Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1003 (Grayson) – As Amended May 14, 2026

Policy Committee:	Local Government	Vote:	10 - 0
	Housing and Community Development		11 - 0

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

SUMMARY:

This bill authorizes a city or county with a "prohousing" designation from the California Department of Housing and Community Development (HCD) to establish a prohousing enhanced infrastructure financing district (PEIFD) and requires a jurisdiction that establishes a PEIFD to receive enhanced preference when applying to certain housing-related programs.

Among its provisions, this bill:

1) Authorizes a prohousing jurisdiction, as designated by HCD, to establish a PEIFD by adopting a resolution, making a finding by resolution that it complies with existing law affirmatively furthering fair housing, and adopting an infrastructure financing plan that requires a review to ensure compliance with the bill's provisions every 10 years, and requires new housing units to meet specified affordability standards.

2) Requires a PEIFD to ensure, by recorded covenants, that affordable units financed by the PEIFD remain available at the applicable required affordable housing costs for not less than 55 years for rental units and 45 years for owner-occupied units.

3) Provides that enhanced infrastructure financing district (EIFD) law applies to a PEIFD except a PEIFD may not finance highways or interchanges.

4) Requires the PEIFDs public financing authority to include in its annual report the 10-year required compliance review and the progress in complying with affordable housing obligations.

5) Requires a jurisdiction that establishes a PEIFD, and an eligible project within a PEIFD, to receive enhanced points or preference beyond the baseline provided for locals that have a prohousing designation, when applying to specified housing and infrastructure programs.

6) Authorizes funds awarded to a jurisdiction that has established a PEIFD, or a project located within a PEIFD, to be used for infrastructure components that directly support, strengthen, or accelerate implementation of the PEIFD, including house-enabling infrastructure, but only to the extent consistent with the requirements of the program from which funding was awarded.

FISCAL EFFECT:

HCD anticipates minor and absorbable costs to revise the guidelines of specified programs to provide enhanced bonus points or preferences for cities and counties with an established PEIFD.

COMMENTS:

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

> While many state programs exist to support affordable housing construction, there are fewer programs available that help to provide funding for infill infrastructure. [This bill] establishes PEIFDs which would support local jurisdictions to build infrastructure for infill housing. If a local jurisdiction creates a PEIFD, they will receive additional points towards programs that can help provide support for housing related infrastructure. By creating PEIFDs, this ensures greater accountability for development projects, while reducing costs upfront. Ultimately [this bill] will help unlock housing, leverage local investment, and generate lasting returns.

   The bill is sponsored by the Housing Action Coalition and has no known opposition.

2) **Background.** ***EIFDs.*** After the Supreme Court's 2011 Matosantos decision dissolved redevelopment agencies (RDAs) in the state, local officials sought other ways to use tax increment financing to raise capital to fund public works projects. In response, the Legislature enacted laws providing numerous financing tools for local governments, including the creation of EIFDs, which augment the tax increment financing powers available to local agencies under existing infrastructure financing district statutes. EIFDs may 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.

   Once approved by the initiating city or county, EIFDs may use a portion of the property tax increment, excluding the school share, if the participating local governments approve it. They may also use revenue the infrastructure project generates, such as money generated from user fees, public-private partnerships, loans, and grants. Finally, an EIFD may receive the local share of sales and use taxes and transactions and use taxes. Like an RDA, an EIFD may issue bonds backed by these revenues to pay for projects, but bond proceeds cannot be used to finance maintenance, ongoing operations, or providing services

   This bill authorizes a city or county with a prohousing designation to establish a PEIFD, which is modeled after EIFD law, but formed by a prohouisng jurisdiction that meets or agrees to additional housing-related requirements.

   Prohousing Designation. Existing law requires HCD to establish a process to designate cities and counties as prohousing if their local policies facilitate the planning, approval, or construction of housing. Jurisdictions granted a prohousing designation are awarded additional points or preferences when applying for certain state programs, including the Affordable Housing and Sustainable Communities Program, Transformative Climate Communities Program, and the Infill Infrastructure Grant Program. In addition, local governments with a prohousing designation are eligible to apply for funds from the Prohousing Incentive Program, which rewards those cities and counties with additional planning or implementation funding to accelerate affordable housing production and preservation.

This bill provides enhanced points or preference to a prohousing jurisdiction with a PEIFD when competing for these programs.

Analysis Prepared by: Jennifer Swenson / APPR. / (916) 319-2081