

# "GUIDE TO REDEVELOPMENT"

## **ANSWERS TO TWELVE COMMON QUESTIONS ON REDEVELOPMENT**

### **1. WHAT IS REDEVELOPMENT?**

Redevelopment is a process created to assist City and County Governments in eliminating blight from a designated area, and to achieve desired development, reconstruction and rehabilitation including but not limited to: residential, commercial, industrial, and retail.

### **2. WHAT IS A REDEVELOPMENT AGENCY?**

The Clark County Board of County Commissioners are also the Governing Board for the Redevelopment Agency; however, the Board and the Agency are two separate, distinct legal entities. The County hires staff to carry out the day-to-day operations and its redevelopment plans.

### **3. WHAT ARE THE BENEFITS TO A CITIZEN IS BEING IN A REDEVELOPMENT PROJECT AREA?**

Redevelopment is one of the most effective ways to breathe new life into deteriorated areas plagued by social, physical environmental or economic conditions which act as a barrier to new investment by private enterprise. Through redevelopment, a project area will receive focused attention and financial investment to reverse deteriorating trends, create jobs, revitalize the business climate, rehabilitate and add to the housing stock, and gain active participation and investment by citizens which would not otherwise occur. A successful redevelopment program will reverse declining property values and will result in property appreciation.

### **4. WHAT IS A REDEVELOPMENT PLAN?**

A redevelopment plan presents a process and a basic framework within which specific projects will be undertaken. The plan provides the Agency with powers to take certain actions such as to buy and sell land within the area covered by the plan (project area), improving dilapidated buildings and to use tax increment financing.

### **5. WHAT IS A PROJECT AREA?**

The area within which actual redevelopment will take place. The project area must first go to public hearing (giving citizens who will be included in the project area a chance to express their views) after which the Redevelopment Agency acts on the adoption of the project area and becomes primarily responsible for future projects.

### **6. WHY DO WE HAVE REDEVELOPMENT PROJECTS?**

The basic reason for establishing redevelopment projects is to secure funds that can be used to attract commercial, industrial, and residential development in order to eliminate blight and improve an area.

## **7. HOW DO REDEVELOPMENT AGENCIES SECURE FUNDS?**

The state law makes available to redevelopment agencies a method of obtaining funds called "tax increment financing". On the date the Clark County Board of County Commissioners approves a Redevelopment Plan, the property within the boundaries of the plan has a certain total property tax value. If this total assessed valuation increases, most of the taxes that are derived from the increase go to the Redevelopment Agency. These funds are called "tax increments".

The best way to describe tax increment financing is to provide an example. For this example, let us say we have a vacant lot in the project area that was generating \$500 a year in property taxes before the redevelopment plan was adopted. After redevelopment plan adoption, the property owner decides to build an office building on the vacant lot. Upon completion of the office building, lets assume this same property now generates \$ 10,000 a year in property taxes because of the increase in value due to construction of the office building. The difference between the property taxes being paid before redevelopment plan adoption (and before construction of the office building) is \$9,500. That \$9,500 difference in property taxes (tax increment) generated by this particular property each year goes directly to the Redevelopment Agency to finance redevelopment activities for the remaining life of the Redevelopment Plan.

Existing property owners will not experience an increase in their property taxes unless they do something to their property that increases the value of that property. In addition, the increased property taxes a property owner must pay because he added value to his property are no different than if he or she made the same improvements to their property and there was no redevelopment plan in effect. Redevelopment does not raise taxes in any way. It only directs increases in property tax revenues, due to increased valuation, to the Redevelopment Agency, instead of those property taxes being divided among the, County, State and whatever other taxing agencies receive a portion of the property taxes. And at the expiration of the redevelopment plan, which is usually in 30 years, the other taxing entities begin receiving property tax revenues that greatly exceed the property taxes they would have received if not for redevelopment activities.

Usually, the flow of tax increment revenues to the Agency will not accumulate quickly enough to finance the full scope of redevelopment activities and development projects. Therefore, agencies issue bonds. These bonds are not a debt of the County and are repaid solely from tax increment revenues.

## **8. WILL PROPERTY TAXES BE RAISED?**

No. Tax rates stay the same. As described in the answer to question 7, tax increment to fund redevelopment comes from the increase in property taxes that is a result of a property's increased value due to property improvements. If a property owner makes no improvements that increase the value of his or her property, his or her property tax will not rise unless the redevelopment program is so successful that it results in a general increase in property values throughout the entire area.

## **9. WHY DOES THE AGENCY HAVE THE POWER OF EMINENT DOMAIN (CONDEMNATION OF PROPERTY)?**

Private developers seldom can assemble many separate parcels of land into a site large enough for their needs. One small "hold out" can refuse to sell at any price and block the entire development. The Agency can, if necessary, use its power of eminent domain to acquire the hold-out parcel and permit the development to proceed. However, the property owner will receive fair market value for his or her property and will receive additional funds to relocate. If the property

owner contests the price being offered for the property, he or she can seek more compensation in a valuation trial.

