

CDIAC and UCD
Rethinking Development Finance: Financing Development
in a Post-Redevelopment World
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The Future of Development Finance: Where Policy and Legislation Begin

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Not Easy to Recreate a \$5 Billion/yr Program

- Limits on Post RDA Tax Increment Financing
 - Legal, Political Constraints
 - Prop 1A, Prop 10
- EIFDs, CRIAs – New Base Years, Voluntary Participation of Taxing Entities

RDA Tax Increment vs. Post RDA “TI Light”

Do the Math

<i>\$ in millions</i>				RDA light TI
Project area		Prop Tax	RDA TI	(20% AB 8)
AV	100	1	0.5	0
5% AV growth	105	1.05	0.525	0.005

Public Policy Objectives of Development Finance

No Broad Policy Consensus Behind Old RDA Program

- Blight Remediation, Sales Tax Generation, Low Wage Jobs, Sprawl
- Ongoing Fight over Education Finance with State and Schools
- Post Prop 13 Fiscal Incentive Fueled Tremendous Growth

Can a New Policy Coalition for Growth Emerge?

“As our case is new, so we must think anew, and act anew”

GHG Reduction

“Sustainable Communities”

AB 32, SB 375

Cap and Trade Expenditure Plan

60% (of \$2 billion) Continuously Appropriated

- 25% High Speed Rail
- 20% Affordable Housing/Sustainable Communities Grants
- 10% Transit/Inner City Rail
- 5% Low Carbon Transit

Remaining 40% Subject to Annual Appropriation Could Supplement Funds for Local Gov Development Projects

Governor's Transportation Funding Plan

\$36 billion in new funds over next decade

\$11.3 billion Local Streets and Roads

- Cities of LA (\$650 m) Fresno (\$83 m)
- Counties of San Diego (\$377 m) Santa Clara (\$206 m)

\$4.3 billion Local Transit and Rail

\$2.5 billion State-Local Partnership Grants

Broad-based business/labor support

Funding Gaps Remain

Need Flexible Source of Local Funds

- Land Write-Downs
- Affordable Housing Project “Gap” Financing
- Backbone Infrastructure

Redevelopment (or “Infill” Development) Advances Statewide Environmental Goals