

### 8.1 Introduction

One of the most important elements of the Tweedy Boulevard Specific Plan is identifying the implementation measures that will result in the desired changes articulated in the Specific Plan. The Implementation Strategy will guide City staff, property owners, developers and decision-makers in realizing the infrastructure, amenity and economic development components of the Specific Plan. Key features of the strategy include:

- Formulating a capital improvement plan (CIP) that identifies and prioritizes the range of infrastructure and amenity improvements benefiting the community;
- Presenting possible value capture public financing and economic incentive methods, such as development impact fees, lighting and landscape districts, special assessments, special taxes, user fees and charges, and the recently adopted enhanced infrastructure financing district (EIFD) legislation;
- Analyzing the potential range of financing for a proposed property-based business improvement district (PBID) for increased marketing, implementation of selected enhanced amenities and minor capital improvements;
- Public-Private Partnerships, including providing matching capital improvement funds, continued coordination with the business improvement district and other local stakeholders, and developing joint grant and loan funding opportunities through a formal stakeholders' management task force that meets on a regular basis to provide advice and assistance to the public, staff and decision-makers in setting the priorities and actions that will implement the Specific Plan;
- Land use incentive strategies, including those available to South Gate and other cities, such as graduated density zoning that provide incentives for smaller parcel owners to voluntarily work together to assemble land into larger, more efficient sizes;

- Presenting the economic development benefits, such as jobs and housing creation, increased public revenues, including property tax increment and increased sales tax, and the overall revitalization and beautification of the Specific Plan area; and
- Monitoring ongoing economic development performance and new Federal and State legislative financing programs that could benefit South Gate.

The implementation strategy is based upon detailed fiscal, economic and financial analyses that are presented in separately submitted technical appendices (*Economic, Financial and Fiscal Technical Appendices, prepared by Stanley R. Hoffman Associates*) and referred to in this chapter.

## **8.2 Opportunities for Economic Development**

The Tweedy Boulevard Specific Plan encompasses the historic business corridor in South Gate that has experienced declines in its competitive advantage over the years as newer commercial developments have occurred both in other areas of South Gate and in the neighboring communities within the greater market area. In order to provide for the expansion of employment and housing development opportunities, the Specific Plan is designed to enhance Tweedy Boulevard's sense of place with improved infrastructure and amenities that create a sustainable, pedestrian friendly environment and to provide public-private partnerships, financing programs and incentives that will spur private sector commercial and housing development. This is designed to result in economic benefits both for the local businesses and residents and for the economic and fiscal health of South Gate.

## **8.3 Summary of the Capital Improvement Program**

The components of the capital improvement program (CIP) are summarized in Table 8-1 which outlines the general categories of improvements and estimated costs. The estimated cost totals about \$26.1 million. The bulk of these costs are for Transportation (28.7%) and Civil improvements (28.2%). Civil improvements refer to mid-block bulb-outs along with curb and gutter construction and intersection treatments. Other significant improvements include Street Lighting and Street Furniture (17.1% combined) and a proposed Tweedy Shuttle (12%). Together, these improvements represent 86 percent of the total costs.

*In Chapter 9: Capital Improvement Program*, the phasing priority for this work is identified as High (1- 5 years), Medium (5-10 years) and Low (10+ years), depending upon when the funding resources become available and priorities given based on the City's ongoing CIP. A detailed listing of potential transportation and related improvements along with their priority level and estimated costs are presented in Chapter 9. In summary, the total capital costs of about \$26.1 million are phased about 22 percent in the High priority range, about 29 percent in the Medium priority range and the remaining 49 percent in the Low priority range. All of the capital improvements will require the use of either existing City funding resources or new resources, except for the water system improvements. The water system is operated as an enterprise fund of the City which means that user fees and rates are used to cover ongoing operations and maintenance and related capital improvement costs.

**Table 8-1**  
**Summary of Capital Improvement Plan Priorities**

Improvement	Estimated Cost	Percentage Distribution
Street Lighting	\$ 3,705,000	14.2%
Street Furniture	\$ 759,150	2.9%
Landscape	\$ 1,864,500	7.1%
Transportation	\$ 7,498,745	28.7%
Civil	\$ 7,348,178	28.2%
Infrastructure (Water system upgrades)	\$ 1,290,755	4.9%
Tweedy Shuttle	\$ 3,120,000	12.0%
Signage & Wayfinding Program (allowance)	\$ 500,000	1.9%
<b>Total Cost</b>	<b>\$ 26,086,328</b>	<b>100.0%</b>

Source: The Arroyo Group Team

## 8.4 Implementation Strategy

The proposed Implementation Strategy is presented in Table 8-2 and includes Key Actions, Responsible Parties and Phasing Priority. As mentioned in the previous section, the Phasing Priorities are identified as High, Medium or Low priority, as well as actions that are Ongoing. These strategies serve to facilitate the desired community vision and bring multiple community benefits through goals articulated in the Specific Plan. Key components of the implementation strategy are public financing and economic incentive methods for implementing the Capital Improvement Program (CIP) in the Specific Plan area. This Implementation Strategy presents a range of public and private financing techniques and related programs, including land use incentive strategies, financing program initiatives and innovative public-private partnerships that build upon the substantial public and private investment already within the Tweedy Boulevard Specific Plan area. These strategies and key actions are summarized below:

**Update the City's Capital Improvement Program (CIP).** The CIP compiles the required public infrastructure and related costs developed by the team's design and engineering professionals to implement the Specific Plan. The CIP also identifies which projects are essential to attract private investment within the Specific Plan area, and presents High, Medium and Low phasing priorities over the anticipated build out of the Specific Plan area. The key action would be for the City staff, in consultation with the community and business stakeholders, to reflect these proposed improvements in the City's annually updated CIP. Priority: HIGH

