An act to add Part 1.86 (commencing with Section 34191.10) to Division 24 of the Health and Safety Code, and to amend Section 21094.5 of the Public Resources Code, relating to economic development, and making an appropriation therefor.

LEGISLATIVE COUNSEL’S DIGEST

SB 1, as introduced, Steinberg. Sustainable Communities Investment Authority.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies.

Existing law provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

This bill would authorize certain public entities of a Sustainable Communities Investment Area, as described, to form a Sustainable Communities Investment Authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a Sustainable Communities Investment Plan for a Sustainable Communities Investment Area and authorize the authority to include in that plan a provision for the receipt of tax increment funds provided that certain economic development and planning requirements are met. The bill would authorize the legislative body of a city or county forming an authority to dedicate any portion of its net available revenue, as defined, to the authority through its
Sustainable Communities Investment Plan. The bill would require the authority to contract for an independent financial and performance audit every 5 years.

The bill would establish prequalification requirements for entities that will receive more than $1,000,000 from the Sustainable Communities Investment Authority and would require the Department of Industrial Relations to monitor and enforce compliance with prevailing wage requirements for specified projects within a Sustainable Communities Investment Area. The bill would deposit moneys received by the department from developer charges related to the costs of monitoring and enforcement in the State Public Works Enforcement Fund. By depositing a new source of revenue in the State Public Works Enforcement Fund, a continuously appropriated special fund, the bill would make an appropriation.


The people of the State of California do enact as follows:

SECTION 1. Part 1.86 (commencing with Section 34191.10) is added to Division 24 of the Health and Safety Code, to read:

PART 1.86. SUSTAINABLE COMMUNITIES INVESTMENT PROGRAM

Chapter 1. General Provisions

34191.10. (a) The Legislature finds and declares that better economic development patterns in California can contribute to greater economic growth by creating good jobs, reducing commuter times for employees, reducing the costs of public infrastructure, and reducing energy consumption. Better development patterns may also result in increased options in the type of housing available, more affordable housing, and a reduction in a household’s combined housing and transportation costs.

(b) The construction industry has been one of the sectors hardest hit by the economic downturn of recent years. Creating incentives for construction can help restore construction and permanent jobs, which are essential for a restoration of prosperity.
(c) Economic development patterns can also help California attain some of its long-term strategic environmental objectives including reduced air pollution, greater water conservation, reduced energy consumption, and increased farmland and habitat preservation.

(d) Implementation of the growth plans identified by the metropolitan planning organizations in their sustainable communities strategies, and in particular the development of areas identified for transit priority projects, is essential if California is to achieve the multiple benefits that would result from economic development. Implementation of growth plans in transit priority project areas requires redevelopment of existing developed areas.

(e) In addition to economic pressures from the current recession, development of transit priority projects remains challenging. Infrastructure is often old and inadequate. Sites may suffer from contamination that is expensive to remediate. The high construction costs in urban areas, particularly for multifamily dwellings, create an additional challenge. For these reasons, it is critical to restructure and refocus redevelopment in California to assist in achievement of these multiple benefits.

(f) At the same time, California cannot afford a redevelopment program that causes schools to lose revenue at a time when investing in education is also key to the state’s economic prosperity. A growth plan for the state consistent with regional sustainable communities strategies must also provide that schools are able to play their full role in achieving the future of California. In this regard, Section 16 of Article XVI of the California Constitution does not require that all taxing agencies set aside their portion of future property tax for tax increment. It defines taxing agencies disjunctively as “any city, county, city and county, district, or other public corporation.”

(g) The elimination of redevelopment agencies has resulted in the loss of approximately one billion dollars ($1,000,000,000) annually in low- and moderate-income housing funds for communities throughout the state. Communities need alternative sources of revenue to support the continued production of affordable housing units.

(h) The Legislature finds that a comprehensive strategy for the long-term economic development of the state must encourage the creation of good jobs and workforce skills needed to attract and
retain a high-wage workforce, in addition to public infrastructure requirements. Public investments in human capital are as vital to the long-term growth of the state’s economy as investments in physical capital.

