

Date of Hearing: August 12, 2013

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Ed Chau, Chair

SB 684 (Hill) – As Amended: May 15, 2013

SENATE VOTE: 34-0

SUBJECT: Advertising displays: redevelopment agency project areas

SUMMARY: Establishes a process for an advertising display in a former redevelopment project area to continue to exist if specified conditions are met. Specifically, this bill:

- 1) Allows an advertising display located in a former redevelopment project area that advertises businesses and activities in the project area to continue to exist and be treated as an on-premises display if the following conditions are met:
 - a) The advertising display is located within the boundaries of the former project area as they existed on December 29, 2011;
 - b) The advertising display was constructed, under construction, or approved for construction by the former redevelopment agency on or before January 1, 2012; and
 - c) The advertising display does not cause the reduction of federal highway funds.
- 2) Allows an advertising display to continue to exist as an on-premises display until January 1, 2023.
- 3) Beginning January 1, 2022, allows a designated agency to petition the California Department of Transportation (Caltrans) for an extension for the advertising display, not to exceed the life of former redevelopment project area, if the designated agency can show good cause for the extension.
- 4) Requires a designated agency to ensure that an advertising display provides a public benefit and advertises business and activities in the former project area.
- 5) Includes an urgency clause.

EXISTING LAW

- 1) Allows advertising signs that are located within the boundaries of a redevelopment project area to be considered on-premises signs anywhere within the limits of the project if the project area is contiguous or is separated only by a public highway or public facilities developed or relocated for inclusion in the project and for a period not to exceed 10 years or the completion of the project, whichever occurs first (Business and Professions Code Section 5273).

- 2) Specifies that after the 10-year period, the sign is no longer considered on-premises, but authorizes the redevelopment agency to apply to Caltrans for an extension for good cause (Business and Professions Code Section 5273).
- 3) Defines an "on-premises advertising display" to mean any structure, housing, sign, device, figure, statuary, painting, display, message placard, or other contrivance, or any part thereof, that has been designed, constructed, created, intended, or engineered to have a useful life of 15 years or more, and intended or used to advertise, or to provide data or information in the nature of advertising, for any of the following purposes:
 - a) To designate, identify, or indicate the name or business of the owner or occupant of the premises upon which the advertising display is located; and
 - b) To advertise the business conducted, services available or rendered, or the goods produced, sold, or available for sale upon the property where the advertising display has been lawfully erected (Business and Professions Code Section 5490).
- 4) Dissolves redevelopment agencies and institutes a process for winding down their activities (Health and Safety Code Section 34170).

FISCAL EFFECT: None.

COMMENTS:

Background: In 2011, facing a severe budget shortfall, the Governor proposed eliminating redevelopment agencies in order to deliver more property taxes to other local agencies. Statewide, redevelopment redirected 12% of property taxes away from schools and other local taxing entities and into community development and affordable housing. Ultimately, the Legislature approved and the Governor signed two measures, ABX1 26 (Blumenfield) and ABX1 27 (Blumenfield), that together dissolved redevelopment agencies as they existed at the time and created a voluntary redevelopment program on a smaller scale. In response the California Redevelopment Association (CRA) and the League of California Cities, along with other parties, filed suit challenging the two measures. The Supreme Court denied the petition for peremptory writ of mandate with respect to ABX1 26. However, the Court did grant CRA's petition with respect to ABX1 27. As a result, all redevelopment agencies were required to dissolve as of February 1, 2012. The city or county that established the redevelopment agency is responsible for establishing a successor agency to wind down the affairs of the redevelopment agency.

Until redevelopment agencies were dissolved, existing law allowed advertising displays (signs) advertising businesses in a redevelopment project area and considered them to be on-premises signs as long as they were located within the limits of the project area. Caltrans estimates that there are 95 advertising signs that were located through this authority. Redevelopment agencies could permit advertising signs in redevelopment project areas for 10 years, after which they were regulated by Caltrans and the general Outdoor Advertising Act (OAA) unless the redevelopment

agency and Caltrans agreed to an extension for good cause. The dissolution of redevelopment agencies raised questions about how existing signs would be treated by CalTrans because there is no longer a redevelopment agency to negotiate an extension with Caltrans.

