

Agenda Report

July 26, 2010

TO: Community Development Commission
FROM: Planning and Development Department
SUBJECT: AUTHORIZATION TO TRANSMIT THE PRELIMINARY REPORT FOR THE NORTHWEST REDEVELOPMENT MERGER AND VILLA-PARKE PLANS AMENDMENT

RECOMMENDATION:

It is recommended that the Community Development Commission adopt a resolution authorizing the transmittal of the Preliminary Report for the proposed Merger of the Northwest Redevelopment Project Areas and proposed Amendment No. 4 to the Villa-Parke Redevelopment Plan.

ADVISORY BODY RECOMMENDATION:

On July 22, 2010, the Community Development Committee recommended that the Community Development Commission approve a resolution that authorizes the transmittal of the Preliminary Plan to the affected taxing entities and responsible agencies for review and comment.

EXECUTIVE SUMMARY:

In February 2008, in a joint action the City Council and Pasadena Community Development Commission (PCDC) directed staff to begin the merger/amendment process of the five existing Northwest Redevelopment Project Areas (Attachment A) and amend the tax increment cap limit in the Villa-Parke Project Area. The benefit of merging the project areas is twofold. First, it permits tax increment dollars that are generated in one project area to be spent in another project area. Second, a combined project area will significantly increase the overall bonding capacity. In order to merge/amend the project areas, California Community Redevelopment Law (CCRL) requires the preparation of a Preliminary Report Plan (Attachment B). The Plan documents on a parcel basis, blight conditions within the five redevelopment project areas and identifies projects and programs that are designed to eliminate remaining blight and proposes an increase to the Villa-Parke tax increment cap.

Adoption of the resolution (Attachment C) authorizes the transmittal of the document and does not constitute final approval. Tonight's action is the first of several future steps that could lead toward final approval of the merger/amendment. On August 9 staff anticipates bringing forth a resolution for Council/PCDC consideration to set a joint

public hearing on October 25. The purpose of the joint public hearing is for Council/PCDC to consider adopting a resolution approving a Negative Declaration and the first reading of an ordinance approving the merger/amendment.

BACKGROUND:

CCRL defines blight as an area that demonstrates physical and economic liabilities, requiring redevelopment in the interest of the health, safety and general welfare of the people living in these communities. It is necessary to identify the specific blight conditions that negatively impact the redevelopment areas pursuant to CCRL in order to merge and amend the project areas. The methodology employed by UFI includes an evaluation of existing conditions on each property and notation of serious problems, called "Blight Indicators," that were observed. These Blight Indicators provide the layers of detrimental conditions that cause blight. This creates the basis for evidence of physical blight required by CCRL.

Evidence of economic blight, by its nature, is more area-wide. Declines in property values, for example, generally do not stop at property lines. Instead, this and other conditions of economic blight affect larger areas because a decline in value of one property can lead to a chain reaction affecting the neighboring properties. Crime is similar because, although a particular crime may occur on a specific property, its impact goes beyond that property.

Another issue with economic blight is that most characteristics cannot be observed in the field. While there may be an instinctive "sense" that such conditions exist based on the physical character of an area, conditions such as declining property values, high crime, low lease rates, residential overcrowding, and several others can only be discovered through secondary research. Therefore, the Blight Indicators generally apply to conditions of physical blight, and evidence of economic blight is generally provided through other sources.

In addition, blight, as discussed above, is an area-wide condition. Therefore, this Report does not identify individual parcels as "blighted." Rather, the Report demonstrates the extent of remaining blight by showing the number and location of each Blight Indicator that was found.

METHODOLOGY USED TO GATHER AND ANALYZE BLIGHT CONDITIONS:

The first major step in determining whether conditions of blight exist, where they exist, and if they exist to the extent required by the CCRL, is to study each parcel in the Project Areas. The Commission's consultant, Urban Futures (UFI) conducted the Field Reconnaissance for the Merger Amendments and the Tax Increment Cap Amendment. Current land use; condition of the structures, the site, and visible public infrastructure; and other pertinent information were observed and recorded. The observed conditions were abbreviated into Blight Indicator codes and entered into a GIS database for analyzing and mapping purposes.

