

STATEMENT ON PROPOSED NEW REDEVELOPMENT PROJECT AREA
(Response to questions from INCC Ad Hoc Committee)

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For: INCC Ad Hoc Committee on
Redevelopment

September 8, 1993

INTRODUCTION

The purpose of this Statement is to address questions raised by the INCC Ad Hoc Committee. This Statement will answer each question but not necessarily in the order presented.

First, it is important to identify what this proposed redevelopment project area is not about. It is not the typical downtown or urban renewal type bulldozer, land assembly, condemnation type redevelopment.

It is a business tool used to harness certain property taxes, which can be used to fund priority projects approved for the new project area. This must be in conformance with redevelopment law and the State Constitution. This provides a tool with which to bring certain areas up to the standards enjoyed by most of the City.

This Statement is oriented towards answering specific questions. The questions will be answered in the context of the kind of redevelopment project area being proposed. Much information about redevelopment, in general, is contained in various handouts that are available.

RESPONSE TO QUESTIONS

A substantially below average revenue base is the underlying reason for making additional resources available through redevelopment. The problem areas identified within the proposed project area are representative of a substantially below average revenue base. Specifically, Oxnard family income is 23 percent below the county median; property valuation on a per capita basis is 27 percent below the county median; and although Oxnard is the largest city in Ventura County, it is third in sales tax. The problem areas identified within the proposed project area are representative of this revenue base.

High service requirements because of family size, overcrowding conditions, higher crime rate, obsolete structures and many other factors further worsens this situation. The proposed redevelopment provides an opportunity to obtain a more appropriate share of the property tax dollar to address blight and other related critical problems in the community. In other words, a "leveling of the playing field."

Funds for redevelopment come from property tax increment. This does not remove existing property taxes from the City's general fund, the County, schools or any other district. It is only future tax increment that can be harnessed for improvement projects (schools never lose funding because their revenue is tied to State funding). For illustration purposes, imagine a one story house with a flat roof. This represents the tax base which continues to flow to all existing agencies as noted above. This never changes. Now imagine an improvement in the form of a pitched roof providing attic and storage space. This represents the "tax increment" that is available for redevelopment use.

Start-up costs must be born through a loan to the Redevelopment Agency from the City's general fund. This will be paid back with interest. This is estimated to be on the order of magnitude of \$250,000. The ultimate funds that may accrue to this project area is in the range of \$500 million to over \$1 billion over a 40-year period.

A study must take place to determine the extent of blight, which properties should be included, and areas that need redevelopment help that cannot be accomplished solely through private enterprise. Some of these have been mentioned in other reports such as the redevelopment of the old Oxnard High School, which will soon be abandoned, refurbishing the Auditorium, removing the County building which is now located next to the library, improving the commercial area along Oxnard Boulevard and redeveloping the Wagon Wheel/Esplanade and Oxnard Town Center areas. Neighborhoods that qualify for redevelopment can be included. That is up to each neighborhood. Finally, an environmental evaluation is required to determine if a complete EIR must be completed along with many public hearings.

Land use is not determined by redevelopment. Land use is determined through the land use process which involves the City's General Plan as the policy document. This document and changes to it are policy decisions made by the City Council with recommendations from the Planning Commission.

The establishment of redevelopment took place in 1952, when it became a part of the State Constitution by a vote of the people. It has a long standing in California where it has been used by over 400 cities and counties. Assessment districts go back to 1913. It is obvious that assessment districts and redevelopment were not established to circumvent Proposition 13.

State Law implements this constitutional provision. It sets up very stringent safeguards to make sure that redevelopment is properly administered. New legislation (AB1290) will make redevelopment safeguards even more stringent.

Organizational approach, funding, indirect costs and City departmental participation. The former Redevelopment Department has been integrated into the City's organization with coordination by the Community Development Department. There are only three out of ten staff members remaining that are fully funded by redevelopment. A matrix approach helps to support the concept that redevelopment goals are a part of City goals.

For example, the City Council also acts as the Redevelopment Agency. The functions and implementation of redevelopment programs have been integrated throughout the City organization. Currently, the following departments participate in the redevelopment efforts: City Council, City Manager, Community Development, Economic Development, Recreation and Community Services, Public Safety Department, Public Works, Development Services, Finance and Management Services, and Housing. Only personnel who work on redevelopment projects are paid by the redevelopment agency.

Redevelopment funds are used to fund, on a very limited basis, certain other activities such as a very small amount for tourism and a relatively small amount for economic development. Some funds were recently allocated for Police and Code Enforcement on a special project for the Southwinds Area. This can only be used on a very limited basis and will be terminated as soon as the area crime rate reaches the average level for the City.

Employees, supported by the general fund, are selected for certain projects. Actual hours applied to redevelopment projects are charged off to redevelopment. This concept is a straight forward business practice which is used by most private firms. Very few consultants are used in redevelopment. There is an Attorney on retainer and some consultants are needed for specialized projects, such as the downtown plan. That is the extent of consulting help. Some limited specialized consulting will be needed to implement a new project area. Much of the work will be done by in-house staff. Indirect overhead is charged to all City projects and functions including redevelopment projects and functions. This is for General Fund support for property, supplies and materials, equipment, payroll and staff costs. \$580,873 of indirect costs were charged to redevelopment in 1992-93. This avoids what would otherwise be an unfair burden on the General Fund.

