



# The VOICE

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### Did you know...

- The Associated Press reported that sales of new homes in September 2008 rose 2.7% nationally. Many homebuilders had ramped up incentives in August and September, and builder's discounts helped push down the median price of a new home to \$218,400.
- Kiewit Pacific Co. is pouring the approach slabs of the first phase of the new **Cypress Avenue Bridge**, and will shift traffic onto the new structure beginning in November. The traffic switch will move east-bound traffic to the new bridge and westbound traffic to the old south bridge, as demolition of the old bridge begins.
- The California Public Employees Retirement System, known as CalPers, estimated a \$48 billion decline in assets from June, 2008 through October 10, 2008.
- In the past 77 years, the US has faced more than a dozen recessions. That averages about one every six years. If history repeats itself, the current period is likely to pass.

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### Giving Thanks ...

In the spirit of Thanksgiving season, Shasta VOICES would like to take this opportunity to say "thank you" to the wonderful people and events that added positive energy to a not-so-positive economic year in our community.

First and foremost, thank you to the forever supportive Board of Directors of Shasta VOICES for their dedication to our success: Larry Lewis, Trish Clarke, Dave Scott, Maureen Gaynor, Ron Largent, Steve Gaines, John Dunlap, Jerry Wagar, and Ryan Denham.

Thank you to our Redding City Manager, Kurt Starman, for his willingness to listen, mediate, and help resolve issues we brought before him on behalf of our supporters. Thank you for bringing forward a construction incentive program to help spur residential building in our area, and for responding so quickly to requests by the building community to extend the practice of collecting residential development impact fees at final inspection.

Thank you to the hard-working and always helpful City of Redding employees, who are highly responsive to any and all requests for the many pieces of information we continually request, especially those in Development Services and the Redding Redevelopment Agency.

Thank you to Brian Crane and the rest of Redding's Department of Transportation for finally repaving and otherwise improving Victor Avenue between Churn Creek Road and Hartnell Avenue. And thank you for negotiating a better way to make improvements to the key intersections affected by the Cypress Avenue Bridge construction project rather than long term closures.

Thank you to the Redding City Council for voting **not** to approve participation in the Shasta County/City of Redding Joint Facilities Impact Fees program. Thank you also for your decision to implement a policy change to eliminate the post-retirement health insurance benefits for new hires during the union negotiation processes that have occurred so far.

Thank you to Larry Lees and his Shasta County staff members for offering such a cooperative and helpful relationship in responding to our many requests for information.

A special thanks to attorney Walt McNeill for providing his expertise, guidance, and legal arguments in our efforts to reduce and/or eliminate proposed new and unusual fees, such as "Fix 5" and the "Joint Facilities Impact Fees."

We give many thanks to Frank Strazzarino for his always enthusiastic and supportive attitude, and ability to provide positive leadership in our community.

We are all thankful for the recovery of Kent Dagg from his ATV accident, and look forward to continuing to benefit from his expertise and leadership.

Lastly, thank you to all the supporters of Shasta VOICES. We are making a positive difference to the economic opportunity in the community because of you. We are looking forward to another successful year in 2009. *Happy Thanksgiving!*



## *And the winners are.... 2008 Local Election Results*

Shasta County's registered voters totaled 96,820 this year, the highest number on record. Many issues, in addition to the historical presidential race won by Barack Obama, and Proposition 8 (which passed) for a constitutional amendment to ban gay marriage, drew their attention and brought them out to vote. The election results will take effect in January, 2009.

The results are in, although the winner of the second Redding City Council race is still too close to call between Ken Murray and Dick Dickerson. It may be December 2, 2008 before the winner is actually known. There are only 264 votes separating them as of this writing, with 9,200 votes yet to be counted.

This is how our community voted for all the other local candidates and issues:

### **Redding City Council (2)**

Missy McArthur, one too close to call

### **Anderson City Council (3)**

Melissa Hunt, Norma Comnick, James Yarbrough

**Redding City Treasurer**: Leslie Detwiler

**School District Bond Measures**: Gateway Unified, 57% pass; Cascade Union, 66.2% pass; Happy Valley Union, 61.6% pass; Pacheco Union, 55.3% pass (by 13 votes); Columbia, 53.57 fail.

