

Enhanced Infrastructure Financing Districts (EIFD) and Community Revitalization and Investment Authorities (CRIA) to support establishment of Economic Empowerment Zones (EEZ) in the City of Long Beach

EIFD Primer



City of Long Beach
Economic Development Commission Meeting 6/14/21



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Enhanced Infrastructure Financing Districts

Value Capture
with EIFDs

Key Component of Long Beach's Economic Development / Public Financing Toolkit

- Long Beach is considering whether tax increment financing (TIF), and EIFD in particular, is a valuable addition to its existing economic development / public financing toolkit
- There are advantages / disadvantages to EIFD compared to other mechanisms, such as general obligation (GO) bonds, lease revenue bonds / COPs, Mello-Roos Community Facilities District (CFD) financing, assessment districts, and other tools
- **Advantages of EIFD** include no encumbrance of existing city/county resources, can attract tax increment contributions from other taxing entities, increased priority for grant funding, ability to demonstrate commitment to multiple infrastructure (and/or affordable housing) projects to catalyze private sector development, capacity to fund maintenance, no additional taxes to property owners / residents / businesses, and ease of voter approval
- **Disadvantages of EIFD** include lack of comparable financings thus far, statutory vs. constitutional authority to issue debt, and subordination to redevelopment successor agency obligations,
- **Advantages of EIFD vs. Other CA TIF Tools** (e.g. CRIA, IFD, IRFD, AHA, SIFD) include flexibility in delineating project areas, capacity to dedicate property tax in lieu of MVLF, district duration, and governing board composition and corresponding implications for taxing entity partnership
- **Complementary Tool: EIFD should not be considered a replacement for other useful financing mechanisms, but rather a complementary tool; other jurisdictions have been successful in utilizing EIFD as well as other tools for different projects within the same community**

"Value-Capture" Districts to Complement Zoning

Value Capture
with EIFDs

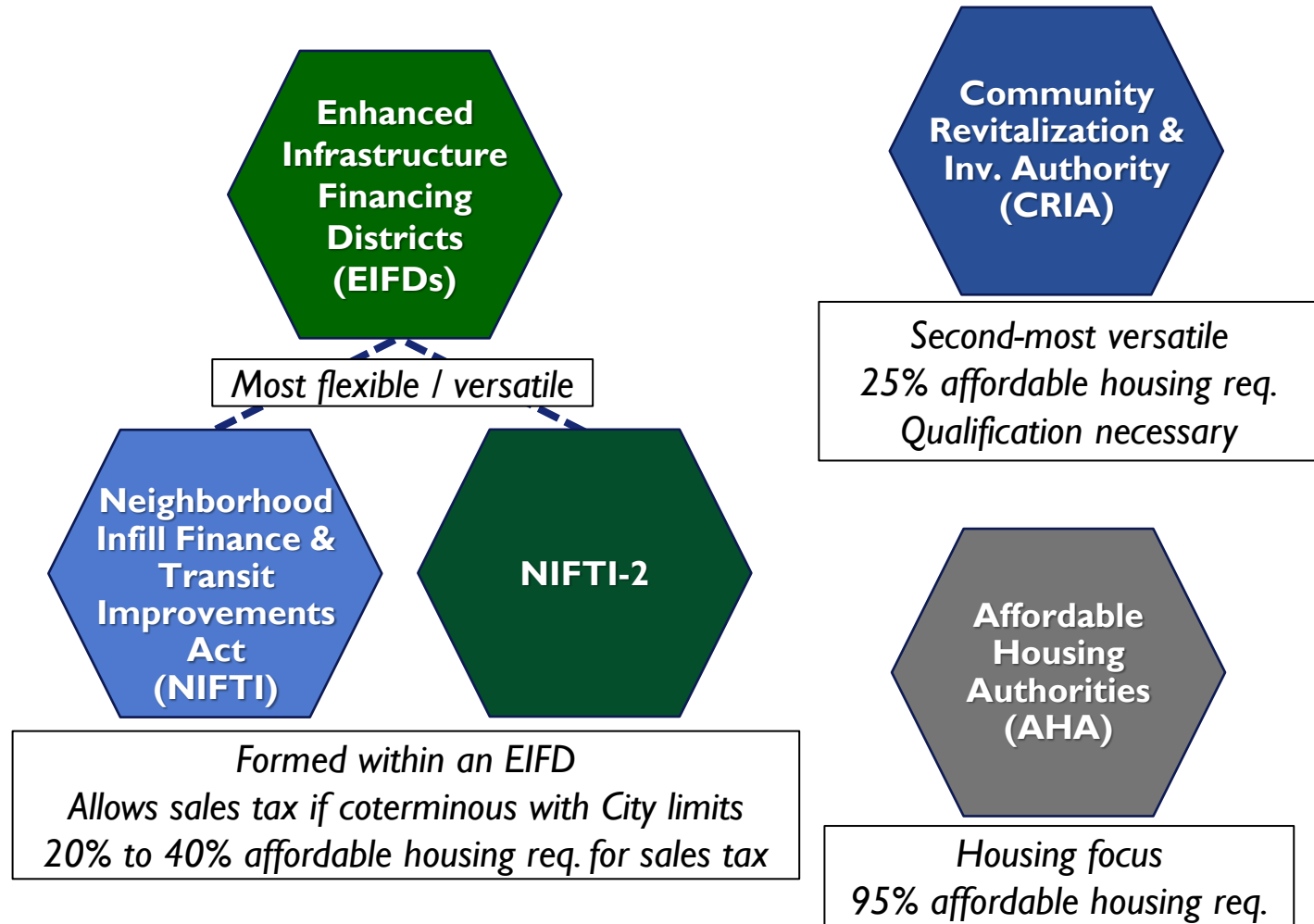
TIF is Tool to Induce Private Investment

