

# Smart Growth Infrastructure Website

Toolbox Tuesday

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February 16, 2021

[www.scag.ca.gov](http://www.scag.ca.gov)



# Housekeeping

- Reminder to please mute your mics/phones
- Q&A at the end of each session
  - Questions may be entered using the chat
- Presentation materials will be shared with all participants following today's meeting
- Session is being recorded

## 2021 SCAG Sustainability Awards



**2021**  
**SUSTAINABILITY**  
**AWARDS**

We are now accepting nominations for the 2021 SCAG Sustainability Awards.

- For the 15th year, SCAG will honor projects and plans that exemplify the core principles of sustainability with awards in the following categories:
  - Active, Healthy and Safe Communities
  - Clean Cities: Alternative Fuels & Infrastructure
  - Efficient & Sustainable Land Use
  - Green Region Initiative: Resource Conservation & Climate Action
  - Housing Innovation
- **Deadline: February 26th, 2021**

- Overview of SCAG Smart Growth Infrastructure Website Content
  - Case Studies
  - Funding Sources and Special Districts
  - Financing Tools
  - Partnerships
- Website Demo
- Q&A

## Purpose of Website

- The goal of the Smart Growth Infrastructure website is to provide jurisdictions with information on current financing tools and funding sources for a wide-range of smart growth infrastructure projects
- Financing tools and funding sources outlined can be applied to:
  - Community facilities (fire, police, library, childcare, schools, etc.)
  - Ongoing operations and maintenance
  - Transit-oriented development
  - Transit/transit stations
  - Affordable housing
  - Climate-Safe Infrastructure (climate-resilient infrastructure)
- Website information is organized into
  - Case Studies
  - Funding Sources and Special Districts
  - Financing Tools
  - Partnerships



# SCAG's Smart Growth Infrastructure website:

<https://scag.ca.gov/smart-growth-infrastructure>



ABOUT US MEETINGS OUR WORK DATA & TOOLS GET INVOLVED NEWS & EVENTS

## SMART GROWTH INFRASTRUCTURE

### Funding and Financing for Smart Growth Infrastructure in California

#### OUR WORK

- Connect SoCal +
- Programs & Projects -
  - Housing +
  - Economy & Finance -
    - Regional Economic Strategy and Data +
    - Smart Growth Infrastructure** -
    - Case Studies
    - Funding Sources and Special Districts +
    - Financing Tools
    - Partnerships
  - Federal & State Compliance +
  - Sustainability +
  - Transportation +
  - Local Resources +

The Smart Growth Infrastructure Funding and Financing (IFF) program is designed to assist cities to identify funding and financing opportunities and potential partnerships for public infrastructure improvements to support transit-oriented development, climate adaptation infrastructure, and other smart growth projects. The information available to you here defines available funding sources and financing tools to fund projects such as:

- Community facilities (fire, police, library, childcare, schools, etc.)
- Electricity/utility infrastructure
- Local streets/roads
- Ongoing operations and maintenance
- Parks/open space
- Sewer/stormwater
- Streetscape/placemaking improvements
- Transit/transit stations
- Affordable housing
- Climate-Smart Infrastructure (climate-resilient infrastructure)

Several of the funding sources and financing tools listed are linked to one or more case studies of recent smart growth improvement projects in California and across the country. The case studies and other information resources were completed since the elimination of redevelopment agencies in California 2012, and are designed to highlight emerging alternatives to tools that are no longer available.



- Highlight current smart growth infrastructure projects utilizing these financing tools and funding sources
- Case Studies are found both on this page and throughout the website
- Categorized into
  - Financing and Funding Tools and Strategies
    - Examples of projects that utilize one or more financing and funding tools
  - Parking Management Strategies
    - Examples of parking management and financing strategies
- Case Studies are based in the SCAG region, across the State, and outside of California

## CASE STUDIES

The case studies presented on this site explore tools and strategies for funding, financing, and managing TOD/smart growth infrastructure projects. They fall under one of two categories:

### FUNDING AND FINANCING TOOLS AND STRATEGIES

These case studies profile comprehensive smart growth funding/financing strategies and the use of different tools and resources, including emerging tools that are likely to become more important for California cities seeking post-redevelopment funding solutions & TOD/smart growth infrastructure projects.

### PARKING MANAGEMENT STRATEGIES

Managing and financing public parking is often a key component of a successful TOD/smart growth plan. Many transit station areas need expensive parking structures to accommodate commuters and adjacent development instead of surface parking lots. In other station areas or infill districts, parking management strategies can help ensure efficient use of existing parking spaces reducing the amount of new parking needed while helping to attract new shoppers and transit users, mitigate traffic congestion, generate funding for neighborhood improvements, and protect nearby residential neighborhoods from visitor, employee, and/or commuter parking. These case studies describe various methods and strategies for managing and financing parking to support TOD and smart growth development in an urban setting.

#### About Case Studies

Each case study concludes with lessons learned regarding the applicability of different tools for different types of improvements and development contexts. However, each case study also highlights other sources, many of which are likely to become increasingly important in a post-redevelopment world. Relevant Tools are cited at the conclusion of each case study so you can explore in more detail how particular tools were used by other jurisdictions.

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- Transportation +
- Local Resources +

# Funding Sources and Special Districts

- Outlines sources of funding jurisdictions can utilize to fund smart growth infrastructure projects, such as affordable housing, transit, facilities maintenance, climate adaptation/resilience projects, etc.
- “Funding” is a revenue stream from a tax, fee, grant, special district, or other source that generates money to pay for an improvement or project
- Types of funding sources and special districts:
  - User Fees
  - Value Capture
  - Grants
  - CEQA Streamlining Districts

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- Federal & State Compliance +

## FUNDING SOURCES AND SPECIAL DISTRICTS

“Funding” is a revenue stream from a tax, fee, grant, special district, or other source that generates money to pay for an improvement. Local governments typically dedicate some portion of property, sales, and other jurisdiction-wide tax revenues to fund infrastructure. In a time of severe fiscal constraints for many public entities, however, communities are looking for ways to leverage traditional sources of local government revenue and generate new sources to pay for TOD and smart growth infrastructure. Beyond general property and sales taxes, the sources that local governments in California use to fund infrastructure can be grouped into four broad categories: user fees, value capture, special district, and grants.

Click each tool to find out more!

### User Fees

User fees and rates include the fees charged for the use of public infrastructure or goods (e.g., toll road or bridge, water or wastewater system). Such fees and rates are typically set to cover a system’s operating and capital expenses each year, which can include debt service for improvements to the system. The revenues generated from user fees help offset operations and maintenance costs. It is sometimes possible to use some portion of user fee or rate revenue toward financing the costs of new infrastructure, though doing so may require raising rates.

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### Value Capture

Programs & Projects	—
Housing	+
Economy & Finance	—
Regional Economic Strategy and Data	+
Smart Growth Infrastructure	—
Case Studies	—
<b>Funding Sources and Special Districts</b>	—
User Fees	—
Value Capture	—
Grants	—
CEQA Streamlining Districts	—
Financing Tools	—
Partnerships	—
Federal & State Compliance	+
Sustainability	+
Transportation	+
Local Resources	+
Funding & Programming	+
Legislation & Advocacy	+
Publications & Reports	+

## Value Capture

Value capture is not one thing but a bundle of tools that raise revenue by capturing the value generated by public infrastructure improvements and/or a strong or strengthening real estate market. Value capture can entail the creation of a new assessment, tax, or fee (such as a special localized tax or development impact fee), the diversion of new revenues generated by an existing tax (as in tax increment financing), or a revenue-sharing agreement that allows a government agency to share in some of the revenues generated by developing publicly owned land (known as joint development).

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## Grants

Grants are funds that do not need to be paid back and are typically provided by a higher level of government to a lower level (e.g., from the federal government to states or localities; from states to local governments) or by a philanthropic entity.

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## CEQA Streamlining Districts

With affordable housing being one of California's top priorities, there are currently several policies and strategies available to support and incentivize local governments to increase affordable housing production across the state. CEQA streamlining districts have become a key strategy to increase and incentivize affordable housing by streamlining the CEQA review process. This section focuses on two types of CEQA streamlining districts: Housing Sustainability Districts and Workforce Housing Opportunity Zones.

