



MEMORANDUM

Date Issued: September 14, 2005 Report No. SEDC 05-012
Meeting of: September 20, 2005
To: Honorable Mayor and Member of the City Council
Chair and Members of the Redevelopment Agency
From: Carolyn Y. Smith, President
Subject: Repeal of Debt Incurrence Time Limit – Mount Hope Redevelopment Project Area
Reference: SB 211 Authorizing the Repeal of Debt Incurrence Time Limits

SUMMARY

Staff Recommendation – 1) That the Redevelopment Agency of the City of San Diego (Agency) recommends to the City Council of the City of San Diego (City) adoption of an ordinance to eliminate debt incurrence time limit in the Redevelopment Plan for the Mount Hope Redevelopment Project Area; 2) That the City adopts an ordinance eliminating the time limit for establishing loans, advances or indebtedness to carry out the Redevelopment Plan for the Mount Hope Redevelopment Project Area; and 3) That the Agency approves payment of statutory pass through triggered by SB 211 election.

Previous Actions and Amendments

- On November 22, 1982, the City adopted Ordinance No. O-15862 (New Series), approving and adopting a Redevelopment Plan for the Mount Hope Redevelopment Project Area.
- On November 28, 1994, the City adopted Ordinance No. O-18127 (New Series), amending the Mount Hope Redevelopment Plan to establish time limits in conformance with the California Community Redevelopment Law (CRL), Section 33333.6 of the Health and Safety Code Section 33000, et seq.

- On November 22, 1999, the City Council adopted Ordinance No. O-18725 (New Series), amending the time limits in the Redevelopment Plan for the Mount Hope Redevelopment Project Area in accordance with CRL.

Fiscal Impact - The Redevelopment Agency is required to make statutory pass through payments to affected taxing agencies pursuant to Section 33607.7 of the CRL, beginning fiscal year 2004-2005. The preliminary calculation of the statutory pass through is shown in the attached schedule as Exhibit I.

BACKGROUND

In October 2001, the Governor of the State of California signed into law Senate Bill 211 (SB 211) which authorized redevelopment agencies to adopt an ordinance repealing the time limit for making loans and establishing debt for all project areas adopted before 1994. SB 211 also established the adoption of an ordinance as the procedure for the amendments which reduced the timeframe required in the normal amendment procedures.

Under SB 211, Section 33333.6 (e) (2) of CRL provides that on or after January 1, 2002, a redevelopment plan may be amended by a legislative body by adoption of an ordinance to eliminate the time limit on the establishment of loans, advances, and indebtedness required by that Section prior to January 1, 2002. SB 211 further provides that in adopting an ordinance eliminating the time limit on the establishment of loans, advances, and indebtedness, neither the legislative body nor the redevelopment agency is required to comply with CRL Section 33354.6 or CRL Article 12 (Amendment of Redevelopment Plans) or any other provision of the CRL relating to the amendment of redevelopment plans provided that the redevelopment agency shall make payments to affected taxing entities required by CRL Section 33607.7.

DISCUSSION

On November 28, 1994, the City adopted Ordinance No. O-18127 (New Series), amending the Mount Hope Redevelopment Plan to establish time limits in conformance with Section 33333.6 of the CRL. The amended Mount Hope Redevelopment Plan (Section 620.5) established the final date for incurring loans, advances or indebtedness by the Agency to finance the Mount Hope Redevelopment Project after January 1, 2004.

On November 22, 1999, the City Council adopted Ordinance No. O-18725 (New Series), amending the time limit in the Redevelopment Plan for the Mount Hope Redevelopment Project Area in accordance with Section 33333.6 of the CRL. However, Ordinance No. O-18725 (New Series) did not fully restate some of the key redevelopment plan date limits required nor did it specify the elimination of the debt incurrence time limit. As a result, the time limit allowing the accrual of debt expired in January 2004.

This action will provide a new ordinance that meets all the requirements of CRL and the corresponding legislature thus eliminating the time limit for incurring debt in the Mount Hope Redevelopment Project Area.

CONCLUSION

Elimination of the time limit for establishing loans, advances or indebtedness as provided for in SB 211 will allow the Redevelopment Agency and SEDC to continue to carry out the functions and requirements of the CRL and to implement redevelopment activities in the Mount Hope Redevelopment Project Area.

Submitted by:
Dante Dayacap, Director of Finance

Approved by:
Carolyn Y. Smith, President

Exhibit I – Statutory Pass Through Triggered by SB 211 Election