



**Tax Increment Financing (TIF) Feasibility Study**  
**Unincorporated Santa Monica Mountains**  
**Wildfire Disaster Recovery Financing District**  
***DRAFT Preliminary Findings***

***October 2025***

**Prepared by:**  
**Kosmont Companies**

# Preliminary Tax Increment Financing (TIF) Feasibility Analysis Findings – **DRAFT**

- a) TIF District Boundary Mapping – Preliminary Boundary of ~9,770 Acres
- b) Evaluation of Assessed Value Loss and Rebuild Potential – ~\$370 million or 15% loss
- c) Projected TIF Revenue Capacity – ~\$170 to \$240 million present-value
- d) Potential Investments to Support Recovery / Rebuild / Resilience – Ongoing work
- e) Potential Next Steps – Analysis refinement, initial implementation activities

## Kosmont Deliverables (funded by SCAG):

- Objective, technical analysis and actionable information for the County's consideration
- Can inform further, more detailed analysis specific by County as desired

# Boundary and Strategic Considerations

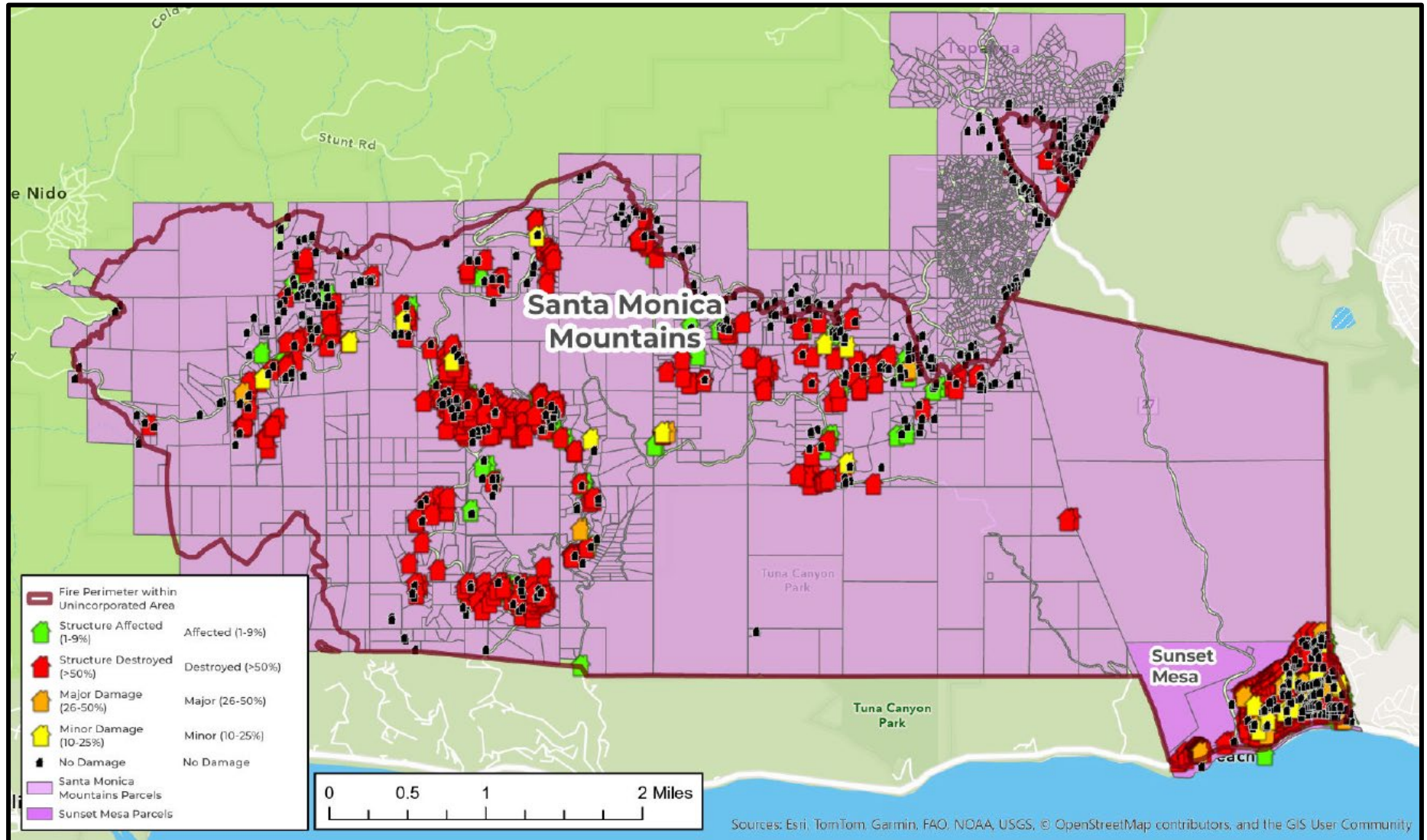
## *Feasibility Analysis Approach*

1. Define potential district boundary based on fire-impacted areas, considering financing district (e.g., SB 782) requirements
2. Estimate future growth of assessed value based on pre-fire values and realistic potential for rebuild and recovery of lost assessed value
3. Focus on the County General Fund as the primary affected taxing entity participating in the financing with its share of future property tax increment
4. Evaluate scenarios of tax increment revenue allocation based on factors above, also balancing need to reserve future property tax revenues for General Fund protection / day-to-day municipal services (different levels of allocation evaluated)

# Potential TIF District Boundary

## *Unincorporated Santa Monica Mountains*

- Focus on areas within the declared fire disaster perimeter (SB 782 requires minimum 80% of district area)
- Additional ~20% of nearby impacted areas outside of the official disaster area
- 521 destroyed structures (over 50% structure damage), ~32% of all units
- 148 affected structures (between 1% and 50% structure damage), ~9% of all units



