



8. ADMINISTRATION AND IMPLEMENTATION

8.1 GENERAL

The Artesia Corridor Specific Plan and its provisions shall be implemented as the zoning for the site. In the event of a conflict between the provisions of the Artesia Corridor Specific Plan and the provisions identified in the City of Gardena Municipal Code (2006), the Specific Plan shall prevail. If the Specific Plan is silent regarding to any development standard or process, the provisions identified in the Municipal Code shall prevail.

8.1.1 Interpretation

In case of uncertainty or ambiguity to the meaning or intent of any provision of this Specific Plan, the Community Development Director has the authority to interpret the intent of the provision. The Director may, at his/her discretion, refer interpretations to the Planning Commission for consideration and action. Such a referral shall be accompanied by a written analysis of issues related to the interpretation. All interpretations made by the Community Development Director may be appealed to the Planning Commission in accordance with the appeal procedures set forth in Title 18 of the Gardena Municipal Code (2006).

8.1.2 Severability

If any section, subsection, sentence, clause, or phrase of this Specific Plan, or future amendments or additions hereto, is for any reason held to be invalid or unconstitutional by the decision of any court, such decision shall not affect the validity of the remaining portions of the plan.

8.1.3 Approval Authority

The Community Development Director's responsibilities shall include administering, interpreting, and enforcing all requirements and standards of the Artesia Corridor Specific Plan, including the acceptance and processing of all land use permit applications. The Community Development Director or designated representative may approve administrative permits that meet the requirements of this Specific Plan and may approve, conditionally approve, or deny minor requests for waiver of Specific Plan standards. The Community Development Director holds final approval authority for, and enforcement of: building permits, certificates of occupancy, home occupation permits, sign permits, and temporary use permits.

The Planning Commission may approve, conditionally approve, or deny Conditional Use Permits, applications for major modifications, and any item referred to the Commission by the Community Development Director. The City Council will have approval authority over Specific Plan Amendments and appeals to Planning Commission actions.

8.1.4 Environmental Review

The Environmental Impact Report (EIR) serves primarily as a source of environmental information for the City of Gardena as lead agency for the project. The EIR describes the potential impacts that could result from the adoption of the Artesia Corridor Specific Plan. Subsequent development projects within the Artesia Corridor Specific Plan are anticipated. While the EIR has been prepared as a project EIR, as defined by §15161 of the CEQA Guidelines, subsequent projects that are within the scope of this EIR may be subject to a more limited environmental review process if that is determined to be necessary by the Director of Community Development of the City of Gardena.



8.2 REVIEW AND APPROVAL PROCESS

8.2.1 Pre-Application Conference

A pre-application conference with the Community Development Director or his/her designee should be held before a proposed project can be submitted and accepted for processing. Pre-application conferences are recommended for conceptual Master Plans, Administrative Development Review and Conditional Use Permits.

8.2.2 Conceptual Master Plan

Because the successful implementation of the Artesia Corridor Specific Plan is dependent on the careful planning and synergistic relationship of the uses permitted in the project area, it will be extremely important to ensure that, as projects are developed at different times and phases, all new development is thoughtfully integrated into existing or proposed development in adjacent planning areas.

Additionally, the Artesia Corridor Specific Plan project area is comprised of multiple properties owned by several different individuals. The City strongly encourages property owners to work together to design and develop entire planning areas at one time so that a comprehensive plan can be created.

It is recognized that individual property owners may want to develop their properties at differing times. To prevent piecemeal development within the Specific Plan, a conceptual Master Plan shall be required for the entirety of a planning area, even if one or more property owners in that planning area is not interested in developing their property at the same time. The City recognizes that the preliminary planning provided through the Master Plan process for these areas will be conceptual in nature and will not bind a particular property to a specific mix of uses.

However, since the internal circulation system is integral to the efficient use and interconnectivity of properties within the Specific Plan area, it is likely that the location and design of internal roadways in each planning area will be influenced by the first property owner to submit a proposed development and conceptual Master Plan for the area. While proposed uses in subsequent applications may vary from those identified in the conceptual Master Plan, the fundamental location and design of the circulation system will most likely remain substantially the same as proposed in the conceptual Master Plan design, since any subsequent development in that planning area must link up to the roadways established in adjacent properties (with previously approved entitlements).

