

CITY OF GARDEN GROVE
INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	Chet Yoshizaki
Dept:	City Manager	Dept:	Economic Development
Subject:	ORDINANCES AMENDING THE REDEVELOPMENT PLAN FOR THE GARDEN GROVE COMMUNITY PROJECT AREA PURSUANT TO SB 1045 AND SB 1096	Date:	January 12, 2010

OBJECTIVE

To consider the introduction and first reading of three (3) ordinances amending the Amended and Restated Redevelopment Plan for the Garden Grove Community Project Area ("Redevelopment Plan") to extend the time limitations 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.

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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 certain component areas of the Community 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 three (3) 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 first ordinance amends the time limits for effectiveness for all pre-1994 components of the Project Area pursuant to SB 1045. The second ordinance extends the time limits for effectiveness as to the Original Project Area and the 1974 Amendment area, both of which had less than ten years remaining from the end of the fiscal year in which the ERAF payments were made under SB 1096. The third ordinance amends the time limits for certain pre 1994 components of the Project Area that had greater than ten (10) years and less than twenty (20) years remaining from the end of the fiscal year in which the ERAF payments were made under SB 1096.²

² Section 33333.6(e)(2)(D)(iii) provides SB 1096 extension does not apply to a redevelopment plan (or component amendment area) if the time limit for the effectiveness thereof is *more than* 20 years after the last day of the fiscal year in which the ERAF payment was made. The time limit for the effectiveness of the 1992 Amendment had more than 20 years remaining when the 2004-05 and 2005-06 ERAF payments were made. Consequently, the up to two more one-year extensions provided by Section 33333.6(e)(2)(D) are not available or applicable to that component area; only the one-year extension under SB 1045 and Section 33333.6(e)(2)(C) is available to that component area.

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If amended by the proposed Ordinances, the following table describes the amended time limits:

Project Area Component	Adoption Date	Termination of Plan Effectiveness	Limit to Receive Tax Increment to Pay Certain Debt
Original Area	June 26, 1973	June 26, 2016	June 26, 2026
1974 Amendment	July 9, 1974	July 9, 2017	July 9, 2027
Trask Avenue	November 25, 1975	November 25, 2018	November 25, 2028
1976 Amendment	November 29, 1976	November 29, 2019	November 29, 2029
Brookhurst/Chapman	March 21, 1977	March 21, 2020	March 21, 2030
Brookhurst/Katella	February 21, 1978	February 21, 2021	February 21, 2031
1979 Amendment	October 16, 1979	October 16, 2022	October 16, 2032
1981 Amendment	June 9, 1981	June 9, 2022	June 9, 2032
1992 Amendment	July 14, 1992	July 14, 2033	July 14, 2043
1998 Amendment (Lampson-Buaro)	December 8, 1998	December 8, 2029	December 8, 2039
Community Project 2002 Amendment Added Territory	July 9, 2002	July 9, 2033	July 9, 2043

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.

RECOMMENDATION

It is recommended that the City Council:

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

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CHET YOSHIZAKI
Economic Development Director

By: Kathleen McCall Angel
Economic Development Specialist



Approved for Agenda Listing


Matthew Ferial
City Manager

Attachment 1: Map of Garden Grove Community Project Area

Attachment 2: SB 1045 Ordinance Amending the Garden Grove Community Project
Area

Attachment 3: SB 1096 Ordinance Amending the Original and 1974 Amendment
Areas

Attachment 4: SB 1096 Ordinance Amending the Trask Avenue, 1976
Amendment, Brookhurst/Chapman, Brookhurst Katella, and 1979 Amendment
Areas

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