



CITY OF LA VERNE
Enhanced Infrastructure Financing District

Los Angeles County Application

September 17, 2018



Source: Metro Gold Line Foothill Extension Construction Authority

The Foothill Gold Line Light Rail project has been a 20-year regional effort that will connect the foothill communities from Montclair to downtown Los Angeles. With the adoption of Measure M the next phase of the line (Glendora to Claremont) is fully funded and is expected to be operational by 2026. This extension will result in new stations in each of the communities, providing new opportunities for public transportation across the region.

In 2003 La Verne began planning for the eventual extension and the ultimate location for the platform in our community. The City has seen this regional mass transit project as an opportunity to improve the area immediately adjacent to the station as the current development is incompatible with this new amenity. Now that construction of the extension is underway, the City is expanding its commitment to this vision with the adoption of an Enhanced Infrastructure Financing District (EIFD) to fund the needed public improvements to support the desired development.

The location of La Verne's station was strategically selected to ensure it would provide access to major assets in the region. Within a 5 minute walk from the station, people will have access to the Los Angeles County Fairgrounds, the University of La Verne, and the City's historic Old Town. By leveraging those assets and facilitating connections throughout the area, all stakeholders believe that the projects of the EIFD will create a synergistic environment between all community assets and the future riders. Initiating the public improvements is expected to accelerate development interest, thus bringing projects to fruition sooner. The resultant effect will increase property and sales tax revenues for the City and County, create local jobs, reduce greenhouse gas, and provide affordable housing.

September 17, 2018

Robert Moran
Los Angeles County Chief Executive Office
Economic Development Unit
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 750
Los Angeles, CA 90012

RE: The City of La Verne EIFD Application – 5th Supervisorial District, La Verne CA

Dear Mr. Moran:

The City of La Verne is proud to submit the attached proposal for Los Angeles County's participation in an Enhanced Infrastructure Financing District (EIFD) to support Transit Oriented Development along the planned Gold Line light Rail Extension.

Through the completion of over \$33 million in offsite public improvements immediately adjacent to La Verne's station, the City expects to improve connectivity, enhance aesthetics, and increase utility capacity all with the purpose of attracting the level and style of development to complement the addition of a regional light rail to the community.

Creation of the District and mutual participation by the City and County will help to accelerate development and thus fulfill several local and regional goals of sustainability, mobility, affordable housing, and job creation in a much shorter time frame. **With the County's participation the needed infrastructure projects would occur more quickly, thus spurring private development faster.** Additionally, the City's request for County participation complies with the County's standards for participating in an EIFD.

This proposal is presented in four sections conforming to the Board Policy #3.106:

- 1) Summary of EIFD Benefits and Need for County Participation
- 2) Project Description
- 3) EIFD Financial Feasibility Analysis
- 4) Additional Information

Please feel free to contact me should you have any questions.

Sincerely,



Robert Russi
City Manager



Summary of EIFD Benefits and Need for County Participation

The City of La Verne was the first agency in the County to create and adopt an EIFD. That decision was made as the City Council recognizes the extension of the light rail system through the community creates an opportunity for revitalization of a significantly underutilized area of the community. This area is also in close proximity to three major amenities of the community (Fairplex, University of La Verne, and Historic Old Town), creating an opportunity for synergy between these assets, ultimately benefiting the community and region.

By initiating the public improvements that have been identified in the previously adopted Old Town La Verne Specific Plan, the City believes that we can attract the level and quality of development that would best serve the community, area partners, and the users of the Gold Line. The County's participation is critical in creating a greater level of bond capacity in a shorter amount of time than with the City alone. In doing this, the District will be able to support the \$33 million of projects more expediently, accelerating these public projects that will ultimately spur the desired development. Without the County's participation, it is expected that the private development could be delayed 5-10 years and may be developed at a smaller scale than anticipated, affecting the tax increment growth both the City and County are expecting.

