



# **Enhanced Infrastructure Financing District**

Resolution of Intention &  
Resolution forming the Public Financing Authority

**April 25, 2023**

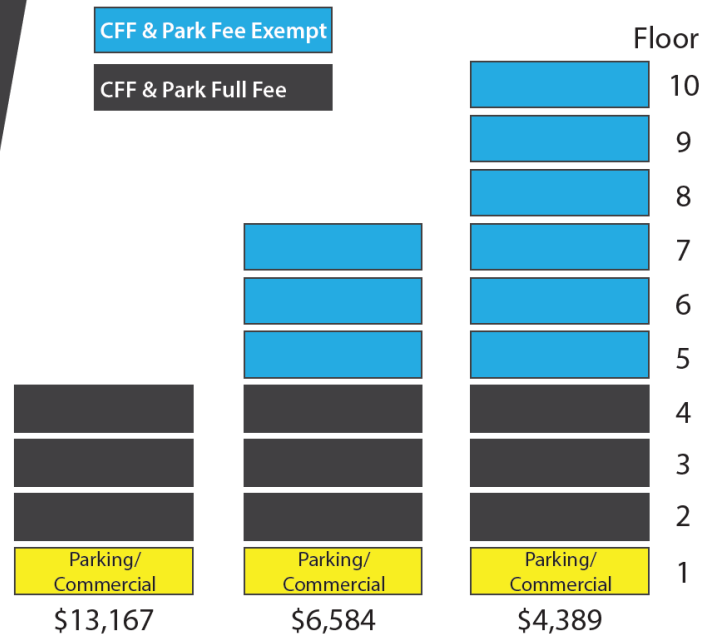
CITY COUNCIL

# UP DOWNTOWN SANTA ROSA



- Permit + CEQA Streamlining
- Fee + Other Incentives
- City-Owned Assets

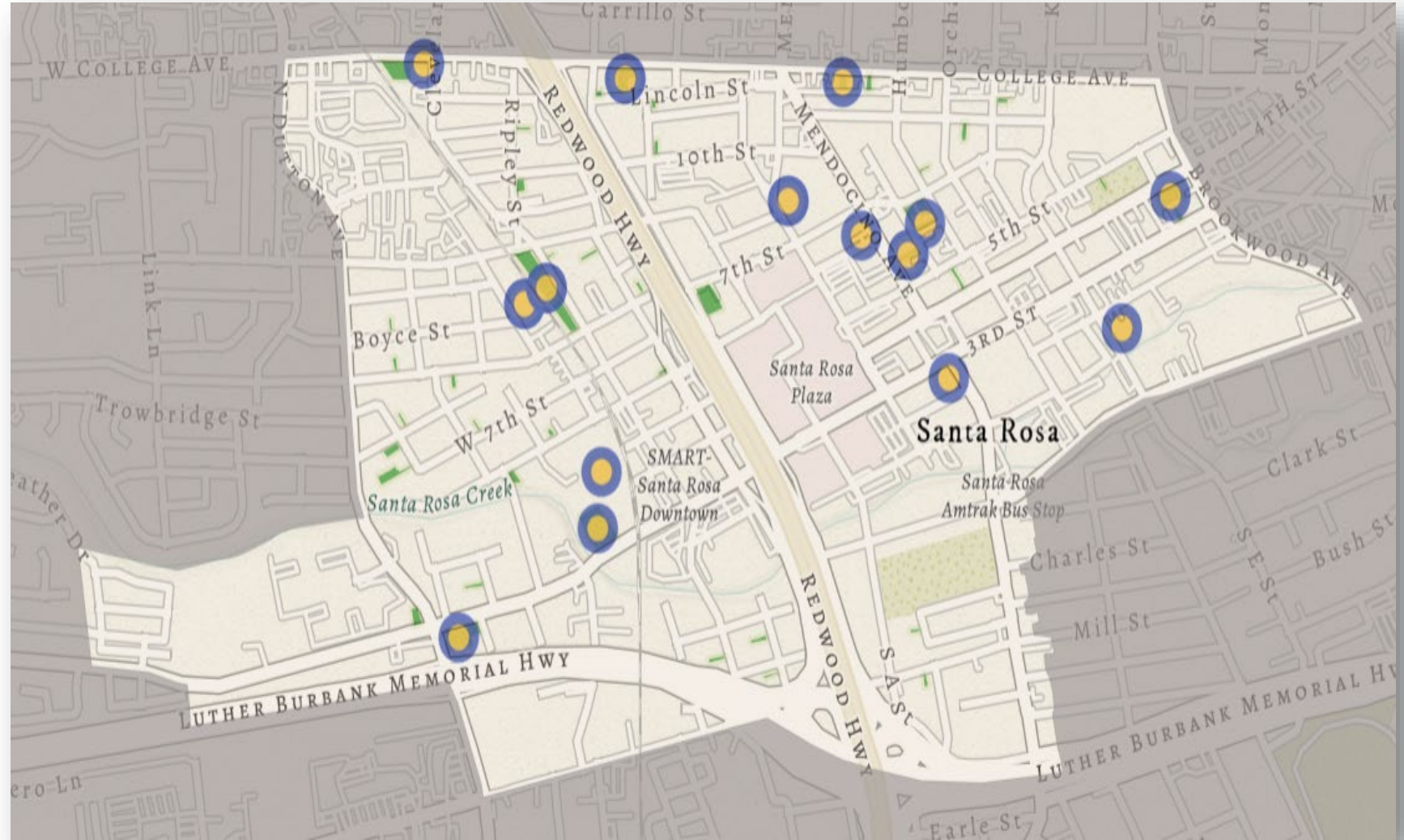
## Council Priority



- ✓ Housing Action Plan
- ✓ Downtown Plan Update
- ✓ RED Housing Fund
- ✓ Opportunity Zone
- EIFD

# BACKGROUND: Downtown Development Momentum

- **419** units under construction
- **870** units in building plan review
- **131** units completed since 2016





## ENTITLED

- **425/431 Humboldt Street**  
88 units - 7 stories
- **Ross Street Development**  
109 units - 8 stories
- **1 Santa Rosa Avenue**  
120 units - 7 stories
- **SMART Village, Phase I**  
114 units - 6 stories
- **DeTurk Winery Village**  
185 units - 4 stories
- **Avenue 320 Apartments**  
36 units - 3 stories
- **The Flats** - 24 units - 5 stories

## IN PLAN REVIEW

- **425/431 Humboldt Street**  
88 units, 7 stories

## ISSUED

- **The Cannery**  
129 units, 6 stories
- **Pullman Lofts Phase 2**  
40 units, 5 stories

