



OBSTACLES AND OPPORTUNITIES AT THE INTERSECTION OF PUBLIC FINANCE AND THE HOUSING CRISIS



Session Three | Planning for the Housing Surge

Eileen Gallagher, Managing Director, Stifel, Nicolaus & Company

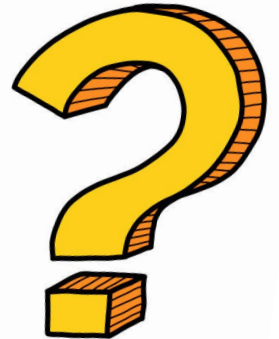
Louis Mirante, Legislative Director, California YIMBY

Tim Seufert, Managing Director, NBS



Housing Housing Housing!

How can local governments offer options for funding and financing housing?





Challenges abound





A few successes:

- Folsom Specific Plan, with CFDs
- Vacaville “infill CFD”
- Livermore, West County, NID: Infill Assessment Districts for water and sewer infrastructure
- Rio Vista: Restructuring of existing CFD to facilitate new development





The Categories – to frame our discussion today

1. Greenfield Development
2. Infill Development
3. Redevelopment

First, at the policy level:

- Reduce time and effort to permit
- Allow various forms of construction/modular, etc.



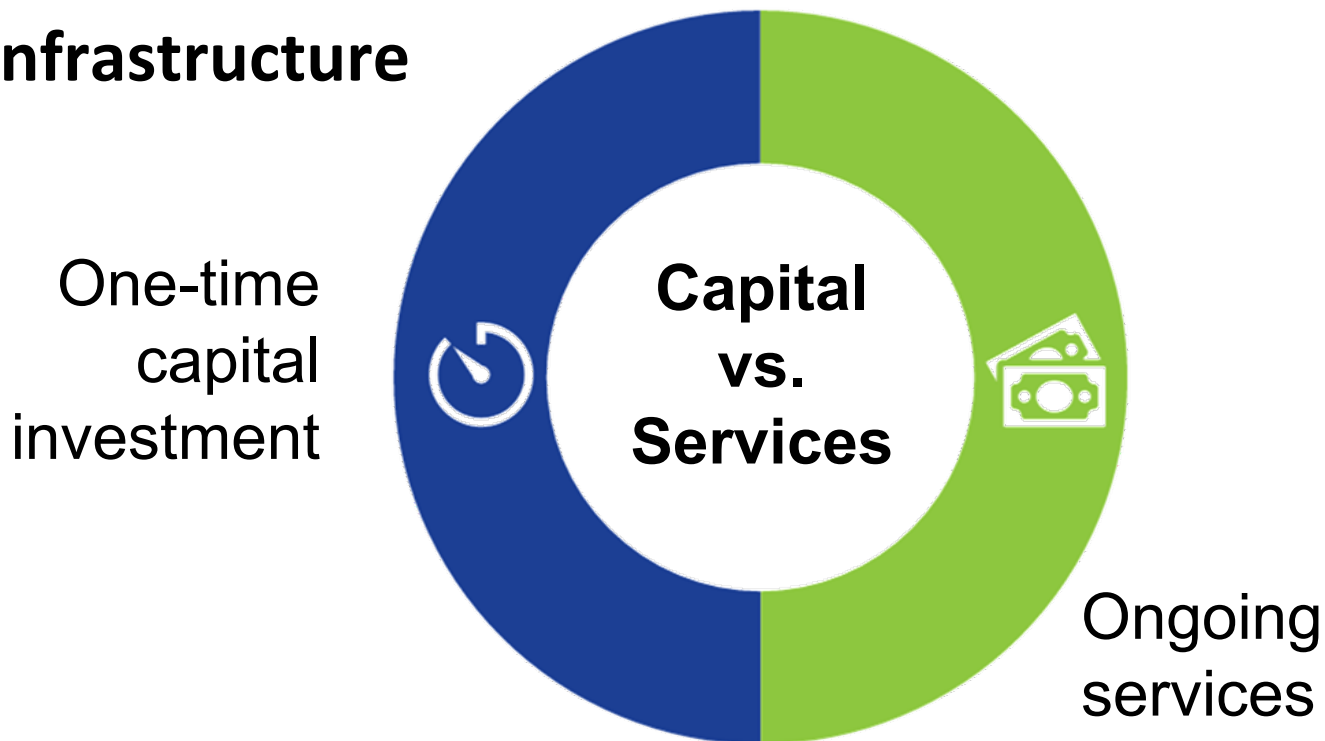
- Provide for low- and mod-income housing options
- Discuss and set Goals and Policies for Greenfield, Infill, and Redevelopment





Funding vs Financing?

