

CITY OF YUBA CITY
STAFF REPORT

Date: June 2, 2009
To: Honorable Chairman & Directors of the Redevelopment Agency
From: Administration
Presentation By: Steven C. Kroeger, Assistant City Manager

Summary

Subject: Feasibility Study to expand the Redevelopment Project Area
Recommendation: Authorize staff to request Proposals for a Feasibility Study to Amend the Redevelopment Plan by expanding the Redevelopment Project Area
Fiscal Impact: Estimated \$30,000 from Redevelopment Agency Professional Services 6011-62701

Background:

Redevelopment is one of California's most effective economic development tools used to improve areas which are negatively impacted by physical, environmental, and economic conditions that inhibit new investment by private enterprise. Redevelopment helps reverse the deteriorating and/or inadequate conditions of streets, public facilities, housing, and infrastructure. Communities use redevelopment as an effective tool to initiate public capital improvement projects, property rehabilitation, and private development and investment that could not be accomplished by other public or private means.

The Yuba City Redevelopment Agency's current Project Area is approximately 912 acres and has remained unchanged in its configuration since it was adopted in July 1989. Redevelopment has led to the development of the Yuba City Mall; the Town Center; Sunsweet Boulevard; Gauche Aquatic Park; Downtown Plumas Streetscape Improvements; the Yuba City Economic Development Program; and Affordable Housing Assistance (e.g., Town Center Senior Manor, Kingwood Commons, and the current Affordable Housing program).

A preliminary evaluation was prepared by an independent consultant regarding potential expansion of the current Project Area. The evaluation concluded that additional areas within the City exhibit blight conditions that would benefit from redevelopment assistance. A Feasibility Study is the next step in evaluating an amendment to the Project Area and would provide the Agency Board with the information needed to assess whether or not to move forward with an Amendment to the Project Area.

Analysis:

The area evaluated for potential redevelopment area expansion was along the Garden Highway corridor; however, a complete Feasibility Study would evaluate the entire City to identify other potential opportunity areas. The general observations of the property in the area studied determined that access to much of the area is poor or non-existent, which reduces development potential; public infrastructure is lacking or poorly developed, especially as it relates to streets

and circulation; and, there are numerous dilapidated commercial, industrial and residential structures in need of continuing maintenance and investment.

The scope of the Feasibility Study would be to: 1) identify economic constraints, opportunities and blighted conditions to determine appropriate boundaries; 2) develop a preliminary list of priority projects and programs; and 3) calculate the financial feasibility for amending and expanding the Project Area.

Fiscal Impact:

The estimated cost of a Feasibility Study is approximately \$30,000 and would be paid from Redevelopment Agency funds. If the results from this Feasibility Study demonstrate that an amendment of the current Project Area can be financially justified and the Agency Board recommends to move forward with the Project Plan Amendment, the Agency, as its next steps, would commission the final components to legalize this expansion such as the Preliminary Report, Report to Council, Amended Redevelopment Plan and CEQA documentation. A full Plan Amendment is estimated to cost approximately \$150,000. The Feasibility Study would identify the ability of the Agency to recover this cost through the collection of additional property tax increment from the expanded Project Area.

Alternatives:

Evaluate other options besides redevelopment to remove blight, such as targeted code enforcement and infrastructure improvements, to encourage private investment in businesses and housing in the area.

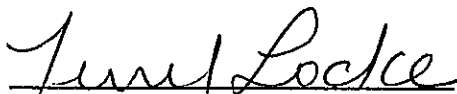
Recommendation:

Authorize staff to release a Request for Proposals for a Feasibility Study to Amend the Redevelopment Plan by expanding the Redevelopment Project Area.

Attachment:

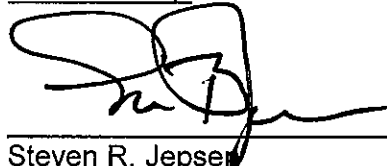
- Opinion Memorandum on Forming a New Redevelopment Project Area

Prepared By:



Terrel Locke
Administrative Analyst

Submitted By:




Steven R. Jepsen
City Manager

Reviewed By:

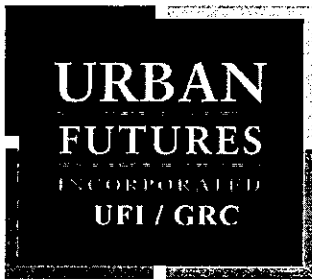
Assistant City Manager

Finance

City Attorney



OK per email



Financial Advisors
Redevelopment & Planning
Economic Development
Compliance Administration & Training
Management Advisors
Continuing Disclosure

