

MOTION BY SUPERVISOR HOLLY J. MITCHELL

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**Establishing An Enhanced Infrastructure Financing District in Unincorporated County Areas to Enable Community-Driven Improvements**

In the midst of the post-pandemic economic recovery, local governments like Los Angeles County (County) are faced with hard choices as they allocate limited revenue across myriad priorities - from housing and infrastructure to social services, public safety, and other initiatives.

In the past, local redevelopment agencies in the State of California (State) used tax increment financing (TIF) as a supplemental revenue stream to finance development projects and maintain critical infrastructure. TIF "[works](#)" by freezing the property tax revenues that flow from a designated project area to the city, county, and other taxing entities at the 'base level' in the current year. Additional tax revenue in future years (the 'increment') is diverted into a separate pool of money, which can be used either to pay for improvements directly or to pay back bonds issued against the anticipated TIF revenue."

However, as of February 1, 2012, redevelopment agencies were required by State law to dissolve. As an alternative strategy, in 2014, Senate Bill 628, *Enhanced Infrastructure Financing Districts*, revamped existing Infrastructure Financing Districts into Enhanced Infrastructure Financing Districts (EIFD). EIFD enable cities and counties to form a TIF district to help fund similar economic development projects.

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In recent years, several State legislative measures have modified and refined EIFD requirements to increase their impact and ease of use. With these modifications, EIFD are currently able to fund a wide variety of projects, including: infrastructure maintenance and housing development, economic development, transportation infrastructure, sewage treatment, and climate adaptation projects. In alignment with the State's policy, in 2017, the County Board of Supervisors [adopted a policy](#) which establishes clear guidelines and criteria for proposed EIFD as well as proposed Community Revitalization and Investment Authority projects.

There are [numerous EIFD](#) implemented with more in development across the State. These include the EIFD within the County's West Carson unincorporated area, as well as EIFD in cities such as Redondo Beach, Carson, and La Verne. Local governments are continuing to explore the breadth of scenarios in which to utilize the EIFD funding tool. The County is assessing the potential creation of an EIFD to support the development of the [County's General Hospital](#) on the LAC+USC Campus. In [Oakland](#), the City Council is exploring the potential costs, benefits, and structure of an East and West Oakland EIFD to fund affordable housing.

There is an opportunity to explore the feasibility of an EIFD within communities in the unincorporated Second Supervisorial District (Second District). Several communities within the unincorporated Second District lack critical infrastructure -- the result of decades of public and private disinvestment, driven by redlining and other structurally racist policies and practices. At the same time, unincorporated communities in the Second District are experiencing unprecedented development, ranging from affordable housing projects to new transportation investments. Given this context, establishing an EIFD could help advance equitable economic development by leveraging future projects and catalyzing additional community improvements. EIFD also present an opportunity to facilitate community-driven development and the County should collaborate with local groups to guide the potential EIFD implementation.

Given that the County has the sole jurisdictional authority over the establishment of EIFD in unincorporated areas, the potential EIFD in unincorporated Second District communities could serve as a learning opportunity and model for innovative EIFD models across other County unincorporated areas. An assessment of EIFD feasibility must

consider potential scenarios of boundaries within the unincorporated Second District based on upcoming projects and projected tax revenue. The County can utilize a consultant with TIF expertise to conduct the independent assessment and report back with recommendations and considerations for the Board.

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

1. Instruct the Director of the Department of Economic Opportunity (DEO) or designee, in coordination with the Chief Executive Officer (CEO), the Auditor-Controller, and the CEO's Anti-Racism, Diversity and Inclusion Initiative, to contract with an independent third-party entity (Consultant) within 90 days for an Enhanced Infrastructure Financing District (EIFD) feasibility analysis focused on the unincorporated areas of the Second District, not to exceed \$100,000. The Consultant should have expertise on tax increment financing and working with local governments on similar feasibility studies. The scope of work for the solicitation should involve an evaluation of several scenarios of potential EIFD implementation along with an assessment of financial feasibility and their alignment with the County's EIFD [policy](#). The Consultant should employ an equity lens to the analysis and focus on high-need communities in the unincorporated Second District, including but not exclusive to: East and West Rancho Dominguez, Florence-Firestone, Lennox, West Athens, Westmont, and Willowbrook. DEO shall report back to the Board in writing within 180 days on the results of the EIFD feasibility analysis.
2. Instruct the Director of DEO to allocate up to \$100,000 from the Catalytic Development Fund budget allocated for unincorporated Second District to cover the cost of the Consultant.

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