Services vs. Infrastructure



The Tool Box:

- FIA – Fiscal Impact Analysis
- DIF – Development Impact/Capacity Fees
- CFDs – Community Facilities Districts
- Assessment Districts
- Parcel Taxes
- The Others: EIFDs, Property-related Fees, etc.





Development vis-a-vis Fiscal Impact



Must consider: One-time costs vs. Ongoing?



The FIA

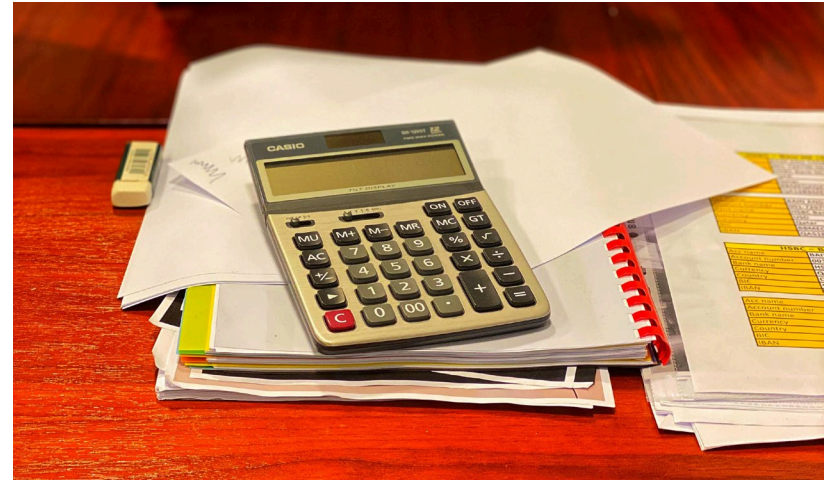
- New development and redevelopment
- Quantification of the fiscal impacts





DIFs and Capacity Charges

- What are they?
- Why needed?
- Our challenges today (ADUs, Micro Units, other scaling?)





DIF and/or Quimby Fees

COST-BASED

- Fee may not exceed cost of service

APPROVAL MECHANISM

- Approval by Council or District Board
- Approval by land use agency legislative body

SAMPLE PROJECTS

- DIF - park improvements, community center, rec facilities, trails/open space (Gov Code 66000)
- Quimby - park land acquisition or fee in lieu for residential subdivisions (Gov Code 66477)



- **The CFD – The “Designer Tax”**
- **Parcel Taxes**





CFDs and Parcel Taxes

NOT BENEFIT-BASED

- Reasonable metrics
- Achieves local goals and policies
- “Additional” Services if landowner vote
- Any services if voter vote

APPROVAL MECHANISM

- Registered voter approved
- OR
- CFD landowner vote(s)
 - 2/3 votes in favor

SAMPLE PROJECTS

- Park, road, open space maintenance
- Flood/storm protection system maintenance
- Parks, parkways & open space
- Flood/storm protection system
- Public facilities with useful life of 5+ years



Special Assessments/Benefit Assessments

ARE BENEFIT-BASED

- General benefit
- Rigor of assessment engineering
- Still viable...

APPROVAL MECHANISM

- Property-owner
- Protest ballot
- 50% + protest?

SAMPLE PROJECTS

- Infrastructure, new and replacement
- Ongoing maintenance



The Others

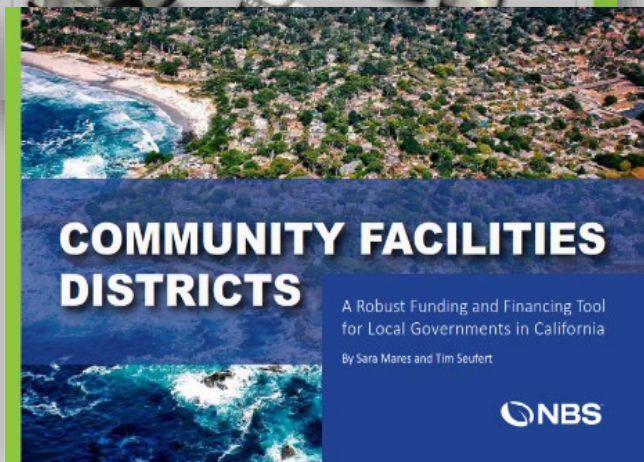
- EIFD
- Property-Related Fees
- County Service Areas/CSAs