## **10. WHAT IS RELOCATION?**

Relocation is the displacement of a business or family for the purpose of clearing land and preparing it for its designated use. When a person or business meets the legal qualifications, the Redevelopment Agency pays for: assistance in finding a new location, payments to help cover moving costs, and payments for certain other costs as provided by law.

## **11. IF A CITIZEN SHOULD DECIDE TO SELL PROPERTY TO THE AGENCY, WHO DETERMINES THE SELLING PRICE?**

The Agency would hire an independent appraiser to establish the fair market value of your property. If the owner is not satisfied with the appraised value of the property, he may hire his own appraiser to re-evaluate the property after which both appraisals will be compared and a selling price negotiated. Fair market value is the value that the property would have if it were placed in today's market place and sold by a willing seller to a willing buyer.

## **12. HOW WILL THIS AFFECT THE COUNTY AND OTHER TAXING AGENCIES IN REGARD TO TAX REVENUE LOSS?**

Other taxing agencies will lose part of the new property taxes generated by redevelopment, but will continue receiving the base revenues. However, in blighted areas, the property values would not increase without redevelopment activities. Other taxing agencies will receive non-property tax revenues and revenues generated outside the project area as a direct result of redevelopment activities, i.e., sales taxes, hotel room taxes, and property taxes

## **IS REDEVELOPMENT NECESSARY?**

### **Why Should We Consider Redevelopment?**

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

Redevelopment, under Nevada Redevelopment Law, is one of the last available processes which has the authority, scope, and financial means to provide the necessary stimulus to reverse deteriorating trends, remedy blight, and create a new image for many communities. Community redevelopment operates under the control of the (CC BCC) sitting as the Redevelopment Agency's Board of Directors.

Communities with limited financial resources can use redevelopment projects to rehabilitate property, build better homes, create jobs, stimulate private business and development, and create investment to accomplish what could not be done by other public or private means without redevelopment.

## WHAT IS A DETERIORATING OR BLIGHTED AREA?



Deteriorating or blighted areas have serious adverse social, economic, and physical conditions which constitute a danger to the health, safety, and general welfare of the people of the community. These deficiencies include:

### **A. Physical Deterioration:**

- Confusing and inefficient highway/freeway access and internal streets;
- Inadequate and obsolete infrastructure, i.e. utilities, storm drainage, sewers, and street lighting;
- Aging, deteriorating, and poorly maintained buildings and structures sometimes intermingled with historically significant structures as well as some well maintained buildings;
- Absence of a safe environment and convenient pedestrian walking environment;
- Lack of attractive, usable open spaces;
- A clutter of utility lines, jumble of signs and a lack of architectural unity and quality; and Code violations and unsafe conditions.

### **B. Economic Deficiencies:**

- Stagnant commercial area (vacant storefronts, no new businesses moving in);
- Lower property values;
- Loss of jobs and businesses;
- Under utilized and underdeveloped land;
- Multiplicity of property owners, inadequate or irregular-sized lots, and incompatible mixtures of land uses; and
- Inadequate government revenue generation and an increasing need for public services or improvements (declining tax revenue and increased demand for things like police and fire services).

### **C. Social Deterioration:**

- Poverty and unemployment; \* Deteriorating, unsafe, and substandard housing conditions;
- Inadequate and/or ineffective social programs and services;
- Lack of community and neighborhood identity;

- Crime, ill health, transmission of disease, infant mortality, overcrowding, and juvenile delinquency;
- Absence of a positive community image; and
- Lack of adequate and affordable housing.

## **SHOULD I CARE ABOUT REDEVELOPMENT?**

As a declining area is improved and the causes of blight eliminated, the entire community benefits through the creation of new or restored homes, prospering businesses, more attractive public areas and parks, and renewal of civic pride.

Because you do not live in a blighted area, or because you avoid such areas, does not mean that you are safe from the effects of deterioration and decay in the community. The Nevada Redevelopment Law was passed in recognition of the fact that the problems and adverse impacts of deteriorating areas cannot be confined and ignored for the following reasons:

### **1. Deteriorating areas cannot pay their own way:**

These areas require more public services such as public safety, public works, and welfare than the tax revenue produced in the area can fund. In other words, these areas are a financial drain on the rest of the community. Your tax dollars and those of your neighbors are being diverted to meet the needs of decaying and blighted areas.

### **2. Deteriorating areas become centers of poverty, overcrowding, crime, and disease for those who are trapped there:**

These areas can become like prisons for those who are powerless to change their way of life. People living in deteriorated and often times overcrowded conditions can become the victims of crime and disease which have serious social consequences.

### **3. There are no natural barriers to blight:**

Deterioration, if not arrested, tends to expand, thereby potentially affecting the health, welfare, and safety of those living, shopping, and doing business on the outskirts of the deteriorated area. Deterioration spills over its existing boundaries and so effects an ever-widening circle of residents and businesses. Like a disease, if the causes are treated in the early stages there is more likelihood of recovery.

