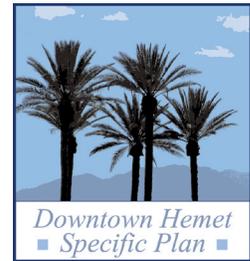


## CHAPTER 9 Implementation Strategy

---



### A. Introduction

One of the most important elements of the Downtown Hemet Specific Plan is identifying the implementation measures that will result in the desired changes articulated in the Specific Plan. The Implementation Strategy will guide City staff, property owners, developers and decision-makers in realizing the infrastructure, amenity and economic development components of the Specific Plan. Key features of the strategy include:

- Formulating a capital improvement plan (CIP) that identifies and prioritizes the range of infrastructure and amenity improvements benefiting the community.
- Presenting possible value capture public financing and economic incentive methods, such as development impact fees, lighting and landscape districts, special assessments, special taxes, user fees and charges, and the recently adopted enhanced infrastructure financing district (EIFD) legislation.
- Analyzing the potential range of financing for a proposed property-based business improvement district (PBID) for increased marketing, implementation of selected enhanced amenities and minor capital improvements.
- Public-Private Partnerships, including providing matching capital improvement funds, continued coordination with the business improvement district and other local stakeholders, and developing joint grant and loan funding opportunities.
- Land use incentive strategies, including those available to Hemet, such as graduated density zoning that provide incentives for smaller parcel owners to voluntarily work together to assemble land into larger, more efficient sizes.
- Presenting the economic development benefits, such as jobs and housing creation, increased public revenues, including property tax increment and increased sales tax, and the overall revitalization and beautification of the Specific Plan area.
- Monitoring ongoing economic development performance and new Federal and State legislative financing programs that could benefit Hemet.

The implementation strategy is based upon detailed economic, fiscal and financial analyses that are presented in a supporting Technical Report: “Economic and Demographic Background Study, Downtown Revitalization-Sustainability Plan, City of Hemet California,” Stanley R. Hoffman Associates, July 1, 2015 for the proposed Downtown Hemet Specific Plan area. The purpose is to develop a strategy that will effectively implement the redevelopment and revitalization of the Specific Plan area and to plan for the future implementation of a transit station that will be part of a larger Western Riverside County regional transit system.

## **B. Potential Financing Techniques**

The financing techniques used in funding the current Capital Improvement Program (CIP) include: Development Impact Fees (DIFs), Measure A transportation (1/2 cent sales tax) and Gas Tax monies, Community Development Block Grant (CDBG) monies, Landscape & Lighting District assessments, Percent for the Arts Program, Riverside County Transportation Commission (RCTC) Measure A funds, other RCTC transportation programs, Caltrans funding for Florida Avenue (State Route 74) improvements, and other Federal, State and regional transportation and sustainability grants and loans, as available.

Because of the decline in new development over the past approximately seven years, and the loss of redevelopment tax increment financing, the CIP has become underfunded in terms of the desired projects that need to be implemented throughout the city. With the completion of the Downtown Hemet Specific Plan, additional capital improvements will become part of the citywide CIP. While the city staff is actively looking for ways to expand available capital facility funding, this chapter also examines the possibility of several new funding techniques for the Specific Plan area that could be used to supplement existing CIP revenue sources, as shown in Table 9-1.

In particular, this analysis will focus on two potential financing mechanisms for the revitalization of Downtown Hemet: 1) an Enhanced Infrastructure Financing District (EIFD) under the new post-redevelopment legislation that was passed by the State legislature in 2012, and 2) a Property Business Improvement District (PBID). While an EIFD utilizes all or a portion of the area’s growth in the General Fund property tax increment to finance capital facilities – and is not an additional property tax or assessment, a PBID levies special property based assessments on its members – in this case, downtown property owners or businesses within the proposed district. Potential bonds can be issued under an EIFD subject to a 55 percent popular vote. PBID assessments are subject to a majority property owners vote by proportion of their respective assessments. Funding priorities are set by an elected board for purposes such as marketing, events promotions, enhanced security, beautification, landscaping and minor capital improvements.

Other than the City of Hemet, RCTC is probably the most important local agency in implementing the Downtown Specific Plan. RCTC has the responsibility for determination or approval of the location, staging, scheduling and capacity of all capital development projects, and for the selection and approval of appropriate mass transit hardware and technology. Major sources of funds for RCTC include:

- **Measure A** – Riverside County’s voter approved ½ cent sales tax for transportation for three geographic areas: Western County, Coachella Valley, and Palo Verde Valley. In Western County, public transit includes funding for specialized transit, commuter rail, intercity bus service, and commuter assistance.
- **Transportation Uniform Mitigation Fee (TUMF)** – a development impact fee paid by new development to mitigate new transportation demands caused by growth for major transportation facilities.
- **Other Transportation Programs** – In addition, RCTC reviews and approves transportation projects funded with money from the federal Surface Transportation Program (STP), and the Congestion Mitigation and Air Quality program. RCTC is also the agency that programs projects for State Transportation Improvement Program (STIP) funds, including special funds created by the state for programs like bicycle and pedestrian facilities and specialized transit for seniors and persons with disabilities.

In some cases local agencies and non-profits are eligible to apply for these RCTC funds on a competitive basis. Evaluation criteria are based on federal or state guidance in conjunction with priorities set by the Commission’s “Call for Projects” program.

Additionally, Caltrans has obtained a \$19 million grant that it is administering to improve Florida Avenue (State Route 74) from side-to-side through the city from California Avenue on the west to Lake Street on the east. This also includes improvements along the portion of Florida Avenue that runs through the downtown area.

