



Citizens Guide to Understanding Redevelopment

Some realistic questions and answers

**Proposed Improvement Plan
for the
Grover Beach Industrial Enhancement Project**

Prepared by

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March 2003



REDEVELOPMENT IN GROVER BEACH

Some Realistic Questions and Answers

WHAT IS REDEVELOPMENT ABOUT?

Redevelopment, under the California Community Redevelopment Law (CCRL), is one of the few remaining tools available through which a city can retain funds to help reverse the deteriorating and/or inadequate conditions of its streets, public facilities, housing, and infrastructure.

Communities with limited financial resources can 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.

Redevelopment has been one of California's most effective economic development tools used to breathe new life into areas that are negatively impacted by a number of physical, environmental, and economic conditions that inhibit new investment by private enterprise.

Redevelopment, under the CCRL, is one of the last available processes which has the authority, scope and finances to help provide the necessary stimulus to reverse deteriorating trends and create a positive image for participating communities.

WHAT IS THE REDEVELOPMENT AGENCY?

The City of Grover Beach's redevelopment agency, the Grover Beach Improvement Agency (the "Agency") is composed of the City Council Members elected by Grover Beach citizens. However, the Agency is a separate public body, corporate and politic, from the City of Grover Beach. The Agency is activated by the CCRL's enabling legislation.

HOW IS AN IMPROVEMENT AREA CHOSEN?

The City Council designates a survey area for study. The Planning Commission then cooperates with the Agency to select one or more "improvement areas" from the survey area and indicates, as part of a "preliminary plan," how the purpose of the CCRL will be attained by redevelopment of the area. A *survey area* is an area evaluated to determine the existence of deteriorating and/or inadequate conditions, as defined in the CCRL, and general feasibility of redevelopment. A redevelopment improvement area is the designated area where redevelopment activities may occur.



WHAT IS A REDEVELOPMENT (“IMPROVEMENT”) PLAN?

In legal terms, the redevelopment plan (the “Improvement Plan”) describes the purposes, goals, and objectives that will help eliminate existing deteriorating and/or inadequate physical and economic conditions from within a project area. A plan is formulated and an implementation program is designed to achieve the goals and objectives established for the local redevelopment program. The plan is adopted by City Council ordinance based on the recommendations of the Agency and the Planning Commission. Citizen input from public workshops, City Council and Agency meetings, and a public hearing are also considered before plan adoption. Projects and programs undertaken by the Agency to achieve the goals and objectives formulated in the plan occur over an extended period of time.

HAS THE CITY ADOPTED PROJECTS BEFORE?

Yes. In February 1997 the City adopted the 185-acre Grover Beach Improvement Project (the “Original Project”), which is substantially built out and generally consists of single-family residential, light industrial and commercial uses. Based in part upon a redevelopment feasibility opinion commissioned by the City in April 2002, the Agency is proposing adoption of the Grover Beach Industrial Enhancement Project to help eliminate blighting conditions, further assist economic development and provide housing opportunities in other parts of the City not located within the Original Project.

DOES THE PUBLIC HAVE A VOICE IN REDEVELOPMENT?

Yes! A continuing dialogue with the public is crucial to a successful redevelopment program. Without citizen input and support, a redevelopment plan will falter. The redevelopment plan for a project area is presented at a public workshop(s) and a public hearing; citizens are given an opportunity to review and comment on the plan. All City Council, Agency and Planning Commission meetings are open to the public and public attendance and participation are encouraged. All decisions are made in a public forum.

WHAT DOES IT MEAN TO LIVE OR OWN A BUSINESS IN AN IMPROVEMENT AREA?

If you live or own a business in an improvement area, you will have an opportunity to participate actively in improving the quality of life in your neighborhood. A community redevelopment program will usually include provisions for the substantial reuse and rehabilitation of existing facilities as well as long-term revitalization of whole existing *neighborhoods*.



As an example, property owners, residents, and business owners located within a redevelopment project area could benefit from redevelopment as follows:

- Community services and facilities can be improved;
- New construction/rehabilitation can be facilitated by the Agency;
- Traffic/circulation and parking deficiencies can be improved;
- Loans to improve property may be readily available;
- Infrastructure improvements, including sewer and water, can be implemented; and
- Increased affordable housing opportunities will be created.

In the Original Project, some of these benefits have already taken place and others are ongoing.

HOW DOES THE AGENCY PAY FOR ITS ACTIVITIES?

The redevelopment process provides for a change in the distribution of property tax revenues collected on property within a redevelopment project area. The Agency will retain a greater portion of the tax dollars paid as a result of the increase in property values caused by improvements, reassessments, inflation or property sales.

Under current law, existing taxing agencies will continue to receive all the property taxes they currently collect, plus a percentage of any tax increment generated.

HOW DOES THE AGENCY RECEIVE TAX DOLLARS?

When a redevelopment plan is adopted, the current assessed values within the redevelopment project area are designated as the “base value.” This includes the assessed value of all land and improvements within the boundaries of the project area.

