



Enhanced Infrastructure Financing District

Resolution of Intention &
Resolution forming the Public Financing Authority

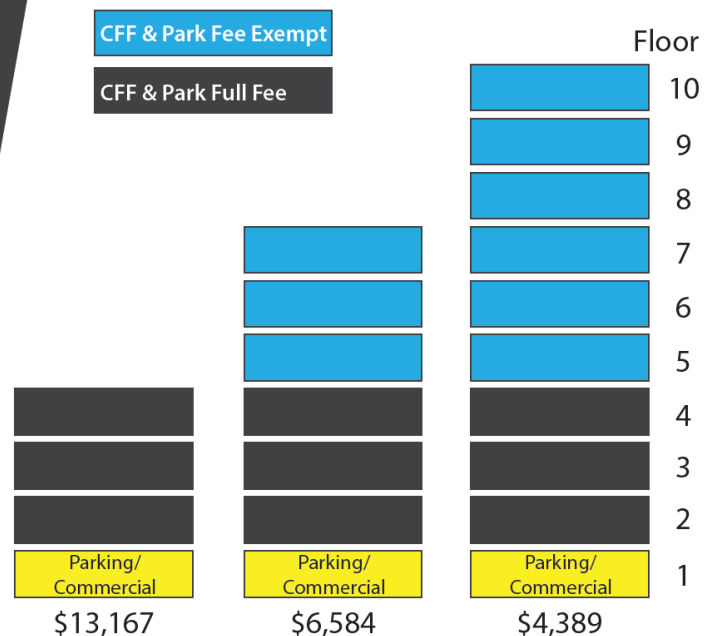
April 25, 2023

CITY COUNCIL

UP DOWNTOWN SANTA ROSA



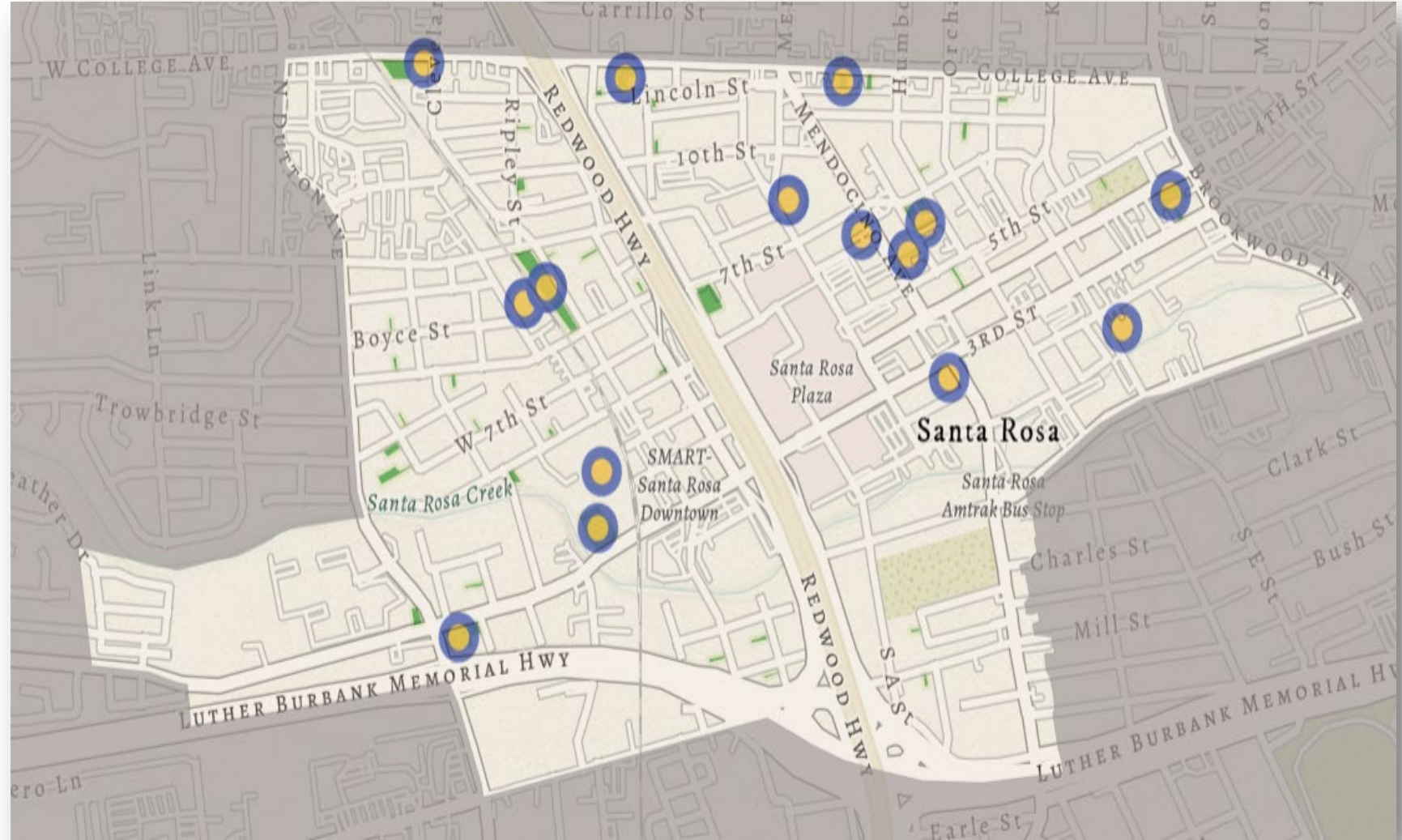
Council Priority



- ✓ **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