NBS Resources

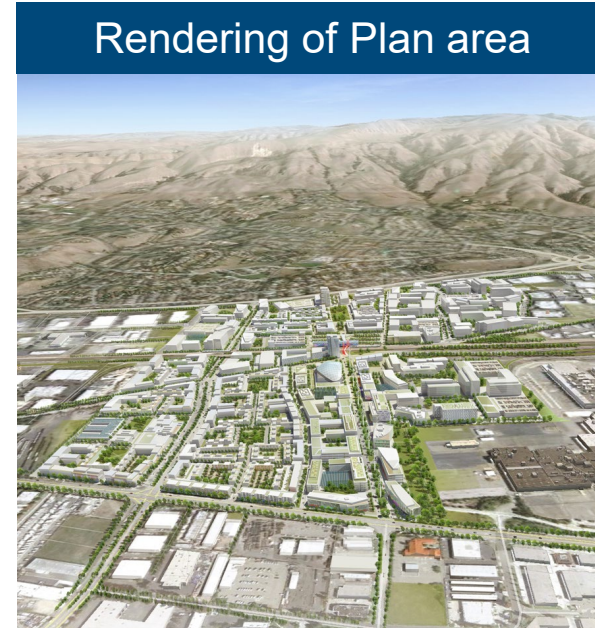
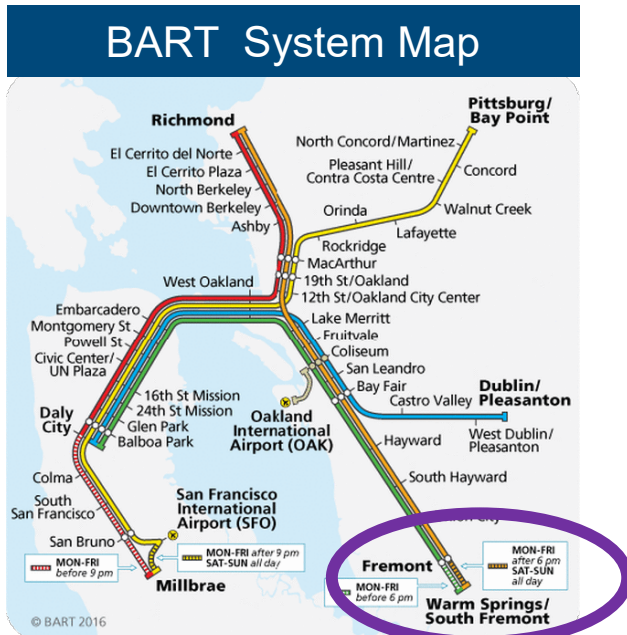
w: nbsgov.com

e: tseufert@nbsgov.com



Case Study: Transit-Oriented Infill Project – Fremont Warm Springs CFD

- 2010 Community Plan focused on 879 acres of vacant and underused industrial land
- Near planned BART station and former GM/NUMMI plant which became Tesla plant

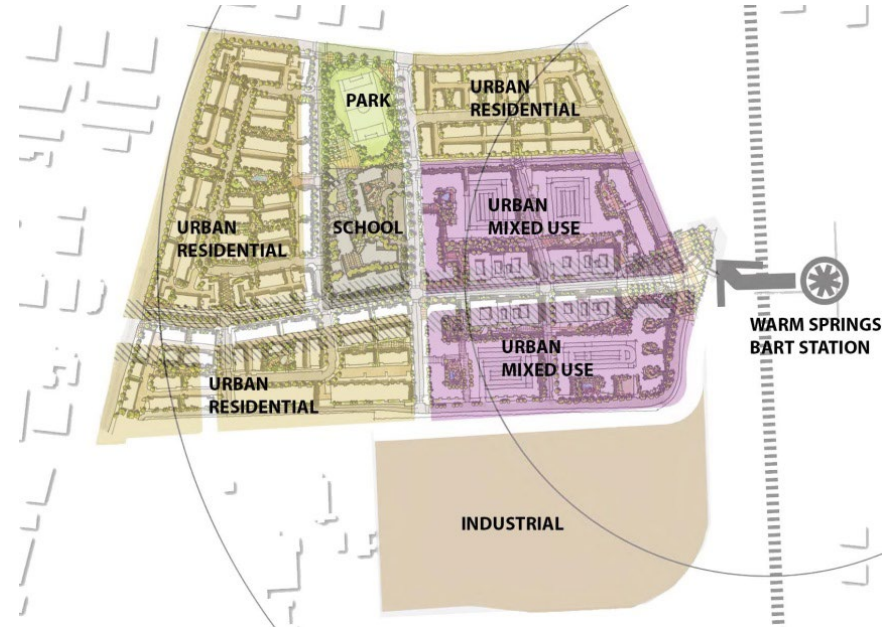


Lennar is developing one of several residential projects underway in the Plan area