34191.11. The Legislature further finds and declares that inefficient land use patterns cause an increased economic burden on taxpayers for the costs of an inefficient transportation infrastructure, and create a high combined economic cost of housing and transportation for California residents. These development patterns have also contributed to declining property values and foreclosures in many communities. They create further economic risks for the agricultural industry, the largest industry in California, through the loss of critical farmland. They also result in increased air pollution, energy consumption, and greenhouse gas emissions which impose additional costs on business and damage public health. They also lead to inefficient consumption of water, a critical resource for all of California.

34191.12. The Legislature finds and declares that the interrelated problems identified in this chapter are a form of blight that can be addressed through a new Sustainable Communities Investment Program.

34191.13. In order to more effectively address blight, the program shall be established to support development in transit priority project areas and small walkable communities and to support clean energy manufacturing through tax increment revenue. This new program shall use tax increment revenue to fight blight as it is understood in the contemporary setting without including those aspects of the former redevelopment program that created so much controversy, including the manipulation of the definition of blight and the use of the school share of tax increment revenue, such that it became a drain on the General Fund. The new program, focused on certain geographic areas and sites, shall require greater levels of intergovernmental collaboration.

34191.14. It is the intent of the Legislature in establishing the Sustainable Communities Investment Program to create a new, collaborative structure for the creation of a governing board for a Sustainable Communities Investment Authority and to allow governmental entities through a consensual process to invest tax increment revenue to relieve conditions of blight as prescribed by the Legislature. The new authority shall have new planning
obligations and, in particular, shall have a new focus on the job
creation associated with new economic development. To the extent
not inconsistent with the new program, the authority shall be able
to exercise the powers of the former redevelopment agencies, but
only as part of this newly created and reformed program.

34191.15. For purposes of this part, “authority” or “Sustainable
Communities Investment Authority” means the entity formed under
Chapter 2 (commencing with Section 34191.20).

Chapter 2. Sustainable Communities Investment
Authority

34191.20. (a) A Sustainable Communities Investment
Authority is a public body, corporate and politic, that may be
created by the appointment of a governing board as provided in
subdivision (d). The authority shall comply with the provisions of
this part, the Community Redevelopment Law (Part 1 (commencing
with Section 33000)), excluding Sections 33401, 33492.140, 33607,
33607.5, 33607.7, 33676, and any other similar payment provision
of that part, Part 1.5 (commencing with Section 34000), Part 1.6
(commencing with Section 34050), and Part 1.7 (commencing
with Section 34100), to the extent not inconsistent with this part.
The authority shall not be subject to the provisions of Part 1.8
(commencing with Section 34161) and Part 1.85 (commencing
with Section 34170).

(b) The authority shall be deemed to be an “agency” pursuant
to Section 33003 and shall have all the rights, responsibilities, and
obligations of an agency. For purposes of this part, a project area
shall be referred to as a Sustainable Communities Investment Area
and a redevelopment plan shall be referred to as a Sustainable
Communities Investment Plan.

(c) An authority created pursuant to this part may rely on the
legislative determination of blight and shall not be required to
make a separate finding of blight or conduct a survey of blight
within the project area.

(d) An authority may be created as follows:

(1) A city, county, city and county, or a special district may
create an authority pursuant to this part by entering into a joint
powers agreement under Chapter 5 (commencing with Section
6500) of Division 7 of Title 1 of the Government Code. The joint
powers agreement shall establish a governing board and designate the Sustainable Communities Investment Area.

(2) A city may create an authority, appoint the authority governing board, designate a Sustainable Communities Investment Area within the city’s incorporated area, and establish the parameters of the proposed economic development within a proposed Sustainable Communities Investment Area with county approval of the economic development parameters and the Sustainable Communities Investment Plan, including any amendments to the plan.

