FINAL

San Fernando Redevelopment Plan Amendments

Report to Council

Prepared for:

Redevelopment Agency of the City of San Fernando

May 2010

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Appendices

I. Introduction

The Redevelopment Agency of the City of San Fernando (Agency) is preparing an interrelated set of proposed redevelopment plan amendments (Plan Amendments) to the redevelopment plans for the Agency's four Redevelopment Project Areas (Project Areas), namely Project Areas 1, 2, 3, and 4.[1] The Agency is preparing the Plan Amendments for consideration by the City Council of the City of San Fernando (City Council) in June 2010. The purpose of the Plan Amendments is to provide the Agency with the financial and legal resources and tools needed to complete the Agency's projects and activities aimed at alleviating blight in the Project Areas.

A. Overview of the Report to Council

This document serves as the Report to Council for the Plan Amendments (Report), as required by Section 33352 of the California Community Redevelopment Law (CRL), a part of the California Health and Safety Code.[2] The Report to Council is an integral step in the process leading to consideration of the Plan Amendments. It is the public document designed to provide the comprehensive information, analyses and evidence the City Council must consider when determining whether or not to adopt the Plan Amendments. The Report to Council is of value to all participants in the Plan Amendment process, as a statement of program needs, goals, activities, and costs. This Report to Council has been prepared pursuant to the requirements of the CRL.

1. Chapter Organization

This chapter is organized into the following sections:

A. Overview of the Report to Council
B. Summary of the Plan Amendments
C. Background on Project Areas
D. Reasons for the Plan Amendments
E. Conformity with the General Plan
F. CRL Requirements for the Report to Council
G. Overview of the Plan Amendment Process and Public Agency Actions

2. Report Organization

The Report to Council describes the reasons for the Plan Amendments, highlights redevelopment activities undertaken by the Agency and the private sector to date, documents blighting conditions remaining in the Project Areas, and summarizes the projects and activities of the consolidated Redevelopment Program for the Project Areas (Redevelopment Program). The Report to Council

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[1] The boundaries of Project Areas 1 and 3 have been amended to add territory, thus creating Project Areas 1A and 3A, which have different time and fiscal limits than the original Project Areas 1 and 3. Project Areas 1A and 3A are also subject to changes by the Plan Amendments.

[2] Health & Safety Code Section 33000 et seq. All code section references used in the Report to Council refer to the California Community Redevelopment Law (CRL) unless otherwise specified.

also provides a preliminary assessment of financing methods and economic feasibility of the Plan Amendments.

The Report to Council is organized into the following chapters:

- Chapter I presents a general overview and background of the existing Redevelopment Plans and the proposed Plan Amendments, summarizes the reasons for the Plan Amendments, describes the goals of the Plan Amendments, outlines the relevant CRL requirements, and presents the process for adoption of the Plan Amendments.
- Chapter II documents adverse physical and economic conditions remaining in each of the Project Areas.
- Chapter III presents the proposed consolidated Redevelopment Program for all Project Areas, and the redevelopment goals and objectives for the Project Areas. This chapter also describes how the proposed Redevelopment Program will alleviate the adverse conditions described in Chapter II and summarizes the anticipated cost of the Redevelopment Program.
- Chapter IV analyzes the financial feasibility of the Plan Amendments. It describes the alternative funding resources available to the Agency to accomplish the Redevelopment Program, details tax increment financing, and presents projections of the tax increment revenue that will be generated in the Project Areas. This chapter also demonstrates the need for the proposed increases in tax increment fiscal limits in order to fund the Redevelopment Program described in Chapter III and alleviate the remaining adverse physical and economic conditions of each of the Project Areas documented in Chapter II.
- Chapter V discusses the Implementation Plan requirement, and refers to the Five-Year Implementation Plan, which is included in Appendix G. The Implementation Plan outlines statutory requirements for non-housing programs as well as affordable housing activities. The Implementation Plan also sets forth the Agency's goals, objectives, programs, and expenditures for the Agency's five-year Implementation Plan period, including program priorities and expenditure estimates.
- Chapter VI describes the requirement for a relocation plan to address relocation of persons or families that may be displaced due to redevelopment activities.
- Chapter VII describes the Preliminary Plan requirement.
- Chapter VIII discusses the Planning Commission report and recommendations for the Plan Amendments.
- Chapter IX summarizes opportunities for public review of and comment on the Plan Amendments.
- Chapter X contains, by reference, the Negative Declaration for the Plan Amendments, prepared in accordance with the California Environmental Quality Act (CEQA).
- Chapter XI describes the requirements related to the Report of the County Fiscal Officer.
- Chapter XII includes a summary of the consultations with affected taxing agencies.
- Chapter XIII includes the Neighborhood Impact Report.

The Report to Council also contains several appendices, which include supporting documentation and background information for the Plan Amendments and this Report, as follows:

- Appendix A provides definitions of key words and terms used throughout this Report to Council and a list of sources used to prepare the Report.
- Appendix B includes the Existing Conditions Survey documentation.

- Appendix C contains photographic documentation of the physical and economic blighting conditions presented in Chapter II.
- Appendix D summarizes the primary, secondary and complementary funding sources that may be available to finance the Redevelopment Program.
- Appendix E presents the tax increment revenue projections used in the financial feasibility analysis in Chapter IV.
- Appendix F presents documentation of consultations with affected taxing entities, including the initial courtesy letter sent to affected taxing entities.
- Appendix G contains the FY 2005/06 – FY 2009/10 Five-Year Implementation Plan Mid-Term Update.
- Appendix H presents the Community Participation Documents.
- Appendix I presents the Draft Amended and Restated Redevelopment Plan.
- Appendix J contains a detailed breakdown of projects and activities under the Redevelopment Program, as well as their location and costs.

B. Summary of the Plan Amendments

The fundamental purpose of the Plan Amendments is to provide the Agency with the necessary financial and legal resources and tools to complete the Redevelopment Program in the Project Areas in order to:

- Eliminate the remaining identified blight in the Project Areas;
- Facilitate the economic development of the Project Areas including the provision of additional job opportunities for residents of the Project Areas;
- Provide or assist in construction of infrastructure improvements; and
- Provide additional quality affordable housing for low and moderate-income residents of San Fernando.

The Plan Amendments are considered a "major" amendment, which requires an adoption process that parallels the adoption of a new redevelopment plan (CRL Section 33354.6). This process started with the preparation of the Preliminary Report, and includes the preparation of this Report to Council. In addition, pursuant to the recent addition of Section 33451.5 of the CRL, the Agency has also submitted a Report to the State Departments, containing information similar to this Report to Council plus certain additional information.

The Plan Amendments would:

- Fiscally merge all Project Areas so that tax increment revenues generated by each project area that are allocated to the Agency may, with certain exceptions, be allocated to any of the Project Areas for the purpose of paying the principal of, and interest on, indebtedness incurred by the Agency to finance or refinance, in whole or in part, the fiscally-merged Project Areas (Fiscal Merger).[3]

[3] Any indebtedness incurred by an individual Project Area prior to the Plan Amendments would continue to be the sole responsibility of the individual Project Area from which tax increment was pledged to repay that indebtedness.

- Replace individual limits on the amount of tax increment revenue that may be collected by the Agency from individual project areas with a combined limit of $267 million for all of the Project Areas, except Project Area 4;[4]
- Replace individual limits on the principal amount of bonded indebtedness secured by tax increment revenue that may be outstanding at any time from individual Project Areas or the fiscally-merged Project Areas with a combined limit of $80 million;[5]
- Extend the time limit for the effectiveness of the Redevelopment Plans for Project Areas 1A, 2, 3, and 3A to the maximum time limits allowed under AB 1290;
- Extend the time limits for the repayments of indebtedness and the receipt of tax increment revenues for Project Areas 1A, 2, 3, and 3A to the maximum time limit allowed under AB 1290;
- Extend the time limit for establishing loans, advances and indebtedness to be repaid with the proceeds from tax increment revenues derived from Project Area 4 by ten years, to July 18, 2024;
- Ensure that the land uses permitted by the individual Redevelopment Plans are consistent with those land uses permitted by the City of San Fernando (City) General Plan and Zoning Ordinance, as amended from time to time; and
- Make technical revisions or clarifying changes to all Redevelopment Plans.

The Plan Amendments would consolidate the individual Redevelopment Plans for each Project Area with a consolidated Amended and Restated Redevelopment Plan for the fiscally merged Project Areas. This Report to Council refers to the Plan Amendments and Amended and Restated Redevelopment Plan interchangeably.

C. Background on Project Areas

The Project Areas were originally adopted between 1966 and 1994 under the blight definitions in effect at the time that each Redevelopment Plan was adopted. Table I-1 summarizes time and fiscal limits for the Project Areas. Figure I-1 shows the location of all of the Project Areas. Although the Plan Amendments would fiscally merge the Project Areas, this report refers to the individual Project Areas when discussing the existing conditions of each location under the Plan Amendments. The remainder of this section describes each Project Area in more detail.

[4] The CRL does not require a tax increment cap for project areas adopted on or after January 1, 1994. Project Area 4 was adopted on July 18, 1994 and therefore does not have a tax increment collection cap.

[5] Project Area 2, which does not currently have a limit on outstanding bonded indebtedness, would be subject to the combined bonded indebtedness limit of $80 million under the Plan Amendments.

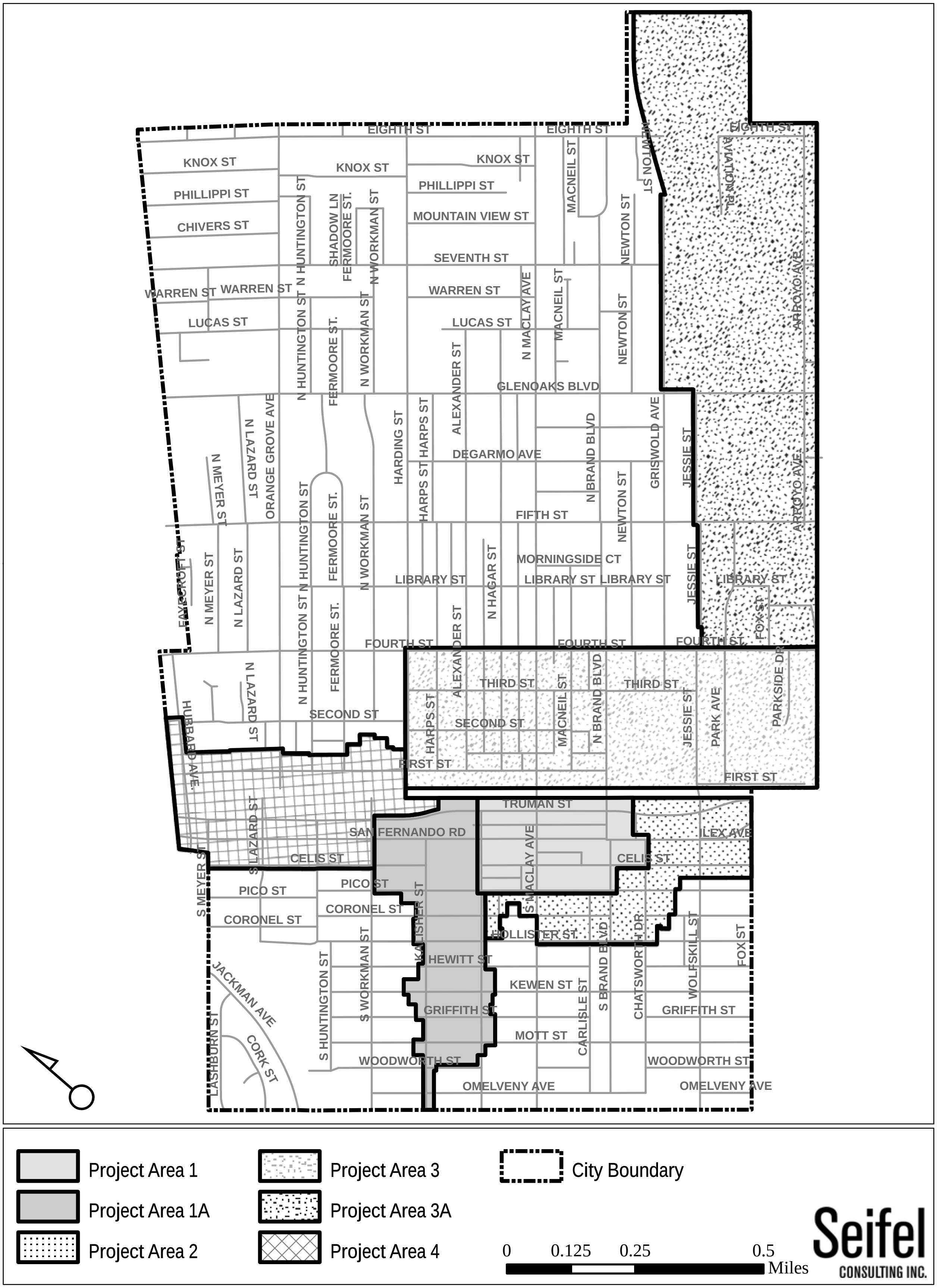
Table I-1
Summary of Existing and Proposed Time and Fiscal Limits
San Fernando Redevelopment Plan Amendments

		Project Area					
		1	**1A**	**2**	**3**	**3A**	**4**
Date of Plan Adoption		5/26/66	6/27/88	8/21/72	6/18/73	4/4/83	7/18/94
Time Limits							
Debt Issuance	Existing	Eliminated[a]	Eliminated[a]	Eliminated[a]	Eliminated[a]	Eliminated[a]	7/18/14
	Proposed	No Change	No Change	No Change	No Change	No Change	7/18/24
Plan Effectiveness	Existing	1/1/12	6/27/21	8/21/10	6/18/11	4/4/21	7/17/26
	Proposed	No Change	6/27/29	8/21/15	6/18/16	4/4/26	No Change
Receipt of Tax Increment	Existing	1/1/22	6/27/31	8/21/20	6/18/21	4/4/28	7/18/41
	Proposed	No Change	6/27/39	8/21/25	6/18/26	4/4/36	No Change
Eminent Domain	Existing	1/1/10	11/15/10	11/15/10	6/18/09	11/15/10	7/17/06
	Proposed	No Change	No Change	No Change	No Change	No Change	No Change
Fiscal Limits							
Tax Increment Collection	Existing	$25 Million	$16 Million	$36 Million	$140 Million	$50 Million	No Limit
	Proposed	$267 Million Combined					No Limit
Outstanding Bonded Indebtedness	Existing	$15 Million Combined		No Limit	$20 Million Combined		$12.5 Million
	Proposed	$80 Million Combined					

a. Time limit on debt issuance for Project Areas 1, 1A, 2, 3, and 3A eliminated by Ordinance No. 1573 in August 2006.