**Foster Public Private Partnerships.** Public-private partnerships provide effective means in the current constrained economy to leverage limited resources and achieve mutually desired goals. These types of arrangements have already existed within between City leaders and staff and the Tweedy Mile Association, but now with an expanded set of improvements and amenities, increased coordination of funding programs, incentivizing economic development and joint participation in obtaining increased grant and loan opportunities will be needed. It is recommended that the City

set up a formal stakeholders' management task force that meets on a regular basis to provide advice and assistance to the public staff and decision-makers in setting priorities and actions that will implement the Specific Plan. Priority: HIGH

Additionally, the City staff can provide assistance to businesses in navigating the City's permitting process and in developing best business practices through free ongoing training and outreach programs that are provided by the Small Business Development Center in South Gate. The City of South Gate has a partnership with the Long Beach City College Small Business Development Center to help South Gate business owners increase their sales, obtain loans, streamline operations, utilize new technologies, expand into new markets, and position themselves for long-term growth. Priority: HIGH

**Establish an Enhanced Infrastructure Financing District.** In addition to traditional financing techniques, the implementation of innovative financing techniques will be important. An immediate priority would be to explore the feasibility of establishing an "Enhanced Infrastructure Financing District" (EIFD) for infrastructure bond financing under legislation that was adopted by the State Legislature in September 2014. Given South Gate's relatively low share (6.28%) of the 1% basic property tax levy, a range of bond financing of \$1.7 million to \$5.8 million is projected as presented in the technical appendices. Understandably, this provides only a small share of the estimated \$25.4 million of capital costs and will have to be supplemented with other financing mechanisms. While the use of other taxing entities property tax share is voluntary under an EIFD, one key action will be to coordinate with both the County of Los Angeles and Special Districts that may provide a portion or all of their property tax share if mutual planning goals and objectives can be defined. An EIFD can also use a portion of or all of its increase in property tax in-lieu of motor vehicle license fees from an increase in gross assessed value. However, for this analysis, it is assumed that this revenue source would remain in the City's General Fund and continue to be used for ongoing operations and maintenance. Priority: HIGH

**Update the City's Development Impact Fee (DIF) Schedule.** The key action would be to update the City's development impact fee schedule within the Specific Plan area to reflect new development's proportionate share of the proposed public infrastructure and amenities. Development impact fees are monetary payments levied on a private developer to fund the public facilities necessary to serve new development. In California, AB 1600 (Mitigation Fee Act), adopted in 1987 and codified as Government Code Section 66000 et seq., formalized the statutory framework that governs impacts fees. AB 1600 requires that a reasonable relationship or "nexus" must exist between the amount of the impact fee, its purpose, and the project on which it is imposed and cannot be used to fund pre-existing deficiencies. Priority: HIGH

**Establish a Property-Based Business Improvement District (PBID).** A key action would be to explore the idea of establishing a PBID to supplement the limited financing capability of the existing Tweedy Mile Association. A Business Improvement District (BID) is a public/private partnership created to perform a variety of services and minor capital improvements to revitalize and improve commercial neighborhoods. In California, there are two different types of BIDs, one created through assessments on businesses within the district, and the second created through assessments of property owners alone. Establishing a PBID is voluntary and subject to a majority vote of the property owners. A preliminary analysis of the potential range of financing capability for a PBID is presented in the technical appendices. Priority: MEDIUM

**Prepare a Long-Range Parking Management Program.** The City owns a number of public parking lots within the Specific Plan area that are important in providing convenient parking for existing and future commercial activities, in addition to the private sector parking lots. Over the long-term, as traffic and parking needs increase in the area, enhanced management of the parking supply for both automobiles and bicycles will be increasingly important. A key action would be to anticipate future parking needs and to develop an appropriate parking management program. Priority: MEDIUM

**Update the City's Lighting and Landscaping District Fees.** South Gate currently has an existing Lighting and Landscaping District (LLD) throughout the City. However, according to the City's latest budget, the current LLD assessments are not adequate to cover existing lighting and landscaping costs and have to be supplemented by contributions from the General Fund. A key action would be to examine the current assessment structure and explore options to update the assessments or to provide other resources to cover the enhanced operations and maintenance costs from the proposed improvements and amenities. Priority: HIGH

**Pursue Regional, State and Federal Infrastructure Funding Sources.** A key action would be to identify, monitor and apply for other governmental funding sources that meet the City's and the respective agencies' objectives. This might include programs such as SCAG's sustainable community grants and Metro's "call for projects" to encourage more livable and walkable communities, and the State's Strategic Growth Council and the State's Cap and Trade program to also provide funding for more walkable and bikeable development that reduces vehicle miles travelled and improves jobs-housing balance. Priority: ONGOING

**Provide Financing Incentives to Property Owners for Ongoing Façade Improvements.** Continue to incentivize property owners to upgrade their buildings through the use of the City's Commercial Façade Improvement project under Community Development Block Grant (CDBG) funding. The grant funds will be used to assist business owners in improving the façade of their businesses in the Tweedy Mile Subarea. Additionally, as part of the South Gate Arts Revival, apply the CDBG funds to make changes and redo the marquee and tower of the Allen Theatre. The upgrade of the marquee of the Allen Theatre could be an initial stage of revitalizing the entire theatre. Priority: MEDIUM

**Pursue HUD's Section 108 Economic Development Loan Project.** Section 108 of the Federal code offers State and local governments the ability to transform a small portion of their CDBG funds into federally guaranteed loans large enough to improve older areas and create economic revitalization. Priority: MEDIUM

