employee of a public or private utility whom the legislative body has determined performs a function essential to the public health, safety or welfare. The city or county may issue bonds for the construction of the housing. Existing law also requires not less than 20% of the total number of units of housing for rent to be for occupancy on a priority basis by lower income households at affordable rents.

In 2016, SB 1413 (Leno), Chapter 732, Statutes of 2016, established the Teacher Housing Act of 2016 to facilitate the acquisition, construction, rehabilitation, and preservation of affordable housing for teachers and school employees. In 2020, the Legislature expanded the Teacher Housing Act to allow all local public employees, or other members of the public, to occupy housing developed by school districts under the act. AB 2967 (Ting), Chapter 748, Statutes of 2024, expanded the Teacher Housing Act to cover specified nonprofit organization employees.

- 3) **Related Legislation.** AB 2263 (Kalra), of this legislative session, authorizes the Santa Clara Valley Transportation Authority to construct housing for employees, as specified. AB 2263 is pending on the Assembly Floor.

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