Source: Redevelopment Agency of the City of San Fernando.

Figure I-1
Location of Project Areas
San Fernando Redevelopment Project Areas



1. Project Area 1

Project Area 1 contains approximately 90 acres and encompasses the historic central business district of San Fernando. The Redevelopment Plan for the original portion of Project Area 1 (Project Area 1) was adopted in 1966, amended in 1971, and amended again in 1984 to reflect minor adjustments in parcel lines. The original Project Area 1 contained a ten-block area bounded by Pico Street, the Southern Pacific Railroad right-of-way, San Fernando Mission Boulevard, and Chatsworth Drive. In 1988, the Agency amended the plan further by adding territory to Project Area 1 (Project Area 1A). Project Area 1 as amended to include Project Area 1A forms an "L" shape between Workman Street and San Fernando Mission Boulevard from O'Melveney Street to the railroad right-of-way, and between the railroad right-of-way and Pico Street from Workman Street to Chatsworth Drive. Figure I-2 shows the boundaries of Project Area 1, as amended to include Project Area 1A.

Project Area 1 encompasses most of the San Fernando Mall and the strip malls along Truman Street. Project Area 1A also includes a large grocery store and residential properties between Kalisher Street and Mission Street south of Pico Street.

2. Project Area 2

Project Area 2 contains approximately 56 acres and is located between Hollister Street and the Southern Pacific Railroad right-of-way, bounded by Project Areas 1 and 1A to the west and the City of Los Angeles on the east. The Redevelopment Plan for Project Area 2 was adopted in 1972 and amended in 1986, 1994 and 1998. Figure I-3 shows the boundaries of Project Area 2.

Project Area 2 includes automobile dealerships between Truman Street and San Fernando Road as well as industrial properties on both sides of Celis Street. Project Area 2 also includes commercial, residential and public land uses.

3. Project Area 3

The 365-acre Project Area 3 is located north of the Southern Pacific Railroad right-of-way, adjacent to the border of the City of Los Angeles. The Redevelopment Plan for the original portion of Project Area 3 (Project Area 3, or Civic Center Redevelopment Project Area) was adopted in 1973 and amended in 1983 to add the industrial area (Project Area 3A). The original portion of Project Area 3 is a rectangle bounded by Fourth Street to the north, Harding Avenue to the west, the Southern Pacific Railroad right-of-way to the south, and the City of Los Angeles to the east. The area added in 1983 is situated between Fourth Street and Foothill Boulevard along the Pacoima Wash and Arroyo Avenue. Figure I-4 shows the boundaries of Project Area 3, as amended to include Project Area 3A.

Project Area 3 encompasses a variety of land uses. The original Civic Center Project Area includes civic uses such as City Hall, Los Angeles County Courthouse, the San Fernando Regional Pool Facility, and San Fernando Middle School; commercial properties along Maclay Avenue; and a mix of industrial and residential land uses west of Maclay and along Park Avenue. Project Area 3A is comprised mostly of industrial properties on both sides of the Pacoima Wash and Arroyo Avenue, and a large regional shopping center on Foothill Boulevard at the north end.

Figure I-2
Project Area 1
San Fernando Redevelopment Project Areas

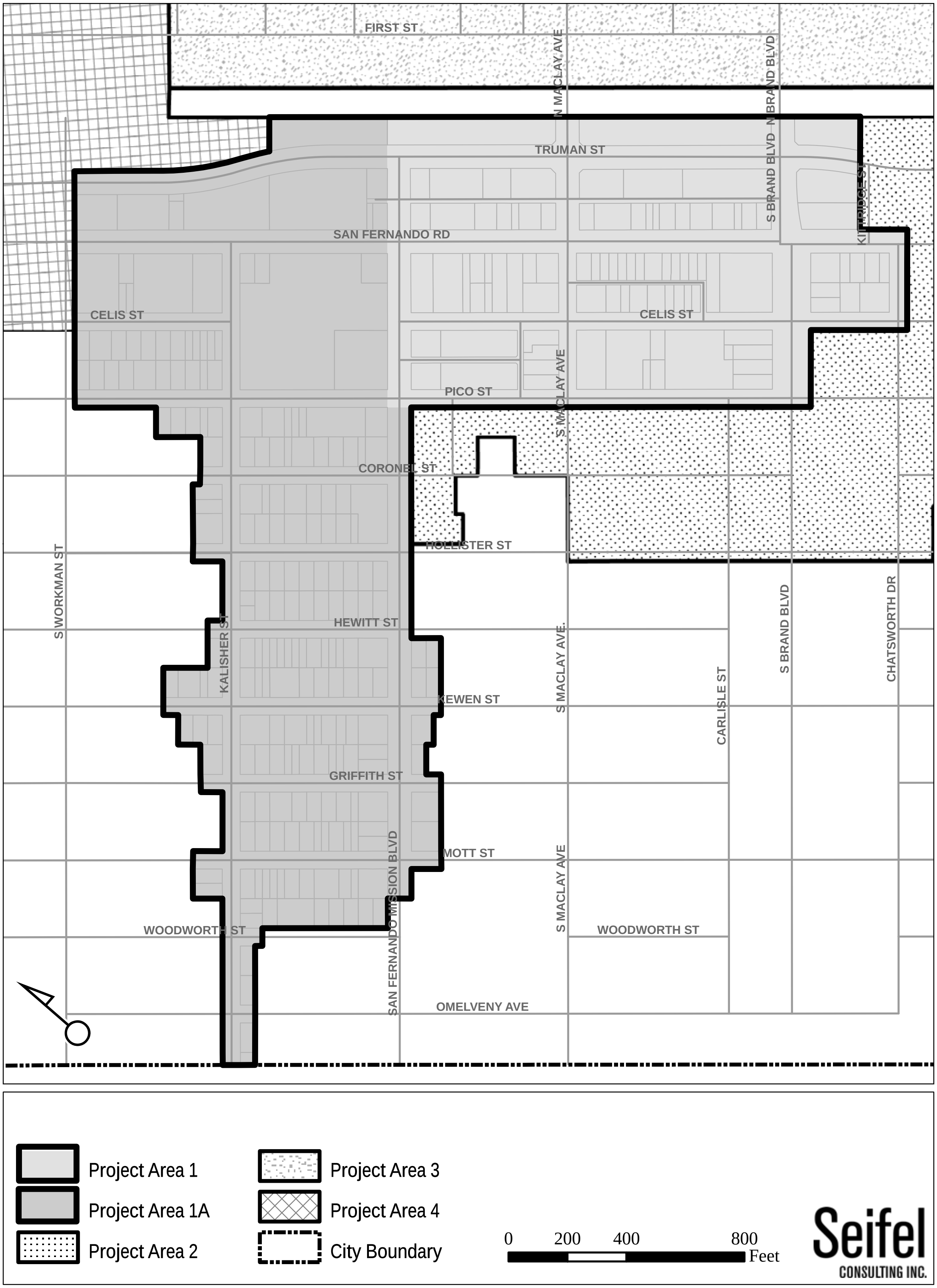
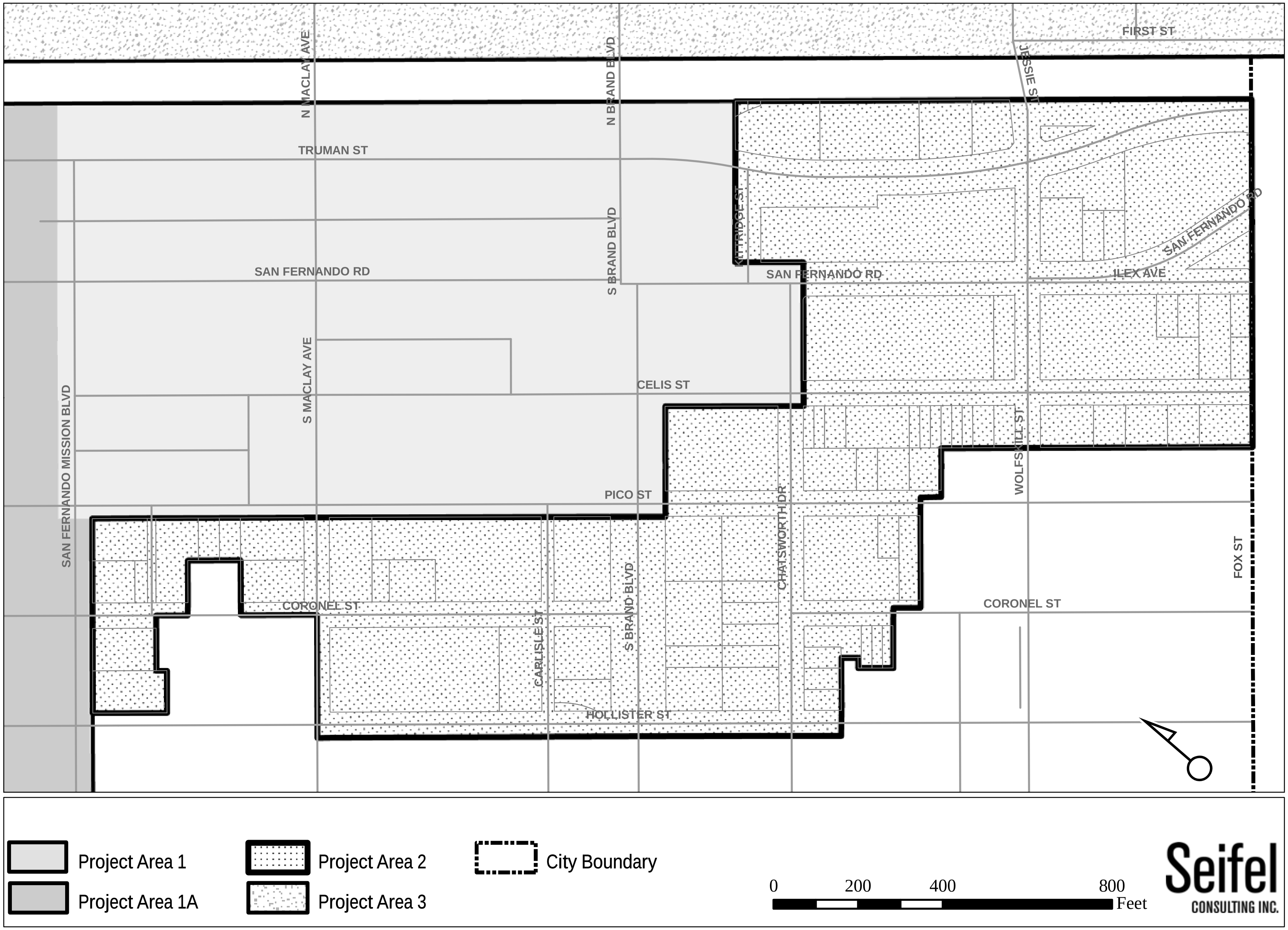


Figure I-3
Project Area 2
San Fernando Redevelopment Project Areas



4. Project Area 4

Project Area 4 is approximately 57 acres and was selected and adopted in 1994 due to the impact of the Northridge Earthquake. The Redevelopment Plan for Project Area 4 was adopted in accordance with the Community Redevelopment Assistance and Disaster Project Law (CRL Part 1.5, §34000 et. seq.), which modifies certain procedural requirements of the CRL. Project Area 4 forms an irregular shape, which is shown in Figure I-5. Project Area 4 includes a mixture of land uses, including industrial, commercial, medium-density residential, vacant land, and railroad right-of-way.

D. Reasons for the Plan Amendments

Although significant progress has been made in alleviating blight and revitalizing the Project Areas, blighting conditions present in the Project Areas continue to burden the community. The primary reasons for the Plan Amendments are the following:

- Achieve the goals of the Redevelopment Plans;
- Implement the existing Redevelopment Program described in Chapter III;
- Accelerate the alleviation of the physical and economic blighting conditions that are present in the Project Areas;
- Provide flexibility to combine and focus revenues generated by different Project Areas on the needs of a particular Project Area; and
- Adjust focus over time to Project Areas with remaining blighting conditions so that the community's overall redevelopment needs can be addressed in a more efficient and effective manner.

Many of the blighting conditions identified in each of the Project Areas at the time of adoption persist today. These conditions include:

- Structurally deficient or deteriorated buildings that are unsafe and/or unhealthy for persons to occupy;
- Depreciated or stagnant property values;
- Indicators of economically distressed buildings, such as an abnormally high number of vacant business and abnormally low commercial lease rates;
- Serious residential overcrowding;
- High crime rates; and
- Inadequate public improvements.

