June 22, 2004

TO: Chairperson and Members of the Stockton Redevelopment Agency
    Mayor and City Council

FROM: Mark Lewis, Executive Director/City Manager
      Steven J. Pinkerton, Housing and Redevelopment Director

SUBJECT: JOINT PUBLIC HEARING: OF THE REDEVELOPMENT AGENCY/CITY COUNCIL ON THE REDEVELOPMENT PLAN FOR NORTH STOCKTON REDEVELOPMENT PROJECT

RECOMMENDATION

City Council Action

Pursuant to Health and Safety Code Section 33363 (California Community Redevelopment Law), prior to adopting a redevelopment plan, the legislative body is required to make written findings in response to each written objection to the Redevelopment Plan made prior to the close of the public hearing. The findings cannot be adopted until at least one week after the noticed public hearing date. One written objection to the North Stockton Redevelopment Plan has been received. Therefore, it is recommended that after receiving the public testimony, that the public hearing be closed and continued to July 13, 2004, at which time recommendations regarding the adoption of the Redevelopment Plan will be presented and considered for adoption.

It is also recommended that the City Council consider adoption of a resolution certifying the Final Environmental Impact Report (FEIR) and adopting the California Environmental Quality Act Findings and Mitigation Monitoring and Reporting Programs for the North Stockton Redevelopment Plan on July 13, 2004.

Redevelopment Agency Action

Pursuant to Health and Safety Code Section 33363 (California Community Redevelopment Law), prior to adopting a redevelopment plan, the legislative body is required to make written findings in response to each written objection to the Redevelopment Plan made prior to the close of the public hearing. The findings cannot be adopted until at least one week after the noticed public hearing date. One written objection to the North Stockton Redevelopment Plan has been received. Therefore, it is recommended that after receiving the public testimony, that the public hearing be closed and continued to July 13, 2004, at which time recommendations regarding the adoption of the Redevelopment Plan will be presented and considered for adoption.
It is also recommended that the Redevelopment Agency consider adoption of a resolution certifying the Final Environmental Impact Report (FEIR) and adopt the California Environmental Quality Act Findings and Mitigation Monitoring and Reporting Programs for the North Stockton Redevelopment Plan on July 13, 2004.

DISCUSSION

Background

On July 15, 2003, the Agency adopted Resolution Number R03-054 accepting the Preliminary Plan for the North Stockton Redevelopment Project and authorizing staff to proceed with the preparation of the Redevelopment Plan. North Stockton is a proposed redevelopment project area that encompasses approximately 3,822 acres and generally includes various residential neighborhoods and commercial districts within the area between Interstate 5 Freeway and the Union Pacific Railroad right of way, south of North Bear Creek Levee Road, and north of Harding Way.

Over the past several months, the boundaries of the project area have been refined. Three areas are proposed for removal (see Map 1) which changes the total number of acres to 3,687 for the proposed project area. Removing these areas will not affect the viability of the proposed redevelopment project area. At its meeting on May 27, 2004, the Planning Commission approved the revised boundaries for submittal to the City Council/Agency.

Present Situation

California Community Redevelopment Law (CRL) establishes specific requirements and procedures for establishing redevelopment project areas. Among these are requirements for the establishment of a project area committee and the preparation of a Redevelopment Plan, an Environmental Impact Report and a Report to Council.

Project Area Committee (PAC)

On July 22, 2003, the City Council approved Resolution 03-0438 calling for the formation of a Project Area Committee ("PAC") for the proposed North Stockton Redevelopment Project Area and establishing procedures for the formation of the PAC. The procedures for establishing the PACs are based upon Health and Safety Code Section 33385 which requires that as a part of preparing a redevelopment plan, the legislative body must call upon residents, business owners, and existing community organizations in the proposed redevelopment area to form a Project Area Committee ("PAC") in either of the following situations:
1. A substantial number of low or moderate-income persons reside within the project area and the redevelopment plan as adopted will contain authority for the Agency to acquire, by eminent domain, property on which any person may reside.

