



***Presentation to
Cerritos College Economic Development Summit***

**Economic Development Initiatives:
New Models of Intercity Cooperation**

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Presented By:

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State Pushing Business to Shift From an Oil-Based Economy

- Businesses in CA must incorporate GHG emission reduction strategies into operating models to comply with federal and state mandates (AB 32, SB 375, SB 350).
- In 2016, compliance schedules accelerated via SB 32 and AB 197.

Focus of Next Gen Economic Development



**Sustainable Infrastructure
Investments**



**Energy-Saving Industrial
Processes**



**Renewable Energy
Investments**



Cap and Trade Program



**Building Efficiency
Design and Upgrades**



**CEQA Analysis Changes
from VMT to # of Trips**

Accelerating the Path to a Green Economy

CALIFORNIA: THE WAY WE CONDUCT BUSINESS HAS CHANGED

**NOW THE WORLD LEADER IN FIGHT AGAINST
CLIMATE CHANGE**

**SB 32 requires State to reduce greenhouse gas emissions
40% below 1990 levels by 2030.**



**Economic Development strategies and public private
projects have to be reframed:**

**Next Gen E.D. provides new tools to induce sustainable
projects in a digital world & address loss of RDA**

DEVELOPMENT, DISTRICTS, DIGITAL

Next Generation Econ. Dev. Objectives

Utilize Economic Development tools and strategies for:

