



**Sacramento
Housing &
Redevelopment
Agency**

**REPORT TO COUNCIL AND
REDEVELOPMENT AGENCY
City of Sacramento**

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www.CityofSacramento.org

**Public Hearing
April 21, 2009**

**Honorable Mayor and Members of the Council
Chair and Members of the Redevelopment Agency**

Title: Joint Public Hearing on the Proposed Eleventh Amendment to the Del Paso Heights Redevelopment Plan

Location/Council District: Del Paso Heights Redevelopment Project Area, Council District 2

Recommendation: Conduct a Joint Public Hearing to hear testimony on the proposed Eleventh Amendment to the Redevelopment Plan for the Del Paso Heights Redevelopment Project and 2008-2012 Amended Implementation Plan. Following the public hearing, Council will consider the Plan on May 5 and May 12, 2009.

Contact: Lisa Bates, Deputy Executive Director, 440-1316; Chris Pahule, Assistant Director, Community Development, 440-1350

Presenter: Erika Bumgardner, Senior Redevelopment Planner

Department: Sacramento Housing & Redevelopment Agency

Description/Analysis

Issue: The Redevelopment Agency of the City of Sacramento ("Agency") is proposing an Eleventh Amendment ("Plan Amendment") to the Redevelopment Plan for the Del Paso Heights Redevelopment Project Area. The Redevelopment Plan imposes time and financial limits that guide the projects and programs that the Agency may implement.

The current limits will not allow the Agency to implement and complete the projects necessary to alleviate blight within the Project Area. Current financial limits of the Redevelopment Plan will prevent the Agency from funding projects and programs during the final decade of the term of the Redevelopment Plan that are necessary to eliminate blight.

The Plan Amendment would increase the Redevelopment Plan's financial limits and extend the time period in which the Agency may commence eminent domain proceedings by an additional 12 years. During the extended period for eminent

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domain, the Agency's eminent domain authority would be limited to properties on which no persons reside.

In December 2008, the City Council and the Redevelopment Agency formally began a process to consider and adopt the Plan Amendment pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*; "Redevelopment Law"). A number of actions in that process have been taken to date, including preparation of the draft Plan Amendment, a draft Initial Study/Negative Declaration, and a Report to the City Council which describes the implications of the Plan Amendment. The Report to the City Council includes the 2008-2012 Amended Implementation Plan for the Project Area.

The Redevelopment Plan amendment process has culminated in this joint public hearing where the Redevelopment Agency and City Council will hear a staff presentation and all evidence and testimony for and against approval and adoption of the Plan Amendment. Redevelopment Law permits these bodies to conduct a joint public hearing on the Plan Amendment.

Consideration of the Plan Amendment, Negative Declaration, 2008-2012 Amended Implementation Plan and other incidental actions is scheduled for the joint Redevelopment Agency/City Council meeting of May 5, 2009.

Notice of this public hearing was provided by newspaper publication and mailed to property owners, businesses, residents, and affected taxing agencies. Attachment 2 of this staff report provides background information on joint public hearing procedures.

Policy Considerations: The action proposed in this staff report is consistent with the redevelopment plan amendment process established by Redevelopment Law and is consistent with the City's General Plan adopted on March 3, 2009. In addition to the City's General Plan, the City Council adopted a vision for the future of the City, as well as several guiding principles to achieve its updated vision. This project complies with the following guiding principle: "programs and strategies should promote the development of the community to the fullest range possible in the City of Sacramento." In addition, the proposal is consistent with the other approved principles of the General Plan Vision.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action in this staff report does not constitute a project under the California Environmental Quality Act (CEQA). The National Environmental Policy Act does not apply. The preparation and processing of the proposed Plan

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Amendment requires environmental review, for which a Negative Declaration has been prepared. The Negative Declaration will be considered for adoption by the Redevelopment Agency and City Council at its meeting on May 5, 2009.

Sustainability Considerations: The action associated with this report achieves multiple City of Sacramento Sustainability Master Plan goals including: Creating "Healthy Urban Environments" through Restorative Redevelopment (*Public Health and Nutrition*).

Committee/Commission Action: *Del Paso Heights Redevelopment Advisory Committee (RAC Action):* At its meeting on March 26, 2009, the RAC was provided with an update and reminder of the Joint Public Hearing.

