

SENATE THIRD READING

STR Bill Id:SB 782 Author:(Pérez)

As Amended Ver:July 17, 2025

2/3 vote. Urgency

SUMMARY

Creates a subcategory of climate resilience districts (CRDs) to finance disaster recovery efforts.

Major Provisions

- 1) Authorizes a city or county to adopt a resolution providing for the division of taxes of any participating entity without following the procedures for the preparation and adoption of an infrastructure financing plan (IFP) as described in Enhanced Infrastructure Finance District (EIFD) Law if all of the following are met:
 - a) The boundaries of the proposed CRD are limited to an area in which the disaster damage has caused conditions that are so prevalent and so substantial that they have caused a reduction, or a lack, of the normal predisaster usage of the area to an extent that causes a serious physical and economic burden that cannot reasonably be expected to be reversed or alleviated during the term of the IFP by private enterprise or governmental action, or both, without redevelopment.
 - b) Areas adjacent to the disaster area may be included within the boundaries of the proposed CRD, but those adjacent areas shall be no more than 20% of the total district area.
 - c) The city or county adopts a resolution no more than two years after the proclamation of the disaster.
 - d) The resolution contains specified information.
- 2) Provides that the city or county entity proposing formation of the CRD shall hold a public meeting on the proposal to consider the resolution of intention to establish the CRD. A second public meeting shall be held by the governing board of the CRD to consider the adoption of the IFP. Specified notice for the meetings shall be provided.
- 3) Provides that after adopting the resolution of intention to establish a CRD, the city or county shall designate an official to prepare a proposed IFP. This plan shall include all specified information and shall be made available for public inspection at least 30 days before the public meeting held by the CRD's governing board. The designated official shall consult with each affected taxing entity, and, at the request of any affected taxing entity, shall meet with representatives of an affected taxing entity. Any affected taxing entity may suggest revision to the plan.
- 4) Requires the CRD to follow the procedures for amending the IFP and providing an annual report outlined in EIFD Law, except that it shall not be required to mail any written notices.
- 5) Provides that a CRD established pursuant to this bill shall limit the use of its revenue as specified.

- 6) Provides that except as specifically provided in this bill, a CRD established pursuant to this bill shall comply with CRD Law.
- 7) Specifies that a CRD established pursuant to this bill may plan, adopt, and implement an IFP, and the legislative body of the city or county that created it may approve projects in the disaster area even if it is inconsistent with the general plan, and specific plan, if applicable, of the city or county within which the CRD is located.
- 8) Provides that, for a CRD established pursuant to this bill, both of the following shall apply:
 - a) Bond proceeds shall not be used for costs of operations, programs, or providing services of any kind.
 - b) The specified statement required by existing law may be filed with the auditor of each levying county, and the statement and the map or plat shall be filed with each assessor whose roll is used for the levy and with the State Board of Equalization in Sacramento, no later than January 31 of the year in which the assessments or taxes are to be levied.
- 9) Provides that for the purposes of this bill, "disaster" means a disaster for which the Governor has declared a state of emergency pursuant to the California Emergency Services Act.

COMMENTS

- 1) *Los Angeles Fires*. In early January 2025, extremely dry conditions and high winds in Los Angeles resulted in two of the most destructive wildfires in state history. According to a January 31, 2025, *NBC News* article, "The Palisades fire, which started on January 7th, burned a total of 23,448 acres and damaged or destroyed almost 8,000 structures in the Pacific Palisades and Topanga State Park area of west Los Angeles. That same day, other fires also broke out in the greater Los Angeles area: the Eaton and Hughes fires. The Eaton fire consumed 14,021 acres and damaged or destroyed more than 10,000 structures, including significant portions of the unincorporated community of Altadena. The fires destroyed about half of all properties in both Palisades and Altadena and caused the deaths of at least 29 people.

According to a February 21, 2025, *Los Angeles Times* article, "Real estate losses from the Palisades and Eaton fires could top \$30 billion, and government agencies that receive revenue from taxes stand to lose \$61 million or more annually while homes are being rebuilt, a Times analysis shows.

"The analysis, comparing California Department of Forestry and Fire Protection assessments of buildings destroyed and damaged with Los Angeles County assessor parcel records, gives new perspective to the extent of the toll on the two communities. The fires destroyed structures on 56% of all the properties making up the Pacific Palisades. Nearly half of properties in Altadena were destroyed. More than 300 were commercial buildings. Churches, schools and hospitals were also lost. By far, the biggest impact was on homes.

"In all, just under 13,000 households were displaced by the two fires. They came from nearly 9,700 single-family homes and condominiums, almost 700 apartment units, more than 2,000 units of duplexes and bungalow courts and 373 mobile homes that Cal Fire determined were either destroyed or heavily damaged."

- 2) *Redevelopment.* Article XVI, Section 16 of the California Constitution authorizes the Legislature to provide for the formation of redevelopment agencies (RDAs) to eliminate blight in an area by means of a self-financing schedule that pays for the redevelopment project with tax increment derived from any increase in the assessed value of property within the redevelopment project area (or tax increment). Generally, property tax increment financing involves a local government forming a tax increment financing 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 government 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 — flow to the tax increment financing district instead of other local governments. 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 governments.

Prior to Proposition 13, very few RDAs existed; however, after its passage, RDAs became a source of funding for a variety of local infrastructure activities. Eventually, RDAs were required to set aside 20% of funding generated in a project area to increase the supply of low and moderate income housing in the project areas. At the time RDAs were dissolved, the Controller estimated that statewide, RDAs were obligated to spend \$1 billion on affordable housing. At the time of dissolution, over 400 RDAs statewide were diverting 12% of property taxes, over \$5.6 billion yearly.

