

Economic Development... What is it and Can it Make a Difference?

League of California Cities Planners
Institute

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Elizabeth (Libby) Seifel, Seifel Consulting

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Presentation Overview

- ❧ What is economic development?
- ❧ How do we hinder or encourage economic development?
- ❧ What funding resources can help our communities?
- ❧ How do we make a difference?

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What is Economic Development?

- Ⓐ Any effort that enhances the long term economic viability of a community or a region?
- Ⓐ A focused effort designed to achieve certain economic goals for a community or region?
- Ⓐ Tax incentive based strategy designed to steal development from one community to another?
- Ⓐ Bad planning? Good planning?
- Ⓐ All, One or None of the Above?

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How Do We Hinder Economic Development (ED)?

- Ⓐ Uncontrolled Growth
- Ⓐ Imbalanced land use designations
- Ⓐ Cumbersome development process
- Ⓐ Disincentives for developing underutilized properties
- Ⓐ Poorly coordinated programs
- Ⓐ Not knowing competitive strengths and challenges
- Ⓐ Lack of Affordable Housing
- Ⓐ Inadequate Infrastructure
- Ⓐ Poor Schools
- Ⓐ Poor quality of life

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How Do We Encourage Economic Development (ED)?

- ☒ Sensible Land Use Policies
- ☒ Expedited Processing
- ☒ Master Environmental Documentation
- ☒ Revitalization of Underutilized Land
- ☒ Infrastructure Improvement
- ☒ Facilitation of ED Focused Associations
- ☒ Marketing a Community's Strengths (ED "Pitch")
- ☒ Workforce Housing
- ☒ Good Schools
- ☒ Enhanced quality of life

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What funding resources can help our communities?

- ☒ Federal
- ☒ State
- ☒ Local Government
- ☒ Private

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Federal Sources

- ↻ Economic Development Administration (EDA)
www.eda.gov
- ↻ Small Business Administration (SBA)
www.sba.gov
- ↻ Housing and Urban Development (HUD)
www.hud.gov
- ↻ Department of Treasury- CDFI Program
www.cdfi.gov
- ↻ Department of Transportation (DOT)
www.dot.gov

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State Sources

- ↻ Main Street Program
- ↻ Infrastructure Bank
- ↻ Statewide Community Infrastructure (SCIP)
- ↻ State Special Purpose Bonds
- ↻ Small Business Assistance (conduit for SBA)
- ↻ California Organized Investment Network (COIN)
- ↻ CalPERS Urban Real Estate Initiatives
www.commerce.ca.gov

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Local Government Financing Sources

- ❧ General Obligation Bonds
- ❧ Special Assessment Districts
- ❧ Mello-Roos Community Facilities Districts
- ❧ Infrastructure Financing Districts
- ❧ Business Improvement Districts
- ❧ Redevelopment Projects (TABs)

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Local Government Sources

- ❧ Capital Improvement Program
- ❧ Impact Fee Waiver (General Fund Contribution)
- ❧ Sales Tax
- ❧ Hotel Tax
- ❧ Redevelopment Tax Increment

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When Should a Community Consider Redevelopment?

- Wants to revitalize, preserve and/or enhance an area, such as a downtown or industrial area
- Wants to implement a Specific Plan
- Wants to clean up a brownsfield area
- Wants to reuse a military base
- Has a development program that cannot be accomplished by private sector acting alone (public private partnership)

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What is a Redevelopment Plan?

- ⌘ A Redevelopment Plan provides a legal framework for planning and implementing revitalization activities in a redevelopment project area.
- ⌘ It also establishes a financing method to fund these initiatives, called tax increment financing.

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What are typical powers of a Redevelopment Agency?

- ❧ Improve dilapidated facilities,
- ❧ Construct public infrastructure,
- ❧ Buy and sell land (unique power to buy and sell land for private purposes),
- ❧ Mitigate environmental impacts, and
- ❧ Use tax increment financing.

What is tax increment financing?

- ❧ When a community adopts a Redevelopment Plan, the total assessed value of property within the project area is established as the base value.
- ❧ For up to 45 years, most of the property tax revenues generated from increases in the assessed value above the base value will be allocated to the Redevelopment Agency.
- ❧ These revenues are called tax increment.

How are tax increment revenues generated?

Increase in Assessed Value Over Time From:

- ⌘ A property owner rehabilitates or adds value to a property
- ⌘ A property owner sells a property to someone else
- ⌘ New development occurs
- ⌘ Annual inflationary growth if a property remains in the same ownership

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Private Sources

- ⌘ Developer Contributions
- ⌘ Mello-Roos, Assessment, Improvement Districts
- ⌘ Private Foundations
- ⌘ Private Pension Funds
- ⌘ Lending Institutions
- ⌘ Equity Investment
e.g. CCII Bay Area Family of Funds

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How do we make a difference?

Examples: Revitalization of Underutilized Properties and Military Base Reuse

- ❧ Mission Bay, San Francisco
- ❧ Pacific Commons, Fremont
- ❧ Hunters Point Shipyard, San Francisco

Conclusion and General Discussion

- ❧ Given budget climate, what can you do to help your community?
- ❧ Are there any innovative initiatives that you are using in your community to promote economic development activities?
- ❧ What are the impediments that you're facing?

Any Questions or Comments?

Send e-mail to: libby@seifel.com

or call 415-931-9600

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