MEMORANDUM

DATE: April 15, 2009

TO: Steve Jepsen
Steve Kroeger
Terrel Locke
Don Fraser

FROM: Ernie Glover

SUBJECT: Opinion Memorandum on Forming a New Redevelopment Project Area

UFI|GRC Redevelopment Planning evaluated three areas as shown on the attached map for possible inclusion in a redevelopment feasibility study area, as follows:

Staff Tour Area – (Sub-Area I: 397 acres)

The tour area included the territory east of Garden Highway between the solar array north of River Oaks Drive and immediately south of the existing Project Area. This territory encompasses approximately 397 acres.

Land uses in the area are dominated by non-residential development, except for the publicly-owned housing project adjacent to the existing Project Area. Poorly organized service commercial uses dominate along Garden Highway, and industrial uses dominate in the interior areas. About 130 acres are vacant. The Sutter County Airport, a small generation aviation installation, forms the northeastern quadrant of the study area.

Blighting conditions appear to predominate in the study area. The public housing area is in need of assistance in rehabilitating units and modernizing the whole area. Service commercial uses along Garden Highway are poorly organized, with a mix of dilapidated or poorly maintained structures interspersed with relatively new and well-maintained structures. Street improvements are incomplete along Garden Highway north of Lincoln Road, with few curb, gutter or sidewalk

improvements. South of Lincoln Road, street improvements are basically complete, although fronting uses show significant vacancies, dilapidation and deferred maintenance.

Approximately 130 acres of fallow fields make up the interior portions of the study area. This area appears to be difficult to access from Garden Highway. This difficult access reduces the developability of the interior area, even though it is zoned for industrial uses.

The uses around Epley Drive are mixed in character, including a steel operation, United Forest Products, a recycling yard and a Frito-Lay operation. There is also a solar array combined with a flood water detention basin at the far south end of the area.

Sutter County Airport is a general aviation facility suitable for light aircraft only. Also included in the area are the County animal shelter and a firearms range. The facility appears in need of reinvestment, but would be very difficult to expand. The airport area is in unincorporated territory, which means that a joint City-County project area would be required if the airport were to be included in a redevelopment project area.

Older Residential Neighborhood – (Sub-Area II: 100 acres)

I drove around the older residential neighborhood northeast of Garden Highway and north of Bell Avenue. This neighborhood is bounded by the existing Project Area on the north and east, and by Main Street on the west. The neighborhood is dominated by older single-family residences on relatively small lots. Most buildings appear in need of significant reinvestment and signs of dilapidation are numerous. As such, blighting conditions appear to be prevalent in the area. The neighborhood would be a good target area for a concentrated code enforcement and residential rehabilitation program.

Northwest Residential Area – (Sub-Area III: 238 acres)

The Agency may also wish to study the area northwest of the Older Residential Neighborhood area. Based on a review of aerial photos, this older neighborhood also shows significant signs of blight and disinvestment, and may be an excellent area for a concentrated housing rehabilitation program. The area should be inspected more closely at an early date.

General Observations

1. The study area generally shows significant evidence of physical and economic blight. Access to much of the area is poor or non-existent, which reduces development potential. Public infrastructure is lacking or poorly developed, especially as it relates to streets and circulation. It may be that other infrastructure is also insufficient.

2. Many of the businesses are obsolete with little evidence of continuing maintenance and investment.
3. There are numerous dilapidated commercial, industrial and residential structures, especially along Garden Highway.
4. The large interior parcels east of Garden Highway are vacant or fallow, but are surrounded by urban development. Access to these parcels appears limited.

Recommendations

1. Prepare a redevelopment feasibility study to identify redevelopment project area boundaries from within the study area outlined on the attached map. The mapped area encompasses approximately 735 acres, and should also be evaluated for its ability to generate sufficient tax increment for a successful 30-year program. (See attached map.)
2. Include the central vacant parcels. They make up less than 20% of the study area and are surrounded by otherwise urbanized uses. The Community Redevelopment Law requires that no less than 80% of a new redevelopment project area (including areas to be added to an existing project area) be “urbanized,” or be an integral part of an urbanized area.
3. The 153-acre airport parcel probably would not add significantly to the economic viability of the project area. The airport is isolated and difficult to access. It has a myriad of uses that would be difficult to relocate, including a firing range, animal shelter, and other County facilities.

