HOMELESSNESS COMMITTEE MEETING AGENDA

WEDNESDAY, APRIL 19, 2023
10:00 a.m.

CVAG Conference Room
73-710 Fred Waring Drive, Suite 119
Palm Desert, CA 92260

Members of the Committee and the public may attend and participate by video at the following remote location:

Blythe City Hall
235 N Broadway, Room A
Blythe, CA 92225
760-922-6161

Public comment is encouraged to be emailed to the Homelessness Committee prior to the meeting at cvag@cvag.org by 5:00 p.m. on the day prior to the committee meeting. Comments intended to be read aloud should be no more than 300 characters.

THIS MEETING IS HANDICAPPED ACCESSIBLE.
ACTION MAY RESULT ON ANY ITEMS ON THIS AGENDA.

UNLESS OTHERWISE STATED, ALL ACTION ITEMS WILL BE PRESENTED TO THE EXECUTIVE COMMITTEE FOR FINAL APPROVAL.

1. <u>CALL TO ORDER</u> – Chair John Peña, Councilmember, City of La Quinta

2. <u>ROLL CALL</u> –

A. Member Roster P4

3. <u>PUBLIC COMMENT ON AGENDA ITEMS</u>

This is the time and place for members of the public to address the Homelessness Committee on agenda items. At the discretion of the Chair, comments may be taken at the time items are presented. Please limit comments to three (3) minutes.

4. <u>CHAIR / COMMITTEE / CVAG STAFF ANNOUNCEMENTS</u>

5. <u>CONSENT CALENDAR</u>

A. Approve the February 15, 2023 Homelessness Committee Meeting Minutes P5

B. Receive and file the quarterly report for the CV Housing First program, representing clients served in the first quarter of 2023 P9

6. <u>DISCUSSION / ACTION</u>

A. Update on the Revenue Stream Feasibility Study for Affordable Housing and P12

Associated Transportation Needs – Peter Satin

<u>Recommendation</u>: Provide input on the Regional Early Action Planning project and the draft Regional Strategic Plan

B. Appointment of Regional Representative to SCAG Policy Committee P173
– Emmanuel Martinez

<u>Recommendation</u>: Discuss and nominate a CVAG representative to SCAG's Community, Economic and Human Development Committee

C. Update on the Navigation Center in the City of Palm Springs – Greg Rodriguez, Riverside County Housing and Workforce Solutions P174

<u>Recommendation</u>: Information

7. <u>INFORMATION</u>

A.	**Attendance Record**	**P177**
B.	**Member jurisdictions' contributions to CV Housing First**	**P178**
C.	**Landlord Incentive Program for Increasing Available Units**	**P180**

8. PUBLIC COMMENT ON NON-AGENDA ITEMS

This is the time and place for members of the public to address the Homelessness Committee on items of general interest within the purview of this committee. Please limit comments to two (2) minutes

9. ANNOUNCEMENTS

Upcoming Meetings:

The next meeting of the **Homelessness Committee** will be held on Wednesday, May 17, 2023, at 10:00 a.m. at the CVAG conference room, 73-710 Fred Waring Drive, Suite 119, Palm Desert, 92260.

The next meeting of the **Executive Committee** will be held on Monday, April 24, 2023 at 4:30 p.m. at the CVAG conference room, 73-710 Fred Waring Drive, Suite 119, Palm Desert, 92260

10. ADJOURMENT

ITEM 2A

Coachella Valley Association of Governments
Homelessness Committee
Member Roster
2022- 2023

VOTING MEMBERS	
Agua Caliente Band of Cahuilla Indians	Councilmember John Preckwinkle III
City of Blythe	Councilmember Johnny Rodriquez
City of Cathedral City	Mayor Pro Tem Mark Carnevale
City of Coachella	Councilmember Denise Delgado
Desert Healthcare District	Director Carole Rogers, RN
City of Desert Hot Springs	Councilmember Jan Pye
City of Indian Wells	Mayor Donna Griffith
City of Indio	Councilmember Waymond Fermon – **Vice Chair**
City of La Quinta	Councilmember John Peña –**Chair**
City of Palm Desert	Mayor Pro Tem Karina Quintanilla
City of Palm Springs	Councilmember Christy Holstege
City of Rancho Mirage	Councilmember Lynn Mallotto
Riverside County – District 4	Supervisor V. Manuel Perez
Torres Martinez Desert Cahuilla Indians	Vice Chair Joseph Mirelez
Ex-Officio / Non-Voting Members	
Pedro S.G. Rodriguez, Executive Director, Coachella Valley Housing Coalition	
Darla Burkett, Executive Director, Coachella Valley Rescue Mission	
Vacant, Executive Director, Home Aid Inland Empire	
Samuel Hollenbeck, Chief Executive Officer, Martha's Village and Kitchen	
Vacant, The Salvation Army	
Angelina Coe, Executive Director, Shelter from the Storm	
Additional Support Staff	
Carrie Harmon, Assistant Director Housing, Homelessness Prevention and Workforce Solutions	Dr. Conrado Bàrzaga, CEO, Desert Healthcare District
Tanya Torno, Principal Development Specialist, Housing, Homelessness Prevention and Workforce Solutions	Marcus Cannon, Behavioral Health Services Supervisor, Riverside University Health System-Behavioral Health

CVAG Staff
Tom Kirk, Executive Director
Erica Felci, Assistant Executive Director
Ivan Tenorio, Management Analyst

Homelessness Committee
Meeting Minutes
February 15, 2023

CVAG

The audio file for this meeting can be found at: http://www.cvag.org/audio.htm

1. **CALL TO ORDER** - The February 15, 2023 meeting was called to order by Homelessness Committee Chair John Peña, City of La Quinta, at 10:00 a.m. on Zoom videoconference, pursuant to AB 361 and the guidelines for virtual public meetings.

2. **ROLL CALL** - Roll call was taken and it was determined that a quorum was present.

Members Present

Agua Caliente Band of Cahuilla Indians	Councilmember John Preckwinkle III
City of Cathedral City	Councilmember Ernesto Gutierrez
City of Coachella	Councilmember Denise Delgado
Desert Healthcare District	Director Carole Rogers, RN
City of Desert Hot Springs	Councilmember Jan Pye
City of Indian Wells	Mayor Donna Griffin
City of La Quinta	Councilmember John Peña, Chair
City of Palm Springs	Councilmember Christy Holstege (*arrived at Item 3)*
City of Rancho Mirage	Councilmember Lynn Mallott
Riverside County – District 4	Greg Rodriguez, Housing & Workforce Solutions
Torres Martinez Desert Cahuilla Indians	Vice Chair Joseph Mirelez (*arrived at Item 3)*

Members and Ex-Officios Not Present

City of Blythe	Vice Mayor Johnny Rodriguez
City of Palm Desert	Mayor Pro Tem Karina Quintanilla
City of Indio	Councilmember Waymond Fermon, Vice Chair
Coachella Valley Housing Coalition	Pedro S.G. Rodriguez
Coachella Valley Rescue Mission	Darla Burkett
Martha's Village and Kitchen	Samuel Hollenbeck
Shelter from the Storm	Angelina Coe

Chair Pena wished everyone a happy New Year and welcomed all new members to the committee.

3. **PUBLIC COMMENTS ON AGENDA ITEMS**

None.

4. **CHAIR / COMMITTEE MEMBER/CVAG STAFF COMMENTS**

Councilmember Christy Holstege announced that the City of Palm Springs and County of Riverside had allocated additional funding for the navigation center and requested an update on the project be brought to the Committee at the next agenda.

5. **CONSENT CALENDAR**

IT WAS MOVED BY COUNCILMEMBER PYE AND SECONDED BY DIRECTOR ROGERS TO APPROVE THE CONSENT CALENDAR.

A. Approve the November 16, 2022 Homelessness Committee Meeting Minutes

THE MOTION TO CARRIED WITH 10 AYES, 3 MEMBERS ABSENT AND 1 ABSTENTION

COUNCILMEMBER PRECKWINKLE	**AYE**
COUNCILMEMBER RODRIGUEZ	**ABSENT**
COUNCILMEMBER GUTIERREZ	**ABSTAIN**
COUNCILMEMBER DELGADO	**AYE**
DIRECTOR ROGERS	**AYE**
COUNCILMEMBER PYE	**AYE**
MAYOR GRIFFITH	**AYE**
COUNCILMEMBER FERMON	**ABSENT**
COUNCILMEMBER PEÑA	**AYE**
MAYOR PRO TEM QUINTANILLA	**ABSENT**
COUNCILMEMBER HOLSTEGE	**AYE**
COUNCILMEMBER MALLOTTO	**AYE**
GREG RODRIGUEZ	**AYE**
VICE CHAIR MIRELEZ	**AYE**

6. **DISCUSSION / ACTION**

A. **Partnership with Inland Counties Legal Services –** Marsha Johnson, ICLS Practice Group Director

Practice Group Director Johnson presented a slideshow presentation on ICLS's partnership with CVAG and the impact they are making to assist the individuals they are working with that are experiencing homelessness

Member discussion ensued, with Director Johnson and staff addressing questions and taking feedback from members about interest in providing additional funding and resources.

No action was taken as this was an informational item.

B. **CV Housing First: 2022 Year in Review –** Erica Felci and Ivan Tenorio

Assistant Executive Director Erica Felci and Management Analyst Ivan Tenorio provided the staff report. Member discussion ensued and staff provided insight on the challenges to find housing and secure vouchers.

IT WAS MOVED BY COUNCILMEMBER HOLSTEGE AND SECONDED BY MAYOR GRIFFITH TO RECEIVE AND FILE THE CV HOUSING FIRST QUARTERLY REPORT.

THE MOTION TO CARRIED WITH 11 AYES AND 3 MEMBERS ABSENT.

COUNCILMEMBER PRECKWINKLE	**AYE**
COUNCILMEMBER RODRIGUEZ	**ABSENT**
COUNCILMEMBER GUTIERREZ	**AYE**
COUNCILMEMBER DELGADO	**AYE**
DIRECTOR ROGERS	**AYE**
COUNCILMEMBER PYE	**AYE**
MAYOR GRIFFITH	**AYE**
COUNCILMEMBER FERMON	**ABSENT**
COUNCILMEMBER PEÑA	**AYE**
MAYOR PRO TEM QUINTANILLA	**ABSENT**
COUNCILMEMBER HOLSTEGE	**AYE**
COUNCILMEMBER MALLOTTO	**AYE**
GREG RODRIGUEZ	**AYE**
VICE CHAIR MIRELEZ	**AYE**

C. CV Housing First Program in 2023– Erica Felci

Ms. Felci provided the staff report and outlined some concepts that staff would recommend exploring as a way to increase the number of clients who are permanent housed.

Member discussion ensued. Chair Peña suggested establishing an ad hoc committee of the Homeless Committee to help expedite things and advised if anyone is interested in being a part of the committee, to please submit their name to Ms. Felci.

No formal action was taken but a consensus was reached on the formation of an ad hoc.

7. <u>INFORMATION</u>

A. Attendance Record

B. Ex Officio Updates

C. Unaudited Financial Statement for CV Housing First Program through December 2022

D. Alan Seman Bus Pass Program - 2022 Annual Report

E. Update on the State's Community Assistance, Recovery and Empowerment (CARE) Court

Greg Rodriguez, Deputy Director for Government Affairs and Community Engagement for Riverside County Housing and Workforce Solutions, provided an update on the roll out of the CARE court.

8. PUBLIC COMMENT ON NON-AGENDA ITEMS

None

9. ANNOUNCEMENTS

Upcoming Meetings:

The next meeting of the **Homelessness Committee** will be held on Wednesday, April 19, 2023, at 10:00 a.m. with additional meeting logistics to be announced.

The next meeting of the **Executive Committee** will be held on Monday, April 24, 2023, at 4:30 p.m. via Zoom webinar.

10. ADJOURMENT

There being no further business, Chair Peña adjourned the meeting at 11:02 a.m.

Respectfully submitted,

Ely Regalado
CVAG Management Analyst

ITEM 5B

Coachella Valley Association of Governments
Homelessness Committee
April 19, 2023

STAFF REPORT

Subject: **CV Housing First: First Quarter Report for 2023**

Contact: Ivan Tenorio, Management Analyst (itenorio@cvag.org)

Recommendation: Receive and file the quarterly report for the CV Housing First program, representing clients served in the first quarter of 2023

Background: CVAG is now in its third year of operating the CV Housing First program with staff. The program is focused on the CV 200, a by-name list of chronically homeless individuals residing in desert cities that have frequent contacts with law enforcement and who are likely to be shelter resistant or who have already fallen out of housing. The list was developed in partnership with CVAG's member jurisdictions and local law enforcement.

CVAG staff has committed to adjusting CV Housing First programming based on the data, and provides quarterly updates to its members about the program. The CV Housing First team uses two primary methods to get clients to housing solutions: rapid resolution and crisis stabilization units. CVAG staff will continue to provide quarterly reports as it provides services in 2023.

CV Housing First Clients – By the Numbers through March 31, 2023

CV 200 as of 3/31/2023	Q1	Q2	Q3	Q4	TOTAL
Clients housed in Crisis Stabilization Units (CSH)	25				25
Clients being helped through Rapid Resolution (RR)	0				0
Clients returned to the street (failures)	7				7
Clients moved into permanent housing from CSH (successes)	18				18
Clients moved into permanent housing through RR (successes)	0				0
Clients moved into permanent housing through Outreach grant (successes)*	6				6
TOTAL HOUSED FROM LIST OF 200	**24**				**24**

NON-CV 200 as of 3/31/2023	Q1	Q2	Q3	Q4	TOTAL
Households Housed in CSH Units	0				0
Households being helped through RR	0				0

Households returned to the street (failures)	0				0

Households moved into permanent housing from CSH (successes)	0				0
Households moved into permanent housing from RR (successes)	0				0
TOTAL HOUSEHOLDS HOUSED	**0**				**0**
TOTAL INDIVIDUALS HOUSED	**0**				**0**

CVAG continues to refine its data metrics in order to be transparent about how many and how quickly individuals are housed. With this report, and as noted by the asterisk, there is now a row to account for CV 200 clients who are being permanently housed by the CV Housing First program via outreach efforts, and not case management based in the crisis stabilization units. This group may include CV 200 clients who timed out of a CVAG unit but still were open to case management, and were eventually housed by the team.

During this quarter, the CV Housing First team also learned that three CV 200 clients were housed by other agencies. These three individuals will be noted in CVAG's records as housed and are not counted in CVAG's totals.

CVAG staff continues to track program metrics, such as the length of stay in the units. For the first quarter, the CV 200 clients who successfully exited the program into permanent housing stayed in a crisis stabilization unit for **56 days**. Those CV 200 clients who exited the program unsuccessfully stayed on **31 days**. These averages come in much lower in comparison to previous staff reports due to some successful exits resulting in program stays as low as under 30 days. This is caused by some clients having pending move-in dates prior to coming into CVAG units. As the outreach team engages with the CV 200, staff is identifying ways to quickly gather vital documents to obtain vouchers.

Of the 24 permanent housing resolutions in the first quarter, the breakdown of clients' Exit Destination is as follows:

- Family/Friends – 2
- Permanent Supportive Housing (PSH) – 13
- Rental With Ongoing Subsidy (Low Income Senior Housing) – 0
- Rental With Ongoing Subsidy (VASH Voucher) – 2
- Rental With Ongoing Subsidy (Housing Choice Voucher) – 7
- Rental with No Ongoing Subsidy - 0
- Rapid Rehousing - 0
- Shared Housing – 0
- Long-term care facility or nursing home – 0

It should be noted that CVAG saw a higher number of successful exits this quarter, one that has not been seen since the program went in-house in the beginning of 2021. A large part of CVAG's success this quarter was the availability of units at St. Michael's in the City of Riverside, and the site-specific vouchers that Riverside County provided CVAG's clients to move there. While welcome news, the availability of doors remains a challenge. There were clients this quarter who did encounter some longer-than-usual program stays due to lack of a properties wanting to accept the voucher's value. In some of these cases, CVAG is working with Riverside County's Homeless Housing Opportunities, Partnership & Education Program (HHOPE) Team to identify bridge emergency shelter options, such as a hotel voucher.

Fiscal Analysis: The CV Housing First program, including the staffing and CV 200 program, is incorporated into the CV Housing First budget, which has been funded by contributions from cities, Riverside County, the Desert Healthcare District/Foundation, and grants.

ITEM 6A

Coachella Valley Association of Governments
Homelessness Committee
April 19, 2023

STAFF REPORT

Subject: **Update on the Revenue Stream Feasibility Study for Affordable Housing and Associated Transportation Needs**

Contact: Peter Satin, Conservation Program Manager (psatin@cvag.org)

Recommendation: Provide input on the Regional Early Action Planning project and the draft Regional Strategic Plan

Background: The State's Fiscal Year 2019/2020 budget included funding for the Regional Early Action Planning (REAP) program to address the housing crisis from a planning perspective at the regional level. Through REAP, $47 million was allocated to the Southern California Association of Governments (SCAG) to administer on behalf of the region. Of this, $23 million was set aside for noncompetitive subregional partnerships. As a subregional partner, CVAG was eligible to receive approximately $558,000 to be used toward one or more planning efforts that boost housing production and related supportive infrastructure.

In April 2021, the Executive Committee authorized the Executive Director to execute the agreements necessary to move forward with two projects. One of those projects was to conduct a revenue stream feasibility study for housing and associated infrastructure needs. The study was designed in response to feedback from CVAG's Transportation, Homelessness, and Executive Committees to identify funding alternatives that could support affordable housing and infrastructure. In December 2021, after a competitive procurement process, the Executive Committee authorized the Executive Director to enter into a contract with Kosmont Companies (Kosmont) to conduct the feasibility study. The study involves an evaluation of existing revenue sources both within the Coachella Valley and in other communities, a quantitative analysis of the most promising funding tools, an assessment of potential policy initiatives needed to implement the tools, and stakeholder engagement. The study – which is scheduled to be completed by June 2023 – will culminate in a Regional Strategic Plan to streamline the creation of affordable housing and associated infrastructure needs.

Kosmont completed a survey of existing revenue generation tools in use both within the Coachella Valley as well as other communities in California. These findings, alongside a draft stakeholder engagement plan, were presented to the Homelessness Committee in April 2022. Based on the results of the survey and feedback from the Homelessness Committee, Kosmont honed in on tax increment financing (TIF) as a promising avenue for further exploration. As noted during the previous updates, TIFs are mechanisms that leverage existing tax measures to create a novel funding pool but do not in themselves create an additional tax burden.

Kosmont has since conducted a quantitative analysis of the potential revenue that could be generated based on three different conceptual implementation strategies. The initial results suggest that implementation of a tax increment financing district could generate over its 50-year lifespan between $137 million and $343 million across the CVAG region, depending on the district parameters. This analysis was complemented by an assessment of one-time revenue tools, including grants, housing linkage and in-lieu fees, and zoning incentives. These findings were presented to the Homelessness Committee at their September 2022 meeting.

CVAG staff, in conjunction with Kosmont, have also been moving forward with community engagement. An outreach meeting for the project was held in June 2022 to solicit feedback from interested stakeholders regarding tools already in place and suggested avenues of study. A total of 23 participants from local agencies, housing advocacy groups, and nonprofits attended. The project team conducted a second community engagement meeting in October 2022 to present the findings of the quantitative analysis. This meeting was attended by 33 participants, again from both public and private sectors. A third and final community engagement meeting is scheduled for May 3, 2023 to present implementation strategies.

As part of its outreach efforts, the project team conducted targeted interviews with staff from CVAG member jurisdictions to better identify how tax increment financing tools at the local level could be aggregated to enhance regional efforts to promote affordable housing. A recurring theme was to utilize Lift to Rise's existing Catalyst Fund as a mechanism to collect and disburse a portion of the funds generated through tax increment financing to affordable housing projects throughout the CVAG region. Lift to Rise staff are interested in exploring this synergy further and have invited the project team to speak at the April 12, 2023 meeting of their Housing Collaborative Action Network (CAN).

Based on the research and feedback, CVAG staff is now providing the draft Regional Strategic Plan for input and feedback. Any input from the Homelessness Committee, Lift to Rise's Housing CAN, and upcoming community engagement meeting will be incorporated into the final Regional Strategic Plan, which is scheduled for consideration by the Executive Committee in June 2023. Upon its finalization, the Regional Strategic Plan will be distributed to local jurisdictions' planning, housing, and financial staff.

The study is one of two REAP-funded projects at CVAG. The second project is the implementation of an Affordable Housing Catalyst Fund by Lift to Rise. As of the end of December 2022, the Catalyst Fund has provided pre-development financing for a total of 581 units, and an additional 200 units are expected to receive similar funding by the end of June. The Catalyst Fund has identified 6,700 units for inclusion in its funding pipeline, and $20.5 million in complementary funding.

<u>Fiscal Analysis:</u> This update has no additional cost to CVAG.

CVAG was initially expected to receive at least $558,000 in REAP funds, which increased to $558,918 after the RHNA adjusted allocation initiated by SCAG. CVAG allocated $254,000 of the funding to this revenue stream feasibility study, with $214,049 set aside for consultant services. In December 2021, the Executive Committee authorized CVAG to accept an additional 5 percent allocation for CVAG's REAP projects, which equates to $27,946, for a total REAP project budget of $586,864.

SCAG has made this additional funding available as of September 2022, and CVAG staff is currently assessing how best to apply the funds. The deadline for expenditure of funds was extended by the housing trailer bill SB 197. REAP funds must now be expended by December 31, 2023.

Attachment:
Draft Regional Strategic Plan

REGIONAL STRATEGIC PLAN

HOUSING AND TRANSPORTATION REVENUE STUDY

Prepared For:

Coachella Valley Association of Governments

Prepared By:

MARCH 2023

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1.0 Executive Summary

The ultimate goal of this Regional Strategic Plan ("RSP") is to spur development of affordable housing and associated infrastructure in the Coachella Valley. The RSP is intended to facilitate and bring together the general plans and housing plans of each CVAG member jurisdiction with a focus on workforce and affordable housing, <u>while maintaining each jurisdiction's ability to customize its level and format of participation in RSP implementation</u>.

1.1 The Plan

At a high level, the RSP suggests the following key steps for facilitating the production of housing and related infrastructure at the CVAG regional level with dedicated, sustainable revenues:

1. **Establish ongoing, sustainable revenue with Tax Increment Financing ("TIF") / Enhanced Infrastructure Financing District ("EIFD")**: Each willing jurisdiction, with emphasis on cities and unincorporated communities with property tax revenue receipts, would determine appropriate TIF district / EIFD boundaries within its jurisdiction, ideally encapsulating areas of significant future development potential. Each participating jurisdiction would then identify its preferred level of revenue allocation (e.g., 10%, 25%) of future, incremental property tax from within that district boundary to be dedicated to its EIFD for affordable housing and related infrastructure investment. The jurisdiction would identify its own list of highest priority housing and infrastructure projects within its jurisdiction to receive EIFD funding. Among that list of priorities, <u>this RSP is further suggesting that each jurisdiction identify a subset of funding (e.g., 5% or 10% of its own EIFD revenues) that would be dedicated to a larger, common regional housing-focused trust fund, such as the existing Catalyst Fund</u> administered by Lift to Rise. This analysis estimates that the level of funding that could be generated with such a regional approach could range <u>between $137 million and $343 million</u> for affordable housing and infrastructure on a present-value basis.[1]
2. **Regional project implementation via Community Land Trust, Housing Trust Fund, or Catalyst Fund**: With an ongoing, reliable, and sustainable revenue stream contributed by multiple, jurisdiction-level EIFDs, a singular housing-focused regional trust fund would be funded and empowered to implement housing and related infrastructure projects of communitywide and regional significance in a number of ways, including in the form of acquisition funding, gap financing for affordable housing capital stacks, infrastructure financing, and local funding to increase Low Income Housing Tax Credit ("LIHTC") tie-breaker scores. Further, <u>the fund's own ability to attract and leverage other funding sources, such as private sector and philanthropic contributions, grants, and State budget</u>

[1] 6% discount rate over 50 years

allocations would be significantly amplified. This RSP is additionally suggesting that, as opposed to establishing one or more new regional land trusts or trust funds, CVAG jurisdictions instead leverage the existing infrastructure established by Lift to Rise's Catalyst Fund, an entity that has demonstrated success in recruiting and bundling funding from a variety of sources and currently funding predevelopment of numerous affordable housing projects. It is important to note that the work of the regional trust fund would be in addition to the more local housing and infrastructure investments that individual CVAG jurisdictions would be able to accomplish with the portion of the funding not allocated to the regional trust fund.

3. **Bolster the effectiveness of revenue tools with supportive housing and infrastructure policies**: The increased funding from sustainable EIFD revenues will go much further to produce housing and related infrastructure if jurisdictions are willing to adopt policies that reduce barriers for housing production and also increase the competitiveness of CVAG and its individual member jurisdictions for yet other opportunistic funding sources, such as state housing grants. Adoption of density bonus programs, one-stop-shop permitting, waiver or deferral of impact fees for certain residential developments, and prototype housing plans are all examples of policies that can accelerate the producing of housing while also increasing a jurisdiction's competitiveness for the State Department of Housing and Community ("HCD") Prohousing Designation Program. Jurisdictions that achieve this designation explicitly receive additional points and other preference in the scoring of State housing, community development, and infrastructure programs, such as the highly competitive Infill Infrastructure Grant ("IIG") and Affordable Housing and Sustainable Communities ("AHSC") grant programs.

4. **Improve the funding stack with complementary sources**: To take full advantage of dedicated, sustainable EIFD funding, an established implementation tool like the Catalyst Fund, and any supportive policies that each jurisdiction may be willing to adopt, the RSP further suggests that jurisdictions "take the show on the road" and pursue complementary funding, such as grants and other opportunistic funding sources. State housing grants like those suggested above (IIG and AHSC) deserve consideration, as do other grants such as state transportation, climate resilience, and open space grants, and federal transportation and economic development grants. Additional potential sources that may be available to individual jurisdictions on a case-by-case basis include community benefit or Development Opportunity Reserve (D.O.R.)™ contributions by private sector developers in exchange for incentives such as increased density, public finance liquidity strategies (e.g., refinancing outstanding debt at a lower interest rate when such opportunities arise), or monetization of publicly owned assets through sales or ground

leases.[2] While all such complementary sources would typically make sense for jurisdictions to pursue with or without the other elements of the RSP, the RSP encourages jurisdictions to take advantage of the higher priority for such sources gained by pursuing the other RSP elements. Equivalently, the effectiveness of the other elements of the RSP, particularly EIFDs and regional trust funds, benefit in turn from such complementary funding sources.

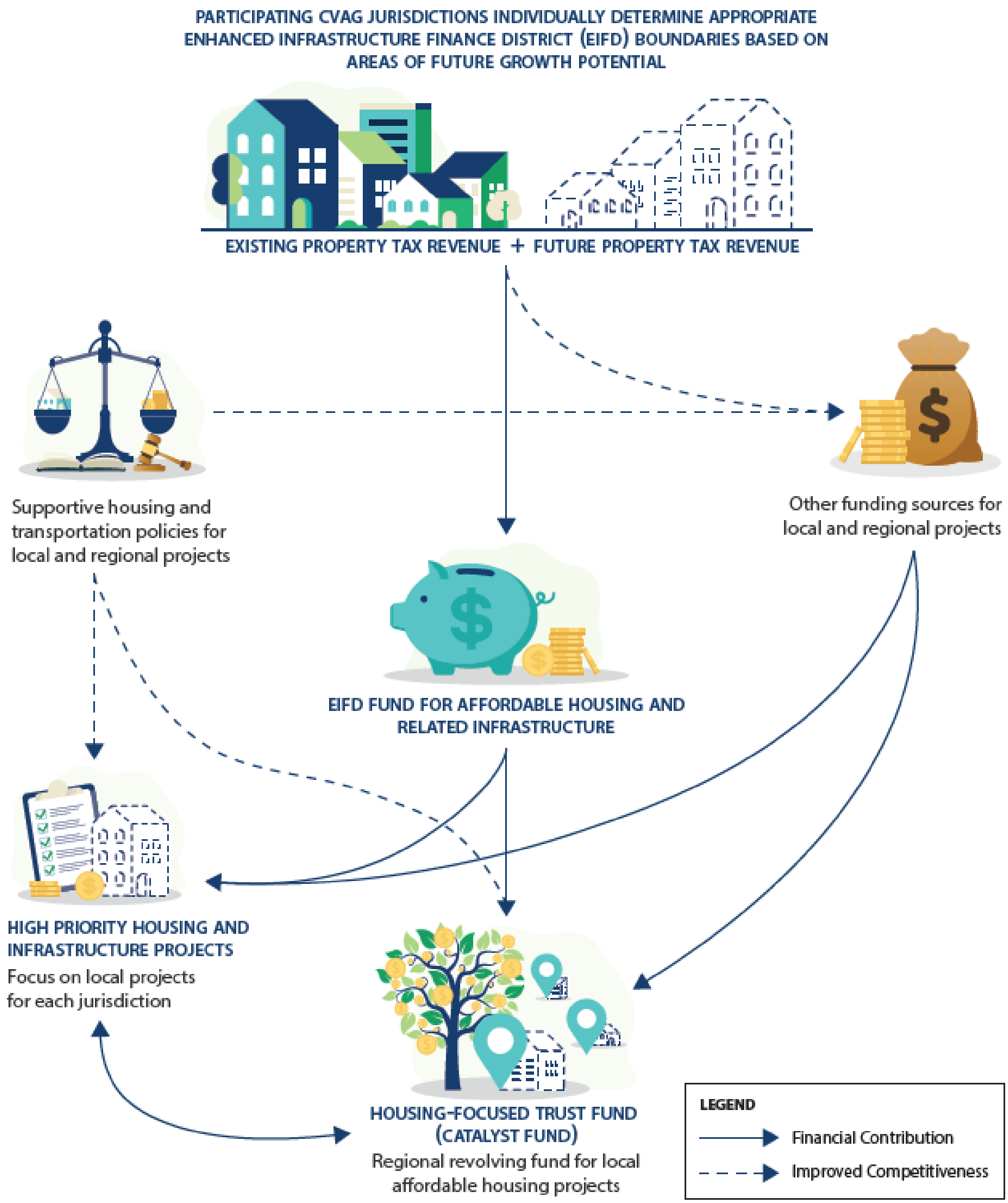
Exhibit 1 on the following page provides a graphical representation of the RSP in action. The following chapters of this RSP provide greater detail on the administrative steps and estimated timing for RSP implementation. Ultimately, each CVAG member jurisdiction would have flexibility on which components (if any) it implements, and the timing and priority assigned to each RSP element.

The interaction of these tools within the RSP reflects the Consultant team's real-world project experience and the acknowledgement of the momentum of state and local policy guidance. State law and the Prohousing Designation program are explicitly encouraging the set of tools that this RSP is emphasizing. State and federal grant dollars are being prioritized for communities that are specifically implementing these tools.

If State and local governments are to have a chance at adequately addressing statewide housing and infrastructure objectives, the convergence of these tools is not only advantageous and synergistic, but also inevitable. The CVAG region has the unique potential of raising the standard and setting the bar against which other regions will be measured.

[2] As Tribes do not typically receive property tax allocations, revenues from sale or lease of properties may be a more feasible mechanism for Tribe participation in the regional trust fund component of this RSP.

Exhibit 1: Illustration of RSP Implementation in Action



1.2 Community Engagement

This RSP has been prepared on the foundation of previous guidance from the CVAG Transportation, Homelessness, and Executive Committees prior to August 2021, and critically informed by community engagement directly related to this RSP, including the following activities:

- **November 17, 2021**: CVAG Homelessness Committee
- **April 20, 2022**: CVAG Homelessness Committee
- **June 22, 2022**: Community Meeting #1
- **September 21, 2022**: CVAG Homelessness Committee
- **October 13, 2022**: Community Meeting #2
- **December 2022 – April 2023**: Individual jurisdiction briefings
- **April 19, 2023 (planned)**: CVAG Homelessness Committee
- **May 3, 2023 (planned)**: Community Meeting #3
- **June 5, 2023 (planned)**: CVAG Executive Committee.

Greater detail on the topics of discussion and feedback from engagement activities is included in Appendix D: Summary of Community Engagement and Meeting Summaries.

2.0 Introduction & Background

2.1 Background & Purpose

In August 2021, the Coachella Valley Association of Governments ("CVAG") released a Request for Proposals ("RFP") for consultants to research and analyze sustainable funding mechanisms for affordable housing and related infrastructure. The end goal expressed in the RFP was a Regional Strategic Plan (RSP) to spur development of affordable housing and associated infrastructure in the Coachella Valley. The RSP is intended to facilitate and bring together the general plans and housing plans of each CVAG member jurisdiction with a focus on workforce and affordable housing, while maintaining each jurisdiction's ability to customize its level and format of participation in RSP implementation.

Kosmont Companies and Arellano Associates ("Consultants") were selected by CVAG through a competitive RFP procurement process to conduct the research, analysis, and community engagement and ultimately prepare this RSP.

This effort is funded by a Regional Early Action Plan ("REAP") grant administered by the Southern California Association of Governments ("SCAG") and allocated to CVAG as a subregional partner to SCAG. A key objective of the REAP grant program is to accelerate housing production and installation of related supportive infrastructure as a means to address the goals of the 6th Cycle Regional Housing Needs Assessment ("RHNA") administered locally by SCAG.

2.2 Contents and Overview of this Regional Strategic Plan (RSP)

This RSP IFP is organized into the following sections:

a) **Analysis of Ongoing, Sustainable Revenues: Tax Increment Financing (TIF)**: Critical to the entire RSP is a reliable, sustainable, and predictable revenue stream that could consolidate funding allocations from any CVAG member jurisdiction that wished to participate on an ongoing basis. Through our iterative and progressive community engagement process, we received early feedback that mechanisms that involved new or increased taxes, such as new parcel taxes, sales taxes, or hotel transiency occupancy tax ("TOT"), were not of interest to CVAG member jurisdictions. Accordingly, the most viable, sustainable revenue mechanism was determined to be a form of tax increment financing (TIF) in the form of Enhanced Infrastructure Financing Districts (EIFD). This section provides an overview of TIF and EIFD mechanics, as well as an analysis of the funding capacity of EIFD under a number of different scenarios.

b) **Implementation Tools: Community Land Trusts, Housing Trust Funds, Catalyst Funds**: A consolidation of available revenues from TIF/EIFD and supporting complementary funding mechanisms would be most effective if "packaged" into an effective implementation tool for affordable and workforce housing and related infrastructure. Across California and elsewhere, Community Land Trusts ("CLTs"), Housing Trust Funds, and similar vehicles are increasing in prevalence as tools to reduce barriers and spur housing development. While possible for CVAG jurisdictions to establish one or more new such mechanisms, this RSP suggests taking advantage of existing successful infrastructure in the innovative realm of "Catalyst Funds", such as the Lift to Rise Coachella Valley Housing Catalyst Fund ("Catalyst Fund"). This section provides an overview of the suggested implementation toolkit.

c) **Supportive Housing and Infrastructure Policies**: In addition to revenue mechanisms and implementation tools, this RSP includes suggestions for policy initiatives that could be implemented at the jurisdiction level to reduce barriers for housing production and also increase the competitiveness of CVAG and its individual member jurisdictions for certain opportunistic funding sources, such as state housing grants, which further bolster the financial viability of RSP implementation. This section describes the types of policies that support housing, infrastructure, and related investment that have been explicitly incorporated in the State of California's own "Prohousing Designation Program" as the most direct and well-codified program linking local housing policy to city and county incentives in the form of additional points and other preference in the scoring of State housing, community development, and infrastructure programs.

d) **Complementary Funding: Grants and Other Opportunistic Sources**: While the primary emphasis of the RSP is sustainable, predictable revenue for housing and related infrastructure, realistic implementation of the RSP will necessitate bundling ongoing TIF/EIFD revenues with other complementary, opportunistic funding sources. This section characterizes such sources, such as grants, zoning incentive contributions from the private sector, public finance liquidity strategies, and monetization of public agency assets. While such potential complementary funding sources can be significant (in the range of tens of millions of dollars), it is important to note that such sources are not guaranteed, and often require competitive applications, negotiations, planning, and/or due diligence activities as discussed herein.

e) **Implementation Plan for CVAG Communities**: This section is intended to outline how all the singular components of the RSP (letters (a) through (d) above) come together in a realistically implementable manner with suggested targeted timing and immediate next steps.

f) **Appendices**: This section includes various reference materials, such as "Summary of Existing Tools Within the CVAG Region and Elsewhere" shared with various stakeholders in April 2022 and the "Summary of Potential Revenue Tools and Supporting Policies" presented to various stakeholders in September 2022. Additionally included are Community Meeting summaries and sample "Case Study Analyses" to illustrate TIF/EIFD mechanics and potential funding capacity for individual CVAG member jurisdictions, based on engagement directly with CVAG city and county planning, finance, community and economic development, public works, and executive administrative staff.

