



Enhanced Infrastructure Financing Districts (EIFD)

Transit-Land Use Committee

June 14, 2017

SB 628 (Beall)/AB 313 (Atkins) Authorized the Creation of Enhanced Infrastructure Financing District (EIFD)

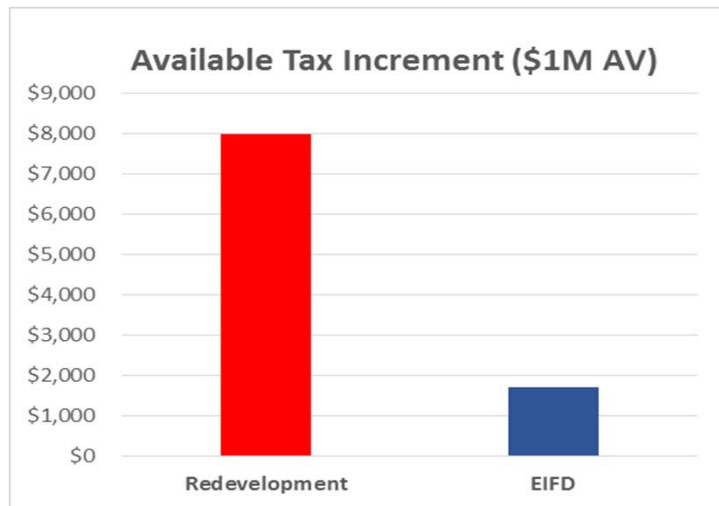
- ▶ EIFD is a new governmental entity made up of one or more districts within a city or county and used to finance the construction or rehabilitation of a wide variety of public infrastructure and private facilities. Funded with the property tax increment of those taxing agencies (cities, counties, special districts, but not schools) that consent.
- ▶ EIFD's combine tax increment funding with other permitted funding sources including:
 - Property tax revenue distributed to a city, county, or special district
 - Revenues dedicated by a city/county to the EIFD from the increase in assessed valuation pursuant to motor vehicle in-lieu tax
 - Fee or assessment revenues derived from one of 10 specified existing sources
 - Loans from a city, county or special district

Allowable “Infrastructure” Financed through EIFD is Wide-Ranging (per guidance):

- ▶ Highways, interchanges, ramps and bridges, arterial streets, parking and transit facilities. (West Sacramento, Rincon San Francisco)
- ▶ Sewage treatment, water reclamation plants and interceptor pipes
- ▶ Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles.
- ▶ Facilities to collect and treat water for urban uses
- ▶ Flood control levees and dams, retention basins, and drainage canals
- ▶ Parks, recreational facilities, open space and libraries. (Rincon)
- ▶ Brownfield restoration and other environmental mitigation. A district may use any powers of the Polanco Redevelopment Act to remediate property.
- ▶ Projects on a closed military base consistent with approved base reuse plans. Funds may also be used to repay loans made pursuant to Section 67851 to a military base reuse authority on or after the creation of the district.
- ▶ Acquisition, construction and repair of industrial structures for private use.
- ▶ Transit priority projects as defined under Section 21155 of the Public Resources Code.
- ▶ Projects which implement a sustainable communities strategy.
- ▶ Mixed-income housing developments (An EIFD may fund only those units dedicated to low or moderate income housing, and child care, after-school care and social services integrally linked to the tenant of the restricted.
- ▶ Reimbursement of a developer located within the boundaries of a district for permit and other expenses incurred when constructing affordable housing pursuant to the Transit Priority Project Program under Section 65470 of the Government Code.
- ▶ Facilities constructed to house providers of consumer goods and services.
- ▶ Child care facilities.

In Practice, The Tool Has Weaknesses To Financing Development

- ▶ It is difficult to get cooperation between more than one taxing entity
- ▶ Gap financing is not allowed
- ▶ EIFDs do not provide a strong enough economic engine to generate sufficient funds for infrastructure on its own. It only provides approximately 20% of the tax increment when compared to what was generated under redevelopment.



Tax Increment Illustration		
	Redevelopment	EIFD
Assessed Value	\$1,000,000	\$1,000,000
Tax Rate 1% of AV	\$10,000	\$10,000
Tax Increment Rate @	80%	17%
Available Tax Increment	\$8,000	\$1,700
		-79%

Benefits

- ▶ Does not need voter approval for establishment. May issue bonds with 55% of either voters or landowners within district.
- ▶ Do not have to prove blight or being in an urban district.
- ▶ Do not increase property tax assessments. They divert a portion of increment generated by the development above Base Year Value.
- ▶ Allows for financing of a broad array of public works projects without having to impose special liens on property or impose new taxes (i.e. Mello Roos).
- ▶ Proceeds may be spent outside of EIFD boundaries.

Drawbacks

- ▶ Reluctance of other taxing agencies to participate. Most cities need other agencies' increment to fund/expedite projects.
- ▶ Schools or Community College Districts Cannot Participate (51% approx.)
- ▶ EIFDs cannot pay for maintenance, repairs, operating costs and services.
- ▶ Lacks the revenue generation of redevelopment.
- ▶ Cannot be used for gap financing.

While not a panacea, with adjustments the tool could be useful for station development

- ▶ HSR will provide immense economic benefits to station areas, and increase the fiscal/financial area near stations.
- ▶ Although EIFD, as it exists today, lacks the financial impact of redevelopment with TIF, it is one tool to capture value created by HSR.
- ▶ In order for CHSRA to participate in an EIFD, there would need to be a partnership (likely Joint Powers Authority) with the taxing entity (city/county) of a specific area.