

ORDINANCE NUMBER O- 20025 (NEW SERIES)

DATE OF FINAL PASSAGE FEB 28 2011

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO (i) APPROVING THE PROPOSED AMENDMENTS TO MERGE THE CENTRAL IMPERIAL, GATEWAY CENTER WEST, MOUNT HOPE, AND SOUTHCREST REDEVELOPMENT PROJECT AREAS INTO THE SOUTHEASTERN SAN DIEGO MERGED PROJECT AREA AND (ii) APPROVING OTHER PROPOSED AMENDMENTS TO THE REDEVELOPMENT PLANS FOR THE MERGED SOUTHEASTERN SAN DIEGO PROJECT AREA UPON ADOPTION OF THE MERGER.

WHEREAS, the Redevelopment Agency of the City of San Diego (Agency) is authorized to exercise its powers, all under and pursuant to the Community Redevelopment Law of the State of California, being Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (Community Redevelopment Law); and

WHEREAS, the Agency is engaged in activities necessary to carry out and implement the Redevelopment Plans for the Central Imperial, Gateway Center West, Mount Hope, and Southcrest Redevelopment Project Areas (collectively, Project Areas) in accordance with the Community Redevelopment Law; and

WHEREAS, Southeastern Economic Development Corporation, Inc. (SEDC), on behalf of the Agency, has caused the preparation of certain amendments to the Redevelopment Plans for the Project Areas (collectively, Redevelopment Plan Amendments), which include: (i) the Amendments to the Redevelopment Plans for the Central Imperial, Gateway Center West, Mount Hope, and Southcrest Redevelopment Project Areas to Merge these Project Areas into the Southeastern San Diego Merged Project Area; and (ii) the Amendments to the Redevelopment Plans for the Southeastern San Diego Merged Project Area; and

WHEREAS, the purposes of the Redevelopment Plan Amendments are to:

(a) Merge the Central Imperial, Gateway Center West, Mount Hope, and Southcrest Redevelopment Project Areas into a single redevelopment project area known as the Southeastern San Diego Merged Redevelopment Project Area (Merged Project Area); and

(b) Eliminate the tax increment limit for Central Imperial Amendment 2 and Amendment 3 Component Areas, and create a combined tax increment limit and bonded indebtedness limit for the Merged Project Area; and

(c) Extend the duration of the Redevelopment Plan for the Gateway Center West Component Area of the Merged Project Area and the time limit for the repayment of debt and receipt of property taxes by ten years; and

(d) Eliminate the time limit for the incurrence of debt for the Gateway Center West and Central Imperial Component Areas of the Merged Project Area; and

(e) Change the land use provisions in the Redevelopment Plans for each Component Area of the Merged Project Area (collectively, Component Areas) to incorporate by reference the most recently adopted General Plan, Community Plans, and any Specific Plans, as they may be amended from time to time; and

WHEREAS, SEDC, on behalf of the Agency, has caused the preparation of a Report to Council for the proposed Redevelopment Plan Amendments (Council Report) in accordance with Health and Safety Code Sections 33333.11 and 33352; and

WHEREAS, during a meeting on December 7, 2010, the City Council (Council) and the Agency's board of directors consented to a joint public hearing with respect to the Redevelopment Plan Amendments, the Agency's board of directors transmitted the Council Report to the Council for its consideration, and the Council accepted such transmittal; and

WHEREAS, notice of the joint public hearing was published in a newspaper of general circulation in the City of San Diego in accordance with Health and Safety Code Section 33452(a); and

WHEREAS, copies of the notice of the joint public hearing were mailed to residents, businesses, and to the last known assessee of each parcel of land in the Project Areas by first class mail, in accordance with Health and Safety Code Section 33452, subdivisions (b) and (c); and

WHEREAS, copies of the notice of joint public hearing were mailed by certified mail with return receipt requested to the governing body of each taxing agency which levies taxes upon property in the Project Areas, in accordance with Health and Safety Code Section 33452(d); and

WHEREAS, in accordance with Health and Safety Code Section 33458, the Council and the Agency's board of directors held a duly noticed joint public hearing on February 15, 2011, to consider the Redevelopment Plan Amendments, the Council Report, and certain amendments to the Five-Year Implementation Plans for the Merged Project Area;

WHEREAS, the Agency's board of directors has recommended that the Council approve the Redevelopment Plan Amendments; and