The County's investment in the EIFD is supported by the following:

Critical investment in area adjacent to existing County assets

- 1) Street Improvements to increase connectivity to the Los Angeles County Fairgrounds
- 2) Pedestrian bridge from the La Verne Gold Line Station directly to the Los Angeles County Fairgrounds
- 3) Lighting and Landscaping upgrades
- 4) Utility upgrades to support future development

City and County partnership boosts and shortens timing for funding capacity

- 1) No new taxes
- 2) County participation accelerates investment and growth in County general fund revenues
- 3) Long-term, committed revenues support private investment
- 4) Ability to leverage other revenues – taxes, ground lease, bonds
- 5) Ability to attract additional funds – cap and trade, transportation funds

Significant financial benefit to the County

- 1) EIFD creates revenue from properties with low assessed value
- 2) Revenues to the County are accelerated with infrastructure and private investment



Complies with the requirements in the County's policy for participating in an EIFD

- 1) The City of La Verne receives 18.47 cents for every dollar captured in the District.
- 2) The City is requesting that the County participate by committing roughly 50% of their tax increment of 29.6 cents (15 cents) to the EIFD, which is less than the City's 18.47 cents.
- 3) The City is only requesting roughly 50% of the County's property tax increment.
- 4) The Fiscal Analysis conducted by the CEO's office shows a positive net impact to the County's General Fund by participating in La Verne's EIFD.
- 5) The EIFD project will support affordable housing, workforce development, and sustainability.
- 6) The City currently requires 15% of new residential units within the district to be affordable units. The City is willing to have further discussions with the County on this subject.
- 7) The City has already established the EIFD on its own, which was approved at both the State and County Assessor, consistent with Government Code Sections 53398.5-53398.58.

Project Description

In 2003 the City began the process of identifying the location of the future station for the extension of Gold Line Light Rail. The location selected was in walking distance of multiple assets of the community including the Los Angeles County Fairgrounds (Fairplex), the University of La Verne, and historic Old Town La Verne.

Following up on that decision the City took on a 10 year effort of creating the Old Town La-Verne Specific Plan (OTLVSP). This visioning document modified the City's zoning to accommodate a level of development that was unique to La Verne but would allow the maximum potential for the area surrounding the station. Several key components of the OTLVSP are the tiered style of development to ensure new development was not disruptive to the current charm and character of the area, created linkages between the area so that existing community amenities would be enhanced and not hindered by the rail station and new development, and provided a road map and streamlined entitlement process for the density and uses that would be a valued part of this new transit hub.

Development that is expected to occur through this effort includes approximately 1,700 residential units, a 150 bed hotel, over 100,000 square feet of retail space, and 150,000 square feet of business park. In the aggregate, the proposed improvements to be funded will have community benefits that will enhance the aesthetics and functionality of the area as visible projects include landscaped medians and parkways, increased sidewalk access, and dedicated bikeways. A key project of the EIFD is a pedestrian bridge from the Gold Line Station across Arrow Highway to the north end of the Los Angeles County Fairgrounds. Upgrades to existing underground utilities will improve level of service for existing properties as well.



Recognizing that the OTLVSP only created the vision for the desired improvements, the City of La Verne adopted the EIFD as the sole taxing entity in 2017, recognizing the importance for financing the needed public projects. While bonding capacity is limited under this structure, the City is committed to taking on the identified investment to help improve the area around the station for the betterment of the community and existing stakeholders.

District Boundaries

The District is generally bounded by the southern City limits: White Avenue to the east, the alley north of First Street to the north, and E Street to the west. A smaller subarea of the District mostly involves properties west of Wheeler Avenue, south of Arrow Highway, east of the Puddingstone flood control channel, and north of Puddingstone Drive.

The District consists of three (3) subareas, encompassing approximately 111 acres and 83 parcels in the City of La Verne. The following chart illustrates the makeup of the three subareas:

	Acreage	Total Parcels	Total Unique Land Owners Per Area
Sub-Area 1	41.07	41	20
Sub-Area 2	65.06	13	6
Sub-Area 3	4.75	29	16
Total	110.88	83	42



With the \$33 million of public investment, it is expected to spur over \$700 million in private development that will create the following benefits:

Residential - Increase the City's housing stock to address anticipated growth projections as well as provide a style of housing that is lacking in La Verne. New for sale and rental units will enhance viability and demand for existing services provided in core of Old Town La-Verne as well as support the new commercial development that will be added to the area.

