

# INTRODUCTION TO REDEVELOPMENT

Although there is a lot of controversy regarding redevelopment, the actual fact of the matter is that redevelopment is a tool that is used by cities to give back to the community to improve the quality of life of the people of the community both business and residents alike. It is crucial that each individual research the facts about redevelopment - separate the truth from fiction and make an educated decision on its merits. The following questions will help to provide a stepping stone to some of the questions that frequently arise regarding the tool of redevelopment; they also provide a starting point for one to research the facts about redevelopment.

## Most Frequently Asked Questions About Redevelopment (FAQ's)

### 1. What is Redevelopment?

Redevelopment, by its most basic definition, is a tool primarily used to assist city and county governments to eliminate blight. It is one of the most effective means to revitalize deteriorating and blighted neighborhoods and business district areas. It infuses needed capital into these communities, empowering them to assume control of distressed areas to orchestrate their re-growth.

### 2. What is a Redevelopment Agency?

"Agency" means a redevelopment agency created under the authority of the section 33003 of the California Redevelopment Law (CRL). An agency is created upon the adoption of the ordinance by the legislative body declaring the need for an agency to function in the community as prescribed by such ordinance.

### 3. What benefits will Redevelopment bring to the City of Gardena?

Redevelopment will improve the City's visual environment and quality of life; it will create jobs and promote private investment in the community. Communication between public and private entities will be increased, and contaminated and abandoned land will be reused. Opportunities for use of vacant land in the City will be increased as well as the City's annual tax revenues.

### 4. What is Eminent Domain?

Eminent domain is the authority for a public agency to acquire property for a purpose that is in the public interest. It is not used lightly. Even if eminent domain is exercised, the public agency is required by law to hold public hearings on the action, to pay the owner fair market value, and to give the occupant relocation benefits and allowances to which one is entitled. If the fair market value cannot be agreed upon, all of the evidence, including appraisals is submitted to the court and the judge or jury makes the final determination regarding value. If a household or business is displaced due to acquisition of the property by an agency, occupants are entitled by law to certain relocation benefits, including compensation for loss of business and good will.

### 5. What is Blight?

Under redevelopment Law, the legal term "blight", must encompass the economic and physical conditions of an area; it may encompass any number of conditions including, but not limited to buildings which are unhealthy or unsafe for occupancy as a result of code violations; properties, including those containing hazardous wastes whose values have depreciated or stagnated possibly due to impaired investments; business properties experiencing low occupancy, low lease rates, as well as high turnover rates; factors that prevent or substantially hinder the economically viable use of buildings or lots, such as substandard design, inadequate size, lack of parking, etc. and residential overcrowding and high crime in the area.

### 6. What is Tax Increment?

Tax increment is the increase in property taxes within a redevelopment project area that result from increases in the project area assessed value that exceeds the base year assessed value. When a redevelopment project area is adopted, the current assessed values within the project area are only designated as the "base year". This includes the assessed value of all land and improvements within the boundaries of the project area.

After plan adoption, all of the taxes paid on this "base year" assessment go, as they always have, to the city, county, school districts and other taxing agencies. Any increase in assessed value over this base value within a project area and the taxes resulting from this increased assessed valuation per the standard tax rate becomes a source of revenue for the agency. As a redevelopment plan is implemented, the improvements will result in an increase in property values within the project area. Taxes will only increase to individual property owner if there is a change in ownership or if there is new construction. These types of increases in value will increase the tax revenues generated by the property. This increase in tax value is known as tax increment.