

Municipal Economic Development Strategies Post-RDAs

“Rethinking Development Finance”

Nov. 17, 2015, Sacramento, Calif.

Presented by Jan Perry, General Manager
Los Angeles Economic & Workforce Development Department

Moving past the RDA era

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With the demise of the state's Redevelopment Agencies, local governments are looking for new ways of spurring economic development. Redevelopment Agencies were a powerful tool in sparking private-sector investment.

But all is not lost. Using a combination of old financing tools and incentives, and the new Enhanced Infrastructure Financing Districts (EIFDs), California cities can leverage private investment in development, including thousands of former Redevelopment Agency properties.

RDA properties: State Overview

427 “successor” agencies in California are in the process of completing Property Management Plans. Those plans will determine how more than 3,000 former Redevelopment Agencies properties are repurposed.

This presents a one-time opportunity for cities leverage public properties and zoning laws to revitalize communities and finance infrastructure.



Cities have eight basic tools

1. Real Estate/former Redevelopment Agency properties
2. Joint Powers Authorities (JPAs)
3. Rebate of Taxes/Revenues

Eight tools (Cont'd)

4. Land Use/Zoning – This is the most powerful “tool.” (Includes expedited entitlements; development agreements; and “upzoning” to increase densities.

5. P3/Project Delivery Methods

6. Property Assessment Clean Energy Finance Program (PACE) (Allows commercial, industrial, retail, apt. buildings, nonprofits to install “green” technologies with no upfront cost. Repayment is spread over 10 years on the property tax bill).

Eight tools (Cont'd)

7. Special Districts (Tourism, BIDs, etc.)

8. Enhanced Infrastructure Financing District (EIFDs). This is a new and intriguing tool, enacted in January 2015. We will get back to it in a minute.

RDA properties: Los Angeles

The City of Los Angeles has optioned 11 former CRA/LA sites throughout the City and is working on plans to develop these properties for the originally intended redevelopment uses.

Separately, the City's Housing Department will solicit RFPs on 27 sites they acquired from the CRA/LA for affordable housing proposals.



Enhanced Infrastructure Financing Districts

Pros:

Flexible--can be used for a variety of projects.

No election needed to form district

Tax increment available for up to 45 years.

Stimulates development through infrastructure improvements and job creation

EIFDs (Cont'd)

Challenges:

Requires regional cooperation (cities, counties special districts must agree to share tax increment)

Tax increment cash flow is slow to build

“Cleanup” bill (AB 313) ensures that an EIFD does not reduce affordable housing stock or displace residents without compensation.



EIFD example: Los Angeles River revitalization

February 2015: Los Angeles City Council committee recommends moving forward on creation of one or more River Revitalization EIFDs along the 32-mile stretch of the Los Angeles River.

Current: Los Angeles Economic & Workforce Development Department is analyzing various scenarios for the size, scope, projects and financing structures for the EIFDs.

Next step: City Council and Mayor adopt a Resolution of Intention to form an EIFD.

EIFD Example (Cont'd)



The city and partner agencies agree on boundaries and sharing of tax increment, and after public hearings, the vote to establish an EIFD is taken.

EIFDs could be used to pay for potential infrastructure projects along the Los Angeles River.

The tax increment created by an EIFD would, with time, contribute a portion of the estimated \$500 million the City of Los Angeles must contribute towards the more than \$1 billion cost of renovating the first 11-mile portion of the river.

An aerial view of a city skyline featuring several prominent skyscrapers and construction cranes. The sky is clear and blue. In the foreground, there are lower-rise buildings, including one with a brown tiled roof, and a green area with palm trees. The word "QUESTIONS?" is overlaid in large, bold, black capital letters in the center of the image.

QUESTIONS?