



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

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First District

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Second District

TERRA LAWSON-REMER
Third District

VACANT
Fourth District

JIM DESMOND
Fifth District

DATE: May 24, 2023

08

TO: Board of Directors, San Diego County Flood Control District
Board of Supervisors

SUBJECT

ADOPT RESOLUTIONS AMENDING THE 2019 STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM (SCIP) RESOLUTION AND ASSOCIATED CEQA EXEMPTION (DISTRICTS: ALL)

OVERVIEW

The Statewide Community Infrastructure Program (SCIP) allows local jurisdictions to be able to offer financing options to private, including some relatively small and local, developers to help fund components of their projects. This can help to facilitate development, especially housing development, by providing more flexible funding options so developers can navigate economic uncertainty or project financing challenges. It can also improve the quality of developments by funding amenities like sidewalks, parks, or libraries. Today's proposed actions will expand the County's current participation in the SCIP program to create additional forms of financing to help bring development, especially housing, online.

On September 25, 2019, the County adopted Resolution 19-158, or the 2019 Statewide Community Infrastructure Program (SCIP) Resolution, which allowed the County to participate in a program called SCIP. The SCIP groups together the sale of bonds from different jurisdictions into one bond issuance. The resolution gives a Joint Powers Authority, or JPA (of which the County of San Diego is a member) the authority to form districts in order to finance fees and infrastructure. Under the existing 2019 SCIP Resolution, the finance assistance bond offered through SCIP is available for the establishment of Assessment Districts (ADs). ADs typically include public infrastructure such as streets, sidewalks, lighting infrastructure, and water and sewer lines—and are limited to only County facilities like parks and libraries. In 2020, the JPA, called the California Statewide Communities Development Authority (or CSCDA), extended SCIP financing options for establishment of another type of district called Community Facilities Districts (CFDs). CFDs may include the types of infrastructure that are included in ADs, but CFDs also allow for infrastructure from other local agencies including infrastructure of school districts and water districts. For the County to participate in this newer financing program for CFDs, which allows for more fee types, more facility types, and the inclusion of maintenance fees into the bond financing, an amendment to the adopted 2019 SCIP Resolution is required.

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Many developers throughout California rely on SCIP financing assistance in making their decision to purchase land for new development because, through SCIP, they have access to low-cost/tax-exempt capital for funding of public improvements. The costs of public improvements that are constructed for an AD or CFD are incorporated into the home price of each home within these districts. If a developer uses low-cost/tax-exempt capital to pay for the public improvements offered through the SCIP Program, the costs added to the home price could be reduced—potentially making it easier for new homebuyers to qualify for personal financing of a home within an AD or CFD that provides amenities they may find desirable.

The County has been a member of the California Statewide Communities Development Authority (CSCDA) since 1991. This has allowed the County and 501(c)(3) organizations in the region to use programs provided by CSCDA to access low-cost, tax-exempt bonds to finance or refinance the acquisition, construction, installation, expansion, or rehabilitation of land, buildings, and equipment. SCIP is one of several programs that is administered by CSCDA that is available to the County. The adoption of the 2019 SCIP Resolution by the Board both authorized the County's participation in SCIP, and authorized CSCDA to form ADs and issue bonds to finance impact fees and improvements on behalf of private development projects. As a participant of the 2019 SCIP, the County has been able to offer competitive financing to developers and has minimized County staff time for the formation of these ADs and non-pooled CFDs by having CSCDA issue the bonds. To date, four projects have used the SCIP process: three of these have taken advantage of the SCIP Pooled AD program—two located in the South County Region (District 4) and one in the North County Region (District 5), and one has taken advantage of the standalone CFD program and is located in the North County Region (District 5). Additionally, CSCDA requires that “special districts” such as the San Diego County Flood Control District adopt a resolution to participate in the SCIP Pooled program.