The Blight Indicators used in the methodology have developed over time based on the extensive combined experience of senior UFI staff as well as applicable portions of the

Health and Safety Code Section 17920.3, which provides a comprehensive list of conditions that create substandard buildings. These Blight Indicators are divided into the blight categories as defined by CCRL Section 33031, and include only those conditions that affect the health and safety of a person living or working in a building. Based on statutory requirements and recent redevelopment case law, minor problems such as peeling paint, lack of landscaping, obsolete signage, and damaged fences – conditions often observed on distressed properties – were not considered. The result is empirical data of significant conditions of blight that is necessary for decision-makers to consider prior to making blight findings.

Some Blight Indicators apply to more than one category of blight. For example, the Blight Indicator, Substandard Construction Materials (SCM), present a distinct safety issue because structures with SCM are not safe, especially during an earthquake. Therefore, the structures would be considered blighted pursuant to CCRL Section 33031(a)(1) because the condition creates a building in which it is unsafe or unhealthy to live or work. In addition, a proposed use is not as viable in a building with SCM as it costs a significant amount of money to correct the health and safety problems, and people are less likely to invest in a substandard building because of the additional costs. Therefore, the property would also be considered blighted under CCRL Section 33031(a)(2) because it significantly contributes to the prevention or hindrance of viable uses.

VILLA-PARKE PLAN AMENDMENT AND TAX INCREMENT LIMITATION INCREASE:

The second component of the Plan is to increase the financial cap limitation (the total amount of tax increment the project area may receive over its lifetime) for the Villa-Parke Project Area. The Villa-Parke Redevelopment Project Area was created in 1972 with an established cap of \$20.4 million. At the end of this calendar year, the Villa-Parke Project Area will reach the maximum amount of tax increment funds permitted four years prior to the expiration of the Redevelopment Plan. The actual tax increment receipts to-date total approximately \$19.6 million dollars. The majority of these funds paid for projects such as the construction of the Villa Park Community Center including the current planned renovation and the synthetic field installation. Moreover, approximately 150 for-sale and affordable rental units were constructed using tax increment revenues. Without the ability to increase the financial cap, the Villa-Parke Project Area will lose approximately \$6.4 million over the next four years. As a consequence, the PCDC would not have sufficient funds to complete the projects and programs it needs to address remaining blight in the Villa-Parke Project Area. Therefore, the PCDC is proposing to increase the tax increment limit to \$65 million to fund needed projects and programs that will eliminate remaining blight.

COUNCIL POLICY CONSIDERATION:

Transmittal of the Preliminary Report is consistent with the City's General Plan Objectives. Specifically the recommendation will comply with the General Plan's objective number 10 (Diverse Economy), which encourages the promotion and creation of a diverse economic base that serves residents by providing jobs and City revenue. Furthermore, Policy 10.8 of the General Plan (Regional Economy) is intended to attract and provide for Pasadena's share of the region's economic investment and development. In addition, the transmittal of the Preliminary Report is consistent with many of the City's Strategic Goals and Objectives including:

- Maintaining Fiscal Responsibility and Stability
- Improving, Maintaining and Enhancing Public Facilities and Infrastructure
- Supporting and Promoting the Quality of Life and the Local Economy

FISCAL IMPACT:

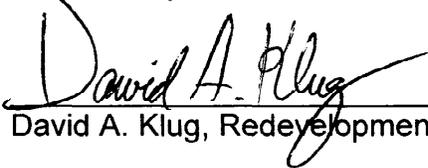
Merging/amending the project areas provides for increased financial flexibility among the project areas and increasing the tax increment cap will provide additional tax increment funds to pay for projects or programs to eliminate any remaining blight. Costs for the preparation of the Preliminary Report have been budgeted. There is no direct financial impact associated with this particular action.

Respectfully submitted,



Steve Mermell,
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Approved by:



MICHAEL J. BECK
City Manager

Attachments:

- Attachment A – Project Area Map
- Attachment B – Modified Preliminary Report
- Attachment C – Resolution