(3) A city and a county may create an authority and appoint the authority governing board, which shall be comprised of two members appointed by the city and two members appointed by the county. A fifth member shall be appointed by the two city and the two county members. The governing board shall designate the Sustainable Communities Investment Area. A Sustainable Communities Investment Plan, including any amendments to it, shall be approved by both the city and the county. The Sustainable Communities Investment Area may include an incorporated area or both an incorporated area and an unincorporated area.

(4) If the Sustainable Communities Investment Area is within an unincorporated area, the board of supervisors of a county may create an authority and appoint the authority governing board.

(5) A city may create an authority, which shall constitute a legally distinct entity from that city, and appoint the authority governing board, which may designate a Sustainable Communities Investment Area only within the incorporated limits of that city.

(e) If an authority is created pursuant to this section by an entity that is a city and county the governing body shall be composed of five members appointed by the mayor of the city, if that appointment is subject to confirmation by the county board of supervisors.

(f) Any city or county approval under this section shall be by resolution of the legislative body.

(g) A taxing agency participating in or approving the formation of a Sustainable Communities Investment Authority or appointing governing board members may authorize an allocation to the authority of all or part of the tax increment revenue that otherwise would be paid to that taxing agency.
(h) A governing board appointed pursuant to this section shall consist of five members. The members of any governing board formed pursuant to this part shall be appointed for four-year terms and shall be removed by the appointing authority only for cause. The initial appointees to the governing board shall serve either two-year or four-year terms and shall draw their terms by lot. An authority created pursuant to this section shall be deemed to be a local public agency subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), and the Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code).

(i) A school district shall be excluded from participating in a Sustainable Communities Investment Authority.

Chapter 3. Sustainable Communities Investment Areas

34191.25. (a) A Sustainable Communities Investment Area shall include only the following:

(1) Transit priority project areas, which are areas where a transit priority project, as defined in Section 21155 of the Public Resources Code, may be constructed, provided that if the Sustainable Communities Investment Area is based on proximity to a planned major transit stop or a high-quality transit corridor, the stop or the corridor must be scheduled to be completed within the planning horizon established by Section 450.322 of Title 23 of the Code of Federal Regulations. For purposes of this paragraph, a transit priority project area may include a military base reuse plan that meets the definition of a transit priority project area and it may include a contaminated site within a transit priority project area.

(A) If the Sustainable Communities Investment Area includes a high-speed rail station, the radius of the area may be up to one mile from a high-speed rail station. If the project area consists of a radius greater than one-half of one mile, at least 50 percent of tax increment revenue derived from the area shall be used to support construction of the high-speed rail station and related infrastructure.
(B) All or part of a transit priority project area may be included in the Sustainable Communities Investment Area or an area may include one or more contiguous transit priority project areas. One or more Sustainable Communities Investment Areas may be created pursuant to subdivision (d) of Section 34191.20.

(C) Transit priority project areas shall be within the geographic boundaries of a metropolitan planning organization in which a sustainable communities strategy has been adopted by the metropolitan planning organization, and the State Air Resources Board, pursuant to subparagraph (H) of paragraph (2) of subdivision (b) of Section 65080 of the Government Code, has accepted the metropolitan planning organization’s determination that the sustainable communities strategy would, if implemented, achieve the region’s greenhouse gas emission reduction targets.

(2) Areas that are small walkable communities, as defined in paragraph (4) of subdivision (e) of Section 21094.5 of the Public Resources Code, except that small walkable communities may also be designated in a city that is within the area of a metropolitan planning organization. No more than one small walkable community project area shall be designated within a city. All or part of a small walkable community may be included in the Sustainable Communities Investment Area.

(b) Sites that have land use approvals, covenants, conditions and restrictions, or other effective controls restricting the sites to clean energy manufacturing, and that are consistent with the use, designation, density, building intensity, and applicable policies specified for the Sustainable Communities Investment Area in the applicable sustainable communities strategy, if those sites are within the geographic boundaries of a metropolitan planning organization. Clean energy manufacturing shall consist of the manufacturing of any of the following:

(1) Components, parts, or materials for the generation of renewable energy resources.