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- Fees charged for the use of public infrastructure or goods, such as a toll road or bridge
- These fees are typically set to cover a system's yearly operating and capital expenses
- User fee revenues can be used towards new infrastructure, however doing so may require raising rates

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### FUNDING AND FINANCING TOOLS AND STRATEGY

## West Dublin BART



The West Dublin Bay Area Rapid Transit (BART) station opened in February 2011 after a nearly 15-year effort to fund and construct the station. The station is in suburban Alameda County, on the border between the towns of Dublin and Pleasanton. The West Dublin station was completed as an “infill” station between the Dublin/Pleasanton and Castro Valley stations, a ten-mile stretch of the BART line with no stops. The construction of the West Dublin Station provides a unique example of using joint development as a

value capture strategy to fund the construction of a rail station and the provision of TOD infrastructure.

### RELEVANT TOOLS

- Interagency Partnerships
- Private Transaction/Transfer Fee
- General Obligation Bonds
- Joint Development
- User Fees

### PARKING MANAGEMENT STRATEGY

## Old Pasadena Parking Management Zone



Old Pasadena’s parking management strategy is one of the most frequently cited examples of a multipronged approach to alleviating parking issues and funding improvements in the Southern California region. Innovative parking strategies have assisted the revival of Old Pasadena as a commercial destination, and the area is now one of the most vibrant downtowns in the region. In the early 1990s, the city devised two creative parking policies to fund downtown improvements and mitigate future parking congestion. First, the city

reinstalled parking meters in the downtown and used meter revenues to finance local improvements, establishing a parking management district with a local citizen advisory board that set meter rates and enacted parking policy in the district. The net revenues of the program financed a number of streetscape improvements that improved the commercial viability of Old Pasadena. Secondly, a parking credit program for commercial property owners satisfied off-street parking requirements in three downtown public parking structures. In 2004, the Old Pasadena Management District assumed control of the administration and management of the structures. Proactive management strategies have helped boost garage occupancy rates, an added benefit to the local merchant community.

### RELEVANT TOOLS

## Centre City Downtown Parking Management



For 15 years San Diego's Centre City has pursued an innovative, multitiered parking management district strategy that uses local resources to generate revenue and alleviate parking demand. Parking management in Centre City has benefitted from the city's long-term strategy for allocating parking revenues. Centre City has used a two-pronged approach to alleviating demand issues; first, smart meters were implemented to increase on-street parking occupancy and two parking

structures were built in areas with chronic parking shortages. Meter revenues financed the construction of the structures.

### RELEVANT TOOLS

- User Fees
- Parking Management District

- City of San Diego implemented several parking management strategies to address parking demand in Downtown/Centre City
- Implemented smart meters to increase on-street parking
- Built two parking structures in areas with most parking shortages

## Redwood City Downtown Meter Zone



Over the past five years Redwood City has taken an aggressive approach to satisfying its downtown parking demand. To manage the area's existing parking options – including on-street meters and multiple public and private garages – Redwood City developed a parking management district: the Downtown Meter Zone Program. The program altered rates and time limits for metered parking in downtown to stimulate more patron turnover, generate more revenue from the existing supply,

and ensure efficient use of parking spaces. This program coincided with the development of a major retail/cinema center in the area for which the Redwood City Redevelopment Agency financed a 590-space underground garage. Downtown Redwood City demonstrates that a coordinated policy that uses both on-street and garage spaces and that builds off existing assets can be an effective strategy.

### RELEVANT TOOLS

- Development Agreements
- User Fees
- Parking Management District
- Joint Development
- Revenue Bonds

- Redwood City created the Downtown Meter Zone program to help manage the City's existing parking options
- The program altered rates and time limits for metered on-street parking and managed multiple public and private garages
- Program led to increased parking efficiency and revenue

## Old Pasadena Parking Management Zone



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### RELEVANT TOOLS

- User Fees
- Parking Management District

- City of Pasadena implemented parking management measures to reduce congestion and fund improvements
- Reinstalled parking meters and meter revenues were used to fund streetscape improvements
- Parking credit program for commercial property owners

## Aurora Strategic Parking Plan and Program



The City of Aurora in the Denver metro area recently completed a “Strategic Parking Plan and Program Study” that is an innovative parking management strategy for the planned I-225 light rail corridor, including a corridor-based strategy for financing structured parking. The study envisions implementing fees for parking as well as other parking management tools along the entire light rail corridor, including the transit station parking lots and surrounding residential and commercial

parking areas. By managing the parking supply and implementing fees across a broad geographic area, the measures described in the study could create a market for priced parking (i.e., eliminate the option for free parking on the street) and raise revenue to pay for new parking structures at targeted stations. The Aurora study demonstrates the range of parking, management, pricing, and other revenue generating tools that could be included, as well as the challenges involved in implementing this type of corridor-level parking strategy.

### RELEVANT TOOLS

- Development Impact Fees
- User Fees
- Special Assessment District
- Revenue Bonds

- City of Aurora near Denver, CO completed a Plan and Study of a parking management strategy for a light rail corridor
- Study envisioned implementing parking fees and other parking management tools
- The goal with these strategies was to effectively manage parking and raise revenue for future parking infrastructure

# Value Capture

- Value capture raises revenue by capturing the value generated by public infrastructure improvements and/or a strong or strengthening real estate market
- Value capture can entail:
  - A new assessment, tax, or fee (such as a special localized tax or development impact fee)
  - Diverting new revenues generated by an existing tax (as in tax increment financing)
  - A revenue-sharing agreement that allows a government agency to share in some of the revenues generated by developing publicly owned land (known as joint development)

- Types of value capture:
  - Enhanced Infrastructure Financing District (EIFD)
  - Community Revitalization and Investment Authority (CRIA)
  - Neighborhood Infill Finance and Transit Improvements Act (NIFTI)
  - Second Neighborhood Infill Finance and Transit Improvements Act (NIFTI-2)
  - Affordable Housing Authority (AHA)
  - Infrastructure and Revitalization Financing District (IRFD)
  - Development Impact Fees
  - Special Assessment District
  - Mello-Roos Community Facilities District
  - Development Agreements
  - Joint Development
  - Private Transaction/Transfer Fee

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## Enhanced Infrastructure Financing District (EIFD)

Tax increment financing (TIF) works by freezing the property tax revenues that flow from a designated project area to the city, county, and other taxing entities at the "base level" in the current year. Additional tax revenue in future years (the "increment") is diverted into a separate pool of money, which can be used either to pay for improvements directly or to pay back bonds issued against the anticipated TIF revenue.

In California, TIF has historically been used by redevelopment agencies to raise funding for infrastructure improvements, land assembly, housing, and other projects in redevelopment areas. However, redevelopment agencies in California were required by state law to dissolve as of February 1, 2012. In 2014, with Senate Bill (SB) 628 the State revamped existing Infrastructure Financing Districts into Enhanced Infrastructure Financing Districts (EIFDs). EIFDs are a type of TIF district cities and counties could form to help fund economic development projects. Several legislative measures have passed in the years following that modified SB 628 and EIFD requirements: Assembly Bill 733 (2017) allows for EIFDs to fund climate change adaptation projects, including but not limited to projects that address conditions that impact public health (such as decreased air and water quality, temperatures higher than average, etc.) and extreme weather events (such as sea level rise, heat waves, wildfires, etc.); Senate Bill 1145 (2018) allows EIFDs to also fund infrastructure maintenance costs; Assembly Bill 116 (2019) allows for EIFDs to issue bonds without public vote however does increase public engagement requirements.

With these modifications, EIFDs are currently able to fund infrastructure maintenance and housing development, economic development, transportation infrastructure, sewage treatment, and climate adaptation projects, among other uses. EIFDs do not increase property taxes, as they cannot pull property taxes from school districts. EIFDs are governed by a Public Financing Authority (PFA) made up of 5 members of at least 3 elected officials and 2 local community members who live or work in the district area. The PFA oversees the creation of the District's Infrastructure Financing Plan (IFP), which outlines the specific projects the District will fund. Additionally, while EIFDs are not required to set aside a specific percentage of affordable housing, all housing that is developed must be affordable.

Although there are a handful of approved EIFDs in the State, several jurisdictions across California are in process of forming their own EIFDs. Kosmont Companies has mapped out this progress, [click here to view](#).

The Case Studies below explore some of the EIFDs currently formed and in process of formation, and highlight infrastructure-types that EIFDs can fund, such as Climate-Safe Infrastructure.

