

**2005/06 – 2009/10
REDEVELOPMENT AND
HOUSING IMPLEMENTATION
PLAN
MID-TERM UPDATE**

**SAN FERNANDO REDEVELOPMENT
AGENCY**



AUGUST 2008



San Fernando Redevelopment Agency

**Redevelopment and Housing
Implementation Plan
Fiscal Years 2005/06 – 2009/10**

Mid-Term Update

August 2008

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I. INTRODUCTION

Health and Safety Code Section 33490 of the Community Redevelopment Law (CRL) requires redevelopment agencies to adopt implementation plans for each project area every five years. This document presents the *Mid-Term Update* to the San Fernando Redevelopment Agency's ("Agency") Five-Year Implementation Plan for the period of July 2005 - June 2010 for Project Areas 1, 2, 3, and 4. This update reviews the Agency's accomplishments since December 2006, and refines the Agency's activities through the remainder of the Plan period. The Agency will conduct a public hearing on the Mid-Term Implementation Plan Update, and copies of the draft document will be made available for public review. Upon adoption by the Redevelopment Agency, it will replace the Implementation Plan for fiscal years 2005-06 through 2009-10.

The Implementation Plan is composed of two separate components, a Redevelopment Component and a Housing Component. The Redevelopment Component (1) revisits the proposed redevelopment actions identified when the Projects were adopted/amended, (2) defines the Agency's strategy to achieve Project Area goals, (3) presents the projects, programs, and expenditures (other than those relating to low and moderate income housing) that have been developed as means to attain these goals, and (4) describes how the goals and objectives, projects, programs and expenditures will eliminate blight within the project areas. CRL Section 33490 also requires that the Implementation Plan explain how the components of the Plan will implement various CRL requirements regarding low and moderate-income housing. The Housing Component shows how the goals and objectives of the redevelopment plan for housing preservation and production will be implemented and how the statutory requirements for the set-aside and expenditure of tax increment for housing purposes will be met.

The CRL permits the preparation and adoption of a single Implementation Plan applicable to one or more redevelopment projects. This document addresses implementation activities for each of the Redevelopment Project Areas located within the City of San Fernando. The San Fernando Redevelopment Agency ("RDA") has a separate redevelopment plan for each project area and maintains separate goals, objectives, projects, and monitors expenditures separately for each project area. Thus, the Redevelopment Component addresses the goals, project, and expenditures separately for each project area. However, the CRL provides that the Agency may consolidate its low-moderate income housing production requirements which have been the policy of the Agency. Therefore, the Housing Component of this document is applicable to all project areas.

The purpose of the Implementation Plan is to provide a clear and reasonable statement of the Agency's current intent regarding activities in the Project Areas and to establish a nexus between Agency goals and objectives, programs activities, and the purpose of redevelopment which is to eliminate blight and to develop, preserve and rehabilitate affordable housing. Rather than outline a specific course of action, the Implementation Plan sets forth the Agency policy for each project area. It is not the intent of the

Implementation Plan to restrict Agency activities to the goals and objectives, programs, and expenditures outlined herein, since conditions, values, expectations, resources, and the needs of the community may change from time to time.

While an Implementation Plan describes the intended direction of the Agency regarding redevelopment project implementation, approval of the Implementation Plan does not constitute final approval of activities described in the Implementation Plan. In accordance with CRL Section 33490 (a)(1)(B) "adoption of an Implementation Plan shall not constitute an approval of any specific program, project, or expenditure and shall not change the need to obtain any required approval of a specific program, project, or expenditure from the agency or the community."

II. LEGAL REQUIREMENTS OF AN IMPLEMENTATION PLAN

Section 33490 of the Health and Safety Code requires agencies to produce an implementation plan for a redevelopment project area every five years, with a mid-term update required between years two and three. The implementation plan must contain the following:

General Redevelopment Component

- Specific goals and objectives for the next five years.
- Specific programs and potential projects, and estimated expenditures proposed for the next five years.
- An explanation of how the goals, objectives, programs, and expenditures will eliminate blight.

Housing Component

Replacement Housing (Section 33413(a))

- Identification of units occupied by very low, low or moderate income households anticipated to be removed during the five year period as a result of Agency action.
- Identification of the location and development timing for any required replacement housing units.

Inclusionary Housing (Section 33413(b))

- Estimate of the number of new, substantially rehabilitated, or price-restricted units to be developed or purchased within each Redevelopment project area, both over the life of the plan and during the next ten years. These include both Agency developed and non-Agency developed units.
- Estimate of the number of very low and low/moderate income units to be developed or substantially rehabilitated in each Project Area to fulfill any outstanding and projected future inclusionary housing production obligation, both over the life of the plan and during the next ten years. These include both Agency developed and non-Agency developed units.
- Estimate of the number of units of very low and low/moderate income households which have been developed within the project areas which meet the requirements of Section 33413(b)(2).

Housing Set-Aside Fund (Section 33334.2, 33334.4 and 33334.6)

- The beginning set-aside fund balance, plus the estimated annual deposits, projected for each of the five years.
- A housing program with estimates of the number of newly constructed, rehabilitated and price-restricted units to be assisted, and estimates of the set-aside fund expenditures during each of the five years.
- A description of how the housing program will implement the requirement for set-aside expenditures over a 10-year period for various groups as required by Section 33334.4, referred to as the age and income “proportionality test”.

Legislative Changes

Several legislative changes have occurred since adoption of San Fernando’s 2000-01 through 2004-05 Implementation Plan which impact the Agency’s future affordable housing obligations. Specifically, AB 637, which became effective January 1, 2002, added more stringent requirements to the three basic redevelopment housing obligations (replacement, inclusionary and housing set-aside) as follows:

- The covenant period required to fulfill replacement and inclusionary housing requirements is extended to 55 years for rental projects and 45 years for ownership projects (previously was life of Redevelopment Plan).
- The Agency must only use housing set-aside funds to fill the gap between the amount of external financing that can be supported by a project and the total project costs.
- Future housing set-aside fund expenditures must be used to assist housing for persons of very low, low and moderate income in at least the same proportion as the total number of housing units needed for persons of very low, low and moderate income as defined by the City’s regional housing needs contained in the housing element.
- Future Agency housing fund expenditures on senior citizen housing projects are limited to the proportion that seniors age 65+ represent in the City’s total population.

In addition, Section 33490(a)(4) now requires an implementation plan for a redevelopment project area that will end within six years to indicate the redevelopment agency’s ability to comply with its replacement housing obligations prior to plan expiration as required under Section 33333.8 and within four years of the removal of affordable housing as required under Section 33413(a). For San Fernando, these requirements apply to Project Areas 1, 2 and 3 which have expiration dates which fall within the next six years, but not to Project Areas 1A, 3A or 4.

SB 701, adopted in September 2002, clarified the terms of AB 637 in terms of the Implementation Plan requirements. This clean-up legislation specifically states that the next five year Implementation Plan adopted by the redevelopment agency must identify how the requirements will be met between 2002 and 10 years following the Implementation Plan's adoption (2004), which in San Fernando encompasses the period between 2002-2014.

III. GENERAL REDEVELOPMENT COMPONENT

A. PROJECT AREA BACKGROUND

The City of San Fernando is located in the northern San Fernando Valley. The City's roots go back to 1797 with the establishment of the Mission de San Fernando Rey, which was described as a "thriving industrial center supplying tallow and soap, hides and shoes, clothing and blankets, wine and olive oil and iron works". In 1874, two land owners filed a tract map entitled the City of San Fernando, and by 1897, a railroad and road system connected San Fernando to trading centers around the nation and to coastal ports serving the world. The city incorporated in 1911.

During the 1920s, the City underwent a period of rapid growth. Current land issues and zoning patterns resemble the first zoning ordinance, adopted in 1929. In February, 1971, the Sylmar earthquake struck the area, damaging numerous residential and commercial structures. Growth since the 1971 disaster has occurred on the limited remaining undeveloped land in the city, and through redevelopment.

On January 17, 1994, the Northridge earthquake, with an epicenter seven miles away from San Fernando, struck southern California, causing substantial damage to streets, the sewer system, the water system, public buildings, and privately-owned residential and commercial structures in the City. In the first six months following this disaster, the City spent approximately \$1.8 million and over 9,100 person-hours on earthquake-related activities.

The San Fernando Redevelopment Agency was established to address the issues of community revitalization in the City of San Fernando (the "City"). Authorized by redevelopment law to undertake a wide variety of activities and programs, the Agency is involved in community revitalization at all levels, from relatively straightforward rehabilitation and facade improvements to complex strategies to preserve and enhance the community's job base by retaining existing businesses and attracting new businesses to the community. San Fernando's four Redevelopment Project Areas are illustrated in Figure 1, and can be summarized as follows:

Project Area 1

The Agency adopted Project Area 1 in 1966. The original Project Area covered an approximate ten block area between Pico Street and the Southern Pacific Railroad. The majority of the original Project Area consisted of commercial structures, with residential occupancy limited to tenants of hotels and to one apartment complex in the area. The Agency selected the Project Area because the Central Business District offered a concentrated location for the focus of redevelopment efforts.

Project Area 1 was amended in 1971, and again in 1984 to reflect minor adjustments to parcel lines. In 1988, the Agency adopted Amendment 3 to Project Area 1, significantly

expanding the Project Area boundaries. The Project Area now forms an approximate “L” shape between Workman Street and San Fernando Mission Boulevard from O’Melveney Street to the railroad, and between the railroad and Pico Street from Workman Street to Chatsworth Drive. The Project Area consists of the Central Business District as well as adjacent medium density residential units and commercial land uses. Figure 1 depicts the boundaries of Project Area 1.

The duration of the Redevelopment Plan is until January 1, 2012 for the original Project Area 1, and until June 27, 2021 for the Amendment 3 area.¹

Project Area 2

The Agency adopted the 56 acre Project Area 2 in 1972. Project Area 2 lies between Fox Street and San Fernando Mission Boulevard, and between Hollister Street and the southern Pacific Railroad (Metrolink). Figure 2 illustrates the Project Area’s boundaries.

Land uses in Project Area 2 include commercial, residential, public/semi-public, industrial, and vacant land. Commercial uses made up approximately 30 percent of the Project Area at the time of Plan adoption.

The Redevelopment Agency selected the area for Project Area 2 because it contained: incompatible land uses; small land parcels with many different owners; inadequate traffic circulation system; poorly designed land parcels; and, blighted primary and accessory structures.

Project Area 2 was technically amended in 1986. The Plan’s duration is until August 21, 2010.

Project Area 3

The Agency adopted the 150-acre Project Area 3, known as the Civic Center Redevelopment Project Area, in 1983. The Project Area forms an approximate “L” shape between the railroad and Fourth Street/Bradley Avenue from Harding Avenue to the Pacoima Wash, and between Foothill Boulevard and the railroad from Arroyo Avenue to Jessie Street. Figure 3 shows the Project Area boundaries.

Land uses in the Project Area consist of industrial, residential, commercial, public/semi-public, industrial, vacant land and railroad right-of-way.

Project Area 3 was amended in 1986 to encompass the industrial area between Fourth Streets and Foothill Boulevard along the Pacoima Wash.

¹ On October 16, 2006, the City Council adopted an ordinance amending San Fernando’s four Redevelopment Plans to extend by two years (one year for Project Area 4) the time limits on effectiveness of the Plan. These extended time limits are reflected in the Implementation Plan.

The duration of the Plan for Project Area 3 is until June 18, 2011. For the Amendment Area, the Plan is effective until April 4, 2021.

Project Area 4

The Agency adopted Project Area No. 4 in July 1994, after recognizing the severe impacts of the Northridge Earthquake on 57 acres of land not contained in the Agency's three other Project Areas. The Project Area was adopted in accordance with the Community Redevelopment Assistance and Disaster Project Law, which modifies the provisions of the CRL by allowing a redevelopment agency to approve a redevelopment plan in a disaster area without regard to certain provisions of the CRL, including the provisions of Section 33320.1 which require findings of blight.

The project area forms an irregular shape and is bounded by Celis Street to the south, and roughly Hubbard Avenue to the west, and Workman Street and Harding Avenue to the east. The northern boundary is jagged and contained within the property below Second Street. The Project Area is divided by the railroad between Truman and First Streets. Figure 4 shows the Project Area boundaries.