## C. Community Benefits

Growth accruing to the Specific Plan area from the realization of the implementation strategy can provide significant community benefits. Public and private investments within the Specific Plan area are expected to catalyze future growth in residential and non-residential uses over time. However, capturing and actually realizing these projected benefits depends upon programs in place, including those outlined above, such as a public-private partnerships, the establishment of an EIFD for capital improvements for community recapture of fiscal benefits from increased property valuation, and appropriate land use zoning, including mixed use, that

**Table 9-1: Summary of Potential Financing Techniques**

Financing Methods	Primary Uses
<b>Development Impact Fee (DIF)</b>	<ul style="list-style-type: none"> <li>● Capital improvements necessitated by new development; AB 1600 requires that a reasonable relationship or “nexus” must exist between the impact fee amount and the project on which it is imposed</li> </ul>
<b>Enhanced Infrastructure Financing District (EIFD)</b>	<ul style="list-style-type: none"> <li>● Use of City’s share of basic 1% property tax increment for financing public improvements</li> <li>● Requires City Council approval to set up, but does require a 55% popular vote to incur bonded indebtedness; no increase in local property taxes</li> </ul>
<b>Community Revitalization and Investment Authorities (AB 2)</b>	<ul style="list-style-type: none"> <li>● AB 2 also allows for the use of City’s share of basic 1% property tax increment for financing public improvements</li> <li>● However, subject to majority protest vote of persons 18 years and older and property owners; also, unlike an EIFD, subject to certain criteria related to serving disadvantage communities</li> </ul>
<b>Special Benefit Assessment</b>	<ul style="list-style-type: none"> <li>● Capital improvements necessitated by new development; special assessments must be benefit based and subject to majority vote of property owners</li> </ul>
<b>Landscape &amp; Lighting District (LLD)</b>	<ul style="list-style-type: none"> <li>● Landscaping and lighting improvements</li> <li>● Landscaping and lighting operations and maintenance</li> <li>● LLD assessments must be benefit based and subject to a majority vote of property owners</li> </ul>
<b>Mello-Roos Special Tax</b>	<ul style="list-style-type: none"> <li>● Capital improvements and Operations and maintenance</li> <li>● Requires a 2/3 vote of registered voters when 12 or more persons reside in the district; otherwise, 2/3 landowner voter approval in proportion to special tax amount</li> </ul>
<b>Property-Based Business Improvement District (PBID)</b>	<ul style="list-style-type: none"> <li>● Provides marketing/promotional events and enhanced security, maintenance, lighting and signage</li> <li>● Small scale capital improvements possible; property owner assessments benefit based and subject to majority vote</li> </ul>
<b>Community Development Block Grant (CDBG)</b>	<ul style="list-style-type: none"> <li>● Federal program that provides direct annual grants to cities, counties, and states across the country</li> <li>● Grants are intended to revitalize disadvantaged areas, expand affordable housing and create economic opportunities; can also be used for business façade improvement programs</li> </ul>
<b>Section 108 Loan Program (HUD)</b>	<ul style="list-style-type: none"> <li>● The HUD Section 108 Loan Guarantee Program (Section 108) provides communities with a source of low interest financing for economic development, housing rehabilitation, public facilities, and other physical development projects</li> </ul>

Table 9-1: Summary of Potential Financing Techniques (continued)

Financing Methods	Primary Uses
<b>Parking Management District</b>	<ul style="list-style-type: none"> <li>Local parking districts can manage and regulate parking supply and rates to meet the parking needs of the downtown area</li> <li>Promote transit use, ridesharing and alternative modes of transportation</li> </ul>
<b>California Infrastructure and Economic Development Bank</b>	<ul style="list-style-type: none"> <li>Infrastructure State Revolving Fund (ISRF) Program provides economic development financing to agencies and non-profits</li> <li>Bank has broad authority to issue tax-exempt and taxable revenue bonds</li> </ul>
<b>Cap-and-Trade (Pursuant to AB 32)</b>	<ul style="list-style-type: none"> <li>AB 32 authorizes the use of market mechanisms through an annual auction of surplus emissions reduction credits to generate funds, a portion of which can be targeted for sustainable community plans</li> </ul> <p>The Low Carbon Transit Operations Program provides funding assistance for transit agencies to reduce GHG gas emissions and serve disadvantaged communities</p>
<b>Riverside County Transportation Commission (RCTC)</b>	<ul style="list-style-type: none"> <li>RCTC administers the 2009 Measure A 1/2 sales tax measure for transportation; portion of revenues to be spent In Western Riverside County for public transit</li> <li>RCTC also approves transportation projects funded with money from the federal Surface Transportation Program (STP) and the Congestion Mitigation and Air Quality programs</li> </ul>
<b>Percent for the Arts Program</b>	<ul style="list-style-type: none"> <li>A percent for the arts fee can be adopted and charged to new development; typically, the fee ranges from 0.5% to 1.0% of construction value; arts fees would be spent within Specific Plan area</li> </ul>
<b>Other Outside Grants and Loans</b>	<ul style="list-style-type: none"> <li>Potential transit oriented grants from State of California's Strategic Growth Council</li> <li>Potential SCAG Sustainable Communities Planning grants</li> <li>Other funding programs as may be identified</li> </ul>

Source: Stanley R. Hoffman Associates, Inc.

could further help harness the economic development potential. An overview of these community benefits includes:

**Improved Jobs-Housing Balance.** Expanded housing and job opportunities over time could have the stabilizing benefit of improving the match of jobs and housing within the downtown Specific Plan area of Hemet. Additionally, capital improvements connecting and improving local community access to future rail transportation infrastructure provides an important community and regional benefit.

**Work Force Housing.** While the loss of redevelopment agency affordable housing funds has been substantial, there are a number of housing programs that can be pursued through State, Riverside County and Federal new market housing tax credit programs that will facilitate a mix of renter and ownership housing for the local workforce and new residents moving into the area.

**Projected Job Growth.** Projected job growth in the Specific Plan area is presented for the development scenario that has been prepared by City staff, and is described in more detail in this chapter.

**Projected Recurring General Fund Revenues.** Projected recurring General Fund revenues in the Specific Plan area from projected development is presented in this chapter, and shows that even if the property tax increment is used entirely for the Enhanced Infrastructure Financing District (EIFD), there are still substantial General Fund revenues that can be used for ongoing operations and maintenance. It should be noted that under the EIFD legislation, the in-lieu property tax of Vehicle License Fees (VLF) is eligible for bond financing, however, in this analysis, it is assumed that this revenue source will continue to accrue to the General Fund.

## D. Capital Improvement Program

The city's Capital Improvement Program (CIP) is a five-year planning tool that provides the necessary information about which facilities need repair and replacement and new facilities that need to be constructed. While the costs have not been estimated at this time, the possible types of public capital improvements to the Specific Plan area and their respective priorities are shown in Table 9-2. However, the improvements are assigned a priority ranking of "High," "Medium," and "Low." The improvement cost components include: street improvements, stripping, signalization, pedestrian walkways, selected medians, signal synchronization, bike paths, parks and light fixtures and trash receptacles. Also, other items included will be: street furniture, benches, trash receptacles, tree grates and marked street crossings; and, the final component will be Civic Center expansion.

