Food For Thought: Ingredients for A Vital Downtown in a Post-COVID World

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Cal Cities
City Leaders Summit
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Kosmont Companies

Services Overview

ECONOMIC DEVELOPMENT, REAL ESTATE, PROJECT FINANCE, AND IMPLEMENTATION STRATEGIES

- Public / Private Transactions & Projects
- Developer Selection RFQ/P & ENA/DDA
- Project Funding / Financing Strategies
- TIF, EIFDs, CRIAs, Housing Sustainability & Housing Districts
- Kosmont Retail NOW!* Trends / Analytics / Recruitment
- Retail Predictive Intelligence (A.I.)
- Economic Development Strategies / Plans
- Market & Feasibility Analysis /Reports
- Fiscal Impact / Economic Benefit Studies

REAL PROPERTY SALES, LEASING, AND ASSET BASED SERVICES

- Brokerage (CA DRE # 02058445)
- Real Estate Market Analysis
- Developer / Buyer Selection
- RFQ/P & ENA/DDA
- Ground Leases
- Zoning & Implementation Strategies
- Property Valuation / Broker Opinion of Value (BOV)
- Asset Management Plans
- www.OppSites.com (online economic development marketplace)

PUBLIC FINANCE ADVISORY AND TRANSACTIONS SERVICES

- SEC / MSRB Registered Municipal Advisor
- General Fund Financings
- G.O.s / COPs / Lease/Leaseback
- Tax Increment Financing (TIF)
- EIFD / CRIA / Housing Districts
- Public/Private Partnerships (P3)
- Pension Obligation Bonds
- Lease Revenue Bonds
- JPAs / Pooled
- Utility / Enterprise Lease Financings
- Assessment / Special Tax / CFD
- Private Placements

NOW SPEAKING
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Downtowns at Crossroads: A Unique Opportunity for a Vital Future

Leverage private sector momentum to improve your community’s services & quality of life

Timely opportunity to access new funding sources and economic development tools that have emerged in a post-COVID digital world:

New Economic Toolkit with new / expanded tools such as special districts, zoning strategies, and low-cost financing.

New Funding Sources from federal and state government

To move communities forward in a sustainable way, we must identify where private investment is going – and leverage that investment with public agency funding and tools.
The Great Reconfiguration
A New Mindset for a Changing Economy

Consumers driven by quality of life, cost of living, amenities, essentials, and experiences

Investors driven by new technology, shifting demand, supply chain anomalies, and new live / work patterns

City Hall driven by resident and employer needs, new state policy / rules, federal / state funds
Downtown Land Use Revolution

Everything’s Changing

Hotel
Resetting

Retail
Reimagining

Office
Reconfiguring

Residential
Renaissance

Industrial
Redistribution
Downtown Investment: Private Sector’s Opportunities and Challenges
Where is Real Estate, Land Use & Development Heading?

Public Policy
California focus is on housing / sustainability / resiliency
  Density creates value to entice investment
Cities struggle to raise the revenues needed to fund community services and improve quality of life
  Many cities changing perspective on zoning.
Grant funding from state/federal enables projects

Post-Covid Trends
Telework reshapes the home and workplace
Densification of suburbia – housing needed
Consumers focused on service, essentials and experience;
  E-commerce is escalating
Retailers are “resetting and resizing, upgrading workforce / automation, supply chain improvements, omnichannel
Automated showrooms /distribution hubs/ service hubs

Predevelopment Process
Entitlement process in California is complex:
  CEQA environmental review, zoning and land use procedures, public hearings and legal challenges.
Surplus Land Act to contend with for public land sales or leases to private sector

Impact on Product Types
Reconfiguration retail corridors/downtown/centers to include blended uses: residential clusters, outdoor amenities
  Residential yields highest land values and returns
  Industrial uses are booming in SoCal: distribution, entertainment studios, bio science, tech
What Needs to Get Done in Your Community?

How do I add housing & address density?

How do I fix my regional shopping centers and retail corridors?

How do I replace sales tax?

How do I meet these escalating state requirements?

How do I pay for constituent service demands?

How do I revitalize my downtown?

