

**2005/06 – 2009/10
REDEVELOPMENT AND
HOUSING IMPLEMENTATION
PLAN**

**SAN FERNANDO REDEVELOPMENT
AGENCY**

OCTOBER 16, 2006



**San Fernando
Redevelopment Agency**

**Redevelopment and Housing
Implementation Plan**

Fiscal Years 2005/06 – 2009/10

Adopted October 16, 2006

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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 San Fernando Redevelopment Agency's Five-Year Implementation Plan for the period of July 2005 – June 2010 for Project Areas 1, 2, 3, and 4. Upon adoption by the Redevelopment Agency, it will replace the prior Implementation Plan for fiscal years 2000-01 through 2004-05.

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 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 Mission Boulevard, and between Hollister 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.

¹ On October 16, 2006, the City Council will consider adoption of 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.

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

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.

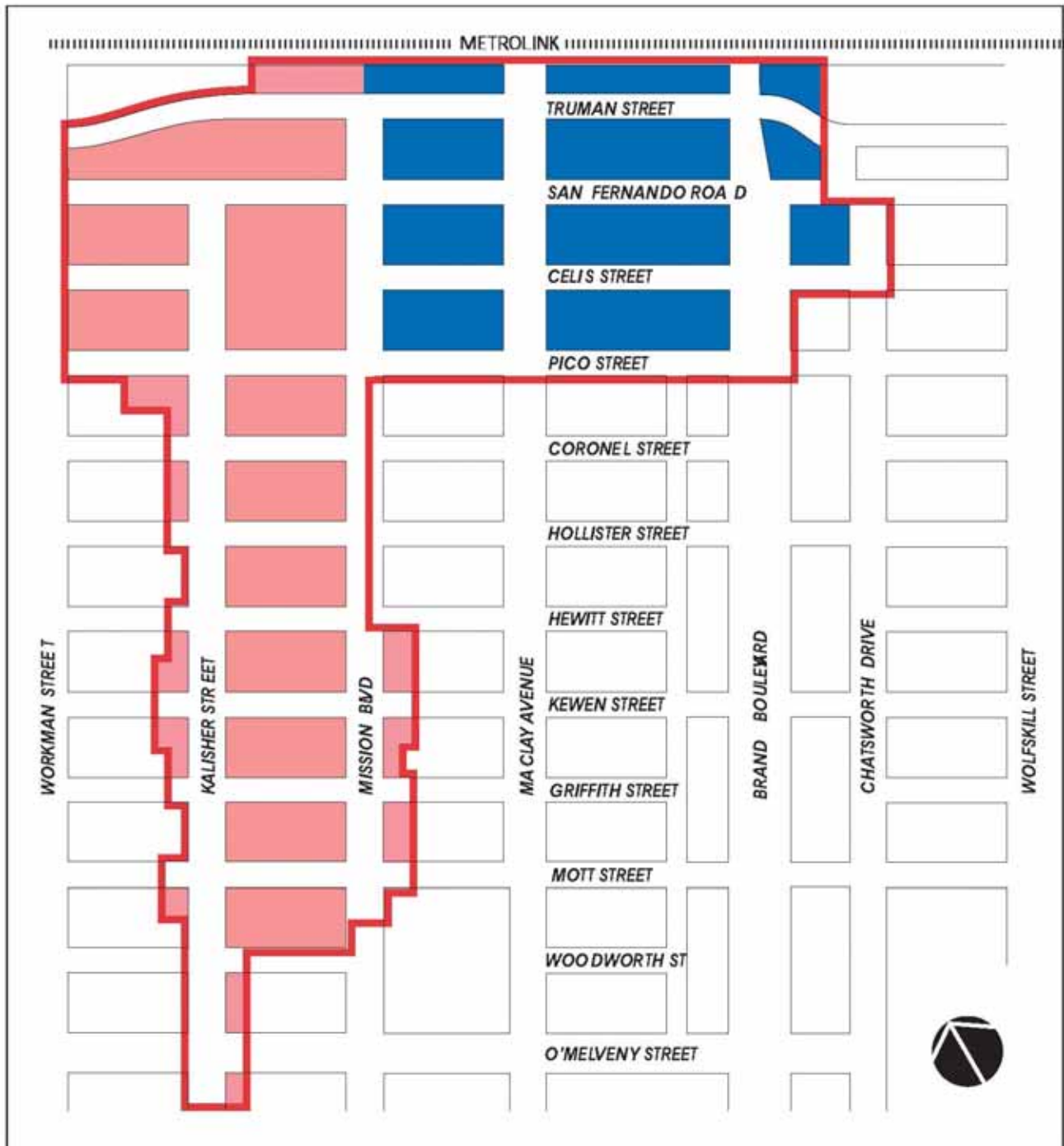
Project Area 4 includes property damaged in the Northridge earthquake and its various aftershocks. Land uses in the Project Area consist of industrial, medium density residential, commercial, vacant land and railroad right-of-way.

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 considering merger of Redevelopment Project Areas 1 through 4 into one project area, the San Fernando Merged and Amended Project Area. The purpose of the proposed 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.