Exhibit 2: Overview of RSP Components

3.0 Analysis of Ongoing, Sustainable Revenues: Tax Increment Financing (TIF)

Critical to the entire RSP is a reliable, sustainable, and predictable revenue stream that could consolidate funding allocations from any CVAG member jurisdiction that wished to participate on an ongoing basis. Through our iterative and progressive community engagement process, we received early feedback that mechanisms that involved new or increased taxes, such as new parcel taxes, sales taxes, or hotel transiency occupancy tax (TOT), were not of interest to CVAG member jurisdictions. Accordingly, the most viable, sustainable revenue mechanism was determined to be a form of tax increment financing (TIF) in the form of Enhanced Infrastructure Financing Districts (EIFD).

This section provides an overview of TIF and EIFD mechanics, as well as an analysis of the funding capacity of EIFD under a number of different scenarios.

3.1 Tax Increment Financing (TIF) Defined

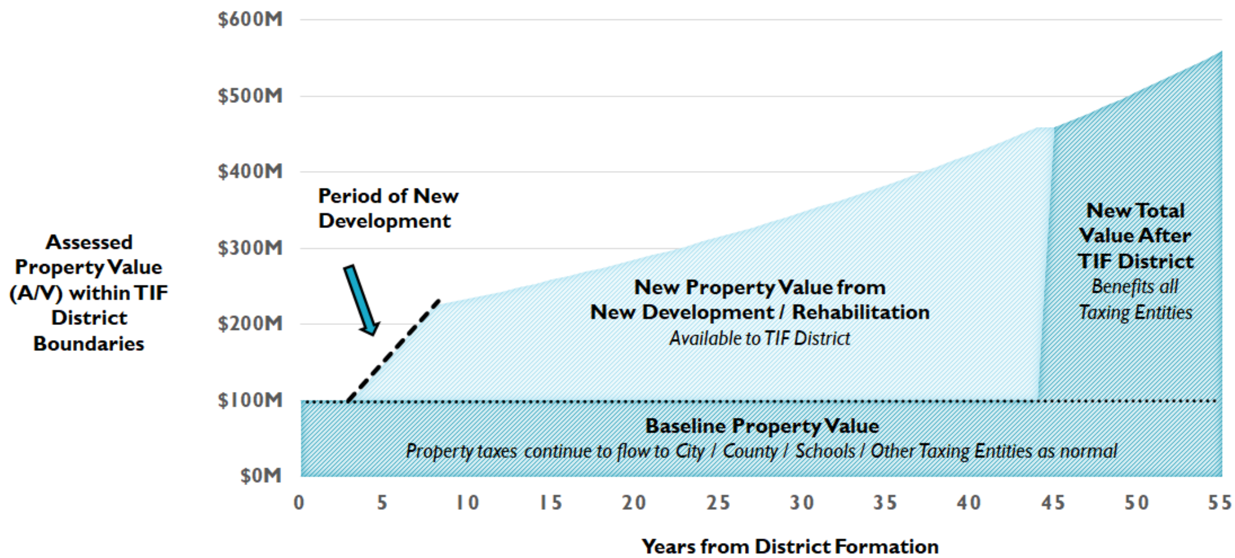
Tax Increment Financing (TIF) is a public agency financing mechanism, whereby a lead agency, such as a city or a county, designates a specific boundary around parcels positioned for new development or rehabilitation. The assessed property value within the district is "frozen" at the time of formation as the "baseline" of assessed value for the district. Over time, as new development or rehabilitation occurs and new property value is added to parcels within the district, participating taxing entities can dedicate all or a portion of the new incremental property tax from values above the baseline ("property tax increment") to the TIF district with designated purpose consistent with the relevant TIF statute (generally to fund infrastructure and affordable housing).[3]

TIF districts do not create a new tax, nor do they encumber any existing agency revenues or resources. TIF districts allow taxing entities like cities, counties, and special districts to set aside, similar to a retirement account, a portion of future property tax revenues for special purposes, such as affordable housing and infrastructure. When these districts are delineated and utilized appropriately, the argument is that the new assessed property value growth from new development and rehabilitation would not have otherwise occurred as quickly, as intensely, or otherwise in the same manner <u>but for</u> the creation of the TIF district and the dedication of revenues to solve for critical housing and infrastructure needs. This long-term encumbrance of local revenues has historically been well-recognized by private sector development partners as well as third-party grant sources, which often rely on the property tax increment dedication as complementary and local match funding, respectively. TIF districts in La Verne, Placentia,

[3] EIFD statute as the primary example, California Government Code Sections 53398.50-53398.88

Unincorporated West Carson, Sacramento, San Diego, and elsewhere have shown the ability to spur private sector investment due to a clear and financially meaningful local agency commitment of revenues for critical infrastructure.

Exhibit 3: Illustration of TIF Mechanics



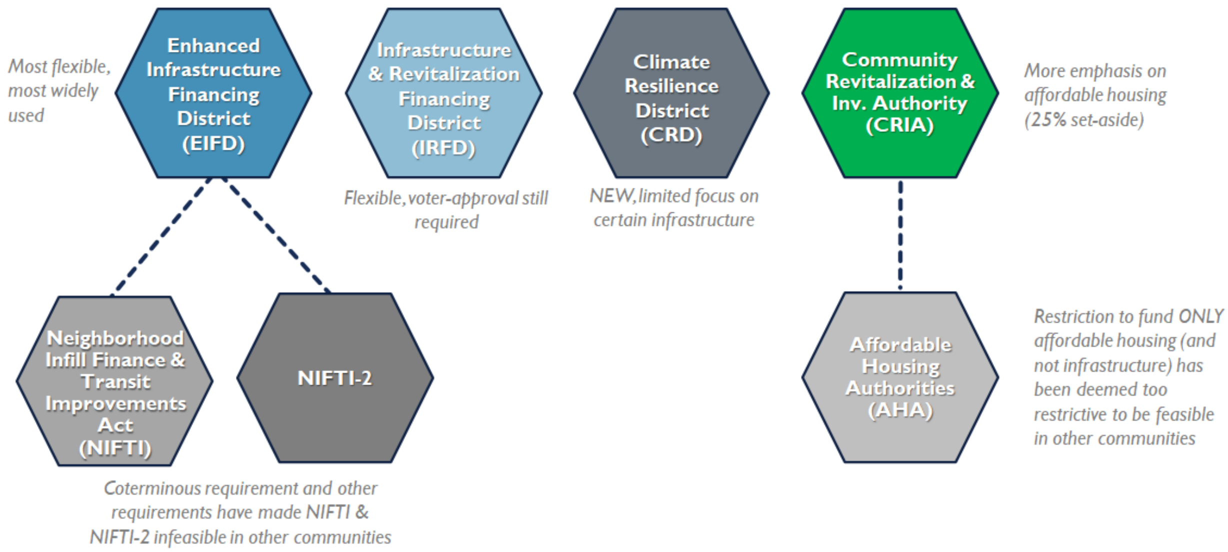
TIF funding may be used on a pay-as-you-go basis or leveraged in the form of bonded indebtedness (i.e., issuance of municipal bonds).

TIF has been utilized in California since approximately 1952 in the form of Redevelopment Agencies. In 2011 (effective 2012), Redevelopment Agencies were dissolved by state legislative action for multiple reasons. Beginning in 2014, alternatives for TIF have been introduced through various new legislation, including the following:

a) Enhanced Infrastructure Financing Districts ("EIFD")
b) Community Revitalization and Investment Authorities ("CRIA")
c) Infrastructure and Revitalization Financing Districts ("IRFD")
d) Affordable Housing Authorities ("AHA")
e) Neighborhood Infill Finance and Transit Improvements ("NIFTI")
f) Second Neighborhood Infill Finance and Transit Improvements ("NIFTI 2")
g) Climate Resilience Districts ("CRD").

Appendix A includes a detailed comparison of the most widely considered TIF alternatives. For purposes of flexibility of boundary definition, versatility of eligible uses of funding, capacity to facilitate multi-jurisdictional partnerships, and other measures of realistic implementation feasibility, this evaluation focuses on EIFD as the most viable form of TIF for potential RSP implementation.

Exhibit 4: TIF Alternatives in California



3.2 Enhanced Infrastructure Financing Districts (EIFD) as a Preferred Tool

EIFDs are the most prevalent form of TIF districts in California as of the time this RSP is being drafted. EIFDs were introduced in 2014 via Senate Bill 628. Since that time, several legislative measures have passed that have revised the EIFD statute:

- Assembly Bill 313 (2015) clarified the roles of the lead agency legislative body (city council or county board of supervisors) versus the EIFD governing Public Financing Authority ("PFA") and made various other "clean-ups"
- Assembly Bill 733 (2017) allowed EIFDs to fund climate change adaptation projects, including but not limited to projects that address conditions that impact public health (such as decreased air and water quality, temperatures higher than average, etc.) and extreme weather events (such as sea level rise, heat waves, wildfires, etc.)
- Assembly Bill 1568 (2017) authorized the Neighborhood Infill Finance and Transit Improvements (NIFTI) Act, which granted cities and counties permission to allow EIFDs to bundle sales and use tax revenues toward affordable housing and supportive transit infrastructure projects in cases where jurisdictions made the EIFD boundary coterminous with city/county boundaries along with other requirements
- Senate Bill 961 (2018) authorized the Second Neighborhood Infill Finance and Transit Improvements Act (NIFTI-2), with similar provisions as NIFTIs
- Senate Bill 1145 (2018) allowed EIFDs to also fund infrastructure maintenance costs
- Assembly Bill 116 (2019) allowed EIFDs to issue bonds without public vote, however, it does increase the public engagement requirements and a majority protest opportunity

- Assembly Bill 464 (2021) enabled EIFDs to fund the acquisition, construction, or repair of commercial structures used by small businesses, and facilities in which nonprofit community organizations provide health, youth, homeless, and social services
- Senate Bill 780 (2021) provided multiple administrative enhancements to EIFD, including the ability for PFA board members to appoint alternates to their seats, simplification of the amendment process for certain Infrastructure Financing Plan ("IFP") changes, and allows the creation of distinct project areas within EIFDs.

With these modifications, current state law includes a lengthy definition of infrastructure projects eligible to be funded by EIFDs, including transportation, affordable housing (to 120% of area median income, or "AMI"), utilities, parks and open space, parking, remediation, broadband internet infrastructure, and numerous other categories, preceded by the phrase "including, but not limited to", demonstrating the legislative intent for the tool to be flexible. EIFDs can also fund improvements outside of the district boundary, so long as the improvements benefit the properties within the district boundary. EIFDs can additionally fund maintenance costs, so long as the assets being maintained were initially installed at least partially utilizing EIFD funding.

Exhibit 5: Examples of Projects Eligible for EIFD Funding

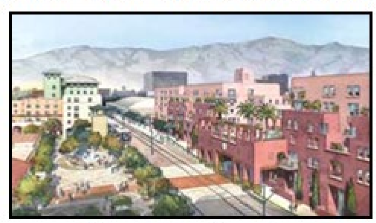

Water / Sewer / Storm / Flood


Roadway / Transportation


Parks / Open Space / Recreation


Childcare Facilities & Libraries


Brownfield Remediation


Affordable Housing


Broadband


Wildfire Prevention / Other Climate Change Response


Small Business / Nonprofit Facilities

There is no public vote required to form an EIFD or to issue EIFD debt; however, the formation process includes a series of public meetings and hearings that allow the community to comment on the proposed Infrastructure Financing Plan ("IFP") that would govern EIFD activities. The final public hearing includes an opportunity for landowners and residents within the district boundary to protest formation of the district. If more than 50% of the combined number of landowners and residents within the EIFD protest formation, the process must halt for at least one year. If no protest occurs, the EIFD is authorized for both formation and future debt issuance.[4]

The EIFD is governed by an entity called the Public Financing Authority ("PFA"). The composition of the PFA varies, depending on which taxing entities are committing property tax increment to the EIFD. In a scenario where the lead agency (such as a city) is the only entity contributing property tax increment, the PFA is comprised of five members, including three members of the city council and two members of the public, who are appointed by the city council. If two or more taxing entities are contributing property tax increment, such as a city and a county, the PFA is comprised of at least five members (could be more), where the majority (e.g., three out of five) are <u>either</u> members of the city council or members of the county board of supervisors, and at least two public members appointed by elected officials of the participating taxing entities. For the EIFDs established so far in California where a city and a county are both contributing property tax increment, the "template" for PFA composition has been two members of the city council, one member of the county board of supervisors, one member of the public appointed by the city council, and one member of the public appointed by the county board of supervisors, for a total of five members.

Additional important notes related to EIFD implementation:

- These districts do not increase property taxes.
- Special districts need to voluntarily agree to contribute funds (in addition to the County and City).
- An EIFD cannot collect tax increment from K-12 school districts, community college districts and county offices of education (i.e., EIFDs cannot divert property taxes from school entities).
- EIFDs are not required to set aside a specific percentage of affordable housing, but all housing that is directly developed using EIFD funding must be affordable.
- The maximum duration of an EIFD is 45 years from the date on which the issuance of bonds or a loan is approved by the governing PFA Board.
- Costs eligible for EIFD financing include construction, acquisition and rehabilitation costs, as well as planning and design expenses.
- An EIFD can pay for maintenance, but not operations.

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[4] In the case of a protest by between 25% and 50% of the combined number of landowners and registered voters, a special election would be called (e.g., via mail-in ballot) to determine whether the EIFD could proceed with formation.

- An EIFD cannot use eminent domain.

There are over 20 EIFDs established in California as of the time of this report, and there are more than 20 additional EIFDs currently in the formation process. Some examples of EIFDs in the Inland Empire and larger Southern California region include:

- County of Riverside ("County") Unincorporated Temecula Valley Wine Country EIFD (formed November 2021)
- County Unincorporated Highway 74 EIFD (formed November 2022)
- County Unincorporated Eastern Coachella Valley EIFD (currently in progress – Resolution of Intention adopted January 2023)
- City of Rancho Cucamonga EIFD (formed August 2022)
- City of La Verne + County of Los Angeles TOD EIFD (formed 2017, County joined 2020)
- City of Placentia + County of Orange TOD EIFD (formed July 2019)
- City of Palmdale + County of Los Angeles EIFD (formed November 2021)

3.3 EIFD Analysis Approach and Methodology

The basic methodology employed for EIFD revenue analysis was as follows:

a) Define potential district boundary parameters for each CVAG community based on scenarios that have functioned well for other jurisdictions statewide, balancing TIF funding capacity and general fund solvency;
b) Estimate future growth of assessed value within EIFD boundaries based on historical growth within the CVAG region and Kosmont staff experience with property tax revenue projections; [5,6]
c) Identify primary eligible public agencies that receive property tax increment within the district (e.g., local City, County), and identify each entity's respective share of future property tax increment;
d) Evaluate scenarios of tax increment allocation percentages based on factors above, also balancing need to reserve future property tax revenues for general fund solvency / day-to-day municipal services.

Boundary Delineation within CVAG Communities

Each incorporated city and the County would, in practice, have flexibility to delineate a district boundary encompassing specific parcels within each jurisdiction, typically comprised of parcels

[5] 5-year historical assessed value growth in the CVAG region averages 5.60% annually. 10-year historical assessed value growth in the CVAG region averages 4.99% annually.
[6] This "mathematical" method of assessed value projection is a proxy for detailed development and rehabilitation projections for all CVAG jurisdictions, which is outside the scope of this RSP preparation.

positioned for new development or significant rehabilitation. In order to illustrate realistic funding capacity without pre-determining the specific area within each community that could be included within an EIFD, this analysis assumed three (3) sample boundary alternatives that represent mathematical parameters that have functioned well in previously established districts statewide.

Two primary factors were varied in the three analysis scenarios utilized (Scenarios A, B, and C):

a) Percentage of the community in the district (50% versus 25% versus 10%): this factor represents how much of a city or unincorporated community, in terms of existing assessed value, would be placed into an EIFD;

b) Percentage allocation (5% versus 25% versus 50%): this factor reflects the percentage of future property tax increment revenue within the EIFD boundary that would be allocated to the EIFD as a special fund (as opposed to the jurisdiction's general fund).

While a community is authorized by State law to include up to 100% of its jurisdiction within a special district (i.e., a citywide district), more common practice is to include a smaller portion of city within a special district, so as not to over-encumber future general fund property tax revenues.

Exhibit 6: CVAG Cities Receiving Property Tax

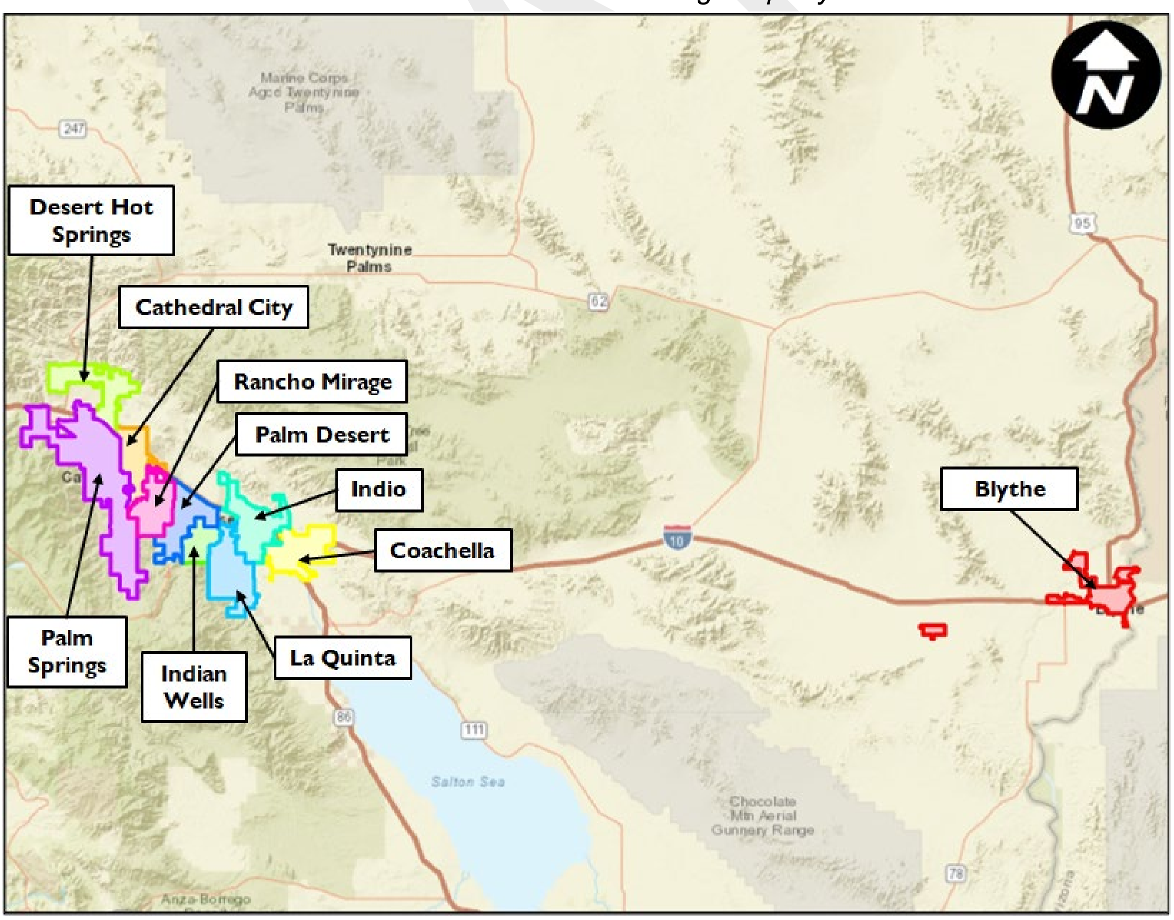
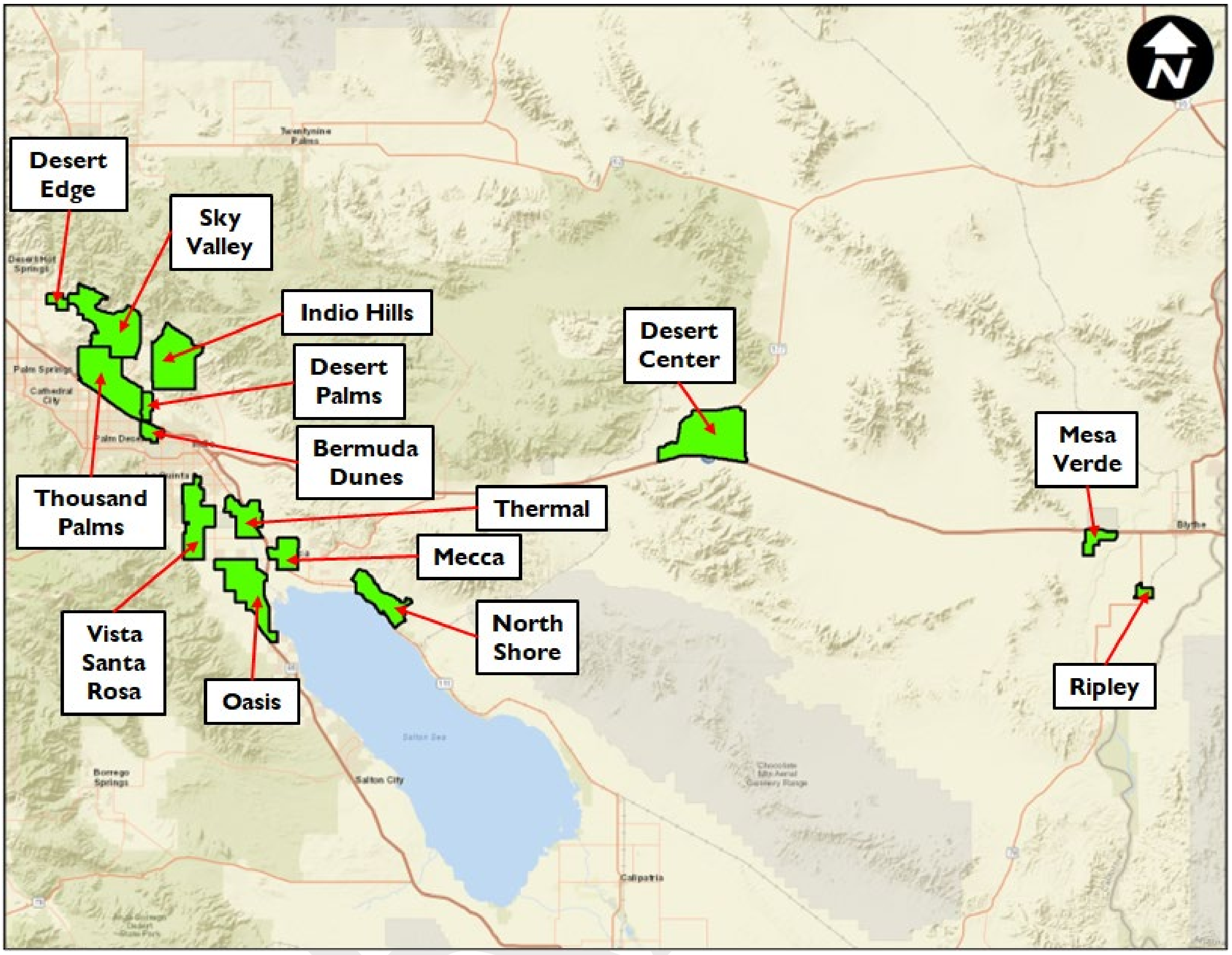


Exhibit 7: CVAG Unincorporated Communities Evaluated (County as Primary Taxing Entity)



As an example, in Scenario A (50% of community / 5% allocation), each community is assumed to define a district boundary that encompasses 50% of the community in terms of existing assessed value, and the community would allocate 5% of its future tax increment generated within that district boundary to the EIFD. It is the experience of this Consultant team that the larger the district boundary is drawn within a community, the smaller the percentage allocation that can be fiscally supported by the general fund over the long term.

Single Versus Multiple CVAG EIFDs

In the experience of this Consultant team, it is difficult to coordinate a single TIF district across more than two jurisdictions, for reasons including the definition of projects of common benefit, mutually agreeable financial terms, and various administrative factors, such as establishing meeting schedules that work for all relevant representatives.

A more realistic approach for communities within the CVAG region may be to have multiple EIFDs, so that each community could customize boundaries, revenue allocation scenarios, and targeted projects that meet the local community's needs, but also having a common dedication of funding specifically for housing and infrastructure, such as the proposed common percentage allocation (e.g., 10%) of total EIFD funding into a singular funding vehicle such as a Catalyst Fund.

The singular funding vehicle could be specifically charged to implement eligible housing and infrastructure that would be deemed of common benefit to all CVAG communities participating (e.g., regional rail extension, regional navigation center, North Lake / Salton Sea related infrastructure), and/or given flexibility to focus on affordable and workforce housing projects on a more targeted basis as needed. Such funding could be amplified with other complementary revenues and tools, as described in the following chapters of this RSP. To restate a key point, in reality, each jurisdiction could individually determine whether to participate in EIFD implementation at all, and if so, at what level.

Property Tax Increment Available to CVAG Communities

The share of property tax that each CVAG taxing entity (city or county) receives out of each dollar of property tax varies highly from jurisdiction to jurisdiction, and even varies within each jurisdiction. The share of property tax that the County receives within each city similarly varies.

Table 1 provides an overview of the existing assessed value within each CVAG jurisdiction that receives property, as well as the estimated share of property tax that each entity receives on average within each jurisdiction.

School districts, community college districts, and all other educational taxing entities make up the majority of the 1% property tax general levy, and these entities are explicitly prohibited from allocating property tax increment to a TIF district under current State law. Other taxing entities, such as flood control districts, mosquito abatement districts, and utility agencies receive a relatively small share of property tax revenues and have not traditionally been willing to partner in TIF districts (nor would their contribution improve funding capacity substantially).

Table 1: Existing Assessed Value (A/V) and Estimated Property Tax Allocation by Jurisdiction

Jurisdiction	Estimated Total Existing Assessed Value (A/V)	City Share of 1% Property Tax Levy	City Equivalent Share of Property Tax in-lieu of MVLF	Total City Property Tax Available to EIFD	County Share of 1% Property Tax Levy
Blythe	$814,110,455	22.3%	16.4%	38.6%	9.9%
Cathedral City*	$5,345,023,091	7.1%	9.6%	22.6%	12.9%
Coachella	$2,220,955,238	3.6%	23.7%	27.3%	9.8%
Desert Hot Springs	$2,238,383,572	11.0%	12.1%	23.1%	11.3%
Indian Wells	$6,599,612,415	4.6%	0.8%	5.4%	15.1%
Indio	$9,740,238,046	14.9%	11.2%	26.1%	12.1%
La Quinta	$15,209,866,340	4.6%	3.0%	7.6%	11.6%
Palm Desert	$16,755,218,136	5.4%	2.8%	8.2%	11.0%
Palm Springs	$15,524,959,794	22.7%	3.9%	26.6%	13.0%
Rancho Mirage	$9,765,384,821	7.8%	1.7%	9.6%	12.9%
Unincorporated Communities	$3,924,357,809	N/A	N/A	N/A	9.8%

**Includes 6.0% City Fire*
MVLF = Motor Vehicle License Fees (property tax in-lieu of MVLF is eligible for cities and county for allocation to EIFD)
Post-Education Revenue Augmentation Fund (ERAF) distributions. Where portions of this boundary overlap with former RDA project areas, property tax is subject to separate project-area-wide distribution schedule until expiration / maturation of outstanding Successor Agency enforceable obligations.
Tribes are not affected taxing entities for property tax purposes.
Source: County Auditor Controller (2021-2022 Assessed Values)

3.4 Estimates of TIF Funding Capacity

The analysis in this RSP assumes that within each city, the County would at most be willing to match the local city's contribution at the lesser of (a) a dollar allocation match or (b) a percentage allocation match. These assumptions are based on precedent from EIFD implementation elsewhere across the State.

EIFD funding capacity was estimated on an annual basis for up to 50 years, based on legal authority and typical practice (45-year max district lifetime beginning from hypothetical debt issuance in year 5 after district formation). The EIFD would be required to demonstrate a stabilized, reliable revenue stream to the bond investor community prior to being table to issue debt, and Year 5 is an estimate of when this would happen, although an issuance could happen sooner or later, and additional issuances would be possible in the future in any case, as assessed value increases and new development occurs over time.

This analysis estimates that between approximately $137 million and $343 million (in present value terms) would be available for affordable housing and related housing and supportive infrastructure across the CVAG region under the scenarios of EIFD implementation evaluated. Table 2 provides a summary by boundary and allocation scenario.

Table 2: Estimated TIF Funding Capacity CVAG Region Wide

Scenario	Present Value of Available Revenues *(6% Discount Rate)*
A) 50% of Each Community / 5% Allocation	$137M
B) 25% of Each Community / 25% Allocation	$343M
C) 10% of Each Community / 50% Allocation	$274M

To provide a more granular perspective by jurisdiction and with timing, Tables 3 through 5 illustrate potentially EIFD funding capacity in a few different ways:

a) How much funding would be accumulated in the EIFD "account" by year 5 after district formation, plus the amount in net proceeds that could be generated by a TIF bond issuance in year 5;
b) Same structure as letter (a) above, except extending to year 10 after district formation;
c) Total funding capacity over a 50-year district lifetime, expressed in present-value dollars (accounts for inflation / time value of value);
d) Total funding capacity over the 50-year district lifetime in nominal dollars (not accounting for inflation /time value of money).

Table 3: EIFD Scenario A Detail – 50% Community in District / 5% Tax Increment Allocation

Jurisdiction	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present Value @ 6%	50-Year Nominal Total
Blythe*	$79,200	$316,600	$2,502,400	$6,274,800
Cathedral City*	$744,800	$3,086,200	$10,012,000	$25,105,600
Coachella*	$165,300	$1,293,900	$5,224,800	$13,101,300
Desert Hot Springs*	$154,400	$1,164,900	$4,880,300	$12,237,600
Indian Wells*	$141,600	$1,013,200	$4,475,100	$11,221,400
Indio	$2,652,300	$8,167,900	$23,585,000	$59,140,300
La Quinta	$1,392,800	$4,812,400	$14,622,700	$36,667,100
Palm Desert	$1,799,300	$5,895,500	$17,515,500	$43,920,900
Palm Springs	$4,812,400	$13,922,600	$38,955,600	$97,682,800
Rancho Mirage*	$1,001,400	$3,769,800	$11,837,800	$29,683,700
Unincorporated Communities*	$114,200	$689,500	$3,610,400	$9,053,100
Total CVAG Region	**$18,115,000**	**$49,361,200**	**$137,221,600**	**$344,088,600**

City contribution includes contribution from both "standard" (AB8) property tax plus property tax in-lieu of MVLF. County contribution includes contribution from AB8 property tax only. Where County share of 1% Property Tax is lower than City, a percentage match contribution is expected, as opposed to a dollar match (a County would typically match the lesser of a dollar match or a percentage match in Consultant team's experience).
** Where Accumulated Revenue + Bonding Capacity is not feasible for bonding purposes, only accumulated revenue is shown. Bonding capacity assumes Year 5 is first bond issuance for EIFD. Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes $25,000 admin charge, 150% debt service coverage. 6.0% interest rate; 30-year term. Proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at $350,000.*
Source: Kosmont Financial Services (KFS), registered Municipal Advisor.

Table 4: EIFD Scenario B Detail – 25% Community in District / 25% Tax Increment Allocation

Jurisdiction	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present Value @ 6%	50-Year Nominal Total
Blythe*	$216,900	$1,679,900	$6,255,900	$15,686,900
Cathedral City*	$2,855,400	$8,708,900	$25,030,100	$62,764,000
Coachella*	$1,173,400	$4,228,100	$13,061,900	$32,753,300
Desert Hot Springs*	$1,052,400	$3,905,700	$12,200,800	$30,594,100
Indian Wells*	$910,000	$3,526,400	$11,187,600	$28,053,500
Indio	$7,624,100	$21,413,100	$58,962,500	$147,850,900
La Quinta	$4,475,300	$13,024,500	$36,556,800	$91,667,700
Palm Desert	$5,491,700	$15,732,100	$43,788,800	$109,802,300
Palm Springs	$13,024,400	$35,799,800	$97,389,000	$244,206,900
Rancho Mirage*	$3,496,900	$10,417,800	$29,594,500	$74,209,300
Unincorporated Communities*	$606,200	$2,717,000	$9,025,900	$22,632,900
Total CVAG Region	**$46,280,800**	**$124,396,500**	**$343,053,800**	**$860,221,800**

City contribution includes contribution from both "standard" (AB8) property tax plus property tax in-lieu of MVLF. County contribution includes contribution from AB8 property tax only. Where County share of 1% Property Tax is lower than City, a percentage match contribution is expected, as opposed to a dollar match (a County would typically match the lesser of a dollar match or a percentage match in Consultant team's experience).
** Where Accumulated Revenue + Bonding Capacity is not feasible for bonding purposes, only accumulated revenue is shown. Bonding capacity assumes Year 5 is first bond issuance for EIFD. Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes $25,000 admin charge, 150% debt service coverage. 6.0% interest rate; 30-year term. Proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at $350,000.*
Source: Kosmont Financial Services (KFS), registered Municipal Advisor.

