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Chief Administrative Officer

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To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
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From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Pursuit of County Position on Legislation

AB 1056 (Chu), as amended on January 23, 2006, would establish the Tolerance Education Pilot Program to promote the teaching of tolerance and inter-group relations as part of the instruction in history and social sciences in public schools. The bill specifies that participating schools may use the funds to purchase supplemental materials that promote tolerance or to provide staff development for teachers in the instruction of tolerance and inter-group relations. AB 1056 also would require the State Department of Education (SDE) to administer the program, and allow schools to apply to SDE for funding and receive a one-time grant of $25,000 per school.

According to the author, there have been a series of bias-motivated incidents in California schools. A study by the Anti-Defamation League showed that in 2004, anti-Semitic incidents reached the highest level in nine years in the State. Of those incidents, 13% occurred in schools.

According to the County Human Relations Commission, students in Los Angeles County schools would benefit from a curriculum that provides a new perspective on current community dynamics, and the tools to address inter-group issues and conflicts. The Human Relation Commission recommends support for AB 1056 and we concur. Support is consistent with existing Board policy to support legislation to reduce hate crimes, increase human relations education and training, and increase communities' capacity to address inter-group relations issues in a positive way. **Therefore, our Sacramento advocates will support AB 1056.**

AB 1056 is supported by the Anti-Defamation League, Applied Research Center, Asian Americans for Civil Rights and Equality, Asian Pacific Policy and Planning Council, Gay-Straight Alliance Network, Mexican American Legal Defense and Educational Fund and the National Council of La Raza. There is no registered opposition.

AB 1056 passed the Assembly by a vote of 51 to 28 on January 30, 2006 and was referred to the Senate Committee on Education where it awaits consideration.

AB 2240 (Committee on Public Employees, Retirement and Social Security) is a local option measure that permits noncontributory retirement plan employees in 1937 Retirement Act counties to purchase up to 5 years of service credit upon payment of additional contributions prior to retirement either by lump sum or by installment payments over a period of up to ten years. Support for AB 2240 is consistent with Board support of AB 55 (Correa), Chapter 261 of 2003, which allowed contributory plan members to exercise this option. Your Board adopted a resolution on December 16, 2003 making AB 55 effective in the County. **Therefore, our Sacramento advocates will support AB 2240.** AB 2240 was introduced on February 22, 2006 and referred to the Committee on Public Employees, Retirement and Social Security. No hearing date has been set.

SB 1206 (Kehoe), as introduced on January 26, 2006, is an attempt to reform key elements of California redevelopment law. According to the author, SB 1206 is intended to strengthen redevelopment law by tightening blight definitions, making it easier for residents to challenge unpopular redevelopment decisions, and by increasing State oversight. Specifically, the bill 1) makes numerous changes to the definition of blight, 2) limits the inclusion of unblighted parcels from redevelopment projects by requiring "other substantial justification," 3) increases oversight of redevelopment agencies by extending the timeframe for filing lawsuits regarding redevelopment decisions from 60 to 90 days, 4) requires the Attorney General to review the validity of such lawsuits and makes the State an interested party, 5) changes the way redevelopment agencies can merge projects and incur debt, and 6) prohibits redevelopment agencies from buying land for a city hall or county administration building.

Under current law, in areas where there is physical and economic blight, redevelopment projects can be created to improve health, safety, and general welfare. The theory behind redevelopment law is that the severe physical and economic burdens of certain areas cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment. Once a redevelopment plan has been adopted, the redevelopment agency is granted extraordinary powers to cure the blight including the use eminent domain; the receipt of property tax increment diverted from other taxing entities; and the ability to incur bonded indebtedness without voter approval.

In 1993, the Community Redevelopment Reform Act (AB 1290) enacted significant procedural and substantive changes to redevelopment law to address abuses. Among the abuses was the inappropriate adoption of projects for areas that were not "blighted," and an amendment process that allowed redevelopment plans to continue virtually without end. The 1993 reforms included a clearly defined redevelopment plan adoption process with formal procedures to ensure that taxing entities and citizens have the opportunity to provide input and comments; an expansion of the requirement to prepare certain detailed reports and documents regarding the proposed project and its environmental impact; clarification of the blight definition and blight finding requirements; and the imposition of statutory time limits for incurring debt and for the duration of the plan.

My office has reviewed SB 1206 and determined that, while some of its provisions strengthen redevelopment law in the areas of procedural reforms and increased State oversight, the proposed revisions to blight standards, project mergers, and debt incurrence, instead add ambiguity to redevelopment law. Additionally, some provisions appear to be unworkable, and could potentially have the effect of weakening redevelopment laws instead of strengthening them.

For example, SB 1206 adds the modifier "severe" in front of the phrase "dilapidation and deterioration" which is part of the definition of physical blight. This particular change does not add substantially to the definition of an unsafe building already in the law, since severity is implied by the current language.

