

**HEARING SCRIPT  
FOR THE  
JOINT PUBLIC HEARING  
OF THE  
CITY COUNCIL  
AND THE  
PASADENA COMMUNITY DEVELOPMENT COMMISSION**

**DATE:** MARCH 26, 2007

**SUBJECT:** JOINT PUBLIC HEARING: RECOMMENDATION REGARDING ORDINANCES TO EXTEND THE PLAN LIMITS OF THE DOWNTOWN, ORANGE GROVE, VILLA PARKE, FAIR OAKS AVENUE, OLD PASADENA, LAKE/WASHINGTON, AND LINCOLN AVENUE REDEVELOPMENT PLANS AS AUTHORIZED BY SENATE BILL 1096

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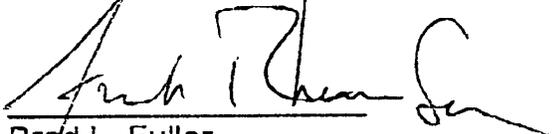
**MAYOR BOGAARD:** "This is the time and place for the joint public hearing on Recommendation Regarding Ordinances to Extend the Plan Limits of the Downtown, Orange Grove, Villa Parke, Fair Oaks Avenue, Old Pasadena, Lake/Washington, and Lincoln Avenue Redevelopment Plans as Authorized by Senate Bill 1096."

1. City Clerk/Secretary reports on publication of public hearing notice and any correspondence.
2. Hear from City Manager/Chief Executive Officer and staff presentation.
3. Hear from members of the public.
4. Close the hearing.

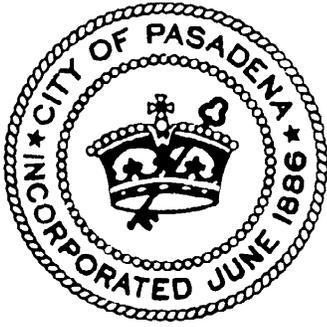
3/26/07  
6.B.  
7:30 P.M.

5. After the public hearing has been closed, the City Council/Commission may:
- A. Approve Staff recommendation and direct the City Attorney to prepare ordinances extending the Plan effectiveness dates and the debt repayment and receipt of tax increment dates by two years for the Downtown, Orange Grove, Villa-Parke, Fair Oaks Avenue, Old Pasadena, Lake/Washington, and Lincoln Avenue Redevelopment Plans and Project Areas as authorized by Senate Bill 1096 for reading on April 23, 2007.
  - B. Approve the Staff recommendation with revisions; or
  - C. Reject the Staff recommendation, with the appropriate findings, based on information received at the hearing.

Approved as to form:



Brad L. Fuller  
Assistant City Attorney/  
Assistant General Counsel



# Agenda Report

**DATE:** March 26, 2007

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

**THROUGH:** Economic Development & Technology Committee

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

**SUBJECT:** Recommendation Regarding Ordinances to Extend the Plan Limits of the Downtown, Orange Grove, Villa Parke, Fair Oaks Avenue, Old Pasadena, Lake/ Washington, and Lincoln Avenue Redevelopment Plans as Authorized by Senate Bill 1096

## RECOMMENDATION

It is recommended that the City Council and Community Development Commission ("Commission") direct the City Attorney to prepare ordinances extending the Plan effectiveness dates and the debt repayment and receipt of tax increment dates by two years for the Downtown, Orange Grove, Villa-Parke, Fair Oaks Avenue, Old Pasadena, Lake/Washington, and Lincoln Avenue Redevelopment Plans and Project Areas as authorized by Senate Bill 1096 ("SB 1096") for reading on April 23, 2007.

## BACKGROUND

In 1992, the State Legislature, for the first time, enacted Educational Revenue Augmentation Funds ("ERAF") to reduce the State's obligations to fund education and reduce a portion of the State's budget shortfall. ERAF reallocates a portion of property tax revenues due to local governments (counties, cities, special districts, and redevelopment agencies) to fund education, thereby reducing the State General Fund allocations to school districts.

As a component of the FY 2004-2005 State Budget, the Legislature adopted SB 1096, which required every redevelopment agency to make an ERAF payment to the County Auditor for the 2004-05 and 2005-06 Fiscal Years.

In an effort to offset the financial burden caused by the ERAF payments, SB 1096 authorizes redevelopment agencies to amend their redevelopment plans to extend

the time limits of effectiveness of their plans and to extend the dates for debt repayment and receipt of tax increment. Under SB 1096, redevelopment agencies may amend their redevelopment plans, depending upon the time remaining in the lives of the plans, by one year if the agency was required to make an ERAF payment for FY 04-05 and an additional year if the agency was required to make an ERAF payment for FY 05-06.

The ERAF allocations are determined based on a statewide aggregate allocation. Individual agency payments are determined as a proportion of that agency's share of total tax increment collected state-wide. Each agency must allocate the specified amount established by the County auditor for deposit into the ERAF for each year. The following summarizes the Commission's ERAF contribution for the subject years:

Fiscal Year	ERAF Contribution
2004-05	\$1,803,123
2005-06	\$1,777,087

The purpose of this report is to introduce ordinances extending the Redevelopment Plan effectiveness dates and the debt repayment and receipt of tax increment dates by two years for the Downtown, Orange Grove, Villa-Parke, Fair Oaks Avenue, Old Pasadena, Lake/Washington, and Lincoln Avenue Redevelopment Project Areas in accordance with the provisions of SB 1096.