**Incentivize Private Sector Land Assembly.** Land assembly incentives become important, particularly in a post-redevelopment environment, where encouraging the consolidation of smaller parcels into a larger developable area results in more efficient development. One such technique is Graduated Density Zoning (GDZ), where development potential incentives are increased as parcel size increases. Priority: MEDIUM

**Monitor Fiscal Performance of Increase in Specific Plan Public Revenues.** Public sector revenues will increase as a result of economic development within the Specific Plan. The key action is to monitor fiscal performance along the Tweedy Boulevard corridor to include sales tax that is currently monitored and to expand that to include business license taxes, property taxes in-lieu of motor vehicle license fees and other relevant public funds. Priority: ONGOING

**Table 8-2  
Summary of Implementation Strategy**

Implementation Step	Key Action	Responsible Parties	Phasing Priority
Update the City's Capital Improvement Program	<ul style="list-style-type: none"> <li>Update the City's Capital Improvement Program that includes a long-term financing strategy comprised of a variety of local and outside funding mechanisms for the proposed improvements and enhanced amenities</li> </ul>	City of South Gate Community Based Stakeholders	High
Foster Public-Private Partnerships	<ul style="list-style-type: none"> <li>Coordination between Public Works and Community Development to create funding strategies that will implement proposed improvements and enhanced amenities; set up a formal stakeholders' management task force to provide advice and assistance to the public, staff and decision-makers in setting priorities and actions for Specific Plan Implementation</li> </ul>	City of South Gate City Staff & Stakeholders	High
Establish an Enhanced Infrastructure Financing District (EIFD)	<ul style="list-style-type: none"> <li>Building upon the preliminary EIFD analysis, establish the financing district over the Specific Plan area to start capturing property tax increment as a long-term and ongoing funding source for public improvements and enhanced amenities in the District</li> </ul>	City of South Gate Enhanced Infrastructure Financing Authority	High
Update the Development Impact Fee (DIF) Schedule for the Specific Plan area	<ul style="list-style-type: none"> <li>Review the existing development impact fees for the Specific Plan area to reflect new development's equitable share of the proposed public improvements and enhanced amenities</li> </ul>	City of South Gate Depts. of Community Development (CDD) & Public Works (DPW)	High
Establish a Property-Based Business Improvement District (PBID)	<ul style="list-style-type: none"> <li>Prepare a feasibility study to gauge the property owners' interest in establishing a PBID, and identify the programs and funding objectives of the proposed PBID as well as an equitable formula to allocate future assessments</li> </ul>	Property Owners/Business Owners in coordination with City of South Gate	Medium
Prepare Long-Range Parking Management Program	<ul style="list-style-type: none"> <li>Continue to monitor the usage of the public parking lots and continue to improve their accessibility, visibility and safety</li> <li>Coordinate with property owners and developers to ensure that adequate parking is provided for existing and new development</li> </ul>	City of South Gate DPW in coordination with property and business owners	Medium
Pursue Regional, State and Federal Infrastructure Funding Sources	<ul style="list-style-type: none"> <li>Identify, monitor and apply for other government funding sources, for infrastructure and transportation improvements</li> </ul>	City of South Gate Regional, State and Federal entities	Ongoing

**Table 8-2  
Summary of Implementation Strategy (continued)**

Implementation Step	Key Action	Responsible Parties	Phasing Priority
Update the Lighting and Landscaping District fees for maintenance of Enhanced Public Improvements and Amenities (LLD)	<ul style="list-style-type: none"> <li>Update the current fees for the existing citywide Lighting and Landscaping District; this district has not had a fee adjustment for a number of years and currently runs a deficit that is made up by General Fund revenue contributions</li> </ul>	City of South Gate CDD & DPW	High
Provide Financing Incentives to Property Owners for Ongoing Façade Improvements	<ul style="list-style-type: none"> <li>Continue to incentivize property owners to upgrade their buildings through the use of Community Development Block Grants (CDBG)</li> <li>CDBG grants are intended to revitalize disadvantaged areas, expand affordable housing and create economic opportunities</li> </ul>	City of South Gate's CDD & Federal Dept. of Housing & Urban Development (HUD)	Medium
Pursue HUD's Section 108 Economic Development Loan Program	<ul style="list-style-type: none"> <li>Section 108 offers state and local governments the ability to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects</li> </ul>	City of South Gate CDD & Federal HUD	Medium
Incentivize Private Sector Land Assembly	<ul style="list-style-type: none"> <li>Consolidating smaller parcels into more efficient sizes can facilitate desired economic development that might otherwise not be feasible; explore zoning and land use incentives, such as graduated density zoning, to encourage private sector action</li> </ul>	City of South Gate Private Property Owners	Medium
Monitor Fiscal Performance of Increase in Specific Plan Public Revenues	<ul style="list-style-type: none"> <li>Building upon the City's existing sales tax data that is provided for the Tweedy Boulevard corridor, expand that to include business license taxes, property tax in-lieu of motor vehicle license fees and other relevant public revenues</li> </ul>	City of South Gate's Administrative Services Department	Ongoing

1. These phasing priority periods are identified, including; High (1-5 years), Medium (5-10 years), and Low (10+ Years); ongoing means occurring throughout the phasing period.

Source: Stanley R. Hoffman Associates, Inc.