State created tax increment financing (TIF) district tools to accomplish:

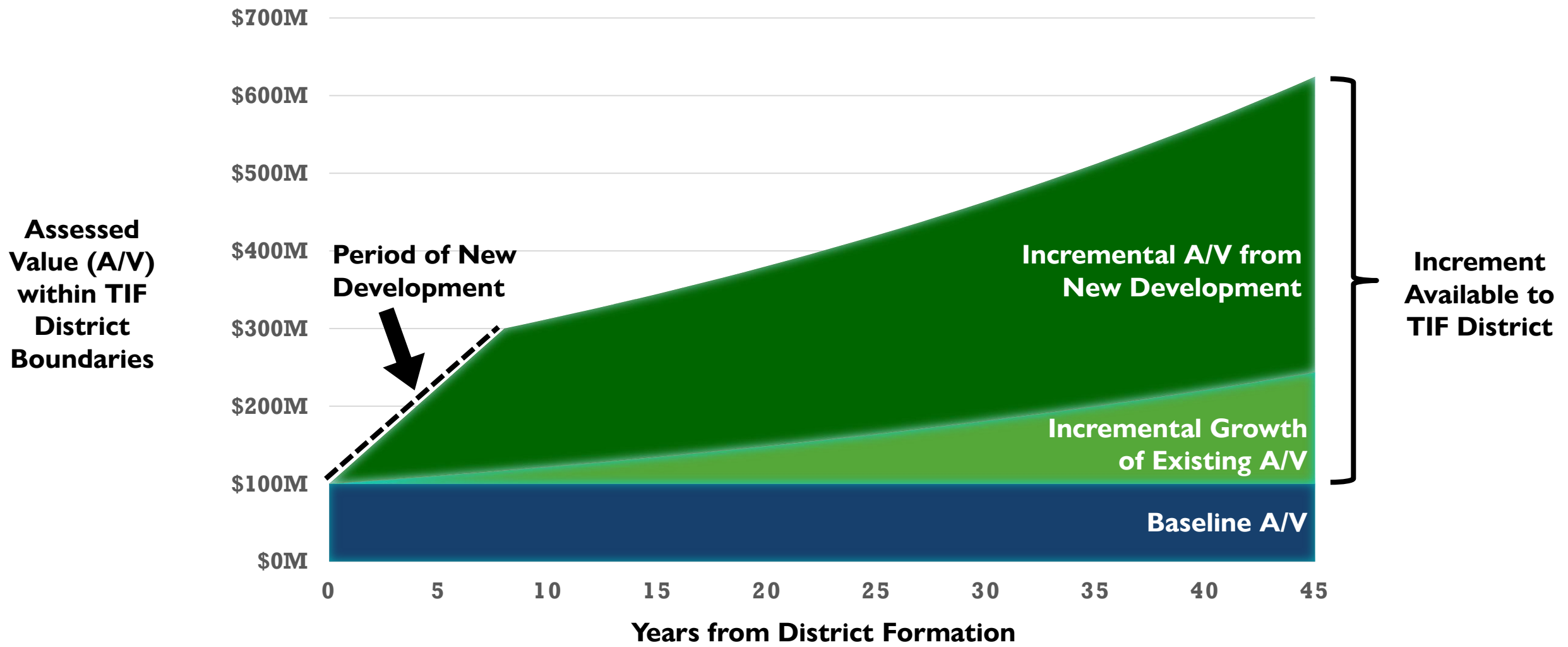
- Sustainability
- Resiliency
- Mobility
- Housing
- Public infrastructure
- Public amenities