### **4. Deterioration results in an economic drain on the community:**

As offices, industries, services, and shops leave deteriorated areas, the jobs and dollars which would have been spent there are lost. In many cases, these businesses will relocate outside the community itself. The relocation of one business encourages more firms to leave and the out-migration snowballs. Further, vacated residential and commercial structures become an economic detriment to the community through devaluation and economic depreciation. Shopping areas and jobs move farther and farther away, stranding the transit-dependent and causing those with automobiles to travel farther for the basic necessities of life.

Residents must spend increased dollars and travel time to find employment, shopping, and recreation outside the area. Dollars, which had come to the community, are spent elsewhere.

## **5. A deteriorating area results in a negative image which can effect development elsewhere in the community:**

What an area has to offer in terms of labor, land, consumers, suppliers, transportation, and environment plays a major role in business location decisions. If deterioration is not stopped and turned around, the community could be chosen less often as the site for new business developments. A thriving community is a definite positive advantage; a decaying one can be a major deterrent to new investment. This may result in many people avoiding the community.

By looking at other older communities, it is easy to see what the future might hold if effective action is not taken. If your community is experiencing distress, now is the time to begin revitalization through redevelopment.

### **HOW DID THIS HAPPEN? WHY WASN'T THIS AREA IN OUR COMMUNITY HELPED EARLIER?**

Once blight begins to destroy the lifeblood of an area, many people often lose interest in that area. They may not foresee the extent and rate of decay and may not be aware of the price of deterioration for the remainder of the area. The owners of private businesses and homes are often afraid to invest more money in improving their property unless they are assured the entire area will be improved. Foresight and courage are needed to meet the challenge to reverse the downward economic, social, and physical trends in the community. Redevelopment money is available in the form of tax increment financing only if a community chooses to take action to create a Redevelopment Agency.

### **WILL WE LOSE THE GOOD THINGS WE ALREADY HAVE BY SUPPORTING A DETERIORATED AREA?**

When a redevelopment plan is adopted, only the incremental property tax revenues generated within a designated project area are available for redevelopment. Property tax revenues generated outside the project area do not fund redevelopment projects. In addition, sales, hotel, and utility taxes generated within a project area go to a County's general fund. These taxes can exceed the amount of property tax revenue that has been diverted to redevelopment.

Revitalization of blighted areas, in the long run, helps relieve the tax burden shouldered by other areas of the community. As the project area is revitalized, it begins to generate enough revenues to pay its own way and contribute to other areas of the community. When a redevelopment project ends, the property taxes from the increase in property values flow to all other taxing agencies.

### **WHY HAVE OTHER EFFORTS TO RENEW SUCH AREAS FAILED?**

A well-planned and adequately financed strategy is required to stop deterioration in its tracks and begin the process of economic, social, and physical revitalization.

Many major revitalization projects fail for a number of reasons. While good intentions and considerable efforts are made, the complexity of the task, the enormity of financial resources required, and the difficulty of coordinating diverse interests sometimes stymie public and private efforts at revitalization. Multiplicity of ownership, inadequate public facilities, financial limitations, and widespread environmental decay place the possibility of revitalization beyond the reach of private enterprise. Acting alone, private enterprise does not have the legal authority to consolidate numerous properties for new development in an older area and seldom can afford the high cost of

rebuilding an area. The high risk and lack of economic incentive prevents private enterprise from reversing the downward trend in a blighted area without government assistance.

## **WHY CAN'T PRIVATE ENTERPRISE DO IT ALONE?**

Community redevelopment is usually accomplished by forming a partnership of public and private enterprise. Public funds are used to lay the foundation and provide the preconditions which are necessary for private enterprises to be interested and capable of investing their dollars and manpower in the blighted area. Local public funds are, in essence, used as seed money which will leverage much greater private investment. These funds can be used for improvement of streets, utilities, landscaping, parking, and also assembly of parcels of sufficient size for modern development in order to encourage and attract private development. The additional tax dollars created in the project area due to redevelopment are used to change adverse social, economic, and physical conditions and improve the lifestyle and environment of community residents.

New tools, new resources, and new ideas are required. Nevada Redevelopment Law provides for the necessary planning, financial tools, legal authority, and citizen participation to successfully revitalize blighted areas. Through this process, a partnership of public and private efforts can join forces to combat blight and bring new life to deteriorating areas.

## **WHAT DOES REDEVELOPMENT INVOLVE?**

**Redevelopment includes a variety of activities:**



### **Rehabilitation and Reconstruction**

Existing structures may be modernized and improved; deteriorating and substandard structures may be brought up to current design standards and building code requirements.

### **Redesign and Replanning**

Areas with inefficient and improper site layout, lacking adequate parcel size and shape, accessibility, or usefulness may be redesigned. Areas difficult to develop due to fragmented ownership, tax delinquency, or other causes may be redesigned, replanned, and assembled for new development.

