

Redevelopment Agency
January 26, 2010

Agency Agenda Item 4B
COMPANION TO COUNCIL ITEM

Honorable Chairman and Members
of the Torrance Redevelopment Agency
City Hall
Torrance, California

Members of the Agency:

SUBJECT: Redevelopment Agency - Resolution to Designate Recovery Zones in
Certain Areas of the City of Torrance

RECOMMENDATION

Recommendation of the Executive Director that the Redevelopment Agency adopt a resolution designating certain areas Recovery Zones under the provisions of the American Recovery and Reinvestment Act of 2009 for the purpose of issuing Recovery Zone Facility Bonds

Funding
N/A

BACKGROUND/ANALYSIS

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Congress added new provisions to the Internal Revenue Code for the establishment of Recovery Zones that enable state and local governments to provide additional capacity for issuing bond financing in order to stimulate the economy. Through this federal funding source the City of Torrance was allocated \$11,970,000.00. In order to avoid the threat of reallocation after this month, the City is required to adopt a resolution that designates Recovery Zones. Staff is evaluating projects that may benefit from the bonds and will return to the Agency through the public hearing process to seek approval to fund any qualifying projects.

States, counties, and municipalities with a population of over 100,000 were granted allocations by ARRA to finance certain qualified economic development purposes for use within designated Recovery Zones. "Any area designated as having significant poverty, unemployment, rate of home foreclosures or general distress" qualified under the ARRA allocations. Since 2007 the unemployment rate in Torrance has risen from 2.5% to 6.1%.

Recovery Zone Facility Bonds are tax-exempt, private activity bonds, which allow issuers to provide tax-exempt financing for private business development and improvement projects. Such projects could include the purchase, construction, or significant renovation of any depreciable asset. The City would act as the conduit issuer of the bonds for projects that meet the requirements of the Recovery Act and would not be liable or obligated to pay any debt incurred as a result. Funding is not being provided directly to the City, but the ability to issue certain amounts of debt with new tax benefits is being allowed. Recovery Zone bonds may only be issued until December 31, 2010.

Staff is proposing the areas in the attached map be included as designated Recovery Zones. These areas include: Hawthorne Corridor; Lomita Boulevard - between Hawthorne and Crenshaw Boulevard; Crenshaw Boulevard - between Del Amo and Torrance Boulevards; and the Downtown and Industrial Redevelopment Areas.

Respectfully submitted,

LeROY J. JACKSON
Executive Director

By 

Fran Fulton
Management Associate

CONCUR:



LeRoy J. Jackson
Executive Director

Attachments: A) Resolution
B) Map of Designated Recovery Zones

RESOLUTION NO. 2010 - _____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE DESIGNATING CERTAIN AREAS IN THE CITY RECOVERY ZONES UNDER THE PROVISIONS OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Whereas, Section 1401 of Title I of Division B of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) ("ARRA"), added Sections 1400U-1 through 1400U-3 of the Internal Revenue Code of 1986 (the "Code"), authorizing state and local governments to issue Recovery Zone Facility Bonds; and

Whereas, Section 1400U-1 (b) of the Code requires, in part, that issuers designate an eligible "recovery zone;" and

Whereas, I.R.S. Notice 2009-50 ("Notice 2009-50") provides that for the purposes of any state, county or large municipality that receives an allocation of Recovery Zone Facility Bonds may make these designations of "recovery zones" in any reasonable manner as it shall determine in good faith at its discretion; and

Whereas, for the purposes of Sections 1400U-1 and 1400U-3 of the Code, the term "recovery zone" means: (1) any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress

Whereas, the City's unemployment rate increased from 2.5 percent to 6.1 percent between 2007 and 2009; and

Whereas, the city of Torrance was directly allocated \$11,970,000.00 for Recovery Zone Facility Bonds

Whereas, Recovery Zone Facility Bonds may be issued before January 1, 2011, as provided in Section 1400U-1 of the Code to finance certain economic development projects located within designated "recovery zones;" and

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE THAT:

1. The recitals set forth herein are adopted by the Redevelopment Agency of the City of Torrance as findings and they are true and correct.