Public Agencies can use these districts to fund infrastructure, attract grant funds, motivate private investment.

CREATES PUBLIC / PRIVATE ROI



How Does Tax Increment Financing (TIF) Work?



Note: Illustrative. Conservative 2% growth of existing assessed value (A/V) shown; does not include mark-to-market increases associated with property sales.

Use EIFDs for Targeted Infrastructure Investment

Value Capture
with EIFDs

Affordable Housing



Vision Plan
Area

Transit Projects



Regional Mall
Area

Civic Infrastructure



Civic Center
Area

Wastewater / Groundwater



University
Area

Parks / Open Space

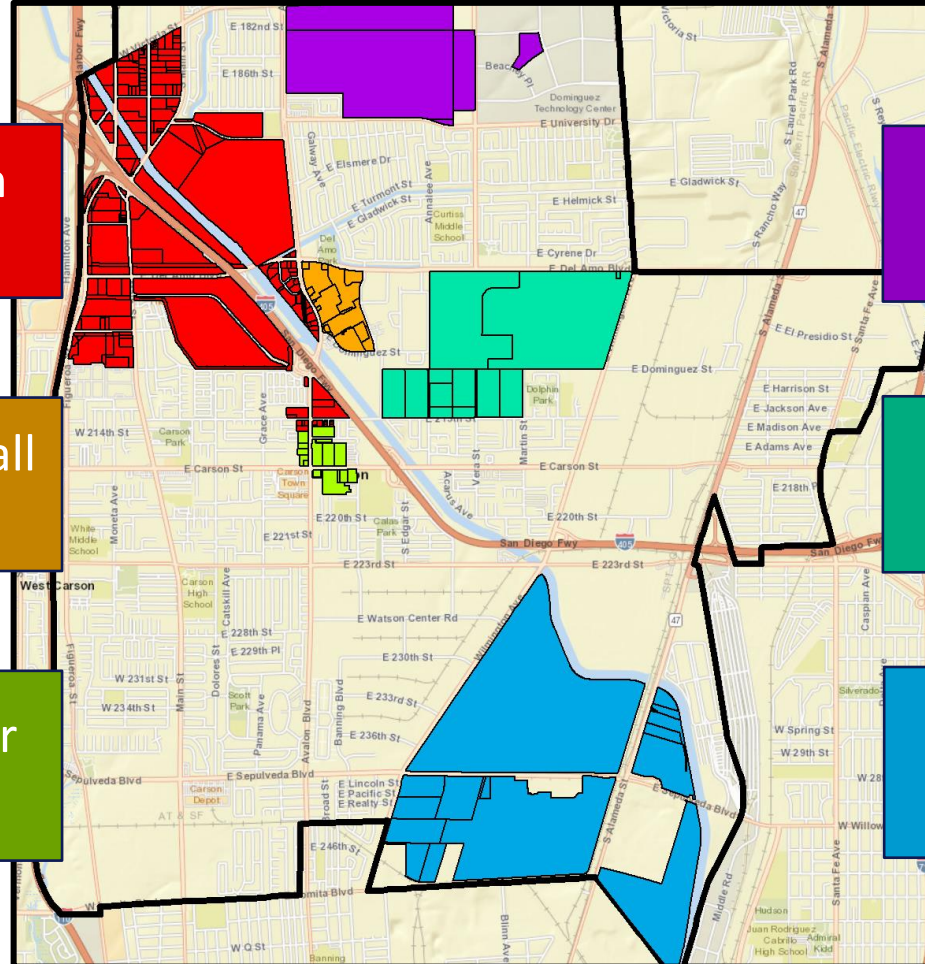


Industrial
Area

Brownfield Remediation



Industrial
Area



EIFDs King of Value Capture – *The Fundamentals*

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Tax Increment Financing	Tax increment from new development / assessed value increase used to <u>fund infrastructure projects in approved project areas</u>
Long-term Districts	Up to 45-year districts from first bond issuance; Districts provide <u>long-term, committed revenues</u> in targeted investment areas; Districts can be created in 12-18 months
Non-Contiguous Areas	EIFD project areas <u>do not have to be contiguous</u> , allowing them to target specific sites / areas and making them compatible with other zoning / entitlement strategies
Return on Investment	Private sector investment induced by District commitment accelerates growth of <u>net fiscal revenues, job creation, housing production, essential infrastructure improvements</u>
Attract Additional Funds	Allows community to attract <u>tax increment from other entities</u> (cities, special districts), <u>federal / state grants & loans</u> (TOD, water, housing, parks), brownfield funding
Eligible Projects	Any property with useful life of 15+ years and of communitywide significance; purchase, construction, expansion, improvement, seismic retrofit, rehabilitation, and <u>maintenance</u>

EIFDs Work Better as a City / County Partnership

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with EIFDs

- Ideal strategy includes City / County partnership along with Special Districts (e.g., Water, Transportation, other)
- EIFDs which involve a City / County joint effort are more likely to win state grant funding sources

Federal & State Sources

- *Cap-and-Trade / HCD grant & loan programs (AHSC, IIG, TCC)*
- *Prop 1 bond funds / Prop 68*
- *SB 1 Road funds*
- *SB 2 Transfer Tax funds*
- *Federal DOT / EPA / EDA funding*

