CITY OF ROSEVILLE CALIFORNIA

Finance
311 Vernon Street
Roseville, California 95678-2649

March 7, 2012

To: Norma J. Torres, Chair
Assembly Committee on Housing and Community Development

Cameron Smyth, Chair
Assembly Committee on Local Government

From: Russ Branson, Assistant City Manager

Subject: Impacts and Options on Loss of RDA

The loss of redevelopment is creating a need to reevaluate long-held plans and many years of preparation in the economic reuse of blighted areas in cities across California. Below are thoughts on the issues this creates and ideas of where we might go from here in the post-RDA world.

Issues

- The loss of redevelopment comes at a time of ongoing economic dislocation and a need for ongoing and aggressive revitalization in many communities.
- Prop. 13, Prop, 218, and Prop 26 (among others) have significantly limited a City's ability to increase revenues without a vote of the voters or those assessed. Given the current economic conditions, such votes are nearly impossible to achieve.
- Tools that can be implemented (e.g., Mello-Roos CFDs and ADs) are most useful in green-field developments where, most often, property owners/land developers are voting in the special taxing or assessment districts.
- Impact fees, which can be imposed without a vote of the public also only work where new development is actively occurring. Collection of fees in redeveloping/revitalizing areas is often too slow to match the need for new or improved infrastructure.

What are we doing now to create success?

- **Creation of a 501c(3) development corporation** (the Roseville Community Development Corporation) to allow for more expansive public/private partnerships.
  - working with local banks
  - developers
  - underwriters

- Using **accumulated revenues** (fees, special funds, etc.) to create an attractive environment for private development and to leverage the use of private investment in the community
  - Roseville has accumulated funds from past development and a high-performing General Fund
  - Roseville also controls it's major utilities who can also participate in addressing infrastructure issues

- Soliciting **public/private partnerships** to spur development within the old redevelopment area
  - leverage City leasing to secure public and/or private debt
  - create an atmosphere to encourage private investments with at-risk equity
  - actively understand the market to encourage private investment over public investment

- **Direct investment** by a local jurisdiction by expanding office space or relocating services to blighted areas; however, this may need to come from General Fund revenues, limiting expansion of services.

<u>What Redevelopment Powers are We Missing?</u>

- Redevelopment and revitalization are critical to the long-term health of any community. City structures are not designed to provide the needed support for these activities. RDAs provided this structure and included such powers as:

  - Partnerships with property owners via loans
  - Investing in real estate for sale to private parties
  - Providing direct loans to local businesses for such things as façade improvements

- A key function of the RDA was to acquire properties to implement a new vision for an area. This power is not readily available to the City. **Provide the City with the ability to acquire property through friendly acquisition and resale to the private sector**.

- **Acquisition of brownfield properties and clean-up should be promoted through exempting local jurisdictions from liability claims**, once assuming title to the properties.

<u>Affordable Housing Impacts</u>

- The City has developed over 900 affordable housing units with the 20% set-aside from tax increment. We have no funding to support the affordable housing programs without this funding.

- We will continue to work with developers in green-field development to deliver moderate-income housing options without any City subsidy.

- **Without funding, the State needs to adjust the mandated affordable housing requirements for affordable housing to be constructed.**