2. The redevelopment plan as adopted contains one or more public projects that will displace a substantial number of low or moderate-income persons.

Because the North Stockton Redevelopment Project Area contains a substantial number of low and moderate-income people, and the redevelopment plan contains the power of eminent domain, a PAC is being formed for this Project Area.

The adopted procedures called for a seven member PAC for the proposed Project Area. The PAC consists of two residential owner-occupants, two residential tenants, one business operator, one business property owner and one representative from an existing community organization. The residents, business operators and owners from within the proposed Project Area elected all of the PAC members, except for the community organization representative, whose organization was selected by the City Council. Community Partnership for Families was selected as the community organization and it chose a person from within their organization to sit on the PAC.

The PAC was elected in August 2003 and it met to go over various topics related to Redevelopment. On March 22, 2004, the PAC made a recommendation to adopt the Redevelopment Plan.

**Environmental Considerations**

A program Environmental Impact Report (EIR7-03/IS30-03) was prepared to analyze the potential impacts of the North Stockton Redevelopment Plan. The Draft EIR was distributed for public review on March 29, 2004. When the 45 days review and comment period concluded on May 12, 2004, four written comments had been received. These comments and the City's responses to them, as well as some minor revisions to the Draft EIR, are contained in the Final EIR.

On May 27, 2004, the Planning Commission held a public hearing on the Final EIR. No oral or written testimony was received at the hearing and the Planning Commission recommended that the City Council and the Redevelopment Agency certify the Final EIR and adopt the Mitigation Monitoring and Reporting Program and Findings.

To ensure that the information from the environmental review process is also a part of the decision making process on the project, the California Environmental Quality Act (CEQA) requires that several actions be taken by a public agency prior to acting on a
project for which an environmental impact report has been prepared. First, prior to
taking action on the North Stockton Redevelopment Plan, the City Council and the
Redevelopment Agency must independently review, consider, and certify the Final
Environmental Impact Report as to its adequacy and compliance with California
Environmental Quality Act (CEQA) Guidelines. In addition, pursuant to Section 15091
of the CEQA Guidelines ("Findings"), the City shall not approve a project for which a
Final EIR has been completed which identifies one or more potentially significant
environmental effects unless the City makes written findings for each effect. Findings
for adopting the proposed project in favor of any of the project alternatives, which are
analyzed in Chapter 5 of the Draft EIR, are also required. Lastly, to ensure that the
mitigation measures identified in the EIR are implemented, CEQA requires the adoption
of a program to monitor or report on the measures that are imposed to mitigate or avoid
potentially significant environmental impacts.

The required findings and the Mitigation Monitoring and Reporting Program (MMRP) are
included in Exhibit A (CEQA Findings and Mitigation Monitoring/Reporting Program) and
Exhibit B (Findings of the Feasibility of Alternatives and Statement of Overriding
Considerations) to the proposed CEQA resolutions for City Council and Agency
consideration.

Report to Council

When a Redevelopment Plan is submitted to the Council and Agency for adoption, it
must be accompanied by the Agency's Report to Council. The Report contains many
statutorily required elements and includes the evidence and other information needed to
adopt a redevelopment plan. The Report includes a description of the physical and
economic blight within the Project Area. It also includes a projection of the tax
increment revenue and an explanation of why this funding is needed to assist in the
elimination of the existing blighting conditions.

As noted above, the Report to Council, as supplemented, includes a determination that
the proposed Project Area exhibits a number of physical and economic blighting
conditions for establishing a redevelopment area. The blight analysis is included in
Section B of the Report. The following are some of the findings of this analysis:

- Unsafe and unhealthy buildings;
- A prevalence of depreciated values and impaired investments,
  which indicates a lack of private investment in the area;
- Residential overcrowding; and
- High crime rates.
The Report to Council also includes a Five-Year Implementation Plan (Section C and Supplement to the Report). The Implementation Plan identifies possible activities that may be undertaken during the first five years of the Redevelopment Plan utilizing the projected tax increment funds. In the supplemental report, the projections show that tax increment revenue may provide up to $1,092,000 in housing funds and $3,279,000 in non-housing fund revenues during this period. The Implementation Plan includes the following projects and estimated budgets:

1.) Affordable Housing Program – Up to $1,092,000 may be available for Housing Programs, including Homebuyer Assistance, Housing Rehabilitations, Emergency Repair Loans, and Rental Assistance Programs.