As a result, conceptual Master Plans will be required prior to the submittal of any entitlements proposed within a particular planning area. Master Plans should outline the key features and characteristics of the development proposed in a particular planning area and how that development will relate to the existing, proposed, or potential development within the subject planning area or in adjacent planning areas. In general, information needs to be included in a Master Plan so that the basic components, features and characteristics of the overall project can be clearly understood.

In particular, the conceptual Master Plan will be used to evaluate and provide preliminary feedback on the proposed circulation plan, building orientation, mix of uses, and relationship to other uses within the Artesia Corridor Specific Plan. To achieve the following objectives, conceptual Master Plans are required for each planning area.

1. Ensure that applicable concepts, requirements and provisions of the Artesia Corridor Specific Plan are implemented in a cohesive and comprehensive manner.



2. Establish continuity, compatibility and connectivity within the planning area, neighboring developed properties, and areas that may be developed in the future.
3. Provide for a high level of quality, character and variety of development within the planning area and throughout the Specific Plan.
4. Maximize the development value of all parcels within the Specific Plan and prevent the creation of orphaned parcels.
5. Preliminary verification that the proposed uses fall within the prescribed thresholds for commercial square footage outlined in Section 4.2.2.

Similar to the Administrative Development Review process (identified below), the Community Development Director has the authority to administratively review and approve conceptual Master Plans. Any action taken by the Community Development Director (administrative approval, conditional approval, or denial of a conceptual Master Plan) shall be presented to the Planning Commission via Study Session. No project can be considered for review or approval by the Community Development Director or Planning Commission prior to the approval of a conceptual Master Plan.

8.2.3 Administrative Development Review

Applications that comply with the provisions of the Specific Plan and do not require the approval of a Conditional Use Permit may be approved or conditionally approved by the Community Development Director through the Administrative Development Review process. Once the Community Development Director has taken administrative action on a Site Plan, the applicant, the owner or owners of the property subject to the Development Plan, and the Planning Commission shall be promptly notified of the Community Development Director's decision.

The decision of the Community Development Director shall be final and effective 14 days after a written determination has been made unless, within said time, a written appeal to the Planning Commission is filed by the applicant, property owners subject to the Development Plan, or by any member of the City Council or Planning Commission.

Appeals from a decision or action taken by the Community Development Director may be appealed to the Planning Commission. Actions or decisions made by the Planning Commission to approve or disapprove an application or to grant or revoke a Conditional Use Permit or Administrative Development Review may be appealed to the City Council, and may be filed by any person, subject to the requirements of Title 18. A filing fee shall be paid at the time of appeal application, in an amount determined by the City Council.

The approval of a project subject to Administrative Development Review is conditional upon the privileges being utilized within six months after the effective date, and if they are not utilized or construction work is not begun within this time and carried on diligently in accordance with conditions imposed by the Planning Commission, this authorization shall become void, and any privileges, permit or conditions granted shall have elapsed. Upon written request, the Community Development Director may grant an extension of an additional six months if the applicant can show significant progress on the project. Approved projects that will be carried out in two or more phases are not required to begin all phases of work within the six month approval window.



8.2.4 Conditional Use Permits

Uses listed in this Specific Plan as being permitted subject to a Conditional Use Permit may be permitted when such uses are:

- A. Necessary to the development of the community and in the best interests of the public convenience; and
- B. In no way detrimental to the public health, morals, safety and welfare of the community nor in any way injurious to property or improvements in the neighborhood.

Uses requiring the approval of a Conditional Use Permit are identified on Table 5-1a in this Specific Plan. Uses in this Specific Plan requiring a Conditional Use Permit shall be subject to the filing, notification, hearing, and appeal procedures identified in Section 18.46 of the Gardena Municipal Code (2006). Uses shall be subject to the findings required for Conditional Use Permits in the Municipal Code, as well as the supplemental findings required as part of this Specific Plan (Section 8.2.12).

