

Agenda Report

June 21, 2010

TO: Honorable Mayor and City Council

THROUGH: Legislative Policy Committee (June 16, 2010)

FROM: Planning and Development Department

SUBJECT: **Support for AB 2531 (Fuentes) – Redevelopment: Economic Development**

RECOMMENDATION:

It is recommended that the City Council:

1. Support AB 2531 (Fuentes) as proposed by the State Assembly, and;
2. Authorize the Mayor, or his designee, to transmit a Letter of Support to the appropriate authorities.

BACKGROUND:

The purpose of Assembly Bill 2531 is to give redevelopment agencies specific authority to use tax increment for economic development purposes in order to enhance job opportunities. The bill would enable agencies to assist industrial and manufacturing uses that will aid developing a "green" economy through various kinds of financial assistance.

In addition, AB 2531 (Fuentes) amends the Community Redevelopment Law ("CRL") to place greater emphasis on attracting and retaining businesses, enhancing employment opportunities, improving energy efficiency for businesses within redevelopment project areas and reducing greenhouse gas emissions. The provisions of the bill would sunset on January 1, 2016. Following are the highlights of the proposed bill:

1. Amendment to Definition of Redevelopment; Findings and Declarations Emphasize Economic Development as a Fundamental Purpose of Redevelopment

AB 2531 amends the definition of "redevelopment" as defined by the CRL to include "activities that result in the provision of employment opportunities." In addition, it includes a finding and declaration of the Legislature that a fundamental purpose of

redevelopment is "to attract and retain businesses in order to enhance employment opportunities." The bill also includes a separate finding and declaration that the purpose of AB 2531 is to clarify existing law and to provide agencies with additional authority to assist businesses in order to encourage the retention of existing employment opportunities and the attraction of new employment opportunities.

2. Direct Assistance for Economic Development and Improving Energy Efficiency

AB 2531 includes two new provisions that explicitly authorize redevelopment agencies to provide direct assistance, including loans, loan guarantees and other financial assistance, to businesses, owners and tenants in a project area for specific purposes.

3. Assistance to Business Incubators and Small Businesses

AB 2531 would add a new section to the CRL, which authorizes redevelopment agencies to assist public agencies or private nonprofit corporations to establish, construct and maintain a small business incubator within a project area. In addition, it authorizes agencies to provide loan guarantees for small businesses located within a project area.

4. Authorization to Fund Job Training and Apprenticeship Programs

The bill would amend the CRL to state that redevelopment activities also include job training, job placement, apprenticeship and pre-apprenticeship programs and services relating to construction or to operations of businesses in a project area.

5. Agencies Not Permitted to Increase or Extend Redevelopment Plan Limits to Implement AB 2531

A new section will be added intended to clarify that agencies cannot amend a redevelopment plan to increase or extend the limits imposed for the purpose of implementing the authority granted by this bill.

6. Clarification of the Authority of CRA/LA to Seek and Expend Grant Funding for Economic Development Purposes

The bill would add a new section to the CRL intended to clarify the Redevelopment Agency of the City of Los Angeles authority to seek and expend state and federal grant funding to be used both inside and outside of their redevelopment project areas.

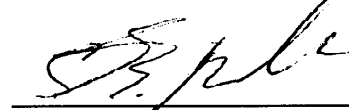
COUNCIL POLICY CONSIDERATION:

Through support of AB 2531 several of the City's Policies, Objectives and Goals will be reaffirmed. Namely, the General Plan Objective 10, Diverse Economy, encourages the promotion and creation of a diverse economic base that serves residents by providing jobs and City revenue. Furthermore, Policy 10.8, Regional Economy, is intended to attract and provide for Pasadena's share of the region's economic investment and development. In this case, AB 2531 is intended help align economic development goals in order to create more tools to generate and retain good paying jobs.

FISCAL IMPACT:

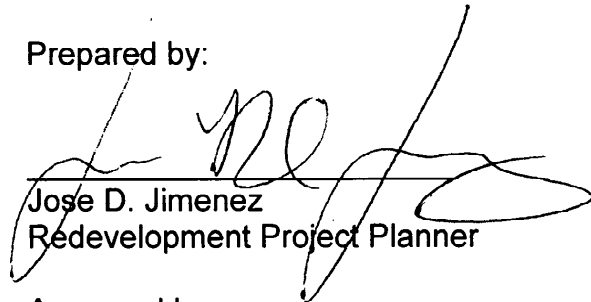
Passage of Assembly Bill 2531 will permit greater flexibility in using tax increment funds for business assistance.

Respectfully submitted



Steve Mermell
Assistant City Manager

Prepared by:



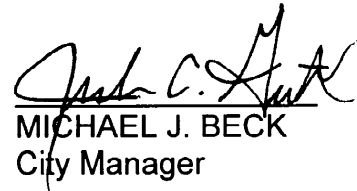
Jose D. Jimenez
Redevelopment Project Planner

Concurred by:



David A. Klug
Redevelopment Manager

Approved by:



MICHAEL J. BECK
City Manager

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