

STAFF REPORT
Lancaster Redevelopment Agency

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MVB

DATE: January 26, 2010

TO: Chairman Parris and Agency Directors

FROM: Vern Lawson, Jr. Economic Development/Redevelopment Director
Elizabeth Brubaker, Housing and Neighborhood Revitalization Director

SUBJECT: **Lancaster Redevelopment Agency Five Year Implementation Plan**

Recommendation:

Adopt **Resolution No. 05-10** Approving the Lancaster Redevelopment Agency Five Year Implementation Plan, for Fiscal Years 2009-10 through 2013-14, in accordance with the State of California Assembly Bill 1290.

Fiscal Impact:

There is no fiscal impact as a result of adopting this Implementation Plan. All associated revenues, operating expenditures, and capital project costs are either within the 2009-10 City of Lancaster Annual Budget or are subject to budget amendment at a later time.

Background:

This item was continued from The Lancaster Redevelopment Agency meeting held January 12, 2010.

The attached five-year Implementation Plan (the "Implementation Plan") is the fourth in a series of redevelopment implementation plans mandated since 1994 by the State legislature's adoption of Assembly Bill 1290 which added Section 33490 to the California Community Redevelopment Law ("CCRL," being Section 33000 et seq. of the California Health and Safety Code).

The Lancaster Redevelopment Agency (the "Agency") adopted its first implementation plan (the "1995-99 Implementation Plan") on November 21, 1994, its second implementation plan (the "1999-04 Implementation Plan") on December 11, 1999, and its third implementation plan on December 2004 (the "2004-09 Implementation Plan").

The Implementation Plan includes:

- A review of Agency activities up to the end of Fiscal Year 2008-09 (June 30, 2009) (Section 2)
- A discussion of Agency goals and objectives for the next five years, derived, in part, from goals and objectives identified in the prior Implementation Plans and in part from Agency staff's input (Section 3)
- A description of how implementation of the projects and programs will eliminate blight within the various redevelopment project areas (Section 3)

- A description of Economic Development (Section 4) and Housing and Neighborhood (Section 5) projects and programs the Agency intends to operate over the next five years to implement its goals and objectives
- Historic and projected Housing activities, CCRL Section 33413(b)(4) Compliance Plan (Section 6)
- A description of the "ten-year" and "life-of-the-plan" requirements and how the Agency will meet these requirements (Section 7)
- A discussion of the Implementation Plan's consistency with the City's General Plan Housing Element (Section 8)
- Conclusion (Section 9)

The City of Lancaster comprises 60,720 acres. Of this amount, 27,700 acres (46%) are within one of the Agency's seven Redevelopment Project Areas. Further, the City's total assessed valuation is \$9.97 billion, with \$7.58 billion (76%) in Redevelopment Project Areas. In effect, the Agency's Redevelopment Project Areas generate over three-fourths of the property valuations with less than one-half of the land area of the City. The average assessed valuation per acre of land within the Agency's Redevelopment Project Areas is \$273,646, whereas such average is \$72,380 per acre in the portions of the City not included in a Redevelopment Project Area.

Each specific project, whether related to job creation, downtown revitalization, tourism attraction, affordable housing, health care, education, cultural arts, transportation, street, sewer, retail or commercial development is intended to be a significant contribution to the City's and Agency's overall vision. While projects vary in size, complexity and investment, each should be essential to the overall success of the City.

Summary:

The Lancaster Redevelopment Agency's accomplishments since the preparation of the last Five Year Implementation Plan are included in this Plan, as are the goals for the next five years. In 2006, two separate Departments were created within the Agency: the Economic Development/Redevelopment Department and the Housing and Neighborhood Revitalization Department.

The Economic Development/Redevelopment Strategic Plan is being implemented focusing on four strategic pillars:

- Improve the jobs/housing balance with a three pronged approach focusing on support for commercial and industrial development, expanding the Business Park, and marketing the area to fill empty commercial space.
- Revitalize local commerce by assisting development partners in securing anchor stores for city centers, revitalizing the Downtown, and creating a visitors bureau to expand the tourism tax base within the City.
- Develop a 21st century workforce by developing partnerships with local employers and educational outreach programs to create new businesses through expanding the incubator program.