(2) Equipment designed to make buildings more energy efficient or the component parts thereof.

(3) Public transit vehicles or the component parts thereof.

(4) Alternative fuel vehicles or the component parts thereof.
Chapter 4. Sustainable Communities Investment Plan

34191.26. (a) A Sustainable Communities Investment Plan may include a provision for the receipt of tax increment funds according to Section 33670, provided that the local government with land use jurisdiction has adopted all of the following:

1. A sustainable parking standards ordinance that restricts parking in transit priority project areas to encourage transit use to the greatest extent feasible.
2. An ordinance creating a jobs plan that requires all entities receiving financial support from the authority to enter into an agreement with the authority describing how the project will do both of the following:
   A. Further construction careers that pay prevailing wages and create living wage permanent jobs.
   B. Implement a program for community outreach, local hire, and job training that includes disadvantaged California residents, including veterans of the Iraq and Afghanistan wars, people with a history in the criminal justice system, and single-parent families.
3. For transit priority project areas and small walkable communities within a metropolitan planning organization, a plan consistent with the use designation, density, building intensity, and applicable policies specified for the Sustainable Communities Investment Area in the sustainable communities strategy.
4. Within small walkable communities outside a metropolitan planning organization, a plan for new residential construction that provides a density of at least 20 dwelling units per net acre and, for nonresidential uses, provides a minimum floor area ratio of 0.75.

(b) For areas referred to in paragraph (4) of subdivision (a), the authority shall consult with the metropolitan planning organization to obtain its opinion whether the plan is consistent with the use designation, density, building intensity, and applicable policies for the project area in the sustainable communities strategy.

34191.27. (a) Upon adoption of a Sustainable Communities Investment Plan that includes the tax increment financing provision authorized by subdivision (a) of Section 34191.26, the county auditor-controller shall allocate tax increment revenue to the authority as follows:
1 (1) If the authority was formed pursuant to paragraph (1) of subdivision (d) of Section 34191.20, the authority shall be allocated each year specified in the plan that portion of the levied taxes for each city, county, city and county, and special district that is a party to the joint powers authority in excess of the amount specified in subdivision (a) of Section 33670.

2 (2) If the authority was formed pursuant to paragraph (2) or (3) of subdivision (d) of Section 34191.20, the authority shall be allocated each year specified in the plan that portion of the levied taxes for the city and the county in excess of the amount specified in subdivision (a) of Section 33670.

3 (3) If the authority was formed pursuant to paragraph (4) of subdivision (d) of Section 34191.20, the authority shall be allocated each year specified in the plan that portion of the levied taxes for the county in excess of the amount specified in subdivision (a) of Section 33670.

4 (4) If the authority was formed pursuant to paragraph (5) of subdivision (d) of Section 34191.20, the authority shall be allocated each year specified in the plan that portion of the levied taxes for the city in excess of the amount specified in subdivision (a) of Section 33670.

5 (5) Any city, county, city and county, or special district may, by resolution of its board, authorize the county auditor-controller to allocate that portion of the levied taxes for that entity in excess of the amount specified in subdivision (a) of Section 33670.

6 (6) Any allocation of revenues to the authority made pursuant to this subdivision shall be adjusted to comply with the provisions of subdivision (g) of Section 34191.20.

7 (7) Proceeds of taxes levied for a school district that are in excess of the amount specified in subdivision (a) of Section 33670 shall not be pledged or allocated to an authority created by any of the governance structures specified in subdivision (d) of Section 34191.20.

8 (8) Notwithstanding any other law, the county auditor-controller shall allocate to the authority a taxing agency’s portion of tax increment revenues only if the governing body of the taxing agency adopts a resolution authorizing the allocation. A taxing agency that adopts a resolution shall not revoke the county auditor-controller’s authority pursuant to this section if revocation
would impair the authority’s ability to honor existing obligations secured by tax increment revenues.

