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October 23, 2017

Dear City Leader:

Revitalize California Cities is a grassroots 501C(6) membership organization by cities and allies focused on returning key community and economic development tools to the local level. Since the elimination of redevelopment, cities are hamstrung on their ability to eliminate blight, meet infrastructure needs, incentivize business development, and build necessary housing for their residents. While various plans have been developed since the loss of redevelopment, none have generated any real or serious tools that are vitally needed.

As Gubernatorial candidates are talking about a post-Brown administration and are favorably discussing redevelopment, Revitalize California believes this is the key opportunity to shape the strategy and the policy to bring back the positive parts of redevelopment, while eliminating some of the more controversial and unpopular items. We believe that a redevelopment 2.0 policy developed by cities for cities will provide the best gain for our local communities.

Revitalize California is led by Russell Lowery, a 25 year legislative veteran in budget and tax policy for California. Mr. Lowery has led direct budget negotiations with the Governor as part of the state senate leadership and represented a Fortune 200 company's interest in the state legislature. He provides Revitalize California the necessary policy experience and political muscle necessary to carry through our objective of bringing back key city development tools eliminated with redevelopment.

City membership dues are \$5,000. This important investment will demonstrate your commitment to bringing back key redevelopment tools and allow us to begin building the infrastructure necessary to shape the discussion and policy that will eventually become the successor to redevelopment. As we move forward, we are urging our fellow cities to join us and help us bring back such a vital and important tool that will help us spur jobs, eliminate blight, and provide needed housing for our communities.

Sincerely,

Steven Ly
Mayor Pro Tem
City of Rosemead



A Brief History

For decades one of the most effective tools local governments had to combat blight in their communities came through the use of Redevelopment Agencies (RDA). Formed in 1945, RDAs became an effective tool to entice local development in areas of communities that otherwise would be left undeveloped and/or underserve those who lived there.

Because of changes in state law, the use of RDAs significantly increased beginning in the late 1970s. By 2010, RDAs received more than \$5 billion in property taxes annually to use to improve blighted areas. In many instances local government agencies were not only able to use these dollars to entice new businesses into their communities but also fund the community's affordable housing projects.

While local governments found RDAs a valuable tool in their development plans, state officials put RDAs directly in their crosshairs as a target to be dissolved arguing it was a drain on the state's General Fund. During the last state budget crisis in 2011, state officials, along with the governor were able to put together enough votes to dissolve RDAs.

RDAs were officially disbanded on Feb. 1, 2012.

Where We Are Today

While the dollars to improve blighted areas of communities were taken from local governments, the need to create development, including affordable housing has continued to grow in California.

According to the California Relators Association in a study they conducted earlier this year, nearly 70 percent of Californians could not afford a median-priced home in the state. The Median price for a home in California, according to Zillow, now tops \$500,000.

The California Legislature and Governor passed a series of bills in 2017 to address affordable housing, including a \$4 billion bond to go before the voters in 2018 and a real estate transaction fee of \$75 per sale that would raise another \$225 million for affordable housing. These are a start, most acknowledge this package of bills passed by the Legislature in 2017 won't make much of a dent in the housing crisis.

Where We Go Tomorrow

In 2018, California will elect a new governor as Gov. Jerry Brown will be termed out of office.

Local government is the best place for building decisions to be made. This election cycle will allow local governments to join forces with building trades, chambers, low-income housing advocates and others who an interest in improving blighted areas throughout California

This membership organization, with its strength in numbers and diversity, will work with each of the major gubernatorial candidates to get their commitment prior to the election to re-establish Redevelopment Agencies so local government can better how to plan and develop their communities.

If local governments hope to revitalize the blighted areas of the communities their represent, this unique opportunity must be taken advantage of now to get each of the major candidates from both parties to commit to bringing back this valuable resource before the general election.

There will be a lot of talk during the 2018 election cycle about the need for local control for government dollars. This unique membership organization can help ensure that these much needed dollars to help improve blighted areas of communities, to include building badly-needed affordable housing projects, are directed where they are best used – in the hands of local governments.



KEY STAFF BIO

Russell Lowery – Executive Director, Revitalize California Cities CEO, Competitive Edge Advantage, Inc.

Competitive Edge Advantage, Inc. (CEA), provides policy and strategic guidance to clients in Sacramento and Washington, DC. Mr. Lowery has more than 25 years of legislative, political, public affairs, and lobbying experience. As a corporate lobbyist for a Fortune 200 company and Chief-of-Staff to several elected officials, Lowery demonstrated a unique ability to translate complex public policy desires into successful concrete legislative and regulatory action.

As the Chief of Staff to the Senate Republican Caucus and lead budget negotiator, Mr. Lowery has first-hand experience defending redevelopment from Sacramento insiders and interests who were eager to grab local revenue. Following his departure from the Legislature, he watched as a coalition led by Governor Brown successfully dismantled redevelopment.