Table 5: EIFD Scenario C Detail – 10% Community in District / 50% Tax Increment Allocation

Jurisdiction	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present Value @ 6%	50-Year Nominal Total
Blythe*	$158,300	$1,211,500	$5,004,700	$12,549,500
Cathedral City*	$2,151,900	$6,834,700	$20,024,100	$50,211,200
Coachella*	$806,300	$3,250,000	$10,449,500	$26,202,700
Desert Hot Springs*	$709,500	$2,992,100	$9,760,700	$24,475,300
Indian Wells*	$595,600	$2,688,600	$8,950,100	$22,442,800
Indio	$5,966,900	$16,998,000	$47,170,000	$118,280,700
La Quinta	$3,447,800	$10,287,100	$29,245,400	$73,334,100
Palm Desert	$4,260,900	$12,453,200	$35,031,100	$87,841,800
Palm Springs	$10,287,100	$28,507,400	$77,911,200	$195,365,500
Rancho Mirage*	$2,665,000	$8,201,800	$23,675,600	$59,367,400
Unincorporated Communities*	$352,500	$2,041,200	$7,220,700	$18,106,300
Total CVAG Region	**$36,892,200**	**$99,384,700**	**$274,443,100**	**$688,177,300**

City contribution includes contribution from both "standard" (AB8) property tax plus property tax in-lieu of MVLF. County contribution includes contribution from AB8 property tax only. Where County share of 1% Property Tax is lower than City, a percentage match contribution is expected, as opposed to a dollar match (a County would typically match the lesser of a dollar match or a percentage match in Consultant team's experience).
** Where Accumulated Revenue + Bonding Capacity is not feasible for bonding purposes, only accumulated revenue is shown. Bonding capacity assumes Year 5 is first bond issuance for EIFD. Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes $25,000 admin charge, 150% debt service coverage. 6.0% interest rate; 30-year term. Proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at $350,000.*
Source: Kosmont Financial Services (KFS), registered Municipal Advisor.

As mentioned earlier in this chapter, EIFD revenues may be used on a pay-as-you-go basis, leveraged to issue bonds, and/or pledged as reimbursement for funding advanced by other public or private entities.

Bonding scenarios shown in Tables 3 through 5 assume "level debt service", meaning that a Year 5 bond assumes that only Year 5 level of annual EIFD revenue will be available for bond debt service (as opposed to "escalating debt service", which assumes growth beyond Year 5 levels).

The “present value” figures shown are a helpful reflection of the value of future EIFD revenues if used as a pledge of reimbursement for funding advanced by other public or private partners. A 6% discount rate is utilized as a benchmark only.

To fully illustrate an example under Scenario C (Table 5), if the City of La Quinta were to form an EIFD and allocate 50% of its future property tax increment generated from within an EIFD boundary that encompassed 10% of the City’s existing assessed value, and successfully achieve a partnership with the County whereby the County matches the City contribution over the district lifetime, the present value of future EIFD revenues would be approximately $29.2 million. These future revenues could be pledged as a reimbursement mechanism for a private sector or nonprofit advance of funds, leverage for a debt issuance, used as a local match for grant funding, or utilized on a pay-as-you-go basis via a regional Catalyst Fund as infrastructure and affordable housing needs arise over time, as some examples.

As TIF districts such as EIFDs can be quite modest in their immediate funding capacity potential, particularly in lower property tax cities, grants and other complementary sources can be a crucial “kick-start” for housing and infrastructure funding potential. These sources are discussed in section 6.

Section 7 of this RSP provides a potential roadmap related to district formation, potential utilization via a regional trust fund or Catalyst Fund, debt issuance, private sector and nonprofit partnerships, and leverage of the TIF/EIFD platform for third party grants and other complementary tools.

4.0 Implementation Tools: Community Land Trusts, Housing Trust Funds, Catalyst Funds

A consolidation of available revenues from TIF/EIFD and supporting complementary funding mechanisms would be most effective if "packaged" into an effective implementation tool for affordable and workforce housing and related infrastructure. Across California and elsewhere, community land trusts (CLTs), housing trust funds, and similar vehicles are increasing prevalence as tools to reduce barriers and spur housing development.

While possible for CVAG jurisdictions to establish one or more new such mechanisms, this RSP suggests taking advantage of existing successful infrastructure in the innovative realm of "Catalyst Funds", such as the Lift to Rise Coachella Valley Housing Catalyst Fund. This section provides an overview of the suggested implementation toolkit.

4.1 Community Land Trusts (CLTs)

A community land trust (CLT) is typically a nonprofit organization that develops and manages affordable housing and/or other community assets on land that is owned and controlled by the trust. CLTs often receive money from cities, counties, and philanthropic entities in the form of grants and then purchase real estate and secure mortgages on the open market. A CLT could develop and then sell affordable housing units to low-income households while retaining ownership of the land (i.e., CLT owns the land, buyer owns the house on the land). The CLT would additionally lease the land to the homebuyer for a low monthly rate over a long period of time (e.g., 99 years).

If the homebuyer wants to sell the house, they would typically agree to sell to individuals who need CLT assistance. In doing so, the homebuyer could receive a portion of the profit, while the CLT retains equity in the land. By retaining ownership of the land, the CLT can continue to impose restrictions on its use and resale. Thus, a CLT creates an affordable housing option that can last in perpetuity, while enabling homebuyers to amass enough wealth upon a sale to potentially enter the market-rate housing market.

CLTs are often formed by community members who are concerned about the high cost of housing and the displacement of low-income residents. CLTs can help to preserve affordable housing, prevent gentrification, and promote community development by providing a stable source of land for community-based initiatives. CLTs are typically governed by a board of directors, which can include representatives from the local community.

There are numerous examples of CLTs in California, including the following:

- San Francisco CLT (SFCLT): Founded in 2003, focuses on acquiring and rehabilitating buildings that are in danger with losing their affordability; recently acquired 285 Turk St. (40-unit building) for $9.4M using two private lenders;
- Northern California Land Trust: Founded in 1973, 15 projects, 78 housing units, and one community center; operates in San Francisco, Berkeley, Oakland, and Palo Alto;
- Irvine CLT: Founded in 2006, 6 projects, 475 housing units;
- Oakland CLT: Founded 2009, 6 projects, 35 housing units, along with commercial space and community centers.

4.2 Regional Housing Trust Funds and Catalyst Funds

Housing trust funds, regional housing trusts, and catalyst funds are all similar mechanisms with differing definitions on a case-by-case basis.

A housing trust fund is a dedicated pool of funding typically used to support the development and preservation of affordable housing. It is typically created and managed by local or state governments, although private organizations can also establish housing trust funds. Housing trust funds can receive funding from a variety of sources, such as government appropriations, developer fees, and philanthropic contributions. The funds can be used to support a range of activities, including the construction or rehabilitation of affordable housing, down payment assistance for homebuyers, rental subsidies, and housing-related services like counseling and education.

A regional housing trust is a type of housing trust fund that is created and managed by a group of neighboring local governments in a region. The purpose is typically to pool resources and coordinate efforts to address regional housing needs. Regional housing trusts can also provide greater funding capacity than a single housing trust fund, which can allow for larger-scale investments in affordable housing and related infrastructure or other programs. In addition, by bringing together multiple stakeholders and partners, a regional housing trust can create opportunities for shared learning and best practices, and can help to foster stronger partnerships and collaborations among local governments, housing developers, and other stakeholders.

In the experience of this Consultant team, the term “catalyst fund” is a branded and often more targeted form of housing trust fund, where dollars are prioritized for projects that require start-up funding, gap financing, or other forms of catalytic assistance to get “over the finish line” of project implementation. The most prominent catalyst fund local to the CVAG region, and perhaps even statewide, is the Coachella Valley Housing Catalyst Fund (referred to in this report as the “Catalyst Fund”).

The Catalyst Fund was initiated in 2014 by nonprofit organization Lift to Rise, headquartered in Palm Desert. Since that time, the Catalyst Fund has demonstrated ability to consolidate a diverse set of funding streams with the purpose of moving affordable housing pipeline projects to development. A illustration of Catalyst Fund implementation is outlined on the Lift to Rise website:

1. The Catalyst Fund collects a pool of investment capital from public sources, private investors, and non-profit lenders;
2. Lift to Rise and community partners maintain a pipeline of proposed affordable housing projects in the Coachella Valley;
3. Catalyst Fund underwrites loans and distributes capital to qualifying pipeline projects;
4. Projects pay back loans the Catalyst Fund;
5. Catalyst Fund issues new loans to additional pipeline projects.[7]

4.3 Catalyst Fund as a Priority Implementation Tool

Formation and implementation of successful land trusts and trust funds are extremely involved and resource-intensive endeavors. Marketing and outreach, advocacy, community engagement, establishment of a diverse set of revenue streams, consolidation of a realistic pipeline of housing and related development projects, underwriting and capital deployment, project tracking, and payment collections are only a subset of activities involved in the effective implementation of these tools.

This RSP encourages CVAG jurisdictions to not “reinvent the wheel”, but to instead consider leveraging, at least partially, the existing infrastructure and demonstrated success of the locally-based and locally-focused Catalyst Fund.

After having met with Catalyst Fund representatives multiple times under the scope of this RSP, the Consultant team feels as though there is a feasible alignment of targeted investment (i.e., affordable and workforce housing, infrastructure to support housing) and a viable operational path for RSP implementation to be supported by Catalyst Fund infrastructure. Through operating covenants, sub-fund accounting, and/or other similar measures, there would likely be a way for ongoing, sustainable EIFD revenues to leverage the Catalyst Fund to fulfill RSP objectives while conforming to state EIFD law.

Section 7 of this RSP provides a potential implementation roadmap accordingly.

[7] Source: https://lifttorise.org/we-lift/#:~:text=As%20part%20of%20our%20Housing,developers%20in%20accessing%20permanent%20financing.

5.0 Supportive Housing and Infrastructure Policies

In addition to revenue mechanisms and implementation tools, this RSP includes suggestions for policy initiatives that could be implemented at the jurisdiction level to reduce barriers for housing production and also increase the competitiveness of CVAG and its individual member jurisdictions for certain opportunistic funding sources, such as state housing grants, which further bolster the financial viability of RSP implementation.

This section describes the types of policies that support housing, infrastructure, and related investment that have been explicitly incorporated in the State of California's own Prohousing Designation Program as the most direct and well-codified program linking local housing policy to city and county incentives in the form of additional points and other preference in the scoring of State housing, community development, and infrastructure programs.

Such State programs include several, very competitive, well-funded grant programs (e.g., Infill Infrastructure Grant [IIG], Affordable Housing and Sustainable Communities [AHSC] program, Transformative Climate Communities [TCC], and Transportation Agency Transit and Intercity Rail Capital Program [TIRCP]) that explicitly prioritize grant applications from communities that achieve the Prohousing Designation from the State Department of Housing and Community Development (HCD) department. More detail on these programs is available in Section 6.

The Prohousing Designation offers a particularly insightful example of how supportive policy can amplify the effectiveness of ongoing or one-time revenue tools for housing and infrastructure. Example policies discussed on following pages include (1) favorable zoning and land use policies, (2) policies to accelerate housing production timeframes, (3) policies to reduce construction and development costs, and (4) policies that provide financial subsidies to housing development.

It is important to note that several CVAG jurisdictions have already implemented several of these policies or are currently evaluating adoption of such policies. Appendix E includes a matrix outlining the existing policies already adopted among CVAG communities based on research and observation by the Consulting team. As one example, in February 2023, the City of Indio City Council convened a Study Session specifically to discuss a potential application for the State's Prohousing Designation.

Examples of current and previous implementation of such policies within he CVAG region are highlighted in blue text throughout this Section.

5.1 Favorable Zoning and Land Use Policies

Examples of favorable zoning and land use policies include the following:

a) Rezoning to accommodate more than (e.g., 125-150%) RHNA target allocation by total units or by income category;

b) Permitting missing middle housing uses (e.g., duplexes, triplexes and fourplexes) by right in existing low-density, single-family residential zones;

c) Density bonus programs which exceed statutory requirements by 10% or more;

d) Increasing allowable density in low-density, single-family residential areas beyond the requirements of state Accessory Dwelling Unit ("ADU") law (e.g., permitting more than one ADU or junior ADU per single family lot);

e) Reducing or eliminating parking requirements for residential development, or adopting maximum parking requirements;

f) Zoning to allow for residential or mixed uses in one or more non-residential zones (e.g., commercial, light industrial);

g) Modification of development standards and other applicable zoning provisions to promote greater development intensity; potential areas of focus include floor area ratio; height limits; minimum lot or unit sizes; setbacks; and allowable dwelling units per acre;

h) Establishment of a Workforce Housing Opportunity Zone (WHOZ) or a Housing Sustainability District (HSD) to streamline housing production.

5.2 Policies to Accelerate Housing Production Timeframes

Examples of policies to accelerate housing production timeframes include the following:

a) Establishment of ministerial approval processes for a variety of housing types, including single family and multifamily housing;

b) Establishment of streamlined, program-level California Environmental Quality Act (CEQA) analysis and certification of general plans, community plans, specific plans with accompanying Environmental Impact Reports (EIR) (similar to Coachella Valley Multiple Species Habitat Conservation Plan or CVMSHCP);

c) Documented practice of streamlining housing development at the project level, such as by enabling a by-right approval process or by utilizing statutory and categorical exemptions as authorized by applicable law;

d) Establishment of permit processes that take less than four months to issuance of building permits (e.g., Desert Hot Springs);

e) Absence or elimination of public hearings for projects consistent with zoning and the general plan;

f) Absence, elimination, or replacement of subjective development and design standards with objective development and design standards that simplify zoning clearance and improve approval certainty and timing;

g) Establishment of one-stop-shop permitting processes or a single point of contact where entitlements are coordinated across city approval functions (e.g., planning, public works, building) from entitlement to occupancy;

h) Priority permit processing or reduced plan check times for ADUs/JADUs, multifamily housing, or affordable units;
i) Establishment of a standardized application form for all entitlement applications;
j) Practice of publicly posting status updates on project permit approvals on the internet;
k) Limitation on the total number of hearings for any project to three or fewer.

5.3 Policies to Reduce Construction and Development Costs

Examples of policies to reduce construction and development costs include the following:

a) Waiver or significant reduction of development impact fees (DIF) for residential development;
b) Adoption of ordinances or implementation of other mechanisms that reduce barriers for property owners to create ADUs/JADUs (e.g., development standards improvements, permit processing improvements, dedicated ADU/JADU staff, technical assistance programs, and pre-approved ADU/JADU design packages);
c) Adoption of other fee reduction strategies, including fee deferrals and reduced fees for housing for persons with special needs;
d) Promoting innovative housing types (e.g., manufactured homes, recreational vehicles, park models) that reduce costs;
e) Measures that reduce costs for transportation-related infrastructure or programs that encourage active modes of transportation or other alternatives to automobiles (e.g., publicly funded programs to expand sidewalks or protect bike/micro-mobility lanes; creation of on-street parking for bikes; transit-related improvements; establishment of carshare programs);
f) Adoption of universal design ordinances;
g) Establishment of pre-approved or prototype plans for missing middle housing types (e.g., duplexes, triplexes, and fourplexes) in low-density, single-family residential areas (example in incorporated County – Employee Housing Act).

5.4 Policies that Provide Financial Subsidies to Housing Development

Examples of policies that provide financial subsidies to housing development include the following:

a) Establishment of local housing trust funds or collaboration on a regional housing trust fund;
b) Provide grants or low-interest loans for ADU/JADU construction affordable to lower- and moderate-income households;
c) Comprehensive program that complies with the Surplus Land Act and makes publicly owned land available for affordable housing, or for multifamily housing projects with the highest feasible percentage of units affordable to lower income households (e.g., including land donations, land sales with significant write-downs, or below-market land leases);
d) Establishment of an Enhanced Infrastructure Financing District (EIFD) or similar local financing tool that, to the extent feasible, directly supports housing developments in an

area where at least 20 percent of the residences will be affordable to lower income households;

e) Directed residual Redevelopment funds to affordable housing;
f) Development and regular (at least biennial) use of a housing subsidy pool, local or regional trust fund, or other similar funding source (e.g., Catalyst Fund);
g) Prioritization of local general funds for affordable housing.

5.5 Potential Policies with Greatest Relevance to this RSP

While there are many policy examples in the preceding subsections, this Consultant team has had the opportunity to work directly various CVAG jurisdictions in the past, and we have additionally had the opportunity to engage in stakeholder briefings with staff from several CVAG jurisdictions in the scope of this RSP.

To this end, we are offering the followed <u>refined list</u> of potential housing and supportive policies with greatest potential relevance and acceptability for CVAG communities:

a) Density bonus programs which exceed statutory requirements by 10 percent or more;
b) Establishment of one-stop-shop permitting processes or a single point of contact from entitlement to occupancy;
c) Waiver or significant reduction of development impact fees for residential development;
d) Adoption of other fee reduction strategies, including fee deferrals and reduced fees for housing for targeted households;
e) Establishment of pre-approved or prototype plans for missing middle housing types (e.g., duplexes, triplexes, and fourplexes) in low-density, single-family residential areas;
f) Establishment of local housing trust funds or collaboration on a regional housing trust fund;
g) Establishment of an Enhanced Infrastructure Financing District (EIFD) or similar local financing tool;
h) Development and regular (at least biennial) use of a housing subsidy pool, local or regional trust fund, or other similar funding source (e.g., Catalyst Fund).

6.0 Complementary Funding: Grants and Other Opportunistic Sources

While the primary emphasis of the RSP is sustainable, predictable revenue for housing and related infrastructure, realistic implementation of the RSP will necessitate bundling ongoing TIF/EIFD revenues with other complementary, opportunistic funding sources. As TIF districts such as EIFDs can be quite modest in their immediate funding capacity potential, particularly in lower property tax cities, grants and other complementary sources can be a crucial "kick-start" for housing and infrastructure funding potential.

It is important to recognize that, if a CVAG jurisdiction did indeed pursue a TIF district such as an EIFD, it would be able to leverage the TIF platform and its local funding commitment and its potential involvement in a reginal trust fund for increased priority / higher ranking for grant funding for related projects. As outlined in Section 5, these tools have been recognized explicitly by organizations such as the State Housing and Community Development (HCD) department as strong indications of a jurisdiction's pro-housing and pro-infrastructure policy, exhibiting a local match for grant funds with long-term commitment via a special purpose entity (that can only fund housing and infrastructure by statute) and, in the ideal scenario, a partnership between multiple taxing entities with potential facilitation by a regional association of governments in CVAG.

These types of commitments are interpreted by grant providers (and by potential private sector and nonprofit investment partners) as much stronger and "safer" than simple general fund budget allocations, which can change as municipal administrations turnover, as has been evidenced time and time again.

This section characterizes such sources, such as grants, zoning incentive contributions from the private sector, public finance liquidity strategies, and monetization of public agency assets. While such potential complementary funding sources can be significant (in the range of tens of millions of dollars), it is important to note that such sources are not guaranteed, and often require competitive applications, negotiations, planning, and/or due diligence activities as discussed herein. Examples of previous use of such tools within the CVAG region are highlighted in blue text throughout this Section.

6.1 Grants

The following paragraphs characterize numerous grant programs that are particularly well-suited as complementary funding for housing and infrastructure investment in the context of RSP implementation.

A. Local Housing Trust Fund (LHTF) Program

California HCD announced in March 2023 the release of the current Local Housing Trust Fund (LHTF) Program Notice of Funding Availability (NOFA) for approximately $53 million. This funding provides matching grants to local housing trust funds established by cities and counties, Native American tribes, and incorporated 501(c)(3) nonprofit organizations. Eligible activities include loans for acquisition, predevelopment expenses, and development of affordable rental housing projects, transitional housing projects, emergency shelters and homeownership projects, including down payment assistance to qualified first-time homebuyers, and for rehabilitation of homes owned by income-eligible homeowners. No more than 20 percent of each allocation may assist moderate-income households, and at least 30 percent of each allocation is required to assist extremely low-income households.

Program funds awarded under the current NOFA are targeted for the construction loans and/or permanent financing loans at simple interest rates of no higher than 3 percent per annum, for payment of predevelopment costs, acquisition, construction, or rehabilitation, as well as to construct, convert, reconstruct, rehabilitate, and/or repair Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs). The application submittal portal will be available beginning April 19, 2023, and applications must be submitted by 4:00 p.m. on May 17, 2023.

B. California Infill Infrastructure Grant (IIG)

The IIG program is also administered by State HCD. The purpose of the program is to provide grants as gap funding for infrastructure improvements required for specific residential or mixed-use infill development. Funds are allocated through a competitive process for jurisdictions such as cities and counties, based on the merits of the individual infill projects and areas. Application selection criteria include housing density, project readiness, access to transit, proximity to amenities, and housing affordability. Historically, projects awarded have funded parks and open space, water, sewer, utilities, roadway, parking, transit linkages, sidewalks, streetscape and other related improvements. The City of Coachella was previously awarded.

Individual grants under this program can range up to $30 million in one application; however, a single project or area may receive up to $60 million over multiple cycles of the life of the IIG program. Eligible applicants for IIG funding can include a city or a non-profit or for-profit developer applying jointly with a city. This program is included in the Multifamily "Super NOFA" (Notice of Funding Availability) by California HCD with the most recent application deadline of July 12, 2022.

New this year was a separate but related Infill Infrastructure Grant Catalytic (IIGC) program, which is anticipated to provide $105 Million (approximately $90 million for large jurisdictions, $15 million for small jurisdictions) to promote infill housing, including adaptive reuse of existing structures and sites. HCD accepted "Concept Proposals" from December 29, 2022 through January 31, 2023.

The Super NOFA also includes the Multifamily Housing Program ("MHP") program by HCD, which offers low-interest, long-term deferred-payment loans for new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households.

C. California Affordable Housing and Sustainable Communities (AHSC) Grant

The AHSC grant program is administered by the California Strategic Growth Council (SGC) and implemented by HCD (similar to IIG). AHSC funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas (GHG) emissions. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund (GGRF), an account established to receive Cap-and-Trade auction proceeds.

Projects eligible for funding include affordable housing developments, housing-related infrastructure, sustainable transportation infrastructure, transportation-related amenities, and certain program costs (e.g., transit ridership, workforce development partnerships).

AHSC provides grants and loans through a competitive application process, and no grant/loan award may exceed $30 million. Eligible applicants include any of the following:

- A locality, public housing authority, redevelopment successor agency, transit agency or transit operator, Regional Transportation Planning Agency (RTPA), local Transportation Commissions, Congestion Management Agencies, Joint Powers Authority (JPA), school district, facilities district, university or community college district
- A developer or program operator
- A Federally Recognized Indian Tribe.

If a public agency has a financial or real property interest in the proposed project, the application must either include the public agency as a co-applicant or otherwise include a commitment to enter into a contractual agreement to develop the project, if it is awarded. The Round 7 NOFA was released January 30, 2023 and applications are due April 4, 2023.

D. California Department of Transportation (CalTrans) – Active Transportation Program (ATP) Grants

- Eligible expenditures include biking and walking infrastructure and programs – community wide plans, active transportation projects with GHG reduction, safety enhancements, reduce childhood obesity, Safe Routes to Schools Program
- Eligible applicants include cities, counties, transportation commissions, regional transportation planning agencies, metropolitan planning organizations (MPOs), school districts, and transit districts
- $250,000+ grants, no local match required, disadvantaged community preference (most recent Cycle awards ranged from less than $1 million to over $60 million)

- The most recent round (Cycle 6) Call for Project closed in June 2022 with awards announced in October 2022. Cycle 6 awards included the CVAG Coachella Valley Arts & Music Line project. Subsequent rounds of funding are expected.

E. CA State Transportation Agency (CalSTA) / Caltrans – Highway Safety Improvement Program (HSIP) Grants

- Federal aid program under FAST (2015) to reduce fatalities and serious injuries on all public roads – any public road or publicly owned bicycle or pedestrian pathway or trail
- Local HSIP projects must be identified on the basis of crash experience, crash potential, crash rate, or other data-supported means
- Eligible applicants include cities and counties that can receive federal-aid highway funds
- Awards of $100,000 to $10 million; 10% match requirement
- HSIP Cycle 11 Call-for-Projects closed in May 2022. 434 applications were received, and 282 projects were awarded as announced on March 9, 2023. Cathedral City, Desert Hot Springs, and Palm Springs were among Cycle 11 awardees. Subsequent rounds of funding are expected.

F. CA State Transportation Agency (CalSTA) – The Transit and Intercity Rail Capital Program (TIRCP)

- Grants from the Greenhouse Gas Reduction Fund (GGRF) to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems, to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion
- 25 percent of available funding to projects that provide a direct, meaningful, and assured benefit to disadvantaged communities
- Awards have range from $1 to $50 million
- TIRCP funds available for this General Fund cycle are already available for award, encumbrance and liquidation, and are expected to be fully encumbered and liquidated by June 30, 2027.
- Cycle 6 Guidelines and Call for Projects was released November 2022 with project applications due February 10, 2023. Announcement of awards is anticipated for April 24, 2023.

G. CA Department of Parks and Recreation (DPR) – Prop 68 Grants

- Various funding programs, including the Statewide Park Program (SPP) and Regional Park Program (RPP), for acquisition, development, expansion, or renovation of parks and open space
- Depending on the specific program, eligible applicants include cities, counties, district, joint powers authorities (JPAs), and nonprofits

- Award amounts depend on the program, but as an example, SPP grants range from $200,000 to $8.5 million per application (average award ~$4.1 million)
- Most recent application deadlines by program:
  - Statewide Park Program (SPP) – The Round 5 application cycle is postponed. An update may be available in Summer 2023.
  - Outdoor Equity Grants Program - The Round 2 Draft Application Guide is available for a 30-day comment period until April 14, 2023.
  - Land and Water Conservation Fund - June 1, 2023 application deadline
  - Recreational Trails Program – June 15, 2023 application deadline
  - Habitat Conservation Fund – June 15, 2023 application deadline
  - Outdoor Recreation Legacy Partnership (ORLP) Program – application deadline was December 15, 2022
  - Regional Parks Program - application deadline was January 20, 2022
  - Rural Recreation and Tourism Program (RRT) - application deadline was January 20, 2022.

H. U.S. Economic Development Administration (EDA) CARES Act Economic Adjustment Assistance (EAA) Grant

The EDA published an addendum to its fiscal year 2020 Public Works and Economic Adjustment Assistance (EAA) Notice of Funding Opportunity ("NOFO") making $1.467 billion in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding available to eligible grantees in communities impacted by the coronavirus pandemic.

Awards range from $100,000 to $30 million. Eligible projects to be funded include the construction of infrastructure, public works, or other facilities that will support economic recovery. Other eligible activities less relevant to the Project include, but are not limited to:

- Economic recovery planning
- Preparing technical assistance strategies to address economic dislocations caused by the pandemic
- Preparing, developing, or updating pandemic recovery and resilience strategies, including industry supply chain, cluster analyses, econometric analyses, diversification efforts, and travel and tourism-related marketing campaigns
- Implementing entrepreneurial support programs to diversify economies, including through Revolving Loan Funds or innovation grants

Eligible applicants include state and local governmental entities, institutions of higher education, not for-profit entities, and federally recognized tribes. While not technically a deadline, EDA previously advised eligible applicants to submit complete applications no later than March 31, 2022 so that EDA can review and process the application in time to get a potential award in place prior to deadlines imposed by Congress. Future funding allocations for this program are expected.

I. U.S. Department of Transportation (DOT) Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant

RAISE discretionary grants help project sponsors at the State and local levels, including municipalities, Tribal governments, counties, and others complete critical freight and passenger transportation infrastructure projects. Recent examples of funded projects include a critical bridge replacement in Tucson, new berth construction at Port Tampa Bay, a new pontoon bridge in Lafourche Parish, Louisiana, and a new snowmelt system in Berlin, New Hampshire.

Half of the $1.5 billion in funding will go to projects in rural areas, and half of the funding will go to projects in urban areas. At least $15 million in funding is guaranteed to go towards projects located in Areas of Persistent Poverty or Historically Disadvantaged Communities, and projects located in these areas will be eligible for up to 100 percent federal cost share, as directed by Congress in the Bipartisan Infrastructure Law.

Eligible Applicants for RAISE grants include states, any territory or possession of the United States, a unit of local government, a public agency or publicly chartered authority established by one or more states, a special purpose district or public authority with a transportation function, including a port authority, a federally recognized Indian Tribe or a consortium of such Indian Tribes, a transit agency, and a multi-State or multijurisdictional group of entities that are separately eligible.

2022 RAISE awards in California ranged from $1.6 to $25 million. Deadline for 2023 applications was February 28, 2023.

Table 6 provides a high-level overview key characteristics for the grant programs identified with particular relevance to this RSP.

Table 6: Overview of Grants with Particular Relevance to this RSP

Tool	Estimated Funding Capacity	Estimated Timing of Funding	Process for Implementation
A. LHTF	$500K to $1M+	Pre-construction (ideally shovel-ready)	Competitive application (state level)
B. IIG	$2 to $30 million	Pre-construction (ideally shovel-ready)	Competitive application (state level)
C. AHSC Grant	$12 to $30 million	Pre-construction (ideally shovel-ready)	Competitive application (state level)
D. ATP	$250K +	Pre-construction (ideally shovel-ready)	Competitive application (state level)
E. HSIP	$100K to $10 million	Pre-construction (ideally shovel-ready)	Competitive application (state level)
F. TIRCP	$1 to $50 million	Pre-construction (ideally shovel-ready)	Competitive application (state level)
G. Prop 68	$200K to $8.5 million +	Pre-construction (ideally shovel-ready)	Competitive application (state level)
H. EDA	$100K to $30 million	Pre-construction (ideally shovel-ready)	Competitive application (federal level)
I. RAISE	$1 to $250 million	Pre-construction (ideally shovel-ready)	Competitive application (federal level)

6.2 Zoning Incentive Programs

Beyond State density bonus law, several CVAG communities have local density bonus provisions and other incentives for developments that include affordability restrictions (e.g., Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage). Other jurisdictions across the state that expanded this approach to further take advantage of zoning and entitlements as "currency" to generate housing and community benefits.

Zoning changes that are needed for new development can provide significant economic benefits to property owners, who in some cases are not real estate developers. In these cases, prematurely up-zoning land can increase land values (i.e., increase the "for sale" price on the sign), and actually limit the possibility of development and housing affordability. In this Consultant team's experience, specific plans sometimes "give away" density with entitlements without linking density to projects that actually deliver community benefits and public amenities.

By reserving new housing density, or building height, or reduced parking, or reduced setbacks, or other incentives in a "reserve" bucket, such as a Development Opportunity Reserve (D.O.R.)™

mechanism, jurisdictions can allocation housing and related incentives to sites, while also retaining some control over new development. The reserve concept lets a community allocate density for specific projects that comply with a benefit agreement – ensuring projects come with amenities and other community benefits. A local example of this type of program is the Thermal Beach Club Community Benefit Program.

6.3 Public Finance Liquidity Strategies

At the time this RSP is being drafted, interest rates are at elevated levels. However, previous and likely future low interest rate environments present an opportunity to cities and counties to generate savings and create general fund resources for community reinvestment, such as with housing- and transit-supportive infrastructure.

Similar to a homeowner refinancing an outstanding mortgage, public agencies are able to avail themselves to refinancing structures can generate savings in the form of reduced debt payments, which can create capacity not only to increase reserve funding, but also to invest in the pursuit of housing and infrastructure programs that can reset a local economy, which can also feed into value capture mechanisms such as EIFD.

While refinancing outstanding debt to generate cost savings is not a new strategy for public agency by any means, this RSP merely encourages CVAG jurisdictions to consider strategic investment of cost savings and cash flow into housing and related infrastructure.

6.4 Monetization of Public Agency Assets

Similar to public financing liquidity strategies discussed in Section 6.3, monetization of public agency assets is a historically common approach for many communities. Just as they have been able to in the past, CVAG jurisdictions can use a variety of strategies to leverage the value of their properties, including:

- Performance-based leases / ground leases
- Monetizing assets operationally, such as with parking garages
- Selling property to the private sector for redevelopment into new uses, or sometimes including lease-back strategies, where public agency existing uses are continued under a lease agreement (i.e., public agency becomes a tenant).

In the past, if an agency wanted to sell publicly-owned property, it could offer directly via a developer request for qualifications and/or proposals (RFQ/P). Currently, on the other hand, the state Surplus Land Act (SLA) requires a process of cities and counties offering property to first to affordable housing developers before pursuing other opportunities. The process at a high level is as follows:

- Declare property “surplus” and provide notice to affordable housing developers;
- Notice must be circulated for 60 days;
- Affordable housing developer responds, City to negotiate in good faith – 90 days;
- If no responses to notice (or City / affordable housing developer do not reach agreement), City could proceed with other developer selection process;
- Site will likely have a 55-year restrictive covenant to require 15% of units in residential development be restricted for low-income households.

Within the context of this RSP, affordable housing development could be encouraged in the SLA process with the revenue tools outlined herein. If however, the SLA process did not reveal any responsive affordable housing developers for a surplus site, a CVAG community could still utilize the tools discussed in this RSP as a resource to assist the financial feasibility of a mixed-income or blended-use development project that met the resulting 15% inclusionary threshold.

In any case, the sale proceeds or lease revenues to the public agency resulting from such a transaction would generate resources available to CVAG jurisdictions to pursue housing and related infrastructure investment.

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7.0 Implementation Plan for CVAG Communities

This section is intended to outline how all the singular components of the RSP (letters (a) through (d) above) come together in a realistically implementable manner with suggested targeted timing and immediate next steps.