### **Planning and Development**

Currently undeveloped or underutilized areas can be planned and developed. Development can be accelerated and phased to reinforce the redevelopment program, thus balancing economic costs and benefits. Standards requiring high quality building design can be established.

### **Demolition and Clearance**

Existing structures, buildings, or other improvements may be cleared or moved from property acquired by the Redevelopment Agency to accomplish needed redevelopment

### **Capital Improvement Project Implementation**

Areas may be improved through the construction of public facilities including, but not limited to, public buildings, streets, curbs, gutters, sidewalks, sewers, storm drains, water systems, and street lights.

**The positive effects of Redevelopment that extend outside the project area include:**



- ▶ **More** job opportunities (retail, service, office and/or manufacturing jobs);
- ▶ **Construction** jobs created by the development of new buildings and new infrastructure and the remodeling of existing buildings;
- ▶ **New** cultural, shopping, and recreation opportunities within the community;
- ▶ **More** dollars flowing into the County budget as a result of redevelopment activities ( sales tax, gaming & hotel tax, and utility tax revenues ) in order to provide greater public safety and services;
- ▶ **Reversal** of the financial drain of the blighted area into a positive financial asset to the community;
- ▶ **Improvement** of the area without increasing an individual's property taxes, (unless there is new construction or major remodeling.
- ▶ **Stopping** the spread of deterioration and blight;
- ▶ **Improving** the safety and environment of adjacent areas;
- ▶ **Restoration** of community pride; and
- ▶ **Tax** dollars are no longer diverted to meet the demands of a decaying area.

## **WHAT IS THE REDEVELOPMENT PROCESS?**

### **What authority allows for Redevelopment?**

Nevada Revised Statutes, sections 279.382 through and including 279.685, provide the authority and implementation provisions for a redevelopment program.

### **How does Redevelopment start?**

Nevada Redevelopment Law provides that a County can establish a Redevelopment Agency by the action of their governing body.

### **Who is the Governing Body?**

In all eight Nevada Redevelopment Agencies, the governing body of the community; also acts as the board of the Redevelopment Agency, in this case the Clark County Board of County Commissioners. Therefore, the agencies are headed by elected officials answerable to the voters of the community for their actions.

## **ISN'T THE REDEVELOPMENT AGENCY JUST ANOTHER LAYER OF GOVERNMENT WHICH CAUSES A GREATER BUREAUCRACY IN OUR COMMUNITY?**

No. While the Agency is legally a separate and different unit of local government than the County, the governing body of the community sits as members of the agency. The Agency provides another tool available to a County to fulfill the specific need in the community revitalization. The Redevelopment Agency enables the County to bridge the roles of the public and private sectors.

## **HOW IS A PROJECT AREA CHOSEN?**

The governing body first designates a survey area. The survey area includes properties to be evaluated to determine the existence of blight and the feasibility of redevelopment. Based upon this evaluation, the Planning Commission selects one or more "project areas" and indicates how the purpose of the redevelopment law can be attained by redevelopment of the area. A project area which contains blighted conditions is where redevelopment activities may be undertaken.

## **SPECIFICALLY, HOW DOES THE LAW DEFINE A BLIGHTED AREA WITHIN A PROJECT AREA?**

A blighted area is characterized by conditions causing a reduction of proper use of the area to such an extent that it constitutes a serious physical, social, or economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise acting alone.

## **DO ALL PROPERTIES, PARCELS OR STRUCTURES NEED TO BE BLIGHTED IN ORDER TO BE INCLUDED IN A PROJECT AREA?**

A project area may include lands, buildings, or improvements which are not detrimental to the public health, safety, or welfare of the community, but whose inclusion is found necessary for the effective redevelopment of the area. These areas may not be included for the sole purpose of obtaining the allocation of tax increment revenues from such areas without other substantial justification for their inclusion.

## **DOES A PROJECT AREA NEED TO BE CONTIGUOUS?**

The project area may include contiguous or non-contiguous properties. Non-contiguous areas of a project area must be either blighted or necessary for effective redevelopment. An unblighted non-contiguous area is conclusively deemed necessary for effective redevelopment if the area is being used predominantly for the relocation of owners or tenants from other project areas in the community.

## **WHAT IS A REDEVELOPMENT PLAN?**

A redevelopment plan describes the purposes, goals, and objectives aimed at eliminating existing physical, social, and economic blight. The redevelopment plan must be in harmony with the County's General Plan. A redevelopment plan generally contains the following components:

- A legal description of the project area in written and graphic form and a description of land uses;

- A description of the proposed actions to be taken to carry out redevelopment, covering the duties, powers, and authorities of the Redevelopment Agency as well as describing the rights of owners and tenants;
- A description of the authority and limitations for financing the activities necessary to implement the plan.

