
SENATE COMMITTEE ON HOUSING
Senator Jesse Arreguín, Chair
2025 - 2026 Regular

Bill No: AB 2110 **Hearing Date:** 6/30/2026
Author: Johnson
Version: 6/22/2026 Amended
Urgency: No **Fiscal:** Yes
Consultant: Alison Hughes

SUBJECT: Workforce Housing Enhanced Infrastructure Financing Act

DIGEST: This bill creates Workforce Housing Enhanced Infrastructure Financing Districts (WHEIFDs).

ANALYSIS:

Existing law:

- 1) Creates EIFDs and allows them to finance public capital facilities or other specified projects of communitywide significance that provide significant benefits to the district or the surrounding community with an estimated useful life of 15 years or more, including projects that enable communities to adapt to the impacts of climate change.
- 2) Allows, in addition to construction costs, EIFDs to finance planning and design work, displacement of affordable housing residents, defending the district against protests over their formation, and the ongoing or capitalized costs to maintain the projects the district finances.
- 3) Provides that an EIFD is governed by a public financing authority (PFA) with three members of each participating taxing entity's legislative body and a minimum of two public members. Member agencies can also appoint an alternate member from their legislative body. If at least three taxing entities participate in the district, upon agreement of all taxing entities participating, the district's governing board can be reduced to one member and one alternate member of each legislative body and a minimum of two public members.
- 4) Requires the PFA to hold public meetings and meet notice requirements to consider an EIFD's formation, as specified.

This bill:

- 1) Creates WHEIFDs, which have the explicit authority to finance housing developments for public safety, education, health care, or manufacturing personnel.
- 2) WHEIFDs must require both of the following:
 - a) All residential units within the housing development are reserved for occupancy by public safety personnel, education personnel, health care personnel, or manufacturing personnel, except that members of the public may be allowed to occupy residential units, subject to applicable laws and regulations, and the residential units serve lower-income or moderate-income households.
 - i. The district may retain the right to prioritize public safety personnel, education personnel, health care personnel, or manufacturing personnel over members of the public to occupy housing.
 - ii. Housing developments are subject to specified fair housing laws.
 - b) All units are subject to a deed restriction, which shall require that at least 70% of the units serve lower-income households and the remaining 30% shall serve moderate-income households.
- 3) Provides that WHEIFDs may finance single-family or multifamily housing.
- 4) Authorizes housing projects in a WHEIFT to be a mixed-use development, provided that at least 80% of the square footage of the project is dedicated to residential use.
- 5) Authorizes WHEIFDs to issue bonds, but must get 2/3 voter approval to do so.

Comments

- 1) *Author's statement.* "California's housing crisis has become a structural barrier that threatens the functioning of our public and private services. AB 2110 provides our communities with another tool to address this ongoing housing crisis in a fiscally responsible and targeted way. 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) *Tax Increment Financing (TIF) and RDA dissolution.* From the early 1950s until they were dissolved in 2011, California redevelopment agencies (RDAs) used property tax increment financing to pay for economic development projects in blighted areas pursuant to the provisions of the Community Redevelopment Law. Generally, property tax increment financing involves a

local government forming a TIF district to issue bonds and use the bond proceeds to pay project costs within the boundaries of a specified project area. To repay the bonds, the district captures increased property tax revenues that are generated when projects financed by the bonds increase assessed property values within the project area. To calculate the increased property tax revenues captured by the district, the amount of property tax revenues received by any local agency participating in the district is “frozen” at the amount it received from property within a project area prior to the project area’s formation. In future years, as the project area’s assessed valuation grows above the frozen base, the resulting additional property tax revenues—the so-called property tax “increment” revenues—flows to the TIF district instead of other local agencies. After the bonds have been fully repaid using the incremental property tax revenues, the district is dissolved, ending the diversion of tax increment revenues from participating local agencies.

TIF revenues are typically used to pay back upfront costs or debt service for bonds issued to fund improvements such as infrastructure and other public facilities that are needed to facilitate private investment. Since the dissolution of RDAs, the Legislature has created several new TIF tools to authorize local governments to raise revenues to finance local infrastructure. Below is a chart summarizing the various available TIF tools.

