



Frequently Asked Questions FONTANA REDEVELOPMENT AGENCY PAC MEETING #1 October 8, 2009

What is "redevelopment"?

The State of California adopted the Community Redevelopment Law, contained in the State Health and Safety Code, in 1951. The purpose of the State's action was to give communities a financial tool that allows cities, counties, and private enterprise to work together to implement the goals and objectives of the community's General Plan through the prevention or elimination of urban decay. Currently, over 385 California cities operate redevelopment programs. It is the only program of economic development within the state and local government. A community, such as Fontana, uses redevelopment as a key financial tool to bring new life in carefully defined areas of the City that need rehabilitation or stimulation. The word 'redevelopment' literally means the process of planning, financing, development, clearance, reconstruction, or rehabilitation or any combination of these, of all or a part of a defined project area.

Does Fontana have a Redevelopment Agency? When was it formed?

The City of Fontana established the Redevelopment Agency in 1968 through Ordinance No. 344. The Redevelopment Agency is a legal entity separate from the City of Fontana. The Redevelopment Agency is governed by the City Council. The general purpose of the Agency is to improve the physical, economic, social, and cultural conditions within designated redevelopment project areas. There are currently five redevelopment project areas: Southwest Industrial Park (SWIP); Jurupa Hills; Downtown; North Fontana; and Sierra Corridor Commercial. A separate redevelopment plan governs the activities of each project area. Agency staff, working closely with other City staff, carry out the day-to-day operations of implementing the various redevelopment plans.

What is the business of the Fontana Redevelopment Agency?

Redevelopment is the process that assists the City in the rehabilitation and stimulation of development in a designated area through the elimination of State defined 'blighting' conditions. The end objective is to achieve desired development, reconstruction, and rehabilitation of residential, commercial and industrial areas. Since its creation in 1968, the Fontana Redevelopment Agency has primarily focused its activities on completing public improvements and facilities such as area-wide flood control facilities, street landscaping, water (fire flow) systems, streets, and underground utilities. The Agency has no taxing authority. The primary source of Agency revenue is a portion of the property taxes, called tax increment, that are collected within each project area.

What is the benefit of being in a Redevelopment Project Area?

The redevelopment process is one of the most effective public ways to foster private investment in areas of the community plagued by physical, environmental, or economic conditions. Through the redevelopment process, a redevelopment project area can receive focused attention and financial investment to reverse deteriorating trends, create jobs, revitalize the business climate, rehabilitate, and add to the housing stock, which would not otherwise occur. The tax increment revenue generated in the project area can only be used to make improvements within that specific project area; they cannot be used elsewhere in the City.

Just what is "blight"?

Section 33031 of the California Community Redevelopment Law, contained in the Health and Safety Code (January 2009), defines the characteristics of blight as follows:

- Buildings in which it is unsafe or unhealthy for persons to live or work.
- Buildings or lots that cannot be used to their full capacity because of substandard, defective, or obsolete building design or construction, given present standards.
- Incompatible adjacent or nearby uses that prevent the development of project area parcels.
- Subdivided lots of irregular shape and inadequate size for proper usefulness that are in multiple ownership and whose development has been impaired.
- Depreciated or stagnant property values.
- Impaired property values due to hazardous wastes.
- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.
- A serious lack of commercial facilities that are normally found in neighborhoods.
- Serious residential overcrowding that has resulted in public health or safety problems.
- An excess of businesses catering exclusively to adults that has led to significant problems of public health, safety, or welfare.
- A high crime rate that is a serious threat to public safety and welfare.

What is a redevelopment plan?

A redevelopment plan for a specific project area is the document that specifies the process and basic financial framework the Agency will use to implement the goals and objectives of Fontana's General Plan and thereby reduce the State defined 'blighting' conditions. The redevelopment plan identifies the project area's deficiencies and provides the Agency with tools to take certain actions such as to buy and sell land and improve public facilities and infrastructure. In Fontana, there is a redevelopment plan for each of the five project areas: Southwest Industrial Park (SWIP); Jurupa Hills; Downtown; North Fontana; and Sierra Corridor Commercial.

