THIRD READING

Bill No: AB 2308
Author: Haney (D)
Amended: 8/4/26 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 6-1, 6/10/26
AYES: Durazo, Arreguín, Ashby, Cervantes, Laird, Seyarto
NOES: Choi

ASSEMBLY FLOOR: 66-0, 5/7/26 (Consent) - See last page for vote

SUBJECT: Redevelopment: successor agency debt: City and County of San Francisco

SOURCE: Transbay Joint Powers Authority

DIGEST: This bill allows the successor agency to the former San Francisco redevelopment agency to extend its authority to issue bonds to finance the Transbay Program.

ANALYSIS:

Existing law:

1) Establishes the Community Redevelopment Law, which governs the authority to establish a redevelopment agency (RDA) and the authority for a RDA to function as an agency and to adopt and implement a redevelopment plan.

2) Provides that RDA plans adopted on or before December 31, 1993, had to terminate no more than 40 years from their adoption or January 1, 2009, whichever is later. After this point, the RDA had no authority to act pursuant to the redevelopment plan except to pay previously incurred indebtedness, comply with affordable housing production requirements, and enforce existing covenants, contracts, or other obligations.

3) Requires each RDA to make deposits into a Low and Moderate Income Housing Fund the agency maintained to increase, improve, and preserve the community's supply of low- and moderate-income housing, generally not less than 20% of all taxes allocated to the agency.

4) Requires RDAs to replace low- or moderate-income housing units destroyed or removed as part of their previous projects.

5) Dissolves redevelopment agencies as of February 1, 2012.

6) Establishes successor agencies to manage the process of unwinding former RDAs' affairs, and oversight boards to approve successor agency decisions.

7) Allows the Department of Finance (DOF) to review and request reconsideration of an oversight board's decision.

8) Requires the successor agency to submit specified information on its outstanding assets and obligations, also known as a Recognized Obligation Payment Schedule (ROPS).

9) Allows DOF to issue a finding of completion to a successor agency acknowledging their progress towards paying off their obligations provided that its Final ROPS contains specified information.

10) Allows a successor agency to make payments for the enforceable obligations RDAs entered into listed on the ROPS. These payments are supported by property tax revenues that would have gone to RDAs, but are instead deposited in a Redevelopment Property Tax Trust Fund (RPTTF). Enforceable obligations include bonds, bond-related payments, some loans, payments required by the federal government, obligations to the state or imposed by state law, payments to RDA employees, judgements or settlements, and other legally binding and enforceable agreements or contracts.

11) Authorizes San Francisco's successor agency to issue bonds and incur debt for other projects using RPTTF, including housing projects in Mission Bay, Hunters Point, and pursuant to the Transbay Implementation Agreement (TIA).

This bill:

1) Allows the successor agency to the former San Francisco redevelopment agency (RDA) to extend its authority to issue bonds to finance infrastructure

required by the TIA by specifying that arrangements to extend the time period for pledges of gross sales proceeds and net tax increment (NTI) entered into with the Transbay Joint Powers Authority (TJPA) and San Francisco are included within its existing authority to issue bonds for these purposes.

2) Defines NTI to exclude administrative costs, affordable housing set aside payments from the former redevelopment agency, contributions to the city and county's Educational Revenue Augmentation Fund, and residual payments the successor agency would otherwise pay to school entities after the effective term of the existing pledge of net tax increment.

Background

Redevelopment agencies. Citing a significant State General Fund deficit, Governor Brown's 2011-12 budget proposed eliminating RDAs and returning billions of dollars of property tax revenues to schools, cities, and counties to fund core services. Among the statutory changes that the Legislature adopted to implement the 2011-12 budget, AB X1 26 (Blumenfield, Chapter 5, Statutes of 2011, First Extraordinary Session) dissolved all RDAs. The California Supreme Court's 2011 ruling in *California Redevelopment Association v. Matosantos* upheld AB X1 26, but invalidated AB X1 27 (Blumenfield, Chapter 6, Statutes of 2011, First Extraordinary Session 2011), which would have allowed most RDAs to avoid dissolution. In response, the California Redevelopment Association challenged the two measures. The Supreme Court denied the petition for peremptory writ of mandate with respect to AB X1 26, but granted it with respect to AB X1 27. As a result, all RDAs dissolved as of February 1, 2012. At the time of dissolution, over 400 RDAs statewide were diverting 12% of property taxes, over $5.6 billion yearly.

