



# Financing Critical Infrastructure

**West Carson TOD**

**Enhanced Infrastructure Financing District (EIFD)**

**PFA Meeting**

*August 11, 2020*



# **Tax Increment Financing & EIFD Overview**

# Tax Increment Financing in California

## TIF in California

- Proposition 18 approved by California voters in 1952 creating [Tax Increment Financing \(TIF\)](#)
- Allows local governments to create “Districts” to finance improvements using TIF
- Infrastructure investments that use increased property tax revenues from new development
- State has approved new “sustainability district” financing tools that can utilize TIF

## State has approved new “sustainability districts”

- Enhanced Infrastructure Financing District (EIFD), Community Revitalization Investment Authority (CRIA)
- Address major infrastructure, sustainability, and housing needs
- Enable tax increment financing
- Encourage joint ventures with cities, counties, special districts, and private developers

# EIFD Fundamentals

- EIFDs approved / amended by SB628 (2014), AB313 (2015), AB1568 (2017), SB1145 (2018), AB116 (2019)
- Growth in property tax from participating agencies used to fund local / regional projects
- Statutory Authority: Part 1 of Division 2 of Title 5 of the Government Code
- Term: 45 years from first bond issuance
- Governance: Public Financing Authority led by city or county implements Infrastructure Financing Plan
- Eligibility: City, [County](#), Special District; school districts exempt
- Approvals: No public vote to create district, [subject to majority protest per AB116](#); no voter approval for bonds
- Eligible Projects: Any property with useful life of 15+ years & of communitywide significance; purchase, construction, expansion, improvement, seismic, rehabilitation; maintenance contracts
- No blight test needed
- District boundaries do not need to be contiguous

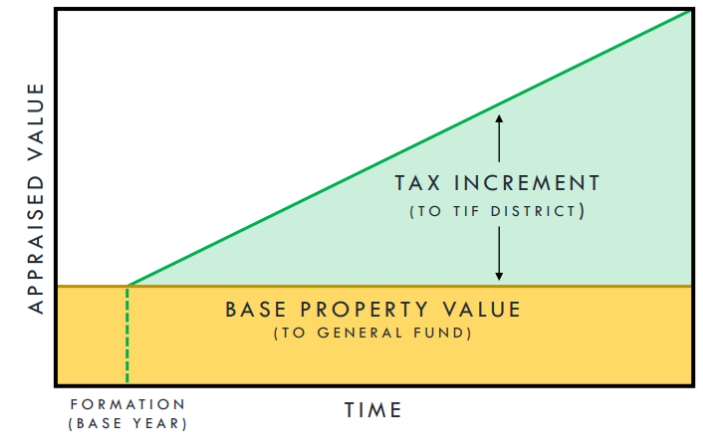
# EIFD Mechanics

## Property taxes are a major source of revenue for local governments

- LA County collects all property tax payments and distributes them to taxing entities – 1% statutory tax rate in California
- LA County receives 30 – 40% of property taxes and can use revenues for ‘general purposes’

## Incremental Growth Funds Improvements

- Taxing entity (City, County, Special District) pledges a % of ad valorem property tax revenues generated from new development
- Pledged revenues used to secure bonds issued for improvements
- No new or increased taxes – increase in property values drive tax revenue and improves the area
- “Below the line” direct assessments and voted indebtedness unchanged



# Types of Projects EIFDs Can Fund



**Light / High Speed Rail**



**Affordable Housing /  
Mixed Use**



**Transit-Priority Projects**



**Parks & Open Space**



**Civic Infrastructure**



**Brownfield Remediation**



**Childcare Facilities**



**Industrial Structures**



**Wastewater/Groundwater**

# **West Carson EIFD**



# SCAG TIF Pilot Program

- ✓ TIF districts can help implement SCAG's RTP / SCS and affordable housing objectives
- ✓ SCAG provides assistance to cities to evaluate / implement new tools:
  - STEP 1 – Technical Screening Application
  - STEP 2 – Pilot Project Feasibility Analyses
    - 1) Placentia Old Town & TOD / Packinghouse District
    - 2) San Pedro / Wilmington in Los Angeles
    - 3) Santa Ana Civic Center Revitalization
    - 4) **West Carson TOD Unincorporated Los Angeles County**
    - 5) West Santa Ana Branch Transit Corridor
    - 6) Interstate 5 Corridor
    - 7) Vermont Transit Corridor in Los Angeles
    - 8) Long Beach Midtown
    - 9) Imperial County and Riverside County Salton Sea
  - STEP 3 – Regional Stakeholder Outreach and Coordination; Implementation