On the other hand, striking the phrase "defective design or physical construction" from the unsafe buildings portion of the current definition of blight and replacing it with the phrase "construction that is vulnerable to serious damage from seismic or geologic hazards" is arguably a weakening of the current blight standard. The current language is well defined and speaks to conditions where safety is jeopardized, while the new language depends on the word "vulnerable" which is undefined. This suggests that the proposed definition of unsafe buildings could be used as the basis for determining blight without defining these new standards. Similarly, the bill proposes to limit the inclusion of unblighted parcels from redevelopment projects by requiring "other substantial justification," but does not specify what is "substantial." Without clear definitions tied to observable factors, these new standards are at best subject to dispute between proponents and opponents of redevelopment, and, at worst, could promote new forms of abuse.

SB 1206 also expands the number of economic blight categories from five to eight which makes it easier to satisfy the economic blight requirement. However, the most significant aspect of the proposed changes to economic blight standards is the elimination of current economic blight characteristics such as "defective design or physical construction," and "abandoned buildings," or "excessive vacant lots," and replacement with a methodology to determine blight on a city-by-city basis through the use of "metrics" that compare conditions in a project area to the remainder of that city.

By creating this relative standard approach, SB 1206 would very likely create a variable or "local worst" definition of blight rather than a uniform and more objective standard. In other words, the use of this relative standard approach could enable large, relatively affluent communities to use redevelopment in areas merely less prosperous than the city average. Moreover, this approach is likely to make it more difficult for smaller cities with relatively poor conditions prevailing citywide to show blight.

With respect to redevelopment project mergers, SB 1206 would add a requirement that "property taxes from a constituent project area for which indebtedness has been incurred shall not be used to eliminate blight in another constituent project area until that indebtedness has been paid." While this requirement would likely make it more difficult for redevelopment agencies to transfer tax increment across project areas, it would not eliminate the practice. The intent of redevelopment is to eliminate blight, and once this goal has been accomplished, tax increment should be returned to the taxing agencies.

SB 1206 would reduce the time limit for redevelopment agencies to establish debt from 20 years to 10 years, and allow for an exception in subsequent years whereby debt could be issued based on findings that significant blight remains which cannot be eliminated without the establishment of additional indebtedness. While a reduced time limit for indebtedness is beneficial, the exception for "remaining blight" in subsequent years is weak and could likely undermine the objective of reducing time limits.

The Community Development Commission (CDC) preliminarily indicates SB 1206 would create uncertainty in the redevelopment arena. For example, the proposed changes to blight standards would inject vagueness into the blight determination process, and possibly jeopardize proposed projects. CDC recommends the bill be opposed.

The County has supported strengthening the reforms created by AB 1290 in 1993 for many years, and has consistently opposed efforts to modify its protections to taxing entities including changes to the definition of blight and limits on project duration. Any loosening of the AB 1290 standards, which could occur under SB 1206, would have a significant impact on the taxing agencies, including the County. For example, the inappropriate inclusion of unblighted areas in redevelopment plans and the extension of plans via mergers would shift property tax increment to redevelopment agencies that would otherwise go to taxing entities. The annual loss to redevelopment agencies in the County of Los Angeles is approximately $250 million, and the potential for additional diversion of tax increment should be carefully scrutinized.

Our Sacramento Advocates have been in contact with the author to preliminarily express concerns about SB 1206, and she has indicated a desire to work with the County in pursuit of clearer and more workable reforms. Until this process progresses, **the County's Sacramento advocates will oppose SB 1206 unless amended to eliminate vague and ambiguous provisions that potentially weaken current redevelopment law.** This position is based on existing Board policy to support legislation which continues or extends the redevelopment law reforms accomplished in

AB 1290, and oppose any redevelopment legislation which would cause the County to lose revenues or which would limit or repeal provisions of AB 1290.

SB 1206 is scheduled to be heard in the Senate Committee on Local Government on March 1, 2006. The measure is supported by Attorney General Bill Lockyer, and opposed by the California Contract Cities Association, the California Redevelopment Association, the cities of Alhambra, Bellflower, Fairfield, Fremont, Lakewood, Roseville, San Pablo, and Temple City, and the Tulare Redevelopment Agency.

Status of County-Interest Legislation

County-sponsored AB 2870 (De La Torre) was introduced on February 24, 2006 and now awaits committee assignment. It would allow testing of inmates for communicable diseases in addition to HIV and AIDS when a law enforcement employee, including prosecutors, public defenders, and staff, are exposed to such communicable diseases through contact with an inmate in locations including a courtroom.

We will continue to keep you advised.

DEJ:GK
MAL:JF:RM:MS:cc

c: Executive Officer, Board of Supervisors
County Counsel
Local 660
All Department Heads
Legislative Strategist
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants