

CITY OF PLACENTIA

Enhanced Infrastructure Financing District (EIFD)

Frequently Asked Questions



What is an EIFD?

Approved by State legislation in 2014, EIFDs are special districts with defined boundaries that use local property taxes to issue bonds to fund infrastructure projects (e.g. streets, utilities, sidewalks, pedestrian safety enhancements) or affordable housing. EIFDs can be formed among any entities with property taxing authority, including a City, County, or Special District, but excluding school districts. In Placentia's case, the two entities with property taxing authority include the City and the County of Orange.

Does an EIFD create a new tax?

No. EIFDs are created to pay for infrastructure and other public amenities from incremental property tax revenues. This is known as "property tax increment." EIFD is not a new tax imposed on property owners.

Who approves an EIFD?

The local elected officials from each of the participating taxing entities that form an EIFD (e.g. City Council, County Board of Supervisors) vote to form the EIFD and create a Public Financing Authority. This Authority oversees EIFD financing and activities. There is no public vote to form an EIFD. If an EIFD intends to issue debt to pay for infrastructure improvements, 55% of the registered voters in the District must approve (if there are fewer than 12 registered voters within the district boundary, then 55% of landowners must approve).

How long does an EIFD last?

An EIFD can collect and spend property tax increment up to 45 years after the first bond is issued. In Placentia's case, the EIFD period is 20 years.

What is the goal of Placentia EIFD?

The goal is to help spur development by improving the area to ensure that the highest quality of development takes place, as envisioned by the Old Town Placentia Revitalization Plan adopted by the City Council in 2017. Placentia EIFD, in partnership with the County of Orange, would generate approximately \$15 million in net fiscal benefit to the County over 50 years. The City will be able to leverage this financial tool to produce over 1,600 new units of housing, create 3,900 construction jobs, and over 1,100 permanent jobs at full build out. Furthermore, the project will provide over \$160 million in annual ongoing economic output and will have significant transit, housing, and sustainability benefits for the entire region.

Why Are We Doing an Amendment in 2024?

In 2019, the City of Placentia (City) and County of Orange (County) established the Placentia Enhanced Infrastructure Financing District (EIFD) to fund infrastructure improvements within the City's Old Town and Packinghouse District to facilitate transit-oriented development (TOD) of regional significance. A nascent EIFD bond market, the COVID pandemic, inflation, and related current economic conditions have contributed to delayed EIFD implementation and cost increases. The original Old Town Streetscape Master Plan cost estimate of ~\$8 million is now ~\$10.05 million, an increase of 25.6%. Interest rates have risen and increasing cost of debt service (particularly to "first-time" debt issuer) have impacted the ability to bond for the public infrastructure. As a result, multiple debt issuances over 7-8 years would be needed to fund the

Old Town Streetscape Master Plan (only \$3-5M available up-front). The City's goal is to install all aspects of the Old Town Streetscape Master Plan at one time (instead of in phases), which will better induce private investment to fulfil Tax Increment ("TI") and economic benefit projections. This one-time infusion will accelerate a timetable to meet regional housing needs, including affordable housing, while ultimately saving the EIFD on construction costs. As a result the need to amend the IFP is necessary at this time.

Is an EIFD a developer subsidy?

EIFD is **NOT** a developer subsidy. The proposed district is **not** funding infrastructure that would otherwise be a developer/private sector obligation. EIFD is funding regionally-beneficial public infrastructure of communitywide significance, that is necessary to catalyze private sector investment that would otherwise not occur until decades later, if at all.

For additional information about Placentia EIFD, please visit www.placentia.org/eifd.