At a high level, this RSP suggests the following key steps for facilitating the production of housing and related infrastructure at the CVAG regional level with dedicated, sustainable revenues:

1. **Establish ongoing, sustainable revenue with TIF/EIFD**: Each willing jurisdiction with property tax revenue receipts would determine the most appropriate TIF district / EIFD boundaries within its jurisdiction, ideally encapsulating areas of significant future development potential. Each participating jurisdiction would then identify its preferred level of allocation (e.g., 10%, 25%, 50%) of future, incremental property tax from within that district boundary to be dedicated to its EIFD for affordable housing and related infrastructure investment. The jurisdiction would identify its own list of highest priority housing and infrastructure projects within its jurisdiction to receive EIFD funding. Among that list of priorities, <u>this RSP is further suggesting that each jurisdiction identify a subset of funding (e.g., 5% or 10% of its own EIFD revenues) that would be dedicated to a larger, common regional housing-focused trust fund, such as the existing Catalyst Fund</u> administered by Lift to Rise.
2. **Regional project implementation via Community Land Trust, Housing Trust Fund, or Catalyst Fund**: With an ongoing, reliable, and sustainable revenue stream contributed by multiple, jurisdiction-level EIFDs, a singular housing-focused regional trust fund would be funded and empowered to implement housing and related infrastructure projects of communitywide and regional significance in a number of ways, including in the form of acquisition funding, gap financing for affordable housing capital stacks, infrastructure financing, and local funding to increase Low Income Housing Tax Credit (LIHTC) tie-breaker scores. Further, <u>the fund's own ability to attract and leverage other funding sources, such as private sector and philanthropic contributions, grants, and State budget allocations would be significantly amplified</u>. This RSP is additionally suggesting that, as opposed to endeavoring to establish one or more new regional land trusts or trust funds, CVAG jurisdictions instead leverage the existing infrastructure established by Lift to Rise's Catalyst Fund, an entity that has demonstrated success in recruiting and bundling funding from a variety of sources and <u>currently funding predevelopment of numerous affordable housing projects</u>. It is important to note that the work of the regional trust fund would be in addition to the more local housing and infrastructure investments that individual CVAG

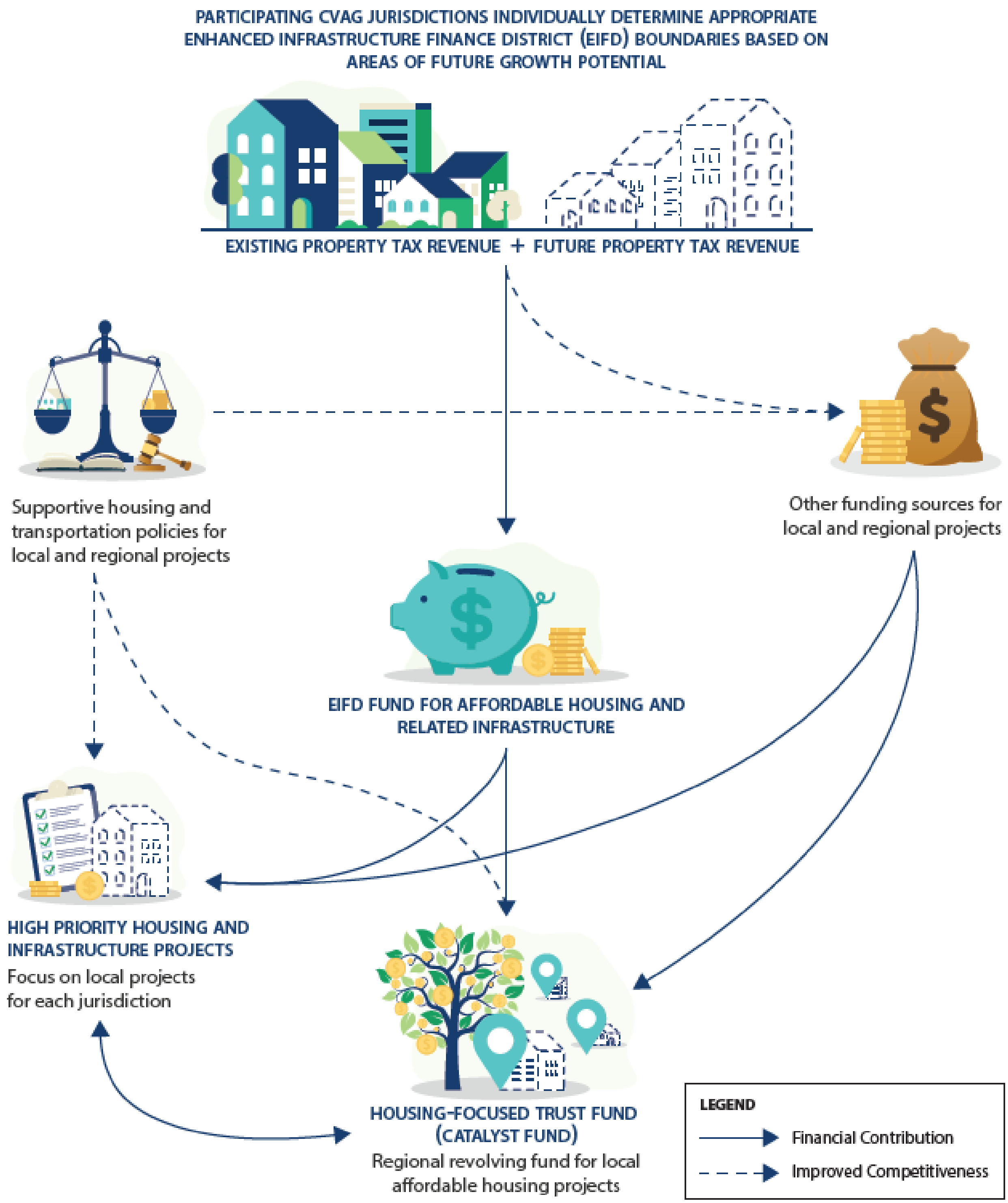
jurisdictions would be able to accomplish with the portion of the funding not allocated to the regional trust fund.

3. **Bolster the effectiveness of revenue tools with supportive housing and infrastructure policies**: The increased funding from sustainable EIFD revenues will go much further to produce housing and related infrastructure if jurisdictions are willing to adopt policies that reduce barriers for housing production and also increase the competitiveness of CVAG and its individual member jurisdictions for yet other opportunistic funding sources, such as state housing grants. Adoption of one-stop-shop permitting, prototype housing plans, and other examples listed in Section 5 can accelerate the producing of housing while also increasing a jurisdiction's competitiveness for the HCD Prohousing Designation Program. Jurisdictions that achieve this designation explicitly receive additional points and other preference in the scoring of State housing, community development, and infrastructure programs, such as the highly competitive IIG and AHSC grant programs.
4. **Improve the funding stack with complementary sources**: To take full advantage of dedicated, sustainable EIFD funding, an established implementation tool like the Catalyst Fund, and any supportive policies that each jurisdiction may be willing to adopt, the RSP further suggests that jurisdictions additionally pursue complementary funding, such as grants and other opportunistic funding sources. State housing grants like those suggested above (IIG and AHSC) deserve consideration, as do other grants such as state transportation, climate resilience, and open space grants, and federal transportation and economic development grants. Additional potential sources that may be available to individual jurisdictions on a case-by-case basis include community benefit contributions by private sector developers in exchange for incentives such as increased density, public finance liquidity strategies (e.g., refinancing outstanding debt at a lower interest rates), or monetization of publicly owned assets through sales or ground leases.[9] While all such complementary sources would typically make sense for jurisdictions to pursue with or without the other elements of the RSP, the RSP encourages jurisdictions to take advantage of the higher priority for such sources gained by pursuing the other RSP elements. Equivalently, the effectiveness of the other elements of the RSP, particularly EIFDs and regional trust funds, benefit in turn from such complementary funding sources.

Exhibit 8 provides a graphical representation of the RSP in action. The following paragraphs within this section provide greater detail on the administrative steps and estimated timing for RSP implementation. Ultimately, each CVAG member jurisdiction would have flexibility on which components (if any) it implements, and the timing and priority assigned to each RSP element.

[9] As Tribes do not typically receive property tax allocations, revenues from sale or lease of properties may be a more feasible mechanism for Tribe participation in the regional trust fund component of this RSP.

Exhibit 8: Illustration of RSP Implementation in Action



7.1 TIF District / EIFD Formation

Table 7 provides an illustrative schedule of EIFD formation milestones.

Table 7: Illustrative EIFD Formation Milestone Schedule

Target Date	Task
Q3-Q4 2023	a) Conduct outreach / discussion among individual CVAG jurisdiction staff and elected officials
Q1 2024	b) Final determination of EIFD boundaries, tax increment allocations, targeted projects, governing Public Financing Authority (PFA) Board composition
Q1 2024	c) Participating taxing agencies adopt Resolution(s) of Intention (ROI) to form one or more EIFDs and establish the PFA Board(s)
Q1-Q2 2024	d) Infrastructure Financing Plan (IFP) documentation is prepared
Q2 2024	e) Distribute draft IFP documentation to property owners, affected taxing entities, elected bodies, planning commission(s) with corresponding project-related CEQA documentation
Q2 2024	f) PFA holds an initial public meeting to present draft IFP to the public and property owners
Q3 2024	g) PFA holds first "official" public hearing to hear written and oral comments but take no action (noticing must occur at least 30 days after "f")
Q3 2024	h) PFA holds second public hearing to hear additional comments and take action to modify or reject IFP (at least 30 days after "g")
Q3-Q4 2024	i) Elected bodies of participating taxing entities contributing increment adopt resolution(s) approving IFP documentation
Q4 2024	j) PFA holds third public hearing to consider oral and written protests and take action to terminate proceedings or adopt IFP or CRIA Plan by resolution (at least 30 days after "h")

Timing is an important consideration. Formation of an EIFD would ideally occur prior to significant new development being completed and assessed for property value and property tax purposes, so that the value could indeed be "captured" by the EIFD, creating near-term funding capacity to fund targeted infrastructure and public improvement projects. Based on jurisdiction-specific outreach conducted as part of this RSP, the following areas of potential growth may be worth further exploring:

1. Unincorporated communities: Oasis, Thermal, Mecca, Thousand Palms, North Shore
2. City of Coachella: Potential rail station area (Zona Central), KPC, La Entrada, Vista del Agua
3. City of La Quinta: Southern La Quinta, Coral Mountain area

4. City of Desert Hot Springs: Various utility expansion areas, southeastern highway commercial areas
5. City of Cathedral City: North City and North City Extended Plan areas

As discussed in Section 3, CVAG jurisdictions would have the option to pursue EIFD implementation separately, or together in a multi-jurisdictional partnership (if at all). Each option has advantages and disadvantages as outlined in Table 8.

Table 8: Alternative EIFD Implementation Approaches

Implementation Approach	Advantages	Disadvantages
A) As individual Jurisdictions	• Ease of administration (e.g., coordinating governing PFA hearings, mailing notices to property owners and residents within the district) • More transparent nexus between funding generated within a community and improvements paid for to benefit that jurisdiction	• Less overall funding and financing flexibility and efficiency (e.g., ability to utilize revenues generated in one area to pay for improvements in another area, fixed costs of future debt issuance could be spread across multiple jurisdictions) • Potential lower feasibility to achieve County partnership and funding "match" in the EIFD
B) Multi-Agency Partnership	• More overall funding and financing flexibility and efficiency (e.g., ability to utilize revenues generated in one area to pay for improvements in another area, fixed costs of future debt issuance could be spread across jurisdictions) • Potential higher feasibility to achieve County partnership and funding "match" in the EIFD	• More difficult administration (e.g., coordinating governing PFA hearings, mailing notices to property owners and residents within the district) • Less transparent nexus between funding generated within a community and improvements paid for to benefit that jurisdiction

7.2 Potential EIFD Debt Issuance Approaches

As stated in Section 3, for any CVAG jurisdiction that participated in an EIFD, it would be expected to have the majority of EIFD funding available for local projects outside of any contribution to a regional trust fund. These revenues could be pledged as a reimbursement mechanism for a private sector or nonprofit advance of funds, leverage for a debt issuance, used as a local match for grant funding, or utilized otherwise on a pay-as-you-go basis as dollars become available.

As it pertains to potential debt issuance, for EIFDs that have already been formed in California, underwriters of municipal securities have proposed several approaches for the leverage of tax increment for debt issuances, for example:

a) Leverage of tax increment only, without any additional general fund pledge or land security;
b) Overlapping EIFD and Community Facilities District ("CFD") – Owners/developers in the EIFD must be willing to pay CFD special taxes in the short term (e.g., 5-10 years) until tax increment reaches a level to cover debt service;
c) Tax increment with City or County general fund backstop (i.e., utilizing public agency credit, revenues, and/or assets to improve access to capital, at the expense of greater general fund risk exposure).

There are advantages and disadvantages with each approach (e.g., upfront proceeds available, public agency risk, cost of capital), and any potential TIF/CFD debt structuring would necessitate close collaboration with City and/or County finance staff and advisors.

As with most special district financings, the process for an EIFD to issue debt (if debt is issued at all) is a separate undertaking, comprised of several major steps, which may vary based on specific financing structure:

1. Assemble financing team (e.g., municipal advisor, bond counsel, underwriter);
2. Identify financing structure, key terms, gather information for credit package;
3. Prepare bond documents, authorizing resolutions, other documents as appropriate (e.g., certifications, preliminary official statement – documentation may vary based on structure);
4. PFA Board adopts resolution approving bond documents, bond purchase contract, official statement, continuing disclosure agreements, etc.;
5. Bond sale (negotiate pricing, finalize terms and official statement);
6. Bond closing (agreements executed and delivered, bond proceeds wired to PFA for projects, bonds released to purchaser(s).

It is estimated that the timing for such a debt issuance would be in the range of six (6) to nine (9) months.

7.3 Integration of EIFD and a Regional Trust Fund

While the legislative intent of EIFDs and the practical effectiveness of regional trust funds such as the Catalyst Fund are extremely well-aligned, the proposed approach has not fully been tested in California yet. However, this RSP reflects the Consultant team's extensive experience implementing EIFDs across the State, implementation of regional housing trust funds across the State (separate from EIFDs), and the team's direct discussion with current Catalyst Fund administrators.

EIFDs have already been made to conform to the rules of other structures in the realm of economic development and public finance, such as in development agreements, tax increment allocation debt issuances, lease revenue debt issuances, and other mechanisms. Similar to what has been done in these other structures, it is anticipated that integration of EIFD and a regional trust fund would necessitate careful revenue tracking and accounting in order to ensure conformance with state EIFD law.

As one example, if a trust fund were to consider funding ongoing operations of a homeless shelter, EIFD revenues would likely need to be segregated in a separate fund of the trust not to be used for such purposes, as EIFD revenues are not authorized for operational expenses (only for capital and maintenance expenditures).

There are most likely additional legal and accounting issues that could arise if and when implementation of this RSP actually moves forward. This Consultant team could envision legal counsel becoming involved in issues such as the potential limitation of EIFD revenues being used in a revolving loan manner (i.e., fund get paid back by a borrower for a project, then redeployed for another project), as opposed to direct injection into projects, similar to disbursement of grant funds.

While all the details of potential EIFD / trust fund agreement documentation are not yet fully identified, this RSP reflects the Consultant team's real-world acknowledgement of the momentum of state and local policy guidance. State law and the Prohousing Designation program are explicitly encouraging the set of tools that this RSP is emphasizing. State and federal grant dollars are being prioritized for communities that are specifically implementing these tools.

If State and local governments are to have a chance at adequately addressing statewide housing and infrastructure objectives, the convergence of these tools is not only advantageous and synergistic, but also inevitable. The CVAG region has the unique potential of raising the standard and setting the bar against which other regions will be measured.

7.4 Immediate Potential Next Steps

Following adoption of this RSP by the CVAG Executive Committee, it is expected that each individual CVAG jurisdiction would need to further carefully consider the elements of the plan in light of jurisdiction-specific conditions, constraints, and objectives. As stated several times, this RSP is intended to facilitate and bring together the general plans and housing plans of each CVAG member jurisdiction with a focus on workforce and affordable housing, while maintaining each jurisdiction's ability to customize its level and format of participation in RSP implementation.

A first step for each jurisdiction could be to prioritize the tools that are feasible and acceptable to each community. Based on such prioritization, a "business plan" could be prepared for each component, stipulating the strategic parameters that would be applied (e.g., district boundaries, district duration, revenue allocation percentages), potential partners to be engaged (e.g., trust fund partners, County, specific grant providers, housing developers), and the specific housing- and transit-supportive infrastructure projects to be targeted for funding.

Finally, if/when ready for implementation, the first administrative action to be taken by each jurisdiction for tools such as EIFDs would likely be a non-binding resolution of intention (ROI). In parallel, Memorandum of Understanding (MOU) documentation could be drafted and standardized to outline the terms of the mechanics and interactions of EIFDs and trust funds.

If there is support among the individual jurisdictions, an organization such as CVAG could continue to play a key role in intergovernmental and cross-sector coordination, as well as potential technical advisory.

As with most local and regional economic development initiatives that also address state policy objectives such as housing and infrastructure, it is expected that additional funding resources would be available to assist CVAG jurisdictions that wished to pursue the RSP in some form, such as HCD/SCAG Regional Early Action Plan 2.0 (REAP 2.0) and the Integrated Climate Adaptation and Resiliency Program (ICARP) Adaptation Planning Grant Program (APGP).

8.0 Appendices

Appendix A: TIF District Comparison Matrix
Appendix B: Case Study Analysis – City of Coachella
Appendix C: Case Study Analysis – City of Desert Hot Springs
Appendix D: Summary of Community Engagement and Meeting Summaries
Appendix E: Summary of Existing Tools Within the CVAG Region and Elsewhere (April 2022)
Appendix F: Summary of Potential Revenue Tools and Supporting Policies (September 2022)

Comparison of Tax Increment Financing (TIF) Mechanisms
March 2023

	Enhanced Infrastructure Financing District (EIFD)	Community Revitalization & Investment Authority (CRIA)	Infrastructure & Revitalization Financing District (IRFD)	Climate Resilience District (CRD)
1) Authorizing Legislation	• **SB 628 (2014)** – enabling legislation revamping IFD to EIFD • **AB 313 (2015)** – clarified role of PFA, other clean ups • **AB 733 (2017)** – added climate change adaptation and public health projects • **AB 1568 (2017)** – created NIFTI; sales tax inclusion for EIFD encompassing entire city/county boundary • **SB 961 (2018)** – created NIFTI-2, similar to NIFTI • **SB 1145 (2018)** – added funding of infrastructure maintenance costs • **AB 116 (2019)** – removed public vote for bond issuance; added 3 public hearings and majority protest at formation • **AB 464 (2021)** – added facilities utilized by small business and non-profits • **SB 780 (2021)** – administrative enhancements, clarifications for	• **AB 2 (2015)** – established CRIA • **AB 2492 (2016)** – added flexibility to qualification metrics • **SB 780 (2021)** – administrative enhancements, clarifications for amendments, further flexibility on qualification metrics, ability to designate project areas within CRIA, revises 10-year protest clause to 15-year revisit for future activities	• **AB 229 (2014)** – established IRFD	• **SB 852 (2022)** – established CRD, based on EIFD law

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Comparison of Tax Increment Financing (TIF) Mechanisms
March 2023

	Enhanced Infrastructure Financing District (EIFD)	Community Revitalization & Investment Authority (CRIA)	Infrastructure & Revitalization Financing District (IRFD)	Climate Resilience District (CRD)
	amendments, ability to designate project areas within EIFD			
2) Eligibility	• **Taxing Entities** – any local taxing entity except schools / education entities • No geographic qualification required	• **Taxing Entities** – any local taxing entity except schools / education entities • **Geographic Criteria** – 70% of property must be (1) <80% area median income; and (2) three of four conditions related to high unemployment, crime rates, deteriorated or inadequate infrastructure/commercial/residential structures; alternatively if census tracts are Disadvantaged Community (DAC) census tracts; former military bases; sites identified in City/County housing element inventory of sites suitable for residential development	• **Taxing Entities** – any local taxing entity except schools / education entities • No geographic qualification required	• **Taxing Entities** – any local taxing entity except schools / education entities • No geographic qualification required
3) Governance	• **Oversight** – separate Public Financing Authority (elected officials of forming entities + community members) • **Documentation** – Infrastructure Financing Plan • **Land Assembly Powers** – no eminent domain authority, but can acquire property for eligible	• **Oversight** – separate governing board (CRIA Board) • **Documentation** – Revitalization Investment Plan • **Land Assembly Powers** – eminent domain for first 12 years, can acquire and dispose of property for economic development purposes	• **Oversight** – sponsoring community legislative body (e.g., City Council or County Board of Supervisors) • **Documentation** – Infrastructure Financing Plan • **Land Assembly Powers** – no eminent domain authority, but can acquire property for	• **Oversight** – separate Public Financing Authority (elected officials of forming entities + community members) • **Documentation** – Infrastructure Financing Plan • **Land Assembly Powers** – no eminent domain authority, but can acquire property for eligible

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Comparison of Tax Increment Financing (TIF) Mechanisms
March 2023

	Enhanced Infrastructure Financing District (EIFD)	Community Revitalization & Investment Authority (CRIA)	Infrastructure & Revitalization Financing District (IRFD)	Climate Resilience District (CRD)
	uses such as parks and other infrastructure		eligible uses such as parks and other infrastructure	uses such as parks and other infrastructure
4) Approvals and Formation Process	• **Voter Approval** – no, but incudes majority protest opportunity • **Public Hearings** – 3 public hearings required at least 30 days apart • **Debt Issuance** – no election	• **Voter Approval** – no, but incudes majority protest opportunity • **Public Hearings** – 3 public hearings required at least 30 days apart; public hearing every 15 years on plan amendments • **Debt Issuance** – no election	• **Voter Approval** – yes, 2/3 of voters or landowners • **Public Hearings** – 1 public hearing required at least 60 days after distributing Infrastructure Financing Plan • **Debt Issuance** – 2/3 of voters or landowners	• **Voter Approval** – no, but incudes majority protest opportunity • **Public Hearings** – 3 public hearings required at least 30 days apart • **Debt Issuance** – no election
5) Primary Revenues Available	• Property tax increment • Property tax in lieu of Motor Vehicle License Fees (MVLF) • Redevelopment Property Tax Trust Fund (RPTTF) residential revenues	• Property tax increment • Property tax in lieu of Motor Vehicle License Fees (MVLF) • Redevelopment Property Tax Trust Fund (RPTTF) residential revenues	• Property tax increment • Redevelopment Property Tax Trust Fund (RPTTF) residential revenues	• Property tax increment • Property tax in lieu of Motor Vehicle License Fees (MVLF) • Redevelopment Property Tax Trust Fund (RPTTF) residential revenues • May levy additional benefit assessment or special tax (similar to CFD)
6) Use of Funds	• **Eligible Activities** – Any property with useful life of 15+ years & of communitywide significance; purchase, construction, expansion, improvement, seismic retrofit, rehabilitation, and maintenance	• **Eligible Activities** –infrastructure, affordable housing, remediation, property acquisition/transfer, issue bonds, make loans or grants • **Projects Outside Boundaries** – No	• **Eligible Activities** – Any property with useful life of 15+ years & of communitywide significance; purchase, construction, expansion, improvement, seismic retrofit,	• **Eligible Activities** – capital projects designed and implemented to address climate change mitigation, adaptation, or resilien2ce; operations and maintenance

Comparison of Tax Increment Financing (TIF) Mechanisms
March 2023

	Enhanced Infrastructure Financing District (EIFD)	Community Revitalization & Investment Authority (CRIA)	Infrastructure & Revitalization Financing District (IRFD)	Climate Resilience District (CRD)
	• **Projects Outside Boundaries** – Yes if "tangible connection" to District	•	rehabilitation, and maintenance **Projects Outside Boundaries** – yes if "tangible connection" to District	• **Projects Outside Boundaries** – Yes if "tangible connection" to District
7) Affordable Housing	• 100% of units constructed or rehabilitated by District units must be affordable • Housing replacement obligations for any units displaced	• 25% of funds must be used for affordable housing • 30% of units constructed or rehabilitated by CRIA must be low/mod, and 50% very low • 15% of units constructed or rehabilitated by other entity within CRIA must be low/mod, and 40% of which at very low	• 20% of units constructed or rehabilitated by District units must be low/mod	• Not eligible
8) Time Limits and Reporting	• **Time Limits** – terminates 45 years after first debt issuance approval • **Reporting** – annual report and annual independent financial audit	• **Time Limits** – 30 years to issue debt; 45 years to repay debt; 45 years to complete activities • **Reporting** – annual report and annual independent financial audit	• **Time Limits** – terminates 40 years after adoption or later date if specified by ordinance, 30 years to repay debt • **Reporting** – annual report	• **Time Limits** – terminates 45 years after first debt issuance approval • **Reporting** – annual report and annual independent financial audit

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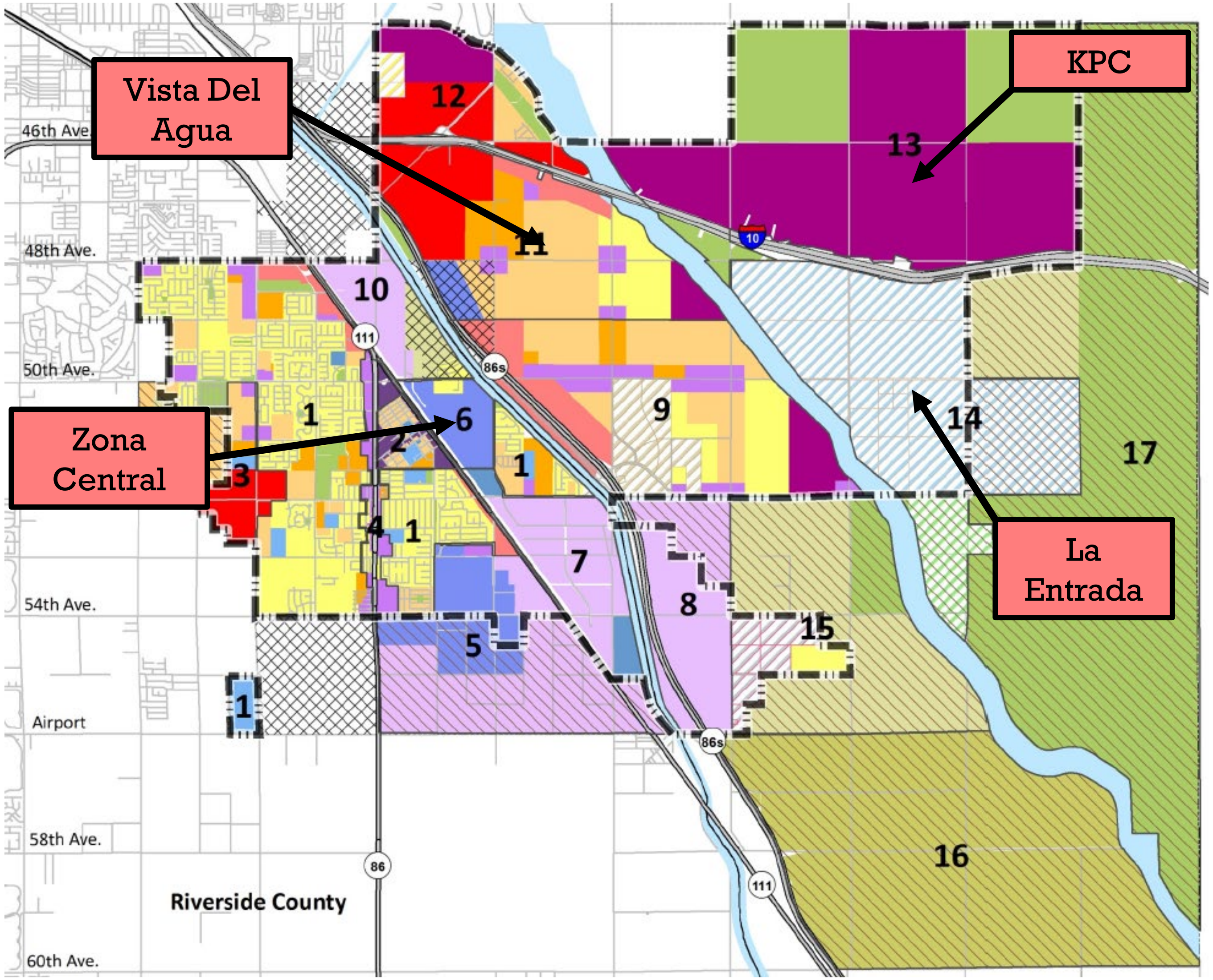
CVAG REAP Revenue Study
Regional Strategic Plan (RSP)
City of Coachella Case Study Analysis

March 2023

Prepared by:
Kosmont Companies

Example of Potential Financing District Areas

- Areas with significant growth and value capture potential:
  - ➢ Zona Central
  - ➢ La Entrada Specific Plan
  - ➢ KPC Coachella Specific Plan
  - ➢ Vista del Agua Specific Plan



Source: City of Coachella Planning Department

Property Tax Revenues Available to an Enhanced Infrastructure Financing District (EIFD)

- Primary potential participants are **City of Coachella** and **County of Riverside**

- City receives approx. **3%** of every $1 collected in property taxes within the EIFD Study Area
  - City additionally receives equivalent of approx. **24%** of property tax in lieu of MVLF, also available to EIFD

- County receives approx. **10%** of every $1

- School-related entities <u>cannot</u> participate

	2021-22
Basic City and County Levy	
County General	0.103065
County Free Library	0.013314
City of Coachella Anx	0.031011
Coachella Valley Unified	0.432209
Desert Community College	0.069757
RIV. CO. Office of Education	0.037951
RIV CO Reg Papr & Open Space	0.002544
Coachella Valley Pub Cemetery	0.002131
Coachella Fire Protection District	0.036493
CV Mosq & Vector Control	0.009059
Coachella Valley Rec & Park	0.010968
Coachella Valley CO Water	0.025363
Coachella Valley Res Concer	0.000325
CVC Wtr Imp Dist 1 Devt Srvc	0.011835
Coach Valley CO Wtr Sorm Water Unit	0.032107
ERAF	0.181867
TOTAL	1.000000

Example Future Development Assumptions
Absorption Assumed over 20 Years

Assumed Future Development within District Boundaries	# SF or Units	Estimated Assessed Value (AV) Factor	Estimated Total AV at Buildout
75% of City 6th Cycle (2021-2029) RHNA Allocation for Market-Rate Residential	3,365 units	$400,000 per unit	$1.346 billion
Affordable units assumed as property tax-exempt			
Not including supportive commercial / retail / industrial			
Total New Development Assumed within EIFD Study Area			**$1.346 billion**

Note: Intentionally assuming 2021-2029 (8-year) allocations to be absorbed over 20 years to be conservative. Total above-moderate income allocation is 4,487 units.
AV at buildout values in current 2023 dollars.
Source: SCAG 6th Cycle Final RHNA Allocations

Illustrative Revenue and Bonding Capacity Scenarios

EIFD Revenue Allocation Scenario	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present Value @ 3%	50-Year Nominal Total
A) City 25%	$2,098,000	$6,685,000	$28,095,000	$69,388,000
B) City 50%	$4,842,000	$14,016,000	$56,189,000	$138,777,000
C) City 25% + County 25%	$3,152,000	$9,500,000	$38,882,000	$96,032,000
D) City 50% + County 50%	$6,949,000	$19,645,000	$77,765,000	$192,064,000

Consistent with Regional Strategic Plan recommendations, an example 10% dedication of above scenarios to Regional Trust Fund amount to ~$2.8M to $7.8M over 50 years (present-value basis)

City allocation includes allocation from AB8 property tax and property tax in lieu of MVLF, County allocation includes AB8 property tax but not property tax in lieu of MVLF

** Bonding capacity assumes Year 5 is first bond issuance for EIFD. "Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes $25,000 admin charge, 150% debt service coverage. 6.5% interest rate; 30-year term. Proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at $350,000.*

Source: Kosmont Financial Services (KFS), registered municipal advisor

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Sample Potential Projects for EIFD Funding

a) Utility capacity enhancements (water, sewer, storm drain, flood control)

b) Roadway improvements

c) Parks and open space, other public amenities

d) Libraries

e) Affordable housing, and other housing supportive infrastructure

f) Allocation to Regional Housing Trust Fund

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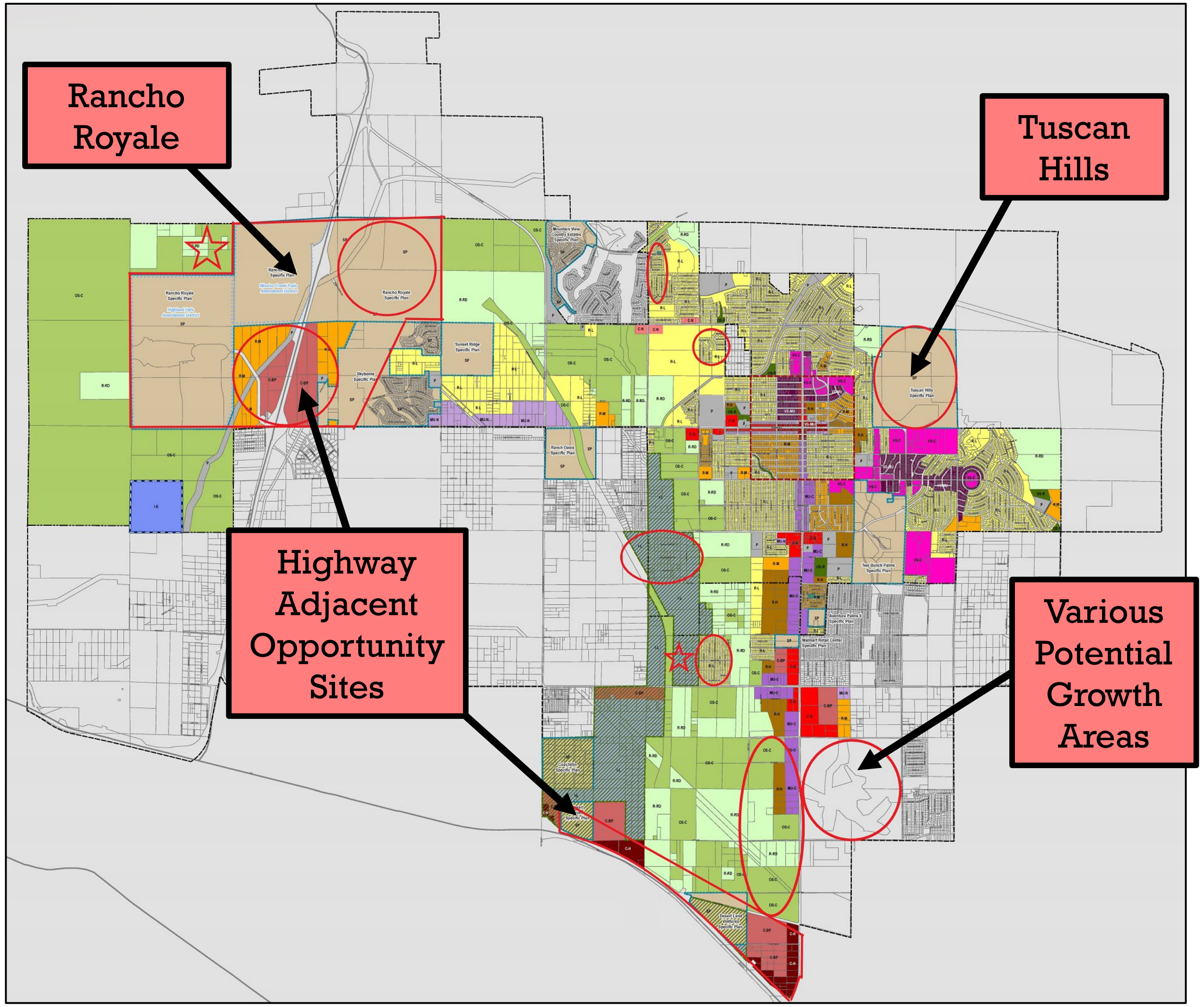
CVAG REAP Revenue Study
Regional Strategic Plan (RSP)
City of Desert Hot Springs Case Study Analysis

April 2023

Prepared by:
Kosmont Companies

Example of Potential Financing District Areas

- Areas with significant growth and value capture potential:
  - ➢ Various specific plan areas (Rancho Royale, Tuscan Hills)
  - ➢ Highway adjacent opportunity sites and other potential growth areas



Source: City of Desert Hot Springs Planning Department

Property Tax Revenues Available to an Enhanced Infrastructure Financing District (EIFD)

- Primary potential participants are **City of Desert Hot Springs** and **County of Riverside**

- City receives approx. **10-13%** of every $1 collected in property taxes within the EIFD Study Area
  - City additionally receives equivalent of approx. **12%** of property tax in lieu of MVLF, also available to EIFD

- County receives approx. **10-13%** of every $1 (not including County Fire)

- School-related entities <u>cannot</u> participate

TAG: 014-000 DESERT HOT SPRINGS

Tax Authority	Post-ERAF
01-1001 GENERAL FUND	0.1304889696
01-1121 COUNTY FREE LIBRARY	0.0133159602
01-1123 COUNTY STRUCTURE FIRE PROTECTION	0.0544338401
02-2321 CITY OF DESERT HOT SPRINGS	0.1264668251
03-5101 PALM SPRINGS UNIFIED SCHOOL	0.2444320000
03-9001 DESERT COMMUNITY COLLEGE	0.0697687900
03-9896 RIV. CO. OFFICE OF EDUCATION	0.0379578000
04-1110 RIV CO REGIONAL PARK & OPEN SP	0.0032208889
04-1351 FLOOD CONTROL ADMIN	0.0021782628
04-1366 FLOOD CONTROL ZN 6	0.0339384904
04-4031 PALM SPRINGS PUBLIC CEMETERY	0.0008696880
04-4365 DESERT HOSPITAL	0.0185093800
04-4555 CV MOSQUITO & VECTOR CONTROL	0.0090608953
04-4821 CV WATER DISTRICT STATE WTR PROJ	0.0253669500
04-5121 DESERT WATER AGENCY	0.0094038998
28-4705 COACHELLA VALLEY RESOURCE CONSER	0.0003252200
88-7109 ERAF Fund	0.2202621398
TOTAL:	1.0000000000

Source: County of Riverside Auditor-Controller's Office (2023)

Example Future Development Assumptions

Absorption Assumed over 20 Years

Assumed Future Development within District Boundaries	# SF or Units	Estimated Assessed Value (AV) Factor	Estimated Total AV at Buildout
100% of City 6th Cycle (2021-2029) RHNA Allocation for Market-Rate Residential	2,081 units	$400,000 per unit	$832 million
Affordable units assumed as property tax-exempt			
Not including supportive commercial / retail / industrial			
Total New Development Assumed within EIFD Study Area			**$832 million**

Note: Intentionally assuming 2021-2029 (8-year) allocations to be absorbed over 20 years to be conservative. Total above-moderate income allocation is 2,081 units.
AV at buildout values in current 2023 dollars.
Source: SCAG 6th Cycle Final RHNA Allocations

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Illustrative Revenue and Bonding Capacity Scenarios

EIFD Revenue Allocation Scenario	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present Value @ 3%	50-Year Nominal Total
A) City 25%	$922,000	$3,542,000	$16,046,000	$39,629,000
B) City 50%	$2,489,000	$7,728,000	$32,091,000	$79,259,000
C) City 25% + County 25%	$1,747,000	$5,746,000	$24,492,000	$60,491,000
D) City 50% + County 50%	$4,138,000	$12,136,000	$48,985,000	$120,982,000

Consistent with Regional Strategic Plan recommendations, an example 10% dedication of above scenarios to Regional Trust Fund amount to ~$1.6M to $4.9M over 50 years (present-value basis)

City allocation includes allocation from AB8 property tax and property tax in lieu of MVLF, County allocation includes AB8 property tax but not property tax in lieu of MVLF

** Bonding capacity assumes Year 5 is first bond issuance for EIFD. "Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes $25,000 admin charge, 150% debt service coverage. 6.5% interest rate; 30-year term. Proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at $350,000.*

Source: Kosmont Financial Services (KFS), registered municipal advisor

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Sample Potential Projects for EIFD Funding

a) Utility capacity enhancements (water, sewer, storm drain, flood control)

b) Roadway improvements

c) Parks and open space, other public amenities

d) Libraries

e) Affordable housing, and other housing supportive infrastructure

f) Allocation to Regional Housing Trust Fund

CVAG Housing and Revenue Infrastructure Study
Summary of Community Engagement

The Reginal Strategic Plan has been prepared on the foundation of previous guidance from the CVAG Transportation, Homelessness, and Executive Committees prior to August 2021, and critically informed by community engagement directly related to this RSP, including the following activities:

- **November 17, 2021**: CVAG Homelessness Committee – Committee provided guidance to CVAG staff for what types of revenue tools on which the Consultants should focus effort (e.g., no new or increased taxes), prior to Consultants initiating work in January 2022.
- **April 20, 2022**: CVAG Homelessness Committee – Consultants provided a summary of existing revenue tools and housing policies in use within the CVAG and elsewhere, the proposed Community Engagement Plan moving forward, and preliminary thoughts on which revenue tools would be evaluated further quantitatively as the primary source of ongoing, sustainable revenue (TIF/EIFD). The Committee asked questions and provided critical feedback and direction.
- **June 22, 2022**: Community Meeting #1 – Similar in content to the April 20 CVAG Homelessness Committee presentation, the Consultants provided a summary of existing tools and policies, the proposed Engagement Plan, and preliminary suggestions on revenue tools to be further evaluated. Stakeholders asked questions and provided helpful feedback. Additionally, stakeholders responded to several poll questions regarding their respective levels of familiarity with various tools, to what extent they had previously evaluated such tools, their interest in specific tools being further evaluated by the Consultants, and other topics (see Appendix D: Community Meeting Summaries).
- **September 21, 2022**: CVAG Homelessness Committee – Consultants presented an overview of the key components that would eventually comprise the RSP. The presentation included draft findings from quantitative analysis of various scenarios of TIF/EIFD implementation, grants and other complementary funding sources with highest potential viability, potential supportive housing policies with greatest relevance to and potential acceptance by CVAG jurisdictions, and the implementation toolkit, including Trust Funds, Land Trusts, and Catalyst Funds. Feedback from Community Meeting #1 was also shared. The Committee asked questions, expressed general concurrence with the primary components of the RSP, and provided guidance for further study.
- **October 13, 2022**: Community Meeting #2 – Consultants presented similar content to the September 21 Homelessness Committee presentation. Given that attendance included many planning and other department staff from CVAG member jurisdictions, the Consultants provided greater detail and example scenario analysis and asked stakeholders about any previous experience with these specific tools (e.g., successes, lessons learned, reasons for not pursuing further). Stakeholders asked questions and provided perspective for further evaluation (see Appendix D: Community Meeting Summaries). The Consultants additionally let stakeholders know that Consultants were willing to meet with city, county, and tribe staff on an individual,

jurisdiction-specific basis in the coming months to provide dedicated briefings and solicit "real life", local input on how RSP tools could work in each jurisdiction.