### CASE STUDIES

## Enhanced Infrastructure Financing District (EIFD)

- Property-based tax-increment financing district, established by Senate Bill (SB) 628, that can fund a wide-range of economic development and projects of communitywide significance, such as affordable housing, transportation infrastructure, sewage treatment, etc.
- Assembly Bill 733 and Senate Bill 1145, respectively, modified SB 628 to also fund climate adaptation/resilience projects and infrastructure maintenance
- EIFD requirements:
  - The Public Financing Authority (PFA) that governs an EIFD must be made up of at least 3 elected officials and 2 local community members (5 members total),
  - EIFD is formed upon the approval of the District's Infrastructure Financing Plan prepared by the PFA,
  - EIFD boundaries do not have to be contiguous

## ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD)

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## CASE STUDIES



County of Los Angeles  
West Carson EIFD



City of Placentia/County of  
Orange EIFD



City of La Verne/County of  
Los Angeles EIFD



City of San Diego Otay  
Mesa EIFD



City of West Sacramento EIFD



City of Redondo Beach EIFD



City of Fresno EIFD



Resilient and Sustainable  
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# Case Studies: County of Los Angeles West Carson EIFD

## County of Los Angeles West Carson Enhanced Infrastructure Financing District (EIFD)



In May 2020, Los Angeles County approved a Resolution of Intent to establish an EIFD in unincorporated West Carson, making it one of the first County-initiated EIFDs in the State. The goal of the West Carson EIFD is to fund the development projects outlined in the 2019 West Carson Transit Oriented District Specific Plan. The boundaries of the EIFD are the I-110 highway to the east, Normandie Avenue to the west, Del Amo Boulevard to the north, and Lomita Boulevard to the south.

The West Carson EIFD is one of SCAG's most recent Pilot TIF projects.

Utilizing tax increment collected above the 2021 base year, the West Carson EIFD will fund pedestrian improvement and connectivity, utility upgrades, and landscaping and green space improvements to the BioTech park. Additionally, the County intends to deposit 20% of tax increment funds into the Affordable Housing Trust Fund to go towards affordable housing development. The West Carson EIFD term is 45 years, although it is projected to incur \$41 million in funds for the County over the course of 50 years. The West Carson EIFD can contribute up to \$120 million to the Affordable Housing Trust Fund, and generate \$1.2 billion in economic output yearly.

With a fully formed Public Financing Authority (PFA) made up of Los Angeles County Supervisors and the draft Infrastructure Financing Plan (IFP) currently under review, the West Carson EIFD is anticipated to be approved by early 2021.

Official information on the EIFD can be found at <https://pw.lacounty.gov/pdd/proj/westcarson-eifd/>

### RELEVANT TOOLS

- Enhanced Infrastructure Financing Districts

- County of Los Angeles approved Resolution of Intent to establish the EIFD in May 2020
- Goal of EIFD is to fund the projects outlined in the West Carson Transit Oriented District Specific Plan
- Approved at the end of January 2021
- Second SCAG-supported EIFD
- One of the first County-led EIFDs

# Case Studies: City of Placentia/County of Orange EIFD

## City of Placentia/County of Orange Enhanced Infrastructure Financing District (EIFD)



The Placentia EIFD will fund transit-supportive and housing-supportive infrastructure in the communities directly to the north and south of the upcoming Placentia Metrolink Station, which will serve communities along State Route 91 – one of the busiest and most congest transportation corridors in Southern California. Specific improvements will include street upgrades, lighting infrastructure, pedestrian connectivity, as well as sewer and water infrastructure enhancements to

increase housing capacity, as well as upgrades to the landscape. These investments are estimated to cost around \$8 million, and will support an additional 1,600 housing units, 3,900 construction jobs, 1,150 permanent jobs that can help generate \$800 million in economic output from construction activities, and \$164 million in annual ongoing economic output.

To reach district formation, the process was initiated when the City of Placentia approved a Resolution of Intent on February 19, 2019 supporting the establishment of an EIFD in the areas surrounding the upcoming station, including the Old Town Placentia Area as well as the Transit Oriented Development Packing House District. The Orange County Board of Supervisors evaluated and supported a similar resolution on April 23, 2019. The City of Placentia / County of Orange EIFD was then established in September 2019 and became the first city/county EIFD partnership in California, when the District's Public Financing Authority (PFA) officially approved its Infrastructure Financing Plan (IFP). The Placentia EIFD is one of SCAG's Pilot TIF projects. Visually explore the Placentia EIFD through the City of Placentia EIFD Story Map [🗺](#).

Official information on the EIFD can be found at <https://www.placentia.org/860/Enhanced-Infrastructure-Financing-Distri> [🗺](#)

- City of Placentia approved Resolution of Intent to establish EIFD near the upcoming Placentia Metrolink Station in February 2019
- EIFD will fund street upgrades, sewer and water infrastructure enhancements to increase housing capacity
- County of Orange approved a similar resolution in April 2019
- Approved in September 2019 and became the first city/county EIFD partnership

# Case Studies: City of La Verne/County of Los Angeles EIFD

## City of La Verne/County of Los Angeles Enhanced Infrastructure Financing District (EIFD)



In 2017, the City of La Verne passed a Resolution of Intent to establish an EIFD at the future Metro Gold Line light rail station (E Street and Arrow Highway) and surrounding transit-oriented development as outlined in the Old Town La Verne Specific Plan. Property tax increment is projected to generate \$33 million, and will go towards funding multiple infrastructure projects, including enhancement of connectivity (parking, pedestrians, bikes, rideshare), beautification, and expansion of utilities to catalyze

development and accommodate housing growth. Private development projects include 1,700 new residential units 15% of which are affordable, retail, a business park, and hotel transit-oriented development are also valued at nearly \$500 million in 2017 dollars.

Although initially the City established the EIFD without County participation, in January 2020, the Los Angeles County Board of Supervisors approved the County's financial participation in the La Verne EIFD. With the County's participation, the EIFD will receive an additional \$50 million in tax increment funds. The La Verne EIFD Infrastructure Financing Plan was approved August of 2020, making it the second EIFD in the State to involve a city and county partnership.

Official information on the EIFD can be found at <https://www.cityoflaverne.org/index.php/home/bulletins/287-socialgas-requests-regulatory-approval-to-replenish-natural-gas-supply-at-aliso-canyon-storage-facility>

### RELEVANT TOOLS

- Enhanced Infrastructure Financing Districts

- City of La Verne approved Resolution of Intent to establish an EIFD at the future Metro Gold Line station in 2017
- EIFD will fund TOD, connectivity enhancements, expansion of utilities to accommodate housing growth
- The County of Los Angeles approved County participation in the EIFD in January 2020
- Approved in August 2020, making it the second city/county EIFD partnership

## City of San Diego Otay Mesa Enhanced Infrastructure Financing District (EIFD)



In 2017, the City of San Diego established an EIFD at the Otay Mesa community. The goal of the Otay Mesa EIFD is to fund and implement the priorities and projects outlined in the Otay Mesa Community Plan and the Otay Mesa Public Facilities Financing Plan. The Otay Mesa EIFD is coterminous with the Otay Mesa Community Plan Area, with the Otay River Valley and city of Chula Vista to the north, the Mexican border and city of Tijuana to the south, a County of San Diego unincorporated area to the east, and I-805 highway to the west as boundaries.

Using tax increment collected above the base 2017 year, the Otay Mesa EIFD will fund economic development, infrastructure development, and public facility improvements. These projects include housing development, economic development near the airport, public facility improvements (transportation, park, water & sewer) and industrial infrastructure development. The Otay Mesa EIFD is projected to bring in \$970 million over the course of its life. The Otay Mesa EIFD Infrastructure Financing Plan was approved in June of 2017.

Official information on the EIFD can be found at <https://www.sandiego.gov/council-committees/omeifd>

### RELEVANT TOOLS

- Enhanced Infrastructure Financing Districts

- City of San Diego approved Resolution of Intent to establish EIFD in Otay Mesa in February 2017
- Goal of EIFD is to fund projects outlined in Otay Mesa Community Plan and Otay Mesa Public Facilities Financing Plan
- Projects include economic development and public facility improvements
- Approved in 2017

## City of West Sacramento Enhanced Infrastructure Financing District (EIFD)



In 2017, the City of West Sacramento became the first city in California to establish an EIFD. The West Sacramento EIFD encompasses 25%, or 4,144 acres, of the City of West Sacramento near the City's Port and waterfront area. At the time of formation, the West Sacramento EIFD covered 14 subareas that had riverfront mixed-use development, industrial districts, retail districts, and contained redevelopment areas.

