

# Agenda Report

May 20, 2013

**TO:** Honorable Mayor and City Council

**FROM:** Economic Development, Office of the City Manager

**SUBJECT: ADOPTION OF A RESOLUTION FOR THE ENTERPRISE ZONE  
TARGET EMPLOYMENT AREA**

## **RECOMMENDATION:**

It is recommended that the City Council adopt a resolution designating and formally approving new state identified census tracts as the new Targeted Employment Area (TEA) for the Pasadena Enterprise Zone.

## **BACKGROUND:**

Enterprise Zones (EZ) are 15-year state designations that promote economic development in specific geographic areas by offering various state tax incentives. The City of Pasadena received its second 15-year designation on April 10, 2007 and has promoted the state tax incentives, including the Hiring Credit Program. The Hiring Credit Program offers EZ businesses a 5-year state tax credit for hiring job seekers that meet one of the twelve state identified barriers to employment. Some of state identified barriers to employment may include, but not limited to, veterans, public assistance recipients, dislocated workers, ex-offenders, and residency in a TEA.

TEA's are designated by identifying eligible census tracts that have at least 51 percent of its residents of low or moderate income levels, as determined by the most recent census data. In 2007, City Council and the State Department of Housing and Community Development (HCD) approved Resolution 8789, which designated nine census tracts (Attachment A) as Pasadena's TEA that mainly cover Pasadena's northwest area. Based on 2010 census data, there are 61,606 residents living within the current TEA.

On November 13, 2012, HCD issued a directive that due to the release of the 2010 census data, each EZ must approve new TEA boundaries. Using the American Community Survey, HCD has identified thirteen census tracts to represent Pasadena's TEA (Attachment B), with a total population of 59,380 residents. Notwithstanding the 3% decrease in total eligible residents from the removal of census tracts 4615.01, 4623.02, and 4624 from the new TEA, those residents may still qualify for the Hiring Credit Program based on meeting one of the remaining eleven state identified barriers to employment.

Upon approval of the new TEA resolution, Economic Development staff will submit a completed TEA application to HCD for approval. The new effective dates of the TEA will be determined by HCD.

**COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the City Council's Strategic Plan Goal to support and promote the quality of life and local economy.

**FISCAL IMPACT:**

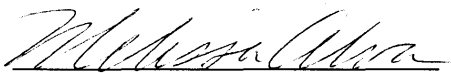
Since April 10, 2007, the Pasadena's EZ has issued 11,805 voucher certificates to Pasadena businesses and generated \$1.06 million for the General Fund. Of those voucher certificates issued 9,316 or 79% were under the TEA category with 4,119 or 34% residing in Pasadena's TEA. With the addition of census tracts 4614 and 4627 to the new TEA, the 8,675 residents residing in those areas will now have the opportunity to qualify under all the barriers to employment with the Hiring Credit Program. If the new TEA is not approved, then it's estimated the program may see a 34% reduction in the total number of voucher certificates issued, thereby reducing General Fund revenues by \$133,719 each year, which has not been factored into the FY14 recommended operating budget.

Respectfully submitted,



Steve Mermell  
Assistant City Manager

Prepared by:



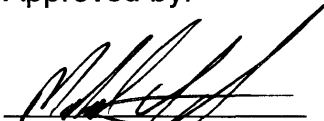
Melissa Alva  
Enterprise Zone Manager

Concurred by:



Eric Duysart  
Economic Development Manager

Approved by:



Michael J. Beck  
City Manager

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA IDENTIFYING THE CENSUS TRACTS COMPLRISING THE “TARGETED EMPLOYMENT AREA” FOR THE PASADENA ENTERPRISE ZONE**

**WHEREAS**, on March 20, 1984, the Governor of the State of California signed into law Assembly Bill 40 (Government Code Section 7070 et esq.) “Enterprise Zone Act”, creating a State Enterprise Zone Program; and

**WHEREAS**, on September 26, 1996 the Governor of the State of California signed into law Senate Bill 2023 and Assembly Bill 296, effective January 1, 1997, revising the Enterprise Zone Act requiring, among other things, that Enterprise Zones establish “Targeted Employment Areas” to encourage businesses within an Enterprise Zone to hire eligible residents from geographic areas of the city in most need of employment targeting.

**WHEREAS**, in September 9, 2006, the Governor of the State of California signed into law Assembly Bill 1550 revising Government Code Section 7072, requiring Enterprise Zones to designate eligible census tracts by the United States Department of Housing and Urban Development as having at least 51 percent of its residents of low or moderate income levels, using either the most recent United States Department of Census data available at the time of the original enterprise zone application or the most recent census data available at the time the targeted employment area is designated to determine that eligibility.

**WHEREAS**, on February 7, 2008 the State Department of Housing and Community Development approved Resolution 8789 as the City of Pasadena Targeted Employment Area for the 2007 Pasadena Enterprise Zone.

**WHEREAS**, on November 13, 2012, the State Department of Housing and Community Development issued Management Memo 12-03 stating that within 180 days of updated United States census data becoming available, each Enterprise Zone shall approve by resolution or ordinance boundaries of its Targeted Employment Area reflecting the new census data. **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PASADENA AS FOLLOWS:**

Section 1. Resolution No. 8789 is hereby authorized to remain in effect as the qualified Targeted Employment Area for the 2007 Enterprise Zone Designation and through the approval phase of the Targeted Employment Area application process. Upon final approval from the State Department of Housing and Community Development, the census tracts will expire.

Section 2. The following census tracts have been designed by the United States Department of Housing and Urban Development as having 51 percent of its residents at low or moderate income levels, and hereby identified as those census tracts which are in the most need of employment targeting pursuant to the Enterprise Zone Act, as amended:

4609, 4614, 4615.02, 4616, 4619.01, 4619.02, 4620.01, 4620.02, 4621, 4622.01, 4622.02, 4623.01, and 4627.

Section 3. A targeted employment area composed of the above specified census tracts and having the boundaries created by grouping said census tracts together, as shown on Attachment A, attached hereto and incorporated herein, is hereby approved.

Section 4. Approved census tracts for the 2007 Enterprise Zone are subject to approval by the Department of Housing and Community Development.

Adopted at the regular meeting of the City Council on \_\_\_\_\_ day of \_\_\_\_\_ 2013, by the following vote:

AYES:

NOES:

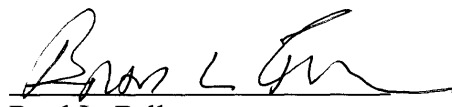
ABSENT:

ABSTAIN:

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Mark Jomsky  
City Clerk

APPROVED AS TO FORM:

  
Brad L. Fuller  
Assistant City Attorney