- **December 2022 – April 2023**: Individual jurisdiction briefings – Consultants met individually with city, county, and tribe staff and other stakeholders (e.g., local Housing Collaborative Action Network, or "CAN") who expressed interest in dedicated briefings. Consultants and staff discussed how TIF/EIFD boundaries could be drawn in each jurisdiction to capture future potential development and rehabilitation, how and where dollars could be spent to catalyze housing production, and how each jurisdiction could balance local needs and projects with the greater CVAG regional needs and projects in the context of RSP implementation.
- **April 19, 2023 (planned)**: CVAG Homelessness Committee – Consultants plan to present a draft of the full RSP for Committee feedback. Feedback from Community Meeting #2 and other stakeholder engagement will also be shared. Committee feedback will be incorporated into RSP revisions.
- **May 3, 2023 (planned)**: Community Meeting #3 – Consultants will present similar content to the April 19 CVAG Homelessness Committee presentation. Stakeholder feedback will be incorporated into RSP revisions.
- **June 5, 2023 (planned)**: CVAG Executive Committee – Consultants will present the final draft of the RSP, subject to refinement based on Executive Committee feedback. Upon receipt by the Executive Committee, the RSP will be distributed to CVAG member agencies for further action.

CVAG Housing and Revenue Infrastructure Study – Community Workshop
Zoom Webinar
June 22, 2022, 11:00AM-12:30PM

Meeting Statistics	
Attendance	23 attendees
Q&A	4 Questions/Comments

Attendees			
#	Organization	Name	Title
Agency			
1	Agua Caliente Band of Cahuilla Indians	Dan Malcolm	Director of Planning
2	City of Desert Hot Springs	Melissa Purcell	Administrative Assistant
3	City of La Quinta	Gil Villalpando	City Manager
4	City of La Quinta	Doug Kinley	Management Analyst
5	City of Palm Desert	Celina Cabrera	Management Analyst
6	City of Palm Desert	Jessica Gonzales	Senior Management Analyst
7	City of Palm Springs	Flinn Fagg	Director of Planning Services
8	City of Palm Springs	David Newell	Assistant Director of Planning
9	City of Palm Springs	Grace Garner	Councilmember District 1
10	City of Rancho Mirage	Ben Torres	Planning Manager
11	City of Rancho Mirage	Marcus Aleman	Housing Manager
Other Organizations			
12	California State University San Bernardino - Palm Desert Campus	Diane Vines	Executive Director
13	Coachella Valley Rescue Mission	Darla Burkett	Eastern Coachella Valley Lead Community Organizer
14	Communities for New California Education Fund	Anna Vargas	SoCal Regional Director
15	Community Housing Opportunities Corporation	Joy Silver	Chief Strategy Officer
16	Desert Sands Unified - Student Assistance Program; Safe Schools Desert Cities	Tori StJohns	Student Assistant Program Counselor
17	Leadership Counsel for Justice and Accountability	Omar Gastelum	Senior Implementation Manager
18	Lift to Rise	Agustin Arreola	Director of Data, Policy and Planning
19	Lift to Rise	Ian Gabriel	Deputy Market Director
20	Low Income Investment Fund	Kenny Rodgers	Executive Director
General Public/Unknown			
21	-	Dorian Whitney	-
22	-	Sandra Tolento	-
23	-	Sergio Duran	-

Poll Results

Question #1 Which type of organization do you primarily represent? (Single Choice)

City/County/Tribe/other agency	7/19(37%)
Developer/other private sector*	2/19 (11%)
Nonprofit/advocacy	8/19(42%)
General Stakeholder/resident	1/19 (5%)
Other	1/19 (5%)

*nonprofit real estate developers were tabulated in the developer category

Question #2 Which of the following potential revenue tools have you or your organization previously implemented/evaluated/researched? (Multiple Choice)

Impact Fees	10/16 (63%)
Inclusionary housing politics	8/16 (50%)
Housing and sustainability districts	4/16 (25%)
Housing-related grants	10/16 (63%)
Zoning incentives	9/16 (56%)
Housing linkage fees and in-lieu fees	5/16 (31%)
Community land Trusts	3/16 (19%)
Public finance/liquidity strategies	7/16 (43%)

Question #3 What topics are you most interested in learning about? (Single Choice)

Housing production	11/18 (61%)
Community enhancement/economic opportunities	6/18 (33%)
Traffic congestion and other roadway infrastructure	0/18 (0%)
Public transit and multimodal transportation	1/18 (6%)
Protection of natural resources	0/18 (0%)
Other?	0/18 (0%)

Question #4 Which of the following potential revenue tools are of most interest to you for further evaluation? (Please pick up to 3) (Multiple Choice)

Impact Fees	3/18 (17%)
Inclusionary housing policies	14/18 (78%)
Housing and sustainability districts	8/18 (44%)
Housing-related grants	10/18 (56%)
Zoning incentives	4/18 (22%)
Housing linkage fees and in-lieu fees	3/18 (17%)
Community land Trusts	5/18 (28%)
Public finance/liquidity strategies	7/18 (39%)

Q&A/Comments Received

Grace Garner – City of Palm Springs City Council

- It is good to see that there is 78% interest in inclusionary zoning. I am not sure what the breakdown is of participants across the valley, but inclusionary zoning will work best if the entire region is on board

Kenny Rodgers – Low Income Investment Fund

- With regards to Housing Linkage Fees, are there models where jurisdictions or districts levy fees on various industries? For instance, the Coachella Valley is notorious for a new hotel every month--is it possible to say if you are building a new hotel, you should also support housing therefore paying a fee?

Ian Gabriel – Lift to Rise

- In Kosmont's view, which tool(s) would work best to complement or augment initiatives already ongoing in the region (i.e. Lift to Rise Catalyst Fund, Housing CAN strategies)? I would encourage solutions to build off of momentum instead of starting from scratch

Joy Silver – Community Housing Opportunities Corporation

- Can you give an example of a successful inclusionary housing community?

CVAG Housing and Revenue Infrastructure Study – Community Meeting #2
Zoom Meeting
October 13, 2022, 11:00AM-12:30PM

Meeting Statistics	
Attendance	33 attendees
Q&A	15 Questions/Comments

Attendees			
#	Organization	Name	Title
Agency			
1	Agua Caliente Band of Cahuilla Indians	Robert Tucker	Tax Director
2	Agua Caliente Band of Cahuilla Indians	Margaret Park	Chief Planning Officer
3	City of Coachella	Gabriel Perez	Development Services Director
4	City of Desert Hot Springs	Sean Smith	Economic Development Director
5	City of Indian Wells	Jamie Rodny	Housing Manager
6	City of La Quinta	Cheri Flores	Planning Manager
7	City of La Quinta	Jeremy Griffin	Management Specialist
8	City of La Quinta	Doug Kinley	Management Analyst
9	City of La Quinta	Reyna Camarena	Management Assistant
10	City of Palm Desert	Richard Cannone	Deputy Director, Development Services
11	City of Palm Desert	Celina Cabrera	Management Analyst
12	City of Palm Springs	Christopher Hadwin	Planning Director
13	City of Rancho Mirage	Marcus Aleman	Housing Manager
14	Riverside County Department of Housing and Workforce Solutions	Greg Rodriguez	Deputy Director of Government Affairs and Community Engagement
15	Torres Martinez Cahuilla Indians	Robert Powell	Planning Director
16	Twenty-Nine Palms Band of Mission Indians	George Nicholas	Tribal Chief Administrative Officer
Other Organizations			
17	Alianza Coachella Valley	Nilda Ruiz	Environmental Justice Project Manager
18	Boys and Girls Club of Palm Springs	Stone Neilon	
19	Building Industry Association of Southern California	Kaitlin Radcliff	Director of Membership
20	Coachella Valley Recuse Mission	Darla Burkett	Executive Director
21	Community Housing Opportunities Corporation	Joy Silver	Chief Strategy Officer
22	Desert Valley Builders Association	James Brownyard	Vice President of Legislative Affairs
23	Leadership Council for Justice and Accountability	Omar Gastelum	Senior Implementation Manager
24	Lift to Rise	Melisa Dolores	Affordable Housing Planning and Pipeline Coordinator
25	Lift to Rise	Augustin Arreola	Senior Implementation Manager
26	Lift to Rise	Ian Gabriel	Senior Policy Data Analyst
27	Low Income Investment Fund	Kenny Rodgers	Executive Director
29	National Community Renaissance	Taylor Libolt Varner	Planning and Acquisition Project Manager
30	Pueblo Unido CDC	Sergio Carranza	Executive Director

31	Shelter from the Storm, Inc	Angelina Coe	Executive Director
32	Sunline	Rohan Kuruppu	Chief Planning Officer
General Public/Unknown			
33	-	Dorian Whitney	-

Q&A/Comments Received

Question 1: Have you previously evaluated TIF? If so, why haven't your jurisdiction implemented?

Doug Kinley – City of La Quinta

- My understanding is the taxation is not desirable for our residents and therefore has not been fully explored as it is not a popular option to the local community.

Marcus Aleman – City of Rancho Mirage

- We have not evaluated the TIF.

Question 2: Have you previously evaluated any of these complementary tools or grants? If so, why hasn't your jurisdiction implemented?

Doug Kinley – City of La Quinta

- If this were to be a Bond Financing TIF approach, can you advise what the realities are of the risk of repayment, should the incredibly large district you mapped earlier not get built out in any realistic capacity? The region is immense and while the incentivization to get the land developed may encourage builders to come, the realities are we're about to head into a probably deep recession and an investment such as this will feel especially risky, pending the next few decades of growth/recovery.

Rohan Kuruppu – Sunline

- A couple of comments on the district policies. All the grants that you mentioned have transit requirements. So, I think that transit should be part of the discussion and not an afterthought, so I would really appreciate it if you could add transit to the discussion. Almost all the grants require a transit element especially parking reduction or HSC or PCC all of those require them, so I just wanted to add that.
- I also want to make one more point, Sunline about a year ago completely restructured their transit network, streamlined all the routes based on land use patterns and supporting density and intensive activity. I think as you plan your housing elements and projects you need to make sure that you try to fit into that network. If every time there is a new development we are asked to restructure the routes or reroute a bus route, it becomes really inefficient. I think we need to match both of those interests.

Doug Kinley – City of La Quinta

- In support of Rohan, we need the TOD criteria to be applicable to all of the Coachella Valley, Sunline is a big key for critical grant funding

Question 3: What are your largest funding needs in this context? And if funding remained available, would you leverage such findings to implement affordable housing and transportation infrastructure?

Kenny Rodgers – Low Income Investment Fund

- Local funds to increase LIHTC tie-breaker scores; gap financing for affordable housing capital stacks. Infrastructure financing.

Melisa Dolores – Lift to Rise

- Infrastructure funding in the ECV would unlock more AH projects
- Water, sewage, and broadband
- Also electric

Doug Kinley – City of La Quinta

- Kenny is spot-on. LQ Would support that, as well as utilize like we did for LEAP, when it comes to Studies that support up-zoning, Housing Stock/Inventory Surveying efforts, and Smart Infrastructure for Affordable Housing Communities in LQ that could provide free broadband if possible.

Other Questions/Comments

Doug Kinley – City of La Quinta

- When would this growth area [map] be due? I'll coordinate with our planning team

Dorian Whitney – Unknown

- We've been talking about affordable housing for years, when is it coming? For too long, CVAG has catered to the auto-industry and not pedestrian facilities, this has caused deaths throughout the years.

Nilda Ruiz— Alianza Coachella Valley

- Where can we find the recordings for these workshops?

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS (CVAG)

REAP REVENUE STUDY TASK 2 – REVIEW OF EXISTING TOOLS

April 2022

1230 Rosecrans Ave., Suite 630
Manhattan Beach, CA 90266
TEL: 424-297-1070 | URL: www.kosmont.com

EXECUTIVE SUMMARY

- Kosmont and Arellano Associates ("Consultant Team") were retained by CVAG in accordance with Regional Early Action Plan (REAP) guidelines for the evaluation of revenue tools for the funding of housing and associated transportation needs in the CVAG region
- Evaluation includes a variety of potential one-time and ongoing / sustainable revenue tools, along with potential policy initiatives that would support such funding tools
- Scope of Work includes stakeholder engagement and formulation of a roadmap for implementation
- This report is intended to summarize Consultant Team Scope of Work Tasks 2.1 and 2.2, focused on identification of existing revenue tools in use within the CVAG region, and existing revenue tools in other communities
- Immediate next steps include more detailed, quantitative evaluation of preferred potential revenue tools (subject to stakeholder feedback), in parallel with initial stakeholder engagement activities

OUTLINE AND SCOPE OF WORK

1. **Data Gathering & Existing Conditions**
   a. Evaluation of Existing Revenue Sources within the CVAG region
   b. Evaluation of Revenue Sources in Use in Other Communities

2. **Next steps**
   a. Quantitative Evaluation of Preferred Potential Funding Tools
   b. Analysis of Potential Policy Initiatives and Public Support
   c. Stakeholder Engagement
   d. Regional Strategic Plan

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1.A.
EVALUATION OF EXISTING REVENUE SOURCES WITHIN CVAG REGION

CVAG – REAP REVENUE STUDY

OVERVIEW OF TOOLS IN USE WITHIN CVAG REGION

a. **Impact fees** for housing-related infrastructure – common among CVAG communities (e.g., TUMF)

b. **Inclusionary housing policies** – not common among CVAG communities, though under study in several jurisdictions (e.g., Cathedral City, Indio, Palm Springs)

c. **Housing and sustainability districts**, such as tax increment financing (TIF) / enhanced infrastructure financing districts (EIFD) – none formed, but several under study and discussion in several communities (e.g., Salton Sea, Indian Wells)

d. **Housing-related Grants** – Limited awards so far (e.g., Coachella Infill Infrastructure Grant), but competitive positioning in several jurisdictions with Disadvantaged Community (DAC) census tracts (e.g., Blythe, Coachella, Indio)

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OVERVIEW OF TOOLS IN USE WITHIN CVAG REGION

e. **Zoning Incentives** – beyond state density bonus law, several communities have local density bonus provisions and other incentives for developments that include affordability restrictions (e.g., Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage)

f. **Other Relevant Programs**:

- Self-help development and funding assistance (e.g., Blythe, Cathedral City, Palm Desert)
- Lift-to-Rise Catalyst Fund / pre-development loans (e.g., Desert Hot Springs, La Quinta)
- Habitat for Humanity funding assistance (e.g., Palm Desert)
- Community Benefit Program (e.g., Thermal Beach Club)

SUMMARY MATRIX: HOUSING TOOLS WITHIN CVAG

Programs in Place or under Study	Fee Programs	Inclusionary Housing Req.	Special Districts	State Housing Grants	Zoning Incentives	Other Assistance
Blythe	X					X
Cathedral City	X	X			X	X
Coachella	X			X	X	X
Desert Hot Springs	X				X	X
Indian Wells	X		X		X	X
Indio	X	X			X	X
La Quinta	X				X	X
Palm Desert	X				X	X
Palm Springs	X	X			X	X
Rancho Mirage	X				X	X
Uninc. Communities	X		X		X	X
Agua Caliente Tribe	X					
Cabazon Tribe						
Torres Martinez Tribe						
29 Palms Tribe						

A. IMPACT FEES / RELATED PROGRAMS

Blythe	Cathedral City	Coachella	Desert Hot Springs	Indian Wells	Indio	La Quinta	Palm Desert	Palm Springs	Rancho Mirage
• Designated fees include $500 per dwelling unit for residential and $500 for first 5,000 SF of commercial space with $0.10 PSF thereafter • **No housing linkage fees** • **City Council sets specific amount for development impact fee** (established on all permits for development)	• **Cathedral City's impact fees are considerably less** compared to surrounding jurisdictions • Estimated development impact fee per Housing Element is $1,850 for a single or multi-family residential building. • **Development impact fees represent 90% of development fees** • 22% increase from 2007-2017	• City imposes development impact fees on a variety of projects. $297 per dwelling unit, per room, or PSF for residential, hotel, and office, respectively; $371 per 1,000 SF for commercial • Per Housing Element, total impact fees for a single family unit is $17,400 and $8,500 for a multifamily unit • Development impact fees are 80% of total developer fees • **33% increase in fees from 2007-2017**	• City imposes development impact fees on residential developments • Single-family detached dwellings ($9,100 per unit); single-family attached dwellings ($10,000 per unit); multi-family units ($10,000 per unit) • Development impact fees are 80% of total developer fees • 19% increase from 2007-2017	• City charges impact fees to finance new or expanded infrastructure and public facilities required to serve residents • City charges fees to offset impacts to public streets, drainage facilities, water quality, and parks • Development impact fees are 85% of developer fees • 19% fee increase from 2007-2017	• Development impact fees are imposed on the issuance of development approvals for projects within the City to finance the cost of public facilities and improvements related to the project • Development impact fees are 85% of developer fees • **30% fee increase from 2007-2017**	• Development impact fees are imposed • Costs per unit are $6,113 for multifamily and $9,380 for single-family development projects • Development impact fees are 90% of developer fees • **36% fee increase from 2007-2017**	• Development impact fees are applied to new residential projects • Typical impact fees for a 32-unit subdivision and multifamily complex are $11,900 and $7,600, respectively • Development impact fees are 85% of developer fees • **57% fee increase from 2007-2017**	• City does charge development impact fees on residential developments. Fees are typically on a per unit basis • Some fees are eligible for reduction if affordable housing is built • Development impact fees are 85% of developer fees • 14% fee increase from 2007-2017	• City issues development impact fees for residential and non-residential development • For a typical single-family residential building, the total development impact fee is $8,800 per unit. • For a multi-family residential building it is $6,300 per unit • **Development impact fees make up 90% of developer fees** • 25% fee increase from 2007-2017

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B. INCLUSIONARY HOUSING POLICIES

Blythe	Cathedral City	Coachella	Desert Hot Springs	Indian Wells	Indio	La Quinta	Palm Desert	Palm Springs	Rancho Mirage
• While there do not seem to be any housing in-lieu fees, there are parking in-lieu fees in cases where parking requirements of a new development may not be satisfied • Neither General Plan nor Zoning Ordinance exclusively reserve land for multifamily and none for affordable housing • No min. figure in terms of density	• No inclusionary housing has been required on any project to date within the 5th cycle RHNA • **City Council has directed staff to prepare an inclusionary housing ordinance for the City** • City has an Accessory Dwelling Unit ("ADU") ordinance • There have been 10 ADUs permitted, 3 constructed from 2018-2020	• The City's Zoning Ordinance does not have an inclusionary housing policy or ordinance • City has ADU language in Municipal Code • 0 ADUs permitted and constructed between 2018-2020	• City currently has no local ordinances that directly impact cost and supply of residential development, including inclusionary ordinances, short-term rental units, or moratoriums on development types • City has adopted an ADU ordinance in 2020 • 0 ADUs permitted or constructed between 2018-2020	• City does not have any requirements that obligate developers to provide or fund housing at specific affordability levels • City has ADU language in Municipal Code • 1 ADU constructed between 2018-2020	• Currently, there are no inclusionary housing policies • **City is evaluating the feasibility of a local inclusionary housing ordinance** • City adopted an ADU ordinance in 2017 • 0 ADUs permitted or constructed between 2018-2020	• Currently, there are no inclusionary housing policies in the City • **City is exploring other avenues** to include affordable housing in new developments besides reducing development fees and offering density bonuses • City adopted an ADU ordinance in 2019 • 2 ADUs permitted between 2018-2020	• Currently, the City does not have inclusionary housing policies • City has ADU language in Municipal Code • 0 ADUs permitted or constructed between 2018-2020	• City currently does not have inclusionary housing, **but is exploring the feasibility and effectiveness of an inclusionary housing ordinance (IHO) on production of affordable housing** • City adopted an ADU ordinance in 2019 • 23 ADUs constructed and 39 permitted between 2018-2020	• The City does not appear to have inclusionary housing policies • City adopted an ADU ordinance in 2019 • 3 ADU permitted from 2018-2020

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C. SPECIAL DISTRICTS & D. PRIORITY FOR GRANTS

Blythe	Cathedral City	Coachella	Desert Hot Springs	Indian Wells	Indio	La Quinta	Palm Desert	Palm Springs	Rancho Mirage
• **Two Federal Opportunity Zone census tracts** are located within Blythe; • **One of the two OZ tracts is also considered a SB 535 Disadvantaged Community census tract**	• Cathedral city contains **three Federal Opportunity Zones;** • City also contains **several New Market Tax Credit Qualified census tracts**; • City does not contain any SB 535 Disadvantaged Community census tracts	• **City has considered EIFD at a high-level**; • City contains **4 federal OZ census tracts;** • City contains **3 SB 535 Disadvantaged Community census tracts;** • Coachella was **awarded $2.9M in Infill Infrastructure Grants** in 2019-2020	• **City has considered EIFD at a high-level**; • City contains **3 federal OZ census tracts**	• **City has initiated an EIFD study**	• City **contains 2 federal OZ census tracts and 4 SB 535 Disadvantaged Community tracts**	• City contains a small portion of a federal OZ census tract in the southern portion of the City	• None identified	• Small portion of a federal OZ census tract located on the southeast corner of Palm Springs Int'l Airport	• None identified

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E. ZONING INCENTIVES

Blythe	Cathedral City	Coachella	Desert Hot Springs	Indian Wells	Indio	La Quinta	Palm Desert	Palm Springs	Rancho Mirage	Uninc. Communities
• No zoning incentive programs listed	• Per Housing Element, **City plans to develop incentives for subdividing large lots** (>10 acres) to make the development of affordable housing more feasible • **Affordable housing projects will be allowed by-right** and City will consider fee waivers, flexible development standards, and expedited processing in its incentive program	• **Density bonuses are available** depending on # of units allocated for lower income groups • Maximum density bonus is 35% • Two incentives can be available for projects that include at least 20% low-income units; • Other available concessions include reduction in site devt standards, approval of mixed use with housing, priority processing, and other regulatory incentives	• City has a **density bonus ordinance** that allows a 15% increase in the maximum permitted density, with further increases of up to 15% based on additional criteria • Developer shall guarantee rental units be continually used and available to low and moderate income HH for 55 years and initial occupants for for-sale housing are very low, low, and moderate income	• 1996 - City updated Zoning Code to **establish an Affordable Housing Overlay Zone and Senior Housing Overlay Zone that allow for density bonuses** for both types of projects in accordance with State Density Bonus Law. • Sect. 21.12.040 of zoning code also allows for **development incentives** such as fast track processing, land acquisition and subsidization, and waiver of city fees	• City has a **Density Bonus Program Ordinance** that allows for a density increase of at least 25% over the maximum allowable residential density for low income or senior housing devts • City to include provision of a bonus for 100% affordable and student affordable projects	• City has an **Affordable Housing Overlay** in its zoning code that offers increased opportunities for affordable housing devt by allowing higher densities within commercial zones and residential site • Sect. 9.60.260 of **City Code allows for up to 35% density bonus.**	• **In March 2020, City adopted Housing Overlay District** that applies to properties owned by the City, Housing Authority, and those identified in Housing Element. • **Overlay zone provides incentives to developers** building affordable housing, such as devt fee waivers, devt standard reductions, parking reductions, and **density bonuses** (in accordance with State Code)	• City offers **Density Bonus Ordinance** that offers concessions for construction of affordable housing	• City offers a **Density Bonus Ordinance** (per State Code)	• Thermal Community Benefit Program example: In Oct. 2020, Riverside County Board of Supervisors approved Thermal Beach Club, a privately funded development for a resort plus 326 dwelling units. The developer agreed to be conditioned a fee of up to $2,300 per unit to provide money to a community benefit fund. Ultimately, ~$750,000 was paid by the developer and can be used for community needs (e.g., clean water, park development, affordable housing, etc.)

F. OTHER MECHANISMS

Blythe	Cathedral City	Coachella	Desert Hot Springs	Indian Wells	Indio	La Quinta	Palm Desert	Palm Springs	Rancho Mirage	Uninc. Communities
• 2004 Housing Element: Riverside County Home Improvement Program offers policies such as single-family **self-help home development and funding assistance for low/very low-income families** to encourage affordable housing	• Local / Regional policies include: **Self-Help Housing (Coachella Valley Housing Coalition** and partners provide down payment assistance earned by homeowner helping in construction of home); • City allows **rent-control for mobile homes** and allows mobile homes in parks, subdivisions, and res. lots)	• City Devt Services Dept to **remove barriers to production of a variety of housing** types to minimize housing devt costs • Amend zoning code to eliminate req for minimum dwelling size by unit type • **Amend zoning to increase max density bonus to up to 50% (per State law)** • City to continue to participate in CVAG housing discussions	• **City to consider additional land use policies** and standards to allow for a range of residential densities and products for housing of all types • City to continue encouraging the utilization of federal, state, and county subsidies to meet needs of lower income HH • City is a CDBG/HOME cooperating city • **City Council approved Lift to Rise Pledge in March 2021**	• City's Housing Authority **will commit up to $4M in assistance through its Low Moderate Income Housing Asset Fund** to ensure Indian Wells Villas units are preserved for affordable housing • City to continue to provide incentives and flexibility in devt standards to encourage affordable housing	• **City contracts with Inland Fair Housing and Mediation Board** to provide fair housing services for its residents • City plans to **continue to work with Riverside County Housing Authority** to monitor affordable housing units as being at risk of conversion to market rate housing	• City coordinates regularly with affordable housing partners such **as Lift to Rise and assists affordable housing** developers in securing third party financing • **City has also worked with Coachella Valley Housing Coalition** in development of sweat equity homes (self-help housing)	• **City continues to implement the Self-Help Housing Program** • **City works with agencies such as Habitat for Humanity and Coachella Valley Housing Coalition** to identify and fund housing for low income HH • **City's Housing Authority owns and operates over 1,100 affordable housing units in 15 buildings**	• **City has an Affordable and Multifamily Housing Incentive Program** to reduce, defer, and/or waive application and impact fees for affordable and multifamily housing • City continues to allocate CDBG and other funds to support housing and community development	• City to consider and implement fee reductions or subsidies whenever deemed feasible and necessary • **City Housing Authority previously had a Home Improvement Program** that provided financial assistance to lower income households	• Other Countywide programs include: Section 8 Assistance; Permanent Local Housing Allocation (PLHA) – provides grant funds for down payment assistance programs and gap financing for new construction of affordable units; Housing Authority of County of Riverside offers down payment and closing cost assistance for qualified first time home buyers through First Time Home Buyer Down Payment Assistance Program (FTHB)

RHNA ALLOCATIONS & GENERAL PLAN STATUS

Blythe	Cathedral City	Coachella	Desert Hot Springs	Indian Wells	Indio	La Quinta	Palm Desert	Palm Springs	Rancho Mirage	Uninc. Communities
• Per RHNA 2021-2029: 494 units - 82 very low, 71 low, 96 moderate, and 245 above moderate; • Last Housing Element was revised and adopted in 2014 • Proposals to prepare the next Housing Element were due Jan. 20, 2022 • General Plan was last updated in 2007 (for 2025)	• Per RHNA 2021-2029: 2,549 units - 270 extremely low, 270 very low, 353 low, 457 moderate, and 1,199 above moderate • General Plan last amended in Nov. 2009 • Housing Element last updated Oct. 2021 • Planned Unit Development ordinance allows flexibility in devt standards to encourage housing construction	• Per RHNA 2021-2029: **7,886 units** - 516 extremely low, 517 very low, 999 low, 1,367 moderate, 4,487 above moderate • Housing Element draft updated Sept. 2021 • 2035 General Plan approved in Apr. 2015	• Per RHNA 2021-2029: 3,873 units - 284 extremely low, 285 very low, 535 low, 688 moderate, 2,081 above moderate • GP adopted May 2020 • Housing Element adopted Nov. 2021	• Per RHNA 2021-2029: 382 units - 117 extremely / very low, 81 low, 91 moderate, 83 above moderate • General Plan is currently being updated - Existing Conditions and Infrastructure Background Reports have been produced (Oct. 2020 and Jan. 2021, respectively) • Public draft of Housing Element produced in Nov. 2021	• Per RHNA 2021-2029: **7,812 units** - 1,793 extremely / very low, 1,170 low, 1,315 moderate, 3,534 above moderate • 2040 General Plan adopted in Sept. 2019 • Draft Housing Element produced Aug. 2021	• Per RHNA 2021-2029: 1,530 units - 210 extremely low, 210 very low, 269 low, 297 moderate, 544 above moderate • 2035 GP Update last amended Nov. 2013 • 2021-2029 Housing Element Draft completed in Oct. 2021	• Per RHNA 2021-2029: 2,790 units - 675 extremely / very low, 460 low, 461 moderate, 1,194 above moderate • General Plan adopted in Nov. 2016 • 2021-2029 Housing Element Draft submitted in Nov. 2021	• Per RHNA 2021-2029: 2,557 units - 272 extremely low, 273 very low, 408 low, 461 moderate, 1,143 above moderate • Currently undergoing 2040 General Plan update • 2021-2029 Housing Element draft submitted Nov. 2021	• Per RHNA 2021-2029: 1,746 units - 215 extremely low, 215 very low, 318 low, 328 moderate, 670 above moderate • General Plan update adopted Nov. 2017 • 2021-2029 Housing Element update completed in Jan. 2022	• Per RHNA 2021-2029: 40,647 units – 10,371 very low, 6,627 low, 7,347 moderate, 16,302 above moderate units

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NATIVE AMERICAN TRIBES IN CVAG REGION

	Impact Fees / Related Programs	Inclusionary Housing Policies	Special Districts / Priorities for Grants	Zoning Incentives
Agua Caliente Band of Cahuilla Indians	• Development fees shall be applicable to allotted trust lands and may be imposed and collected by each local govt within its city limits	• Tribe does not have inclusionary housing policies in their Tribal Code	• None identified	• Section 14 and Section 24 Specific Plans allow higher density residential and mixed-use • No density bonus measures are stated in their Tribal Code
Cabazon Band of Mission Indians **(Note: Complete text Code not available online)**	• None identified	• None identified	• Some pieces of tribal land fall within a Disadvantaged Community census tract located in Indio and Coachella • Another section of tribal land falls within both a Disadvantaged Community and Opportunity Zone census tract (located outside of the CVAG cities	• High density residential is allowed per their Zoning Code, however, density level is uncertain
Torres Martinez Desert Cahuilla Indians **(Note: Complete text Code not available online)**	• None identified	• None identified	• Much of their tribal land is located outside of the CVAG cities and fall within either both Disadvantaged Community and Opportunity Zone census tracts or solely Opportunity Zone tracts	• None identified
Twentynine Palms Band of Mission Indians **(Note: Complete text Code not available online)**	• None identified	• None identified	• Tribal land is located within a Disadvantaged Community census tract located in Coachella	• None identified