# LA County EIFDs

## La Verne TOD – Approved!

- City-County contributing property tax revenue to fund infrastructure around future Gold Line station
- Improvements to area will include mixed-use housing, station area infrastructure, and sustainable projects
- Status: formed by City in October 2017; L.A. County joined January 14, 2020; fully formed and receiving tax increment



## Redondo Beach AES Power Plant – in formation

- City-County contributing property tax revenue to fund revitalization of 50-acre power plant site into regional park, including remediation and wetlands restoration
- Status: formed by City in May 2019; L.A. County Resolution of Intent to join November 2019; engaged in formation process

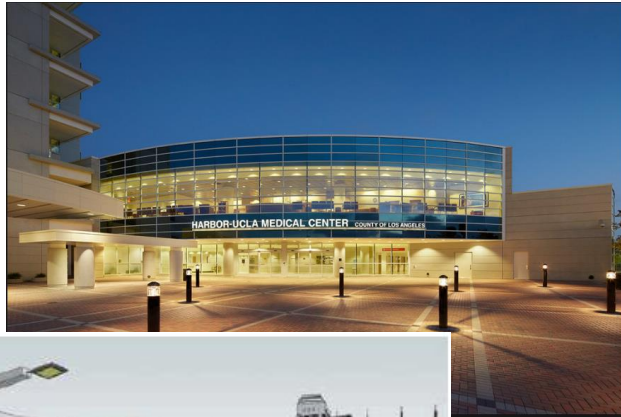


## West Carson TOD – in formation

- Led by County in unincorporated area (no City partnership); will be second County-only EIFD in State (Madera County 2018 EIFD)
- Status: Resolution of Intent to form EIFD May 2020; engaged in formation process



# West Carson EIFD Executive Summary



- ✓ West Carson Transit Oriented District Specific Plan (WCTODSP) adopted in October 2019:
  - 2,271 new residential units
  - 2.7 million sf commercial/industrial
  - Harbor-UCLA Medical Center Master Plan (HUCLA MP)
  - BioTech park