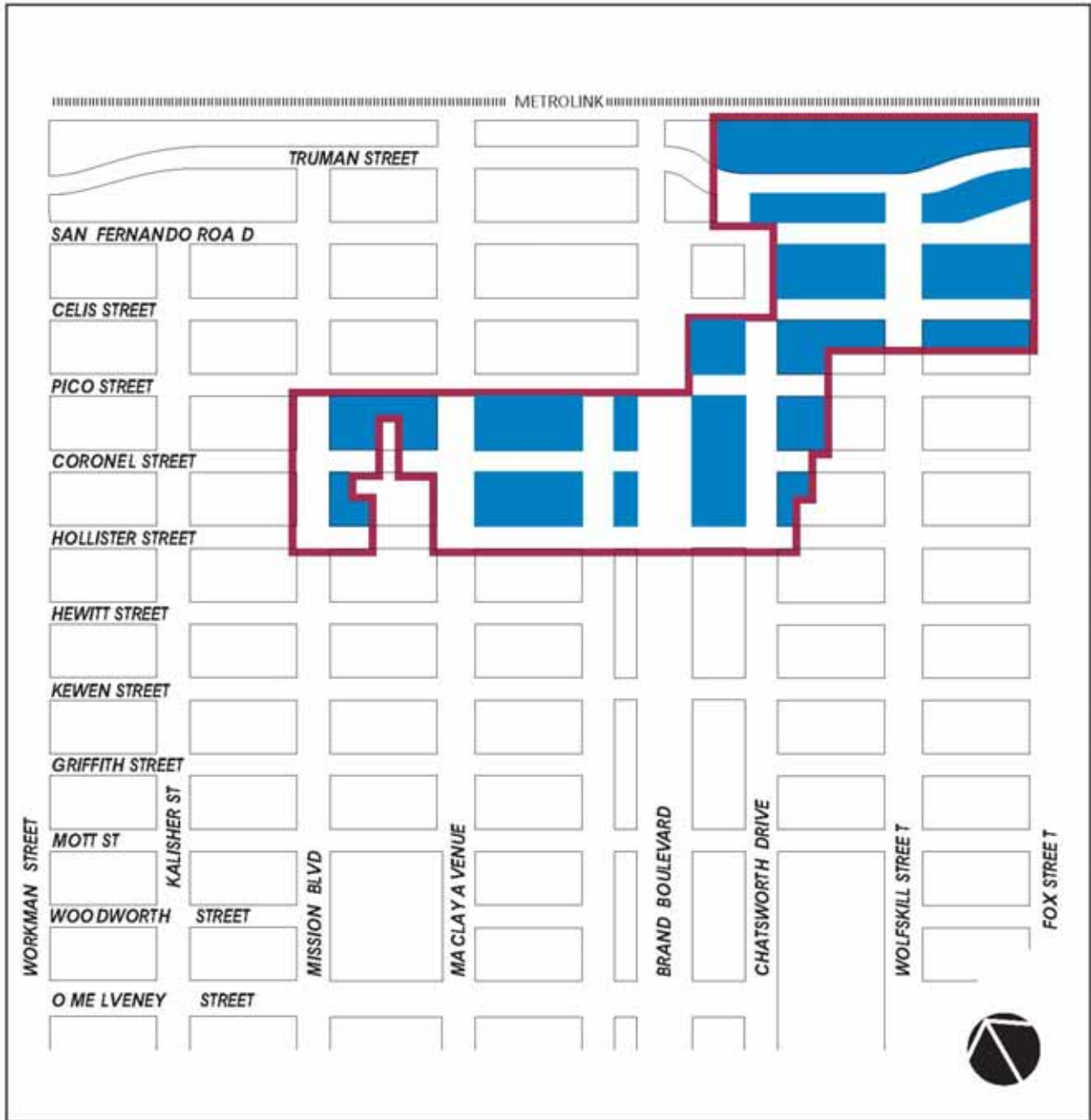
Although the four project areas would become one if merged, each would still maintain its Redevelopment Plan. The proposed merger would allow the Agency to meet the goals adopted in the Redevelopment Plans for each project area by eliminating existing and/or the spread of blight conditions through the 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

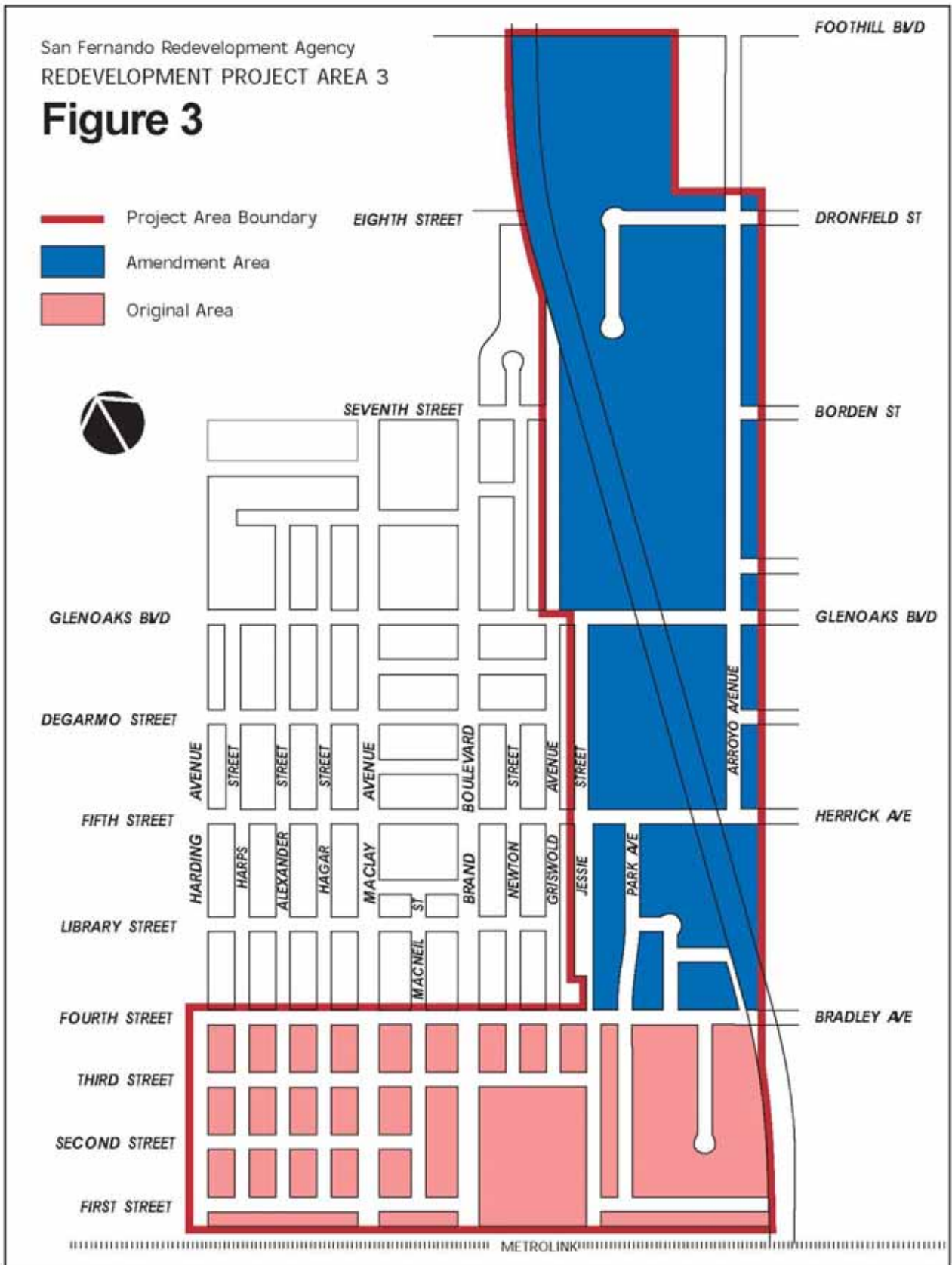
- Project Area Boundary 
- Original Project Area 
- Amended Project Area 

