Frequently Asked Questions

What is redevelopment?

Redevelopment is a tool created by state law to assist local governments in eliminating blight from a designated area, as well as to achieve the goals of development, reconstruction and rehabilitation of residential, commercial, industrial and retail districts.

Examples of redevelopment tools:

Ability to assemble land for development

Ability to utilize tax increment and issue bonds

Ability to invest in infrastructure to "lure" private enterprise

Ability to create affordable housing opportunities

Over 400 California cities and counties have adopted local redevelopment plans.

►What is blight?

Blight consists of the physical and economic conditions within an area that cause a reduction of, or lack of, proper utilization of that area. Redevelopment can only be used in areas that suffer from adverse physical and economic conditions, defined in the law as "blight."

What is a redevelopment agency?

A redevelopment agency is a separate public body that reports to the local governing body of a community, and either the city council or county board of supervisors. The redevelopment agency assigns its own staff and advisors to carry out its day-to-day operations as well as to help formulate and implement redevelopment plans.

The benefit of this system is that the redevelopment agency is ultimately responsible to the voting public through the elected governing body that oversees the agency.

What are the powers of an agency?

California Community Redevelopment Law (CRL) prescribes the powers of a redevelopment agency. An agency may prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas. Once the plan adoption process has begun, an agency may exercise certain additional powers, such

as acquiring property.

What laws govern redevelopment agencies?

The California Community Redevelopment Law (CRL), contained in the California Health and Safety Code beginning with Section 33000 et seq., provides the authority and implementation provisions for a redevelopment program. California voters adopted Article XVI, Section 16 of the California Constitution in 1952, providing for tax increment financing.

Why is redevelopment important?

Redevelopment is one of the most effective ways to breathe new life into deteriorated areas plagued by social, physical, environmental or economic conditions which act as a barrier to new investment by private enterprise. Through redevelopment, a project area will receive focused attention and financial investment to reverse deteriorating trends, create jobs, revitalize the business climate, rehabilitate and add to the housing stock and gain active participation and investment by citizens which would not otherwise occur.

Redevelopment enables communities to grow inward, not just outward. Redevelopment enhances and expands local businesses, renovates declining housing stock and improves public infrastructure systems and facilities. Redevelopment helps encourage new housing and businesses to locate within already developed areas. It helps reduce crime and long commutes, promotes affordable housing, and preserves the environment.

What can redevelopment do?

Redevelopment activities may include the rehabilitation/reconstruction of existing structures, the redesign/replanning of areas with inefficient site layout, the demolition and clearance of existing structures, the construction/rehabilitation of affordable housing and the construction of public facilities including, but not limited to, public buildings, streets, sidewalks, sewers, storm drains, water systems and street lights. All of this contributes to general economic revitalization of an area, making it more attractive for additional investors.

How is redevelopment financed?

Redevelopment is primarily financed by tax increment revenue. Other revenue sources

include loans, grants and issuance of tax allocation bonds. Typically, agencies use tax increment funds to leverage financial assistance from various agencies of the state and federal governments, and private sources.

What is tax increment?

Tax increment is the primary source of revenue that redevelopment agencies have to undertake redevelopment projects. It is based on the assumption that a revitalized project area will generate more property taxes than were being produced before redevelopment. When a redevelopment project area is adopted, the current assessed values of the property within the project area are designated as the base year value. Tax increment comes from the increased assessed value of property, not from an increase in tax rate. Any increases in property value, as assessed because of change of ownership or new construction, will increase tax revenue generated by the property. This increase in tax revenue is the tax increment that goes to the Agency.

For example, a property owner pays \$1,000 (the standard property tax rate of one percent) on land assessed at \$100,000 this year, pursuant to Proposition 13. If, as a result of new construction on the property, the property increases in assessed valuation to \$500,000, the property owner would pay \$5,000 at the same standard tax rate. The \$4,000 increase is called "tax increment." Redevelopment agencies are entitled to collect this increase in property tax revenues, or tax increment, on the acreage they redeveloped to repay the debt involved in the project, and to reinvest these dollars in redevelopment activities within the project area. As well, 20 percent of that tax increment money goes into a housing fund set aside specifically to finance low- to moderate- income housing.

Will property taxes be raised?

The redevelopment agency has no power to set tax rates or levy property taxes. Property tax on properties within a redevelopment project area are governed by the same laws as properties outside redevelopment project areas.

What is relocation?

Relocation is the displacement of a business or family for the purpose of clearing land and preparing it for its disignated use. When a person or business meets the legal qualifications, the redevelopment agency pays for: assistance in finding a new location, payments to help cover moving costs, and payments for certain other costs as provided by law.

If a household or business is displaced due to property acquisition by a redevelopment agency, occupants are entitled by law to certain moving assistance benefits. These

benefits help assist families, individuals, businesses and nonprofit organizations to relocate.	