

BUTTE COUNTY GRAND JURY REPORT 2009-2010

**REDEVELOPMENT AGENCIES – CHICO, GRIDLEY,
OROVILLE, AND PARADISE**

SUMMARY

What do fire engines, low-cost housing for seniors and homeless veterans, public restrooms, roundabouts, renovations of historic buildings, and clean ground water supply all have in common? REDEVELOPMENT DOLLARS. Redevelopment dollars are generated by tax increment financing from redeveloped blighted areas.

The 2009/2010 Butte County Grand Jury (Grand Jury) heard presentations from the Chico, Gridley, Oroville, and Paradise Redevelopment Agencies. The Grand Jury toured projects within the Gridley and Paradise Redevelopment project areas. During these tours, the Grand Jury saw how a portion of redevelopment agency monies were spent on various types of projects.

Each Redevelopment Agency provided the Grand Jury with a variety of documents and information for review, including their mandated five-year implementation plans. The Grand Jury commends all the agencies and their dedicated staff for their work and finds that the Redevelopment Agencies appear to be in compliance with the relevant state laws. Chico, Oroville, and Paradise Redevelopment Agencies have information regarding their agencies and programs readily available on their websites. It would be helpful if the Gridley Redevelopment Agency had information available on their website such as their Five-Year Implementation Plan and various programs.

GLOSSARY

Grand Jury – 2009/2010 Butte County Grand Jury

blight – physical or economic conditions which hinders private investment in a community and causes a reduced or lack of full utilization of an area

eminent domain – the right of a government to appropriate private property for public use, usually with compensation to the owner

Five-Year Implementation Plan – a mandated document listing specific goals and objectives for the project areas, the specific programs, estimated expenditures, and explanation of how these programs will alleviate blight within the project areas

Project Area – the area covered by the Redevelopment Plan

RDA – Redevelopment Agency

Tax Increment Financing – the difference between the base year and increased assessed valuation

BACKGROUND

Since prior grand juries had not reviewed any of the redevelopment agencies in Butte County, it was decided to review the Chico, Gridley, Oroville, and Paradise RDAs. **Butte County does not have an RDA.**

APPROACH

In the fall of 2009, the Grand Jury heard presentations by all of the above-named RDAs. We reviewed and analyzed various documents, such as ordinances creating the agencies, maps, financial reports, background information, and prior, current, or proposed Five-Year Implementation Plans. Presentations by the agencies and tours of their projects were taken as follows:

- Chico RDA presentation September 10, 2009
- Gridley RDA presentation and tour October 15, 2009
- Oroville RDA presentation August 31, 2009
- Paradise RDA presentation and tour October 29, 2009