RDAs' dissolution deprived many local agencies of the primary tool they used to eliminate physical and economic blight, finance new construction, improve public infrastructure, rehabilitate existing buildings, and increase the supply of affordable housing. At the time the state dissolved RDAs, the Controller estimated that statewide, the requirement to set aside 20% of funding generated in a project area for low- and moderate-income housing obligated RDAs to spend $1 billion on affordable housing.

City and County of San Francisco. San Francisco's RDA completed various redevelopment projects dating back to the 1960s. The RDA project areas diverted funds from the City and County of San Francisco and other taxing entities, including Bay Area Rapid Transit District, San Francisco Unified School District, San Francisco Community College District, and the city and county's Educational

Revenue Augmentation Fund (ERAF), for its redevelopment projects. In 2015, the Legislature passed, and the Governor signed, SB 107 (Committee on Budget and Fiscal Review, Chapter 325, Statutes of 2015), which authorized the successor agency to issue bonds and incur debt for other projects using RPTTF, including the housing projects in Mission Bay, Hunters Point, and pursuant to the TIA. Using RPTTF to fund these projects extended the expected lifespan of the successor agency until 2058.

Transbay Joint Powers Authority (TJPA). The TJPA is a joint exercise of powers authority created in 2001 by San Francisco, the Alameda-Contra Costa Transit District and the Peninsula Corridor Joint Powers Board; subsequently, in 2017, the California High Speed Rail Authority was added as a member. An 8-member board governs the TJPA. TJPA has primary jurisdiction with respect to all matters concerning the financing, design, development, construction, and operation of the Transbay Program.

In 2003, TJPA, San Francisco, and the State of California entered into an agreement in which the State agreed to transfer specified state-owned parcels to San Francisco and the TJPA, subject to certain restrictions. Under the agreement, known as TIA, the state-owned parcels are subject to a deed restriction requiring that TJPA can only sell these parcels when the proceeds go to the TJPA to finance the Transbay Terminal Project. The agreement further requires that a portion of tax increment revenues attributable to the state-owned parcels, the "net tax increment (NTI)," go to TJPA to finance development of the Transbay Terminal Project.

Comments

1) *Purpose of the bill.* According to the author, "San Francisco needs modern, connected transit infrastructure to support our growing economy, build housing near jobs, and revitalize our downtowns. The Transbay Program is a transformative investment that will expand regional transit capacity, connect Caltrain and future high-speed rail to the Salesforce Transit Center, and unlock thousands of homes and new economic activity in the heart of San Francisco. However, the COVID-19 pandemic significantly affected the project's bonding capacity, and at a time when federal transit funding opportunities have become less certain, the project needs additional financial stability to move forward. AB 2308 addresses this challenge by extending the timeline for an existing value-capture financing tool tied to former state-owned parcels in the Transbay Redevelopment Area by 25 years. This targeted extension will help ensure the project can secure the financing needed to complete the Downtown Rail

Extension, delivering increased transit capacity, new housing, downtown revitalization, and thousands of good, labor-backed construction jobs for California's workers – all without adding any new taxes."

2) *The song that never ends.* AB X1 26 created successor agencies to unwind RDAs obligations so that property tax revenues previously going to RDAs flow back to the local agencies generating the revenue. The property tax revenue used to issue these bonds originates from not just the successor agency, which is the city in many cases, but also the county, special districts, and school and community college districts, which impacts the state by way of the Proposition 98 minimum funding guarantee. This bill allows San Francisco to extend its authority to issue bonds for the Transbay Project. By doing so, this bill delays the dissolution of its successor agency for another couple decades until the new bonds are fully paid off, which pushes the estimated dissolution date for the successor agency to 2075.

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

SUPPORT: (Verified 8/5/26)

Transbay Joint Powers Authority (Source)
Metropolitan Transportation Commission
Peninsula Corridor Joint Powers Board

OPPOSITION: (Verified 8/5/26)

None received

ASSEMBLY FLOOR: 66-0, 5/7/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Patterson, Pellerin, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Ward, Wilson, Zbur, Rivas

NO VOTE RECORDED: Arambula, Bonta, Chen, Flora, Gallagher, Hart, Hoover, Irwin, Papan, Petrie-Norris, Celeste Rodriguez, Valencia, Wallis, Wicks

Prepared by: Jonathan Peterson / L. GOV. / (916) 651-4119
8/7/26 14:40:36

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