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1.B.
EVALUATION OF EXISTING REVENUE SOURCES IN OTHER COMMUNITIES

CVAG – REAP REVENUE STUDY

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OVERVIEW OF TOOLS IN USE IN OTHER COMMUNITIES

a. **Housing linkage fees and in-lieu fees** – common as an alternative for on-site inclusionary requirements (e.g., City of Los Angeles Housing Linkage Fee, City of Pasadena Housing In-lieu Fee)

b. **Inclusionary housing policies** – increasingly common, typically ranging from 10% to 20% (e.g., former Redevelopment Agency requirement of 15% inclusionary – in addition to 20% set-aside requirement)

c. **Housing and sustainability districts**, such as tax increment financing (TIF) / enhanced infrastructure financing districts (EIFD) – 15 formed statewide, closest in Unincorporated Riverside County Wine Country, some with inclusionary and set-aside requirements (e.g., County of Los Angeles Participation Policy), ongoing and sustainable funding vs. one-time funding

d. **Housing-related Grants** – Competitive but extremely well-funded programs for housing, housing-supportive infrastructure, and transit-supportive infrastructure (e.g., Infill Infrastructure Grant, Affordable Housing and Sustainable Communities program, Multifamily Housing Program)

OVERVIEW OF TOOLS IN USE IN OTHER COMMUNITIES

e. **Zoning Incentives** – community benefit and similar programs for value-capture, that incentivize and reward developers that perform and contribute to community benefits and amenities identified through stakeholder outreach (e.g., City of Buellton Development Opportunity Reserve [D.O.R.®])

f. **Community Land Trusts (CLT)** – Nonprofit land-ownership model to subsidize housing costs for low-income households (e.g., Northern California Land Trust in Bay Area)

g. **Public Finance / Liquidity Strategies** – Leveraging low interest rates to reduce debt costs and generate liquidity for economic development (e.g., Placentia Pension Obligation Bonds)

A. HOUSING LINKAGE AND IN-LIEU FEES

Housing linkage fees – attempt to link the production of market-rate real estate to the production of affordable housing; enables flexible use of funds, but does not always promote economic integration

- Example: City of Los Angeles linkage fee on new residential development ranges from $1.04 to $18.69 per square foot (depending on the market area); new non-residential developments ranges from $3.11 to $5.19 per square foot (depending on the market area) – $32.6M raised 2019-2021

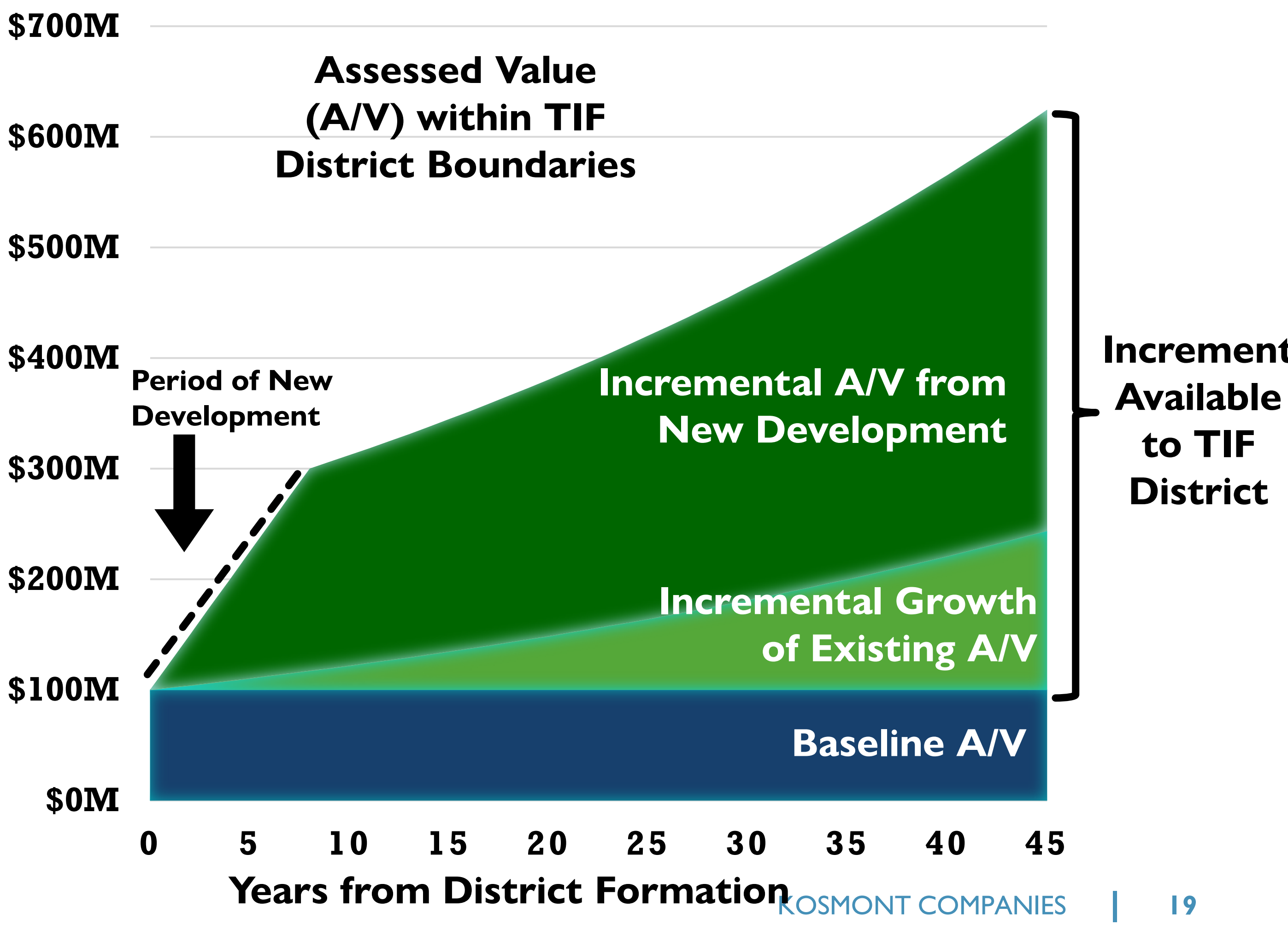
Housing in-lieu fees – common as an alternative for on-site inclusionary requirements, often deposited into housing trust fund at city or county level to fund off-site affordable housing

- Examples: City of Pasadena, West Hollywood, San Jose, San Francisco; often defined at a per-unit rate by economics of residual land value and price/rent difference between market-rate and affordable levels within a community (e.g., City of Pasadena $40K-$115K per unit depending on sub-area and rental vs. for-sale)
- Sometimes implemented in alternative formats, such as land dedication

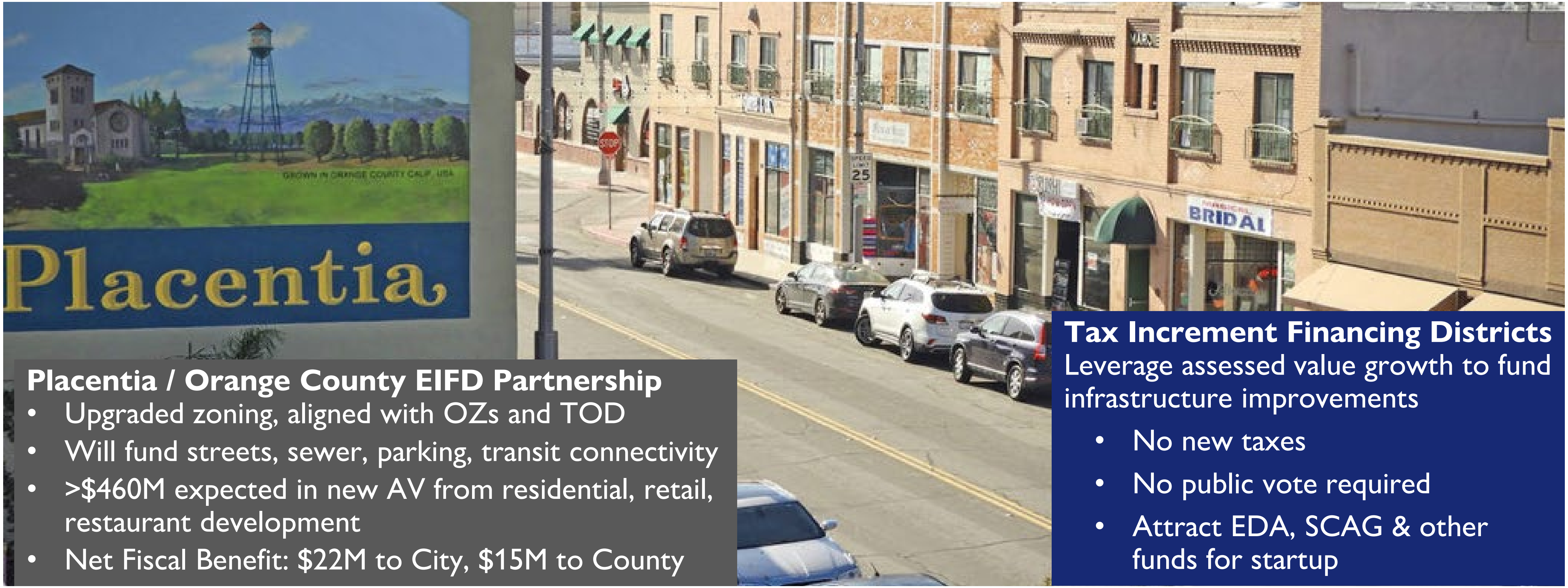
C. HOUSING AND SUSTAINABILITY DISTRICTS

Tax increment financing (TIF) districts include enhanced infrastructure financing districts (EIFD), community revitalization and investment authorities (CRIA), and others

Communities can use these districts to motivate private investment, fund housing and infrastructure, and attract grant funds.



EXAMPLE TIF DISTRICT FOR HOUSING INFRASTRUCTURE: PLACENTIA / ORANGE COUNTY TOD EIFD PARTNERSHIP



Placentia / Orange County EIFD Partnership

- Upgraded zoning, aligned with OZs and TOD
- Will fund streets, sewer, parking, transit connectivity
- >$460M expected in new AV from residential, retail, restaurant development
- Net Fiscal Benefit: $22M to City, $15M to County

Tax Increment Financing Districts

Leverage assessed value growth to fund infrastructure improvements

- No new taxes
- No public vote required
- Attract EDA, SCAG & other funds for startup

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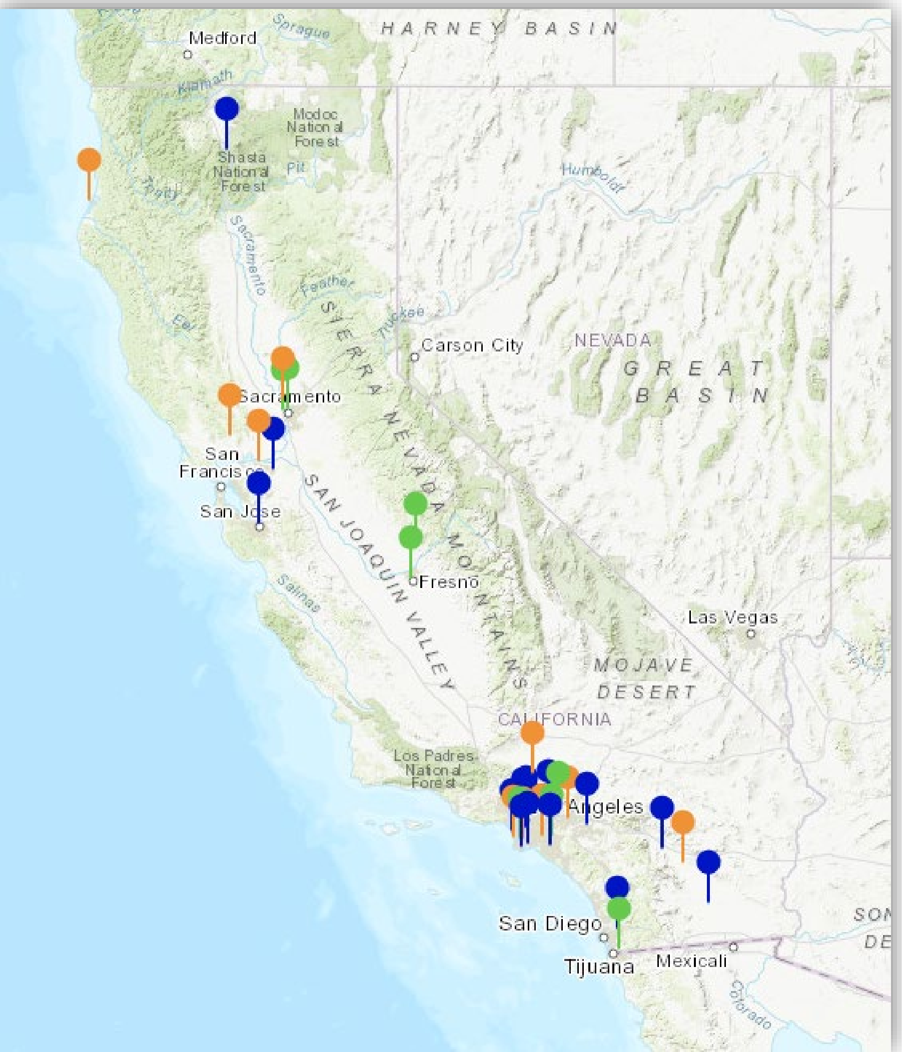
TIF DISTRICTS IN PROGRESS STATEWIDE *(PARTIAL LIST)*



Jurisdiction	Purpose
Azusa	Housing and transit-supportive infrastructure
Brentwood	Housing and transit-supportive infrastructure
Buena Park	Mall reimagination, housing-supportive infrastructure
Carson + L.A. County	Remediation, housing infrastructure, recreation
Coachella Valley Association of Govts (CVAG) Cities	Housing and transit-supportive infrastructure
Covina	Housing and transit-supportive infrastructure
El Cajon	Housing and transit-supportive infrastructure
El Segundo + L.A. County	Various infrastructure, regional connectivity
Fairfield	Housing and transit-supportive infrastructure
Fresno	Housing and transit-supportive infrastructure
Fresno County	Industrial and commercial supportive infrastructure
Humboldt County	Coastal mixed-use & energy supportive infrastructure
Indian Wells	Housing and tourism-supportive infrastructure
Imperial County	Housing and greenfield infrastructure
La Verne + L.A. County	Housing and transit-supportive infrastructure
Long Beach (Multiple Districts)	Housing and transit-supportive infrastructure
Los Angeles (Downtown, San Pedro)	Housing and transit-supportive infrastructure
Los Angeles County Uninc. West Carson	Housing / bio-science / tech infrastructure
Madera County (Two Districts)	Greenfield infrastructure (water / sewer)
Modesto + Stanislaus County	Housing, transit, recreation-supportive infrastructure
Mount Shasta + Siskoyou County	Rural Brownfield site mixed-use infrastructure
Napa	Housing and transit-supportive infrastructure
Ontario	Housing and transit-supportive infrastructure
Palmdale + L.A. County	Housing and transit-supportive infrastructure
Pittsburg	Housing and transit-supportive infrastructure
Placentia + Orange County	Housing and transit-supportive infrastructure
Rancho Cucamonga	Housing and transit-supportive infrastructure
Redondo Beach + L.A. County	Parks / open space, recreation infrastructure
Riverside	Housing and transit-supportive infrastructure
Sacramento County (Unincorporated)	Industrial / commercial supportive infrastructure
San Bernardino County (Unincorporated)	Transit-supportive infrastructure
San Jose	Housing and transit-supportive infrastructure
Sanger	Housing and commercial supportive infrastructure
Santa Ana	Housing and transit-supportive infrastructure
South Gate	Housing and transit-supportive infrastructure
West Santa Ana Branch Transit Corridor Cities	Housing and transit-supportive infrastructure
Yucaipa	Housing and transit-supportive infrastructure

Fully Formed | **In Formation Process** | **Under Evaluation**

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D. GRANTS

Example Federal Programs		Example State Programs		
American Rescue Plan Act (ARPA)	**Congressional Infrastructure Bills (INVEST Act, IIJ Act, etc)**	**Affordable Housing and Sustainability Communities Program (AHSC)**	**Infill Infrastructure Grants (IIG)**	**Multifamily Housing Program (MHP)**
ARPA direct relief to cities is not just for COVID relief: Funds for water, sewer, and broadband, upgrading facilities and distribution systems, climate change upgrades, lead pipe replacement and more	In process, likely to include: Funds for roads, bridges, railroads, broadband, water, cyber security, climate resiliency, transit, brownfield cleanup, electric vehicles, affordable housing	CA Program: $1 - $30 million awards for affordable housing, housing infrastructure, transportation, related amenities, program costs	CA Program: $1 - $7.5 million grants for infill projects / areas, gap funding for infrastructure for residential / mixed-use with some affordability requirements	CA Program: Funding for rental housing; includes land lease payments, construction / rehab, offsite infrastructure improvements

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E. ZONING AND ENTITLEMENTS AS CURRENCY

- <u>**Zoning and Entitlements create value for potential use as currency to drive housing and community benefits**</u>
- Zoning changes that are needed for new development can provide significant economic benefits to property owners, **who may likely be non-developers.**
- Prematurely up-zoning can also increase land values, which can **limit the possibility of development & affordability**.
- **Specific plans often "give away" density** with entitlements without tying density to projects that deliver **community benefits and public amenities.**
- By reserving new housing density in a "reserve" bucket, cities can comply with RHNA while also retaining some control over new development.
- <u>Reserve lets a community dole out new density for specific projects that comply with a benefit agreement and in compliance with RHNA</u> – ensuring projects come with amenities and other community benefits.

D.O.R.® CASE STUDY ILLUSTRATIONS

City of Buellton: *Avenue of Flags*

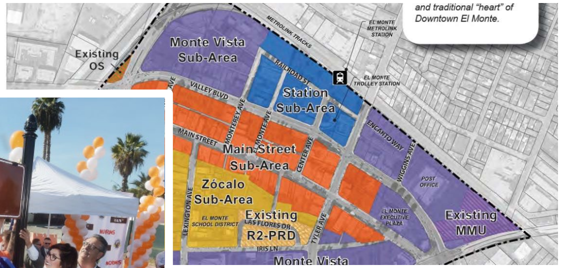
- **Goal:** Induce housing development in downtown area
- **Benefits & Amenities:** public restrooms, off-site improvements, public parking, parking district, public art, parks, green buildings, other
- **Incentives:** Increase density up to 40 units / acre, increase heights, reduce on-site parking , reduced setbacks, reduced traffic and application fees

City of El Monte: *Downtown Main St.*

- **Goal:** Increase downtown density along with community benefits and public improvements
- **Benefits & Amenities:** streets, bicycle facilities, parking, open space, beautification, transit, arts / cultural spaces, lot consolidation; developer can either install improvements or make payment into public improvement fund; value based on a portion of residual land value (~75%)
- **Incentives**: Increase density, heights, FAR, dwelling units per acre

Implementation Steps

1. Conduct market housing / economic study to match RHNA needs
2. Discuss new density and public amenities with community
3. Create DOR mechanism as new Zoning / Specific Plan provision
4. Implement on project basis via Development Agreement



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F. COMMUNITY LAND TRUSTS (CLT)

Community Land Trusts (CLTs) are typically non-profits who receive money from cities and counties in the form of grants to acquire and provide affordable housing units for low-income households

How do they work?

- CLTs buy real estate and secure mortgages on the open market then sell the properties to low-income households while retaining ownership of the land (CLT owns land, buyer owns house)
- CLTs then lease the land to a low-income homebuyer for a low monthly rate over a long period of time (99-year lease)
- If homebuyer sells house, they agree to sell to individuals who need CLT assistance. In doing so, the homebuyer will receive 25% profit, while CLT retains equity in the land
- Thus, CLTs create an affordable housing option that can last in perpetuity, while helping the homebuyer amass enough wealth upon a sale to enter the housing market

Examples of CLTs in California

SF CLT

- San Francisco CLT (SFCLT)
  - Founded in 2003
  - Focuses on acquiring and rehabilitating buildings that are in danger with losing their affordability
  - Recently acquired 285 Turk St. (40-unit building) for $9.4M using two private lenders
- Northern California Land Trust (founded 1973, 15 projects, 78 housing units and one community center), operates in San Francisco, Berkeley, Oakland, and Palo Alto
- Irvine CLT (founded 2006, 6 projects, 475 housing units)
- Oakland CLT (founded 2009, 6 projects, 35 housing units, along with commercial space and community centers)

NORTHERN CALIFORNIA LAND TRUST

Irvine Community Land Trust

OAK CLT

G. PUBLIC FINANCE / LIQUIDITY STRATEGIES

Current low interest rate environment is an opportunity to generate savings and create general fund resources for community reinvestment, such as with housing- and transit-supportive infrastructure

- **Revenue Bonds** to fund vital projects
- **Lease – Leaseback (P3) Structures** can cut costs and deliver public projects (no vote needed)
- **Pension Obligation Bonds** and other refinancing structures can generate savings (no vote needed)

Reducing debt payments can create capacity to pursue housing and infrastructure programs to reset the local economy.

NEXT STEPS

1. Address questions, incorporate feedback from Committee on evaluation of existing tools
2. Quantitative evaluation of preferred potential funding tools:
    a) Housing and sustainability districts (TIF / EIFD / CRIA)
    b) Relevant grant programs
    c) Community Land Trust
    d) Committee preferred tools?
3. Analysis of Potential Policy Initiatives and Public Support
4. Stakeholder Engagement

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COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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REAP HOUSING & TRANSPORTATION REVENUE STUDY:
POTENTIAL FUNDING CAPACITY & SUPPORTING POLICY INITIATIVES

September 2022

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EXECUTIVE SUMMARY

- Kosmont and Arellano Associates ("Consultant Team") were retained by CVAG in accordance with Regional Early Action Plan (REAP) guidelines for the evaluation of revenue tools for the funding of housing and associated transportation needs in the CVAG region
- Evaluation includes a variety of potential one-time and ongoing / sustainable revenue tools, along with potential policy initiatives that would support such funding tools
- This report is intended to summarize Consultant Team Scope of Work Tasks 2.3 and 3.1, focused on quantitative evaluation of relevant revenue tools and supportive policy initiatives for housing and transportation projects
- Immediate next steps include continued stakeholder engagement for feedback on potential tools and policies and analysis refinement accordingly, prior to drafting a Regional Strategic Plan

OUTLINE

1. **Quantitative Evaluation of Relevant Revenue Tools**
   a. Sustainable / Ongoing Revenue Streams
   b. Complementary One-Time Revenue Tools

2. **Supportive Policy Initiatives**

3. **Next steps**

1.A. SUSTAINABLE / ONGOING REVENUE TOOLS

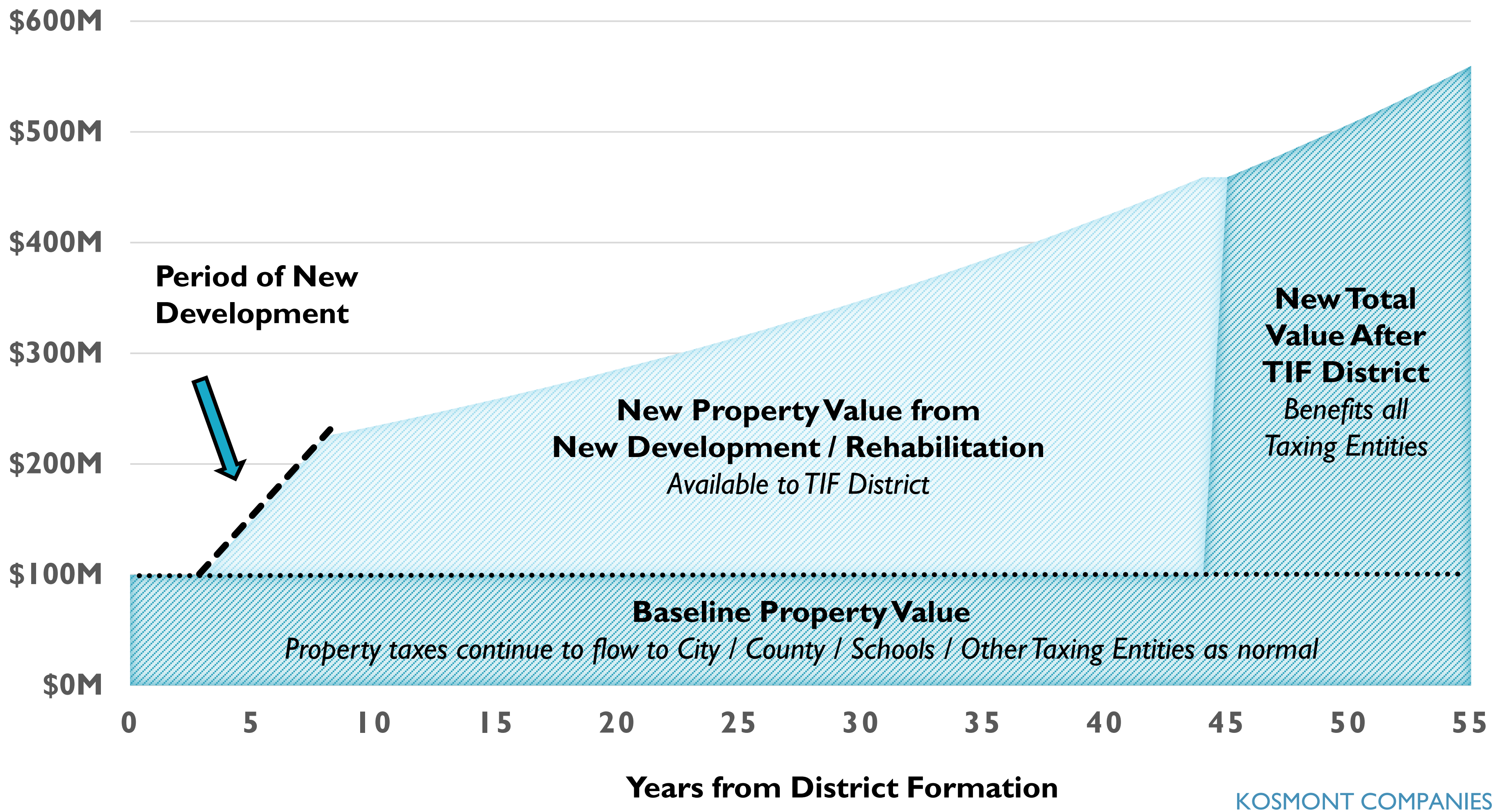
CVAG – REAP REVENUE STUDY

ONGOING REVENUE TOOLS: SUMMARY

- Early stakeholder outreach with CVAG committee members guided the Consultant Team's work to focus on Tax Increment Financing (TIF), as a means of generating ongoing, sustainable revenue to housing and transportation infrastructure without adding a new tax to residents, property owners, or businesses
- Apart from funding projects directly, the intent would be to leverage such ongoing revenue to bundle and attract additional sources of funds, such as state and federal grants, as well as to couple with relevant implementation mechanisms of interest to the CVAG region, such as Community Land Trusts (CLTs)
- This study estimates that between **$137 million** and **$343 million** (in present value terms) would be available for affordable housing and related housing- and transportation-supportive infrastructure across the CVAG region under the scenarios of tax increment financing (TIF) implementation evaluated, reflecting a conservative base case of property value growth and NOT including funding from other complementary sources
- Enhanced Infrastructure Financing Districts (EIFD) are likely the most suitable form of TIF for the types of housing and infrastructure targeted in the CVAG region in the context of this study, due primarily to the ease of the qualification process, the flexibility in delineation of district boundaries, and the statutory eligible uses of funds
- Complementary one-time revenue tools such as grants and other potential tools are discussed in the following section

WHAT IS TAX INCREMENT FINANCING (TIF)? NOT A NEW TAX

Assessed Property Value (A/V) within TIF District Boundaries



Note: Illustrative.

MECHANICS OF TIF

Private property investment or new development

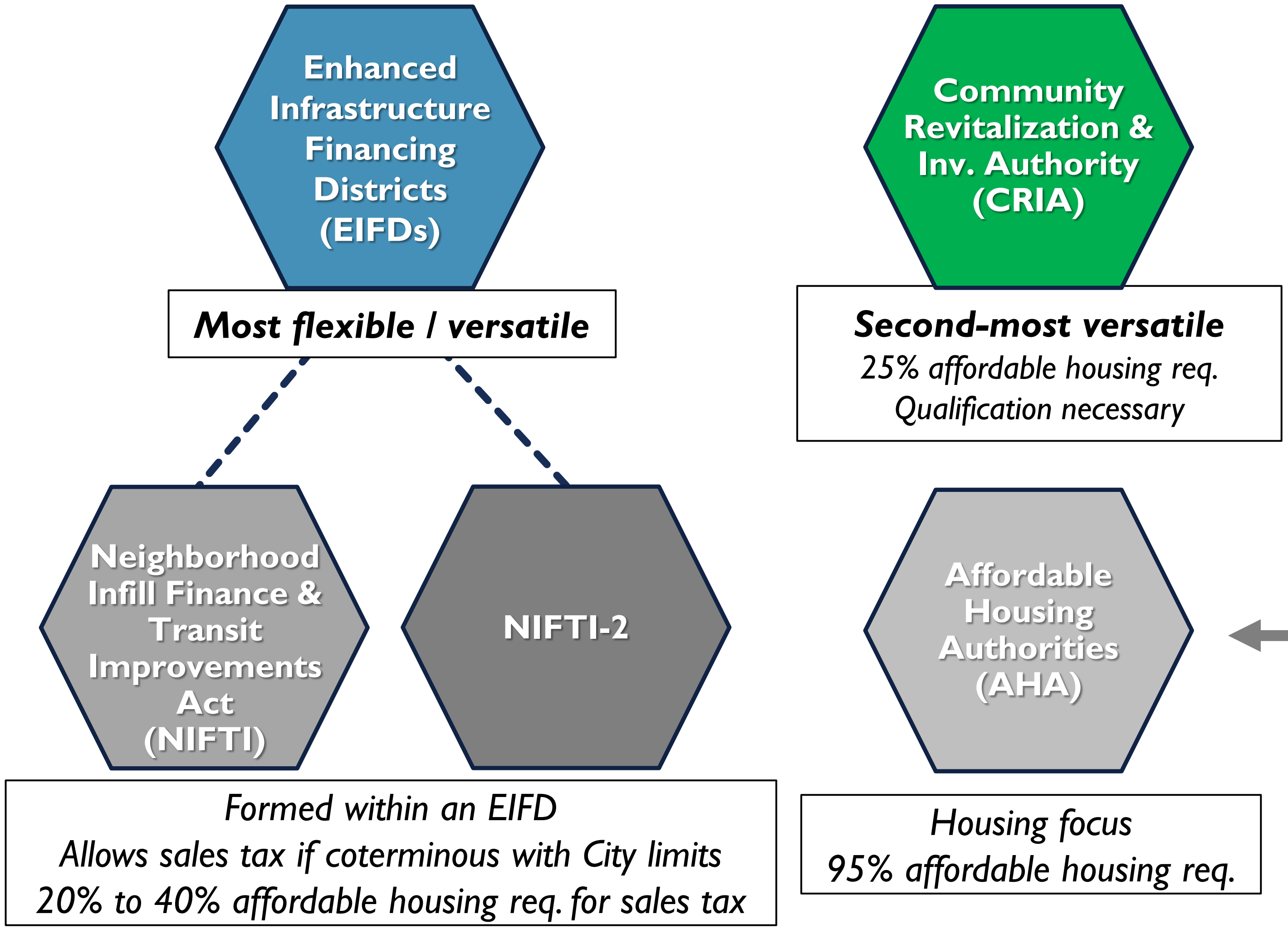
Increased property tax revenue from new property value

Deposited in separate TIF fund

Funds pay for public improvements and affordable housing

TIF ALTERNATIVES IN CALIFORNIA

Coterminous requirement and other requirements have made NIFTI & NIFTI-2 infeasible in other communities



Restriction to fund ONLY affordable housing (and not infrastructure) has been deemed too restrictive to be feasible in other communities

ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD) FUNDAMENTALS

Long Term Districts	45 years from first bond issuance; can be formed in 12-18 months
Governance	Public Financing Authority (PFA) implements Infrastructure Financing Plan (IFP)
Approvals	Mandatory public hearings for formation with protest opportunity; no public vote (other than elected bodies)
Non-contiguous Areas	EIFD project areas <u>do not have to be contiguous</u>
Eligible Projects	Any property with useful life of 15+ years & of communitywide significance; purchase, construction, expansion, improvement, seismic retrofit, rehabilitation, and **<u>maintenance</u>**

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COMMUNITY REVITALIZATION AND INVESTMENT AUTHORITY (CRIA) FUNDAMENTALS

Term	30 years to issue debt; 45 years to repay
Governance	Public agency separate from the city, county that created it; implements governing document (CRIA Plan)
Eligibility	City or County that meets disadvantaged community definitions (median income, unemployment, crime, deterioration)
Approvals	Mandatory public hearings for formation (includes protest opportunity); no public vote to issue debt (other than elected bodies)
Eligible Projects	Infrastructure, affordable housing, remediation, acquire and transfer property (incl. via **eminent domain**), loans and grants to property owners and businesses; 25% affordable housing set aside

TYPES OF PROJECTS AN EIFD AND OR CRIA CAN FUND

PARTIAL LIST

Water / Sewer / Storm / Flood

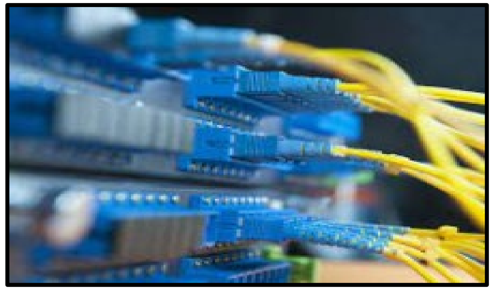
Roadway / Transportation

Parks / Open Space / Recreation

Childcare Facilities & Libraries

Brownfield Remediation

Affordable Housing



Broadband

Wildfire Prevention / Other Climate Change Response

Small Business / Nonprofit Facilities

TIF/EIFD AS A COMPONENT OF THE ECONOMIC DEVELOPMENT AND PUBLIC FINANCING TOOLKIT

- There are advantages / disadvantages to TIF/EIFDs compared to other mechanisms, such as general obligation (GO) bonds, lease revenue bonds / COPs, Mello-Roos Community Facilities District (CFD) financing, assessment districts, and other public financing tools
- **Advantages of EIFD** include no encumbrance of existing city/county resources, can attract tax increment contributions from other taxing entities, increased priority for grant funding, ability to demonstrate commitment to multiple infrastructure (and/or affordable housing) projects to catalyze private sector development, capacity to fund maintenance, no additional taxes to property owners / residents / businesses, and ease of voter approval
- **Disadvantages of EIFD** include lack of comparable financings thus far, statutory authority (as opposed to constitutional authority) to issue debt may require separate judicial validation, and subordination to redevelopment successor agency obligations
- **Advantages of EIFD vs. Other CA TIF Tools** (e.g., CRIA, IFD, IRFD, AHA, SIFD) include flexibility in delineating project areas, capacity to dedicate property tax in lieu of motor vehicle license fees (MVLF), district duration, and governing board composition and corresponding implications for taxing entity partnership
- **Complementary Tool:** EIFD should not be considered a replacement for other useful financing mechanisms, but rather a complementary tool; other jurisdictions have been successful in utilizing EIFDs as well as other tools for different projects within the same community (see complementary tools discussion of public financing and real estate strategies)

COMPARISON OF TIF/EIFD AND OTHER TOOLS

POTENTIAL FUNDING AND FINANCING STRATEGY CAN UTILIZE MULTIPLE MECHANISMS

District Type	Description	Revenue Source	Approval Structure	Use of Funds
TIF (e.g., EIFD, CRIA, IFD, IRFD)	Incremental property tax revenues from new development used to fund local infrastructure. Max term is 45 years from approval to issue debt.	Incremental (new development) property tax revenues (incl. MVLF) – does not increase taxes	*District formation* – Elected bodies + majority protest opportunity by landowners and registered voters *Bond issuance* – Elected bodies and Public Financing Authority (PFA)	• Infrastructure of regional or communitywide significance • Maintenance • Affordable housing
Mello-Roos Community Facilities District (CFD) and/or Assessment District	Additional assessment or "special tax" used to fund infrastructure / services that benefit property. Max term is 40 years from date of debt issuance.	New property assessment or tax – appears as separate line item on tax bill	*District formation* – Elected body + 2/3 vote of landowners or registered voters in district* *Bond issuance* – Elected body	• Infrastructure capital expenditures of benefit to landowners • Maintenance • Public services (e.g. ,safety, programs)
General Obligation	Voter-approved debt that is repaid with "override" to 1% tax levy; City-wide	Direct property tax levied on all properties at same millage rate	Elected body + 2/3 vote of registered voters in entire City	• In accordance with bond plebiscite
Lease Revenue / Certificates of Participation (COPs)	General Fund-supported borrowing, generally utilizing City-owned assets to be leased and leased back	General Fund (or other legally available revenues as determined by City)	Elected body	• In accordance with bond authorization

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* For CFD formation, a vote of registered voters within the district boundary is required if 12 or more registered voters live therein (otherwise a vote of landowners prorated by acreage).