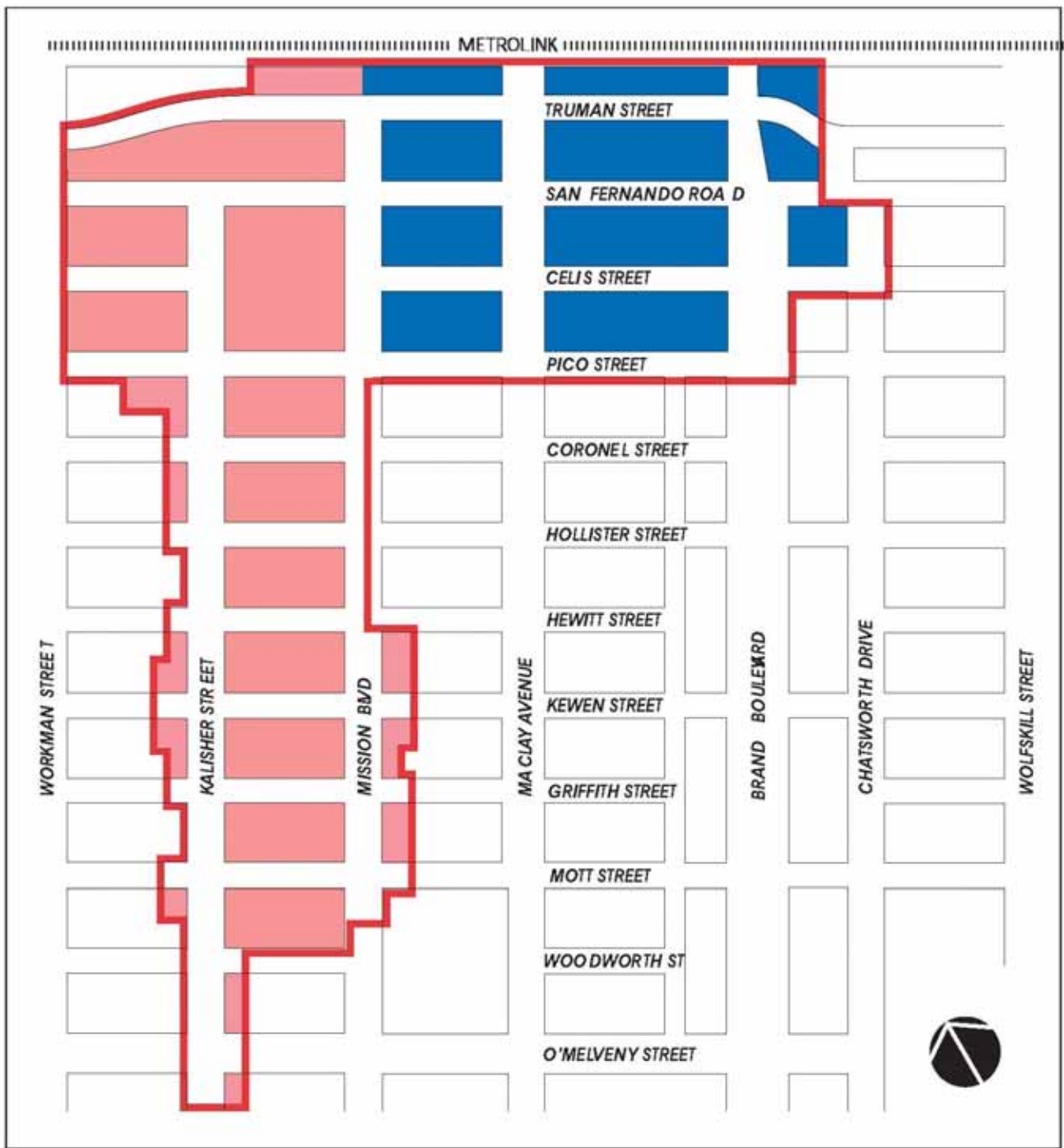
Project Area 4 includes property damaged in the Northridge earthquake and its various aftershocks. Land uses in the Project Area consist of industrial, medium density residential, commercial, vacant land and railroad right-of-way.

The duration of the Plan for Project Area 4 is until July 17, 2026.

San Fernando Merged and Amended Project Area

The San Fernando Redevelopment Agency is evaluating merger of Redevelopment Project Areas 1 through 4 into one project area, the San Fernando Merged and Amended Project Area. The purpose of the potential merger is to implement a financial tool that will provide the Redevelopment Agency with greater flexibility in the use of tax increment funds throughout the merged project areas. In this manner, the Agency will be able to focus public reinvestment in developing high priority projects within the area that are suffering from detrimental economic, social, physical, and/or environmental conditions that are prohibiting growth. The Agency plans to initiate the financial analysis and tax sharing implications of the potential merger in mid-2008. Should the financial analysis support the merger, the San Fernando Merged and Amended Project Area would likely be adopted in 2010.

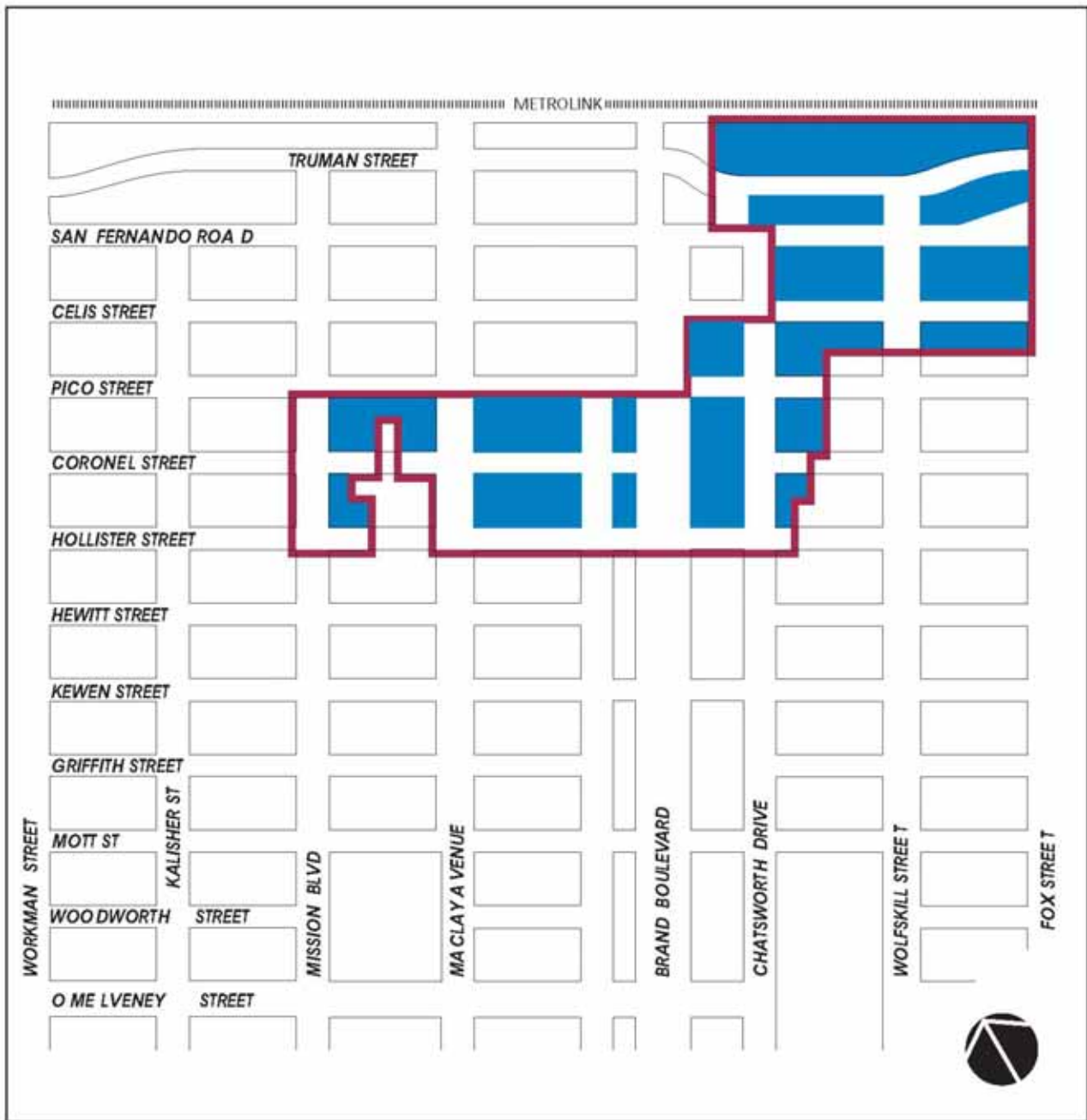
Although the four project areas would become one if merged, each would still maintain its Redevelopment Plan. The proposed merger would allow the Agency to meet the goals adopted in the Redevelopment Plans for each project area by eliminating existing and/or the spread of blight conditions through the implementation of public and private investment and/or partnership opportunities, creating and retaining jobs, and preserving and increasing the amount of affordable housing within the project area(s).



San Fernando Redevelopment Agency
REDEVELOPMENT PROJECT AREA 1

Figure 1

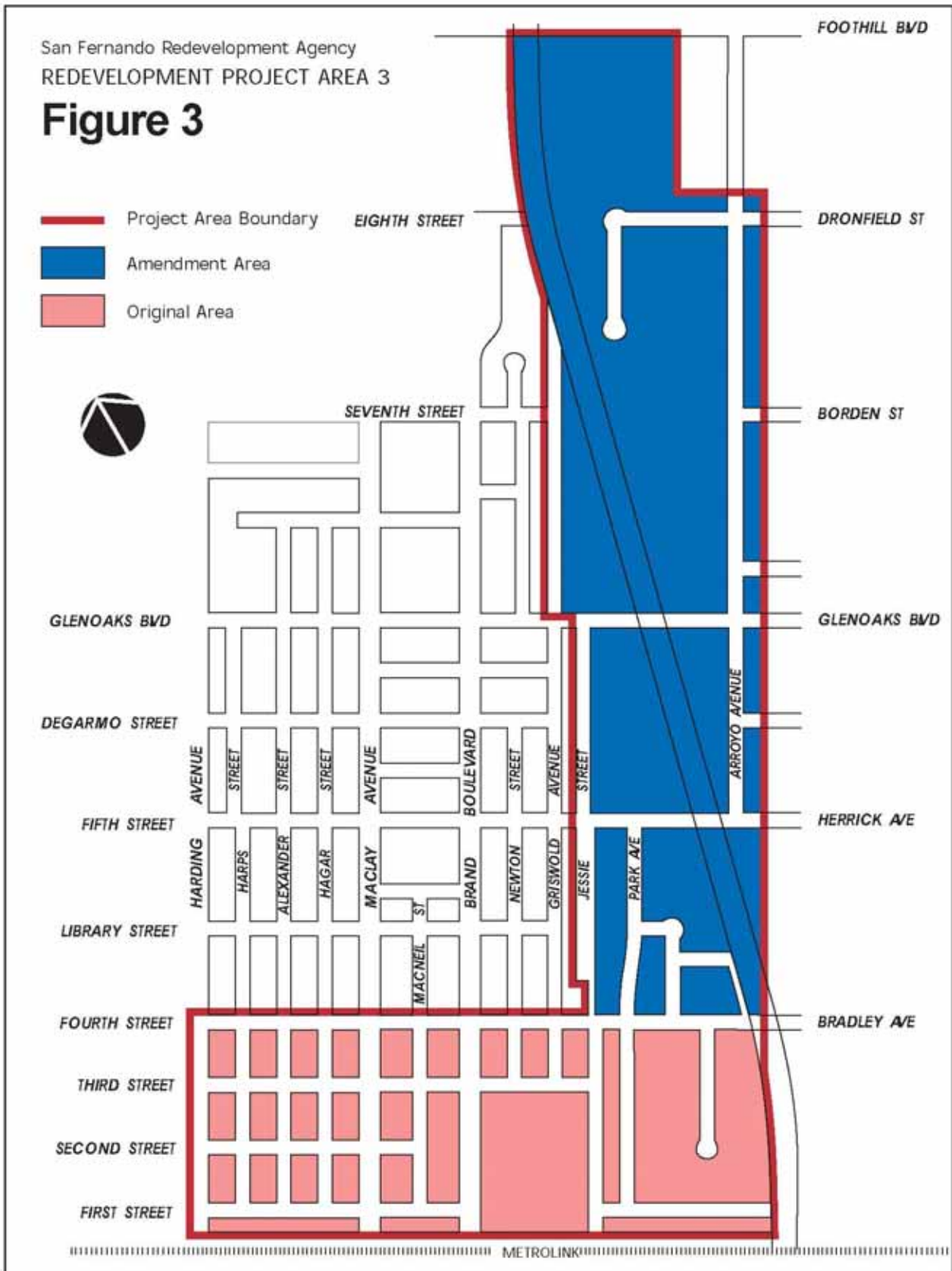
- Project Area Boundary
- Original Project Area
- Amended Project Area

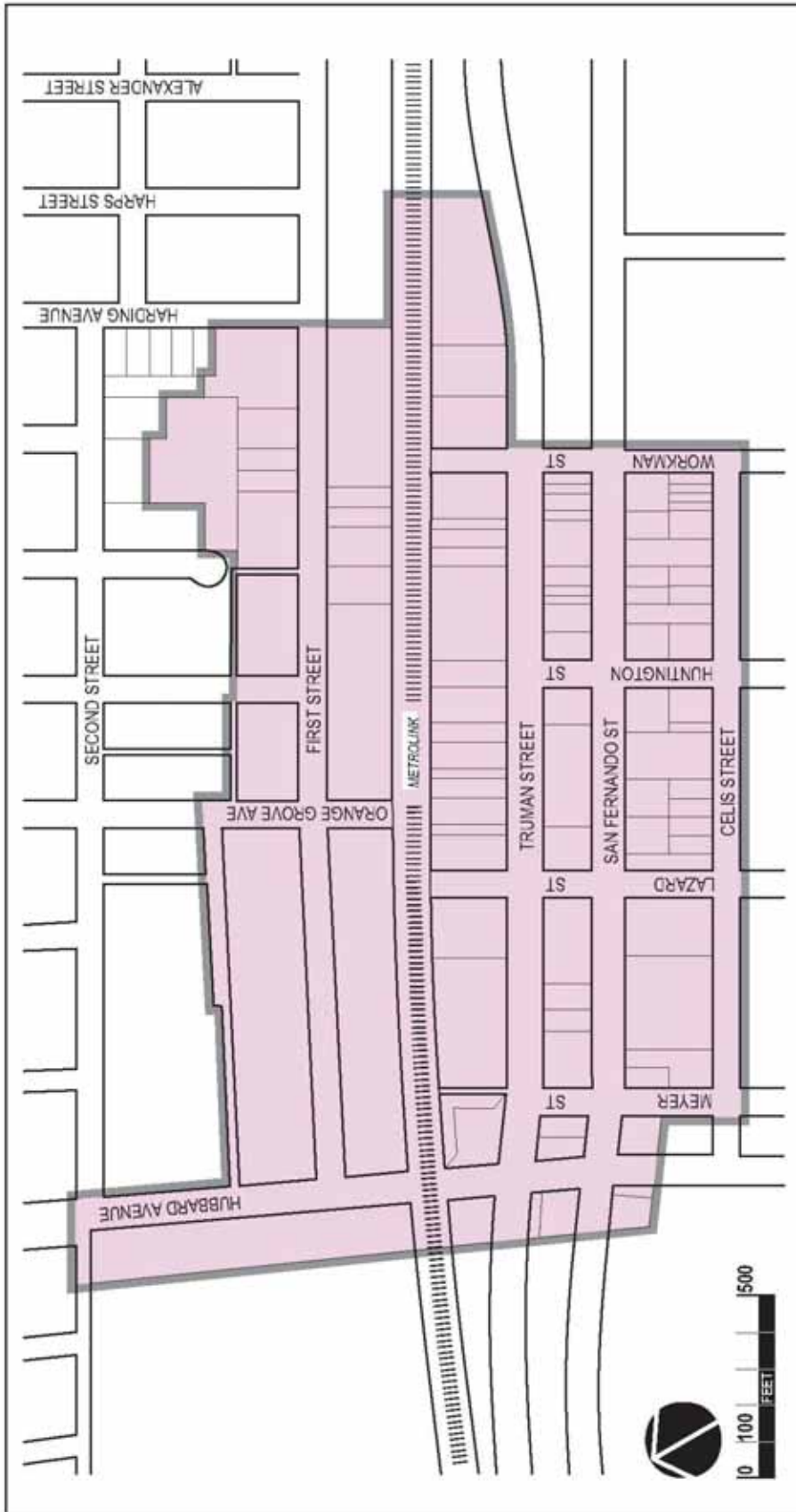


San Fernando Redevelopment Agency
REDEVELOPMENT PROJECT AREA 2

Project Area Boundary 

Figure 2





San Fernando Redevelopment Agency
REDEVELOPMENT PROJECT AREA 4

Project Area Boundary

Figure 4

B. REASONS FOR ADOPTION OF THE PROJECT AREAS

The San Fernando Redevelopment Project Areas 1, 2 and 3 were established to address existing conditions of physical and economic blight as defined by CRL Sections 33030 and 33031. Conditions existing at the time of Redevelopment Plan adoption were:

- **Unsafe/Dilapidated/Deteriorated Buildings.** Buildings unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.
- **Physical Conditions that Limit Economic Viability and Use of Lots/Buildings.** Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. Can be caused by substandard design, inadequate size, lack of parking, or similar factors.
- **Incompatible Uses.** Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the Project Area.
- **Lots of Irregular Shape, Inadequate Size, and Under Multiple Ownership.** The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.
- **Inadequate Public Infrastructure/Facilities.** Provided that other conditions of physical and economic blight are present, the existence of inadequate public improvements, parking facilities, open spaces, or utilities.
- **Depreciated/Stagnant Property Values; Impaired Investments.** Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require use of redevelopment authority as specified in Article 12.5, Section 33459.
- **High Business Turnovers and Vacancies/Low Lease Rates/Abandoned Buildings/Vacant Lots.** Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.
- **Residential Overcrowding/Excess Bars, Liquor Stores, Adult Businesses.** Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults, that has led to problems of public safety and welfare.

