



REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

915 I Street, Sacramento, CA 95814-2671

CONSENT REPORT
July 20, 2010

Honorable Members of the
Law and Legislation Committee

Subject: Legislative Position: Support AB 2531 (Fuentes) Related to Redevelopment

Location/Council District: Redevelopment Project Areas Citywide

Recommendation: Adopt a support position on AB 2531 (Fuentes), a bill designed to allow redevelopment funding to support economic development activities to assist businesses and increase the number of jobs, particularly in the emerging green sector.

Contact: Chris Pahule, Assistant Director of Housing and Community Development, 916-449-1350

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: Redevelopment is currently defined as the “planning, replanning, redesign, clearance, reconstruction, or rehabilitation, or any combination of these” of residential, commercial, industrial or public structures and structures in a Project Area. The general purpose of redevelopment is to rid blighting conditions in the Project Area through investment in public and private physical improvements. Assembly Bill 2531 (Fuentes) would expand the definition of redevelopment to include activities that enhance employment and economic development opportunities. The bill includes a sunset date of January 1, 2016 for all the provisions. Although many provisions in the bill are currently eligible activities under redevelopment, this bill further clarifies and provides additional flexibility for redevelopment agencies to provide loans, loan guarantees and other financial assistance to business owners and tenants, and assist in establishing and maintaining small business incubators.

The bill would also clarify agencies' ability to assist industrial and manufacturing uses that promote a green economy through financial assistance with machinery and equipment acquisitions. Further, it allows for assistance with job training, job placement, apprenticeship and pre-apprenticeship programs.

The bill is intended to demonstrate how redevelopment can proactively and meaningfully implement many of the policy directions adopted by the State (AB32, 375) as well as provide further flexibility in helping the State recover from the Great Recession.

Policy Considerations: Many of the provisions in AB 2531 are consistent with existing Five Year Implementation Plans for the Project Areas adopted by the Redevelopment Agency. This bill is also consistent with the City's Policy Mandates in its Economic Development Strategy Framework to provide a focus for economic development initiatives with the City of Sacramento.

Environmental Considerations: None.

Rationale for Recommendation: Redevelopment is part of a larger set of public responses to the Great Recession, and could play a significant role in recovery. Many of the City's Project Areas suffer from significant levels of unemployment, business vacancies, and disinvestment. The bill has the full support of the California Redevelopment Association (CRA) and a number of cities and business organizations have signed on in support. CRA has worked diligently in the past couple of years to form coalitions and partnerships to broaden the base of support for redevelopment. This bill is a result of the partnership with business groups and labor organizations to use redevelopment tools to address the downturn in the economy, dramatic job loss, and provide incentives to green businesses in Project Areas.

Financial Considerations: None.

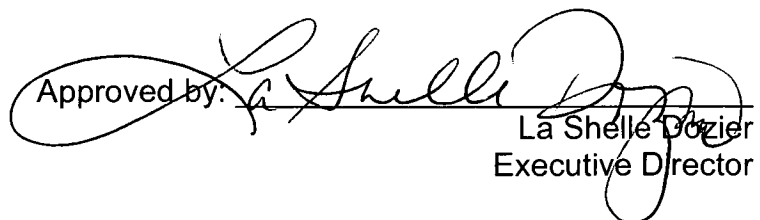
Emerging Small Business Development (ESBD): N/A

Respectfully Submitted by: _____



Chris Pahule
Assistant Director
Housing and Community Development

Approved by: _____



La Shelle Dozier
Executive Director

Recommendation Approved:



Gus Vina
Interim City Manager

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Attachment 1 – Bill Text

BILL NUMBER: AB 2531 AMENDED
BILL TEXT

AMENDED IN ASSEMBLY APRIL 29, 2010
AMENDED IN ASSEMBLY APRIL 20, 2010

INTRODUCED BY Assembly Member Fuentes
(Principal coauthor: Assembly Member
Bradford)

FEBRUARY 19, 2010

An act to amend , repeal, and add Sections 33020, 33021, 33071, 33440, 33444.5, and 33444.6 of, to add and repeal Sections 33131.5 and 33333.9 ~~to~~ of , and to add and repeal Article 10.5 (commencing with Section 33427) ~~to~~ of Chapter 4 of Part 1 of Division 24 of, the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 2531, as amended, Fuentes. Redevelopment: economic development.