WHEREAS, the Council has approved the Council Report; and

WHEREAS, the Council has considered all aspects of the proposed Redevelopment Plan Amendments, and has received, considered, and evaluated all written and oral evidence and testimony presented for or against the Redevelopment Plan Amendments; and

WHEREAS, Health and Safety Code Section 33457.1 states that, to the extent warranted by a proposed amendment to a redevelopment plan, the ordinance adopting an amendment to a

redevelopment plan must set forth the findings required by Health and Safety Code Section 33367; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. Purpose. Pursuant to Health and Safety Code Section 33367(a), the Council determines that the purpose and intent of the Redevelopment Plan Amendments are to increase the economic vitality of the Project Areas and to increase and improve the housing opportunities in or near the Project Areas.

Section 2. Required Findings and Determinations. Pursuant to Health and Safety Code Section 33367(d), the Council finds and determines, based on substantial evidence in the record, including, but not limited to, any evidence specified after each of the following findings, the Council Report and all documents referenced therein, oral and written staff reports, and evidence and testimony received at the joint public hearing on the adoption of the proposed Redevelopment Plan Amendments, that:

a. Significant blight remains within the Project Areas, including, more specifically, the Gateway Center West Redevelopment Project Area (Gateway Project Area) and the Central Imperial Redevelopment Project Area (Central Imperial Project Area), and the redevelopment of the Project Areas is necessary to effectuate the public purposes declared in the Community Redevelopment Law. This finding is based upon the blight indicators (as described in Table 4 of the Council Report) and physical and economic conditions (as summarized in Section IV of the Council Report), including, more specifically, the following conditions:

i. Buildings in which it is unsafe and unhealthy for persons to live or work, as evidenced by the presence of deteriorated and dilapidated buildings, properties in need of code inspection, unreinforced masonry buildings or otherwise seismically unsafe, and buildings with

security bars that lack emergency exit release mechanisms. These conditions affect 27% of parcels in the Gateway Project Area and 28% of parcels in the Central Imperial Project Area.

ii. Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots, as evidenced by substandard construction, properties with inadequate building or site access, obsolete buildings and properties within the 100-year floodplain. Combined, these conditions affect 19% of the parcels in the Gateway Project Area and 21% of parcels in the Central Imperial Project Area.

iii. Incompatible adjacent uses that have prevented the development of portions of the Project Areas. These conditions have contributed to the significant number of vacant lots in the Gateway Project Area and the eastern portion of the Central Imperial Project Area. These conditions affect 21% of the parcels in the Gateway Project Area.

iv. Depreciated and stagnant property values, as evidenced by low median home sales prices (ranging from 54 to 65% of the Citywide median as of 2010) and higher rate of home foreclosures (8% vs. 5% in the balance of the City). The Project Areas also remain at high risk of continuing foreclosures, as evidenced by relatively low household income levels and a relatively high share of high costs mortgages (32% vs. 14% for the balance of the City).

v. A serious lack of necessary commercial facilities that are normally found in neighborhoods, as evidenced by a serious lack of supermarkets, drug stores and financial institutions. Southeastern San Diego is served by fewer supermarkets per capita (4.7 per 100,000 vs. 5.9 per 100,000 for the balance of the City). There are only five full-service supermarkets in Southeastern San Diego, four of which are within one of the Project Areas. Three of the four supermarkets are located in retail centers developed with the Agency's assistance. The Project Areas have only six drug stores and almost twice as many persons per drug store as the balance

of the City (17,900 persons per drug store compared to only 9,800 persons per drug store). There are only three full-service financial institutions (banks) within the Project Areas. These three banks serve 35,700 persons per bank compared to only 6,400 persons per bank in the balance of the City.

vi. Serious residential overcrowding that has resulted in significant public health and safety problems, as evidenced by the high proportion of overcrowded housing units and a high number of census block groups with high population densities. Within the twenty-four census block groups that include the Project Areas, between 31 and 48% percent of housing units are either overcrowded or severely overcrowded as compared to only 12% of housing units citywide and countywide. All of the census block groups have population densities that are at least 31% higher than the citywide average population density and twenty of the block groups have population densities that are more than double the citywide average.

vii. High crime rates that constitute a serious threat to the public safety and welfare, as evidenced by higher rates of serious crime. The violent crime rates in Southeastern San Diego were three times higher than rates for the City between 2006 and June 2010. The neighborhoods that include the territory within the Project Areas account for 49 to 54% of the serious crimes in Southeastern San Diego.

