The Economics of Land Use

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Oakland
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Enhanced Infrastructure Financing Districts (EIFDs)

presented to

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presented by

Economic & Planning Systems, Inc. (EPS)

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Economic & Planning Systems, Inc.
2295 Gateway Oaks Drive, Suite 250, Sacramento, CA 95833
916.649.8010 • 916.649.2070 fax

EIFD

- Created after the demise of Redevelopment
- Born out of IFD, but with enhanced features
- Form of tax increment financing

Enhancements (as compared to prior RDAs)

- Formation does not require blight findings
- No voter approval required for formation
- Permitted in former RDAs
- Term is 45 years (from first bond sale)
- Boundaries do not have to be contiguous
- Expanded list of authorized facilities

Enhancements (as compared to prior RDAs) (cont.)

- Facilities of communitywide benefit can be funded outside of district
- Requires Infrastructure Financing Plan (including fiscal impact analysis)
- Ability to combine revenue streams under separate public financing authority
- Other taxing entities can opt-in

Opportunities Created

- Public Financing Authority structure creates greater latitude to combine revenue streams and finance public and private improvements:
  - Property tax increment and RPTTF
  - Property tax “backfill” revenues
  - Special taxes and assessments
  - User fees
  - Public agency loans
  - Private investment (DA obligations, impact fees)
  - Transient occupancy tax

Opportunities Created (cont.)

- Individual or multiple jurisdictions can participate - could lead to regional solutions (e.g., flood control or major transportation projects)
- Flexibility to fund improvements outside EIFD boundaries

Constraints

- Low tax increment factors
- Ability to fund ongoing fiscal impacts and municipal service costs
- Timing of needs versus availability of financing (bridge financing is typically needed)
- Voter approval needed to sell bonds (55-percent threshold)

Essential Characteristics of an EIFD

- Boundary should encompass multiple properties and be large enough to capture sufficient tax increment
- Proposed development projects and other growth potential in area must be described, quantified, and “market real” in the near term
- Market analysis should determine value, market feasibility, timing of development, and need for public investment

Essential Characteristics of an EIFD (cont.)

- Public infrastructure items and related funding needs must be identified and accurately cost-estimated
- Companion funding sources should be identified
- Fiscal effects should be measured and affordable to the city (recognizing reduction in future general fund revenue)

Key Feasibility Issues

- Justification—Do the infrastructure investments serve a public purpose?
- Capacity—Does the tax allocation factor provide capacity to fund infrastructure investments?
- Affordability—Are the fiscal effects acceptable?
- Development Feasibility—Is there a strong likelihood of development occurring in a timely manner?

Key Feasibility Issues (cont.)

- Other Funding—Is funding available to cover early-year costs and to supplement bond debt service?
- Effectiveness—Do combined financial resources and bond capacity pay for needed infrastructure?
- Creditworthiness—Is scale and quality of development adequate to attract bond buyers?

EIFD versus CRIA

Item	EIFD	CRIA
Use of Tax Increment Funding	Yes	Yes
Separate Authority and Governing Board	Yes	Yes
Implementation Plan	Yes	Yes
Mandatory Expenditure for Affordable Housing	No	Yes
Can use RPTTF dollars	Yes	Yes
Voluntary Tax Entity Participation	Yes	Yes
Voter Requirement for Bonding Authority	Yes	No
Eminent Domain Powers	Yes	Yes
Can be Formed Jointly with County	Yes	Yes
Can use Special District Increment	Yes	Yes
Findings Regarding Prior RDA ROPS	Yes	Yes
Blight Findings (Disadvantaged Communities)	No	Yes
Non-Contiguous Boundaries	Yes	No
Funding of Improvements Outside of District Boundaries	Yes	No