**Table 9-2: Potential Capital Improvement Program**

<b>1. Street and Traffic Improvements</b>	<b>Priority</b>
Install 10' median on Florida Ave between State St and Buena Vista St	High
Restripe Florida Ave to 11' lanes between State St and Buena Vista St	High
Signal synchronization to improve traffic flow on Florida Ave	High
Install 10' median on State St between Oakland and Florida	High
Restripe Devonshire Ave and Acacia Ave to 11' lanes between Gilbert St and Santa Fe St to accommodate parking and bike lanes	High
Convert Juanita St and Carmalita St to one-way roadways between Latham Ave and Florida Ave	High
Install new sidewalks on Gilbert St, State St, Oakland Ave, Devonshire Ave	High
High visibility continental style crosswalks throughout Downtown but more importantly at the following locations: Florida Ave, Oakland Ave, Devonshire Ave, Acacia Ave, Gilbert St, State St, Buena Vista St, Santa Fe St	High
Decorative pedestrian crosswalks at Florida intersection with Harvard and Carmalita: signal modifications	High
Class I Bike Path along the railroad from Gilbert St to Oakland Ave	Medium
Class II Bike Lane Striping: Florida Ave, Oakland Ave, Devonshire Ave, Acacia Ave, Santa Fe St	Medium
Class III Bike Route/Sharrows marking: Buena Vista St, Gilbert St	Medium
Install traffic signals at Acacia Ave/Santa Fe St and Devonshire Ave/Santa Fe St	Medium/Low
State Street improvements (Florida Ave to Johnston Ave)	Medium/Low
Downtown median improvements (Florida Ave/SR 74)	High
Upgrade existing City parking lots	Medium
ADA Transition Plan implementation (sidewalks and ramps)	High
<b>2. Streetscape and Open Space Improvements</b>	<b>Priority</b>
<b>Lighting</b>	
Pedestrian-scaled light fixtures in Downtown Core with LED Architectural Area Lighting- Providence Medium (upgrade)	High
LED street light conversions and addition of missing street lights	High
<b>Signage</b>	
Wayfinding and Signage Program	High
Gateway Monuments – Design and Implementation	Medium
<b>Street Furniture</b>	
Benches in Downtown Core – DuMor Bench 117	Medium
Trash Receptacles in Downtown Core- DuMor Receptacle 438	Medium
Tree Grates in Downtown Core – Urban Accessories Chinook	High
Bicycle Racks in Downtown Core – Victor Stanley BRBS-102	Medium
Hanging Light Pole Flower Baskets	Low
Concrete Pot-Quickcrete Square Series QS-SQ3024P-Raw Finish, Harvest	Medium
<b>Landscape</b>	
Replace Existing Street Trees in Downtown Core per Street Tree Specifications	Medium
New Planting in Medians/Bulb-Outs within Downtown Core	High

**Table 9-2: Potential Capital Improvement Program (continued)**

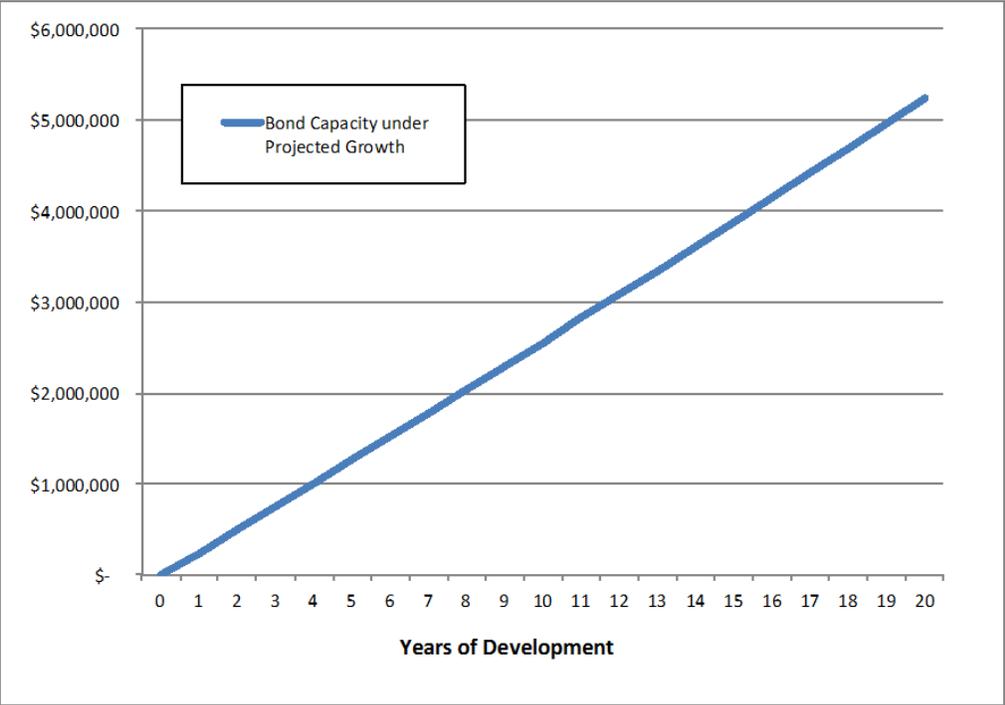
<b>2. Streetscape and Open Space Improvements (continued)</b>		<b>Priority</b>
<b>Parks and Open Space</b>		
Civic Plaza – Design and Implementation		High/Medium
Weston Park – Design and Implementation		High/Medium
Linear Park – Design and Implementation		Low
Ramona Loop Trail – Design and Implementation		Low
Pocket Parks – Design and Implementation		Low
<b>3. Civic Center Expansion</b>		<b>Priority</b>
Construct new City Hall and parking structure on Civic Center site between library and police station		Medium
<b>4. Transit Mobility Hub Improvements</b>		<b>Priority</b>
Transit Mobility Hub and parking - Design and Implementation		High
<b>5. Infrastructure Improvements</b>		<b>Priority</b>
<b>Water System</b>		
Upgrade 6-inch ACP Water Lines to 8-inch PVC Water Lines in Commercial Areas		High
Replace ACP Water Lines with PVC Water Lines - Citywide		Medium
<b>Sewer System</b>		
Upgrade 6-inch Sewer Pipes with 8-inch Sewer Pipes		Medium
<b>Storm Drain System</b>		
Implement Low Impact Development Systems		Low
<b>Electrical System</b>		
Place Overhead Distribution Facilities Underground in Joint Trench		Medium
<b>Telecommunication System</b>		
Place Overhead Distribution Facilities Underground in Joint Trench		Medium
<b>Cable Television System</b>		
Place Overhead Distribution Facilities Underground in Joint Trench		Medium
<b>Fiber Optic System</b>		
Place New Fiber Optic Cabling		High

