



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: March 7, 2007 REPORT NO. 07-046
ATTENTION: Council President and City Council
Docket of March 20, 2007
SUBJECT: Statewide Community Infrastructure Program

REQUESTED ACTION:

Should the Council: 1) authorize the City of San Diego to join the Statewide Community Infrastructure Program; 2) authorize the California Statewide Communities Development Authority to accept applications from property owners, conduct special assessment proceedings and levy assessments within the City of San Diego; and 3) authorize related actions?

STAFF RECOMMENDATION:

1) Authorize the City of San Diego to join the Statewide Community Infrastructure Program; 2) authorize the California Statewide Communities Development Authority to accept applications from property owners, conduct special assessment proceedings and levy assessments within the City of San Diego; and 3) authorize related actions.

SUMMARY:

The California Statewide Communities Development Authority (CSCDA) is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. The member agencies of CSCDA include approximately 325 cities and 58 counties throughout California, including the City of San Diego.

The Statewide Community Infrastructure Program (SCIP) was instituted by CSCDA in 2002 to allow owners of property in participating cities and counties to finance the development impact fees (Facilities Benefit Assessment or Development Impact Fee) that would be payable by property owners upon receiving development entitlements or building permits. If a property owner chooses to participate, the development impact fees owed to the City will be financed by the issuance of tax-exempt bonds by CSCDA. CSCDA will impose a special assessment on the owner's property to repay the portion of the bonds issued to finance the fees paid with respect to the property. The property owner will either pay the impact fees at the time of permit issuance, and will be reimbursed from the SCIP bonds proceeds when the SCIP bonds are issued or the

fees will be prepaid to the City of San Diego from the proceeds of the SCIP bonds. In this way, the City is never at risk for the receipt of the impact fees.

The benefits of SCIP to the property owner include:

- Only property owners who choose to participate in the program will have assessments imposed on their property.
- Instead of paying cash for development impact fees, the property owner receives low-cost, long-term tax-exempt financing of those fees, freeing up capital for other purposes.
- The property owner can choose to pay off the assessments at any time.
- Owners of small projects, both residential and commercial, can have access to tax-exempt financing of infrastructure. Before the inception of SCIP, only projects large enough to justify the formation of an assessment or communities facilities district had access to tax-exempt financing.

The benefits of SCIP to the City of San Diego include:

- As in conventional assessment financing, the City is not liable to repay the bonds issued by CSCDA or the assessments imposed on the participating properties.
- CSCDA handles all district formation, district administration, bond issuance and bond administration functions. A participating city can provide tax-exempt financing to property owners through SCIP while committing virtually no staff time to administer the program.
- Providing tax-exempt financing helps participating cities and counties cushion the impact of rising development impact fees on property owners.
- The availability of financing will encourage developers to pull permits and pay fees in larger blocks, giving the participating cities and counties immediate access to revenues for public infrastructure, rather than receiving a trickle of revenues stretched out over time. As part of the entitlement negotiation process, the possibility of tax-exempt financing of fees can be used to encourage a developer to pay fees up front.

The recommended resolution authorizes CSCDA to accept applications from owners of property within the jurisdiction of the City of San Diego to apply for tax exempt financing of development impact fees through SCIP. It also authorizes CSCDA to form an assessment district covering the jurisdiction of the City of San Diego, conduct assessment proceedings and levy assessments against the property of participating owners. It also authorizes miscellaneous related actions and makes certain findings and determinations required by law.

Attached to the Resolution as "Attachment" is a "Form of CSCDA Resolution of Intention."
This is for informational purposes and does not require action by the City Council.

FISCAL CONSIDERATION:

There is no fiscal impact as a result of membership in the Statewide Community Infrastructure Program (SCIP).

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

City Planning and Community Investment staff presented the SCIP Program to the Building Industry Association of San Diego County's City/County Legislation Committee on February 16, 2007.

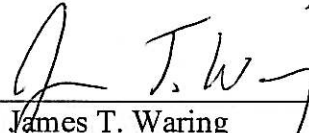
KEY STAKEHOLDERS AND PROJECTED IMPACTS:

It is anticipated that land developers and other property owners will be interested in participation in the SCIP Program.

Respectfully submitted,



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City Planning & Community Investment
Director



James T. Waring
Deputy Chief of Land Use and
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WARING/ANDERSON/PEB

Attachment: Form of CSCDA Resolution of Intention