Project Area 4 was adopted in 1994 in accordance with the Community Redevelopment Assistance and Disaster Project Law, which modifies the provisions of the CRL by allowing a redevelopment agency to approve a redevelopment plan without regard to the provisions of several Sections. These include the provisions of Section 33320.1 which require the project area be a blighted area.

C. REDEVELOPMENT GOALS AND OBJECTIVES

The following section begins by presenting a comprehensive listing of the goals and objectives contained in each of the Agency's four Redevelopment Plans. This is followed by a more focused set of goals for the five year Implementation Plan period.

Project Area 1

1. Encourage the cooperation and participation of property owners, public agencies, and community organizations in the elimination of blighting conditions in the redevelopment of the Project Area.
2. Encourage investment in the Project Area by the private sector.
3. Remove economic impediments to land assembly and infill development.
4. Provide a mechanism for ensuring the long-term viability of the commercial portions of the Project Area by encouraging commercial rehabilitation and planned new commercial developments.
5. Provide for the reconstruction, replacement, and/or repair of various public facilities, such as streets, sidewalks, curbs and gutters, lighting, and sewer and water facilities in order to encourage infill development activities, rehabilitation and elimination of blighting characteristics in the Project Area.
6. Provide or assist in the provision of needed public improvements including water systems, street and traffic signal improvements.
7. Enhance and expand shopping facilities in San Fernando by encouraging the development of new commercial uses and the rehabilitation of existing commercial uses in conformance with the San Fernando General Plan and Zoning Ordinance.
8. Enhance and expand employment opportunities in San Fernando by encouraging development of commercial uses and the rehabilitation of existing commercial and residential uses in conformance with the San Fernando General Plan and Zoning Ordinance.
9. Through rehabilitation and selective replacement, improve the condition of housing in the Project Area.
10. Upgrade the physical appearance of the Project Area.
11. Consolidate parcels as needed to induce new commercial development in the Project Area.
12. Eliminate incompatible, non-conforming land uses from the Project Area.
13. Protect the health and general welfare of low-and-moderate income persons by increasing and improving the community's supply of housing affordable to these persons.
14. Mitigate potential relocation impacts resulting from changes in Project Area land use from non-conforming and dilapidated uses to development in conformance with the San Fernando General Plan and Zoning Ordinance.
15. Provide for the replacement of existing substandard and nonconforming dwelling units in the Project Area through relocation, rehabilitation, and the development of new affordable residential units.

Project Area 2

1. Enlarge the area affected by Project Area 1.
2. Create an auto mall in order to expand the employment opportunities and tax base in the City.
3. Acquisition of certain real property.
4. Demolition or removal of certain buildings and improvements.
5. Relocation assistance to displaced residential and nonresidential occupants.
6. Installation, construction, or reconstruction of streets, utilities, and other public improvements.
7. Disposition of any property acquired for uses in accordance with the Plan.
8. Redevelopment of land by private enterprise or public agencies for uses in accordance with the Plan.

Project Area 3

1. Promote commercial and industrial development by the prevention and elimination of blight.
2. Improve the Civic Center area by preserving its historic nature, by renovating structures, and by improving infrastructure.
3. Provide infrastructure improvements in the industrial areas and former airport to facilitate commercial and industrial park uses.

Project Area 4

1. Provide for the alleviation of physical and economic damage from the Northridge earthquake.
2. Develop commercial establishments that are high sales tax and job producers.
3. Attract new commercial and industrial uses to the Project Area.
4. Diversify the make-up of the Project Area by developing a variety of uses that work in concert toward economic stability.
5. Provide for infrastructure improvements.
6. Provide financial incentives to interested property owners who wish to repair or rehabilitate their buildings or revitalize their properties consistent with the General Plan.
7. Eliminate environmental deficiencies, including inadequate street improvements, inadequate truck access, inadequate utility systems, and inadequate public services.

Five-Year Implementation Plan Goals

The overall goals and objectives listed above, as extracted from San Fernando's four Redevelopment Plans, are relevant and appropriate for the 2005/06 - 2009/10 Implementation Plan period. The following goals represent the Agency's specific focus for redevelopment projects during the five-year period for all four Redevelopment Project Areas.

- ✓ Encourage private sector investment
- ✓ Promote commercial and industrial development by the prevention and the elimination of blight.
- ✓ Upgrade the physical appearance of the Project Area.
- ✓ Remove economic impediments to land assembly and infill development.
- ✓ Encourage commercial rehabilitation and planned new commercial developments.
- ✓ Protect the health and general welfare of very low-, low- and moderate-income persons by increasing and improving the community's supply of housing affordable to these persons.
- ✓ Installation, construction, or reconstruction of street utilities and other public improvements.
- ✓ Encourage public and private investment in order to repair and/or replace unsafe, dilapidated, and deteriorated buildings.
- ✓ Redevelopment of land by private enterprise or public agencies.

D. REDEVELOPMENT ACTIVITIES AND ACCOMPLISHMENTS

The major redevelopment activities completed by the San Fernando Redevelopment Agency during the 2000-2005 Implementation Plan time frame are summarized by Project Area in Table 1. Each activity addressed one or more of the blighting conditions originally identified in the Redevelopment Plans. In addition to projects listed in Table 1, a variety of infrastructure improvement projects were undertaken in the Project Areas using Federal, State, county and local funding which contributed to the elimination of blight. These projects included street and alley improvements, traffic signalization, water main installation and replacement, and tree planting along the Kalisher corridor. Agency investment in the Project Areas also served as a catalyst to numerous privately-funded development projects, furthering the elimination of blight.



San Fernando Regional Aquatic Center

**TABLE 1
REDEVELOPMENT ACCOMPLISHMENTS BY PROJECT AREA: 2000-2005**

Project Area 1		Project Area 2	
✓	New Pollo Loco Restaurant	✓	New Rydell Chevrolet Dealership
✓	New Starbucks Coffee (1101 Truman Street)	✓	New 2 Unit Commercial Building (1038 San Fernando Road)
✓	Commercial facade rehabilitation and restoration of 313 S. Brand Boulevard. (former DWP Building)	✓	Implementation of Overhead Utilities Undergrounding Project
✓	San Fernando Station Multiple Tenant Commercial Building (1245 San Fernando Road)	✓	Coronel Street Improvement Project
	Rehabilitation of Social Security Office (456 San Fernando Mission Boulevard)	✓	Mott Street Improvement Project
✓	New Commercial Building (501 San Fernando Mission Blvd)	✓	San Fernando Mission Blvd Improvement Project
✓	New Commercial Building (1201 Hewitt Street)	✓	Valley Family Center Expansion and Rehabilitation (302 S. Brand Boulevard)
✓	South Maclay Avenue Street Reconstruction Project	✓	Restoration of Historic Structure and Construction of Accessory Dwelling Unit (503 Chatsworth Drive)
✓	Celis Street Improvement Projects – Celis Street, Hewitt Street, Kewen Street	✓	Construction of Two-story Commercial Building (451 S. Brand Boulevard)
Project Area 3		Project Area 4	
✓	New 59,000 sq. ft. Industrial Building (Jem Sportswear)	✓	New Drive-through Car Wash (1601 Truman Street)
✓	Home Depot Expansion	✓	Euro Discount Tile
✓	Alley Improvement Project (behind Maclay Avenue)	✓	Assistance to Oh Boy! Company
✓	Commercial Facade Rehabilitation Project (209-211 N. Maclay Avenue)	✓	New 10,000 sq. ft. Industrial Building and Complex Rehabilitation (1431-1441 Truman Street)
✓	Restoration of Potentially Historic Structure and Construction of a Duplex (652 Fourth Street)		
✓	Facade Rehabilitation (120 N. Maclay Avenue)		
✓	5,000 sq. ft. Commercial Building (12980 Foothill Blvd.)		

For purposes of the 2008 Mid-Term Update of the 2005/06 - 2009/10 Redevelopment Implementation Plan, Table 1A summarizes Redevelopment Agency activities since the Plan's adoption in December 2006. As evidenced by this Table, the Redevelopment Agency has continued in its active support of a variety of activities which contribute to the elimination of blight and improvement to the quality of life within the Redevelopment Project Areas.

**TABLE 1A
REDEVELOPMENT ACCOMPLISHMENTS BY PROJECT AREA: 2006-2008**

Project Area 1		Project Area 2	
✓	Lopez Adobe Preservation Project (1100 Pico Street)	✓	Commercial Development Project (610 Ilex Street)
✓	San Fernando Station Multiple Tenant Commercial Building (1245 San Fernando Road)		
✓	Commercial Development Project (1209 Mott Street)		
✓	Development of Single Family Residence (709 San Fernando Mission Boulevard)		
✓	Commercial Façade Rehabilitation (1023 Pico Street)		
✓	Gangi Development Mixed-Use Project (Parking Lot No. 3)		
✓	Downtown Street Beautification Project		
✓	Downtown Way-finding Signage Project		
✓	RFP Affordable Housing Project (551 Kalisher Street)		
Project Area 3		Project Area 4	
✓	Commercial Façade Rehabilitation (110 N Maclay Ave, 214 N Maclay Ave, 226 N Maclay Ave, 1041 Truman St)	✓	New 10,000 sq. ft. Industrial Building and Complex Rehabilitation (1431-1441 Truman Street)
✓	Maclay Avenue Street Beautification Program (Between First Street and Eighth Street)	✓	Corporate Office Building for Sigue Corporation at 1511 Truman Street (anticipated future development)
✓	Commercial Development (12960 Foothill Boulevard)	✓	Facilitate Land Acquisition of blighted property at 107 S Huntington St for Sigue Corporate Office
✓	Industrial Building Development (760 Arroyo Avenue)	✓	KFC Restaurant Façade Renovation (1327 San Fernando Road)
✓	Industrial Building Development (255 Parkside Drive)	✓	Industrial Development Project (1407 Truman Street)
✓	Industrial Building Development (723 Arroyo Avenue)—approved pending issuance of construction permits	✓	RFP for Mixed-use Development Project (1320 San Fernando Road)
✓	Industrial Development Project (1516 First Street)	✓	City-owned Lot/Commercial Development (1422 San Fernando Road)
✓	Multiple Family Residential Development (652 4 th St.)	✓	Cell Tower Construction (1516 First Street)
✓	Multiple Family Residential Development (131-135 Park Avenue and 130-140 Jessie Street.)		
✓	Multiple Family Residential Development (322 Jessie St.) (Pending approval)		
✓	Regional Aquatic Facility-Cesar E. Chavez Park		
✓	Park Avenue Street Improvements (Pending approval)		
✓	Swap Meet Redevelopment Project (601 Glenoaks Blvd.)		
✓	City Yard Relocation to provide 3.9 acre site for consolidation with adjacent parcels to establish 22.4 acre project site for development with multi-tenant commercial center (120 Macneil Street)		
✓	Community Action Plan for Neighborhood Protection and Preservation (CAPP) Focus Area No. 4.		
✓	LAUSD Valley Regional High School No. 5- Arroyo Avenue 2,100 students		
✓	LAUSD Valley Regional Elementary School No. 8 - Eighth St.		
✓	Cell Tower Construction - 675 Glenoaks Blvd.		

E. PROJECT FINANCING

Redevelopment law grants various powers to redevelopment agencies. Among its authorized powers, an agency is permitted to enter into debt, issue revenue bonds, acquire and dispose of property, and accept financial or other assistance from any private or public source. The primary funding source for most redevelopment agencies, however, is tax increment revenues generated through constitutionally created processes in Article XVI, Section 16 of the California Constitution. In brief, Article XVI, Section 16 provides that property taxes generated by increases in assessed land values, after a redevelopment plan has been adopted and for those properties within the adopted project area, will be allocated to the redevelopment agency for purposes of carrying out the programs envisaged by the adopted plan.

Tables 2, 3, 4 and 5 summarize the Agency's tax increment, debt obligations and project expenditures for each of the four Project Areas during 2005-06 and 2006-07, and projections for 2007-08 through 2009-10. As shown by these Tables, annual net revenues² generated range from approximately \$200,000- \$600,000 in Project Areas 2 and 4, to \$1 million in Project Area 1, and \$2.7 - \$3.2 million in Project Area 3. In aggregate, the four San Fernando Redevelopment Project Areas are expected to generate approximately \$25 million in revenues during fiscal years 2005/06 - 2009/10.