b. The significant remaining blight cannot be eliminated without the merger of the Project Areas and the approval of the Redevelopment Plan Amendments. This finding is based upon reports and information provided in Sections V and VI of the Council Report, including, more specifically, the following factors:

i. Reasons why significant remaining blight cannot be eliminated without merging the Project Areas:

The merger of the Project Areas will give Agency greater flexibility in financing and implementing its objectives. An analysis of the potential impacts of a merger was prepared in a Five-Year Strategic Plan Technical Analysis prepared by Keyser Marston Associates in 2009. The results of the analysis indicated that the merger would increase the potential bonding capacity for blight alleviation by roughly 42% (from \$12 million to \$17 million) and would allow the Agency to issue bonds sooner and in a more cost effective manner. Because merging the Project Areas allows the risks to be spread over a larger pool of properties, potential bond issues will be more attractive to the bond market and the financing costs will be lower for the Agency.

ii. Reasons why significant remaining blight cannot be eliminated without eliminating the tax increment limits for the Central Imperial 2 and Central Imperial 3 Component Areas, and increasing the tax increment limits and creating a single tax increment limit for the balance of the Merged Project Area:

The tax increment limit for the Gateway Project Area will be reached in fiscal year 2010/2011, before the scheduled expiration date of the Redevelopment Plan for the Gateway Project Area in 2019. Projects and programs to alleviate the blighting conditions, such as unsafe and unhealthy buildings and incompatible adjacent uses, have not been completed and will require additional funding. Additional funding will be needed to complete the goals and objectives of the Redevelopment Plans for the Component Areas of the Merged Project Area. In addition, due to fluctuations in assessed property values, and the varying rates development and redevelopment in each Component Area, the need for tax increment revenues may vary

considerably over the life of the Redevelopment Plans. Tax increment limits are not required for redevelopment areas adopted after December 31, 1993. Therefore, Central Imperial 2 (adopted in 1996) and Central Imperial 3 (adopted in 2000) are not required to have tax increment limits. Affected taxing agencies will continue to receive statutory pass-through payments of tax increment from these Component Areas. These pass-through payments increase over time, as described in Health and Safety Code Section 33607.5. Creating a larger, unified tax increment limit will allow the Agency to utilize its tax increment resources in the most cost effective manner over the remaining life of each Component Area.

iii. Reasons why significant remaining blight cannot be eliminated without extending the time limit to incur debt and repay bonded indebtedness under the Redevelopment Plan for the Gateway Project Area:

Provisions in the Community Redevelopment Law allow the Agency to increase the duration of the Redevelopment Plan for the Gateway Project Area and the time limit to receive tax increment and repay debt by an additional ten years. If the tax increment limit is not increased, and the time limit is not extended, the Agency will not be able to collect the additional tax increment needed from the Gateway Project Area and complete the alleviation of the blighting conditions that remain in the Gateway Project Area, such as the incompatible adjacent uses, unsafe and unhealthy properties, and vacant underutilized lots. Because the Agency seeks to acquire properties on a voluntary basis, additional time will be needed to complete redevelopment of the Gateway Project Area.



iv. Reasons why significant remaining blight cannot be eliminated without eliminating the time limit to incur indebtedness under the Redevelopment Plan for the Central Imperial Project Area:

The time limits to incur indebtedness under the Redevelopment Plans for the Mount Hope and Southcrest Redevelopment Project Areas were eliminated in 2005 and 2006. Eliminating the time limit to incur debt for the Gateway Project Area and the Central Imperial Project Area will give the Agency greater flexibility in the timing for issuing bonds and improve the financing and cash flows of revenue to the Agency.

c. The Redevelopment Plans for each Component Area of the Merged Project Area, as amended by the Redevelopment Plan Amendments (Amended Redevelopment Plans), would redevelop the Project Areas in conformity with the Community Redevelopment Law and in the interests of the public peace, health, safety and welfare. This finding is based upon, but not limited to, the facts set forth in Section V of the Council Report, including that the Redevelopment Plan Amendments will facilitate the elimination of significant remaining blight within the Project Areas, which will, in turn, promote the public peace, health, safety and welfare of the community.