8.2.5 Home Occupation Permits for Live/Work Units

The purpose of a Home Occupation Permit is to allow certain “work” uses to be conducted by the residents within a live/work unit, as identified on Table 5-1a of this Specific Plan, without the need for a Conditional Use Permit. The Home Occupation Permit ensures that “work” uses are incidental and secondary to the residential use and are compatible with the area in which the dwelling is located. A live/work use may not require a home occupancy permit if the “work” component does not require a business license. A home occupation permit for live/work uses may be granted only if all the following conditions are met:

- A. There shall be no generation of traffic, parking, sewerage, or water use in excess of what is identified in the Artesia Corridor Specific Plan and analyzed in the associated Environmental Impact Report;
- B. The home occupation shall not create a hazard to persons and/or property or become a nuisance;
- C. No required parking space, either in a garage or otherwise, shall be utilized to conduct the home occupation or to store materials related to the home occupation;
- D. The live/work unit complies with Building, Fire, Planning, Public Works, and Police requirements; and
- E. The Community Development Director may impose such additional conditions as deemed necessary to safeguard the health, safety and general welfare of uses in the Specific Plan.

The procedure for obtaining a home occupation permit shall be as follows:

- A. An application for a home occupation permit shall be filed with the Community Development Department. As a part of the application, the applicant, if not the owner of the property, shall furnish a written statement from the property owner or his/her representative agreeing to the conduct of the subject business.
- B. The applicant shall pay to the City a filing fee established by City Council resolution to defray the costs incurred by the City in processing the home occupation permit application.



- C. Within 30 days after the date on which the application was filed, the Community Development Director or his/her designee shall review the application to determine if the proposed use meets all of the requirements set forth in this Specific Plan. If it is determined that all such requirements are met, the Community Development Director shall approve, conditionally approve or deny the permit.

The decision of the Community Development Director or his/her designee may be appealed by the applicant or an affected person to the Planning Commission and City Council. Such appeal shall be filed with the Community Development Department within 10 days after the date of the decision by the Community Development Director. Upon the receipt of such an appeal, the Community Development Director shall place the matter on the Planning Commission agenda for consideration at the first regular meeting of the Commission following 10 days written notice to the appellant or applicant. The Commission shall either approve the application with conditions or deny the application based on its findings. The decision of the commission shall be final unless it is appealed to the Council pursuant to the provisions of Chapter 18.72 of the Municipal Code (2006).

8.2.6 Temporary Use Permits

Temporary Use Permits identified in Table 5-1a of this Specific Plan shall be subject to the provisions of Title 18.60 of the Municipal Code (2006).

8.2.7 Substantial Conformance

Substantial Conformance allows for administrative approval and interpretation of minor modifications to the Specific Plan text, graphics, and/or project design that do not change the meaning or intent of the Specific Plan. Through the Administrative Review or Conditional Use Permit process, a project may be found to be in substantial conformance with the provisions of this Specific Plan and may be approved, conditionally approved or denied by the Community Development Director. The Community Development Director shall also have the discretion to refer any such request for Substantial Conformance to the Planning Commission. The following are examples of issues that may be considered for Substantial Conformance:

- A. Realignment or modifications of streets serving the project, lot lines, easement locations, and grading adjustments, if also approved by the City Engineer.
- B. Modification of design criteria such as paving treatments, architectural details, landscape treatments, sidewalks, fencing, lighting, and entry treatments.
- C. Changes to the Phasing Plan, provided the City Engineer determines that infrastructure is available to serve the phase.
- D. Reductions in minimum required commercial square footage for each planning area that do not exceed 10 percent of the prescribed requirement.
- E. Variations in setbacks that do not exceed 10 percent of the prescribed dimension.