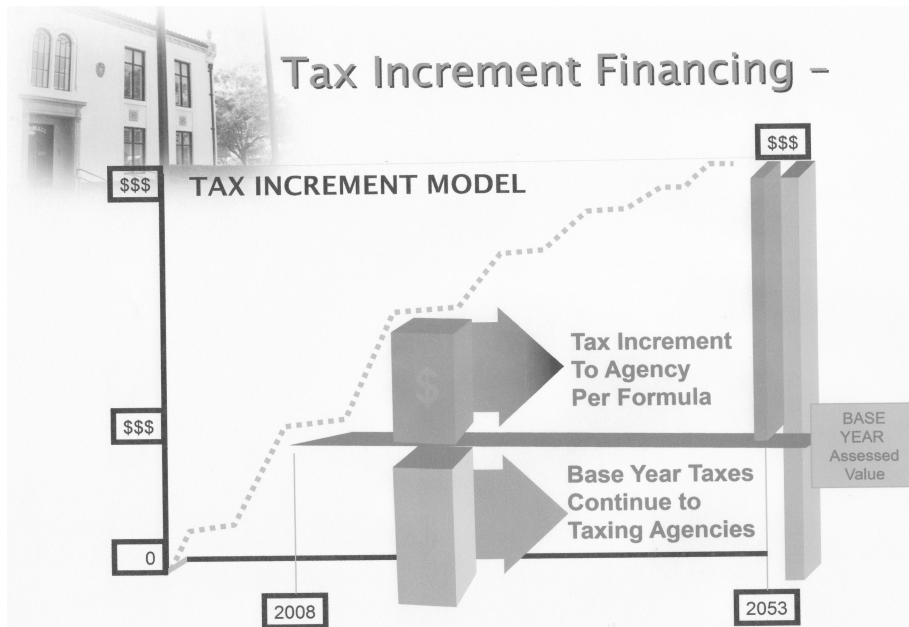
DISCUSSION

Redevelopment is the process authorized under California law that enables local government entities to identify deteriorated and blighted areas within their jurisdictions in need of revitalization. Redevelopment activities are intended to create jobs and expand business opportunities, provide housing for families most in need, help reduce crime, improve infrastructure and public works, and lead the cleanup of environmentally-threatened and rundown areas. RDAs develop a plan and provide the initial funding to launch revitalization of those areas. In doing so, redevelopment encourages and attracts private sector investment in blighted areas where it otherwise might not occur.

State law gives a local government (city or county) the authority to form an **RDA** with the specific goal of revitalizing a deteriorated or blighted area. In addition, the RDAs are required to dedicate 20% of tax increment revenues from the Project Area toward low and moderate income housing. The Chico, Gridley, Oroville, and Paradise RDAs are overseen by their individual governing boards. Although the members of the governing boards are the same as the city councils, the RDAs are separate and distinct legal entities. RDA governing boards meet on a regular basis and are all accountable to the public. Because they are locally governed, redevelopment agencies are in a strong position to identify their community needs and to work with private investors and developers on local projects to meet those needs. It is possible for the individual RDA to grant itself the power of eminent domain by amending its Redevelopment Plan for the Project Area for a period not to exceed 12 years. If the RDA wishes to keep the power of eminent domain,

the Redevelopment Plan must again be amended. At this time, none of the subject RDAs have the power of eminent domain to acquire real property.

State law makes available to redevelopment agencies a funding source called “tax increment financing.” On the date a city council adopts a redevelopment plan, the property tax (total assessed valuation) within the boundaries of the plan becomes the base year tax. If this total assessed valuation increases, most of the funds derived from the increase go to the redevelopment agency and are called the tax increment. The base year portion of the property tax is distributed just as it was prior to the formation of the redevelopment agency. Generally, the tax increment can be used to benefit only the specific Project Area from which it was generated, except for a portion which is set aside to benefit low and moderate-income households. Normally the tax increment will not be sufficient to finance the full scope of redevelopment activities and projects. Therefore, RDAs issue bonds which are not a debt to the city or county. They are repaid solely from the tax increment generated. Thus, RDA funds are used in conjunction with local, state, and federal funding to provide further leverage to move these projects forward that would not have been possible otherwise. The leverage includes providing economic incentives to encourage private developer participation.



(Chart courtesy of City of Gridley Redevelopment Agency)

Chico RDA

The Chico RDA was created on August 7, 1980. To provide additional financial capacity and flexibility for the Chico RDA, the Chico Public Financing Authority was established on July 17, 1990, pursuant to a Joint Exercise of Powers Agreement between the City of Chico and the Chico Redevelopment Agency. It currently is responsible for 10,400 acres

of incorporated and unincorporated areas within the City of Chico's sphere of influence. The Project Area is covered by four redevelopment plans: Southeast Chico, Chico Municipal Airport, Central Chico, and Greater Chico Urban Area.

The Greater Chico Urban Area Redevelopment Project Area was created in 1993 after realizing the need to extend redevelopment into certain adjacent unincorporated areas. One of the reasons for the creation of this area was to address the 1990 Regional Water Quality Control Board's order prohibiting individual septic systems from discharging waste into the groundwater within the Chico Urban Area. This is the largest of the Project Areas consisting of 6,499 acres. The current Five-Year Implementation Plan was adopted June 16, 2009.

Some of the projects contributed to by the Chico RDA are the City Plaza, Baroni Park, restoration of the Hotel Diamond, renovation of the Old Municipal Building, improvements to the Stansbury House, Cohasset Road widening, Manzanita Corridor Reconstruction, and many others.