## **WHAT MAY A REDEVELOPMENT AGENCY DO?**

### **The Agency May:**

Acquire or assemble land for public or private reuse through legal means. These legal means may include:

#### **A. Negotiated Purchase**

A mutual agreement between the Agency and a seller to transfer land and/or improvements for a specified price, usually the fair market value.

#### **B. Eminent Domain**

- When the power of eminent domain is contained within the final adopted redevelopment plan, the agency may exercise its authority to acquire land and/or improvements by eminent domain if all efforts to negotiate a purchase have failed. The agency is required by law to pay fair market value in such an action and the property owner is entitled to a jury trial on the issue of fair market value.
- Clear, grade, and prepare acquired land for reuse or for resale to private developers or government agencies in accordance with the objectives of the redevelopment plan.
- Construct public improvements and facilities alone or in concert with other public authorities and agencies.
- Encourage public and private improvements so as to prevent, mitigate, or eliminate existing and/or anticipated blight conditions in the project area.
- Demolish, remove, rehabilitate, alter, modernize, and cause general improvements to be made to existing structures in the project area where such are permitted or required under provisions and in conformance with the redevelopment plan.
- Alleviate any financial burden or detriment caused to any affected taxing entity as a result of the adoption of the redevelopment plan.

### **The Agency Shall:**

- Provide moving and other relocation assistance and benefits to qualified individuals, businesses, and non-profit organizations when they are required to move as a result of the implementation of the redevelopment plan.
- Provide for owner participation in the redevelopment of property in the project area and extend reasonable preference to persons who are engaged in business in the project area to reenter into business within the project area.

## **AFTER THE REDEVELOPMENT PLAN IS ADOPTED, HOW IS THE COMMUNITY ASSURED THAT THE AGENCY WILL CARRY OUT THE PLAN?**

All substantial activities and actions of the Agency require consideration and approval by elected representatives at a public meeting or public hearing with notice duly given, as appropriate. In addition, activities of the Agency are first approved at a public -meeting during the adoption of the annual budget, at which time it also establishes its goals for the coming year and analyze its achievements toward goals set in the previous year.

## **WHO ADOPTS THE REDEVELOPMENT PLAN?**

A redevelopment plan is adopted by Ordinance of the (CC BCC) based on the recommendations of the Agency and the Planning Commission. Citizen input, at the required public hearings, is also considered before plan adoption.

## **DO THE CITIZENS VOTE ON WHETHER OR NOT TO HAVE REDEVELOPMENT?**

There is usually no direct citizen vote to affirm or deny the formation of a redevelopment area. However, citizen participation is an essential ingredient in any successful redevelopment program.

## **DOES THE PUBLIC HAVE A VOICE IN REDEVELOPMENT?**

A continuing dialogue with the public is crucial to a successful redevelopment program. Without citizen input, ideas, and support, any redevelopment plan will falter. Citizens have a role to play in creating revitalized areas. The redevelopment plan for project area is presented at a public hearing and citizens are given an opportunity to review and comment on the plan. Meetings of the agency are open to the public. Public attendance and active participation by residents of the community are welcome. All decisions are made by elected representatives in full public view.

## **I'M IN A REDEVELOPMENT PROJECT AREA WHAT DOES IT MEAN TO BE IN A PROJECT AREA?**

If you are in a redevelopment project area, you will have an opportunity to participate actively in improving the quality of life in your neighborhood. A community redevelopment program includes a large amount of reuse and enhancement of existing facilities as well as reinforcement of existing neighborhoods.

Property owners, residents, and business persons may benefit from redevelopment in the following ways:

- A wider range of jobs available;
- Improved community services;
- New construction and remodeling;
- Improved traffic circulation patterns;
- Increased property values;

- Availability of loans to improve property;
- More accessible housing;
- Improved properties
- Poor health and safety conditions eliminated; and
- More recreation and leisure time opportunities.

### **IF I LIVE IN A REDEVELOPMENT AREA, DOES IT MEAN THAT I LIVE IN A SLUM?**

If you live within the boundaries of a redevelopment project area, it does not necessarily mean that you are a slum dweller or that your home is blighted. You may very well reside in an area which is surrounded by, or adjacent to, deteriorated areas. You may live in an area which needs public improvements such as better street lighting, curb, drainage facilities, alley improvements, or parks. You may live in an area which could benefit from rehabilitation and beautification.

### **I LIKE MY HOME, I LIKE MY NEIGHBORS: IF I AM IN A REDEVELOPMENT PROJECT AREA, DOES THAT MEAN THAT I WILL LOSE MY HOME AND HAVE TO LEAVE?**

Simply living in a redevelopment project area does not mean that you will be forced to move. Redevelopment is not a bulldozer waiting around the corner. There may be some need for relocation, demolition of existing buildings, and recycling of urban land. These activities are part of a carefully thought-out redevelopment plan designed to fulfill the needs and desires of the majority of residents, property owners, and business persons for the betterment of the community. Only properties essential for revitalizing a declining area are purchased by an Agency.

