

Changing Face of Economic Development: Land Use, Sustainability & Housing

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Many “Emerging” Tools

- **Federal**
 - New Market Tax Credits
 - EB 5
- **State**
 - Go Biz
 - Cal IEDB
 - Cap and Trade (Sus. Community Strategy)
 - EIFD/ NIFTI, CRIA and AHA



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Enhanced Infrastructure Financing District

- **SB 628 (2014)/ AB 313 (2015) (EIFD)**
- **Amended Section Gov't Code 53398.50 et seq.:**
 - Non-school Tax Increment
 - Broad range of infrastructure (15 year life)
 - 55% vote for bonded debt
- **AB 1568 (2017), Neighborhood Infill Finance and Transit Improvements Act (NIFTI)**
 - Adopt before IFP by Resolution
 - Allocate 20% of funds for Housing



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Community Revitalization and Investment Authority

- **AB 2 (2015) and AB 2024 (2016)***
- **Added New Section Gov't Code 62000:**
 - All RDA powers (non-school TI, Eminent Domain, Polanco)
 - Limited – Need low-income, plus 3 of 4:
 - (1) crime 5% higher than statewide average
 - (2) unemployment 3% higher than avg.;
 - (3) deteriorated infrastructure; or
 - (4) deteriorated commercial/ residential



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Affordable Housing Authority

- **AB 1598 (2017)/ AB 2035 (?)**
- **Added New Section Gov't Code 62250:**
 - Create new authority by Resolution
 - Coterminous with boundaries
 - Use Tax Increment and Sales Tax to Support Affordable Housing (up to 120% of median)
- **2018 Amendments to include authority to use for Homeless (Shelter, Supportive and Transitional Housing)**



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A Year of Housing Legislation...

- **Funding:**
 - SB 2- Building Homes and Jobs Act
 - SB 3- Veterans and Affordable Housing Bond (\$4B Bond- Nov. 2018)
- **Streamlining Approvals:**
 - SB 35- Streamlining multifamily projects
 - SB 540- Workforce Housing Opportunity Zones
 - AB 73- Housing Sustainability Districts
- **Accountability:**
 - Housing Accountability Act
 - Housing Element- AB 72, AB 1397, AB 879



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AB 562 (2013)- Subsidy Report

- **Added New Section Gov't Code 53083:**
 - Cities and Counties Provide Report and Hearing
 - For “Econ. Dev. Subsidies” of \$100,000
 - Report Contents to Include:
 - Description of the subsidy public purpose of the subsidy
 - Estimated number of jobs created
 - Projected tax revenue





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Legal Issues in California

- Legal Authority
- CEQA
- Procurement Issues
- Prevailing Wage
- AB 562



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Other Limitations...

- Limitations:
 - Prohibit Relocating Big Box/ Auto
 - Prohibition on Sales Tax Sharing Agreements for Relocation and Retailers in other jurisdictions
 - Multi-Year Debt Limit
 - Prohibition on Gift of Public Funds



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Big Ideas on Econ Dev....

- **Clearly Stated Vision for Community**
- **Political and Staff Consistency**
- **Adopted Policies and Goals**
- **Positive Community Engagement**
- **Identification of Local Incentives**
- **Awareness of Regional and State Incentives**
- **City Staff as “Facilitator”**



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Four Keys to Success for All Public Private Partnerships:

- **Understanding the 4P’s Before the P3**
- **Understand the Needs of the Parties**
- **Understand the Negotiation “Life-Cycle”**
- **Components of the P3 Deal**



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Key to Success #1:
Understanding the 4P's Before the P3:

- **Problem?**
 - **Project?**
 - **Priorities?**
 - **Politics?**
- Needs of the Community?
 - Solution to the Problem?
 - Clear Vision and Goals?
 - What's the Political Environment?



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PROBLEM IDENTIFICATION



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PROJECT



PRIORITY



POLITICS



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Key to Success #2: Understand the needs of the Parties

- Public Agency Elected Officials
- Public Agency Staff / Legal Counsel
- Investor / Lender
- Members of the Public
- Interest Groups
- Regulators (State and Federal)



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Key to Success #3: **Know the Negotiation “Life-Cycle”**

- **Problem Identification**
- **Analyze Options**
- **Due Diligence (Risks/Rewards)**
- **Risk Mitigation/Allocation**
- **Business Plan**
- **Transactional Documents**
- **Implementation Issues**
- **Expect Changes**



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Key to Success #4: **Components of the P3 Deal:**

- **Statutory Authority**
- **Stakeholder Support**
- **Clarity on Env't'l / Regulatory Processes**
- **Identified Revenue Stream**
- **Detailed Business Plan**
- **Partner Selection**
- **Renew the Partnership**
 - Contract with Negotiated and Escalating Remedies
 - Regular Contact between Parties



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