d. The adoption and carrying out of the Amended Redevelopment Plans is economically sound and feasible. The basis of this finding includes, but is not limited to, the report and information contained in Section VI of the Council Report, including that without the merger of the Project Areas, the Agency will have insufficient tax increment generated from the Project Areas to fund projects and programs necessary to eliminate significant remaining blight.

e. The Amended Redevelopment Plans are consistent with the Progress Guide and General Plan of the City of San Diego (General Plan), including, but not limited to, the City's

housing element, which substantially complies with the requirements of Article 10.6 of Chapter 3 of Division 1 of Title 7 of the Government Code. This finding is based upon the fact that the Redevelopment Plan Amendments will expressly conform all land use designations within the Merged Project Area to the General Plan.

f. The carrying out of the Amended Redevelopment Plans would promote the public peace, health, safety, and welfare of the community and would effectuate the purposes and policy of the Community Redevelopment Law. This finding is based upon the facts presented in Section V of the Council Report, which demonstrate that the Redevelopment Plan Amendments will facilitate the elimination of significant remaining blight within the Component Project Areas.

g. The condemnation of real property, if provided for in the Amended Redevelopment Plans, is necessary to the execution of the Amended Redevelopment Plans, and adequate provisions have been made for payment for property to be acquired as provided by law. The Redevelopment Plan Amendments will not modify or extend the time limit for exercise of the Agency's eminent domain powers in the Central Imperial Project Area or add to or modify the Agency's eminent domain authority in any of the Project Areas. The Central Imperial Project Area is the only Project Area with operative eminent domain authority by the Agency. Based upon the conditions of significant remaining blight within the Central Imperial Project Area identified in Section IV of the Council Report and the findings adopted by the Council in Ordinance No. 19233 on November 2, 2003, eminent domain authority is still necessary to eliminate blight within the Central Imperial Project Area.

h. The Agency has a feasible method or plan for the relocation of families and persons displaced from the Component Areas of the Merged Project Area, if the Amended

Redevelopment Plans may result in the temporary or permanent displacement of any occupants of housing facilities. This finding is based upon the facts set forth in Section VIII of the Council Report, including that the Agency does not anticipate that any of the projects or programs funded by the Amended Redevelopment Plans will cause displacement. However, if any displacement were to occur, the Agency would be obligated to follow the currently adopted Relocation Plan that is on file in the office of the City Clerk.

i. There are, or shall be provided, in the Component Areas of the Merged Project Area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and persons displaced from the Component Areas, decent, safe, and sanitary dwellings equal in number to the number of and available to the displaced families and persons and reasonably accessible to their places of employment. This finding is based upon the facts set forth in Section VIII of the Council Report, including that the Agency does not anticipate that any of the projects or programs funded by the Redevelopment Plan Amendments will cause displacement. However, if any displacement were to occur, the Agency would be obligated to follow the currently adopted Relocation Plan and Replacement Housing Plan that are on file in the office of the City Clerk, and which require decent, safe, and sanitary dwellings equal to the number of and available to the displaced families and persons and reasonably accessible to their places of employment.

j. Families and persons shall not be displaced prior to the adoption of a relocation plan pursuant to Health and Safety Code Sections 33411 and 33411.1. Also, dwelling units housing persons and families of low or moderate income shall not be removed or destroyed prior to the adoption of a replacement housing plan pursuant to Health and Safety Code Sections 33334.5, 33413 and 33413.5. This finding is based upon the facts set forth in Section VIII of the

Council Report, including that the Agency does not anticipate that any of the projects or programs funded by the Amended Redevelopment Plans will cause displacement. However, if any displacement were to occur, the Agency would be obligated to follow currently adopted Relocation Plan and Replacement Housing Plan that are on file in the office of the City Clerk.

k. The elimination of blight and the redevelopment of the Project Areas could not reasonably be expected to be accomplished by private enterprise acting alone without the aid and assistance of the Agency. This finding is based upon the facts set forth in Sections IV and VI of the Council Report, including that due to long term neglect in the Project Areas, existing blighting conditions, and lack of other public resources available to private enterprise, elimination of blight within the Project Areas cannot be accomplished without the Agency's assistance.

l. The time limitation and the limitation on the number of dollars to be allocated to the Agency that are contained in the Amended Redevelopment Plans are reasonably related to the proposed projects to be implemented in the Project Areas and to the ability of the Agency to eliminate blight within the Project Areas. This finding is based upon reports and information provided in Sections V and VI of the Council Report, including that: (i) significant remaining blight cannot be eliminated without extending the time limit to incur debt and repay bonded indebtedness under the Redevelopment Plan for the Gateway Project Area; and (ii) significant remaining blight cannot be eliminated without eliminating the time limit to incur indebtedness under the Redevelopment Plan for the Central Imperial Project Area.

