



EVALUATION GUIDELINES FOR ENHANCED INFRASTRUCTURE FINANCING DISTRICTS, COMMUNITY REVITALIZATION AND INVESTMENT AUTHORITIES AND CLIMATE RESILIENCE DISTRICT PROJECTS

A. Purpose:

Enhanced Infrastructure Financing Districts (EIFDs), Community Revitalization and Investment Authorities (CRIAs) and Climate Resilience Districts (CRDs) are certain types of tax increment financing districts. The County's participation in any such district is voluntary and would require Board of Supervisor's approval.

This document establishes guidelines on the role of the County Administrative Office, in consultation with the Auditor-Controller/Treasurer/Tax Collector and County Counsel, in evaluating EIFD, CRIA, and CRD proposals made to the County. The proposals must be consistent with one of more of the following economic development strategies:

1. Low-Cost Affordable Housing Units
2. Homeless Prevention
3. Diversify the Economy and Increase High Quality Employment
4. Spur the Creation and Scaling of New Business
5. Bolster Quality of Life

CRD proposals must align with eligible projects outlined in the California Government Code section 62302(b), specifically designed and implemented to address climate change through mitigation, adaptation, or resilience efforts.

All correspondence with cities and other stakeholders within the County must be consistent with the following guidelines, financial impact analysis, and proposal requirements.

B. Guidelines for County Participation

1. The proposing entity's contribution percentage of property tax increment must at least equal that contributed by the County Discretionary General Fund and its special districts. Examples of County special districts include the San Bernardino County Fire Protection District, Flood Control District, Library, and County Services Areas.
2. The County will target contributing no more than 50% of its annual property tax increment receipt, though exceptions may exist where a greater percentage is considered.

3. All CRIA proposals shall meet the required conditions in Government Code section 62001(d) or (e), or any combination of both within the CRIA Plan Area, provided that a minimum of 15% of the land within the CRIA Plan Area meets the requirements of Government Code section 62001(d).
4. The County will consider participation in EIFD/CRIA/CRD proposals where the County's annual required contribution of property tax increment does not exceed 45 years after the bond issuance is approved for EIFD and 45 years after formation for CRIA, in line with the SB 628 (2013-14 Reg. Sess.) maximum bond period.
5. The County will give preference to the following proposals:
 - a. Proposals that use EIFD/CRIA/CRD financing to promote investment in existing County-owned assets (e.g. land, buildings), or in disadvantaged communities within the County, resulting in direct or indirect financial gain for the County. For example, a proposed EIFD may provide improvements to infrastructure (such as roads, sewer lines, etc.) that increase the development value of County-owned land or revitalization of a distressed area that will increase the assessed value for property tax beyond the term of the EIFD/CRIA/CRD project life.
 - b. If allowed by applicable law, the County receives a number of seats among those reserved for members of legislative bodies in the governing board that is at minimum proportional to their share of contributed funding.
6. The proposers project feasibility analysis must be reviewed by the County Administrative Office and must include a "But for..." review that evaluates whether the contribution of County property tax increment is a necessary pre-condition for the infrastructure and development projects being considered to occur or to occur within an accelerated timeframe.

The review shall confirm that the County property tax increment is a necessary pre-condition for the infrastructure and development projects and/or revitalization being considered to occur or to occur within an accelerated timeframe.
7. A financial impact analysis (see below for further details) conducted through or concurred with by the County Administrative Office must demonstrate a positive net impact to the County General Fund as a result of the tax revenue generated from the district.
8. The proposed EIFD/CRIA project must reasonably align with one or more of the following Economic Development areas, including one or more designated sub-areas:
 - a. Low-Cost Affordable Housing Units
 - i. Increase the supply of housing to reduce homelessness and risk of homelessness in our community.
 - ii. Develop diverse types of housing at lower costs to meet the socio-economic needs of County residents.
 - b. Homeless Prevention
 - i. Explore innovative housing solutions through leveraging private and public partnerships.