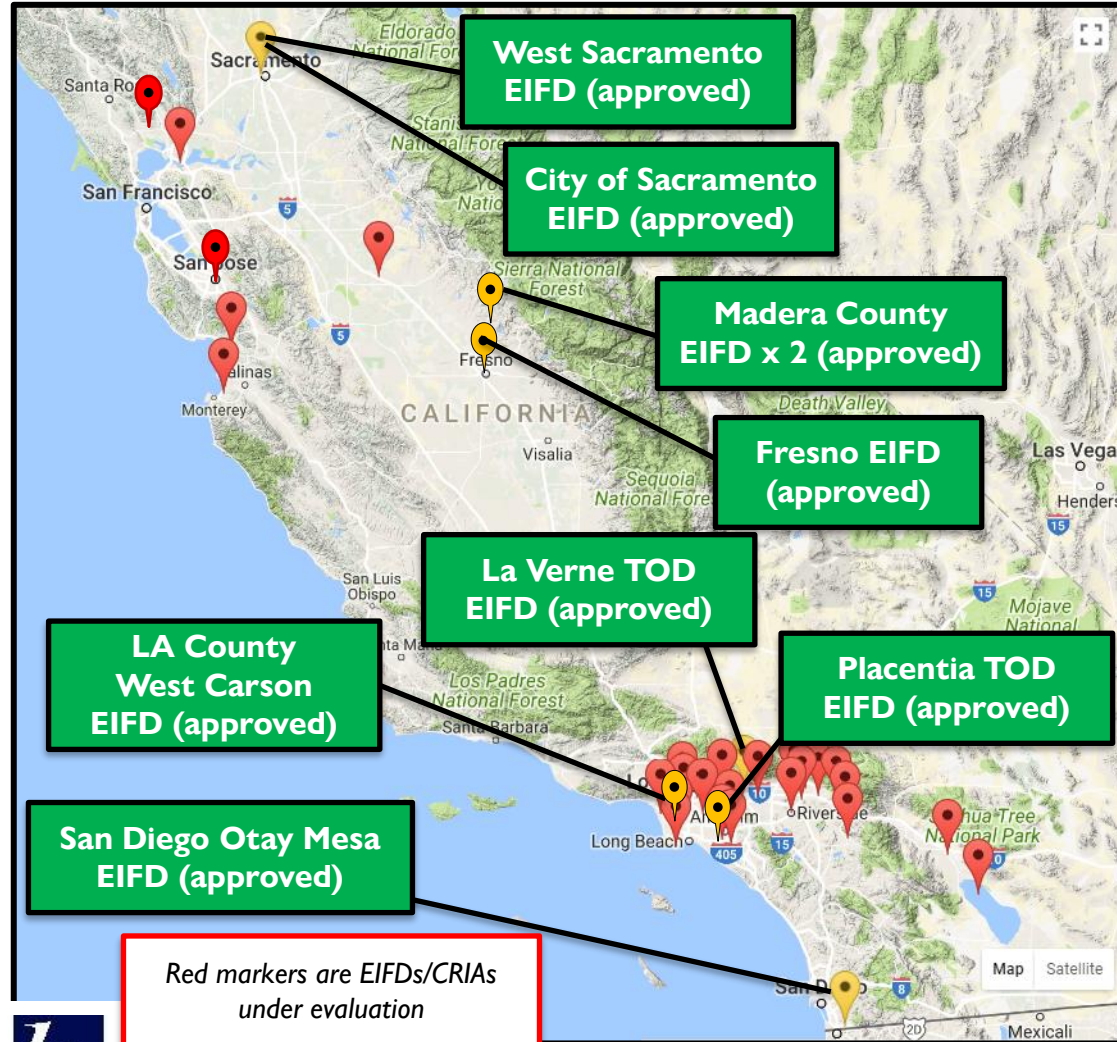


Other Potential Funding Sources

- *Property tax revenue including RPTTF*
- *Vehicle license fee (VLF) prop. tax backfill increment*
- *Development Agreement / impact fees*
- *Benefit assessments (e.g., contribution from CFD)*
- *Local transportation funding (e.g., Measure M/R)*
- *Private investment*