2.) Commercial and Economic Development Program – Up to $1,639,500 to help implement commercial and economic development assistance.

3.) Public infrastructure and Facility Program – Up to $1,639,500 to fund public improvements and community facilities serving the Project Area

Redevelopment Plan

The proposed Redevelopment Plan includes specific goals and objectives to eliminate the blighting conditions that exist within the Project Area. The stated goals of the Plan are:

1. Eliminate Blight

   a. Elimination of blight and the correction of environmental deficiencies in the Project Area, including, among others, buildings in which it is unsafe or unhealthy for persons to live or work, incompatible and uneconomic land uses, and high crime rates.

      (1) Replanning, redesign, and redevelopment of portions of the Project Area, which are stagnant or improperly utilized.

      (2) Assembly of land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Project Area where suitable.

      (3) Provision, as may be appropriate, of assistance to public and private development entities in the mitigation of environmental conditions that interfere with property development.
(4) The elimination of substandard buildings and those that conflict with uses proposed in the General Plan and the applicable City standards and guidelines, as they now exist or may hereafter be adopted or amended.

b. Conservation, rehabilitation and redevelopment of the Project Area in accordance with the General Plan, future specific or area plans, this Plan, and the Development Code, as they now exist or may hereafter be adopted or amended.

c. Preservation and enhancement of the unique cultural and historical qualities of the Project Area.

d. Participation in the redevelopment process by property owners, business occupants, residents, and other individuals or groups as may be appropriate.

2. Improve Residential Neighborhoods

a. Preservation and enhancement of residential neighborhoods, including activities resulting in increased homeownership.

b. Expansion, improvement and preservation of the community’s supply of affordable housing.

3. Encourage Economic Growth

a. Elimination or amelioration of constraints to development, including, without limitation, accessibility constraints that interfere with proper development by providing, as may be appropriate, street, interchange, and railroad overpass or other public improvements.

b. Expansion of employment opportunities.

c. Provision of assistance, as may be appropriate, to property owners, businesses, and investors to facilitate the rehabilitation or construction of buildings suitable for job generating industrial, retail, commercial, and service uses.

4. Enhance Public Infrastructure and Facilities

a. Installation of new or replacement of existing public improvements, facilities and utilities in areas which are currently inadequately served with regard to such improvements, facilities and utilities.
b. Preservation and enhancement of parks, open space, and recreational and community facilities serving the Project Area.

To achieve the above goals and objectives, a variety of programs and projects that could be undertaken have been identified. These are listed in Exhibit D of the Redevelopment Plan and include activities that might be undertaken within the proposed Redevelopment Area; for example, providing affordable housing and installing or repairing public infrastructure and facilities. Other activities, such as providing financial incentives to commercial uses to locate in the area and assisting in assembling sites that meet the needs of these uses, have also been included as possible activities that will be undertaken within the proposed Project Area.

Conformance with the General Plan

As background, the primary General Plan land use designation within the Project Area is Low/Medium-Density Residential, with smaller acreage of the area designated as Commercial, Industrial, Administrative Professional, and High-Density Residential. A General Plan land use map is included as Exhibit C of the proposed Redevelopment Plan (Exhibit 2).

The consistency of the proposed project with the Stockton General Plan is discussed in Parts IV (Redevelopment Goals and Objectives) and V (Land Use Regulations) of the Redevelopment Plan and Section 4.2 (Land Use) of the North Stockton Redevelopment Plan Draft Environmental Impact Report (EIR). In summary, the redevelopment project substantially supports the implementation of the Stockton General Plan and will aid significantly in the implementation of the General Plan within the Project Area.