(b) If a Sustainable Communities Investment Area includes, in whole or in part, land formerly or currently designated as a part of a redevelopment project area, as defined in Section 33320.1, any Sustainable Communities Investment Plan adopted pursuant to this part that includes a provision for the receipt of tax increment revenues according to Section 33670 shall include a provision that tax increment amounts collected and received by an authority are subject and subordinate to any preexisting enforceable obligation, as that term is defined in Section 34171.

(c) The legislative body of the city or county forming an authority may choose to dedicate any portion of its net available revenue to the authority through the Sustainable Communities Investment Plan. The plan shall state that net available revenue from the city or county may be used by the authority in accordance with this part, and state the maximum portion of the net available revenue to be committed to the authority for each year during which the authority will receive these revenues. The portion may vary over time. The plan shall state the date upon which the authority will cease to receive net available revenue. The city or county may direct the county auditor-controller to transfer any portion of the net available revenue to the authority and the county auditor-controller may collect administrative costs from the authority.

(d) For purposes of this section, “net available revenue” means periodic distributions to the city or county from the Redevelopment Property Tax Trust Fund, created pursuant to Section 34170.5, that are available to the city or county after all preexisting legal commitments and statutory obligations funded from that revenue are made pursuant to Part 1.85 (commencing with Section 34170). Net available revenue shall include only revenue remaining after all current distributions, including, but not limited to, payment of enforceable obligations, all distributions to other taxing entities, and applicable administrative fees, have been made.

(e) In accordance with Section 33334.2 and all other applicable affordable housing provisions of the Community Redevelopment Law (Part 1 (commencing with Section 33000), an authority that includes in its Sustainable Communities Investment Plan a provision for the receipt of tax increment revenues according to
Section 33670 shall dedicate no less than 20 percent of allocated tax increment revenues for affordable housing purposes.

34191.28. A Sustainable Communities Investment Plan, in addition to the applicable requirements of Part 1 (commencing with Section 33000) shall include all of the following:

(a) A fiscal analysis setting forth the projected receipt of tax increment and other revenue and projected expenses over five-year planning horizons for the life of the authority.

(b) A statement of the principal goals and objectives of the plan together with findings of the public purposes and uses that will be achieved.

(c) A statement of how the plan will relieve blight as follows:

(1) How it will implement the goals of a sustainable communities strategy, if the Sustainable Communities Investment Area is within a metropolitan planning organization.

(2) How it will contribute to a more efficient transportation infrastructure.

(3) How it will contribute to a reduced cost for the combined costs of housing and transportation for California residents.

(4) How it will contribute to improved public health.

(5) How it will promote more efficient water consumption.

(6) How it will avoid loss of prime farmland.

(7) How it will reduce air pollution, energy consumption and greenhouse gas emissions by reducing vehicle miles traveled.

(d) A statement of how the plan will implement the sustainable parking standards adopted pursuant to paragraph (1) of subdivision (a) of Section 34191.26.

(e) A statement of how the plan will implement the jobs plan adopted pursuant to paragraph (2) of subdivision (a) of Section 34191.26.

(f) In addition to satisfying the requirements of Part 1 (commencing with Section 33000), a Sustainable Communities Investment Plan may include, to the extent applicable to the area, any of the following:

(1) Farmworker housing.

(2) Transitional and supportive housing including, but not limited to, former foster youth, persons with mental health treatment needs, persons with substance use disorder treatment needs, and various offender populations.
(3) Health and safety related infrastructure investments for disadvantaged and rural communities.

(4) Infrastructure investments to support countywide services including, but not limited to, health clinics, hospitals, medical provider offices, child care facilities, day reporting centers, and grocery stores in food desert areas.

34191.29. A state or local public pension fund system authorized by state law or local charter, respectively, including, but not limited to, the Public Employees’ Retirement System, the State Teachers’ Retirement System, a system established under the County Employees Retirement Law of 1937, Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 of the Government Code, or an independent system, may invest capital in the public infrastructure projects and private commercial and residential developments undertaken by an authority.

