

ECONOMIC DEVELOPMENT DEPARTMENT
CITY OF SACRAMENTO

February 8, 2005

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: APPROVAL OF THE PUBLICATION OF THE ORDINANCE TITLE TO BE PASSED FOR THE APPROVAL AND ADOPTION OF A REDEVELOPMENT PLAN FOR THE MERGED DOWNTOWN REDEVELOPMENT PROJECT, PURSUANT TO SENATE BILL 211.

LOCATION & COUNCIL DISTRICT: Council Districts 1, 3, and 4
Merged Downtown Redevelopment Project Area

CONTACT PERSONS: Melissa Valle, Economic Dev. Project Manager, 808-5864
Laura Sainz, Sr. Economic Dev. Project Manager, 808-2677

FOR COUNCIL MEETING OF: February 22, 2005

RECOMMENDATION:

Staff recommends that the City Council approve the publication of the ordinance titles amending the Redevelopment Plan for the Merged Downtown Redevelopment Project Area and continue the item for adoption to March 15, 2005.

SUMMARY:

The attached ordinance is presented at this time for approval of publication of title, pursuant to City Charter, Section 32.

BACKGROUND:

Prior to publication of an item in a local paper to meet legal advertising requirements, the City Council must first pass the item for publication. The City Clerk then transmits the title of the item to the local paper for publication and for advertising the meeting date. The attached ordinance is presented at this time for approval of publication of title, pursuant to City Charter, Section 32.

A Joint Public Hearing on the adoption of the Merged Downtown Redevelopment Project, Amendment No. 3 and the Final Environmental Impact Report prepared in connection therewith is scheduled to take place today, February 22, 2005.

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FINANCIAL CONSIDERATIONS: None

ENVIRONMENTAL CONSIDERATIONS:

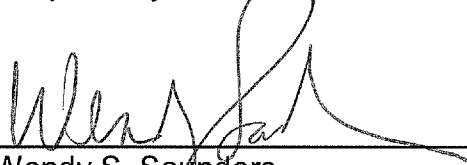
The proposed action does not constitute a project under the California Environmental Quality Act (CEQA) per Guidelines Section 15378(b)(4), which exempts government fiscal activities which do not involve a commitment to any specific project.

POLICY CONSIDERATIONS:

The actions contained in the attached ordinances support the continuation of the affected City Merged Downtown Redevelopment Project Area, and meet the Agency's goals of eliminating blight and increasing economic opportunities, as well as promoting the City of Sacramento's goal of preserving and enhancing neighborhoods.


ESBD CONSIDERATIONS: None

Respectfully submitted,



Wendy S. Saunders
Economic Development Director

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

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City Council Ordinance approving and adopting a redevelopment plan for the Merged Downtown Redevelopment Project, Amendment No. 3, Pages 3-11

ORDINANCE NO. _____

ADOPTED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO

ON DATE OF _____

AN ORDINANCE OF THE CITY OF SACRAMENTO, CALIFORNIA, ADOPTING A THIRD AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE MERGED DOWNTOWN REDEVELOPMENT PROJECT

WHEREAS, the Sacramento City Council (the "City Council") created the Merged Downtown Redevelopment Project in 1986 by merging the Redevelopment Plans for four individual redevelopment projects:

1. Capitol Mall Area Project, Project No 2-A (originally adopted on September 13, 1955 by Ordinance No. 1936)
2. Capitol Mall Extension Project, Project No. 3 (originally adopted on June 16, 1960 by Ordinance No. 2208)
3. Capitol Mall Riverfront Project, Project No. 4 (originally adopted on August 25, 1966 by Ordinance No. 2681)
4. Uptown Development Project, Project No. 8 (originally adopted on July 20, 1972 by Ordinance No. 3146); and

WHEREAS, the California Community Redevelopment Law (the "CRL") (California Health and Safety Code Section 33000 et seq.) permits the adoption of redevelopment plan amendments; and

WHEREAS, the City Council subsequently amended the Redevelopment Plan for the Merged Downtown Redevelopment Project (the "Project" or "Project Area" as appropriate) on June 17, 1986 (Ordinance No. 86-067, 86-032, 86-063, 86-458, 86-064 and 86-065), and on October 4, 1994 (Ordinance No. 94-046), and