- ii. Increase the number of year-round temporary housing beds and offer a variety of temporary housing options throughout the County.
 - iii. Increase capacity and access to primary care (including dental and optometry care), mental health and substance use services.
 - iv. Work to create a welcoming environment and increase safety for housed and unhoused residents in community spaces.
 - c. Diversify the Economy and Increase High Quality Employment and/or Create Urban Renewal by:
 - i. Developing manufacturing locations throughout the County, preferably with easy rail access. Although not required, the following types of manufacturing facilities are recommended:
 - 1. Research and Development in Biotechnology.
 - 2. Research and Development in Physical, Engineering, and Life Sciences.
 - 3. A business engaged in the manufacturing of fuels, electric parts, or components used in the field of clean transportation or the production of alternative fuel vehicles or electric vehicles.
 - ii. Promoting opportunities for foreign direct investment and foreign trade.
 - iii. Revitalizing urbanized centers through modernizing and improving distressed areas.
 - d. Spur the Creation and Scaling of New Businesses
 - i. Support the development of:
 - 1. Business Incubator Spaces
 - 2. Business Accelerator Spaces
 - 3. Entrepreneurial Assistance Spaces
 - e. Bolster Quality of Life
 - i. Promote and invest in opportunities for, access to, and entrepreneurship related to urban outdoor recreation, such as bike shops, community parks, and programs for school age children.
 - ii. Support development of employment center districts, including cultural arts and retail districts, to spur tourism, placemaking, and entrepreneurship.
 - iii. Encourage mixed-use infill development while protecting and enhancing existing community assets.
 - iv. Encourage compact and sustainable development, such as transit-oriented development, that helps reduce emissions and encourage walking and cycling.
9. The proposals must be consistent with the applicable law as follows:
- a. EIFD proposals must be consistent with Chapter 2.2.99 of Part 1 of Division 2 of Title 5 of the California Government Code sections 53398.50 et seq., which authorizes the formation of EIFDs.
 - b. CRIA proposals must be consistent with Part 1 of Division 4 of Title 6 of the California Government Code sections 62000 et seq., which authorizes the formation of CRIAs.
 - c. CRD proposals must be consistent with Division 6 of Title 6 of the California Government Code sections 62300 et seq., which authorizes the formation of CRDs.

C. Financial Impact Analysis

1. All EIFD/CRIA/CRD proposals will be subject to a fiscal analysis that will determine the expected financial impact to the County General Fund and any special districts that may contribute a portion of their tax increment share.
 - a) The County may require reimbursement from the proposing entity for the cost of conducting the financial analysis.
2. The financial analysis will review the following:
 - a) Anticipated growth in assessed valuation absent any new development;
 - b) Expected new development in terms of retail square footage, business park square footage, office space, apartment units, condominium units, housing units, hotel units, and parking spaces;
 - c) Tax increment generated as a result of each new development opportunity associated with the EIFD/CRIA/CRD;
 - d) Tax increment contributions from each participating agency;
 - e) Scenario analysis based on differing contributions from each County taxing entity;
 - f) Property tax revenue resulting to each taxing entity based on new development and growth in assessed value;
 - g) Sales and transient occupancy tax revenues resulting to the City and County; and
 - h) Any new governmental (Police, Fire, etc.) and infrastructure costs to the area shall be considered as a potential offset to new revenues.
3. The resulting financial analysis must demonstrate a positive net impact to the County General Fund based on the anticipated tax revenue. This analysis shall include a comparison of the increased amount of property and sales taxes to the County generated by the project with the amount of property taxes contributed to the EIFD/CRIA/CRD.
4. A sensitivity analysis must be conducted to evaluate the risk associated with tax forecasts based on various economic scenarios that might impact the amount of actual development realized in the EIFD/CRIA/CRD.

D. Proposal Requirements

1. Any EIFD/CRIA/CRD proposals submitted to the County for consideration must include all of the following elements or they will not be considered:
 - a) A project feasibility analysis must be prepared and include a “But for...” review that evaluates whether the contribution of County property tax increment is a necessary pre-condition for the infrastructure and development projects being considered to occur or to occur within an accelerated timeframe.
 - b) Cost estimates for all infrastructure to be funded by the EIFD/CRIA/CRD must be provided. Additionally, a plan for funding the anticipated operations and maintenance costs for the proposed infrastructure must be given.
 - c) A plan to fund any administrative costs of the EIFD/CRIA/CRD in the start-up years of the project should be presented.

- d) A proposed schedule of any bond issuance, and an estimated amount of bond proceeds, must be provided in relation to any debt projected to be secured by EIFD/CRIA/CRD tax increment.
- e) If the proposed EIFD/CRIA/CRD is within a former redevelopment project area, the amount of residual revenue from the redevelopment successor agency must be evaluated in relation to the projected amount of tax increment.
- f) Job creation must be projected, including specific industries being targeted and average income levels for targeted industries.
- g) Details of alignment with specific Economic Development area(s) and sub-area(s).
- h) Any potential impact to adjacent unincorporated areas must be identified and evaluated.
- i) If applicable, proposal must demonstrate how the project is located, scaled, and designed for compatibility with the surrounding natural environment and biodiversity.
- j) Describe how infrastructure or facilities being funded can enable or catalyze future development, even if not part of the same development.
- k) Proposals can be submitted to the County Administrative Office – Finance and Administration 385 N. Arrowhead Ave, 4th Floor San Bernardino, CA 92415 or emailed to the County’s Chief Financial Officer.