



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



Session Three | Planning for the Housing Surge

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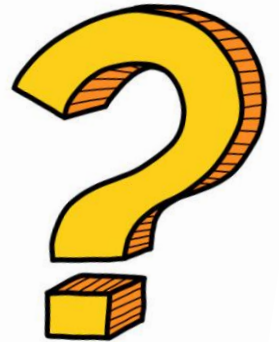
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Housing Housing Housing!



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

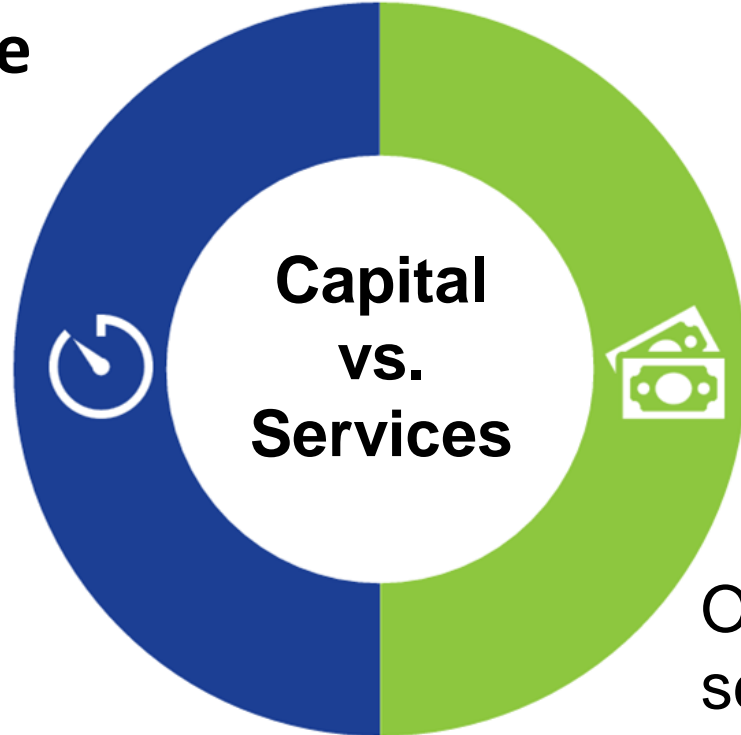




Funding vs Financing?

Services vs. Infrastructure

One-time
capital
investment



Ongoing
services

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

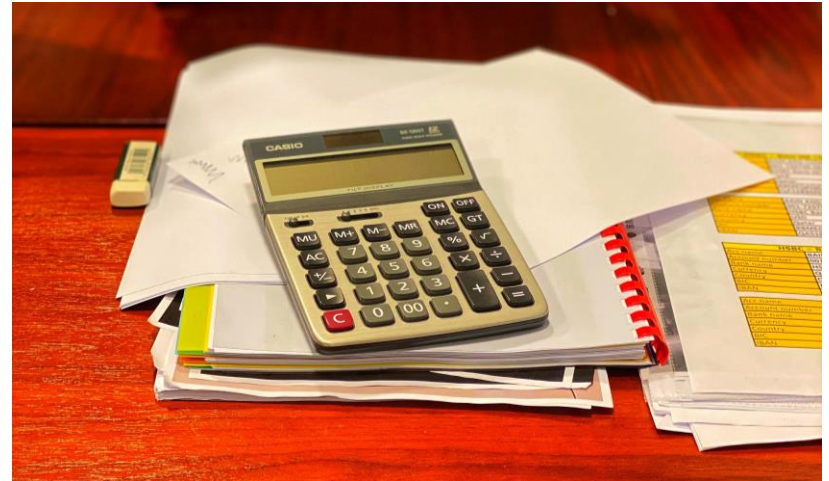
- New development and redevelopment
- Quantification of the fiscal impacts





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

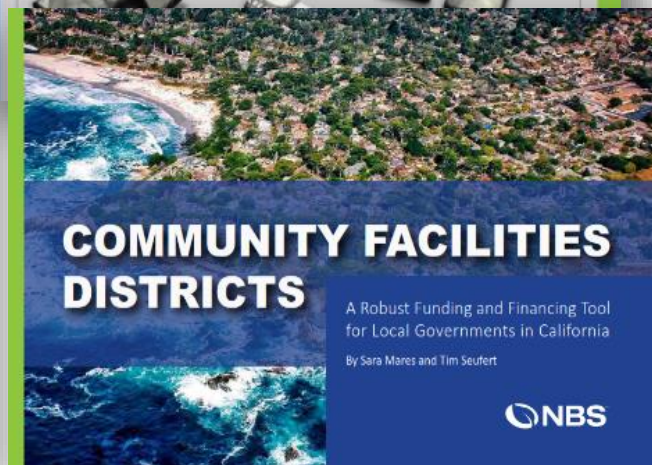
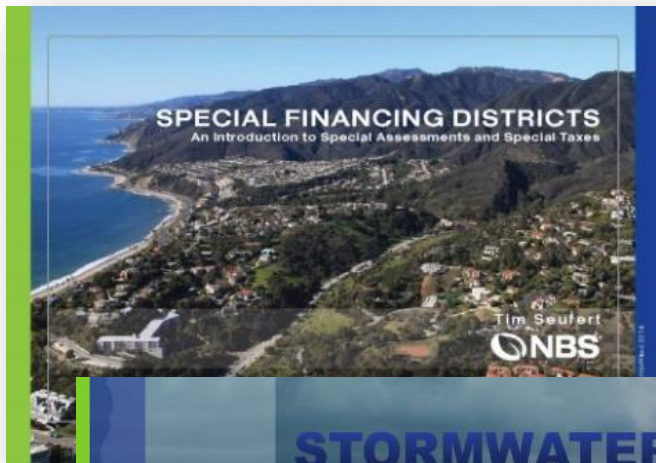




