Winding Down:
Preparing for the End of
Older Redevelopment Projects

A Briefing Paper for the Informational Hearing

State Capitol, Room 112
Wednesday, February 20, 2008

Summary

State law lets redevelopment agencies divert other local governments' property tax increment revenues so that they can fight physical and economic blight. *The existence of blight is the key test for getting access to these revenues.*

Redevelopment agencies divert over $4 billion in property tax increment revenues annually from counties, cities, special districts, and school districts. *The State General Fund must backfill the schools' losses, about $2 billion a year*.

To stave off more radical reforms, the California Redevelopment Association sponsored the 1993 bill that created the first statutory time limits for older redevelopment project areas:

> For redevelopment activities, 40 years from the plan's adoption or January 1, 2009, whichever is later.
>
> For property tax increment revenues, 10 years after the redevelopment activities end. In other words, by 2019 or 50 years after the plan's adoption.

Legislators granted special extensions for redevelopment projects that had to shift their property tax increment revenues to schools, for meeting affordable housing obligations, for San Francisco's affordable housing activities, and for redevelopment activities near the Los Angeles Memorial Coliseum.

In 2001, the California Redevelopment Association successfully sponsored legislation that allows redevelopment officials to extend the 40-year deadline for 10 more years, but only if they could show that significant blight remained. The extra money can only attack that remaining blight, and redevelopment officials must increase their support of affordable housing. These time extensions require state officials' review and face the possibility of local referenda.

The first deadline for stopping redevelopment activities is less than a year away --- January 1, 2009. Legislators should educate themselves about local practices and the law's consequences.

Winding Down: Preparing for the End of Older Redevelopment Projects

January 1, 2009 is the time limit for the oldest redevelopment project areas to stop functioning. *How are property owners, redevelopment officials, and others preparing to end redevelopment activities in these older redevelopment projects?*

On Wednesday morning, February 20, 2008, the Senate Local Government Committee will hold an informational hearing to explore this question. One of the central duties of any legislative body is to review how their statutes work and to determine if legislators should amend those laws. Informational hearings allow legislators to study policy issues before they become political controversies.

Bills affecting the governance, financing, and operations of community redevelopment agencies come to the **Senate Local Government Committee** whose five members are:

Senator Gloria Negrete McLeod, Chair
Senator Dave Cox, Vice Chair
Senator Christine Kehoe
Senator Tom Harman
Senator Michael J. Machado

Redevelopment has literally changed the way that California looks, mostly for the better. Tens of thousands of affordable housing units, hundreds of thousands of square feet of commercial and industrial space, and hundreds of public buildings exist today because of decades of hard work by redevelopment agencies. A study from California State University, Chico "indicated that each dollar of [redevelopment] spending generates $13.88 in additional output for the California economy" in 2002-03. The Community Redevelopment Law controls the powers and duties of California's 422 redevelopment agencies and their 759 project areas.

The state has two abiding interests in redevelopment --- substantive and fiscal.

> The state has a ***substantive policy interest*** in eliminating both economic and physical blight. No neighborhood should be left behind.
>
> The state has a ***fiscal interest*** in redevelopment's success because the State General Fund helps to finance community redevelopment agencies' projects.

Redevelopment and Blight

The ***Community Redevelopment Law*** (Health & Safety Code §33000, et seq.) allows local officials to set-up redevelopment agencies, prepare and adopt redevelopment plans, and finance redevelopment activities.

The Law's declarations of state policy repeatedly underscore the need for the public sector's intervention when private enterprise cannot accomplish the redevelopment of blighted areas. When blight is so prevalent and so substantial, it causes a serious burden on communities which cannot be reversed by private enterprise or governmental action, or both, without the extraordinary powers of redevelopment (Health & Safety Code §33030 - §33037).

Although California had a State Redevelopment Agency in the late 1940s, state officials abandoned that approach in favor of a Community Redevelopment Act that allowed cities and counties to clear blight from their slums. Rewritten and renamed the Community Redevelopment Law in 1951, the state statutes spell out the extraordinary powers of redevelopment officials. When matched with the voters' approval of the 1952 constitutional amendment that allows property tax increment financing (California Constitution Article XVI, §16), there is a long record of state support for the public sector's involvement in redevelopment.

