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New Infrastructure Financing Tools for California:

Enhanced Infrastructure Financing Districts

Sol Price Center for Social Innovation
April 14, 2016

California Economic Summit

The Summit is: A partnership between California Forward and the California Stewardship Network. 2015 Summit was held in Ontario November 15-16, 2015.

www.caeconomy.org

Meeting the “One Million Challenge”

The Summit’s purpose: Advancing a regions-based agenda for “triple bottom line” prosperity—growing the economy, improving environmental quality, and increasing opportunity for all.

The Summit’s approach: More than 700 leaders statewide are working on Summit action teams committed to the triple bottom line—from developing new approaches to financing infrastructure to integrating the state’s workforce training system.

New Model for local and multijurisdictional infrastructure investment in California.

Does not use the redevelopment model – resources from other agencies are available only upon agreement generally where they see a benefit.

Authorizes the creation of a Public Finance Authority with broad authority to address infrastructure needs and housing.

Single or multijurisdictional authority focused on the geography of the problem to be solved.

Why General Plan and Urban Development Policy Matters to Infrastructure

EIFD process relies on a growing local economy.

General plans and specific area plans will need sufficient detail to understand the economic/fiscal impact of the community.

Form-based zoning is a useful tool.

Understanding the property tax roll – Private property improvement matters.

- **Process for Formation of the District**
 - **Connect development policies with infrastructure and economic development investment priorities**
 - **Invitation to local agencies that have a stake in investment.**
 - **Adopt a resolution of formation.**
 - **Appoint the Public Finance Authority**
 - **Goals and purposes of the project(s) to be financed.**
 - **Description of public facilities and investments to be made.**
 - **Determine the role and financing from participating agencies.**
 - **Replacement of dwelling units removed or destroyed**

- **Wide range of Range of Community Investments**
 - **Public capital facilities and economic development investments**
 - **Affordable Housing**
 - **Resource management (IRWM plan implementation)**
 - **Transportation facilities**
 - **Community parks**
 - **Brownfield restoration**
 - **Projects that implement a Sustainable Community Strategy (SB 375), and Transit Priority Projects.**

Tax-increment financing from a wide range of revenue sources

1. **Property tax increment** within the district of the amount pledged by the consenting taxing agencies (cities, counties, special districts but not schools).
2. **Revenues from the growth on the property tax attributed to backfill** from the VLF received by the city or county.
3. **Fees or assessment revenues** including assessments for benefits and developer fees.
4. **Loans** from a city, county or special district.
5. **User Fees and Public-Private Partnerships** derived from the use of the Infrastructure Finance Act.
6. **Other Funding Sources**, such as Federal and State grants, and funds available through California's Cap and Trade auction proceeds, if pledged to the Sustainable Communities program or benefitting a disadvantaged community under SB 535.

EIFD Property Tax Increment Explained

- 1. Property tax increment from the city's share of allocated property tax.**
 - The “AB8” share that arises within the boundaries of the District, net of redevelopment.
 - City AB8 shares range from 3% to 28%.
- 2. Property tax from the VLF reduction backfill.**
 - Allocation is based on the amount of the loss attributable to the 2004 VLF rate reduction and grows annually by gross assessed value of the city.

The VLF rate reduction has been converted to property tax

- Allocation is based on the amount of the loss attributable to the 2004 VLF rate reduction and grows annually by gross assessed value of the city.
- Any portion of citywide growth in the property tax from the VLF back fill may be contributed to the Infrastructure Financing Plan.
- These funds are available the development of the of the front end work of the EIFD.

Find out more

2016 California Economic Summit
Late 2016

San Francisco Bay Area
(Likely East Bay)

www.caeconomy.org

California Forward

www.cafwd.org

California Stewardship Network

www.castewardship.org