Sustainability

Energy/Resource Efficiency

GHG Reduction

Community Revitalization

Regional Cooperation



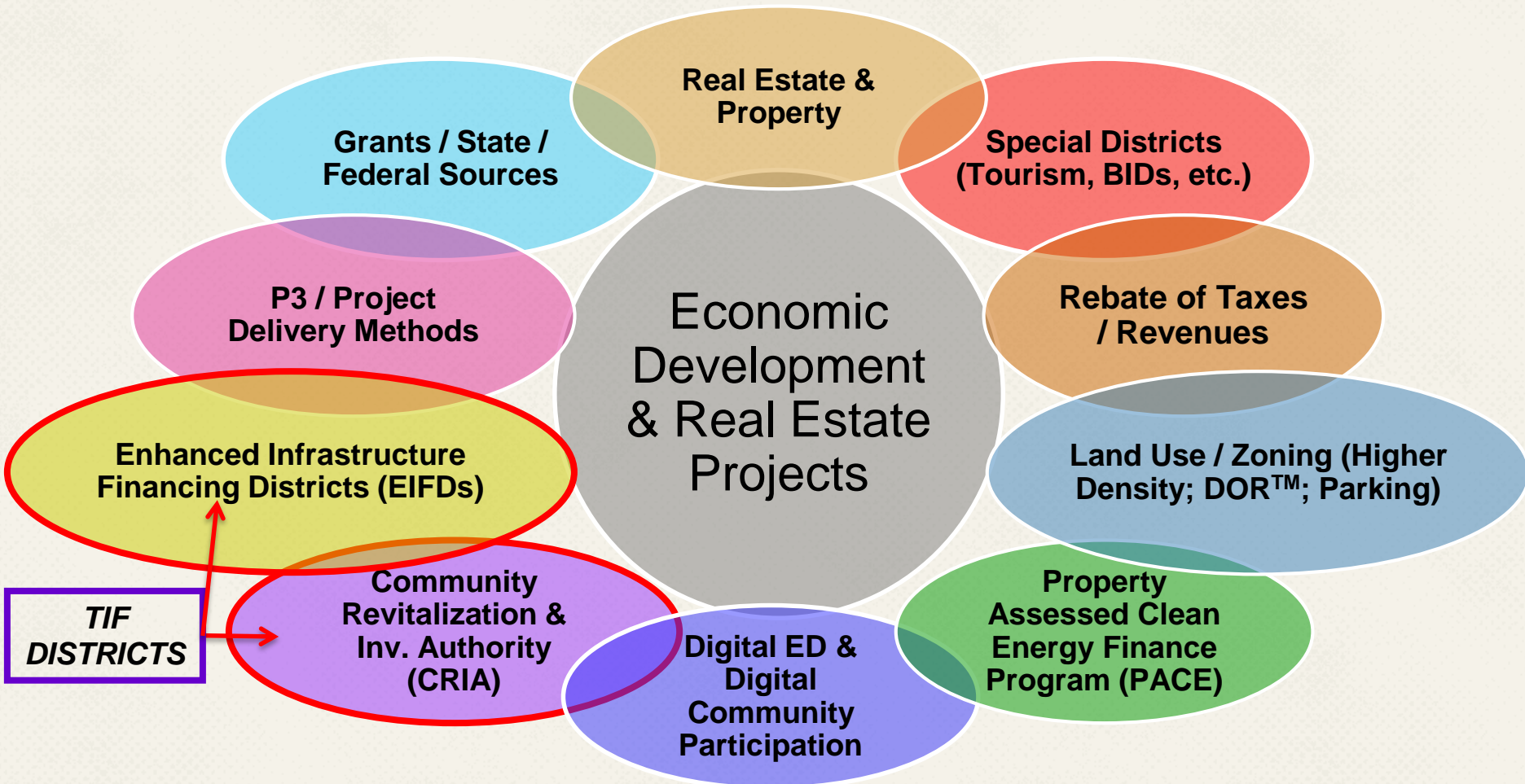
PLACEMAKING

JOB CREATION

TAX GENERATION

Next-Gen Economic Development

Cities have 10 BASIC TOOLS for Public/Private Projects



These tools often work best when used together

● New Economic Development Tools: ● Attract Private Investment Through Sustainability

California's NEW districts Compel Joint Ventures & Regional Cooperation:

- **Enhanced Infrastructure Financing Districts (EIFDs)** (SB 628/AB 313)
 - Focus on infrastructure and public/private transactions
- **Community Revitalization and Investment Authorities (CRIAs)** (AB 2/AB 2492)
 - Similar with stringent eligibility standards & focus on affordable housing
- **Regional:** EIFDs & CRIAs encourage multiple local agencies (cities, counties & special districts) to coordinate efforts & maximize tax increment financing
- **\$\$\$ Available:** State funding focused on climate action, resource management (water, sewer, energy) & transportation/traffic/trip improvements
 - Cap & Trade / Greenhouse Gas Reduction Funds
 - DWR Proposition 1 funding (water) / Prop. 84 water grants
 - Property Assess Clean Energy (PACE) programs
 - Regional transportation sales tax measures

Types of Projects EIFDs/CRIAs Can Fund



Industrial Structures



Affordable Housing / Mixed Use



Transit Priority / RTP / SCS Projects



Wastewater / Groundwater



Light / High Speed Rail



Civic Infrastructure



Parks & Open Space



Childcare Facilities



Brownfield Remediation

EIFD & CRIA

Diverse Funding Sources

- Can combine multiple funding sources with tax increment:

- **Bond Issuance with 55% voter approval**

- **Federal and State Funding Sources:**

- **Proposition 1 bond funds**
- **Cap-and-trade proceeds**
- **Greenhouse Gas Reduction Funds**
- **Federal DOT/EPA/DOE funding programs**

