

NEED FOR REDEVELOPMENT.

Section 33352 of the Community Redevelopment Law requires that this “Report to the Legislative Body” include “An explanation of why the elimination of blight and the redevelopment of the project area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body’s use of financing alternatives other than tax increment financing.”

The Amendment will provide approximately \$85 million for capital projects necessary to alleviate blight within the Project Area. The Agency and the City of Davis (“City”) do not have the capital funds to make these improvements. Main funding sources for City capital projects are Construction tax, Development Impact Fees, and Enterprise Funds. Both Construction tax and Impact Fees are generated from new development. Future building permits are expected to be significantly lower than in previous years, with a commensurate reduction in funds for capital facilities. Moreover, development impact fees are restricted to providing capital projects the serve the new development and are generally not available for projects that reduce existing blighting conditions within the Project Area.

The City has had some assistance in seeking state and federal funds for capital improvements, especially roadway projects. These efforts will continue but are not guaranteed. Moreover, other funding sources are likely to require matching funds from the City, which cannot be provided except through redevelopment.

The targeted assistance for economic development activities is necessary to alleviate blight because the Agency assistance is what allows a property owner to redevelop a site for the use identified in the Redevelopment Plan. Without the Amendment, private development would be severely constrained because of the need to provide on-site parking for downtown projects and because projects of the quality and type desired by the Agency may not be financially feasible.

The \$65 million that will be generated for affordable housing activities is necessary because state and federal subsidies are inadequate to make new construction or rehabilitation financially viable, especially for projects serving very-low income households. This category is the group with the greatest need for assistance within the City.