In 2011, facing a severe budget shortfall, the Governor proposed eliminating RDAs in order to deliver more property taxes to other local agencies. Ultimately, the Legislature approved and the Governor signed two measures, ABX1 26 (Blumenfield), Chapter 5 Statutes of 2011 and ABX1 27 (Blumenfield), Chapter 6, Statutes of 2011 that together dissolved RDAs as they existed at the time and created a voluntary redevelopment program on a smaller scale. In response, the California Redevelopment Association (CRA) and the League of California Cities, along with other parties, filed suit challenging the two measures. The Supreme Court denied the petition for peremptory writ of mandate with respect to ABX1 26. However, the Court did grant CRA's petition with respect to ABX1 27. As a result, all RDAs were required to dissolve as of February 1, 2012.

- 3) *Attempts to Replace RDAs.* After the Supreme Court's 2011 Matosantos decision dissolved all RDAs, legislators enacted several measures creating new tax increment financing tools to pay for local economic development. The Legislature authorized the creation of EIFDs [SB 628 (Beall), Chapter 785, Statutes of 2014] quickly followed by CRIAs [AB 2 (Alejo), Chapter 319, Statutes of 2015]. Similar to EIFDs, CRIAs use tax increment financing to fund infrastructure projects. CRIAs may currently only be formed in economically depressed areas.

The Legislature has also authorized the formation of affordable housing authorities (AHAs), which may use tax increment financing exclusively for rehabilitating and constructing affordable housing and also do not require voter approval to issue bonds [AB 1598 (Mullin), Chapter 764, Statutes of 2017]. SB 961 (Allen), Chapter 559, Statutes of 2018, removed the vote requirement for a subset of EIFDs to issue bonds and required these EIFDs to instead solicit public input, and AB 116 (Ting), Chapter 656, Statutes of 2019, removed the voter requirement for any EIFD to issue bonds in favor of a formal protest process. SB 852 (Dodd), Chapter 266, Statutes of 2022, created climate resilience districts (CRDs), which can also utilize tax-increment financing. CRDs were also given the authority to issue general obligation bonds and impose special taxes. While these entities share fundamental similarities with RDAs in terms of using various forms of tax-increment financing, they differ in two significant aspects, 1) not having access to the school's share of property tax increment, and 2) not automatically including the tax increment of other taxing entities.

According to the Author

"In January of this year, 14 destructive wildfires – namely the Eaton and Palisades Fire – ravaged the Los Angeles metropolitan region and San Diego County. These fires claimed at least 29 lives, forced over 200,000 residents to evacuate, burned over 57,000 acres of land, and destroyed more than 18,000 homes and structures. The devastation exposed the shortcomings of traditional financing methods – they are often too slow and cumbersome to meet the urgent needs of the communities in crisis.

"That is why I am authoring SB 782, to ensure Los Angeles County can rebuild quickly and effectively. This bill establishes a pathway for creating disaster recovery financing districts to rapidly mobilize resources for repairs, mitigation and resilience-building through a community-based approach. It will help local communities rebuild and promote equitable development in the areas most impacted by disasters. Additionally, it ensures that revenue generated through the financing district is strictly dedicated to economic recovery and workforce development programs. By targeting these investments, this legislation not only accelerates recovery, but it also strengthens a community's ability to face future disasters."

Arguments in Support

According to the sponsor, Los Angeles County, "In the wake of the January 2025 wildfires—which destroyed over 18,000 structures, claimed 29 lives, and displaced hundreds of thousands—SB 782 offers a streamlined, community-driven path to recovery. By allowing jurisdictions to define disaster zones, dedicate local tax revenues, and accelerate rebuilding through emergency procurement and expedited approvals, this bill equips local governments with the tools to respond swiftly and effectively.

"SB 782 will support housing, infrastructure, risk mitigation, small business recovery, and workforce development—ensuring communities like Los Angeles County can rebuild stronger and more resilient."

Arguments in Opposition

According to California (un)Incorporated, "Unfortunately, SB 782 works against local control for unincorporated communities like Altadena because it:

- 1) Was devised without community consultation and education,

- 2) Creates a new and largely unaccountable bureaucracy - yet another top-down governing body that keeps the community at arm's length from decisions involving its own future,
- 3) Vests power in the hands of an outside, non-resident organization - an aspect of the municipal incorporation provisions of the Cortese-Knox-Hertzberg Act for which we seek reform, and
- 4) Works against the community-driven rebuilding effort envisioned by AB 797, already approved by the state Assembly, which would provide an innovative mechanism to guide and transform local economic development in addition to disaster response

"We believe the residents and businesses of unincorporated communities deserve the same rights and privileges held by residents and businesses of incorporated municipalities. Altadena, Pasadena and Sierra Madre are all resilient, closely-knit communities. They all suffered harm from the Eaton Fire. Being cities, both Pasadena and Sierra Madre are entrusted with leadership to rebuild their damaged neighborhoods. But Altadena, being unincorporated, does not have a Mayor and City Council. Altadena's future must rely on the kindness of people and institutions who are not part of the community fabric. That is a strategy for ineffectiveness. SB 782 would continue the state's unfair and undemocratic treatment of Californians whose voices, needs and hopes are often overlooked because their communities are unincorporated."

FISCAL COMMENTS

None.

VOTES

SENATE FLOOR: 38-0-2

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Grove, Reyes

ASM LOCAL GOVERNMENT: 10-0-0

YES: Carrillo, Ta, Hoover, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

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