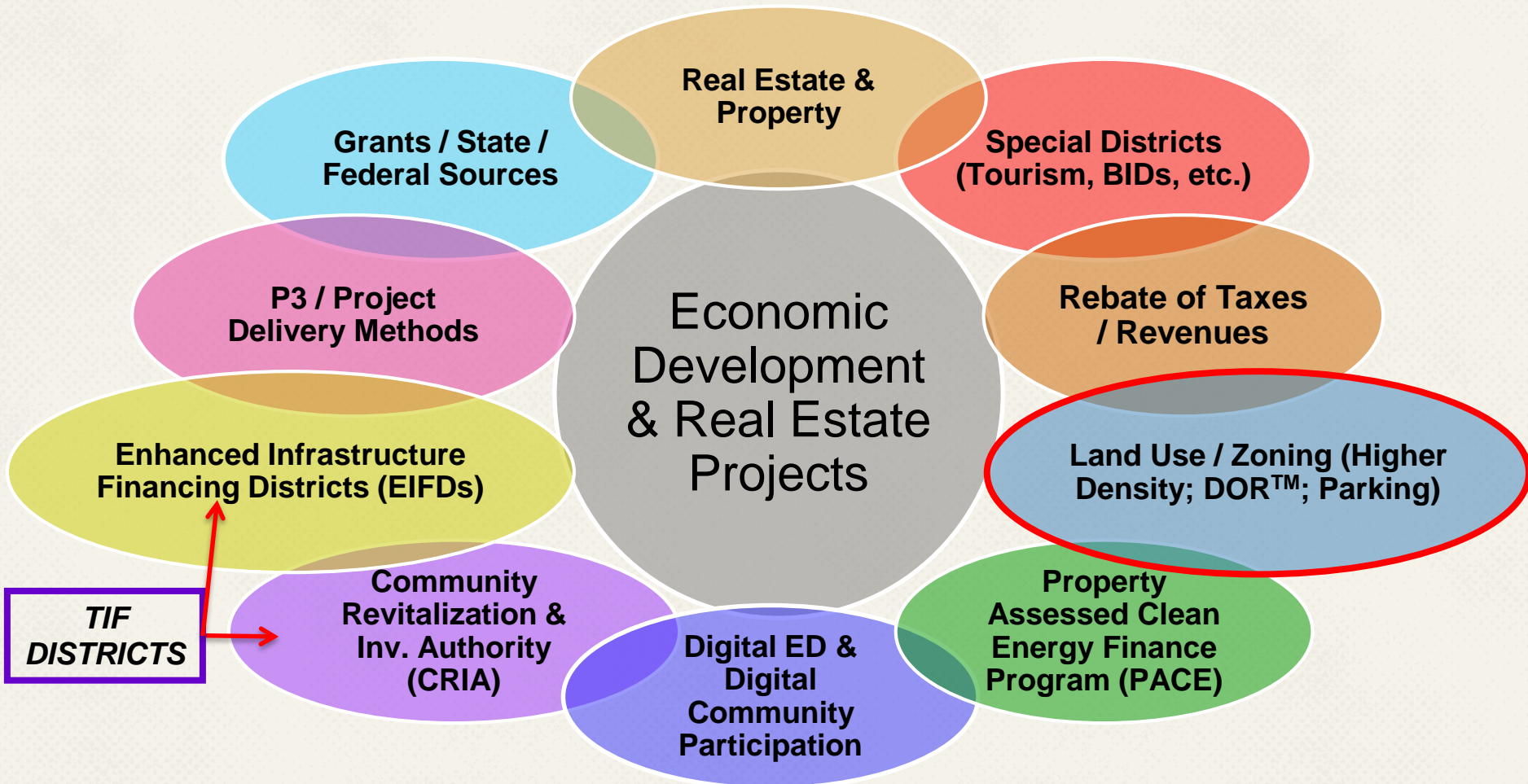
- **Other Funding Sources:**

- **Property tax revenue including RPTTF**
- **Vehicle License Fee (VLF) prop. tax backfill increment**
- **Development Agreement / Impact Fees**
- **City / county / special district loans**
- **Hotel TOT**
- **User fees / assessments**
 - **Contribution from Special District**
 - **Levied by EIFD**
- **Private investment**



Next-Gen Economic Development

Cities have 10 BASIC TOOLS for Public/Private Projects



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Land Use & Zoning Can be E.D. Tools

1. Expedited Processing of Entitlements and Permits:

- For the private sector time is money. Reduced processing time is a win-win
- Shorter timeframes for CEQA and other local Permitting requirements

2. Development Agreement (DA):

- Think “prenuptial agreement”
- DAs lock in benefits for public & private sector: infrastructure/public amenities

3. Specific Plans:

- Incorporate “ED” priorities and convert them to zoning policy objectives
- Ex. is Transfer of Development Rights (TDR) between parcels

4. Development Opportunity Reserve (DOR):

- Assign density for preferred uses (mixed use, retail, tax and job generators);
Reward the Buyer/investor not the owner

Land Use/Zoning Options

- Density as E.D. Tool

Development Opportunity Reserve (“DOR”):

