



*City of Arts & Innovation*

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: OCTOBER 25, 2016**  
**FROM: COMMUNITY & ECONOMIC DEVELOPMENT**      **WARDS: ALL**  
**DEPARTMENT**  
**SUBJECT: COMMUNITY REVITALIZATION AND INVESTMENT AUTHORITY**

## **ISSUE:**

Receive an update regarding Community Revitalization and Investment Authority qualification and eligibility.

## **RECOMMENDATIONS:**

That the City Council:

1. Receive an update regarding Community Revitalization and Investment Authority qualification and eligibility; and
2. Direct staff and Kosmont and Associates, Inc. (Kosmont) to continue analysis and initiate community engagement leading to the potential formation of a Community Revitalization and Investment Authority in Riverside.

## **LEGISLATIVE HISTORY:**

In 2015, the State of California approved a new economic development tool, pursuant to the passage of Assembly Bill 2, authored by State Assembly member Luis Alejo authorizing the formation of local Community Revitalization and Investment Authorities. Assembly Bill 2 became effective as of January 2015 and restores redevelopment authorities to disadvantaged communities. A Community Revitalization and Investment Authority can carry out provisions of the Community Redevelopment Law and can fund economic revitalization and affordable housing.

On September 23, 2016, Governor Brown signed Assembly Bill 2492, adding additional ability to qualify under a California Environmental Protection Agency designation as disadvantaged community (based on geographic, socioeconomic, public health, environmental factors).

## **BACKGROUND:**

On November 11, 2015, the Development Committee comprised of Chair Gardner and Member Mac Arthur received and filed a report on Assembly Bill 2 and directed staff to procure a consultant to investigate the feasibility of establishing a Community Revitalization and Investment Authority

within the City.

On April 12, 2016, the City Council approved a Professional Consultant Services Agreement with Kosmont in the amount of \$123,000, for evaluation of alternative economic development tools including a Community Revitalization and Investment Authority.

## **DISCUSSION:**

A Community Revitalization and Investment Authority is a new public organism authorized to be created by Assembly Bill 2. Community Revitalization and Investment Authorities are authorized to carry out provisions of the Community Redevelopment Law, within an investment area, for purposes related to infrastructure, affordable housing, and economic revitalization (among other objectives) and are authorized to leverage property tax increment financing and other funding sources for implementation.

Community Revitalization and Investment Authorities adopt and carry out a plan that can be applied to a defined geographic area that meets certain eligibility requirements. In order to be eligible to use this tool, a prospective investment plan area must satisfy certain existing demographic and economic conditions, particularly related to income, unemployment levels, crime rates and the physical condition of commercial and residential structures and infrastructure.

The City procured Kosmont to perform an evaluation of the feasibility of forming a Community Revitalization and Investment Authority for multiple targeted areas within the City. The purpose of the Kosmont evaluation is to identify the practical and financial economic efficacy of a Community Revitalization and Investment Authority, in order for the City to determine whether or not to proceed with formation and implementation. The first phase of Kosmont's evaluation is an initial qualification analysis, in order to determine eligible areas and potential projects within the City.

### **Community Revitalization and Investment Authority Qualifying Areas within the City:**

Significant portions of the City, as defined by census tracts and census block groups, qualify for a Community Revitalization and Investment Authority based on the income, crime, infrastructure, and commercial or residential structures criteria delineated in Assemble Bill 2. Unemployment was additionally evaluated for qualification purposes as an alternative to crime rates, but Kosmont determined that utilization of crime rates enabled qualification of a larger and more economically significant area of the City.

Kosmont's analysis identified qualifying census tracts and block groups that align well with targeted planning and project areas within the City across all City Council wards. These preliminary planning areas include, but are not limited to, Downtown, Eastside, Casa Blanca and La Sierra / Arlanza.

### **Community Revitalization and Investment Authority Eligible Projects:**

Potential eligible projects pursuant to Assembly Bill 2 include infrastructure improvements, affordable housing, environmental remediation, property acquisition and sale, and direct business assistance for industrial and manufacturing uses. The City's preliminary priority economic development projects that align with eligible uses include (among others):

#### ***Eastside Area:***

1. Vine Street multi modal mixed use development;

2. Brownfield remediation, redevelopment and mixed-use transit oriented development;
3. Commerce Street reconstruction, Vine Street widening and Kansas Street reconstruction;
4. Chicago/Linden affordable housing, community center construction, Patterson Park upgrades and alleyway improvements;
5. Affordable housing projects, including Mission Inn Avenue and Park Avenue, 11<sup>th</sup> Street and Victoria Avenue and 9<sup>th</sup> Street and Ottawa Avenue; and
6. Hulen Place tenant improvements for improved homeless campus services

*Downtown Area:*

1. North Main Street area remediation and redevelopment of older industrial parcels; and
2. Construction of a new Downtown library

*Casa Blanca Area:*

1. Development of Casa Blanca Educational Garden; and
2. Redevelopment of underutilized properties along Madison Street and Lincoln Avenue

*La Sierra / Arlanza Area:*

1. Mixed used development around La Sierra University; and
2. Cleanup and development of Hole Lake area

Next Steps:

Targeted economic development projects, such as the aforementioned, strongly align with the eligible census tracts and block groups and would be eligible uses of funds. Based on these positive initial findings, the next step in the potential formation process includes a financial evaluation of the proposed development projects and required infrastructure and other funding needs (i.e. financial sources and uses analysis), in order to determine potential financing and funding capacity and impacts.

With the aforementioned in mind, staff recommends that the City Council direct staff, with the assistance of Kosmont and potential additional consultants, to engage community residents and stakeholders and to evaluate potential boundary considerations, including potential partnership and governance structures (e.g. taxing entity partners with the ability to contribute property tax increment and private entity partners with the ability to contribute startup capital) and financing sources and uses analysis (e.g. tax increment analysis).

The governance and financial analysis outlined above will further inform inclusion and omission of census tracts and block groups within the proposed boundaries, based on planned projects and funding needs, as well as overall financial feasibility for implementation.

**FISCAL IMPACT:**

There is no immediate fiscal impact to the General Fund associated with this report. Sufficient funding is available under the April 2016 contract with Kosmont to continue evaluating potential boundaries, identify potential partnerships and governance structure, and determining financing sources.

The full and potential financial impact is not known at this time but will be identified after completing Kosmont's analysis. Staff will return and provide a complete update and financial impacts and benefits prior to formation.

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