EIFD VERSUS FORMER REDEVELOPMENT AGENCIES

SAMPLE OF DIFFERENCES

	Former RDAs	EIFDs
Eligible Use of Funds	• Infrastructure and affordable housing • Market-rate housing • Land clearing and parcel assembly • Tax and other private business / developer subsidies	• Public infrastructure (e.g., roads, sewers, open space, utilities) • Affordable housing
Eminent Domain / Condemnation	• Allowed	• Not allowed
Eligible Areas	• Must qualify as "blighted"	• No "blight" finding required
Governance	• City Council or County Board	• Public Financing Authority including Public Members
Formation	• Vote of governing body	• 3 public hearings, majority protest opportunity

WHY ARE PUBLIC AGENCIES AUTHORIZING EIFDS?

1. Return on Investment: Private sector investment induced by district commitment on a "but for" basis accelerates growth of net fiscal revenues, job creation, housing production, essential infrastructure improvements

2. Ability to attract additional funds ("OPM") – tax increment from other entities (county, special districts), federal / state grants / loans (e.g., for TOD, water, housing, parks, remediation)

EIFDS WORK BETTER WITH A CITY/COUNTY PARTNERSHIP

- Ideal strategy includes City and County partnership
- EIFDs which involve a City / County joint effort are more likely to win state grant funding sources
- EIFDs explicitly increase scoring for CA state housing grants (e.g., IIG, AHSC, TCC)

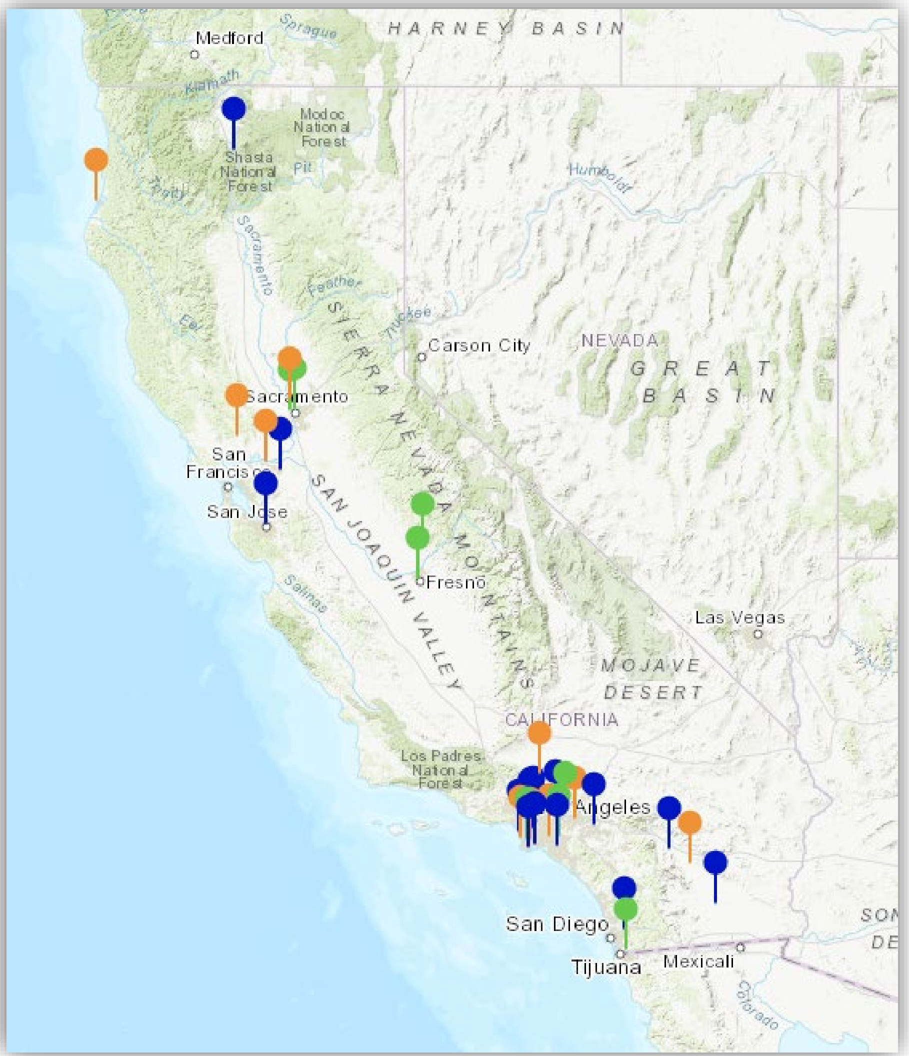
Federal & State Sources

- *Cap-and-Trade / HCD grant & loan programs (AHSC, IIG, TCC, CERF)*
- *Prop 68 parks & open space grants*
- *Prop 1 water/sewer funds*
- *Caltrans ATP / HSIP grants*
- *Federal EDA / DOT / EPA funding*
- *Federal Infrastructure Grant Program*

Other Potential Funding Sources

- *Development Agreement / impact fees*
- *Benefit assessments (e.g., contribution from CFD)*
- *Private investment*

TIF DISTRICTS IN PROGRESS STATEWIDE
(PARTIAL LIST)



Jurisdiction	Purpose
Azusa	Housing and transit-supportive infrastructure
Brentwood	Housing and transit-supportive infrastructure
Buena Park	Mall reimagination, housing-supportive infrastructure
Carson + L.A. County	Remediation, housing infrastructure, recreation
Coachella Valley Association of Govts (CVAG) Cities	Housing and transportation-supportive infrastructure
Covina	Housing and transit-supportive infrastructure
El Cajon	Housing and transit-supportive infrastructure
El Segundo + L.A. County	Various infrastructure, regional connectivity
Fairfield	Housing and transit-supportive infrastructure
Fontana	Housing, mixed-use and industrial infrastructure
Fresno	Housing and transit-supportive infrastructure
Fresno County	Industrial and commercial supportive infrastructure
Humboldt County	Coastal mixed-use & energy supportive infrastructure
Indian Wells	Housing and tourism-supportive infrastructure
Imperial County	Housing and greenfield infrastructure
La Verne + L.A. County	Housing and transit-supportive infrastructure
Long Beach (Multiple Areas)	Housing and transit-supportive infrastructure
Los Angeles (Downtown, San Pedro)	Housing and transit-supportive infrastructure
Los Angeles County Uninc. West Carson	Housing / bio-science / tech infrastructure
Madera County (3 Districts)	Greenfield infrastructure (water / sewer)
Modesto + Stanislaus County	Housing, transit, recreation-supportive infrastructure
Mount Shasta + Siskiyou County	Rural Brownfield site mixed-use infrastructure
Napa	Housing and transit-supportive infrastructure
Oakland	Affordable housing and housing-supportive infrastructure
Ontario	Housing and transit-supportive infrastructure
Palmdale + L.A. County	Housing and transit-supportive infrastructure
Pittsburg	Housing and transit-supportive infrastructure
Placentia + Orange County	Housing and transit-supportive infrastructure
Rancho Cucamonga	Housing and transit-supportive infrastructure
Redlands	Housing and mixed-use supportive infrastructure
Redondo Beach + L.A. County	Parks / open space, recreation infrastructure
Riverside	Housing and transit-supportive infrastructure
Sacramento County (Unincorporated)	Industrial / commercial supportive infrastructure
San Bernardino County (Unincorporated)	Transit-supportive infrastructure
San Jose	Housing and transit-supportive infrastructure
Sanger	Housing and commercial supportive infrastructure
Santa Ana	Housing and transit-supportive infrastructure
South Gate	Housing and transit-supportive infrastructure
Vacaville	Housing and transit-supportive infrastructure
Yucaipa	Housing and transit-supportive infrastructure

Fully Formed	In Formation Process	Under Evaluation

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BOUNDARY AND STRATEGIC CONSIDERATIONS FOR CVAG

1. Define potential district boundary parameters for each CVAG community based on scenarios that have functioned well for other jurisdictions statewide, balancing TIF funding capacity and general fund solvency

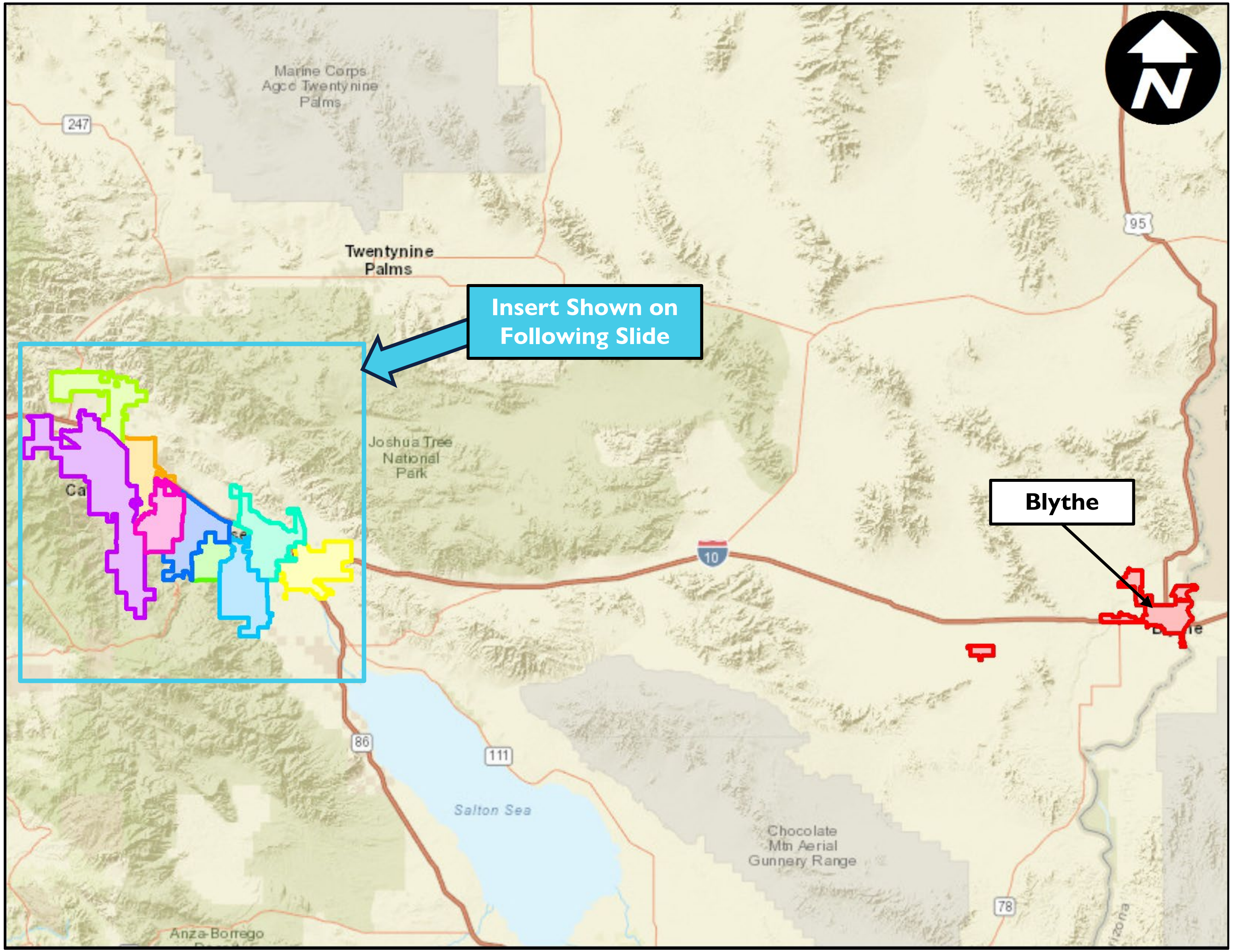
2. Estimate future growth of assessed value based on historical growth (5-yr history) within the CVAG region and Kosmont staff experience with property tax revenue projections

3. Identify primary eligible public agencies that receive property tax increment within the district (e.g., local City, County of Riverside), as well as their corresponding shares of future property tax increment

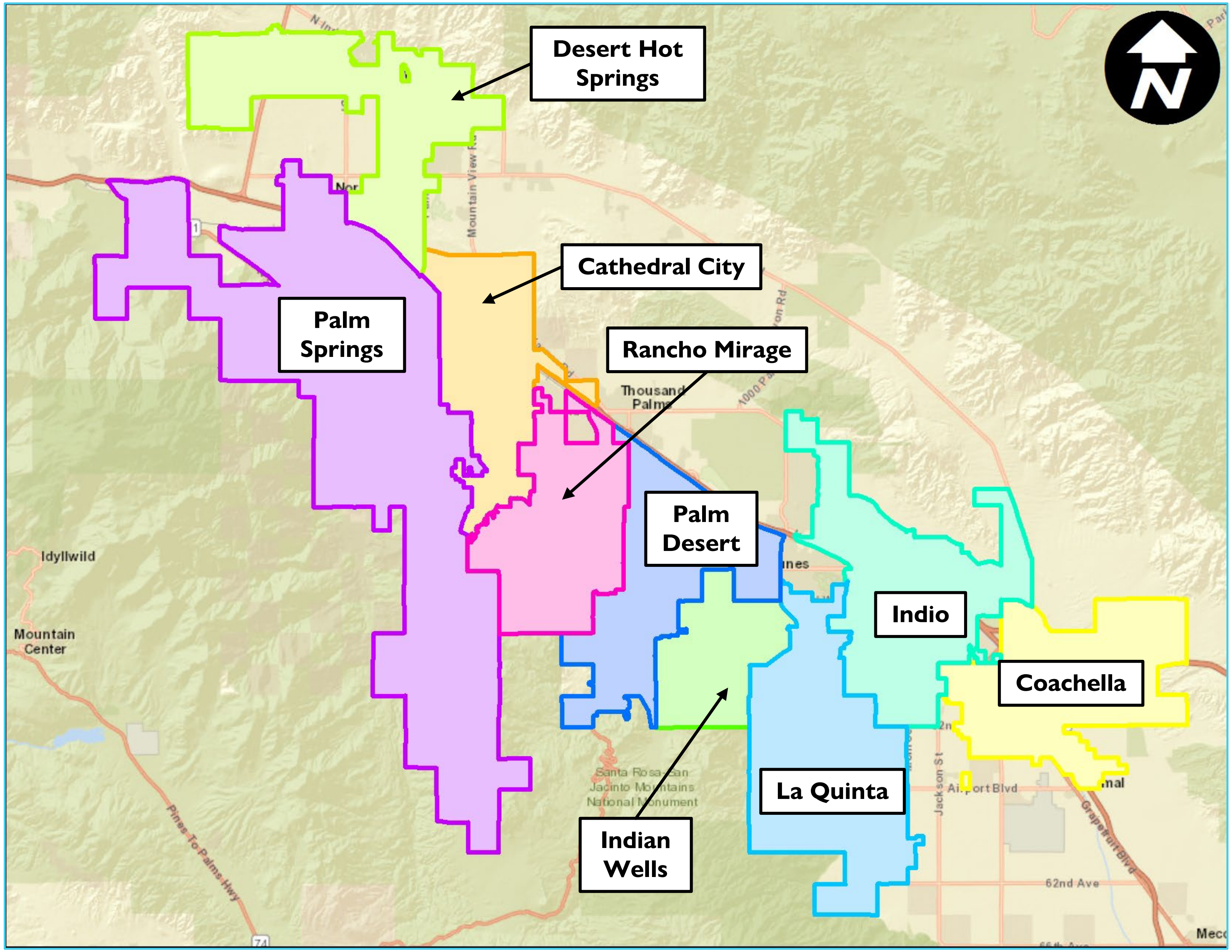
4. Evaluate scenarios of tax increment allocation percentages based on factors above, also balancing need to reserve future property tax revenues for general fund solvency / day-to-day municipal services

CVAG CITIES

CVAG Cities	Approx. Acres
Blythe	17,510
Cathedral City	14,560
Coachella	21,171
Desert Hot Springs	19,622
Indian Wells	9,331
Indio	21,274
La Quinta	22,835
Palm Desert	17,286
Palm Springs	60,595
Rancho Mirage	16,474
Estimated Total Acreage	**220,659**

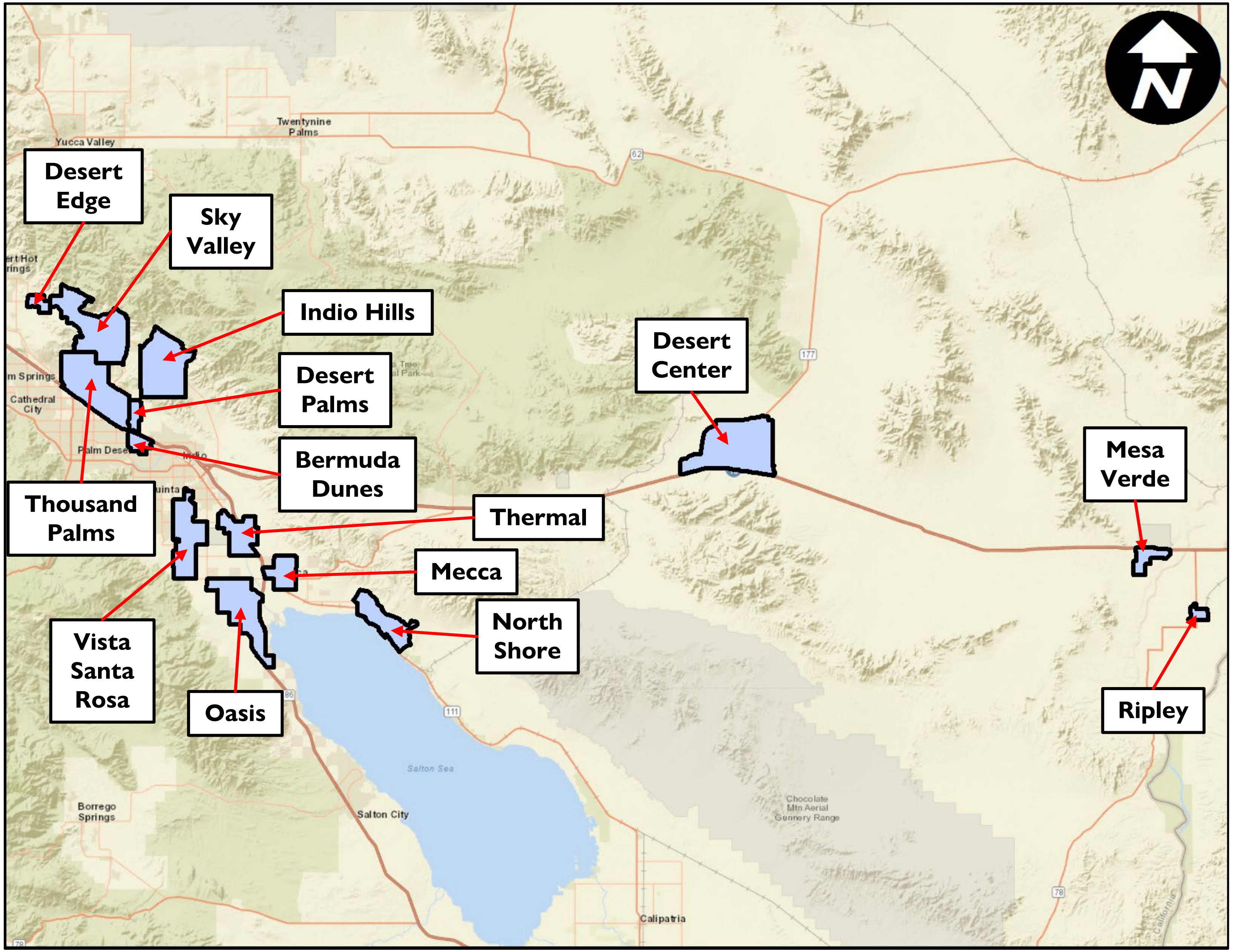


CVAG CITIES
(ZOOMED)



UNINCORPORATED COMMUNITIES

CVAG Unincorporated Communities	Approx. Acres
Bermuda Dunes	1,888
Desert Center	19,475
Desert Edge	1,453
Desert Palms	1,709
Indio Hills	13,766
Mecca	4,454
Mesa Verde	2,778
North Shore	7,155
Oasis	12,563
Ripley	1,088
Sky Valley	15,533
Thermal	6,048
Thousand Palms	15130
Vista Santa Rosa	10,323
Estimated Total Acreage	**113,363**



EXISTING ASSESSED VALUE AND PROPERTY TAX DISTRIBUTION

Jurisdiction	Estimated Total Existing Assessed Value (A/V)	City Share of 1% Property Tax Levy	City VLF Equivalent	Total City Property Tax Available to EIFD	County Share of 1% Property Tax Levy
Blythe	$814,110,455	22.3%	16.4%	38.6%	9.9%
Cathedral City*	$5,345,023,091	7.1%	9.6%	22.6%	12.9%
Coachella	$2,220,955,238	3.6%	23.7%	27.3%	9.8%
Desert Hot Springs	$2,238,383,572	11.0%	12.1%	23.1%	11.3%
Indian Wells	$6,599,612,415	4.6%	0.8%	5.4%	15.1%
Indio	$9,740,238,046	14.9%	11.2%	26.1%	12.1%
La Quinta	$15,209,866,340	4.6%	3.0%	7.6%	11.6%
Palm Desert	$16,755,218,136	5.4%	2.8%	8.2%	11.0%
Palm Springs	$15,524,959,794	22.7%	3.9%	26.6%	13.0%
Rancho Mirage	$9,765,384,821	7.8%	1.7%	9.6%	12.9%
Unincorporated Communities	$3,924,357,809	N/A	N/A	N/A	9.8%

**Includes 6.0% City Fire*

Source: Riverside County Auditor Controller (2021-2022 Assessed Values)

Post-ERAF distribution. Where portions of this boundary overlap with former RDA project areas, property tax is subject to separate project-area-wide distribution schedule until expiration / maturation of outstanding Successor Agency enforceable obligations

METHODOLOGY FOR BOUNDARY AND REVENUE ALLOCATION SCENARIO DEFINITION

- Each city and the County would, in practice, have flexibility to delineate a district boundary encompassing specific parcels in each jurisdiction, typically parcels positioned for new development or rehabilitation
- In order to illustrate realistic funding capacity without pre-determining the specific area within each community that could be included within an EIFD, this analysis utilizes three (3) sample boundary alternatives that represent <u>mathematical</u> parameters that have functioned well in previously established districts statewide
- Two primary factors are varied in Scenarios A, B, and C on following pages:
  a) Percentage of the community in the district (50% versus 25% versus 10%) – this factor represents how much of a city or unincorporated community, in terms of existing assessed value, would be placed into an EIFD
  b) Percentage allocation (5% versus 25% versus 50%) – this factor reflects the percentage of <u>future</u> tax increment revenue within the EIFD boundary that would be allocated to the EIFD as opposed to the jurisdiction's general fund
- While a community may include up to 100% of its jurisdiction within a special district (i.e., a citywide district), more common practice is to include a smaller portion of city within a special district, so as not to over-encumber future general fund property tax revenues

METHODOLOGY FOR BOUNDARY AND REVENUE ALLOCATION SCENARIO DEFINITION (CONTINUED)

- As an example, in Scenario A (50% / 5%), each community is assumed to define a district boundary that encompasses 50% of the community (in terms of existing assessed value), and the community would allocate 5% of its future tax increment generated within that district boundary
- It is Kosmont's experience that the <u>larger the district</u> boundary is drawn within a community, the <u>smaller the percentage</u> allocation that can be fiscally supported by the general fund over the long term

SUMMARY OF TAX INCREMENT FINANCING (TIF) AVAILABLE REVENUES OVER TIME

Scenario	**Total 50-Year Tax Increment Revenue Available** *(across CVAG region)*	**Present Value of Available Revenues** *(6% Discount Rate)*
A) 50% / 5%	$344M	$137M
B) 25% / 25%	$860M	$343M
C) 10% / 50%	$688M	$274M

- Analysis estimates that between approx. **$137 million** and **$343 million** (in present value terms) would be available for affordable housing and related housing- and transportation-supportive infrastructure across the CVAG region under the scenarios of TIF implementation evaluated (very conservative estimates of future growth based on historical rates)

FUNDING CAPACITY ILLUSTRATIONS

- The following tables illustrate various ways to utilize EIFD revenues to fund targeted projects
- EIFD revenues may be used on a pay-as-you-go basis, leveraged to issue bonds, and/or pledged as reimbursement for funding advanced by other public or private entities
- Bonding scenarios shown assume "level debt service", meaning that a Year 5 bond assumes that only Year 5 level of annual EIFD revenue will be available for bond debt service (as opposed to "escalating debt service", which assumes growth beyond Year 5 levels)
- The "present value" figures shown are a helpful reflection of the value of future EIFD revenues if used as a pledge of reimbursement for funding advanced by other public or private partners (a 6% discount rate is utilized as a benchmark only)
- The "nominal dollar" figures represent the total "current" dollar amounts realized over time, not adjusting for inflation

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SCENARIO A DETAIL:
50% OF COMMUNITY IN DISTRICT / 5% ALLOCATION

Jurisdiction	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present Value @ 6%	50-Year Nominal Total
Blythe*	$79,200	$316,600	$2,502,400	$6,274,800
Cathedral City*	$744,800	$3,086,200	$10,012,000	$25,105,600
Coachella*	$165,300	$1,293,900	$5,224,800	$13,101,300
Desert Hot Springs*	$154,400	$1,164,900	$4,880,300	$12,237,600
Indian Wells*	$141,600	$1,013,200	$4,475,100	$11,221,400
Indio	$2,652,300	$8,167,900	$23,585,000	$59,140,300
La Quinta	$1,392,800	$4,812,400	$14,622,700	$36,667,100
Palm Desert	$1,799,300	$5,895,500	$17,515,500	$43,920,900
Palm Springs	$4,812,400	$13,922,600	$38,955,600	$97,682,800
Rancho Mirage*	$1,001,400	$3,769,800	$11,837,800	$29,683,700
Unincorporated Communities*	$114,200	$689,500	$3,610,400	$9,053,100
Total CVAG Region	**$18,115,000**	**$49,361,200**	**$137,221,600**	**$344,088,600**

City contribution includes contribution from both AB8 + MVLF in-lieu property tax. County contribution includes contribution from AB8 property tax only. Where County share of 1% Property Tax is lower than City, a percentage match contribution is expected, as opposed to a dollar match (a County would typically match the lesser of a dollar match or a percentage match in Kosmont's experience)

** Where Accumulated Revenue + Bonding Capacity is not feasible for bonding purposes, only accumulated revenue is shown. Bonding capacity assumes Year 5 is first bond issuance for EIFD. Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes $25,000 admin charge, 125% debt service coverage. 6.0% interest rate; 30-year term. Proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at $350,000.*

Source: Kosmont Financial Services (KFS), registered Municipal Advisor.

SCENARIO B DETAIL:
25% OF COMMUNITY IN DISTRICT / 25% ALLOCATION

Jurisdiction	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present Value @ 6%	50-Year Nominal Total
Blythe*	$216,900	$1,679,900	$6,255,900	$15,686,900
Cathedral City*	$2,855,400	$8,708,900	$25,030,100	$62,764,000
Coachella*	$1,173,400	$4,228,100	$13,061,900	$32,753,300
Desert Hot Springs*	$1,052,400	$3,905,700	$12,200,800	$30,594,100
Indian Wells*	$910,000	$3,526,400	$11,187,600	$28,053,500
Indio	$7,624,100	$21,413,100	$58,962,500	$147,850,900
La Quinta	$4,475,300	$13,024,500	$36,556,800	$91,667,700
Palm Desert	$5,491,700	$15,732,100	$43,788,800	$109,802,300
Palm Springs	$13,024,400	$35,799,800	$97,389,000	$244,206,900
Rancho Mirage*	$3,496,900	$10,417,800	$29,594,500	$74,209,300
Unincorporated Communities*	$606,200	$2,717,000	$9,025,900	$22,632,900
Total CVAG Region	**$46,280,800**	**$124,396,500**	**$343,053,800**	**$860,221,800**

City contribution includes contribution from both AB8 + MVLF in-lieu property tax. County contribution includes contribution from AB8 property tax only. Where County share of 1% Property Tax is lower than City, a percentage match contribution is expected, as opposed to a dollar match (a County would typically match the lesser of a dollar match or a percentage match in Kosmont's experience)

** Where Accumulated Revenue + Bonding Capacity is not feasible for bonding purposes, only accumulated revenue is shown. Bonding capacity assumes Year 5 is first bond issuance for EIFD. Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes $25,000 admin charge, 125% debt service coverage. 6.0% interest rate; 30-year term. Proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at $350,000.*

Source: Kosmont Financial Services (KFS), registered Municipal Advisor.

SCENARIO C DETAIL:
10% OF COMMUNITY IN DISTRICT / 50% ALLOCATION

Jurisdiction	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present Value @ 6%	50-Year Nominal Total
Blythe*	$158,300	$1,211,500	$5,004,700	$12,549,500
Cathedral City*	$2,151,900	$6,834,700	$20,024,100	$50,211,200
Coachella*	$806,300	$3,250,000	$10,449,500	$26,202,700
Desert Hot Springs*	$709,500	$2,992,100	$9,760,700	$24,475,300
Indian Wells*	$595,600	$2,688,600	$8,950,100	$22,442,800
Indio	$5,966,900	$16,998,000	$47,170,000	$118,280,700
La Quinta	$3,447,800	$10,287,100	$29,245,400	$73,334,100
Palm Desert	$4,260,900	$12,453,200	$35,031,100	$87,841,800
Palm Springs	$10,287,100	$28,507,400	$77,911,200	$195,365,500
Rancho Mirage*	$2,665,000	$8,201,800	$23,675,600	$59,367,400
Unincorporated Communities*	$352,500	$2,041,200	$7,220,700	$18,106,300
Total CVAG Region	**$36,892,200**	**$99,384,700**	**$274,443,100**	**$688,177,300**

City contribution includes contribution from both AB8 + MVLF in-lieu property tax. County contribution includes contribution from AB8 property tax only. Where County share of 1% Property Tax is lower than City, a percentage match contribution is expected, as opposed to a dollar match (a County would typically match the lesser of a dollar match or a percentage match in Kosmont's experience)

** Where Accumulated Revenue + Bonding Capacity is not feasible for bonding purposes, only accumulated revenue is shown. Bonding capacity assumes Year 5 is first bond issuance for EIFD. Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes $25,000 admin charge, 125% debt service coverage. 6.0% interest rate; 30-year term. Proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at $350,000.*

Source: Kosmont Financial Services (KFS), registered Municipal Advisor.