2. The geographic areas outlined in the attached maps are hereby designated recovery zones

3. The City Manager, or his designee, is hereby authorized to execute and deliver any and all documents which may be deemed necessary or advisable in order to designate the Torrance Recovery Zone.

4. This Resolution shall take effect immediately upon its adoption by the Redevelopment Agency of the City of Torrance.

INTRODUCED, APPROVED and ADOPTED this ____ day of _____, 2010

Frank Scotto, Chairman

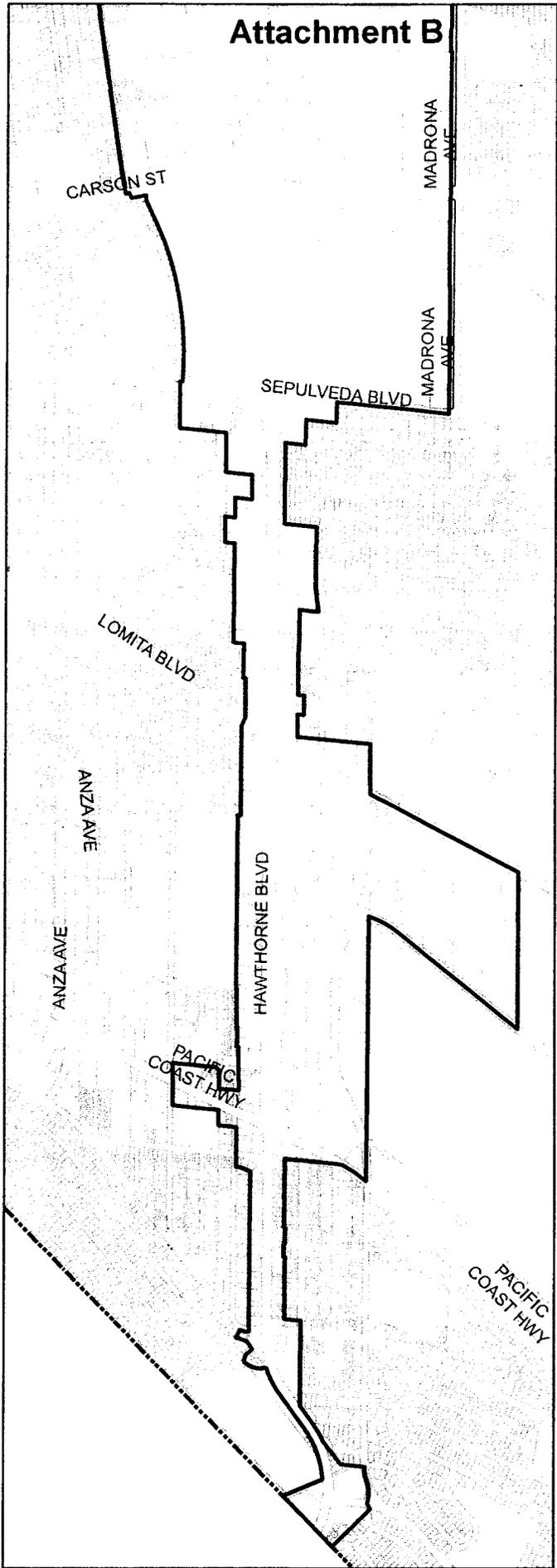
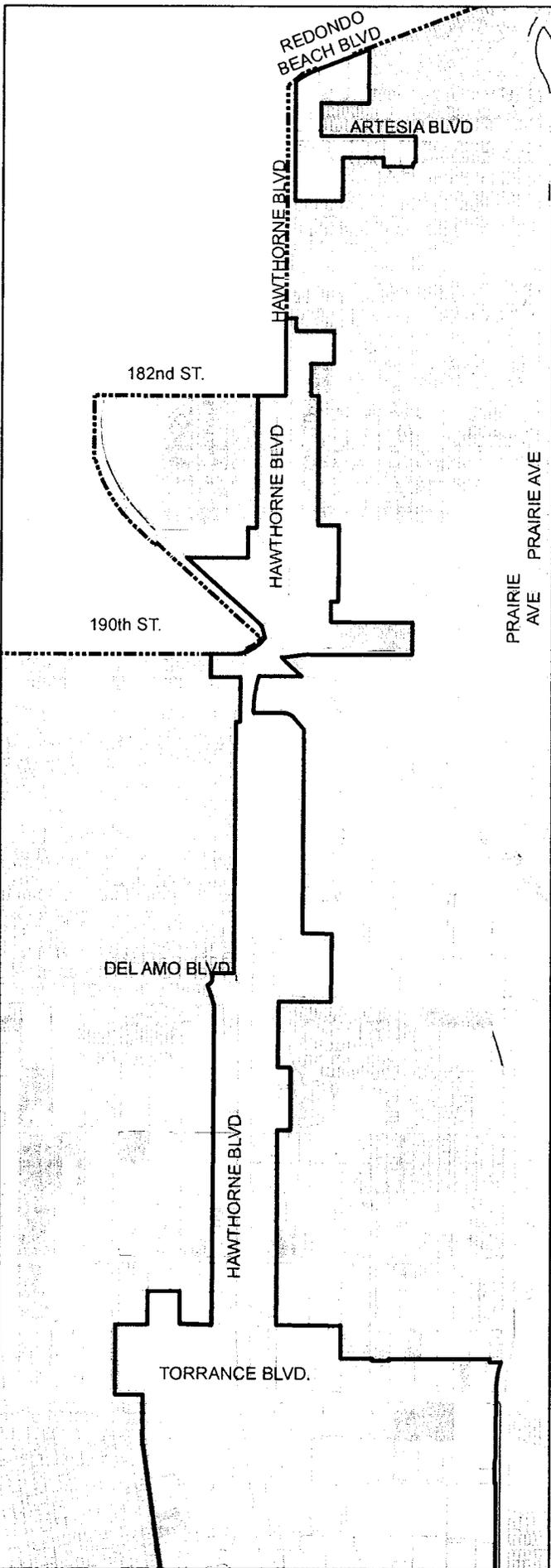
ATTEST:

Sue Herbers, Clerk of the Redevelopment
Agency of the City of Torrance

APPROVED AS TO FORM:
JOHN L. FELLOWS III, Agency Counsel

By: _____
Patrick Q. Sullivan
Assistant Agency Counsel

Attachment: Maps



Attachment B

Lines and photos are approximate, not to be used for establishing absolute or relative positions

Hawthorne Blvd Corridor

Legend

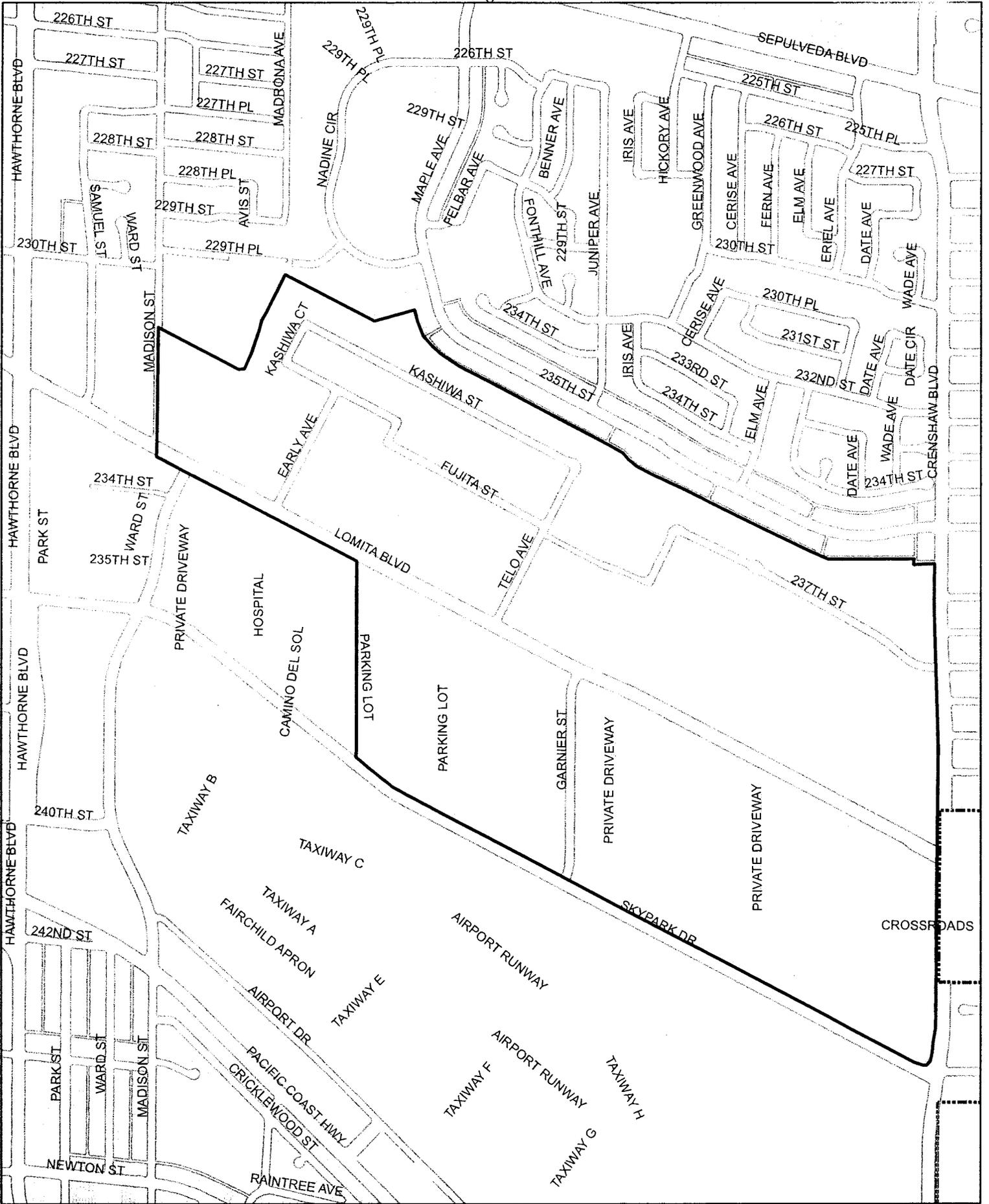
-  City Boundary
-  Hawthorne Blvd Corridor



TT:Hawthorne_corridor.mxd



Jeffery W. Gibson
Community Development Department



T:\Map\PDF\20106.5 by 11P Lomita Blvd Between Hawthorne and Crenshaw.pdf

Lines and photos are approximate, not to be used for establishing absolute or relative positions

