

California State Senate

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September 18, 2019

The Honorable Gavin Newsom
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

RE: Recommended Veto of SB 5 (Beall)

Dear Governor Newsom:

I respectfully write to request your veto of Senate Bill 5, which creates the Affordable Housing and Community Development Investment Program.

Since the demise of redevelopment agencies in 2012, there have been a variety of legislative efforts to revive, incrementally or in whole, some form of redevelopment in California. We have seen enhanced infrastructure financing districts, community revitalization and investment authorities, and more traditional affordable housing authorities and joint powers authorities. Now, SB 5 would almost entirely revive redevelopment.

In addition to allowing these agencies to receive schools' property tax revenues for periods of up to 30 years and bond against those revenues, there are additional policy concerns wrought by SB 5. Specifically, the measure will reduce funding for State programs and/or lead to higher taxes; it complicates State budget balancing during economic downturns; and it will reduce the State's capacity to issue bonds for other State priorities.

For these reasons, I respectfully request your veto.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shannon Grove', is written over a light blue rectangular background.

Shannon Grove
Senate Republican Leader