EIFD Progress Statewide

Partial List

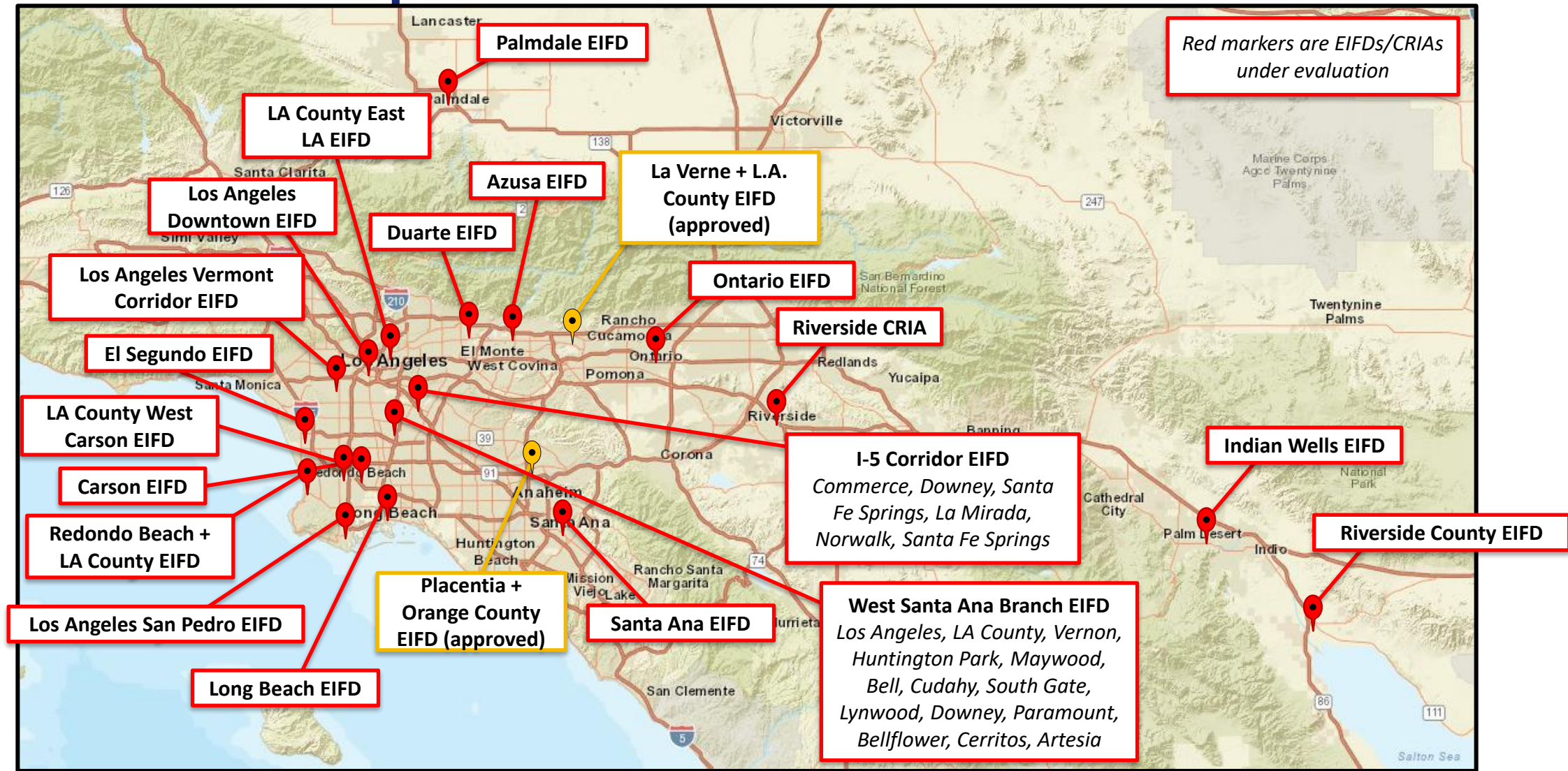


Jurisdiction	Purpose
Azusa - Metro Grant	Housing and transit-supportive infrastructure
Brentwood	Housing and transit-supportive infrastructure
Carson + L.A. County	Remediation, housing-based infrastructure, recreation
El Cajon	Housing and transit-supportive infrastructure
El Segundo + L.A. County	Various infrastructure, regional connectivity
Fresno	Housing and transit-supportive infrastructure
I-5 Corridor - (Multiple Cities / Counties) - SCAG	Housing and transit-supportive infrastructure
Indian Wells	Housing and tourism-supportive infrastructure
Imperial County - SCAG	Housing and greenfield infrastructure
La Verne + L.A. County	Housing and transit-supportive infrastructure
Long Beach	Housing and transit-supportive infrastructure
Los Angeles (Downtown, San Pedro)	Housing and transit-supportive infrastructure
Los Angeles County - Uninc. West Carson	Housing / bio-science / tech supportive infrastructure
Los Angeles County - Uninc. East L.A.	Housing -supportive infrastructure, community amenities
Madera County	Greenfield infrastructure (water / sewer)
Napa	Flood control, affordable housing, remediation
Ontario	Housing and transit-supportive infrastructure
Palmdale	Housing and transit-supportive infrastructure
Pittsburg	Housing and transit-supportive infrastructure
Placentia + Orange County	Housing and transit-supportive infrastructure
Redondo Beach + L.A. County	Parks / open space, recreation infrastructure
Riverside	Housing and transit-supportive infrastructure
Riverside County - Uninc. Salton Sea	Water and housing-infrastructure
Sacramento County	Industrial / commercial supportive infrastructure
San Jose	Housing and transit-supportive infrastructure
Santa Ana - SCAG	Housing and transit-supportive infrastructure
Santa Fe Springs	Housing and transit-supportive infrastructure
South Gate	Housing and transit-supportive infrastructure
West Santa Ana Branch Transit Corridor (Multiple Jurisdictions) - Metro / SCAG	Housing and transit-supportive infrastructure