## 8.5 Tweedy Mile Parking Management Plan

Over the mid-term horizon, primarily within the next five to ten years, Tweedy Mile could see future land use development potential exceeding a projected 1.2 million square feet of retail, office, service, entertainment and residential land uses. Recent field observations indicate an estimated 2,570 current parking spaces within the Tweedy Mile subarea with a peak demand of around 2,116 spaces, or about 82% of the total spaces. Thus, while there is some parking supply surplus in the existing parking capacity, the potential land use changes and growth envisioned and allowed under the Specific Plan will necessarily require additional parking supply to be provided as the mid-term projection and eventually ultimate development becomes realized.

In order to address this future condition, the need for a detailed Parking Management Plan has been identified to layout the necessary steps now in order to have an effective system in place to meet the future demand. Future parking needs will need to be effectively and cooperatively managed, locations for additional surface or structured parking identified, and potential funding sources evaluated and identified.

It is recommended that a Parking Management Study be conducted for Tweedy Mile to analyze in detail the current supply and utilization of parking, project the future likely needs, determine the appropriate “Park Once” parking requirement ratios, and develop a Parking Management Plan to:

1. determine the best way to provide and finance additional parking supply;
2. operate and manage the overall parking supply;
3. determine funding mechanisms, including the availability of projected revenue from such options as an Enhanced Infrastructure Financing District, an Assessment District, or a Development Impact Fee; and
4. test the feasibility of establishing a Tweedy Mile Parking District that could incorporate these options under one management approach.

## 8.6 Community Benefits

Growth accruing to the Tweedy Boulevard Specific Plan area from the realization of the implementation strategy can provide significant community benefits. Public and private investments within the Specific Plan area are expected to catalyze future growth in residential and non-residential uses over time. However, capturing and actually realizing these projected benefits depends upon programs in place, including those outlined above, such as a public-private partnerships, the establishment of an EIFD for capital improvements for community recapture of fiscal benefits from increased property valuation, and appropriate land use zoning, such as mixed use, that could further help harness the economic development potential.

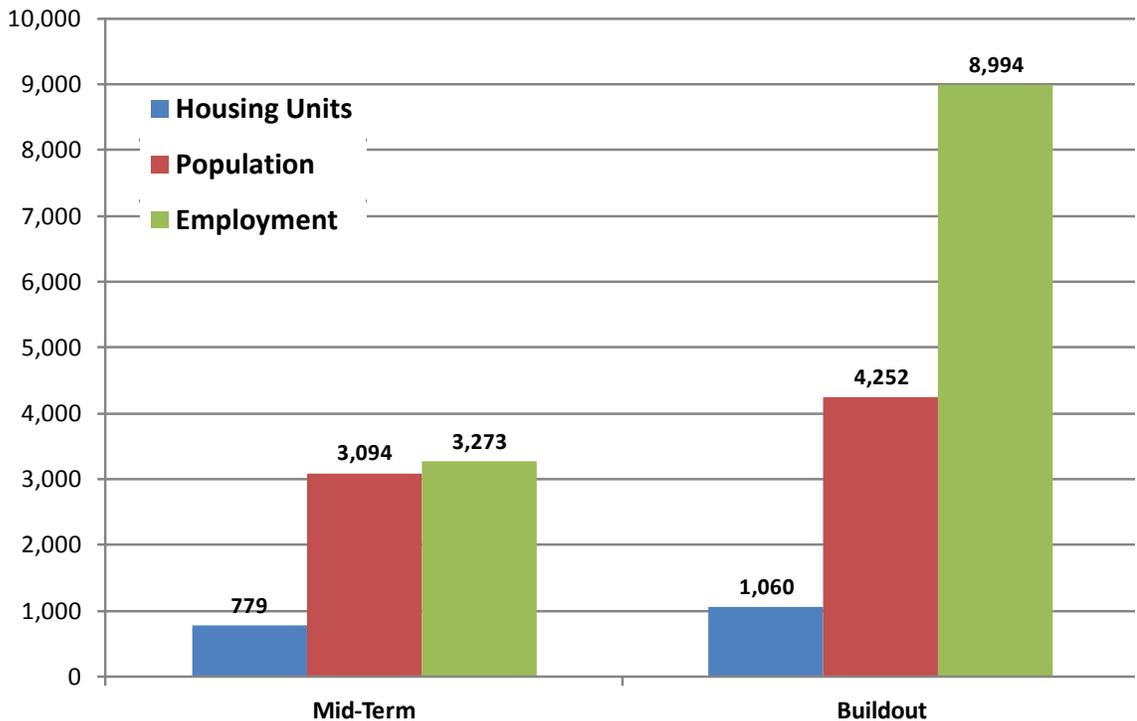
**Improved Jobs-Housing Balance.** Expanded housing and job opportunities over time could have the stabilizing benefit of improving the match of jobs and housing within South Gate. This will allow opportunities for the labor force that lives in the city to work in the city, thus reducing overall vehicle travelled.

**Affordable Housing.** While the loss of redevelopment agency affordable housing funds has been substantial, there are a number of affordable housing programs that can be pursued through Los

Angeles County programs and new market housing tax credit programs that will facilitate a mix of renter and ownership housing. Also, new legislation should be monitored that may result in additional affordable housing programs.

**Projected Job Growth.** Projected job growth in the Specific Plan area is presented for the Mid-term and Build-out scenarios in Figure 8-1, and described in more detail in the technical appendices. The Build-out Scenario represents the full redevelopment potential, while the Mid-Term Scenario is based on a less intensive estimate of development where the assumption is that market forces would not result in full redevelopment, but would focus on underdeveloped and older properties that are more likely to recycle to more productive uses. As shown in Figure 8-1, job growth is projected to range from 3,273 to 8,994; population growth is projected to range from 3,094 to 4,252; and commensurate housing unit growth ranges from 779 to 1,060. The average jobs-housing ratio is projected to increase from an estimated 1.30 in year 2015 to 1.92 for the Mid-term Scenario and much higher at 3.23 for the Build-out Scenario.