### **WHEN WILL I FIND OUT WHAT IS GOING TO HAPPEN TO MY HOME OR BUSINESS?**

The redevelopment plan will be carried out in a series of stages over 30 years. Timely notices are sent to residents and businesses which will be directly affected by redevelopment activities.

You have an opportunity to decide what is going to happen to your neighborhood. Redevelopment does not try to surprise you. It is not intended to be a bolt out of the blue without any warning. A public information program will usually keep citizens well informed about redevelopment.

### **IF A NEIGHBORHOOD IS NOT SLATED FOR CLEARANCE, HOW WILL IT BE AFFECTED BY REDEVELOPMENT?**

Seldom is a neighborhood slated for total clearance. Redevelopment is typically a means for improving neighborhoods and revising priorities to give neighborhoods the improvements they need. The following examples are a partial list of improvements that could be made in neighborhoods:

- Streets landscaped with trees, shrubs, and flowers;
- Sidewalks, drainage facilities, gutters, and curbs installed;
- Alleys paved, improved, and repaired;

- Reduction of through traffic on residential streets;
- Street lighting improved;
- Loans and grants for rehabilitation made available;
- Neighborhood parks, greenbelts and bike paths constructed; and
- Buffers constructed between conflicting land uses, such as an industrial use and a residential dwelling.

## **BUT YOU SAY SOME PROPERTY ACQUISITION MAY OCCUR, WHAT HAPPENS THEN?**

Whenever it is necessary to acquire property within a project area, the Agency will pay the fair market value for the land and improvements as required by law. Fair market value is determined by independent private appraisers. In addition to getting a fair price for your property, the Agency must offer relocation assistance and allowances to defray certain costs and alleviate the inconvenience of your move. In all cases, negotiated settlements are the goal. A negotiated purchase is one which is acceptable and fair to both the buyer and seller.

If citizens must leave their homes (whether one rents or owns the home), a relocation specialist will help them to find decent, safe and sanitary replacement homes which are at least comparable to their present homes in terms of price, size, and neighborhood conveniences.

If they are living in overcrowded conditions, the law requires relocation to a home of adequate size. If their homes are in poor condition (such as inadequate plumbing), the law requires that they be relocated to homes that are in satisfactory condition.

Relocation housing must be available to persons of all races, religions, and nationalities. It is their choice where they want to relocate, not the Redevelopment Agency's.

## **WHAT ABOUT EMINENT DOMAIN?**

It may be necessary for the Agency to use eminent domain to acquire property. Eminent domain is the authority for a public agency to acquire property for a purpose that is in the public interest. It is not used lightly. Even if eminent domain is exercised, the public agency is required by law to hold public hearings on the action, to pay the owner fair market value, and to give the occupant all relocation benefits and allowances to which one is entitled. If the fair market value cannot be agreed upon, all of the evidence, including appraisals is submitted to the court and a judge or jury makes the final determination regarding value. Again, this is a seldom used process by most redevelopment agencies. However, the authority to use eminent domain is needed on occasion when a property owner refuses to sell or when agreement on the fair market value cannot be reached.

## **WHEN ARE RELOCATION BENEFITS AVAILABLE?**

If a household or business is displaced due to property acquisition by the agency, occupants are entitled by law to certain moving assistance benefits.

When they meet the legal qualifications, relocation benefits include:

- ◆ Assistance in finding a new location;
- ◆ Payments to help cover moving costs;
- ◆ Differential payments for increased rent; and
- ◆ Additional payments for certain other costs.

## **WILL I HAVE A VOICE IN WHAT HAPPENS TO MY NEIGHBORHOOD?**

Each neighborhood has different goals and needs. The people who reside, own property, or have a business in that area should participate in decisions affecting their families and lifestyles. Without their participation, there can be no plan which will fit their needs and desires. Communities encourage citizen participation in several ways. You may be able to serve on a neighborhood committee, and attend a community forum, speak at a public hearing, write a letter to the governing body or sign a petition.

### **Active participation by interested citizens will ensure that:**

- Community and neighborhood interests and needs are considered;
- The residents and property owners will share in the benefits flowing from redevelopment activities;
- The residents and property owners will participate in the decision-making process affecting their neighborhood; and
- The residents and owners are aware of, and informed about, the redevelopment process and activities.

## **HOW LONG DO I HAVE TO WAIT FOR SOME OF THE REDEVELOPMENT BENEFITS TO REACH ME?**

Redevelopment will not occur overnight. It takes hard work and active citizen participation. Many people are impatient to see the first shovel full of dirt turned, the first decaying building cleared, and the first signs of new construction and rehabilitation of buildings take place. However, careful planning and proper phasing of development is critical to a successful plan. Hasty development or approval of the wrong projects can actually delay the full benefits of redevelopment and can hamper future efforts.

In redevelopment, as in other facets of life, haste can make waste. It is essential to make the right choices so that the objectives of the redevelopment plan and the community goals can be achieved. The implementation of the redevelopment program is an essential element of the agency's annual budget process. Therefore, redevelopment projects approved as part of the annual budget will conceivably be undertaken during the budget year. The benefits of those projects will be seen thereafter.