Source: Iteris, Inc., EPT Design, JMC<sup>2</sup>, and City of Hemet

As part of a future CIP, the EIFD approach is tested to see the order-of-magnitude of bond funds that could be generated. While the EIFD bonding capacity is not as great as the former redevelopment tax increment potential, it does have the ability to generate an important supplemental source of funding.

As summarized in Figure 9-1, under the projected development growth scenario provided by City of Hemet staff – and described in detail in a supporting technical memorandum to the Specific Plan – about \$5.5 million bonding capacity is estimated to be generated over a 20 year period from 2020 to 2040. This scenario assumes two components of valuation growth, including growth from new development identified by City staff and a two percent growth factor for all other existing Specific Plan properties that are not sold or change ownership. The City of Hemet’s share of the projected growth in the basic 1% property tax levy is about 18.0 percent.

**Figure 9-1: Projected Bond Capacity**



Source: Stanley R. Hoffman Associates, Inc.

One consideration regarding improving the capital financing potential of the EIFD is to explore collaboration with the County of Riverside in also using their proportion of the property tax increment, in addition to the City of Hemet’s share. At 12.7 percent of the basic 1% property tax levy, the County’s share would yield an additional estimated \$3.9 million of bond financing potential. The rationale for the County’s voluntary participation might include mutual benefits from efficient and sustainable urban development.

This chapter also examines the potential for either a property based business improvement district (PBID) or a business based improvement district (BBID). While an actual district formation process would be required to establish the range of costs to cover desired services and minor capital improvements, hypothetical estimates have been provided based on the median costs from a survey of about 40 BIDs established in the City of Los Angeles; based on these median costs, the annual estimates for the Hemet Downtown Specific Plan area range from \$46,000 for a BBID to \$156,100 thousand for a PBID.

Generally, PBIDs are preferred because property owners tend to see the benefit of the potential increase in their property values, and ownership tends to be more stable than a business based district. While an EIFD should be set up early to maximize the capture of future property tax increment, a PBID could be established later after the specific plan is adopted. However, an early establishment of a PBID can be beneficial, as well, in that it can create an ongoing public-private partnership where the city and the business improvement district members collaborate. This collaboration might include establishing CIP funding priorities and providing joint marketing and promotional events that increase the downtown area's competitiveness along with enhanced public safety, landscaping, signage and other amenities.

As development activity increases, including mixed use development that may occur in the downtown core or around a future transit station, a parking management district is suggested that ensures that adequate parking supply is provided and well managed for the overall benefit of the property owners, future businesses and residents. This can be an incentive to new development that may be attracted to the downtown area, and also for smaller parcels that want to revitalize or redevelop and are not large enough to provide increased parking on-site.

## **E. Implementation Strategy**

The proposed Implementation Strategy is presented in Table 9-3 and includes Key Actions, Responsible Parties and Phasing Priority. The Phasing Priorities are identified as High, Medium or Low priority, as well as actions that are Ongoing. These strategies serve to facilitate the desired community vision and bring multiple community benefits through goals articulated in the Specific Plan. Key components of the implementation strategy are public financing and economic incentive methods for implementing the CIP in the Downtown Specific Plan area. This Implementation Strategy presents a range of public and private financing techniques and related programs, including land use incentive strategies, financing program initiatives and innovative public-private partnerships that build upon the substantial public and private investment already within the Downtown Hemet Specific Plan area. These strategies and key actions are summarized below:

**Update the City’s Capital Improvement Program (CIP).** The CIP compiles the required public infrastructure and related costs developed by the team’s design and engineering professionals to implement the Specific Plan. The CIP also identifies which projects are essential to attract private investment within the Specific Plan area, and presents High, Medium and Low phasing priorities over the anticipated build out of the Specific Plan area. The key action would be for the City staff, in consultation with the community and business stakeholders, to reflect these proposed improvements in the City’s annually updated CIP. Priority: HIGH

**Foster Public Private Partnerships.** Public-private partnerships provide effective means in the current constrained economy to leverage limited resources and achieve mutually desired goals. While City staff and local stakeholders have been actively engaged in seeing that the Specific Plan area is revitalized, now with an expanded set of improvements and amenities, increased coordination of funding programs, incentivizing economic development and joint participation in obtaining increased grant and loan opportunities will be needed. Priority: HIGH

**Establish an Enhanced Infrastructure Financing District.** In addition to traditional financing techniques, the implementation of innovative financing techniques will be important. An immediate priority would be to explore the feasibility of establishing an “Enhanced Infrastructure Financing District” (EIFD) for infrastructure bond financing under legislation that was adopted by the State Legislature in September, 2014. Hemet’s estimated 18.0% share of the basic 1% property tax levy yields bond financing potential of about \$5.5 million (Figure 9-1). While this provides only a portion of the capital funding that will eventually be needed, one key action would be to coordinate with the County of Riverside in providing their share of the property tax increment if mutual planning goals and objectives can be achieved. Priority: HIGH

**Update the City’s Development Impact Fee (DIF) Schedule.** The key action would be to update the City’s development impact fee schedule within the Specific Plan area to reflect new development’s proportionate share of the proposed public infrastructure and amenities. Development impact fees are monetary payments levied on a private developer to fund the public facilities necessary to serve new development. In California, AB 1600 (Mitigation Fee Act), adopted in 1987 and codified as Government Code Section 66000 et seq., formalized the statutory framework that governs impacts fees. AB 1600 requires that a reasonable relationship or “nexus” must exist between the amount of the impact fee, its purpose, and the project on which it is imposed and cannot be used to fund pre-existing deficiencies. Priority: HIGH