Payments on debt obligations, particularly bond debt service and existing business assistance agreements, commit a large portion of projected tax increment revenue. In addition, the Agency contributes 20% of gross tax increments to the Housing Set-Aside fund. A portion of tax increment revenues are also allocated towards administrative expenses associated with implementation of redevelopment activities. The balance of unencumbered funds are then allocated towards a variety of project improvements, including public facilities and improvements, business assistance, and development assistance.

Tax Allocation Bond

The Redevelopment Agency issued a \$10 million tax allocation bond in 2006 secured by future tax increment revenues from Project Area 3. Bond revenues will be allocated to the Aquatic Center, the new City Yard, and Maclay Avenue street improvements. The cash flow projections for Project Area 3 incorporate these bond project expenditures and debt service.

² Net revenues encompass gross tax increment, minus Agency pass-thrus and fees, plus interest income.

**SAN FERNANDO REDEVELOPMENT AGENCY
PROJECT AREA #1 CASH FLOW PROJECTIONS
2005/06 - 2009/10**

	Actuals 2005-2006	Actuals 2006/2007	2007/2008	2008/2009	2009/2010	Total
July 1 Carryover Balance	\$268,538	\$489,248	\$612,340	\$786,028	\$220,970	\$2,377,124
Revenues						
Tax Increments (Gross)	\$974,053	\$1,053,458	\$1,080,878	\$1,080,878	\$1,102,496	\$5,291,763
Fees -Deducted Automatically by County of Los Angeles	(11,105)	(85,686)	(\$40,000)	(\$41,200)	(\$42,436)	(220,427)
Net Tax Increments	\$962,948	\$967,772	\$1,040,878	\$1,039,678	\$1,060,060	\$5,071,336
Mixed Used Parking Lot: EIR			111,566			111,566
Interest Earnings	\$11,685	\$63,068	\$20,000	\$10,000	\$10,200	\$114,953
Total Revenue	\$974,633	\$1,030,840	\$1,172,444	\$1,049,678	\$1,070,260	\$5,297,855
Total Funds Available	\$1,243,171	\$1,520,088	\$1,784,784	\$1,835,706	\$1,291,229	\$7,674,979
Expenditures						
Administrative Expenses:						
Salaries	\$138,530	\$152,234	\$140,500	\$160,903	\$166,535	\$758,702
Overhead	72,700	72,700	72,700	72,700	72,700	363,500
Professional Services	5,705	49,156	43,610	43,610	44,482	186,563
Capital	0	0	15,000	15,000	15,000	45,000
Supplies/Training/Memberships	0	1,575	10,000	10,200	10,404	32,179
Total Administrative Expense	\$216,935	\$275,665	\$281,810	\$302,413	\$309,121	\$1,385,944
Other Expenses						
Los Angeles County Agreement (Payment begins FY 2009)				\$441,043	\$456,043	897,086
1998 Bond Debt Service	136,031	117,918	118,850	119,519	119,925	612,243
Business Assistance/Retention (Rebates)						
DDA- San Fernando Mission (Tianguis-thru FY 2018)	61,247	223,611	238,090	5,836	0	528,784
Development Assistance (Construction)						
EIR(Downtown Projects)	0	14,155	137,533	128,000	0	279,688
*Interest Due to PFA(Starbucks OPA)	0	0	4,097			4,097
Loan Repayment to PFA (Starbucks)				0	0	0
ERAF Shift III (thru FY 2006)	144,900	0	0	0	0	144,900
Project Improvements						
Street Beautification	0	0	0	0	0	0
Neighborhood Preservation (Code Enforcement-salaries)	0	0	0	15,000	7,500	22,500
Neighborhood Preservation	0	0	0	15,000	7,500	22,500
Bike Master Plan	0	5,000	0	0	0	5,000
Parks Master Plan	0	0	0	27,000		27,000
Bike/Park Master Plan	0	5,000	0	27,000	0	32,000
Public Facilities & Infrastructure						
Tree Trimming		2,732	2,200	5,000	2,200	\$12,132
Truman Street		0	0	284,750	0	284,750
Graffiti Abatement		7,975		10,000	10,000	27,975
Sidewalk Repair		50,000	0	60,000	45,000	155,000
Subtotal Public Facil/Infrastructure	0	60,707	2,200	359,750	57,200	479,857
Total Project Improvements	0	\$65,707	\$2,200	\$401,750	\$64,700	\$534,357
Transfer to Housing Set Aside	\$194,810	\$210,692	\$216,176	\$216,176	\$220,499	\$1,058,352
Total Other Expense	\$536,988	\$632,083	\$716,946	\$1,312,324	\$861,167	\$4,059,507
Total Expenditures	\$753,923	\$907,748	\$998,756	\$1,614,737	\$1,170,288	\$5,445,451
Balance (Est.)	\$489,248	\$612,340	\$786,028	\$220,970	\$120,941	\$2,229,528
*Funds Held by Trustee	\$136,031	\$117,918	\$118,850	\$119,519	\$119,925	\$612,243
Available Balance (Est.)	\$353,217	\$494,422	\$667,178	\$101,451	\$1,016	\$1,617,285

SAN FERNANDO REDEVELOPMENT AGENCY
PROJECT AREA #2 CASH FLOW PROJECTIONS
2005/06-2009/10

	Actuals 2005-2006	Actuals 2006/2007	2007/2008	2008/2009	2009/2010	Total
July 1 Carryover Balance	(\$540,934)	(\$614,476)	(\$634,524)	(\$473,195)	(\$82,816)	(\$2,345,944)
Revenues						
Tax Increments (Gross)	\$419,563	\$467,711	\$628,860	\$628,860	\$641,437	\$2,786,431
Fees -Deducted Automatically by County of Los Angeles	(5,712)	(6,014)	(21,000)	(21,630)	(22,279)	(76,635)
Net Tax Increments	\$413,851	\$461,697	\$607,860	\$607,230	\$619,158	\$2,709,796
Interest Earnings& Misc Rev	\$8,017	\$25,192	\$7,100	\$3,541	\$3,612	\$47,462
Total Revenue	\$421,868	\$486,889	\$614,960	\$610,771	\$622,770	\$2,757,258
Total Funds Available	(\$119,066)	(\$127,587)	(\$19,564)	\$137,576	\$539,954	\$411,314
Expenditures						
Administrative Expense						
Salaries	\$147	\$0	\$0	\$0	\$0	\$147
Overhead	78,790	78,790	78,790	78,790	78,790	\$393,950
Professional Services	2,660	4,715	4,809	4,905	5,004	\$22,093
Supplies	0	0	0	0	0	0
Total Administrative Expense	\$81,597	\$83,505	\$83,599	\$83,695	\$83,794	\$416,190
Other Expenses						
Debt Payments						
1991 Bond Debt Service	\$229,900	\$228,890	\$233,550	\$0	\$0	\$693,340
Business Assistance/Retention (Rebates)						
Rydell OPA (thru FY 2007)	100,000	100,000	0	0	0	200,000
*Interest Due to PFA (Rydell OPA)	0	0	10,710	10,924	11,143	32,777
Loan Repayment to PFA(Rydell)	0	0	0	0	84,000	84,000
ERAF Shift III (thru FY 2006)						
	0	0	0	0	0	0
Transfer to Housing Set Aside	83,913	93,542	125,772	125,772	128,287	557,286
Total Other Expense	\$413,813	\$423,432	\$370,032	\$136,696	\$223,430	\$1,567,403
Total Expenditures	\$495,410	\$506,937	\$453,631	\$220,392	\$307,224	\$1,983,594
Balance (Est.)	(\$614,476)	(\$634,524)	(\$473,195)	(\$82,816)	\$232,731	(\$1,572,280)
*Funds Held by Trustee	\$229,900	\$228,890	\$233,550	\$0	\$0	\$693,340
Available Balance (Est.)	(\$844,376)	(\$864,414)	(\$706,745)	(\$82,816)	\$232,731	(\$2,265,620)

SAN FERNANDO REDEVELOPMENT AGENCY
PROJECT AREA #3 CASH FLOW PROJECTIONS

2005/06 - 2009/10

	Actuals 2005-2006	Actuals 2006/2007	2007/2008	2008/2009	2009/2010	Total
July 1 Carryover Balance	\$1,669,008	\$1,986,759	\$10,857,631	\$4,200,766	\$1,783,147	\$20,497,310
Revenues						
Tax Increments (Gross)	\$3,526,015	\$3,759,298	\$3,967,182	\$3,967,182	\$4,046,526	\$19,266,203
Pass Thru To Other Agency's	(825,953)	(894,182)	(975,588)	(975,588)	(975,588)	(4,646,899)
SB211 Pass Thru			(28,387)	(29,806)	(31,297)	(89,490)
Fees -Deducted Automatically by County of Los Angeles	(42,324)	(43,881)	(44,211)	(46,422)	(47,000)	(223,838)
Net Tax Increments	\$2,657,738	\$2,821,235	\$2,918,996	\$2,915,366	\$2,992,641	\$14,305,976
Interest Earnings	\$21,947	\$297,257	\$112,335	\$56,178	\$57,302	\$545,019
Sale of City Yard	\$0	\$0	\$479,000	\$125,000	\$125,000	\$729,000
Total Revenue	\$2,679,685	\$3,118,492	\$3,510,331	\$3,096,544	\$3,174,943	\$15,579,995
2006 Bond Proceeds	\$0	\$11,490,000	\$0	\$0	\$0	\$11,490,000
Total Funds Available	\$4,348,693	\$16,595,251	\$14,367,962	\$7,297,310	\$4,958,089	\$47,567,305
Expenditures						
Administrative Expenses						
Salaries	\$32,945	\$43,835	\$42,935	\$45,082	\$46,660	\$211,456
Overhead	409,260	409,260	338,386	395,068	409,260	1,961,234
Professional Services	96,894	139,711	97,032	188,032	131,622	653,291
Supplies/Training/GIS	16,057	19,025	10,000	20,000	20,000	85,082
Total Administrative Expenses	\$555,156	\$611,831	\$488,353	\$648,182	\$607,542	\$2,911,064
Other Expenses						
Debt Payments						
1998 Bond Debt Service	\$552,769	\$568,306	\$568,619	\$567,881	\$566,094	\$2,823,669
Cost of Issuance		383,621				\$383,621
Business Assistance/Retention (Rebates)						
DDA - Eastman (thru Feb 2007)	304,762	262,562	0	0	0	567,324
Public Facilities & Infrastructure						
2006 Bond Debt Service						
(Aquatic Ctr & City Yard & Maclay)	0	97,765	832,169	995,594	995,769	2,921,297
Letter of Credit (Aquatics Project)	34,500	34,500	28,026	28,026	28,026	153,078
Land Acquisition (Payment to City)	209,544	209,544	689,544	934,544	334,544	2,377,720
Subtotal Public Facil/Infrastructure	244,044	341,809	1,549,739	1,958,164	1,358,339	5,452,095
ERAF Shift III (thru FY 2006)						
Neighborhood Preservation	0	0	0	0	0	0
Neighborhood Preservation	0	0	0	6,500	6,500	13,000
Neighborhood Preservation	0	0	0	6,500	6,500	13,000
Project Improvements						
Street Beautification						
Graffiti Removal	0	13,186	10,000	30,000	10,000	63,186
Tree Trimming	0	3,039	16,000	20,000	16,000	55,039
Sidewalk Improvements	0	24,455	35,000	50,000	10,000	119,455
Total Street Beautification	0	40,680	61,000	100,000	36,000	237,680
Bike Master Plan	0	5,000	0	0	0	5,000
Park Master Plan	0	0	0	40,000	0	40,000
Park Street Improvements	0	0	0	600,000	0	600,000
Park Improvements	0	0	0	300,000	0	300,000
City Yard Relocation	0	518,814	685,770	0	0	1,204,584
Maclay Street Improvements	0	1,279,739	805,770	0	0	2,085,509
Aquatic Center	0	973,398	5,214,509	500,000	0	6,687,907
Total Project Improvements	\$0	\$2,817,631	\$6,767,049	\$1,540,000	\$36,000	\$11,160,680
Transfers to Housing Set Aside						
	\$705,203	\$751,860	\$793,436	\$793,436	\$809,305	\$3,853,241
Total Other Expense	\$1,806,778	\$5,125,789	\$9,678,843	\$4,865,981	\$2,776,238	\$24,253,630
Total Expenditures	\$2,361,934	\$5,737,620	\$10,167,196	\$5,514,163	\$3,383,780	\$27,164,694
Balance (Est.)	\$1,986,759	\$10,857,631	\$4,200,766	\$1,783,147	\$1,574,309	\$20,402,611
Less: Funds Held by Trustee	\$552,769	\$666,071	\$1,400,788	\$1,563,475	\$1,561,863	\$5,744,966
Available Balance (Est.)	\$1,433,990	\$10,191,560	\$2,799,978	\$219,672	\$12,446	\$14,657,645

