

CITY OF CONCORD
1950 Parkside Drive
Concord, California 94519-2578
FAX: (925) 671-3065

OFFICE OF THE CITY MANAGER
Telephone: (925) 671-3150



CITY COUNCIL
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Dominic D. Aliano, Vice Mayor
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Laura M. Hoffmeister
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Patti Barsotti, City Treasurer
Valerie J. Barone, City Manager

October 20, 2021

Tim Ewell
Chief Assistant County Administrator
1025 Escobar Street, 4th Floor
Martinez, CA 94553
Timothy.Ewell@cao.cccounty.us

Re: Policy on Participation in Enhanced Infrastructure Finance Districts (EIFDs)

Mr. Ewell,

Thank you for the opportunity to provide feedback regarding the proposed County Board Policy on Participation in Enhanced Infrastructure Finance Districts (EIFDs.)

As you know, the City of Concord, acting as the Local Reuse Authority is working with the U.S. Navy to achieve transfer of the former Concord Naval Weapons Station to the City, County and East Bay Regional Park District. Concord is also collaborating with a new master developer to secure necessary permits and entitlements required to allow the Reuse Project to proceed with horizontal infrastructure and vertical development.

When the Reuse Project was originally envisioned, between 2006-2012, it was with the expectation that Redevelopment Agency tax increment financing would be available to address the project's infrastructure requirements. The State's elimination of Redevelopment Agencies in 2012 created a financial hurdle for the project that Concord and its partners have been trying to clear ever since.

The adopted Area Plan for the Reuse Project calls for the construction of up to 12,000 housing units (25% affordable to low-income households); 6 million square feet of commercial space and 2+ million square feet of Campus/Research district space. The Reuse Project will create housing and jobs for about 28,000 residents.

Concord is glad to see that the potential use of EIFDs as a tool to finance economic development projects is under discussion. We are exploring it as a potential financing source for the Reuse Project.

However, we are concerned that an element in the County's proposed policy on participation will hamper the effective use of EIFDs in Contra Costa County. The affordable housing commitment of 50% in a "Residential development component" found in Section 3(ii)4 of the draft dated

September 22, 2021 will make it very difficult to use this financing tool; potentially jeopardizing the largest source of future tax increment and, ironically, funding for affordable housing.

As an alternative, Concord supports the creation of an Affordable Housing Trust Fund from Property Tax Increment Revenue; an idea suggested as Option 2 by the City of Brentwood in their letter to the County:

Option 2 – Affordable Housing Trust Fund from Property Tax Increment Revenue

The City would be open to exploring the set-aside of tax increment revenue to an EIFD Housing Trust Fund, similar to the formula allowed by California Redevelopment Law, which was historically a percentage of 20% of tax increment generated. The purpose of the EIFD Housing Trust Fund would be to allocate and target select affordable housing generation projects in each EIFD to spur community revitalization and enhance economic development opportunities across income levels. The governing Public Finance Authority for each EIFD would be able to select, or defer to the City Council to select, affordable housing projects; and/or affordable housing infrastructure projects to receive a direct financial subsidy from the district.

Residential development projects that receive a direct financial subsidy, as defined in State and EIFD law, from the a joint City-County Public Financing Authority (PFA), could be required meet a 50% affordable housing commitment, however, a lower percentage may be considered for units made available to households with an Area Median Income (AMI) of 50% or lower, in which case the commitment shall be no less than 20% of dwelling units generated, or as an alternative, as generally consistent with the City of Brentwood Municipal Code Chapter 17.725 Affordable Housing.

This Trust Fund mechanism would allow the Reuse Project to seek County participation in using EIFDs as a financing tool, while still addressing our affordable housing commitments found in the Area Plan and negotiated with local affordable housing providers in a responsible manner.

Thank you for your time and consideration. Please contact me if I can answer any questions.

Sincerely,



Valerie Barone, City Manager
City of Concord

Copy: Supervisor Karen Mitchoff
Mayor Tim McGallian
Vice Mayor Dominic Aliano
Councilmember Edi Birsan
Councilmember Laura Hoffmeister
Councilmember Carlyn Obringer
Guy Bjerke, Director of Economic Development and Base Reuse
Justin Ezell, Assistant City Manager