*Holder said no money was spent just
a "paper" cost. The city delayed that
in 1996*

Redevelopment projects are justified in blighted areas where assistance is needed, when it can be shown that the private sector cannot correct the problem on its own. It makes no difference whether the blighted area was caused by government action or by the market place. The key is to correct the blighted area and not let it continue going down hill.

There are no matching funds required for redevelopment. Loans may be necessary until tax increment is realized. All money put into redevelopment areas comes from those *repayments delayed for years* redevelopment project areas. The City is not prohibited from using other funds for redevelopment projects but in no case is it required.

Strong downtown redevelopment will continue to have a positive impact on the overall health of the City. The proposed project areas will not detract from the current redevelopment area. The new area must stand on its own like all other project areas.

The project area for a new area or to expand existing areas can be done to include qualified property. For example, additional areas along Saviers Road between Channel Islands Boulevard and Pleasant Valley Road could be included. Such inclusion would require careful examination to make sure it would qualify.

It is unrelated to what we do today
We spent much of the 1980s
federal grants money, of which
the last of funds
the last of the
redevelopment eliminated blight and increased the areas assessed valuation.

The Driffil Street Project area is a good example of a successful project area undertaken by the Oxnard Redevelopment Agency and brought to a successful conclusion. This project area has now expired but during its tenure the Agency successfully developed a senior housing complex and retired all outstanding debt. The utilization of the tools available through redevelopment eliminated blight and increased the areas assessed valuation.

Current ongoing successes include Heritage Square, Mariners Place Apartments, Oxnard Transportation Center, Penney's building rehabilitation, Downtown Farmers' Market, Heritage Square Summer Concert Series, 17 buildings rehabilitated with redevelopment loan funds plus proactive projects in the Southwinds area. Planning for downtown will be completed this year. This will set the framework for more improvements.

The Agency is enforcing the conditions written into the redevelopment of Southwinds as allowed by State law. The Southwinds program has gained tremendous momentum in the last twelve months. Currently, the Agency has executed contracts and the rehabilitation and construction is in progress for the Southwinds Park Rehabilitation, the north alley improvements adjacent to the school and park, has spent over \$300,000 in residential rehabilitation, \$67,000 in street improvements and during the month of July opened the Southwinds Community and Police Storefront. Other programs include curb, sidewalk and gutter repair, additional alley lighting, graffiti abatement, and an increase in code enforcement.

Project Area Committee and other advisory groups. The State law requires that a Project Area Committee (PAC) be established to assist in the parameters, goals and objectives of the redevelopment plan. The PAC traditionally is comprised of property owners and tenants of the proposed project area.

The PAC may sunset once the redevelopment project area has been established. Typically it has been the City of Oxnard's Redevelopment Agency's direction to maintain community input. This is either done through the PAC, a neighborhood council or a similar representative group. Whenever possible, the City appoints people who live in the project area. The citizens committee works with staff in the development of projects and programs. The community input is critical in the success of a redevelopment plan.

Twenty percent set aside for affordable housing. The Agency does not divert redevelopment funds to pay off existing debts for bonds and capital projects. The State legislation which required pre-1977 plans to deposit 20 percent of the tax increment revenue generated by a project area into a Housing Fund also recognized the effects of this requirement on existing programs, debt and other project area obligations. In order to transition older project areas, the State allowed redevelopment agencies to defer depositing 20 percent of the tax increment revenue from pre-1977 project areas until 1996. The deferral would become a debt of the Agency and must be "made up" over the remaining life of the plan.

The Downtown Renewal Project Area and the Central City Revitalization Project area have deferred their 20 percent set aside obligation. To date, the Agency has deposited by project area the following into the respective housing funds:

Central City Revitalization Project:	\$ 150,000
Downtown Renewal (R108):	\$ 0
Southwinds	\$ 540,575
Ormond Beach	\$1,468,733

The Redevelopment Agency must prepare a Housing Fund Deficit Plan which will address the method in which the Agency will make up the CCRP and R108 housing fund deferrals. This plan will be developed with the input of the Ad Hoc Affordable Housing Sub-Committee that the City Council and the Redevelopment Agency established in July of 1993. Currently, the Agency has enough real property assets to meet the set aside obligations in the CCRP project area.

The Agency has utilized the Ormond Beach Housing Funds for affordable housing projects located the Donlan Avenue, and approved a first-time home buyers program for the La Puerta del Sol and the Village of San Miguel residential projects. The Southwinds Housing Funds are utilized for residential rehabilitation. The Agency has spent or committed over \$850,000 to affordable housing projects to date.

The City of Oxnard has not borrowed funds from the Redevelopment Agency. On an annual basis the Redevelopment Agency borrows from the City on a short-term, 12 month, basis to provide cash flow until the tax increment revenue has been collected from the County of Ventura.

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