

City of Brisbane

Affordable Housing Subcommittee

Agenda Report

DATE: Meeting of February 9, 2016

TO: Affordable Housing Subcommittee

FROM: Sheri Marie Spediacci, City Clerk

SUBJECT: History of Redevelopment Agencies and Brisbane's Projects/Programs

RECOMMENDATION

Receive information as background to moving forward.

BACKGROUND

The City of Brisbane had a Redevelopment Agency that served as an important component for providing affordable housing projects and programs in Brisbane. On February 1, 2012, the State of California ceased the operation of all local redevelopment agencies (RDA's) and set up a process for dissolution which included setting up Successor Agencies and Oversight Boards to these former Redevelopment Agencies. The housing property owned by the former RDA was transferred to the newly formed Brisbane Housing Authority and all other cash assets (approximately 2.8 million) were transferred to the underlying taxing entities.

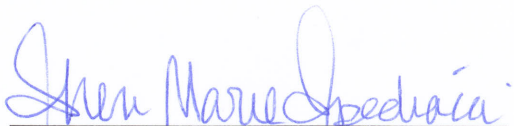
Attached to this agenda report is a more detailed document explaining more about the former RDA's, an explanation of 20% "set aside" of the tax increment for affordable housing, and a listing of what Brisbane's Redevelopment Agency was able to accomplish from 1976-2012.

DISCUSSION

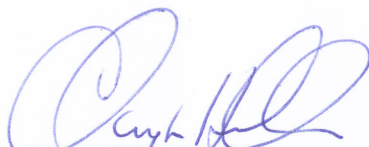
Since the termination of the Brisbane Redevelopment Agency in 2012, its affordable housing program has largely been on hold. However, the need for affordable housing is greater than ever and there have been calls for the City to become more proactive in this area. The purpose of this staff report is to provide background on past projects and programs and to begin a discussion on how the assets of the Housing Authority, and the City, can be most effectively used to provide affordable housing for the community.

Currently there is approximately \$850,000 in the low-mod housing fund which came from the Successor Agency selling the property at Visitacion Avenue at Monterey (Former Five Star Café). The Housing Authority also owns an approximately four-acre property off of McLain Road and San Bruno Avenue (The Lau Property), which was purchased to construct an affordable housing project. This property was purchased in 2011, just before the dissolution of RDA's, and since the funding source to finance needed infrastructure and other improvements went away, that proposed project was put on hold at that time.

There is a time limit though to use the property for an affordable housing project or sell it. The Brisbane Housing Authority must begin the process of developing the property by August, 2016 or adopt a resolution to extend the deadline for an additional 5 years until August 2021. Only one, five year extension can be adopted.



Sheri Marie Spediacci, City Clerk



Clayton Holstine, City Manager

What was a Redevelopment Agency?

A redevelopment agency was a separate legal entity created pursuant to State law by a local city or county for the purpose of rehabilitating blighted areas. The idea is to provide for economic development in areas that are so impaired that the normal incentives of the free market do not work. Brisbane's Redevelopment Agency was formed in 1976. In Brisbane, as in most cities, the City Council was the Redevelopment Agency Board of Directors. A redevelopment agency had the following powers that are not available to a city or county.

1. **Eminent Domain.** The power to acquire property by eminent domain for redevelopment purposes. That is, a land owner can be forced, under certain limited conditions, to sell their property to a redevelopment agency for fair market value so that the redevelopment agency can sell the property to a private developer that is willing to build a project consistent with the redevelopment plan. Any other local agency could only use eminent domain to acquire property to build a public facility such as a street, a park, a municipal building, etc. Brisbane's Redevelopment Agency had never used eminent domain to acquire property.

2. **Tax Increment.** The power to collect "tax increment" revenues. When a redevelopment project area was formed, the level of property taxes paid by the property owners in the project area would be set as the "base year". After the establishment of the project area, property taxes, which are normally shared by all the local agencies that serve the area (city, county, school districts, special districts, etc.), were still collected by those agencies at the base year level. As redevelopment occurs and property values rise within the project area, the property taxes collected above the base year level were considered tax increment which would go to the redevelopment agency. However, tax increment could only be collected when a redevelopment agency incurred debt. The debt could be to the sponsoring city or county or, more commonly, from the sale of bonds, issued to finance improvements within the project area. The improvements financed by the debt would increase property values and property tax revenues, thus creating the tax increment revenues that are used to repay the debt. When the debt is repaid and the redevelopment project area "expired", the local agencies then would receive the increased taxes from the new development. Since the redevelopment agency was a separate legal entity, the agency's debt is not a debt of the sponsoring city or county. Tax increment could be used to finance some or all of the following types of activities.

