

## **Learn About the 1st City – County EIFD Project in the State of California**

***Everybody has a unique story for getting into this field. Why did you get involved in economic development?***

Kosmont has been providing real estate, economic development, and public finance advisory services to public and private sector entities for over 33 years since 1986. Our CEO, Larry Kosmont, is a former city manager, and many of our staff are former municipal department directors, private sector developers, investment bankers, real estate brokers, or other professionals with expertise in public-private transactions.



In your economic development work experience, can you think of a specific economic development project or program that you worked on that stood out as making an impact? Can you tell me a little bit about it and when it started?

The City of Placentia / County of Orange TOD Packing House & Old Town Enhanced Infrastructure Financing District is a good example. The District was fully formed on July 30, 2019 as the first City/County cooperative EIFD to be formed in California.

The EIFD began as an initial evaluation by the City in 2016 as a tool for implementation of transit-oriented development (TOD) infrastructure and economic development. The implementation phase of work began in earnest in 2018 with funding assistance from the Southern California Association of Governments (SCAG) as part of its Tax Increment Financing (TIF) Pilot Project Program.

The District encompasses just over 300 acres of land, representing approximately 7% of the City. The District includes the City's Old Town Placentia Revitalization Plan area (Old Town) and TOD Packing House District as well as other proximate areas. The nucleus of the District is a forthcoming Metrolink station for the 91 Line between LA Union Station and downtown Riverside through Orange County, which will be the first Metrolink station in Orange County in approximately 10 years. The EIFD area also encompasses two (2) Opportunity Zone (OZ) census

tracts, which enables the City/County to use the EIFD as a collateral inducement for private sector investment driven by the federal tax benefits that OZ's can provide.

The purpose of the EIFD is to serve as a catalyst for private development in the Old Town and TOD Packing Housing District areas, put in place to capture value from significant (~\$460 million+) residential, commercial, and hospitality development potential and to direct the funding that is generated to critical, regional transit-supportive infrastructure with transformative potential for the City and North Orange County region.

***A lot of projects/programs have ups and downs. Were there challenges you had to overcome to be successful and rewards working on this project/program?***

Among the initial challenges were fiscal constraints at the City level. Like many cities in California, Placentia had to balance many fiscal priorities (e.g. public safety, pension obligations, deferred infrastructure maintenance), and it would have been a difficult policy decision to fund a special district implementation effort with hopes of being the first city in the state to successfully negotiate a partnership with a county for a tax increment financing district.

Fortunately, Placentia applied and was selected for participation in SCAG's TIF Pilot Project Program, which enabled SCAG funding for key EIFD implementation efforts. SCAG's decision to assist was based on several factors, including:

1. High potential for development/redevelopment within the near term (i.e. 5 years)
2. Support for mixed-use/transit-oriented development with corresponding zoning in place
3. Identified infrastructure that would be catalytic for future private development
4. Infrastructure that provides communitywide and regional benefit
5. Sufficient tax increment funding capacity to fund targeted infrastructure improvements.

***Can you share any impacts the project/program has had or will have on employment, expansion of local tax base & diversification of the area's economy?***

Private development and infrastructure improvements in the District will relieve traffic on the 2nd most congested freeway in the nation (91 Freeway) while providing significant community and economic benefits, including:

- Support of City and County Economic Development Objectives (e.g. job creation, quality of life improvement, and promote environmental sustainability)
- Sustainable infrastructure improvements, GHG/VMT reduction, convenient transit to local universities
- 1,600+ housing units
- 3,900+ construction jobs, 1,150+ permanent jobs
- \$800+ million in economic output from construction, \$164+ million in annual ongoing economic output
- ~\$60M present value net fiscal benefit for City over 50 years
- ~\$32M present value net fiscal benefit for County over 50 years.

***What advice would you give to other economic development professionals when working on a similar project/program?***

Some of the keys to our success in Placentia were:

- Elected official champions at both the City Council and County Board of Supervisors level
- Strategic “third party” partner in SCAG as Metropolitan Planning Organization with funding to assist in formation activities
- Complementary tools identified, e.g. CFD for maintenance, federal Opportunity Zone incentives

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