



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



3

August 21, 1990

Budget & Finance Committee
Transportation/Community
Development Committee
Sacramento, CA

Honorable Members in Session:

SUBJECT: City Resolution Authorizing Application for
Enterprise Zone Designation of Downtown/Richards
Boulevard

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the City Council of the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution approving the application.

Respectfully submitted,

ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COMMITTEE:

SOLON WISHAM, JR.
Assistant City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



August 28, 1990

Sacramento City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Authorization to Submit Application to Obtain State Enterprise Zone Designation for Downtown/Richards Boulevard Area.

SUMMARY

This report requests authorization for the Executive Director to submit an application for a State Enterprise Zone Designation for the Downtown/Richards Boulevard area (See Attachment 1).

BACKGROUND

Through legislation, the State of California has established an Enterprise Zone Program, the goal of which is to stimulate growth and create jobs in economically distressed areas throughout the State.

In January of 1990, the State Department of Commerce was authorized to designate fifteen (15) additional Enterprise Zone areas (AB 251-Nolan). Agency staff has reviewed the requirements for designation, and has compared them to the needs and potentials of the various community areas within the City. We find that the Downtown/Richards Boulevard area meets the State's minimum requirements, as determined by State regulation (Title 10, Chapter 7.5, Article 2, Section 5606.2) and is the area with the greatest potential for benefit and success under this program. (Note: As previously stated, we will be coming forward with a comprehensive, neighborhood by neighborhood analysis in September which will outline various improvement strategy approaches. Because of the application deadline, this report must precede that more broadly based analysis.) State regulations require an eligible area to consist of census tracts, "block groups" or "enumeration districts" with continuous boundaries, and to have a population of at least 2,500 people. After these requirements are met, the eligible area must then meet three (3) or more of the following distress criteria:

1. Net increase in median family income between 1969 and 1979 must be \$8,427 or less.
2. The average rate of unemployment for 1980 must have been 5.64% or more.

(1)

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento City Council
August 28, 1990
Page 2

3. The percent of persons below the poverty level in 1980 must be 12.4% or more.
4. Minimum of 70% of the households must have income below 80% of median county household income during 1980.

According to statistics available to the State, the Downtown area, including the Richards Boulevard area is eligible. (See Attachment 1.) We believe that this program will be a strong supplement to our redevelopment activities in each of these two areas.

In addition, the Del Paso Boulevard commercial area of North Sacramento, is now being considered for inclusion with this application as well. The State Department of Commerce has provided staff with a preliminary finding that we could possibly expand the Richards Boulevard industrial area to include a portion a of Del Paso Boulevard (Highway 160 north to El Camino Avenue). Should the Department of Commerce provide staff with a conclusive finding in favor of adding Del Paso Boulevard, this area will be included in the Downtown/Richards Designation request.

PROGRAM DESIGNATION BENEFITS

Companies locating or located within the specific boundaries of an Enterprise Zone area can take advantage of State and local incentives and programs not available to business outside the Enterprise Zone. This program differs from Sacramento's existing Enterprise Zone/Economic Employment Incentive Area program (See Attachment 2A and 2B) in that there is no hiring requirement that 30% of a firm's total employees must be from a targeted neighborhood in order to receive program benefits. State incentives available to companies include:

- Tax credits for all sales and use taxes paid on machinery purchases;
- Tax credits of 10%-50% of wages paid to qualified employees up to \$19,000 over five years;
- Interest deductions for lenders on loans to firms within the zone;
- Fifteen year net operating loss carry-over on State income taxes;
- Accelerated expensing deduction; and
- Priority for various State programs.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento City Council
August 28, 1990
Page 3

Local incentives presently available in Sacramento's Enterprise Zone program include the following:

- Professional employment services through the new Enterprise Zone Employment Program;
- Employment wage subsidies for On-The-Job-Training and customized classroom instruction;
- Building permit fast-tracking;
- Priority for Industrial Development Bonds; and
- Technical assistance.

PUBLIC REVIEW

A copy of the Enterprise Zone application will be provided to the Richards Boulevard Project Area Committee for their review and input upon receipt of Notice to Apply for Final Designation.

APPLICATION SCHEDULE

This application is due September 10, 1990 (see Attachment 3). The State anticipates designating up to eight (8) new zones by November 1990. The remaining zones seven (7) will be designated in the Fall of 1991.

FINANCIAL DATA

Sacramento's current Enterprise Program has one full time coordinator and a part time secretary. Although many strides are being made toward better coordination with other agencies as to this program, designation of this third Enterprise Zone within Sacramento will almost certainly require an additional full time staff person.

Potential financial impact will be considered in the 1991 Budget.

