



Livable Communities Working Group

**Wednesday, January 18, 2012
2:30 to 4:30 p.m.**

MINUTES

I. Welcome & Introductions

Attendees: Kelley Thom (Rolling Hills Estates), Otis Ginoza (Lawndale), Eric Haaland (MB), Alicia Velasco and Charles Felix (Lomita), Jeremy Hyde, David Magarian (SBESC), Leza Mikhail (RPV), John Signo (Carson), Pam Townsend (HB), Yvonne Mallory (Gardena), Kim Christensen, Masa Alkire and Ted Shove (City of El Segundo), Jacki Bacharach, Wally Siembab, Rosemary Lackow, and Steve Lantz (SBCCOG), Susan Seamans (Mayor, Rolling Hills Estates)

II. Minutes for November 16, 2011 – Receive and File

III. Redevelopment: What's Next?

Larry Kosmont, Kosmont Associates

While awaiting the arrival of Mr. Kosmont, Wally took a poll as to how many cities represented have redevelopment agencies, and their status.

Lawndale: they have an RDA and right now the situation is very difficult, their RDA pays for 9 positions, mainly in Public Works.

Carson: there are 28 staff positions funded by their RDA and currently 12 will be affected now. It's a big impact.

El Segundo: they do not have an RDA, The council has adopted an Economic Development strategy and added a new position of Economic Development Analyst, recently filled by Ted Shrove (present today). Wally noted the unique features of El Segundo – in that it is a traditional urban model but has a distinct division land uses East (commercial – large employment center for the South Bay) and West (residential with traditional downtown) of Sepulveda.

Manhattan Beach: doesn't have an RDA but there is interest in creating some sort of administrative "Economic Development Division"; however there is no big push to do so, as development has worked well.

Lomita: has an RDA, but it has never formally adopted a project area and now they are in the process of dissolving it.

RPV: has an RDA, but no project areas, believe used for affordable housing with some tax increment financing; the City has never funding staffing through the RDA, therefore this is not likely to have a huge impact.

With the arrival of Larry Kosmont, Jacki introduced him, noting that he is an expert in this field and has worked with many cities on private and public partnerships, including redevelopment agency projects; currently he is working for the City of Montebello.

Mr. Kosmont noted that redevelopment has been in existence as we know it, for 60 years (since 1945) and has been the primary economic development source for many cities, especially post Proposition 13 around 1980. Essentially what has happened is the state has taken away cities ability to tax. There are around 480 cities directly affected. He proceeded to give a very detailed PowerPoint Presentation entitled "Redevelopment

Status Report” – which can be viewed on the SBCCOG website, Livable Communities Working Group page for this meeting date. Link to the presentation:

(<http://www.southbaycities.org/files/Redev%20Status%20V2.pdf>)

The presentation covered the following subjects:

- Summary of Redevelopment Legislation
- Redevelopment after Feb 1, 2012
- Impact on Cities & the Private Sector
- Initiatives in Process: Redevelopment 2.0
- Governor’s Budget

Main points:

Summary of Redevelopment Legislation

- The abolishment of RDAs is about money and the state’s budget deficit.
- When AB 1 X 26 (“AB 26”) was upheld as constitutional, and AB 1 X27 was struck down, this eliminated the “pay to play option” of continuing RDAs, leaving cities few options.
- What will follow: a public form of liquidation which will be messy as this is all a new process and there are many unanswered questions - predicts many lawsuits and legal challenges.

Redevelopment after Feb 1, 2012

- Cities with RDAs can declare “Successor Agencies” – to administer enforceable obligations, and liquidate agency property after 2/1/12.
- Oversight Boards to have control over the process
- State DOF (Dept of Finance) and State Controller Office (SCO) 100% veto power over actions by Successor Agencies and Oversight Boards.
- If a city elects to not become a Successor Agency: alternatives include State of California or special district, or the County.
- Successor housing alternatives: cities can elect to retain housing assets and functions, or transfer to local housing authority (if any) or to State HCD.