TABLE 5
SAN FERNANDO REDEVELOPMENT AGENCY
PROJECT AREA #4 CASH FLOW PROJECTIONS
2005/06 - 2009/10

	Actuals 2005-2006	Actuals 2006/2007	2007/2008	2008/2009	2009/2010	Total
July 1 Carryover Balance	\$20,953	\$52,745	\$102,640	\$269,018	\$290,195	\$735,552
Revenues						
Tax Increments (Gross)	\$249,923	\$326,028	\$407,113	\$407,113	\$415,255	\$1,805,432
Pass Thru To Other Agency's	(30,436)	(32,932)	(42,100)	(44,205)	(45,089)	(194,762)
Fees -Deducted Automatically by County of Los Angeles	(3,680)	(6,871)	(6,250)	(6,563)	(6,694)	(30,057)
Net Tax Increments	\$215,807	\$286,225	\$358,763	\$356,346	\$363,472	\$1,580,613
Interest Earnings	1,371	9,136	2,607	1,304	1,330	15,748
Total Revenue	\$217,178	\$295,361	\$361,370	\$357,650	\$364,802	\$1,596,361
Total Funds Available	\$238,131	\$348,106	\$464,010	\$626,667	\$654,998	\$2,331,913
Expenditures						
Administrative Expenses						
Salaries	\$38,931	\$44,032	\$47,700	\$49,370	\$51,097	\$231,130
Overhead	8,470	8,470	8,470	8,470	8,470	42,350
Professional Services	0	10,782	1,900	11,210	11,434	35,326
Supplies/Capital	0	0	11,500	10,000	10,000	31,500
Total Administrative Expenses	\$47,401	\$63,284	\$69,570	\$79,050	\$81,002	\$340,306
Other Expenses						
Interest Due to City	\$0	\$0	\$0	\$0	\$0	\$0
ERAF Shift III (thru FY 2006)	88,000	0	0	0	0	88,000
Street Beautification	0	0	0	0	0	0
Neighborhood Preservation (Code Enforcement-salaries)	0	0	0	15,000	15,000	30,000
Neighborhood Preservation	0	0	0	15,000	15,000	30,000
Bike Master Plan	0	5,000	0	0	0	5,000
Signage	0	0	0	20,000	0	20,000
Parks Master Plan	0	0	0	0	0	0
Total Bike/Parks Master Plan	0	5,000	0	20,000	0	25,000
Public Facilities & Infrastructure						
Graffiti Abatement		11,908	10,000	20,000	10,000	51,908
Tree Trimming		69	34,000	34,000	34,000	102,069
Sidewalk Improvement		100,000		87,000		187,000
Subtotal Public Facil/Infrastructure	0	111,977	44,000	141,000	44,000	340,977
Transfer to Housing Set Aside	\$49,985	\$65,205	\$81,423	\$81,423	\$83,051	\$361,086
Total Other Expense	\$137,985	\$182,182	\$125,423	\$257,423	\$142,051	\$845,063
Total Expenditures	\$185,386	\$245,466	\$194,993	\$336,472	\$223,053	\$1,185,369
Balance (Est.)	\$52,745	\$102,640	\$269,018	\$290,195	\$431,945	\$1,146,544

F. FIVE YEAR PROJECTS AND PROGRAMS

The San Fernando Redevelopment Agency’s planned activities and projected expenditures for the elimination of blight within the Project Areas can be summarized as follows:

**TABLE 6
SUMMARY OF REDEVELOPMENT ACTIVITIES: 2005/06 – 2009/10**

Activity	Projected Redevelopment Funding
Public Facilities and Infrastructure Improvements – Park Improvements, Sidewalk Repair, Graffiti Abatement, Tree Trimming	\$835,000
Maclay Avenue Improvements and Beautification	\$2,000,000
Park Street Improvements	\$700,000
Truman Street Improvements	\$280,000
Aquatic Center	\$7,600,000
City Yard Relocation	\$1,200,000
Business Assistance and Retention Program (Rebates)	\$1,400,000
Development Assistance (Construction)	\$280,000
Development of Vacant Properties	Land contribution
Park Master Plan	\$67,000
Bike Master Plan	\$15,000

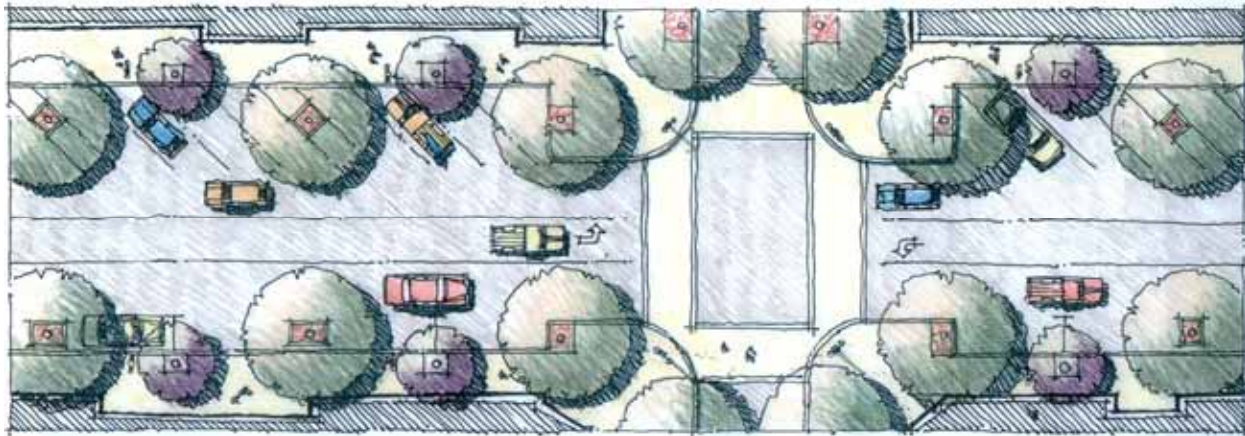
Note: Dollar amounts represent Redevelopment Agency funding only.

Implementation of the following programs over the duration of the Implementation Plan will satisfy the goals and objectives of the Implementation Plan and contribute towards the elimination of blighting conditions within the project areas.

Public Facilities and Infrastructure Improvement Program: The water, sewer, street, sidewalk, and drainage system has deteriorated with age in San Fernando. Substantial portions of the infrastructure cannot accommodate increased demand from new development, and some of the system is insufficient to handle existing development. These deficiencies cannot be rectified through either private or public investment alone.

This program includes the construction and installation of public facilities and improvements, allowing for the redevelopment of sites characterized by defective or debilitated structures. Agency funded public improvements may include street and sidewalk improvements, sewer improvements and improvements to water distribution lines to better serve the existing community and support future development. Other Redevelopment Agency activities funded under the public facilities and infrastructure program during the Implementation Plan time frame include park improvements, graffiti abatement, and tree trimming.

The City completed the Maclay Avenue Beautification project in April 2008, involving streetscape improvements along Maclay Avenue between 1st and 4th Streets as set forth in the San Fernando Corridors Specific Plan. The goal of these improvements is to beautify and enhance the pedestrian character along these four blocks of Maclay to help support the several Agency assisted mixed use projects to be developed in the district. The program involved enhancements to the sidewalk, via new flowering street trees, lighting and street furniture, in order to create a pleasant experience for people on foot. The program also involved improvements to the vehicular portion of the roadway, reducing the street capacity from 4 to 2 lanes to narrow the feel of the street, and providing angled parking in front of businesses. The entire street beautification project cost approximately \$4.6 million, with the Agency contributing approximately \$2 million in tax increment towards the project.



Maclay Avenue Streetscape

Extensive street improvements are planned along Park Avenue between First Street/Robert F. Kennedy Drive, including new sidewalks and parkways, center median construction, new crosswalks, installation of new angled parking, new gateway features, new lighting and street furniture. The Agency has budgeted \$700,000 in funds towards this project, and is seeking additional funds to further enhance physical improvements along this segment of Park Avenue, which abuts both the new regional pool to the east, and the multi-family, R-3 neighborhood currently being renovated to the west. As part of the continued implementation of the San Fernando Corridors Specific Plan, the City will be issuing a call for projects for the redesign of Truman Avenue, and has budgeted \$280,000 in Agency funds in support of this project.

In addition to Redevelopment Agency funds, San Fernando utilizes several other funding sources in support of infrastructure improvements. For example, the City has secured \$600,000 in CDBG (Community Development Block Grant) funds to be used for needed sidewalk and parkway reconstruction within low and moderate income areas, with specific neighborhoods to be designated by City Council during Fiscal Year 2008-09.

San Fernando Aquatic Center

One of the most significant public projects being supported by the Redevelopment Agency is construction of the San Fernando Regional Pool Facility, with the Agency contributing approximately \$8 million towards this project. Construction includes two swimming pool areas, including a 50m x 25 yard competition pool, a 4,000 square foot instructional pool, and a 1,000 square foot splash area. An adjacent 15,000 square foot two-story support facility consisting of a lobby, offices, dressing rooms, classrooms, locker rooms and multi-purpose rooms is also being constructed.

The proposed development of the regional pool is consistent with the Redevelopment Plan for Project Area 3, which seeks to promote recreational amenities for residents within the Project Area. Future urban infill projects, including high density residential projects within the Project Area and mixed-use projects within the City's downtown and Civic Center area will place additional demands on the City's recreational facilities. Development of the regional pool facility at Cesar E. Chavez Park will meet the redevelopment plan goals and objectives by providing recreational amenities needed by residents, and eliminating physical blight within the Project Area through investment in new infrastructure improvements (i.e., street trees, lighting, diagonal parking, street resurfacing, etc.) to Park Avenue, Fourth Street, and Robert Kennedy Drive which abut the park site.

Relocation of City Yard

The Redevelopment Agency relocated the existing Public Works City Yard in 2007 to allow for sale of the prior 3.9 acre City Yard site for private development. Relocation was divided into three locations, two of which are located in Redevelopment Project Area 3. Relocation was funded with \$1,200,000 in Redevelopment Agency funds.

Relocation of the City Yard is consistent with the Redevelopment Plan which seeks to "promote commercial and industrial development by the prevention and elimination of blight" by making the existing City Yard site available as part of a larger 22.4 acre project site that will be transformed into a multiple-tenant commercial center that will meet demand for retail shopping goods and services. The relocation of the City Yard is a cornerstone project that will provide the necessary land with street frontage along a primary arterial necessary to allow for the redevelopment of the current Swap Meet site and City Yard Site into a viable commercial center. In addition, relocation of the City Yard site "provides infrastructure improvements in the industrial areas and former airport to facilitate commercial and industrial park uses" by allowing new commercial development to take place at the subject site at the northwest corner of Glenoaks Boulevard and Arroyo Avenue. As part of a future commercial development project, the adjoining public right-of-ways will be improved with new street trees, sidewalks, street lighting, and upgraded intersections in the immediate vicinity of the commercial center. Furthermore, relocation of the City Yard to alternate locations within Project Area 3 will lead to physical upgrades of the future City Yard site and the adjoining public right-of-ways therefore, providing for new infrastructure improvements in several locations within the Project Area.

Business Assistance and Retention Program: The program links local businesses with counseling services, Small Business Assistance (SBA) Loan assistance, and seminars. Individual assistance is also offered on a case by case basis for the retention or expansion of existing businesses in the community through property and sales tax rebates. The Agency has designated \$1.4 million for the program, which includes the continued payment of tax rebates under existing agreements, such as the agreement between the Agency and the Eastman Company.

Development Assistance: In order to ensure the financial feasibility of development and rehabilitation of properties in the Project Areas, this program offers assistance on a case by case basis. The assistance can be in the form of tax exempt financing, loans, and on-site and off-site improvement costs. Site assemblage and relocation assistance is offered as well. The program also provides for fast-track processing of plans and architectural and/or permit assistance. The Agency has designated \$280,000 in tax increment for the program during the Implementation Plan period. Additional development assistance will be provided in the form of land write-downs on Agency-owned property. Development assistance to residential projects is discussed separately in the Housing section of the Plan.

In addition to Agency-assisted development projects, Agency investment in the Project Areas serve as a catalyst to privately-funded projects, furthering the elimination of blight. Major projects anticipated in the Project Areas include expansion of the Sigue Corporation headquarters office building, redevelopment of the former Greyhound Bus Depot site, and the second phase of San Fernando Station commercial development. Moreover, City staff will be working with property owners and prospective developers concerning various other potential development sites in the Project Areas, particularly in light of new opportunities for high quality mixed use and infill residential development.

Development of Vacant Properties: Vacant land and commercial properties are indicators of impaired investment and maladjustment. Vacant properties should be viewed as an underutilized resource that can be used to broaden the City's economic base by providing new commercial development opportunities. The objective of this program is to implement strategies aimed at removing these potential blighting conditions in order to enhance the City's physical appearance as well as its economic viability. Additionally, it will allow the City to continue its pro-active approach towards development by assisting property owners to secure suitable tenants who will benefit both the owners and the City, as well as maintain the City's competitive position with neighboring communities.

The City will be soliciting development proposals for a 5,000 square foot, R-2 (Multiple Family Dwelling) zoned lot for construction of two to four affordable ownership units. The City anticipates working with a non-profit housing developer, such as Habitat for Humanity, in the development of this site.

Per the San Fernando Corridors Specific Plan, the Redevelopment Agency will be considering development proposals for the future development of a one acre Agency-

owned vacant parcel located at 1320 San Fernando Road. Pursuant the Specific Plan and consistent with the Redevelopment Plan for Project Area 1, the project site could be developed as a mixed-use development with a blend of commercial/retail and residential land uses, providing up to 45 residential units and up to 60,000 square feet of commercial/retail floor space. The Agency's contribution to the project would likely be a land write-down to the developer.

Park Master Plan: The City is preparing a Parks Master Plan to enhance recreational resources in the community. The Master Plan will help establish a long range plan for Cesar E. Chavez Park in proximity to the City's downtown and Civic Center areas (Project Area 3). The Agency will contribute \$67,000 in funds to the Parks Master Plan. The selection process for a consultant to prepare the Park Master Plan will be completed and forwarded to the City Council in mid year 2008. It is anticipated that the Parks Master Plan will take between 6 to 9 months to complete.

Bicycle Master Plan: A Bicycle Master Plan has been completed for Redevelopment Project Areas 3 and 4, to result in installation of a bike path to run along the Pacoima Wash. The Agency provided \$15,000 in funding for the Master Plan, with potential additional Agency funds to be leveraged with multiple outside sources of funds for construction of the bike path. As previously noted, the development of new parks and bikeways are consistent with the redevelopment plans for Project Areas 3 and 4, which encourage the development of new recreational facilities for residents within the Project Areas and in the surrounding residential neighborhoods.

IV. HOUSING COMPONENT

This section serves as the housing component of the 2005/06-2009/10 Implementation Plan (Plan) prepared in accordance with Section 33490 of the Community Redevelopment Law. The housing component presents the Agency's goals and activities through June 2010. The housing component also monitors the Agency's inclusionary and replacement housing obligations and expenditure of Low and Moderate-Income Housing Funds (LMI).

A. HOUSING GOALS OF THE IMPLEMENTATION PLAN

The City has updated its 2000-2005 Housing Element for the 2008-2014 time period as required for jurisdictions within the Southern California Associations of Governments (SCAG) region. Housing Element goals and policies establish the framework for Implementation Plan housing activities. The programs outlined in the Implementation Plan are consistent with, and further the goals and policies of the Housing Element, as defined below.