**Shasta County Supervisor (3)** (June 3rd primary results): Leonard Moty, Glenn Hawes, Linda Hartman

**U.S. Congress Representative**: Wally Herger

**State Assemblyman**: Jim Nielsen

## **Permanent Deferral of Impact Fees Approved in Concept "Residential Construction Incentive Program" Update**

The City of Redding originally implemented a residential construction incentive program on July 1, 2008, and it expired on October 31, 2008. Several incentives were established including the reduction of building permit processing fees, the deferral of impact fee collections for new homes, enhancements to the Electric Utility rebates and homeowner rehabilitation loans, and a deferral of the July 2008 construction cost index inflation adjustment for the Traffic Impact Fee until January 2009

It appears that the program may have resulted in some level of additional residential construction. The adoption of the program was a very positive action to support the construction trades. The Shasta Builders Exchange has now requested that the City consider making the practice of deferring the payment of impact fees to the time of request for final inspection a *permanent* part of the City's impact fee program for single and

multi-family projects, as well as commercial projects.

At the City Council meeting on October 21st, staff recommended conceptually approving this deferral of impact fee collections from residential construction until the time of request for final inspection as a *permanent* policy change. This will have no direct fiscal impact on the City, and will assist builders by reducing the interest costs incurred for financing the payment of these fees prior to the actual occupancy, thus reducing costs to the eventual consumer.

City staff members did not, however, recommend approval of deferring impact fee collections for commercial projects. They believe this could have a significant negative impact on cash flow and ability to provide infrastructure in a timely manner. They believe that with a considerably longer impact on infrastructure, the impact fee revenue is needed to fund improvements long before the project

is completed.

The City Council also heard from several speakers at the podium, who all felt that the City should offer as much encouragement as possible to keep things moving through the financial crisis all of America is experiencing. The speakers supported deferring impact fees for all projects, including commercial.

The City Council then voted unanimously to approve conceptually the collection of residential development impact fees at final inspection. They directed staff to return at a future Council meeting with the ordinance for this consideration. At some time in the future, perhaps after one year of experience and analysis with residential deferrals, the request to also include commercial projects can be revisited.

This is a very positive decision by the City, fully supported by the Council and the business community, that will be beneficial to the entire community.

## *“Fix 5” Proposed Fee Program Update*

The proposed “Fix 5” fee program has been put on a back burner as those who developed the proposal take a harder look at interchange needs and how they relate to mainline I-5. According to Dan Little, Executive Director for the Shasta County Regional Transportation Planning Agency (SCRTPA), they are now waiting on guidelines for what is called the “State Local Partnership Program,” a \$1 billion program under Proposition 1B that makes funding available for capacity needs. It is currently in draft form, with official guidelines expected to be approved sometime in January, 2009.

A first glance at this *draft* “State Local Partnership Program” document shows that it makes bond money available for allocation to eligible transportation projects nominated by an applicant transportation agency (such as our SCRPTA). It requires a dollar for dollar match of local funds for an applicant to receive state funds under the program. There is a formula for only **voter-approved** taxes and fees, including toll revenues, parcel and property tax revenues, and local sales tax revenues. There is also a competitive grant program to match uniform developer fees. No single competitive grant may exceed \$1 million. Each applicant for these funds should submit its nomination by February 17, 2009 for 2008-2009, and by August 15th for each fiscal year thereafter (under the draft document).

Therefore, there are no plans to bring the “Fix 5” proposal back to the table for discussion before the SCRTPA Board at their upcoming Board meetings scheduled for October 28, 2008, and December 9, 2008.

### **Affordable Housing Becomes Hot Topic in Redding**

The Redding Redevelopment Agency approved, in concept, providing \$1.2 million in subsidies to assist the development of a minimum of 10 single-family units to be sold at affordable prices to lower-income buyers within a project called “Highland Park Project” at it’s monthly meeting on October 20th. This project is a 420-unit planned development subdivision on about 100 acres located north of Hilltop Drive and east of I-5 in north Redding.

At the same meeting, they also approved granting a loan of \$476,000 for three second-story affordable apartments in the Gateway Building, to be located downtown at Market and Shasta streets.

On October 28th, the Development Service Department asked the Redding Planning Commission to recommend an update and revision of the “Residential Density Bonus” zoning ordinance to the City Council. The intent of the revisions is to incorporate current amendments to the State’s density bonus law, in an effort to encourage the production of affordable housing.

State law requires that local jurisdictions provide opportunities for developers of affordable housing projects to obtain a density bonus beyond what would otherwise be allowed by a prop-

erty’s zoning and General Plan classifications, and that certain incentives be provided to reduce project costs, according to City documents.

