

AB 2890 (Bloom)

Property Business Improvement District Renewal

Fact Sheet

SUMMARY

AB 2890 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. AB 2890 clears up ambiguity in existing law with respect to the benefit identification requirement.

BACKGROUND

A Property and Business Improvement District (PBID) is an assessment district that provides additional services and improvements within a defined area or district. Specifically, a PBID, by a petition and vote of the property owners, levies benefit assessments on property owners to pay for public improvements and services that provide a special benefit to their property. The amount of the assessment reflects the amount of the special benefit their property receives. Specifically, PBIDs provide funding for programs and/or infrastructure that help improve the public areas around the parcels, and the services are customized to fit the needs of the district to improve and enhance the area.

PBIDs help improve and energize urban and commercial spaces, which attracts more residents, visitors and provides for new housing and business opportunities. PBIDs continue to be an especially important tool helping finance improvements and services that positively energize California’s downtowns and economic corridors by providing the best experience for property owners, businesses, residents, employees, visitors and tourists. The urgency to support PBID longevity and operational efficiency is now, as they foster downtown communities and economic corridors that have been

hardest hit by the impacts of the COVID-19 pandemic.

PROBLEM

Voters passed Proposition 218 in 1996, which implemented a number of new requirements on PBIDs, including identification of special and general benefit. The initiative included only brief definitions of “special” and “general” and had 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 increased the number of lawsuits against the districts. A narrow addition to (Streets and Highways Code § 36600 et seq.) is needed to give direction to engineers as to how to calculate the assessment benefits. Without the clarifications in AB 2890, PBIDs will remain subject to litigation challenges that severely impede – or even eliminate – PBIDs and the benefits they provide.

SOLUTION

AB 2890 clarifies the Property and Business Improvement District Law of 1994 by providing additional 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. The pandemic has had an unprecedented impact on California communities, and AB 2890 provides simple clarifications that will help ensure PBIDs can continue to revitalize our State’s downtown areas and economic corridors in a time when these districts need it the most.

SUPPORT

California Downtown Association (Sponsor)