**Figure 8-1  
Projected Increase in Population, Housing Units and Employment  
Mid-term and Build-out Scenarios**

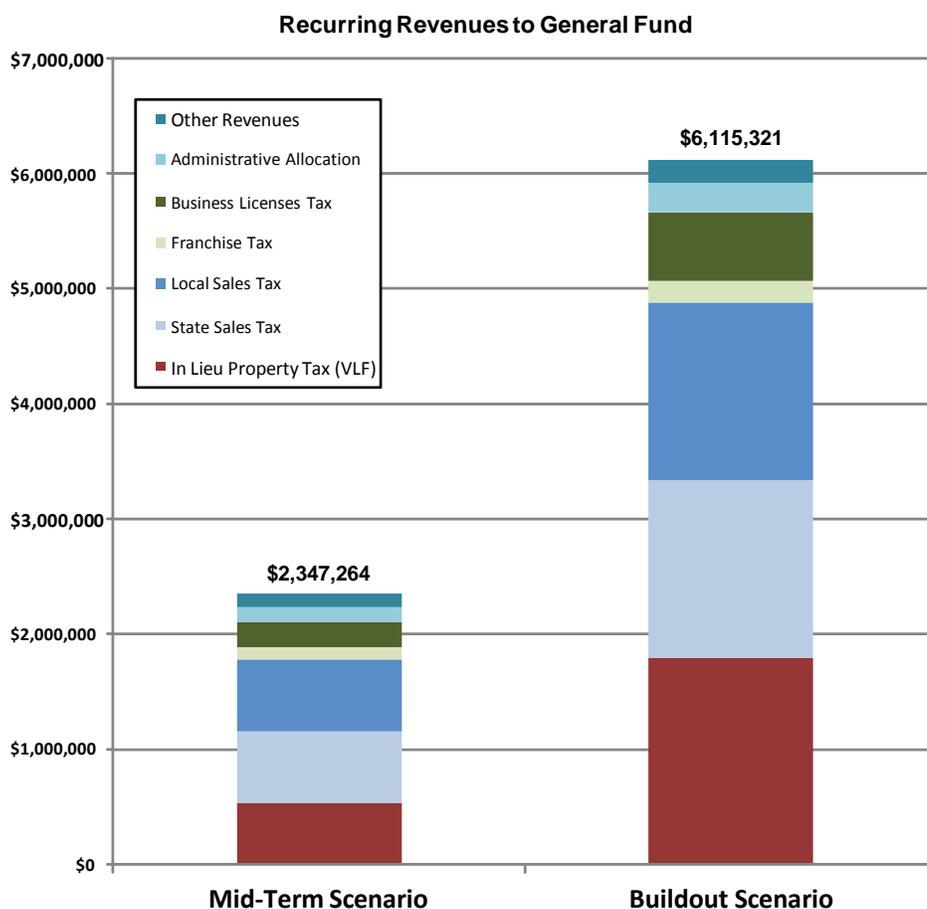


1. The Build-out Scenario represents the full redevelopment potential; while the Mid-Term Scenario is based on a less intensive estimate of development where the assumption is that market forces would not result in full redevelopment, but would focus on underdeveloped and older properties that are more likely to recycle to more productive uses.

Source: Stanley R. Hoffman Associates, Inc.

**Projected Recurring General Fund Revenues.** Projected recurring General Fund revenues in the Specific Plan area is presented for the Mid-term and Build-out scenarios in Figure 8-2, and described in more detail in the technical appendices. As shown in Figure 8-2, the General Fund revenues are projected to increase about \$2.3 million under the Mid-term Scenario and about \$6.1 million under the Build-out Scenario. The State sales tax is projected at \$623.7 thousand, or about 27 percent of the total Mid-term revenues, and \$1.5 million, or about 25 percent of the Build-out revenues. The locally approved sales tax essentially doubles the total sales tax to the City's General Fund, representing over half of the projected increased revenues.

**Figure 8-2  
Projected General Fund Recurring Revenues  
Mid-term and Build-out Scenarios**



1. The Build-out Scenario represents the full redevelopment potential, while the Mid-Term Scenario is based on a less intensive estimate of development where the assumption is that market forces would not result in full redevelopment, but would focus on underdeveloped and older properties that are more likely to recycle to more productive uses.

Source: Stanley R. Hoffman Associates, Inc.

## 8.7 Description of Selected Financing Methods

A variety of financing methods are available to the Tweedy Boulevard Specific Plan area for implementing capital and amenity improvements. These methods include Development Impact Fees (DIFs), Special Benefit Assessments, Landscape Maintenance Districts (LMDs), Mello-Roos Special Taxes, and Business Improvement Districts (BIDs). Other sources of revenues would also include gas tax revenues and countywide sales tax measures for transportation or Metro grants. In addition, grant funds may be available through the federal Community Development Block Grant (CDBG) Program to provide for neighborhood services and revitalization. Also, public-private partnerships are effective ways in the current constrained economy to leverage limited resources and achieve mutually desired goals. Although not an exhaustive list, a summary of selected methods is presented and summarized in Table 8-3. The methods identified are intended for consideration at this time and have been recommended by the consultant team.

