



City of Carson

Report to Mayor and City Council

April 3, 2012
New Business Discussion

SUBJECT: CONSIDER THE STATUS OF ABX1 26 IMPLEMENTATION

Submitted by Clifford W. Graves
Economic Development General Manager

Approved by David C. Biggs
City Manager

I. SUMMARY

This report summarizes the redevelopment agency dissolution progress and efforts aimed at addressing the ongoing need for community revitalization without redevelopment and its financing mechanism.

II. RECOMMENDATION

RECEIVE and FILE.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

On February 1, 2012, the city began complying with the requirements of ABx1 26 (Redevelopment Agency Dissolution). The Initial Recognized Obligation Payment Schedule was submitted to the state and county agencies as required by the March 1, 2012 deadline. Supporting documentation was requested and submitted by staff to these various agencies. The process is complicated by uncertain timing issues outlined in the legislation (e.g. the timing for the distribution of unencumbered assets and unencumbered housing funds, as well as the sale/transfer of assets is unknown) and the city, along with state and county agencies, continues with efforts to comply with the legislation.

Work by the California Redevelopment Association (CRA) and League of California Cities to develop the next generation of community revitalization tools is moving forward. In addition to supporting pending legislation to preserve existing assets (retention of unencumbered housing funds), disposition of real property and assets, and utilization of unencumbered bond proceeds, the CRA and its member cities are developing mechanisms for community revitalization absent the redevelopment tool (Exhibit No. 1).

At this time, ten bills are moving through various committees of the legislature. Of these bills, Senate Bill 654 (Steinberg) and Assembly Bill 1585 (Perez) would permit retention of unencumbered housing fund balances; Senate Bill 1151 (Steinberg) would require successor agencies to prepare a long range asset

management plan to maximize the long term asset value for ongoing economic development and housing funds; and, Senate Bill 986 (Dutton) would permit unencumbered bond proceeds to be retained and expended to fulfill the purposes for which the bonds were issued. Retention of unencumbered fund balances and bond proceeds would enable the Carson Housing Authority to complete housing projects in Carson. Exhibit No. 2 is a list of the ten bills and status of each legislative issue. Staff will continue to monitor the committee actions and will report progress in future reports.

While the city representatives (Mayor Dear and William Watkins) have been appointed to the seven-member Oversight Board, the remaining five members have not been appointed. Representatives from the Los Angeles County Board of Supervisors reported that efforts to complete appointments by mid-April are underway. The county offered to provide administrative support to each board; however, the City Manager declined the offer and directed that city staff provide the administrative support function to the board assigned to Carson.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. The Next Generation of Community Revitalization Tools. (pgs. 3-6)
2. Legislative Tracking. (pg. 7)

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TO:Rev03-08-12

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Development Services
Economic Development	Public Services

Action taken by City Council

Date_____ Action_____

California Redevelopment Association

Redevelopment. Building Better Communities

THE NEXT GENERATION OF COMMUNITY REVITALIZATION TOOLS

Post AB X1 26

Context

Redevelopment agencies were an incredibly successful tool for reinvesting in California communities. The record of success in addressing infrastructure, affordable housing, jobs/economic stimulus, brownfield reuse, infill/transit-oriented development, and military base reuse issues is without parallel. Nonetheless redevelopment as a financing mechanism for community revitalization was dissolved. The imperative for California's cities and counties to address these issues have not gone away. The discussion of the "next generation" of tools has already begun. We want to engage the CRA membership in a discussion to help shape this conversation going forward.

A) Preservation of Existing Assets

1. Retention of unencumbered housing fund balances

Both SB 654 (Steinberg) and AB 1585 (Perez) would permit retention of unencumbered housing fund balances.

2. Disposition of real property and assets

SB 1151 (Steinberg) would require that successor agencies prepare a long range asset management plan to maximize the long term asset value for ongoing economic development and housing functions.

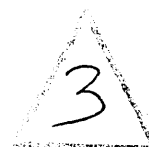
3. Utilization of unencumbered bond proceeds

SB 986 (Dutton) would permit unencumbered bond proceeds to be retained and expended to fulfill the purposes for which the bonds were issued.



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EXHIBIT NO. 01



4. Recognition of host community loans to former RDA's

Host community's made a significant investment in community revitalization efforts by loaning their RDA's millions of dollars to undertake activities that would have otherwise been impossible. AB X1 26 wiped out those loans. CRA and the League of California Cities have an interest in amending the statute to honor such agreement done for legitimate redevelopment purposes under reasonable terms.

B) Enhancement of Existing Tools

1. Infrastructure Financing Districts

The authorization for Infrastructure Financing Districts (IFDs) has existed for over 20 years, but has not been widely used. IFDs can divert property tax increment for up to 30 years. Forming an IFD requires every local taxing agency that will provide tax increment to approve the plan, and then requires 2/3 voter approval. SB 214 (Wolk) would remove the voter requirement to form and bond, but retains the taxing agency approval process. The school portion of the property tax increment cannot be used for IFDs. Related bills include AB 485 (Ma) to fund transit villages; and AB 910 (Torres) to fund affordable housing. AB 664 (Ammiano) for the America's Cup and AB 310 (Hancock) for transit priority projects have already been chaptered.

2. Business Improvement Districts/Landscape Maintenance Districts

This tool is primarily for maintenance purposes. Some marketing and service component can be included.