How do I meet the needs of today and prepare for the future?
Downtown Zoning Will Shift to “Blended Use”

Land Uses are Integrating and Blending Together

- Residential
- Experiential
- Retail
- Hospitality
- Creative Office
- Food / Grocery
- Entertainment
- Unique Restaurants
- Co-working
- Fitness
- Medical Office

Vibrant destinations and places *that generate trips*—*not* just space & square footage.

Essentials, Experience, and Entertainment
The New Vocabulary of Downtown Innovation

Surban
Telecommuting
Retail Reimagining
BOPIS & Pickup
Frictionless Retail
Driverless Delivery
Ghost Kitchens
Re-dustrial

Downtown Revolution

Proprietary
Do Not Duplicate

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Now Speaking
IT'S ABOUT CREATING THE DOWNTOWN EXPERIENCE

Old Towne Orange  Engaging Downtown Districts

Culver Steps  Communal Outdoor Spaces

Americana at Brand  Thoughtful Design / Curated Retail

Anaheim Packing District  Unique Market / Food Hall

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TRENDS AND TOOLS: The New Recipe for Downtown Revitalization & Community Enhancement
### Kosmont’s Three Trends for Economic Development

**1: Housing is Not a Loss Leader, it’s a Growth Driver**

- Housing Creation as Economic Development
  - New housing generates significant new tax revenues and supports local jobs
  - Housing is not necessarily a net negative fiscal impact, especially at current property values

**2: Retail is Not Just Retail Anymore**

- Retail Reimagination as Economic Development
  - US over-built on retail; ~25% of U.S. malls may close over next 3-5 years, COVID accelerates pre-covid
  - Blended/mixed use projects integrate multiple uses (housing, retail, open space, office, hotel) onto one site

**3: Industrial / Distribution is Critical for Your Economy**

- Industrial & Fulfillment as Economic Development
  - Modern industrial is not your father’s industrial – not smokestacks
  - Retail can’t thrive without distribution
  - Booming demand for distribution, e-commerce, and data centers, blending for fulfillment/delivery, job creators
Housing as Economic Development

Rooftops Needed
New housing generates significant new tax revenues and supports local jobs – it is not necessarily a net negative fiscal impact, especially at current property values.

Housing is needed in jobs-rich areas; High costs are a burden, but high assessed value = tax $$$

Telecommuting is booming; remote workers can alleviate traffic and increase “spend” to support local businesses.

E-commerce will capture 25% of sales within 5 years (~$9k per CA household)
Key Trend #2 Reimagining Retail with Blended Use

US over-built on retail; ~25% of U.S. malls may close over next 3-5 years, COVID accelerates pre-covid e-commerce trends. City rezoning to residential can improve residual land values.

How do we turn a struggling shopping center...

Closing Large Anchors

Struggling Brick-and-Mortar Retail

Oversized Parking Lots

...to a vibrant and resilient blended-use destination?

Cinema

Shops

Office

Park

Residential

Small Anchors

Hotel

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NOW SPEA
Booming demand for industrial space in California driven by e-commerce, cold storage, data centers, and delivery.

Retail and industrial are blending for pick-up, fulfillment, and warehousing.

High demand also creating local jobs

Industrial can be today's retail - Consumers demand pick-up and delivery in the new "doorstep" or "curbside" economy
## Downtown Revitalization Tools:

*It’s about Capturing Value and Creating Currency!!*

<table>
<thead>
<tr>
<th>Capture Value</th>
<th>Create Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strategic Zoning and Land Use Tools</td>
<td>4. Revenue Replacement Tools</td>
</tr>
<tr>
<td>2. Special Districts</td>
<td>5. Government Financing</td>
</tr>
<tr>
<td>3. Real Estate and Lease Strategies</td>
<td>6. Other Public Money (OPM)</td>
</tr>
</tbody>
</table>
Capture Value

1. **Zoning Tools:**
   - Development Opportunity Reserve (D.O.R.)

2. **Special Districts:**
   - EIFD, CRIA, CFD

3. **Real Estate & Lease Strategies**

---

**Capture Value from Zoning**
- Leverage RHNA: link new density to community benefits

**Capture Value from Tax Increment**
- And other district tools to fund catalytic projects

**Capture Value from Property**
- City owned assets

New Recipe for Econ. Dev.

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NOW SPEAKING

Proprietary

Do Not Duplicate
## Tool #1 Capture Value with Zoning
### Use New Zoning Value for Community Benefits

Zoning and entitlements create value. Don’t just give that value away – capture that value as currency to support your community.

