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Urban Renewal:

What's It All About?

By Earl Newkirk

Perhaps one of the most important plans your redevelopment agency must prepare in support of the redevelopment plan is the cost estimates and financing plan. Certainly it is one of the supporting plans of most interest to all of us.

Naturally, our goal is to plan the San Lorenzo park project in such a way as to make it pay for itself. However, this ideal situation may be difficult to attain, especially if considerable public and semi-public uses such as a community recreation center, park, etc., go into the area.

Obviously land devoted to such purposes will not bring as high a return as might the same area were it sold for redevelopment for other uses. We'll talk about possible alternative uses in a future column . . . but right now let's take a look at how things might work out if there is a loss, or "write-down" in carrying out the project.

First of all we total up the anticipated costs involved. This includes the cost to the agency of preparing (1) the redevelopment plans, (2) plans for land acquisition, land disposition, relocation, property management (if necessary), site improvements, cost estimates, financing, etc., and (3) the costs of buying the land, clearing what is necessary and providing site improvements and supporting facilities necessary to serve the new uses proposed for the area.

Until we have estimates from appraisals—both as to cost of acquiring property and re-sale values—plus engineering cost estimates, we have no way of guessing what our total project cost may be. However, let's assume for a moment that all these costs come to some imaginary figure, say $1,200,000.

Now let's say the agency receives an estimated figure of $900,000 from the sale of land for the uses called for in the redevelopment plan adopted by the city council after public hearings. Deduct this $900,000 "return" from the $1,200,000 costs.

This gives us a net loss figure of $300,000. The question, then, is how would this $300,000 be financed?

Two-thirds of the tab, or $200,000 in our example, would be picked up by the federal government. It would be up to the city to provide the remaining third of the net loss—$100,000 in this sample case. But where would the city get the $100,000?

The city's one-third portion could be financed by one or a combination of several ways:

1.—Issuance of bonds by the redevelopment agency.

2.—Provision by the city of certain site improvements and supporting facilities (such as streets) which are necessary to serve the new uses called for by the redevelopment plan.

3.—A low-interest, long-term loan from the state.

We'll tell you something of each of these methods in our next column.

LUMBERMAN KILLED

Redlands (AP). — The day foreman of a lumber mill died yesterday 70 minutes after a huge saw blade severed his leg. Wayne Williams, 45, employed by the Big Bear Timber company here, succumbed in a hospital from shock and loss of blood.