Redevelopment Planning Process and General Time Lines

Over the past several decades, and especially since the adoption of Proposition 13 in 1978, redevelopment planning has become an increasingly complex and involved process. The Community Redevelopment Law’s present process for adopting a new redevelopment project area, or for adding territory to an existing area, can now extend over several years. The following is a brief synopsis of the current plan adoption process.

Plan Development

1. Identify and adopt a Survey Area – this is usually accompanied by feasibility or preliminary study.

2. Adopt a Preliminary Plan – The Preliminary Plan is adopted by the Planning Commission and accepted by the Redevelopment Agency board. The Agency also sets the “base” year for calculating tax increment payments. A legal description is prepared. The Preliminary Plan is sent to all “taxing agencies” that could be affected by adoption of a redevelopment plan. It is advisable to have the City Council adopt an eminent domain policy at this time.
3. Prepare “33328.1” School Impacts Report – This report is prepared by the Agency’s staff and by school districts, and is sent out to State agencies at the same time the Preliminary Plan is circulated.
4. Send out CEQA Initial Study and Notice of Preparation – This document announcing that an EIR will be prepared for the proposed redevelopment plan is commonly distributed at the same time as the Preliminary Plan.
5. Section 33328 Base Year Report - County Auditor-Controller and State Board of Equalization prepare this report and circulate it to the Redevelopment Agency and each taxing agency about 60 days after the legal description is accepted by the State.
6. Circulate the Preliminary Report – This report is the major factual document describing physical and economic blight in the project area, proposed programs and activities, estimated program costs, and an evaluation of project feasibility. This document will eventually be compiled into the final Report to City Council. The Preliminary Report is circulated for a 90-day review by taxing agencies.
7. Prepare Draft Redevelopment Plan – Technically, this document is not required until the final Report to City Council, but it is advisable to have a draft ready for public review at about the same time as the Preliminary Report is circulated.
8. Circulate Draft Environmental Impact Report – This document should be circulated for public review at about the same time as the Preliminary Report is circulated.

Plan Adoption

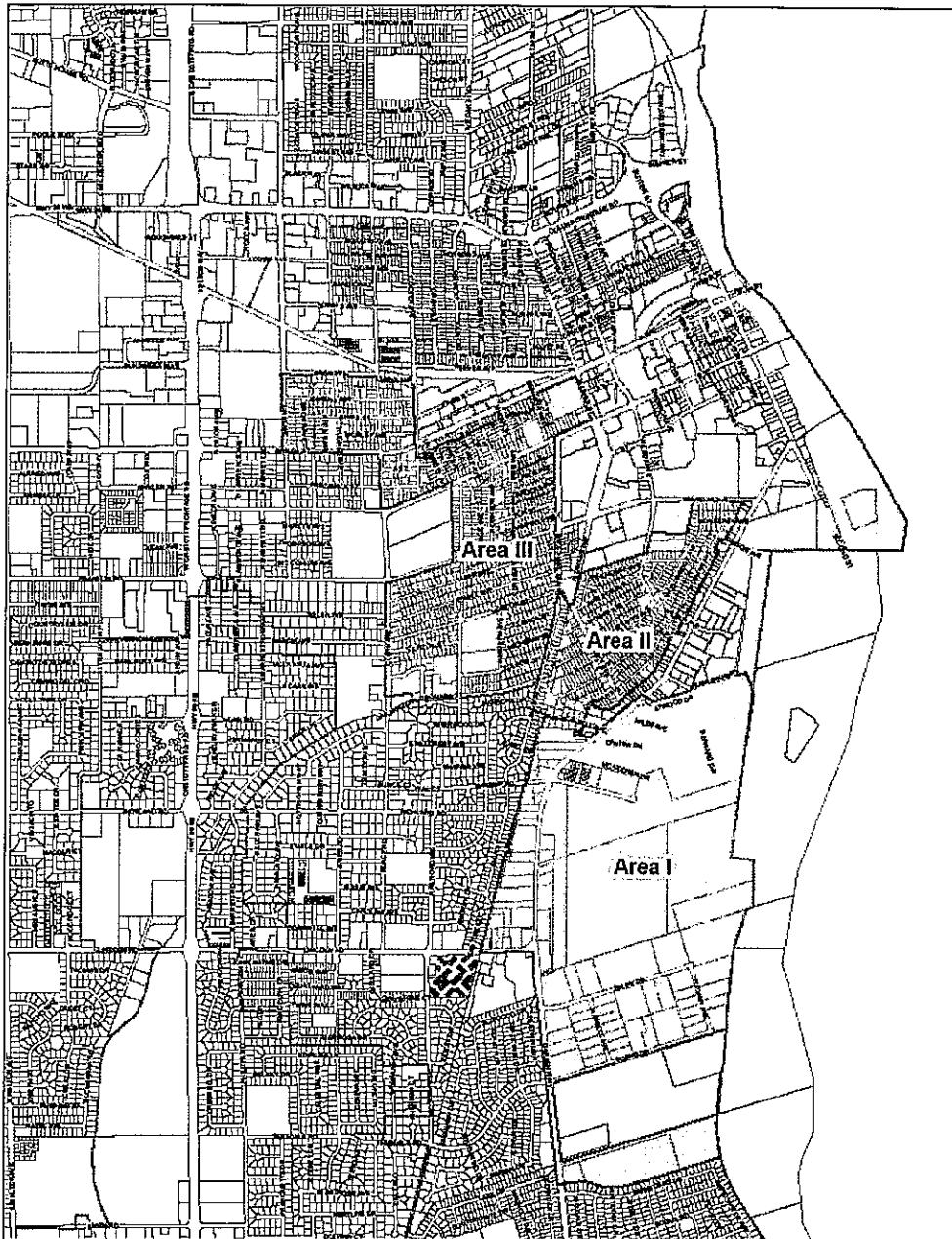
1. Setting of Joint Public Hearing – The City Council and the Agency Board formally agree to hold a joint public hearing. The Agency also adopts a relocation method and owner participation rules at this time. Presuming the Agency already has these in place for the existing project area, they only need to be adopted by reference for the amendment area. You may wish to update your existing policies at this time, however.