POTENTIAL CASH FLOW / DEBT ISSUANCE APPROACHES

- Kosmont Financial Services is in active discussions with public finance underwriters regarding EIFD debt issuances in other jurisdictions
- Underwriters have proposed several approaches for leveraging EIFD tax increment for accelerated debt issuance (e.g., 2-3 years from EIFD formation), for example:
  a) EIFD increment only, based on completed (or nearly completed) improvements
  b) EIFD increment only, based on completed improvements PLUS near-term growth
  c) Overlapping EIFD and CFD (CFD Backstop) – landowners / developers must be willing to pay CFD special taxes in the short term (e.g., 5-10 years) until EIFD increment reaches a level to cover debt service
  d) EIFD increment with City or County general fund backstop
- There are advantages and disadvantages with each approach (e.g., upfront proceeds available, public agency risk, cost of capital)

PRIVATE SECTOR / NONPROFIT PARTNERSHIP APPROACHES

- Outside of debt issuance alternatives, certain other EIFDs have negotiated partnerships with private sector landowner / developer partners (e.g., Madera County EIFDs, Carson / L.A. County EIFD)
  - Private sector or nonprofit community may be willing to advance housing/infrastructure funding in exchange for reimbursement from EIFD proceeds (e.g., Lift to Rise)
  - Could be documented via Reimbursement Agreement, Development Agreement, other alternatives

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ILLUSTRATIVE EIFD FORMATION SCHEDULE

Target Date	Task
Q3-Q4 2023	a) Conduct outreach / discussion among City staff and Council, County staff and Board of Supervisors, relevant stakeholders related to potential projects
Q4 2023	b) Final determination of boundaries, tax increment allocations, targeted projects, Public Financing Authority composition
Q4 2023	c) Participating taxing agencies adopt Resolution(s) of Intention (ROI) to form EIFD and establish Public Financing Authority (PFA)
Q4 2023	d) PFA drafts Infrastructure Financing Plan (IFP)
Q4 2023	e) Distribute draft IFP to property owners, affected taxing entities, PFA, City Council, and planning commission
Q1 2024	f) PFA holds an initial public meeting to present the draft IFP to the public and property owners
Q1 2024	g) PFA holds first "official" public hearing to hear written and oral comments but take no action (noticing must occur at least 30 days after "f")
Q1 2024	h) PFA holds second public hearing to hear additional comments and take action to modify or reject IFP (at least 30 days after "g")
Q2 2024	i) City Council / legislative bodies of other affected taxing entity contributing increment adopt resolution(s) approving IFP
Q2 2024	j) PFA holds third public hearing to consider oral and written protests and take action to terminate proceedings or adopt IFP by resolution (at least 30 days after "h")

- Tax increment allocation begins fiscal year following district formation
- Debt issuance, if desired, would occur after a stabilized level of tax increment has been established

SINGLE VERSUS MULTIPLE CVAG EIFDS

- In Kosmont's experience, it is difficult to coordinate a single TIF district across more than two jurisdictions, for reasons including defining projects of common benefit, mutually agreeable financial terms, and various administrative factors, such as establishing meeting schedules that work for all relevant representatives
- A more realistic approach for communities within the CVAG region may be to have multiple EIFDs, so that each community could customize boundaries, revenue allocation scenarios, and targeted projects that meet the local community's needs, but also having a common dedication of funding specifically for housing and transportation infrastructure, such as a common percentage allocation of total EIFD funding (e.g., 20% of all tax increment revenues generated within each CVAG community's EIFD can be "earmarked" for housing and transportation infrastructure)
- A further possibility is that all or some portion of that common dedication (e.g., 20%) is specifically deposited into a single funding vehicle, such as a **regional trust fund**, to implement a specifically defined set of eligible housing and transportation infrastructure that would be deemed of common benefit to all CVAG communities participating (e.g., regional rail extension, regional navigation center, North Lake / Salton Sea related infrastructure)
- CVAG may be able to incentivize participation in these mechanisms via technical advisory (SCAG REAP Technical Advisory example) or other means
- Such funding could be amplified with other complementary revenues and implementation mechanisms, as described in following section

1.B. COMPLEMENTARY ONE-TIME REVENUE TOOLS

CVAG – REAP REVENUE STUDY

COMPLEMENTARY ONE-TIME REVENUE TOOLS: SUMMARY

- While ongoing revenue sources such as tax increment financing (TIF / EIFD) provide reliable, sustainable revenues that can be leveraged for debt issuances, reimbursement obligations, and other forms of leverage, there often remains a need to supplement such revenues with other funding sources on a targeted, one-time basis to fully fund projects of communitywide and regional significance
- Examples of these critical, one-time sources are grants, fee programs, zoning incentive contributions from the private sector, and in some cases, public sector liquidity strategies
- While such potential funding sources can be significant (in the range of tens of millions of dollars), it is important that such sources are not guaranteed, and often require competitive applications, negotiations, planning, and/or due diligence activities as discussed on the following pages

RELEVANT GRANT PROGRAMS FOR HOUSING AND TRANSPORTATION INFRASTRUCTURE – STATE OF CA

Program	Eligible Project Improvements	Potential Award Amounts	Application Process / Timing
American Rescue Plan Act (ARPA)	Priority for water, sewer, and broadband, but other infrastructure eligible (very competitive)	**Direct City Allocations Vary**	• Direct with City • Rolling "application"
CA Housing and Community Development (HCD) Infill Infrastructure Grant (IIG)	Housing and transit supportive infrastructure	**$2M to $30M**	• Most recent "Super-NOFA" (includes Multifamily Housing Program and other programs) deadline July 12, 2022 (future rounds anticipated)
HCD Affordable Housing and Sustainable Communities (AHSC) Grant	Housing and transit supportive infrastructure	**$12M to $30M**	• Round 6 closed June 2021(future rounds anticipated)
CA State Transportation Agency Transit and Intercity Rail Capital Program (TIRCP)	Transportation infrastructure to reduce emissions of greenhouse gases, vehicle miles traveled, and congestion	**$1M to $50M**	• Cycle 5 deadline March 3, 2022 (future rounds anticipated)
CalTrans – Active Transportation Program (ATP)	Roadways; Disadvantaged Community preference (City of Redlands includes qualifying census tracts, not including University Village); no City match	**$250K +**	• Cycle 6 deadline June 15, 2022 (future rounds anticipated)
CA State Transportation Agency/Caltrans – Highway Safety Improvement Program (HSIP)	Roadways; 10% City match	**$100K to $10M**	• Cycle 11 applications due September 12, 2022 (future rounds anticipated)
California Natural Resources Agency Urban Flood Protection (Prop 68) Grant	Flood control / mitigation improvements	**$200K to $6M**	• Most recent application cycle closed March 2020 (future rounds anticipated)
CA Dept of Parks & Recreation (DPR) – Prop 68 Grants	Parks, trails, open space improvements	**$200K to $8.5M (average award ~$4M)**	• Recreational Trails Program - April 7, 2022 • Habitat Conservation Fund - April 7, 2022 • Land and Water Conservation Fund –February 1, 2022 • Regional Parks Program –January 20, 2022 • Rural Recreation and Tourism Program (RRT) –January 20, 2022 • Outdoor Equity Grants Program October 8, 202 • Locally-Operated State Parks Program –August 31, 2021 • Outdoor Recreation Legacy Partnership (ORLP) Program – June 18, 2021 • Statewide Park Program (SPP) - March 12, 2021 (future rounds anticipated)

RELEVANT GRANT PROGRAMS FOR HOUSING AND TRANSPORTATION INFRASTRUCTURE – FEDERAL

Program	Eligible Project Improvements	Potential Award Amounts	Application Process / Timing
U.S. Economic Development Administration (EDA) CARES Act Economic Adjustment Assistance (EAA) Grant	Infrastructure to support to jobs-producing (e.g., commercial) project components	**$100K to $30 million**	• Rolling
U.S. Department of Transportation: Reconnecting Communities Pilot Program - Planning Grants and Capital Construction Grants	Removing, retrofitting, or mitigating highways or other transportation facilities that create barriers to community connectivity, including to mobility, access, or economic development	**Planning grants $100K to $2M** **Construction grants $5M to $100M**	• Application deadline October 13, 2022

HOUSING LINKAGE AND IN-LIEU FEES

Housing linkage fees – attempt to link the production of market-rate real estate to the production of affordable housing; enables flexible use of funds, but does not always promote economic integration

- Example: City of Los Angeles linkage fee on new residential development ranges from $1.04 to $18.69 per square foot (depending on the market area); new non-residential developments ranges from $3.11 to $5.19 per square foot (depending on the market area) – $32.6M raised 2019-2021

Housing in-lieu fees – common as an alternative for on-site inclusionary requirements, often deposited into housing trust fund at city or county level to fund off-site affordable housing

- Examples: City of Pasadena, West Hollywood, San Jose, San Francisco; often defined at a per-unit rate by economics of residual land value and price/rent difference between market-rate and affordable levels within a community (e.g., City of Pasadena $40K-$115K per unit depending on sub-area and rental vs. for-sale)
- Sometimes implemented in alternative formats, such as land dedication

ZONING INCENTIVE CONTRIBUTIONS

- **Zoning and entitlements can create value for potential use as currency to drive housing and community benefits**
- Zoning changes that are needed for new development can provide significant economic benefits to property owners, **who may likely be non-developers.**
- Prematurely up-zoning can also increase land values, which can **limit the possibility of development & affordability**.
- **Specific plans often "give away" density** with entitlements without tying density to projects that deliver **community benefits and public amenities.**
- By reserving new housing density in a "reserve" bucket, cities can comply with RHNA while also retaining some control over new development.
- <u>Reserve lets a community dole out new density for specific projects that comply with a benefit agreement and in compliance with RHNA</u> – ensuring projects come with amenities and other community benefits, such as housing or transportation infrastructure contributions

ZONING INCENTIVE CASE STUDY ILLUSTRATIONS

City of Buellton: *Avenue of Flags*

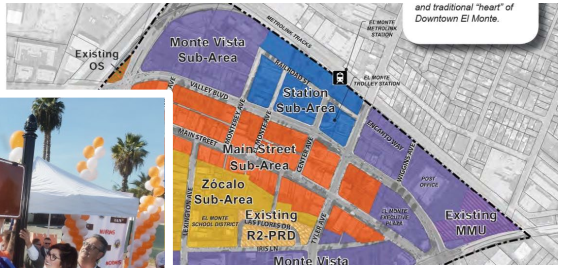
- **<u>Goal:</u>** Induce housing development in downtown area
- **<u>Benefits & Amenities</u>:** public restrooms, off-site improvements, public parking, parking district, public art, parks, green buildings, other
- **<u>Incentives</u>:** Increase density up to 40 units / acre, increase heights, reduce on-site parking , reduced setbacks, reduced traffic and application fees

City of El Monte: *Downtown Main St.*

- **<u>Goal:</u>** Increase downtown density along with community benefits and public improvements
- **<u>Benefits & Amenities:</u>** streets, bicycle facilities, parking, open space, beautification, transit, arts / cultural spaces, lot consolidation; developer can either install improvements or make payment into public improvement fund; value based on a portion of residual land value (~75%)
- **<u>Incentives</u>**: Increase density, heights, FAR, dwelling units per acre

Implementation Steps

1. Conduct market housing / economic study to match RHNA needs
2. Discuss new density and public amenities with community
3. Create DOR mechanism as new Zoning / Specific Plan provision
4. Implement on project basis via Development Agreement



PUBLIC FINANCE / LIQUIDITY STRATEGIES

Current low interest rate environment is an opportunity to generate savings and create general fund resources for community reinvestment, such as with housing- and transportation-supportive infrastructure

- Revenue Bonds to fund vital projects
- Lease – Leaseback (P3) Structures can cut costs and deliver public projects (no vote needed)
- Pension Obligation Bonds and other refinancing structures can generate savings (no vote needed)

Reducing debt payments can create capacity to pursue housing and infrastructure programs to reset the local economy.

REVENUE FROM PUBLIC AGENCY OWNED ASSETS
REAL ESTATE & LEASING STRATEGIES

Cities can use a variety of strategies to leverage the value of their properties:

- Performance-based leases / ground leases
- Monetizing assets (such as parking garages)
- Selling property to private sector – includes lease-back strategies, continued operation of existing use, redevelopment into new uses

Agencies must follow Surplus Land Act (SLA) requirements / procedures

REVENUE FROM PUBLIC AGENCY OWNED ASSETS
REAL ESTATE & LEASING STRATEGIES (CONTINUED)

Previously: If an agency wanted to sell publicly-owned property, it could directly offer via developer RFQ/P

Now: Surplus Land Act (SLA) requires process of offering property to affordable housing developers before pursuing other opportunities.

- Declare "Surplus" and provide notice to affordable housing developers
- Notice must be circulated for 60 days
- Affordable housing developer responds, City to negotiate in good faith – 90 days
- If no responses to notice (or City / affordable housing developer do not reach agreement), City can proceed with other developer selection process
- Site will likely have a 55-year restrictive covenant to require 15% of units in residential development be restricted for low-income households

2. SUPPORTIVE POLICY INITIATIVES

CVAG – REAP REVENUE STUDY

SUPPORTIVE POLICY INITIATIVES: SUMMARY

- The effectiveness and viability of previously discussed ongoing and one-time revenue tools can be significantly bolstered by supportive policy initiatives adopted at either the communitywide or regional scale
- Of note, there are certain grant programs at the state level (e.g., IIG, AHSC, TCC, TIRCP) that explicitly prioritize grant applications from communities that achieve "Pro Housing Designation" from the State Department of Housing and Community Development (HCD)
- The Pro Housing Designation offers a particularly insightful example of how supportive policy can amplify the effectiveness of ongoing or one-time revenue tools for housing and transportation
- Example policies discussed on following pages include (1) favorable zoning and land use policies, (2) policies to accelerate housing production timeframes, (3) policies to reduce construction and development costs, and (4) policies that provide financial subsidies to housing development

1) EXAMPLES OF FAVORABLE ZONING AND LAND USE POLICIES

a. Rezoning to accommodate more than (e.g., 125-150%) RHNA target allocation by total or by income category
b. Permitting missing middle housing uses (e.g., duplexes, triplexes and fourplexes) by right in existing low-density, single-family residential zones
c. **Density bonus programs** which exceed statutory requirements by 10 percent or more
d. Increasing allowable density in low-density, single-family residential areas beyond the requirements of state Accessory Dwelling Unit law (e.g., permitting more than one ADU or JADU per single family lot)
e. Reducing or eliminating parking requirements for residential development, or adopting maximum parking requirements
f. Zoning to allow for residential or mixed uses in one or more non-residential zones (e.g., commercial, light industrial)
g. Modification of development standards and other applicable zoning provisions to promote greater development intensity. Potential areas of focus include floor area ratio; height limits; minimum lot or unit sizes; setbacks; and allowable dwelling units per acre.
h. Establishment of a Workforce Housing Opportunity Zone (WHOZ) or a Housing Sustainability District (HSD)

kosmont companies since 1986

Source: HCD Pro-Housing Designation Guidelines

2) EXAMPLES OF POLICIES THAT ACCELERATE HOUSING PRODUCTION TIMELINES

a. Establishment of ministerial approval processes for a variety of housing types, including SF and MF housing
b. Establishment of streamlined, program-level CEQA analysis and certification of general plans, community plans, specific plans with accompanying Environmental Impact Reports (EIR) (similar to Coachella Valley Multiple Species Habitat Conservation Plan or CVMSHCP)
c. Documented practice of streamlining housing development at the project level, such as by enabling a by-right approval process or by utilizing statutory and categorical exemptions as authorized by applicable law
d. Establishment of permit processes that take less than four months to issuance of building permits
e. Absence or elimination of public hearings for projects consistent with zoning and the general plan
f. Absence, elimination or replacement of subjective development and design standards with objective development and design standards that simplify zoning clearance and improve approval certainty and timing
g. Establishment of **one-stop-shop permitting** processes or a single point of contact where entitlements are coordinated across city approval functions (e.g., planning, public works, building) from entitlement to occupancy
h. Priority permit processing or reduced plan check times for ADUs/JADUs, multifamily housing, or affordable units
i. Establishment of a standardized application form for all entitlement applications
j. Practice of publicly posting status updates on project permit approvals on the Internet
k. Limitation on the total number of hearings for any project to three or fewer

Source: HCD Pro-Housing Designation Guidelines

3) EXAMPLES OF POLICIES TO REDUCE CONSTRUCTION AND DEVELOPMENT COSTS

a. Waiver or significant reduction of development impact fees for residential development
b. Adoption of ordinances or implementation of other mechanisms that reduce barriers for property owners to create ADUs/JADUs (e.g., development standards improvements, permit processing improvements, dedicated ADU/JADU staff, technical assistance programs, and pre-approved ADU/JADU design packages)
c. Adoption of other fee reduction strategies, including fee deferrals and reduced fees for housing for persons with special needs
d. Promoting innovative housing types (e.g., manufactured homes, recreational vehicles, park models) that reduce costs
e. Measures that reduce costs for transportation-related infrastructure or programs that encourage active modes of transportation or other alternatives to automobiles (e.g., publicly funded programs to expand sidewalks or protect bike/micro-mobility lanes; creation of on-street parking for bikes; transit-related improvements; establishment of carshare programs)
f. Adoption of universal design ordinances
g. Establishment of pre-approved or prototype plans for missing middle housing types (e.g., duplexes, triplexes, and fourplexes) in low-density, single-family residential areas (example in incorporated County – Employee Housing Act)

Source: HCD Pro-Housing Designation Guidelines

4) EXAMPLES OF POLICIES THAT PROVIDE FINANCIAL SUBSIDIES FOR HOUSING DEVELOPMENT

a. Establishment of local housing trust funds or collaboration on a **regional housing trust fund**
b. Provide grants or low-interest loans for ADU/JADU construction affordable to lower- and moderate-income HHs
c. Comprehensive program that complies with the Surplus Land Act and makes publicly owned land available for affordable housing, or for multifamily housing projects with the highest feasible percentage of units affordable to lower income households (e.g., including land donations, land sales with significant write-downs, or below-market land leases)
d. Establishment of an **Enhanced Infrastructure Financing District (EIFD)** or similar local financing tool that, to the extent feasible, directly supports housing developments in an area where at least 20 percent of the residences will be affordable to lower income households
e. Directed residual redevelopment funds to affordable housing
f. Development and regular (at least biennial) use of a **housing subsidy pool**, **local or regional trust fund**, or other similar funding source (or **Community Land Trust** "**CLT**")
g. Prioritization of local general funds for affordable housing

kosmont companies since 1986

Source: HCD Pro-Housing Designation Guidelines

POTENTIAL POLICIES WITH GREATEST RELEVANCE TO CVAG REAP REVENUE EVALUATION

a. **Density bonus programs** which exceed statutory requirements by 10 percent or more

b. Establishment of **one-stop-shop permitting** processes or a single point of contact from entitlement to occupancy

c. Waiver or significant reduction of development impact fees for residential development

d. Adoption of other fee reduction strategies, including fee deferrals and reduced fees for housing for targeted HHs

e. Establishment of pre-approved or prototype plans for missing middle housing types (e.g., duplexes, triplexes, and fourplexes) in low-density, single-family residential areas (example in unincorporated County – Employee Housing Act)

f. Establishment of local housing trust funds or collaboration on a **regional housing trust fund**

g. Establishment of an **Enhanced Infrastructure Financing District (EIFD)** or similar local financing tool

h. Development and regular (at least biennial) use of a **housing subsidy pool**, **local or regional trust fund**, or other similar funding source (or **Community Land Trust** "**CLT**")

Source: HCD Pro-Housing Designation Guidelines

SPOTLIGHT: COMMUNITY LAND TRUSTS (CLT)

Community Land Trusts (CLTs) are typically non-profits who receive money from cities and counties in the form of grants to acquire and provide affordable housing units for low-income households

How do they work?

- CLTs buy real estate and secure mortgages on the open market then sell the properties to low-income households while retaining ownership of the land (CLT owns land, buyer owns house)
- CLTs then lease the land to a low-income homebuyer for a low monthly rate over a long period of time (99-year lease)
- If homebuyer sells house, they agree to sell to individuals who need CLT assistance. In doing so, the homebuyer will receive 25% profit, while CLT retains equity in the land
- Thus, CLTs create an affordable housing option that can last in perpetuity, while helping the homebuyer amass enough wealth upon a sale to enter the housing market

Examples of CLTs in California

- San Francisco CLT (SFCLT)
  - Founded in 2003
  - Focuses on acquiring and rehabilitating buildings that are in danger with losing their affordability
  - Recently acquired 285 Turk St. (40-unit building) for $9.4M using two private lenders
- Northern California Land Trust (founded 1973, 15 projects, 78 housing units and one community center), operates in San Francisco, Berkeley, Oakland, and Palo Alto
- Irvine CLT (founded 2006, 6 projects, 475 housing units)
- Oakland CLT (founded 2009, 6 projects, 35 housing units, along with commercial space and community centers)

REGIONAL STRATEGIC ROADMAP OUTLINE

Ongoing, Sustainable Revenues (TIF/EIFD)

One-Time Revenues (Grants, Fee Programs, Debt Refinancings, Monetization of Assets)

Regional Strategic Plan

Supportive Housing and Transportation Policies (Density Bonus, ADU Policy, One-Stop-Shop Permitting)

Implementation Tools (e.g., Community Land Trusts, Regional Housing Trust Fund)

NEXT STEPS

1. Address questions, incorporate feedback from CVAG Committees and other key stakeholders on evaluation of revenue tools and policy initiatives

2. Continued stakeholder engagement (incl. future Committee briefings)

3. Drafting of Regional Strategic Plan (targeting draft in April 2023)

APPENDIX

GLOSSARY OF ACRONYMS

CFD: Community Facilities District
CLT: Community Land Trust
COPs: Certificates of Participation
CRIA: Community Revitalization and Investment Authority
EIFD: Enhanced Infrastructure Financing District
IRFD: Infrastructure and Revitalization Financing District
MVLF: Motor Vehicle License Fees
REAP: Regional Early Action Plan
TIF: Tax Increment Financing

PROPERTY TAX GROWTH RATE ASSUMPTIONS

- Assessed value growth was projected based on historical growth within the CVAG Region and larger Riverside County region
- An annual growth rate of 5.00% was assumed for the first 10 years of a potential TIF district lifetime, decreasing to 2.5% thereafter consistent with standard property tax forecasting methodology

	YoY Growth of Assessed Property Value
2012-2013	-0.28%
2013-2014	4.00%
2014-2015	8.16%
2015-2016	5.53%
2016-2017	5.33%
2017-2018	5.17%
2018-2019	6.30%
2019-2020	4.81%
2020-2021	6.11%
5-Yr CAGR:	5.60%
10-Yr CAGR:	4.99%

Source: Riverside County Auditor-Controller (2022)

ITEM 6B

Coachella Valley Association of Governments
Homelessness Committee
April 19, 2023

Subject: **Appointment of Regional Representative to SCAG Policy Committee**

Contact: Emmanuel Martinez, Program Manager – External Affairs (emartinez@cvag.org)

Recommendation: Discuss and nominate a CVAG representative to SCAG's Community, Economic and Human Development Committee

Background: The Southern California Association of Governments (SCAG) is the nation's largest metropolitan planning organization (MPO), representing six counties, 191 cities and more than 19 million residents. SCAG's policy is set by the 86-member Regional Council, with CVAG member jurisdictions representing Regional Council Districts 2 and 66. CVAG appoints members to represent the region on SCAG's policy committees: Community, Economic, and Human Development; Energy and Environment; and Transportation.

The mission of SCAG's Community, Economic and Human Development Committee (CEHD) is to "study problems, programs and other matters which pertain to the regional issues of community, economic and human development and growth. This committee reviews projects, plans and programs of regional significance for consistency and conformity with applicable regional plans. The CEHD Committee has oversight of the Growth Visioning and Growth Forecasting processes, as well as the Regional Housing Needs Assessment, the Intergovernmental Review effort and the monitoring and analysis of the Regional Economy.

In spring of 2021, CVAG's Executive Committee appointed Indio Councilmember Waymond Fermon to SCAG's Community, Economic and Human Development Committee. In 2019, the Executive Committee acknowledged that the appointments should be reviewed on occasion and established a two-year term for each of the committee representatives.

Councilmember Fermon has indicated he would like to continue in the role. CVAG staff is recommending CVAG's Homelessness Committee members discuss the sub-regional vacancy, and then provide a nomination that can be presented to the CVAG Executive Committee.

Fiscal Analysis: There is no financial impact to CVAG, and any per diems for these meetings are paid for by SCAG.

ITEM 6C

Coachella Valley Association of Governments
Homelessness Committee
April 19, 2023

STAFF REPORT

Subject: **Update on the Navigation Center in the City of Palm Springs**

Contact: Erica Felci, Assistant Executive Director (efelci@cvag.org)

Recommendation: Information

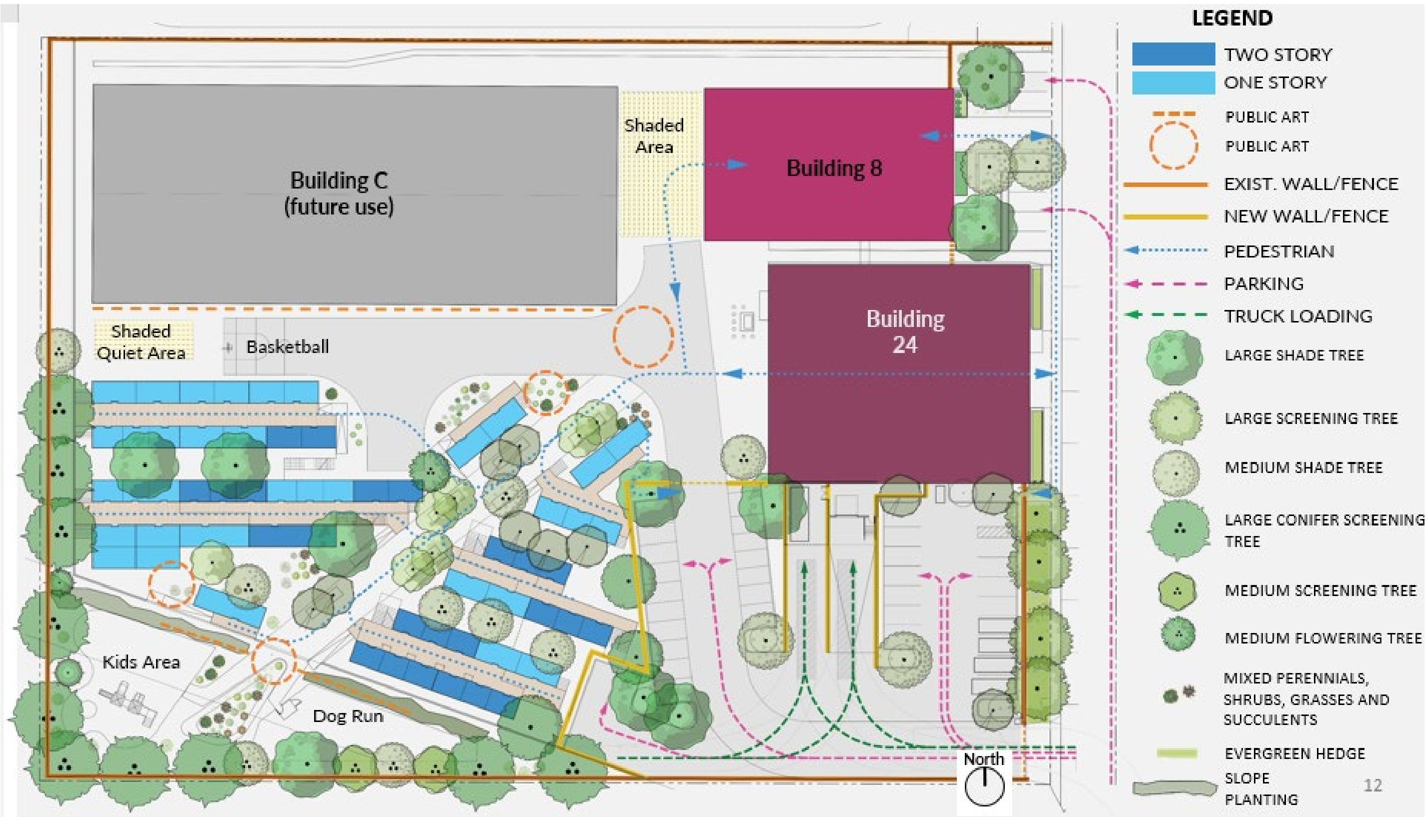
Background: In August 2022, Riverside County and the City of Palm Springs announced they were receiving a $19 million grant from the state's Homekey Program to build and operate the Palm Springs Navigation Center. The campus is being designed as a location where shelter, food and the full suite of support services can be co-located to expand the region's network of services for homeless individuals and reduce secondary impacts that can negatively impact quality of life.

The design phase and plan check process of the $31.2 million project is now nearing completion. City and County staff have worked through supply chain issues and rising construction costs, and the Palm Springs City Council in February 2023 allocated another $3 million to the project. The groundbreaking date is expected this spring with an anticipated grand opening in early 2024. An update to this project was suggested at the February meeting of the Homelessness Committee, and Greg Rodriguez, Deputy Director for Government Affairs and Community Engagement for Riverside County Housing and Workforce Solutions will provide a project update when the Homelessness Committee meets in April.

As noted in previous updates to the CVAG Homelessness Committee, the navigation center is located on 3.64 acres along McCarthy Road in the City of Palm Springs. The site has three existing buildings totaling 46,760 square feet. The campus will consist of a shelter facility, 80 interim housing units and full wrap-around services that will include behavioral health care, workforce training, linkage to state and county services, and other resources to get unhoused individuals linked to permanent housing.

The Navigation Center's focus will be to provide services to help individuals transition into permanent housing. In the future, in addition to providing services directly to homeless individuals, the City and the County have identified the potential to provide services to housed residents such as childcare; assisting individuals with securing health, disability, social security, and other benefits; computer skills, access to internet, employment support and assessments; basic first aid; computer labs; and referrals to other resources. An appropriately sized facility and property could also provide an opportunity to co-locate other services, including the county's mental and/or behavioral health programs, or to have an on-site medical clinic.

The site plan showing the building locations, landscaping, internal circulation details (pedestrian, parking, truck loading), fencing, and other amenities (kid area, and dog run) is provided here:



Building 8 is intended to house daytime services and program administration and will be accessible Monday through Friday for eight hours per day. Features of this building include the following:

- This building is located further away from the residents by design.
- People entering the building must check in with the receptionist.
- New residents first go to the intake room, then to case management, and then are taken to an available unit.
- This building has employment services.
- A multi-purpose room can be used for a variety of functions and can be locked and secured; service providers may also use this space to provide additional supportive services for residents.

Building 24 is intended to house 24-hour operational services and will operate 24 hours a day. Features of this building are as follows:

- A large portion of this building is taken up by the commercial kitchen which includes dry and cold storage.
- Food is served through the countertop space between the kitchen and the community dining / multi-purpose room.
- The Community Corridor is designed to also serve as a multipurpose space.
- A mail room and laundry facility will be provided for residents.
- Recuperative care spaces are for individuals who are released from the hospital to continue their recovery with access to showers and nursing station.

- Security office.
- Loading docks are attached to this building where food and other supplies will be delivered.

The third existing building on the site is being reserved for future service functions. In addition to funding design, renovations and construction, the City and County has secured funding for operational dollars for Martha's Village & Kitchen, which has been selected by the city as the center's operator.

Fiscal Analysis: There is no cost to CVAG for this update.

The County and City are funding the Palm Springs Navigation Center through a variety of funding sources, including the Homekey funding, Riverside County's federal American Rescue Plan Act funding, County funding received through its partnership with Inland Empire Health Plan (IEHP) and Molina Healthcare from the California Advancing and Innovating Medi-Cal (CalAIM) program through the California Department of Health Care Services (DHCS), and City-authorized funding from Homeless Housing, Assistance and Prevention (HHAP) and its homeless services budget.

ITEM 7A

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
HOMELESSNESS COMMITTEE
ATTENDANCE RECORD
FY2022-2023

Voting Members	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	ATTENDED
Agua Caliente Band of Cahuilla Indians			●		●			●					3 out of 3
City of Blythe			○		●			○					1 out of 3
City of Cathedral City			●		●			●					3 out of 3
City of Coachella			○		○			●					1 out of 3
Desert Healthcare District			●		●			●					3 out of 3
City of Desert Hot Springs			●		●			●					3 out of 3
City of Indian Wells			●		●			●					3 out of 3
City of Indio			●		●			○					2 out of 3
City of La Quinta			●		●			●					3 out of 3
City of Palm Desert			●		●			○					2 out of 3
City of Palm Springs			●		○			●					2 out of 3
City of Rancho Mirage			●		●			●					3 out of 3
County of Riverside			●		●			●					3 out of 3
Torres Martinez Desert Cahuilla Indians			*		*			●					1 out of 3
Total Attendance Per Meeting			**11**		**11**								

Ex Officio / Non-Voting Members	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	ATTENDED
Coachella Valley Housing Coalition			○		○			○					0 out of 3
Coachella Valley Rescue Mission			○		○			○					0 out of 3
HomeAid Inland Empire			*		*			*					0 out of 3
Martha's Village and Kitchen			●		○			○					1 out of 3
The Salvation Army (vacant)			*		*			*					0 out of 3
Shelter From the Storm			●		●			○					2 out of 3
Total Attendance Per Meeting			**2**		**1**								

No Meeting (grey shading)
Vacant *
Present ●
Absent ○

ITEM 7B

Coachella Valley Association of Governments
Homelessness Committee
April 19, 2023

STAFF REPORT

Subject: **Member jurisdictions' contributions to CV Housing First**

Contact: Erica Felci, Assistant Executive Director (efelci@cvag.org)

Recommendation: Information

Background: Since 2008, CVAG has funded its regional homelessness programs – first Roy's Desert Resource Center, and then later programs that evolved into CV Housing First – by contributions from member jurisdictions. This process previously involved CVAG staff sending a request to each city and tribe as well as the County of Riverside. Sometimes the jurisdictions approve the request as part of the annual budget; other times, it is done through a separate action. Some have done this based on calendar year, and others on fiscal year – adding to additional record keeping at CVAG.

In 2021, at the recommendation of the CVAG Homelessness Committee, the CVAG Executive Committee authorized the Executive Director to negotiate and execute Memorandums of Understanding (MOU) with member jurisdictions to secure multi-year funding commitments for the CV Housing First program. Since then, CVAG staff has been working to secure MOUs with member jurisdictions, which would secure $100,000 a year through at least fiscal year 2023/24. To date, the cities of Cathedral City, Indian Wells, Indio and Palm Desert have all voted to support multi-year MOUs. In addition, the City of La Quinta authorized a one-year MOU for 2022 and is in the process of considering a similar one for 2023. The County of Riverside, which has been instrumental in helping CVAG secure additional funds through grants, has an agreement for general fund contributions through fiscal year 2025/2026. CVAG staff continues to reach out to member jurisdictions to seek their consideration and approval of the funding agreements.

In addition, CVAG has received great news from the Agua Caliente Band of Cahuilla Indians. On August 2, the Tribal Council voted to renew its financial support for the program and provide $25,000 for CV Housing First services.

Fiscal Analysis: The CV Housing First program, including the staffing and program operations, is funded by contributions from member jurisdictions and grants. CVAG's city and tribal member jurisdictions are each asked to contribute $100,000 a year for the operations. Riverside County's contribution through June 2026 is for $359,711 annually.

Support for the CV Housing First program, and the transition to in-house operations, has been resounding. But staff is still coordinating payments from several jurisdictions.

A chart recapping the payments made this fiscal year and the status of the MOUs is attached.

City	Paid for FY 22/23	MOU
Cathedral City	Awaiting payment	Approved
Coachella	Awaiting payment	Being considered by Council this month
Desert Hot Springs	Awaiting payment	Pending with City Staff
Indian Wells	$100,000	Approved
Indio	Awaiting payment	Approved
La Quinta	Awaiting payment	Calendar-year MOU pending with City
Palm Desert	$100,000	Approved
Palm Springs	$100,000	Pending with City Staff
Rancho Mirage	Awaiting payment	Pending with City Staff

ITEM 7C

Coachella Valley Association of Governments
Homelessness Committee
April 19, 2023

STAFF REPORT

Subject: **Landlord Incentive Program for Increasing Available Units**

Contact: Erica Felci, Assistant Executive Director (efelci@cvag.org)

Recommendation: Information

Background: In February, the CVAG Homelessness Committee had a conversation about the successes and challenges the CV Housing First team encountered in getting clients into permanent housing solutions. Part of the direction to staff included returning to the Homelessness Committee with recommendations for how to address the funding gaps between clients' vouchers and rising rental costs, including exploring a landlord incentive program.

For vouchers with federal funding, requirements prohibit an agency from funding the rental gap between the voucher amount and the rent costs. However, landlord incentive programs can be used and CVAG staff has been exploring some potential options to model a program after.

In 2021, the Housing Authority of the County of Riverside launched a new landlord incentive program aimed at increasing affordable housing options for Housing Choice Voucher families throughout Riverside County. The program goal is to promote new landlord relationships and further support to existing landlords by offering an incentive payment to participate in the Housing Choice Voucher, a Section 8 tenant-based program. The incentives include a one-time payment of $2,500 to landlords who are new to the Housing Choice Voucher Program or have been inactive for the last 12 months, or $500 per unit to existing landlords who lease a unit to a Housing Choice Voucher participant.

The City of Riverside also has a program where it pays landlords $600 per unit that they offer to a voucher-funded client. There is no limit on the number of units a landlord is paid for so long as the leases are for at least one-year terms.

CVAG staff anticipated providing a recommendation to the Homelessness Committee for a similar program, funded with CV Housing First revenue. However, Riverside County staff recently informed CVAG staff of a new landlord incentive program that will be rolled out in the coming weeks. Starting with a $250,000 budget, the Housing and Homelessness Incentive Program would include landlord locating services, a $500 sign up bonus for landlords and establish a mitigation fund to provide landlords added security in working with tenets who receive rental assistance. The County is currently working with a consultant and a number of partners, including Inland Empire Health Plan and Molina Healthcare, to finalize data sharing and find additional revenue for the program. County staff has indicated that CVAG's Housing First program may be able to utilize and leverage these funds for its own clients. Staff will return next month with additional details and any recommendation for a local program as well.

<u>Fiscal Analysis</u>: This informational item has no additional cost. Based on the direction provided, CVAG staff will conduct a full cost analysis and return to the Homelessness and Executive Committees with projected costs.