POLICY IMPLICATIONS

This request is consistent with previously established Agency policy regarding the submission of Enterprise Zone applications.

MBE/WBE

There are no MBE/WBE mandates to consider with this activity.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento City Council
August 28, 1990
Page 4

ENVIRONMENTAL REVIEW

The Enterprise Zone preliminary application must contain an Initial Study and a Notice of Preparation in accordance with CEQA requirements. The State encourages the use of existing recent studies (the Agency completed an EIR for this area in 1987).

VOTE AND RECOMMENDATION OF COMMISSION

At its meeting of August 20, 1990, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

RECOMMENDATION

Staff recommends the Executive Director be authorized to submit an application requesting Enterprise Zone designation for the Downtown/Richards Boulevard area.

Respectfully,



ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: Theodore Scott III, Enterprise Zone Coordinator
440-1318

001F.SR

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AUTHORIZATION TO SUBMIT AN APPLICATION FOR THE
DESIGNATION OF DOWNTOWN/RICHARDS BOULEVARD
AS A STATE ENTERPRISE ZONE AREA

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
SACRAMENTO:

Section 1: The Executive Director is hereby authorized
to submit an application for the designation of Downtown/Richards
Boulevard as a state enterprise zone area.

MAYOR

ATTEST:

CITY CLERK

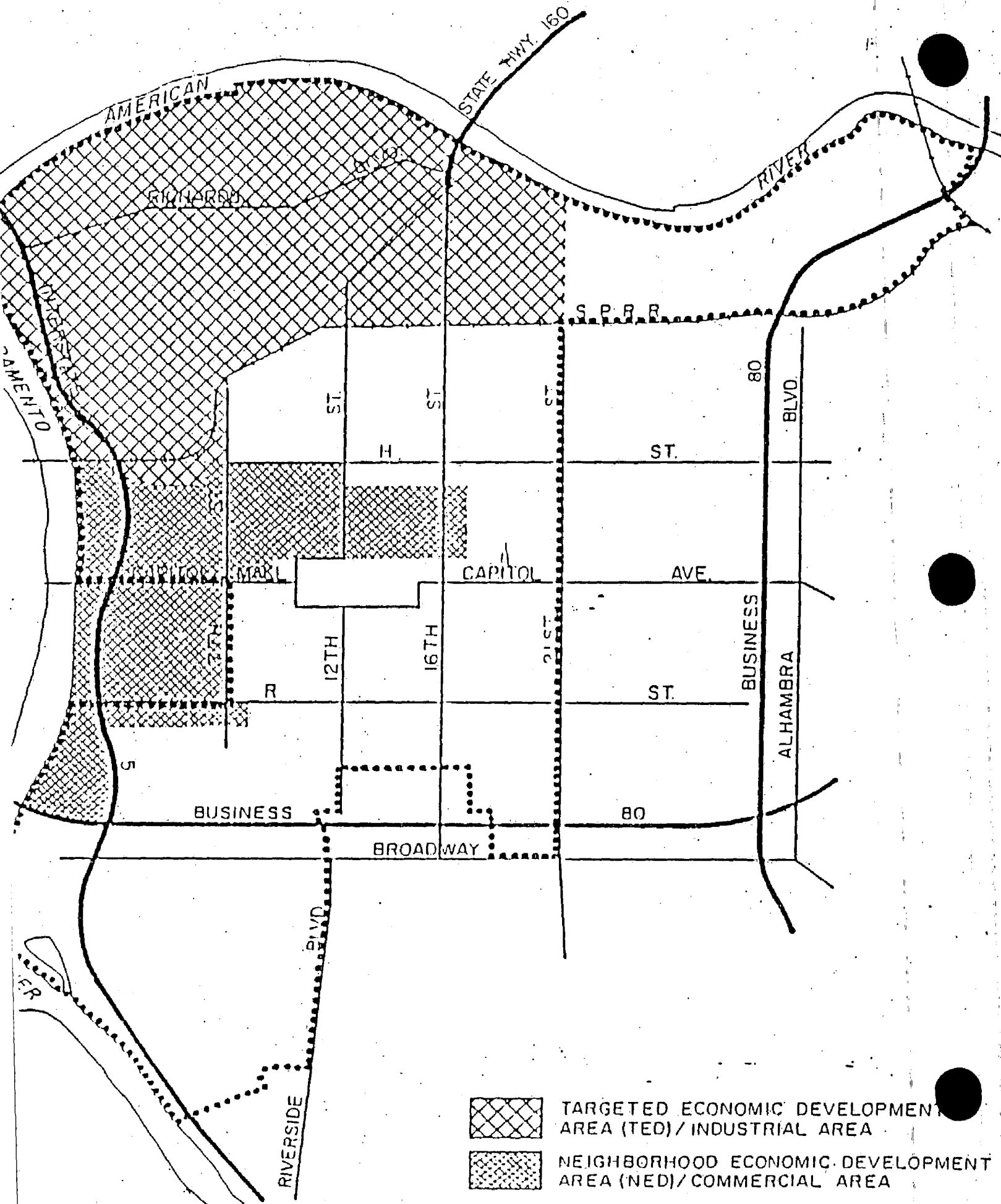
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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