**Explore Interest in Establishing a Business Improvement District.** A key action would be to explore the idea of establishing either a business-based business improvement district (BBID) or a property-based business improvement district (PBID). A Business Improvement District (BID) is a public/private partnership

Table 9-3: Summary of Implementation Strategy

Implementation Step	Phasing Priority	Key Action	Responsible Parties
Update the City's Capital Improvement Program	High	<ul style="list-style-type: none"> <li>Update the City's Capital Improvement Program that includes a long-term financing strategy comprised of a variety of local and outside funding mechanisms for the proposed improvements and enhanced amenities</li> </ul>	City of Hemet Community Based Stakeholders
Foster Public-Private Partnerships	High	<ul style="list-style-type: none"> <li>Coordination and funding strategies between the City of a Hemet's Community Development, Engineering &amp; Public Works Departments to implement the proposed improvements and enhanced amenities</li> </ul>	City of Hemet Downtown Business Improvement District (BID)
Establish an Enhanced Infrastructure Financing District (EIFD)	High	<ul style="list-style-type: none"> <li>Building upon the preliminary EIFD analysis, establish the financing district over the Specific Plan area to start capturing property tax increment as a long-term and ongoing funding source for public improvements and enhanced amenities in the District</li> <li>May not be enough projected property tax increment for capital improvements, but could provide needed cash flow</li> </ul>	City of Hemet Enhanced Infrastructure Financing Authority
Update the Development Impact Fee (DIF) Schedule for the Specific Plan area	High	<ul style="list-style-type: none"> <li>Review the existing development impact fees for the Specific Plan area to reflect new development's equitable share of the proposed public improvements and enhanced amenities</li> </ul>	City of Hemet's Community Development, Engineering & Public Works Department
Explore Interest in Establishing a Business Improvement District	High	<ul style="list-style-type: none"> <li>Prepare a feasibility study to gauge the property owners' interest in establishing either a business-based business improvement district (BBID) or a property-based business improvement district (PBID), and identify the programs and funding objectives of the proposed district as well as an equitable formula to allocate future assessments</li> </ul>	Property Owners/Business Owners in coordination with City of Hemet
Landscape and Lighting District (LLD)	High	<ul style="list-style-type: none"> <li>A landscape and lighting district could be established for the maintenance of enhanced public improvements that are provided in the Specific Plan area; property based assessments would be benefit based and subject to a majority vote of the property owners</li> </ul>	City of Hemet's Community Development (CDD) & Public Works Departments
Pursue Riverside County Transportation Commission (RCTC) Funding	High	<ul style="list-style-type: none"> <li>RCTC administers a number of transportation programs that provide funds for transit oriented development, including pedestrian and bicycle connectivity; Hemet staff should pursue funding opportunities for both the transit station and related linkages that enhance transit oriented development</li> </ul>	City of Hemet CDD, Engineering and Public Works Departments & RCTC

**Table 9-3: Summary of Implementation Strategy (continued)**

Implementation Step	Key Action	Responsible Parties	Phasing Priority
<b>Pursue Regional, State and Federal Infrastructure Funding Sources</b>	<ul style="list-style-type: none"> <li>Identify, monitor and apply for other government funding sources, for infrastructure and transportation improvements</li> </ul>	City of Hemet Regional, State and Federal entities	City of Hemet
<b>Provide Financing Incentives to Property Owners for Ongoing Façade Improvements</b>	<ul style="list-style-type: none"> <li>Continue to incentivize property owners to upgrade their buildings through the use of Community Development Block Grants (CDBG)</li> <li>CDBG grants are intended to revitalize disadvantaged areas, expand affordable housing and create economic opportunities</li> </ul>	City of Hemet's CDD & Federal Department of Housing & Urban Development (HUD)	City of Hemet's CDD & Federal Department of Housing & Urban Development (HUD)
<b>Pursue HUD's Section 108 Economic Development Loan Program</b>	<ul style="list-style-type: none"> <li>Section 108 offers state and local governments the ability to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects</li> </ul>	City of Hemet's CDD & Federal Department of Housing & Urban Development (HUD)	City of Hemet's CDD & Federal Department of Housing & Urban Development (HUD)
<b>Incentivize Private Sector Land Assembly</b>	<ul style="list-style-type: none"> <li>Consolidating smaller parcels into more efficient sizes can facilitate desired economic development that might otherwise not be feasible; explore zoning incentives, such as graduated density zoning, to encourage voluntary private sector parcel consolidation</li> </ul>	City of Hemet Private Property Owners	City of Hemet
<b>Percent for the Arts Program</b>	<ul style="list-style-type: none"> <li>Adopt a percent for the arts fee in the range of 0.5% to 1.0% and direct the Community Development Department and the Public Works Department to establish the criteria for how the collected fees will be spent; sometimes an advisory Arts Commission is set up</li> </ul>	City of Hemet's Community Development & Public Works Department	City of Hemet's
<b>Marketing and Outreach</b>	<ul style="list-style-type: none"> <li>Develop a marketing and outreach program that would advertise the downtown revitalization efforts to both Hemet residents and businesses and to the broader Hemet/San Jacinto Valley; this marketing program should be coordinated with the Hemet/San Jacinto Chamber of Commerce</li> </ul>	City of Hemet's Community Development Department and City Manager's Office	City of Hemet's Community Development Department and City Manager's Office
<b>Monitor Fiscal Performance of Increase in Specific Plan Public Revenues</b>	<ul style="list-style-type: none"> <li>Set up a monitoring system of indicators to track such public revenues, such as property and sales taxes, business license taxes, property tax in-lieu of motor vehicle license fees and other relevant public revenues, as identified; monitor select employment, population and housing indicators</li> </ul>	City of Hemet's Administrative Services Department	City of Hemet's

1. These phasing priority periods are identified, including: High (1-5 years), Medium (5-10 years), and Low (10+ Years) ongoing means occurring throughout the phasing period.