Impact on Cities & Private Sector

- Cities: depleted finances, staff and service cutbacks, litigation, uncertainty, challenge in considering asset transfers and alternative financing tools.
- Private Sector: Much analysis needed site-by-site, diminished appetite for public agency transactions, need to structure reimbursement agreements for expedited permit processing, increase in development fees.
- New project potential other tools: lease/lease-leaseback, EB-5 financing, economic development corporations; and for Community Facilities District financing for private/public infrastructure

Initiatives in Process: Economic Development 2.0

- SB 659 (Padilla) would extend deadline to dissolve to April 15, 2012
- Comprehensive legislation for a compromise with May 1 deadline
- So California cities motion for a stay, hearing Jan. 27, 2012

Governor’s Budget

- State expects to gain 1.7 billion in 2011-12, to reduce budget gap from 11 billion to 9.2 billion.(per DOF)
- Cuts: 4.2 billion Taxes: 7.0 billion
- May expect in November local elections: local tax increases, school district requests for parcel taxes, anti-business measures

- State re-organization: Create “Business and Consumer Services Agency” (merging of housing and business regulations with state & Consumer Services Agency) within which Cal Housing Finance Agency to be merged into HCD
- Economic development functions moved to Governor’s Office of Economic Development
- Transportation functions to be left in BTH (Business, Transportation & Housing) renamed “The Transportation Agency” (including Caltrans, California Transportation Commission, California High-Speed rail Authority)

Following the PPT presentation, several question arose for Mr. Kosmont:

Q: What happened in the City of Los Angeles?

LK: Los Angeles elected to not become a successor agency therefore the state will take over. The oversight committees will eventually put themselves out of business.

Q: How are the Oversight committees paid?

LK: There is no compensation for being on these boards.

Q: Why would a city merge project areas?

LK: sometimes it’s beneficial to consolidate debt therefore easier to liquidate if merged.

Q: Did anyone analyze if the revenue benefit was outweighed by the costs to dissolve?

LK: no, this is about reducing the deficit - a total of 7 billion is involved, of which 5 billion is debt which is encumbered, so down to 1.7 billion left to distribute to schools and local governments. Another issue is that many RDA involve toxic cleanup or other problems which likely will cause a discount to be applied. This, along with litigation costs would also reduce the economic benefit that was intended.

Q: how many cities are electing to not become a successor agency?

LK: most cities electing not to become a successor agency – not much motivation to do otherwise.

Q: what is the difference between “EOPS” (Enforceable Obligation Payment Schedules) and “ROPS” (Recognized Obligation Payment Schedules)?

LK: EOPs procedurally lead to ROPS during the liquidation process. By May 1, ROPS become effective – this is your final list and by this date need to have the Oversight Board operational.

Mr. Kosmont noted impacts: many jobs lost, projects stopped, lots of litigation. There are looming technical questions, for example: it is unknown who would enforce site cleanup of toxics, and how would bond issues get paid? Also how will bonds be rated, when the assets have been sold? There will be lapses in bond payments, as property tax no longer being distributed to RDAs to pay bonds. The prediction is: because this will not solve the problem for funding education, this is the beginning of an overall trend to tax.

Q: Who are the winners?

LK: The lawyers will be first in line, but generally he thinks this will not result in spurring growth.

Q: will this affect the RHNA (for housing elements)?

LK: doesn’t think so, housing cleanup legislation will occur before RDA cleanup laws. This is because there are very strong housing advocates in Sacramento and cities are very involved in this, and, with respect to affordable housing, there were other sources of funding also, and finally social policy will influence. Prediction: affordable housing in some other format will come back.

Q: what is “Economic Development”, and what is the difference between it and private investment?

LK: successful economic development is getting private equity investment through debt to provide for public services that cannot be provided by the private sector.

Q: how about patterns of development – will these changes encourage outlying areas to be developed as opposed to infill?

LK: to some degree yes, but this has always been the case.

Q: What is the benefit for a successor agency to get rid of assets quickly?

LK: in general, at first, the process won’t be speedy, but as time goes on, it will happen faster and will get to residual values fast.

Mr. Kosmont's concluding remarks: right now things are very dysfunctional and confused. How did this get this way? RDAs have had a lot of baggage – (blight, debt, eminent domain) they got a bad reputation even though they did a lot of good. This was an unintended consequence. Still economic development is needed in some form in California.

The power of eminent domain still exists with cities, but much more limited. Cities can use it as long as there is a defined public benefit. For example, transit oriented development could be the public purpose, but only if rail transit is involved. Before, the RDAs declared that a public purpose was to be in the real estate business, and they then had the power to acquire property. This is now gone.