3. Mello-Roos Community Facility Districts

Mello-Roos CFD's allow the levy of a special tax to finance infrastructure and services. Requires 2/3 voter approval. CFD's are generally used in unoccupied districts with landowner vote only.

4. Conduit revenue bond financing

Project/program secured financing of activities through the issuance of revenue bonds for:

- Single family housing
- Multi-family rental housing
- Industrial development

5. General Obligation Bonds

General Obligation (GO) bonds involve an increase in and a pledge of general revenues. They require voter approval—2/3 for all uses except schools, which require 55%. Some have proposed all uses be reduced to 55% voter approval.

6. Planning & zoning

General Plan amendments, rezoning, development agreements, density bonus programs, and inclusionary programs all present an opportunity for localities to achieve public policy objectives. Permit streamlining and CEQA streamlining always appear to be in discussion. Local approaches where comprehensive neighborhood plans with front-loaded environmental and community review with streamlined permitting show promise. AB 710 (Skinner) is a controversial bill that would prohibit cities and counties from requiring parking standards in transit districts greater than 1 space/1000 sf of commercial, and 1 space/residential unit.

7. Code enforcement

Some have suggested that recent reductions in code enforcement activities, if reversed, could have a powerful impact on blight removal.

8. Economic Development Ordinance

In the aftermath of dissolution some communities are adopting "Economic Development Ordinances" authorizing their city to undertake many of the activities that their previous redevelopment agency undertook. The economic development activities would be funded by revenues made available to it by the city. This "self-help" approach may become more prevalent in the future.

C) New Tools

1. Self-help sales tax

SB 1156 (Steinberg) would authorize localities to add an increment to the sales tax to finance housing and economic development activities.

2. Document recording fee for affordable housing

SB 1220 (DeSaulnier) would add a \$75 document recording fee to all real estate transactions to finance affordable housing activities. As proposed all proceeds would go to a state administered Trust Fund, not directly to localities.

3. AB 32 Cap and Trade emission credits

Some have suggested that funds derived from the sale of AB 32 Cap and Trade emission credits be used to fund economic development. The Governor has proposed earmarking these funds for high speed rail.

4. Tax Increment Financing

The conversation has begun regarding a new form of tax increment financing. General characteristics appear to be:

- Address State policy objectives
- Limits on the size of territory and fiscal limits
- Limits on the term of a plan
- State oversight and State approval to establish. School fraction may be in play.

Two bills have been introduced thus far:

- SB 1335 (Pavley) – a spot bill for retention of brownfield properties by a successor agency and develop it for specified uses (a sustainable communities project, TOD, infill) “upon appropriation by the Legislature.”
- SB 1472 (Pavley and DeSaulnier)—a spot bill for additional tools to fight blight.



Subjected		Added to agenda	Bill	Author	Topic	Assembly Bills		
1	x		AB 32	Lara & Manuel Pérez	Cap and Trade emission credits, suggestion of funds be used to fund economic development. Governor has earmarked these funds for high speed rail.	02/01/12	Died pursuant to Art. IV, Sec. 10(c) of the Constitution. From committee: Filed with the Chief Clerk pursuant to Joint Rule 56.	
2	x		AB 1585	Perez	Would add flexibility to Successor Agency administrative cost as outlined in AB1X 26.	03/26/12	1st read to com. on RLS. For assignment.	
3	x		AB 1692	Wieckowski	Adds successor agencies to list of agencies subject to neutral evaluation process before declaring bankruptcy.	03/19/12	Referred to Com. on L. GOV.	
Senate Bills								
4	x		SB 654	Steinberg	Deals with the transfer of low and moderate housing funds depending on if the redevelopment agency elects to retain the housing assets or not. Retention of unencumbered housing fund balances.	02/01/12	in assembly, read 1st time, held at desk.	
5	x		SB 986	Dutton	Deals with the disposition of unencumbered bond proceeds and expending them to the successor agency if they are performing an obligation required by enforceable obligation to fulfill the purposes for which the bonds were issued.	03/06/12	Hearing date March 28.	
6	x		SB 1151	Steinberg	Deals with the long term planning of asset management and maximizing long term value of real property and assets.	02/22/12	from printer, may be acted up on or after 3/23.	
7	x		SB 1156	Steinberg	Declares establishment of a new joint powers authorities and financing option for development of sustainable economic development and affordable housing.	02/23/12	from printer, may be acted up on or after 3/24.	
8	x		SB 1220	DeSaulnier	Housing Opportunity Trust Fund Act of 2012, a \$75 recording fee to all real estate transactions. Proceeds are slated for a Trust Fund (at the state level) and will be expended for the purpose of supporting affordable housing efforts.	03/08/12	Referred to Coms. on T. & H. and GOV. & F.	
9	x		SB 1335	Pavley	Limited ability for successor agency to retain and reuse brownfields, retention of brownfield properties for the purpose of development of a sustainable, transient oriented or infill project.	03/14/12	Withdrawn from committee. Re-referred to Coms. on E.Q. and GOV. & F.	
10	x		SB 1472	Pavely & DeSaulnier	Declares intent of legislature to provide communities w/ additional tools to fight blight. spot bill, would allow for additional tools to fight blight.	02/27/12	Read first time.	

EXHIBIT NO. 02