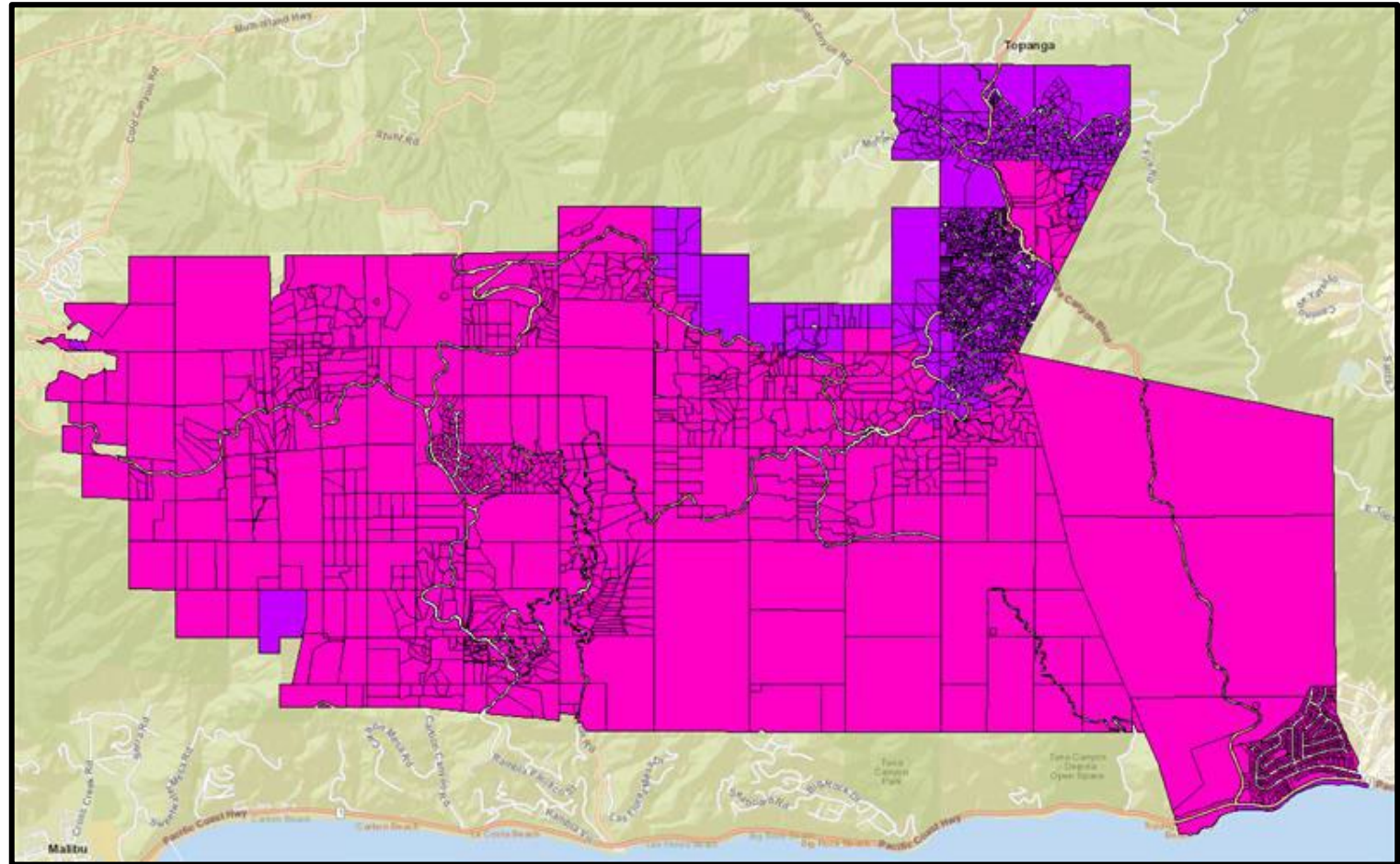


# Potential TIF District Boundary

## *Sunset Mesa and Unincorporated Santa Monica Mountains*

	# Parcels	Acres
Sunset Mesa	577	356
Other S.M. Mountains	2,354	9,413
<b>Total</b>	<b>2,931</b>	<b>9,770</b>

*0.37% of Countywide acreage*



# Pre- and Post-Fire Assessed Values

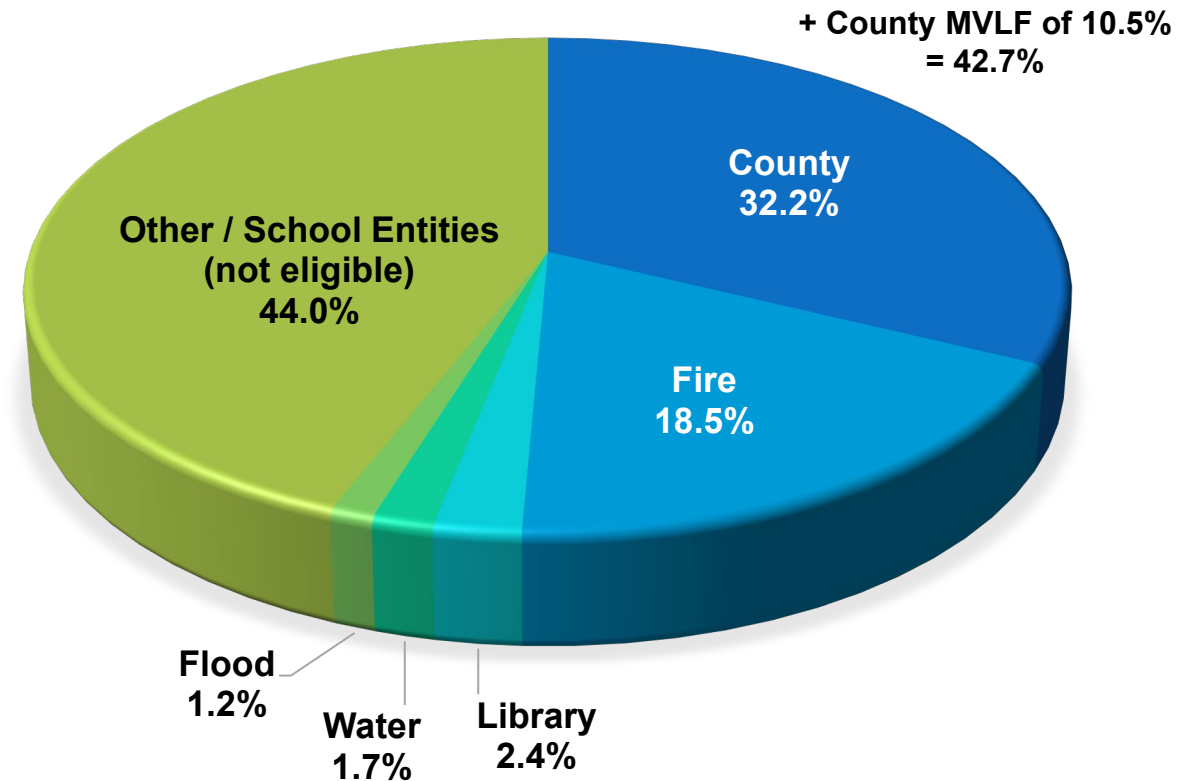
	Pre-Fire Assessed Values (2024-2025)	Post-Fire Assessed Values (2025-2026)	Change (Dollars)	Change (Percent)
Sunset Mesa	\$824.3 M	\$589.0 M	(\$235.2 M)	(28.5%)
Other S.M. Mountains	\$1,625.5 M	\$1,490.9 M	(\$134.7 M)	(8.3%)
<b>Total</b>	<b>\$2,449.8 M</b>	<b>\$2,079.9 M</b>	<b>(\$369.9 M)</b>	<b>(15.1%)</b>

