

CITY OF GARDEN GROVE

INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	Chet Yoshizaki
Dept:	City Manager	Dept:	Economic Development
Subject:	ORDINANCES AMENDING THE BUENA CLINTON REDEVELOPMENT PLAN PURSUANT TO SB 1045 AND SB 1096	Date:	January 12, 2010

OBJECTIVE

To consider the introduction and first reading of two (2) ordinances amending the Redevelopment Plan for the Buena Clinton Project Area ("Redevelopment Plan") to extend the time limitation on the term of effectiveness of the Redevelopment Plan and the receipt of tax increment.

BACKGROUND/ANALYSIS

As a component to the fiscal year 2003-04 State budget, the California State Legislature ("Legislature") adopted Senate Bill 1045, which required every redevelopment agency to make a payment to the Educational Revenue Augmentation Fund ("ERAF"). Agencies that made payments are permitted to extend the time limit on the effectiveness of the plan and the time limit on the receipt of tax increment funds by one year, without compliance with normal plan amendment procedures and without a requirement to make statutory pass-through payments to affected taxing entities required by Health & Safety Code Section 33607.7¹ during the extended year. In fiscal year 2003-04, the Garden Grove Agency for Community Development made a payment of \$865,531.

A similar component was included as part of the fiscal year 2004-05 State budget in Senate Bill 1096 by which agencies were required to make two additional ERAF payments in fiscal years 2004-05 and 2005-06. The Agency made a payment of \$1,555,083 in fiscal year 2004-05 and \$1,376,511 in fiscal year 2005-06. SB 1096 also authorized agencies to extend the time limits on plan effectiveness and receipt of tax increment by one year for each year that an agency made a payment subject to certain conditions and required findings as provided in Section 33333.6(e)(2)(D)(ii)(II). The findings include: (1) funds used to make the 2005-2006 ERAF payment would otherwise have been used to pay the costs of the projects and activities necessary to carry out the goals and objectives of the

¹ The California Community Redevelopment Law (CRL) is set forth in Health & Safety Code Section 33000, *et seq.*; all statutory references in this report are to the CRL unless otherwise stated.

ORDINANCES AMENDING THE BUENA CLINTON REDEVELOPMENT PLAN PURSUANT
TO SB 1045 AND SB 1096

January 12, 2010

Page 2

redevelopment plan; (2) Agency is in compliance with Sections 33334.2 and 33334.6, as applicable; (3) Agency has an adopted Five-Year Implementation Plan per Section 33490; (4) Agency is in compliance with applicable inclusionary and replacement housing production requirements per Section 33413(a) and (b); and (5) Agency is not subject to sanctions per Section 33334.12(e) for failure to expend, encumber, or disburse excess surplus.

Based on a review of City and Agency files and records, the 2010-2014 Implementation Plan and Annual Report both approved on December 8, 2009, consultation with the Finance Department, and the Economic Development Department reports that the funds used to make the ERAF payment for Fiscal Year 2005-2006 would otherwise have been used to pay the costs of the projects and activities necessary to carry out the goals and objectives of the Redevelopment Plan. With respect to the Buena Clinton Project Area, the Agency has complied with the requirements discussed above applicable to redevelopment plans with 10 to 20 years remaining on plan effectiveness: (a) Agency adopted its 2010-2014 Implementation Plan pursuant to Section 33490 on December 8, 2009; (b) Agency adopted its Annual Report per Section 33080 on December 8, 2009; (c) based on staff review of City and Agency files and records and as disclosed in the Implementation Plan and Annual Report, the Agency is in compliance with inclusionary and replacement housing production requirements under Section 33413(a) and (b), and (d) Agency does not have excess surplus funds in the Housing Fund.

Staff prepared two Ordinances amending the aforementioned time limitations pursuant to SB 1045, chaptered as Section 33333.6(e)(2)(c) and SB 1096 chaptered as Section 33333.6(e)(2)(D)(i). The current expiration of the Redevelopment Plan effectiveness December 16, 2020 and the limit to receive tax increment to pay certain debt is December 16, 2030. If amended by the Ordinances, for the Buena Clinton Project Area the expiration of Plan Effectiveness will be December 16, 2023 and the time limit to receive tax increment to pay certain debt will extend to December 16, 2033.

FINANCIAL IMPACT

- There is no financial impact associated with the adoption of the Ordinances.

COMMUNITY VISION IMPLEMENTATION

- Improve the City's economic base through the development of tax generating uses where appropriate and further affordable housing opportunities in the community.