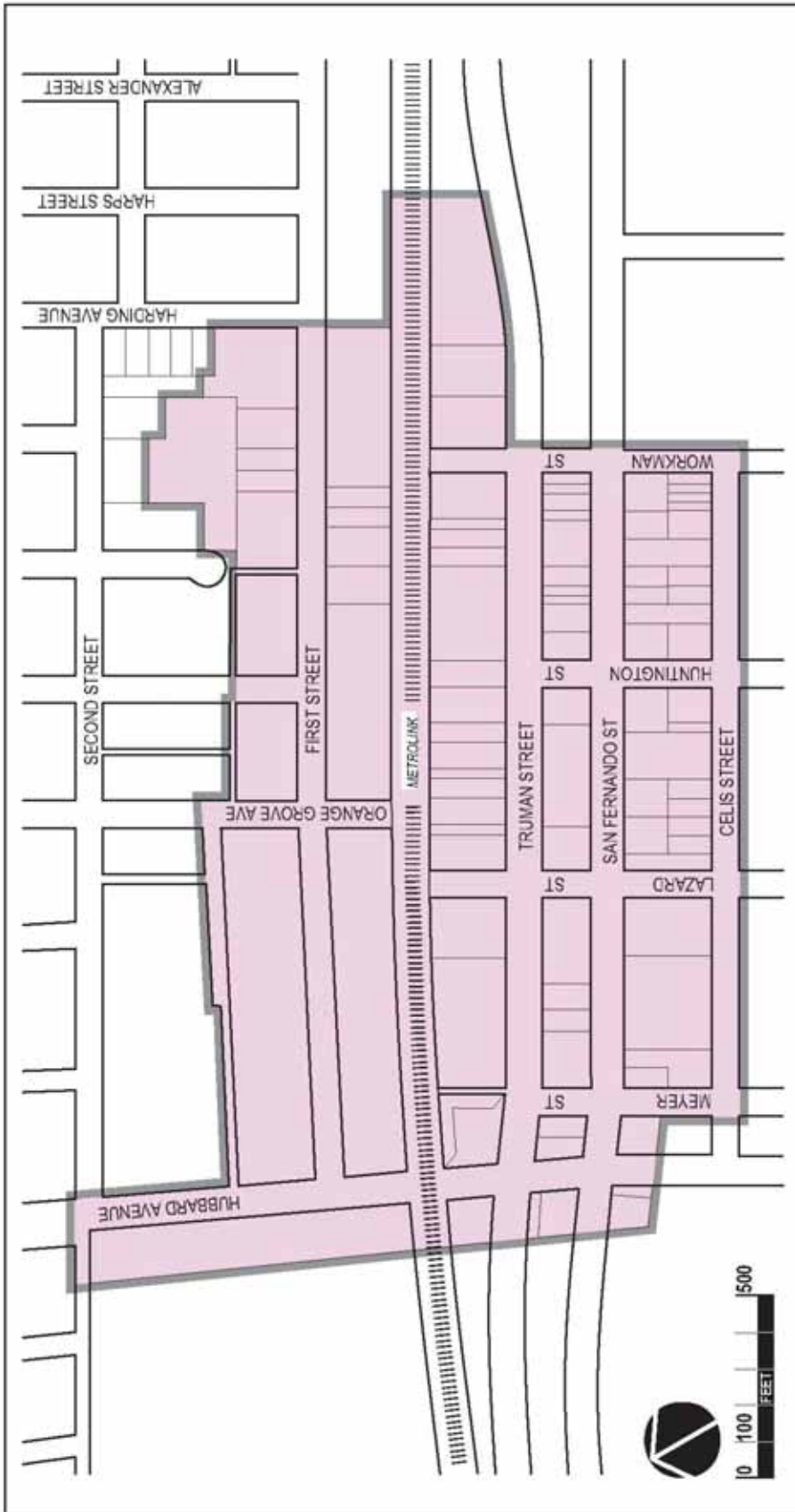


San Fernando Redevelopment Agency
REDEVELOPMENT PROJECT AREA 2

Project Area Boundary 

Figure 2





Project Area Boundary

San Fernando Redevelopment Agency
REDEVELOPMENT PROJECT AREA 4

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.

**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.)		

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 2-5 summarize the Agency's tax increment, debt obligations and planned project expenditures during the five-year Implementation Plan horizon for each of the four Project Areas. As shown by these Tables, annual net revenues² generated range from approximately \$200,000- \$450,000 in Project Areas 2 and 4, to \$1 million in Project Area 1, and \$2.7 - \$3 million in Project Area 3. In aggregate, the four San Fernando Redevelopment Project Areas are expected to generate approximately \$30 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.

2006 Tax Allocation Bond

The Redevelopment Agency is proposing to issue a \$10 million tax allocation bond secured by future tax increment revenues from Project Area 3. Bond revenues will be allocated to the Aquatic Center (approximately \$4 million) and to the new City Yard (approximately \$6 million). The cash flow projections for Project Area 3 incorporate the 2006 bond project expenditures and debt service. The bonds are anticipated to be issued by December 2006.