(1) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight, as defined, in those communities and requires those agencies to prepare, or cause to be prepared, and approve a redevelopment plan for each project area. Existing law defines the term "redevelopment" for these purposes and specifies the scope of activities that the term includes. Existing law also makes specified legislative findings and declarations regarding the fundamental purposes of redevelopment.

This bill would include in the definition of the term "redevelopment" those activities that ~~support~~ result in the provision of employment opportunities and expand the scope of activities included in that term. This bill would also make additional legislative findings and declarations regarding the fundamental purposes of redevelopment. The bill would additionally authorize the Redevelopment Agency of the City of Los Angeles, at the request of its legislative body, to prepare applications for, and execute, economic development programs, to accept public or private assistance, and to expend those funds for any economic development activities inside or outside a project area within the territorial jurisdiction of the agency. The bill would also authorize a redevelopment agency to provide assistance for establishment and maintenance of a small business incubator. This bill would also prohibit an agency from amending a redevelopment plan to increase or extend certain required limitations for the purpose of implementing these provisions.

(2) Existing law authorizes an agency to construct foundations, platforms, and other structural forms necessary for the provision or

utilization of air rights sites for buildings to be used for residential, commercial, industrial, or other uses contemplated by the redevelopment plan. An agency is also authorized to establish a program under which it loans funds to owners or tenants for the purpose of rehabilitating commercial buildings or structures within the project area.

This bill would expand the agency's programmatic authority by authorizing it to provide loans, financial guarantees, or other financial assistance to owners or tenants in a redevelopment project area for retaining or expanding employment in the project area, increasing energy efficiency of buildings in the project area, or for any other redevelopment purpose, as specified.

(3) This bill would repeal its provisions on January 1, 2016, as specified.

~~—This~~

(4) This bill would make legislative findings and declarations as to the necessity for a special statute.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 33020 of the Health and Safety Code is amended to read:

33020. (a) "Redevelopment" means the planning, development, replanning, redesign, clearance, reconstruction, or rehabilitation, or any combination of these, of all or part of a survey area, and the provision of those residential, commercial, industrial, public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them, activities that ~~support~~ result in

the provision of employment opportunities, and payments to school and community college districts in the fiscal years specified in Sections 33681, 33681.5, 33681.7, 33681.9, and 33681.12.

(b) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 1.5. Section 33020 is added to the Government Code, to read:

33020. (a) "Redevelopment" means the planning, development, replanning, redesign, clearance, reconstruction, or rehabilitation, or any combination of these, of all or part of a survey area, and the provision of those residential, commercial, industrial, public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them and payments to school and community college districts in the fiscal years specified in Sections 33681, 33681.5, 33681.7, 33681.9, and 33681.12.

(b) This section shall become operative on January 1, 2016.

SEC. 2. Section 33021 of the Health and Safety Code is amended to read:

33021. (a) Redevelopment includes the following :

~~—(a)~~

(1) The alteration, improvement, modernization, reconstruction, or rehabilitation, or any combination of these, of existing structures in a project area.

~~—(b)~~

(2) Provision for open-space types of use, such as streets and other public grounds and space around buildings, and public or private buildings, structures and improvements, and improvements of public or private recreation areas and other public grounds.

~~—(c)~~

(3) The replanning or redesign or original development of undeveloped areas as to which either of the following conditions ~~exist.~~ exist:

~~—(1)~~

(A) The areas are stagnant or improperly utilized because of defective or inadequate street layout, faulty lot layout in relation to size, shape, accessibility, or usefulness, or for other causes.

~~—(2)~~

(B) The areas require replanning and land assembly for reclamation or development in the interest of the general welfare because of widely scattered ownership, tax delinquency, or other reasons.

~~—(d)~~

(4) The provision of direct assistance to businesses in connection with new or existing facilities within redevelopment project areas for industrial or manufacturing uses, including loans, loan guarantees, and other financial assistance, and the provision or replacement of machinery and equipment in those facilities, provided the assistance is ~~intended to retain or expand~~ *reasonably expected to result in the retention or expansion of* the number of persons employed in industrial or manufacturing jobs and achieve any of the following:

~~—(1)~~

(A) Reduce emissions of greenhouse gases.

~~—(2)~~

(B) Increase the use of clean, renewable, or alternative energy.

~~—(3)~~

(C) Increase energy efficiency.

~~—(4)~~

(D) Increase the use of recycled and locally sourced materials.

~~—(5)~~

(E) Increase efficiency in water, wastewater and stormwater systems.