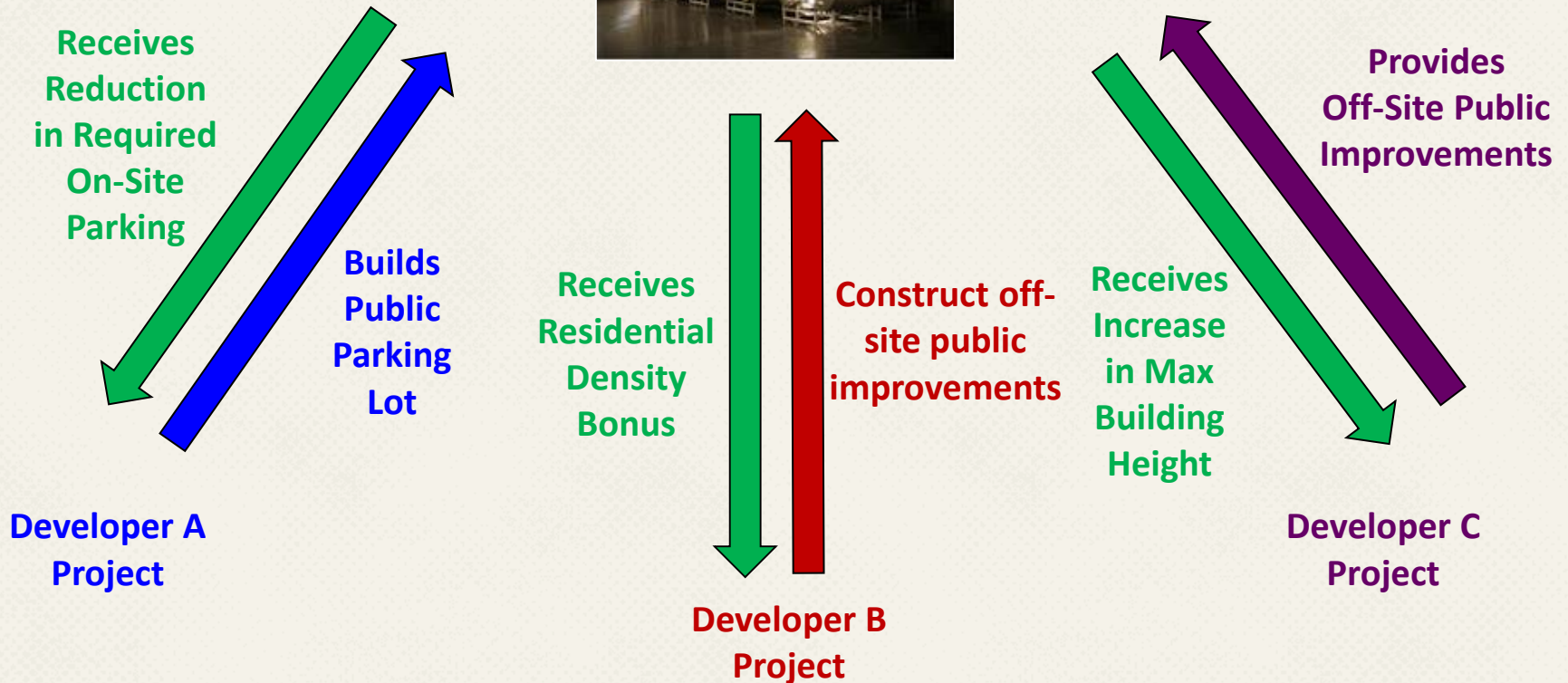
- **Problem: Upzoning used to stimulate economic development often results in a windfall to existing landowners, not targeted end users or uses**
- **Bright Idea: Combine Specific Plans (SP) with Econ. Development “Kicker”**
- Zoning/Density should protect/advance community desires as per the SP
- Place ‘Added’ density into a “Reserve Account”; do not distribute per parcel
- Higher density to new projects that comply with pre-set “community objectives”
- Economic value of “DOR” density can go to desired projects vs. existing owners
- Note: may trigger prevailing wage impacts on certain projects

Successful Examples of DOR:

- Burbank Media District Specific Plan
- Buellton Avenue of Flags Specific Plan

DOR In Action

Example of DOR "Reserve"





-  **EIFD Case Study:**

City of La Verne Proposed EIFD (TOD & Infrastructure)

TOD EIFD Case Study: City of La Verne, CA

The Proposed District

- 83 parcels covering 140 Acres with 42 unique land owners
- Near the future Gold Line Transit Station, University of La Verne, LA County Fairplex & Historic Old Town La Verne
- Facilitates the desired development identified in the OTLV Specific Plan
- Goals: Improve Aesthetics, Enhance Connectivity, Expand Utilities
- Supports 14 projects estimated to cost over \$30M

Projects (public and private)

- Development of mixed-use and TOD housing, hotel, retail and event space
- Station area improvements: parking, bikeways, and pedestrian infrastructure

EIFD Status

- Completed preliminary evaluation
- Adopted Resolution of Intent for City to be lead public agency
- Scheduled public hearing of IFP for October
- Goal: Submit application to BOE by December 1 deadline

La Verne EIFD: Preliminary Potential EIFD Map



La Verne EIFD: Tax Increment Projections

Assumptions:

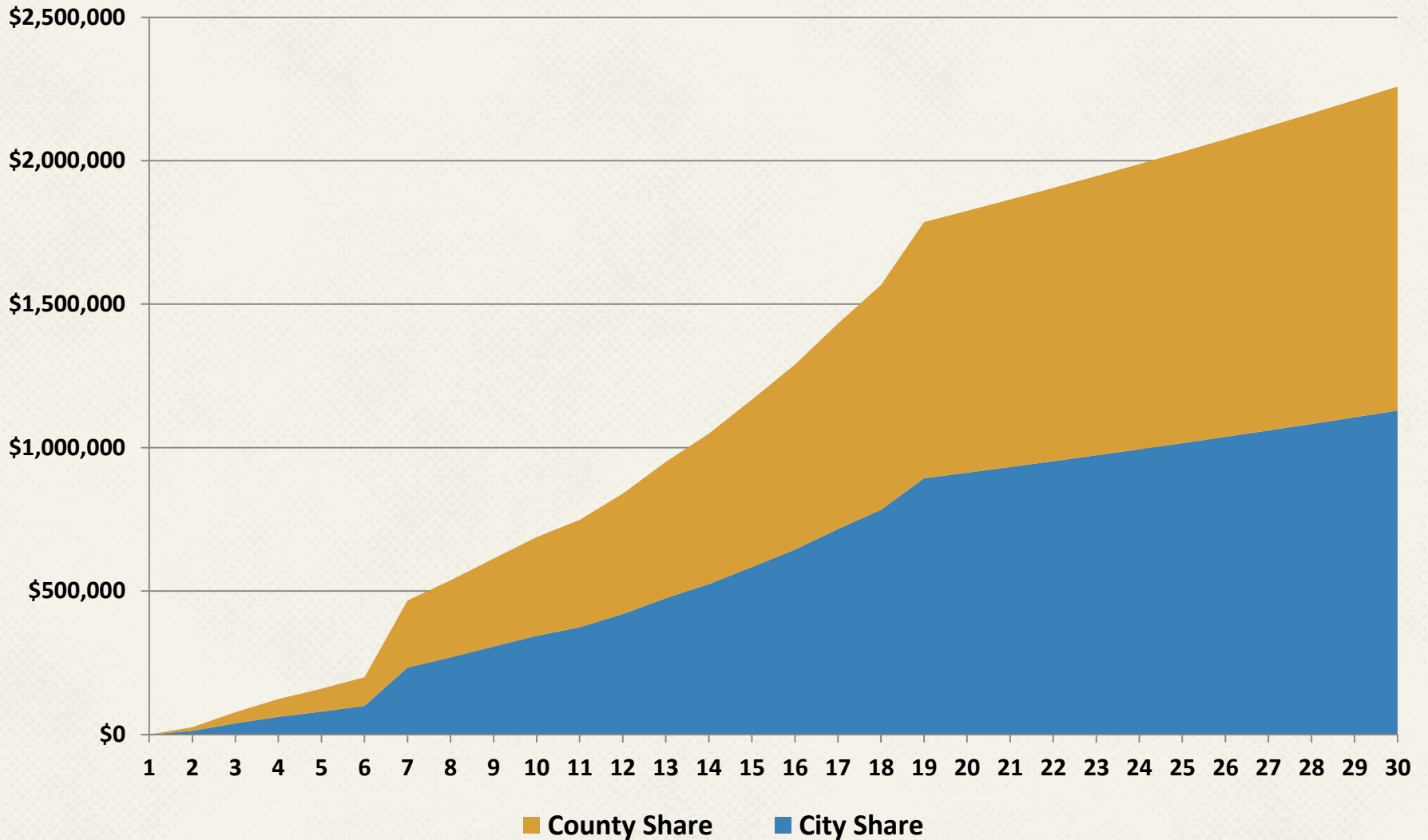
- Kosmont used initial 5, 10 and 20 year development projections and infrastructure needs to estimate tax increment revenues

| City of La Verne Preliminary Assessed Value Projections | | | | |
|--|---------|-------|----------------------|--------------------------------|
| Development Type | Units | | Projected AV/Unit/SF | Projected Total Assessed Value |
| Hotel | 150 | Keys | \$100,000 | \$15,000,000 |
| Retail | 110,000 | SF | \$250 | \$27,500,000 |
| Business Park | 60,000 | SF | \$100 | \$6,000,000 |
| Apartments | 920 | Units | \$175,000 | \$161,000,000 |
| Condominiums | 915 | Units | \$300,000 | \$274,500,000 |
| Total Projected AV New Development | | | | \$484,000,000 |

Key Initial Findings:

- Project Area current assessed value ~\$63 million
- Significant infrastructure funding capacity for district, further increased and accelerated with LA County participation

La Verne Annual EIFD Tax Increment (based on La Verne TI estimates)



La Verne EIFD: Partnerships & Status

La Verne Pitch to County for EIFD Participation:

- Goals of La Verne EIFD are consistent with adopted goals of the County in their Economic Development Resolution
- Projects proposed through EIFD have tangible benefit to County facilities
- EIFD projects will induce private investment, and accelerate development potential increasing assessed value sooner

Status of County as Partner:

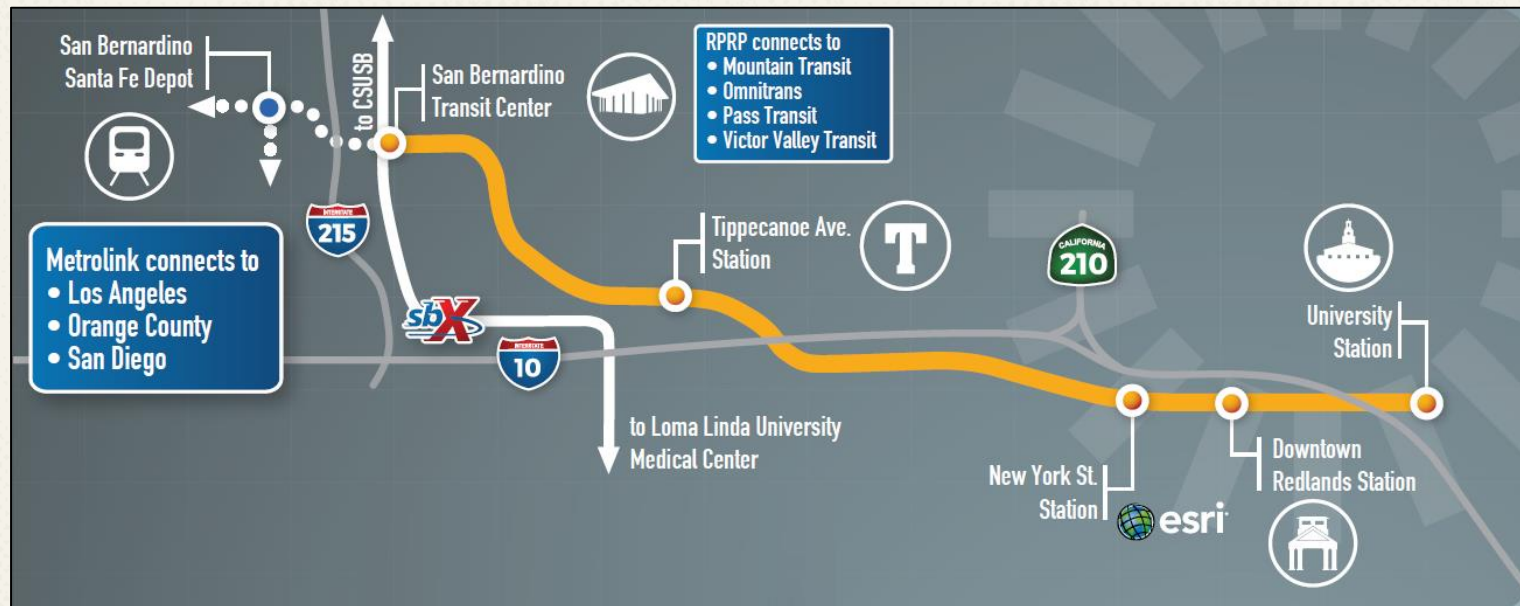
- County adopted policy for review of EIFDs
- City in process of submitting application concurrent with “going alone”
- If successful, District will need to be amended and County added to the PFA board
- County staff has indicated it will be an extended review period
- La Verne’s TOD EIFD will likely be first EIFD in LA County



•  **EIFD/CRIA Case Study:
San Bernardino-Redlands Passenger Rail Project (RPRP)**