<table>
<thead>
<tr>
<th>Old Playbook:</th>
<th>Rezone Areas for New Density and Expect New Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rezoning gives the value of the new density to current property owners: inflated land values, limited possibility of development</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>New Playbook:</th>
<th>Bank Density with Development Opportunity Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOR allows cities to create a “bank” of new density in zoning / specific plans – allowing them to give the density to projects that deliver <strong>community benefits &amp; public amenities</strong></td>
<td></td>
</tr>
</tbody>
</table>

**New Recipe for Econ. Dev.**

**NOW SPEAKING**

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**PROPRIETARY**

**DO NOT DUPLICATE**

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Tool #1 Capture Value with Zoning
Use New Zoning Value for Community Benefits

Downtown Buellton
Avenue of Flags Specific Plan

Created “bank” of density in Zoning / Specific Plan in target areas and capture value of up-zoning for community benefit

- **Goal:** Induce housing development in downtown
- **Benefits & Amenities:** public restrooms, off-site improvements, public parking, parking district, public art, parks, green buildings, other
- **Incentives:** Increase density up to 40 units / acre, increase heights, reduce on-site parking, reduced setbacks, reduced traffic/application fees

### Implementation Steps:
1. Conduct market housing / economic study to match RHNA needs
2. Discuss new density and public amenities with community
3. Create D.O.R.® mechanism as new Zoning / Specific Plan provision

New Recipe for Econ. Dev.
Tool #2: Capture Value with Districts

Special Districts for Infrastructure Investments

EIFDs and CRIAs:
State approved tax increment financing (TIF) districts
Cities can use these districts to motivate private investment, fund infrastructure, and attract grant funds.
## EIFD Progress Statewide

*(Partial List)*

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azusa</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>Brentwood</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>Buena Park</td>
<td>Mall reimagination, housing-supportive infrastructure</td>
</tr>
<tr>
<td>Carson + L.A. County</td>
<td>Remediation, housing infrastructure, recreation</td>
</tr>
<tr>
<td>Coachella Valley Association of Govts (CVAG) Cities</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>Covina</td>
<td>Housing and transit-supportive infrastructure</td>
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<tr>
<td>El Cajon</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>El Segundo + L.A. County</td>
<td>Various infrastructure, regional connectivity</td>
</tr>
<tr>
<td>Fairfield</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>Fontana</td>
<td>Housing, mixed-use and industrial infrastructure</td>
</tr>
<tr>
<td>Fresno</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>Fresno County</td>
<td>Industrial and commercial supportive infrastructure</td>
</tr>
<tr>
<td>Humboldt County</td>
<td>Coastal mixed-use &amp; energy supportive infrastructure</td>
</tr>
<tr>
<td>Imperial County</td>
<td>Housing and greenfield infrastructure</td>
</tr>
<tr>
<td>La Verne + L.A. County</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>Long Beach (Multiple Districts)</td>
<td>Housing and transit-supportive infrastructure</td>
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<tr>
<td>Los Angeles (Downtown, San Pedro)</td>
<td>Housing and transit-supportive infrastructure</td>
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<tr>
<td>Los Angeles County Uninc. West Carson</td>
<td>Housing / bio-science / tech infrastructure</td>
</tr>
<tr>
<td>Madera County (3 Districts)</td>
<td>Greenfield infrastructure (water / sewer)</td>
</tr>
<tr>
<td>Modesto + Stanislaus County</td>
<td>Housing, transit, recreation-supportive infrastructure</td>
</tr>
<tr>
<td>Mount Shasta + Siskoyou County</td>
<td>Rural Brownfield site mixed-use infrastructure</td>
</tr>
<tr>
<td>Napa</td>
<td>Housing and transit-supportive infrastructure</td>
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<tr>
<td>Oakland</td>
<td>Affordable housing and housing-supportive infrastructure</td>
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<tr>
<td>Ontario</td>
<td>Housing and transit-supportive infrastructure</td>
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<tr>
<td>Palmdale + L.A. County</td>
<td>Housing and transit-supportive infrastructure</td>
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<tr>
<td>Pittsburg</td>
<td>Housing and transit-supportive infrastructure</td>
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<tr>
<td>Placentia + Orange County</td>
<td>Housing and transit-supportive infrastructure</td>
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<tr>
<td>Rancho Cucamonga</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>Redlands</td>
<td>Housing and mixed-use supportive infrastructure</td>
</tr>
<tr>
<td>Redondo Beach + L.A. County</td>
<td>Parks / open space, recreation infrastructure</td>
</tr>
<tr>
<td>Riverside</td>
<td>Housing and transit-supportive infrastructure</td>
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<tr>
<td>Sacramento County (Unincorporated)</td>
<td>Industrial / commercial supportive infrastructure</td>
</tr>
<tr>
<td>San Bernardino County (Unincorporated)</td>
<td>Transit-supportive infrastructure</td>
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<tr>
<td>San Jose</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>Sanger</td>
<td>Housing and commercial supportive infrastructure</td>
</tr>
<tr>
<td>Santa Ana</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>South Gate</td>
<td>Housing and transit-supportive infrastructure</td>
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<tr>
<td>West Santa Ana Branch Transit Corridor Cities</td>
<td>Housing and transit-supportive infrastructure</td>
</tr>
<tr>
<td>Yucaipa</td>
<td>Housing and transit-supportive infrastructure</td>
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</table>