For more than 50 years, redevelopment agencies have been major features on the fiscal landscape. Basic facts from 2005-06 sketch the importance of redevelopment:

- There are 422 redevelopment agencies; 395 are active.
- All cities with populations over 250,000 have redevelopment agencies.
- 95% of cities with populations over 50,000 have redevelopment agencies.
- 81% of all cities have redevelopment agencies.
- 30 of the 58 counties have redevelopment agencies.
- Redevelopment officials run 759 redevelopment project areas.

State law focuses local officials' attention on blighted areas. Before redevelopment officials can wield their extraordinary powers of property tax increment funding and property management (including eminent domain), they must determine if an area is blighted. The definition of "blight," and how redevelopment officials apply it in specific local settings, is the pivot around which the redevelopment debate turns.

Excerpts from court decisions highlight the importance of local officials' "blight" findings.

> A determination of blight is a prerequisite to invoking redevelopment.
> *Beach-Courchesne v. City of Diamond Bar* (2000) 82 Cal.App.4th 511

> In fact, the blighted condition of the area is the very basis of the redevelopment agency's jurisdiction to acquire the property by eminent domain and expend public funds for its redevelopment.
> *Emmington v. Solano County Redevelopment Agency* (1987) 195 Cal.App.3d 491

From its enactment until 1994, state law did not explicitly define "blight." Instead, the statute described the characteristics of blight. This lack of statutory precision allowed local officials to adapt a statewide law to fit local circumstances. It also permitted some local officials to find blight where critics and the courts did not.

In 1993, stung by repeated criticisms and trying to stave off more radical challenges, the California Redevelopment Association sponsored the most important redevelopment reform bill in a decade. **AB 1290 (Isenberg, 1993)** enacted the first statutory definition of "blight." Over the next dozen years, six appellate court decisions applied the new statutory definition. Opponents won five of the six cases; San Francisco officials successfully defended their project.

In 2006, the Legislature tightened the "blight" definition by enacting **SB 1206 (Kehoe, 2006)**. The Kehoe bill came about partially in reaction to the protests following the United States Supreme Court's decision in *Kelo v. City of New London*. Developed after a series of interim hearings and intense legislative debate, the Kehoe measure redefined "blight."

What is "blight"?

After the 1993 and 2006 redevelopment reform bills, it is possible to paraphrase the statutory "blight" definition this way:

A blighted area must be ***predominantly urbanized*** with a combination of conditions that are so ***prevalent and substantial*** that they can cause a ***serious physical and economic burden*** which can't be helped ***without redevelopment***. In addition, a blighted area must have at least one of four conditions of ***physical blight*** and at least one of seven conditions of ***economic blight*** (Health & Safety Code §33030).

Predominantly urbanized means that at least 80% of the land in the project area:

- Has been or is developed for urban uses (consistent with zoning), or
- Is an integral part of an urban area, surrounded by developed parcels.

(Health & Safety Code §33320.1 [b] & [c])

The four ***conditions of physical blight*** are:

- Unsafe or unhealthy buildings.
- Conditions that prevent or hinder the viable use of buildings or lots.
- Incompatible land uses that prevent development of parcels.
- Irregular and inadequately sized lots in multiple ownerships.

(Health & Safety Code §33031 [a])

The seven ***conditions of economic blight*** are:

- Depreciated or stagnant property values.
- Impaired property values because of hazardous wastes.
- Abnormally high business vacancies, low lease rates, or a high number of abandoned buildings.
- Serious lack of necessary neighborhood commercial facilities.
- Serious residential overcrowding.
- An excess of adult-oriented businesses that result in problems.
- A high crime rate that is a serious threat to public safety and welfare.

(Health & Safety Code §33031 [b])

Without redevelopment means that the community's physical and economic burden can't be reversed or alleviated by:

- Private enterprise, or
- Governmental action, or
- Both private enterprise and governmental action.

