

SECTION 9

Redevelopment. Building Better Communities.

California has more than 386 active redevelopment agencies in communities throughout the state. While they are probably the least understood local government entities, redevelopment agencies represent the most important tool a community has to help breathe new life into areas in need of revitalization, economic development and new opportunity. Redevelopment activities create jobs and expand opportunities for business, provide affordable housing and homeownership opportunities for families most in need, reduce crime, improve infrastructure, and lead cleanup of environmentally-threatened and rundown areas. Below are some key facts about redevelopment agencies and their contributions to California communities.

Redevelopment. Without it, important community projects don't get done.

An abandoned gas station doesn't turn into retail space overnight and affordable housing doesn't build itself. Revitalization of deteriorated areas doesn't just happen – someone has to make it happen. *The core function of redevelopment agencies is to serve as the catalyst for community revitalization projects in which the private sector otherwise would not be involved.*

Reflecting the community's needs:

Redevelopment agencies are local government entities usually controlled by the city council, county board of supervisors or a separate appointed board (all accountable to the public). Because they are locally-governed, redevelopment agencies are in the best position to identify exactly what a community needs and to work with private investors on local projects to meet those needs.

How it works:

When redevelopment agencies make improvements to deteriorated areas, property values within those areas rise, resulting in an increase in property tax revenues. State law allows redevelopment agencies to use a portion of this increase to repay debt they must incur in order to rehabilitate an area. Redevelopment agencies use these funds to acquire property, build public improvements and infrastructure, clean-up contaminated soil and do other things necessary to improve the conditions of the property. Redevelopment's commitment of funds attracts private investment and creates a chain reaction where the ultimate economic output is

larger than the original public investment.

In Your Community, Redevelopment is:

- ✓ Affordable housing and homeownership opportunities
- ✓ Revived business districts and downtowns
- ✓ Revitalization of rundown neighborhoods
- ✓ Crime reduction
- ✓ Improvements to streets, lighting, sewers and water lines
- ✓ Clean-up of contaminated property
- ✓ Community centers
- ✓ Parks
- ✓ Libraries
- ✓ Fire stations, police stations and other public facilities
- ✓ Neighborhood beautification such as upgrading facades and sidewalks

Redevelopment By the Numbers:

\$31.84 billion. Redevelopment's economic contribution to California in 2003.

\$14. Every \$1 of redevelopment agency spending generates nearly \$14 in total economic activity.

310,000. Full and part time jobs created in just one year (2002-03).

63,406 units of affordable housing built or rehabilitated since 1994 by redevelopment agencies.

20,048 units of low and moderate income housing expected to be built or refurbished over the next two years.

\$1.58 billion. State and local taxes generated through redevelopment construction activities in 2003.

20% of tax increment generated from redevelopment activities must be used to increase supply of affordable housing.

2nd largest funder of affordable housing in California after the federal government.

Without the initial investment from redevelopment agencies, many important community projects simply would not happen -- leaving communities still plagued by deterioration, crime and poor economic and social conditions.

Del Paso Nuevo

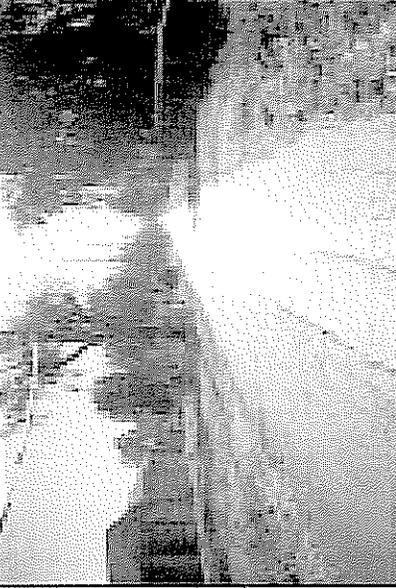
Developer: Del Paso Nuevo Partners (Myers Homes, New Faze Development, Mogavero Notestine Associates and Kristene Smith)