Utilizing tax increment captured above the baseline year of 2016-2017 and remaining Redevelopment funds, the West Sacramento EIFD is funding public facility improvements, economic development near the City's waterfronts, and housing with the goal of increasing commercial and mixed-use development in this area. With the City being the only taxing entity in the EIFD, the West Sacramento EIFD is projected to generate \$535 million, in 2017 dollars, over the course of its life.

Official information on the EIFD can be found at <https://www.cityofwestsacramento.org/business/economic-development/enhanced-infrastructure-financing-districts>

### RELEVANT TOOLS

- Enhanced Infrastructure Financing Districts

- First EIFD in the State
- EIFD will fund projects outlined the City's Master Plan and Capital Improvement Plan
- Projects include economic development near City's waterfronts and public facility improvements
- Approved in June 2017

## City of Redondo Beach Enhanced Infrastructure Financing District (EIFD)



In May 2019, the City of Redondo Beach approved a Resolution of Intent to establish an EIFD at its now-closed AES Power Plant. Following the City's Resolution of Intent, the County of Los Angeles also approved a Resolution of Intent to partner with the City to form the Redondo Beach EIFD in November of 2019. The Redondo Beach EIFD is proposed to revert the Power Plant's 50-acre site into open space and park development, wetland restoration, and private development. The assessed value of

the development on the area is \$265 million. The Redondo Beach EIFD's term is 45 years, although it is projected to incur over \$71 million in revenue over the course of 50 years. Not only will these funds go towards developing park and wetland space, but will also fund circulation improvements (streets, parking, and coastal access) and site remediation. As of December 2020, the Redondo Beach EIFD's Infrastructure Financing Plan is currently under review. With the County's participation, it will soon become the third formed EIFD in the State to involve a city and county partnership.

Official information on the EIFD can be found at <https://www.redondo.org/>

### RELEVANT TOOLS

- Enhanced Infrastructure Financing Districts

- City of Redondo Beach approved Resolution of Intent to establish an EIFD at City's closed AES Power Plant in May 2019
- Proposed to fund open space and park development and wetland restoration
- In process of formation

## City of Fresno Enhanced Infrastructure Financing District (EIFD)



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In April of 2020, the City of Fresno approved a Resolution of Intent to establish an EIFD at Downtown Fresno and the southern portion of the Blackstone Avenue Bus Rapid Transit area. With a focus on transportation improvements and investment, the Fresno EIFD will fund transportation safety and accessibility improvements, increased investment in bus infrastructure and roadways, streetscape and lighting improvements, improved wayfinding signage, and economic development

projects. Collecting tax increment above the base 2021/2022 year, the Fresno EIFD is projected to incur \$9.9 million in revenue over the course of 45 years. The Fresno EIFD will support the development of 10,000 housing units, over 22,000 in temporary construction jobs and 1,225 in permanent jobs, \$3.6 billion in economic output from construction activities, and \$211 million in annual economic output. The Fresno EIFD Public Financing Authority approved the District's Infrastructure Financing Plan in October of 2020, making it the fifth EIFD in the State.

Official information on the EIFD can be found at <https://www.fresno.gov/darm/housing-community-development/#tab-10>

### RELEVANT TOOLS

- Enhanced Infrastructure Financing Districts

- City of Fresno approved Resolution of Intent to establish EIFD near the Blackstone Avenue Bus Rapid Transit Station in April 2020
- EIFD will fund transportation improvements, including safety and accessibility enhancements and bus infrastructure
- Approved in October 2020

## Resilient and Sustainable Infrastructure



© tbowen, Flickr

EIFDs can also be utilized to fund emerging climate change resilience strategies, such as Climate-Safe Infrastructure. This section will provide some background on and discuss how EIFDs could serve as a financing tool for Climate-Safe Infrastructure.

### Background

With the State facing increasing temperatures, extreme heat waves, rising sea levels, and longer wildfire seasons, it is imperative that California's

cities and counties are adaptive and resilient to this changing climate. The State has passed several legislative measures to incorporate climate change considerations in local planning, such as Senate Bill (SB) 379 which requires cities and counties to incorporate climate adaptation strategies in their Safety Elements and Senate Bill 1035 which modifies SB 379's timeline so that data on climate adaptation in Safety Elements is regularly updated. Additionally, Senate Bill (SB) 1241 requires jurisdictions to consider fire hazards, especially in communities or unincorporated communities in the state responsibility areas that are in high fire severity areas. Assembly Bill 2911 strengthened SB 1241's local very high fire severity designation areas.

[READ MORE →](#)

- Unique case study for EIFDs: Climate-Safe Infrastructure is a type of smart growth infrastructure EIFDs can fund to increase resilience
- Climate-Safe Infrastructure is defined as “infrastructure that is sustainable, adaptive and that meets design criteria that aim for resilience in the face of shocks and stresses caused by the current and future climate” by CNRA’s Climate-Safe Working Group

# Community Revitalization and Investment Authority (CRIA)

- Property-based tax-increment financing district established by Assembly Bill (AB) 2 that funds affordable housing and other infrastructure projects in disadvantaged communities
- To qualify, a city/county must meet the criteria for disadvantaged communities (e.g., having areas with high unemployment or high crime rates)
- Other CRIA requirements:
  - 25% affordable housing set-aside requirement,
  - The Public Financing Authority (PFA) that governs a CRIA must be made up of at least 5 members, including 3 members of a legislative body and 2 local community members,
  - CRIAs do not require public vote for creation or issuance of bonds but are subject to majority protest at adoption

## COMMUNITY REVITALIZATION AND INVESTMENT AUTHORITY (CRIA)

In 2015, Assembly Bill 2 established CRIAs, another type of tax increment financing district, that increases funding for and production of affordable housing in disadvantaged communities as well as other types of infrastructure projects. To qualify, a city/county must meet the criteria for disadvantaged communities, including having areas with high unemployment or high crime rates, neighborhoods with deteriorated infrastructure, and/or areas with a significantly lower median household income. CRIAs have an affordable housing set aside of 25% and entail the powers of eminent domain for the first 12 years. CRIAs do not require public vote for creation or issuance of bonds, however they are subject to majority protest at adoption. CRIAs are governed by a 5-member board made up of at least 3 members of a legislative body and 2 community members who live or work in the district area.

Although there are not yet any approved CRIAs in the State, several jurisdictions are in process of forming their own CRIAs. Kosmont Companies has mapped out this progress, click here to view:

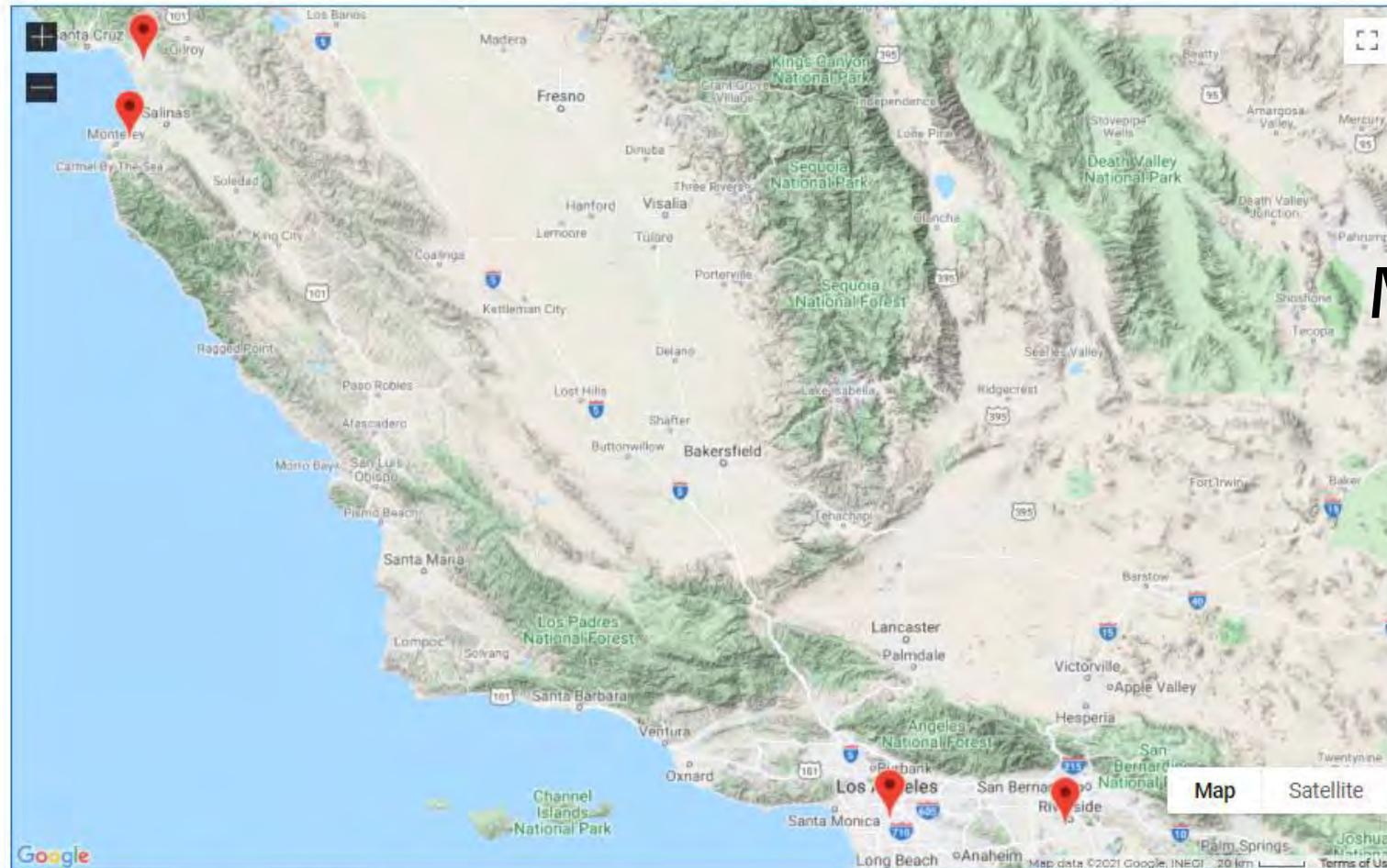
[https://www.kosmont.com/services/eifds-crias-special-tax-districts/#Statewide\\_EIFD\\_CRIA\\_Evaluation\\_Areas](https://www.kosmont.com/services/eifds-crias-special-tax-districts/#Statewide_EIFD_CRIA_Evaluation_Areas)

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Map of CRIAs underway

Default View	Approved - EIFD	CRIA	EIFD
	Huntington Park	<input type="checkbox"/>	<input type="checkbox"/>
	Riverside, City of	<input type="checkbox"/>	<input type="checkbox"/>
	Seaside	<input type="checkbox"/>	<input type="checkbox"/>
	Watsonville	<input type="checkbox"/>	<input type="checkbox"/>

# Neighborhood Infill Finance and Transit Improvements Act (NIFTI)



- The NIFTI Act (Assembly Bill 1568) authorizes cities and counties to allow EIFDs to funnel sales and use tax revenues towards proposed affordable housing, utility, and transit infrastructure projects
- To establish a NIFTI, a city or county must adopt an ordinance that outlines how sales and use tax revenues will be allocated to the EIFD
- Other NIFTI requirements:
  - NIFTIs can only be applied to EIFDs whose boundaries are coterminous with the boundaries of the city/county establishing the EIFD,
  - NIFTIs require 55% of registered voter approval to issue bonds,
  - 20% affordable housing requirement

# NEIGHBORHOOD INFILL FINANCE AND TRANSIT IMPROVEMENTS ACT (NIFTI)

Established by Assembly Bill 1568 in 2017, the NIFTI Act grants cities and counties permission to allow EIFDs to funnel sales and use tax revenues toward affordable housing and supportive transit infrastructure projects. NIFTIs can also fund infill development projects, however they cannot fund highway or highway interchange improvements. Similar to EIFDs, NIFTIs do not require public vote for creation and are governed by a PFA made of 5 members with at least 3 elected officials and 2 local community members who live or work in the area. NIFTIs differ from EIFDs in that they require 55% of registered voters, or landowners vote (1 vote per acre), to issue bonds and the district must be coterminous with the boundary of the city or county establishing the NIFTI. Additionally, NIFTIs have a 20% affordable housing requirement. The law outlines the requirements for the ordinance that must be established to create a NIFTI.

No approved NIFTIs in the State yet.

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# Second Neighborhood Infill Finance and Transit Improvements Act (NIFTI-2)



- Established by Senate Bill 961, NIFTI-2s are similar to NIFTIs but with a stronger emphasis on affordable housing, urban greening, and active transportation
- Similar requirements as NIFTIs:
  - Ordinance must be adopted to establish a NIFTI-2,
  - EIFD boundaries must be coterminous with city/county boundaries,
  - Require 55% of registered voters to issue bonds
- NIFTI-2 requirements:
  - Projects must be 1/2 mile from a major transit stop,
  - 40% affordable housing requirement,
  - 10% of funds to go towards parks/urban greening OR active transportation

## SECOND NEIGHBORHOOD INFILL FINANCE AND TRANSIT IMPROVEMENTS ACT (NIFTI-2)

Established by Senate Bill 961 in 2018, NIFTI-2s are very similar to NIFTIs but have some key differences. Like NIFTIs, NIFTI-2s do not require public vote for creation and are governed by a Public Financing Authority made up of at least 3 elected officials and 2 local community members who live or work in the area (5+ members total). NIFTI-2s also require 55% of registered voters, or landowners vote (1 vote per acre), to issue bonds and the district must be coterminous with the boundary of the city or county establishing the NIFTI-2.

NIFTI-2s fund affordable housing, transit, and urban greening projects, such as multifamily affordable housing, transit-oriented development, complete streets capital, parks/open space/urban forestry/greening improvements, and active transportation projects. Because NIFTI-2s have a greater focus on affordable housing and urban greening, NIFTI-2s have a 40% affordable housing AND 10% park/public space set-aside requirement. Additionally, NIFTI-2s can only fund projects that are within ½ mile from major transit stops.

No approved NIFTI-2s in the State yet.

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# Affordable Housing Authority (AHA)

- Established by Assembly Bill 1598, AHAs can utilize property or sales tax increment to provide bonds for affordable housing and workforce housing production
- AHAs are funded by an affordable housing fund
- AHA requirements:
  - 95% of funds must go to affordable housing and 5% can fund administrative activities,
  - Governing body must be composed of an odd number of members (at least 5) with at least 3 City Council or Board of Supervisor members and at least 1 community member,
  - AHA boundaries must be coterminous with city/county boundaries
  - Must adopt Affordable Housing Investment Plan

## AFFORDABLE HOUSING AUTHORITY (AHA)

Established by Assembly Bill 1598 in 2017, AHAs are public financing entities that are authorized to use property or sales tax increment to provide bonds for affordable housing and workforce housing production. Like EIFDs, AHAs do not require public vote for formation or to issue bonds and can fund projects anywhere within the established district. AHAs are governed by a governing body made up of an odd number of members (at least 5) of at least 3 City Council or Board of Supervisor members and at least 1 community member who lives or works within the area. The boundaries of an AHA must be coterminous with the boundaries of the city or county creating it.

Focusing on increasing production of affordable housing, AHAs can only fund projects that increase, improve, and/or preserve affordable housing for very low-, low- and moderate-income households. As such, AHAs have a 95% affordable housing requirement. AHAs are funded by an affordable housing fund that is financed by property tax increment revenues.

No approved AHAs in the State yet.

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# Infrastructure and Revitalization Financing District (IRFD)

- Established by Assembly Bill 229, IRFDs fund housing development and other projects of communitywide significance in current and former redevelopment project areas
- IRFDs can fund affordable housing, highways and transit facilities, industrial structures, sewage treatment, among other projects
- IRFD requirements:
  - 2/3 voter approval for formation and to issue bonds
  - No affordable housing set-aside requirement but any district that does develop housing must have at least 20% low- and moderate-income housing
  - Governed by the same governing body as the city or county creating the District
  - Governing body must prepare and approve an Infrastructure Financing Plan
  - District project areas can be non-contiguous

## INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT (IRFD)

Established by Assembly Bill 229 in 2014, IRFDs are districts that finance housing development and other development projects of communitywide significance in current and former redevelopment project areas. IRFDs fund many of the same types of projects as EIFDs, including affordable housing, highways and transit facilities, industrial structures, sewage treatment, etc. IRFDs do not have an affordable housing set-aside requirement, however any district that does develop housing must have at least 20% low- and moderate-income housing.