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

Table 2

SAN FERNANDO REDEVELOPMENT AGENCY
PROJECT AREA #1 CASH FLOW PROJECTIONS

2005/06 - 2009/10

	Actuals 2005-2006	2006/2007	2007/2008	2008/2009	2009/2010	Total
July 1 Carryover Balance	\$143,233	\$365,541	\$377,990	\$627,345	\$874,651	\$2,388,760
Revenues						
Tax Increments (Gross)	\$974,054	\$954,000	\$982,000	\$1,008,000	\$1,034,000	\$4,952,054
Fees -Deducted Automatically by County of Los Angeles	(11,105)	(11,000)	(11,000)	(11,000)	(12,000)	(56,105)
Net Tax Increments	\$962,949	\$943,000	\$971,000	\$997,000	\$1,022,000	\$4,895,949
Interest Earnings	\$11,687	\$12,037	\$12,278	\$12,524	\$12,774	\$61,300
Total Revenue	\$974,636	\$955,037	\$983,278	\$1,009,524	\$1,034,774	\$4,957,249
Total Funds Available	\$1,117,869	\$1,320,579	\$1,361,268	\$1,636,868	\$1,909,425	\$7,346,009
Expenditures						
Administrative Expenses:						
Salaries	\$136,330	\$141,970	\$146,939	\$152,082	\$157,405	\$734,726
Overhead	72,700	72,700	74,154	75,637	77,150	372,341
Professional Services	6,308	33,500	34,170	34,853	35,550	144,382
Supplies/Training/Memberships	0	15,500	15,810	16,126	16,449	63,885
Total Administrative Expense	\$215,338	\$263,670	\$271,073	\$278,698	\$286,554	\$1,315,333
Other Expenses						
1998 Bond Debt Service	136,031	117,919	118,850	119,519	119,925	612,244
Business Assistance/Retention (Rebates)						
DDA- San Fernando Mission (Tianguis-thru FY 2018)	61,247	130,000	148,000	162,000	177,000	678,247
Development Assistance (Construction)						
*Interest Due to PFA (Starbucks OPA)	0	0	0	0	0	0
ERAF Shift III (thru FY 2006)	144,900	0	0	0	0	144,900
Project Improvements						0
Street Beautification	0	120,000	0	0	0	120,000
Bike Master Plan	0	15,000	0	0	0	15,000
Parks Master Plan	0	30,000	0	0	0	30,000
Total Bike/Parks Master Plan	0	45,000	0	0	0	45,000
Public Facilities & Infrastructure	0	75,000	0	0	0	75,000
Total Project Improvements	\$0	\$240,000	\$0	\$0	\$0	\$240,000
Transfer to Housing Set Aside	\$194,811	\$191,000	\$196,000	\$202,000	\$207,000	\$990,411
Total Other Expense	\$536,989	\$678,919	\$462,850	\$483,519	\$503,925	\$2,665,802
Total Expenditures	\$752,328	\$942,589	\$733,923	\$762,217	\$790,479	\$3,981,136
Balance (Est.)	\$365,541	\$377,990	\$627,345	\$874,651	\$1,118,946	\$3,364,873
*Funds Held by Trustee	\$136,031	\$117,919	\$118,850	\$119,519	\$119,925	\$612,244
Available Balance (Est.)	\$229,510	\$260,071	\$508,495	\$755,132	\$999,021	\$2,752,629

Table 3

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

	Actuals 2005-2006	2006/2007	2007/2008	2008/2009	2009/2010	Total
July 1 Carryover Balance	(\$540,934)	(\$611,816)	(\$662,314)	(\$612,524)	(\$324,470)	(\$2,752,058)
Revenues						
Tax Increments (Gross)	\$419,563	\$445,000	\$452,000	\$460,000	\$467,000	\$2,243,563
Fees -Deducted Automatically by County of Los Angeles	(5,712)	6,000	6,000	6,000	6,000	18,288
Net Tax Increments	\$413,851	\$451,000	\$458,000	\$466,000	\$473,000	\$2,261,851
Interest Earnings	\$8,017	\$8,258	\$8,423	\$8,591	\$8,763	\$42,052
Total Revenue	\$421,868	\$459,258	\$466,423	\$474,591	\$481,763	\$2,303,903
Total Funds Available	(\$119,066)	(\$152,558)	(\$195,891)	(\$137,933)	\$157,293	(\$448,155)
Expenditures						
Administrative Expense						
Salaries	\$147	\$0	\$0	\$0	\$0	\$147
Overhead	78,790	80,366	81,973	83,613	85,285	410,026
Professional Services	0	0	0	0	0	0
Supplies	0	0	0	0	0	0
Total Administrative Expenses	\$78,937	\$80,366	\$81,973	\$83,613	\$85,285	\$410,174
Other Expenses						
Debt Payments						
1991 Bond Debt Service	\$229,900	\$229,890	\$233,550	\$0	\$0	\$693,340
<i>Business Assistance/Retention (Rebates)</i>						
Rydell OPA (thru FY 2007)	100,000	100,000	0	0	0	200,000
*Interest Due to PFA (Rydell OPA)	0	10,500	10,710	10,924	11,143	43,277
<i>ERAF Shift III (thru FY 2006)</i>	0	0	0	0	0	0
<i>Transfers to Housing Set Aside</i>	83,913	89,000	90,400	92,000	93,400	448,713
Total Other Expense	\$413,813	\$429,390	\$334,660	\$102,924	\$104,543	\$1,385,329
Total Expenditures	\$492,750	\$509,756	\$416,633	\$186,537	\$189,828	\$1,795,503
Balance (Est.)	(\$611,816)	(\$662,314)	(\$612,524)	(\$324,470)	(\$32,534)	(\$2,243,658)
*Funds Held by Trustee	\$229,900	\$229,890	\$233,550	\$0	\$0	\$693,340
Available Balance (Est.)	(\$841,716)	(\$892,204)	(\$846,074)	(\$324,470)	(\$32,534)	(\$2,936,998)

