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A New Tool for Developing and Financing Public and Private Infrastructure: Enhanced Infrastructure Financing Districts

Even as the state's economy continues to improve, local governments continue to struggle to find ways to meet the state's backlog of infrastructure needs, including water, transportation, energy, affordable housing and more. Inadequate state funding and the demise of federal funding and state redevelopment funding have exacerbated the situation.

At the same time, as a result of rising costs, ratepayers are more demanding than ever when it comes to paying for governmental and utility services. These sentiments have been expressed in a series of ballot initiatives constraining the ability local governments had in the past to simply adopt a budget, and then impose rates, fees or assessments to pay for it. California voters have demanded not only that government be more efficient and transparent, but that it be able to demonstrate the benefit to ratepayers of the government services they are being asked to pay for.

In response to these challenges, last year, the California Legislature passed and the governor signed into law SB 628, authorizing the creation of enhanced infrastructure financing districts (EIFD's), allowing a new working relationship to be established among the public, private and nonprofit sectors. EIFD's are designed to play an important role in creating sustainable prosperity by integrating solutions to a diverse set of infrastructure challenges with a new array of funding streams.

The geographical boundary of an EIFD need not be contiguous with the founding city and county jurisdictions and special districts may also participate in an EIFD as an "affected taxing entity." The combination of options and flexibility of an EIFD provides a useful mechanism to help facilitate and integrate larger regional infrastructure projects including sanitation, stormwater, water and transportation. Funding for the EIFD may be obtained through portions of the affected taxing agency's property tax increments, bonds, loans, fee and assessment revenue and other authorized means.

The new law specifies a broad range of community infrastructure facilities that may be financed including bridges, highways, streets, parking, sewage treatment, sanitation plants, open space, water treatment, parks, libraries and much more. It may also finance the restoration of brownfield sites and other environmental mitigation.

Brownstein Shareholder [Chris Frahm](#) is a board member of the Southwest Megaregion Alliance, which has advocated for more creative approaches to meeting the state's infrastructure needs and for the passage of SB 628. If you are interested in learning more about EIFD's or have questions about the new law and how it might benefit your agency or business, contact one of the [Brownstein Hyatt Farber Schreck](#) attorneys listed below.

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