WHEREAS, the Redevelopment Agency of the City of Sacramento (the "Agency") has prepared a proposed third amendment to the Redevelopment Plan ("Plan Amendment") for the Project in compliance with the CRL; and

WHEREAS, the proposed Plan Amendment will revise the existing Redevelopment Plan to extend by ten years the time limit of the effectiveness, and

WHEREAS, the proposed Plan Amendment will revise the existing Redevelopment Plan to extend by ten years the time limit on the receipt of tax increment, and

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WHEREAS, the proposed Plan Amendment will revise the existing Redevelopment Plan to extend by ten years the current deadline for repayment of tax increment, and

WHEREAS, the proposed Plan Amendment will revise the existing Redevelopment Plan to extend the portion of taxes divided and allocated to the Agency to \$2.278 billion, and

WHEREAS, the proposed Plan Amendment will revise the existing Redevelopment Plan to necessitate inclusionary housing requirements established in CRL Section 33413(b)(2)(A)(i) requiring that "at least 15 percent of all new or substantially rehabilitated dwelling units developed in a project area by public or private entities or persons other than the agency shall be available at affordable housing cost to persons and families of low or moderate income and shall be occupied by these persons and families." Not less than 40 percent of these units shall be available to very-low-income households.

WHEREAS, the proposed Plan Amendment will revise the existing Redevelopment Plan to increase the minimum amount that must be deposited in the Low- and Moderate-Income Housing Fund from 20 percent of the total tax increment received each year to 30 percent of the total tax increment received each year as established by CRL Section 33413, for all housing units constructed or significantly rehabilitated in the Project Area after the amendment is adopted; and

WHEREAS, the City Council has received from the Agency the proposed Plan Amendment, prepared pursuant to Section 33333.11 of the CRL, a copy of which is on file with the City Clerk at the Office of the City Clerk of the City of Sacramento, 730 I Street, Sacramento, California 95814, together with the Report to the City Council prepared pursuant to Section 33333.11 of the CRL (the "Report"), which includes a description and discussion of the Plan Amendment, which revises the Existing Plan to extend the time limit of the effectiveness and the time limit on the receipt of tax increment, and including the Final Environmental Impact Report prepared for the Plan Amendment (the "FEIR"); and

WHEREAS, by adoption of Resolution No. 2004-01 of the Sacramento Planning Commission, November 18, 2004, the Planning Commission submitted to the City Council its certification that the Plan Amendment conforms to the Sacramento General Plan, and its recommendation for approval of the Plan Amendment; and

WHEREAS, the City Council and the Agency held a joint public hearing on February 22, 2005, concerning the adoption of the Plan Amendment, and the certification of the FEIR; and

WHEREAS, notice of the joint public hearing was duly and regularly published in a newspaper of general circulation in the City once a week for three (3) successive weeks prior to the date of the joint public hearing, and a copy of said notice and affidavit of publication are on file with the City Clerk of the City of Sacramento and Secretary of the Agency; and

WHEREAS, copies of the notice of the joint public hearing were mailed by first-class mail to the last known address of each assessee, as shown on the latest equalized assessment roll of the County of Sacramento, of each parcel of land in the Project Area, to each resident, and to each business as practicable at least thirty (30) days prior to the joint public hearing; and

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WHEREAS, copies of the notice of the joint public hearing were mailed by certified mail with return receipt requested to the governing body of each taxing agency which receives taxes from property in the Project Area; and

WHEREAS, the Plan Amendment makes no boundary changes;

WHEREAS, based on evidence in the Report, significant blight remains in the Project Area and the blight cannot be eliminated without the Amendment; and

WHEREAS, the City Council has considered the Report, the Plan Amendment and its economic feasibility, the feasibility of the relocation program, and the FEIR; and has provided an opportunity for all persons to be heard, and has received and considered all evidence and testimony presented for or against any and all aspects of the Plan Amendment; and

WHEREAS, the Agency and the City Council have reviewed and considered the FEIR for the Plan Amendment, prepared and submitted pursuant to Public Resources Code Section 21000 *et seq.* and CRL Section 33333.1, and certified said FEIR on February 22, 2005, by Agency Resolution No. ____¹, and by City Council Resolution No. ____².