Table 4

**SAN FERNANDO REDEVELOPMENT AGENCY
PROJECT AREA #3 CASH FLOW PROJECTIONS
2005/06 - 2009/10**

	Actuals 2005-2006	2006/2007	2007/2008	2008/2009	2009/2010	Total
July 1 Carryover Balance	\$369,009	\$696,711	\$642,550	\$541,460	\$461,999	\$2,711,728
Revenues						
Tax Increments (Gross)	\$3,526,015	\$3,708,000	\$3,800,000	\$3,878,000	\$3,957,000	\$18,869,015
Pass Thru To Other Agency's	(825,953)	(876,000)	(894,000)	(913,000)	(931,000)	(4,439,953)
Statutory Tax-Sharing	0	(60,000)	(74,000)	(84,000)	(94,000)	(312,000)
Fees -Deducted Automatically by County of Los Angeles	(42,324)	(44,000)	(45,000)	(46,000)	(47,000)	(224,324)
Net Tax Increments	\$2,657,738	\$2,728,000	\$2,787,000	\$2,835,000	\$2,885,000	\$13,892,738
Interest Earnings	\$21,947	\$22,606	\$23,058	\$23,519	\$23,989	\$115,119
Total Revenue	\$2,679,685	\$2,750,606	\$2,810,058	\$2,858,519	\$2,908,989	\$14,007,857
Total Funds Available	\$3,048,694	\$3,447,316	\$3,452,607	\$3,399,979	\$3,370,988	\$16,719,585
Expenditures						
Administrative Expenses						
Salaries	\$31,844	\$40,000	\$41,400	\$42,849	\$44,349	\$200,442
Overhead	409,260	409,260	417,445	425,794	434,310	2,096,069
Professional Services	86,944	86,944	88,683	90,456	92,266	445,293
Supplies/Training/Memberships	17,157	0	0	0	0	17,157
Total Administrative Expenses	\$545,206	\$536,204	\$547,528	\$559,100	\$570,924	\$2,758,961
Other Expenses						
<i>Debt Payments</i>						
1998 Bond Debt Service	\$552,769	\$568,306	\$568,619	\$567,881	\$566,094	\$2,823,669
<i>Business Assistance/Retention (Rebates)</i>						
DDA - Eastman (thru Feb 2007)	304,762	244,257	0	0	0	549,019
<i>Public Facilities & Infrastructure</i>	0	65,000	0	0	0	65,000
2006 Bond Debt Service (Aquatic Center & City Yard)	0	0	1,000,000	1,000,000	1,000,000	3,000,000
10 Year Loan (Aquatics Project)	0	250,000	0	0	0	250,000
Letter of Credit (Aquatics Project)	34,500	35,000	35,000	35,000	35,000	174,500
Land Acquisition (Payment to City)	209,544	210,000	0	0	0	419,544
Total Public Facilities & Infrastructure	244,044	560,000	1,035,000	1,035,000	1,035,000	3,909,044
<i>ERAF Shift III (thru FY 2006)</i>	0	0	0	0	0	0
Project Improvements						
<i>Street Beautification</i>	0	120,000	0	0	0	120,000
Bike Master Plan	0	5,000	0	0	0	5,000
Parks Master Plan	0	30,000	0	0	0	30,000
Total Bike/Parks Master Plan	0	35,000	0	0	0	35,000
Total Project Improvements	\$0	\$155,000	\$0	\$0	\$0	\$155,000
<i>Transfers to Housing Set Aside</i>	\$705,203	\$741,000	\$760,000	\$776,000	\$791,000	\$3,773,803
Total Other Expense	\$1,806,778	\$2,268,563	\$2,363,619	\$2,378,881	\$2,392,094	\$11,210,535
Total Expenditures	\$2,351,983	\$2,804,767	\$2,911,147	\$2,937,981	\$2,963,018	\$13,969,496
Balance (Est.)	\$696,711	\$642,550	\$541,460	\$461,999	\$407,970	\$2,750,089
*Funds Held by Trustee	\$552,769	\$568,306	\$568,619	\$567,881	\$566,094	\$2,823,669
Available Balance (Est.)	\$143,942	\$74,244	(\$27,159)	(\$105,882)	(\$158,124)	(\$73,580)

Note - Italicized items require further review

Table 5

SAN FERNANDO REDEVELOPMENT AGENCY
PROJECT AREA #4 CASH FLOW PROJECTIONS

2005/06 - 2009/10

	Actuals 2005-2006	2006/2007	2007/2008	2008/2009	2009/2010	Total
July 1 Carryover Balance	\$20,928	\$57,635	(\$29,100)	\$6,773	\$5,662	\$61,897
Revenues						
Tax Increments (Gross)	\$249,923	\$303,000	\$316,000	\$330,000	\$344,000	\$1,542,923
Pass Thru To Other Agency's	(30,436)	(31,349)	(31,976)	(32,615)	(33,267)	(159,643)
AB1290	0	(61,000)	(63,000)	(68,000)	(74,000)	(266,000)
Fees -Deducted Automatically by County of Los Angeles	(2,995)	(4,000)	(4,000)	(4,000)	(4,000)	(18,995)
Net Tax Increments	\$216,492	\$206,651	\$217,024	\$225,385	\$232,733	\$1,098,285
Interest Earnings	6,000	6,180	6,304	6,430	6,558	31,472
Total Revenue	\$222,492	\$212,831	\$223,328	\$231,814	\$239,291	\$1,129,757
Total Funds Available	\$243,420	\$270,466	\$194,228	\$238,587	\$244,953	\$1,191,654
Expenditures						
Administrative Expenses						
Salaries	\$38,931	\$63,196	\$65,408	\$67,697	\$70,067	\$305,298
Overhead	8,470	8,470	8,639	8,812	8,988	43,380
Professional Services	400	400	408	416	424	2,049
Supplies	0	0	0	0	0	0
Total Administrative Expenses	\$47,801	\$72,066	\$74,455	\$76,925	\$79,479	\$350,727
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
Project Improvements	0	0	0	0	0	0
Street Beautification	0	0	0	0	0	0
Bike Master Plan	0	5,000	0	0	0	5,000
Parks Master Plan	0	0	0	0	0	0
Total Bike/Parks Master Plan	0	5,000	0	0	0	5,000
Public Facilities & Infrastruct	0	161,500	50,000	90,000	90,000	391,500
Transfer to Housing Set Aside	\$49,985	\$61,000	\$63,000	\$66,000	\$69,000	\$308,585
Total Other Expense	\$137,985	\$227,500	\$113,000	\$156,000	\$159,000	\$793,085
Total Expenditures	\$185,785	\$299,566	\$187,455	\$232,925	\$238,479	\$1,143,811
Balance (Est.)	\$57,635	(\$29,100)	\$6,773	\$5,662	\$6,473	\$47,842

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 Funding	Redevelopment
Public Facilities and Infrastructure Improvement Program	\$4,300,000	
Business Assistance and Retention Program	\$550,000	
Development of Vacant Properties	Land contribution	
Development Assistance	\$920,000	
Street Beautification – Maclay Avenue	\$240,000	
Park and Bikeway Master Plans	\$85,000	

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. Potential public improvements may include street and sidewalk improvements, sewer improvements, improvements to water distribution lines and electrical distribution improvements to better serve the existing community and support future development. Public park improvements may also be included under this program. An estimated \$530,000 will be used to plan, design, and construct improvements to the infrastructure.