(Health & Safety Code §33030 [b][1])

The description of these blighted conditions must be backed by ***specific, quantifiable evidence*** (Health & Safety Code §33352 [b]). Further, state law admonishes redevelopment officials not to include ***parcels that are not blighted*** just to capture the resulting property tax increment revenues, without other substantial justification (Health & Safety Code §33320.1 [b][2]).

Property Tax Increment Funding

A redevelopment agency keeps the property tax increment revenues generated from increases in property values within a redevelopment project area. When it adopts a redevelopment plan for a project area and selects a base year, the agency "freezes" the amount of property tax revenues that other local governments receive from the property in that area (Health & Safety Code §33670).

In future years, as the project area's assessed valuation grows, the resulting property tax revenues --- ***the property tax increment*** --- go to the redevelopment agency instead of going to the underlying local governments.

Table I shows that in 1989-90, redevelopment agencies diverted about $1 billion in property tax increment revenues from cities, counties, special districts, and school districts. By 2005-06, property tax increment revenues were over $4 billion.

Table I: Redevelopment Agencies'
Property Tax Increment Revenues

1989-90	$1,019,439,000
1990-91	$1,178,936,000
1991-92	$1,349,007,000
1992-93	$1,541,197,000
1993-94	$1,576,832,000
1994-95	$1,543,524,000
1995-96	$1,449,813,000
1996-97	$1,500,548,000
1997-98	$1,623,635,000
1998-99	$1,761,991,000
1999-00	$1,945,744,000
2000-01	$2,140,446,000
2001-02	$2,510,529,000
2002-03	$2,755,590,000
2003-04	$3,059,293,000
2004-05	$3,445,711,000
2005-06	$4,056,710,000

Source: State Controller's Office

To get the capital they need to carry out their activities, redevelopment officials issue ***property tax allocation bonds***. Redevelopment officials also create long-term debt by signing development contracts with property owners and builders, and they take out loans from the underlying city or county. Redevelopment agencies repay these debts by pledging the property tax increment revenues that come from the project area. By capturing property tax increment revenues over the decades, redevelopment agencies gain access to a generally steady, long-term revenue stream. Once the tax increment revenues pay off these debts, the agency ceases to receive its share of tax revenues. The other local governments --- cities, counties, special districts, school districts --- then enjoy their earlier shares of the now-expanded property tax base.

An Indirect State Subsidy

Because about half of statewide property tax revenues go to schools, it's fair to say that half of redevelopment agencies' tax increment revenues come from schools.

But the diversion of property tax increment financing never harms schools because the State General Fund makes up the missing revenues. The State General Fund automatically backfills the difference between what a school district receives in property tax revenues and what the district needs to meet its revenue allocation limit. When a redevelopment agency diverts property tax increment revenues from a school district, the State General Fund pays the difference. In other words, these payments are an indirect state subsidy to redevelopment agencies.

In 2005-06, redevelopment agencies' property tax increment revenues totaled $4 billion. That year, the State General Fund paid about $2 billion to school districts to backfill their property tax increment revenue losses.

Does Redevelopment Work?

One of the more contentious redevelopment debates is the extent to which the agencies' activities stimulate the growth in property values. How much of the growth in a project area's assessed valuation is because of what the redevelopment agency does? How much of that growth would have occurred anyway, without redevelopment?

The most detailed, independent study of redevelopment's effects on property values is Michael Dardia's *Subsidizing Redevelopment in California*, published in 1998 by the Public Policy Institute of California. Dardia studied a sample of 38 redevelopment project areas in Los Angeles, San Bernardino, and San Mateo counties. His goal was to find out how much of the redevelopment agencies' property tax increment revenues was due to their effect on local property values. Dardia explained that, "Any difference between what they received and what they generated can be considered an involuntary subsidy from other jurisdictions."

Matching project areas to comparable neighborhoods without redevelopment, Dardia found that, "In dollar value, the projects collectively generated an estimated 51 percent of the tax increment revenues they received." In other words, redevelopment activities were responsible for about half of the growth in assessed value and the resulting property tax increment revenues. The other half would have occurred anyway. Although redevelopment advocates have criticized Dardia's matched-pair methodology and challenged his conclusion, there is no other reliable study of redevelopment's effects on the growth of property values.