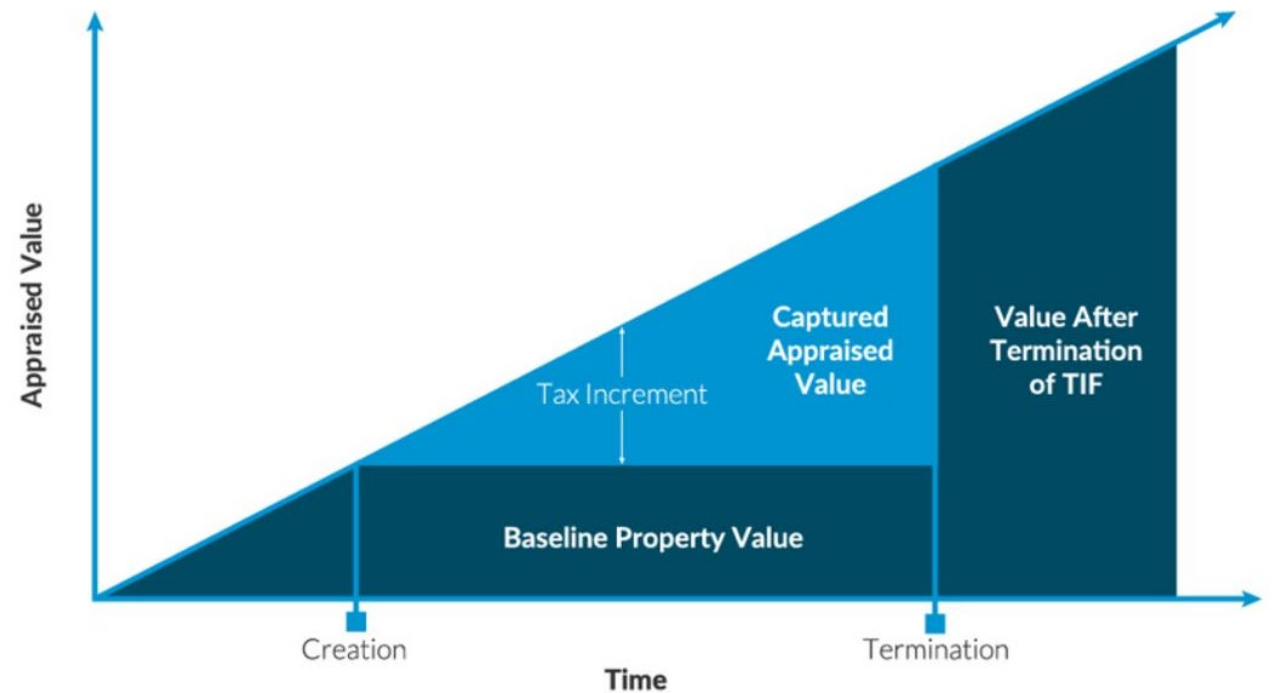
## UNDER CONSTRUCTION & RECENTLY BUILT

- **Pullman Lofts Phase 1**  
74 units, 3 stories
- **888 4<sup>th</sup> Street**  
90 units, 6 stories
- **420 Mendocino Ave**  
161 units, 8 stories



# EIFD: Enhanced Infrastructure Financing District

- **Public infrastructure financing tool:**  
Uses property tax increment revenues generated by community growth.
  - NO NEW TAXES.
  - NO additional property taxes imposed.
- **Use of tax increment:**  
Use portion of tax increment generated by existing 1% ad valorem property tax. Cannot use increment from educational agencies (e.g. school districts; community college district).



# EIFD: Formation Process

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## City Council Meeting – April 25, 2023:

- **Resolution of Intention** (ROI) adopted.
  - Approved boundaries + list of improvements/projects
- **Public Financing Authority** (PFA) established.
  - 2 City Council members, 1 County Supervisor, 2 members of the public
  - Oversees development of Infrastructure Financing Plan (IFP); process includes “off ramp” decision points
  - Administers the EIFD; orders the preparation of the Infrastructure Financing Plan (IFP)

## Infrastructure Financing Plan:

- Includes the Fiscal Impacts analysis on the budgets of participating local public agencies and general description of projects.
- Copy of IFP made available to all property owners within the proposed EIFD and to the County, and presented at a public meeting occurring before the first PFA public hearing.



# EIFD: Formation Process, cont.

## Public Financing Authority:

- Holds 3 **public hearings** at least 30 days apart.

## Board of Supervisors & City Council:

- Each adopt **Resolutions approving the IFP.**

## Statement of Boundary Change

- filed by PFA with State Board of Equalization by **Dec. 2, 2023.**

## NOTE:

- Approval of ROI by 6/30/2023 allows the tax increment generation “Base Year” to be FY 2023-24.
- This is the earliest potential Base Year for the proposed EIFD

## Process Timeline

|  |                     |
|--|---------------------|
| <b>COUNCIL: ROI + PFA Reso</b>   | <b>4/25/23</b>      |
| <b>COUNCIL: PFA Appointments made</b>  | <b>5/9/23</b>       |
| <b>MAIL ROI</b> to PFA members, property owners, affected taxing entities, & Planning Commission       | week of 5/15        |
| <b>MAIL Draft IFP</b> to PFA members, property owners, affected taxing entities, & Planning Commission | week of 6/22        |
| <b>Public meeting</b> to present draft IFP; open public comments                                       | <b>week of 6/26</b> |
| <b>PFA holds first public hearing</b>  | <b>8/2/23</b>       |
| <b>PFA holds 2nd public hearing</b>  | <b>9/6/23</b>       |
| Initiate Metes and Bounds for State BoE map submittal  | week of 9/11        |
| <b>COUNCIL + BOS meetings to approve Resolutions approving IFP</b>                                     | <b>10/10/23</b>     |
| <b>PFA holds 3rd public hearing to approve the IFP and adopt Resolution of Formation</b>               | <b>10/18/23</b>     |
| <b>REQUEST FOR JURISDICTIONAL BOUNDARY CHANGE WITH THE STATE BOARD OF EQUALIZATION</b>                 | <b>Nov. 2023</b>    |



# EIFD: Formation Process, cont.

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- **No election is required** unless 25% of property owners protest at third PFA public hearing.
  - An EIFD is abandoned if over 50% of property owners protest the formation.
- Council approves the IFP by resolution
  - The **PFA adopts the IFP and approves the Resolution of Formation** establishing EIFD at the third public hearing.
- **PFA files “Statement of Boundary Change”** with California Board of Equalization by December 1, 2023.