The taxes resulting from any increase in assessed value over the base value within the Improvement Area, per the standard tax rate, become a primary source of revenue for an agency.

WILL REDEVELOPMENT INCREASE MY TAXES?

No. In accordance with Article XIII of the State of California Constitution, taxes will only increase if there is a change in ownership or if there is new construction on the property, or as a result of a limited annual cost-of-living index increase which occurs regardless of whether a property is located inside or outside a redevelopment project area. The higher taxes resulting from the sale of property will reflect a rise in property values, *not* an increase in tax rates. An improved



community image and an improved economic base will increase the marketability of property in the area. Property not readily saleable today because of deteriorating conditions should become more marketable.

DOES REDEVELOPMENT OVERRIDE THE PROPOSITION 13 INITIATIVE?

No. The Grover Beach Improvement Agency *does not* have the power to levy taxes. As noted above, the only tax increase that can occur is caused by owners who improve property or sell a property at an assessment value exceeding the county assessment value for the property, or as a result of a limited annual cost-of-living index increase which occurs regardless of whether a property is located inside or outside a redevelopment project area. *Your individual property taxes or the tax rates will not otherwise be affected!* The Agency receives its revenues by a redistribution of existing property taxes, as previously described.

WILL REDEVELOPMENT RAISE TAX RATES?

No. The Agency *does not set tax rates*. Tax rates of taxing agencies, such as the schools, County of San Luis Obispo, the City and other special districts, can only be raised by a vote of the people.

HOW WILL THE AGENCY USE ITS RESOURCES?

Redevelopment has been ongoing in Grover Beach since 1997. The Agency will use its resources, in part, to develop projects and programs to help facilitate long-term economic development, improvements to infrastructure, production and preservation of affordable housing, and construction of needed community facilities in the Original Project Area. This Plan will permit the Agency to initiate similar practices in the Industrial Enhancement Project Area. High priorities for the Agency Board are to create jobs, promote business retention and development programs, and to increase affordable housing opportunities. By law, the Agency must use its resources to help eliminate blighting conditions; the money may not be used for general purpose government.

As an example, the Agency might propose to include the following projects/programs within its Improvement Plan to be implemented in the designated Improvement Area:

- Increase affordable housing opportunities for qualifying families, including construction of homes/apartments for seniors and other special needs groups in the Improvement Area and the community;
- Make pedestrian and bikeway improvements to encourage alternative transportation;



- Help to provide community facilities;
- Construct new and/or improve existing Improvement Area infrastructure, such as drainage and sanitary sewer facilities, and roadway/circulation systems; and/or
- Develop programs to retain existing business as well as attract new business and create jobs.

IS THERE AN IMPACT TO OTHER AGENCIES?

Yes. For a specified period of time the Agency will be funded, in part, with tax increment, which is a partial redistribution of property tax dollars. In the absence of a redevelopment project area, all property tax dollars flow to taxing entities providing services to the Improvement Area. However, the Agency must provide “pass-through” funds to other taxing agencies such as the school and community college districts, as well as to the County of San Luis Obispo and others, based upon a state-mandated, pass-through formula.

HOW ABOUT EMINENT DOMAIN?

The Agency has codified its eminent domain policy in the proposed Improvement Plan. This adopted policy prohibits the Agency from using its eminent domain authority to acquire properties within the Improvement Area on which any person(s) reside. However, the Agency may use its eminent domain authority to acquire properties of other land use types.

IS THERE A BENEFIT TO OTHER AGENCIES?

Yes. In many cases, a redevelopment agency will accomplish projects in a few years that would otherwise take decades for the City, County or other agencies to finance and implement. Also, taxing agencies and the community at large will benefit from the elimination of deteriorating conditions, the construction of needed public improvements, economic development programs, creation of jobs and new housing opportunities. Finally, after completion of the redevelopment project, the community will have a higher valuation and sales tax base than it would have had without redevelopment.

WILL THE AGENCY ASSESS GROVER BEACH PROPERTY OWNERS FOR THESE IMPROVEMENTS?

No. The Grover Beach Improvement Agency *does not* have this power. The Agency, by law, is limited to borrowing against the tax increment it receives. The increment will increase annually through new development, property rehabilitation and property sales.



Statewide, redevelopment agencies operate under the premise that there will be adequate tax increment and other funding sources available to repay outstanding debt obligations.

WHO WILL MAINTAIN AGENCY-IMPLEMENTED PUBLIC IMPROVEMENTS?

Maintenance of public facilities will be the responsibility of the City of Grover Beach, not the Grover Beach Improvement Agency. For example, streets, curbs, gutters and/or sidewalks newly constructed by the Agency will be maintained by the City. However, the City will be better able to afford maintenance costs because it will not have to pay for constructing these improvements out of its General Fund.

IF I DO NOT LIVE IN THE IMPROVEMENT AREA, WHY SHOULD I CARE ABOUT WHAT HAPPENS THERE?

Just because you do not live or work in the Improvement Area does not mean that you are immune to the effects of negative conditions existing in the Improvement Area. The slow decline of any one area of Grover Beach affects the entire City of Grover Beach. The CCRL was enacted in recognition of the fact that the problems of physical and economic decline cannot always be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment. Redevelopment facilitates formulation of an active public/private partnership created for the purpose of building a stronger community.