2. **Planning Commission Review** – The Planning Commission is required to review the proposed redevelopment plan for consistency with the General Plan at least one month before the public hearings. The Commission may also recommend or review boundary changes at this time.
3. **Public Notification** – Written notices of the public hearing on the proposed redevelopment plan are mailed no less than 30 days before the hearing. Additionally, the taxing agencies have to be formally notified. Public notice should be in the form of a newsletter, or something less threatening than a formal public hearing notice. The hearing notice also has to be published once a week for four successive weeks.
4. **Joint Public Hearing** – Public hearings before the Redevelopment Agency and the City Council are required prior to adoption of the ordinance approving the redevelopment plan. Since the City Council also sits as the Agency Board, the public hearings can be held jointly.
5. **Adopt before July 20** – Ordinance adopting redevelopment plans that add new territory and propose to collect tax increment must be effective prior to August 20 in order to “fix” the base year. If the July 20 deadline is missed, then the base year will have to be reset to the next year. For instance, if the base year is set as FY2008-09, the ordinance approving the plan would have to be adopted by July 20, 2009. If not, the base year would be reset to 2009-10. Several months would be lost in resetting the base year.
6. **Recordation of Project Area** – A number of very important administrative steps are necessary after the ordinance approving the Redevelopment Plan is adopted. This includes recordation of a “Statement of Proceedings,” filing of the CEQA Notice of Determination, mailing of the approved plan and plan map to taxing agencies, and filing of the plan and legal description with the State Board of Equalization.

Community Meetings

Community meetings are not required by the Community Redevelopment Law, but they are a necessity in order to get the word out and explain the redevelopment program. The planning process should include at least two community meetings: one after the Preliminary Plan is published, and a second about two weeks before the public hearings.


Thanks for the opportunity to prepare this analysis, and I look forward to discussing our recommendations with you.



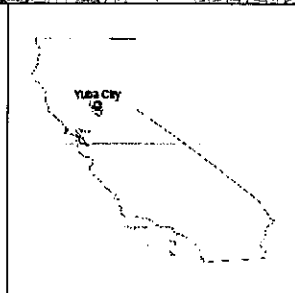
City of Yuba City

**REDEVELOPMENT FEASIBILITY STUDY
FOR THE CITY OF YUBA CITY**




POTENTIAL PROJECT AREA MAP





Prepared By: Urban Futures, Inc.
Source: Urban Futures, Inc.
Base Map Source: City of Yuba City
Date: 04/14/08
File: V8_PotPA.mxd



LEGEND

-  City Limits
-  Existing Redevelopment Project Area
-  Potential Project Area

Area I: 397 Acres
Area II: 100 Acres
Area III: 238 Acres



 Feet