

[Bond Case Briefs](#)

Municipal Finance Law Since 1971

[California Blight-Fighting Agencies May Be Revived for Housing.](#)

- **Lawmaker is eyeing new bond vehicle for redevelopment agencies**
- **Districts were killed in 2012 to help ease budget shortfall**

California redevelopment agencies used to embark on some dubious ventures such as golf courses before the blight-fighting agencies were abolished by the state legislature in 2012. Now, an assemblyman determined to revive them may also create a new vehicle to allow them to sell pooled bonds for affordable housing.

David Chiu, a Democrat from San Francisco, is reworking his bill to bring back the agencies funded by the extra taxes generated by development. Among the ideas he's vetting is pooling the tax revenue from participating cities and counties and issuing a bond through the state treasurer's office. Municipalities would receive their share of the proceeds based on the corresponding revenue from their tax-increment districts. The structure, by reducing the cost of debt, could generate 20% to 30% more funding that could be spent on housing, Chiu said.

Chiu is also considering how the projects could meet the state's climate change goals, such as encouraging new homes along transit corridors.

Chiu initially wanted his bill to be considered this year, but Governor Gavin Newsom's administration preferred to focus on other initiatives to boost housing production, he said. The latest iteration of his bill may emerge later this year or early next, he said.

"I have full intent to move this forward," Chiu said. "This is a crucial element in addressing the affordable housing crisis."

Former Governor Jerry Brown pushed to eliminate redevelopment agencies in order to redirect property-tax revenue to schools and other purposes amid a budget crisis. Newsom during his campaign for governor last year expressed support for bringing them back for housing. His spokesman Nathan Click didn't return requests for comment.

Chiu's plan will encompass "the best elements of redevelopment, with modern 21st century changes not revisiting the mistakes of the past," he said. "This is not trying to address blight or some antiquated notion of urban renewal."

Bloomberg Markets

By Romy Varghese

June 6, 2019, 8:00 AM PDT