8.2.8 Variances

Where practical difficulties or unnecessary hardships would occur as a result of the strict interpretation and application of the provisions of this Specific Plan, a variance may be considered subject to the requirements and findings of Section 18.48 of the Gardena Municipal Code (2006). The Planning



Commission shall make a finding that in the evidence presented all four of the following conditions exist in reference to the property being considered prior to granting a variance:

- A. That because of special circumstances applicable to the subject property, including size, shape, topography, location, or surroundings, the strict application of the provisions of this title would deprive the subject property of privileges enjoyed by other properties in the vicinity and under identical zone classifications;
- B. That any variance granted shall be subject to such conditions as will assure that the adjustment thereby authorized shall not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and zone in which the subject property is situated;
- C. That the granting of the variance will not be materially detrimental to the public health, safety, convenience and welfare or injurious to property and improvements in the same vicinity and zone in which the subject property is situated; and
- D. That the granting of such variance will not adversely affect the General Plan of the city.

8.2.9 Specific Plan Amendments

Approval of this Specific Plan indicates acceptance by the City Council of a general framework for community development. Part of that framework establishes specific development standards that constitute the zoning regulations for the Artesia Corridor Specific Plan. It is anticipated that certain modifications to the Specific Plan text, exhibits, and/or project may be necessary during the development of the project. Any modifications to the Specific Plan shall occur in accordance with the Specific Plan Amendment process and are required to be reviewed for approval by the Planning Commission and the City Council. In all cases, Specific Plan Amendments must be found to be in conformance with the objectives and intent of the Artesia Corridor Specific Plan.

Amendments may be requested at any time pursuant to §65453(a) of the Government Code. Depending upon the nature of the proposed Specific Plan Amendment, a supplemental environmental analysis may be required, pursuant to the California Environmental Quality Act (CEQA), §15162.

Any Specific Plan Amendment initiated by an applicant shall require preliminary review by the Community Development Director, filing of an official application and required materials supporting the amendment, and submittal of a fee deposit prior to Planning Commission and City Council review.

8.2.10 Nonconforming Uses

The Artesia Corridor site is currently comprised of a mix of industrial, commercial, and residential development. Implementation of this Specific Plan would deem the existing industrial and residential uses nonconforming to the provisions of the Specific Plan. To contribute to the improvement of living conditions and economic vitality in this area, and to ensure that land uses are consistent with the goals, policies, and programs of the General Plan, the conditions and period under which nonconforming uses may continue is limited.

Nonconforming uses shall be subject to the provisions of Section 18.54.040 of the Gardena Municipal Code (2006), which prevents nonconforming uses from being changed or expanded beyond what was



established when the use became nonconforming. If a nonconforming use ceases to operate or exist for a period of 180 days, it will be considered abandoned or discontinued.

8.2.11 Submittal Requirements

Projects subject to Administrative Development Review or a Conditional Use Permit shall be required to submit a site plan as part of any entitlement application. The site plan shall contain the following:

1. Dimensions, shape and orientation of the parcel(s);
2. Placement of buildings and structures on the parcel(s);
3. Height, setbacks, bulk and building materials;
4. Distance between buildings or structures;
5. Location, number and layout of off-street parking and loading spaces;
6. Internal vehicular patterns and pedestrian safety features;
7. Location, amount and nature of landscaping, open space, walls and fences;
8. Placement, height and direction of illumination of lighting features;
9. Location, number, size and height of signs (a subsequent Master Sign Program shall be provided outlining the construction details of signs proposed for the application);
10. Location and method of screening refuse and storage areas, roof equipment, pipes, vents, utility equipment and all equipment not contained in the main buildings of the development;
11. Provisions for property owner or homeowner association(s) where that method of management is proposed;
12. Documentation identifying the existing and proposed square footage and/or units in the specified planning area and verification that the proposed project is within the commercial and residential thresholds as set forth by this Specific Plan;
13. Copy of an approved conceptual Master Plan; and
14. Other information which the community development director may require to make the necessary findings that the provisions of this Specific Plan are met.

8.2.12 Required Findings

Applications for new projects within the Artesia Corridor Specific Plan area may be approved or conditionally approved if it is determined that the project can, based upon the application, plans, and materials submitted, meet the following Specific Plan objectives (where applicable). Overall, the project:

1. Proposes a cohesive, complementary mix of uses structured around a comprehensive set of circulation and infrastructure systems.
2. Creates a successful mixed-use development that maximizes the commercial potential of the project site.
3. Incorporates a variety of commercial and retail opportunities, such as shopping, and entertainment activities to serve the population and increase revenues to the City of Gardena.



