

Agenda Report

DATE: JULY 17, 2006
TO: CITY COUNCIL
THROUGH: ECONOMIC DEVELOPMENT AND TECHNOLOGY COMMITTEE
FROM: CITY MANAGER
SUBJECT: RESOLUTION APPROVING APPLICATION FOR DESIGNATION OF A PASADENA ENTERPRISE ZONE

RECOMMENDATION:

It is requested that the City Council:

1. Authorize staff to submit an application to the California State Department of Housing and Community Development for consideration of a Pasadena Enterprise Zone including the boundaries depicted in Attachment No.1;and
2. Adopt a resolution approving application to the State for designation of a Pasadena Enterprise Zone; and
3. Approve the Initial Environmental Study and Negative Declaration.

SUMMARY

The Pasadena Enterprise Zone designation will expire on April 10, 2007. During the last quarter of 2006 and in the beginning of 2007, twenty-three of the current forty-two zones statewide will expire. There is pending legislation to extend the life of enterprise zones by five to 15 years but there has been little progress toward approval of these bills. The State Department of Housing and Community Development has recommended to agencies with expiring zones that they apply for a new designation and not wait for the extension legislation.

A designation application must be submitted by the deadline of September 6, 2006. The City qualifies to apply for designation because the eligible area, Northwest Pasadena complies with the following State performance regulations for distress criteria: 1) the area consists of at least 2,500 people, 2) the area has an average rate of unemployment of 7.4 percent or more, 3) the per capita income of the area is 80 percent or less of the statewide average and 4) the City was declared a disaster area in the previous seven years.

ZONE BENEFITS

In 1985, the California State legislature approved legislation that led to the establishment of today's enterprise zones. The purpose behind the legislation was to encourage business investment and the creation of job opportunities in economically challenged areas. When the Pasadena zone was designated it was the City's intent to add a business and job development component to the various revitalization efforts (redevelopment project areas, façade improvements, etc.) in the Northwest area of the City. In 1999, the enterprise zone was approved by the State for a 20% expansion in area (as illustrated in Attachment No. 1) to include additional commercial and industrial areas to create additional job opportunities in the area of technology.

Since the designation of the enterprise zone, a number of businesses have benefited from the State tax incentives and reduced their initial investments in starting their business through local incentives and business assistance services. The hiring tax credit has been one of the most successful incentives for Pasadena. There are over 300 employers in the Enterprise Zone that have utilized this credit. From 1994 to June, 2006, there have been 3,319 vouchers processed for employees that work in the Pasadena Enterprise Zone and live in Target Employee Areas in Northwest Pasadena and throughout Los Angeles County. The tax benefits are realized through the reduction in business expenses that result from a reduction in the cost of hiring employees, and the purchase of equipment and real property. In addition, financial institutions that have invested in commercial properties in the zone have benefited from the reductions in state taxes when approving a loan.

PROPOSED BOUNDARIES FOR THE ENTERPRISE ZONE

The proposed boundaries for the enterprise zone include the original boundary, which is Northwest Pasadena, the expanded area, which includes the South Fair Oaks Specific Plan area, and east Walnut including parcels in the East Pasadena Specific Plan Area. In addition to these areas it is proposed to add the East Colorado Specific Plan area as a new area to the enterprise Zone (as illustrated in Attachment No.1.) The proposed area has a variety of small to medium retail uses, auto related uses, office buildings, and manufacturing uses. This Specific Plan area would connect the zone to the area of the East Pasadena Specific

Plan along Colorado Boulevard. The area also includes a few vacant buildings and parcels for new businesses and development opportunities.

ENVIRONMENTAL:

An Initial Environmental Study has been prepared for the application which will result in a Negative Declaration based on the determination that the proposed Enterprise Zone designation will not result in any significant environmental impacts. The public review period for the Negative Declaration required by CEQA is from July 12 to July 31, 2006. A copy of the Draft Initial Study and Notice of Intent is attached.

FISCAL IMPACT:

Sufficient funds are available in budget account 101-443200 for the cost of this program. In 2004, the state established a fee for processing hiring tax credit vouchers, the City Council approved a processing fee of \$60.00 which provides a \$50.00 fee to the general fund and a \$10.00 fee to the State for each voucher processed. This fee will not be modified with the new Enterprise Zone designation. As well, the current incentives for fee waivers of business license fees, planning fees and reductions or waivers for permit center fees will continue.

Respectfully Submitted,

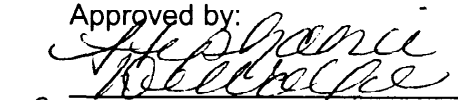

CYNTHIA J. KURTZ
CITY MANAGER

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Approved by:



RICHARD BRUCKNER
DIRECTOR OF PLANNING AND DEVELOPMENT

ATTACHMENT NO.1

PASADENA ENTERPRISE ZONE MAP



City of Pasadena Enterprise Zone

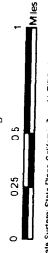
Enterprise Zone (Original)

Enterprise Zone (Expanded)

Proposed Area Added to Enterprise Zone

City Boundary

Assessor Parcels



Coordinates: Santa Anita, 34° 05' 00" N, 118° 05' 00" W; 400 (Foothill) Drive, 34° 05' 00" N, 118° 05' 00" W
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July 2006