Based on Dardia's finding that half of the property tax increment revenues in redevelopment project areas would have occurred anyway, then half of the State General Fund's obligation to backfill school funding is a $1 billion annual "involuntary subsidy" to redevelopment agencies

The ERAF Shifts

Faced with serious budget problems in the early 1990s, the Legislature and Governor Pete Wilson faced tough political choices. Some legislators wanted to raise taxes to avoid program cuts; others wanted to cut programs, but resisted tax increases. They settled on an expedient third alternative, shifting property tax revenues from counties, cities, special districts, and redevelopment agencies to schools.

Boosting the schools' share of property tax revenues eased the fiscal pressure on the State General Fund. Every new dollar in property tax revenues for schools was a dollar that the State General Fund avoided spending on schools. The mechanism for this transfer was the ***Educational Revenue Augmentation Fund*** or ***ERAF***.

While ERAF shifts affect counties, cities, and special districts every year, legislators treated redevelopment agencies differently. Instead of permanent losses to ERAF, the redevelopment agencies faced specific annual shifts as Table 2 shows:

Table 2: ERAF Shifts From Redevelopment Agencies

Fiscal Year	Amount	Statutory Citation
1992-93	$205 million	former Health & Safety Code §33681
1993-94	$65 million	former Health & Safety Code §33681.5
1994-95	$65 million	former Health & Safety Code §33681.5
2002-03	$75 million	Health & Safety Code §33681.7
2003-04	$135 million	Health & Safety Code §33681.9
2004-05	$250 million	Health & Safety Code §33681.12
2005-06	$250 million	Health & Safety Code §33681.12

In each ERAF shift, redevelopment agencies generally lost money in proportion to their shares of the statewide total of property tax increment revenues. For example, in 2002-03, if a redevelopment agency received 3% of the statewide total of that fiscal year's $2.1 billion in property tax increment revenues, then it had to shift property tax increment revenues to ERAF equal to 3% of the $75 million obligation.

Statutory Time Limits

Another key reform of the Community Redevelopment Law Reform Act of 1993 was the creation of statutory time limits. Impatient with redevelopment projects that seemed to never end, **AB 1290 (Isenberg, 1993)** required redevelopment officials to follow statutory time limits. The Isenberg bill distinguished between older redevelopment projects (Health & Safety Code §33333.6) and projects with plans adopted after the bill's January 1, 1994 effective date (Health & Safety Code §33333.2), as summarized by Table 3.

The "effectiveness" of an older redevelopment project --- one with a plan adopted before January 1, 1994 --- must terminate 40 years after the plan's original adoption <u>or</u> January 1, 2009, whichever is later. After this time limit, local officials have no further authority to carry out redevelopment activities under the redevelopment plan, except to:

- Pay indebtedness.
- Fulfill affordable housing obligations.
- Enforce covenants and contracts.

(Health & Safety Code §33333.6 [a])

These older redevelopment projects cannot pay for debt or receive property tax increment revenues after 10 years from the end of the redevelopment plan's effectiveness (Health & Safety Code §33333.6 [b]).

Table 3: Time Limits for Redevelopment Project Areas

Time limit	Projects formed before 1-1-94	Projects formed after 1-1-94
Plan effectiveness	40 years from plan adoption or 1-1-09, whichever is later.	30 years from plan adoption.
Repay debt with TIF	10 years from the end of the plan.	45 years from plan adoption.

In other words, the 1993 reforms gave local officials 15 years to wind down redevelopment activities in their oldest project areas --- those formed before January 1, 1969 --- and then stop on **January 1, 2009**. Legislators gave local officials 25 more years of property tax increment revenues, stopping the flow to the oldest project areas on **January 1, 2019**.

To keep local elected officials and top staffers mindful of these time limits, state law requires redevelopment officials to report them in their annual reports and in their five-year implementation plans (Health & Safety Code §33080.1 [g] and §33490 [a][5], amended by **SB 437, Negrete McLeod, 2007)**.