Purpose of this bill: According to the author, "due to the elimination of redevelopment agencies one of the unintended consequences is that the sign agreements formerly authorized by redevelopment agencies can no longer be extended because there is no redevelopment agency to authorize the extension. In addition to the benefit to local businesses, signs in pre-existing redevelopment areas provide several sources of income to local government: they encourage continued economic investment in the former redevelopment area, they offer potential advertising revenue opportunities for municipal general funds, and they are often taxed as real property improvements."

Outside Advertising Act (OAA): The OAA regulates the size, illumination, orientation, and location of advertising displays adjacent to and within specified distances of interstate or primary highways, and, with some exceptions, specifically prohibits any advertising display from being placed or maintained on property adjacent to a section of landscaped highway.

The OAA generally does not apply to "on premises" advertising displays, which include those advertising the sale of the property upon which it is placed or that advertise the business conducted, services rendered, or goods produced or sold on the property. Local governments regulate on-premises displays, except for certain safety requirements. Existing law includes a number of exceptions to the OAA and assigns Caltrans the responsibility of reviewing and permitting signs that qualify for these exceptions. Under the OAA, displays advertising those businesses and activities within the boundaries of an individual redevelopment agency project area are considered on-premises displays for an initial period of 10 years or until the project area expires, whichever occurs first. Caltrans may for good cause extend the permits for these signs beyond the initial 10 years, but not beyond the life of the redevelopment project area.

Exemption from the OAA for redevelopment agencies: Redevelopment agencies were formed after World War II to eradicate blight by freezing the property tax rate in a project area and divert any increase in property taxes toward redeveloping the project area. Agencies were required to make a finding that blight existed before establishing a project area. Redevelopment agencies were given an exception to the OAA in an effort to give the businesses in the project area an advantage in attracting travelers who may have avoided the blighted areas. The exception allowed the signs to be considered an on premise sign, subject to approval by the redevelopment agency, and located anywhere in the project area, including along the right-of-way of a highway. The theory was that helping businesses in the project area to succeed would help to achieve the goal of redevelopment to reduce blight. Signs were initially permitted by the redevelopment agency for 10 years, after which they became subject to the OAA and Caltrans oversight, and could receive an extension if local governments and Caltrans agreed to the extension for good cause. The sign could only be in place for as long as the project area existed which was generally up to 40 years.

Enforcement: Advertising signs in redevelopment project areas are limited to advertising businesses in the project area. There have been abuses of this restriction in the past and to

address this issue this bill would require the successor agency, usually the city or county that created the redevelopment agency, to enforce this limitation and ensure that the sign provides a public benefit. The author's intent is that Caltrans continue to have authority to cite signs that are out of compliance with OAA. The committee may wish to clarify this point.

Good cause: This bill allows a successor agency, beginning in 2023, to apply to Caltrans for an extension to allow an advertising sign to continue to exist if the successor agency can show good cause. Good cause is not defined in the bill, leaving it up to the successor agency to decide if the sign should continue. The committee may wish to consider whether the bill should define good cause to include the existence of blight. Alternatively, the extension could be restricted if the successor agency was found to have violated the prohibition on advertising businesses outside of the project area.

Arguments in opposition: The California State Outdoor Advertising Association (CSOAA) is opposed to SB 684 because they believe that the bill has removed Caltrans' oversight and enforcement responsibilities and shifted the job to the successor agency. CSOAA argues that the better approach is to use the current regulations in Caltrans Outdoor Advertising Act to allow conversion of the displays to private companies. This would allow advertising displays in former redevelopment project areas to be treated like other billboards.

Committee amendment:

On page 3, line 18 insert the following after "benefit", "*This shall not be interpreted to preclude any Caltrans enforcement authority under The Outdoor Advertising Act.*"

Double referred: The bill passed the Committee on Governmental Organization on August 7, 2013, by a vote of 15-0.

REGISTERED SUPPORT / OPPOSITION:

Support

California Sign Association (Co-Sponsor)
League of California Cities (Co-Sponsor)
California New Car Dealers Association
California State Association of Counties
Circle Automotive Group, Santa Ana
City of Huntington Beach
City of Inglewood
City of South Gate

Opposition

California State Outdoor Advertising Association

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