Office of Senate Floor Analyses
(916) 651-4171

CONSENT

Bill No: AB 2110
Author: Johnson (R)
Amended: 6/22/26 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 6-0, 6/17/26
AYES: Durazo, Choi, Arreguín, Cervantes, Laird, Seyarto
NO VOTE RECORDED: Ashby

SENATE HOUSING COMMITTEE: 9-0, 6/30/26
AYES: Arreguín, Seyarto, Cabaldon, Caballero, Cortese, Durazo, Grayson, Ochoa Bogh, Padilla
NO VOTE RECORDED: Gonzalez

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 72-0, 5/21/26 - See last page for vote

SUBJECT: Workforce Housing Enhanced Infrastructure Financing Act

SOURCE: Author

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

ANALYSIS:

Existing law:

1) Creates enhanced infrastructure financing districts (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.

Background

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 (TIF) 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

Comments

1) *Purpose of the bill.* According to the author, "California's housing crisis has become a structural barrier that threatens the functioning of our public and private services. Essential public safety and manufacturing workers are being systematically priced out of the neighborhoods they serve. Traditional affordable housing programs often overlook these working professionals, leaving those earning between 80% and 120% of the Area Median Income with few subsidies to bridge the gap between their purchasing power and the high

cost of living. AB 2110 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) *Why EIFDs or WHEIFDs?* Proposition 13 (1978) capped property tax rates at 1% of assessed value (which only changes upon new construction or when ownership changes). If properties do not get reassessed, the Constitution caps growth at 2% per year. The general theory behind TIF is that a local agency creates a district because it expects significant property tax growth generated through reassessments when property changes hands or is improved. Otherwise, a TIF district only receives the increment that comes from the 2% growth, which may not be sufficient to generate enough revenue to finance significant infrastructure projects in a timely fashion. When the TIF district uses these resources to finance infrastructure projects, it can springboard additional property tax growth. In other words, the TIF district pays for itself. When RDAs existed, they had at least two important advantages over current TIF districts. First, they received increment from the school share of property tax revenue, which the state backfilled from the General Fund in many cases. Second, they received increment that would have otherwise gone to other local agencies without their approval. This generated billions of dollars in additional funds that cities and counties could only access through redevelopment. Even with these key features, research has found that RDAs generally did not generate enough growth in property values to justify the property tax revenue they received. This suggests that TIF districts, like WHEIFDs, won't effectively finance infrastructure projects without a subsidy.

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

SUPPORT: (Verified 8/3/26)

The California Baptist Capitol Ministry

OPPOSITION: (Verified 8/3/26)

None received

ASSEMBLY FLOOR: 72-0, 5/21/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Johnson, Kalra, Krell, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Arambula, Chen, Garcia, Jackson, Lackey, Lee, Ramos, Celeste Rodriguez

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8/5/26 15:04:26

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