34191.30. (a) An authority may exercise the full powers granted under Chapter 2.8 (commencing with Section 53395) of Part 1 of Division 2 of Title 5 of the Government Code and the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code).

(b) An authority may implement a local transactions and use tax under Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, except that the resolution authorizing the tax may designate the use of the proceeds of the tax.

(c) An authority may issue bonds paid for with authority proceeds, which shall be deemed to be special funds to be expended by the authority for the purposes of carrying out this part.

(d) School district property tax revenues shall not be pledged for the repayment of bonds issued by the authority.

34191.31. Every five years the authority shall contract for an independent financial and performance audit. The audit shall be conducted according to guidelines established by the Controller. A copy of the completed audit shall be provided to the Controller, the Director of the Department of Finance, and to the Joint Legislative Budget Committee. The Controller shall not be required to review and approve the completed audits.
Chapter 5. Prequalification Requirements

34191.35. All entities that will receive in excess of one million dollars ($1,000,000) from the Sustainable Communities Investment Authority, including projects undertaken by private developers, shall comply with the following prequalification process for all construction contracts or subcontracts:

(a) The entity shall require that each prospective bidder on a construction contract complete and submit to the authority a standardized questionnaire and financial statement in a form specified by the authority that includes a complete statement of the prospective bidder’s financial ability and experience in performing large construction contracts. The questionnaire and financial statement shall be verified under oath by the bidder in the manner in which civil pleadings in civil actions are verified. The questionnaires and financial statements shall not be public records and shall not be open to public inspection.

(b) The entity receiving funding from the authority shall adopt and apply a uniform system of rating bidders on the basis of the completed questionnaires and financial statements, in order to determine the size of the contracts, if any, upon which each bidder shall be deemed qualified to bid.

(c) The questionnaire described in subdivision (a) and the uniform system of rating bidders described in subdivision (b) shall cover, at a minimum, the issues covered by the standardized questionnaire and model guidelines for rating bidders developed by the Department of Industrial Relations pursuant to subdivision (a) of Section 20101 of the Public Contract Code.

(d) For purposes of this section, bidders shall include all subcontractors performing work on a contract in excess of 3 percent of the total cost.

(e) A bid shall not be accepted from any person or entity who is required to submit a completed questionnaire and financial statement for prequalification pursuant to subdivision (a) but has not done so by the deadline set by the entity or who has not been prequalified by the authority prior to the deadline for submission of bids.

(f) This section shall not prevent an entity or the authority itself from establishing additional prequalification requirements.
Within a Sustainable Communities Investment Area, the Department of Industrial Relations shall monitor and enforce compliance with prevailing wage requirements for any project paid for in whole or part out of public funds, within the meaning of subdivision (b) of Section 1720 of the Labor Code that include funds of a Sustainable Communities Investment Authority and shall charge each awarding body or developer for the reasonable and directly related costs of monitoring and enforcing compliance with the prevailing wage requirements on each project.

(2) All moneys received by the department pursuant to this section shall be deposited in the State Public Works Enforcement Fund created by Section 1771.3 of the Labor Code.

(b) Paragraph (1) of subdivision (a) shall not apply to any project paid for in whole or part out of public funds if the awarding body or developer has entered into a collective bargaining agreement that binds all of the contractors performing work on the project and includes a mechanism for resolving disputes about the payment of wages.

SEC. 2. Section 21094.5 of the Public Resources Code is amended to read:

21094.5. (a) (1) If an environmental impact report was certified for a planning level decision of a city or county, the application of this division to the approval of an infill project shall be limited to the effects on the environment that (A) are specific to the project or to the project site and were not addressed as significant effects in the prior environmental impact report or (B) substantial new information shows the effects will be more significant than described in the prior environmental impact report. A lead agency’s determination pursuant to this section shall be supported by substantial evidence.