Sacramento Housing and Redevelopment Commission Action: At its meeting on April 15, 2009, the Sacramento Housing and Redevelopment Commission was provided with an update and reminder of the Joint Public Hearing.

Rationale for Recommendation: The recommended action is necessary to amend the Del Paso Heights Redevelopment Plan which will provide the funding and administrative resources necessary to carry out proposed redevelopment projects for the next 15 years and simultaneously alleviate blight in the Project Area.

If approved, the Plan Amendment will amend the Redevelopment Plan for the Project by:

- Increasing the limitation on the amount of tax increment that may be allocated to the Agency from the Project Area from \$131 million to \$250 million;
- Increasing the limitation on the amount of bonded indebtedness that can be outstanding at one time from \$41 million to \$100 million;
- Repealing the time limit to incur debt; and
- Extending the time limit for commencement of eminent domain proceedings to acquire property within the Project Area that is not occupied as a residence by an additional twelve (12) years.

Financial Considerations: There are no financial considerations associated with the action requested in this report.

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M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

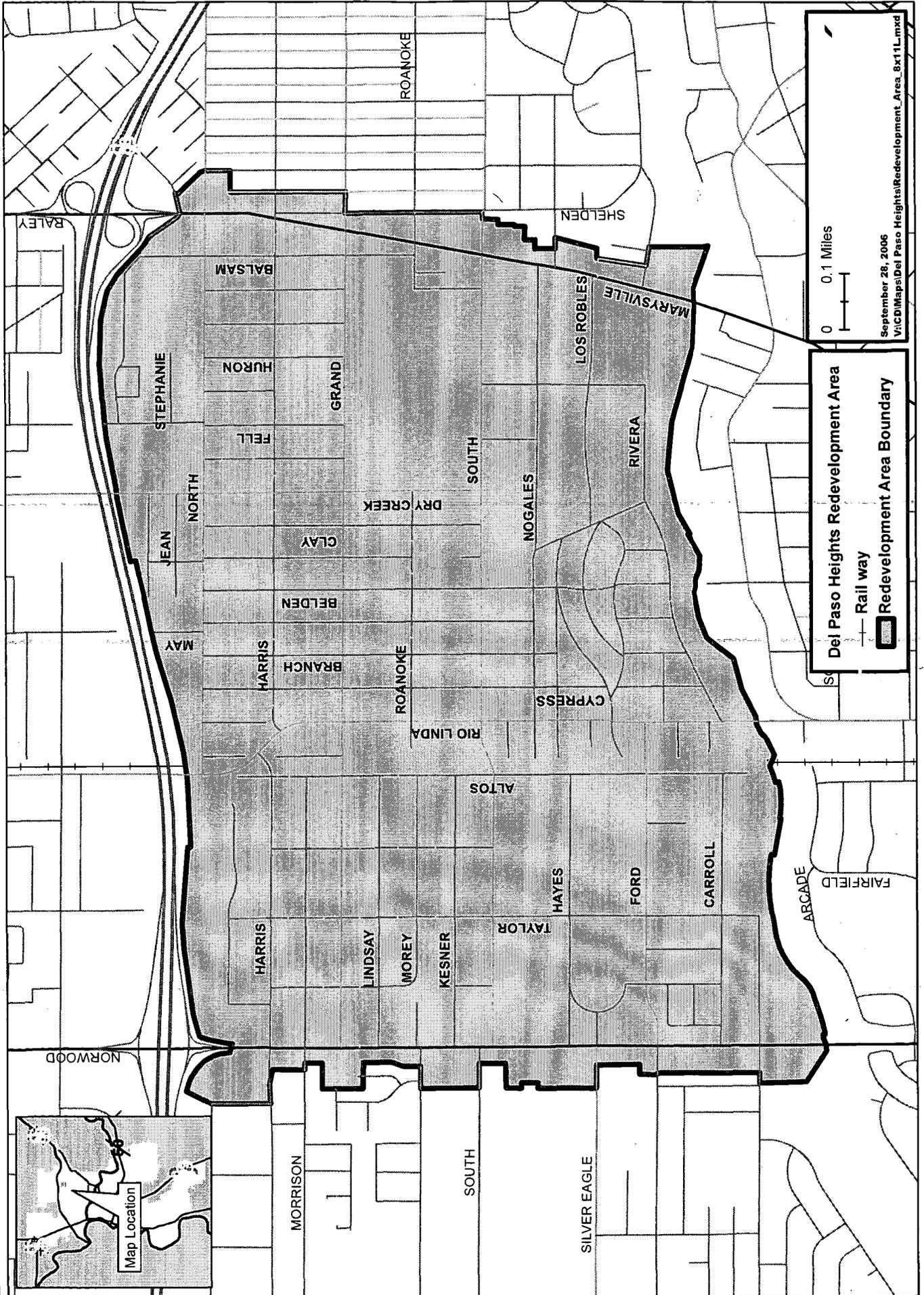
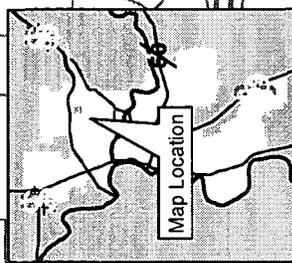
Recommendation Approved:


RAY KERRIDGE
City Manager

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Del Paso Heights Redevelopment Area



Del Paso Heights Redevelopment Area

— Rail way

▭ Redevelopment Area Boundary

0 0.1 Miles

September 28, 2006
V:\CD\Maps\Del Paso Heights\Redevelopment Area_8x11L.mxd

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Attachment 2

Background
Del Paso Heights Report to Council

The Redevelopment Agency of the City of Sacramento ("Agency") is proposing an Eleventh Amendment to the Redevelopment Plan for the Del Paso Heights Redevelopment Project ("Plan Amendment"). The Redevelopment Plan ("Redevelopment Plan") for the Del Paso Heights Redevelopment Project ("Project" or "Project Area") imposes time and financial limits that guide the projects and programs that the Agency may implement.

The Plan Amendment is being proposed because the current limits will not allow the Agency to implement and complete the projects necessary to alleviate blight within the Project Area. The current financial limits of the Redevelopment Plan will prevent the Agency from funding projects and programs that are necessary to eliminate blight during the final decade of the term of the Redevelopment Plan. Additionally, significant blight remains in the Project Area that cannot be eliminated without the availability of the power of eminent domain.

The Plan Amendment would increase the Redevelopment Plan's financial limits and extend the time period in which the Agency may commence eminent domain proceedings by an additional 12 years. During the extended period for eminent domain, the Agency's eminent domain authority would be limited to properties on which no persons reside.

The Plan Amendment and joint public hearing are described in more detail below:

Eleventh Amendment to the Del Paso Heights Redevelopment Plan

Specific changes proposed by the Plan Amendment include the following:

- Increasing the limitation on the amount of tax increment that may be allocated to the Agency from the Project Area from \$131 million to \$250 million;
- Increasing the limitation on the amount of bonded indebtedness that can be outstanding at one time from \$41 million to \$100 million;
- Repealing the time limit to incur debt; and
- Extending the time limit for commencement of eminent domain proceedings to acquire property within the Project Area that is not occupied as a residence by an additional 12 years.

The reasons for each change proposed by the Plan Amendment are detailed in the Report to Council and summarized below.

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Increasing the Tax Increment Limit

The Report to Council used an annual assessed value growth rate for the Project Area of five percent, which forecasts that the Project Area will generate approximately \$231 million in tax increment revenue over the entire period the Project Area can collect tax revenue (until 5/11/2033). Of that amount, approximately \$34 million has already been collected and approximately \$80 million will be allocated to taxing agency payments, debt service, and administration fees charged by Sacramento County, which leaves the Agency with approximately \$117 million to spend on proposed housing and non-housing projects. The cost of proposed projects is approximately \$135 million, which means the Agency needs additional financial resources to complete its proposed projects. For this reason, rather than increasing the tax increment limit to \$231 million, the Agency is proposing a limit of \$250 million. This will enable the Agency to take advantage of additional growth in assessed value while providing sufficient tax increment revenues to fund all identified projects.

Increasing the Bonded Indebtedness Limit

The Agency needs to increase the Redevelopment Plan's bonded indebtedness limit of \$41 million in order to secure advanced funding to implement redevelopment projects in a timely manner. The Plan Amendment would increase this limit to \$100 million, enabling the Agency to receive maximum financial capacity and flexibility to fund redevelopment projects as needed rather than waiting for tax increment revenue to accumulate over a long period of time. Bonds are repaid with tax increment revenues generated from the Project Area up to ten years after the effectiveness of the Redevelopment Plan expires (2033 for the Project Area).