Figure I-4
Project Area 3
San Fernando Redevelopment Project Areas

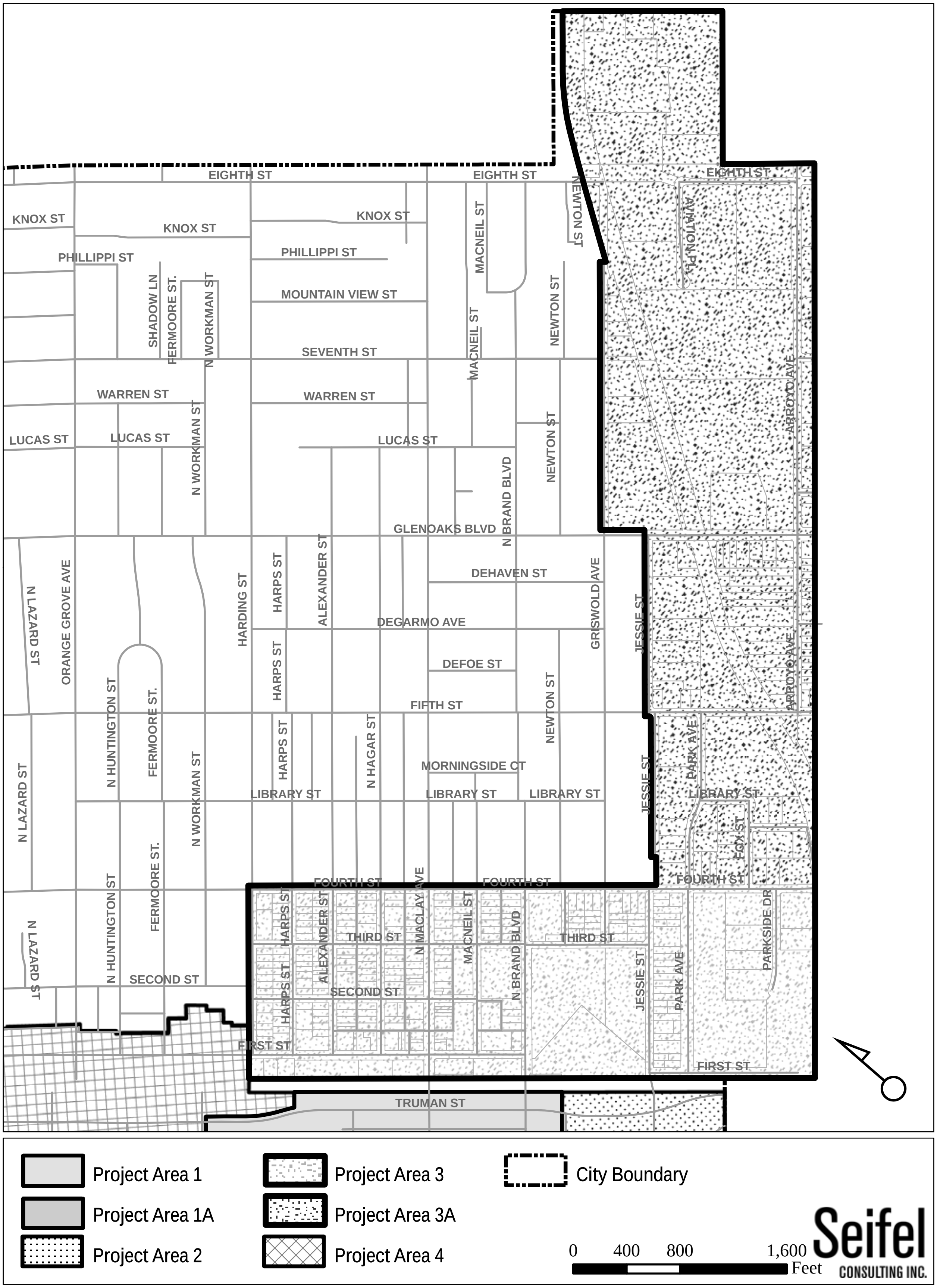
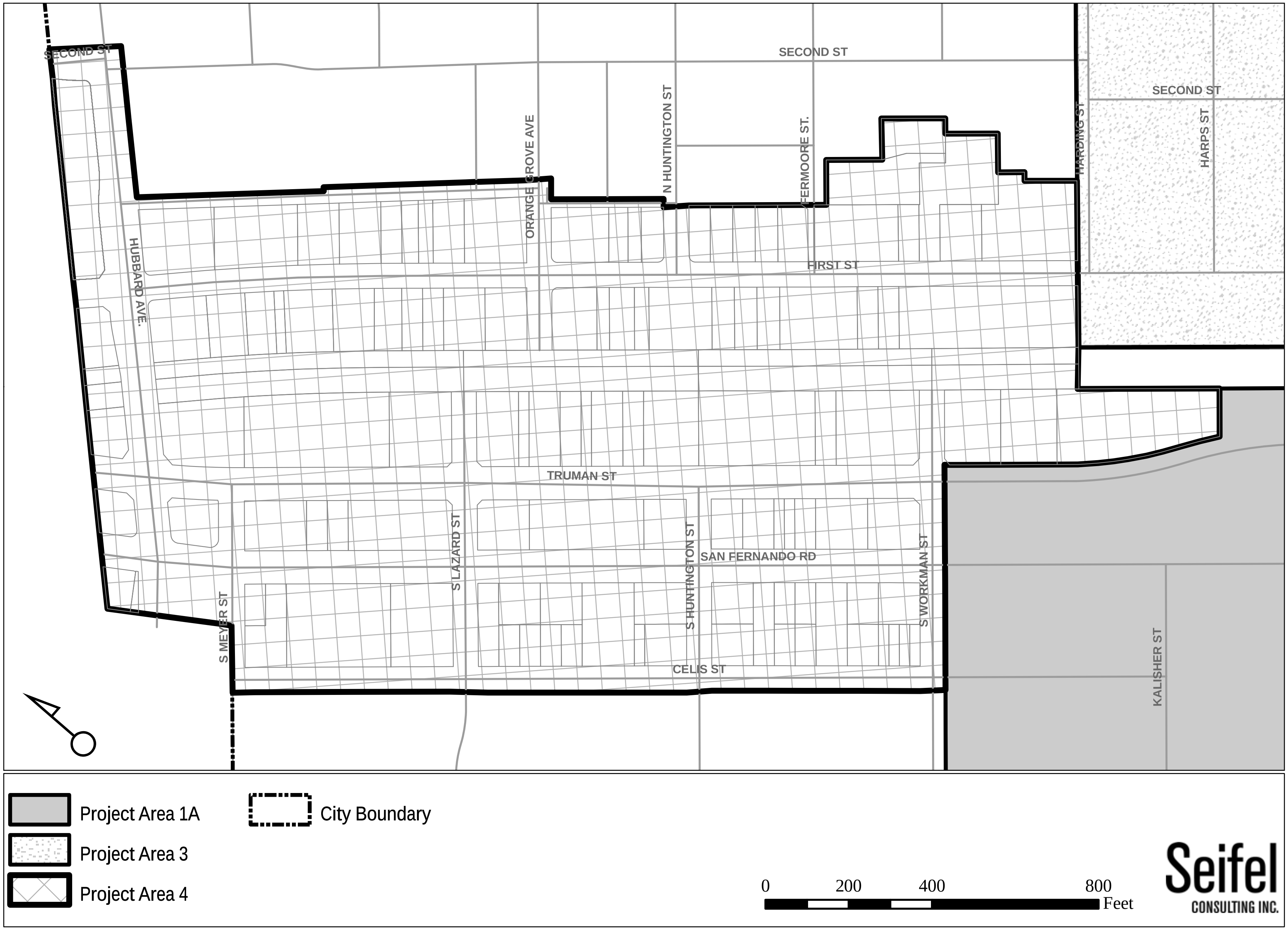


Figure I-5
Project Area 4
San Fernando Redevelopment Project Areas



Without the Plan Amendments, only limited ongoing redevelopment activities to address remaining blighting conditions will be able to be funded under the current individual tax increment and bonded indebtedness fiscal limits. The Plan Amendments would enhance the Agency's ability to alleviate blight and promote economic growth throughout all of the Project Areas, all of which are still in need of significant blight alleviation and redevelopment assistance. In addition, without the Plan Amendments, the plan effectiveness for Project Area 2 is due to expire on August 21, 2010, and the plan effectiveness for Project Area 3 is due to expire on June 18, 2011. After these redevelopment plans expire, the Agency will have no authority to act pursuant to the Redevelopment Plans except to pay previously incurred indebtedness and to enforce existing contracts, covenants and other obligations.

The Plan Amendments would combine the limit on the amount of tax increment revenue that may be claimed by the Agency from the Project Areas (except for Project Area 4) to a combined $267 million, and allow the Agency to utilize tax increment revenues generated by all of the Project Areas on areas that have the most need. As described in Chapter III, the Redevelopment Program includes significant investments in economic development, infrastructure and public facilities projects; support for local businesses and property owners for building rehabilitation and business attraction; removal of impediments to land assembly while encouraging infill development; and assistance for expanded affordable housing activities. The Plan Amendments would also combine and increase the limit on outstanding bonded indebtedness so that the Agency can capitalize on the expected future income stream and invest in key projects sooner than would otherwise be possible.

As described above and detailed in the rest of this Report to Council, the remaining blighting conditions in the Project Areas are substantial and prevalent and continue to represent a significant physical and economic burden on the community that cannot be eliminated under the current individual time and fiscal limits. The Plan Amendments would merge the limits on tax increment collection in Project Areas 1, 1A, 2, 3, and 3A; merge and increase the limits on outstanding bonded indebtedness from all Project Areas to allow the Agency to have the resources to focus revenues from different Project Areas on the needs of a particular Project Area; and extend the time limit for establishing loans, advances and indebtedness to be repaid with the proceeds from tax increment revenues derived from Project Area 4 by ten years.

In order to alleviate the blighting conditions in all Project Areas that are described in Chapter II, the Agency must make significant up-front investments in activities that will catalyze economic activity, such as rehabilitation of unsafe or unhealthy buildings, circulation improvements, assistance to developers to build on vacant or underutilized parcels, and promotion of transit oriented development. The Agency will need to maximize its ability to issue tax allocation bonds and utilize other debt instruments. Currently, the Agency has been constrained in its ability to issue bonds secured by tax increment from individual Project Areas. Individually, the Project Areas are small, lack a diversity of land uses and have not historically experienced enough growth in assessed value to support a sizeable issuance of bonded indebtedness that would be needed in order to make the necessary capital investments in the Project Areas.

The small size of the Project Areas is a major impediment to the Agency's ability to issue tax allocation bonds secured by tax increment generated in each individual Project Area. As shown in Table I-2, four out of the six Project Areas (including added areas) are smaller than 65 acres and lack diversity in their mix of land uses. Only Project Area 3A is larger than 200 acres, but the predominance of industrial land uses (many of which are older, vacant or underutilized, and command low lease rates as shown in Chapter II) also makes bond issuances challenging. However, the proposed fiscal merger would create a Merged Project Area with a much larger and more diverse property base – almost 550 acres – with land uses that include single and multifamily residential, neighborhood and regional retail, office, and industrial. This would allow the Agency to issue bonds at much more favorable rates.

As shown in Table I-2, tax increment generation in the Project Areas is also quite limited. Four out of the six Project Areas generate $600,000 or less in annual tax increment and will likely not reach their limit on tax increment collection. Project Area 3A generates enough revenues to yield favorable bond efficiencies, about $3 million annually, yet its low tax increment collection limit prevents the Agency from issuing additional bonds that would enable capital investments for blight alleviation in the Project Area. The combination of tax increment collection limits would simplify and mitigate the current discrepancy between each Project Area's potential tax increment generation during the life of the plan and the Agency's capacity to collect tax increment revenues from each Project Area. The combined bonded indebtedness limits would also improve the Agency's ability to issue debt, as bond principal would be included in one limit, thus making bond disclosure documents more straightforward.

Individual tax increment collection and bonded indebtedness limits for each Project Area need to be effectively increased under the combined limits in order to fund the redevelopment projects and activities that are needed to eliminate blight in each of the Project Areas.[6] Resources made available by the Plan Amendments would assist the Agency in alleviating remaining blight in each of the Project Areas, promote economic development, and encourage affordable housing opportunities for low and moderate-income residents in San Fernando.

Table I-2
Key Constraints Affecting Bonding Capacity in Each Project Area
San Fernando Redevelopment Project Areas

	Project Area Size	Last Date to Collect TI	Predominant Land Uses	TI Generation (FY 2008/09)	TI Collection to Date	TI Collection Capacity Remaining
Project Area 1	36.6 acres	1/1/22	Retail	$540,241	$8.2 Million	$16.8 Million
Project Area 1A	53.2 acres	6/27/31	Single Family Residential & Retail	$601,070	$5.4 Million	$10.6 Million
Project Area 2	43.9 acres	8/21/20	Retail (Auto Dealerships)	$547,617	$12.1 Million	$23.9 Million
Project Area 3	140.4 acres	6/18/21	Institutional & Residential	$1,261,263	$19.0 Million	$121.0 Million
Project Area 3A	208.3 acres	4/4/28	Industrial	$2,980,939	$25.8 Million	$24.2 Million
Project Area 4	64.0 acres	7/18/41	Industrial & Retail	$530,902	$2.5 Million	N/A
TOTAL	546.4 acres			$6,462,032	$73.0 Million	

Source: Redevelopment Agency of the City of San Fernando and Seifel Consulting Inc.

E. Conformity with the General Plan

Section 33331 of the CRL requires all redevelopment plans and plan amendments to be consistent with the General Plan, and Section 33367(d)(4) of the CRL requires that the ordinance adopting the Plan Amendments contain a finding that the Plan Amendments are consistent with the General Plan.

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[6] Although the tax increment collection and bonded indebtedness limits would be effectively increased under the combined limits for Project Areas 1, 1A, 2, 3, and 3A, only Project Areas 1A and 3A are expected to reach their tax increment collection limit if the Plan Amendments are not adopted. This Report assumes an increase in the tax increment and bonded indebtedness limits in all of the Project Areas so the blight analysis in Chapter II and the discussion of the redevelopment program in Chapter III are presented for each individual area.

The redevelopment of the Project Areas will be in conformance with the General Plan of the City of San Fernando because the Plan Amendments will:

> *Provide that the land uses permitted by the redevelopment plans for Project Areas 1, 1A, 2, 3, 3A and 4 shall be those land uses permitted by the City's General Plan and Zoning Ordinance, as amended from time to time…*[7]

Furthermore, the Plan Amendments will help the Agency to implement various goals, objectives, and policies of the General Plan regarding the provision of affordable housing and public infrastructure, and the economic revitalization of the Project Areas. Prior to the City Council's consideration of the Plan Amendments, the Planning and Preservation Commission of the City of San Fernando (Planning Commission) will provide a report regarding the conformity of the Plan Amendments with the General Plan.

F. CRL Requirements for the Report to Council

This Report to Council has been prepared to comply with the relevant sections of the CRL. These sections are described below.

1. General Requirements

Pursuant to CRL Sections 33352 and 33457.1, the report to the legislative body (Report to Council) must demonstrate, to the extent warranted by the Plan Amendments, how the Plan Amendments meet several criteria. This section includes a summary of the reporting requirements and a description of how this Report is organized to meet these requirements. Excerpts from the CRL are referenced and italicized.

> *To the extent warranted by a proposed amendment to a redevelopment plan, (1) the ordinance adopting an amendment to a redevelopment plan shall contain the findings required by Section 33367 and (2) the reports and information required by Section 33352 shall be prepared and made available to the public prior to the hearing on such amendment.* [Section 33457.1]

a. Reasons for the Plan Amendments

> *The reasons for the selection of the project area.* [Section 33352(a)]

Because all of the Project Areas were previously selected and established, and because the Plan Amendments do not propose the addition of any new territory, this element of the Report to Council is properly focused on setting forth the reasons for adopting the Plan Amendments. The reasons for adopting each component of the Plan Amendments are summarized in Section D above, and are detailed throughout Chapters II, III, and IV.