- a. Street and road construction and improvements.
- b. Freeway Interchange construction and improvements.
- c. Toxic remediation.
- d. Drainage improvements.
- e. Utility extensions, e.g., sewer, water, etc.
- f. Parking facilities.
- g. Transit facilities.
- h. Parks and open space.
- i. Property acquisition.

Other uses of tax increment.

- Agencies were required to “set aside” 20% of the tax increment into a special fund to create, improve or preserve affordable housing. In Brisbane, this fund financed the senior housing project, the Habitat for Humanity project and the first time home buyer’s assistance program.
- Under some circumstances, the agency was required to share a portion of the tax increment with other local agencies such as school districts to compensate them for the possible loss of revenue resulting from the creation of the project area. These payments were called “pass-throughs”.
- Tax increment could pay an agency’s administrative and operating costs.
- Starting in 1993, the State of California had required redevelopment agencies to pay into the ERAF, or Educational Revenue Augmentation Fund, in order for the State to balance its budget and meet its school funding mandates.

How did redevelopment and tax increment benefit the City’s General Fund?

Tax increment could directly benefit the City’s General Fund by paying the Redevelopment Agency’s share of administrative and overhead costs. It could also be used to repay General Fund advances made for the purpose of setting up the Agency and the project area. Tax increment could indirectly benefit the General Fund by helping to finance development that brings other revenues, such as sales tax and hotel tax, into the General Fund. Redevelopment could finance projects that had benefits for the larger community as well as the project area that the city alone could not afford to fund.

Where was Brisbane’s Redevelopment Area located?

Brisbane had two Redevelopment Project Areas, both of which were primarily located east of Bayshore Blvd. Project Area One comprises Sierra Point, the Lagoon and a portion of the Baylands north of the Lagoon. All of this territory is east of Bayshore Blvd. Project Area Two comprised the remainder of the Baylands area up to the San Francisco boundary. This territory includes the Tank Farm, Icehouse hill, the PG&E substation near Geneva and the undeveloped hillside properties across Bayshore Blvd. from the Industrial Way business park.

Brisbane Redevelopment Agency Projects 1981 to 2012.

In Brisbane, Redevelopment has been used to provide projects that benefit the community as a whole as shown on the list below. For example, while the streets, utilities and freeway on and off ramps benefit landowners on Sierra Point, they also provide the community with much more convenient freeway access, pedestrian access to the City’s bayfront and new businesses such as the DoubleTree Hotel that provide tax revenue to support City services. The Agency also funded much needed affordable housing in Brisbane. The Redevelopment Agency helped to fund the construction of the new Tunnel Ave. Bridge that, for the first time, allows safe and legal bicycle and pedestrian access across the railroad tracks and out to Sierra Point. The land for our Community Park at the entrance to town was bought with Redevelopment Agency funds. The Redevelopment Agency paid a share of the cost to build the new fire station on Bayshore Blvd.

which provides much improved fire protection for the entire community. The Park and Ride lot at the corner of Bayshore Blvd. and Tunnel Ave was going to be sold by the owner, Union Pacific Railroad, but the Redevelopment Agency was able to step in and purchase the property both to preserve this amenity for commuters. The following is a list of all the projects in which the Redevelopment Agency funded or played an important role.

Sierra Point Office Park (1981-1983)

- Freeway On/Off ramps
- Streets (Lagoon Way/Sierra Point Parkway.)
- Utilities

Sierra Point Marina (570 berth marina on SF Bay, completed 1983)

Brisbane Community Park land acquisition (1986)

Fire Station (partially funded construction, 1992)

Low and Moderate Income Senior Apartments and Senior Center (land acquisition and development financing, 1995-1998)

Affordable Housing site acquisitions

- Visitacion Ave. at San Francisco Ave. (1995)
- Plumas Street (1996)
- San Bruno Ave. (2003)
- Visitacion Ave. at Monterey St. (2003)
- McLain Ave. at San Bruno Ave. (2011)

Park 'n Ride Lot (funded acquisition, 2004)

Low and Moderate Inc. First Time Homebuyer Program (down payment assistance, 1998-2012)

Habitat for Humanity 7 unit project (2006)

Tunnel Ave. Bridge Replacement (partially funded construction, 2006)