

TOWN OF WINDSOR AGENDA REPORT

Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date: October 2, 2024

To: Mayor and Town Council
From: Kim Voge, Planner III
Subject: Statewide Community Infrastructure Program (“SCIP”)

Recommendation to Council:

1. Receive a presentation regarding the California Statewide Communities Development Authority (“CSCDA”) and participation in the Statewide Community Infrastructure Program (“SCIP”), which is sponsored by CSCDA.
2. Adopt a resolution authorizing the Town to join the Statewide Community Infrastructure Program (“SCIP”) and authorizing related actions.

Strategic Plan Element:

The recommended action supports the goal of Livability. Goal Statement: Preserve community character by maximizing the use of existing amenities and creating future opportunities that enhance quality of life for all.

Discussion:

CSCDA is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. 530 cities, counties and special districts throughout California are members of CSCDA, including the Town. SCIP was instituted by CSCDA in 2002 to allow owners of property in participating cities and counties to finance the development related fees that would be payable by property owners upon receiving development entitlements or building permits through a pooled special assessment districts program. SCIP was expanded to include financing of public capital improvements directly in addition to just fees and has now been further expanded to include community facilities districts (“CFDs”) and an option to finance public services in respect of stand-alone bond issues, necessary to support development in the Town, as provided for in the proposed SCIP resolution. Since its inception SCIP has issued over \$1 billion in land secured special assessment and CFD bonds for development projects in California.

If a property owner applies to participate in SCIP, and the Town approves the application, the selected public capital improvements, facilities and/or development related fees owed to the Town will be financed by the issuance of bonds by CSCDA. Property owners, in consultation with the Town and the SCIP team, can opt to have CSCDA form either an assessment district or a community facilities district. CSCDA determines whether the project will be included in the SCIP pool program (where no one developer within the SCIP pool is responsible for the payment related to any other project) or, depending on the projected bond sizing and other factors, implemented as a stand-alone financing. In either case, CSCDA will form the appropriate district and impose an assessment or special tax, as applicable, on the owner’s property to repay the portion of the bonds issued to finance public capital improvements, facilities and/or development related fees.

With respect to the financing of development related fees, the property owner will either pay the

development fees at the time of permit issuance and will be reimbursed from the SCIP bond proceeds when the SCIP bonds are issued, or the fees will be funded directly from the proceeds of the SCIP bonds. In both cases, the fees are subject to requisition by the Town at any time to make authorized fee expenditures, and the Town is never at risk for payment of its fees. If the property owner is required to construct improvements to be dedicated to the Town, the proposed SCIP resolution includes a form of acquisition agreement to be used when such improvements are funded with SCIP bond proceeds, which outlines how a developer will be reimbursed for improvements as they are certified complete by the Town.

The benefits of SCIP to the property owner include:

- Only property owners who choose to participate in the program will have assessments or special taxes imposed on their property.
- Instead of paying cash for public capital improvements and/or development related 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 or special taxes at any time.
- For home buyers purchasing homes in a development which has obtained SCIP financing, paying for the costs of public infrastructure through an assessment or special tax can be superior to having those costs "rolled" into the cost of the home. Although the tax bill to the homebuyer will be higher, the amount of the purchase price of the home may be smaller, making it easier for the homebuyer to qualify for a mortgage. Moreover, because the assessment/special tax financing is at tax-exempt rates, it typically comes at lower cost than mortgage rates.
- Owners of smaller 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 community facilities district had access to tax-exempt financing. SCIP can finance projects as low as \$500,000, which would not be economical on a stand-alone basis.

The benefits of SCIP to the Town include:

- As in conventional assessment district and CFD financing, the Town is not liable to repay the bonds issued by CSCDA or the assessments or special taxes, as applicable, imposed on the participating properties.
- CSCDA handles all district formation, district administration, bond issuance and bond administration functions. The Town can provide tax-exempt financing to property owners through SCIP while committing little staff time to administer the program.
- Providing tax-exempt financing could help the Town cushion the impact of rising public capital improvements costs and development related fees on new development. Many developers rely on assessment district or CFD financing through SCIP in making the decision to purchase land, thereby improving the Town's competitive advantage in attracting new development.
- The availability of financing will encourage developers to pull permits and pay fees in larger blocks, giving the Town 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.
- In some cases, the assessments or special taxes on successful projects can be refinanced through refunding bonds. Savings achieved through a refinancing may be directed to lower property taxes subject to applicable federal tax limitations.

The proposed SCIP resolution authorizes CSCDA to accept applications from owners of property within the Town of Windsor to apply for tax-exempt financing of public capital improvements and

development related fees through SCIP. It also authorizes CSCDA to form assessment districts and community facilities districts within the Town's boundaries, conduct assessment and special tax proceedings and levy assessments and special taxes against the property of participating owners. It approves the form of an acquisition agreement, attached to the SCIP resolution as Exhibit B, to be entered into between the Town and the participating property owner/developer, if applicable, to provide the terms and conditions under which financing for public capital improvements would be provided and to establish the procedure for disbursement of bond proceeds to pay for completed facilities. It also authorizes miscellaneous related actions and makes certain findings and determinations required by law.

In addition to the funding of public capital improvements and development related fees, the proposed SCIP resolution authorizes CSCDA to form community facilities districts within the Town's boundaries to levy special taxes to fund public services necessitated by new development projects, if approved by the participating property owner. Similar to the funding of public capital improvements and development related fees, once an application is received by the participating property owner and approved by the Town, CSCDA handles all district formation and district administration. CSCDA would coordinate with the Town annually to prepare the budget for the levy and CSCDA would levy and collect the special taxes for disbursement to the Town when collected. Public services would only be included in a community facilities district formed for a stand-alone project.

A draft resolution is provided in Attachment 1. More information is provided in the CSCDA Power Point in Attachment 2.

Fiscal Impact:

There would be no direct fiscal impact to the Town. The SCIP bonds would allow more development impact fees to be paid to the Town earlier in the development process. This program should reduce future fee deferral requests, thus eliminating delays in the process for public review and reducing staff time to track fee deferrals.

Environmental Review:

Bond issuance and financing are not defined as a project pursuant to the California Environmental Quality Act, and therefore no environmental review is required.

Attachment(s):

- [1. Resolution Exhibit A](#)
- [2. PowerPoint - SCIP](#)

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Recommended by:

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