Commercial - Commercial growth will improve the City's tax base as well as improve future and existing residents' access to services in part of the community that has limited commercial opportunities.

Hotel – This aspect will add a service that does not exist in the community while creating a new tax base via the Transit Occupancy Tax (TOT) that will help fund other City services. Current models estimate a limited service level hotel can be supported by the latent demand of Los Angeles County Fair and other year-round events held at the Fairplex, University of La Verne, and area businesses.

Public Improvement Proposed

It is estimated that approximately \$33 million of projects are needed to support the development that is anticipated in the area. These improvements are strictly public improvements that occur within the public right-of-way and not on privately owned properties. The private developers are expected to fund all on-site improvements. While the overarching purpose of La Verne's district is to create a mechanism to fund the improvements necessary to accommodate Transportation Oriented Development (TOD) in the corridor of the Gold Line rail system, there are three specific goals in which those efforts are categorized:

- 1) Physical and Aesthetic Improvements - Arrow Highway is the major arterial serving the area. A primary objective is to improve the streetscape, medians, walkability of sidewalks, and enhancements to bikeways. The physical and aesthetic improvements are expected to increase marketability and interest in the area to potential developers.
- 2) Enhancing of Connectivity - The EIFD will facilitate improvements that will promote accessibility between the Old Town and University of La Verne that is user-friendly and inviting. Also, as the Fairplex is expected to be a common destination for riders, linkages to this venue are also anticipated. These destinations and their proximity to the Gold Line Station were key reasons this location was selected. They are believed to be an important "value added" part of any development in the area. As such, creating inviting connections between these critical areas is a must.
- 3) Expansion of Utilities - Once specific projects are approved, it is understood that certain utilities servicing the area will need to be upgraded to accommodate the higher levels of demand. The district will be utilized to fund those utility improvements listed within this plan in order to defray those costs.



EIFD Fiscal Feasibility Analysis

The City of La Verne has already adopted the EIFD in order to begin collecting the tax increment needed to implement the Infrastructure Financing Plan (IFP). As of July 1, 2018, La Verne is committing 100% of its 18.5% tax increment within the district to fund the listed projects within the IFP.

The City contracted with the Kosmont Companies to assist us in the preparation, and eventual adoption, of our EIFD. Part of this process required a Financial Feasibility Analysis. Kosmont generated a baseline property tax analysis to determine the District revenue based on potential future development. Projected Assessed Value was then used to calculate the potential property tax revenue to the City and the County based on the tax rate within the District. Within the district area the City's property tax share is \$0.185 and the County's share is \$0.296

Projected New Development

New development projects were based on conservative estimates of the build-out scenarios as outlined in the 2014 adopted Old Town La Verne Specific Plan and the available vacant land in Sub-area 2 within the Arrow Corridor Specific Plan.

City of La Verne				
Preliminary Assessed Value Projections				
Development Type	Units		Projected AV/Unit/SF	Projected Total Assessed Value
Hotel	150	Keys	\$100,000	\$15,000,000
Retail	110,000	SF	\$250	\$27,500,000
Business Park	150,000	SF	\$100	\$15,000,000
Apartments	750	Units	\$175,000	\$131,250,000
Condominiums	950	Units	\$300,000	\$285,000,000
Total Projected AV New Development				\$473,750,000

Tax Increment Projections and Bonding Analysis

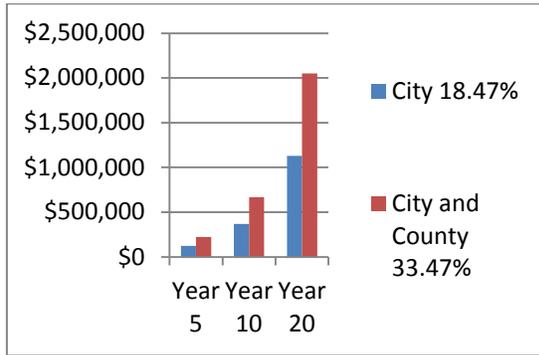
A base case scenario was analyzed to determine the tax increment revenue projections for the District based on the property tax distribution and assumptions outlined above along with the following assumptions:

- 1) City contributes all of its 18.5 cents of property tax increment
- 2) Los Angeles County contributes roughly 50% (15 cents) of its total 29.6 cents of property tax increment
- 3) Does not include potential additional contributions from TOT or sales tax

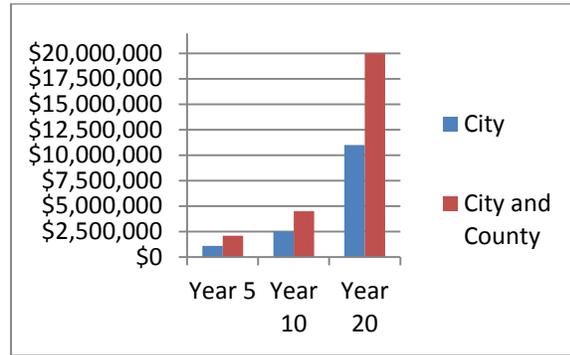


Based on these assumptions, annual projected District revenues total \$222,000 in Year 5 growing to \$2,050,000 in Year 20, the expected year of build-out.

EIFD Revenues



EIFD Bonding Capacity



Proposed Projects within the EIFD

The EIFD includes 14 infrastructure projects necessary to catalyze and serve development proposed in and around the District. The proposed projects include improvements to the existing street network, enhancements for safer pedestrian travel, and water and sewer upgrades necessary to support the District. More than two-thirds of the estimated costs will be directed at utility system upgrades necessary to support the potential development that is expected to occur within the EIFD and nearby areas.

PROJECT CATEGORY	COST
Street/Traffic Improvements	\$2,950,000
Pedestrian Connectivity	\$7,050,000
Other Utility Improvements	\$2,000,000
Water System	\$18,780,000
Wastewater System	\$2,300,000
TOTAL	\$33,080,000

Additional Information

Former Redevelopment Impacts

The District was in a former Redevelopment Area; however, obligations from the former Redevelopment Agency have essentially been fulfilled and there are sufficient residual funds to support the remaining obligation. The City has received its “Finding of Completion” from the State’s Department of Finance and is compliant with all provisions of all State dissolution requirements.



Job Creation

The total estimated net FTEs created from private development (after redevelopment of existing sites) within the District is approximately 600 (with 280 construction jobs) based on nearly 2.1 million square feet of development of retail, business park, hotel, apartments, and condominiums over the 20-year period. Since the EIFD is leveraging Los- Angeles County public funds, 30% local hire and 10% targeted worker efforts will be made for new construction within the District. The City would encourage developers and future employers to engage with local institution's Workforce Development Programs at the University of La Verne, Cal Poly Pomona, Mt. San Antonio College, and the Fairplex's Career and Technical Educational Center program (CTEC).

Affordable Housing

The Old Town La Verne Specific Plan has a requirement for inclusionary housing within the District. Each residential project shall have, at a minimum, 15% of the project's housing units occupied by persons or families of low or moderate income, with 40% of those units occupied by persons or families of very low income households.

Sustainability

The City is committed to sustainability, and the Old Town La Verne Specific Plan has an entire chapter related to design standards for new project to achieve LEED status and a general approach to sustainability. More information can be found in Chapter 5 of the OTLVSP.

Benefits to other County/Regional Assets

The proposed infrastructure projects within the District will also serve other County and regional assets including:

County:

- 1) Los Angeles County Fairgrounds
- 2) Brackett Field
- 3) Frank G. Bonelli Regional Park

Regional:

- 1) University of La Verne
- 2) Metropolitan Water District's F.E. Weymouth Water Treatment Plant
- 3) Gilead Sciences
- 4) Cal Poly Pomona
- 5) Pomona Valley Hospital
- 6) Casa Colina Hospital

Attachments:

- 1) Property Tax increment Model
- 2) La Verne EIFD County Presentation (August 29, 2018)
- 3) La Verne Adopted IFP
- 4) La Verne Crossings Brochure