Differing from EIFDs, IRFDs required 2/3 voter approval for formation and to issue bonds. IRFDs are governed by the same governing body as the city or county creating the district. IRFDs also receive funding from the Redevelopment Property Tax Trust Fund.

### CASE STUDIES



San Francisco Treasure  
Island IRFD

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### San Francisco Treasure Island Infrastructure and Revitalization Financing District (IRFD)



In 2017, the City of San Francisco established the Treasure Island IRFD at Treasure Island and Yerba Buena Island, which are nestled between the cities of San Francisco and Oakland. The Treasure Island IRFD is overseen by the City and the Treasure Island Development Authority (TIDA), who is made up of members from the City of San Francisco's Board of Supervisors. Drawing from tax increment as well as funds from a Community Facilities District (CFD), the Treasure Island IRFD will go towards

funding housing development, commercial and retail development, public infrastructure improvement (streets, utilities, community facilities, etc.), park/open space maintenance, and geotechnical improvements.

While funds from the CFD go primarily towards the proposed park, open space maintenance, and geotechnical improvements, the funds generated from the IRFD go primarily towards the proposed housing, economic development, and property improvements.

Official information on the IRFD can be found at <https://sftreasureisland.org/>

#### RELEVANT TOOLS

- Infrastructure and Revitalization Financing District
- Mello-Roos Community Facilities District

- First IRFD in the State
- Established by City of San Francisco and overseen by the Treasure Island Development Authority
- Draws funds from tax increment financing and a Community Facilities District
- Funds economic development, geotechnical improvements, infrastructure improvements
- Approved in 2017

# Development Impact Fees

- A one-time charge to new development imposed under the Mitigation Fee Act
- These fees are charged to new development to fund future capital facilities needs catalyzed by that new development
- Can only be used to cover the costs of new uses
- Voter approval is not required

## DEVELOPMENT IMPACT FEES

Development impact fees are a one-time charge to new development imposed under the Mitigation Fee Act. These fees are charged to new development to mitigate impacts resulting from the development activity and cannot be used to fund existing deficiencies. This means that for improvements that benefit existing as well as new development, impact fees can only pay for the portion of the improvement that benefits the new uses. Cities must find other funding sources to cover the costs that benefit existing uses. Impact fees must be adopted based on findings of a reasonable relationship between the development paying the fee, the size of the fee, and the use of fee revenues. Development impact fees do not require voter approval and are commonly used by California cities to address the impact of new development on schools, parks, transportation, etc. However, because impact fees are dependent on new development projects, they are not usually consistent or predictable enough to serve as security for the issuance of bonds.

### CASE STUDIES



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White Flint Sector Plan



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Aurora Strategic  
Parking Plan and Program

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## White Flint Sector Plan



White Flint is in North Bethesda, an urbanized area in Montgomery County, Maryland. The White Flint Sector Plan covers 430 acres within a 4-mile radius of the White Flint Metrorail station, part of the rapid transit system operated by the Washington Metropolitan Area Transit Authority. To support significant new residential and commercial development, the sector plan identified \$313.4 million worth of infrastructure and public facility needs.

This case study focuses on the provisions in the plan related to implementation and financing of the proposed infrastructure and public facility projects, and describes how implementation has actually progressed since the plan was adopted in early 2010. The White Flint Sector Plan is an excellent example of a comprehensive plan for transit-oriented development with a strong focus on implementation. Montgomery County's experience also illustrates the challenges that can be involved in financing complex infrastructure and public facility projects, even with a well-thought-out plan.

### RELEVANT TOOLS

- Development Impact Fees
- Special Assessment District
- Revenue Bonds

- Plan covers the Washington Metropolitan Area Transit Authority's White Flint Metrorail station in Montgomery County, Maryland
- Focused on transit-oriented development and facility improvements
- Adopted in 2010

## Special Assessment District

- Districts where property owners agree to pay an additional assessment to fund specific improvements or services, such as public transport improvements
- The amount each property owner pays must be directly proportional to the benefit the property will receive from the proposed improvement
- Districts are established by a vote of the property owners and require a simple majority (50% plus 1)

# SPECIAL ASSESSMENT DISTRICT

In a special assessment district, property owners agree to pay an additional assessment to fund specific improvements or services within that district. The special assessment's purpose must be determined prior to the district's creation and the amount that each property owner pays must be directly proportional to the benefit the property will receive from the proposed improvement. Assessment districts are established by a vote of the property owners and require a simple majority (50% plus 1). California has dozens of statutes defining different special assessment district tools for distinct types of improvements and services, including everything from business improvement districts to lighting and landscaping, sewer, utility, parking, and community benefit districts. Although California law varies depending on the type of assessment district, most types of districts can issue tax-exempt bonds.

For example, a business improvement district (BID) or a property-based improvement district (PBID) assesses and provides benefits to either business owners or property owners, respectively, typically in a downtown or other defined commercial area. As with other special assessment districts, BIDs and PBIDs must be approved by a simple majority (50% plus 1) of affected businesses/property owners, and the amount that each business or property owner pays must be proportional to the benefit that they receive. Distribution of the money is managed by a board composed of affected businesses or property owners. BIDs and PBIDs can be used to pay for a wide range of activities, including parking facilities, street and streetscape improvements, lighting and landscaping, marketing and promotions, and business attraction and retention. Unlike other assessment districts, however, BIDs and PBIDs cannot issue bonds.

## CASE STUDIES



**Aurora Strategic  
Parking Plan and Program**



**Emery-Go-Round**



**White Flint Sector Plan**

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## Emery-Go-Round



The Emery-Go-Round is a free local circulator system that annually shuttles 1.3 million commuters and residents between Emeryville and the Bay Area Rapid Transit (BART) MacArthur Station. The shuttle service represents the culmination of a partnership formed between the City of Emeryville and a constituency of local corporations that began in 1996. The shuttle service provides an example of the efficacy of coordinated private sector investment in providing reliable, nonautomotive

commute options. It is funded by a Property-Based Business Improvement District (PBID), whereby business owners have elected to pay a small assessment on commercial square footage to support the shuttle's operation. Although the project was initially proposed and planned by city staff, the city's role in funding and operation was phased out in the first 3 years of operation, and the shuttle has operated successfully for 15 years with very little assistance from the local redevelopment agency.

### RELEVANT TOOLS

- Special Assessment District
- Regional Funding Sources
- State Funding Sources

- Shuttle system that transports commuters between the BART MacArthur Station and Emeryville
- Began as a partnership between City of Emeryville and local private corporations
- Funded by a property-based business improvement district (a type of Special Assessment District)

## Mello-Roos Community Facilities District (CFD)

- Type of special tax district formed when property owners within an area agree to impose a property tax to fund infrastructure improvements or services
- Flexible in both the basis and application of tax, the only standard for the special tax is that it be reasonable and that it not be ad valorem (i.e., it cannot be based on property value)
- Requires 2/3 of property owners vote if less than 12 registered voters live in the District
- If there are more than 12 registered voters, then 2/3 voter approval from registered voters is required

# MELLO-ROOS COMMUNITY FACILITIES DISTRICT

Mello-Roos community facilities districts (CFDs) are a type of special tax district formed when property owners within a geographic area agree to impose a tax on property in order to fund infrastructure improvements or services. These fees can then be used either for pay-as-you-go financing or to pay off tax-exempt bonds issued against the anticipated revenue from the CFD. CFDs are flexible in both the basis and application of tax; direct proportionality of benefit is not required, as with special assessment districts. Rates and methods of apportionment (RMA) have been based on land or property square footage or number of bedrooms; distinct areas and land uses may also be taxed differently. The only standard for the special tax is that it be reasonable and that it not be ad valorem (i.e., it cannot be based on property value). CFDs are also flexible in the type of improvements or services that can be paid for. They are used most commonly for streets, water, sewer/drainage, electricity infrastructure, schools, parks & police. The method of apportionment and types of improvements or services to be authorized, as well as the amount and term of any bond, must be designated.