Barriers to Development

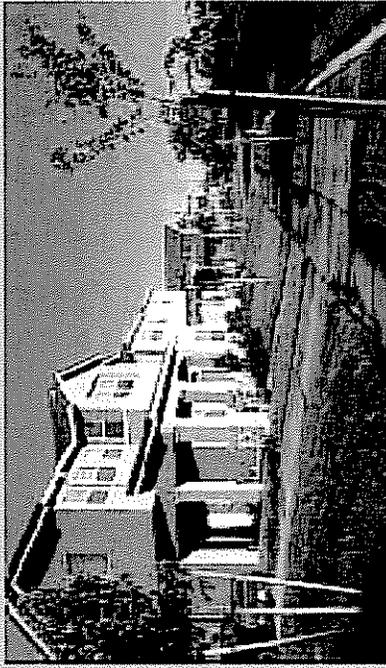
- Large, underdeveloped lots
- Major backbone infrastructure needed
- Fragmented ownership
- Flooding and crime
- Unproven market

Redevelopment Tools

- ✳ Site assembly
- ✳ Gap financing and public improvement funding
- ✳ Developer recruitment
- ✳ Affordable housing expertise



Before Redevelopment



After Redevelopment

¹Project Impact

	With Redevelopment
Jobs Created (Construction)	444
Market Rate Housing	Increase from ² 167 before project to 281
Affordable Housing	151
³ Public Investment	\$28 million
Private Investment	\$11.5 million
Property Tax (annually)	Increased from \$139,014 before project to \$526,304
Economic benefit during construction	⁴ \$85,275,525

¹ 54 of the ultimate 300 homes are currently constructed, thus figures are projections assuming full build-out is completed. Full build-out relies on continued redevelopment funding

² Unregulated housing, although in terms of value, all would qualify as affordable in market

³ Includes construction of backbone infrastructure, new roadways, sewer/water/damage, parks and parkland acquisition.

Estimated economic activity resulting from project while under development

Project Benefits

- ✳ Replaced dilapidated and primarily rental houses and underutilized land with new infrastructure, parks, and homes
- ✳ Unlocks 300 new parcels for quality homeownership housing at affordable and market rates
- ✳ Provided sewer/water/flood improvements
- ✳ Creates public parks that serve as flood water detention basins
- ✳ Creates new roadways with better circulation within the site
- ✳ Success of development raised confidence and hope in the redevelopment area
- ✳ Stimulated private investment and reinvestment
- ✳ Accomplished infill development

The Economic Benefits of Redevelopment

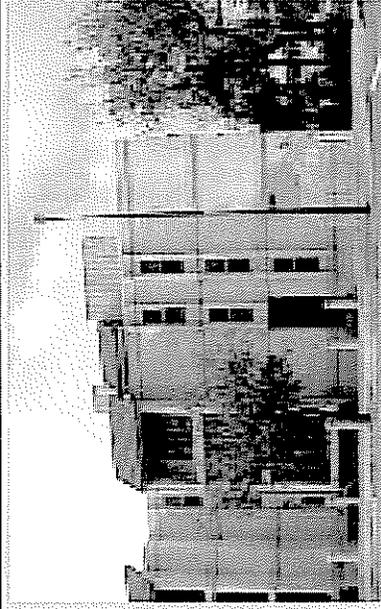
A Case Study of Ten Downtown Sacramento Projects

Barriers to Development

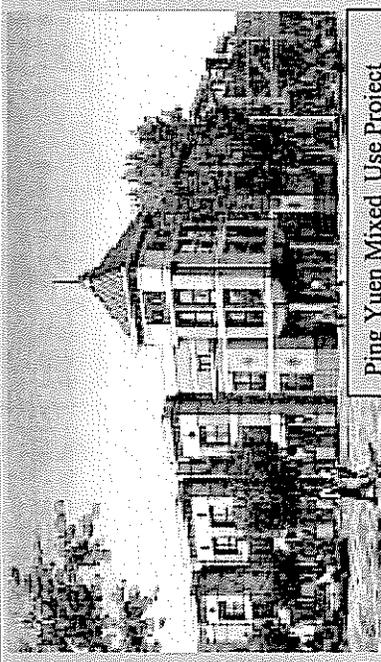
- Antiquated infrastructure
- Inability to assemble sites
- Costs exceed rents
- Historic preservation
- Unproven market

