Financing Development Impact Road Fees through Property Assessments





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Another Reason to do Business in Elk Grove

Financing Development Impact Road Fees
through Property Assessments

At the City of Elk Grove, we're always searching for innovative ways to make our City attractive to new economic development projects. By partnering with the California Statewide Communities Redevelopment Authority (CSCDA) using the Statewide Community Infrastructure Program (SCIP), Elk Grove can offer new, cost-effective options for funding roadway development impact fees on non-residential projects.

What is SCIP?

SCIP allows the City of Elk Grove's roadway development impact fees on non-residential projects to be financed. SCIP pays the City of Elk Grove the roadway development impact fees via tax-exempt bonds, and the developer/property owner applying for SCIP agrees to pay assessments to the SCIP over a period that may not exceed 30 years (secured by a lien against the property). Property owners of non-residential projects may be reimbursed for roadway development impact fees paid at the time of building permit issuance, or can receive pre-funding of the roadway development impact fees just prior to obtaining a building permit. The two SCIP programs are called the "Reimbursement Program" and the "Pre Funding Program". They can be mixed and matched, or done individually.

What type of projects are eligible for SCIP?

SCIP can be used for non-residential projects such as retail, commercial, office, and industrial projects. Residential projects here in the City are not eligible through the SCIP program.

Benefits to Property Owners

Using SCIP can assist in project cash flow by providing low-cost tax-exempt financing of roadway development impact fees. This also allows smaller projects to have access to tax exempt financing. Property owners also have the option to pay off the assessments at any time within the 30 year maximum period.

What City fees may be financed through SCIP?

Only the roadway development impact fees paid to the City Elk Grove are eligible to be financed by SCIP. Other development impact fees here in the City are not eligible to be financed through the SCIP program.

What is an assessment bond through SCIP?

The bonds are Limited Obligation Improvement Bonds authorized under the Improvement Bond Act of 1915 and secured by the liens imposed under the 1913 Act.

How is SCIP administered?

SCIP is administered by highly trained and experienced consultants selected by CSCDA who prepare the tax roll, disseminate continuing disclosure reports, and handle delinquencies. SCIP applications are available at www.cacommunities.com.

What is an assessment lien through SCIP?

The assessment lien is imposed on the parcel of land pursuant to the Municipal Improvement Act of 1913. The Act authorizes an issuer to impose an assessment lien on benefiting property to finance various public improvements. It is essentially a legal claim against the property used to secure funding through the SCIP program and must be paid when the property is sold (similar to a mortgage lien).

How do I obtain more information on SCIP?

For questions relating to SCIP, contact the Andrew Griffin in the City Finance Department at 478-3616 or email to agriffin@elkgrovecity.org.

Roadway Fee/Assessment Lien Comparison Examples

The table below shows some sample roadway development impact fee amounts and provides estimates of assessment liens and annual special taxes for the various fee levels. These are only estimates that are subject to change depending on the actual financing terms.

Roadway Fee Amount	Estimated Assessment Lien	Estimated Annual Taxes
$100,000	$122,500	$8,135
$250,000	$295,000	$19,591
$500,000	$575,000	$38,186
$1,000,000	$1,145,000	$76,039
$2,000,000	$2,280,000	$151,414
$3,000,000	$3,420,000	$227,121

Assumptions include appraisal and engineering of $8,500, a 7% reserve, 5% issuance cost, a 30 year term, and 5.25% interest rate.