*Boundary represents ~0.10% of Countywide 2025-2026 assessed value*

# Property Tax Revenues Available to TIF District

- County General fund share varies by tax rate area and averages ~**32.2% each** of every \$1 collected in property taxes
  - County additionally receives equivalent of ~**10.5%** of property tax in lieu of motor vehicle license fees (MVLFF), also available to TIF
- County Fire share averages ~**18.5%**
- County Library share averages ~**2.4%**
- County Water share averages ~**1.7%**
- County Flood share averages ~**1.2%**
- Remaining ~44% is primarily distributed among school-related entities, which are not eligible for TIF participation

Property Tax Distribution



# Funding Capacity Illustrations

- The following tables show how tax increment revenues can support targeted projects through pay-as-you-go spending, bond issuance, and/or reimbursement to other public or private entities
- Bonding scenarios are conservative and assume “level debt service”, meaning that a Year 5 bond assumes that only the Year 5 level of annual EIFD revenue will be available for bond debt service (as opposed to “escalating debt service”, which assumes growth in available revenue for debt service beyond Year 5 levels)
- “Present value” estimates reflect the value of future tax increment revenues for reimbursement, using a 3% discount rate as a benchmark
- “Nominal dollar” figures show total revenues over time without adjusting for inflation
- Two scenarios of assessed value growth were evaluated:
  - a) Return to Jan 6, 2025 pre-fire values over the next 5 years (~3.3% annual growth)
  - b) Return to “inflation-adjusted” pre-fire values over 5 years (i.e., where values would have been in 5 years if there had been no fire; equivalent to ~7.5% annual growth)



# TIF Revenue and Bonding Capacity Scenarios

## *Return to “Static” Pre-Fire Values Over 5 Years (~3.3% Annual Growth)*

TIF Revenue Allocation Scenario	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present-Value @ 3% Discount Rate	50-Year Nominal Total
A) County 50% no MVLF	\$6,045,000	\$16,924,000	\$95,617,000	\$262,959,000
B) County 50% w/ MVLF	\$8,223,000	\$22,635,000	\$126,664,000	\$348,341,000
C) County 75% no MVLF	\$9,399,000	\$25,718,000	\$143,426,000	\$394,438,000
D) County 75% w/ MVLF	\$12,666,000	\$34,283,000	\$189,996,000	\$522,511,000
<b>E) County 90% no MVLF</b>	<b>\$11,278,800</b>	<b>\$30,861,600</b>	<b>\$172,111,200</b>	<b>\$473,325,600</b>
F) County 90% w/ MVLF	\$15,199,200	\$41,139,600	\$227,995,200	\$627,013,200

General Fund allocation only (e.g., no Fire, Library, or Flood Control allocation).

\* Bonding capacity assumes Year 5 is first bond issuance for EIFD. “Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes \$25,000 admin charge, 150% debt service coverage. 6.0% interest rate; 30-year term. Proceeds net of 2% underwriter’s discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at \$350,000. Source: Kosmont Financial Services (KFS), registered municipal advisor.