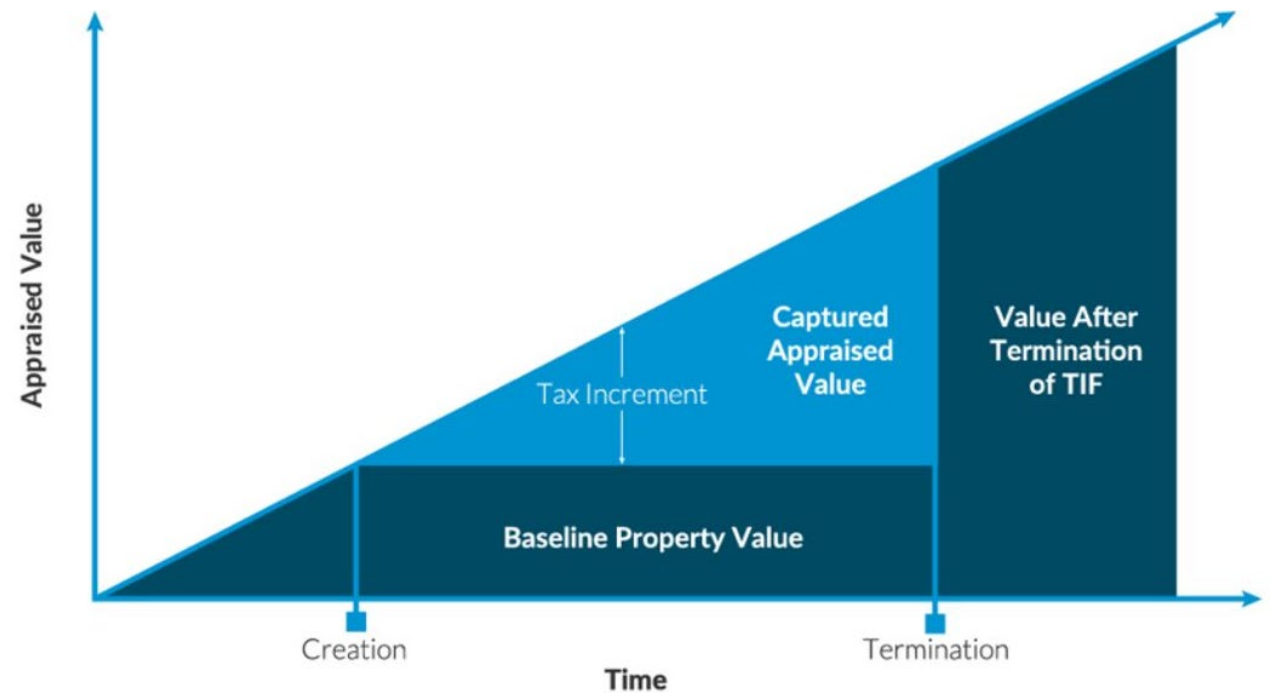
UNDER CONSTRUCTION & RECENTLY BUILT

- **Pullman Lofts Phase 1**
74 units, 3 stories
- **888 4th 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

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

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



EIFD: Formation Process, cont.