GOAL 1.0: MAINTAIN AND ENHANCE THE QUALITY OF EXISTING HOUSING, NEIGHBORHOODS AND HEALTH OF RESIDENTS

Policy 1.1: Support healthy neighborhoods by addressing public health and safety issues, performing property inspections, and eliminating threats to public health.

Policy 1.2: Preserve the character, scale, and quality of established residential neighborhoods.

Policy 1.3: Work in conjunction with residents to revitalize neighborhoods by supporting neighborhood organizations, controlling crime, improving deteriorated housing, managing traffic and parking, and eliminating blighting conditions.

Policy 1.4: Promote the rehabilitation of residential structures that are substandard or in disrepair.

Policy 1.5: Provide focused code preservation and rehabilitation efforts in targeted neighborhoods to achieve substantive neighborhood improvements. Address illegal conversion of garages and patios, and subdivision of single-family units through proactive code enforcement efforts.

Policy 1.6: Maintain the quality of life within neighborhoods by providing adequate maintenance to streets, sidewalks and alleys, parks, and other public facilities.

Policy 1.7: Promote the preservation and rehabilitation of identified historic residential structures/sites that are substandard or in disrepair.

GOAL 2.0: PROVIDE A RANGE OF HOUSING TYPES TO MEET THE NEEDS OF THE COMMUNITY

Policy 2.1: Provide adequate housing sites to facilitate the development of a range of residential development types in San Fernando which fulfill regional housing needs.

Policy 2.2: Provide opportunities for mixed use and infill housing development in downtown San Fernando as part of the city's overall revitalization strategy. Utilize Redevelopment Agency powers to assemble land and provide land write-downs in exchange for the development of affordable units.

Policy 2.3: Provide affordable housing opportunities for San Fernando's lower income senior population.

Policy 2.4: Utilize zoning tools, including density bonus and inclusionary zoning, to provide affordable units within market rate developments.

Policy 2.5: Support collaborative partnerships with non-profit organizations and for-profit developers to provide greater access to affordable housing funds.

Policy 2.6: Take advantage of existing infrastructure and public improvements to provide additional rental housing by allowing second units within residential neighborhoods.

Policy 2.7: Revise the city's zoning ordinance to clarify provisions for the following uses: manufactured housing, community care facilities, and emergency shelters.

Policy 2.8: Encourage use of sustainable and green building features in new and existing housing.

GOAL 3.0: ASSIST LOWER INCOME TENANTS IN FINDING THE APPROPRIATE RESOURCES TO ALLOW THEM TO REMAIN IN THE COMMUNITY

Policy 3.1: Take positive steps to ensure all segments of the population are aware of their rights and responsibilities regarding fair housing.

Policy 3.2: Assist in settling disputes between tenants and landlords.

Policy 3.3: Offer assistance to residents in locating providers of housing services.

**GOAL 4.0: PROVIDE OPPORTUNITIES FOR MODERATE INCOME HOUSEHOLDS
TO BECOME FIRST-TIME HOMEBUYERS**

Policy 4.1: Provide information and referral about homebuyer assistance programs available through the county, state and private lenders to existing and potential residents.

Policy 4.2: Promote homebuyer education seminars offered through the Los Angeles County Community Development Commission.

Policy 4.3: Provide homebuyer assistance to moderate income purchasers in City assisted mixed use developments.

B. LOW AND MODERATE-INCOME HOUSING FUND AMOUNT

Table 7 presents the Redevelopment Agency’s projected Low and Moderate Income revenues during the 2005/06-2009/10 Implementation Plan period, with actual amounts reflected for 2005/06 and 2006/07. The Agency estimates approximately \$5.8 million will be generated in redevelopment housing set-aside funds during the five-year period, with an additional \$1.5 million in “other income” (interest income, loan repayments, etc.), totaling \$7.3 million in housing set-aside revenue. Table 9 later in this section presents the Agency’s plans for expenditure of these housing funds.

**TABLE 7
LOW AND MODERATE INCOME HOUSING FUND REVENUES
2005/06 – 2009/10**

Housing Fund Revenues	2005-06 (Actual)	2006-07 (Actual)	2007-08	2008-09	2009-10	Total
Set-Aside Income	\$1,033,910	\$1,121,299	\$1,216,807	\$1,216,807	\$1,241,143	\$5,829,965
Loan Repayments	376,010	37,176	15,900	7,980	8,140	445,206
FTHB Equity Share on Loans	357,344	59,297	30,000	0	0	446,641
Sale of 551 Kalisher du				450,000		450,000
Mixed Use /Parking Lot-Add’ Tax Increment					12,000	12,000
Interest Earnings	9,313	53,517	18,000	18,360	18,727	117,917
Total Revenue	\$1,776,577	\$1,271,289	\$1,280,707	\$1,693,147	\$1,280,010	\$7,301,729

Determination of Excess Surplus

Excess surplus is defined as unencumbered Housing Fund balances that exceed the greater of \$1,000,000 or the aggregate amount deposited into the Housing Fund during the preceding four fiscal years. Agencies with excess surplus have one year to transfer the surplus to the housing authority, or to expend the funds. Failure to encumber the excess surplus within an additional two years results in statutory penalties against the Agency.

San Fernando’s 2006-07 HCD Annual Report identifies the Agency’s adjusted unencumbered Low and Moderate Income Housing (LMI) fund balance as \$1,045,724 for that fiscal year. The Annual Report identifies the aggregate amount deposited into the LMI Housing Fund during the current and three previous fiscal years (FY 03-04 through FY 06-07) as \$3,857,210. As these past set-aside contributions (\$3.8 million) exceed the actual unencumbered fund balance (\$1,000,000), the Agency has no excess surplus. As presented in the following section on housing activities, the Agency has numerous active housing programs and projects in which it maintains high levels of set-aside expenditures.

C. LOW AND MODERATE INCOME HOUSING FUND SUPPORTED PROGRAMS AND PROJECTS

Housing Program Accomplishments

During the prior 2000-2006 Implementation Plan cycle, the San Fernando Redevelopment Agency assisted in development 96 units of affordable senior housing, 58 residential rehabilitation loans, 41 homebuyer assistance loans, and relocation assistance/construction of two affordable units, as summarized in Table 8 below. For purposes of the 2008 Mid-Term Update of the 2005/06 - 2009/10 Redevelopment Implementation Plan, Table 8 also summarizes expenditures and units assisted during 2006/07 and 2007/08.

**TABLE 8
REDEVELOPMENT HOUSING PROGRAM ACCOMPLISHMENTS**

Housing Projects and Programs	2000 – June 2006		July 2006 – June 2008	
	# Units by Income Category	Set-Aside Contribution	# Units by Income Category	Set-Aside Contribution
Las Palmas Sub-sites I and II: Construction of 44 very low-to-low income rental units (333 and 451 S. Kalisher Street)	39 very low, 6 low income	\$2,193,542		
Park Avenue Senior Housing: Construction of 51 very low and low income rental units (101 Park Avenue)	11very low, 40 income			
Relocation Assistance/Construction of Single-Family Residence and Accessory Dwelling Unit (561 S. Kalisher Street)	2 moderate income	\$190,000		\$110,046 (relocation costs associated with development of senior housing)
Residential Rehabilitation Loan Program	10 very low, 40 low, 8 moderate	\$1,137,035	9 low, 2 moderate	\$455,760
First-Time Homebuyer Program	41 moderate income	\$994,441		

Annual Housing Production and Assistance Goals

Table 9 presents the Agency’s goals for the number of units to be assisted during this Implementation Plan, derived from the Agency’s low and moderate income cash flow and

proposed annual Housing Set-Aside expenditures presented in Table 10. A description of specific programs to be implemented is contained in the following section, consistent with the City’s 2008-2014 Housing Element update.

**TABLE 9
LOW AND MODERATE INCOME HOUSING ASSISTANCE GOALS**

Project/Program	Units to be Assisted					Total
	FY 05-06 (Actual)	FY 06-07 (Actual)	FY 07-08 (Actual)	FY 08-09	FY 09-10	
Affordable Housing Development Assistance		1	20	17	33	71
Senior Housing Development	96				100	196
Residential Rehabilitation Programs	10	4	6	7	7	34

Note: Units identified in year completed. New construction projects receive funding in multiple years.



Mixed-Use Development Proposal - Parking Lot #3

TABLE 10

SAN FERNANDO REDEVELOPMENT AGENCY
LOW/MOD HOUSING FUND CASH FLOW AND ALLOCATIONS

2005/06 - 2009/10

	Actuals 2005-2006	Actuals 2006-07	2007-08	2008-09	2009-10	Total
July 1 Carryover Balance	\$709,328	\$1,351,676	\$1,666,141	\$1,312,739	\$800,246	\$5,840,130
Revenues						
Housing Set Aside						
Project 1	\$194,810	\$210,692	\$216,176	\$216,176	\$220,499	\$1,058,352
Project 2	83,913	93,542	125,772	125,772	128,287	\$557,286
Project 3	705,203	751,860	793,436	793,436	809,305	\$3,853,241
Project 4	49,985	65,205	81,423	81,423	83,051	361,086
Total Projections	\$1,033,910	\$1,121,299	\$1,216,807	\$1,216,807	\$1,241,143	5,829,965
Loan Repayments	376,010	37,176	15,900	7,980	8,140	445,206
FTHB Equity Share on Loans	357,344	59,297	30,000	0	0	446,641
Sale of 551 Kallisher d.u.				450,000		450,000
Mixed Used Parking Lot/Additional TI					12,000	12,000
Interest Earnings	9,313	53,517	18,000	18,360	18,727	117,917
Total Revenue	\$1,776,577	\$1,271,289	\$1,280,707	\$1,693,147	\$1,280,010	\$7,301,729
Total Funds Available	\$2,485,905	\$2,622,965	\$2,946,848	\$3,005,886	\$2,080,255	\$13,141,859
Expenditures						
Administrative Expenses:						
Salaries	\$349,547	\$328,137	\$386,915	\$429,390	\$444,419	\$1,938,408
Overhead	209,490	209,490	209,490	209,490	209,490	1,047,450
Professional Services	600	61,297	136,540	72,960	124,419	395,816
Supplies/Capital Expenses	6,745	28,188	10,587	49,800	50,796	146,116
Total Administrative	\$566,382	\$627,112	\$743,532	\$761,640	\$829,124	\$3,527,790
Housing Programs						
First Time Homebuyers Program	\$225,000	\$0	\$0	\$0	\$0	\$225,000
Single Family Rehabilitation						
Single Family Grant Program	0	0	10,000	10,000	4,000	24,000
Single Family- Rehab Loan Program	302,452	187,929	300,000	300,000	300,000	1,390,381
Single Family- Rehab (Salaries)	0	0	0	0	0	0
Total Single Family Rehabilitation	302,452	187,929	310,000	310,000	304,000	1,414,381
Apartment Inspection Program	0	0	80,000	80,000	80,000	240,000
Housing Planning	0	0	0	65,000	25,000	90,000
Neighborhood Preservation (Code Enforcement-salaries)	0	0	0	0	0	0
Neighborhood Preservation	0	0	0	0	0	0
Neighborhood Revitalization "CAPP"						
Professional Services		31,859	62,500	62,500	62,500	219,359
City Wide Clean-Up			30,000	30,000	30,000	90,000
Capital Expenses			19,000	17,000	17,000	53,000
Salaries	0	40,273	62,500	62,500	62,500	227,773
Neighborhood Revitalization	0	72,132	174,000	172,000	172,000	590,132
Affordable Housing Development Assist.	0	0	319,815	567,000	575,000	1,461,815
Construction of 551 Kallisher d.u.				250,000		250,000
Housing Assistance (Salaries)	0	0	0	0	0	0
Housing Assistance	0	0	319,815	817,000	575,000	1,711,815
Total Housing Programs	\$527,452	\$260,061	\$883,815	\$1,444,000	\$1,156,000	\$4,271,328
Senior Housing Project:						
Relocation Costs	\$40,395	\$69,651	\$6,762	\$0	\$0	\$116,808
CHFA Loan (Due in 2016 - \$1mill-Hnt)	0	0	0	0	0	0
Total Senior Housing Project	\$40,395	\$69,651	\$6,762	\$0	\$0	\$116,808
Total Expenditures	\$1,134,229	\$956,824	\$1,634,109	\$2,205,640	\$1,985,124	\$7,915,926
Balance (Est.)	\$1,351,676	\$1,666,141	\$1,312,739	\$800,246	\$95,131	\$5,225,933

Housing Fund Targeting

Pursuant to Health and Safety Code Section 33334.4, Redevelopment Agencies are now required to target housing fund expenditures in accordance with a proportionality test on income and age. These proportionality tests must be met between January 1, 2002 and December 2014, and then again through the termination of the Project Area. Section 33334.4 provides redevelopment agencies with the discretion to include other locally controlled public revenue sources in the proportionality tests.

Income Test: The income test requires the Agency to target housing set-aside expenditures in at least the same proportion as the total number of housing units needed for persons of very low, low and moderate income as defined by the regional housing needs contained in the most recent approved Housing Element. Based on San Fernando's 2000-2006 Housing Element, the Agency's minimum required allocation for very low and low income expenditures, and maximum for moderate income housing expenditures are:

- Very Low Income: At least 40%
- Low Income: At least 27%
- Moderate Income: No greater than 33%

In June 2007, the Southern California Association of Governments (SCAG) adopted the Regional Housing Needs Assessment (RHNA) for the 2008-2014 period. The City of San Fernando has prepared a draft Housing Element for the new planning period which incorporates these new RHNA figures. To provide for consistency, the Implementation Plan will incorporate the following new affordability targets:

- Very Low Income: At least 43%
- Low Income: At least 27%
- Moderate Income: No greater than 30%

The Agency is permitted to expend a greater amount of funds for very low income households, and to subtract this amount from the low and/or moderate income thresholds. Similarly, the Agency can expend a greater amount of funding for low income households by reducing the amount of funds allocated towards moderate income households. However, expenditures targeted towards moderate income households can not exceed the established threshold amount.