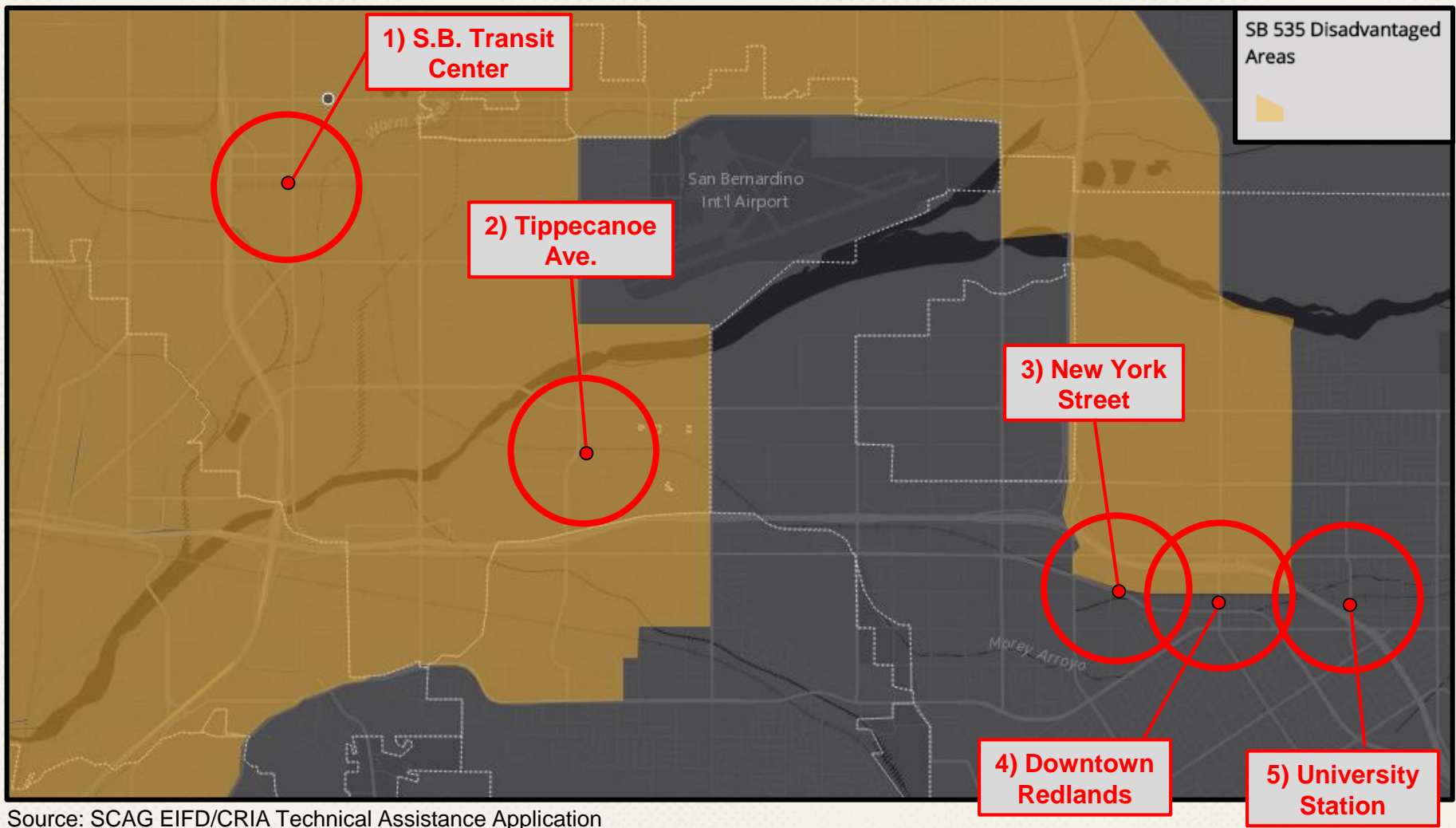
SB-Redlands Rail Project Overview

- **Approximately nine-mile rail project using existing right-of-way to provide service between downtown San Bernardino and University of Redlands making stops at:**
 - [City of San Bernardino](#): San Bernardino Transit Center, Tippecanoe Avenue
 - [City of Redlands](#): New York Street, Downtown Redlands, University of Redlands
- Linkages to sbX bus service (between Loma Linda University and Cal State SB), Mountain Transit, Omnitrans, Pass Transit, Victor Valley Transit, and other modes
- Estimated ~\$285M to come from various federal/state/local funds expected to break ground in 2017/2018 with passenger service beginning in 2020