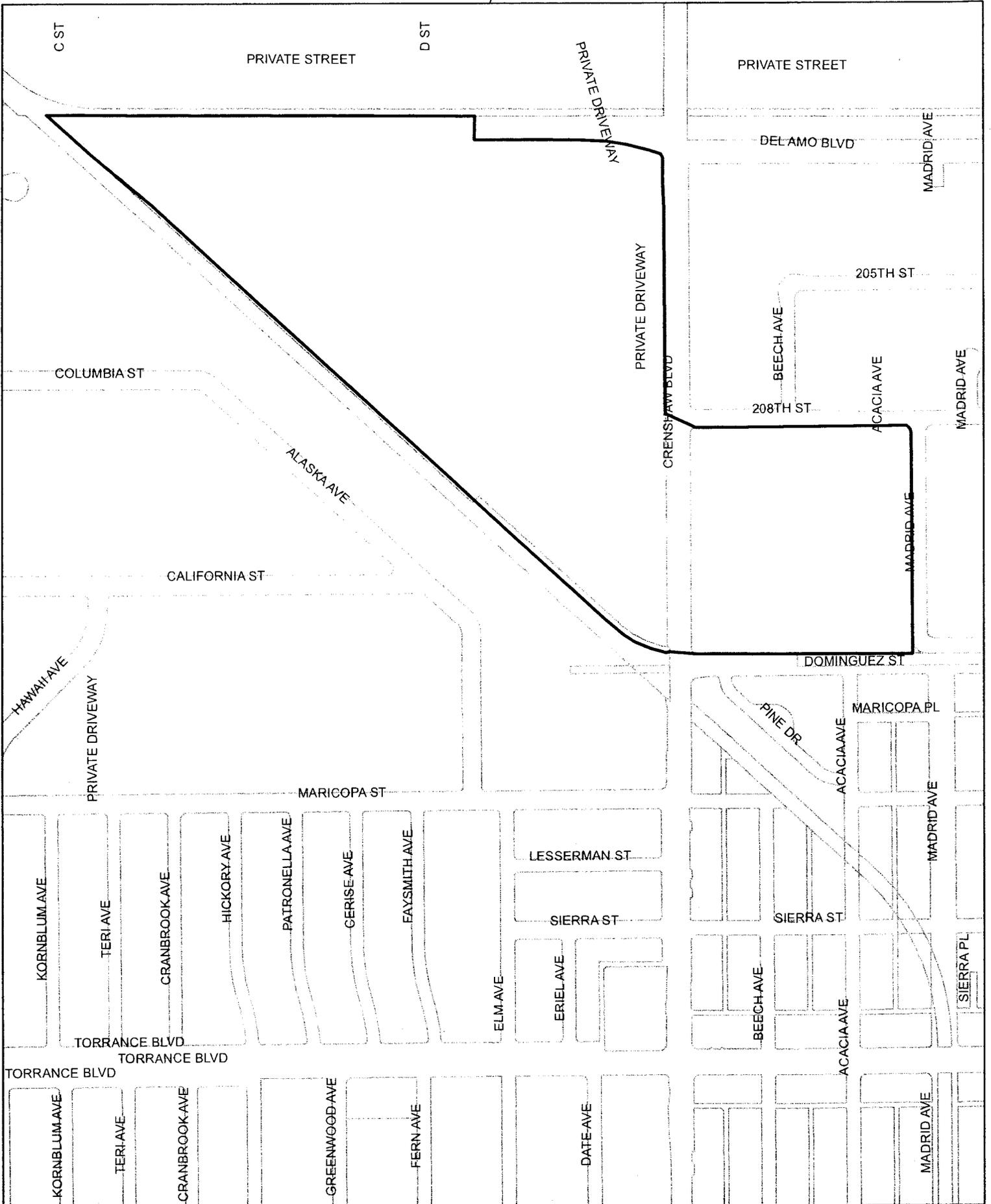
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-  Lomita Blvd Project Area
-  City Boundary



Lomita Blvd - Between Hawthorne Blvd and Crenshaw Blvd





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Lines and photos are approximate, not to be used for establishing absolute or relative positions