Source: Kosmont EIFD/CRIA website [https://www.kosmont.com/services/eifd-cria/]
Tool #3: Capture Value with City Property

Real Estate & Leasing Strategies

Cities can use a variety of strategies to better utilize the value of their properties:

• Performance-based leases / ground leases
• Monetizing assets (such as parking garages)
• Selling property to private sector – includes lease-back strategies, continued operation of existing use, redevelopment into new uses

SELLER BEWARE –
Cities must follow Surplus Land Act (SLA) requirements / procedures
Surplus Land Act Requirements

*The Old Days:*
Want to sell City property? Just put it out for an RFP/Q

*Now:*
The Surplus Land Act requires cities to go through a process of offering property to affordable housing developers before pursuing other opportunities.

- Declare “Surplus” and provide notice to affordable housing developers’
- Notice must be circulated for 60 days
- Aff. Housing developer responds, City to negotiate in good faith- 90 days
- If no responses to notice (or City / aff. Housing developer do not reach agreement), City can proceed with regular developer selection process
- Site will likely have a 55-year restrictive covenant to require 15% of units in residential development be restricted for low-income households

**HEADLINES**

Anaheim faces lawsuit, state violations for Angel Stadium deal
LA Times, 1/14/22

555 New Apartments Planned for South Natomas as Sacramento Sells Land to Developer
Sac Bee, 1/25/22

California Public Land Now Battleground in Fight over Affordable Housing
The Real Deal, 8/26/21
Create Currency $$$$ 

4 Revenue Replacement
Sales Tax Assessment Revenue (STAR*)

Create Currency via tax revenue replacement through DA negotiation and partnerships

5 Government Financing

Create Currency by using lower interest rates and high investment earning

6 Other Public Money (OPM)

Create Currency by using Grants ARPA, Infrastructure Funding, and State / Federal
Project would result in a **loss in retail sales tax revenues** resulting from non-sales tax generating uses (e.g. industrial).

**Analyze sales tax revenue loss** potential of opportunity sites & zoning designations to understand scale.

**Create equivalent General Fund revenue** through entitlement document / development agreement (Tax Equivalency as currency).

**STAR* Case Study: Jurupa Valley – Agua Mansa Commerce Park Site**
- ~280-acre site (originally planned for retail)
- Proposed 3.6 million SF industrial development project
- STAR analysis estimated annual sales tax in-lieu payment of ~$362,500
Current low interest rate environment is an opportunity to generate savings and create general fund resources for community reinvestment.

- **Revenue Bonds** to fund vital projects
- **Lease – Leaseback (P3) Structures** can cut costs and deliver public projects (no vote needed)
- **Pension Obligation Bonds** and other refinancing structures can generate savings (no vote needed)

Reducing debt payments can create capacity to pursue programs to reset local economy.