Time Extensions

Since the 1993 redevelopment reforms, local officials have successfully persuaded legislators to give them five types of extensions from these time deadlines:

- To compensate for the ERAF shifts.
- To eliminate remaining pockets of blight.
- To meet affordable housing obligations.
- San Francisco's affordable housing activities.
- Los Angeles's Hoover Redevelopment Project.

Compensating for ERAF shifts. Recognizing that the specific annual ERAF shifts could interfere with a redevelopment agency's ability to repay its debts, the Legislature allowed redevelopment officials to extend the statutory time limits on their older project areas:

- If a redevelopment agency had to shift some of its property tax increment revenues to ERAF in 2003-04, local officials can extend the time limits by another year (Health & Safety Code §33333.6 [e][2][C] and §33681.9).

- Local officials can extend their time limits for up to two additional years if ERAF affected their older project areas in 2004-05 and 2005-06 (Health & Safety Code §33333.6 [e][2][D] and §33681.12).

Remaining pockets of blight. Because pockets of persistent blight remained in some older project areas, redevelopment officials convinced legislators to allow them extend these statutory time limits (Health & Safety Code §33333.10, added by **SB 211, Torlakson, 2001**). Specifically, redevelopment officials can extend the time limits that apply to their older project areas for:

- The plan's effectiveness for 10 more years.
- Receiving property tax increment revenue for 10 more years.

However, before they can extend these time limits, redevelopment officials must find that significant blight remains in a project area, and that this blight cannot be eliminated without the time extensions. During the extension, the agency can spend its tax increment funds only on the blighted parcels, and on other property that is "necessary and essential" to eliminating that blight.

Before the agency can amend its redevelopment plan to extend the time limits, it must adopt a resolution that finds that:

- The city or county has adopted a housing element certified by the State Department of Housing and Community Development.
- For the previous three years, the State Controller has not listed the agency in the annual report to the Attorney General about agencies with major audit violations.
- The State Department of Housing and Community Development has confirmed that the agency does not have excess surplus money in its Low and Moderate Income Housing Fund.

If a redevelopment agency and its underlying city want to extend these time limits, they must amend the redevelopment project area plan, following additional procedures. The agency must consult with all affected taxing agencies and the project area committee. At least 120 days before the public hearing on the amendment, the agency must send a detailed preliminary report to the affected taxing agencies, the State Department of Finance, and the State Department of Housing and Community Development.

The agency must also send the proposed amendment to the local planning commission for review, 120 days before the hearing. At least 45 days before the hearing, the agency must send hearing notices to the affected taxing agencies, the State Department of Finance, the State Department of Housing and Community Development, and anyone who commented on the preliminary plan. At least 45 days before the hearing, the agency must also send the city council a detailed report.

To amend the redevelopment plan and extend the time limits, the city council must adopt an ordinance and, based on substantial evidence, make two findings:

- Significant blight remains.
- That blight can't be eliminated without extensions.

An ordinance extending redevelopment time limits is subject to referendum.

If an affected taxing agency, the State Department of Finance, or the State Department of Housing and Community Development believes that significant blight does not exist, it can ask the Attorney General to participate in the amendment process. It must ask the Attorney General within 21 days after the public notice of the hearing was sent. The Attorney General must determine whether or not to participate. The Attorney General can sue on behalf of the State Department of Finance and the State Department of Housing and Community Development.

During a time extension, state law focuses the redevelopment agency's spending on affordable housing to low and very low income housing. An agency may still spend housing funds on moderate income housing, but only in proportion to its spending on extremely low income housing. Starting in the first year after an amendment that extends the time limits, the agency must deposit 30% of the tax increment funds in its Low and Moderate Income Housing Fund. While an agency may deposit less than 30% under specified circumstances, the difference becomes a deficit that the agency must repay.

If an agency extends the time limits for a redevelopment plan adopted before 1976, the project area becomes subject to the one-for-one housing replacement requirement that applies to post-1976 project areas. The project area must also follow the housing production standards for post-1976 project areas.

Affordable housing obligations. Worried that some redevelopment project areas might reach their statutory deadlines without having fulfilled their obligations to provide affordable housing, the Legislature clarified that redevelopment agencies must meet their housing obligations before they terminate project areas (Health & Safety Code §33333.8, added by **SB 211, Torlakson, 2001**).