## NOTE:

- Unlike old redevelopment districts that utilized tax increment financing, there is no blighted area requirement to establish an EIFD





# EIFD: Bonds

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- **WHO:** Public Financing Authority makes the decision to sell bonds
- **WHEN:** PFA may decide to sell bonds when sufficient ad valorem property tax and VLF increment has accrued to support debt service.
  - Minimum debt service coverage is 125%
  - Bonds cannot be sold until after some development has occurred and tax increment is generated, so EIFDs are often used as a reimbursement mechanism
- **HOW:** Bonds are secured only by tax increment generated within the EIFD, NOT by the City's General Fund.

## NOTE:

- Proceeds may be utilized to fund any public improvement with a useful life of **15 years or more** that provide community benefit



# EIFD: Eligible Public Improvements

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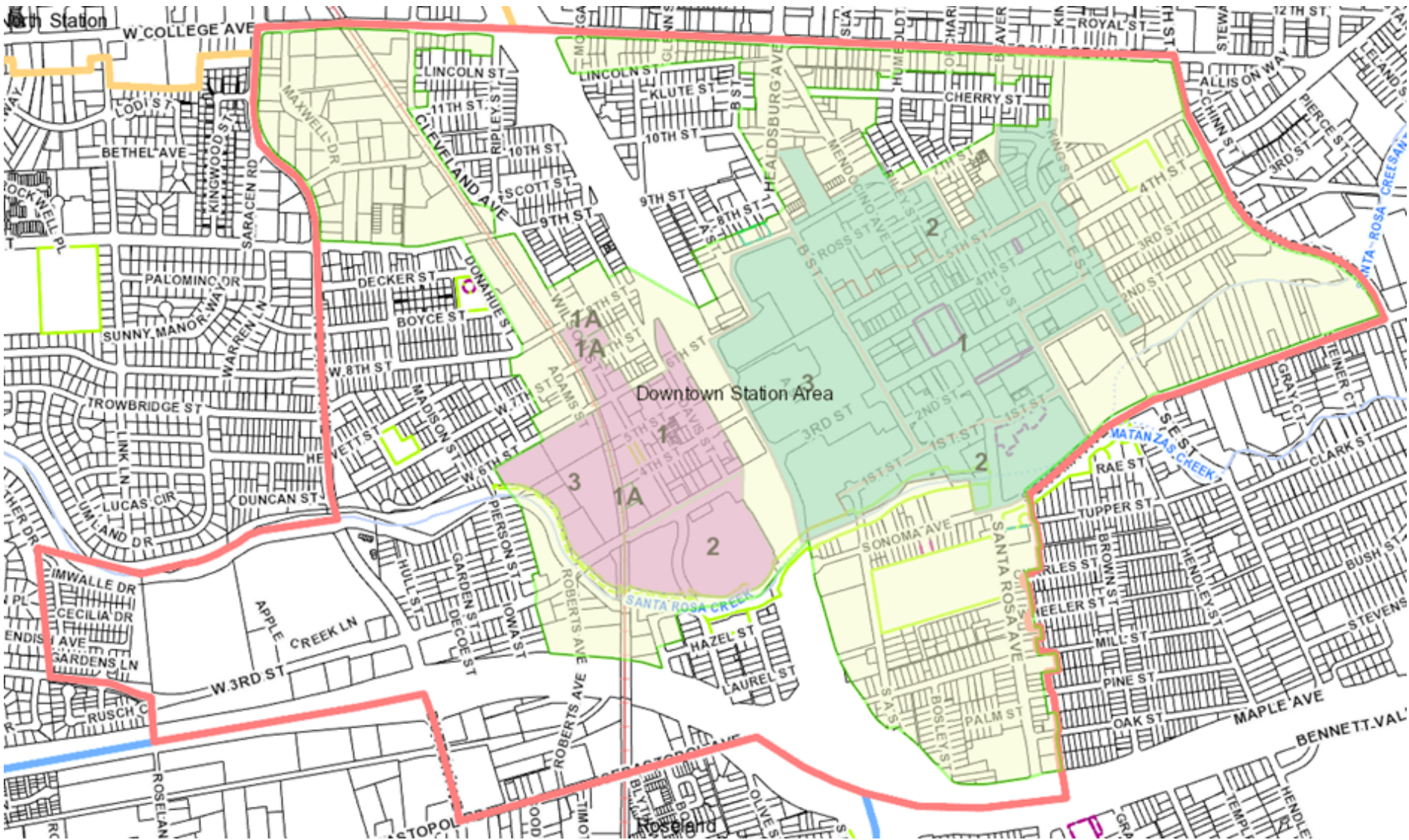
- Roads, highways, streets/streetscapes, parking facilities, and transit facilities
- Affordable housing
- Internet access services
- Childcare facilities
- Libraries
- Parks, open space, and recreational facilities
- Improvements related to fighting climate change
- Brownfield restoration and other environmental mitigation
- Transit priority facilities
- Sewer, reclamation, and water facilities
- Solid waste facilities
- Flood control facilities, retention bases, and drainage channels