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[7] Redevelopment Agency of the City of San Fernando, Draft Initial Study/Environmental Checklist, Amendments to the Redevelopment Plans for Redevelopment Project Area Nos. 1, 1A, 2, 3, 3A, and 4, September 2009, p.1.

b. Physical and Economic Conditions in the Project Areas

A description of the physical and economic conditions specified in Section 33031 that exist in the area that cause the project area to be blighted. The description shall include a list of the physical and economic conditions described in Section 33031 that exist within the project area and a map showing where in the project the conditions exist. [Section 33352(b)]

The documentation of blighting conditions and maps within Chapter II and Appendix C provide a description and documentation of adverse physical and economic conditions in the Project Areas. The evidence in this Report demonstrates that the Project Areas continue to exhibit adverse physical and economic conditions sufficient to support a finding that significant blight remains within the Project Areas.

c. Proposed Projects and Blight Alleviation

A description of the specific project or projects then proposed by the agency, a description of how the project or projects to be pursued by the agency in the project area will improve or alleviate the conditions described in subdivision (b). [Section 33352(a)]

Chapter III of this Report provides descriptions and updated cost estimates of the existing Redevelopment Program projects and activities to be undertaken by the Agency as a means to alleviate blighting conditions within the Project Areas. Chapter III links the specific Redevelopment Program components with the identified adverse blighting conditions in Chapter II of this Report.

d. Proposed Method of Financing and Feasibility

An explanation of why the elimination of blight and the redevelopment of the project area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body's use of financing alternatives other than tax increment financing. [Section 33352(d)]

The proposed method of financing the redevelopment of the project area in sufficient detail so that the legislative body may determine the economic feasibility of the plan. [Section 33352(e)]

Chapter IV describes the proposed methods of financing for the proposed projects and activities in the Project Areas. It demonstrates the financial feasibility of the Redevelopment Program by comparing available funding sources with projected costs of the Redevelopment Program. It also demonstrates the need for the proposed combined tax increment and bonded indebtedness fiscal limits contained in the Plan Amendments, in order to fund the Redevelopment Program described in Chapter III and alleviate the remaining adverse physical and economic conditions in the Project Areas documented in Chapter II.

e. Implementation Plan

An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031. [Section 33352(c)]

Chapter V refers to the Agency's Five-Year Implementation Plan, which is included as Appendix G. The Agency's non-housing and housing program priorities and expenditures for the five-year Implementation Plan period are included in the Implementation Plan. The Agency anticipates that the FY 2010/11 through FY 2014/15 Five-Year Implementation Plan will be adopted later this year. For the purposes of this Report, the adopted FY 2005/06 through FY 2009/10 Five-Year Implementation Plan addresses the requirements for the Plan Amendments.

f. Method or Plan for Relocation

A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement. [Section 33352(f)]

Chapter VI sets forth the Agency's Relocation Plan to address relocation of persons or families that may be displaced due to Redevelopment Program activities. The Relocation Plan is included within the Amended and Restated Plan, included in Appendix I.

g. Analysis of the Preliminary Plan Requirement

An analysis of the preliminary plan. [Section 33352(g)]

Chapter VII describes the Preliminary Plan requirement and explains why a Preliminary Plan is not required for the Plan Amendments.

h. Planning Commission Actions

The report and recommendations of the planning commission. [Section 33352(h)]

The report required by Section 65402 of the Government Code. [Section 33352(j)]

Chapter VIII discusses the Planning Commission requirements and actions. The Agency anticipates that the Planning Commission will review the Plan Amendments for conformance with the General Plan and make a report and recommendation in May 2010.

i. Summary of Public Review of the Plan Amendment

The summary referred to in Section 33387. [Section 33352(i)]

Chapter IX contains a summary of the public review of the Plan Amendments. This chapter also discusses the Agency's outreach efforts to several community groups to keep them advised of the progress of the Plan Amendments, and contains information on the community workshop and joint public hearing on the Plan Amendments. Relevant community participation documents are included in this Report as Appendix H.

j. Environmental Review

The report required by Section 21151 of the Public Resources Code. [Section 33352(k)]

Chapter X discusses the environmental review requirements that apply to the Plan Amendments and incorporates into this Report by reference the Negative Declaration prepared for the Plan Amendments in March 2010.

k. Analysis of the Report of the County Fiscal Officer Requirement

> *The report of the county fiscal officer as required by Section 33328.* [Section 33352(l)]
>
> *An analysis by the agency of the report submitted by the county as required by Section 33328…* [Section 33352(n)]

Chapter XI explains why a County Fiscal Officer's Report is not required for the Plan Amendments.

l. Summary of Consultations with Taxing Entities

> *…a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information if any, and, at the discretion of the agency, proposed or adopted mitigation measures.* [Section 33352(n)]

Chapter XII contains a summary of consultations with affected taxing entities. Appendix F includes copies of correspondence the Agency has had with the taxing entities concerning the Plan Amendments.

m. Neighborhood Impact Report

> *If the project area contains low- or moderate-income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of Project Area and the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments an taxes, and other matters affecting the physical and social quality of the neighborhood.…* [Section 33352(m)]

Chapter XIII of this Report contains the required Neighborhood Impact Report.

2. Specific Requirements for the Report to Council for Redevelopment Plans Amending the Tax Increment Cap

> *When an agency proposes to increase the limitation on the number of dollars to be allocated to the redevelopment agency, it shall describe and identify, in the report required by Section 33352, the remaining blight within the project area, identify the portion, if any, that is no longer blighted, the projects that are required to be completed to eradicate the remaining blight and the relationship between the costs of those projects and the amount of increase in the limitation on the number of dollars to be allocated to the agency.* [Section 33354.6(b)]

Chapter II and Appendix C of this Report address the remaining blight within the Project Areas and identify the areas that are no longer blighted. Chapter III of this Report summarizes the projects that will be undertaken and costs incurred by the Agency to alleviate the remaining blight in the Project Areas, and Chapter IV of this Report discusses the relationship between the costs of those projects and the proposed amendment to combine the tax increment cap for the Project Areas, except Project Area 4.

G. Overview of the Redevelopment Plan Amendment Process and Public Agency Actions

Amending a redevelopment plan involves a complex statutorily-mandated process designed to provide the legislative body of a community with the necessary analysis and input to make informed decisions about the purpose, scope and content of a plan amendment and, ultimately, about whether to adopt the plan amendment. The procedures and documentation required in connection with the Plan Amendments are similar to the adoption of an initial redevelopment plan. The following briefly describes the steps in the process, including the major reports and major public agency actions related to the Plan Amendments that have occurred to date or are anticipated:

- <u>Statement of Plan Preparation</u>

  The Agency transmits to the State Board of Equalization (SBE), County officials and affected taxing entities a statement of plan preparation, a legal description and a boundary map, pursuant to CRL Section 33327.

  While not legally required for the proposed Plan Amendments because the Agency is not proposing to add any territory through the Plan Amendments, a courtesy "Statement of Preparation" was transmitted on October 7, 2009 by Agency staff to the SBE, County officials and affected taxing entities. The notice describes the proposed Plan Amendments and anticipated process and schedule. A copy of the courtesy letter is provided in Appendix F.

- <u>Preliminary Report</u>

  The Preliminary Report is the first major document in the process to approve the Plan Amendments. This report must be sent to affected taxing entities to inform them of the purpose and impact of the Plan Amendments. The Preliminary Report also provides members of the City Council, other governmental bodies, affected taxing entities, community leaders, and interested persons with an early statement of comprehensive background information on the Plan Amendments.

  The Preliminary Report was delivered to the City Council, Agency Board and the affected taxing entities in March 2010.

- <u>Environmental Review</u>

  The adoption of the Plan Amendments requires compliance with CEQA.

  Agency staff in cooperation with City Community Development staff prepared an Initial Study and Negative Declaration pursuant to the CEQA requirements. These documents have been distributed to public agencies and other persons and organizations that have requested this notice as required by CEQA, and was available for public review and comment for the required 30 days, from March 15, 2010 to April 13, 2010.

- Community and Taxing Entity Consultation

  Agency staff is required to consult with affected taxing entities regarding the proposed Plan Amendments.

  The Agency has engaged in consultations with the affected taxing entities from March 2010 through April 2010. In addition, the Agency will hold a community workshop in May 2010 to discuss the Plan Amendments and other redevelopment goals. Refer to Chapters IX and XII and Appendices F and H of this Report for a detailed discussion of the Agency's consultation with the community and affected taxing entities.

- Amended and Restated Redevelopment Plan

  The Plan Amendments will consolidate the individual Redevelopment Plans into an Amended and Restated Redevelopment Plan that will guide the goals, powers and limitations with which the Agency must conduct its activities. Toward the conclusion of the consultation with taxing entities and community participation process, the Agency must submit the Amended and Restated Redevelopment Plan to the Planning Commission and the City Council in preparation for the public hearings and consideration of the Plan Amendments.

  The Planning Commission held its hearings on the Amended and Restated Redevelopment Plan on April 4 and April 20, 2010 and the City Council will consider the Plan Amendments in June and July 2010.

- Report to the State Departments

  A report on the Plan Amendments, containing information similar to the Preliminary Report plus certain additional information, must be submitted by the Agency to the State Department of Finance (DOF) and the State Department of Housing and Community Development (HCD) at least 45 days prior to the joint public hearing on the Plan Amendments.

  The Report to the State Departments was submitted by the Agency to DOF and HCD on April 21, 2010.

- Report to Council

  The Report to Council is a report to the legislative body responsible for approving the Plan Amendments (the City Council), which describes the proposed Plan Amendments and presents the updated information from the Preliminary Report, the Five-Year Implementation Plan and additional chapters addressing specific requirements of the CRL.

  This document constitutes the Report to Council.

- Redevelopment Agency Authorization and Transmittal

  The Redevelopment Agency Board authorizes transmittal of the Plan Amendments to the Planning Commission for its report and recommendation and authorizes transmittal of the Plan Amendments and the Report to Council.

  The Agency Board transmitted the Plan Amendments, Negative Declaration and Report to Council to the Planning Commission in April 2010.

- General Plan Conformity

  The Planning Commission considers the Plan Amendments for its conformance with the General Plan and makes a recommendation on approval and adoption of the Plan Amendments and Negative Declaration.

  The Planning Commission is expected to consider the Plan Amendments for their conformance with the General Plan and make a recommendation on approval and adoption of the Plan Amendments and Negative Declaration in May 2010. (Refer to Chapter VIII of this Report for details).

- Redevelopment Agency and City Council Public Hearing

  The Redevelopment Agency Board and City Council conduct a duly noticed joint public hearing on the Plan Amendments, at which those bodies will consider the documents described above, any recommendations of the Planning Commission and public testimony. Following the joint public hearing on the Plan Amendments, the City Council will consider adoption of an ordinance adopting the Plan Amendments.

  The City Council and Agency Board consideration of the Plan Amendments at a joint public hearing is anticipated in June 2010.

- Ordinance Adoption

  Following the joint public hearing on the Plan Amendments, the City Council makes required CRL findings and adopts an ordinance amending the Redevelopment Plans in the form of the proposed Amended and Restated Redevelopment Plan. The City Council's findings and adoption of the Plan Amendments is anticipated in July 2010.

II. Existing Conditions

A. Introduction

This chapter describes existing conditions in the Project Areas as a whole and in each Project Area individually. It presents documentation, in accordance with the CRL, that significant adverse physical and economic conditions remain in each Project Area. The documentation of adverse physical and economic conditions provides the basis for a determination that substantial blight remains in the Project Areas. While certain general conditions and deficiencies are found throughout much of the Project Areas, the detailed conditions and deficiencies of each Project Area are unique, and therefore this chapter also documents blighting factors separately for each Project Area. Collectively, the analyses contained in this chapter provide substantial evidence for findings necessary for the Plan Amendments, which are further described in Section A.2 below.

1. Chapter Organization

This chapter is organized into the following sections:

A. Introduction
B. Remaining Blighting Conditions Affecting All Project Areas
C. Remaining Blighting Conditions Affecting Project Area 1
D. Remaining Blighting Conditions Affecting Project Area 2
E. Remaining Blighting Conditions Affecting Project Area 3
F. Remaining Blighting Conditions Affecting Project Area 4
G. Conclusions for Blight Findings

2. Relevant Provisions of the CRL

As discussed in Chapter I, the proposed Plan Amendments for the Project Areas constitute a major amendment under the CRL. Therefore, the Agency must follow similar procedures to a new plan adoption, including providing a description in the Report to Council of the physical and economic conditions in the project area, per CRL Section 33352(b). Furthermore, when an agency proposes to increase the limitation on the number of dollars to be allocated to the redevelopment agency, the ordinance adopting the Plan Amendments must contain a finding that significant blight remains in the Project Areas, per CRL Section 33354.6(b). This subsection only addresses the specific CRL provisions related to the documentation of existing conditions for the Plan Amendments. Refer to Chapter I for a more detailed discussion of CRL requirements for the Report to Council.

a. CRL Definitions of a "Blighted Area"

CRL Section 33352(b) requires that the Report to Council include a description of the adverse physical and economic conditions ("blight") in the Project Areas. The definitions of blight in the CRL, upon which the documentation must be based, have been modified several times since the

Redevelopment Plans for each of the Project Areas were adopted and amended. Key legislative changes to the blight definitions became effective in 1984, 1994 and 2007.

CRL Section 33030 describes the standards for and characteristics of blighted areas. The current language states the following:

(a) It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state.

(b) A blighted area is one that contains both of the following:

(1) An area that is predominately urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.

(2) An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.

(c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities.

b. CRL Definitions of Adverse Physical and Economic Conditions

In order to adopt a redevelopment plan for a new project area or to add territory to a project area, the CRL requires the presence of at least one condition of physical blight and at least one condition of economic blight. Section 33031 defines the adverse physical and economic conditions that cause blight. Legislation passed in 2006 changed these blight definitions, effective January 1, 2007. Therefore, the blight definitions currently in effect are different from those in effect when the Redevelopment Plans were adopted and amended.

Table II-1 lists the text of the current (2007 – present) blight definitions, and Table II-2 lists the text of the prior (1994 – 2006) definitions. This Report to Council documents remaining blight in the Project Areas primarily in terms of the current blight definitions. Where relevant, the report describes current physical and economic blighting conditions previously documented under the blight definitions in effect from 1994 through 2006, which continue to negatively affect the Project Areas.

c. CRL Urbanization Requirement

As of 1994, the CRL requires that at least 80 percent of an area in a redevelopment project area be predominantly urbanized. The CRL, however, does not require an assessment of the extent of urbanization for an amendment to a project area where no territory is being added. Therefore, this Report does not include an assessment of the extent of urbanization for the Project Areas, since the Plan Amendments do not propose to add territory.