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1:

The purpose and intent of the City Council with respect to the Plan Amendment is to extend by ten years the time limit on the Plan's effectiveness; to extend by ten years the time limit of payment of indebtedness and the receipt of property taxes; to extend the portion of taxes divided and allocated to the Agency to \$2.278 billion; to increase the minimum amount that must be deposited in the Low-and Moderate-Income Housing Fund from 20 percent of the total tax increment received each year to 30 percent of the total tax increment received each year; and to make CRL Section 33413 (b) applicable to the Project Area.

The overall objective of the Project is to continue efforts at eliminating or alleviating conditions of significant blight by providing needed public improvements, assistance for the development and rehabilitation of existing properties, the provision of low- and moderate-income housing and other activities authorized by the CRL. In doing such, the Agency intends to mitigate the effects of inadequate or obsolete design, irregularly shaped or inadequately sized lots, declining property values, and economic maladjustment in the Project Area. In eliminating these blighting conditions, the Project will facilitate development as contemplated in the Sacramento General Plan.

¹ To be completed upon adoption.

² To be completed upon adoption.

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SECTION 2:

The City Council hereby finds and determines, based on the evidence in the record, including, but not limited to, the Agency's Report on the Plan Amendment, and all documents referenced therein:

- a) (1) The Project Area was previously determined by the City Council to be a blighted area, the redevelopment of which is necessary to effectuate the public purposes declared in the CRL, and such determination is conclusive pursuant to CRL Section 33368.

(2) Significant blight remains in the Project Area and such remaining blight cannot be eliminated without extending the deadline for the effectiveness for the Plan, the deadline to pay indebtedness with property taxes, and the amount of dollars to be allocated to the Agency. This finding is based in part on the research and facts contained in the Report.
- b) The Plan Amendment will allow continued redevelopment to occur within the Project Area in conformity with the CRL and in the interests of the public health, safety and welfare. This finding is based in part upon the fact that redevelopment of the Project Area will implement the objectives of the CRL by aiding in the elimination and correction of the conditions of significant blight, providing for planning, development, redesign, clearance, reconstruction or rehabilitation of properties which need improvement, and providing for higher economic utilization of potentially useful land.
- c) The adoption and implementation of the Plan Amendment is economically sound and feasible. This finding is based in part on the fact that with the passage of the Plan Amendment, the Agency will continue to engage in activities within the financial capability of the Agency based upon the revenues that will be available to the Agency and will pursue those activities which are consistent with revenues realized after adoption of the Plan Amendment. Furthermore, this finding is based upon the fact that the Agency's Report discusses and demonstrates the economic soundness and feasibility of the Project and undertakings pursuant thereto.
- d) The Plan Amendment conforms to the Sacramento General Plan including, but not limited to, the Housing Element thereof, which substantially complies with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code. This finding is based in part on the finding of the Sacramento Planning Commission that the Plan Amendment conforms to the Sacramento General Plan (Planning Commission Resolution No. 2004-01, adopted November 18, 2004).
- e) Implementation of the Plan Amendment will promote the public peace, health, safety and welfare of the City of Sacramento and will effectuate the purposes and policies of the CRL. This finding is based on the fact that redevelopment will benefit the Project Area and the community by allowing the Agency to correct continuing conditions of significant blight and by coordinating public and private actions to stimulate development, contribute toward needed public improvements and improve the economic and physical conditions of the Project Area and the community.

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- f) The continued elimination of the remaining significant blight and the continuation of the redevelopment of the Project Area would not reasonably be expected to be accomplished by private enterprise acting alone without the aid and assistance of the Agency. This finding is based in part upon the continued existence of blighting influences including, without limitation, the demonstrated lack of private sector interest in redeveloping properties in the Project Area, structural deficiencies and other indications of blight more fully enumerated in the Agency's Report, and the infeasibility due to cost of requiring individuals (by means of assessment or otherwise) to eradicate or significantly alleviate existing deficiencies in properties and facilities and the inability and inadequacy of other governmental programs and financing mechanisms to eliminate the blighting conditions.
- g) The Redevelopment Plan, as amended, contains adequate safeguards so that the work of redevelopment will be carried out pursuant to the Redevelopment Plan, and it provides for the retention of controls and the establishment of restrictions and covenants running with the land sold or leased for private use for periods of time and under conditions specified in the Redevelopment Plan, which the City Council deems necessary to effectuate the purposes of the CRL.
- h) Because the Plan Amendment does not amend the boundaries of the Project Area, amend the Agency's condemnation authority, or amend provisions of the Plan pertaining to displacement or relocation, the City Council is not required, for this Plan Amendment, to make the findings set forth in clauses (6), (7), (8), (9), (10), and (12) of subdivision (d), and set forth in subdivision (e), of CRL Section 33367, and all previous City Council findings and determinations made with respect to the foregoing remain valid, binding, and conclusive.