## **FINANCING THE PROGRAM - WHAT IS ASSESSED VALUE?**

The assessed value of property is based upon its market value. Property is reassessed by the County Assessor under the following circumstances:

- Up to an additional 2 percent of the assessed value is added to the property each year to keep up with inflation, and population growth;
- New improvements or rehabilitation of the property will cause reassessment;

***Redevelopment has no effect on the assessment or tax levy process.***

## **WILL REDEVELOPMENT INCREASE MY TAXES?**

When redevelopment activities are successful, the property values within as well as around the redevelopment project area will increase. The higher taxes resulting from new construction will reflect a rise in property values, not an increase in tax rates. The changed image of blighted areas and improved economic base will increase the marketability of property in the area. Property not readily saleable today because of the deteriorating conditions may become more marketable.

## **HOW DOES THE REDEVELOPMENT AGENCY RECEIVE TAX DOLLARS?**

When the redevelopment project area is adopted, the current assessed values within the project area are designated as the "base year". This includes the assessed value of all land and improvements within the boundaries of the project area.

After plan adoption, all of the taxes paid on this "year" assessment go, as they always have, to the County, school districts, and other taxing agencies. Any increase in assessed value over this base value within a project area and the taxes resulting from this increased assessed valuation becomes a source of revenue for the agency.

## **WHAT IS TAX INCREMENT**

As the redevelopment plan is implemented, the improvements will result in an increase in property values within the project area. However, these increases in value will not result in increased taxes to individual property owners, unless there is new construction. The increases in value due to new construction will increase the tax revenues generated by the property. This increase in tax revenue is known as tax increment. For example, if property was assessed at \$100,000 this year, the taxes paid by the property owner at a standard tax rate of one percent would be \$1,000. If, as a result of new construction on the property, the property increases in assessed valuation to \$500,000; the taxes paid by the property owner at the same standard tax rate would be \$5,000. The \$4,000 increase is called "tax increment!" and it is these funds which can become the revenue of the agency.

## **ARE THERE OTHER SOURCES OF MONEY TO FINANCE REDEVELOPMENT ACTIVITIES?**

The flow of the agency's share of tax increment revenues and other funds may not be sufficient to finance the full realm of redevelopment activities and projects on a pay-as-you-go basis. Therefore, the agency may issue tax allocation bonds. The bond funds will then be used to implement the redevelopment plan. In effect, the bonds are a loan of money to the agency.



In addition, the agency can receive loans, grants, or other financial assistance from the County or other agencies including the various agencies of the State and Federal governments or from private sources.

### **HOW ARE THE TAX ALLOCATION BONDS AND LOANS REPAYED?**

Tax allocation bonds and loans are solely the financial obligation of the agency, not the County. The bonds or loans are repaid from the tax increment revenues which are received by the agency each year. In other words, tax revenues generated through redevelopment activities are funneled back into the project area to stimulate additional development and to pay the costs involved.

### **DO TAXING ENTITIES SERVING THE PROJECT AREA LOSE TAX REVENUE THEY WOULD NORMALLY RECEIVE?**

As pointed out previously, taxing entities such as the County, School Districts, and special districts that serve the project area continue to receive all tax revenues they were receiving the year the redevelopment plan was adopted (the base year). They do not automatically receive tax revenue that is generated from increases in the assessed valuation that take place during the years following the "base year." However, upon termination of the redevelopment plan, usually in 30 years, all property taxes are once again divided among all taxing entities. This often results in higher tax payments, as a result of increased value, to all taxing entities than had there been no redevelopment program.

### **WILL REDEVELOPMENT RAISE TAX RATES?**

The Redevelopment Agency does not set tax rates. Tax rates of taxing agencies such as the County and special districts can only be raised by actions of a governing body (other than the Redevelopment Agency) or by a vote of the people. If this occurs, then all property within that jurisdiction's boundaries, including the project area, will face higher taxes.

### **HOW WILL TAXING AGENCIES BENEFIT FROM A REDEVELOPMENT PROJECT?**

At the end of the redevelopment project life (typically 30 years), the taxing agencies will receive property tax revenues based on the new higher value in the redevelopment project area. The tax increment which was flowing to the agency will then flow to all of the taxing agencies. Thus, the other taxing agencies will reap the revenue benefits of the redeveloped and revitalized project area when the project is completed.

### ***THERE MUST BE STRINGS ATTACHED***

### **WHAT IS THE INITIAL COST TO FORMULATE THE REDEVELOPMENT PROGRAM?**

The formulation of a redevelopment program, including the creation of the Redevelopment Agency, the development of the preliminary and final redevelopment plans, the preliminary report, survey area and project area studies, and the preparation of reports, resolutions and ordinances will require professional and technical experts who have a background in planning, engineering, redevelopment, economic and financial analysis and law. A project team consisting of the agency staff and outside consultant advisors are formed to provide this expertise. The cost of the formulation of the redevelopment program will vary considerably between projects. It will depend upon time required by the project team to complete specific tasks, the size of the project area, and the need for special studies to identify blighting deficiencies and costs to revitalize the project area. Typically, the County advances a loan to cover the operating costs during the first few years.