## NOTE:

- EIFD funding cannot finance public services unless they involve maintenance of facilities built with EIFD funding.



# EIFD: Boundary Considerations



-  Downtown Station Area Specific Plan
-  Downtown Community Benefit District
-  Railroad Square Community Benefit District
-  EIFD Boundary



# EIFD: Boundaries



## Proposed Enhanced Infrastructure Financial District



# EIFD Tax Increment Estimates

## FY22-23 – 2% Growth Assumption

Scenario 1:  
2% Annual Property Tax Growth Assumption

| Tax Code                   | Affected Taxing Agencies   | Base Year Share of Tax Revenue (Pre-ERAF) | ERAF Factor  | ERAF Shift       | Base Year Share of Tax Revenue (Post-ERAF) |
|----------------------------|----------------------------|---|--------------|------------------|--|
| <b>Santa Rosa Boundary</b> |                            |   |              |                  |  |
| 01200                      | COUNTY GENERAL             | 2,726,697                                 | 0.3314985406 | 903,896          | 1,822,801                                  |
| 44500                      | CITY OF SANTA ROSA-PROP 13 | 1,475,168                                 | 0.2229359928 | 328,868          | 1,146,300                                  |
|                            | <b>TOTAL</b>               | <b>4,201,864</b>                          |              | <b>1,232,764</b> | <b>2,969,100</b>                           |

| Estimated Cumulative Tax Increment | EIFD - 30 Year Term       |                |                |
|------------------------------------|---------------------------|----------------|----------------|
|                                    | Partial Commitment of Tax |                |                |
|                                    | 75%                       | 50%            | 25%            |
| 1,071,992                          | 803,994                   | 535,996        | 267,998        |
| 674,143                            | 505,608                   | 337,072        | 168,536        |
| <b>1,746,135</b>                   | <b>1,309,602</b>          | <b>873,068</b> | <b>436,534</b> |

| Estimated Cumulative Tax Increment | EIFD - 45 Year Term                 |                  |                |
|------------------------------------|-------------------------------------|------------------|----------------|
|                                    | Partial Commitment of Tax Increment |                  |                |
|                                    | 75%                                 | 50%              | 25%            |
| 2,213,962                          | 1,660,472                           | 1,106,981        | 553,491        |
| 1,392,292                          | 1,044,219                           | 696,146          | 348,073        |
| <b>3,606,254</b>                   | <b>2,704,691</b>                    | <b>1,803,127</b> | <b>901,564</b> |