Rescinding the Time Limit to Incur Debt

The Plan Amendment would repeal the May 2010 time limit to incur debt to ensure that the Agency has the capacity to issue bonds when they are needed to fund redevelopment projects.

Extending Eminent Domain

The Plan Amendment will extend the time limit to commence eminent domain proceedings, if necessary, by an additional 12 years to acquire property within the Project Area that is not occupied as a residence. Section B of the Report to Council details the presence of several blighting conditions that make it necessary for the Agency to continue to have the power of eminent domain. Specifically, the Report to Council identifies properties within the Project Area that are severely dilapidated and owned by persons or entities that have neglected the responsibilities of ownership regarding functional, financial and physical upkeep, vacant parcels that do not meet minimum lot size standards for future development, and vacant lots and buildings that harbor serious crime that pose a threat to public safety and welfare. The use of eminent domain may be necessary to consolidate vacant lots under multiple ownership as well as redevelop buildings that pose a threat to public safety and

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welfare. Without the power of eminent domain, the Redevelopment Agency would be unable to undertake all projects necessary to eliminate the conditions of blight described in Section B of the Report to Council.

The proposed Plan Amendment also makes a minor technical correction to the wording concerning the tax increment limitation by eliminating the last sentence of the last paragraph of Section 502. This pre-existing language was ambiguous and made the determination of the overall tax increment limitation unclear. The Preliminary Report, Report to Council, and all other available information to date have properly assumed that the tax increment limit would be a cumulative total of \$250 million.

Joint Public Hearing on the Proposed Eleventh Amendment

Redevelopment Law requires that the Redevelopment Agency and City Council conduct public hearings on the Plan Amendment before the City Council considers an ordinance adopting the Plan Amendment. In lieu of conducting separate hearings, Section 33458 of the Redevelopment Law permits the Redevelopment Agency and City Council to hold a joint public hearing. On December 2, 2008 both the Redevelopment Agency and City Council adopted resolutions consenting to the joint public hearing.

In connection with the preparation of the Plan Amendment, the Agency has prepared an amended implementation plan. The 2008-2012 Amended Implementation Plan is included as part of the Report of the Agency to the City Council. Redevelopment Law Section 33490 provides that the Agency must hold a public hearing prior to the amendment of an implementation plan. The joint public hearing for the Plan Amendment shall also serve as the public hearing for the 2008-2012 Amended Implementation Plan.

Notice of this hearing was provided by the following actions: (1) publication of the notice of joint public hearing in the *Daily Recorder* on March 17, March 24, March 31, April 7, and April 14, 2009; (2) mailing notice to all property owners in the Project Area via first class mail; (3) mailing notice to all businesses and residents in the Project Area that the Agency could identify via first class mail; and (4) mailing notice to all affected taxing agencies via certified mail. Notice was additionally posted in four (4) permanent places within the Project Area, as required by Redevelopment Law Section 33490 for public hearings for implementation plans.

To provide Project Area property owners, business owners, residents and the general public with opportunities to learn more about the proposed Plan Amendment, a community meeting was conducted on April 8, 2009. The meeting was attended by approximately 22 individuals. The meeting took place at the Hagginwood Community Center at 3271 Marysville Boulevard, Sacramento, California. Notice of the community meeting was provided as part of the notice of this joint public hearing via mail, newspaper advertisement and posting.

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The joint public hearing will be conducted as follows:

1. Staff presents the proposed Plan Amendment, Report of the Agency to the City Council, which includes the 2008-2102 Amended Implementation Plan, and other documents;
2. Staff enters into record the Plan Amendment, Report of the Agency to the City Council, which includes the 2008-2012 Amended Implementation Plan, and other documents;
3. City Clerk enters into record summaries of any written correspondence received on the Plan Amendment; and
4. Chairperson summarizes public testimony procedures and invites public to offer comments on the Plan Amendment and the 2008-2012 Amended Implementation Plan.

Once all public testimony has been completed, the public hearing will be closed. No further action will be taken on the Plan Amendment at this meeting in order to allow staff and consultants time to prepare written responses to any written objections submitted at the public hearing. On May 5, 2009, the Redevelopment Agency and City Council will consider adopting written responses to written objections, if any, approve the Negative Declaration, approve the 2008-2012 Amended Implementation Plan, and pass for publication the Ordinance adopting the proposed Plan Amendment. The City Council will consider final adoption of the Ordinance adopting the Plan Amendment on May 12, 2009.