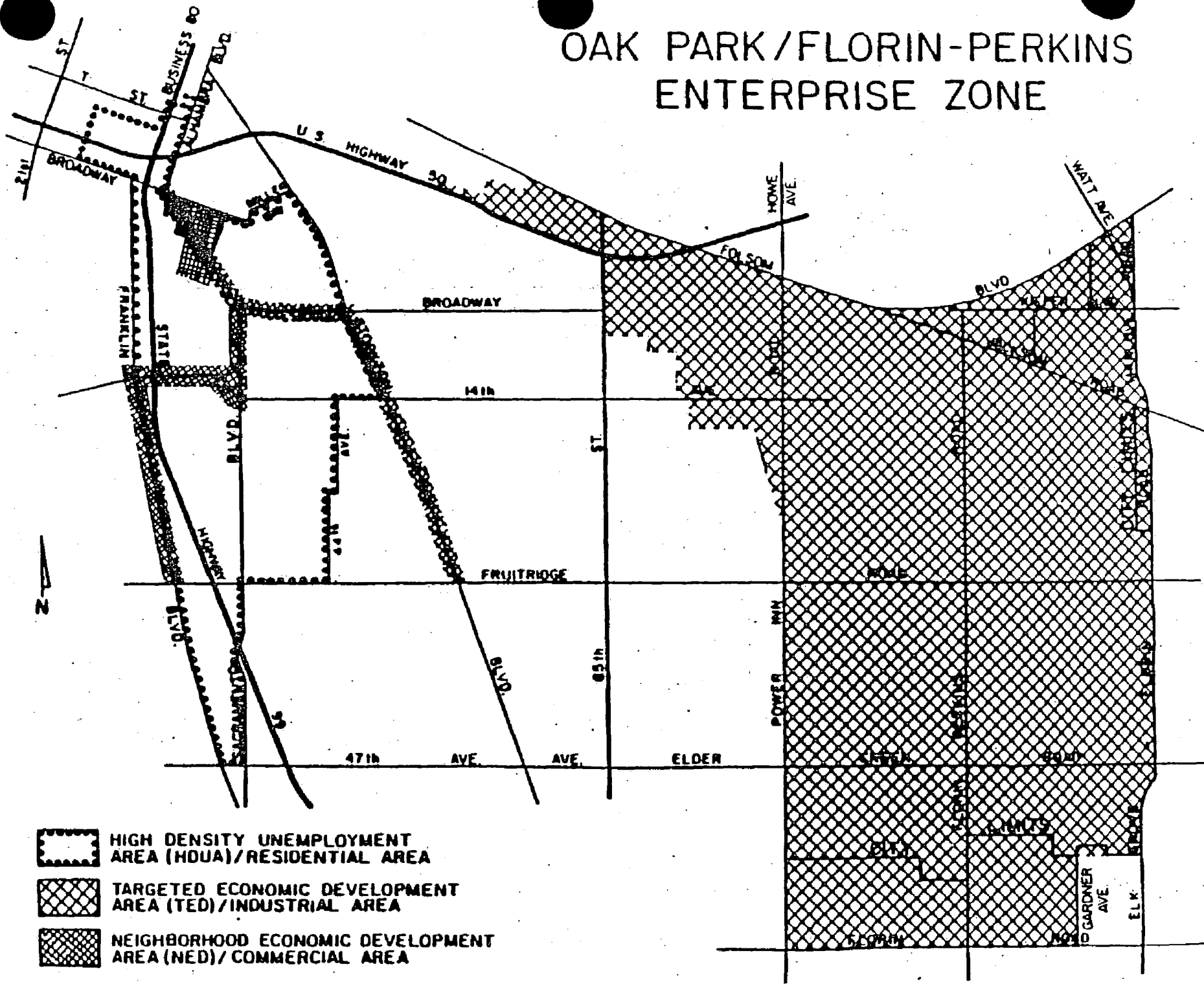
ENTERPRISE ZONE




ATTACHMENT 1



-  TARGETED ECONOMIC DEVELOPMENT AREA (TED) / INDUSTRIAL AREA
-  NEIGHBORHOOD ECONOMIC DEVELOPMENT AREA (NED) / COMMERCIAL AREA

