

REPORT OF THE CHIEF LEGISLATIVE ANALYST

May 26, 2009

TO: Honorable Members of the Housing, Community
and Economic Development Committee

FROM: Gerry F. Miller *Gerry F. Miller*
Chief Legislative Analyst

Council File No. 08-3459
Assignment No. 09-01-0015

CRA - Amend the Earthquake Disaster Assistance Redevelopment Plan for the East Hollywood/Beverly Normandie Redevelopment Project Area

SUMMARY

The Community Redevelopment Agency of the City of Los Angeles (Agency) requests that the Council adopt an Ordinance to extend the date of effectiveness for the Earthquake Disaster Assistance Redevelopment Plan for East Hollywood/Beverly Normandie Redevelopment Project Area (EHBN RPA). The EHBN RPA was adopted in 1994 with an initial fifteen-year term of effectiveness and provides that this term may be extended for an additional five-year period by a vote of the Council. Subsequent to the Agency Board's approval of this request, the City Attorney prepared the attached Ordinance, dated February 17, 2009 for Council adoption.

The initial fifteen-year term of the EHBN RPA was to expire December 14, 2009. State Senate Bills 1045 and 1096 allowed for the extension of the date of effectiveness for this RPA by a total of three years resulting from State Educational Revenue Augmentation Fund (ERAF) contribution requirements imposed by these bills. As such, the current expiration date for the EHBN RPA is December 14, 2012. Approval of the Agency's request will extend the expiration date to December 14, 2017.

While the extended date of effectiveness does not expire until 2012, the Agency reports that the five-year extension allowed in the original plan is needed at this time to allow the Agency to incur debt against future tax increment revenue. The current bond incurrence limitation date, which authorizes the Agency to incur debt in this RPA expires in December 2009. The Agency reports that because the current date of effectiveness expires only three years after the debt incurrence limitation date, bond purchasers are reluctant to purchase Agency bonds for this RPA. Further, redevelopment law does not allow the Agency to collect tax increment unless debt has been incurred. Therefore, the Agency will be unable to undertake substantial bond-financed redevelopment activity in the EHBN RPA unless the date of effectiveness of this project area is extended to 2017.

RECOMMENDATION

That the Council adopt the attached Ordinance amending the redevelopment plan for the Earthquake Disaster Assistance Redevelopment Project for East Hollywood/Beverly Normandie extending the

date of effectiveness from December 14, 2012 to December 14, 2017.

BACKGROUND

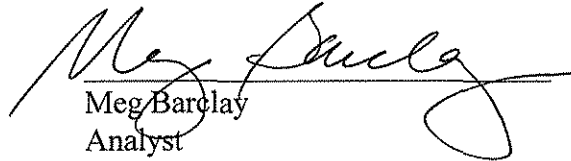
The Earthquake Disaster Assistance Redevelopment Plan was also amended by Ordinance to extend of the debt incurrence limitation date to from 2004 to 2009 on November 21, 2003.

ENVIRONMENTAL REVIEW

The recommended action does not constitute a project as defined by the California Environmental Quality Act.

FISCAL IMPACT

There is no impact to the General Fund resulting from this action.



Meg Barclay
Analyst

MB

Attachment: Ordinance

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ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES EXTENDING THE EFFECTIVENESS DATE FOR THE REDEVELOPMENT PLAN FOR THE EAST HOLLYWOOD/BEVERLY-NORMANDIE EARTHQUAKE DISASTER ASSISTANCE PROJECT

WHEREAS, the Redevelopment Plan for the East Hollywood/Beverly-Normandie Earthquake Disaster Assistance Project was approved and adopted by the City Council of the City of Los Angeles on December 14, 1994, by Ordinance No. 170,176 and was amended on November 21, 2003, by Ordinance No. 175,670, on November 21, 2003, by Ordinance No. 175,671, on December 19, 2006, by Ordinance No. 178,170, and on August 13, 2008, by Ordinance No. 180,165 (collectively referred to as the Redevelopment Plan); and

WHEREAS, Section 700 of the Redevelopment Plan provides that "The provisions of this Plan shall be effective for the period ending fifteen (15) years from the adoption of the Plan, the fifteen (15) year period of which may be extended to a total of twenty (20) years from the date of adoption of the Plan by a vote of the City Council to so extend."; and

WHEREAS, Ordinance No. 175,671, adopted on November 21, 2003, extended the effectiveness of the Redevelopment Plan by one (1) year, as permitted by Senate Bill 1045 (2003) for required contribution to the Education Reinvestment Augmentation Fund (ERAF) of the County of Los Angeles by The Community Redevelopment Agency of the City of Los Angeles (the CRA/LA) for fiscal year 2003/2004; and

WHEREAS, Ordinance No. 178,170, adopted on December 19, 2006, extended the effectiveness of the Redevelopment Plan by two (2) years, as permitted by Senate Bill 1096 (2004) for ERAF contributions required of the CRA/LA for fiscal years 2004/2005 and 2005/2006; and

WHEREAS, the extensions of effectiveness permitted by these Senate Bills were not anticipated at the time of adoption of the Redevelopment Plan and do not affect the ability of the City Council to extend the effectiveness of the Redevelopment Plan for an additional five (5) year period as permitted by the Redevelopment Plan; and

WHEREAS, the City Council of the City of Los Angeles desires to extend the effectiveness date for the East Hollywood/Beverly-Normandie Earthquake Disaster Assistance Project for an additional five (5) year period, pursuant to the provisions of the Redevelopment Plan.

NOW THEREFORE,

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO HEREBY ORDAIN AS FOLLOWS:**

Section 1. In accordance with the provisions of Section 700 of the Redevelopment Plan, the City hereby establishes the following limitation for the East Hollywood/Beverly-Normandie Earthquake Disaster Assistance Project:

A. The date for effectiveness of the Redevelopment Plan is extended for a five (5) year period which ends on December 14, 2017.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

KAREN E. KALFAYAN, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

ROCKARD J. DELGADILLO, City Attorney

By Beverly A. Cook
for EDWARD G. YOUNG
(Deputy City Attorney)

Date _____

File No. _____