TIFs + Enabling Legislation	Location Reqs	Rev Sources	Affordable Housing Reqs	Expenditures	Number Created
Infrastructure Financing Districts (IFD), SB 208 (Seymour, Chapter 1575, 1990)	None	Property tax increment	None	Capital improvements only, such as highways, transit, water systems, sewer projects, flood control, childcare facilities, libraries, parks, and solid waste	2
Enhanced Infrastructure Financing Districts (EIFD), SB 628 (Beall,	None	Property tax increment, increment from property tax in-lieu	None	Purchase, construction, or improvement of real property; can be used for maintenance of	15

Chapter 785, 2014)		of vehicle license fees		public facilities, as specified	
Infrastructure and Revitalization Financing District (IRFD), AB 229 (Perez, Chapter 775, 2014)	None	Property tax increment	None	Same as IFDs plus watershed lands, flood management, brownfield restoration and other environmental mitigation, purchase of real property, housing acquisition or construction, commercial acquisition or construction, and repayment transfer funds into a military base reuse authority	0
Community Revitalization and Infrastructure Authority (CRIA), AB 2 (Alejo, Chapter 319, 2015)	Disadvantaged communities, as specified, or an area within a former military base, as specified.	Property tax increment, increment from property tax in-lieu of vehicle license fees	25% for affordable housing	Wide range of capital improvements within its boundaries	0
Affordable Housing Authorities, AB 1598 (Mullin, Chapter 764, 2017)	None	Property tax increment, increment from property tax in-lieu of vehicle license fees, sales	95% for increasing and preserving affordable housing, as specified.	Financing low- and moderate-income housing, including supportive and transitional housing.	0

		and use tax increment			
Neighborhood Infill Finance and Transit Districts (NIFTI), AB 1568 (Bloom, Chapter 562, 2017)	Qualified infill site	Property tax increment, increment from property tax in-lieu of vehicle license fees, sales and use tax increment	20% of revenues for acquisition, rehabilitation or construction of affordable housing; 20% for all housing to be affordable	Wide range of capital improvements and affordable housing	0
Second Neighborhood Infill Finance and Transit Districts (NIFTI-2), SB 961 (Allen, Chapter 559, 2018)	Qualified infill site and within 1/2 mile of a major transit stop	Property tax increment, increment from property tax in-lieu of vehicle license fees, sales and use tax increment	40% of revenues must be spent on affordable housing; 50% of affordable housing funds for households below 60% AMI and 50% for households below 30% AMI		0

3) *EIFDs*. Following RDA, local officials sought other ways to use TIF to raise the capital they need to fund public works projects. In response, the Legislature enacted SB 628 (Beall, Chapter 785, Statutes of 2014) to allow local officials to create Enhanced Infrastructure Financing Districts (EIFDs), which augment the tax increment financing powers available to local agencies under existing

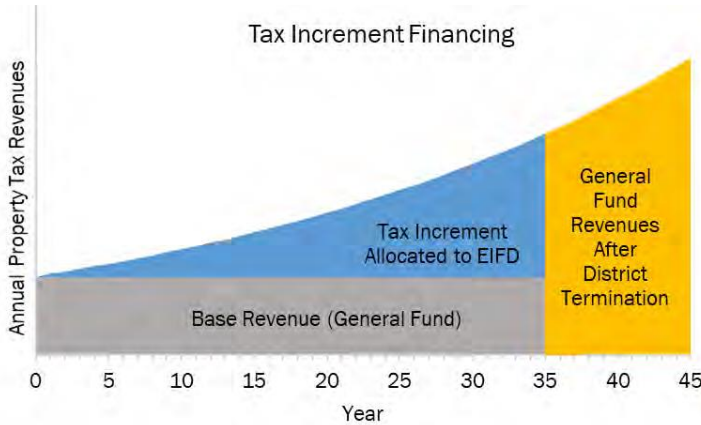
infrastructure financing district statutes. While the Legislature has created other similar financing tools, they have seldom, or never, been used.

EIFDs can finance public capital facilities or other specified projects of communitywide significance that provide significant benefits to the district or the surrounding community with an estimated useful life of 15 years or more, like infrastructure. To do this, they must follow a specific process for adopting an infrastructure financing plan (IFP) so that the public is aware of the projects the district intends to finance.

In addition to construction costs, EIFDs can finance: (1) planning and design work, (2) displacement of affordable housing residents, (3) defending the district against protests over existence or plans, and (4) the ongoing or capitalized costs to maintain the projects the district finances. The EIFD must not use bond proceeds to finance maintenance of any kind and must not finance costs for ongoing operations or providing services.

EIFDs can finance the acquisition, construction, or rehabilitation of housing for lower- and moderate-income households, for rent or purchase. EIFDs can finance mixed-income housing developments, but funds can only go to units deed-restricted for lower- and moderate-income households, and those onsite facilities for childcare, after school care, and social services that are integrally linked to the lower- and moderate-income households.

- 4) *Show me the money.* Historically, the RDAs allowed a local governments to establish a redevelopment area and capture all of the increase in property taxes generated within the area (referred to as “tax increment”) over a period of decades. The law required redevelopment agencies to deposit 20% of tax increment into a Low and Moderate Income Housing Fund (L&M fund) to be used to increase, improve, and preserve the community’s supply of low- and moderate-income housing available at an affordable cost. While it is estimated TIFs fund generated over \$1 billion annually for affordable housing construction statewide, many cities were using these funds for non-affordable housing related projects or hoarding the funds instead of investing it.



Among other local entities, RDAs were capturing tax revenues that were needed by municipalities, school districts, and other taxing entities. School districts, as required by Prop 98, are required to be “made whole” by these property tax diversions, so until their dissolution in 2012, the state

was “backfilling” these obligations to schools (totaling over \$2 billion annually). Governor Brown’s 2011-12 budget eliminated RDAs, diverting billions of dollars of property tax revenues back to schools, cities, and counties to fund core services. Non-school entities lost about \$1.5 billion annually to RDAs.

In order to avoid the significant impacts to the general fund that participation from school districts presented, the Legislature created a series of new “RDA 2.0 Tools” that do not authorize participation or inclusion of school districts. In 2004, voters passed Proposition 1A, which limited the ability for the Legislature to enact statutes that modify how property taxes are allocated among local governments. For these reasons, RDA 2.0 tools have much more limited utility. This is because, in many cases, the local share of property tax without the school share, and without the ability to force local agencies to participate, is insufficient to generate enough revenue to make the creation of a TIF worthwhile, or to warrant issuing a bond, absent participation by other taxing entities. Some estimates project that utilization of these new TIF tools will take many years to generate sufficient revenue absent some additional funds from other sources.

- 5) *WHEIFDs*. This bill would create a new subset of EIFDs with the authority to fund housing specifically for public safety personnel, education personnel, health care personnel, or manufacturing personnel. Specifically, if the project serves these workforces, at least 80% must be reserved for those populations. Alternatively, WHEIFDs can finance housing projects that are affordable to low- and moderate-income households. Housing may be either single family or multifamily, and may be mixed-income, provided 80% of the square footage of the project is dedicated to residential use.
- 6) *Fair housing guardrails*. The author is proposing to create housing specifically for certain workforces. Legislation providing authority to develop housing for

one population could be found to be in violation of the Fair Housing Act or other federal laws. To avoid such violations, this bill requires that housing for specific workforces comply with federal and state fair housing laws; and, allows the districts to prioritize specific workforces populations while also ensuring members of the public may occupy the units. Additionally, these units would be affordable to low- and moderate-income households.

7) *Incoming!* This bill was heard in the Senate Local Government Committee on June 17th and passed on a vote of 6-0.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, June 24th, 2026.)

SUPPORT:

The California Baptist Capitol Ministry

OPPOSITION:

None received.

-- END --