Mr. Lowery has led multi-county regional efforts coordinating over 100 regional government and private sector events with local city partners featuring leading speakers and resources to help develop small businesses. Mr. Lowery has worked with GOOGLE, Facebook, Inc., Instagram, Snapchat, Disney, AT&T, Virgin Galactic, leading trade associations, and numerous state and federal agencies to deliver high value works shops and seminars to enhance economic opportunities and stimulus.



RESOLUTION NO. XXXX-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF _____, CALIFORNIA, AGREEING TO JOIN REVITALIZE CALIFORNIA CITIES (HEREINAFTER, “REVITALIZE CA”) BY AND AMONG MUNICIPALITIES AND AGENCIES WITHIN THE STATE OF CALIFORNIA (“MEMBERS”) FOR THE PURPOSE OF ESTABLISHING A UNIFIED MESSAGE TO ADVOCATE FOR THE RETURN OF KEY COMMUNITY AND ECONOMIC DEVELOPMENT TOOLS THAT WERE LOST WITH THE DISSOLUTION OF REDEVELOPMENT

WHEREAS, Coalition members agree that the February 2012 Sacramento decision to eliminate redevelopment limited local California cities ability to improve their communities; and

WHEREAS, the elimination of redevelopment have had negative community and economic development impacts that have affected cities’ ability to create jobs, eliminate blight, rebuild infrastructure and build affordable housing; and

WHEREAS, through a collaborative effort, Revitalize CA seeks to advocate for common sense legislative solutions that will enhance the local governments’ economic toolbox.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF _____, DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. Revitalize CA shall act as the lead organization with respect to the development of strategy and policy, implementing said strategy and policy, and promote and administer the organization on behalf of its member-cities; and

SECTION 2. In order to achieve the objectives of Revitalize CA, each Member agrees to pay five thousand dollars (\$5,000.00) to the lead agency as long as the Member wishes to remain with Revitalize CA.

SECTION 3. Each Member shall designate one or more representatives to be an active participant in Revitalize CA meetings, and facilitate the exchange and dissemination of information to further the organization’s objectives.

SECTION 4. The City of _____ does hereby join Revitalize California Cities as of _____, as authorized by the signer below.

SECTION 5. The City Clerk shall certify to the adoption of this resolution and hereafter the same shall be in full force and effect.

PASSED, APPROVED, AND ADOPTED this ____th day of _____, 2017.

APPROVED AS TO FORM:

, City Attorney

, Mayor
ATTEST:

, City Clerk



Tax Increment Financing Tool

Objective

Creation of a Tax Increment Financing Tool (Tool) that provides local governments with the ability to revitalize blighted areas within their communities. The Tool represents a shared fiscal responsibility between the state and local governments that provides a means to assist local governments with the revitalization of their communities while also incentivizing the implementation of state-wide policy objectives.

Highlights

- ✓ Local Governments may establish a new stand-alone legal entity (“Authority”).
 - City, County, or City and County may establish via resolution
 - Allows for Joint Powers Authority formation
- ✓ The Authority Shall be required to do the following:
 - Establish Boundaries
 - Do not have to be contiguous
 - May overlap with former RDA project areas
 - Must be within the legal jurisdiction of the local government establishing the Authority
 - Create a Project and Financing Plan
 - No voter approval to issue debt
 - Allows the local government establishing the Authority to make loans and receive repayment
 - 45-year life span
 - Allows for expenditure of funds outside of project area if there is a nexus to the project area
 - Prohibits the use of eminent domain
- ✓ Provides for an increased share of property tax revenues, upon winding down of the Authority’s activities, to the local government that established the Authority if specific state-wide goals within the local government’s jurisdiction are met
 - Reduce Green House Gas Reduction Plan
 - Increase Transit-Oriented Development
 - Increase Affordable Housing Development

- ✓ The Authority may do the following activities:
 - Construct affordable housing
 - Make loans or grants to owners or tenants to improve, rehabilitate, or retrofit buildings or structures
 - Borrow money, receive grants, or accept financial or other assistance or investment from the state or the federal government
 - Seismic retrofitting
 - Remediate hazardous properties
 - Provide direct assistance to businesses within the project area in connection with new or existing facilities for industrial or manufacturing uses
 - Issue bonds
 - Acquire real property
 - General work to rehabilitate, repair, upgrade, or construct infrastructure
- ✓ The Authority shall be subject to the Public Records Act, Brown Act, and the Political Reform Act, and its members are subject to ethics training

Funding

There are several options for generating funding for the Authority. Potential options include:

