2026 CALED TIF Primer Update

This insert contains updates to Chapter 3,[1] and Chapter 4,[2] of CALED's Primer on California's Tax Increment Financing Tools 2nd Edition to reflect statutory changes made by legislation approved in the 2025 Legislative Session, which took effect January 1, 2026. The format of this insert aligns with the main section headings included within Chapter 3. Amendments to the CRIA law relevant to each section are noted herein and should be considered additive or corrective to the language contained in Chapter 3.

Overview

In the 2025 California legislative session, the Legislature passed and the Governor signed AB 417 (Carrillo), Ch. 260 of 2026, which contained amendments to the Community Revitalization and Investment Authority (CRIA) statute. That legislation also made other amendments to Enhanced Infrastructure Finance District (EIFD) statutes.

AB 417 reduces the complexity associated with identifying territory and streamlined the formation process for CRIAs. This summary is intended to update portions of the following subsections of Chapter 3:

1. Location and Powers
2. Revitalization Areas
3. Formation
4. Adoption Process

Location and Powers & Revitalization Areas

AB 417 provides enhanced flexibility for local agencies seeking to designate territory to be included within a CRIA. Under prior law, the primary option for designating territory within a CRIA required it to meet *both* of the following conditions:

i. At least 70 percent of the designated territory must contain households earning less than 80 percent of state, county, or citywide annual median income, *and*

ii. The affected territory must meet 3 out of 4 specified blighting conditions.

AB 417, however, significantly reduced the complexity to designate CRIA territory. Now designating CRIA territory within a CRIA must only meet *one* of the following conditions:

i. At least 60 percent of the designated territory within a CRIA must contain households earning less than 80 percent of state, county, or citywide annual median income, *or*

ii. At least 60 percent of the designated territory within a CRIA must meet 3 out of 4 specified blighting conditions.

With this major change, local agencies only need to meet the (60 percent @80 percent AMI) threshold for designated CRIA territory and no longer are required to perform detailed surveys and analysis to support the identification of 3-of-4 blighting conditions.

An important clarification associated with designating territory within a CRIA is that [Sec. 62001 (e)] also allows the inclusion of territory that meets any of these conditions in *"As an alternative, and in addition to…"* the territory described above:

- Sites identified pursuant to a Sustainable Communities Strategy or Alternative Planning Strategy Planning zoned to allow transit priority projects;
- Sites identified for housing in a local city/county's housing element;
- All census tracts/block groups within a disadvantaged community;
- Territory of a former military base principally characterized by deteriorated or inadequate infrastructure and structures.

Practice Tip: As demonstrated by the housing element sites designated in the CRIA adopted by the City of Victorville, this additional territory can be non-contiguous with other eligible CRIA areas.

Formation and Adoption Process

AB 417 also streamlined the CRIA creation process, in newly added Section 62004.5, so that it parallels the timelines for creating an EIFD. It reduces the number of required public hearings from three to two and allows for an initial, consolidated 40-day mailed notice as an alternative to the 10-day mailed notice requirements in advance of each public hearing.[3]

[1] *Chapter 3 of the TIF Primer contains an explanation of CRIAs, their powers, process for identifying territory, and formation procedures.*
[2] *Chapter 4 is referenced here because the subsection "Select TIF Boundaries Carefully" (Page 28) mentions prior legislation SB 780 (Cortese) of 2021, which expanded areas where a CRIA could be established. AB 417 (Carrillo) of 2025, offers additional flexibility when considering territory to include in a CRIA.*
[3] *AB 417 also contains an uncodified provision stating that it was not the intent of the Legislature, when modifying the CRIA formation process, via the changes in AB 417, to "disrupt or delay" local agencies which were in the midst of the formation process prior to the effective date of the law. Any affected agency could choose to complete the formation process consistent with the requirement and timelines in effect on the date that the resolution of intention was adopted.*

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Below is a brief explanation of the revised formation process, incorporating the changes made by AB 417:

Initial Mailed Notice

- Requires the Authority to provide mailed notice of the initial informational meeting to property owners and residents at least 10 days prior to the meeting. This notice shall also be posted on the authority's website post at least 10 days prior to meeting.
- AB 417 Alternative: Provides, as an alternative to providing mailed notices prior to the informational hearing and the two public hearings, that the Authority may instead send a comprehensive notice, containing more detailed information, including the dates of the two public hearings, at least 40 days prior to the informational hearing.
- Requires this 40-day comprehensive notice to contain the following information:
  a. A summary of the plan.
  b. The internet website where the applicable documents will be made available for public viewing or inspection.
  c. A designated contact person to receive and process any requests for a mailed or electronically mailed packet of all materials.
  d. The location, date, and time of the meeting and the two public hearings.
  e. A description of the actions that may be taken at the initial informational meeting and the two public hearings.
  f. A description of the schedule, information, and process for accessing any amendments to the plan.
  g. A description of the schedule, information, and process for accessing annual reports.
- AB 417 provides that if a date identified for a public hearing in the 40-day notice is rescheduled due to unanticipated circumstances, then the Authority shall do all of the following:
  a. Publish notice of the rescheduled date and time of public hearing, at least 10 days before the meeting, in a newspaper.
  b. Post notice of the rescheduled date and time of the public hearing 10 days prior to the hearing on the internet website where information on the Authority's is maintained.
  c. Email, at least 10 days before the rescheduled public hearing, notification of the rescheduled date and time of the public hearing to an email contact list (containing landowners, residents, and other interested parties who have expressed interest in receiving information and materials) which has been assembled and maintained by the Authority's designated contact person.
- AB 417 requires public notices, except for newspaper notices, to be provided in English and in all other languages spoken jointly by 20 percent or more of the population in the jurisdiction of the county of the proposed authority that speaks English less than "very well" and jointly speaks a language other than English according to data from the most recent American Community Survey or data from an equally reliable source.

Focus of Initial Community Informational Meeting and Two Public Hearings

- Requires the Authority to make a draft plan available to public and each property owner at an informational meeting held at least 30 days prior to notice given for first public hearing.
- At this informational meeting, staff shall present plan, answer questions, and consider comments.

Two Public Hearings

AB 417 reduced the total number of public hearings on the plan from three to two. The law provides that an Authority shall consider plan adoption at two public hearings that take place at least 30 days apart.

- **First Public Hearing:** Requires a 10-day notice (including a once-per-week for four weeks newspaper notice) shall be provided prior to the first public hearing. At the first public hearing, the Authority shall consider any written and oral comments and take action to modify or reject the plan.
- **Second Public Hearing:** Requires a 10-day public notice (including a 10-day newspaper notice) prior to the second public hearing. At this meeting the authority shall hold a protest proceeding to consider whether property owners and residents wish to file protests against the adoption of the plan. Depending on the level of protests received, the authority may adopt plan if less than 25% file protest, or:
  - Hold an election on the plan within 90 days if 25-50% file protest.
  - Terminate the plan if over 50% of property owners and residents file protest.

2025 CALED TIF Primer Insert

This insert contains updates to Chapter 2 and the Appendix B of the Primer on California's Tax Increment Financing Tools 2nd Edition to reflect statutory changes made by legislation approved in the 2024 Legislative Session, which took effect January 1, 2025.

The format of this insert aligns with the main section headings included within Chapter 2. Amendments to the EIFD law relevant to each section are noted herein and should be considered additive or corrective to the language contained in Chapter 2.

Overview

In the 2024 California legislative session, the Legislature passed and the Governor signed two bills which both amend Enhanced Infrastructure Finance District (EIFD) statutes. One of these bills, SB 1140, also contained an amendment to Climate Resilience District (CRD) statute.

- SB 1140 (Caballero) Ch. 599, Statues of 2024.
- AB 1819 (Waldron) Ch. 357, Statutes of 2024.

SB 1140 streamlined the EIFD creation process by reducing the number of public meetings and allowing an initial consolidated mailed notice to satisfy the 10-day mailed notice requirements in advance of each public hearing. This measure also clarified that projects intended to improve air quality may be financed by both EIFDs and CRDs, and made other related changes.

AB 1819 authorized EIFDs located at least partially in high or very high fire hazard severity zones designated by the State Fire Marshal to fund activities to underground electric utility lines and to use heavy equipment to clear vegetation, create fire breaks, and for equipment used for fire watch, prevention, and fighting activities.