(2) An effect of a project upon the environment shall not be considered a specific effect of the project or a significant effect that was not considered significant in a prior environmental impact report, or an effect that is more significant than was described in the prior environmental impact report if uniformly applicable development policies or standards adopted by the city, county, or the lead agency, would apply to the project and the lead agency makes a finding, based upon substantial evidence, that the
(b) If an infill project would result in significant effects that are specific to the project or the project site, or if the significant effects of the infill project were not addressed in the prior environmental impact report, or if the significant effects of the infill project were not addressed in the prior environmental impact report, or if a mitigated negative declaration or a sustainable communities environmental assessment could not be otherwise adopted, an environmental impact report prepared for the project analyzing those effects shall be limited as follows:

(1) Alternative locations, densities, and building intensities to the project need not be considered.

(2) Growth inducing impacts of the project need not be considered.

(c) This section applies to an infill project that satisfies both of the following:

(1) The project satisfies any of the following:
   (A) Is consistent with the general use designation, density, building intensity, and applicable policies specified for the project area in either a sustainable communities strategy or an alternative planning strategy for which the State Air Resources Board, pursuant to subparagraph (H) of paragraph (2) of subdivision (b) of Section 65080 of the Government Code, has accepted a metropolitan planning organization’s determination that the sustainable communities strategy or the alternative planning strategy would, if implemented, achieve the greenhouse gas emission reduction targets.
   (B) Consists of a small walkable community project located in an area designated by a city for that purpose.
   (C) Is located within the boundaries of a metropolitan planning organization that has not yet adopted a sustainable communities strategy or alternative planning strategy, and the project has a residential density of at least 20 units per net acre or a floor area ratio of at least 0.75.

(2) Satisfies all applicable statewide performance standards contained in the guidelines adopted pursuant to Section 21094.5.5.

(d) This section applies after the Secretary of the Natural Resources Agency adopts and certifies the guidelines establishing statewide standards pursuant to Section 21094.5.5.
(e) For the purposes of this section, the following terms mean the following:

1. “Infill project” means a project that meets the following conditions:
   
   (A) Consists of any one, or combination, of the following uses:
   
   (i) Residential.
   
   (ii) Retail or commercial, where no more than one-half of the project area is used for parking.
   
   (iii) A transit station.
   
   (iv) A school.
   
   (v) A public office building.
   
   (B) Is located within an urban area on a site that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins, or is separated only by an improved public right-of-way from, parcels that are developed with qualified urban uses.

2. “Planning level decision” means the enactment or amendment of a general plan, community plan, specific plan, or zoning code.

3. “Prior environmental impact report” means the environmental impact report certified for a planning level decision, as supplemented by any subsequent or supplemental environmental impact reports, negative declarations, or addenda to those documents.

4. “Small walkable community project” means a project that is in an incorporated city, which located in a small walkable community project area. A small walkable community project area means an area within an incorporated city that is not within the boundary of a metropolitan planning organization and that satisfies meets all the following requirements:

   (A) Has a project area of approximately one-quarter mile diameter of contiguous land completely within the existing incorporated boundaries of the city.

   (B) Has a project area that includes a residential area adjacent to a retail downtown area.

   (C) The project has a area has an average net density of at least eight dwelling units per net acre or a floor area ratio for retail or commercial use of not less than 0.50. For purposes of this subparagraph: (i) “Floor area ratio” means the ratio of gross building area (GBA) of development, exclusive of structured
parking areas, proposed for the project divided by the total net lot area (NLA); (ii) “gross building area” means the sum of all finished areas of all floors of a building included within the outside faces of its exterior walls; and (iii) “net lot area” means the area of a lot excluding publicly dedicated land, private streets that meet local standards, and other public use areas as determined by the local land use authority.

(5) “Urban area” includes either an incorporated city or an unincorporated area that is completely surrounded by one or more incorporated cities that meets both of the following criteria:

(A) The population of the unincorporated area and the population of the surrounding incorporated cities equal a population of 100,000 or more.

(B) The population density of the unincorporated area is equal to, or greater than, the population density of the surrounding cities.