



PROPOSED DOWNTOWN DOWNEY COMMUNITY BENEFIT DISTRICT OVERVIEW & FREQUENTLY ASKED QUESTIONS

What is a community benefit district and how does it apply to Downtown Downey?

A Community Benefit District (CBD) is a funding mechanism approved by property owners that pays for special benefit services in a business district, mixed use community or neighborhood through property assessments. Established by a vote of benefitting property owners, CBDs provide property owners with a long-term interest in the district's viability with a single organizing structure and a consistent stream of funds to maintain and improve the area.

CBDs are not controlled by the City, County or State; they empower property owners and representatives from the local business community to use those assessments to make decisions on behalf of their neighborhood. As an independent 501 (c)(3) nonprofit organization, a CBD is administered by the property owners in the district, not by the City.

In contrast to citywide services such as police, housing, water, etc., (general benefits), a CBD is designed to target interests particular to the district, while providing special benefits that help the district thrive. By law, the CBD's funds may only be used to provide benefits within the district's boundaries.

CBDs may only fund "special" benefits - those above and beyond the services the City already provides. Special benefits and services a CBD can provide include, but are not limited to:

- Special community or neighborhood fairs, festivals or events;
- Public relations, marketing and promotion;
- Street furniture and other enhancements to public spaces;
- Beautification, decorations, special lighting or signage;
- Public space development and management, including streetscapes;
- Property enhancements;
- Steam cleaning of sidewalks in the district;
- Security services over and above the services of the local police force;
- Parking, parking services or transportation related services;
- Business attraction and retention, and structuring a proper commercial mix; and,
- Administration and advocacy on behalf of business districts or neighborhoods.

What is the goal of the investigation of the Downtown Downey CBD?

A CBD acts as a unifying mechanism for all stakeholders in Uptown to voluntarily work toward a common goal - that of a vibrant Downtown Downey. It also provides a steady, predictable revenue stream to allow for efficient long-term programming and improvements. A CBD's governance structure provides property owners with a stronger hand in affecting real and lasting changes to the Downtown area. As an independent 501 (c)(3) nonprofit organization, a CBD is administered by the property owners in the

district, not by the City. A Downtown Downey CBD would ultimately seek to achieve the following objectives:

- Create an ideal and dynamic place to live, work, study, and visit;
- Improve safety and security in Downtown Downey;
- Improve the Downtown Downey "brand" to increase business activity, property values, and civic pride; and,
- Increase the economic vitality of Downtown Downey.

Are CBDs effective?

Yes. More than 2,000 exist in North America and there are dozens in the Los Angeles area alone. CBDs have a strong record of improving safety, cleanliness, quality of life and rental returns, attraction of new capital, and ultimately, property values. Across the country, CBDs have enhanced their neighborhood's cleanliness, aesthetics, business offerings, safety patrols, advocacy capabilities and image. A 2007 policy brief from New York University's Furman Center for Real Estate & Urban policy showed that on average, the value of commercial property within a district increases by approximately 15 percentage points more than comparable properties in the same neighborhood, but outside the district.

Isn't the City supposed to be providing these services with its tax base?

The City of Downey provides what are called "general benefits," which are afforded to all areas of the City. All of the activities undertaken by a CBD using assessment dollars must be "special benefits," those not provided by the City. If the district is formed, general benefits provided by the City would not be reduced or impacted.

How is the CBD formed and how would a Downtown Downey CBD be operated?

First the property owners must consolidate into a new "Downtown Downey CBD Steering Committee". The Steering Committee will conduct the survey of property owners. Once the survey has been completed, the Steering Committee and Downey City Council will determine if there is enough support to move forward with the CBD formation process. The initial boundaries and prioritized special benefit services will be set based upon the survey results.

The Steering Committee then may endorse a "CBD Management District Plan", which lays out the boundaries, benefits zones, if any, prioritized special benefit services to be funded, the term, and the management program.

The Downtown Downey CBD Management District Plan, which must be approved in both the petition and a mail ballot procedure which endorses a Management District Plan, is the legal document that determines the types of services, boundaries, priorities of, and structure of the CBD. Property owners from within the district and representatives from the business community would serve on the Board of Directors of the new CBD management corporation, a 501(c)(3) nonprofit organization that would be created to manage the district. This independent corporation will hire paid staff and/or sub-contractors to implement services outlined in the Management District Plan.

How is the CBD funded?