Source: Stanley R. Hoffman Associates, Inc.

created to perform marketing and a variety of enhanced services and minor capital improvements to revitalize and improve commercial neighborhoods. In California, there are two different types of BID's, one created through assessments on businesses within the district, and the second created through assessments of property owners alone. BID's can be created to perform a variety of services in commercial districts, including marketing and promotion, sponsorship of public events and ongoing operations and maintenance programs, such as enhanced security, street and sidewalk maintenance, lighting and signage. While BID's can finance some minor capital improvements, they cannot be used to finance large-scale capital projects. Establishing a BID is voluntary and subject to a majority vote of the property or business owners. Priority: HIGH

**Landscaping and Lighting District (LLD).** Another financing program to consider would be the possibility of a landscaping and lighting district for maintaining enhanced landscaping and lighting amenities and improvements that are provided within the Specific Plan area. The ongoing costs would be paid by property based assessments that would be allocated on a benefit basis. An LLD is subject to a majority vote of the property owners. Priority: HIGH

**Pursue Riverside County Transportation Commission (RCTC) Funding.** RCTC administers a number of transportation programs that provide funds for transit oriented development, including pedestrian and bicycle connectivity; Hemet Community Development Department and Public Works Departments staff should pursue funding opportunities for both the future transit mobility hub and related linkages that enhance transit oriented development. Priority: HIGH

**Pursue Regional, State and Federal Infrastructure Funding Sources.** A key action would be to identify, monitor and apply for other governmental funding sources that meet the City's goals and objectives. This might include programs such as SCAG's sustainable community grants and RCTC's "call for projects" to encourage more livable and walkable communities. Also, the State's Strategic Growth Council and the State's Cap and Trade program's provide funding for more walkable and bicycle friendly development that reduces vehicle miles travelled and improves jobs-housing balance. Priority: ONGOING

**Provide Financing Incentives to Property Owners for Ongoing Façade Improvements.** Continue to incentivize property owners to upgrade their buildings through the use of the City's Commercial Façade Improvement project under Community Development Block Grant (CDBG) funding. The grant funds will be used to assist business owners in improving the façade of their businesses in the Downtown Hemet Specific Plan area. Priority: MEDIUM

**Pursue HUD’s Section 108 Economic Development Loan Project.** Section 108 of the Federal code offers State and local governments the ability to transform a small portion of their CDBG funds into federally guaranteed loans large enough to revitalize older areas and create economic revitalization projects. Priority: MEDIUM

**Incentivize Private Sector Land Assembly.** Land assembly incentives become important, particularly in a post-redevelopment environment, where encouraging the consolidation of smaller parcels into a larger developable area results in more efficient development. One such technique is density bonuses, where zoning incentives are increased as parcel size increases. These zoning incentives are provided on the basis of individual property owners working together on a voluntary basis to create larger development sites. Priority: MEDIUM

**Percent for the Arts Program.** Adopt a percent for the arts fee in the range of 0.5% to 1.0% and direct the Community Development Department and the Public Works Department to establish the criteria for how the collected fees will be spent; sometimes an advisory Arts Commission is established. The fee is usually based on a percent of construction value. Priority: MEDIUM

**Marketing and Outreach.** Develop a marketing and outreach program that would advertise the downtown revitalization efforts to both Hemet residents and businesses and to the broader Hemet/San Jacinto Valley. This marketing program should be coordinated with Hemet/San Jacinto Chamber of Commerce. Priority: HIGH

**Monitor Fiscal Performance Specific Plan Public Revenues and Economic Development.** Public sector revenues will increase as a result of economic development within the Specific Plan. The key action is to monitor fiscal performance in the prime commercial locations to include property and sales taxes, as well as business license taxes, property taxes in-lieu of motor vehicle license fees and other relevant public funds, as identified. Other employment, population and housing indicators could be monitored, as well. Priority: HIGH and ONGOING

## F. Implementation Priorities for Additional Funding Sources

In order to realize the goals of the Downtown Hemet Specific Plan, additional funding sources should be considered in coordination with the overall implementation strategy for the Transit Development Oriented Specific Plan. In particular, there are various funding sources at the regional, statewide, and federal level that should be examined to determine their applicability to augment local revenue sources for the City of Hemet. These funding sources include, but are not limited to, the following:

## 1. Regional Funding and Grants

### a) Southern California Association of Governments (SCAG)

- The Sustainability Planning Grants Program provides technical assistance to SCAG member jurisdictions to complete planning and policy efforts that enable implementation of the regional sustainable communities' strategy. Grants are available in the three categories: 1) Integrated Land Uses (Sustainable Land Use Planning, Transit Oriented Development (TOD) and Land Uses and Transportation Integration, 2) Active Transportation (Bicycle, Pedestrian, and Safe Routes to School Plans), and 3) Green Region (Natural Resource Plans, Climate Action Plans and Green House Gas Reduction programs).
- The California Active Transportation Program (ATP) is meant to encourage increased use of active modes of transportation, such as biking and walking, and to ensure compliance with the federal transportation authorization Moving Ahead for Progress in the 21st Century (MAP-21); SCAG administers the regional portion of the ATP and relies on the California Transportation Commission (CTC) call for proposals process to select capital projects to be funded.

### b) Mobile Source Air Pollution Reduction Review Committee (MSRC)

- Offers funding to local governments, other government agencies, private sector businesses, non-profit organizations, and research institutions for projects designed to benefit the residents and communities within the South Coast Air District; proposals likely to be funded are those that offer significant measurable vehicle emission reductions, are cost-effective and have considerable, verified co-funding.

### c) Riverside County Transportation Commission

- Measure A, Riverside County's half-cent sales tax for transportation, has ensured that \$1 billion has been used to impact major roadways, commuter rail, public transit, and commuters. Funds go back to each of three districts: Western Riverside County, the Coachella Valley, and Palo Verde.
- Transportation Uniform Mitigation Fee (TUMF). Under TUMF, developers of residential, industrial, and commercial property pay a development fee to fund transportation projects that will be required as a result of the growth of projects they create; the Western Riverside COG administers the TUMF. TUMF funds both local and regional arterial projects; local projects receive 48.1 percent of all funds.

## 2. State Funding and Grants

### a) Strategic Growth Council

- The Affordable Housing and Sustainable Communities (AHSC) Program provides grants and affordable housing loans for transit-oriented development and related infrastructure and programs that reduce greenhouse gas (GHG) emissions. Projects should increase the accessibility of housing, employment centers and key destinations through low-carbon transportation options such as walking, biking, and transit.

