Bancroft Financing – Approval Authority

City Council
October 15, 2025

Request

- By resolution, formally grant the City Administrator the ability to approve Bancroft Financing Plans for development projects
- The City Administrator can choose to defer the decision to City Council

Bancroft Financing – SDC Payment Plan

- The Bancroft Bonding Act allows local governments to finance SDCs through bonding.
- It allows developments subject to SDCs to use a 10-year payment plan (with interest) to pay the required SDCs.

Background

- Recent examples - residential and industrial
  - Dragonberry warehouse (2012)
  - Manzanita Apartments - 23 units (2023)
- Bancroft financing was granted by staff decision

Minimum Requirements

- 1) Place a lien on another property owned by the developer
- 2) Agree to the payment plan set by the City
  - City chooses duration
  - Includes prime interest rate
  - Typically requires 2 payments a year
- 3) Complete SDC Installment and Financing Agreement

Housing Production

- Is a strategy in the adopted Housing Production Strategy
- HPS recommends to tool be prioritized for entry level homes and addressing lower rents
- Tool can still be used for any type of development at the discretion of decision-makers

Housing Production

- Input from Local Developer
  - "Having the SDC cost spread out spreads the SDC cost over time and bridges the gap between construction and sales, making the cost of entry-level homes at a price point that those entering into the market can afford.
  - My experience with townhome sales is there are two dominant purchasing groups; first time buyers and those nearing or in retirement. Both of these groups are highly vulnerable to increased costs."

Recommendation

Staff recommends that Council approve Resolution 1445 to grant the City Administrator the authority to approve the use of the Bancroft Financing Plan for SDC fees.

26 Unit Townhouse Development - AMORTIZATION TABLE

Loan Amount:	$337,532
Interest Rate:	7.60%
interest rate (nper):	3.80%
Loan Term (years):	10
# of payments:	20
payment amount	$24,398.35

Please send out bi-annual reminders to property owner, 7 to 10 days in advance of payment due dates starting in December 2025 through December 2035.

Payment Number	Date Due	Payment	Interest	Principal	Balance	Date Paid	Receipt Number	Reminder
0	3/1/2026				$337,532.00			
1	4/15/2026	$24,398.35	$12,826.22	$11,572.13	325,959.87			
2	9/1/2026	24,398.35	12,386.48	12,011.87	313,948.00			8/22/2026
3	3/1/2027	24,398.35	11,930.02	12,468.32	301,479.68			2/19/2027
4	9/1/2027	24,398.35	11,456.23	12,942.12	288,537.56			8/22/2027
5	3/1/2028	24,398.35	10,964.43	13,433.92	275,103.64			2/20/2028
6	9/1/2028	24,398.35	10,453.94	13,944.41	261,159.23			8/22/2028
7	3/1/2029	24,398.35	9,924.05	14,474.30	246,684.93			2/19/2029
8	9/1/2029	24,398.35	9,374.03	15,024.32	231,660.61			8/22/2029
9	3/1/2030	24,398.35	8,803.10	15,595.24	216,065.37			2/19/2030
10	9/1/2030	24,398.35	8,210.48	16,187.86	199,877.51			8/22/2030
11	3/1/2031	24,398.35	7,595.35	16,803.00	183,074.51			2/19/2031
12	9/1/2031	24,398.35	6,956.83	17,441.52	165,632.99			8/22/2031
13	3/1/2032	24,398.35	6,294.05	18,104.29	147,528.70			2/20/2032
14	9/1/2032	24,398.35	5,606.09	18,792.26	128,736.44			8/22/2032
15	3/1/2033	24,398.35	4,891.98	19,506.36	109,230.08			2/19/2033
16	9/1/2033	24,398.35	4,150.74	20,247.60	88,982.48			8/22/2033
17	3/1/2034	24,398.35	3,381.33	21,017.01	67,965.46			2/19/2034
18	9/1/2034	24,398.35	2,582.69	21,815.66	46,149.80			8/22/2034
19	3/1/2035	24,398.35	1,753.69	22,644.65	$23,505.15			2/19/2035
20	9/1/2035	$24,398.35	$893.20	$ 23,505.15	0.00			8/22/2035