State law suspends the time limits on a redevelopment plan's effectiveness and on the diversion of property tax increment revenues to repay its debts until the redevelopment agency "has fully complied with its obligations" (Health & Safety Code §33333.8 [b] & [c]).

San Francisco's affordable housing activities. San Francisco has some of California's oldest redevelopment projects: Golden Gateway (formed in 1956), Western Addition A-2 (1964), Yerba Buena Center (1969), Hunters Point (1969), and India Basin Industrial (1969). In the late 1990s, when high prices outstripped the ability of people working in service jobs to pay for housing, San Francisco officials wanted to extend the project areas' time limits so they could finance low-income housing.

SB 2113 (Burton, 2000) extended the statutory deadlines for redevelopment activities in San Francisco to finance more affordable housing (Health & Safety Code §33333.7). More specifically, San Francisco officials can extend the deadlines for:

- Incurring debt for their Low and Moderate Income Housing Fund activities to 2014, or until the redevelopment agency replaces the housing units that were demolished before 1976, whichever is earlier.
- Receiving tax increment revenues to pay for housing until 2044.

SB 2113 did not allow San Francisco officials to extend the effectiveness of their redevelopment plans, except to incur the additional affordable housing debt, pay for existing debts, and enforce existing covenants or contracts.

The Burton bill prevented redevelopment officials from diverting the schools' share of property tax increment revenues. The property tax increment revenues cannot exceed the amount needed to pay for the Low and Moderate Income Housing Fund's activities. The agency can't collect or spend more than 10% of its affordable housing money on planning and administrative costs.

At least 50% of the property tax increment revenues must be used to develop housing that is affordable to very low income households. San Francisco's spending on affordable housing must be consistent with its general plan's housing element and address the unmet needs of very low, low-, and moderate-income households. San Francisco's spending must also be consistent with its consolidated and annual action plans submitted to the U.S. Department of Housing and Urban Development. If the Director of the State Department of Housing and Community Development deems it necessary, San Francisco must annually submit its federal plans to the state department.

Before San Francisco can incur more affordable housing debt, the Director of the State Department of Housing and Community Development must certify the net difference between the number of affordable housing units that San Francisco's redevelopment agency destroyed and the number of affordable housing units that the agency rehabilitated, developed, or built before January 1, 1976.

When San Francisco officials want to incur more debt, the Director of the State Department of Housing and Community Development must certify that:

- San Francisco has a valid housing element.
- The housing element indicates a need for affordable housing.
- The agency's independent financial audit shows no major violations.
- The agency puts at least 20% of its property tax increment revenues into the Low and Moderate Income Housing Fund.
- The agency has met its housing production requirements.

Los Angeles's Hoover Redevelopment Project. In 1966, when Los Angeles officials formed the Hoover Redevelopment Project, the neighborhood was unquestionably blighted. But much of the real estate in the project area is exempt from property taxation --- the University of Southern California campus and Exposition Park, including the Los Angeles Memorial Coliseum, two museums, and other community facilities. Because of this tax exempt property, the project area generated only $1.4 million in property tax increment revenue in 2002-03.

When Los Angeles officials wanted to attract a National Football League franchise to the Memorial Coliseum, they proposed to extend the life of the Hoover Project Area. They wanted to capture the property tax increment revenues that would be generated by private investment to modernize the Memorial Coliseum. The new property tax increment revenues would finance the needed public works.

Under **AB 2805 (Ridley-Thomas, 2004)** the Los Angeles City Council has until December 31, 2009 to extend the effectiveness of the Hoover Redevelopment Project for up to 12 years (Section 1 [b], Chapter 954 of the Statutes of 2004). By operation of existing law, the redevelopment agency could continue to divert property tax increment revenues for 10 years beyond the plan's new time limit.

In justifying this time limit extension, the Ridley-Thomas bill noted that in 2000, the Los Angeles City Council had documented that there was "significant remaining blight" (Section 1 [a][4], Chapter 954 of the Statutes of 2004).