- **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

- **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

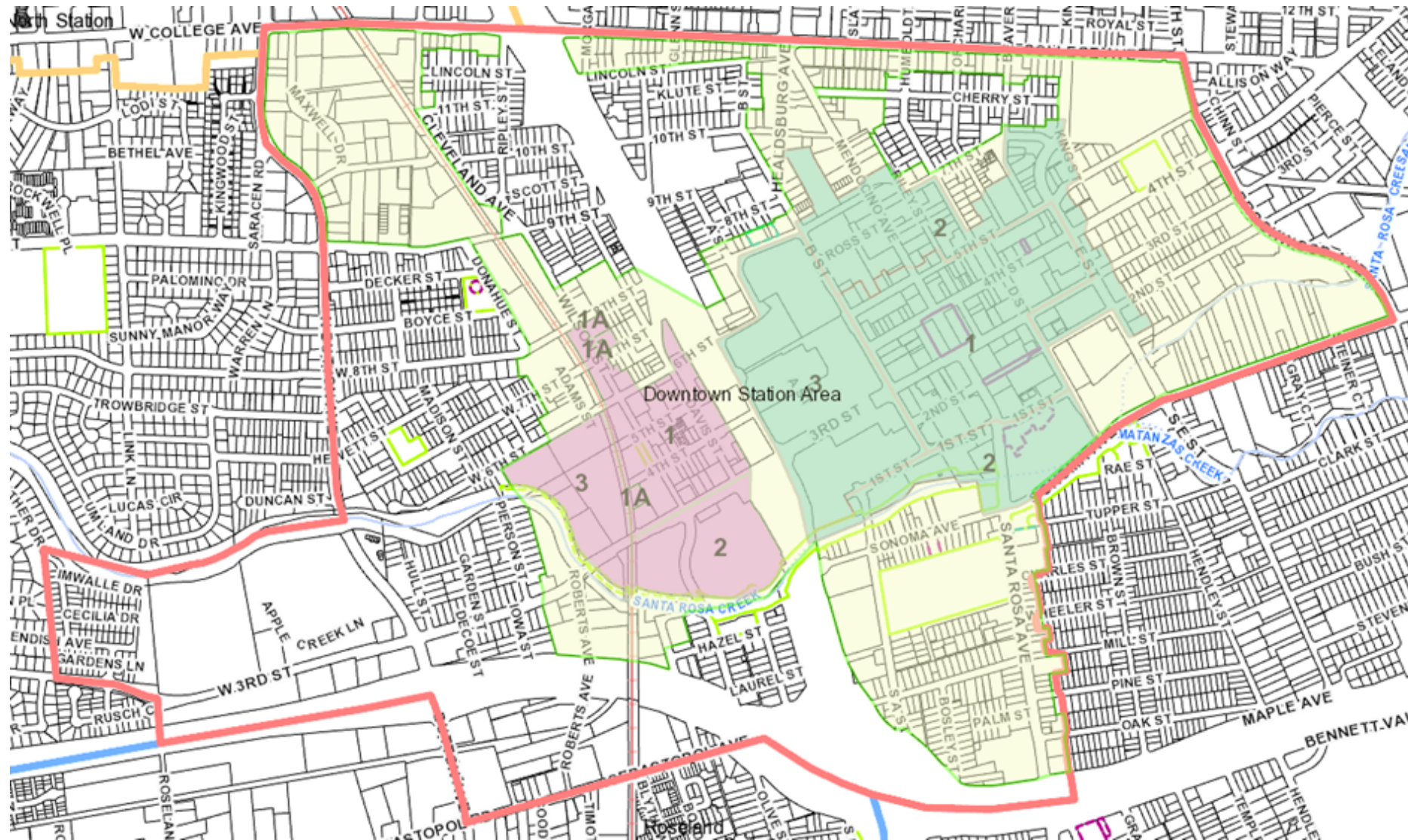
- Roads, highways, streets/streetscapes, parking facilities, and transit facilities
- Affordable housing
- Internet access services
- Childcare facilities
- Libraries
- Parks, open space, and recreational facilities
- Improvements related to fighting climate change
- Brownfield restoration and other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