CFDs require a two-thirds vote of property owners, so long as there are no more than 12 registered voters living within the proposed district. More than 12 registered voters living in the district requires a two-thirds vote of registered voters. Because of this voter approval requirement, CFDs are most commonly formed in undeveloped areas where the district encompasses a small number of property owners who intend to subdivide the land for sale. (One provision of the Mello-Roos Community Facilities District Act is that the fees can be proportionally subdivided with the land and passed on to the future landowners.)

## CASE STUDIES



The Burbank Collection  
Community Facilities District



San Francisco Treasure  
Island IRFD

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## The Burbank Collection Community Facilities District



The Burbank Collection is an \$80 million project in downtown Burbank that includes 40,000 square feet of urban retail space, 118 condominiums, and a 723-space parking garage that provides parking for residents, retail customers, and the public. Champion Real Estate Companies, the developer built the garage as part of the larger project. The city then purchased the public component of the garage from the developer using the proceeds of a bond issuance backed by a combination of tax-increment financing and a community facilities district special tax.

This case study discusses how the publicly owned component of the garage was financed and how it is managed today, including the challenges involved in managing this type of shared-ownership, shared-access parking.

### RELEVANT TOOLS

- Joint Development
- Development Agreements
- Mello-Roos Community Facilities District
- Revenue Bonds

- Burbank Collection is an urban retail space with condominiums, and 732-space parking garage
- Includes a public parking garage purchased and owned by the City of Burbank
- City financed public component of garage through issuing revenue bonds backed by community facilities district

# Development Agreements

- Cities negotiate and create an agreement with developers in order to obtain desired improvements in exchange for development rights
- Public benefits new developments can provide vary by project and its anticipated costs, revenues, etc.

# DEVELOPMENT AGREEMENTS

California law authorizes cities to conduct structured, bilateral negotiations with developers in order to obtain desired improvements in exchange for development rights. The extent to which a new development project can contribute to the provision of infrastructure or other public improvements depends on construction costs, lot size and configuration, parking ratios, market prices, and other factors related to the anticipated costs and revenues of the development project. All of these factors vary depending on the particular project and timing of development, so the amount of public benefits that can be provided is unpredictable and must be negotiated case by case.

## CASE STUDIES



The Burbank Collection  
Community Facilities District



Redwood City Downtown Meter Zone

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## Joint Development

- A real estate development project that involves a cooperative arrangement between a private sector entity and a public entity (city, county, or transit agency)
- This arrangement can take many forms, from sale/lease of public land to joint construction of transit or other public facility
- Only applicable where the public sector owns land

# JOINT DEVELOPMENT

Joint development refers to a real estate development project that involves a cooperative arrangement between a private sector entity and a public entity like a city, county, redevelopment agency, or transit agency. Joint development arrangements can take a number of forms, including the sale or lease of publicly owned land or air rights for specific types of development, or joint construction of a transit or other public facility. Depending on the particular arrangement, the public and private partners can share costs, revenues, and/or financial risk. Joint development is only applicable where the public sector owns land.

Joint development can allow a public agency to benefit from a private developer's expertise and access to credit, while maintaining some control over the use of public property and potentially receiving revenues from the development. From the private developer's perspective, partnering with a public agency can provide access to subsidy or an agency's bonding capacity, and/or help defray some of the risks associated with development. On the other hand, joint development can have downsides for both parties, leaving the public sector exposed to financial risk and reducing the private developer's flexibility.

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West Dublin BART



The Burbank Collection  
Community Facilities District



Redwood City  
Downtown Meter Zone

## West Dublin BART



The West Dublin Bay Area Rapid Transit (BART) station opened in February 2011 after a nearly 15-year effort to fund and construct the station. The station is in suburban Alameda County, on the border between the towns of Dublin and Pleasanton. The West Dublin station was completed as an “infill” station between the Dublin/Pleasanton and Castro Valley stations, a ten-mile stretch of the BART line with no stops. The construction of the West Dublin Station provides a

unique example of using joint development as a value capture strategy to fund the construction of a rail station and the provision of TOD infrastructure.

### RELEVANT TOOLS

- Interagency Partnerships
- Private Transaction/Transfer Fee
- General Obligation Bonds
- Joint Development
- User Fees

- In operation since 2011
- Completed as an infill station between Dublin/Pleasanton and Castro Valley stations
- Funded by a combination of private transaction fees, user fees, and joint development

## Private Transaction/Transfer Fee

- A charge that real property buyers must pay to a private party (i.e., the property developer or a homeowner's association)
- Fee is usually calculated as a percentage of the sales price and typically paid upon purchase or resell of the property
- Developers attach this fee to new homes to help pay for infrastructure costs or to create a long-term stream of revenue
- Potentially serve as a revenue for public entities in a scenario where the public entity owns land (i.e., as part of a joint development deal)

## PRIVATE TRANSACTION/TRANSFER FEE

A private transaction or transfer fee is a charge that real property buyers are contractually required to pay to a private party, such as to the property's developer or to a homeowner's association. Developers sometimes attach these private transfer fees – different from public transfer taxes imposed by state or local governments – to new homes in order to pay for infrastructure or homeowner association costs, or to create a long-term revenue stream for the developer or original land owner. The fees are usually calculated as a percentage of the sales price and recorded in the property's deed or covenant. Depending on the terms recorded, the fee may apply only the first time the property is sold or subsequent resale as well. This type of fee is relatively new and untested as a source of revenue for public agencies and would probably only be applicable where the public agency owns land (i.e., as part of a joint development deal).

### CASE STUDIES



West Dublin BART

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- Grants are grouped by
  - Regional Funding Sources
    - Including SCAG technical assistance opportunities
  - State Funding Sources
  - Federal Funding Sources
- Grant and technical assistance opportunities outlined support:
  - General Smart Growth
  - Transportation/TOD
  - Housing
  - Parks/Open Space
  - Water/Sewer/Storm Drains

## OUR WORK

- Connect SoCal +
- Programs & Projects -
- Housing +
- Economy & Finance -
- Regional Economic Strategy and Data +
- Smart Growth Infrastructure -
- Case Studies
- Funding Sources and Special Districts -
- User Fees
- Value Capture
- Grants
- CEQA Streamlining Districts
- Financing Tools
- Partnerships
- Federal & State Compliance +
- Sustainability +
- Transportation +
- Local Resources +
- Funding & Programming +
- Legislation & Advocacy +
- Publications & Reports +

# GRANTS

Grants are funds that do not need to be paid back and are typically provided by a higher level of government to a lower level (e.g., from the federal government to states or localities; from states to local governments) or by a philanthropic entity. The federal government, the State of California, and each region's metropolitan planning organization (MPO) provide a wide range of grants and formula funding programs that are relevant for TOD/infill infrastructure needs, including for transportation, community and economic development, clean air and water, brownfield cleanup, parks and open space, and local and regional planning. Because grant programs are typically competitive, grant funds are an unpredictable funding source.

- REGIONAL FUNDING SOURCES AND TECHNICAL ASSISTANCE PROGRAMS
- STATE FUNDING SOURCES
- FEDERAL FUNDING SOURCES
- ALL

## State Funding Sources

### General

- [California Grants Portal](#)

### Housing, Community, and Economic Development

- [California Department of Housing and Community Development](#)

### Transportation

- [California Department of Transportation \(Caltrans\)](#)

### Parks/Open Space

- [California Strategic Growth Council](#)
- [California Department of Parks and Recreation](#)
- [California State Coastal Conservancy](#)
- [California Natural Resources Agency](#)

## CEQA Streamlining Districts

- Provide opportunities for streamlining of CEQA Environmental Review for proposed affordable housing developments if certain criteria are met
- Opportunities for funding from the State vary by district
- CEQA streamlining districts covered:
  - Housing Sustainability Districts
  - Workforce Housing Opportunity Zones

## Housing Sustainability Districts (HSDs)

- Assembly Bill 73 allows jurisdictions to establish HSDs that increase housing near public transportation
- To establish an HSD, a city/county must create an ordinance and prepare an Environmental Impact Report (EIR), and if certain criteria are met, EIRs will not be required for the individual housing projects developed
- City/county that establishes an HSD is eligible to receive financial support from the State based on the number of housing units developed within the District
- 20% affordable housing requirement

# Workforce Housing Opportunity Zones (WHOZs)

- WHOZs increase affordable housing near transportation and jobs
- To establish a WHOZ, a city/county must adopt a specific housing development plan and create an Environmental Impact Report (EIR)
- If specific criteria are met, EIRs for individual housing development projects will not be required
- A city/county may apply for a no-interest loan or grant from the State to help fund the required specific plan and EIR
- Affordable housing requirements:
  - 50% units affordable to below or at moderate-income households
  - 10% units affordable to lower-income households

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# CEQA STREAMLINING DISTRICTS

With affordable housing being one of California's top priorities, there are currently several policies and strategies available to support and incentivize local governments to increase affordable housing production across the state. CEQA streamlining districts have become a key strategy to increase and incentivize affordable housing by streamlining the CEQA review process. This section focuses on two types of CEQA streamlining districts: Housing Sustainability Districts and Workforce Housing Opportunity Zones.