Innovation Project

- 958 attached for-sale residential units
- 1,256 multi-family rental units
- A new public elementary school (TK-6)
- A 4-acre joint-use park
- At least 750,000 sq.ft. commercial space

Site Plan for Lennar's Project





CFD No. 2 (Warm Springs Public Facilities)

- Formed on *for-sale residential units* only
- Much like a typical “greenfield CFD” but in a denser “TOD” context
- Raised \$17 million to fund infrastructure
- Affordable housing project nearby was a condition of development

Warm Springs Innovation Project



Case Study: Land Use Up-Zoning – San Francisco Transbay CFD

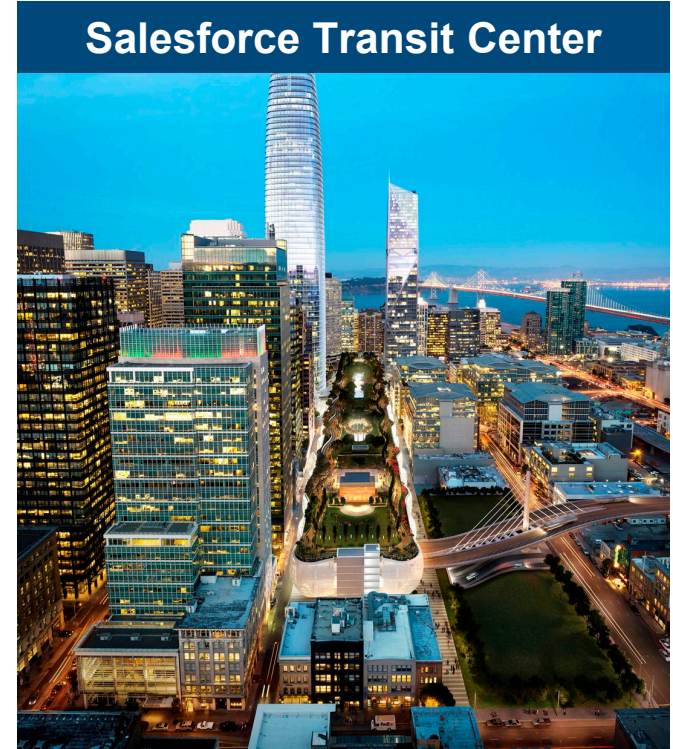
Transit Center District Plan

- City approved in 2012
- Eliminated certain density caps and increased height limits in immediate vicinity of planned new transit terminal

CFD No. 2014-1

- City formed in 2014
- “Future annexation area” covers Transit Center District Plan area
- Projects using density bonuses *must* annex into the CFD
- Special taxes levied only upon *completed* buildings for up to 30 years each

Salesforce Transit Center



Case Study: Tax Increment for Housing – Sacramento Aggie Square

Aggie Square Innovation Hub

- Planned private development of life sciences buildings, educational space on leasehold interest on a portion of UC Davis' Sacramento campus

City forming overlapping CFD and EIFD

- CFD bonds will fund up-front infrastructure
- As development proceeds, up to 80% of *incremental* property tax revenues can be used to offset CFD special tax levy
- City will retain 20% of tax increment for affordable housing



Case Study: Office Housing Mix – San Francisco Mission Rock

Mission Rock

- Mixed-use waterfront development on former parking lot serving the Giants' Oracle Park
- Planned for up to 1.4 million square feet of office, about 1,120 residential units, retail, parks and open space
- 40% of the residential units targeted to low and moderate income households
- Impact fees on office subsidize housing

Overlapping CFD and IFD

- CFD bonds will fund up-front infrastructure
- As development proceeds, *tax increment* will reduce special tax levy





The Regulatory Fine Print:

Stifel, Nicolaus & Company, Incorporated (“Stifel”) has prepared the attached materials. Such material consists of factual or general information (as defined in the SEC’s Municipal Advisor Rule). Stifel is not hereby providing a municipal entity or obligated person with any advice or making any recommendation as to action concerning the structure, timing or terms of any issuance of municipal securities or municipal financial products. To the extent that Stifel provides any alternatives, options, calculations or examples in the attached information, such information is not intended to express any view that the municipal entity or obligated person could achieve particular results in any municipal securities transaction, and those alternatives, options, calculations or examples do not constitute a recommendation that any municipal issuer or obligated person should effect any municipal securities transaction. Stifel is acting in its own interests, is not acting as your municipal advisor and does not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the municipal entity or obligated party with respect to the information and materials contained in this communication.

Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm’s-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its’ own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and /or counsel as you deem appropriate.