SECTION 3:

The City Council has considered written objections, if any, to the Plan Amendment and all evidence and testimony for and against the adoption of the Plan Amendment. All written objections, if any, have been overruled.

SECTION 4:

In order to implement and facilitate the effectuation of the Plan Amendment as hereby approved, the City Council hereby (a) restates its pledge of cooperation in helping to carry out the Redevelopment Plan, (b) restates its request that the various officials, departments, boards and agencies of the City of Sacramento having administrative responsibilities in the Project Area likewise cooperate to such end and exercise their respective functions and powers in a manner consistent with the redevelopment of the Project Area, (c) reaffirms that it stands ready to consider and take appropriate action upon proposals and measures designed to effectuate the Redevelopment Plan, and (d) re-declares its intention to undertake and complete any proceeding necessary to be carried out by the City of Sacramento under the provisions of the Redevelopment Plan, as amended.

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SECTION 5:

The Redevelopment Plan for the Merged Downtown Redevelopment Project is amended as follows:

- 1. The title and the first paragraph of Section 331 are amended to read as follows:

3. [Section 331] Increase, Improve and Preserve the Supply of Low- and Moderate-Income Housing

Pursuant to Section 33334.6 of the Community Redevelopment Law, and subject to the exceptions contained therein, not less than 20 percent of all taxes which are allocated to the Agency pursuant to subdivision (b) of Section 33670 of the Community Redevelopment Law and Section 502 of this Plan shall be used by the Agency for the purposes, set forth in Health & Safety Code Section 33334.2, of increasing, improving and preserving the City's supply of low and moderate income housing available at affordable housing costs, as defined by Sections 50052.5 and 50053 of the Health and Safety Code, to persons and families of low or moderate income, as defined in Section 50093 of the Health & Safety Code and very-low-income households, as defined in Section 50105 of the Health & Safety Code, unless one of the findings permitted by Section 33334.2 is made annually by resolution.

Pursuant to Section 33333.10(g)(1) of the Community Redevelopment Law, commencing in the first fiscal year following the adoption of Ordinance No. ____³ amending this Plan, not less than 30 percent of all taxes that are allocated to the Agency pursuant to Section 33670 of the Community Redevelopment Law from this Plan shall be deposited into the Project Area's Low- and Moderate-Income Housing Fund for the purposes specified in Section 33333.10(f) of the Community Redevelopment Law.

- 2. Section 332 is added to read as follows:

4. [Section 332] New or Rehabilitated Dwelling Units Developed within the Project Area

To the extent required by Community Redevelopment Law Section 33413, at least thirty percent (30%) of all new and substantially rehabilitated dwelling units developed within the Project Area by the Agency shall be for persons and families of low- and moderate-income; and of such thirty percent (30%), not less than fifty percent (50%) thereof shall be for very low-income households.

To the extent required by Community Redevelopment Law Section 33413, at least fifteen percent (15%) of all new and substantially rehabilitated units developed within the Project Area by public or private entities or persons other than the Agency shall be for persons and families of low and moderate income; and of such fifteen percent (15%), not less than forty percent (40%) thereof shall be for very-low-income households. To satisfy this provision, in whole or in part, the Agency may cause by regulation or agreement, to be

³ To be completed upon adoption.

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available, at affordable housing costs, to persons and families of low- or moderate-income or to very-low-income households, as applicable, two units outside the Project Area for each unit that otherwise would have had to be available inside the Project Area. Also, in order to satisfy this provision, the Agency may aggregate new or substantially rehabilitated dwellings in one or more redevelopment project areas, or may purchase long-term affordability covenants in existing housing whether or not in the Project Area.

The percentage requirements set forth in this Section shall apply in the aggregate to housing in the Project Area and not to each individual case of rehabilitation, development, price restriction, or construction of dwelling units. The Agency may purchase long-term affordability covenants for units to the greatest extent allowed by law.

