

FINANCING DEVELOPMENT IMPACT FEES THROUGH PROPERTY ASSESSMENTS



The City of Galt has partnered with the California Statewide Communities Development Authority (California Communities) to offer developers in Galt a cost-effective option for funding development impact fees on non-residential projects through the Statewide Community Infrastructure Program (SCIP).

What is SCIP?

SCIP allows the City's impact fees on non-residential projects to be financed. SCIP pays the City of Galt the 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 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 are the 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?

Many impact fees including traffic, parks, water, sewer, and drainage paid to the City of Galt are eligible to be financed by SCIP.

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 within the City of Galt are not eligible through the SCIP program.

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).

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.

Impact Fee/Assessment Lien Comparison Examples:

The table below shows some sample 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.

Fee Amount	Assessment (a)	Estimated Annual Taxes	Interest Rate	Term
\$100,000	\$120,000	\$8,060	5.25%	30 years
\$200,000	\$235,000	\$15,784	5.25%	30 years
\$500,000	\$575,000	\$38,621	5.25%	30 years
\$1,000,000	\$1,150,000	\$77,243	5.25%	30 years
\$3,000,000	\$3,450,000	\$231,729	5.25%	30 years
\$5,000,000	\$5,745,000	\$385,878	5.25%	30 years

(a) Includes cost of issuance and a reserve fund

How is SCIP administered?

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

How do I obtain more information on SCIP?

For questions related to SCIP, contact Jason Behrmann, Assistant City Manager for the City of Galt at 209-366-7100, or email jbehrmann@ci.galt.ca.us.

