



Agenda Report

TO: City Council

June 19, 2001

THROUGH: Legislative Committee

FROM: City Manager

SUBJECT: Support for Senate Bill 211 (Torlakson)
Redevelopment Project Area Time Limits

RECOMMENDATION

It is recommended that the City Council:

1. Support Senate Bill 211 (Torlakson) *Redevelopment Project Area Time Limits*; and
2. Authorize the Mayor to send letters to the appropriate authorities stating Pasadena's position of support thereof.

BILL SUMMARY

SB 211 would provide for extensions to redevelopment project area time limits past the year 2004 for many agencies and community development commissions such as Pasadena's. This time limit extension will provide the ability to continue the process of blight removal within the existing project areas that were adopted prior to 1985. Statewide, many pre-1985 project areas were severely hampered by the real estate market's economic downturn during the early to mid 1990's. SB 211 would allow these project areas to continue with blight removal and provision of affordable housing for up to ten additional years. Below is a more detailed summary of what SB 211 provides.

BACKGROUND

Time Limit Extensions

An agency/commission may: 1) extend the time limit on plan effectiveness; 2) the time limit on the receipt of property tax increment; and 3) the time limit for repayment of debt, each for an additional period of ten years. The plan may be amended once the agency/commission has determined that significant blight (as defined by AB 1290) remains that cannot be eliminated without the extension of these plan limits.

In addition to substantiating remaining blight, there are several other conditions that would need to be met in order for a redevelopment plan to be amended under SB 211. Specifically, there can be no major violations of redevelopment law, the community's housing plan must be in compliance with the State office of Housing & Community Development (HCD), no "excess surplus" exists within the affordable housing fund, and a transit village development plan has been implemented.

Limitation of Property Tax Increment Expenditures

Upon plan area extension per SB 211, the agency/commission may spend tax increment funds only in the significantly blighted portions of the project area (this does not apply to the mandated 20% housing set aside funds).

Affordable housing funds may only be spent on low or very-low income projects. During this time, the required 20% housing set aside funds would be increased to a yet to be agreed upon percentage.

State Oversight of Redevelopment Agencies/Commission that extend Time limits

Senator Torlakson has indicated that as SB 211 moves through the Legislature, a fully developed mechanism for State oversight, either administrative or legal, will be inserted.

APPLICABILITY IN PASADENA

While SB 211 is very much a work-in-progress, and a number of amendments are being negotiated at this time, it appears that a number of Pasadena's redevelopment project areas might benefit from the provisions of SB 211 should the formal plan amendment process validate the presence of blight. Preliminarily, the following project areas may be candidates for amendment per SB 211: Fair Oaks Avenue; Lake/Washington; Downtown; Old Pasadena; and Villa Park.

FISCAL IMPACT

Passage of SB 211 alone would not present a fiscal impact to Pasadena. If the City elected to pursue project area amendments subject to SB 211, the costs associated with preparing and processing the required documentation could be several hundred thousand dollars. However, if these plan amendments were successful, a continued flow of property tax increment COULD be rather significant in funding housing and redevelopment efforts.

Respectfully submitted,

for Cynthia J. Kurtz
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