In 2020, CSCDA updated the SCIP program to include a financing mechanism for the formation of Community Facilities Districts (CFDs). Today's action seeks approval to extend the County's current participation in SCIP to align with CSCDA's (2020) financing options that now include a pooled CFDs. Today's request is for (1) the Board acting as the Board of Supervisors for the County to adopt a resolution to amend Resolution 19-158 in order to allow the County to participate in the CSCDA SCIP financing program for the formation of CFDs in addition to ADs, and (2) and for the Board acting as the Flood Control District Board of Directors to adopt a resolution in order to allow the Flood Control District to participate in the CSCDA SCIP financing program for the formation of CFDs in addition to ADs.

**RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER**

Acting as the Board of Supervisors for the County:

1. Find, pursuant to Section 15061 (b)(3) of the California Environmental Quality Act Guidelines (CEQA), that actions to adopt the amended resolution to participate in the expanded Statewide Community Infrastructure Program instituted by the California Statewide Communities Development Authority are exempt from CEQA since it can be

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seen with certainty there is no possibility that it will have a significant effect on the environment.

2. Adopt a Resolution entitled AMENDED AND RESTATED RESOLUTION OF THE COUNTY OF SAN DIEGO BOARD OF SUPERVISORS AUTHORIZING THE COUNTY TO PARTICIPATE IN THE EXPANDED STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM; AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT SPECIAL ASSESSMENT PROCEEDINGS AND LEVY ASSESSMENTS AND SPECIAL TAXES AND TO FORM ASSESSMENT DISTRICTS AND COMMUNITY FACILITIES DISTRICTS WITHIN THE TERRITORY OF THE COUNTY OF SAN DIEGO; EMBODYING A JOINT COMMUNITY FACILITIES AGREEMENT SETTING FORTH THE TERMS AND CONDITIONS OF COMMUNITY FACILITIES DISTRICT FINANCINGS; APPROVING THE FORM OF ACQUISITION AGREEMENT FOR USE WHEN APPLICABLE; AND AUTHORIZING RELATED ACTIONS (Attachment A, on file with the Clerk of the Board).

Acting as the Flood Control District Board of Directors:

1. Find, pursuant to Section 15061 (b)(3) of the California Environmental Quality Act Guidelines (CEQA), that actions to adopt the amended resolutions to participate in the expanded Statewide Community Infrastructure Program instituted by the California Statewide Communities Development Authority are exempt from CEQA since it can be seen with certainty there is no possibility that it will have a significant effect on the environment.
2. Adopt a Resolution entitled RESOLUTION OF THE SAN DIEGO COUNTY FLOOD CONTROL DISTRICT BOARD OF DIRECTORS AUTHORIZING THE SAN DIEGO COUNTY FLOOD CONTROL DISTRICT TO PARTICIPATE IN THE EXPANDED STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM; AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT SPECIAL ASSESSMENT PROCEEDINGS AND LEVY ASSESSMENTS AND SPECIAL TAXES AND TO FORM ASSESSMENT DISTRICTS AND COMMUNITY FACILITIES DISTRICTS WITHIN THE TERRITORY OF THE COUNTY OF SAN DIEGO; EMBODYING A JOINT COMMUNITY FACILITIES AGREEMENT SETTING FORTH THE TERMS AND CONDITIONS OF COMMUNITY FACILITIES DISTRICT FINANCINGS; APPROVING THE FORM OF ACQUISITION AGREEMENT FOR USE WHEN APPLICABLE; AND AUTHORIZING RELATED ACTIONS (Attachment B, on file with the Clerk of the Board).

EQUITY IMPACT STATEMENT

The opportunity for developers to access low-cost bond funding through the Statewide Community Infrastructure Program (SCIP) will help to incentivize more housing projects in the County of San

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Diego's unincorporated areas and create housing inventory to assist with the housing demand across the San Diego region. Additionally, residential projects developed through SCIP will provide opportunities to develop new residential communities with appealing amenities more attainable for homebuyers. Amenities provided by public infrastructure such as parks, transit centers, and schools are often desirable to future homeowners. Paying for the costs of such public infrastructure through SCIP bond financing has the potential to reduce the amount of these costs added into the price of a home which could assist new homebuyers in qualifying for financing. Bond financing through SCIP provides the County a means to meet housing demand goals, and to make purchasing in new communities with amenities more attainable for new homeowners.