### b) Cap and Trade

- Each year, state agencies invest cap-and-trade proceeds in communities throughout California via the California Climate Investments Program; the funding flows through three main channels (Transportation and Sustainable Communities, Clean Energy and Energy Efficiency, and Natural Resources and Waste Diversion) into programs that reduce GHG emissions. The programs with continuous allocations (AHSC, the Low Carbon Transit Operations Program, the Transit and Intercity Rail Capital Program, and High Speed Rail) receive funding each year which account for 60 percent of annual cap and trade proceeds; the remaining 40 percent is allocated by the Legislature.
- Transit and Intercity Rail Capital Program (TIRCP). The TIRCP funds transit projects and programs that reduce GHG and increase transit and rail ridership; eligible projects include rail and bus capital projects, operational movements, and bicycle and pedestrian infrastructure that result in increased ridership and reduced GHG emissions. Awards are made every two years; \$224 million was awarded in fiscal years 2014-15 and 2015-16. State requires at least 25 percent of TIRCP funds be used to benefit disadvantaged communities.
- Low Carbon Transit Operations Program (LCTOP). The LCTOP is a cap and trade program established in 2014 that provides funds to public transportation agencies for operations that reduce greenhouse gas emissions. Agencies can make investments in capital projects and services that will increase the frequency and efficiency of transit systems including: 1) Increasing frequency of bus and rail service, 2) Transit passes, 3) Station area improvements, and 4) Bicycle and pedestrian infrastructure.

### c) Caltrans Sustainable Transportation Planning Grant Program

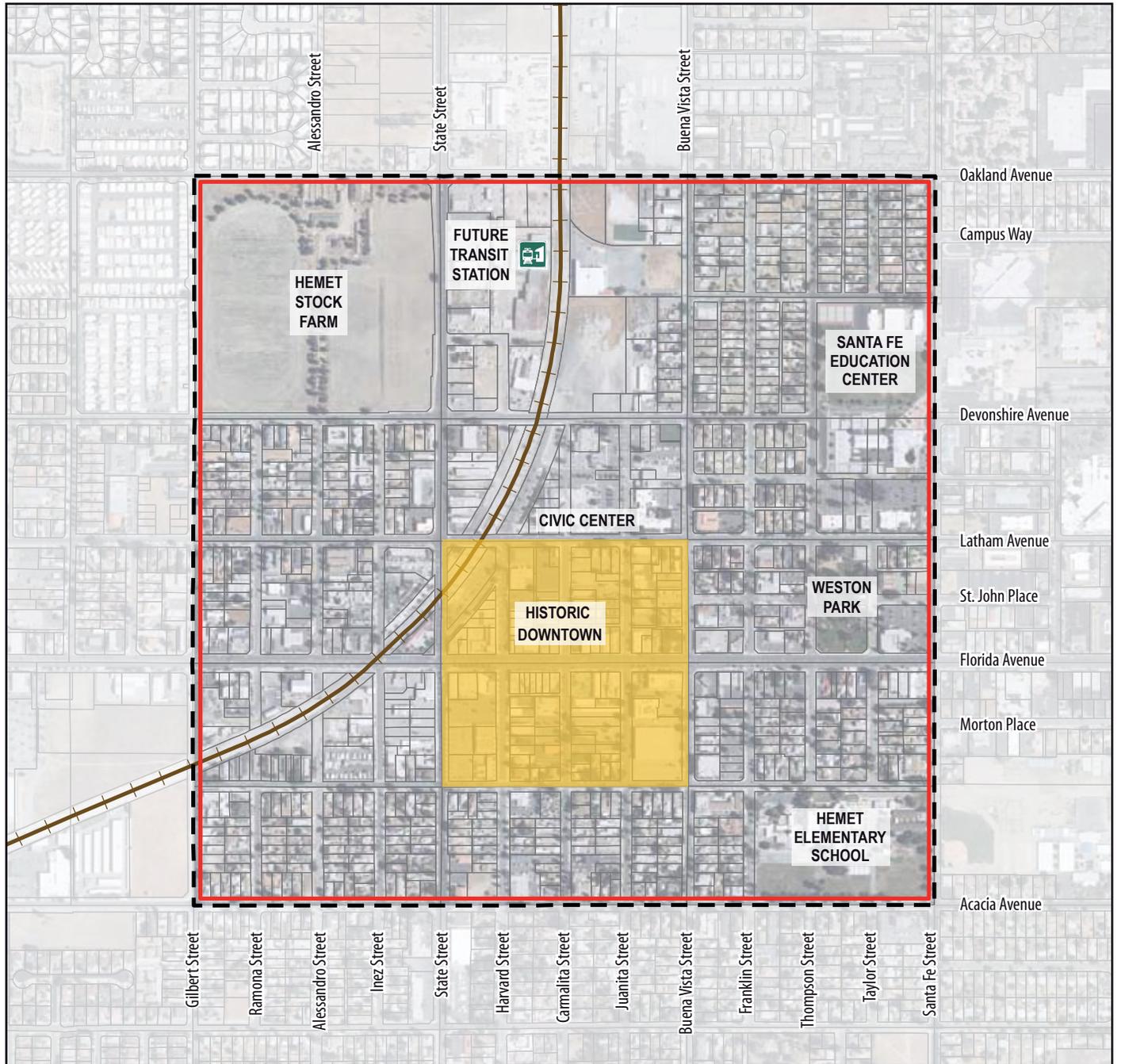
- The Sustainable Transportation Planning Grant Program was created to support the California Department of Transportation's (Caltrans) current mission: Provide a safe, sustainable, integrated and efficient transportation system to enhance California's economy and livability. Grant applications must align with the Caltrans Mission, Grant Program Overarching Objectives, and the CTP 2040 Vision. A total of \$9.3 million is available for transportation planning. State goals include: Improve multimodal mobility and accessibility for all people, Preserve the multimodal transportation system, Support a vibrant economy, Improve public safety and security, Foster livable and healthy communities and promote social equity, and Practice environmental stewardship.
- The Bicycle Transportation Account is an annual program providing state funds for projects that improve safety and convenience for bicycle commuters; Caltrans anticipates appropriation of \$7.2 million annually for projects that improve safety and convenience for bicycle commuters.