Table II-1
CRL Blight Definitions (2007–Present)
San Fernando Redevelopment Plan Amendments

Blight Characteristic		Definition Under CRL as Amended by SB 1206 Effective January 1, 2007
A. Physical Conditions [CRL Section 33031(a)]		
(1)	**Unsafe or Unhealthy Buildings**	*Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.*
(2)	**Conditions Hindering Viable Use of Buildings or Lots**	*Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.*
(3)	**Adjacent or Nearby Incompatible Uses**	*Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.*
(4)	**Irregular Lots in Multiple Ownership**	*The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.*
B. Economic Conditions [CRL Section 33031(b)]		
(1)	**Depreciated or Stagnant Property Values**	*Depreciated or stagnant property values.*
(2)	**Impaired Property Values Due to Hazardous Wastes**	*Impaired property values due in significant part to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459).*
(3)	**Indicators of Economically Distressed Buildings**	*Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.*
(4)	**Serious Lack of Neighborhood Commercial Facilities**	*A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.*
(5)	**Serious Residential Overcrowding**	*Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, "overcrowding" means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the the California Code of Regulations.*
(6)	**Excess of Problem Businesses**	*An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.*
(7)	**High Crime Rates**	*A high crime rate that constitutes a serious threat to the public safety and welfare.*
C. Inadequate Public Improvements [CRL Section 33030(c)]		
		A blighted area ... may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities.

Source: California Community Redevelopment Law.

Table II-2
CRL Blight Definitions (1994–2006)
San Fernando Redevelopment Plan Amendments

Blight Characteristic		Definition Under the CRL as Amended by AB 1290 Effective January 1, 1994 – December 31, 2006
A. Physical Conditions [CRL Section 33031(a)]		
(1)	**Unsafe Buildings**	*Buildings in which it is 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.*
(2)	**Conditions Hindering Development**	*Factors that prevent or substantially hinder the economically viable use or capacity of building or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.*
(3)	**Incompatible Uses**	*Adjacent or nearby uses that are incompatible with each other and which prevent economic development of those parcels or other portions of the project area.*
(4)	**Irregular Lots in 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.*
B. Economic Conditions [CRL Section 33031(b)]		
(1)	**Depreciated Values and Impaired Investments**	*Depreciated or stagnant property values or impaired investments, including, but not limited to, those properties containing hazardous wastes that require the use of agency authority as specified in Article 12.5 (commencing with Section 33459).*
(2)	**Economic Indicators of Distressed Property**	*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.*
(3)	**Lack of Commercial Facilities**	*A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.*
(4)	**Overcrowding & Problem 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.*
(5)	**High Crime Rates**	*A high crime rate constituting a serious threat to public safety and welfare.*
C. Inadequate Public Improvements [CRL Section 33030(c)]		
		A blighted area also may be ... characterized by the existence of inadequate public improvements, parking facilities, or utilities.

Source: California Community Redevelopment Law.

d. CRL Requirement to Identify Areas No Longer Blighted

CRL Section 33354.6(b) states that plan amendments pursued for the purpose of increasing the limit on the number of dollars to be allocated to the redevelopment agency must identify areas that are no longer blighted. For purposes of this analysis, an area no longer blighted is defined as a parcel or neighborhood block that is generally characterized by no observable blighting conditions. These areas may be made up of one or more parcels. Although buildings located in the areas no longer blighted are generally in good condition, the specific condition of each structure varies and some buildings could benefit from redevelopment assistance in the future. Furthermore, the presence of a building in an area no longer blighted does not preclude the property from receiving redevelopment assistance if it meets the criteria established for a particular program.

These areas no longer blighted are displayed in Figure II-1 below. Additionally, the existing conditions documentation for each Project Area in Sections C through F below contains a description and map of the portions of that Project Area that are no longer blighted.

e. CRL Requirements for Fiscal Merger

CRL Section 33486(a) states that redevelopment project areas may be merged by amendment of each affected redevelopment plan, provided that the legislative body finds both that: 1) significant blight remains within one of the project areas; and, 2) this blight cannot be eliminated without merging the project areas and the receipt of property taxes. This Chapter II provides substantial evidence of significant remaining blight in the Project Areas, and demonstrates that this blight cannot be eliminated without the proposed Plan Amendments.

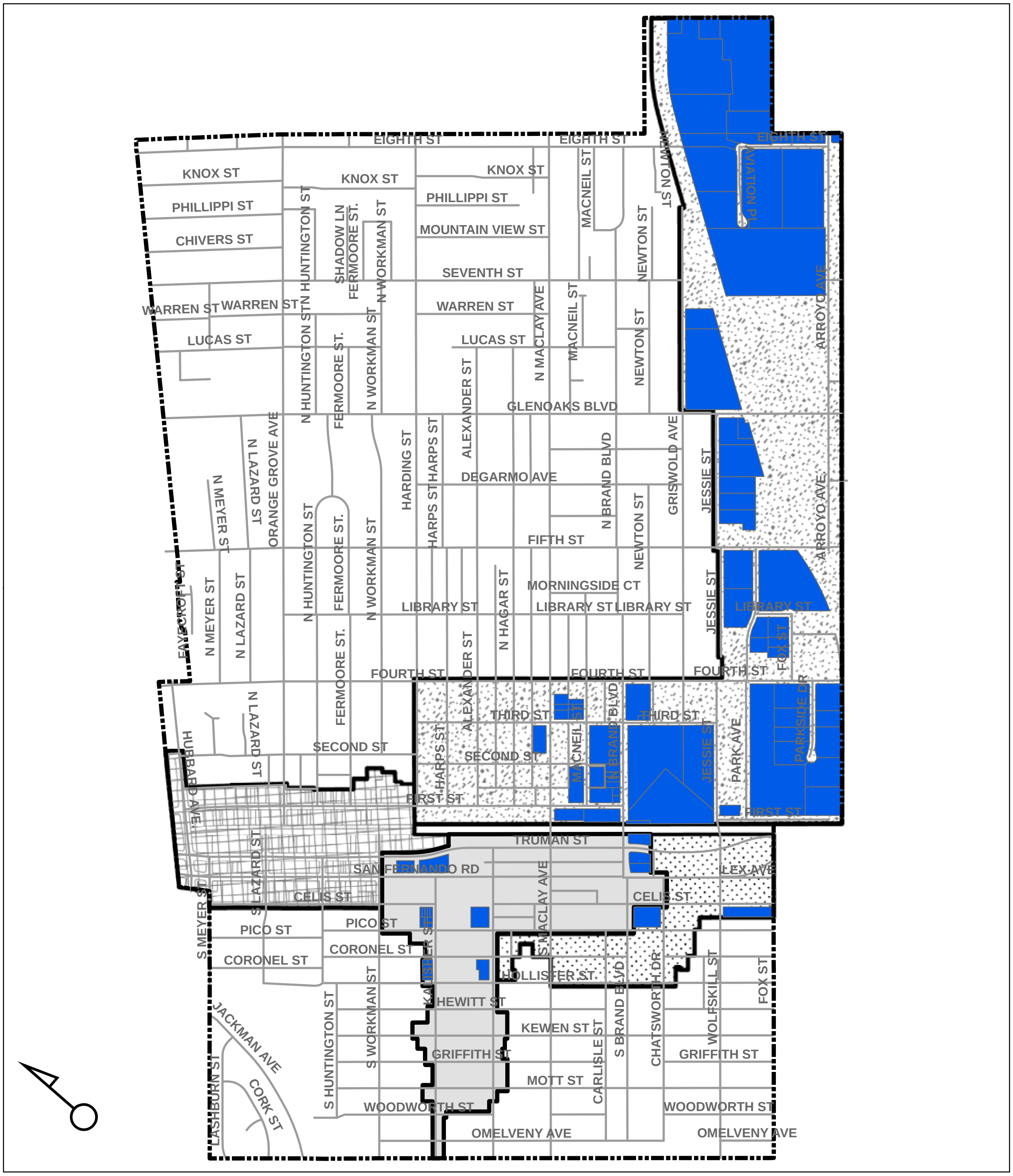
3. Methodology

The methodology for assessing existing conditions and remaining blight in the Project Areas includes a review of past conditions and projects, extensive field surveys, analysis of public records and economic data, and discussions with relevant professionals. This section describes the sources and methods in detail.

a. Review of Previous Blighting Conditions and Redevelopment Activities

Seifel Consulting Inc. (Seifel) reviewed prior analyses of existing conditions and reports on redevelopment activities by the Agency to establish the relevant history of the Project Areas and identify likely areas of remaining blight. Documents prepared for the original Redevelopment Plans and for plan amendments in 1998 provided evidence of previous blighting conditions and initial efforts to remediate blight in the Project Areas. City and Agency staff provided information on projects completed since that time, as well as projects that are ongoing or planned for the immediate future. This assessment focuses on the status of blighting conditions previously identified, blight that has been remediated by completed redevelopment activities, and remaining blight that may not be fully addressed within the financial constraints of the existing Redevelopment Plans.

Figure II-1
Areas No Longer Blighted
San Fernando Redevelopment Project Areas



Project Area 1

Project Area 2

Project Area 3

Project Area 4

Areas No Longer Blighted

City Boundary

Note: Areas no longer blighted based on observed conditions during the June 2009 windshield survey and consultation with City staff.

0 0.125 0.25 0.5 Miles

Seifel CONSULTING INC.

b. Field Surveys

City and Agency staff, as well as redevelopment consultants from Seifel, conducted field reconnaissance surveys of the Project Areas from 2007 through 2009. The primary purpose of these surveys was to document existing conditions in the Project Areas, including areas no longer blighted and areas with substantial remaining blight. During multiple visits to each Project Area, the surveyors observed adverse physical and economic conditions by driving ("windshield surveys") and walking through the Project Areas. Photographs taken during these surveys illustrate these existing conditions, and are included in Appendix C.

Windshield Survey

Seifel and City staff conducted a windshield survey of the Project Areas in June 2009 in order to determine the portions of each Project Area that were no longer blighted. This determination was based on a visual analysis of building and parcel conditions. The determination of areas no longer blighted was made after discussions with City staff from the Community Development Department knowledgeable in building inspection and planning.

Building Conditions Survey

Seifel conducted a parcel-by-parcel survey of building conditions in the Project Areas over three days in September 2009. The Building Conditions Survey (Seifel Survey) was conducted on foot and included a comprehensive examination of primarily commercial building exteriors in the Project Areas. Some residential buildings were surveyed to verify buildings previously rated by the City during the Housing Element Survey described below. The Seifel Survey included all portions of the Project Areas that appeared likely to be blighted during initial field surveys, and confirmed the presence of remaining blight. The survey results presented in Sections C through F, which describe blighting conditions in each Project Area, are for parcels and buildings located in the portions of the Project Areas that remain blighted.

The surveyors evaluated the physical condition of the buildings, as observed from adjacent parcels or the public right-of-way, and noted any business vacancies. The surveyors rated each parcel's primary building (generally the largest facing the street) and, if applicable, freestanding and apparently permanent ancillary buildings. Interior inspections of buildings were not conducted. Buildings were rated using a standard rating form, which includes multiple building condition factors. Refer to Appendix B for the survey form used, and for additional detail regarding the specific building condition rating factors used to evaluate the building.

The surveyors rated the physical condition of every surveyed building on a scale from 1 to 5, with rating 1 representing the worst condition and rating 5 representing the best condition. Table II-3 describes the rating system used to evaluate the physical condition of buildings and the cost of correcting deficiencies. Note that these building ratings are used to document the prevalence of remaining blight in the Project Areas and are not intended to identify individual properties for potential City or Agency action beyond informing the proposed Plan Amendments.

Table II-3
Building Condition Rating Descriptions
San Fernando Redevelopment Project Areas

Building Condition Rating	Description of Conditions	Likely Cost of Correcting Deficiencies
1	Very extensive physical and/or structural deficiencies	Very High
2	Extensive physical and/or structural deficiencies	High
3	Some physical and/or structural deficiencies	Moderate
4	Few physical and/or structural deficiencies	Low
5	Minor or no physical and/or structural deficiencies	Minimal

Source: Seifel Consulting Inc.

To ensure the completeness and accuracy of the Seifel survey, the consultants conducted a thorough quality assurance (QA) process to check the survey data. This process included random checks of the building condition rating against the specific conditions noted on the survey form. Appropriate changes were made to ratings when warranted.[1]

Housing Element Survey

The City conducted a visual survey of properties in the City to assess building conditions as part of the Housing Element Update in 2007. During this Housing Element Survey (City Survey), the City rated the condition of over 4,000 buildings, including approximately 350 residential buildings located within the Project Areas. The results of this survey were combined with the Seifel Survey described above to assess overall building conditions in the Project Areas. The City Survey rated the best condition as 1 and worst condition as 5. These ratings were converted to worst condition as 1 and best condition as 5 in order to correspond to the Seifel Survey ratings. During the Seifel Survey, Seifel staff reviewed the 31 residential buildings rated by the City as having the worst conditions on the City's rating scale to determine whether the conditions documented by the City met the threshold established by the CRL for unsafe and/or unhealthy buildings. All of the 31 residential buildings re-surveyed by Seifel staff met this threshold.

c. Photographic Documentation

Appendix C presents photographs documenting adverse physical and economic blighting conditions in the Project Areas. The photographs are examples of the blighting conditions described in this Chapter. The surveyors took photographs of adverse building conditions during the Seifel Survey and the windshield survey using a digital camera equipped with global positioning capabilities in order to pinpoint the exact location of the photographs. These photographs document the blighting conditions found in the Project Areas described in this chapter. Note that the photographs taken during the field surveys are used to illustrate the prevalence and extent of remaining blight in the Project Areas, and are not intended to identify individual properties for potential City or Agency action.

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[1] Changes were made to less than 4 percent of the initial survey results. Seifel Consulting Inc. has nearly 20 years of experience conducting building conditions surveys, and the direct supervisor for this effort has over 10 years of experience in this field. Seifel provides extensive training for all staff participating in building conditions surveys, and conducts quality assurance for all surveys.

d. Other Data and Sources

In addition to the field surveys described above, the existing conditions analysis presented in this chapter relies on other surveys conducted by the City and on data provided by the City. Refer to Appendix A for a complete list of data and sources. These data and sources are described in various sections of this chapter detailing specific blighting conditions. Other data and sources used in the existing conditions analysis include:

- Discussions with City and Agency staff in meetings, by telephone and by e-mail between 2007 and 2009.
- Reviews of available documents, including, surveys, reports, studies, maps, and aerial photographs provided by City and Agency staff, as well as technical reports, analyses and maps prepared by other consultants, experts and engineers.
- Analyses of economic and other data from various sources.
- Telephone and electronic surveys of real estate professionals.