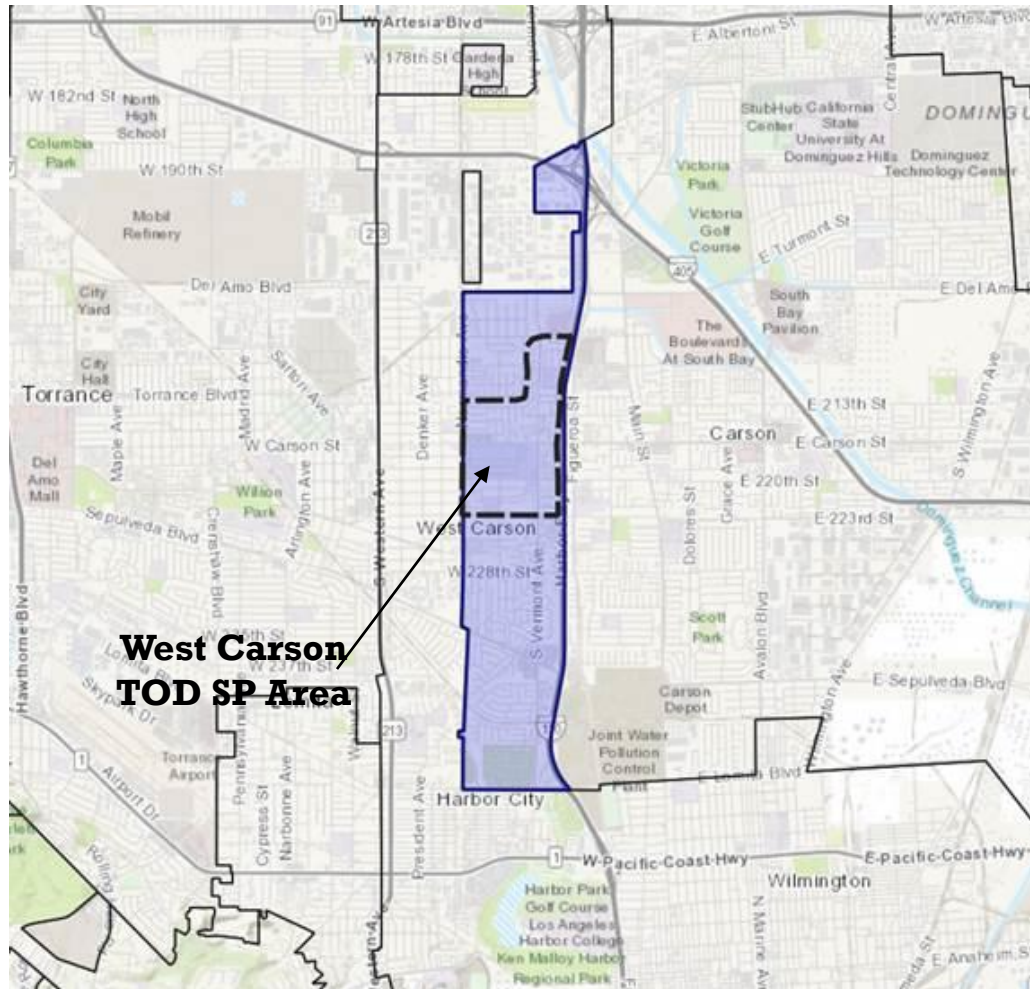
**Up to \$1.7 billion  
of new  
development over  
the next 20 years**

- ✓ \$136 million infrastructure investment needed to support new development:
  - Transit connections, streets, and circulation – create transit-oriented area
  - Open space and recreation – requested in public meetings
  - Utility upgrades, parking – support BioTech park job growth

- ✓ SCAG-County partnership to fund EIFD feasibility study
  - Fulfills Goal 12 of “Our County” sustainability plan – coordinated funding and partnerships
  - County projects to comply with prevailing wage and local/targeted worker policies



# EIFD Boundaries



- ✓ EIFD Boundary: West Carson Unincorporated area
- ✓ Includes WCTODSP area, Harbor-UCLA, BioTech park
- ✓ 1,587 total acres (0.09% of unincorporated County)
- ✓ 6,451 parcels
- ✓ \$2.6 billion current assessed value (base – 0.018% of total County AV)
- ✓ \$1.7 billion potential new development (increment)

**Total 50-year tax increment revenue = \$614 million\***  
***Up to 20% (\$123 million) for affordable housing***



# Infrastructure List

- ✓ Key infrastructure projects needed to support new development and transform area into transit-oriented district:

	Description	Est. Cost
	<b>Streets &amp; Mobility</b>	
1	Pedestrian improvements and urban greening	5,100,000
2	213th St. green streets improvement project	10,000,000
3	Building acquisition for BioTech Park parking garage	2,400,000
4	Parking garage for BioTech Park	11,600,000
5	Bio Tech Park - water/sewer/electric utility upgrades	5,500,000
6	HUCLA MP Phase 1D - Carson St. streetscape	7,300,000
7	HUCLA MP Phase 3B - 220th St., Normandie (south) streetscape and storm drain project	18,800,000
8	HUCLA MP Phase 4 - Carson St. and Vermont Ave. streetscape	8,600,000
9	HUCLA MP Phase 5 - Normandie Ave. (north) streetscape	9,300,000
10	220th St. pedestrian bridge improvements (w/ City of Carson)	8,300,000
	<b>Open Space &amp; Nature</b>	
11	Bio Tech Park public open space	6,000,000
12	Torrance Lateral multi use path	15,000,000
13	Wishing Tree Park Phase 2 community center	4,500,000
14	"Bowtie" park	14,400,000
15	WCTODSP pocket parks	600,000
16	Various opportunity sites remediation	9,000,000
	<b>TOTAL INFRASTRUCTURE COSTS</b>	<b>\$136,400,000</b>
	<b>Annual Maintenance</b>	
17	Parks	730,000
18	Broadband	100,000
	<b>TOTAL ANNUAL EIFD MAINTENANCE COSTS</b>	<b>\$830,000</b>