In addition to infrastructure improvements, the Agency will contribute funds to Phase II of the San Fernando Regional Pool Facility project. Phase I involved construction of 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. Phase II involves construction of an adjacent 15,000 square foot two-story support facility consisting of a lobby, offices, dressing rooms, classrooms, locker rooms and multi-purpose rooms. Phase II also consists of all the hardscape and softscape for the entire project site. An estimated total of \$4,000,000 in Agency tax allocation bond proceeds will be provided as gap financing for Phase II of the Pool Facility project.

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.

The Redevelopment Agency will relocate the existing Public Works City Yard in 2007 due to the future sale of the current City Yard for private development. The City Yard houses field personnel, equipment, the City vehicular fleet, and meeting space. The current City Yard consists of 2.4 acres of land, with a 16,000 square foot one story building. The relocation of the City Yard involves purchase of an existing building, tenant improvements, and moving costs. Of the Agency's proposed \$10 million tax allocation bond, a total of \$6 million is projected to fund the new City Yard.

The proposed 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, the relocation of the City Yard site will "provide 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 an alternate location

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 two 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 \$550,000 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 of Vacant Properties: Vacant land and commercial properties are indicators of impaired investment and maladjustment. Vacant properties should be viewed as underutilized resources which 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.

Per the City's recently adopted San Fernando Corridors Specific Plan, the Redevelopment Agency will be considering development proposals for the future development of an approximate 40,000 square foot 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.

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 \$920,000 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. Potential projects to receive development assistance include the following:

-
- **Mixed Use Development Projects** at four locations currently utilized as public parking lots. These comparatively large scale projects have been proposed in response to the Agency's RFP, and will be developed pursuant to development agreements with the Agency. The four mixed use projects are in different stages of the development approval process, but can generally be described as follows:
 - **Parking Lots #8 and #10 (900 Celis Street).** 98 condominium units (20% affordable), 3 live-work units, 8,098 square feet ground floor commercial. (Status: DDA currently being considered by Agency; construction anticipated in spring of 2007).
 - **Parking Lot #3 (SE corner San Fernando Mission Blvd/Celis Street).** 84 condominium units (20% affordable), 9,100 square feet ground floor retail. (Status: Project in Design Review; construction anticipated in mid-2008).
 - **Parking Lot #4 (NW corner Brand Blvd/Truman St).** 89 moderately priced condominium units, 20,000 square feet commercial space. (Status: Construction anticipated in mid-2009).
 - **Parking Lot #5 (NW corner Maclay Ave/Truman St).** 76 moderately priced condominium units, 36,000 square feet restaurant/retail space. (Status: Construction anticipated in mid-2009).

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.

Street Beautification Program Maclay Avenue: This project involves design 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 will involve enhancements to the sidewalk, via new flowering street trees, lighting and street furniture to create a pleasant experience for people on foot. The program will also involve 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 is projected to cost approximately \$2.2 million, with the Agency contributing \$240,000 in tax increment towards the project.

Park and Bikeway Master Plans: 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 \$60,000 in funds to the Parks Master Plan. A Bicycle Master Plan is also being prepared for installation of a bike path to run along the Pacoima Wash in Project Areas 3 and 4. The Agency anticipates providing \$25,000 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 following goals from the City's 2000-2005 Housing Element establish the framework for Implementation Plan housing activities. In addition, numerous Housing Element policies provide further direction for the Agency's housing-related activities. The programs outlined in the Implementation Plan are consistent with, and further the goals and policies of the Housing Element.

- Maintain and enhance the quality of existing residential housing and neighborhoods in San Fernando.

Policy: Promote the rehabilitation of substandard and deteriorating housing

Policy: Encourage the maintenance and repair of existing housing to prevent deterioration of housing in the City.

Policy: Provide focused code enforcement and rehabilitation efforts in targeted neighborhoods to achieve substantive neighborhood improvements.

Policy: Promote efforts to remove substandard units which can not be rehabilitated.

Policy: Develop property maintenance controls and/or programs designed to encourage proper levels of property upkeep.

Policy: Work to alleviate overcrowding by permitting owners to add bedrooms, bath, and additional living areas in existing homes.

Policy: Work to alleviate illegal conversions of garages and patios, and subdivision of single-family units with code enforcement, supported by rehabilitation assistance programs.

- Provide increased opportunities for low- and moderate-income households to become first-time homebuyers.

Policy: Administer a down payment assistance program using redevelopment set-aside funds and County funds to provide low and moderate-income residents the option of home purchase.

Policy: Participate in the Mortgage Credit Certificate (MCC) program to allow first-time homebuyers to earn tax credits of up to 20 percent of paid mortgage interest.

- Promote the adequate provision of affordable housing in a range of unit types and sizes to meet the existing and future needs of San Fernando's residents.

Policy: Encourage both the private and public sectors to produce or assist in the production of housing, with particular emphasis placed on housing affordable to lower income households, as well as housing that meets the needs of the disabled, the elderly, large families, and female-headed households with children.

Policy: Continue to provide adequate sites to facilitate the development of a range of residential development types in San Fernando which fulfill regional housing needs, including low density single-family units, and moderate to higher density single-family attached and multiple-family units.

Policy: Provide adequate infrastructure to accommodate future residential development.

- Promote fair housing practices for all residents.