4. Map of Blighting Conditions

The figures throughout this chapter summarize and locate (or map) blighting conditions remaining in the Project Areas. Together, these figures constitute the map of blighting conditions required by the CRL.[2] The map of blighting conditions has been separated into multiple figures for ease of reading and reference due to the substantial amount of information documenting blight in the Project Areas. The individual figures, taken together, demonstrate that substantial and prevalent blighting conditions remain in the Project Areas and affect properties throughout the Project Areas.

B. Remaining Blighting Conditions Affecting All Project Areas

This section provides background for the analysis of observed existing conditions in the Project Areas, and presents in general terms the indicators of remaining blight that are consistent with the blight definitions in the CRL. The blight factors discussed in this section are present in all of the Project Areas, unless otherwise noted. Sections C through F below document specific evidence of blighting conditions for each Project Area.

1. Physical Blighting Conditions

Physical blighting conditions remain throughout the Project Areas, specifically numerous unsafe and/or unhealthy buildings. The presence of these unsafe and/or unhealthy buildings indicates that significant physical blight remains in the Project Areas.

a. Unsafe and/or Unhealthy Buildings

Older buildings constructed with seismically vulnerable construction practices located in an area with known seismic hazards are unsafe. Furthermore, specific deteriorated building conditions

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[2] The Report to Council on the Plan Amendments must include a map indicating where the blighting conditions exist, as required by CRL Section 33352(b).

caused by long-term neglect that are found throughout the Project Areas, as well as the presence of illegal building additions and informal construction, exacerbate the seismic hazards in these buildings. The following sections document the specific factors found throughout the Project Areas that result in unsafe and/or unhealthy buildings.

Seismic Hazards

Significant earthquake hazards affect all of the Project Areas, including a high probability of future earthquakes from nearby earthquake faults. The Southern California area is a seismically active region, with several faults both on land and off the coast. Each year the Southern California area has about 10,000 earthquakes. While only several hundred are greater than magnitude 3.0, and only about 15 to 20 of these are greater than magnitude 4.0, the U.S. Geological Survey projects that the earthquake faults near the Project Areas are likely to experience a major earthquake in the near future. According to the 2008 U.S. Geological Survey Fact Sheet, the probability of at least one major 6.7 magnitude or greater earthquake capable of causing widespread damage and loss of life striking somewhere in the Los Angeles Region in the next 30 years is 67 percent.[3]

In addition, San Fernando is within an area where many faults interact, increasing the likelihood of earthquakes. According to the Southern California Earthquake Data Center, Southern California should experience a magnitude 7.0 or greater earthquake about seven times each century with about half of these resulting from the San Andreas "system" (the San Andreas, San Jacinto, Imperial, and Elsinore faults).[4] The San Jacinto fault has a 31 percent chance of experiencing an earthquake of magnitude 6.7 or greater, which could impact the surrounding areas as well as the San Andreas Fault. Other major active faults that could cause significant ground shaking in the Project Areas are the San Gabriel, San Fernando, Santa Susana, Northridge Hills, and Mission Hills faults. Figure II-2 shows the known earthquake faults in the Los Angeles region that are located near the Project Areas.

In addition, portions of the Project Areas are at risk for liquefaction during an earthquake. The San Fernando Valley is a structural trough at the base of the San Gabriel Mountains that has been filled from the sides with sediment, and the complex pattern of deposits in the San Fernando Valley contributes to liquefaction hazards. Liquefaction occurs when loose, water-saturated sediments lose strength and fail during strong ground shaking.[5] During an earthquake, the ground can liquefy causing ground failure that can damage roads, pipelines, underground cables, and buildings with shallow foundations. Figure II-3 shows the portions of the Project Areas subject to liquefaction during an earthquake.

As a result of the local fault zones and soil conditions, the Project Areas are susceptible to earthquake-related ground shaking that would be strong enough to damage existing buildings and infrastructure, and possibly result in loss of life. The age, construction types and current conditions of buildings in the Project Areas make them particularly vulnerable to damage from ground shaking. The severity of ground shaking is influenced by a number of factors, including

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[3] U.S. Geological Survey website, USGS Fact Sheet 2008-3027, http://pubs.usgs.gov/fs/2008/3027/fs2008-3027.pdf

[4] Southern California Earthquake Data Center website, SCEC Probable Earthquakes 1994-2024, http://www.data.scec.org/general/PhaseII.html.

[5] State of California Department of Conservation website, Fact Sheet Seismic Hazards Zonation Program http://www.conservation.ca.gov/cgs/shzp/Documents/SHZ_FactSheet.pdf

the duration and intensity of the earthquake, the proximity of the site to the location of the earthquake, and the type of geologic materials underlying the site. San Fernando is within the areas identified by the Southern California Earthquake Center as most at-risk for ground shaking from earthquakes that will exceed the level when significant damage to older buildings begins.[6] The 1997 Uniform Building Code locates San Fernando and the entire Los Angeles region in Seismic Risk Zone 4, an area expected to experience maximum damage in the event of an earthquake.

Factors Related to Seismic Vulnerability of Buildings

The design and construction of older buildings make them more vulnerable to earthquake damage than newer buildings. Buildings constructed in the early 1900s are expected to incur the greatest structural damage during an earthquake. The introduction of construction safety legislation and enhanced design standards by 1933 improved building safety, but did not address seismic hazards.[7] By 1960, seismological data collected from a series of California earthquakes helped engineers recognize the need to update building codes to reflect expected ground shaking and different building types. This work resulted in the Structural Engineers Association of California (SEAOC) producing "Recommended Lateral Force Requirements," which were included in the Uniform Building Code (UBC) in 1961, further revised after the 1971 San Fernando earthquake, and incorporated in the 1973 and 1976 editions of the UBC.[8] The enhanced code contained higher lateral force requirements based on various factors, including the increased risks in an area prone to earthquake activity.[9] The analyses for each Project Area in sections C through F assess the proportion of buildings in each seismic risk category based on year of construction.

According to information on building age provided by the Los Angeles County Assessor, the majority of the 743 surveyed buildings located in the Project Areas are over 45 years old. As shown in Table II-4, 60 percent of these buildings were constructed before 1961, and 78 percent were constructed prior to 1973. Thus, only 22 percent of surveyed buildings in the Project Areas were constructed under current earthquake safety standards enacted after the 1971 San Fernando earthquake, and therefore 78 percent of these buildings are highly vulnerable to structural damage from earthquakes unless adequately retrofitted.[10] Analysis of building age related to seismic vulnerability is further discussed in Sections C through F, which detail blighting conditions remaining within each Project Area.

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[6] Southern California Earthquake Data Center website, SCEC Probable Earthquakes 1994-2024, http://www.data.scec.org/general/PhaseII.html.

[7] Association of Bay Area Governments, "Shaken Awake," 2003. The first construction legislation that addressed earthquake standards was the 1927 Uniform Building Code (which included a seismic appendix) and the Field and Riley Acts in 1933 (which enhanced lateral force design standards for masonry buildings). However, changes in construction practices, particularly in wood-frame housing construction, did not take place until after World War II.

[8] Stephen H. Cutcliffe, "Earthquake Resistant Building Design Codes and Safety Standards: The California Experience," *GeoJournal* 51: 259–262, 2000.

[9] Ibid.

[10] The San Fernando Community Development Department does not have information related to documentation of buildings that may have been seismically retrofitted, and assumes that most buildings constructed prior to 1971 have not been adequately retrofitted and are therefore vulnerable to structural damage from earthquakes.

Figure II-2
Location of Earthquake Faults
Los Angeles Region

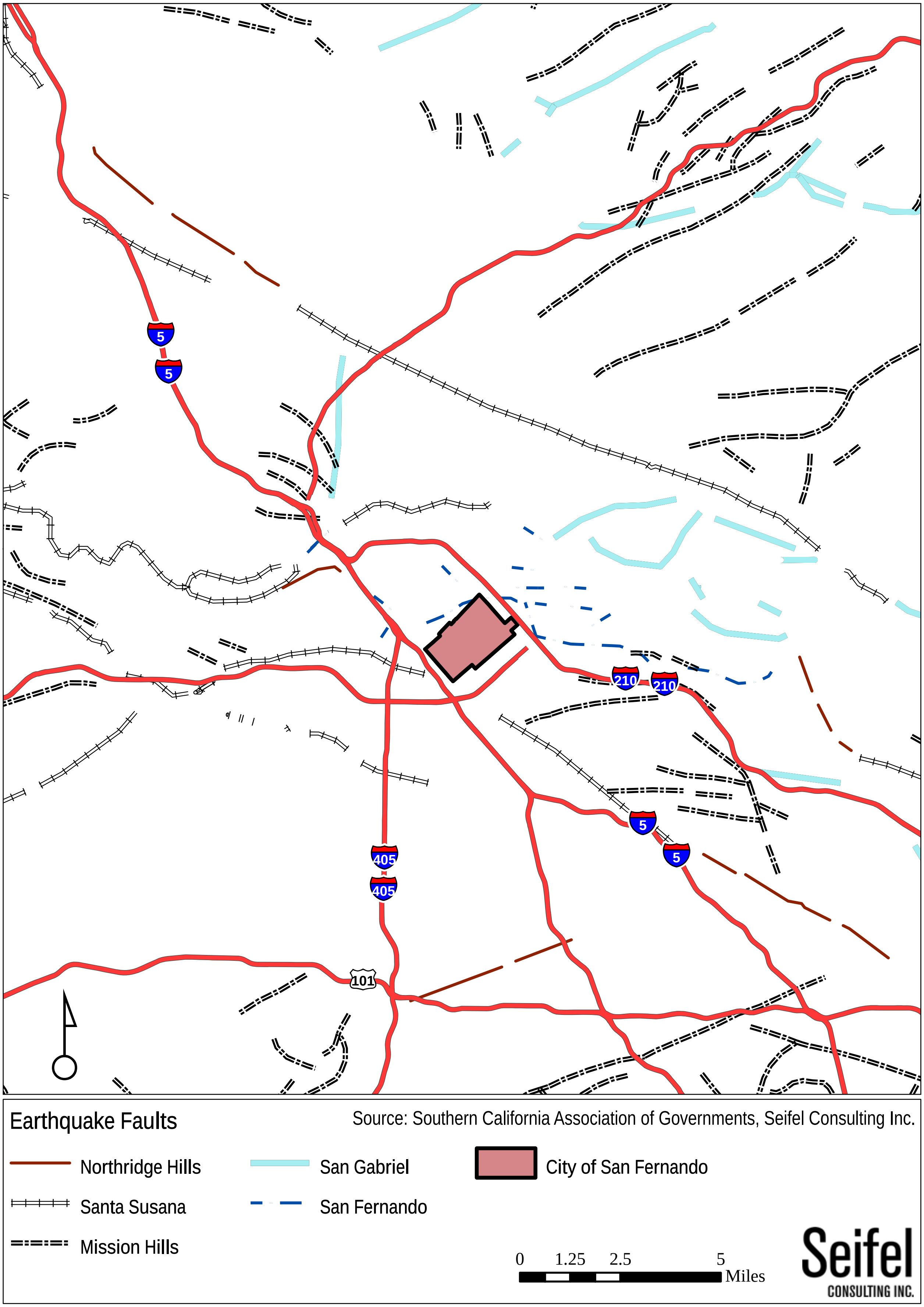
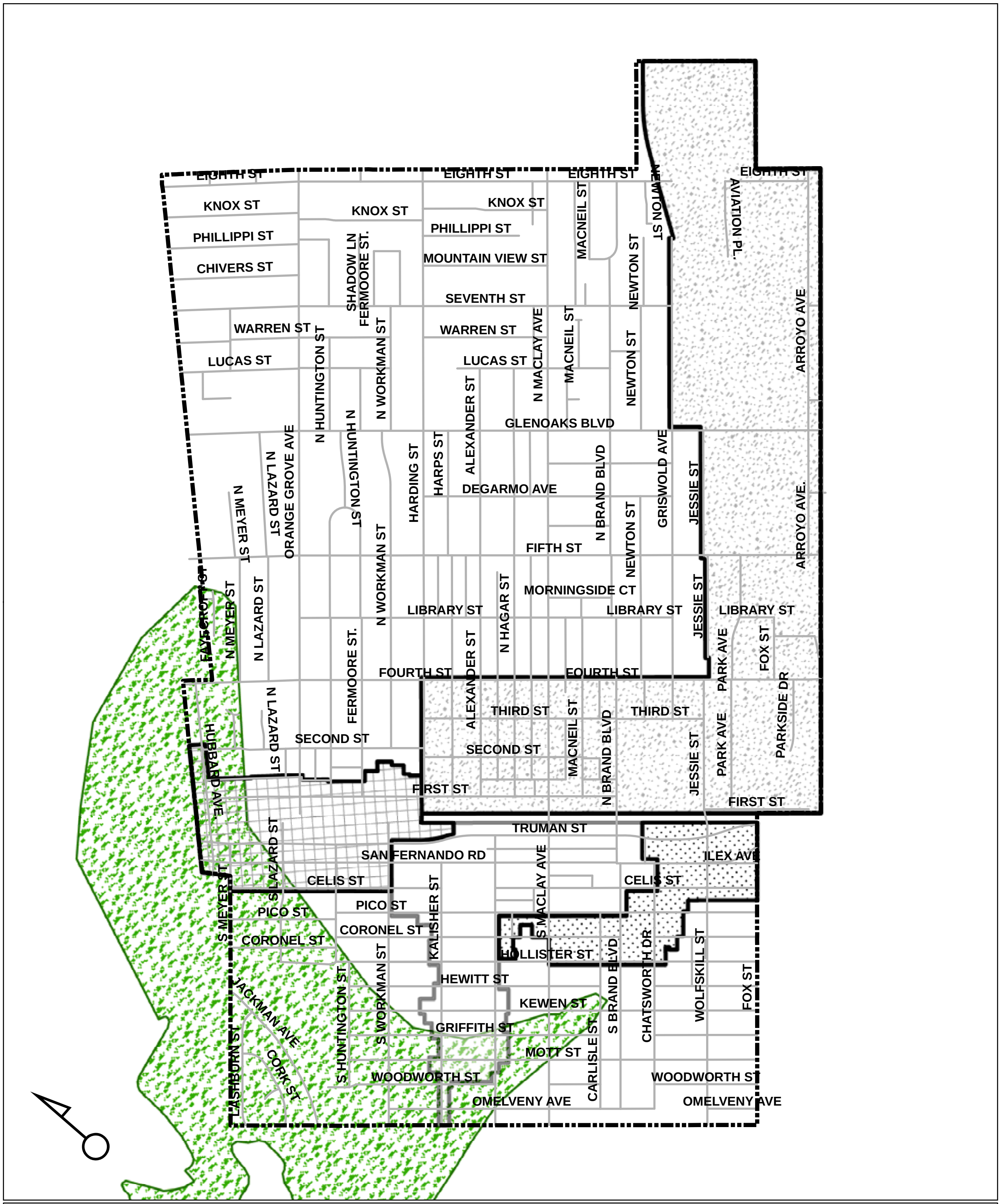


Figure II-3
Seismic Hazards Due to Adverse Soil Conditions
San Fernando Redevelopment Project Areas



Project Area 1
Project Area 2
Project Area 3
Project Area 4
Liquefaction Hazard

Source: California Geological Survey, Seifel Consulting Inc.