**Development Impact Fees (DIFs).** Development impact fees are monetary payments levied on a private developer to fund the public facilities and services necessary to serve new development. In California, AB 1600 (Mitigation Fee Act), adopted in 1987 and codified as Government Code Section 66000 et seq., formalized the statutory framework that governs impacts fees and established a uniform process for formulating, adopting, collecting, accounting for, and protesting certain fees. AB 1600 requires that a reasonable relationship or “nexus” must exist between the amount of the impact fee, its purpose, and the project on which it is imposed. In other words, impact fees must be levied in an amount that is proportionate to the cost of public facilities generated by the new development and cannot be used to fund pre-existing deficiencies. Local governments have the authority to impose impact fees by vote of the City Council or the Board of Supervisors. These fees are typically subject to thorough notice and hearing requirements and must meet statewide standards and procedures designed to limit local abuse of discretion.

**Enhanced Infrastructure Financing District (EIFD).** The State Legislature approved the dissolution of the state’s 400 plus Redevelopment Agencies (RDAs) as of February 1, 2012. As a result of the elimination of the RDAs, property tax revenues that were once used for economic development and affordable housing are now used to pay required payments on existing bonds, other obligations, and pass-through payments. On September 29, 2014, Senate Bill 628 (SB 628, Beall) was passed as the “Enhanced Infrastructure Financing District (EIFD)” law as a partial replacement for redevelopment property tax increment; it serves as a method for a jurisdiction to use some or all of their share of the 1% basic property tax levy in order to finance specified public facilities or public infrastructure in an established EIFD district. Notably, SB 628 only requires a 55 percent popular voter approval, whereas previous legislation required a 2/3 popular vote. Other jurisdictions, agencies or special districts – except school districts – can voluntarily contribute some or all or some of their share of the 1% basic property tax levy, as well. SB 628 authorizes a city or county to create an enhanced infrastructure financing district (EIFD), adopt an infrastructure financing plan, and issue bonds, upon receiving a 55 percent popular voter approval from the potential district. The district must establish a public financing authority, comprised of members of the legislative body of the participating entities and of the public, prior to the adoption of a resolution of intention. Additionally, a city or county that created an RDA must satisfy specified conditions related to its dissolution, prior to creating an EIFD. A created EIFD can exist up to 45 years from the date on which the issuance of the bonds is approved.

**Table 8-3  
Summary of Potential Financing Techniques**

Financing Methods	Primary Uses	Responsible Parties	Phasing Priority
<b>Development Impact Fee (DIF)</b>	<ul style="list-style-type: none"> <li>Capital improvements necessitated by new development; AB 1600 requires that a reasonable relationship or “nexus” must exist between the impact fee amount and the project on which it is imposed</li> </ul>	City of South Gate Departments of Community Development (CDD) & Public Works (DPW)	High
<b>Enhanced Infrastructure Financing District (EIFD)</b>	<ul style="list-style-type: none"> <li>Use of City's basic 1% property tax increment for financing public improvements and amenities</li> <li>Requires only City Council approval to set up, but does require a 55% popular vote to incur bonded indebtedness; no increase in local property taxes</li> </ul>	City of South Gate CDD & DPW	High
<b>Special Benefit Assessment</b>	<ul style="list-style-type: none"> <li>Capital improvements necessitated by new development; assessments must be benefit based and subject to majority vote of property owners</li> </ul>	City of South Gate & Property Owners	Medium
<b>Lighting and Landscape Maintenance District (LLD)</b>	<ul style="list-style-type: none"> <li>Landscaping improvements</li> <li>Landscaping operations and maintenance</li> <li>LLD assessments must be benefit based and subject to a majority vote of property owners</li> </ul>	City of South Gate & Property Owners	High
<b>Mello-Roos Special Tax</b>	<ul style="list-style-type: none"> <li>Capital improvements</li> <li>Operations and maintenance</li> <li>Requires a 2/3 vote of registered voters when 12 or more persons reside in the district</li> </ul>	City of South Gate & Registered Voters	Medium
<b>Property-Based Business Improvement District (PBID)</b>	<ul style="list-style-type: none"> <li>Provides marketing/promotional events, security and maintenance of enhanced public facilities and services</li> <li>Small scale capital improvements possible; special taxes do not have to be strictly benefit based</li> </ul>	Property Owners/Business Owners in coordination with City of South Gate	Medium
<b>Community Development Block Grant (CDBG)</b>	<ul style="list-style-type: none"> <li>Federal program that provides direct annual grants to cities, counties, and states across the country</li> <li>Grants are intended to revitalize disadvantaged areas, expand affordable housing and create economic opportunities</li> </ul>	City of South Gate CDD & Federal Department of Housing & Urban Development (HUD)	High

**Table 8-3  
Summary of Potential Financing Techniques (continued)**

Financing Methods	Primary Uses	Responsible Parties	Phasing Priority
<b>Section 108 Loan Program (HUD)</b>	<ul style="list-style-type: none"> <li>The HUD Section 108 Loan Guarantee Program (Section 108) provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and other physical development projects</li> </ul>	City of South Gate CDD & Federal HUD	Medium
<b>Special Revenue Funds (City of South Gate)</b>	<ul style="list-style-type: none"> <li>The City has special revenue funds that can be used for transit, pedestrian and bicycle improvements, including Proposition A and C transit funds, Measure R transit funds, and State gasoline taxes</li> </ul>	City of South Gate	High
<b>California Infrastructure and Economic Development Bank</b>	<ul style="list-style-type: none"> <li>Infrastructure State Revolving Fund (ISRF) Program provides economic development financing to agencies and non-profit corporations.</li> <li>Bank has broad authority to issue tax-exempt and taxable revenue bonds</li> </ul>	Governor's Office of Business and Economic Development	Medium
<b>Cap-and-Trade (Pursuant to AB 32)</b>	<ul style="list-style-type: none"> <li>AB 32 authorizes the use of market mechanisms through an annual auction of surplus emissions reduction credits to generate funds, a portion of which can be targeted for sustainable community plans</li> <li>The Low Carbon Transit Operations Program provides funding assistance for transit agencies to reduce GHG gas emissions and serve disadvantaged communities</li> </ul>	City of South Gate & Caltrans in coordination with the California Air Resources Board (CARB)	Medium
<b>Metro and Transportation Development Act</b>	<ul style="list-style-type: none"> <li>Two percent of total TDA funds are allocated for bicycle and pedestrian projects; bi-annual Metro "Call for Projects" due in even numbered years for funding opportunities in odd numbered years</li> </ul>	Metro	Medium
<b>Other Outside Grants and Loans</b>	<ul style="list-style-type: none"> <li>Potential transit oriented grants from State's Strategic Growth Council</li> <li>SCAG Sustainable Communities Planning grants</li> <li>Business facade improvement program grants &amp; Affordable housing grants</li> </ul>	City of South Gate	High