ORDINANCES AMENDING THE BUENA CLINTON REDEVELOPMENT PLAN PURSUANT
TO SB 1045 AND SB 1096

January 12, 2010

Page 3

RECOMMENDATION

It is recommended that the City Council:

- Conduct the public hearing and introduce and have first reading of the attached Ordinances amending the Buena Clinton Redevelopment Plan to extend the time limits on the term of effectiveness and the receipt of tax increment.


CHET YOSHIZAKI
Economic Development Director

Approved for Agenda Listing


Matthew Ferial
City Manager

By: Kathleen McCall Angel 
Economic Development Specialist

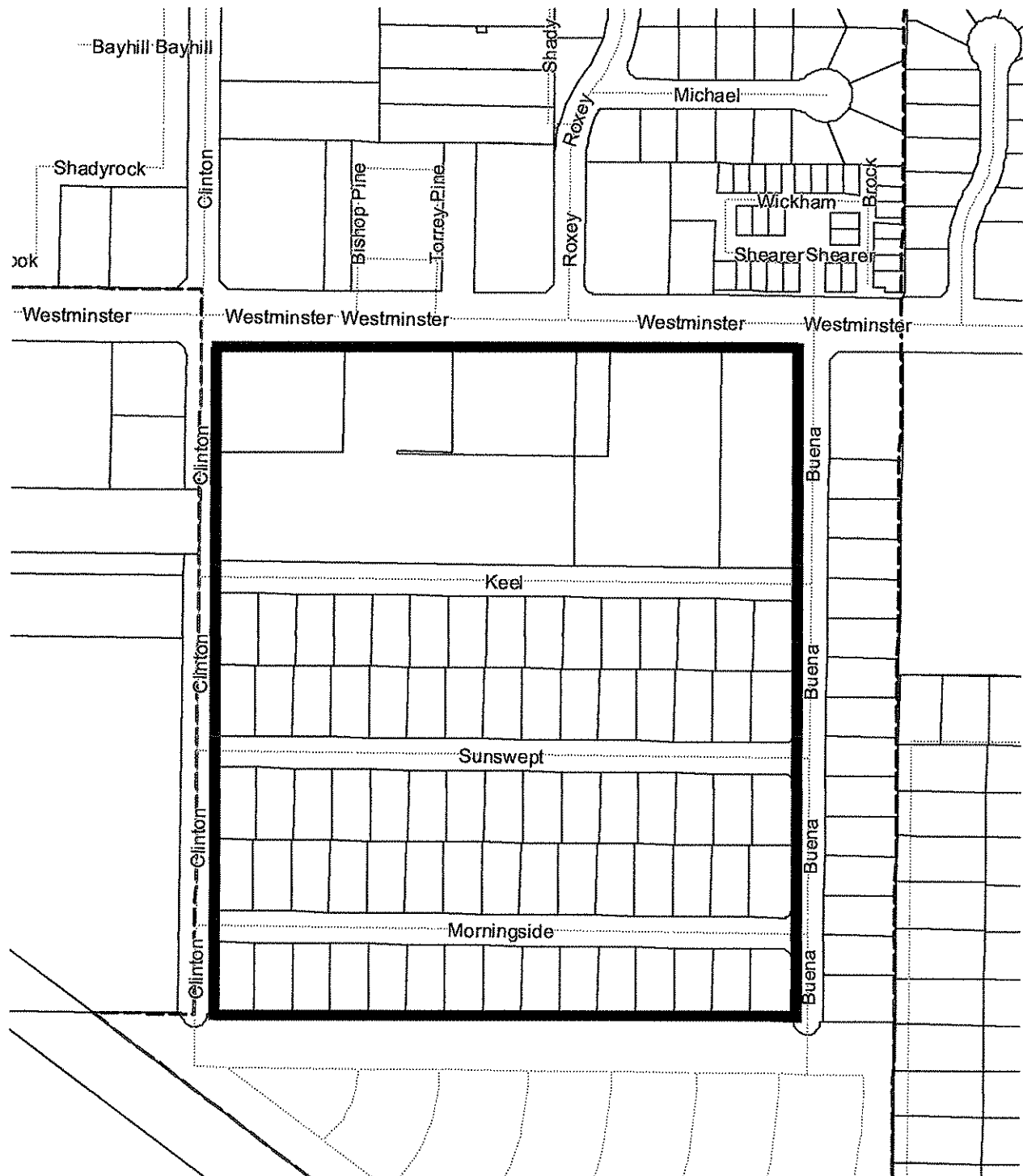
Attachment 1: Map of Buena Clinton Project Area

Attachment 2: SB 1045 Ordinance


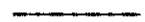
Attachment 3: SB 1096 Ordinance

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Map of Buena Clinton Redevelopment Project Area



Legend

-  Buena Clinton Project Area Boundaries
-  City Boundaries