## Housing Sustainability Districts

Assembly Bill 73 (2018) allows jurisdictions to establish Housing Sustainability Districts (HSDs) that increase housing near public transportation. The area an HSD covers must be zoned to allow residential use through the ministerial issuance of a permit. A city or county must create an ordinance to establish an HSD and create an Environmental Impact Report (EIR) for the District. If certain criteria are met, EIRs will not be required for the individual housing projects developed within an HSD, providing an opportunity for streamlined CEQA review. A city or county that establishes an HSD is eligible to receive financial support from the State based on the number of housing units developed within the District. 20% of the housing units developed within an HSD must be affordable to households at or below moderate income. Additionally, prevailing wage must be used, and a skilled workforce must be employed for all projects within an HSD.

More information on Housing Sustainability Districts can be found at <https://www.hcd.ca.gov/policy-research/lhp.shtml>

## Workforce Housing Opportunity Zones

Senate Bill 540 (2017) authorizes jurisdictions to establish Workforce Housing Opportunity Zones (WHOZs) to increase affordable housing near public transportation and jobs. To establish a WHOZ, a city or county must adopt a specific housing development plan and create an Environmental Impact Report (EIR) for the WHOZ. If specific criteria are met, EIRs for the individual housing development projects within the WHOZ will not be required. A city or county may apply for a no-interest loan or grant from the State to help fund the specific plan and EIR required to establish a WHOZ. Within five years after adopting the specific housing development plan, a jurisdiction must approve a project that satisfies the plan's criteria. WHOZs have specific housing requirements: 50% of total housing units must be rented or sold to households at or below moderate-income, 10% of total units within a housing development must be affordable to lower income households, and no more than 50% of total housing units can be rented or sold to above moderate-income households. Additionally, like HSDs, WHOZs are subject to prevailing wages.

More information on Workforce Housing Opportunity Zones can be found at <https://www.hcd.ca.gov/policy-research/lhp.shtml>

# Financing Tools

- Local governments can issue bonds to finance and cover infrastructure costs
- Types of bonds:
  - General Obligation Bonds
    - Bonds backed by general tax revenues (sales and tax, property, etc.) rather than the revenue from a specific project, therefore work well with projects that do not generate revenue
  - Revenue Bonds
    - Bonds issued for municipal projects that generate revenue and are repaid solely by the revenue generated by the funded facility or geographic area
  - Grant Anticipation Revenue Vehicle Bonds
    - Bonds repaid by future federal appropriations for transportation projects, most commonly used for highway construction
  - Private Activity Bonds
    - Bonds issued by state or local governments to private business projects with public benefit, such as low-income multifamily housing
  - Lease Revenue Bonds
    - Bonds issued by state or local governments that are secured with revenues from the lease of land, public facilities, and transportation assets

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## FINANCING TOOLS

There are two basic ways to approach paying for infrastructure: "pay-as-you-go" and debt financing. In a pay-as-you-go approach, improvements are made only when sufficient revenue is collected to cover the entire cost. In a debt financing approach, the improvement is paid for immediately, typically by borrowing against future revenues – in other words, issuing debt that is paid back over time. Either approach requires a designated funding – i.e., revenue – source to pay for the cost of the improvement itself and, when a financing mechanism is used, to cover interest and other costs associated with issuing debt.

Local governments typically borrow money by issuing bonds, which are promises to pay back investors over a defined period of time at a defined interest rate. Public entities can typically access lower interest rates by issuing bonds rather than by borrowing money from a private lender because most publicly issued bonds are exempt from state and federal taxes. Local governments can issue debt for projects that do not themselves generate revenue (typically in the form of general obligation bonds), but most types of debt must be secured by a dedicated source of revenue.

GENERAL OBLIGATION BONDS	REVENUE BONDS	GRANT ANTICIPATION REVENUE VEHICLE BONDS	PRIVATE ACTIVITY BONDS
LEASE REVENUE BONDS	ALL		

### General Obligation Bonds

General obligation (GO) bonds are backed by ad valorem property, sales and use, property transaction, or other general tax revenues, rather than the revenue from a specific project or geographic area, and can therefore be used to finance infrastructure that does not generate revenue. GO bonds are tax exempt and can be issued by governmental entities at the state or local level, including counties, cities, transit agencies, special-purpose districts, public utilities, school districts, etc.

#### CASE STUDIES



- Several smart growth projects, such as joint development, involve partnerships between private and public entities
- Types of partnerships:
  - Anchor Institutions
    - Anchor institutions are entities such as universities, hospitals, and companies that have strong ties to their locations because of real estate holdings or capital investment, history, or mission
  - Private/Public Partnerships
    - Partnerships between local governments and private entities
      - Joint development
      - Parking management districts
        - Ensure efficient utilization of existing commercial parking spaces
  - Interagency Partnerships
    - Partnerships between local governments and local or regional transportation agencies

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## PARTNERSHIPS

Transit-oriented development, infill development, and other types of smart growth projects often fall under the purview of multiple public agencies and usually involve collaboration with various property owners, local community organizations, and other private and nonprofit entities. Forming effective partnerships is therefore a critical part of developing a successful funding and financing strategy for smart growth infrastructure. These partnerships can include interagency partnerships, public/private partnerships, and anchor institutions, defined below.

- ANCHOR INSTITUTIONS
- PUBLIC/PRIVATE PARTNERSHIPS
- INTERAGENCY PARTNERSHIPS
- ALL

### Anchor Institutions

Anchor institutions are entities such as universities, hospitals, and companies that are inextricably tied to their locations because of real estate holdings or capital investment, history, or mission. Because of these deep ties to their communities, these organizations may have an interest in investing in local economic or community development. From the perspective of a city or community, an anchor institution may bring new funding sources to the table as well as leadership capacity, research expertise, and other forms of human capital. The case study of the Greater University Circle Initiative and University Circle, Inc, in Cleveland, Ohio provides examples of how anchor institutions can work with cities to fill the gaps in traditional sources of funding and financing for smart growth infrastructure.

#### CASE STUDIES



Greater University Circle

## Greater University Circle



University Circle is a square-mile district about four miles east of downtown Cleveland that is home to approximately 40 education, health, arts, and social services institutions. Since the 1950s, the University Circle institutions have worked together to plan the development of the Circle, acquire land, and provide services such as landscaping, policing, and marketing through an organization called University Circle, Inc. In 2005, the Cleveland Foundation initiated a new effort to bring the district's

institutions together to address critical infrastructure needs and revitalize the surrounding "greater" University Circle neighborhoods. Through these two efforts, the institutions in University Circle have contributed to infrastructure development in a number of ways – including providing up-front money to pay for design and planning, supporting grant applications, and even taking the lead in raising funding and constructing streetscape and other improvements. This case study reviews the range of ways that anchor institutions have contributed to infrastructure and transit-oriented development in the Circle.

### RELEVANT TOOLS

- Regional Funding Sources
- State Funding Sources
- Anchor Institutions

- University Circle is a community near downtown Cleveland that's home to institutions of education, health, and arts/culture
- The University Circle Inc. was formed by the University Circle and supported community and economic development
- Supported transit-oriented development and streetscape improvements

SCAG's Smart Growth Infrastructure website demo:  
<https://scag.ca.gov/smart-growth-infrastructure>

Thank you!

Questions/Comments?

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