

Enhanced Infrastructure Financing District Policy - DRAFT

Introduction

On September 24, 2014, the governor approved Senate Bill 628, which authorized the formation of an Enhanced Infrastructure Financing District (EIFD). EIFDs were proposed as an alternative development tool following the dissolution of Redevelopment Agencies in 2012.

An EIFD is a tax increment financing district that allows one or more taxing entities to secure a portion of property tax increment revenues from a specifically defined area, to finance a broad range of public infrastructure and economic development projects of community-wide significance. An EIFD does not impose new taxes or any fees on property owners.

The County's participation in an EIFD is voluntary and requires Board approval. All requests for the County to participate in an EIFD must be submitted to the County Administrator and the County's Auditor-Controller-Treasurer-Tax Collector for preliminary review to ensure the proposed EIFD meets the minimum requirements below to be considered by the Board of Supervisors.

Purpose

This policy establishes the minimum requirements for the County's participation in an EIFD with one or more taxing entities. Because Cities and Counties are the only taxing entities that can create an EIFD, this policy assumes that a City is requesting the County's participation in an EIFD. However, special districts may participate in an EIFD with the County and the County may form an EIFD as the sole property tax increment contributor.

The purpose of this Policy is to protect the County's interests, to provide guidance to staff evaluating proposals requesting County participation in an EIFD, and to ensure fiscal due diligence prior to a staff recommendation to the Board of Supervisors to participate in an EIFD.

Minimum Requirements

1. The City's contribution of property tax increment in dollars must be greater than or equal to the County's property tax increment contribution.
2. The County will not contribute 100 percent of its property tax increment.
3. A fiscal analysis must be conducted and must demonstrate a positive net impact to the County General Fund that is attributable to the tax revenue generated from the proposed EIFD and should account for avoided costs resulting from EIFD-funded projects.
4. In addition to supporting economic development, projects in the proposed EIFD must align with established Board strategic priorities in one or more of the following areas: a) affordable housing, b) climate adaptation and resilience, c) transit-oriented development, d) active transportation, or e) advancing racial and social equity.

5. An EIFD proposal must be consistent with Division 2 of Title 5 of the California Government Code (Section 53398.5 - 53398.88), which authorizes the formation of EIFDs.

Revisions to the Policy

The Board may revise this EIFD policy to include requirements for fiscal analysis, proposal standards, community engagement, or other requirements.