Invest City and New Federal Funds to generate enhanced revenues from cash resources:

- **Improved cash-flow management** is the other side of finance coin
- **Opportunities** to enhance short-term returns for cities and improve cashflow

![10-Year Treasury Constant Maturity Rate](image)
Tool #6: Create Currency with OPM
Using “Other Public Money”

$8.2 Billion in ARPA Funds, $45.5 Billion in Federal Infrastructure Funds, Millions More in State Programs

<table>
<thead>
<tr>
<th>Federal Programs</th>
<th>State Programs</th>
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<tr>
<td>American Rescue Plan Act (ARPA)</td>
<td>Affordable Housing and Sustainability Communities Program (AHSC)</td>
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<tr>
<td>Congressional Infrastructure Bills (INVEST Act, IIJ Act)</td>
<td>Infill Infrastructure Grants (IIG)</td>
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<tr>
<td>ARPA direct relief to cities is not just for COVID relief:</td>
<td>CA Program:</td>
</tr>
<tr>
<td>Funds for water, sewer, and broadband, upgrading facilities and distribution systems, climate change upgrades, lead pipe replacement and more</td>
<td>$1 - $30 million awards for affordable housing, housing infrastructure, transportation, related amenities, program costs</td>
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<tr>
<td>In process, likely to include:</td>
<td>$1 - $7.5 million grants for infill projects / areas, gap funding for infrastructure for residential / mixed-use ) with some affordability requirements</td>
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<tr>
<td>Funds for roads, bridges, railroads, broadband, water, cyber security, climate resiliency, transit, brownfield cleanup, electric vehicles, affordable housing</td>
<td>CA Program:</td>
</tr>
<tr>
<td>CA Program:</td>
<td>Funding for rental housing; includes land lease payments, construction / rehab, offsite infrastructure improvements</td>
</tr>
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ARPA direct relief to cities is not just for COVID relief:

- Funds for water, sewer, and broadband, upgrading facilities and distribution systems, climate change upgrades, lead pipe replacement and more

In process, likely to include:

- Funds for roads, bridges, railroads, broadband, water, cyber security, climate resiliency, transit, brownfield cleanup, electric vehicles, affordable housing

CA Program:

- $1 - $30 million awards for affordable housing, housing infrastructure, transportation, related amenities, program costs

Funding for rental housing; includes land lease payments, construction / rehab, offsite infrastructure improvements
Reimagination: Downtowns will be different Post-COVID

- Residential
  - 15-Minute Community
  - Pop-ups
  - Local Flavor
  - Flex / R&D
  - Transit
  - Entertainment
- Medical Office
  - Authentic
  - Comfort
  - Attractive
  - Walkable
  - Lab Space
  - Workforce Development
  - Lab Space
  - Connect Proximity
  - Entertainer
- CoWorking
  - Authentic
  - Comfort
  - Attractive
  - Walkable
  - Lab Space
  - Workforce Development
  - Lab Space
  - Connectivity
- Green Tech
  - Lab Space
  - Workforce Development
  - Lab Space
  - Connectivity
- Life Sciences
  - CoWorking
  - Connect Proximity
  - Entertainer
  - Lab Space
  - Workforce Development
  - Lab Space
  - Connectivity
- Repeat Trips
  - Food Halls
  - Fitness
  - Streatery
  - Safety
  - Interactive
- Bio Tech
  - Food Halls
  - Fun
  - Charming
  - Connectivity
  - Essentials
  - Life Sciences
  - Lab Space
  - Workforce Development
  - Lab Space
  - Connectivity
## Case Study: Placentia Puts the Playbook into Action
### Writing the Recipe for Downtown Revitalization & Community Enhancement

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Zoning and Planning</strong></td>
<td>Aligned with TOD, Old Town Revitalization Plan, Opportunity Zones, other areas for strategic development</td>
</tr>
<tr>
<td><strong>EIFD Value Capture District</strong></td>
<td>Aligned with zoning changes; capturing AV increase to fund streets, sewer, parking, transit connectivity via County partnership; fiscal benefit for City &amp; County</td>
</tr>
<tr>
<td><strong>Other Public &amp; Private Money</strong></td>
<td>Pursuing federal funding for “mobility hub” improvements in transit district. Partnering with SiFi Networks for Citywide Fiber Internet Deployment.</td>
</tr>
<tr>
<td><strong>Refinancing Pension Debt</strong></td>
<td>Refinanced Pension Account with Lease Revenue Bonds with innovative strategy using City’s parks for financing; Saving $14m over 25 years; City received rating upgrade</td>
</tr>
<tr>
<td><strong>Municipal Treasury Consulting</strong></td>
<td>Financial consulting services to enhance short-term returns and improve cash-flow management</td>
</tr>
</tbody>
</table>
The Placentia Vision – Strategic Zoning, Planning, and Goals for Improvement

