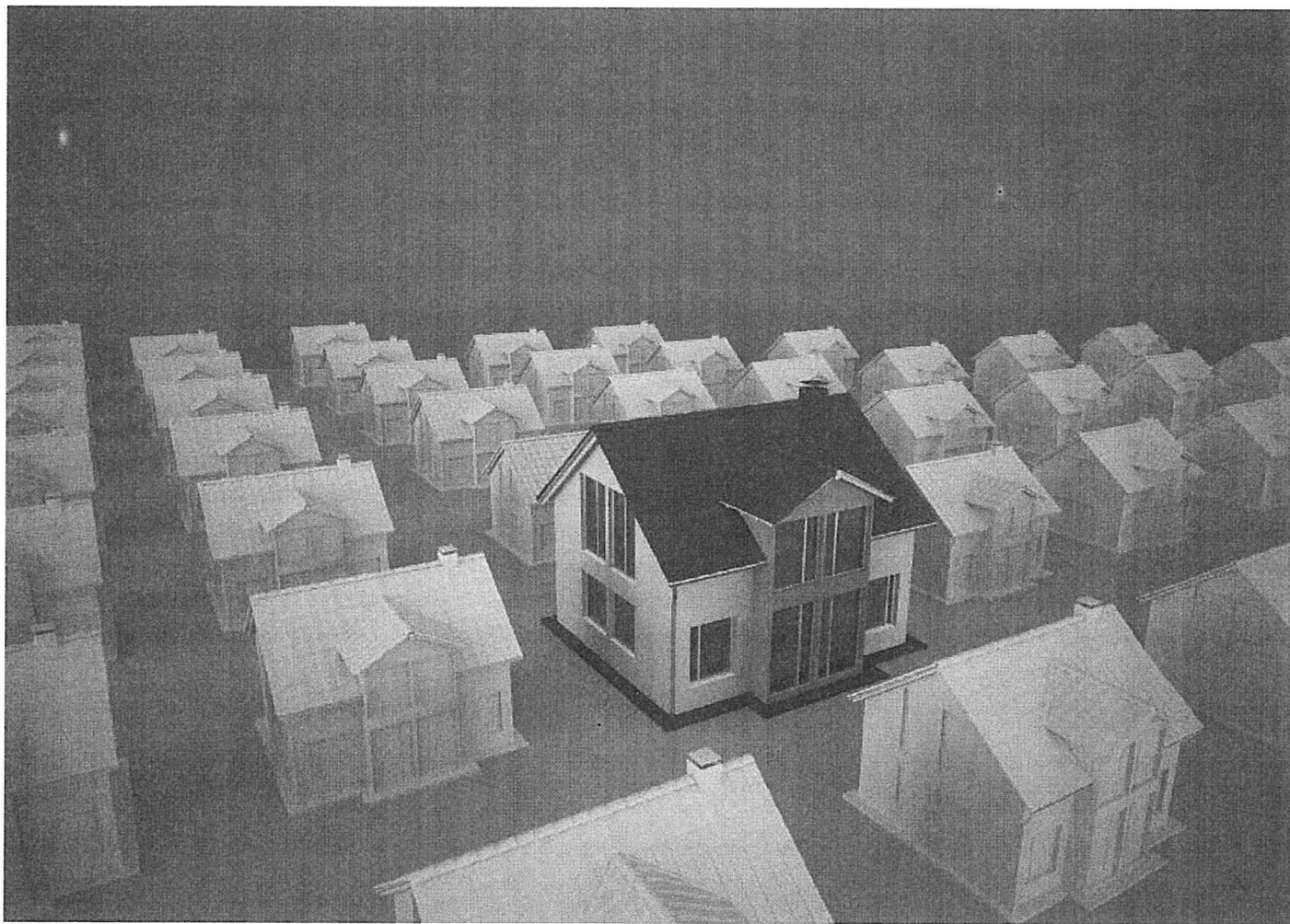


## OPINION

# How one small city could show way for California housing challenge

**Joe Mathews**

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La Verne, a small city of 32,000 in east Los Angeles County, doesn't like to be first in launching new policies. And it didn't want to make itself a proving ground for the best new tool California communities have to transform themselves.

government entity that the Legislature has championed for addressing California's massive housing shortage and infrastructure deficit.

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But EIFDs are unproven, and only a handful of California places have established them. In fact, EIFDs are a much weaker tool than the redevelopment agencies that localities relied upon for major projects before 2012, when redevelopment was eliminated because the agencies grabbed revenues that otherwise would have gone to schools.

EIFDs work similarly — designate a certain area for improvement and then capture the increased tax receipts — but state lawmakers put limits on their ability to take revenues from other taxing entities.

Which is why La Verne's EIFD is being watched statewide, including by advocates of revitalizing the Los Angeles River and of extending BART through downtown San Jose.

Local governments have few other good options for financing infrastructure. California's pension and budget systems keep its cities cash-poor. Most places are wary of big initiatives.

So is La Verne, as City Manager Bob Russi and Community Development Director Eric Scherer explained on my recent visit. "Trailblazing is not the La Verne way," said Russi.

But opportunities have converged in La Verne in a way the city couldn't ignore. As part of Los Angeles County's expansion of its Metro Rail system, La Verne is scheduled to get a new light rail station in 2026 at a site with potential: next to its successful Old Town, near the University of La Verne, and across Arrow Highway from the Fairplex, home to the County Fair and other major events.

So the city combined its Old Town plan with the priorities of the Fairplex and the university to create a new vision for the station area, including 1,700 new residential

wanted to develop. In 2017, La Verne became the first city in the county to establish an EIFD.

The EIFD will finance \$33 million in public infrastructure projects to attract developers for the housing, retail, business park, and hotel. The money for those improvements should be paid back by capturing some of the increase in taxes that results from the new development. The EIFD also could sell bonds, though 55 percent of voters in the district would have to approve.

La Verne's EIFD is modest, but, since most California cities are small, it could become a model if it succeeds.

Will it? The answer is likely to be yes if EIFDs can build partnerships with multiple local governments, taking advantage of the fact that EIFDs can cross jurisdictions. La Verne is now waiting to hear whether Los Angeles County will join its EIFD, which would make the project's financing move more quickly.

While cities resist new housing because it doesn't produce local tax revenue, more powerful EIFDs might change their calculus. If the rest of the state would follow La Verne's lead, California might finally reduce its most intractable obstacle to growth — providing affordable housing for its people.

*Joe Mathews writes a column for Zócalo Public Square.*

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