



# **Enhanced Infrastructure Financing District**

Resolution of Intention &  
Resolution forming the Public Financing Authority

**April 25, 2023**

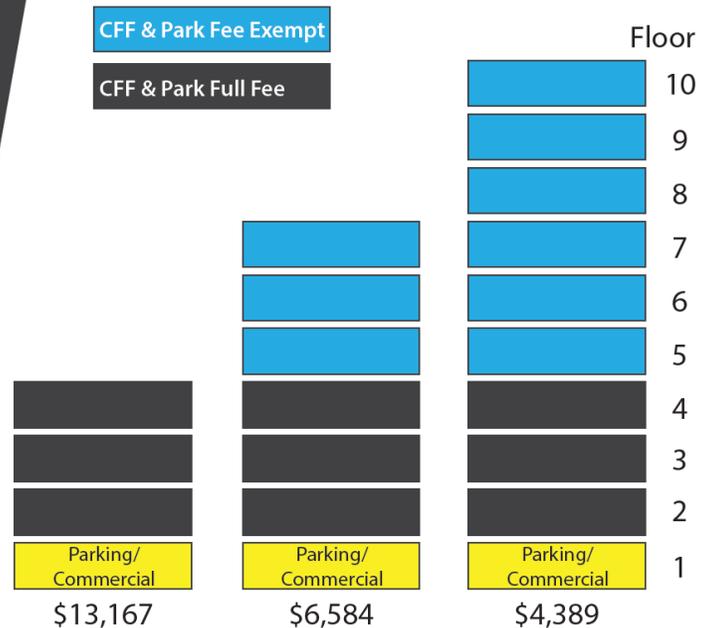
CITY COUNCIL

# UP DOWNTOWN SANTA ROSA



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

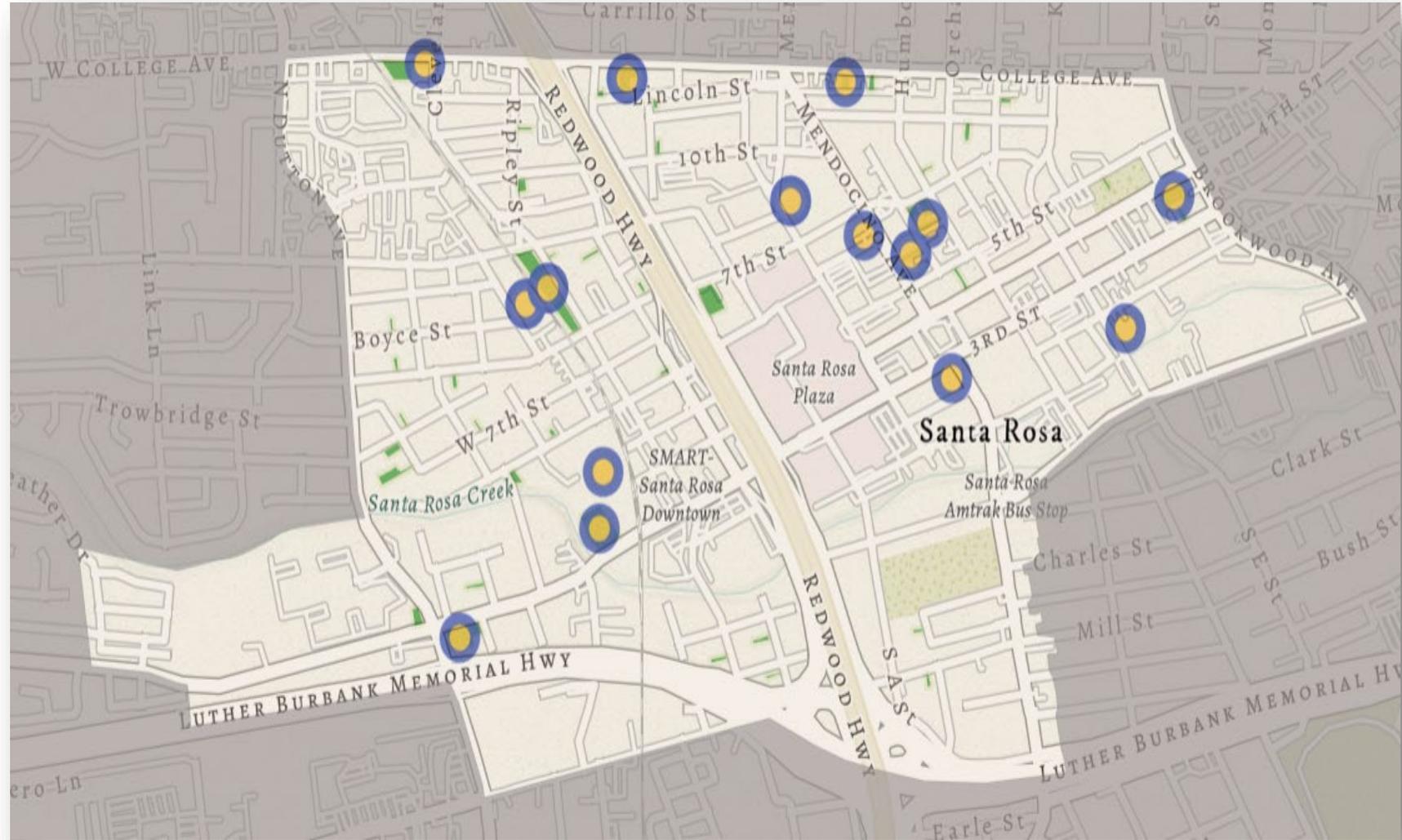
