Application Process *(continued)*

A checklist of information includes:

- Description of land use and acreage
- List of assessor parcel numbers
- Evidence of Ownership (grant deed or title report)
- Last Property Tax Bill
- Development plan
- Status of entitlements
- Purchase price and date of land
- List of fees to be financed
- CEQA certification
- Option agreement (if applicable)
- Development experience
- Construction financing (if obtained)

The applicant will be notified within two weeks on whether the project meets SCIP underwriting requirements, which fees can be financed, and will be provided a pro forma funding analysis. A copy of the Application and the Landowner Information Form can be obtained from the Local Agency, or any member of the SCIP financing team. It is also available and can be filled out by going online to SCIP http://www.cacommunities.com/. Please be advised that SCIP may be available only for specific land uses and fees within a Local Agencies jurisdiction. The applicant should check with the Local Agency or contact the SCIP underwriter regarding eligible fees, prior to submitting the application. If after review of the Application it is determined that an appraisal will be required, an additional deposit will be required, which may be reimbursed from bond proceeds contingent upon a successful sale.

Project Credit Requirements

The major requirement for SCIP funding is a tentative map, or in the case of commercial or industrial development, the equivalent of a tentative map, which may be a conditional use permit or some other classification of development entitlement. The developer must also provide evidence of its experience and financial wherewithal to complete the project, and may not have previously filed a prior bankruptcy. SCIP requires a 3/1 value to lien ratio, which can be based on the current assessed value or an appraisal. Upon receipt of the Land Owner Information Form, the SCIP underwriter will determine if an appraisal is required. If so, there will be an additional deposit required to cover the cost, which may be reimbursed upon a successful sale of bonds.

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SCIP
Statewide Community Infrastructure Program

CALIFORNIA COMMUNITIES

Statewide Community Infrastructure Program

An approach to financing Developer Impact Fees through property assessments

What is SCIP?

SCIP is a development impact fee-financing program, utilizing 1913/15 Act bonds. Developers are required to pay impact fees to obtain a building permit. Developers can be reimbursed for fees paid after the building permit has been issues, or the fees can be funded directly prior to obtaining a building permit. The two SCIP programs are called the **"Reimbursement Program"** and the **"Pre Funding Program"**. The programs are not mutually exclusive. They can be mixed and matched, or done individually, and the SCIP financing team is available to discuss how best to use either of the programs. Through SCIP, impact fees for roads, water, sewer, storm drainage, parks, etc. can be funded by tax-exempt bonds. However, development impact fees vary by jurisdiction, and local agencies ultimately determine which fees are eligible for SCIP funding. The SCIP underwriter will also have a list of eligible fees for each Local Agency. Developers can check with the local jurisdiction on which fees are eligible, or call SCIP.

SCIP is sponsored by the California League of Cities ("the League) and the California State Association of Counties ("CSAC") through the California Statewide Community Development Authority ("CSCDA"). Members of the SCIP team are available to meet with the Local Agency and Developer to tailor SCIP to provide optimal funding for the project.

SCIP Advantages:

- Suitable for residential, commercial, and industrial projects.
- Economies of scale due to nature of a pooled program.
- Provides smaller projects the advantages of tax-exempt financing.
- Alternative to fee deferral programs by local agencies.
- Simple application process.
- Size and diversity lower costs and achieve better interest rates.
- CSCDA is the issuer and conducts the proceedings and handles all administration.
- There is no cost for a Local Agency to join SCIP.

What Projects are best for SCIP?

SCIP can be used for commercial, industrial, retail and multi and single-family residential projects. SCIP is ideal as an economic development tool for commercial and industrial projects, as developers must pay substantial fees to obtain permits. From an economic standpoint, SCIP works well for smaller residential projects (under 300 units), which do not require significant amounts of off site infrastructure, and where it would be too expensive to form a stand-alone district. SCIP can be used as a substitute for large scale Mello Roos or Assessment Districts that require major infrastructure, if at least a portion of the financing is to fund fees, and the Local Agency agrees to administer acquisition payments for improvements to developers. SCIP also works well for larger scale developments when the local agency needs to expand city or countywide improvements such as water, sewer or major roads. In these cases, SCIP can be used as an alternative to acquisition type financing, to pre fund impact fees. Pre funding fees provides up front financing to cure a bottleneck in the local infrastructure that is impeding development and hampering timely project approvals due to inadequate infrastructure.

The table below shows examples of the estimated liens that would be assessed to finance impact fees of varying amounts. In each case, the table shows the estimated assessment that the owner of the property would pay as part of the property tax bill:

Fee Assessment Guideline

Fee Amount	Estimated Lien*	Estimated Annual Taxes**
$25,000	$28,000	$2,085
100,000	140,000	8,130
500,000	570,000	40,375
1,000,000	1,140,000	80,685
3,000,000	3,420,000	161,370

Preliminary and Subject to Change

* Includes a 7.5% Cash Reserve Fund and 5.5% for Costs of Issuance

** Assumes 30 years at 5.75%

Economic Development and Fee Deferral Programs.

In order to promote economic development, many local agencies have fee deferral programs. Rather than paying fees at the time of building permit, developers can pay a portion and defer the balance. Typically payment terms for installment agreements extend over 5 to 10 years, and require 10% of the fees be paid up front. SCIP can work as an alternative to fee deferral programs, while sparing the local agency from having to act as the bank. It can provide 100% financing for SCIP eligible fees, at tax-exempt rates for 30 years. SCIP can also refinance existing installment agreements, often at more favorable terms than existing agreements, with the local agency receiving the fees up front.

How does a Local Agency Join SCIP?

To make SCIP available, a local agency must be a member of CSCDA. All the counties and nearly all the cities in California are already members. A local agency can join CSCDA by passing a Resolution, and there is no cost. Once a member of CSCDA, the local agency can then approve the SCIP Resolution. The SCIP Resolution authorizes CSCDA to act as the issuer and administrator for the program. The SCIP Resolution can be approved at a single meeting, and there is no cost to the local agency to join. A copy of the Resolution and a Staff Report are available from any member of the SCIP team, and by going online to SCIP at http://www.cacommunities.com/

Application Process

The SCIP application form is one page, and requires a name of the project, name of the developer, developer contact information, and must be signed by a designated representative of the local agency. Each SCIP applicant must also fill out a more extensive Landowner Information Form. The Landowner Information Form requires a detailed description of the project, and will ultimately be used in drafting part of the disclosure document for the SCIP bond issue. A $1,500 non-refundable application fee is due at the time the Application is submitted with the Landowner Information Form to cover the cost of reviewing the application and preparing the preliminary credit analysis. The application fee may be reimbursed from bond proceeds contingent upon a successful sale.

(continued)