Estimated total project cost in 2020 dollars.

# Infrastructure Map

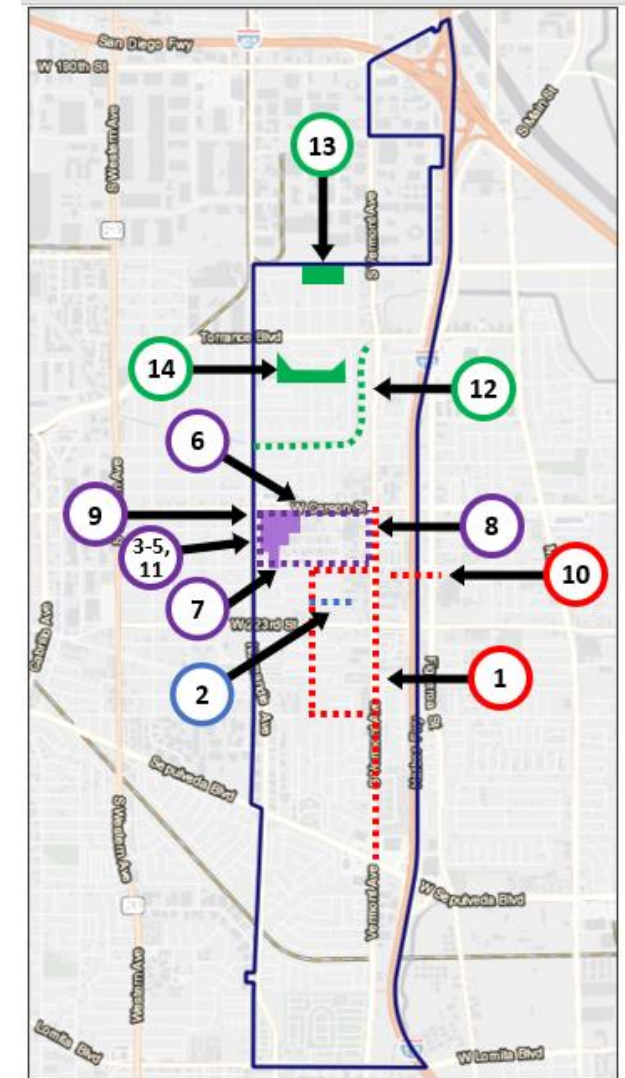
- ✓ Estimated \$136 million infrastructure from Specific Plan, HUCLA Master Plan, BioTech Park to transform area in to Transit Oriented District

## Streets & Mobility

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14	"Bowtie" park
15	WCTODSP pocket parks



# Feasibility Analysis – Tax Increment Projections

## ✓ 90% Property Tax Revenue Scenario:

- Assumes WCTODSP buildout over 25 years – total \$1.74 billion build out
- Assumes 2% AV growth in remaining West Carson area
- LA County contributes **27.5 cents** of property tax increment – **90%** of its estimated 30.5 cents property tax share increment
- LA County does not contribute any of its property tax in-lieu of MVLF (10.5 cents)