# EIFD Tax Increment Estimates

## FY22-23 – 3% Growth Assumption

**Scenario 2:**  
**3% Annual Property Tax Growth Assumption**

| Tax Code                          | Affected Taxing Agencies   | Base Year<br>Share of<br>Tax Revenue<br>(Pre-ERAF) | ERAF Factor  | ERAF Shift       | Base Year<br>Share of<br>Tax Revenue<br>(Post-ERAF) |
|-----------------------------------|----------------------------|--|--------------|------------------|---|
| <b><u>Santa Rosa Boundary</u></b> |                            |  |              |                  |   |
| 01200                             | COUNTY GENERAL             | 2,726,697  | 0.3314985406 | 903,896          | 1,822,801   |
| 44500                             | CITY OF SANTA ROSA-PROP 13 | 1,475,168  | 0.2229359928 | 328,868          | 1,146,300   |
|                                   | <b>TOTAL</b>               | <b>4,201,864</b>                                   |              | <b>1,232,764</b> | <b>2,969,100</b>                                    |

| Estimated<br>Cumulative<br>Tax Increment | EIFD - 30 Year Term       |                  |                |
|--|---------------------------|------------------|----------------|
|  | Partial Commitment of Tax |                  |                |
|  | 75%                       | 50%              | 25%            |
| 1,959,111                                | 1,469,333                 | 979,556          | 489,778        |
| 1,232,023                                | 924,018                   | 616,012          | 308,006        |
| <b>3,191,134</b>                         | <b>2,393,351</b>          | <b>1,595,568</b> | <b>797,784</b> |

| Estimated<br>Cumulative<br>Tax Increment | EIFD - 45 Year Term                 |                  |                  |
|--|-------------------------------------|------------------|------------------|
|  | Partial Commitment of Tax Increment |                  |                  |
|  | 75%                                 | 50%              | 25%              |
| 4,427,790                                | 3,320,842                           | 2,213,895        | 1,106,947        |
| 2,784,496                                | 2,088,372                           | 1,392,248        | 696,124          |
| <b>7,212,286</b>                         | <b>5,409,214</b>                    | <b>3,606,143</b> | <b>1,803,071</b> |



# EIFD Tax Increment Estimates

## FY22-23 – 5% Growth Assumption

**Scenario 3:**  
5% Annual Property Tax Growth Assumption

| Tax Code                          | Affected Taxing Agencies   | Base Year Share of Tax Revenue (Pre-ERAF) | ERAF Factor  | ERAF Shift       | Base Year Share of Tax Revenue (Post-ERAF) |
|-----------------------------------|----------------------------|---|--------------|------------------|--|
| <b><u>Santa Rosa Boundary</u></b> |                            |   |              |                  |  |
| 01200                             | COUNTY GENERAL             | 2,726,697                                 | 0.3314985406 | 903,896          | 1,822,801                                  |
| 44500                             | CITY OF SANTA ROSA-PROP 13 | 1,475,168                                 | 0.2229359928 | 328,868          | 1,146,300                                  |
|                                   | <b>TOTAL</b>               | <b>4,201,864</b>                          |              | <b>1,232,764</b> | <b>2,969,100</b>                           |

| Estimated Cumulative Tax Increment | EIFD - 30 Year Term       |                  |                  |
|------------------------------------|---------------------------|------------------|------------------|
|                                    | Partial Commitment of Tax |                  |                  |
|                                    | 75%                       | 50%              | 25%              |
| 4,867,422                          | 3,650,566                 | 2,433,711        | 1,216,855        |
| 3,060,964                          | 2,295,723                 | 1,530,482        | 765,241          |
| <b>7,928,386</b>                   | <b>5,946,289</b>          | <b>3,964,193</b> | <b>1,982,096</b> |

| Estimated Cumulative Tax Increment | EIFD - 45 Year Term                 |                   |                  |
|------------------------------------|-------------------------------------|-------------------|------------------|
|                                    | Partial Commitment of Tax Increment |                   |                  |
|                                    | 75%                                 | 50%               | 25%              |
| 13,367,258                         | 10,025,443                          | 6,683,629         | 3,341,814        |
| 8,406,237                          | 6,304,678                           | 4,203,118         | 2,101,559        |
| <b>21,773,495</b>                  | <b>16,330,121</b>                   | <b>10,886,747</b> | <b>5,443,373</b> |



# Recommendation

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It is recommended by the Planning and Economic Development Department that the Council:

- 1) adopt a Resolution of Intention to form the Downtown Enhanced Infrastructure Financing District; and
- 2) adopt a Resolution to establish a Public Financing Authority as the Governing Board of the District, and authorizing other actions.