IV. Draft Regional Transportation Plan

Wally Siembab, SBCCOG

The RTP is out and on the SCAG website. We have developed a set of policies and strategies to accommodate the South Bay's condition of being transit poor. Our policies, however, are listed only as a sidebar in the RTP and not integrated. So, our comments on the RTP are mainly that we want SCAG to recognize our strategies, and please bring into line with the Compass project criteria – otherwise we have much difficulty getting funding. The COG will send comments to the cities and she requested that the cities read this and endorse our comments to SCAG.

V. LCWG: 2011 Review, 2012 Plans

Wally Siembab, SBCCOG

Wally passed out a handout listing all the LC meetings over the past year. He polled the group on the kinds of topics that they would want to see on future agendas. He also suggested that they might change the name of the Working Group to capture the concept of sustainability. Come back with ideas. The name "Sustainable Land Use and Transportation" presents a challenge as an acronym and we need some options. Someone suggested a future presentation regarding RELUPA (regulation of religious land uses) and it was also noted that the COG is also interested in regulation of massage parlors in the South Bay.

VI. Updates

Wally Siembab, David Magarian, Jeremy Hyde

Strategic Growth Council Grant Applications – Cities and COG

Yvonne (Gardena) noted tips she got from SCAG at a recent meeting. She noted that there is a lot of technical assistance available. Pay attention to the first two sentences on page 5 you should make sure you answer all 12 questions as these are 60% of application, and ramp up now for the next round. Wally: anyone else going to submit an app this round? No one present indicated so. Wally encouraged the cities to make a list right now to set up, as you will need at least 6-7 months to ramp up. RPV: not going to submit this round. Wally noted that no collaboration between cities has materialized so far. He advised these grants are potential sources of funding for staffing funds lost from RDA's. The COG is looking at applying third round not going to apply now as we have no strategic partners. We are looking at third round as well.

Press Conference – Enterprise in Torrance. Jacki noted that on February 7, Enterprise Rent-a-Car will be having a Community Event with the COG to publicize their acquisition of 5 Nissan Leafs. The COG has persuaded ERC to offer a rental discount to folks who already own an EV but who want to rent a gas vehicle for a long range trip. Look for info on this. This is consistent with the COGs work on fleet electrification and charge port infrastructure.

SCAG Compass Project

Wally explained we got funded but approved for a lot less (125 K funding or about half of what was requested) --so he reduced the scope of study areas, still looking at PCH in HB, Marine Avenue station, Rosecrans intersection. Yvonne noted regarding Rosecrans – this is a very hard area to change, it has been the way it is in Gardena for a long time. SCAG's next step: take our scope and solicit consultants to bid on it.

ESC's Climate Action Planning

Jeremy said he is still working on meetings with cities, to show how to meet state targets. He noted that he still hasn't scheduled a meeting with Gardena; and Yvonne M. suggested he email her. Jacki encouraged all the cities to forward any questions or comments to Jeremy and we will get you answers.

Due to lack of time, updates were not made for:

BEV AQMD Proposal (meeting January 20)

Metro TOD Planning Grant

Ecotality – no or low cost level 2 charging in public parking lots

LUV Extension

Charge Port Infrastructure Planning

Metro defining “sustainability” and the Caltrans Smart Mobility Framework

VII. Other Business

Jacki announced the General Assembly is on 2/24/12 and distributed flyers. She noted some speakers including Cisco, LA Red Cross, Dr. Lucy Jones, and topics including: earthquake an seismic issues, affect on the South Bay. Speakers will be from the ports and airport, as well as legislators. The Mayor from Monrovia will comment on recent wind storms and give perspectives. A special training session will be held for elected officials and senior staff - please encourage your city to sign up. It's a free event – the main event will be 9 am to 2:00 p.m. with elected official training 2-4 pm.

This will be the last time this group will be meeting in this room. The COG has signed a lease for new offices located at 20285 Western Avenue in Torrance close to 110 and 405 freeways. Will have good parking and no elevators as offices are on the first floor and there will be rooms for meetings. In February we will need to meet at an alternative location at the Torrance Civic Center Library. This group will start meeting at the new offices in March.

VIII. Adjournment - - 4:30