## **ANALYSIS**

In order to qualify for the extensions, in addition to making the required ERAF payments and meeting certain public hearing noticing requirements, the legislative body must make certain findings. For redevelopment plans with 10 or fewer years remaining for plan effectiveness (Downtown, Orange Grove, Villa Parke, and Fair Oaks –original), only one finding must be made. That finding is that the funds used to make the ERAF payment would otherwise have been used to pay the costs of the projects and activities necessary to carry out the goals and objectives of the redevelopment plan. For redevelopment plans with 10 years to 20 years remaining for plan effectiveness (Old Pasadena, Fair Oaks –added area, Lake Washington, and Lincoln Avenue), the legislative body must make the following findings:

1. Funds used to make the ERAF payments would otherwise have been used to pay the costs of the projects and activities necessary to carry out the goals and objectives of the redevelopment plan;
2. The Agency is in compliance with statutory Housing Fund requirements pursuant to Health & Safety Code § 33334.3;
3. The Agency has adopted a Five-Year Implementation Plan;

4. The Agency is in compliance with applicable inclusionary and replacement housing production requirements pursuant to Health & Safety Code § 33413; and
5. The Agency is not subject to sanctions for Housing Fund excess surplus.

Staff finds that the funds used to make the ERAF payments would otherwise have been used to pay the costs of the projects and activities necessary to carry out the goals and objectives of the affected project areas.

On August 1, 2005, the Commission approved the 2004-2009 Five Year Implementation Plan for the Downtown, Old Pasadena, Fair Oaks Avenue, Lincoln Avenue, Lake/Washington, Villa-Parke, and Orange Grove Redevelopment Project Areas. The Five-Year Implementation Plan contains specific goals and objectives of the agency for the project areas, the specific programs, including potential projects, and estimated expenditures proposed to be made during the five year period. Also included is an explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project areas.

In addition, the Commission must comply with the Replacement and Inclusionary Housing Requirements as stated in Health & Safety Code Section 33413. The Inclusionary Housing requirement requires the Commission to replace dwelling units that have been destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project at the affordable housing cost. The Commission is in compliance with these requirements as included in the Health & Safety Code.

Annually, the Commission prepares and submits to the State Controller's office the Annual Report. Pursuant to Health & Safety Code Section 33080, the Annual Report includes information about the amount of tax increment generated, Agency indebtedness and activities that affect affordable households. In addition, if applicable, the report identifies any amount that has accrued in an excess surplus of housing funds, therefore requiring the agency to adopt a plan for expenditure of all money in the Housing Fund within five years from the end of that fiscal year. The Commission does not have an excess surplus of housing funds and is not subject to excess surplus requirements.

#### **Noticing Requirements**

The City Council/Community Development Commission is required to hold a public hearing before adopting the ordinances. Notice of the hearing must be mailed to affected taxing entities at least 30 days prior to the hearing. The notice was mailed to each taxing agency on February 15, 2007 and the hearing notice was published on March 15, 2007.

Since the Commission remitted ERAF payments totaling \$1,803,123 for FY 2004-05 and \$1,777,087 for FY 2005-06, and because the redevelopment plans cited in this report satisfy the SB 1096 requirements and notice of the public hearing has been given, the time limits for plan effectiveness and the time limit to repay indebtedness and to receive tax increment for each plan may be extended for an additional two year period. The following table summarizes the proposed extensions:

<b>PROPOSED TIME LIMIT EXTENSIONS REDEVELOPMENT PLANS SUMMARY</b>						
Project Area Plan	Incurring Debt		Plan Activities		Receiving Tax Increment and Paying Debt	
	Current	Proposed	Current	Proposed	Current	Proposed
Downtown	2004	No change	2010	2012	2020	2022
Orange Grove	2004	No change	2013	2015	2023	2025
Fair Oaks- Original	2004	No change	2009	2011	2019	2021
Villa-Parke	2004	No change	2012	2014	2022	2024
Old Pasadena	2004	No change	2023	2025	2033	2035
Fair Oaks- Annex	2006	No change	2026	2028	2036	2038
Lake/Wash	2004	No change	2022	2024	2032	2034
Lincoln Avenue	2006	No change	2026	2028	2036	2038

### **FISCAL IMPACT**

By extending the Plan Effectiveness dates and the dates for debt repayment and receipt of tax increment by two years for the affected project areas, the Commission will have two additional years to receive tax increment and repay debt. This amount is estimated to total approximately \$45,000,000 for the recommended 2 year extension period. These additional funds will be used to repay the Agency's outstanding debt and the costs of projects and activities necessary to carry out the goals and objectives of the Redevelopment Plans.

Respectfully submitted:

  
**CYNTHIA J. KURTZ**  
 City Manager/Chief Executive Officer

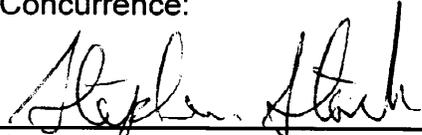
Prepared by:

  
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**JOHN ANDREWS**  
Senior Project Manager

Approved by:

  
\_\_\_\_\_  
**RICHARD BRUCKNER**  
Director of Planning & Development

Concurrence:

  
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**STEPHEN STARK**  
Commission Treasurer