1. These phasing priority periods are identified, including; High (1-5 years), Medium (5-10 years), and Low (10+ Years); Ongoing: Occurring annually over development period.

Source: Stanley R. Hoffman Associates, Inc.

**Special Benefit Assessment.** A special benefit assessment is a charge imposed on a particular piece of real property for a local public improvement or service of direct benefit to that property in excess of the benefit received by the general public. The concept underlying a special benefit assessment is that the assessment should be proportionate to the property owner's benefit. In a special benefit assessment district, all properties that receive a special benefit must be included and are required to pay their proportionate share. A variety of reasonable formulas may be used to calculate each parcel's proportionate benefit.

Under Proposition 218, all property owners have the opportunity to approve or oppose an assessment. Votes are tabulated according to the proportionate financial obligation of the properties (i.e. one "vote" for each dollar of assessment). If the simple majority of the votes favor the assessment, then the special benefit assessment district is authorized. However, if the majority of the votes oppose the assessment, then a majority protest exists and the special benefit assessment district is denied. Special assessments can be used to finance capital improvements and operations and maintenance for streets, curbs, storm drains, gutters, sewers, landscaping, and street lights.

**Lighting and Landscape Maintenance Districts (LLDs).** A Lighting and Landscape Maintenance District (LLD) is a special benefit assessment district created to pay for the costs of ongoing maintenance of public landscaping that provide special benefits to parcels within the district. Like other special benefit assessment districts, LLDs must provide special services solely for the benefit of the parcels located within each district, and each affected parcel must pay its proportionate share. Formation of an LLD is governed by the Landscape and Lighting Act of 1972 (codified as Street and Highways Code Section 22500 et seq.). Consistent with Proposition 218, which governs the formation of a special benefit assessment district (see Section 2.2, above), the authorization of an LLD, or the increase in its current assessment, is subject to a majority vote among all property owners within the proposed district, with votes tabulated according to the proportionate financial obligation of the affected properties (i.e. one "vote" for each dollar of assessment). LLDs can be used to provide a variety of ongoing improvements and services associated with the lighting and landscaping within the district.

**Mello-Roos Special Taxes.** The Mello-Roos Community Facilities Act of 1982 authorized the formation of "Mello-Roos districts," and the imposition of special taxes within these districts. Unlike special benefit assessments, special taxes do not need to meet the "special benefits" standard (discussed above) and can be used to finance regional facilities and services in addition to those within the district. However, Mello-Roos special taxes can only be imposed for specific purposes and cannot be levied to raise revenue for general governmental purposes. In today's real estate market, careful attention should be given to the level of assessments and special taxes in relationship to property value. Proposition 13 (approved in 1978) requires an affirmative vote of two-thirds of those voting in order to pass a special tax, including Mello-Roos special taxes. Mello-Roos special taxes can be used to finance capital projects and local public infrastructure for new developments, or to fund operations and maintenance for ongoing public services.

**Business Improvement Districts (BIDs).** A Business Improvement District (BID) is a public/private partnership created to perform a variety of services to revitalize and improve commercial neighborhoods. In California, there are two different types of BIDs, one created through assessments on businesses within the district, and the second created through assessments of property owners alone. BIDs allow business or property owners to collectively pay for enhanced services to supplement those provided by the municipality. Assessments must be approved by a majority of

business or property owners prior to the formation of the BID and must be directly proportional to the estimated benefit received by each business or property. BIDs are popular because business and property owners are often more willing to assess themselves if the result directly benefits their business or increases the value of their business or property. BIDs can be created to perform a variety of services and improvements in commercial districts. Services that can be financed include the promotion of tourism or sponsorship of public events as well as ongoing operations and maintenance programs such as street cleaning or tree trimming. Improvements that can be financed include minor parking facilities, street lighting, fountains, parks, benches, and trash receptacles. However, it is difficult to use BIDs to finance large-scale capital projects as they are not allowed to issue bonds.

**Community Development Block Grant (CDBG) Program.** Operated by the U.S. Department of Housing and Urban Development (HUD), the Community Development Block Grant (CDBG) Program is a federal program that provides direct annual grants to cities, counties, and states across the country. These grants are intended to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services, principally to benefit low- and moderate-income persons or neighborhoods. In 2010, HUD authorized the allocation of approximately \$3.9 billion in CDBG funds, of which nearly \$500 million (12.8 percent) was distributed within California. Block grants are made by formula every year and give grantees the discretion to undertake specific activities. According to HUD, funding is determined by a formula based on need as determined by U.S. Census data released every 10 years. CDBG funds can be used for reconstructing or rehabilitating property from housing to shopping centers or to demolish property and clear sites to prepare the land for other uses. Also eligible are the building of public facilities and improvements, such as streets, sidewalks, sewers, water systems, community and senior citizen centers and recreational facilities.