SUSTAINABILITY IMPACT STATEMENT

Extending the Statewide Community Infrastructure Program's (SCIP) bond finance option that is currently available for the development of assessment districts and making it an available option for the development of Community Facilities Districts (CFDs), will contribute to land use sustainability planning efforts in terms of improving the environment and promoting health/wellbeing for individuals. The County of San Diego's ability to offer SCIP's bond finance assistance for both assessment districts and CFDs will promote the development of new residential communities with nearby public services such as parks, trail/trail heads, schools, libraries, transit centers, and police/fire stations, that will result in the reduced need for vehicle travel and thereby contributing to reduced generation of greenhouse gas (GHG) emissions. In terms of promoting health and wellbeing, districts funded through SCIP present an opportunity for the funding and inclusion of recreational areas such as parks, trails, and open spaces providing ease of access to outdoor recreation and nature promoting the enhancement of health and wellbeing for individuals.

FISCAL IMPACT

There is no fiscal impact associated with the adoption of the Resolution as presented today. It is anticipated that costs and time associated with processing assessment districts and CFD's through the SCIP program will be reduced as CSCDA will have primary responsibility for the formation, administration, and issuance of bonds, subject to approval of affected property owners. Developers/applicants will be responsible for all County of San Diego staff costs through developer deposit accounts established pursuant to County of San Diego ordinances, and as a condition of project approval. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

Program participation may result in reduced costs for individual developments and future residents as costs associated with formation, administration, and debt issuance are shared among different projects throughout the state. The formation of Community Facilities Districts and assessment districts, and issuance of bonds to reimburse developers assists in providing for community amenities and infrastructure improvements, such as recreational centers, parks, schools, roads, trails, and sanitation systems.

ADVISORY BOARD STATEMENT

The Debt Advisory Committee (DAC), established by the Chief Administrative Officer of the County, reviews and evaluates financial obligations that bear the name of the County of San Diego

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or of any subordinate agency of the County. On April 26, 2023, the “Resolutions Amending the 2019 Statewide Community Infrastructure Program Resolution” was presented to the DAC. At that time, the DAC moved to approve for the Board of Supervisors’ consideration the proposed amendments to SCIP Resolution 19-158 to allow for Community Facilities Districts (CFDs) to participate in the SCIP program.

BACKGROUND

The Statewide Community Infrastructure Program (SCIP) is a program of the California Statewide Communities Development Authority (CSCDA). SCIP is a tax-exempt financing program managed by CSCDA that can finance impact fees and public improvements by pooling, or combining, the issuance of bonds from different jurisdictions into one bond issuance. SCIP finances infrastructure projects by forming Assessment Districts (ADs) and Community Facilities Districts (CFDs) that levy special assessments on property owners within the districts. Today’s action seeks approval to extend the County’s current participation in SCIP to align with CSCDA’s (2020) financing options that now include CFDs. Financing from SCIP ADs or CFDs, and the associated bonds for these types of districts, can provide for the payment of impact fees and the acquisition and/or construction of public improvements. For ADs, public improvements may include water and sewer lines, streets, sidewalks, gas and lighting infrastructure, other basic infrastructure needs as well as County owned facilities (e.g., parks and libraries). CFDs may include the same types of public improvements as ADs but may also include public improvements from other local agencies such as public schools or fire/police stations.

Participation in SCIP provides a means for developers to obtain low-cost, long-term financing for required impact fees and costs of public improvements. Participation in SCIP also can realize shorter time frames for the formation of districts (ADs and CFDs), allowing projects to satisfy conditions and begin construction more quickly. CSCDA also assumes responsibility for the formation of ADs and CFDs, and bond issuance, which could be lower than County costs because of the multiple project pooled financing mechanism. Providing available options for developers to form ADs and CFDs through SCIP’s low-cost, pool bond financing program could increase developers’ interest in building out new residential developments in the unincorporated County, which could have the effect of an increase in housing inventory in the region.