### 3. Federal Funding and Grants

- a) The Department of Transportation administers financial assistance according to federal transportation authorization (MAP-21). There are a large number of programs and grants within DOT that support projects that enhance or relate to livability and reducing VMT.
- b) The Economic Development Administration (EDA) evaluates proposed projects to determine the extent to which they align with EDA's investment priorities, create or retain high-quality jobs, leverage public and private resources, demonstrate the ability start the proposed project promptly and use funds quickly and effectively, and provide a clear scope of work and specific, measurable outcomes.
- c) The Department of Housing and Urban Development provides grants and assistance to jurisdictions to meet housing needs, improve regional and local planning efforts that integrate housing and transportation decisions, and increase the capacity to improve land use and zoning to support market investments that support sustainable communities

## G. Geographies of Analysis

The potential EIFD and PBID focus areas are located within Specific Plan area, as illustrated in Figure 9-2. The proposed EIFD boundary (outlined in red) is bound by Oakland Avenue to the north, Acacia Avenue to the south, Santa Fe Street to



- Specific Plan Boundary
- Rail Right-of-Way/ Future Transit Line
- Future Transit Station (approximate location)
- Proposed EIFD Area
- Proposed PBID Focus Area

**FIGURE 9-2**  
**Potential EIFD & PBID Focus Areas**

**DOWNTOWN HEMET SPECIFIC PLAN**

5 minute walk (1,200')

0'      500'      1,000'      1,500'      2,000'

the east, and Gilbert Street to the west, also referred to as the Downtown Hemet Specific Plan Area. The potential PBID (shaded in yellow) is bound by Latham Avenue to the north, Kimball Avenue to the south, Buena Vista Street to the east, and State Street to the west. Land use and assessor parcel data is based on the 2015 Riverside County Assessor's Parcel File and coordination with city staff in refining the downtown data.

The larger area for the proposed EIFD is based on capturing the widest area of potential increase in future property tax increment – including parcels that do not turnover ownership through a sale or transfer, but nevertheless, increase at an annual assessed value maximum rate of two percent (2%) under Proposition 13 requirements; the smaller proposed PBID boundary is based on capturing most of the existing businesses within the core of the downtown area that would likely benefit from an initial business improvement district. Of course, the PBID boundaries could be expanded over time as development increases throughout the downtown, particularly, adjacent or near the future transit mobility hub.

## H. Downtown Hemet Specific Plan Growth Projections

As shown in Table 9-4, the projected new development increment for the proposed Downtown Specific Plan area is based on development potential identified at the parcel block level by City staff. The residential growth consists of a total of 610 new units, including 220 single family units and 390 multi-family units. The projected residential development results in a net increase of 610 households and 1,628 residents, after accounting for loss of units from reallocation to non-residential uses.

For non-residential growth, the overall new employment capture within the downtown area is assumed to include those commercial and office uses that are likely to locate within the Specific Plan area, including retail, restaurant, professional and medical offices, and entertainment uses. The development scenario identified by City staff includes 362,000 square feet of commercial use, 265,000 square feet of professional office and 141,000 square feet of medical office use. Additionally, 50,000 square feet of new civic uses has been identified, however, these public uses do not result in new property tax increment. Non-residential uses represent a projected increase of 2,503 jobs, including 1,034 commercial jobs, 564 professional office jobs, 705 medical office jobs and 200 civic jobs.

As shown in Table 9-5, under the projected development scenario, the overall population of the Downtown Hemet Specific Plan area is projected to increase from around 3,400 to 4,600 residents over the 2012 to 2040 projection period, while households increase from around 1,120 to about 1,570. Employment is projected to grow from 1,680 jobs in 2012 to about 4,180 jobs in 2040, with the Specific Plan area increasing its share of the City from 8.0 percent to 9.2 percent of total citywide employment over this period.

Table 9-4: Net New Population, Household and Employment Growth

	New Development (Gross Residential Units or Non-Residential Square Feet)	Less Residential Units <sup>1</sup>	Net New Development (Residential Units or Non-Residential Square Feet)	Development Factor		Net New Growth	
				Residential Vacancy Rate <sup>2</sup>	Average Persons per HH	Households <sup>2</sup>	Population
<b>Residential</b>							
Single Family Units	353	9	220	0.0%	2.67	220	587
Multi-Family Units	<u>366</u>	<u>84</u>	<u>390</u>	0.0%	2.67	<u>390</u>	<u>1,041</u>
	719	<b>93</b>	610			<b>610</b>	<b>1,628</b>
				<b>Sq. Ft. per Employee</b>		<b>Employment</b>	
<b>Non-Residential</b>							
Commercial	362,000	n/a	362,000	350		1,034	
Office	141,000	n/a	265,000	250		564	
Medical Office	141,000	n/a	141,000	200		705	
Civic	<u>50,000</u>	n/a	<u>52,000</u>	<u>250</u>		<u>200</u>	
<b>TOTAL</b>	<b>694,000</b>	n/a	820,000	<b>277</b>		<b>2,503</b>	

1. Adjusted for loss of estimated residential units where residential land use was reallocated for non-residential uses; no existing non-residential land uses were estimated to be recycled.

2. Full occupancy, i.e., no vacancy rate is assumed for the future development

*Source: Stanley R. Hoffman Associates, Inc.*

*City of Hemet Community Development Department*

Table 9-5: Population, Households and Employment Growth Projections: 2012 to 2040

	2012	2040	Growth	% Growth: 2012-2040
<b>City of Hemet</b>				
Population	80,798	126,522	45,724	56.6%
Households	30,318	52,201	21,883	72.2%
Employment	20,984	45,496	24,512	116.8%
<b>Downtown</b>				
Population	3,394	4,599	1,206	35.5%
Households	1,122	1,573	610	40.2%
Employment	1,679	4,182	2,503	149.1%
<b>Downtown Share of City</b>				
Population	4.2%	3.6%	2.6%	n/a
Households	3.7%	3.0%	2.1%	n/a
Employment	8.0%	9.2%	10.2%	n/a

*Source: Stanley R. Hoffman Associates, Inc.*

*SCAG Draft 2016 Regional Transportation Plan (RTP)*

**This page intentionally left blank**