Community Benefit Districts are funded by assessments on the benefitting properties within the district as outlined by the management district plan. In addition to these annual assessments, CBDs may solicit grants, donations or in-kind contributions to help fulfill its mission. Furthermore, under the California State Constitution, ALL benefitting property owners would pay into the CBD, including City owned properties, School District properties, tax exempt properties, etc. The CBD creates a rational system of revenue generation to fund the district services.

What is the boundary of the CBD?

The CBD map is located at the City's CBD website link:

http://www.downeyca.org/depts/cd/downtown_community_benefit_district.asp

How are funds allocated?

Funds are allocated according to the district management plan. As required in the Downtown Downey CBD Management District Plan. The property owner district management corporation must adhere to the plan approved by property owners.

How are assessments calculated and where can I find out the amount of my assessment?

Assessments, which are fees for services approved by district property owners, vary according to property. Due to Proposition 13, no two similar properties, even adjacent to each other, have the same assessed valuation. This is due to the fact that such valuations are determined at the time the property was purchased.

Other factors including linear frontage, lot size, building square footage and land use are usually used to determine the assessments paid by each property owner into the CBD. Each property owners' assessment is listed in the Management District Plan, along with the methodology used to determine fees. Furthermore, the assessments will be listed on the petition and ballot when property owners have the opportunity to vote on the formation of the district. See the CBD Management District Plan at the City's CBD website link:

http://www.downeyca.org/depts/cd/downtown_community_benefit_district.asp

Who collects the assessments?

As provided by local ordinance and state law, the CBD assessments will appear as a separate line item on the annual property tax bills. Existing laws for enforcement and appeal of property taxes apply to the CBD assessments.

Does every parcel in the district have to pay?

Unless specifically mentioned in the plan, every single parcel owner must pay into the district. This includes government properties and tax-exempt organizations such as nonprofits. The only way to be exempted is to demonstrate that no benefit will be received from the special benefit services funded by the district.

What's the duration of the CBD once established?

Downey's CBD enabling ordinance would allow for a district length not to exceed 20 years; though the CBD Management District Plan calls for the Downtown Downey CBD to last 15 years. This length of time is to allow property owners to determine if they wish to fund long term capital improvement projects that will provide special benefit to their district. Once the district term has been completed, the provisions for establishment are repeated in order to continue to fund special benefit services if that is the will of the benefiting property owners.

What if the CBD doesn't perform as envisioned, can it be taken out?

Yes. Local ordinance provides for the disestablishment of the CBD pursuant to an annual review process. Each year that the district is in existence, there will be a 30-day period during which the property owners will have the opportunity to request disestablishment of the district. Within that 30-day period, if the

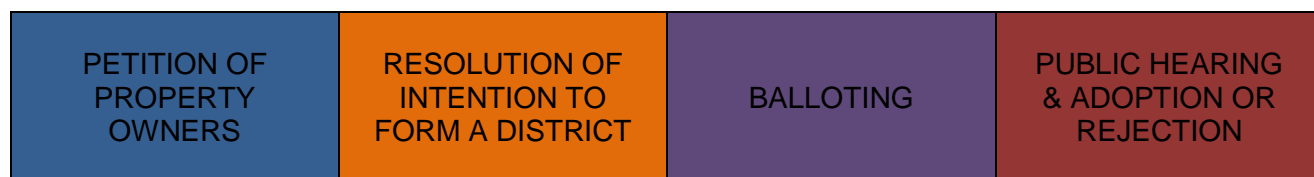
owners of real property who pay 30 percent or more of the assessments levied submit a written petition, the CBD district disestablishment procedure may be initiated. The City Council will hold a public hearing on disestablishing the CBD prior to actually doing so.

What are the next steps in the process of establishing the Downtown Downey CBD?

For the Downtown Downey CBD to be created, several things have to happen. First, property owners representing at least 30 percent of the total assessments in the district must return signed petitions calling for the establishment of the district. If this threshold is reached, the City Council must adopt a "Resolution of Intent" to form a district. Doing so will trigger the official Proposition 218 balloting.

The district can be formed only if 50 percent + 1 of the valid, returned mail ballots - weighted according to the percentage of each voter's share of the total assessment - vote in favor of the district. If the balloting process results in a weighted majority in favor of the district and the assessments, the City Council may proceed with adopting a "resolution of formation" establishing the district and levying the assessments on the benefiting parcels.

For clarity, the flowchart below outlines the basic formation steps:



We encourage you to become involved in the effort to determine if a new CBD is right for Downtown Downey. This decision is in the property owners' hands. We welcome your feedback.

For more information, please contact Aldo E. Schindler, Director of Community Development, at (562) 904-7151 or aschindler@downeyca.org.