Age Test: Health and Safety Code Section 33334.4 also establishes a proportionality test for Agency funds that can be spent on housing that is subject to age restrictions. This limit is equal to the percentage that very low and low income senior households (age 65+) represent of the total very low and low income population in San Fernando, based on the U.S. Census. Based on tabulations prepared by HUD of the 2000 census by household type and income level, San Fernando had a total of 2,653 households in 2000 defined as lower income (<80% AMI). Of these lower income households, 565 were seniors, representing 21% of the City's total lower income population. Therefore no more than 21%

of the Agency's housing expenditures can be allocated towards housing restricted to seniors during the 2002-2014 compliance period.

Status of Housing Fund Targeting: While the San Fernando Agency has the full 2002-2014 period to meet the required income and age proportionality tests, analysis of fund allocations over the 2002-2009/10 period can provide guidance on any adjustments necessary over the longer compliance period. As evidenced by Table 11, of the \$6 million allocated towards projects and programs between January 2002 - 2009/10, 33% is allocated towards very low income households, 50% towards low income households, and 17% towards moderate income households. While the Agency well exceeds its 27% proportional requirement for low income households and is well below the maximum 30% expenditure on moderate income households, expenditures on very low income households fall 10% below the 43% target. It will therefore be necessary for the Agency to direct a larger portion of its unencumbered Housing Assistance funds towards very low income households to achieve its income targets.

In terms of age targeting, approximately 36% of Agency expenditures are directed towards housing for seniors with age restrictions, above the 21% threshold. This is due in large part to the Agency assistance of the 96 unit Las Palmas/Park Avenue Senior Project. It will therefore be essential for future Agency housing expenditures to be directed towards family and other non-senior households.

To ensure compliance with income and age targeting requirements over the full 2002-2014 period, the Agency will initiate a monitoring program for future Housing Fund expenditures.

**TABLE 11
TARGETING TESTS:
2002-03 THROUGH 2009-10 AGENCY EXPENDITURES**

	Total Low/Mod Expenditures	Income Targeting			Seniors vs Families	
		Very Low	Low	Moderate	Seniors	Families
Senior Housing Projects						
Las Palmas & Park Ave Senior*	\$2,193,542	\$1,140,642	\$1,052,900		\$2,193,542	
Future Development Assistance**-						
551 S. Kalisher Street	\$1,500,000	\$500,000	\$500,000	\$500,000		\$1,500,000
	\$250,000		\$250,000			\$250,000
Rehabilitation Program***						
1/2002 - 6/2008 Expenditures	\$1,316,591	\$217,181	\$865,248	\$234,162		\$1,316,591
Future Expenditures	\$614,000	\$122,000	\$370,000	\$122,000		\$614,000
Homeownership Assistance	\$170,988			\$170,988		\$170,988
Total Expenditures	\$6,045,121	\$1,979,823	\$3,038,148	\$1,027,150	\$2,193,542	\$3,851,579
Proportional Expenditures		33%	50%	17%	36%	64%
Expenditure Targets		43%	27%	30%	21%	79%

* Low/Mod expenditure includes ongoing repayment of \$1,000,000 CHFA loan.

** Low/Mod expenditure on Downtown Parking Lots and 1320 San Fernando projects reflect budgeted Housing Development Assistance funds to be leveraged with Agency-owned land and other public and private funding sources.
 *** Estimated income allocation of program in future years based on recent years' income distribution.

Five-Year Housing Programs

The following describes the housing projects and programs planned to be undertaken by the Redevelopment Agency during the five-year Implementation Plan planning period.

Affordable Housing Development Assistance: In September 2004, the City issued a Request for Proposal (RFP) for the development of eight City-owned parking lots in the Civic Center area with mixed commercial/residential development consistent with the San Fernando Corridors Specific Plan. These sites are located along the Maclay Avenue, San Fernando Road and Truman Street commercial corridors, and all fall within the original area of Redevelopment Project Area 1. The Redevelopment Agency intends to provide the selected developers with a land write-down, and in exchange will require 20% of each project's units to be made affordable to low to moderate income households. In addition, for ownership projects, the Agency may also assist first-time homebuyers in the purchase of affordable units within the mixed-use projects.

In 2005, the Redevelopment Agency entered into Exclusive Negotiation Agreements (ENA) with two developers for mixed-use development on three of the parking lot sites, encompassing parking lot 3, parking lot 4, and parking lots 8 &10 (to be developed as a consolidated site). Since that time, due to the changing real estate market, development proposals have been modified several times and ENA's extended, with just one ENA with Gangi Development proceeding at this time for development on Parking Lot 3. The City has decided to prepare an Environmental Impact Report (EIR) for the "San Fernando Parking Lots Project", encompassing the six parking lots on five non-contiguous sites. The EIR evaluates several development alternatives for the downtown parking lots, allowing the Agency to consider several possible disposition and development agreements for the parking lots, both in the near term and in the longer term future. Furthermore, having a certified EIR on the parking lot sites will facilitate current efforts by the Agency to seek State grant funding for development.

The Downtown Parking Lots EIR is proceeding with the following base development assumptions for the sites:

Parking Site	Lot	Location	Unit Potential	Estimated Low/Mod Units
Lot #3 (Gangi)		San Fernando Mission Blvd/ Celis St	84	17
Lot #4		Brand Blvd/ Truman St	89	18
Lot #8/#10		900 Celis St	101	20

The Redevelopment Agency is involved in a negotiation agreement with Gangi Development for Parking Lot 3 which currently contemplates two different development

scenarios. The first scenario (presented above) involves development of 84 condominium units - including 17 moderate income units - above 10,600 square feet of ground floor retail within a four-story structure. The project would remove 144 existing public parking spaces, replacing these with 121 ground floor spaces and 20 diagonal street parking spaces; 244 subterranean parking spaces would be provided for residents of the project.

The alternative development scenario being proposed by Gangi for Parking Lot 3 involves development of 100 senior citizen apartments using the same building footprint as the mixed-use condominium project. An estimated 20 of the units would be reserved for extremely low income seniors, and 80 units would be for very low income seniors.

In addition, during this Implementation Plan reporting cycle the City will be issuing a Request for Proposal for development of a 5,000 square foot Agency-owned parcel located at 551 S. Kalisher Street. This property is zoned R-2, and can accommodate between two - four housing units. The City anticipates partnering with a non-profit, such as Habitat for Humanity, for development of this site.

The Redevelopment Agency will be considering development proposals for the future development of an approximate one-acre Agency-owned vacant parcel located at 1320 San Fernando Road. This Agency parcel, along with an adjacent vacant parcel and 3rd parcel with an existing commercial use, comprise the entire block on the south side of San Fernando Boulevard between Workman and Kalisher streets. The San Fernando Corridors Specific Plan identifies this combined site as "Opportunity Site #2", and presents a land use concept with retail uses fronting on San Fernando Boulevard, with multi-family courtyard housing to the rear. The Agency's contribution to the project would likely be a land write-down to the developer.

Senior Housing Development: The Agency previously funded a 98 unit affordable senior housing project located on three separate sites, which includes 50 units to be occupied by very low income households, 46 units to be occupied by low income households, and 2 manager units. The following provides an overview of all three project sites that make up the senior housing project, owned and developed by a single entity:

- Las Palmas Sub-site I: 21 senior housing units located on the west side of Kalisher Street between Hollister Street and Coronel Street. This site is currently 100% occupied.
- Las Palmas Sub-site II: 24 senior housing units located on the west side of Kalisher Street between Pico Street and Celis Street. This site is currently 100% occupied.
- Park Avenue Sub-site: 51 senior housing units located on the northwest corner of First Street and Park Avenue, across from San Fernando Recreation Park. This site is currently 100% occupied.

Approximately \$2.2 million in housing set-aside funds were provided in development assistance to this project in FY 2004/05. In addition, during the ensuing Implementation Plan period, set-aside funds will be utilized to repay a CHFA loan on the project, as well as one additional year of relocation payments to existing residents on the project site.

Projects became available for occupancy during 2005/06 and 2006/07, with all units fully occupied as of 2008.

Residential Rehabilitation Programs: San Fernando offers the following housing rehabilitation programs using redevelopment set-aside funds:

The City offers a **Single-family Rehabilitation Loan Program** for low and moderate income (up to 120% MFI) residential property owners. The Redevelopment Agency Residential Repair program provides up to \$50,000 per loan and \$3,500 per grant to perform major rehabilitation, general property repairs, seismic retrofit, code deficiency repairs, and emergency spot repairs.

As part of the rehabilitation program, the City also offers **Single-family Emergency Rehabilitation Grants**. These are for emergency repairs for health and safety related issues reserved for lower income (80% MFI) households.

The Agency has assisted 20 households under rehabilitation programs during the first three years of the Implementation Plan (FY 05-06 to FY 07-08), with a goal to assist a total of 34 households over the five year Plan period.

Apartment Inspection Program: The City has initiated a multi-family residential inspection program, utilizing set-aside funds to pay for a full time contract housing inspector and City building support staff. The program is focused on improving the overall quality of the housing stock, and will focus on apartments with three or more units, encompassing over 1,000 of the City's housing units. The inspection program will utilize HUD's housing quality standards (HQS) as the basis for evaluating housing conditions.

As of March 2008, the City has completed initial inspection of 987 multi-family residential units. Follow-up inspections are being scheduled, and expect to be completed by the end of August 2008. The City anticipates continuing the Apartment Inspection program throughout the Implementation Plan reporting period, with set-aside funds budgeted as part of the annual budget review process.

First Time Homebuyer Program: The City has administered a First Time Homebuyer Program utilizing redevelopment housing set-aside funds since 1997. The Program enabled low and moderate income buyers to purchase a home by offering low interest loans of up to \$45,000 to assist in the down payment and/or eligible closing costs and loan fees. The program utilized a second purchase trust deed, subordinate to the Lender's first purchase trust deed, at a loan term of 30 years with no monthly payments. The applicants were required to provide a minimum 3 percent down payment equal to the purchase price of the home plus closing costs.

Due to the dramatic escalation in housing sales prices in San Fernando, the increase in subsidy necessary to bring housing prices down to affordable levels for moderate income households has rendered the City's first-time homebuyer program financially infeasible. The Agency has temporarily placed the first-time homebuyer program on hold until housing

prices begin to stabilize. Alternatively, the City is evaluating providing assistance to homebuyers in conjunction with the development of Agency-assisted housing to help close the affordability gap for moderate income purchasers; funding associated with homebuyer assistance would be incorporated within the total Agency assistance to each project, identified under Affordable Housing Development Assistance in the Low/Mod Cash Flow (Table 9).

In addition, San Fernando's 2008-2014 Housing Element establishes a program for the City to begin advertising the County's Homeownership Program (HOP) and Mortgage Credit Certificate Program (MCC), as well as the Southern California Home Financing Authority (SCHFA) first-time homebuyer program, through dissemination of brochures at the public counter and on the City's website.

Neighborhood Preservation and Revitalization Program: The Agency implements a neighborhood preservation and revitalization program comprised of both code enforcement and "CAPP", Community Action Plan for Neighborhood Protection and Preservation. The CAPP Program was adopted by City Council in July of 2006 with the goal of formulating a comprehensive approach to identifying and permanently abating illegal activity, nuisance behaviors, and substandard physical conditions at individual problem properties. A key tenet of CAPP involves the designation of neighborhood focus areas and outreach to residents adversely affected by nuisance properties within these areas.

During FY 2006-07, its first year of implementation, CAPP worked within the following five Focus Areas (refer to Figure 5):

- Hagar/Library
- Kalisher/Hollister
- Second Street
- Park/Jessie
- Wolfskill/Kewen

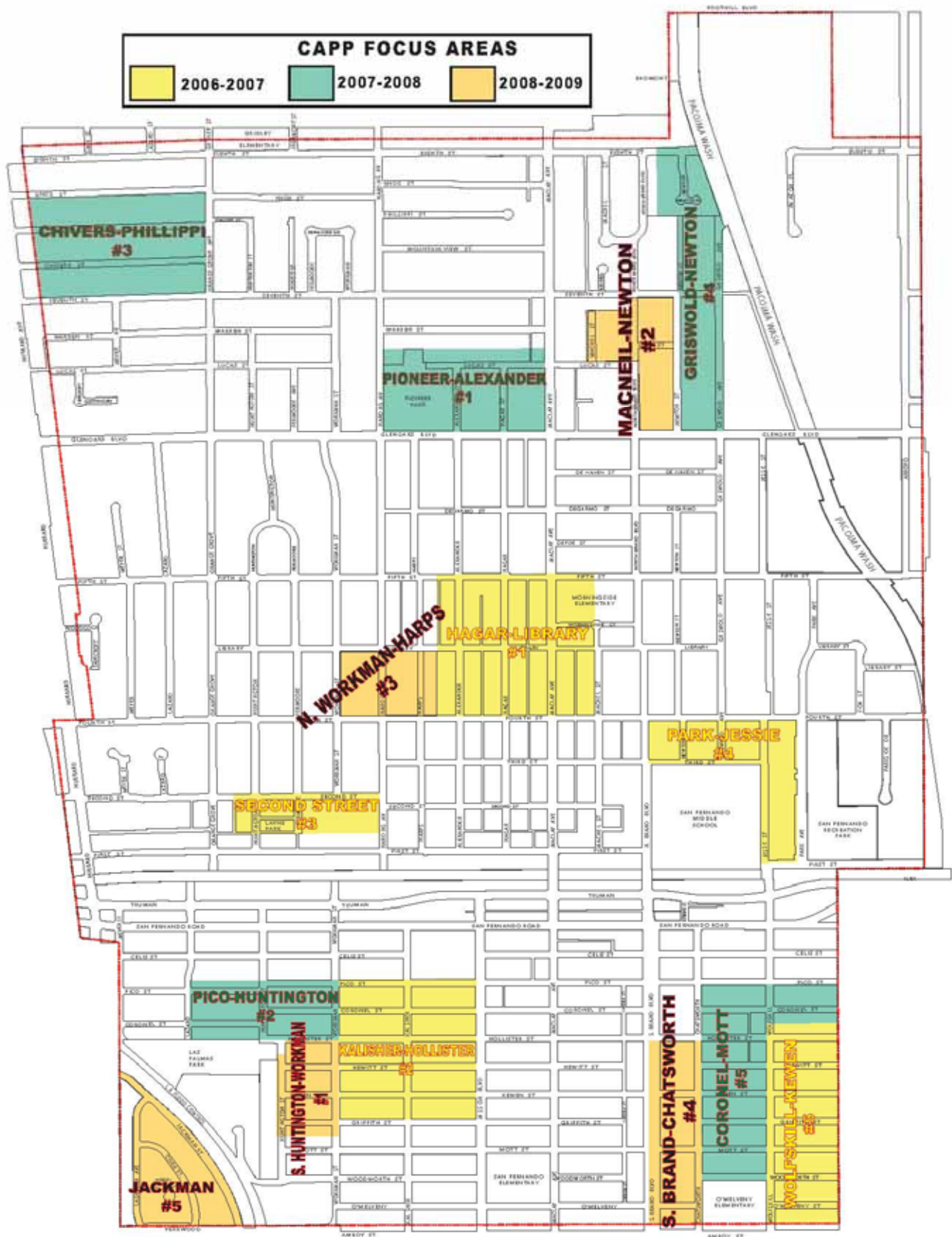
Accomplishments within these areas include: 539 properties targeted with 1,205 violations cited and 81% compliance; 112 arrest warrants, 57 arrests and 24 prosecutions; expenditure of \$264,000 in infrastructure improvements.