0 0.125 0.25 0.5 Miles

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Table II-4
Age of Buildings
San Fernando Redevelopment Project Areas

Year Built[a]	Number of Buildings	Percent of Total
Pre 1933	201	27%
1933 - 1960	245	33%
1961 - 1972	130	18%
1973 - present	167	22%
Total	**743**	**100%**

a. Age of buildings for which the year of construction is available.

Source: Los Angeles County Assessor, Seifel Consulting Inc.

Building construction type is also relevant to seismic vulnerability. All masonry buildings and pre-1961 poured-concrete buildings are particularly vulnerable to damage from earthquakes. Many unreinforced masonry (URM) buildings remain in the Project Areas, and many buildings have been only partially reinforced using outdated technology. Older steel reinforcements are weaker than current reinforcements, and are nonductile, meaning they are unable to withstand significant stress without fracture. Therefore, such structures, especially those built prior to 1973, are more prone to collapse than are modern structures when subjected to ground shaking from a large magnitude earthquake.

Wood frame buildings are also seismically vulnerable, especially those built before 1940. Houses built during this era typically lack steel bolts or any other types of connection between the foundation and the wood frame. Since they were built before the widespread use of plywood, they also usually lack appropriate shear reinforcing of the cripple walls (short walls below the first floor and above the foundation that create a crawl space). Some of these older houses may only have brick foundations with weakly cemented joints.[11] Typical earthquake damage to older wood-frame homes includes the building separating from its foundation, cracking of the cripple walls and cracking of the foundation.

Building alignment problems and cracked foundations are strong indicators of seismic vulnerability. Long-term neglect resulting in deteriorated conditions also exacerbates risks to existing structures. For example, dry rot weakens structural wood supports regardless of any retrofitting to enhance lateral strength, and deteriorated or cracked exterior walls can be indicators of structural weakness. General deferred maintenance and overall poor building condition are also associated with seismic vulnerability, as buildings that have not been maintained are unlikely to have been retrofitted.

Finally, informal buildings, additions or garage conversions constructed without permits are unlikely to have benefited from ongoing building code improvements and are therefore potentially unsafe. The City has routinely found substandard and unsafe electrical and plumbing work in illegal garage conversions and building additions. Furthermore, these conversions and additions often have inadequate ventilation and heating. Illegal building additions often contain missing or inadequate foundations and modified ceiling joists resulting in unsafe structural

[11] Association of Bay Area Governments, "Shaken Awake," 2003.

conditions.[12] The analyses of building conditions for each Project Area discuss observed illegal building additions and garage conversions in relationship to unsafe and/or unhealthy buildings.

These specific building conditions related to seismic vulnerability were assessed during the Building Conditions Survey performed by Seifel in September 2009. The results of this assessment are discussed in the sections below detailing blighting conditions remaining within each Project Area.

2. Economic Blighting Conditions

Several economic blighting conditions remain throughout the Project Areas, including:

- Indicators of economically distressed buildings
- Serious residential overcrowding
- High crime rates

The presence of these blighting conditions indicates that significant economic blight remains in the Project Areas. These conditions are discussed in the sections below.

a. Indicators of Economically Distressed Buildings

This section documents the presence of indicators of economically distressed buildings, an economic blighting condition as defined in CRL Section 33031(b)(3), that is present in all of the Project Areas. All of the Project Areas exhibit abnormally low commercial lease rates, as compared with lease rates in comparable locations outside the Project Areas, and abnormally high vacancy rates, as compared with the larger submarket outside the Project Areas. Taken together, the analysis of these factors shows that buildings in the Project Areas are economically distressed.

Data and Methodology

The City of San Fernando and the Project Areas are both economic submarkets that are too small to be included in reports on commercial real estate trends published by the major brokerage firms. For example, CB Richard Ellis publishes quarterly retail, office and industrial lease rate data for the Greater Los Angeles Area, including the San Fernando Valley submarket. Even the narrower submarket geography, however, extends well beyond the Project Areas. Thus, this data alone cannot be used for an analysis of commercial lease rates in the Project Areas, but can be used as a basis for comparison. Lease rate and vacancy data was obtained from published reports available from several real estate research firms. Given that most of the commercial properties in San Fernando are located within the Project Areas, it is reasonable to make a comparison between citywide data and data for the greater San Fernando Valley submarket on commercial and industrial lease rates and vacancy rates.

In the absence of published data for the Project Areas, knowledgeable local brokers are the best source of information on lease rates in the Project Areas. This analysis describes abnormally low lease rates in all Project Areas, rather than in each Project Area, as it is difficult to obtain lease rate information specific to an individual Project Area. Local brokers provide lease rate

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[12] Interview with Francisco Villalva, Building and Safety Supervisor of the San Fernando Community Development Department, December 1, 2009.

information based on commercial area, and the primary commercial corridors in San Fernando, such as San Fernando Road and Truman Street span multiple Project Areas. Seifel interviewed local brokers with extensive experience leasing commercial and industrial property in the Project Areas and comparable submarkets.[13] In addition to information from local brokers, a limited amount of lease rate and vacancy data is available from the CoStar Group (CoStar), a commercial real estate research firm that collects property-level lease rate data nationwide. As discussed further below, the CoStar data confirms the brokers' observations and reports regarding low commercial lease rates within the Project Areas compared to the San Fernando Valley submarket.

In June 2009, the City conducted a survey of vacant businesses in San Fernando, and, in September 2009, Seifel conducted a survey of vacant businesses in the Project Areas as part of the Building Conditions Survey. Vacancy data for the San Fernando Valley submarket obtained from market research reports is compared to vacancy data obtained from local surveys of vacant businesses, which is presented below. Individual Project Areas with a large number of vacant businesses and buildings will be discussed in Sections C through F, which detail remaining blighting conditions in each Project Area.

The lease rate and vacancy analyses compare data collected for the City of San Fernando with nearby communities such as Sylmar and Mission Hills located within the San Fernando Valley submarket. Local brokers indicated that this is an appropriate comparison due to similarities in business types and residential demographics. While no available data show the number of vacant commercial businesses in the San Fernando Valley area, market research firms publish the number of vacant square feet of retail space in the submarket, which is used to derive a vacancy rate. While not an exact comparison, data on vacant square feet provides a useful comparison when data on actual business vacancies is not available for the larger region.

Abnormally High Business Vacancies

The Project Areas contain the majority of businesses in San Fernando, and are characterized by abnormally high business vacancy rates as compared to the larger submarket. These abnormally high vacancy rates deter investment and contribute to economic blight.

According to the most recent data provided by the City on business vacancies citywide, 94 out of a total of 609 businesses (15.4 percent) are vacant.[14] Of these vacancies, 68 are located within the Project Areas (72.3 percent). The exact vacancy rate within the Project Areas cannot be calculated from this data, as the total number of business addresses located within the Project Areas was not gathered as part of this survey. However, since most of the businesses in San Fernando are located within the Project Areas, and most of the reported vacancies are also in the Project Areas, it is reasonable to assume that the vacancy rate in the Project Areas is similar to the citywide vacancy rate of 15.4 percent. Table II-5 shows the data on business vacancies citywide and within the Project Areas.

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[13] Refer to Appendix A for the list of brokers contacted.

[14] The City of San Fernando counted a total of 609 business addresses. These businesses were broken down into three categories: Retail storefront – 31 vacancies out of 346 total addresses; Service – 39 vacancies out of 131 total addresses, including professional (e.g., doctor/dentist, accounting, real estate/insurance) as well as trade (e.g., auto mechanic, auto body, repair); and Warehouse/Industrial/Manufacturing – 24 vacancies out of 132 total addresses.

Table II-5
Business Vacancies in the Project Areas and Citywide
San Fernando Redevelopment Project Areas

Business Type	Number of Vacancies: Project Areas	Number of Vacancies: Citywide	Total Business Addresses	Percent of Vacancies in Project Areas	Citywide Vacancy Rate
Industrial	24	24	132	100.0%	18.2%
Retail	15	31	346	48.4%	9.0%
Service	29	39	131	74.4%	29.8%
Total	**68**	**94**	**609**	**72.3%**	**15.4%**

Source: City of San Fernando, Seifel Consulting Inc.

Retail vacancy rates in San Fernando are higher than vacancy rates in the San Fernando Valley submarket, which are higher than the overall Los Angeles County region. According to CB Richard Ellis, the retail vacancy rate for the San Fernando Valley submarket at the end of the first quarter of 2009 was approximately 5.7 percent, and the vacancy rate for the Los Angeles County region was 4.6 percent.[15] The City found 31 vacant retail businesses out of a total 346 retail business addresses citywide, for a vacancy rate of 9.0 percent.

Vacancy rates for industrial properties are much higher in San Fernando compared to the San Fernando Valley submarket and the Los Angeles County region. According to CB Richard Ellis, the industrial vacancy rate at the end of the second quarter of 2009 was 2.6 percent for the San Fernando Valley submarket and 3.2 percent for the Los Angeles County region.[16] The City found 24 vacant businesses out of a total 132 industrial business addresses citywide, for a vacancy rate of 18.2 percent.

Table II-6 presents a comparison of vacancy rates between the City of San Fernando, the San Fernando Valley submarket and the Los Angeles County region. Figure II-4 shows the location of business vacancies in the Project Areas and citywide identified by the City. Note that some locations contain multiple vacant businesses.

Table II-6
Comparison of Commercial Vacancy Rates
San Fernando Redevelopment Project Areas

Business Type	Vacancy Rate: City of San Fernando[a]	Vacancy Rate: San Fernando Valley[b]	Vacancy Rate: Los Angeles County[b]
Industrial	18.2%	2.6%	3.2%
Retail	9.0%	5.7%	4.6%
Office		17.1%	14.7%

a. Based on a survey of 609 business addresses conducted by the City of San Fernando in June 2009. The survey did not include an "Office" category, and therefore cannot be compared with office vacancy rates published by market research firms.
b. Weighted average of vacant commercial square footage from selected buildings deemed representative of the market by CB Richard Ellis.

Source: City of San Fernando, CB Richard Ellis, Seifel Consulting Inc.

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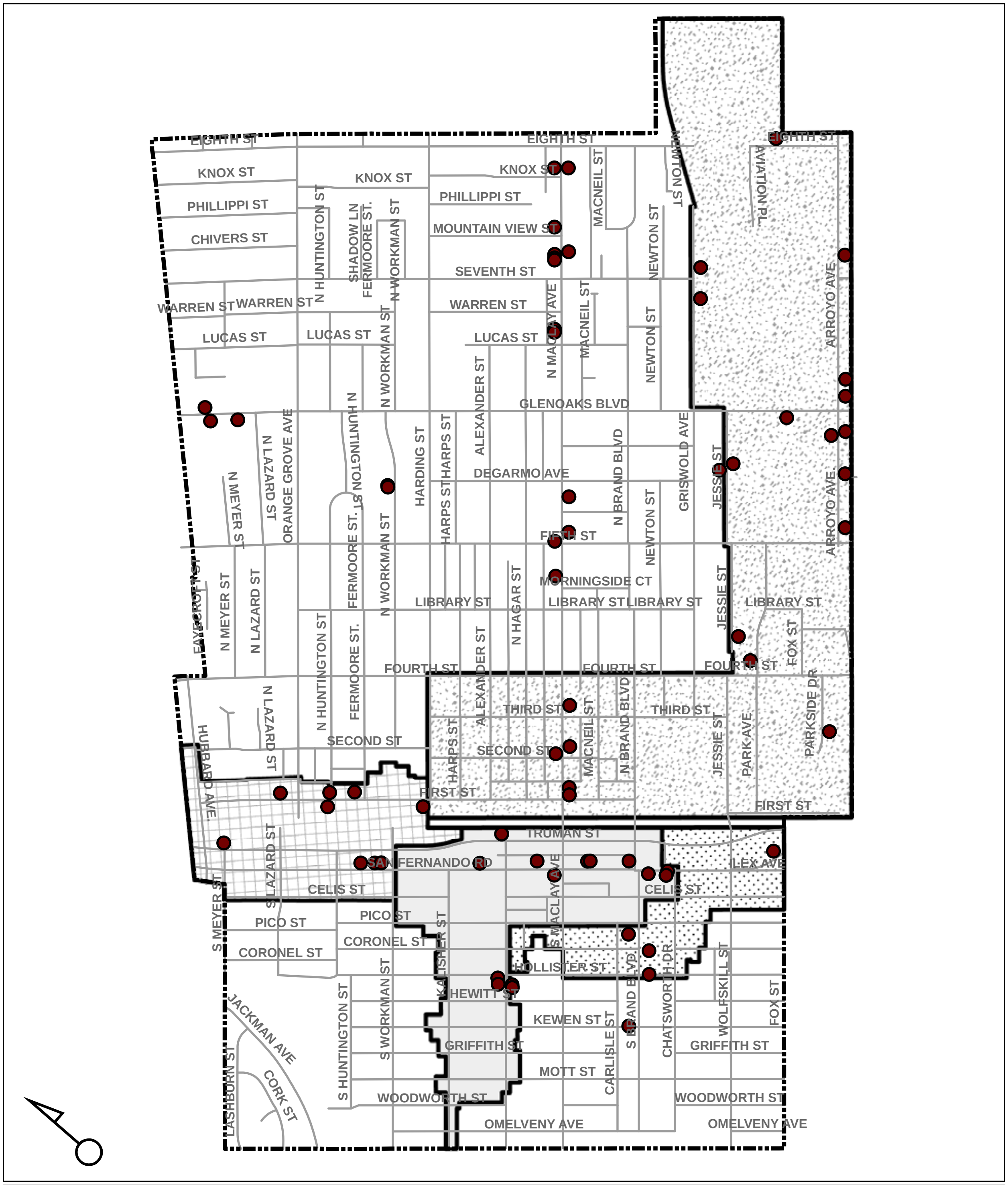
[15] CB Richard Ellis, MarketView, Greater Los Angeles, Retail, First Quarter 2009.