The Agency shall require, by contract or other appropriate means, that whenever any low- and moderate-income housing units are developed within the Project Area, such units shall be made available on a priority basis for rent or purchase, whichever the case may be, to persons and families of low and moderate income displaced by the Project; provided, however, that failure to give such priority shall not affect the validity of title to the real property upon which such housing units have been developed.

3. The last five paragraphs of Section 502 are amended to read as follows:

The portion of taxes divided and allocated to the Agency pursuant to subdivision 2 of this Section 502 shall not exceed a cumulative total of \$2.278 billion.

The Agency is authorized to issue bonds from time to time, if it deems appropriate to do so, in order to finance all or any part of the Merged Project. Neither the members of the Agency nor any persons executing the bonds are liable personally on the bonds by reason of their issuance.

The bonds and other obligations of the Agency are not a debt of the City or the state, nor are any of its political subdivisions liable for them, nor in any event shall the bonds or obligations be payable out of any funds or properties other than those of the Agency, and such bonds and other obligations shall so state on their face. The bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The amount of bonded indebtedness to be repaid in whole or in part from the allocation of taxes described in subdivision 2 above that can be outstanding at any one time shall not exceed \$886 million.

The Agency may not receive and shall not repay indebtedness with the proceeds from property taxes received pursuant to Section 33670 of the Community Redevelopment Law and Section 502 of this Plan beyond the dates shown in Table 1, below, except to repay debt to be paid from the Low and Moderate Income Housing Fund established pursuant to Section 33334.6 of the Community Redevelopment Law and Section 331 of this Plan, or debt established in order to fulfill the Agency's obligations under Section 33413(a) of the Community Redevelopment Law.

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4. Section 800 is amended to read as follows:

VIII. [§800] DURATION OF THIS AMENDED PLAN

Except for the non-discrimination and non-segregation provisions imposed by the Agency, which shall run in perpetuity, and the affordable housing covenants imposed by the Agency, which shall continue in effect for a period as may be determined and specified by the Agency, the provisions of this Plan shall be effective, and the provisions of other documents formulated pursuant to this Plan may be made effective until the dates shown in Table 15, under the column heading "Termination of Plan Effectiveness"; provided, however, that, subject to the limitations and exceptions thereto set forth in Section 502 of this Plan, the Agency may issue bonds and incur obligations pursuant to this Plan which extend beyond the termination date, and in such event, this Plan shall continue in effect for the purpose of repaying such bonds or other obligations until the date of retirement of such bonds or other obligations.

Table 15 Termination of Authority to Collect Tax Increment and Plan Effectiveness for Each Component Area		
	Termination of Authority to Collect Tax Increment	Termination of Plan Effectiveness
Project No. 2A	January 1, 2031	January 1, 2021
Project No. 3	January 1, 2031	January 1, 2021
Project No. 4 (including 1986 amendment thereto)	January 1, 2031	January 1, 2021
Project No. 8 (including 1980 amendment thereto)	July 20, 2034	July 20, 2024

SECTION 6:

In all respects, the Redevelopment Plan for the Merged Downtown Redevelopment Project, as amended, hereby shall remain in full force and effect in the Project Area.

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SECTION 7:

The City Clerk is hereby directed to send a certified copy of this Ordinance to the Agency, whereupon the Agency will continue to be vested with the responsibility for carrying out the Redevelopment Plan, as amended.

SECTION 8:

The City Clerk is hereby directed to record with the Sacramento County Recorder a statement that the Plan Amendment has been approved in conformity with the CRL.

SECTION 9:

The City Clerk is hereby directed to transmit a copy of the statement to be recorded by the City Clerk pursuant to Section 7 of this Ordinance to the governing body of each of the taxing agencies which receives taxes from property in the Project Area.

SECTION 10:

This Ordinance shall be in full force and effect thirty (30) days from and after the date of final passage.

SECTION 11:

If any part of this Ordinance, or the Plan Amendment which it approves, is held to be invalid for any reason, such decision shall not affect the validity of the remaining portion of this Ordinance or of the Redevelopment Plan, and the City Council hereby declares it would have passed the remainder of this Ordinance or approved the remainder of the Redevelopment Plan if such invalid portion thereof had been deleted.

MAYOR

ATTEST:

CITY CLERK

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