What is considered affordable? According to the 2008 State Income Limits published February 28, 2008, Redding’s 2008 median **family** income for **four** is \$53,800. Very low, low, and moderate income are based on a percentage of that figure:

<b>Very Low</b> = 50% of median income	
<u>Annual</u>	<u>Per Month</u>
\$ 26,900	\$ 2,242
 <b>Low</b> = 80% of median income	
<u>Annual</u>	<u>Per Month</u>
\$ 43,050	\$ 3,588
 <b>Moderate</b> = 120% of median income	
<u>Annual</u>	<u>Per Month</u>
\$ 64,600	\$ 5,383

Based on the above figures, Redding’s Redevelopment Agency is able to subsidize single-family homes so they are affordable to lower-income families not able to afford more than **\$98,000** for a home. A note and deed of trust would be recorded against each unit upon its sale, assuring that the unit will continue to be affordable to subsequent purchasers over a long period of time, usually between 30 and 45 years.

### **Extension of Time Given for Tentative Maps**

The City of Redding in the past has granted an initial three-year approval period for tentative parcel or subdivision maps. The previous state law provided for extensions up to five years, and our City’s current ordinance allowed a maximum of five years.

Due to the current state of the economy and declining housing market, the State of California recently enacted Senate Bill 1185, amending the state Subdivision Map Act.

The amended law requires local agencies give subdividers an opportunity to seek extensions of an approved parcel map or subdivision map for up to **six years** beyond it original approval period. The City’s Development Services Department brought this to the City Council’s attention, in a positive move supported by the business community.

At the October 7, 2008 City Council meeting, a public hearing was held regarding the amendment of Redding Municipal Code Sections 17.12.90 and 17.24.020, extension of time for tentative parcel maps and tentative subdivision maps to approve extensions for **“a time period not to exceed a total of six years.”**

The amendment was approved unanimously. An automatic extension applies to 25 City-approved maps, representing 1200 residential lots.

## ***Existing Job Retention Efforts Long Overdue***

The Economic Development Corporation of Shasta County (EDC) has been focused on attracting new business to the Shasta County area for many years. The downturn in the economy has thwarted those efforts.

So, they are switching gears. The new focus will be on retaining the businesses that are already located in our community. This can only be seen as a very positive move, and one that is long overdue.

The question is, just how are they going to help our local businesses? There is information available on how the EDC has helped local businesses obtain tax credits, and how they are offering free seminars explaining enterprise zones and loan programs. These have been a great help over the years, and certainly should (and will) continue.

But perhaps something more immediate should also be considered. In order to survive this economic crisis, what businesses need are more customers. Maybe the EDC could assist in the **promotion** of the goods and services provided by our local businesses. In these lean times, nothing would prove more useful to businesses than a carefully crafted advertising and promotion program that is provided at no (or very low) cost to them.

Over many years of attending trade shows all over the country, the EDC has created and maintained a very large database of information about businesses, what they do, where they are located, what supplies and services they need on a regular basis, and a host of other data that could prove useful in a promotional effort.

As a local business owner or manager, why not contact the EDC to see if you can benefit from the programs offered? And, why not inquire about some help with a promotional program? It could prove to be helpful.

## **September 2008 Financial Report Puts City in Uncharted Territory**

There were only two items, beyond the consent calendar, on the agenda at the November 4, 2008 Redding City Council meeting. Both were related to City financial reports. One of them was to accept the General Fund monthly financial report for September 2008. Here is a recap of that report.

Total revenues to date are **4.3% below** staff's cash flow projections. Sales tax revenues for September were **26.4% below** staff's cash flow projections. Sales tax revenue year to date totals **11.7% below** staff's cash flow projections.

**Sales tax** for the second quarter of the calendar year **decreased by 7.5%** over the same quarter in the prior year. The next information on actual sales tax receipts will be received in December for the third quarter of the calendar year. Unless there is improvement in that quarter, staff will return to the Council with recommended changes to the 10-Year Financial Plan to offset the lower sales tax amounts.

**Transient occupancy tax** revenue for September was **11.7% below** staff's cash flow projections.

**"Other revenue"** in September was **22.1% below** staff's cash flow projections, and totaled 6.9% below projections year to date.

**Expenditures** at the end of September are **6% above** staff's original projections.

It is likely that the City will have to re-evaluate programs and services to reflect the poor economy. We appreciate the efforts of City Manager Kurt Starman to recognize that there is a problem, and take action to keep our City safe and solid financially.

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