



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

June 30, 2006

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: David E. Janssen
Chief Administrative Officer

**QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY
(SECOND QUARTER 2006)**

In response to the increased level of CRA activity in the County and this Office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report covering activities during the second quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this Office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran of this Office at (213) 974-1130.

DEJ:MKZ
DS:RM:pg

Attachment

c: Auditor-Controller
County Counsel

**COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Second Quarter 2006 – June 30, 2006**

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
None			

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
None			

Major Ongoing or Emergent CRA Issues

El Monte (First District)

Issue: The City proposed changes in its Downtown Redevelopment Project in order to allow for the development of a major transit-oriented residential and retail project. The proposed changes included a ten-year extension of the project and adjustments to the County pass-through share of tax increment in order to fund infrastructure improvements. The City proposed to make these changes through special legislation (AB 1167, see below), but also offered to work with County staff on an amendment to the existing tax allocation agreement.

Status: The author dropped AB 1167. Staff is analyzing the latest City proposal that would not extend the project ten years; and provide County deferral of its share (with payback and interest) in the out years to fund the infrastructure improvements of the project.

Glendora (Fifth District)

Issue: Redevelopment Project No. 5 for the Glendora Community Redevelopment Agency would merge three of the Agency's existing redevelopment areas in the City; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

Status: The City notified the County of its intention to adopt the project at a public hearing which was scheduled for June 13, 2006. County staff informed the City in writing of its concern that the project does not appear to meet blighting requirements and the proposed merging of project caps is inconsistent with redevelopment law. The City forwarded its updated detailed findings of blight on May 23, 2006. In order to protect

the County's right to legally challenge the project, County staff submitted a Statement of Objections on June 13th. The City is required to respond to the Objections prior to adopting the project. The County then has 60 days to submit a lawsuit challenging the project should the Board so desire.

Pomona (First District)

Issue: The Auditor-Controller needs to clarify a project cap on the receipt of tax increment for the Southwest Project.

Status: County staff met with the City and agreed to work with the City to ensure that a project cap is in place as required by law and that the project will receive adequate tax increment in order to repay its bonds and fully fund its low- and moderate-income housing set aside requirements.

Redondo Beach (Fourth District)

Issue: The City is proposing to refinance the existing debt on the South Bay Center Project. This proposal would require an amendment to the County procedure whereby the County guarantees that the City will receive sufficient tax increment funds to meet its debt payments.

Status: Staff has been working with the City in order to develop an equitable amendment that works for both parties.

Whittier (Fourth District)

Issue: The City of Whittier issued an initial study for the proposed Amendment to the Commercial Corridor Redevelopment Plan. The Amendment would add approximately 218 acres in three sub-areas to the existing project area.

Status: This Office reviewed the Agency's Preliminary Report, and concluded it was generally consistent with the blight standards required by redevelopment law. However, staff continues to work with the City regarding the placement of the value of the Nelles School site in the base year of the project when it is transferred from public to private ownership.

Litigation

Los Angeles - City Center (First and Second Districts)

Issue: The Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in Downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) Project, which has reached its court-validated project cap.

Status: The County filed a lawsuit objecting to the Project on the basis that it violates the

court-validated project cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. On June 24, 2003, the trial judge issued a final decision invalidating the Project. On April 19, 2005, the 2nd District Court of Appeal ruled that the proposed City Center Project can proceed, but cannot include any of the former CBD areas, which comprise the majority of the Project. The parties are in the preliminary stage of resolving the remaining legal issues.

Los Angeles - Central Industrial (First and Second Districts)

Issue: The City adopted the Central Industrial Redevelopment Project on November 15, 2002. The Project includes approximately 744 acres of primarily industrial areas located in the southeast section of Downtown Los Angeles. Similar to the City Center Project, the Central Industrial Project includes detachment of parcels from the CBD Project.

Status: Similar to City Center, the County filed a lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD Project. On September 19, 2003, the court issued a ruling invalidating the Project. The Court of Appeal similarly ruled that the proposed Central Industrial Project can proceed, but cannot include any of the former CBD areas.

Legislation

SB 1206 (Kehoe)

Issue: This bill proposes to reform elements of redevelopment law by changing the definition of blight; increasing State oversight; and making procedural changes as to how projects can be challenged.

Status: Although the bill would likely strengthen State oversight and make it easier to challenge projects legally, County staff was initially concerned that the bill proposed changes in the definition of blight that added ambiguity. County staff worked with the author to remove the ambiguity, such as “metrics” that proposed to calculate blight on a city-by-city basis by comparing conditions in a project area to the remainder of that city and County. The revised bill passed out of the Senate (in a 32 to 1 vote) and is now in the Assembly.

AB 2157 (Chu)

Issue: This bill would allow the City of El Monte to amend its Downtown Redevelopment Project to carry out transit-oriented projects. The original proposal sought to extend the time limit of the project by ten years and modify the existing pass-through payments to the County.

Status: CAO staff working with City representatives to review project details in order to estimate the financial impact on the County (see above). Staff recommended opposition to the bill as it circumvented current law, and would set a precedent for other cities. The bill was dropped by the author.

AB 2346 (Oropeza)

Issue: This bill proposed to authorize the Los Angeles City Council to designate the Los Angeles Board of Harbor Commissioners as the redevelopment agency for the Los Angeles Harbor District. In addition, the bill designated the entire Port of Los Angeles as a redevelopment project area, exempted the Harbor District from environmental impact report (EIR) requirements; shortened plan adoption reporting requirements; and eliminated the prohibition on redevelopment agency use of property tax increment for operations and maintenance expenses (current law restricts the use of agency funds to capital expenses).

Status: As noted, County-opposed AB 2346 would have established the Harbor District Development Authority in the City of Los Angeles and authorize the City, by resolution, to designate the Los Angeles Board of Harbor Commissioners as the redevelopment agency for the Los Angeles Harbor District. The bill was amended on April 17, 2006 to replace this approach with provisions that authorize an infrastructure financing district for the Harbor. Unlike redevelopment law, infrastructure financing districts require the consent of taxing entities, such as the County, regarding the use of tax increment revenues. Because the County would no longer be at-risk for the loss of its tax revenues without its agreement, the County took no position on AB 2346.

Overall CRA Statistics

Active CRA Projects	311
Pending CRA Projects	15