## **DOES THE LAW REQUIRE LIMITATIONS ON THE REDEVELOPMENT PROGRAM?**

In formulating the redevelopment plan, limitations are established for various aspects of the redevelopment program. These include: (1) the length of time the redevelopment project area and plan will be in existence; (2) the time in which eminent domain or condemnation may occur; (3) a time limit on the establishment of loans, advances, and indebtedness to finance the project; (4) a limitation on the number of dollars of tax increment which may be allocated to the agency; (5) a limitation on the amount of bonded indebtedness which can be outstanding at any one time; and (6) a limitation (25 percent) on the amount of vacant land that can be included within a project area.

## **DO POLITICS OF THE COMMUNITY PLAY AN IMPORTANT ROLE IN THE DECISION TO USE REDEVELOPMENT?**

Redevelopment, over the past twenty-five years, has gone through many major changes due to its increased use by communities in differing political climates. When understood redevelopment is seen as a positive and constructive tool for the community to use. If misunderstood or misrepresented, it can become a controversial issue where timing and politics in the community become a significant element of the entire process. However, in recent years elected officials and most of all the citizens and business persons of our communities have become most knowledgeable and sophisticated regarding the redevelopment process. The political controversy of redevelopment can be overcome through a thorough understanding of what redevelopment is all about, and this is usually accomplished through public hearings, citizen input and open communications.

## **REDEVELOPMENT GLOSSARY**

Absentee Owner:	Property owner who owns property at one location but lives or operates a business at another location.
Assessed Value (AV):	The amount used by the County Tax Assessor to value real property for tax purposes. Assessed value is generally 35% of the market value of property. Assessed value multiplied by the tax rate determines property tax.
Base Year:	The year in which the redevelopment plan is adopted.
Base Value:	The total assessed value of property within a project area in the year in which the redevelopment project is approved.
Blighted Areas:	Areas and/or structures of a community which constitute either physical, social, or economic liabilities requiring redevelopment in the interest of the health, safety, and general welfare of the people of the community and the state.
Deteriorating Area:	Refer to "blighted area".
Demolition:	Clearance or removal of a structure in order to carry out the redevelopment plan.
Eminent Domain:	Authority of a government agency to acquire property for public purposes (not to be confused with meaning public buildings and

improvements only). The U.S. Supreme Court determined redevelopment activities serve a public purpose more than 45 years ago, in 1954.

Infrastructure:	Public improvements which support development, including street lighting, sewers, flood control facilities, water lines, gas lines, telephone lines, etc.
Market Value:	What a willing seller could reasonably expect to receive if he/she were to sell the property on the open market to a willing buyer.
Negotiated Sale:	When the price for land and improvements is mutually agreed upon by the buyer and seller.
Nevada Redevelopment Law:	Redevelopment Law of the State contained in sections 279.382 through and including 279.685 of Nevada Revised Statutes.
Project Area:	The area which is designated in the redevelopment plan for redevelopment and revitalization.
Property Tax:	The amount of tax which a property owner pays on the value of his/her property. The tax is calculated by multiplying the assessed value of the property by the tax rate.
Public Amenities:	Generally refers to environmental beautification efforts which can include greenbelts, parks, recreational facilities, lakes, fountains, and bike trails.
Redevelopment:	Planning, development, replanning, redesign, clearance, reconstruction, or rehabilitation of all or part of a project area.
Redevelopment Agency:	The public body created to designate redevelopment project areas, supervise and coordinate planning for a project area and implement the development program. In all Nevada communities, the Agency is composed of the governing body of the community for the Clark County Board of County Commissioners.
Redevelopment Plan:	Plan for revitalizing and redevelopment of land within the project area in order to eliminate blight and remedy the conditions which caused it.
Rehabilitation:	To improve, alter, modernize or modify an existing structure to make it safe, sanitary, and decent and /or bring it up to Building Code Standards.
Relocation:	The effort to assist and facilitate rehousing of families and single persons, businesses or organizations that are displaced due to redevelopment activities.
Relocation Assistance:	Relocation payments help to assist families, individuals, businesses and non-profit <u>organization</u> which are displaced as a result of redevelopment activities. This includes aid in finding a new location,

payments to help cover moving costs, and additional payments for certain other costs.

**Tax Allocation Bond:** A bond or financial obligation issued by the agency in order to generate revenues to implement the redevelopment plan. The bond is repaid with tax increments flowing to the agency as a result of actions of the agency to revitalize the project area.

**Tax Increment:** The increase in property taxes within the redevelopment project area that result from increases in the project area assessed value that exceeds the base year assessed value.