Fully Formed	In Formation Process	Under Evaluation
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TIF District Snapshot in Southern California

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with EIFDs



Report Card on City/County EIFD Partnerships

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with EIFDs

A growing number of cities are partnering with counties to fund infrastructure through EIFDs

- **Placentia** *(fully formed July 2019, re-approved Jan 2021 post-AB 116)*
 - **First City/County EIFD partnership** approved in the State to fund infrastructure around future Metrolink station for the 91 line.
 - Improvements to the area will include transit-supportive infrastructure, parking/roadway/circulation, open space, water/sewer capacity improvements.
- **La Verne** *(formed by City in October 2017; L.A. County joined January 14, 2020)*
 - City/County contributions will fund infrastructure around future Gold Line station
 - Improvements to area will include mixed-use housing, station area infrastructure, and sustainable projects
- **Redondo Beach** *(L.A. County Resolution of Intent November 5, 2019 – PFA Appointments Completed Jan. 14th, 2020)*
 - City/County contributions will fund infrastructure for 50.1-acre AES Redondo Beach Power Plant site
 - Improvements to area will include regional coastal park with restored wetlands, streets/circulation/coastal access, parking, and site clean-up/remediation efforts.
- **Carson** *(L.A. County Resolution of Intent November 24, 2020)*
 - City/County contributions will fund remediation and supporting infrastructure for regional recreational improvements on County-owned former golf course

Tax Increment District Case Study

Placentia Case Study

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with EIFDs

Placentia / Orange County EIFD Partnership

- 300+ acres: Old Town Placentia Revitalization Plan, Metrolink Station, TOD Packing House Area
- Infrastructure Financing Plan (IFP) will fund \$13 million in public infrastructure improvements for those areas
- Will fund water, sewer, streets, parking, transit connectivity
- \$460M+ expected in new AV from residential, retail, restaurant development
- Net Fiscal Benefit: \$22M to City, \$15M to County

Kosmont's Role

- EIFD feasibility analysis & formation process
- Led education/outreach meetings with County BOS
- Developed County EIFD Policy for City/County EIFD
- Working on first EIFD TIF financing in the state



Comparison of TIF and Other Tools

District Type	Description	Revenue Source	Approval Structure	Use of Funds
TIF (e.g. EIFD, CRIA, IFD, IRFD)	Incremental property tax revenues from new development used to fund local infrastructure. Max term is 45 years from approval to issue debt.	Incremental (new development) property tax revenues (incl. VLF) – does not increase taxes	<i>District formation</i> – No vote, but majority protest opportunity by landowners and registered voters <i>Bond issuance</i> – None	<ul style="list-style-type: none"> • Infrastructure of regional or communitywide significance • Maintenance • Affordable housing
Mello-Roos Community Facilities District (CFD) and/or Assessment District	Additional assessment or “special tax” used to fund infrastructure / services that benefit property. Max term is 40 years from date of debt issuance.	New property assessment or tax – appears as separate line item on tax bill	<i>District formation</i> – 2/3 vote of landowners or registered voters in district* <i>Bond issuance</i> – vote of elected body (City)	<ul style="list-style-type: none"> • Infrastructure capital expenditures of benefit to landowners • Maintenance • Public services (e.g. safety, programs)
General Obligation	Voter-approved debt that is repaid with “override” to 1% tax levy; City-wide	Direct property tax levied on all properties at same millage rate	2/3 vote of registered voters in entire City	<ul style="list-style-type: none"> • In accordance with bond plebiscite
Lease Revenue / COPs	General Fund-supported borrowing, generally utilizing City-owned assets to be leased and leased back	General Fund (or other legally available revenues as determined by City)	Vote of elected body (City)	<ul style="list-style-type: none"> • In accordance with bond authorization

✓ Potential funding strategy for Long Beach can utilize MULTIPLE mechanisms

* For CFD formation, a vote of registered voters within the district boundary is required if 12 or more registered voters live therein (otherwise a vote of landowners prorated by acreage).