Low and moderate income housing projects funded by the RDA include Murphy Commons (housing for very low-income families), 1200 Park Avenue (senior housing), and VECTORS (15-unit housing facility for homeless veterans).

Information regarding this agency and its programs is readily available on the City's website provided at the end of this report.

Gridley RDA

The Gridley RDA was established in 2001. Its first Five-Year Implementation Plan was adopted on July 15, 2002. The Project Area initially contained 790 acres, which was increased to 926 acres in 2008.

Accomplishments of the RDA include the establishment of the Gridley Industrial Park, the Historic Downtown Gridley sign, sidewalks and other improvements along Highway 99, and public restrooms in parks which were financed in part by Community Development Block Grant Funds to the City.

As of 2009, the RDA currently has \$536,795 accumulated for low to moderate housing projects and has not yet expended any funds. As funds accumulate, the RDA will be able to finance such projects.

There is a lack of information available about the **Five-Year Implementation Plan**, programs available, accomplishments, works in progress, and related information on the City's website. The RDA is hoping to have the funding to have a website up and running next year.

Oroville RDA

The Oroville RDA was established in July 1981. The Project Area contains 5,942 acres. The current Five-Year Implementation Plan was adopted on December 15, 2009, and is available online.

Accomplishments through the use of RDA contributions include the purchase of a fire engine, the renovation of the State Theater, the new Northwest Society for the Prevention of Cruelty to Animals (SPCA) building, Centennial and Riverbend Parks, contributions to the infrastructure of Southside Oroville Community Center, contributions to the solar project at City Hall, and the Montgomery Street roundabout. Information regarding this agency and its programs is readily available on the City's website.

Low and moderate income housing projects include Oroville Manor Apartments (at-risk senior and disabled housing), the First-Time Homebuyer Program, and owner-occupied single-family rehabilitation program.

Paradise RDA

The Paradise RDA was created on February 12, 2002, with a Project Area of 693.7 acres. The first Five-Year Implementation Plan was adopted on June 24, 2003, and the current plan was adopted January 13, 2009.

A major part of the Five-Year Implementation plan is the Downtown Revitalization Master Plan (adopted July 27, 2000) which includes new public parking facilities, improved septic system capacity for small downtown businesses, building facade and signage improvements, and establishment of the Paradise Town Center.

Low and moderate housing projects include the First-Time Homebuyer Program, Housing Rehabilitation, and Paradise Community Village. Information regarding this agency and its programs is readily available on the Town's website. Helpful handouts are also available at the Paradise Town Hall.



(Photo of Paradise Community Park courtesy of Paradise Redevelopment Agency.)

FINDINGS

- F1. The Chico, Gridley, Oroville, and Paradise Redevelopment Agencies each have the required Five-Year Implementation Plan, which complies with the state requirements.
- F2. The Chico, Oroville, and Paradise Redevelopment Agencies have information regarding their agencies readily available to the public through their web sites.
- F3. The Gridley Redevelopment Agency does not have information available to the public online.

RECOMMENDATIONS

- R1. The Gridley Redevelopment Agency should develop a website available to the public containing its Five-Year Implementation Plan, programs, and financial information as soon as possible.

REQUEST FOR RESPONSES

Pursuant to Penal Code §§ 933 and 933.05, the 2009/2010 Butte County Grand Jury requests responses as follows:

- Gridley Redevelopment Agency

The governing body indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

BIBLIOGRAPHY

- City of Chico, Redevelopment Agency Website
<http://www.chico.ca.us/econdev/redevelopment.asp>
- City of Gridley, Redevelopment Agency Report to the BCGJ, located at
<http://www.gridley.ca.us/departments/cityadmin.php>
- City of Oroville, Redevelopment Agency Website
<http://www.cityoforoville.org/index.aspx?page=164>
- Town of Paradise, Redevelopment Website
<http://www.townofparadise.com/index.php/departments/redevelopment-agency/redevelopment-agency>

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.