Recognizing the state's fiscal interest in this redevelopment project, AB 2805 required Los Angeles officials to get the approval of the California Infrastructure and Economic Development Bank. To get the I-Bank's approval, the City must show "a reasonable probability" that the project would generate State General Fund revenues greater than the schools' share of diverted property tax increment revenues. The I-Bank can consider only the State General Fund revenues that would occur because of economic activity within the project area. Further, the I-Bank can't consider the revenues that would have occurred without the extensions (Section 1 [g], Chapter 954 of the Statutes of 2004).

The Ridley-Thomas bill prohibited the I-Bank from approving the plan's extension if it would "directly or indirectly result in a relocation of a professional sports team" within California (Section 1 [h], Chapter 954 of the Statutes of 2004).

<u>Unsuccessful requests</u>. Legislators have not passed all of local officials' requests to extend their redevelopment projects' statutory time limits. For example, **SB 411 (Perata, 2001)** would have allowed the Oakland City Council to extend the time limits for the Central District Urban Renewal Plan. Similarly, **SB 1137 (Ortiz, 2001)** would have allowed the Sacramento City Council to extend the time limits for the Alkali Flat, Del Paso Heights, and Oak Park redevelopment project areas. When the 2001 Torlakson bill advanced, the Senate Appropriations Committee held the Perata and Ortiz bills.

Currently pending in the Senate Local Government Committee is **AB 1088 (Carter, 2008)** which would declare that the statutory time limits that apply to other military base conversion projects don't apply to the redevelopment project areas at the former Norton AFB and George AFB. The Carter measure is a two-year bill.

Policy Questions

At the February 20 hearing, legislators may wish to ask these questions:

For redevelopment officials:

☞ *When will your agency's older project areas reach their statutory time limits?*

☞ *Have you extended your time limits? For ERAF? Under SB 211?*

☞ *How is your agency preparing to meet the statutory time limits?*

☞ *Can your agency retire its remaining debt in the 10 years after the time limit on the plan's effectiveness?*

☞ *Will your agency meet its affordable housing obligations within the time limits?*

☞ *How much property tax increment revenue will revert to other local governments when your older project areas stop receiving revenues?*

☞ *What advice can you give legislators about the statutory time limits?*

For county officials:

☞ *When will redevelopment project areas in your county reach their time limits?*

☞ *Are you discussing the effects of time limits with city redevelopment officials?*

☞ *How much property tax increment revenue will revert to your county government when older project areas stop receiving revenues?*

☞ *What advice can you give legislators about the statutory time limits?*

For housing advocates:

☞ *Do you expect redevelopment agencies to meet their affordable housing obligations within the time limits?*

☞ *What advice can you give legislators about the statutory time limits?*

Sources & Credits

In preparing this briefing paper, the Committee's staff relied on information from these sources:

Beatty, David F., et al., Redevelopment in California (Third Edition), Solano Press Books, 2004.

Dardia, Michael, Subsidizing Redevelopment in California, Public Policy Institute of California, January 1998.

Gallo, David E., "The Impact of Fiscal 2002-03 Community Redevelopment Activities on the California Economy," Center for Economic Development, California State University, Chico, December 4, 2004.

Goldfarb & Lipman, A Legal Guide To California Redevelopment (Third Edition), Goldfarb & Lipman LLP, January 2006.

Senate Local Government Committee, Redevelopment and Blight: The Summary Report from the Joint Interim Hearing, October 2005.

Senate Local Government Committee, "Redevelopment Facts, 2005-06," May 21, 2007.

Senate Local Government Committee & Senate Housing and Community Development Committee, "Redevelopment and the Governor's Budget: A Staff Briefing Paper for the Joint Informational Hearing," January 23, 2003.

State Controller's Office, Financial Transactions Concerning Community Redevelopment Agencies Annual Report, 1993-94 through 1996-97.

State Controller's Office, Community Redevelopment Agencies Annual Report Fiscal Year 1997-98 through 2005-06.

Elvia Diaz, Committee Assistant to the Senate Local Government Committee, produced this report. Peter Detwiler, Committee consultant, prepared the text with the help of Marianne O'Malley, Legislative Analyst's Office.