NBS Resources

w: nbsgov.com

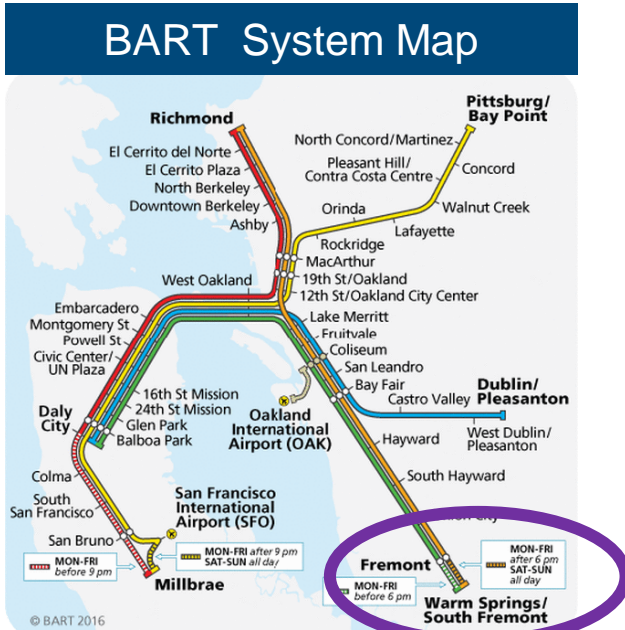
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Case Study: Transit-Oriented Infill Project – Fremont Warm Springs CFD

- 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

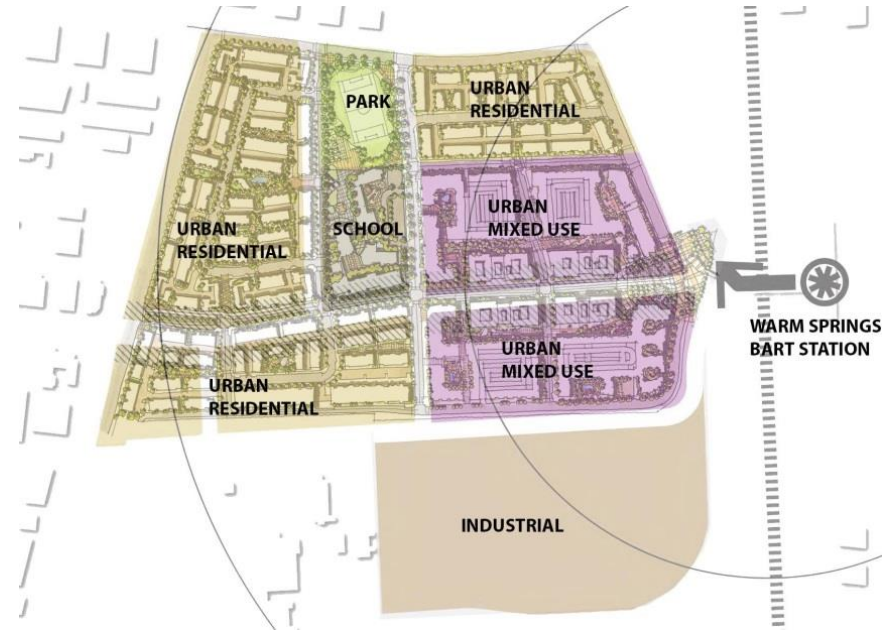


Lennar is developing one of several residential projects underway in the Plan area

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

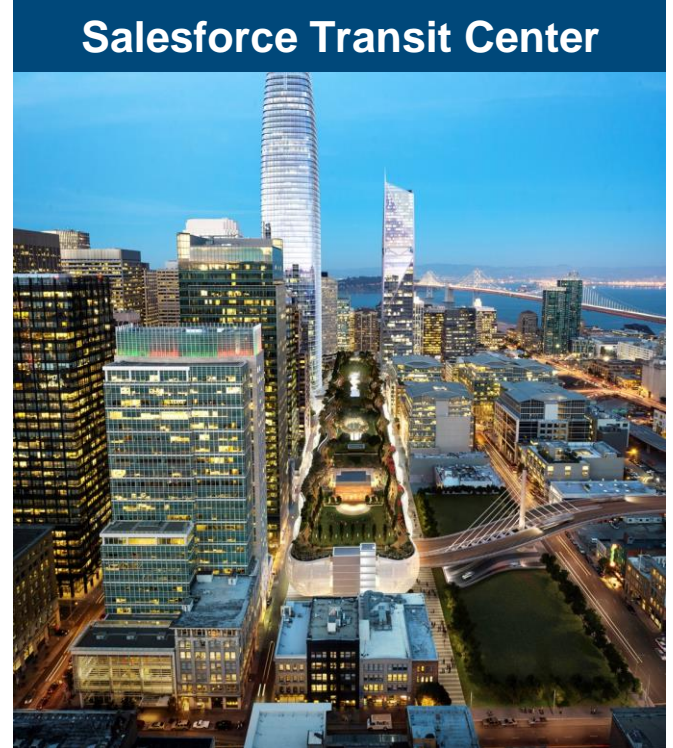
Transit Center District Plan

- 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





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