4. Applies innovative planning and design solutions to create a sense of place at multiple scales.
5. Facilitates lot consolidation and redevelop the site as a cohesive area to prevent piecemeal development and increase property values of the existing, underutilized commercial and industrial properties.
6. Provides new housing opportunities for the community, encouraging high-quality, high-density residential units that appeal to existing residents looking for “move-up” housing within the City and to young professionals seeking shorter commutes to jobs, restaurants, and entertainment opportunities.
7. Establishes a welcoming gateway to the City characterized by distinct and attractive signage, architecture, and landscaping, both on-site and in the public right-of-way.
8. Implements a main street concept that optimizes circulation for both vehicular and pedestrian traffic, internalizes pedestrian activity to buffer it from the vehicular traffic along Artesia Boulevard, and establishes connectivity between uses infused with pedestrian-friendly and walkable spaces.
9. Meets minimum commercial development thresholds established for each planning area, and for the project as a whole.
10. Does not exceed maximum residential development thresholds established for each planning area, and for the project as a whole.
11. Does not exceed maximum development thresholds established for the project as a whole.

8.3 MAINTENANCE AND MONITORING

A. Owner Associations

1. It is envisioned that the majority, if not all, of the properties within the Specific Plan will be managed by a property owner, business owner or homeowner association(s). However, all of the roadways will be privately maintained by one or more of the owner associations.
2. Prior to the approval of any new development, the applicant shall provide a clear description of the role of the association in providing and maintaining private roadways, amenities, landscaping and other improvements.

B. Parking Management

1. Parking management in the Specific Plan will entail a combination of providing physical spaces for parking and managing those spaces so that they are properly allocated to and used by residents, visitors, and businesses. Parking management can help prevent situations such as permanent residents using guest parking spaces instead of the enclosed parking spaces allocated to them.
2. For developments using shared parking, a tracking system shall be established to determine whether a new or revised shared parking study is necessary due to changes in tenants or uses.
3. Covenants, conditions and restrictions (CC&R's) for the Artesia Corridor Specific Plan shall address the shared nature of parking for the overall project. It is the intent that



residential uses proposed within the Specific Plan Area would be allowed to use parking spaces within commercial areas in off-peak hours. Mechanisms shall be instituted in the owner association's CC&R's that clearly define this relationship and how the parking will be managed throughout the project.

8.4 PHASING PLAN

The project is envisioned to build out in two phases. Approximately 200 units (including 45 live/work), 75,000 square feet of commercial, and 15,000 square feet of restaurant are expected to be constructed in Planning Area 3 and portions of Planning Areas 2 and 4 by 2010. The remaining portions of Planning Areas 2 and 4, as well as Planning Areas 1 and 5, could be built out by 2020. This second phase represents approximately 300,000 square feet of commercial, 25,000 square feet of restaurant, and the remaining 100 residential units (including up to 25 live/work units). Planning Area 6 is assumed to remain unchanged and continue operation as the Dominguez Channel and utility and railroad easements, although access easements will need to be acquired for service roads and potential bridges across the Channel.

PHASE	BUILDOUT YEAR	UNITS	SQUARE FEET	PLANNING AREAS
1	2010	200 (including 45 live/work)	75,000 commercial 15,000 restaurant	2, 3, 4
2	2020	100 (including 25 live/work)	300,000 commercial 25,000 restaurant	1, 2, 4, 5

Source: The Planning Center, 2006.

8.5 FINANCING MEASURES

Several mechanisms will need to be considered to fund the public improvements necessary to develop the Artesia Corridor Specific Plan. These improvements include, but are not limited to, traffic signals, access driveways and drive aisles, and median improvements. Some of the public improvements are incremental in nature and can be borne by an individual developer. Other public improvements benefit the project as a whole and may need to be constructed and paid for prior to buildout of the Specific Plan. In these instances, the City must create a mechanism by which each property owner and developer pays their fair share cost of the public improvements. The construction and maintenance of any public improvements associated with the project should be paid for by private developers and/or the property owners through direct payment and/or the creation of a financing district.