m. The implementation of the Amended Redevelopment Plans will improve or alleviate the physical and economic conditions of blight in the Project Areas, as described in the Council Report. This finding is based upon the blight indicators (as described in Table 4 of the

Council Report) and physical and economic conditions (as summarized in Section IV of the Council Report) within the Project Areas, particularly the Gateway Project Area and the Central Imperial Project Area. This finding also is based upon reports and information provided in Sections V and VI of the Council Report, including that the merger of the Project Areas will give Agency greater flexibility in financing and implementing its objectives, including the elimination of significant remaining blight.

Section 3. Permanent Housing. Pursuant to Health and Safety Code Section 33367(e), the Council determines that it is satisfied that permanent housing facilities will be available within three years from the time occupants of the Project Areas are displaced (should such displacement occur) and that, pending the development of the permanent housing facilities, there will be available to the displaced occupants adequate temporary housing facilities at rents comparable to those in the community at the time of their displacement.

Section 4. Approval of Merger and Redevelopment Plan Amendments. Based upon the above findings and determinations, the Council hereby approves the merger of the Project Areas into the Merged Project Area, as contemplated by the Redevelopment Plan Amendments. The Council hereby approves the Amendments to the Redevelopment Plans for the Central Imperial, Gateway Center West, Mount Hope, and Southcrest Redevelopment Project Areas to Merge these Project Areas into the Southeastern San Diego Merged Project Area; a copy of such Amendments is on file in the office of the City Clerk as Document No. 20025-1. In addition, the Council hereby approves the Amendments to the Redevelopment Plans for the Southeastern San Diego Merged Project Area; a copy of such Amendments is on file in the office of the City Clerk as Document No. 20025-2.

Section 5. Official Designation. The Amended Redevelopment Plans are hereby incorporated by reference into this Ordinance, pursuant to Health and Safety Code Section 33367(b). In addition, the Amended Redevelopment Plans are hereby designated, approved, and adopted, respectively, as the official Redevelopment Plans for each Component Area of the Merged Project Areas, pursuant to Health and Safety Code Section 33367(c). The existing Redevelopment Plans for each Component Area of the Merged Project Area, as amended, shall remain in full force and effect, unmodified except to the extent of the amendments expressly set forth in this Ordinance.

Section 6. Objections Considered. All written and oral objections to the Redevelopment Plan Amendments, if any, filed with and presented to the Council and any written responses thereto, have been considered by the Council at the time and in the manner required by law, and such written and oral objections are hereby overruled.

Section 7. Implementation. In order to implement, or facilitate the implementation of, the Amended Redevelopment Plans, the Council hereby declares its intention to undertake and complete any proceeding necessary to be carried out by the Agency under the provisions of the Amended Redevelopment Plans and the Community Redevelopment Law.

Section 8. Transmittal to Agency. The City Clerk is hereby directed to send a certified copy of this Ordinance to the Agency, whereupon the Agency is vested with the responsibility for carrying out the Amended Redevelopment Plans.


Section 9. Invalidity of Parts. If any part of this Ordinance or the Redevelopment Plan Amendments is held to be invalid or is not adopted for any reason, such decision shall not affect the validity of the remaining portion of this Ordinance or of the Amended Redevelopment Plans.

Section 10. No Full Reading. A full reading of this Ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the Council and the public prior to the day of its final passage.

Section 11. Publication. The City Clerk shall cause a summary of this Ordinance to be published in a newspaper of general circulation.

Section 12. Date of Effect. This Ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

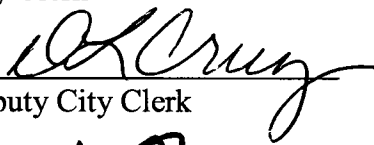
APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Elisa A. Cusato  
Deputy City Attorney

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Or.Dept:SEDC  
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PL#2010-04542  
Comp. R-2011-671  
R-2011-672  
RA-2011-68  
RA-2011-69  
RA-2011-70  
RA-2011-71

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of FEB 28 2011.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 2.28.11  
(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

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JERRY SANDERS, Mayor