FINANCIAL FAIRNESS

How do we promote equitable distribution of financial burdens and rewards?

Landowner Equity in the Specific Plan Process

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LANDOWNER EQUITY IN THE SPECIFIC PLAN PROCESS

1. Addressing Equity in the Plan
2. Public Land Issues
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ADDRESSING EQUITY IN THE PLAN

- Large number of landowners
- Land Use Plan for whole area
- Substantial infrastructure, mitigation requirements, and public land
- 20-25 years of phased development
- Public land required will vary considerably by ownership

TYPICAL PUBLIC LAND REQUIREMENT ISSUES

- Large amount of land is needed for public facilities.
  - Hydrology, streets, parks, police and fire stations, etc.
- Timely acquisition of land for public facilities is essential.
  - Affects marketing efforts and EIR-required programs.
- Dedication of public land is unlikely to be perfectly distributed among property owners.
  - Efficient planning requires “clustering” of some facilities.

SPECIFIC CVSP PUBLIC LAND ISSUES

- Not all land in Coyote Valley is equally developable.
  - Floodplains, slopes, habitats, etc. affect opportunities.
- Not all property owners in Coyote Valley have equal means to contribute to land dedications.
  - Size and current use of properties affects potential.
- Future value of land will depend on market conditions for entitled uses at time of dedication.

PUBLIC LAND DEDICATION PRINCIPLES

- Promote certainty among property owners.
- Determine land dedication needs early in planning process.
- Distribute public land requirements as evenly as possible.
- Use less developable land for non-revenue uses, as much as possible.
- Compensate property owners who disproportionately lose development opportunity.
- Valuation of land dedications should reflect development potential and value of planned uses.
  - Establish equitable principles and methodology in plan
  - Final valuation to be determined near time of dedication

INFRASTRUCTURE FINANCING ISSUES

- Numerous types of infrastructure will be required:
  - Regional Facilities (parks, open space, police/fire, schools, etc.)
  - Backbone Infrastructure (CVSP-serving streets, water/sewer, etc.)
  - In-Tract Infrastructure (within CVSP subareas)
- Different types and densities of development place different burdens on infrastructure.
- Oversizing of early infrastructure likely to be required.

GENERAL INFRASTRUCTURE FINANCING PRINCIPLES

- Financing technique should correspond with type of infrastructure and service area.
- Facilities should be financed by all primary beneficiaries.
- Financing contributions from various development types should correspond with demands placed on facilities.
- Reimbursement mechanism must account for early “oversizing” by initial participants.

PUBLIC LAND REQUIREMENTS INTEGRATED WITH INFRASTRUCTURE FINANCING

- Financing strategy should account for land dedications, infrastructure contributions, and infrastructure demand from each property.

- Property owners must participate in Financing Plan to realize CVSP development entitlements.

COST BURDEN ALLOCATION AND FEASIBILITY ANALYSIS

- Cost of infrastructure and public facilities will be allocated based on demand/benefit
- Higher intensity uses will be allocated greater share of costs
- Cost burdens by land use will be tested for financial feasibility
- Feasibility test will be used to refine:
  - Land use program
  - Public facility program
  - Cost allocations
  - Financing strategies

GENERAL APPROACH TO “FAIR SHARE” FINANCING AND LAND DEDICATION

- Calculate each landowner’s “fair share” of public land requirement
- Establish valuation methodology for public land
- Include land dedication in overall intrastructure financing program
- Establish credit/debit balance to property owners for land dedications
- Establish provisions for compensating developers for infrastructure oversizing
- School site acquisition likely to be funded through combination of school fees, state funding and land dedications

CASE STUDIES

Evergreen Specific Plan– San Jose

Mountain House CSD– San Joaquin County

North Natomas Community Plan- Sacramento

EVERGREEN SPECIFIC PLAN– SAN JOSE

- 2,900 dwelling units, 150,000 square feet retail
- Land dedications based on demand for associated public facilities (Fair Share)
- Credit/Debit system for land dedications
- Land dedication transactions outside CFD/Fee infrastructure financing
- Land value for dedications determined by consensus among property owners, recognized differences in development potential
- Negotiations on implementation continued after adoption of plan

MOUNTAIN HOUSE CSD- SAN JOAQUIN COUNTY

- 14,000 dwelling units, plus college and commercial uses
- Total backbone infrastructure land dedication 23 percent of land area
- All land owners required to dedicate 23 percent of land
- Credit/Debit system to compensate for differences between required and dedicated land
- For credit/debit funding, land dedications valued at then current value of residential “superpads”
- Land dedication program separate from infrastructure financing
- Financing and land dedication ordinances applied to Master Plan and several subordinated Specific Plans

NORTH NATOMAS COMMUNITY PLAN--SACRAMENTO

- 30,000 dwelling units, 20 million square feet of commercial
- “Funding Developers” negotiated separately for purchase of ROW and public facility land
- Funding Developers financed drainage, other infrastructure upfront
- Fee-based financing program mixes infrastructure and land for public facilities
- Credit/reimbursement agreements for oversizing
- Regular fee updates required; complex
- Major opens space program, separate from public land funding program