1. New Tax Increment—Local Governments that form a new authority will be authorized to receive tax increment.
2. Redirection of residuals (former RDA Tax Increment)—Makes available the usage of former RDA dissolution residuals for use to revitalize project areas, if the Authority's project areas overlap with former RDA project areas.
 - a. Currently there are approximately \$2.85 Billion in residuals annually and the amount is expected to grow 4 percent annually as property tax grows on the natural, projects that result in new assessments are completed, and former RDA obligations are paid off.
3. Allow a city, county, or city and county that creates an Authority to be refunded ERAF payments above amounts needed to satisfy the VLF SWAP.
 - a. Refunded amount is allowable only for the first two years of the new entities formation.
 - b. Intended to make funding immediately available to local governments for projects.
4. Increase funding for the Affordable Housing and Sustainable Communities (AHSC) program by restructuring the continuous appropriation funding allocations.
 - a. The Strategic Growth Council's Affordable Housing and Sustainable Communities (AHSC) Program provides grants and affordable housing loans for compact transit-oriented development and related infrastructure and programs that reduce greenhouse gas ("GHG") emissions.
 - b. Local governments that establish a new entity and where such projects are consistent with AHSC receive preference points during the funding rounds.
5. Allows local governments to loan monies to the Authority and receive repayment



Revitalize California Cities - Statutory Cites/References/Amendments Needed

Topic	Statutes Reviewed
Issue Bonds	Article 4.5 (commencing with Section 53506) and Article 5 (commencing with Section 53510) of Chapter 3 of Part 1 of Division 2 of Title 5.
Remediate Hazardous Properties	Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Part 1 of Chapter 4 of Division 24) or Chapter 6.10 (commencing with Section 25403) of Division 20 of the Health and Safety Code
Dissolution of RDA Waterfall	Health and Safety Code 34183 and 34188
Educational Revenue Augmentation Fund	Revenue and Taxation Code 97.2 and 97.3
Ethics Training	Subject to Article 2.4 (commencing with Section 53234) of Chapter 2 (Ethics Training)
Ralph M. Brown Act (Public Meetings)	Chapter 9 Commencing with 54950 of Government Code
Public Records	Chapter 3.5 Commencing with Section 6250 of Division 7 of Title 1 of Government Code
Political Reform Act of 1974	Title 9 Commencing with Section 81000 of Government Code Section 16 of Article XVI of the California Constitution.
Establish Joint Powers Authorities	Chapter 5 Commencing with Section 6500 of Division 7 of Title 1 of Government Code
Affordable Housing and Sustainable Communities	
Transit Priority Projects	Section 21155 of the Public Resources Code
Low and Moderate Income Housing Definition	50093 of the Health and Safety Code
Redevelopment Agency Authority	Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code
Allocation of Property Tax Revenue	Section 95 of the Revenue and Taxation Code.
Vehicle License Fee Adjustment Shifts	Section 97.70 of the Revenue and Taxation Code
Authority Provisions	The new tool will be in a new stand-alone Government Code Section



REVITALIZE CALIFORNIA CITIES

Potential Resources to Revitalize California Cities (\$ in Millions)

Fiscal Year	New Tax Increment ⁵	Redirection of Residuals from Dissolution of RDAs ^{1, 4}	Refunded ERAF Payments ²	Increase AHSC Funding Availability ³	Total Potential Funding Availability
2019-20	-	2,850	1,000	550	4,400
2020-21	160	2,964	1,000	550	4,674
2021-22	166	3,083	-	550	3,799
2022-23	173	3,206	-	550	3,929
2023-24	180	3,334	-	550	4,064
2024-25	187	3,467	-	550	4,204
2025-26	195	3,606	-	550	4,351
2026-27	202	3,750	-	550	4,502
2027-28	211	3,900	-	550	4,661
2028-29	219	4,056	-	550	4,825
10 YR Totals	1,693	34,217	2,000	5,500	43,410

¹ Cities or Counties that create a new improvement authority, and who previously established a Redevelopment Agency whose operations are being wound down by a Successor Agency, shall receive all residual payments for placement into their new improvement fund for use as specified.

² Cities or Counties that create a new improvement authority will be authorized to receive a refund of their annual contributions into ERAF for a 2-Year limited Term basis. Refunded amounts are only those amounts in excess of funding needed to satisfy the VLF SWAP. Amounts that are being refunded shall be placed in the authorities improvement fund for use as specified.

³ Increase of AHSC Funding through a restructure of the Cap and Trade Continuous appropriation amounts. Represents an increase from the 2017-18 base projection of \$450 Million to \$1 Billion (\$550 Million increase). Actual amounts generated are subject to actual auction revenues.

⁴ Assumes modest property tax growth of 4 percent annually. Does not included increases in available residuals as former RDA debt is paid off.

⁵ Assumes new project areas are formed that do not overlap with former RDA project areas. Potential Funding will ultimately depend on the number of project areas created and the improvements done to those project areas. This number is speculative and can potentially grow to be very large.