## ✓ Property tax increment + incremental property tax in-lieu of MVLF:

			EIFD Revenues			
	Annual Tax Increment	To General Fund	To Affordable Housing Fund	To Infrastructure Fund	Est. Infrastructure Bonding Capacity	Cumulative EIFDTax Increment
Year 5	\$2,312,457	\$231,246	\$462,491	\$1,618,720	\$8,000,000	\$5,584,761
Year 10	\$5,093,633	\$509,363	\$1,018,727	\$3,565,543	\$23,000,000	\$23,627,685
Year 15	\$7,954,554	\$795,455	\$1,590,911	\$5,568,188	\$28,000,000	\$54,348,528
Year 20	\$11,137,146	\$1,113,715	\$2,227,429	\$7,796,002	\$32,000,000	\$98,568,879
Year 50	\$27,602,008	\$2,760,201	\$5,520,402	\$19,321,405		\$614,633,570

(\$2020) – Bonding capacity estimated by Kosmont Transactions Services, registered municipal advisor



# EIFD Oversight – Public Financing Authority



## **Public Financing Authority (PFA):**

- Government Code Section 53398.51.1
- Local public agency subject to Brown Act, California Public Records Act, Political Reform Act of 1974
- Governing board of the EIFD
- Membership – 3 members of Board of Supervisors, 2 public members appointed by District 2 Supervisor
- Drives the preparation, circulation, and adoption of the Infrastructure Financing Plan
- Annual review of Infrastructure Financing Plan, independent financial audit, public hearing by June 30
- Future meetings to approve bond issuance by majority vote
- Adoption of bylaws:
  - Supervisor designation of Deputy or representative
  - 2-year terms
  - Board Officers – Chair, Vice Chair, Secretary

# EIFD Documentation – Infrastructure Financing Plan

## Infrastructure Financing Plan (IFP):

- Prepared in accordance with Government Code Section 53398.63
- Identifies future infrastructure projects and how they would be funded – not a “project” under CEQA. Key sections:
  - 1) Introduction
  - 2) Description of the Proposed District
  - 3) Description of Proposed Facilities and Development
  - 4) Finding of Communitywide Significance
  - 5) Financing Section
  - 6) Removal of Dwelling Units and Replacement Housing Plan
  - 7) Goals of the District
  - 8) Appendices Circulated to EIFD property owners, residents, and participating taxing agencies
- PFA holds 3 public hearings prior to adopting IFP and officially forming EIFD
- Can be amended at future date for changes in boundaries, projects, or funding

<b>WEST CARSON ENHANCED INFRASTRUCTURE FINANCING DISTRICT</b>
<b>INFRASTRUCTURE FINANCING PLAN</b>
Prepared For: The County of Los Angeles

Prepared By: 
<b>AUGUST 2020</b>

# Status and Next Steps

Date	Key Milestones
5/12/20	BOS adopts Resolution of Intent (ROI) to form EIFD, establish Public Financing Authority (PFA), direct preparation of Infrastructure Financing Plan (IFP)
8/11/20	PFA Board meeting to review draft IFP, provide comments, authorize distribution
8/28/20	Distribute ROI and draft IFP to District landowners, residents, and taxing entities with 10-day public meeting notice
9/8/20	PFA initial public meeting to present draft IFP to public
10/20/20	<u>First</u> PFA Public Hearing to hear written/oral comments but take no action
12/1/20	<u>Second</u> public hearing for additional comments, take action to modify or reject IFP based on comments from first hearing
December 2020	County Board adopts resolution approving IFP, list of infrastructure projects, and contribution of tax increment to the EIFD
1/19/21	<u>Third</u> public hearing to consider oral and written protests and take action to adopt the IFP by ordinance, or terminate if there is a majority protest
By December 2021	Notice must be filed with State BOE in order to set boundaries, instruct County A-C to administer tax increment and make payments to the EIFD

- Assumes PFA meetings occur on Tuesdays after adjournment of Board of Supervisors meeting
- Public hearings held 30-days apart and require 10-day notice per Government Code Section 53398.66

# Disclaimer

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis.

Discussions or descriptions of potential financial tools that may be available to the City are included for informational purposes only and are not intended to be to be “advice” within the context of this Analysis.

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THANK YOU

Questions?

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