8.5.1 Reimbursement Agreement

One method to distribute and capture costs for larger public improvements is to create a reimbursement agreement. A reimbursement agreement is a contract between the City, property owners, and/or developers under which parties can be reimbursed for funding public improvements that benefit properties beyond their own and/or are greater in size than would be required by their development.

An example of such an improvement is the creation of a new signalized intersection. Although one developer may pay the initial costs of installing the new intersection to create access to their own property, the new intersection is necessary for the full buildout of the Specific Plan and will enhance



access for adjacent property owners within the Specific Plan. Accordingly, the developer would seek to be reimbursed for the costs of installing the new intersection, less their own fair share portion of the costs.

To create a reimbursement agreement, the City will need to first perform an analysis to determine the total costs of public improvements required for the Artesia Corridor Specific Plan. Then, a fair share analysis will need to be conducted to determine the distribution of costs for each planning area and type of development. Both of these analyses will form the basis for a reimbursement agreement, to be created and managed by the City.

8.5.2 Public Financing Mechanisms

A variety of public debt financing mechanisms are available to fund public improvements in California. The advantage of most of these programs is that they provide tax-exempt financing at lower interest rates than are available through construction loans and other forms of conventional financing. Based on the City's concerns regarding the imposition of additional burdens on the City's General Fund and existing taxpayers, and the absence of a redevelopment agency, the available financing mechanisms were limited to those that would be solely the responsibility of the property owners located within the Specific Plan itself:

- Community Facilities Districts
- Special Assessment Districts
- Infrastructure Financing Districts

These three types of financing mechanisms are all land-secured financing districts that would rely solely on property taxes collected from new development in the Specific Plan and would not be backed by the City's General Fund. Each of these three mechanisms is summarized in Table 8-5, including the function, eligible activities, formation and voting requirements, and advantages and disadvantages of utilizing each of them to finance public facilities within the Specific Plan.

The City of Gardena maintains an existing Landscape and Lighting District for the non-residential properties fronting Artesia Boulevard. Through this District, funds have been generated to construct a landscaped median on portions of Artesia Boulevard. Each property owner will be expected to contribute their fair share to the Landscape and Lighting District to finance additional improvements. The boundaries of the District may be expanded to cover improvements to Western Avenue and Normandie Avenue.

In addition to these public financing techniques, it will be necessary for private sector financing to fund the construction of a portion of the public facilities required under the Specific Plan. It is the responsibility of the developer to complete each proposed improvement, irrespective of the availability of public financing.