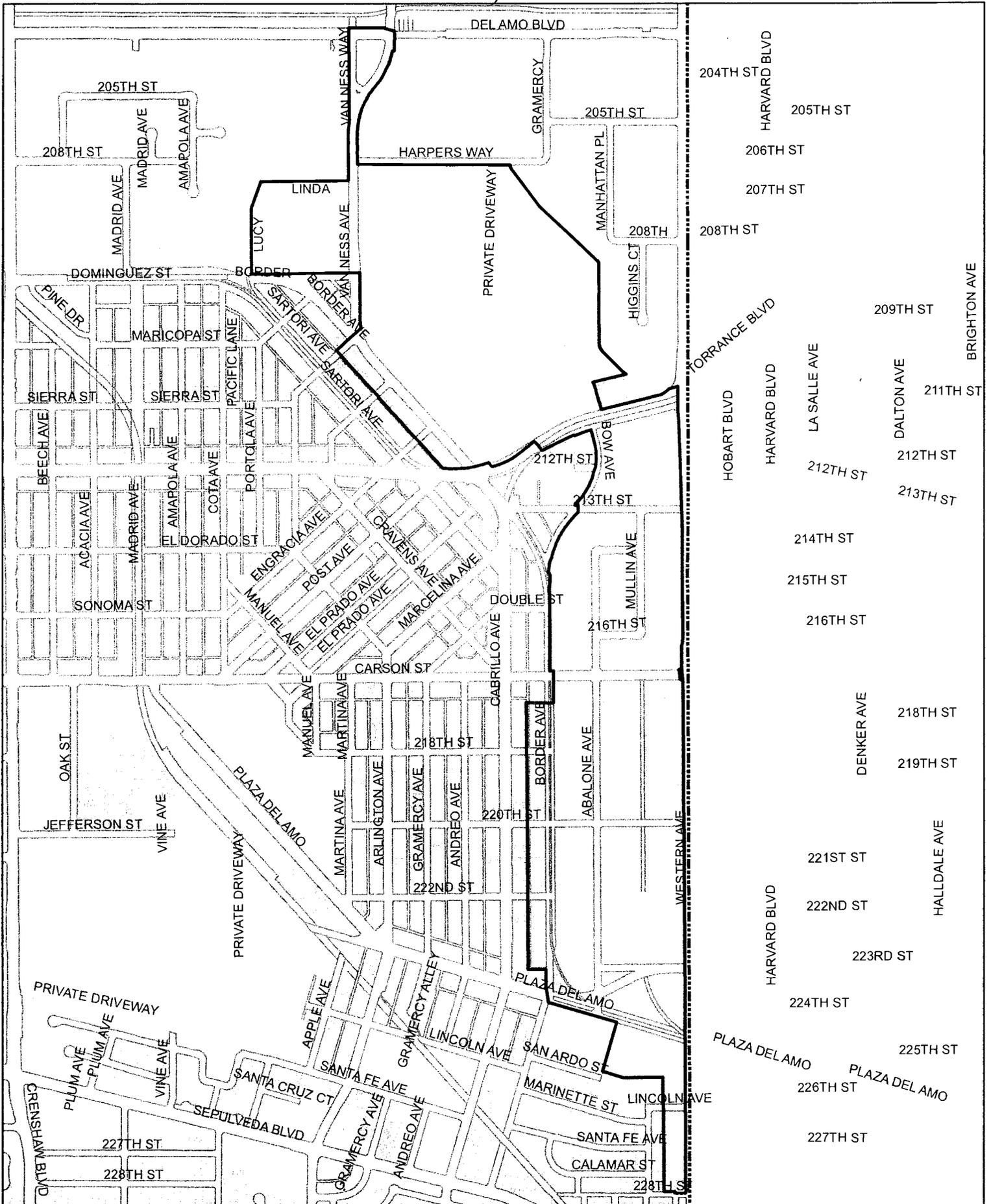
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 Crenshaw Blvd Project Area



Jeffery W. Gibson
Community Development Department

Crenshaw Blvd - Between Torrance Blvd and Del Amo Blvd



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Lines and photos are approximate, not to be used for establishing absolute or relative positions

Legend

-  Redevelopment Industrial Area
-  City Boundary



Torrance - Redevelopment Industrial Area Downtown



Jeffrey W. Gibson
Community Development Department