WILL REDEVELOPMENT AFFECT RENTERS?

No. Rents should not be affected because property taxes will not increase due to redevelopment. In fact, rents could conceivably be lowered as a result of redevelopment programs designed to increase, improve and preserve the community's supply of affordable housing.

WHAT VALUE IS REDEVELOPMENT TO GROVER BEACH PROPERTY OWNERS?

Redevelopment can eliminate deteriorating conditions and facilitate construction of needed public improvements and the other projects and programs identified in this Citizens Guide without additional cost to the property owner. This not only permits a better living environment, but in some cases allows a property owner to fully use and develop property that is currently undevelopable because of existing conditions.



When redevelopment activities are successful, the property values within, as well as around the Improvement Area, will increase.

HOW LONG WILL THE PROPERTY BE IN REDEVELOPMENT?

The effective life of a new redevelopment plan is thirty (30) years from the date of its adoption by the City Council. Other time and fiscal limits are also mandated by the CCRL.

WHERE CAN I FIND OUT MORE ABOUT REDEVELOPMENT?

Legally required documents, including the proposed draft Improvement Plan for the Grover Beach Industrial Enhancement Project, the draft Environmental Impact Report, the Owner Participation Rules and Relocation Guidelines, the Agency's Preliminary Report, as well as general information on the proposed Improvement Area and maps, are available to the public for review at City offices, 154 South Eighth Street, Grover Beach, CA 93433.

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Digest of Key Terms

Assessed Value (AV)	The amount used by the County Tax Assessor to value real property for tax purposes. Assessed value is generally the latest sale value of the property with an inflation multiplier. Assessed value multiplied by the tax rate determines the property tax.
Base Year Value	The total assessed value of property within a project area in the year in which the redevelopment project is approved.
Blighted Areas	Areas and/or structures (buildings, streets, storm drain pipes, etc.) of a community which constitute physical and/or economic liabilities which may benefit by redevelopment in the interest of the health, safety, and general welfare of the people of the community.
California Community Redevelopment Law (CCRL)	Redevelopment Law of the State of California as codified in Health and Safety Code, Division 24, Part 1 (Section 33000, et seq.).
Eminent Domain	Authority of a redevelopment agency to acquire property for the public purposes set forth in the CCRL. The Grover Beach Improvement Agency has adopted a policy prohibiting acquisition by eminent domain of property on which any person(s) actually reside as a personal residence.
Housing Set-Aside	Requirement that twenty percent (20%) of the tax increment be set aside to improve the quantity and/or quality of housing for very low, low- and moderate-income families, unless certain findings can be made.
Infrastructure	Public improvements which support development, including street lighting, street construction, storm drain systems, utility lines, etc.
Market Value	What an owner could reasonably expect to receive if he/she were to sell the property on the open market.



Project Area or Improvement Area	The area which is designated in the Improvement Plan for redevelopment activities to take place.
Property Tax	The amount a property owner pays to a taxing agency. The tax is calculated by multiplying the assessed value of the property by the tax rate.
Redevelopment	Planning, development, re-planning, redesign, clearance, reconstruction, or rehabilitation of all or part of the Improvement Area.
Redevelopment Agency or Improvement Agency	Public body created to, among other things, designate redevelopment areas, supervise, and coordinate planning for a project area and implement a redevelopment program.
Redevelopment Plan (“Improvement Plan”)	A legal document that outlines a process and a basic framework within which specific redevelopment projects and/or programs will be undertaken by the redevelopment agency over the period of time the plan is effective.
Survey Area	That area found by the legislative body to qualify for redevelopment study purposes. Redevelopment project areas must be formed from within a survey area.
Tax Allocation Bond	A bond or financial obligation issued by the redevelopment agency in order to generate revenues to implement the redevelopment plan. The bond is repaid with tax increments allocated to the redevelopment agency.
Tax Increment	The increase in tax revenue over the revenue received from a base year value.
Tax Increment Financing	Method of financing redevelopment through redirecting incremental tax revenues from other taxing agencies to the redevelopment agency for a specified time period.
Taxing Agency	Any city, county, school district, or special district which assesses taxes from property located within a redevelopment project area to raise revenues.



COMMUNITY REDEVELOPMENT

Program Function	California Community Redevelopment
Purpose	To prevent and eliminate deteriorating and/or inadequate conditions and remedy such conditions.
Funding	Primarily from tax increments which are used to directly fund projects/programs or to repay tax allocation bonds levied to pay for projects/programs. Local funds will be used for local programs. THERE IS NO TAX RATE INCREASE.
Organization and Control	Local control and administration. The Improvement Agency is the Grover Beach City Council.
Orientation and Activities	Economic enhancement. Neighborhood preservation, preservation, restoration and rehabilitation. Stimulus to new business development. Improved social and community services. Project area approach to planning and implementation.
Summary	Decision, action and responsibility at the local level.
