

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Supervisor Ashley

SUBMITTAL DATE: July 22, 2005

SUBJECT: CFD Financing of Non-TUMF development impact fees

RECOMMENDED MOTION: That the Board of Supervisors direct the County Executive Office to work with the County Treasurer/Tax Collector to identify the potential benefits resulting from the financing of various County fees and report back to the Board with recommendations within 30 days.

BACKGROUND: The County has established multiple fees and assessments upon new home and commercial construction.

These include the Multi-Species Habitat Conservation Plan (MSHCP) Fee, the Stevens Kangaroo Rate (K-RAT) fee, Development Impact (DIF) Fees, and other fees that vary by individual project area. These fees are necessary in order to fund important expenditures, especially infrastructure improvements that mitigate the impact of development. While necessary, these fees do have the effect of increasing the cost of new construction and often do not provide the county with additional revenues until later, after building permits have been issued, resulting with the unwanted outcome of having homes built prior to the requisite infrastructure.

(Cont'd. on Page 2)

Marion Ashley

Marion Ashley, Supervisor
Fifth District

3002 717 55 618 5:05
SUPERVISOR'S OFFICE

Numerous jurisdictions, such as the City of Temecula, currently allow for the issuance of bonds to finance such fees. Similar financing has already yielded huge benefits for the County, as was the case when bonds were used to refinance some of the county's pension obligations and resulted in savings of over \$190 million over 30 years. The County has invested considerable time and effort in working to establish a program for the proper planning of infrastructure, transportation, and open space conservation, and this financing program would allow for timely funding of such projects with multiple benefits to the County, homeowners, and taxpayers.

It is estimated, if a program for the County were to be in place by January 1 2006, that under realistic market growth scenarios through 2009, and with an average total amount of \$6,299 per single family and \$4,230 per multi-family unit (of non-TUMF fees) that the County could finance almost \$55 million in revenues to fund vital projects.

The development impact fees listed above readily lend themselves to such a program. Utilizing the extensive research already conducted by the County's team, as well as the financial flexibility offered by the County's strong bond rating and fiscal health, such a program can provide a tremendous asset to the County.

Such a program could offer the following benefits:

1. Infrastructure projects get funded and are put in place before homes are built.
2. Guaranteed funding of much needed infrastructure projects irrespective of market conditions or possible downturns, providing greater County control with planning and implementation by providing more monies on the front end, and allowing for uninterrupted funding of large scale projects over the life of the bonds. (More money, now)
3. Lower cost of financing, which leads to accelerated infrastructure construction. (Larger amounts up front and fast-track funding for planned and approved projects waiting in queue).
4. Economies of scale, which leads to faster funding of projects since fixed costs are shared over the aggregate number of housing units and allows the county to do more with the funding they receive.

The benefits of this program are very significant in that they allow County planners and elected officials to deliver on the promise of proper and orderly planning by implementing a mechanism that funds, in a timely manner, the much needed infrastructure projects that come as a result of rapid growth.