## Council Priority



- ✓ 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

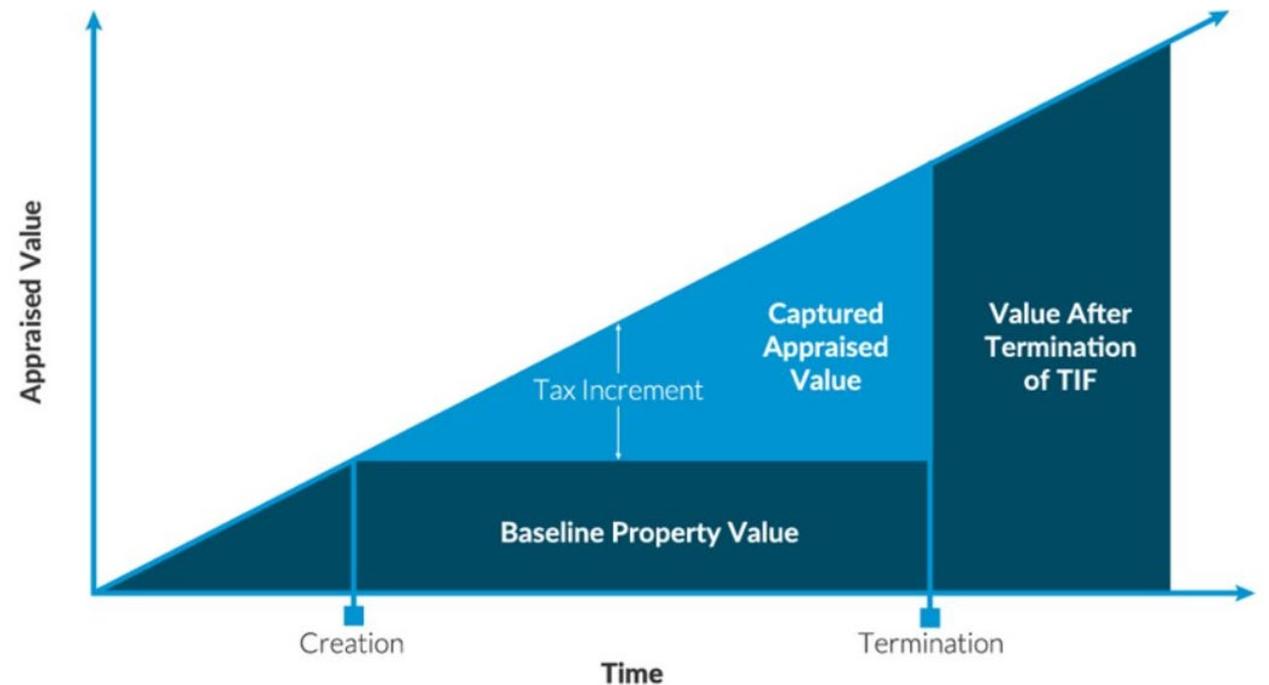
## UNDER CONSTRUCTION & RECENTLY BUILT

- **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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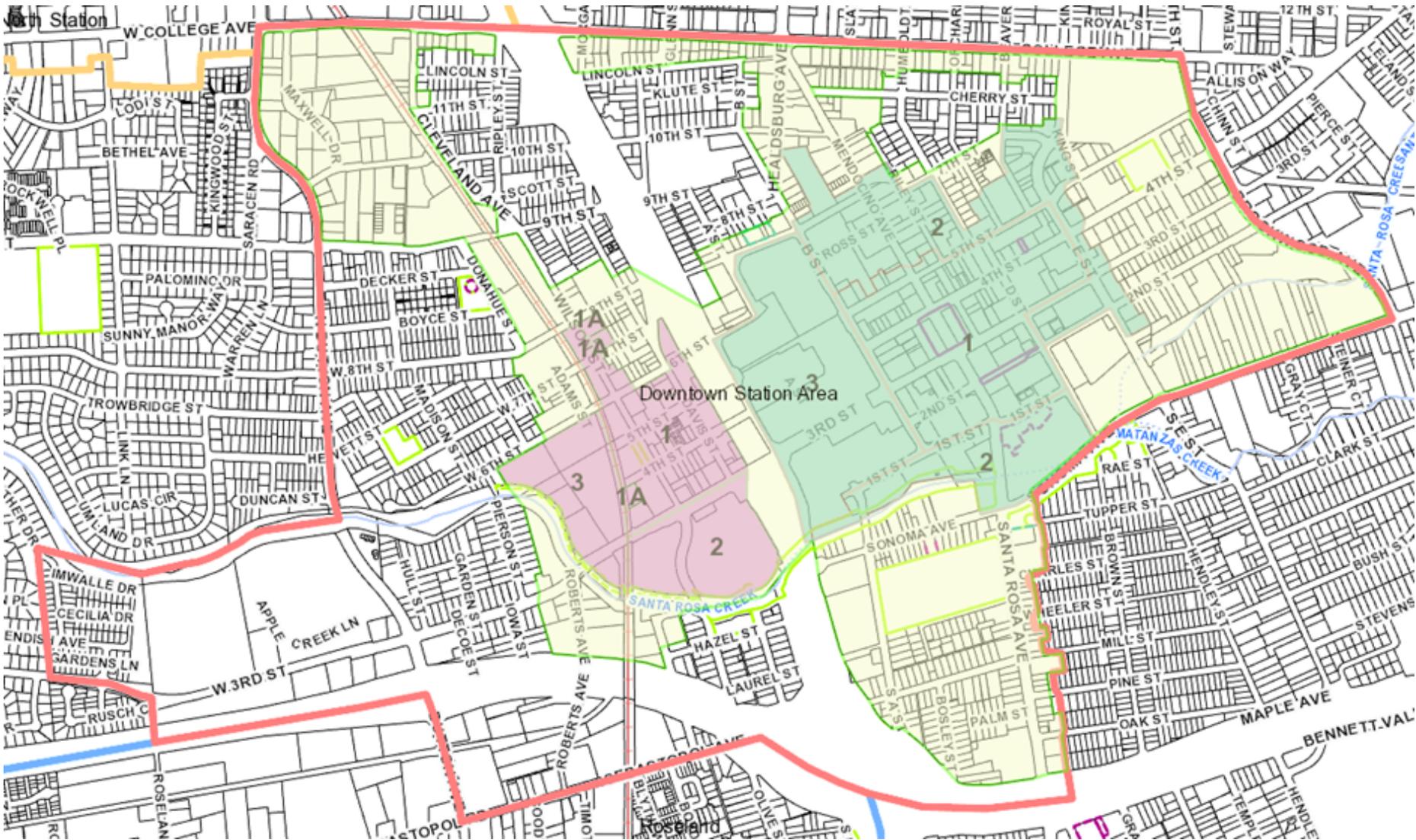
- Roads, highways, streets/streetscapes, parking facilities, and transit facilities
- Affordable housing
- Internet access services
- Childcare facilities
- Libraries
- Parks, open space, and recreational facilities
- Improvements related to fighting climate change
- Brownfield restoration and other 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