In South Gate, the CDBG program is available in the Tweedy Boulevard Specific Plan area generally from Hildreth Avenue on the east to Alameda Street on the west, but not including the following sections along Tweedy Boulevard: 1) three blocks on the north side of Tweedy from Hildreth Avenue to Dorothy Avenue; 2) eight blocks on the south side of Tweedy from Otis Street to San Antonio Avenue; and, 3) several blocks on the south side of Tweedy from Deeble Street to Capistrano Avenue. The City is currently administering a commercial façade program during the 2016-17 program year.

**Section 108 Loan Program (HUD).** Section 108 of the Housing and Community Development Act of 1974 provides for a loan guarantee component of the Community Development Block Grant (CDBG) Program. The Section 108 Loan Guarantee Program (Section 108) provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and other physical development projects, including improvements to increase their resilience against natural disasters. The funds can be used by a designated public entity to undertake eligible projects, or, alternatively, can be loaned to a third party developer to undertake the projects. This flexibility makes it one of the most potent and important public investment tools that HUD offers to local governments. Regulations governing the Section 108 program may be found at 24 CFR 570, Subpart M, Loan Guarantees.

**Special Revenue Funds (City of South Gate).** The City has special revenue funds, as part of the General Fund budgeting process that can be used for transit, pedestrian and bicycle improvements, including Proposition A and C transit funds, Measure R transit funds, and State gasoline taxes.

**California Infrastructure and Economic Development Bank (I-Bank).** The California Infrastructure and Economic Development Bank (I-Bank) was established in 1994 to finance public infrastructure and private development in order to foster a healthy economic environment for California's communities. The I-Bank operates in accordance with the Bergeson-Peace Infrastructure and Economic Development Bank Act contained in the California Government Code Sections 63000 et seq. The bank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds. The Infrastructure State Revolving Fund (ISRF) Program provides financing to public agencies and non-profit corporations for eighteen categories of infrastructure and economic development projects. ISRF Program funding is available in amounts ranging from \$50,000 to \$25,000,000, with loan terms of up to 30 years. Additional financing terms include a subsidized interest rate, fixed for the term of financing, and a one-time fee of one percent of the loan amount, or \$10,000, whichever is greater. The bank finances the program chiefly through the issuance of revenue bonds, specifically the ISRF Program Bond, and also through repayment of loans.

**Cap-and-Trade Funds.** AB 32 authorizes the use of market mechanisms through an annual auction of surplus emissions reduction credits to generate funds, a portion of which can be targeted for sustainable community plans. The Low Carbon Transit Operations Program provides funding assistance for transit agencies to reduce GHG gas emissions and serve disadvantaged communities.

**Metro and Transportation Development Act Funds (TDA).** Transportation Development Act, Article 3 funds are used by cities within Los Angeles County for the planning and construction of bicycle and pedestrian facilities. By ordinance, Metro is responsible for administering the program and establishing its policies. TDA, Article 3 funds are allocated annually on a per capita basis to both cities and the County of Los Angeles. Local agencies may either draw down these funds or place them on reserve. Agencies must submit a claim form to Metro by the end of the fiscal year in which they are allocated. Two percent of total TDA funds are allocated for bicycle and pedestrian projects; biannual Metro "Call for Projects" are due in 2016 for funding opportunities in 2017.

**Outside Grants and Loans.** Other available grants and loans will be sought usually requiring a competitive application process. Examples include sustainable community and transit oriented development grants from the State's Strategic Growth Council, SCAG and Metro. There is usually an annual competitive application process that needs to be identified and pursued.

#### **Other Selected Public Fund Revenues:**

**New Market Tax Credits.** The Community Development Financial Institution (CDFI) Fund was established in 1994 as part of the United States Treasury to promote economic revitalization in low-income communities. A CDC that is certified as a Community Development Financial Institution is eligible to receive awards for either financial or technical assistance. Since its creation, the CDFI Fund has awarded over \$2 billion to various types of CDCs, and has also awarded about \$40 billion allocations of New Markets Tax Credits. The New Markets Tax Credit Program (NMTC Program) was established to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent

of the original investment amount and is claimed over a period of seven years. A local example of certified CDFIs includes the Los Angeles Development Fund, which has received \$125 million from the CDFI Fund's New Market Tax Credit since 2008.

The eligibility criteria are Census tract based and must meet the Census tract requirements for Severe Distress (median family income at or below 60% of AMI; poverty rate at or above 30%; unemployment at least 1.5 times the national rate) or qualify based on non-metropolitan county status, as of 2012. Some areas may not meet the census tract requirements for Severe Distress; but these tracts may qualify based on secondary criteria. In an urbanized area, such as South Gate, a statistical analysis of all the census tracts would have to be made to determine which qualify for the New Market Tax Credit program.

**Traffic Congestion (1B) Bond.** Proposition 1B authorizes approximately \$2 billion in funds towards the Local Street and Roads, Congestion Relief, and Traffic Safety Account of 2006. These funds shall be used for improvements to transportation facilities that will assist in reducing local traffic congestion and preventing further road deterioration. The State Legislation allocates the funds by formula as specified in Proposition 1B, with 50 percent to counties and 50 percent to cities.

**Water Fund.** The City's Water Fund is an enterprise fund to cover the operations, maintenance and capital costs of the water system utility and related capital improvements. According to the City's Fiscal Year 2015-2016 municipal budget, enterprise funds are used to account for "business-type activities." Essentially, all utility costs are covered through user fees and rates that are reviewed and updated annually.

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