Redevelopment Tools

- ✱ Site assembly
- ✱ Gap financing
- ✱ Site marketing
- ✱ Developer recruitment
- ✱ Expedited approvals



Before Redevelopment



Ping Yuen Mixed Use Project

After Redevelopment

Project Impact: Ten Downtown Projects 1993-2003

	With Redevelopment
Permanent Jobs	Increased from 1005 before projects to 3,375
Construction Jobs	1,869
Retail square footage	Increased from 830,000 to 1,435,6000
Office square footage	Increased from 40,000 to 296,400
Parking Spaces Added	215
Private Investment	\$363,330,000
Public Investment	\$42,999,000
Property Tax (annually)	Increased from \$836,801 to \$2,838,615
¹ Economic benefit during construction	\$707,808,163
² Economic benefit ongoing	\$441,810,383

Benefits

- ✱ Leveraged 8 private dollars for every public dollar invested
- ✱ Created jobs, generated wages, increased consumer buying power
- ✱ Brought 52 new businesses to Downtown
- ✱ Increased property tax by over \$2 million
- ✱ Provided over \$550,000 for affordable housing
- ✱ Contributed over \$700 million in economic impact during project construction with over \$440 million in annual impact
- ✱ Preserved historic buildings
- ✱ Added over \$7 million in public improvements
- ✱ Supported State commitment to healthy cities

Projects include: 16th & J Elliot building; 16&J Lucca's restaurant; Sheraton Hotel; 1029 K St; 1201 K St (Esquire Theatre); Waterfront restaurant; Embassy Suites; Downtown Plaza mall renovation; Crest Theatre; Chops Restaurant.

¹ Estimated economic activity resulting from projects while under development

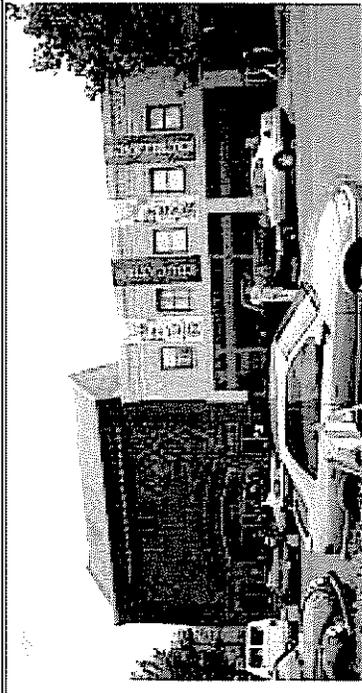
² Estimated annual contribution to gross regional product

Oak Park Redevelopment Area Food Source Project and 40 Acres Project

- Barriers to Development**
- Unproven Market/Developer Risk
 - Antiquated Infrastructure
 - Inability to Assemble Sites
 - Costs Exceed Rents
- Redevelopment Tools**
- ✕ Site assembly
 - ✕ Gap financing and public improvement funding
 - ✕ Site Marketing
 - ✕ Developer recruitment
 - ✕ Expedited Approvals



Before Redevelopment



After Redevelopment

Project Impact	With Redevelopment
Permanent Jobs Created	140
Market Rate Housing	
Affordable Housing	12
Public Investment	\$4,415,232
Private Investment	\$5,611,731
Property Tax (annual)	Increased from \$24,932 before projects to \$105,401 after project completion
¹ Economic benefit - ongoing	\$10,120,461

- Project Benefits**
- ✦ In partnership with community members and businesses, assembled small lots into larger parcels to support new development
 - ✦ Improved streets and sidewalks
 - ✦ Promotes civic and commercial development within the site
 - ✦ Success of development raised confidence and hope in the redevelopment area
 - ✦ Stimulated private investment and reinvestment
 - ✦ Accomplished infill development

¹ Ongoing economic impact refers to estimated annual contribution to gross regional product based on permanent jobs created by the projects.