

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

SB 286 (WRIGHT) - REDEVELOPMENT

Summary Statement:

As part of its 2011/12 budget proposal, Governor Brown proposed permanently shutting down redevelopment agencies in California. While the bills to eliminate redevelopment agencies, AB 101 and SB 77, have not received the votes they need to pass, those bills remain available for consideration at any time by the Legislature. Many legislators do not support the Governor's recommendation to eliminate redevelopment agencies altogether, but many also believe that reforms are needed.

SB 286, authored by Senator Rod Wright, was amended to include the Community Redevelopment Association's (CRA) comprehensive package of redevelopment reforms, and is now introduced as an alternative to the Governor's proposal to eliminate redevelopment agencies. SB 286 is supported by the California Redevelopment Association and the League of California Cities, as amended on April 27, 2011. Specifically, SB 286 would:

- Tighten the definition of blight to stop inappropriate uses of redevelopment and ensure it focuses on areas most in need;
- Limit redevelopment size;
- Allow School Districts to retain all property taxes and tax increment in new redevelopment project areas, increasing school funding and/or providing State general fund relief;
- Implement strict, performance-based standards focused on State priorities and increase oversight by local citizens committees;
- Increase accountability with stringent reporting and performance standards;
- Require annual performance audits by State auditor;
- Prohibit the use of funds for non-redevelopment expenses, and
- Reduce redevelopment footprint in California

(continued on next page)

Recommended Action:

Provide direction to staff.

Proposed by: Linda Mayfield

Item Number _____

T. M. Approval: _____

Budgeted Item Yes No N/A

The strong reforms in SB 286 represent significant changes. While these reforms may increase legislative support for redevelopment, Economic & Community Development Department staff has serious concerns with a number of the reforms. Staff does not take issue with the concept of more effective reporting for redevelopment agencies, but is concerned with requiring agencies to report annually on performance standards for projects that are years in the making. Redevelopment plans have lives ranging from 30-40 years in recognition of the fact that it takes many years for its activities to have a notable effect on land contained within redevelopment project areas. SB 286 would exclude all educational entities' property tax revenues from the tax increment for newly established project areas; however, the definition of "educational entities" is unclear. Lastly, staff has misgivings about the legality and precedence of the State requiring redevelopment agencies to dedicate a portion of its property taxes to a State activity. The legal opinion authored by the Legislative Counsel, and released on May 3, 2011, supports staff's position in this regard. Despite League and CRA support for this bill, Economic & Community Development Department staff recommends that the Town Council not support SB 286 as currently constructed.

This item is being presented to the Town Council and allows for the opportunity to present suggestions and receive input regarding this matter.