Upcoming EIFD Legislation

SB 780

Improve the functioning /
usefulness of EIFDs and
CRIAs

- Governing board flexibility
- Allows “project areas” rather than individual districts
- Amendment process
- Other clarifications / improvements

SB 696

Modify EIFD PFA
Membership / Powers

- PFA modifications – mayor, state agency participation
- Property acquisition, eminent domain

EIFDs – A Tool for COVID Recovery

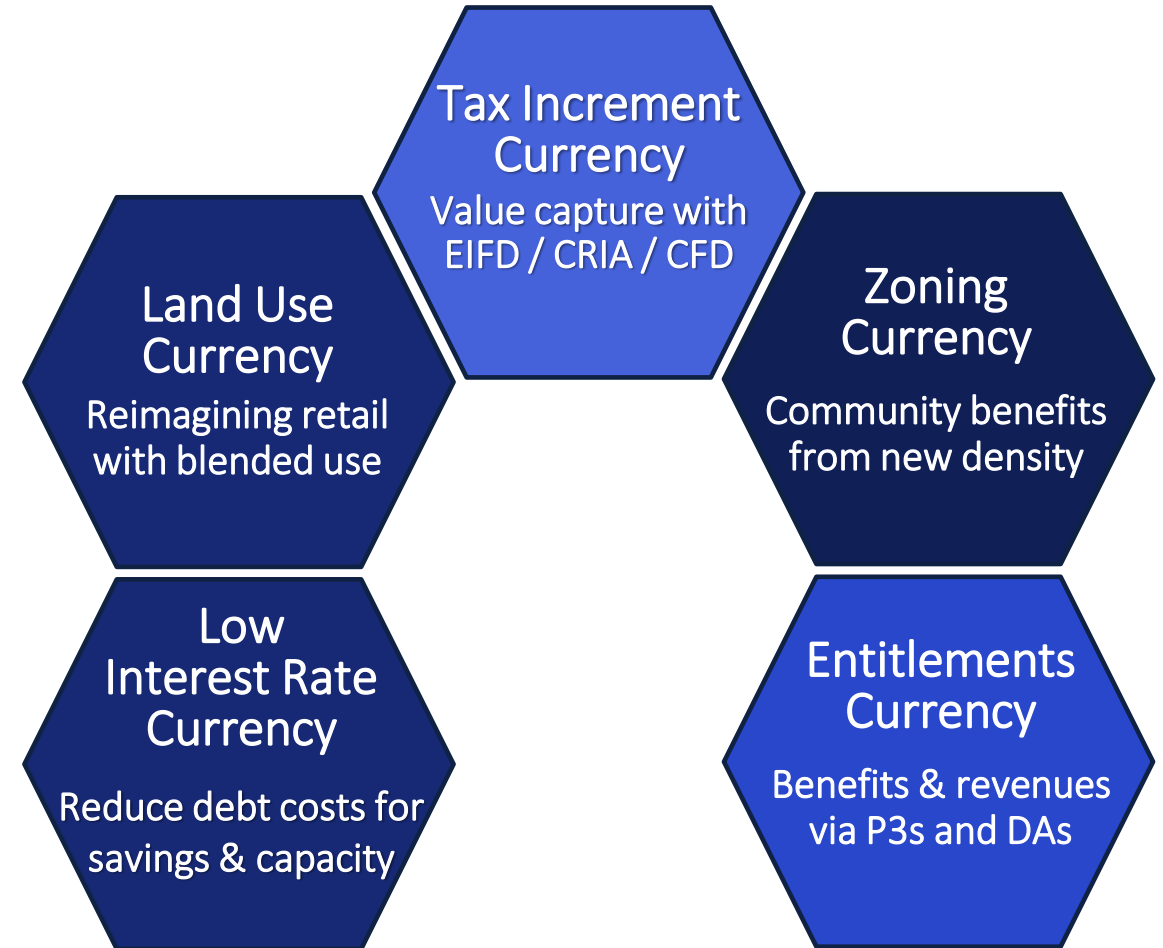
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**Evaluate your post-COVID local
economy & opportunities**

**Engage community on key projects
& strategies (*virtual & in-person*)**

**Select economic development tools
& priorities**

**Build & implement a post-COVID
econ. dev. strategy**



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