- Master Planning and Economic Development
  - Transit-Oriented Development (TOD) / Packing House District Plan
  - Old Town Placentia Revitalization Plan
  - City-Wide Economic Development Initiatives (Strategic Property Opportunities)
- Establishment of the Enhanced Infrastructure Financing District (EIFD)
- Metrolink Station Parking Structure and Mobility Hub
- Partnership with SiFi Networks for Citywide Fiber Internet Deployment
- Refinancing Pension Debt and Fiscal Sustainability
- Maximizing and Leveraging City’s Investment Portfolio
An Integrated Approach to Downtown Revitalization
Transit-Oriented Development District
Transit-Oriented Development District
Purpose and Intent

▪ Purpose and Intent:
  ▪ Use the Metrolink Station as the hub
  ▪ Create an active, vibrant, pedestrian environment and focus on walking, biking and transit use
  ▪ Redevelop the area, connect with Old Town
  ▪ Promote high density residential and a mix of commercial/service uses
  ▪ Grow our local economy
  ▪ Preserve and facilitate mixed-use destination Packing House

▪ The Herald: 215 units, construction completed, now leasing apartments
▪ JPI Development: 418 units, mixed-use development, 10k retail, under construction (Summer 2023)
▪ USA Properties (Former Packing House Property): 189 units, workforce housing, currently under Lease Agreement (utilizing MIP and AHSC)
▪ Expanding TOD Zone
Old Town Revitalization Plan
Old Town Revitalization Plan
Purpose and Intent

- Creating a lively destination to support the current and future economic base
- Create an in-town and regional destination for Placentia
- Connection to transit in and around the area
- Improving walkability and other modes of transportation for residents and visitors
- Create a high-quality mix of commercial uses to serve visitors and residents including restaurants, shops, and boutique retail
- Create additional mixed-use opportunities for quality residential and office
- Facilitate enhanced residential development to support the surrounding businesses
Economic Benefit Analysis
TOD and Old Town Revitalization Plans

- 22 million in net fiscal impact to the City (50-year present value)
- $15 million in net fiscal impact to County
- 1,600+ housing units
- 3,900+ construction jobs
- 1,150+ permanent jobs
- $800+ million in economic output from construction
- $164+ million in annual ongoing economic output and convenient transit to local universities
- GHG/VMT reduction
Enhanced Infrastructure Financing District (EIFD) Value Capture District

- Placentia began initial evaluation of an Enhanced Infrastructure Financing District (EIFD) in 2016
- Purpose of EIFD is to utilize tax increment financing to provide public infrastructure improvements that will serve Placentia’s TOD Packing House/Old Town Districts
- To establish critical regional transportation infrastructure that will transform City and North Orange County
- Potential value growth will be captured via EIFD and directed to fund infrastructure to support/catalyze private development, providing significant economic and community benefits (net fiscal basis) to City, County, and other taxing entities
Placentia Pursuing Federal Funding for Two Phase Process: Mobility Hub and Metrolink Station (Other Public Money)

Partnership with Orange County Transportation Authority (OCTA) for approximately $40 million to establish and construct the Metrolink Station. Currently working on Mobility Hub as a phased process.

**Phase 1 (Short-Term) Mobility Hub**
- Senator Alex Padilla original selected earmark
- Messaging and description is key in attracting potential investors
- Seeking $4.5 million in funding
- Multi-modal transportation opportunities in lieu of a station
- Continue working with Metrolink, BNSF, and OCTA towards establishing the Metrolink and Parking Structure (Phase 2)

**Phase 2 (Long-Term) Metrolink Station and Parking Structure**
- Secured $35 million in funding from OCTA for station and parking structure
- Integral part of City’s revitalization efforts for Old Town Placentia and TOD
Partnership with SiFi Networks – Citywide Fiber Internet Deployment (Other Private Money)

- The City of Placentia partnered with SiFi Networks to build a citywide fiber network that will be available to every home and business in Placentia.

- SiFi will be investing $34 million into Placentia for the citywide fiber network.

- Placentia FiberCity® will be an open-access network for service providers, whether internet service providers, home security providers, cellular carriers, or even educational providers.