Disadvantaged Community Census Tracts

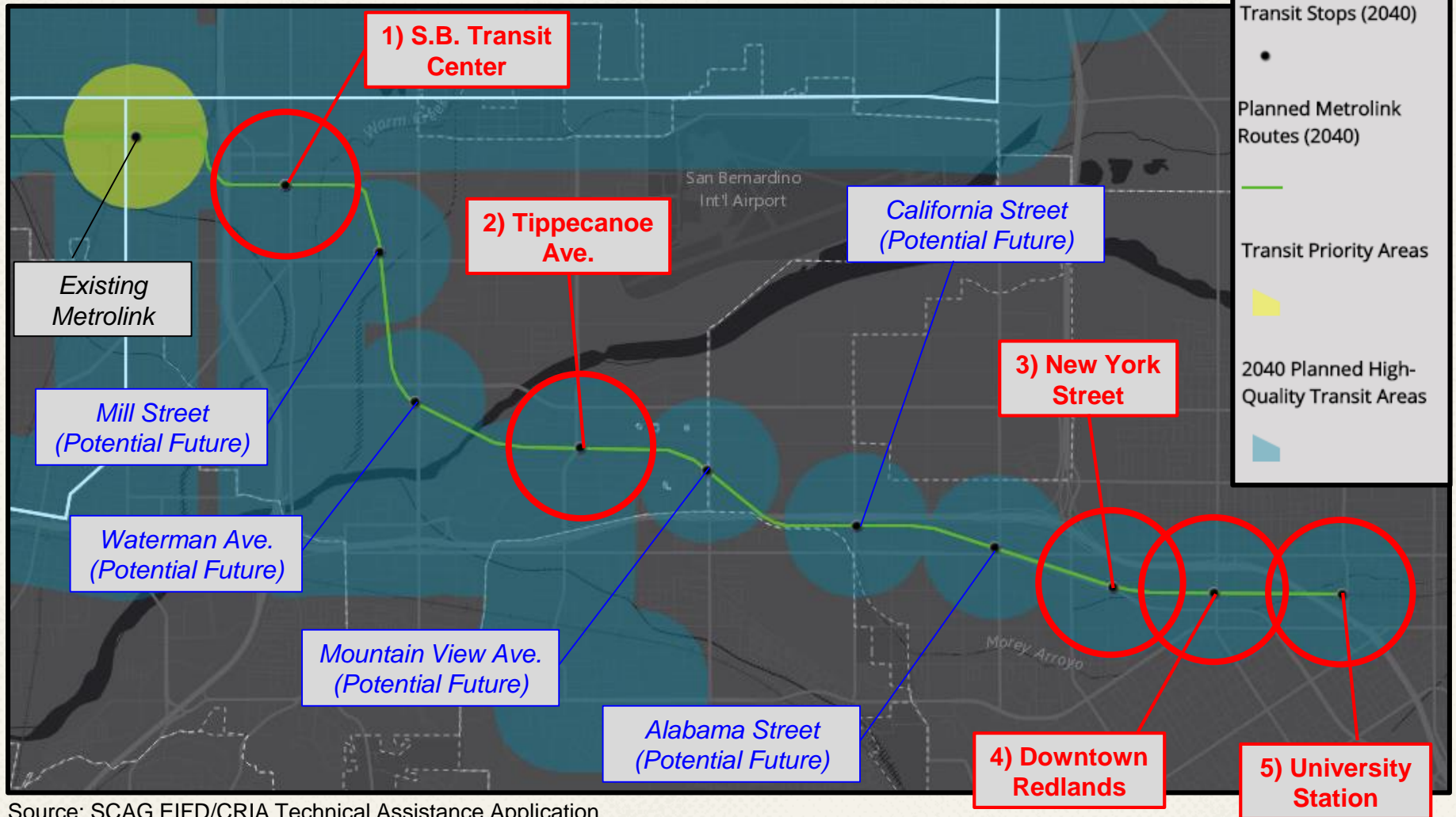
Qualification for CRIA and Cap-and-Trade Grants



Source: SCAG EIFD/CRIA Technical Assistance Application

High Quality Transit (HQTAs) & Transit Priority Areas (TPAs)

Priority for Grants and CEQA Streamlining



Source: SCAG EIFD/CRIA Technical Assistance Application

RPRP Initial Observations

- **Private development in RPRP station areas will drive increase in assessed value; can be captured by EIFD or CRIA via property tax increment**
- **District funding can be utilized for needed station connectivity improvements, utility upgrades, parking facilities, other infrastructure; will support and further catalyze private development**
- **EIFD/CRIA can use state's preference to award funds to special purpose entities dedicated to sustainable infrastructure/resource management**
- **Projects within ½ mile of transit receive priority for grant funding sources and potential environmental analysis (CEQA) streamlining**
- **RPRP clearly provides communitywide and regional benefit**

Summary: New Models of Economic Development

- **California shift to a “green” economy, changes in technology and lifestyle require new E.D. approaches**
- **Next-Gen. Economic Development fosters regional collaboration, energy efficiency, sustainability, infrastructure, quality jobs & creating a sense of place**
- **EIFDs / CRIAs are “new economic development districts” that permit use of tax increment for 45 years**
- **Cities and Counties can use tax increment districts (EIFDs/CRIAs); private sector participation needed to yield taxes, jobs & infrastructure improvements**
- **Next-Gen Economic Development provides a variety of tools that can work together to achieve desired results (land use, zoning, DOR)**
- **Communities such as City of La Verne, San Bernardino, and Redlands evaluating EIFD/CRIA for transit-oriented development & regional collaboration**
- **Gateway Cities and Cerritos University may consider evaluating EIFD / CRIA to capture private investment in light of future projects (e.g., transit) to deliver needed infrastructure & projects of communitywide/regional significance**

Questions?

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