

# Agenda Report

**DATE:** January 22, 2007

**TO:** Pasadena Community Development Commission and City Council

**THROUGH:** Economic Development & Technology Committee

**FROM:** Chief Executive Officer/City Manager

**SUBJECT:** Recommendation Regarding Merger of Northwest Pasadena  
Redevelopment Project Areas

## RECOMMENDATION

It is recommended that the Pasadena Community Development Commission ("Commission") and the City Council ("Council") direct staff to commence with the amendment/merger process to combine the five existing redevelopment project areas in Northwest Pasadena (Orange Grove, Lincoln Ave., Fair Oaks Ave., Villa-Parke, and Lake/Washington) in accordance with the provisions and requirements of the California Redevelopment Law-Health and Safety Code 33000 et seq. It is further recommended that formation of a new 12-member Merged Area Advisory Body be commenced with as described in this staff report.

## RECOMMENDATIONS OF ADVISORY BODIES

**Northwest Commission-** At their meeting of September 12, 2006, the Northwest Commission recommended the merger of the five subject redevelopment project areas and left the organizational structure of the PACs up to the staff to make a recommendation.

**Fair Oaks Avenue and Lincoln Avenue Project Area Committees-** At a special joint meeting of the Fair Oaks Avenue and Lincoln Avenue Project Area Committees ("PACs") held on August 30, 2006, the project area merger recommendation was presented. Following discussion, both PACs voted unanimously to support the merger of the redevelopment project areas, however, both PACs also voted to recommend remaining intact as separate advisory bodies for each of the two redevelopment areas, and

that their membership correspond to the number of members voted into office at the upcoming elections for each PAC.

**Community Development Committee-** On June 12, 2003, the Community Development Committee recommended approval of the merger and the establishment of a 17-member Merged Area Advisory Body which would be subject to evaluation in the future to determine if the number of representatives from each redevelopment area benefits the merged redevelopment area. Staff will work with the Committee as the merger process moves forward.

## **BACKGROUND**

On February 10, 2003, the Council unanimously approved the repeal of the debt time limits in accordance with the provision of Senate Bill 211. This action allowed the Commission to eliminate the time limits which existed in the Redevelopment Plans with regard to the establishment of loans, advances, and indebtedness. At that time, the Council directed staff to hold a community meeting to receive input from stakeholders on the recommendations for the proposed merger of the Orange Grove, Fair Oaks Avenue, Lincoln Avenue, Villa Parke, and Lake/Washington Redevelopment Project Areas ("Project Areas"). In addition, the Council directed staff to obtain input on the formation of a Merged Area Advisory Body, and the allocation of the combined funds.

The Commission and Council further considered the merger proposal in joint session at the August 11, 2003 and September 8, 2003 meetings. No action was taken at either of the meetings.

In light of the opportunities for sharing of tax increment funding resources to implement priority projects in the Northwest area, staff is recommending the commencement of the redevelopment plan amendment/merger process as described in greater detail below.

### **Merger of the Redevelopment Project Areas**

As implementation efforts within the individual project areas move forward, limited fund availability within individual project area budgets is hindering the ability to move projects forward to completion. Staff is currently at work on several projects which will benefit all of the Northwest area. A merger of the five Northwest Redevelopment Project Areas would provide the Commission with the ability to share tax increment funds within the merged project area, thereby achieving greater leveraging of tax increment resources and flexibility to implement priority projects of benefit to the entire Northwest area. The separate redevelopment plans, as amended, would continue to govern the individual project areas with respect to all matters other than the pooling of tax increment revenue.

Currently, each of the five redevelopment project areas is generating tax increment funds, which are directed annually via the budgeting process to project area-specific expenditures such as debt service, staffing, and program/project assistance. The Fair Oaks Avenue Project Area carries substantial debt, while the other project areas generate

modest tax increment amounts. After repaying current debt obligations, the combined tax increment amounts could provide significant financial assistance to potential projects.

The estimated timeframe for completing the merger of the redevelopment areas is approximately nine months. The major steps in the process include the preparation of an amendment to each of the five redevelopment plans, preparation and circulation of the appropriate environmental analysis for the merger; review of the amendments by advisory bodies and the community; and a public hearing on the proposed amendments (noticed to all residents and businesses within the project areas). Finally, the State Department of Housing and Community Development must be notified of the intent to merge project areas before the reading of the ordinance providing for the merger.

As part of the merger process, staff will initiate a community participation process through the Northwest area advisory bodies to provide the opportunity for affected residents, businesses, and community organizations to discuss how the merger would impact the existing Project Area Committees as well as how the funds would be allocated to potential projects in the merged area.

If the merger is approved, the tax increment revenues generated by the five redevelopment areas will be pooled into a single funding source for the purpose of redevelopment plan implementation within the merged area.

#### **Merged Area Advisory Body**

Concurrent with the merger, staff will be recommending the establishment of a Merged Area Advisory Body to assist with the implementation of the merged area redevelopment project plans and make recommendations on the allocation of funds. In order to facilitate community dialogue among the owner, business, community organization and resident representatives of the areas affected by the merger, staff is proposing the establishment of the Merged Area Advisory Body, with membership as selected by the Council/Commission and comprised as follows:

Fair Oaks Avenue Project Area	3 members
Lincoln Avenue Project Area	3 members
Lake Washington Project Area	3 members
Villa Parke Project Area	3 members

In that the Orange Grove Redevelopment Plan is fully implemented, representation on the advisory body from this geographic area is not considered necessary.

To ensure the continued implementation of project area plans and community dialogue, staff is proposing that the existing Fair Oaks Avenue and Lincoln Avenue PACs be reconstituted with representation on a Merged Area Advisory Body as indicated above. This is intended to insure continuity of individual project area objectives while providing for the community dialogue as it affects the larger merged area.

**Redevelopment Reform Legislation Affecting the Proposed Merger**

Several redevelopment reform bills have recently been signed into law. Senate Bill 1206, and Assembly Bills 773, 782, and 1893 all address changes to redevelopment legislation. All four of these bills become effective on January 1, 2007.

SB1206, in particular, adds steps to adopt or amend a redevelopment plan. The proposed merger of the project areas will require an amendment to the existing redevelopment plans in order to be put into effect. SB 1206 provides that in order to amend redevelopment plans for the purpose of merging project areas, the Council must find, based on substantial evidence, that significant blight remains in one of the project areas and such blight cannot be eliminated without merging the project areas.

**FISCAL IMPACT**

Consultant costs to complete the necessary documentation for the merger are anticipated to total approximately \$125,000. Appropriation from the fund balances of the affected project areas to cover the costs of the consultant services for the proposed merger is recommended and will be recommended as a part of the mid-year budget amendments in January, 2007.

Respectfully submitted:

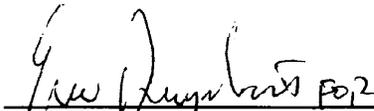
  
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