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March 28, 2022

Cecilia Aguiar-Curry

Chair

Assembly Local Government Committee

1020 N Street, Room 157

Sacramento, California 95814

RE: AB 2890 (Bloom): Property Business Improvement District Formation & Renewal – SPONSOR / SUPPORT

Dear Chair Aguiar-Curry –

On behalf of the California Downtown Association, we write in support of AB 2890 (Bloom), which clarifies the standards and procedures that Property Business Improvement District leadership and engineers must use when determining what constitutes a “special benefit” and “general benefit” for purposes of Property and Business Improvement District (PBID) assessments. The pandemic has had an unprecedented impact on California businesses, and AB 2890 provides simple clarifications that will help ensure PBIDs can continue to revitalize California’s business districts, historic downtowns and economic corridors – at a time when these neighborhoods need it the most.

PBIDs help improve and energize the State’s commercial corridors and urban centers by successfully funding services and programs that enhance and support small businesses, Arts and cultural organizations and the quality of life of its residents. While condensed in total physical size, downtowns are immensely valuable, diverse, efficient, inclusive, and resilient. For example, PBIDs drive tax revenue, increase business activity, and hold a concentration of resources, amenities, and social infrastructure that are vital to entire regions. Due to their higher density and expansive user base, downtown districts support a vibrant variety of retail, infrastructure, and institutional uses which offer mutually reinforcing benefits to our communities.

AB 2890 is needed to ensure PBIDs can continue to be a viable, successful financing tool for the economic engines powering our cities forward. In 1996, Proposition 218 changed the requirements for PBID assessments, and the law now requires a professional engineer to prepare a report stipulating that “special benefits” be separated from “general benefits” relative to the services or improvements paid by assessments for the assessment to be approved. However, there is no implementation guidance for how engineers are to identify and separate the two benefits. This ambiguity has made it difficult for PBIDs to determine what assessments can be charged and has led to an increasing number of unwarranted lawsuits against them. AB 2890 provides the necessary details to help parties comply with the benefit separation requirement.

Specifically, AB 2890 clarifies the special benefit of the programs, which will help PBID assessments avoid unnecessary and costly legal challenges. Litigation arising from this lack of clarity threatens the viability of all of California's PBIDs and the employment, public health and safety, and economic development benefits they foster. As businesses recover from the COVID-19 pandemic, PBIDs continue to be an especially important tool helping finance improvements and services that positively energize California's commercial areas, and AB 2890 is needed to ensure that PBIDs continue provide the best experience for our residents, employees, visitors, and tourists.

For these reasons, the California Downtown Association requests your support for AB 2890 when it comes before the Assembly Local Government Committee. Please feel free to contact us if you have any questions about our position.

Sincerely,

A handwritten signature in cursive script that reads "Rena Leddy".

Rena Masten Leddy
Board President

cc: Members, Assembly Local Government Committee
Assembly Local Government Committee Consultant