What is a project area?

A project area is the carefully defined and studied area within which actual redevelopment activities will take place. In Fontana, there are five project areas: Southwest Industrial Park (SWIP); Jurupa Hills; Downtown; North Fontana; and Sierra Corridor Commercial. Proposed project area boundaries, and the identification of conditions existing within the area, must first go to public hearing (giving citizens who will be included in the project area a chance to express their views). The City Council and the Agency may then act on the adoption of the project area and a redevelopment plan. The Agency then becomes primarily responsible for overseeing future projects to improve the project area.

Why does Fontana have redevelopment projects?

The basic reason Fontana establishes redevelopment projects is to secure funds that can be used to improve an area by making necessary public improvements that will attract residential, commercial, and industrial development.

How does the Fontana Redevelopment Agency secure funds?

The State redevelopment law created a method of obtaining funds called "tax increment financing." On the date the City approves a redevelopment plan for a project area, the property within the boundaries of the project area has a certain total property tax value. If this total assessed valuation increases, a portion of the taxes that are derived from the increase go to the Agency. These funds are called "tax increments." Usually, the flow of tax increment revenues to the Agency will not be sufficient in itself to finance the full scope of redevelopment activities and development projects. Therefore, the Agency may issue bonds. These bonds are not a debt of the City and are repaid solely from tax increment revenue. Tax increments can be used only in the same project areas that generated them, except for residential projects that benefit low-and moderate-income households.

Will property taxes be raised because of redevelopment?

No, the Agency has no power to levy a property tax or any other tax. Your property taxes will not go up just because your property is in a redevelopment project area. It is important to note however, that the sale, development, or rehabilitation of the property may reflect a rise in property value and could result in an increase in the amount of property taxes paid.

How are the city/county and other taxing agencies affected by property tax revenue loss to the Agency?

The formation of a project area does not reduce the property taxes that are received by the other taxing agencies. Other taxing agencies continue to receive the base revenues before the project area was created. Other taxing agencies will lose part of the new property taxes generated by redevelopment. In most blighted areas, property values would not increase without redevelopment activities. Other taxing agencies will receive non-property tax revenues and revenues generated outside the project area as a direct result of redevelopment activities, i.e. sales taxes, hotel room taxes, and property taxes.

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. The public agency is required by law to hold public hearings on the action, to pay the owner fair market value, and to provide all relocation benefits and allowances to the occupant required by law. If the fair market value cannot be agreed upon, all of the evidence, including appraisals, is submitted to the court and a judge or jury makes the final determination regarding value. This process of the court determination of value is called eminent domain.

The California Constitution prohibits state and local governments from using eminent domain to acquire an owner-occupied single family residence for the purpose of conveying it to another person.

Does the Fontana Redevelopment Agency have the power of eminent domain (condemnation of property)?

The Agency does not have the power to use eminent domain in the following project areas: Jurupa Hills; most of North Fontana; Southwest Industrial Park (SWIP); and Sierra Corridor Commercial. The Agency does have the power to use eminent domain in the Downtown Project Area and in three defined areas in the North Fontana Project Area. It is being proposed that the Agency would have the power to use eminent domain in the area proposed to be added to the SWIP Project Area by Amendment No. 9.

What is relocation?

Relocation is the displacement of a business or family for the purpose of clearing land and preparing it for its designated use. When a person or business meets the legal qualifications, the Agency pays for: assistance in finding a new location, payments to help cover moving costs, and payments for certain other costs as provided by law.

If a property owner decides to sell property to the Agency, who determines the selling price?

The Agency would hire an independent appraiser to establish the fair market value of the property. If the owner is not satisfied with the appraised value of the property, he may hire his own appraiser to re-evaluate the property after which both appraisals will be compared and a selling price negotiated. Fair market value is the value that the property would have if it were placed in today's market place and sold.