Expands Eligible Projects to Include Air Quality and Wildfire Protection

SB 1140 added the authority for both EIFDs and CRDs to finance projects intended to improve air quality.

AB 1819 authorizes EIFDs located at least partially in high or very high fire hazard severity zones designated by the State Fire Marshal to fund:

a) Undergrounding of local publicly-owned electric utilities against wildfires. Allows these expenses to be paid with bond funds.

b) Heavy equipment to be used for vegetation clearance and firebreaks, and equipment used for fire watch, prevention, and fighting, including but not limited to helicopters, air tankers, and technological advancements to weather and wind science infrastructure, risk modeling, and prediction. Prohibits these expenses from being paid with bond funds.

Streamlined EIFD Formation

SB 1140 amended steps and noticing requirements related to EIFD formation that update language contained in the following subsections of Chapter 2.

Forming an EIFD

5. Series of Three Public Hearings:

6. Details on Public Hearings:

7. Adoption of IFP following Third Public Hearing:

Revised EIFD Formation Meetings/Hearings

Public Meetings:

SB 1140 reduced the required public hearings on a plan, following the required initial meeting, from three to two. As revised, the process:

i. Requires a copy of the draft enhanced infrastructure financing plan to be made available on a designated website and at a meeting held at least 30 days prior to the first public hearing. At this meeting, staff may present the plan to the public financing authority, answer questions, and consider comments.

ii. At the first public hearing, the authority may take action to amend, modify, or reject the plan. At the second public hearing, the authority shall conduct the protest process and adopt the plan consistent with the requirements in existing law.

Revised Notice Requirements:

SB 1140 amended the notice requirements as follows:

1) Allows the notice of the resolution by a local agency to form an EIFD to be sent electronically (as opposed to mailing) to affected taxing entities.

2) Authorizes the public entity, under newly added Sec. 53398.72, to mail a consolidated notice to landowners, residents, and taxing

entities at least 40 days prior to the first meeting on the draft plan as an alternative to providing mailed notices to:

i. Landowners re: the infrastructure finance plan and CEQA docs. Sec. 53398.64

ii. 10-day mailed notices related to the two public hearings. Sec. 53398.66.

(See New Sec.53398.72, which replaces the prior alternative notice authority under Sec. 53398.64(b))

3) Requires the consolidated notice described in Sec. 53398.72 to contain all of the following:

A) Summary of the plan, plus additional info

B) Internet website where draft plan and any required CEQA documents are available

C) Designated contact person

D) Location, date, and time of the initial meeting, and two scheduled public hearings

a. Provides that if the first or second public hearing takes place at the location, date, and time indicated, it shall be deemed to comply with the 10-day mailed notice requirement for those hearings.

b. If the first of second public hearing is rescheduled for a later date than listed in the (consolidated) mailed notice, then the official designated to prepare the draft plan shall do all of the following, at least 10 days in advance of the rescheduled meeting:

i. Publish notice of the rescheduled hearing in the newspaper.

ii. Post information on the rescheduled hearing on the designated website.

iii. Email information on the rescheduled hearing to a contact list, that will be maintained by the designated official, of all landowners, residents, and other interested parties who have expressed interest in receiving information and materials.

E) Description of actions that may take place at the initial meeting and two public hearings

F) Description and process for accessing any amendments to the plan

G) Description and process for reviewing annual reports

4) Requires consolidated and mailed notices to be provided in English, and in all other languages spoken jointly by 20 percent or more of the population of the county of the proposed district, that speaks English less than "very well" and jointly speaks a language other than English, according to data from the most recent American Community Survey or data from an equally reliable source. This provision, however, excludes newspaper notices from being required to be in languages other than English.

5) Contains uncodified language stating that the changes made by this bill to the formation process shall not be interpreted to disrupt or delay the formation of a district that commenced prior to the effective date of SB 1140 (January 1, 2025), and any affected districts may choose to complete the formation in accordance with the timelines in effect on the date when the resolution of intention was adopted.

6) Deletes authority to address a required mailed notice to "occupant" for a mailed notice to landowners and residents regarding the adoption of the public financing authority's annual report.

Appendix B: Expiration of Annexation of Unincorporated Disadvantaged Communities

The ability to annex unincorporated disadvantaged communities expired on January 1, 2025.

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