As of March 2008, CAPP progress during the 2007-08 program year included:

- Establishment of 5 new Focus Areas and targeting 483 properties, building on original Focus Areas and blighted areas adjacent to parks and School Safe Zones.
 - Pioneer Park/Alexander
 - Pico/South Huntington
 - Chivers/Phillippi
 - Griswold/Mott
 - Coronel/Mott

-
- Utilizing new technology to increase efficiency, including Edgesoft Activity Information Management System, and Mobile Display Terminals in vehicles to increase field time.
 - Offering rehabilitation loans to assist residents in addressing code violations
 - Conducting quarterly “Citywide Cleanup Days” to coincide with Focus Area enforcement
 - Recording property liens against non-compliant substandard properties to reduce use of City Prosecutor
 - Addressing infrastructure needs in Focus Areas, including sidewalk repair/replacement; street striping and curb painting; repair/replace dilapidated street signage; tree trimming

Housing Planning: The City utilizes Low and Moderate Income Housing Funds to support planning efforts associated with the provision of affordable housing in the community. Housing planning undertaken during the Implementation Plan period include preparation of the following documents: 2008-2014 Housing Element, 2005/06-2009/10 Redevelopment and Housing Implementation Plan, and 2008 Implementation Plan Midterm Update. In addition, the Agency anticipates funding an update to the San Fernando Corridors Specific Plan in 2009/10.



D. INCLUSIONARY HOUSING PRODUCTION REQUIREMENTS

Community Redevelopment Law [Section 33413 (b)(1)] requires that 15 percent of all non-Agency developed housing within a Redevelopment Project Area be affordable to low and moderate income households. Of the affordable housing, 40 percent must be affordable to very low income households. Section 33413(b)(2) requires that 30 percent of all “Agency developed”³ housing be affordable to low and moderate income households, with 50 percent of the affordable units for very low income households. These inclusionary housing obligations are required to be met every ten years, beginning with the first Implementation Plan period 1994-2004.

Status of Current Inclusionary Obligations

According to San Fernando’s 1999 Implementation Plan, a total of 51 units had been constructed by private entities in the post-1976 Project Areas⁴ through May 1999. None of these housing units were Agency-developed. Review of building permit records between June 1999 - May 2008 identify an additional 59 privately built units issued building permits within the Project Areas, with 52 additional units coming on line as part of the Park Avenue Senior Housing Development. In aggregate, a total of 162 dwelling units (51+59+52 units) have been built in the post-1976 San Fernando Redevelopment Project Areas since adoption, generating a 15 percent inclusionary housing obligation of 24 affordable units. Of these 24 inclusionary units, a minimum of 10 units must be for very low income households, with the remaining 14 units affordable to low-to-moderate income households.

San Fernando has an active history of supporting affordable housing development in its community. As illustrated in Table 12, the City has facilitated the development of several residential developments within the Redevelopment Project Areas with long-term affordability covenants⁵, which can be counted towards the Agency’s inclusionary or replacement housing obligations (replacement housing requirements are addressed in the section which follows). These projects include: two senior housing projects on Jessie Street, Las Palmas I and II, and Park Avenue Senior. These rental projects contribute a total of 112 affordable units which can be used to offset inclusionary or replacement housing obligations, including 54 very low income units, and 58 low/moderate income units.

³ For purposes of the Implementation Plan, the San Fernando Redevelopment Agency has adopted a definition of “Agency developed” as housing constructed by the Agency subject to a public works contract. In an agency-developed project, the Agency serves more as a co-owner/partner than a lender on the project.

⁴ Project Areas subject to the inclusionary rule include the post-1976 Amendments to Project Area 1, and the entire Project Areas 3 and 4.

⁵ As the affordability controls on the 1996 Park Vista Senior projects are for 30 years, rather than 55 years as required as of 2002, the 16 units in these projects are used to address the Agency’s pre-2002 inclusionary and replacement housing obligations.

**TABLE 12
SAN FERNANDO ASSISTED HOUSING INVENTORY**

Date Built	Project Name and Location	In or Out of RDA	Owner vs Renter	Senior vs Family	Total # Units	Restricted Affordable Units*	Affordability Period	Funding Sources
1996	Park Vista Apartments #1 202 Jessie Street	In	Renter	Senior	8	2 very low income, 4 low income, 2 moderate income	30 years	RDA
1996	Park Vista Apartments #2 222 Jessie Street	In	Renter	Senior	8	2 very low income, 4 low income, 2 moderate income	30 years	RDA.
2005	Las Palmas I and II 333/499 Kalisher Street	In	Renter	Senior	46	39 very low income, 6 low income, 1 above moderate income	55 years	RDA, HOME, CHFA, Tax Credits
2006	Park Avenue Senior 601 Park Avenue	In	Renter	Senior	52	11 very low income, 40 low income, 1 above moderate income	55 years	RDA, HOME, CHFA, Tax Credits
1992	Kewen Street Townhomes* 1231 and 1235 Kewen St	In	Owner	Family	4	4 moderate income	No resale controls	RDA, Mortgage Revenue Bond
1999	Habitat for Humanity 1230 Mott St, 1032 Griffith St	Mott St - In Griffith St - Out	Owner	Family	2	2 very low income	No resale controls	RDA

Note: * Affordability level based on State income categories: very low (0-50% MFI), low (51-80%), and moderate (81-120%).

**Projects don't carry long-term affordability covenants and can't be credited towards inclusionary housing obligations

Source: City of San Fernando 2000-2005 Housing Element. City Community Development Department staff.

Table 13 summarizes the Agency's current inclusionary housing obligations, compared with the affordable units provided. As shown, the Agency has an inclusionary housing obligation of 24 affordable units, and has provided 112 affordable units, resulting in a "surplus" of 88 units. A minimum of 10 of the 24 inclusionary units are required to be provided for very low income households, whereas 54 very low income units have been provided. In summary, the Agency's surplus of 88 affordable units will be applied towards meeting replacement housing obligations, as well as future inclusionary housing obligations.

**TABLE 13
INCLUSIONARY HOUSING OBLIGATIONS AND UNITS PROVIDED**

Inclusionary Housing Obligations/ Units Provided	Privately Developed & Agency-Assisted Projects*		
	Very Low Units (6% of Total)	Low/Mod Units (9% of Total)	Total Affordable Units (15% of Total)
Inclusionary Housing Obligations	10	14	24
Inclusionary Housing Units Provided	54	58	112
Surplus Inclusionary Units	44	44	88

* Typical of most Redevelopment Agencies, the Agency does not develop housing on his own, which would trigger a higher inclusionary threshold of 30 percent and 15 percent of the developed units being restricted, respectively, to low/moderate-income and to very low-income households.

Project Area Residential Production Potential – During Life of Redevelopment Plan and Next Ten Years (2014)

With the exception of the recent development of Las Palmas I & II, and Park Avenue senior housing projects, residential development within the Redevelopment Project Areas has been extremely limited. However, with adoption of the San Fernando Corridors Specific Plan, the City is now encouraging development of residential mixed use within the downtown, and along Maclay Avenue, Truman Street, and San Fernando Road. With the exception of the Maclay Avenue corridor north of downtown, the balance of the San Fernando Corridors Specific Plan falls within a Redevelopment Project Area, and will therefore be subject to inclusionary housing requirements. One exception is the original Project Area 1 (a roughly ten block area between Pico Street and the Southern Pacific Railroad, Mission Boulevard and Chatsworth Drive); as the original Project Area 1 was adopted in 1966, it is not subject to inclusionary requirements.

As previously discussed under the Affordable Housing Development Assistance Program, the City previously issued a Request for Proposal (RFP) for the development of up to eight City-owned parking lots in the Civic Center area with mixed commercial/residential development consistent with the San Fernando Corridors Specific Plan. The Redevelopment Agency intends to provide the selected developers with a land write-down, and in exchange will require 20% of each project’s units to be made affordable to low and moderate income households. In addition, for ownership projects, the Agency may also assist first-time homebuyers in the purchase of affordable units within the mixed-use projects.

The City is preparing an Environmental Impact Report (EIR) for the “San Fernando Parking Lots Project”, encompassing four municipal parking lots for residential development. The EIR evaluates several development alternatives for the downtown parking lots, allowing the Agency to consider several possible disposition and development agreements for the parking lots, both in the near term and in the longer term future. Furthermore, having a certified EIR on the parking lot sites will facilitate current efforts by the Agency to seek

State grant funding for development. The Downtown Parking Lots EIR is proceeding with the following base development assumptions for the sites:

Parking Site	Lot	Location	Unit Potential	Estimated Low/Mod Units
Lot #3 (Gangi)		San Fernando Mission Blvd/ Celis St	84	17
Lot #4		Brand Blvd/ Truman St	89	18
Lot #8/#10		900 Celis St	101	20

In addition to these sites, the Redevelopment Agency will be considering development proposals for future mixed use development on an Agency-owned vacant parcel located at 1320 San Fernando Road, located in Redevelopment Project Area 1. This site is anticipated to accommodate up to 45 residential units, 20 percent, or nine units, which would be made affordable.

All these planned development sites - the parking lot sites and the Agency-owned parcel on San Fernando Road, are located within the “original area” of Redevelopment Project Area 1, and are therefore not subject to inclusionary requirements. However, the affordable units provided in these developments can be credited towards future inclusionary housing obligations of the Agency.

In addition to development projects anticipated to occur during this Implementation Plan period, over the next ten years and life of the Redevelopment Plans, a limited amount of additional residential development will likely occur, primarily focused within the San Fernando Corridors Specific Plan area. It shall continue to be the Agency’s policy to require new projects in the Project Areas to include 20 percent affordable units, thereby continuing to address inclusionary requirements.

E. REPLACEMENT HOUSING REQUIREMENTS

Community Redevelopment Law [*Section 33413 (a)*] stipulates that:

"Whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project, which is subject to a written agreement with the redevelopment agency or where financial assistance has been provided, the agency shall within four years of the destruction or removal, rehabilitate, develop or construct or cause to be rehabilitated developed, or constructed, for rental or sale to persons and families of low or moderate income an equal number of replacement dwelling units, which have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing cost."

Prior to January 2002, agencies were only required to make 75% of the replacement units affordable to households at the same income category as the households which were displaced. Pursuant to AB 637, effective January 1, 2002, 100% of the replacement units must be affordable and occupied by households in the same or lower income category as the households displaced from the removed units. Furthermore, the law now requires affordability covenants on the replacement units to remain in effect for a minimum of 55 years for rental units and 45 years for ownership units. Replacement units may be provided anywhere within the territorial jurisdiction of the Redevelopment Agency.

In addition, Section 33490(a)(4) now requires an Implementation Plan for a redevelopment project area that will end within six years to indicate the redevelopment agency's ability to comply with its replacement housing obligations prior to plan expiration as required under Section 33333.8 and within four years of the removal of affordable housing as required under Section 33413(a). For San Fernando, these requirements apply to Project Areas 1, 2 and 3 which have expiration dates which fall within the next six years, but not to Project Areas 1A, 3A or 4. As illustrated in the following section, the Agency has a surplus of affordable units which can be credited towards replacement housing obligations, and expects to continue to meet these obligations for the remaining terms of these Project Areas.

Status of Current and Future Replacement Housing Obligations

Based on information contained in San Fernando's 1999 Implementation Plan, a total of 3 low-to-moderate income units have been removed from the Redevelopment Project Areas due to Agency action from the dates of adoption to 1999. These low/moderate income units were removed on Kewen Street in the Amendment Area of Project Area 1. The Agency provided for the three units of required replacement housing as part of the 16 unit low and moderate income Park Vista Senior Apartments, with the balance of this development credited towards the Agency's inclusionary obligations.

Residential and commercial structures in San Fernando suffered severe damage during the Northridge Earthquake of 1994. Many housing units throughout the City and some within the Project Areas were deemed unsafe to occupy and were removed. The Federal Emergency Management Agency (FEMA) provided assistance for the rehabilitation or funded removal of damaged units, and SBA loans were made available for replacement housing. Because the removal of the units did not result from Agency action, they are not subject to replacement requirements.

In addition to the 3 low/mod units removed prior to 2000, a total of 17 additional low/moderate income units were removed by the Agency during 2000-2006. These units were removed as a result of the Agency's assistance in the Las Palmas and Park Avenue senior housing development. The Agency acquired the sites, relocated the existing tenants, and demolished the existing structures to prepare the site for conveyance to the developer.

While Agency activities will seek to minimize any additional displacement, if removal of housing units should become necessary in the future, the Agency will replace, on a one-for-one basis, any removed units in accordance with Community Redevelopment Law.

Provision of Replacement Housing

The City has an active history of assisting in the creation of affordable housing which can be used to offset existing replacement housing obligations. As illustrated previously in Table 12, the City has facilitated the creation of 112 units with long-term affordability covenants. 24 of these units are being used to address the Agency's current inclusionary housing obligations, leaving 88 affordable units which can be credited towards replacement housing obligations. Of these 88 replacement housing units, 44 are very low income and 44 are low income units. These affordable housing units more than offset the Agency's replacement requirement for 20 low and moderate income units removed within the Project Areas.