Developers utilizing SCIP financing, which means pooling fees together across multiple projects to obtain better financing terms, may also provide benefits for homebuyers. Through the SCIP program, homebuyers are provided an opportunity to live and invest in a new neighborhood with growing property value potential with appealing amenities like parks or new schools. Additionally, if the developer uses low-cost/tax-exempt capital to pay for public infrastructure improvements as they would in the SCIP program, the costs of these improvements added onto the home price may be reduced—potentially lowering the amount needed for homebuyers to qualify for personal financing of a new home, in a new neighborhood, with appealing amenities.

There are other benefits for the County of San Diego if developers use SCIP for the formation of ADs or CFDs. Through SCIP, CSCDA is responsible for the formation of ADs and CFDs along with the (lessened) involvement of County staff, and CSCDA also manages the bond issuance and handles post bond issuance activities. CSCDA’s SCIP process is more streamlined than the

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County's AD and CFD formation process, cutting down the time it takes for the developer to get through the AD or CFD formation process and access the lower-cost financing package that CSCDA offers. Through SCIP, developers will have immediate access to capital—possibly making developers more inclined to pay County impact fees upfront. Paying County impact fees upfront benefits the County by providing the County immediate revenue to offset costs of facilities needed to support the new development (e.g., to fund construction of County facilities generated by new development).

For ADs and CFDs formed through the SCIP, bond repayment is funded by the assessments, or special taxes, levied within districts formed. ADs are formed with the approval of affected property owners, under the Municipal Improvement Act of 1913, Streets & Highways Code § 10000, et seq. (1913 Act), while CFDs are formed, with the approval of affected property owners, under the 1982 Mello-Roos Act. Paying for the costs of necessary infrastructure or amenities of a new development through levied assessments may allow for more flexibility in project development and may not require as much private market financing. Additionally, the levied assessments of a district formed through the SCIP pooled bond program will have tax-exempt rates which ultimately translates to competitive interest rates and lower costs.

To participate in SCIP, counties and cities must be a member of the Joint Exercise of Powers Agreement relating to the California Statewide Communities Development Authority (JPA) and must approve a resolution authorizing CSCDA to form ADs and CFDs and to issue the associated bonds. The County has been a member of CSCDA since August 13, 1991, allowing a developer to participate in financing programs available through CSCDA. Under the current resolution, the SCIP pooled bond financing program for ADs is one of the programs currently available to developers in the County. The SCIP program presented in the Amended Resolution before the Board today extends an additional financing option through SCIP to include CFDs.

On September 25, 2019, the Board of Supervisors (Board) adopted Resolution 19-158 (2019 Resolution) allowing the County to participate in CSCDA's SCIP, and to offer the pooled bond financing program for the establishment of ADs. The 2019 Resolution also includes delegations of authority to allow County staff to review and approve the submittal of developer applications to CSCDA to initiate formation of an AD and any related SCIP financing, adopt acquisition agreements that are needed to allow for developer reimbursement from funds raised by bond issuance by CSCDA, and take other actions needed to complete the SCIP process.

When the 2019 Resolution was adopted, the CSCDA did not have the SCIP pooled financing program available for the establishment of CFDs. In 2020, CSCDA updated the SCIP to extend its pooled bond financing program option available for establishment of both ADs and CFDs. The proposed amended resolution will authorize CSCDA to form and manage ADs under the 1913 Act and CFDs under the 1982 Mello-Roos Act, subject to the approval of property owners, and issue bonds to finance impact fees and improvements required by the County as a condition of the approval of a project. Today's actions seek Board approval to amend the adopted 2019 Resolution authorizing CSCDA to form and manage both ADs and CFDs through their bond program offered through SCIP.

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With the approval of the proposed amended 2019 Resolution (Amended Resolution), developers will now have the option to apply for SCIP pooled bond financing for CFDs formed within the unincorporated county. The Amended Resolution provides an additional means for financing of public infrastructure of CFDs. CFD's are often a more popular choice over ADs because the types of public infrastructure and services that may be funded through a CFD have less restrictive criteria to qualify for bond financing. ADs typically include public infrastructure such as streets, sidewalks, lighting infrastructure, and water and sewer lines—and are limited to only County facilities like parks and libraries. CFDs may include the types of infrastructure that are included in ADs, but CFDs also allow for infrastructure from other local agencies including infrastructure of school districts and water districts—thereby broadening the range of public infrastructure that may be included. In this way, CFDs are more versatile in the types of infrastructure that can be included in the bond financing package, often making CFDs a more favorable option for new development.