- The citywide fiber network will also enable the opportunity to access Smart City applications to improve City services, transportation, environment, and more.

- Placentia is SiFi’s third FiberCity® and only the second one in California.
### Building Capacity: Collateral Strategies to Generate Resources for Community Investment

<table>
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<tbody>
<tr>
<td><strong>Refinancing Pension Debt</strong></td>
<td>Lowered pension debt costs with lease revenue bonds, generated ~14 million in savings over 25 years</td>
</tr>
<tr>
<td><strong>Strategic Managed Investment</strong></td>
<td>Worked with Kosmont Treasury Consulting to invest City &amp; new federal funds to generate enhanced revenues for cash resources via improved cash-flow management and rates</td>
</tr>
<tr>
<td><strong>Improved Financial Policies</strong></td>
<td>Increased General Fund reserve policy to 25% of operating expenses. Achieved goal in two years, now surpassing goal.</td>
</tr>
<tr>
<td><strong>Improved Credit Outlook</strong></td>
<td>Three credit rating increases, including two double-notch credit rating increases by S&amp;P in back-to-back years, ‘positive outlook’ from S&amp;P</td>
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Bottom Line Results

- $800+ million in regional economic output
- 1,150+ permanent jobs
- Placentia went from a $47 Unassigned General Fund balance to $14.3 million
- Offering more variety in housing, jobs, and entertainment and local interest
- Paved the way for additional developments such as:
  - The Marriott Hotel which was built on a disadvantaged property
  - The first Audi Dealership in North Orange County which is being built on a formerly dilapidated site
- Redevelopment of two under utilized retail centers post-redevelopment
- Numerous housing developments
- Despite being a bedroom community, through master planning the City has met all of its RHNA requirements
- Through public-private partnerships the City has created several hundred million dollars in investment
- The City has received numerous awards over the past few years in the categories of: General Plan, Old Town and TOD District Plans, Public Works, Innovative Public-Private Partnerships, and Leadership
Downtown Land Use Revolution

Everything’s Changing

Hotel
Resetting

Retail
Reimagining

Office
Reconfiguring

Residential
Renaissance

Industrial
Redistribution

Look to the Future
Decisions Today...for a Resilient Downtown

Consumer
Quality-of-Life Redefined

- 15-Minute community
- BOPIS (buy online, pick-up in store)
- Telework change commutes
- E-commerce with rapid delivery
- Outdoor Space

Investor
Value Redefined

- New mix of projects
- Residential strength
- Service-oriented retail
- Infill industrial
- Workspace changes
- Site conversions
- Regional Centers to Blended-use
- Infrastructure needs

Public Sector
Econ. Dev. Redefined

- New private sector requests
- Housing as economic engine
- Reset zoning / land use
- Reduced parking
- Flexibility needed
- More pick-up, fulfillment
- Infill industrial for delivery
- Upgraded site infrastructure
- Value Capture & currency creation

Look to the Future

NOW SPEAKING
Larry Kosmont
Use The Ingredients for Downtown Playbook

Rules of private investment have changed. Rules of zoning / land use need to change too.  
*Economic Development = Installing a resilient value capture plan for your community.*

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<tr>
<td><strong>Identify and Evaluate best opportunities to pursue (developer proposals, RHNA, retail corridor redo, industrial/distribution)</strong></td>
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<tr>
<td><strong>Set up value capture zoning tools (DOR), value capture districts (EIFD), and use COVID and State Recovery $$ for projects</strong></td>
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<tr>
<td><strong>Engage community / stakeholder outreach on tools, amenities, and priorities</strong></td>
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<tr>
<td><strong>Review debt and investment opportunities in collaboration with economic development strategies</strong></td>
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<tr>
<td><strong>Work with owners / developers on specific project implementation</strong></td>
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</table>
Economic Development, Finance and Real Estate Advisory since 1986

OUR MISSION

We are founded on the pursuit of four pillars of strength ...

Innovation, Integration, Intelligence, and Integrity

We are on the cutting edge of products and services.

We achieve financial success for our public and private sector clients.

We are committed to community prosperity and quality of life.

Our professional standards are of the highest excellence.

Larry J. Kosmont, CRE  
Chairman & CEO  
Kosmont Companies

Damien R. Arrula  
City Administrator  
City of Placentia