

FREQUENTLY ASKED QUESTIONS ABOUT REDEVELOPMENT

1. **What is redevelopment?**

Redevelopment is a process used by city and county government to eliminate blight from a designated area and to achieve desired development, reconstruction and rehabilitation of residential, office, industrial and retail uses.

2. **What is a redevelopment agency?**

In most jurisdictions, the city council members are also the governing board for the redevelopment agency, but act as two separate, distinct legal entities. This is the case in the City of Cathedral City. The Redevelopment Agency for the City of Cathedral City (the "RDA") is a separate legal entity comprised of the city council members.

3. **What are the benefits to a citizen being in a redevelopment project area?**

Redevelopment is one of the most effective ways to breathe new life into deteriorated areas experiencing social, physical, environmental or economic conditions which act as a barrier to new investment by private enterprise.

4. **What is a redevelopment plan?**

A redevelopment plan represents a process and a framework within which specific projects will be undertaken. The plan provides the RDA with powers to take certain actions such as to buy and sell land within the area covered by the plan (project area), improve deteriorated or dilapidated properties and to use tax increment financing.

5. **What is a project area?**

A project area is the area within which actual redevelopment will take place. The RDA acts to promote physical and economic revitalization in the project area by implementing projects and programs as specified in the redevelopment plan documents.

6. **Why do we have redevelopment projects?**

The main reason for redevelopment projects is to secure funds that can be used to rehabilitate and revitalize existing developed areas through various projects and programs to eliminate blight and improve the area.

7. **Why is the RDA amending the Redevelopment Plan to add the power of eminent domain?**

Most communities in California have redevelopment agencies and most of those redevelopment agencies retain the power of eminent domain. This does not diminish or reduce the ability of property owners in a Project Area to sell their properties and, in fact, in many instances it enhances the value of the property since developers and investors are aware of the assistance that may be provided through a redevelopment agency and the economic opportunities that may be present.

In some cases, the rehabilitation of property or implementation of a development project designed to enhance economic viability in a redevelopment project area, may, in parts of the Project Area, require the assistance to acquire and assemble enough parcels

of land to make a site large enough for development.

If the 2005 Plan Amendment is adopted by the RDA, it would enable the RDA to, only if necessary and as a last resort, use eminent domain to acquire parcels in order to enable their development. This would only be used in those situations where there is a hold-out landowner and where the RDA and such landowner have been unable to negotiate a reasonable sales transaction. It should be noted that every city in the State of California and every form of state or local government has the inherent power of eminent domain as set forth in both the United States Constitution and the State Constitution.

Under state legislation, redevelopment agencies also may exercise eminent domain powers if they include them in connection with the adoption of a redevelopment plan.

8. If a citizen should decide to sell property to the RDA, who determines the selling price?

By law, the RDA is required to hire an independent appraiser to establish the fair market value of the property. The fair market value is the value of the property if it were placed in the current marketplace and sold. The appraiser must value the property at its highest and best use, taking into consideration the zoning of the property. If an owner is not satisfied with the appraised valuation, he or she may hire their own appraiser to re-evaluate the property, after which both appraisals will be compared and hopefully a selling price negotiated.

9. What will happen to my property and me?

It is important to emphasize that a redevelopment plan does not include any specific wide spread plans for land acquisition. Over time, value of property could increase as improvements in the area are undertaken. If you have property within the project area, you may participate in rehabilitating or developing your property as part of an owner participation agreement with the RDA. Rules and regulations governing owner participation have been adopted by the RDA and are available upon request.

10. What is behind the proposal to acquire property?

The primary reason the redevelopment plan is being amended to include provision of eminent domain is to establish an economic development tool to help promote new development. Specifically, private developers and current property owners have no incentive to develop or improve properties in the project area. The existence of eminent domain would provide the RDA with a tool to attract potential development which could lead to job generation opportunities in the area. Potential developers would be assured that a new development would not be stopped because of one or more property owners who would hold out for unreasonable prices for land. Potential developers could count on the RDA's assistance in assembling properties for potential projects.

11. If eminent domain would only be utilized as a last resort, what does "last resort" mean?

"Last resort" means a situation where the potential developer has approached the RDA with a project that meets the goals and objectives of the redevelopment plan, both the developer and the RDA have made a reasonable effort to negotiate for the sale of the property, and the potential project may be halted because one or more properties are

“holding out” for unreasonable prices for their properties.

12. How were the boundaries of the proposed 2005 Amendment Area determined?

The boundary lines were determined by reviewing infrastructure needs and financing potential, ownership patterns and development potential.

13. Is the use of eminent domain in violation of the law or the Constitution?

No. Eminent domain is permitted by Health & Safety Code Section 33000, et seq., of the California state law. State law, including the California Redevelopment Law, have extensive and comprehensive procedures and requirements to protect property owners in the eminent domain process, including the payment of fair market value, relocation assistance, and potential tax savings to those property owners whose property is acquired by eminent domain. These procedures have the effect of making property acquisition by eminent domain very expensive for the public agency (i.e., the RDA). Therefore, every effort will be made to avoid this situation.

14. Do citizens and property owners have a say in the amendment process?

Absolutely. The RDA has asked for public input by published notices, mailed notices, a public information workshop and the public hearing which will be held on February 23, 2005. Minutes will be taken at both public meetings. All written transmittals and correspondence will be entered into the Administrative Record and will be responded to. The RDA will take no action on this proposed amendment until it has received all of the public input.

15. If the RDA acquires my property by eminent domain, would I be compensated if my house is paid for so that I don't have to go into debt again?

State law dictates that any property acquired by eminent domain must be appraised at the highest and best use by an independent professional appraiser and the purchase price offered must be the appraised value, not what the RDA deems fair market value. Because the property is appraised at the highest and best use rather than simply on market value, the property will be appraised not based on its current use but rather on the highest and best use allowable. If replacement property cannot be purchased for that amount, the homeowner would be entitled to replacement housing payment under relocation benefits which have been adopted by the RDA.

16. When will the RDA acquire my property, if at all?

As to the timing of the RDA acquiring your property, it is dictated by revenue availability to the RDA. The market dictates the rate of development, not the RDA. Typically, the RDA will attempt to acquire property only when there is a development pending.

17. Should I spend any money on my property since the RDA may acquire it?

There is no assurance that the RDA will acquire your property, even though it may do so. Therefore, property owners are encouraged to continue to maintain their properties as they would without the RDA's ability to use eminent domain. By not maintaining your property, its value would go down and the amount you would receive for acquisition of your property by the RDA, should it choose to acquire it, would be less due to its condition.

PROCEDURAL STEPS

Before the RDA can initiate eminent domain actions, it must go through several procedures which include the following:

- (i) It must get an appraisal which establishes full fair market value at the highest and best use of the property
- (ii) It must give the property owner an opportunity to meet with the appraiser.
- (iii) It must submit an offer to the property owner based on its appraisal and share the information contained in its appraisal with the property owner.
- (iv) It must provide owner participation opportunities to the property owner.
- (v) It must provide relocation assistance to the owner.
- (vi) It must use best efforts to negotiate a sale as opposed to pursuing eminent domain.
- (vii) It must provide the property owner with an opportunity to be heard at a public meeting.
 - A. Eminent domain is a last resort option and an extremely expensive option for a redevelopment agency. It is intended to enable the agency to acquire properties when there is a “hold out” property owner.
 - B. Any desire to make improvements on your property is governed by the City of Cathedral City.