~~—(6)~~

(F) Increase the efficiency of construction methods.

~~—(7)~~

(G) Reduce demolition and construction-induced pollution and waste material generation.

~~—(8)~~

(H) Improve indoor air quality.

~~—(9)~~

(I) Reduce building operation costs through increased

operation and maintenance efficiency.

~~(10)~~

(J) Reduce public infrastructure costs related to development.

~~(e)~~

(5) Job training, job placement, apprenticeship and preapprenticeship programs, and services relating to construction or to operations of businesses in project areas.

(b) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 2.5. Section 33021 is added to the Government Code , to read:

33021. (a) Redevelopment includes the following:

(1) The alteration, improvement, modernization, reconstruction, or rehabilitation, or any combination of these, of existing structures in a project area.

(2) Provision for open-space types of use, such as streets and other public grounds and space around buildings, and public or private buildings, structures and improvements, and improvements of public or private recreation areas and other public grounds.

(3) The replanning or redesign or original development of undeveloped areas as to which either of the following conditions exist:

(A) The areas are stagnant or improperly utilized because of defective or inadequate street layout, faulty lot layout in relation to size, shape, accessibility, or usefulness, or for other causes.

(B) The areas require replanning and land assembly for reclamation or development in the interest of the general welfare because of widely scattered ownership, tax delinquency, or other reasons.

(b) This section shall become operative on January 1, 2016.

SEC. 3. Section 33071 of the Health and Safety Code is amended to read:

33071. (a) The Legislature further finds and declares that a fundamental purpose of redevelopment is to expand the supply of low- and moderate-income housing, to expand employment opportunities for jobless, underemployed, and low-income persons, to attract and retain businesses in order to enhance employment opportunities, and to provide an environment for the social, economic, and psychological growth and well-being of all citizens.

(b) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 3.5. Section 33071 is added to the Government Code , to read:

33071. (a) The Legislature further finds and declares that a fundamental purpose of redevelopment is to expand the supply of low- and moderate-income housing, to expand employment opportunities for jobless, underemployed, and low-income persons, and to provide an environment for the social, economic, and psychological growth and well-being of all citizens.

(b) This section shall become operative on January 1, 2016.

SEC. 4. Section 33131.5 is added to the Health and Safety Code, to read:

33131.5. (a) In addition to authority otherwise provided in this part, the Redevelopment Agency of the City of Los Angeles, at the request of its legislative body, may do both of the following:

~~(a)~~

(1) Prepare applications for various state and federal grant programs relating to economic development, plan and carry out those programs and expend grant funds inside or outside any redevelopment project area within the territorial jurisdiction of the agency, and comply with any conditions of the program.

~~(b)~~

(2) Accept any other assistance from the state or federal government or any public or private source, spend those funds for any economic development activities inside or outside any redevelopment project area within the territorial jurisdiction of the agency, and comply with any conditions of that assistance.

(b) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 5. Section 33333.9 is added to the Health and Safety Code, to read:

33333.9. (a) An agency shall not amend a redevelopment plan to increase or extend the limits imposed pursuant to Section 33333.2, 33333.4, or 33333.6 for the purpose of implementing the authority granted by the act adding this section.

(b) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 6. Article 10.5 (commencing with Section 33427) is added to Chapter 4 of Part 1 of Division 24 of the Health and Safety Code, to read:

Article 10.5. Small Business Development

33427. (a) In addition to any other authority granted under this part, an agency may, within a project area, for the purposes of redevelopment, assist public agencies or private nonprofit corporations to establish, construct, and maintain a small business incubator.

(b) In addition to any other authority granted under this part, an agency may, for the purposes of redevelopment, provide loan guarantees for small businesses located within a project area.

(c) For the purposes of this section, "small business" shall have the same meaning as defined in Section 11342.610 of the Government Code.

33428. This article shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 7. Section 33440 of the Health and Safety Code is amended to read:

33440. (a) Except as provided in Article 9 (commencing with Section 33410), Article 10.5 (commencing with

Section 33427), or Section 33444.6, this part does not authorize an agency to construct any of the buildings for residential, commercial, industrial, or other use contemplated by the redevelopment plan, except that, in addition to its powers under Section 33445, an agency may construct foundations, platforms, and other like structural forms necessary for the provision or utilization of air rights sites for buildings to be used for residential, commercial industrial, or other uses contemplated by the redevelopment plan.