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. The Agency estimates approximately \$5.6 million will be generated in redevelopment housing set-aside funds during the five-year period, with an additional \$1.8 million in “other income” (interest income, loan repayments, etc.), totaling \$7.4 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	2006-07	2007-08	2008-09	2009-10	Total
Set-Aside Income	\$1,128,165	\$1,082,000	\$1,099,000	\$1,136,000	\$1,160,000	\$5,605,165
Loan Repayments	348,701	40,000	40,800	41,616	42,448	513,565
FTHB Equity Share on Loans	312,939	30,000	30,600	31,212	31,836	436,587
Sale of 551 Kalisher du			450,000			450,000
Mixed Use /Parking Lot- Add’ Tax Increment					400,000	400,000
Interest Earnings	3,096	3,189	3,253	3,318	3,384	16,240
Total Revenue	\$1,792,901	\$1,155,189	\$1,623,653	\$1,212,146	\$1,637,669	\$7,421,557

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 2004-05 HCD Annual Report identifies the Agency’s adjusted unencumbered Low and Moderate Income Housing (LMI) fund balance as \$816,814 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 01-02 through FY 04-05) as \$3,174,512. As these past set-aside contributions (\$3.1 million) exceed the actual unencumbered fund balance (\$800,000), 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 Implementation Plan cycle, the San Fernando Redevelopment Agency assisted in development 96 units of affordable senior housing, residential rehabilitation, homebuyer assistance, and relocation assistance/construction of two affordable units. The Agency is currently assisting in the development of several mixed income residential/commercial mixed use housing projects. Table 8 summarizes the Agency's housing activities during the 2000-2005 Implementation Plan time frame.

**TABLE 8
REDEVELOPMENT HOUSING PROGRAM ACCOMPLISHMENTS: 2001-June 2005**

Housing Projects	# Units by Income Category	Housing 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) - under construction	11very low, 40 income	
Relocation Assistance/Construction of Single-Family Residence and Accessory Dwelling Unit (561 S. Kalisher Street)	2 moderate income	\$190,000
Residential Rehabilitation Loan Program	14 very low, 28 low, 8 moderate	\$894,514
First-Time Homebuyer Program	41moderate income	\$994,441

Annual Housing Production and Assistance Goals

Table 9 presents the Agency's low and moderate income cash flow and proposed annual Housing Set-Aside expenditures, and Table 10 shows the goals for the number of units to be assisted during this Implementation Plan. A description of specific programs which may be implemented is contained in the following section. As part of the City's comprehensive update to its Housing Element in 2007/2008, the City will further define the specific structure of its housing programs, including those funded through the Redevelopment Housing Set-Aside fund.

TABLE 9

SAN FERNANDO REDEVELOPMENT AGENCY
LOW/MOD HOUSING FUND CASH FLOW AND ALLOCATIONS
2005/06 - 2009/10

	Actuals 2005-2006	2006-07	2007-08	2008-09	2009-10	Total
July 1 Carryover Balance	\$709,328	\$1,227,034	\$479,748	\$345,007	\$17,405	\$2,778,521
Revenues						
Housing Set Aside						
Project 1	\$93,514	\$90,000	\$82,000	\$95,000	\$97,000	\$457,514
Project 1A	101,297	101,000	104,000	107,000	110,000	523,297
Project 2	178,167	89,000	90,000	92,000	93,000	542,167
Project 3	234,748	240,000	249,000	254,000	259,000	1,236,748
Project 3A	470,455	501,000	511,000	522,000	532,000	2,536,455
Project 4	49,984	61,000	63,000	66,000	69,000	308,984
Total Projections	\$1,128,165	\$1,082,000	\$1,099,000	\$1,136,000	\$1,160,000	5,605,165
Loan Repayments	348,701	40,000	40,800	41,616	42,448	513,565
FTHB Equity Share on Loans	312,939	30,000	30,600	31,212	31,836	436,587
Sale of 551 Kalisher d.u.			450,000			450,000
Mixed Used Parking Lot: Additional TI					400,000	400,000
Interest Earnings	3,096	3,189	3,253	3,318	3,384	16,240
Total Revenue	\$1,792,901	\$1,155,189	\$1,623,653	\$1,212,146	\$1,637,669	\$7,421,557
Total Funds Available	\$2,502,229	\$2,382,223	\$2,103,400	\$1,557,153	\$1,655,074	\$10,200,078
Expenditures						
<i>Administrative Expenses:</i>						
Salaries	\$341,500	\$51,787	\$53,600	\$55,476	\$57,417	\$559,779
Overhead	209,490	209,490	213,680	217,953	222,312	1,072,926
Professional Services	0	9,300	9,486	9,676	9,869	38,331
Supplies/Capital Expenses	6,700	500	510	520	531	8,761
Total Administrative	\$557,690	\$271,077	\$277,275	\$283,625	\$290,129	\$1,679,797
<i>Housing Programs</i>						
<i>First Time Homebuyers Program</i>	\$225,000	\$0	\$0	\$0	\$0	\$225,000
Single Family						
Single Family- Rehab Loan Program	300,000	300,000	300,000	300,000	300,000	1,500,000
Single Family- Rehab (Salaries)	0	37,902	39,229	40,602	42,023	159,755
Single Family	300,000	337,902	339,229	340,602	342,023	1,693,755
Single Family Grant Program	0	10,000	10,000	10,000	4,000	34,000
Apartment Inspection Program	0	156,000	156,000	156,000	156,000	624,000
Housing Planning	0	60,000	0	60,000	60,000	180,000
	0	226,000	166,000	226,000	220,000	838,000
<i>Neighborhood Preservation</i>						
(Code Enforcement-salaries)	0	140,353	145,265	150,350	155,612	591,580
Neighborhood Preservation	0	140,353	145,265	150,350	155,612	591,580
Neighborhood Revitalization (CAP)		100,000				100,000
Neighborhood Revitalization (Salaries)	0	35,777	37,029	38,325	39,667	150,798
Neighborhood Revitalization	0	135,777	37,029	38,325	39,667	250,798
Housing Assistance	0	254,835	500,000	200,000	300,000	1,254,835
Construction of 551 Kalisher d.u.		250,000				
Housing Assistance (Salaries)	0	88,881	91,992	95,212	98,544	374,628
Housing Assistance	0	593,716	591,992	295,212	398,544	1,879,463
Total Housing Programs	\$525,000	\$1,433,748	\$1,279,515	\$1,050,488	\$1,155,845	\$5,444,596
<i>Senior Housing Project:</i>						
Relocation Costs	\$37,505	\$42,650	\$43,503	\$44,373	\$45,261	\$213,292
CHFA Loan Repayment 8 yrs	155,000	155,000	158,100	161,262	164,487	793,849
Total Senior Housing Project	\$192,505	\$197,650	\$201,603	\$205,635	\$209,748	\$1,007,141
Total Expenditures	\$1,275,195	\$1,902,475	\$1,758,393	\$1,539,748	\$1,655,722	\$8,131,533
Balance (Est.)	\$1,227,034	\$479,748	\$345,007	\$17,405	(\$649)	\$2,068,544

**TABLE 10
LOW AND MODERATE INCOME HOUSING ASSISTANCE GOALS**

Project/Program	Units to be Assisted					Total
	FY 05-06 (Actual)	FY 06-07	FY 07-08	FY 08-09	FY 09-10	
Affordable Housing Development Assistance		1	20	17	33	71
Senior Housing Development	96					96
Residential Rehabilitation Programs	10	7	7	7	7	38
Single-Family Grant Program		2				2

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

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.