# TIF Revenue and Bonding Capacity Scenarios

*Return to “Inflation-Adjusted” Pre-Fire Values Over 5 Years (~7.5% Annual Growth)*

TIF Revenue Allocation Scenario	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present-Value @ 3% Discount Rate	50-Year Nominal Total
A) County 50% no MVLF	\$15,557,000	\$32,336,000	\$132,222,000	\$350,801,000
B) County 50% w/ MVLF	\$20,824,000	\$43,051,000	\$175,155,000	\$464,706,000
C) County 75% no MVLF	\$23,667,000	\$48,836,000	\$198,333,000	\$526,202,000
D) County 75% w/ MVLF	\$31,566,000	\$64,907,000	\$262,732,000	\$697,059,000
<b>E) County 90% no MVLF</b>	<b>\$28,400,400</b>	<b>\$58,603,200</b>	<b>\$237,999,600</b>	<b>\$631,442,400</b>
F) County 90% w/ MVLF	\$37,879,200	\$77,888,400	\$315,278,400	\$836,470,800

General Fund allocation only (e.g., no Fire, Library, or Flood Control allocation).

\* Bonding capacity assumes Year 5 is first bond issuance for EIFD. “Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes \$25,000 admin charge, 150% debt service coverage. 6.0% interest rate; 30-year term. Proceeds net of 2% underwriter’s discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at \$350,000. Source: Kosmont Financial Services (KFS), registered municipal advisor.

# Considerations for Revenue Allocation Percentage

- County EIFD Policy requires that County allocate less than 100% of available increment
- Typical city and county tax increment revenue allocation percentages range from 25% to 50% of future increment to balance financing district funding capacity and General Fund protection / day-to-day operations
- Precedent for unincorporated Los Angeles County in West Carson is 90%
- Given the urgent need for infrastructure funding, and the relatively small proportion of financing district existing assessed value as a percentage of total Countywide assessed value, a case can be made for a larger allocation percentage ~90%
- Allocating incremental property tax in lieu of MVLFF in unincorporated County jurisdiction involves unnecessary administrative complexity, and is suggested to be omitted in this case

# Eligible Improvements under Senate Bill 782

## **GSC 62313.(f) A district established pursuant to this section shall limit the use of its revenue to only the following:**

- (1) The purpose of acquiring, demolishing, removing, relocating, repairing, restoring, rehabilitating, or replacing buildings, low- and moderate-income housing, facilities, structures, or other improvements, in accordance with applicable laws, which are within the district, and which have been damaged or destroyed by the disaster, which are unsafe to occupy, or which are required to be acquired, demolished, altered, or removed because of the disaster.
- (2) The purpose of mitigating the risk of a future disaster, including, but not limited to, both of the following:
  - (A) Water and energy resource access and availability during emergencies and natural disasters.
  - (B) Undergrounding and hardening of electrical lines and other utilities.
- (3) The purpose of supporting economic recovery from a disaster, including, but not limited to, all of the following:
  - (A) Residential and commercial reconstruction.
  - (B) Affordable housing development pursuant to the provisions of Section 53398.52.
  - (C) Prevention of displacement.
  - (D) Low-interest construction loans.
  - (E) Capital access programs for small businesses.
  - (F) Workforce development and job training programs.

# Potential Projects for Funding in Sunset Mesa + S.M. Mountains

- Roadway
- Water (incl. system upgrades)
- Sewer
- Flood control
- Other

***Projects and Costs Still Being Evaluated by County Public Works***



# Los Angeles County ELFD Participation Policy

<b>Property Tax Increment:</b> <ul style="list-style-type: none"> <li>• City share contributed <math>\geq</math> County share contributed</li> <li>• County contributes less than 100% of its share</li> </ul>	<input checked="" type="checkbox"/>
<b>Fiscal Analysis:</b> Positive net impact to County General Fund	<input checked="" type="checkbox"/>
<b>Board Priorities:</b> Supports affordable housing, homeless prevention, workforce development, or sustainability	<input checked="" type="checkbox"/>
<b>Regional and Community Significance:</b> As related to Board priorities above, job creation, blight removal, or improvements to regional transportation	<input checked="" type="checkbox"/>
<b>Affordable Housing:</b> 20% of units or tax increment will be set aside for affordable housing uses	
<b>“But for...” Test:</b> Contribution of County property tax increment is necessary precondition for targeted projects	<input checked="" type="checkbox"/>