- Promote a sense of community with City and Downtown branding opportunities, shop at home initiatives, a business-friendly philosophy, and marketing efforts to promote local community pride.

The results of the City's and Agency's various efforts have not gone unnoticed. In 2006-07, the Los Angeles Economic Development Corporation (LAEDC) named the City of Lancaster as one of the top 5 most business-friendly cities in the County. Following this prestigious acknowledgement, in 2007-08, the LAEDC gave its Eddy Award to Lancaster as The Most Business Friendly City in the County. Lancaster surpassed 87 other cities for this award. In 2008-09, the Kosmont-Rose Institute Cost of Doing Business Survey found that Lancaster was the least expensive city in Los Angeles County in which to do business.

The Housing and Neighborhood Revitalization Department's efforts are largely centered around the concept of Neighborhood Revitalization Plans which incorporate both affordable housing and community preservation goals and objectives. The Department's goal is to improve our neighborhoods, and to return the balance of these neighborhoods to homeownership. The Department is using a multifaceted approach to address the needs of these neighborhoods. The Housing Foreclosure Program purchases blighted property and substantially rehabilitates them. The properties are then sold to owners who will occupy the home. Several of these houses have been sold or are currently in escrow. Reducing the number of rental units in each neighborhood to a more reasonable number and increasing the number of owner occupied homes, will increase the pride residents take in their communities and provide a long term investment by these homeowners.

In addition to purchasing blighted properties and substantially rehabilitating them, the Department has other housing programs and projects to assist the neighborhoods. Code enforcement works to correct violations within these neighborhoods, and the City at large. As necessary, we are also working with specialized teams within law enforcement to ensure there are no outstanding issues within the various communities. Additionally, the Department has installed public improvements and amenities for residents in the established neighborhoods, including: sidewalks, parks, and drainage improvements. Lastly, Housing and Neighborhood Revitalization Department is working with organizations to establish the Neighborhood Impact Program, to assist with youth programs during the day.

The Lancaster Redevelopment Agency has made significant efforts for the City to champion itself as a community sensitive to the needs of business owners and its residents. With major health care facilities, educational, transportation and cultural centers, parks and recreation, retail and commercial development and affordable housing opportunities, "Destination Lancaster" is a reality.

While the past efforts and apparent future of the Agency merit optimism, during the 2009-10 California State Budget session, the legislature approved, and the governor signed, AB X4- 26, also known as "**SERAF**" (the 2009-2010 and 2010-2011 Supplemental Education Revenue Augmentation Fund), which is the State property tax allocation system that shifts property taxes from local governments to local education agencies. Potential impacts of the legislation would divert over \$17 million in Agency funds in 2009-10 and over \$4 million in 2010-11 to the State of California. The California Redevelopment Association (CRA) was successful in litigation efforts earlier this calendar year in stopping implementation of similar legislation from the 2008-09 State budget session.

Once again, CRA has filed suit to thwart this latest attempt to divert redevelopment funds to the State. The projections, future programs and projects, and overall focus of this Implementation Plan assume continued success by the CRA in its legal challenge(s) to State ‘take-away’ attempts. However, this second State attempt to divert redevelopment funds threatens the long term efficacy of Redevelopment legislative intent. A “second state take-away attempt” is a clear indication of the potential for ongoing shifting of property tax revenue away from the very system that has revitalized communities and generated a substantial infusion of jobs and capital investment into the state economy. Therefore, this five year plan, with both long and short term objectives, begins with a backdrop of caution. If the state “take-away” is successful, these objectives will be reprioritized, and the plans of the Agency will be recast based on the impact of losing the funding for many of the projects planned. In order to move forward with the plan, the department will need to consider strategies for developing alternative revenue sources. In fact, many of the proposed future goals’ focus is on new revenue creation to help mitigate the potential lack of state support.

Attachments:

1. 2009-10 through 2013-14 Implementation Plan (On file in the City Clerk’s office)
2. Agency Resolution No. 05-10