**Table 8-5
Public Debt Financing Mechanisms**

FINANCING MECHANISM	FUNCTION	ELIGIBLE ACTIVITIES	FORMATION AND VOTING REQUIREMENTS	OTHER NOTES
Community Facilities District (CFD)	A CFD permits cities, counties, and special districts to create defined areas within their jurisdiction and impose special taxes to pay for the public improvements and services needed in that area.	CFDs have broad powers and can finance a wide range of public facilities and services including libraries, parks, open space, public administration buildings, police and fire stations and protection, and schools as well as roads, sewer, water, and storm drain improvements. CFDs can also finance certain services such as police and fire protection, recreation programs, library services, park and open space maintenance, storm drain maintenance, and school facilities maintenance.	A CFD can only be established with the support of two-thirds of the qualified electors within the CFD. If fewer than 12 registered voters reside within the proposed district boundaries, the formation of a CFD requires an election of property owners. More than 12 registered voters requires an election of registered voters. Once approved, a Special Tax Lien is placed against each property in the CFD. Property owners then pay a Special Tax each year. If the project cost is high, municipal bonds can be sold by the CFD to provide the initial money needed to build the improvements or fund the services.	PRO: CFD bonds permit the funding of infrastructure as needed, unlike most pay-as-you-go mechanisms such as development impact fee programs. PRO: CFD bonds are land secured obligations, so the City's General Fund and taxing authority are not at risk. PRO: CFD bonds are tax-exempt, resulting in interest rates that are lower than conventional financing. CON: Since CFD bonds are land-secured, the willingness of property owners to pay their annual special taxes may be affected by reductions in land values. CON: The interest rates on these bonds are generally 50 to 75 basis points higher than bonds secured by the City's General Fund.
Special Assessment Districts (AD)	Special Assessment Districts provide mechanisms for cities, counties, and other organizations to construct or acquire public improvements, to apportion the costs through liens against the properties in a designated area that directly benefits from the improvements, and to finance the liens through the issuance of tax-exempt bonds.	Special Assessment Districts have broad powers and can finance a wide range of public facilities including libraries, parks, open space, public administration buildings, police and fire stations, and schools as well as roads, sewer, water, and storm drain maintenance and improvements.	The formation of an AD is subject to a majority ballot by affected property owners within the district. Landowners have the opportunity to return their ballot either in protest or in favor of the formation of an AD. If a majority protest is received, the agency must abandon formation proceedings for a minimum of one year. Each parcel of property within an AD is assessed a portion of the costs of the public improvements and/or services to be financed by the AD, based on the proportion of special and direct benefit from these public improvements and services received by that parcel. Assessment liens are levied at the time of formation of the AD and installment payments are collected along with property taxes on a semi-annual basis.	PRO: AD bonds permit the funding of infrastructure as needed, unlike most pay-as-you-go mechanisms such as development impact fee programs. PRO: AD bonds are land secured obligations, so the City's General Fund and taxing authority are not at risk. PRO: AD bonds are tax-exempt, resulting in interest rates that are lower than conventional financing. PRO: Formation of an AD requires a majority of the ballots returned to be in support of their assessments, rather than the two-thirds requirement under a CFD. CON: All improvements and services funded by an AD must provide special, measurable, local, and direct benefit to the parcels within the AD.



**Table 8-5
Public Debt Financing Mechanisms**

FINANCING MECHANISM	FUNCTION	ELIGIBLE ACTIVITIES	FORMATION AND VOTING REQUIREMENTS	OTHER NOTES
<p>Infrastructure Financing Districts (IFD)</p>	<p>Cities and counties can create IFDs to pay for regional-scale public works using tax increment financing in a similar fashion as under redevelopment law. Unlike redevelopment, however, the property in an IFD doesn't have to be blighted.</p>	<p>IFDs can divert property tax increment revenues for 50 years to finance highways, transit, water systems, sewer projects, flood control, child care facilities, libraries, parks, and solid waste facilities. IFDs cannot pay for maintenance, repairs, operating costs, and services.</p>	<p>The City must develop an infrastructure plan, send copies to every landowner, consult with other local governments, and hold a public hearing.</p> <p>Every local agency that will contribute its property tax increment revenue to the IFD must approve the plan. Schools cannot shift their property tax increment revenues to the IFD.</p> <p>Once the other local officials approve, the city or county must still get the voters' approval to:</p> <ul style="list-style-type: none"> Form the IFD (2/3 voter approval). Issue bonds (2/3 voter approval). Set the IFD's appropriations limit (majority voter approval). <p>When forming an IFD, a "base year" is identified; the ad valorem tax revenues paid on the assessed property value in the base year continue to be passed through to the agencies that receive ad valorem tax revenues.</p> <p>However, the revenues that result from an increase in assessed value above the base year assessed value are called tax increment (TI) revenues, and a portion of these revenues are retained by the IFD. An IFD can then issue bonds secured by the TI revenue it receives, or will receive, because of the continuing increase in assessed value.</p>	<p>PRO: IFDs provide a source of funding without requiring special taxes, assessments, or user fees.</p> <p>PRO: IFD bonds would not be considered City debt. TI revenues from taxing agencies that do not wish to give up any of their revenues can be excluded from the IFD. Likewise, an agency can specify the percentage of its TI revenues to be used.</p> <p>CON: An IFD reduces general fund revenues for participating agencies, and therefore may not be politically or economically viable.</p> <p>PRO/CON: IFDs in which residential development will occur must set aside 20 percent of such units for low- and moderate-income housing.</p>

Source: David Taussig & Associates, The Planning Center