# County TIF Policy Considerations

- CRD and DRD are technically forms of EIFD
- Special circumstances may warrant overriding considerations, consistent with County policy
- Need for infrastructure investment alone far exceeds funding TIF revenue capacity

# Example Roadmap for EIFD / CRD Formation

## *Existing EIFD/CRD Law*

Date	Task
<b>Aug – Oct 2025</b>	a) Analysis and discussion among County staff and Supervisors, other relevant stakeholders b) Final determination of TIF district boundaries, targeted projects, governing Public Financing Authority (PFA) Board composition
<b>November 2025</b>	c) Staff / consultants prepare summary materials for presentation to County Economic Development Policy Committee
<b>Nov / Dec 2025</b>	d) County BOS consider Resolution(s) of Intention (ROI) to form district and establish governing PFA Board
<b>January 2026</b>	e) PFA directs the drafting of the Infrastructure Financing Plan (IFP)
<b>Jan – Feb 2026</b>	f) Staff / consultants prepare draft IFP and discuss with other City / County departments, revise accordingly
<b>March 2026</b>	g) Distribute draft IFP to property owners, affected taxing entities
<b>April 2026</b>	h) PFA holds an initial public meeting to present the draft IFP to the public and property owners
<b>May 2026</b>	i) Staff / consultants present draft IFP to County Economic Development Policy Committee
<b>June 2026</b>	j) County BOS considers resolution approving IFP
<b>July 2026</b>	k) PFA holds first public hearing to hear additional comments and take action to modify or reject IFP
<b>August 2026</b>	l) PFA holds second public hearing to consider oral and written protests and take action to terminate proceedings or adopt IFP and form the district by resolution

# Example Roadmap for “Disaster Recovery District” Formation

## *Pursuant to SB 782 (proposed, not yet approved)*

Date	Task
<b>Aug – Oct 2025</b>	a) Analysis and discussion among County staff and Supervisors, other relevant stakeholders b) Final determination of TIF district boundaries, targeted projects, governing Public Financing Authority (PFA) Board composition
<b>November 2025</b>	c) Staff / consultants prepare summary materials for presentation to County Economic Development Policy Committee
<b>Nov / Dec 2025</b>	d) County BOS considers Resolution of Intention (ROI) to form TIF district, establish PFA board, and direct the preparation of the Infrastructure Financing Plan (IFP)
<b>Jan – Feb 2026</b>	e) Staff / consultants prepare draft IFP and discuss with other County departments, revise accordingly
<b>March 2026</b>	f) Staff / consultants present draft IFP to County Economic Development Policy Committee
<b>April 2026</b>	g) County BOS considers resolution approving IFP
<b>May 2026</b>	h) PFA holds public meeting to consider resolution approving IFP and forming the TIF district

# Timing Considerations

- County can choose to pursue TIF district formation in unincorporated areas with or without a partner, such as an adjacent city
- Partnership may support cost efficiencies for initial formation and ongoing administration
- Partnership may delay implementation however, which may result in a base year for future tax increment allocation which may not support optimal value capture (re-assessment appear to be complete, while rebuilding is still in early stages)
- County may choose to implement alone as a first stage, and the TIF district boundary and Infrastructure Financing Plan may be amended in a future fiscal year, e.g., to allow partner agencies to carefully evaluate partnership



# Potential Next Steps

## **For SCAG Feasibility Scope of Work:**

1. Analysis refinement (added detail on assumptions, projections, projects as available)
2. Coordination with other technical partners (e.g., licensed surveyor for map and legal description)

## **Beyond SCAG Scope of Work:**

3. TIF district formation, including preparation of Infrastructure Financing Plan (IFP), including General Fund Fiscal Impact Analysis
4. Community outreach to inform contents of IFP
5. Plan for detailed installation of infrastructure with initial funding
6. Seeding of area for early TIF activity (cash flow generation plan)
7. Pursuit of funding sources, including potential for early financing

THANK YOU  
Questions?

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