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 2000-2005 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%

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 senior housing to no greater than the proportion of seniors in the City's population. According to the 2000 Census, persons over the age of 65 comprise 7% of San Fernando's population, and therefore no more than 7% 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 period can provide guidance on any adjustments necessary over the longer compliance period. As evidenced by Table 11, of the \$5.2 million allocated towards projects and programs between 2002/03-2009/10, 32% is allocated towards very low income households, 43% towards low income households, and 25% towards moderate income households. While the Agency exceeds its 27% proportional requirement for low income households and 33% target for moderate income households, expenditures on very low income households fall below the 40% 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 60% of Agency expenditures are directed towards seniors age 65 and above, well above the 7% 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. Agency support of mixed use projects within the San Fernando Corridors specific Plan is consistent with this goal.

In order 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. In addition, the City will be receiving updated regional housing needs figures from SCAG as part of the next 2008-2012 Housing Element, likely requiring adjustments to the Implementation Plan's income targeting thresholds.

**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 Avenue Senior*	\$2,193,542	\$1,140,642	\$1,052,900		\$2,193,542	
Mixed Use Projects** 900 Celis St	\$500,000			\$500,000		\$500,000
SF Mission Blvd/Celis St	To be determined					
Brand Blvd/Truman St	To be determined					
Maclay Ave/Truman St	To be determined					
1320 San Fernando Road	To be determined					
Other Development Assistance 551 S. Kalisher Street	\$250,000			\$250,000	\$250,000	
Rehabilitation Program*** 2002-2006 Expenditures	\$939,412	\$217,181	\$539,416	\$182,815	\$300,000	\$639,412
Future Expenditures	\$1,200,000	\$300,000	\$660,000	\$240,000	\$400,000	\$800,000
Homeownership Assistance	\$170,988			\$170,988		\$170,988
Expenditures	\$5,253,942	\$1,657,823	\$2,252,316	\$1,343,803	\$3,143,542	\$2,110,400
Proportional Expenditures		32%	43%	25%	60%	40%
Expenditure Targets		40%	27%	33%	7%	93%

Notes:

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

** Low/Mod expenditure on Celis St project reflects available Housing Development Assistance funds to be leveraged with other public and private funding sources. Subsidy levels on remaining mixed use projects have yet to be defined, and will also necessitate leverage of set-aside funds with outside 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, the Agency will provide funds to assist first-time homebuyers in the purchase of affordable units within the mixed use projects.

To date, the following four mixed-use projects have been proposed:

- **Parking Lots #8 and #10 (900 Celis Street).** 98 condominium units (20% affordable), 3 live-work units, 8,098 square feet ground floor commercial **Parking Lot #3 (SE corner San Fernando Mission Blvd/Celis Street).** 84 condominium units (20% affordable), 9,100 square feet ground floor retail.
- **Parking Lot #4 (NW corner Brand Blvd/Truman St).** 89 moderately priced condominium units, 20,000 square feet commercial space.
- **Parking Lot #5 (NW corner Maclay Ave/Truman St).** 76 moderately priced condominium units, 36,000 square feet restaurant/retail space.

During the Implementation Plan period, it is anticipated that these four sites will all be developed. The estimated number of units is as follows:

Site	Unit Potential	Estimated Low/Mod Units
Lot #3	84	17
Lot #4	89	18
Lot #5	76	15
Lot #8/#10	101	20

In addition, during the upcoming Implementation Plan reporting cycle the City will be developing an approximate 5,000 square foot Agency-owned parcel at 551 S. Kalisher Street with one affordable housing unit. The prefabricated structure would be constructed and subsequently made available as an affordable housing unit. The proposed development would be undertaken during Fiscal Year 2006-2007

Finally, the Redevelopment Agency will be considering development proposals for the future development of an approximate 40,000 square foot Agency-owned vacant parcel located at 1320 San Fernando Road. Pursuant the San Fernando Corridors Specific Plan, it is anticipated 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, 20 percent, or 9 of which would be made affordable. 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. Applications are currently being accepted.
- 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. Applications are currently being accepted.

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.

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's goal is to assist 38 households under the residential rehabilitation programs over the five year Implementation Plan period.

Apartment Inspection Program: The City has initiated a multi-family residential inspection program, and will utilize 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.

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.

Neighborhood Preservation and Revitalization Program: The Agency implements a neighborhood preservation and revitalization program comprised of both code enforcement and "CAP", Community Action Plan for Neighborhood Protection and Preservation. The CAP 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. The CAP will also work to increase outreach to residents in identified neighborhood focus areas adversely affected by nuisances at problem properties.

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 efforts anticipated during the Implementation Plan period include preparation of the following documents: 2008-2013 Housing Element, 2005-2010 Redevelopment and Housing Implementation Plan, and update to the San Fernando Corridors Specific Plan.

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 2006 identify an additional 56 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 159 dwelling units (51+56+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 Jesse 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.

The Agency anticipates moving forward with the following four mixed-use projects on five of the parking lots:

- **Parking Lots #8 and #10 (900 Celis Street).** 98 condominium units (20% affordable), 3 live-work units, 8098 square feet ground floor commercial.

- **Parking Lot #3 (SE corner San Fernando Mission Blvd/Celis Street).** 84 condominium units (20% affordable), 9,100 square feet ground floor retail.
- **Parking Lot #4 (NW corner Brand Blvd/Truman St).** 89 moderately priced condominium units, 20,000 square feet commercial space.
- **Parking Lot #5 (NW corner Maclay Ave/Truman St).** 76 moderately priced condominium units, 36,000 square feet restaurant/retail space.

The estimated number of units on these sites is as follows:

Site	Unit Potential	Estimated Low/Mod Units
Lot #3	84	17
Lot #4	89	18
Lot #5	76	15
Lot #8/#10	101	20

In addition to these four 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.