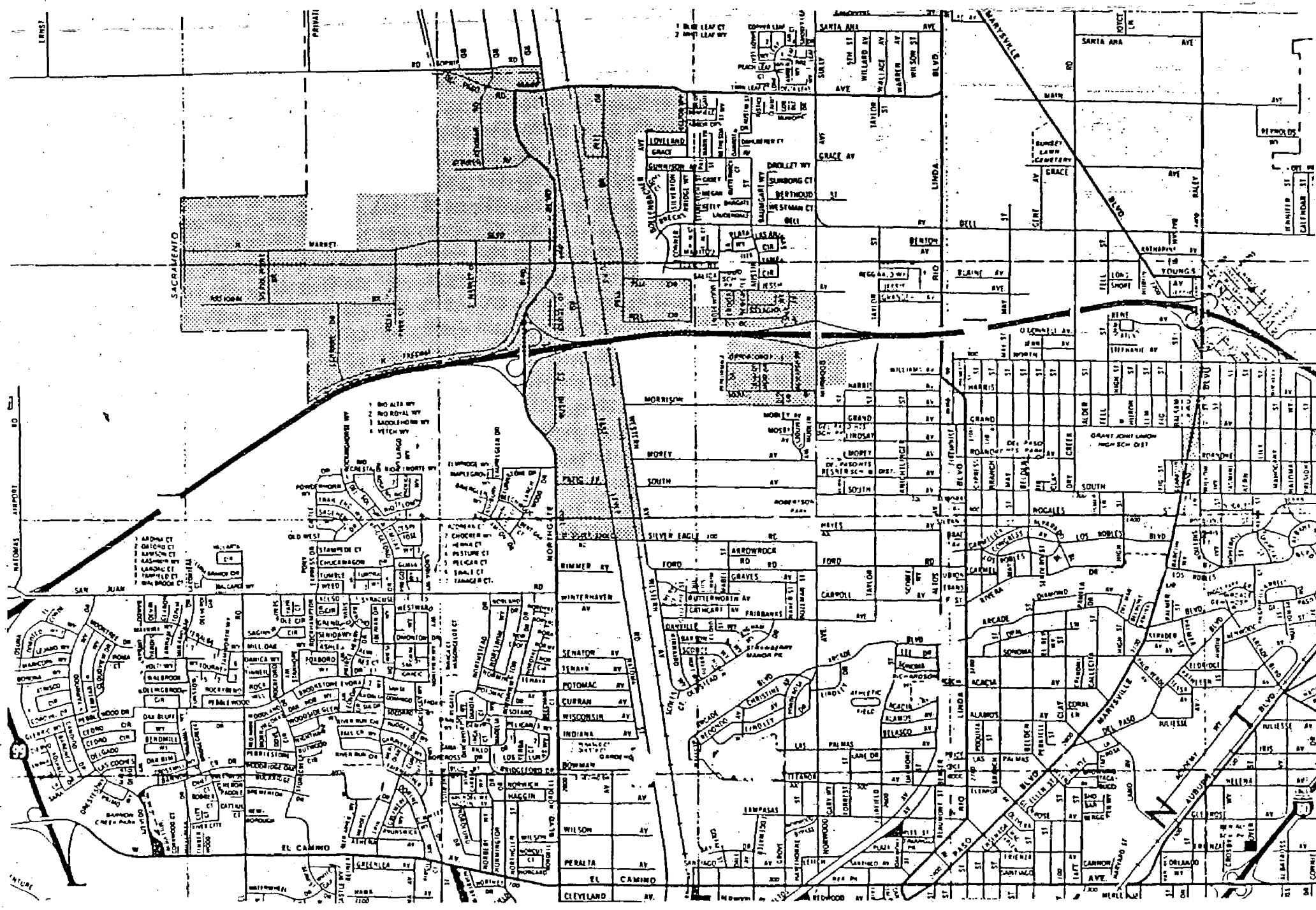
OAK PARK / FLORIN-PERKINS ENTERPRISE ZONE



-  HIGH DENSITY UNEMPLOYMENT AREA (HDUA)/RESIDENTIAL AREA
-  TARGETED ECONOMIC DEVELOPMENT AREA (TED)/INDUSTRIAL AREA
-  NEIGHBORHOOD ECONOMIC DEVELOPMENT AREA (NED)/COMMERCIAL AREA

SACRAMENTO ENTERPRISE ZONE NORTHGATE/RWOOD AREA

ATTACHMENT 2B



D. Timeline

CEQA