CSCDA requires that “special districts” such as the San Diego County Flood Control District and the San Diego County Fire Protection District adopt a resolution to participate in the SCIP Pooled program. The San Diego County Flood Control District is bringing a resolution to their Board of Directors as part of today's action. The San Diego County Fire Protection District also plans to participate in the program but will bring forward their own resolution to their Board of Directors at a later date.

Approval of today's action will add another tool for financing infrastructure in future developments. However, if they choose, developers would still be able to request that the County form Community Facilities Districts (CFDs) (rather than using CSCDA to form the district) and levy special taxes using the existing CFD policy established by Board Policy I-136, Comprehensive Goals and Policies for Community Facilities Districts. Developers will also continue to have access to financing through SCIP for assessment districts (ADs). If today's action is approved, developers will have access to financing through the SCIP Program for CFDs.

ENVIRONMENTAL STATEMENT

Today's action to adopt a resolution amending the 2019 Statewide Community Infrastructure Program instituted by California Statewide Communities Development Authority is exempt from the California Environmental Quality Act (CEQA). Today's action is the approval of a funding mechanism without a commitment to any specific project. In accordance with Section 15061 (b)(3) of the CEQA Guidelines, it can be seen with certainty there is no possibility the activity in question may have a significant effect on the environment.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Strategic Initiatives of Equity, Empower, and Community in the County of San Diego's (County) 2023-2028 Strategic Plan with objectives to foster an environment where residents engage in recreational interests by enjoying parks, open spaces, and outdoor experiences, and to plan, build and maintain safe communities by facilitating the payment of impact fees and the costs of improvements required as a condition of project approval through assessments levied on property owners through the SCIP managed by CSCDA.

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Respectfully submitted,



SARAH E. AGHASSI
Deputy Chief Administrative Officer

ATTACHMENT(S)

ATTACHMENT A- AMENDED AND RESTATED RESOLUTION OF THE COUNTY OF SAN DIEGO BOARD OF SUPERVISORS AUTHORIZING THE COUNTY TO PARTICIPATE IN THE EXPANDED STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM; AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT SPECIAL ASSESSMENT PROCEEDINGS AND LEVY ASSESSMENTS AND SPECIAL TAXES AND TO FORM ASSESSMENT DISTRICTS AND COMMUNITY FACILITIES DISTRICTS WITHIN THE TERRITORY OF THE COUNTY OF SAN DIEGO; EMBODYING A JOINT COMMUNITY FACILITIES AGREEMENT SETTING FORTH THE TERMS AND CONDITIONS OF COMMUNITY FACILITIES DISTRICT FINANCINGS; APPROVING THE FORM OF ACQUISITION AGREEMENT FOR USE WHEN APPLICABLE; AND AUTHORIZING RELATED ACTIONS

ATTACHMENT B- RESOLUTION OF THE SAN DIEGO FLOOD CONTROL DISTRICT BOARD OF DIRECTORS AUTHORIZING THE SAN DIEGO COUNTY FLOOD CONTROL DISTRICT TO PARTICIPATE IN THE EXPANDED STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM; AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT SPECIAL ASSESSMENT PROCEEDINGS AND LEVY ASSESSMENTS AND SPECIAL TAXES TO FORM ASSESSMENT DISTRICTS AND COMMUNITY FACILITIES DISTRICTS WITHIN THE TERRITORY OF THE COUNTY OF SAN DIEGO; EMBODYING A JOINT COMMUNITY FACILITIES AGREEMENT SETTING FORTH THE TERMS AND CONDITIONS OF COMMUNITY FACILITIES DISTRICT FINANCINGS; APPROVING THE FORM OF ACQUISITION AGREEMENT FOR USE WHEN APPLICABLE; AND AUTHORIZING RELATED ACTIONS