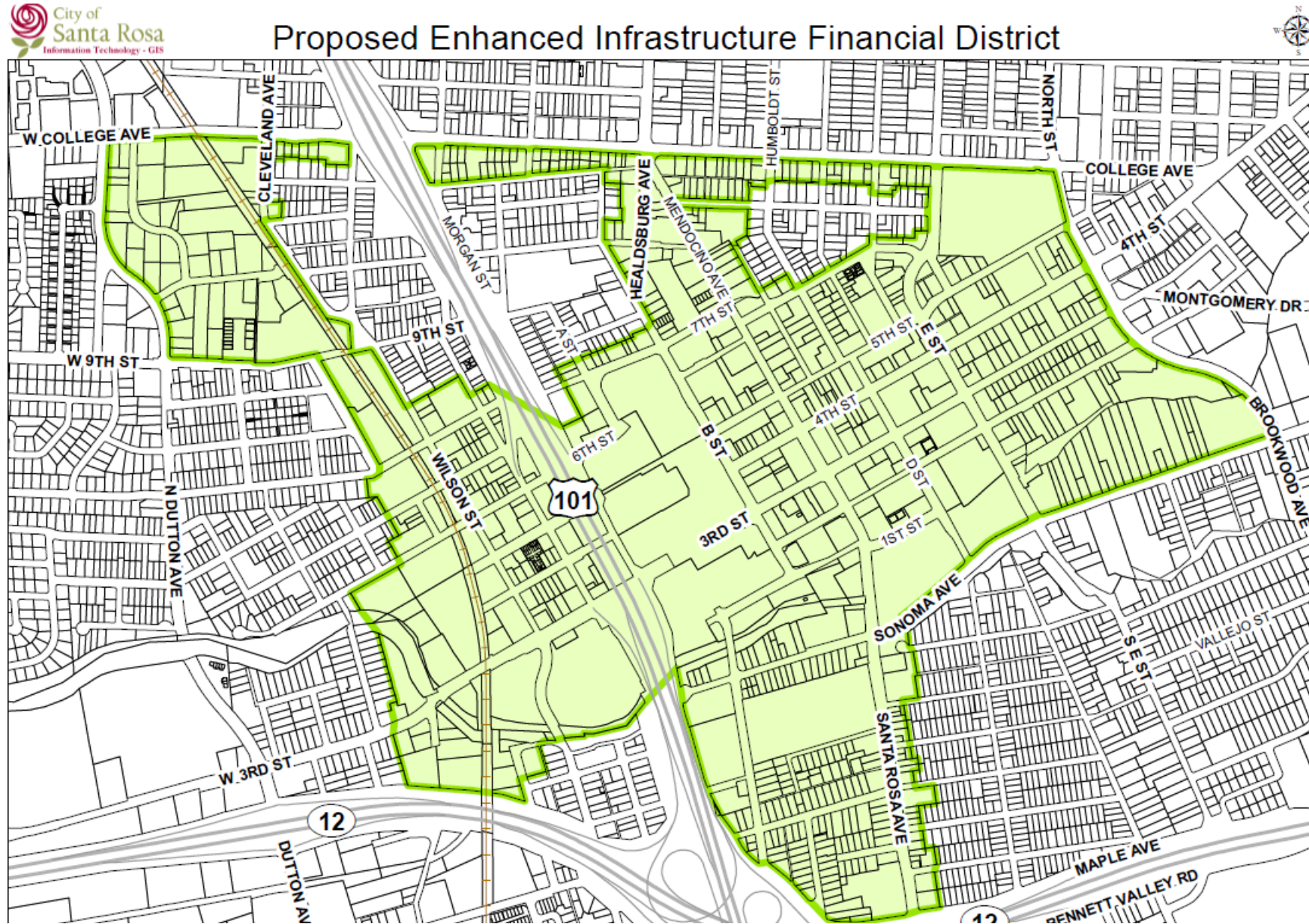
EIFD: Boundary Considerations



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



EIFD: Boundaries



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)
<u>Santa Rosa Boundary</u>					
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)
<u>Santa Rosa Boundary</u>					
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%
1,959,111	1,469,333	979,556	489,778
1,232,023	924,018	616,012	308,006
3,191,134	2,393,351	1,595,568	797,784

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
7,212,286	5,409,214	3,606,143	1,803,071



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)
<u>Santa Rosa Boundary</u>					
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%
4,867,422	3,650,566	2,433,711	1,216,855
3,060,964	2,295,723	1,530,482	765,241
7,928,386	5,946,289	3,964,193	1,982,096

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
21,773,495	16,330,121	10,886,747	5,443,373



Recommendation

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.