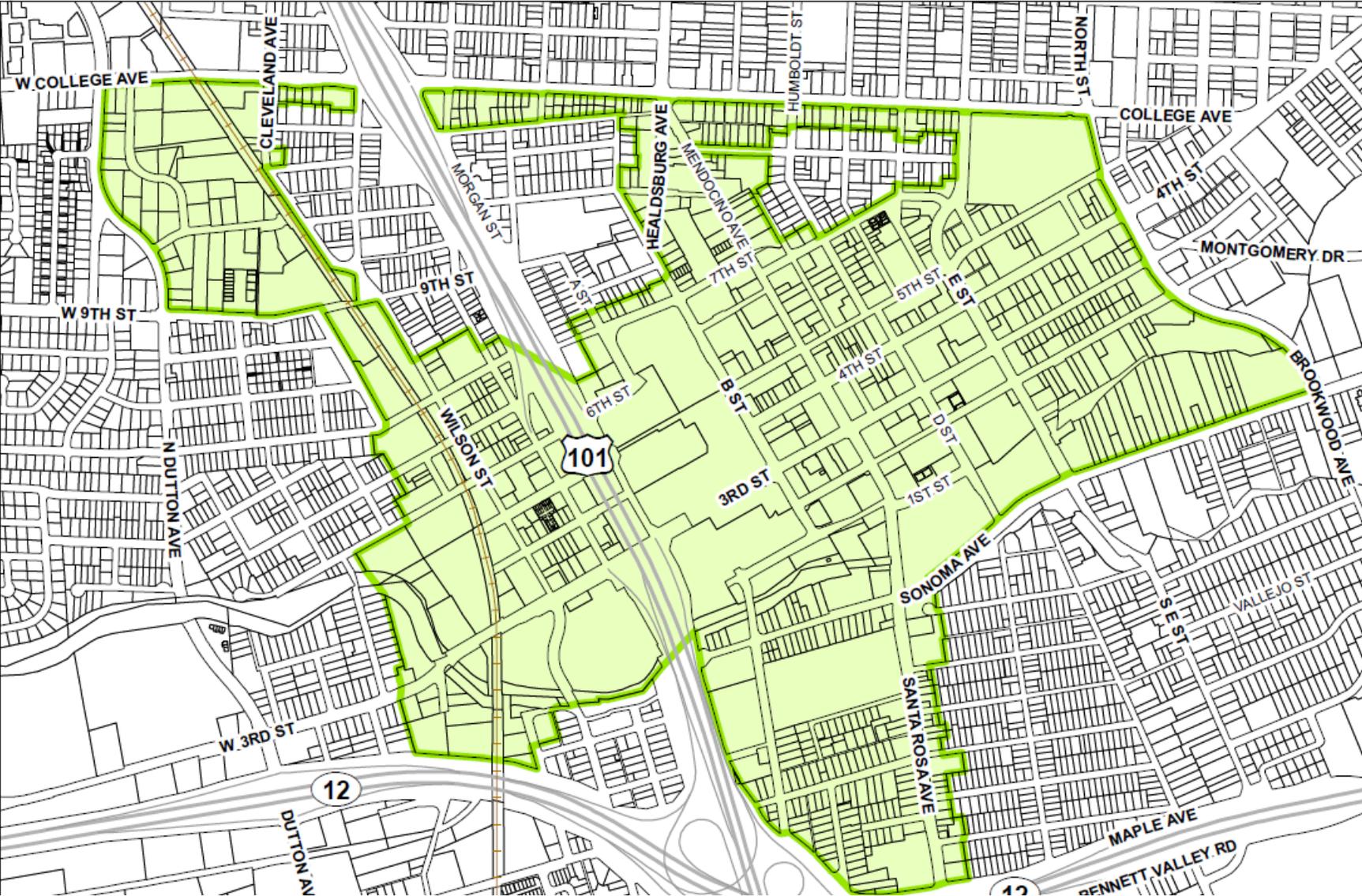
-  Downtown Station Area Specific Plan
-  Downtown Community Benefit District
-  Railroad Square Community Benefit District
-  EIFD Boundary



# 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
	TOTAL	4,201,864		1,232,764	2,969,100

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
1,746,135	1,309,602	873,068	436,534

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
3,606,254	2,704,691	1,803,127	901,564



# EIFD Tax Increment Estimates

## FY22-23 – 3% Growth Assumption

**Scenario 2:**  
3% 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%
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 Cumulative 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.