All future development in the Project Area must be consistent with the General Plan. The Redevelopment Plan states that "the permitted land uses, land use standards, development goals, objectives and policies, and other evaluation guidelines of this Redevelopment Plan shall be those set forth in the General Plan." The Redevelopment Plan also states that the provisions of the Zoning Ordinance, as it now exists or is hereafter amended, shall be applicable to development in the Project Area.

On May 27, 2004, the Planning Commission made a determination that the proposed North Stockton Redevelopment Plan conforms with the City of Stockton General Plan in accordance with Section 65402 of the California Government Code and Section 33346 of the Community Redevelopment Law (Health and Safety Code, Section 33000 et. seq.).
Review and Consultations

Pursuant to California Redevelopment Law, staff has been providing information regarding the proposed Redevelopment Plan to the affected property owners, business tenants and owners and residents as well as the taxing agencies.

Property owners, businesses and residents were sent a mailer on May 12, 2004. This mailer (Section I of the Report to Council), which met the legal requirements, was sent to approximately 21,000 addresses and it provides information about the proposed North Stockton Redevelopment Area and is the legal notice explaining what the Agency is proposing to do. In order to reach as many residents as possible, the mailer was translated into several languages (Spanish, Vietnamese, Cambodian and Laotian).

Also, on June 7, 2004, a public information meeting was held at the Siefert Center, which approximately 125 people attended. This workshop provided an overview of the North Stockton Redevelopment Plan and an opportunity for those in attendance to ask questions and express concerns. Translators were available at the meeting. To date, one written comment was received concerning the proposed plan (see Attachment A).

The Redevelopment Commission has been involved throughout the process. On May 17, 2004, the Redevelopment Commission considered and recommended approval of the Redevelopment Plan to the Agency/City Council.

On May 27, 2004, the Planning Commission recommended that the Plan be adopted. The Planning Commission Report is contained in Section H of the Report to Council.

The affected taxing agencies have also been receiving information regarding the Plan preparation during the past year. On March 29, 2004, the draft Redevelopment Plan and Preliminary Report for the North Stockton Redevelopment Project were distributed to all affected taxing entities. In addition to receiving the Draft Plan, Preliminary Report and notice of this public hearing, staff has consulted with each taxing entity to provide them with an opportunity to request additional information, to ask questions and raise objections or concerns regarding the Plan. None of the taxing agencies objected to the adoption of the North Stockton Redevelopment Plan. Section N of the Report to Council provides a summary log of the consultations that have been made with each taxing agency and the results of this consultation.

FINANCIAL SUMMARY

The financial analysis contained in the Report to Council, as supplemented, estimates that over the 45-year period in which the Agency could collect tax increment revenue
from the Project Area as proposed to be revised, approximately $580 million of gross tax increment could be generated. Of this amount, 20 percent, or $116 million, would go to the Agency's Housing Fund. Statutory payments to other taxing entities would use approximately $192 million of the projected tax increment revenue. This would leave approximately $271 million to fund projects within the redevelopment area.

Upon adoption of the North Stockton Redevelopment Plan, the City Manager/Executive Director or his designee would be authorized to establish a new redevelopment fund.

Respectfully Submitted,

STEVEN J. PINKERTON, DIRECTOR
DEPARTMENT OF HOUSING AND REDEVELOPMENT

SJP\YQ

Attachments

APPROVED:

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May 24, 2004

City of Stockton
Redevelopment Agency
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OBJECTION TO NORTH STOCKTON REDEVELOPMENT PROJECT

I am the owner of a house at 9034 Lansdowne Drive. I do not want the North Stockton Redevelopment Project. I do not think the properties in this area are blighted, since property values in this area are still higher than property values in many other states like Florida, Kansas, Georgia, Virginia, Texas, Louisiana, Pennsylvania. I have been a property owner here for 15 years. During this time, much sweat, money, and work have been put into this house. I do not think this area have any adverse effect on the environment.

Minh Huynh