



INVESTING IN COMMUNITIES

**ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON
STATE ADMINISTRATION AND REVENUE AND TAXATION
TESTIMONY BY
LA SHELLE DOZIER, EXECUTIVE DIRECTOR
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
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Good afternoon and thank you for allowing me this opportunity to speak with you today.

My name is La Shelle Dozier and I am the Executive Director of the Sacramento Housing and Redevelopment Agency.

I am a Board member for the California Redevelopment Association and I am also a member of the California Association of Housing Authorities, the National Association of Housing and Redevelopment Officials and the Council of Large Public Housing Authorities.

SHRA is a unique entity.

In addition to serving as the redevelopment agency to carry out housing and redevelopment functions on behalf of the City and County of Sacramento, we also serve as the Housing Authority for the City and County of Sacramento.

SHRA administers 15 redevelopment project areas in the City and County and we have been immensely successful in transforming blighted communities, providing affordable housing to a broad spectrum of our population, and supporting development projects that create jobs not just when construction starts, but early on when the project is still a dream, all the way through the process when the doors open for business.

There are three points that I want to speak to for your consideration:

1. REDEVELOPMENT PROVIDES ECONOMIC BENEFITS AND KEEPS LOCAL MONEY LOCAL

It does not make sense to say local money will be taken from redevelopment and given back to local government.

They currently have the authority to spend redevelopment funds where they are generated.

Redevelopment is a local tool with many opportunities to directly benefit those that pay the tax.

Tax increment financing through redevelopment is uniquely protected by state law and provides local government with the ability to bond against a revenue stream and jump start development in depressed areas.

One dollar in redevelopment spending generates 12 dollars in economic activity.

When redevelopment helps locate or improve a business, jobs come with it, boosting workforce spending power which in turn fills the local revenue coffers through property tax, payroll tax, sales tax and transit occupancy tax.

In Sacramento, over 11,000 jobs were lost when McClellan Air Force Base, the region's second largest employer closed in 2001.

Redevelopment assisted a master developer in the successful conversion to McClellan Business Park.

Tax increment investment of nearly \$22 million leveraged public/private investment of over half a billion dollars.

Today there are more than 14,000 new jobs pumping up local tax revenue from McClellan Business Park.

Redevelopment has helped revive our Downtown Sacramento which not too long ago held little hope for attracting the right mix of venues and housing to make it a desirable destination.

Today, Downtown is a safer, exciting place to go and enjoy with family and friends, but most important is the fact that revenue is going back into City coffers.

Restaurants, theatres and nightclubs provide jobs for a range of workers and professionals who can choose to live close to where they work.

I spoke earlier about remediation.

In Sacramento's oldest redevelopment area at the gateway to Downtown, the new La Valentina project is just getting underway.

We're excited that redevelopment investment is helping to create this mixed-use infill brownfield development with 81 affordable housing units, smart growth concepts and over 400 jobs.

This site had stood vacant for 20 years and if not for redevelopment, this project would not have happened.

We stepped in to do environmental clean up costing nearly \$1 million; otherwise, the developer would not have been able to afford this project.

2. REDEVELOPMENT INVESTMENT ACHIEVES STATE'S AFFORDABLE HOUSING GOALS AND BUILDS PUBLIC/PRIVATE PARTNERSHIPS TO IMPROVE QUALITY OF LIFE

In the past six years, Sacramento has invested over \$81 million in funds set aside for affordable housing, leveraging over \$1 billion in private and public capital to create more than 10,000 units including housing for very-low income and homeless families.

No child will do well in school if they are not safely housed.

Sacramento requires after school and educational programs in all multi-family complexes that receive financial assistance, and we help those students and families most in need.

Case in point:

One of our greatest redevelopment successes is Phoenix Park in South Sacramento.

We stepped in to save this community because of what was happening to many students, and in particular, because of what happened to 13 year-old Ashley McGuinness Morris.

On Oct. 9, 1998, she was shot and killed inside an apartment by a gang member brandishing a gun at a rival.

Over a 30-year span, there were hundreds of other innocent victims of crime and violence in this community known at that time as Franklin Villa.

Police responded to calls for service as many as 16 times a day.

It was one of the most crime-ridden areas in the entire city of Sacramento with a disproportionate level of violence, gangs, drug activity, poverty and high unemployment.

Today, after a \$7 million redevelopment investment and a total public/private leveraging investment of \$84 million, crime is down 70 percent in the community which is now called Phoenix Park.

It is a safe, vibrant award-winning 364-unit affordable rental community for low-income seniors and families.

This investment also created a partnership with public safety resources dedicated to the community, and after-school programs to support the neighborhood schools which are helping to boost attendance and keep kids safe and out of trouble.

In an era of diminishing resources, redevelopment has been used to assist the most vulnerable members of our population in Sacramento, leveraging significant federal resources to support our local homeless delivery system.

In Sacramento County, \$800,000 in tax increment/local redevelopment funding provides the local match that we need to receive \$14 million in federal Continuum of Care funds which support homeless services.

3. ELIMINATION OF REDEVELOPMENT DISMANTLES A LOCAL PROGRAM AND WILL CREATE SIGNIFICANT UNINTENDED CONSEQUENCES

Immeasurable federal, state, and private resources will be lost if there is no source of funds to serve as the local match or leverage without other financing.

Sacramento was able to use \$3.2 million in tax increment to leverage \$10 million in federal funding from the American Recovery and Reinvestment Act (ARRA) to rehabilitate our aging downtown mixed-use high rise housing for extremely low income seniors.

This grant was a competitive award; it came to only one California entity and it comprised 20 percent of the national allocation.

But because we had redevelopment to leverage, we were able to compete to receive those funds.

Sacramento also infused \$9.5 million of local redevelopment funds into its \$31 million federal Neighborhood Stabilization Program to reinvest into purchasing and renovating multiple properties in troubled neighborhoods.

A proven program strategy of single ownership and property management is being replicated for success in creating safe, healthy and vibrant communities where people choose to live.

This effort is making significant strides in addressing public safety concerns, and without redevelopment funding this would not be possible.

Redevelopment makes a tangible impact on communities, but drill down deeper and you will find there is a lot at stake if this valuable local resource disappears.

Some of the unintended consequences are:

- Direct and indirect job losses
- Inability to meet federal and state obligations
- No mechanism to monitor affordable housing developments that have been created
- No funding to recapitalize affordable housing projects
- Inability to preserve existing affordable housing
- Loss of federal resources and leveraging
- Non-competitiveness as a State and region for federal and private capital

Redevelopment agencies stand ready to partner with the state just as we have partnered with schools, police and community based organizations to help stabilize and grow our employment and economic base for a stronger California.

Thank you.

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