(b) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 7.5. Section 33440 is added to the Government Code , to read:

33440. (a) Except as provided in Article 9 (commencing with Section 33410), this part does not authorize an agency to construct any of the buildings for residential, commercial, industrial, or other use contemplated by the redevelopment plan, except that, in addition to its powers under Section 33445, an agency may construct foundations, platforms, and other like structural forms necessary for the provision or utilization of air rights sites for buildings to be used for residential, commercial industrial, or other uses contemplated by the redevelopment plan.

(b) This section shall become operative on January 1, 2016.

SEC. 8. Section 33444.5 of the Health and Safety Code is amended to read:

33444.5. (a) An agency may establish a program under which it provides loans, financial guarantees, or other financial assistance to owners or tenants in a redevelopment project area, for any of the following purposes:

~~—(a)—~~

(1) Rehabilitating commercial buildings or structures within the project area.

~~—(b)—~~

(2) Retaining or expanding employment in the project area.

~~—(c)—~~

(3) Increasing energy efficiency of buildings in the project area.

~~—(d)—~~

(4) Any other redevelopment purpose specified in Section 33021.

(b) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 8.5. Section 33444.5 is added to the Government Code , to read:

33444.5. (a) An agency may establish a program under which it loans funds to owners or tenants for the purpose of rehabilitating commercial buildings or structures within the project area.

(b) This section shall become operative on January 1, 2016.

SEC. 9. Section 33444.6 of the Health and Safety Code is amended to read:

33444.6. (a) Within a project area and as part of an agreement that provides for the development, rehabilitation, or use of property that will be used for industrial or manufacturing purposes, an

agency may assist with the financing of facilities or capital equipment, including, but not necessarily limited to, pollution control devices.

(b) In addition to any other authority granted pursuant to this part, an agency may, for the purposes of redevelopment, construct buildings for industrial or manufacturing purposes that meet the criteria in subdivision (e) of Section 33021.

(c) Prior to entering into an agreement for a development that will be assisted pursuant to this section, the agency shall find, after a public hearing, that the assistance is necessary for the economic feasibility of the development and that the assistance cannot be obtained on economically feasible terms in the private market.

(d) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 9.5. Section 33444.6 is added to the Health and Safety Code , to read:

33444.6. (a) Within a project area and as part of an agreement that provides for the development or rehabilitation of property that will be used for industrial or manufacturing purposes, an agency may assist with the financing of facilities or capital equipment, including, but not necessarily limited to, pollution control devices.

(b) Prior to entering into an agreement for a development that will be assisted pursuant to this section, the agency shall find, after a public hearing, that the assistance is necessary for the economic feasibility of the development and that the assistance cannot be obtained on economically feasible terms in the private market.

(c) This section shall become operative on January 1, 2016.

SEC. 10. The Legislature finds and declares that the purpose of this act is to clarify existing law and to provide agencies with additional authority to assist businesses in order to encourage the retention of existing employment opportunities and the attraction of new employment opportunities. Nothing in this act shall be construed as limiting or restricting the authority that an agency possessed prior to the effective date of this act.

SEC. 11. The Legislature finds and declares, with respect to Section 4 of this act, that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances, needs, and challenges of the City of Los Angeles.

Attachment 2 - Draft Letter of Support

July 20, 2010

The Honorable Felipe Fuentes
California State Assembly
P.O. Box 942849
Sacramento, CA 95814
ATTN: Legislative Director

SUBJECT: Support AB 2531 - Redevelopment

Dear Assembly Member Fuentes:

On behalf of the City of Sacramento, I am pleased to write in support of AB 2531. With the downturn in the economy and the dramatic job loss in the State, AB 2531 will promote economic stimulus by allowing redevelopment tax increment dollars to be used for economic development and job generation activities.

This bill would expand the power of redevelopment by allowing redevelopment agencies to provide loans, loan guarantees and other financial assistance to businesses, and assist with the establishment small business incubators. It would also allow for assistance with job training, job placement, apprenticeship and pre-apprenticeship programs and services relating to construction or business operations in redevelopment areas. All of these activities are particularly crucial during this statewide economic crisis and will greatly assist with the economic recovery.

Thank you for introducing this important legislation.

Sincerely,

LAUREN HAMMOND, CHAIR
Law & Legislation Committee

cc: Assembly Member Bradford
Senator Darrell Steinberg
Assembly Member Dave Jones
Mayor Johnson and Members of the City Council