[16] CB Richard Ellis, MarketView, Greater Los Angeles, Industrial, Second Quarter 2009.

Figure II-4
Location of Business Vacancies Citywide
San Fernando Redevelopment Project Areas



Project Area 1
Project Area 2
Project Area 3
Project Area 4

Location of Vacant Business

Note: Some Locations Contain Multiple Vacant Businesses

0 0.25 0.5 Miles

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Abnormally Low Lease Rates

Commercial properties within the Project Areas are characterized by abnormally low lease rates as compared with the larger submarket. These abnormally low lease rates deter investment and contribute to economic blight.

Retail Lease Rates

Lease rates for commercial retail space in the Project Areas are abnormally low relative to the greater San Fernando Valley submarket. Interviews with local brokers indicate that lease rates for most retail spaces in the Project Areas are at or below lease rates in comparable spaces in the broader San Fernando Valley submarket.

According to local brokers, current retail vacancies are listed for $0.75 – $1.85 per square foot per month triple net lease (NNN), depending on the type of space and location in San Fernando.[17] In comparison, a local broker noted that retail lease rates in the nearby community of Lakeview Terraces to the east were $2.00 – $2.50 per square foot NNN. Lease rate data published by CoStar for five retail properties in the Project Areas falls within the middle of the range described by the local brokers. According to CoStar, the lease rates for those properties range from $0.85 – $2.00 per square foot; in comparison, lease rates for seven retail properties in neighboring Sylmar range from $1.00 – $5.43 per square foot.[18]

According to market research reports, lease rates for retail commercial space in the San Fernando Valley submarket are approximately $2.68 per square foot NNN.[19] These retail lease rates are substantially higher than the lease rates quoted for San Fernando by local brokers.

Office Lease Rates

Lease rates for commercial office space in the City of San Fernando are abnormally low relative to the lease rates for the greater San Fernando Valley. Interviews with local brokers indicate that lease rates for most office space in the Project Areas are at or below lease rates in comparable spaces in the broader San Fernando Valley submarket.

According to a local broker, current office vacancies are $0.75 – $2.00 per square foot full service gross (FSG), depending on the type of space and location in San Fernando. In comparison, lease rates for Class A commercial office space in the San Fernando Valley submarket according to market research reports are $2.37 – $2.68 per square foot FSG.[20] Commercial office lease rates for Los Angeles County are $2.72 per square foot FSG.[21] These lease rates are substantially higher than those quoted for San Fernando by local brokers.

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[17] Retail lease rates quoted are monthly and net of taxes, insurance and maintenance (“NNN”).

[18] Data obtained from a search of available retail properties in San Fernando and surrounding areas on www.showcase.com, accessed on 11/16/2009 via www.costar.com.

[19] Marcus & Millichap, Retail Research Market Update, Los Angeles County, Third Quarter 2009. Marcus & Millichap does not publish lease rate data for San Fernando. Rather, the Project Areas are included in the San Fernando Valley submarket.

[20] Marcus & Millichap, Office Research Market Update, Los Angeles County, Second Quarter 2009. All average lease rates are monthly and include taxes, utilities, and maintenance (“FSG”). Marcus & Millichap does not publish lease rate data for San Fernando. Rather, the Project Areas are included in the San Fernando Valley submarket.

[21] CB Richard Ellis, MarketView, Greater Los Angeles, Office, Second Quarter 2009.

Industrial Lease Rates

Lease rates for industrial properties in San Fernando are also abnormally low relative to lease rates for the greater San Fernando Valley submarket. Interviews with local brokers indicate that lease rates for most retail spaces in the Project Areas are at or below lease rates in comparable spaces in the broader San Fernando Valley submarket.

According to a local broker, lease rates for industrial properties in the Project Areas are $0.55 – $0.70 per square foot NNN. Lease rates published by CoStar for eight industrial properties in the Project Areas are within the range described by the local brokers, ranging from $0.55 – $0.89 per square foot NNN with an average of $0.64 per square foot NNN.[22] These lease rates are lower than the average lease rate of $0.73 per square foot NNN published in a market research report for the San Fernando Valley submarket.[23]

Summary of Lease Rates and Blighting Conditions

Collectively, the available lease rate data and expert assessments of local brokers consistently place commercial lease rates in the Project Areas lower than what is found in other comparable commercial locations. According to local brokers, the main reason for these abnormally low retail and office lease rates, other than the current economic conditions, is weak demand for the types of buildings and commercial spaces found in the Project Areas. For example, one local broker stated that the Project Areas in general suffer from deferred maintenance and are in need of updating due to their age, and another local broker stated that general disinvestment at some locations, such as the San Fernando Mall, is an impediment to leasing. These abnormally low lease rates contribute to a cycle of disinvestment, which is often the result of building owners not choosing to invest in maintenance and upkeep for older, less desirable buildings.

b. Serious Residential Overcrowding

Residential overcrowding can cause problems of public safety or health, and is considered an economic blighting condition under the CRL. When the some of the original Redevelopment Plans were adopted, U.S. Census data was used to document overcrowding as a major economic blighting condition within the Project Areas. However, since the adoption of the Redevelopment Plans, the CRL definition of residential overcrowding has changed and no longer defines overcrowding using Census data.[24] The required information is not available through either external inspection or available data on buildings in the Project Areas. Therefore, the Census definition used in this report provides the best available measure of residential overcrowding. Furthermore, as the methodology used at the time of adoption of the Redevelopment Plans was analysis of Census data, it is reasonable to continue to use the same methodology for this Report to document this economic blighting condition.

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[22] Data obtained from a search of available industrial properties in San Fernando and surrounding areas on www.showcase.com, accessed on 11/16/2009 via www.costar.com.

[23] CB Richard Ellis, MarketView, Greater Los Angeles, Industrial, Second Quarter 2009.

[24] The CRL definition of residential overcrowding refers to a section of the Uniform Housing Code that eventually, through a series of code references, defines overcrowding in terms of the number of square feet of floor area for habitable rooms.

The most recent available Census data indicates that the underlying condition of overcrowding in the Project Areas continues to exist. [25] While the Census does not provide summary data corresponding to the specific geography of the Project Areas, Census block data can be used to approximate the geography of the Project Areas.[26] Figure II-5 shows the Census blocks that most closely align with the boundaries of the Project Areas.

Analysis of Census data from the year 2000 shows that the Project Areas suffer from greater levels of residential overcrowding than the City as a whole and the surrounding area.[27] Table II-7 shows that 50 percent of total occupied housing units within the Project Areas are overcrowded compared to 44 percent of the housing units Citywide, 15 percent of the housing units in the three-digit 913 Zip Code Tabulation Area (ZCTA), and 23 percent of the housing units in Los Angeles County.[28]

Table II-7
Overcrowded Occupied Housing Units
San Fernando Redevelopment Project Areas

	Overcrowded Housing Units[a]	Total Occupied Housing Units	Percent Overcrowded
Project Areas[b]	**1,598**	**3,223**	**50%**
City of San Fernando	2,546	5,784	44%
Zip Code Tabulation Area 913[c]	60,266	396,457	15%
Los Angeles County	720,369	3,133,774	23%

a. Overcrowded housing units are defined by the Census Bureau as units with more than one occupant per room. Room count includes bedrooms, living rooms, dining rooms, and kitchens, but excludes bathrooms and closets.
b. The 2000 U.S. Census does not have a specific geography matching the Project Areas. Data is from the following Census Blocks, which predominantly consist of the Project Areas: 3201.04, 3202.04, 3202.05, 3202.06, 3202.07, 3203.01, 3203.02, 3203.04, 3203.06 and 3203.07.
c. Zip Code Tabulation Areas (ZCTA) are generalized area representations of U.S. Postal Service ZIP Code service areas used for statistical purposes. ZCTA 913 Includes the surrounding communities of Sylmar, Granada Hills, Pacoima, and Mission Hills.

Source: 2000 U.S. Census, Seifel Consulting Inc.

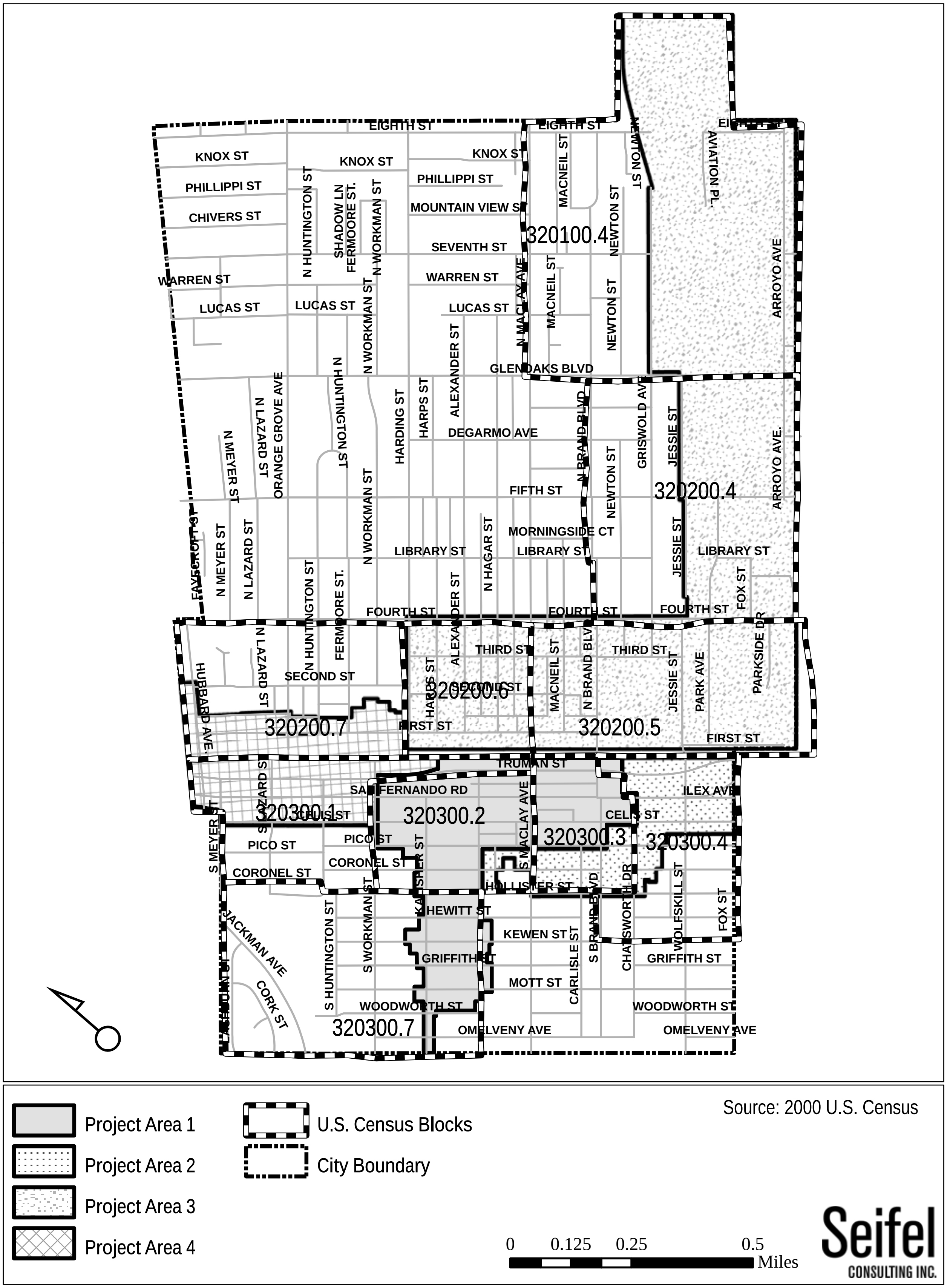
[25] The Census Bureau defines an overcrowded housing unit as a unit housing more than one person per room. A room is defined as any room excluding bathrooms, porches, balconies, foyers, halls, or half rooms.

[26] The 2000 U.S. Census does not have a specific geography matching the Project Areas. Data from the following Census Blocks, which predominantly consist of the Project Areas, is used to approximate the geography of the Project Areas: 3201.04, 3202.04, 3202.05, 3202.06, 3202.07, 3203.01, 3203.02, 3203.04, 3203.06 and 3203.07.

[27] Most of the residential land uses are found in Project Area 1 and Project Area 3, and these areas show the highest rates of residential overcrowding.

[28] The three-digit 913 ZCTA is comprised of San Fernando (Zip Code 91340) as well as several communities in the surrounding area, and is used by the Census Bureau for comparison purposes.

Figure II-5
U.S. Census Blocks
San Fernando Redevelopment Project Areas



While this data shows that serious residential overcrowding is prevalent in the Project Areas, Census data may, in fact, underestimate overcrowding in San Fernando. For example, the Census most likely undercounts undocumented immigrants living with family, friends or other acquaintances. Moreover, the City conducted a survey of residential areas from March through June 2009 as part of the Local Update of Census Addresses (LUCA) program. The LUCA Survey was conducted in order to get a full count of all residential addresses in the City for the US Census Bureau, including those of informal structures not included in City records. The LUCA Survey documented a total of 141 illegal dwelling units located within or directly adjacent to the Project Areas, including 112 garage conversions, 27 additions, and 2 trailers permanently parked in yards and used for habitation. Figure II-6 shows the location of properties with illegal dwelling units located within and directly adjacent to the Project Areas.[29] The adjacent properties are relevant to the analysis of residential overcrowding as these adjacent illegal units contribute to overcrowded conditions and negatively affect the Project Areas.

In addition to the LUCA Survey, the City also conducted surveys of code compliance in four specific areas of San Fernando as part of the Community Action Plan for Neighborhood Protection and Preservation (CAPP) program. The CAPP Surveys were performed in four Focus Areas in coordination with the San Fernando Police Department starting in 2007. Focus Area No. 2 and Focus Area No. 4 are primarily within Project Area 1 and Project Area 3 respectively, and the remaining two focus areas, Focus Area No. 1 and Focus Area No. 3, are adjacent to Project Area 3 and Project Area 4 respectively. The CAPP Surveys documented the prevalence of building and fire code violations, inoperable vehicles and vehicles parked off pavement, excessive trash and debris visible from the public right-of-way, and illegal garage conversions within and directly adjacent to the Project Areas. These conditions are evidence of residential overcrowding and economic blight within the Project Areas.

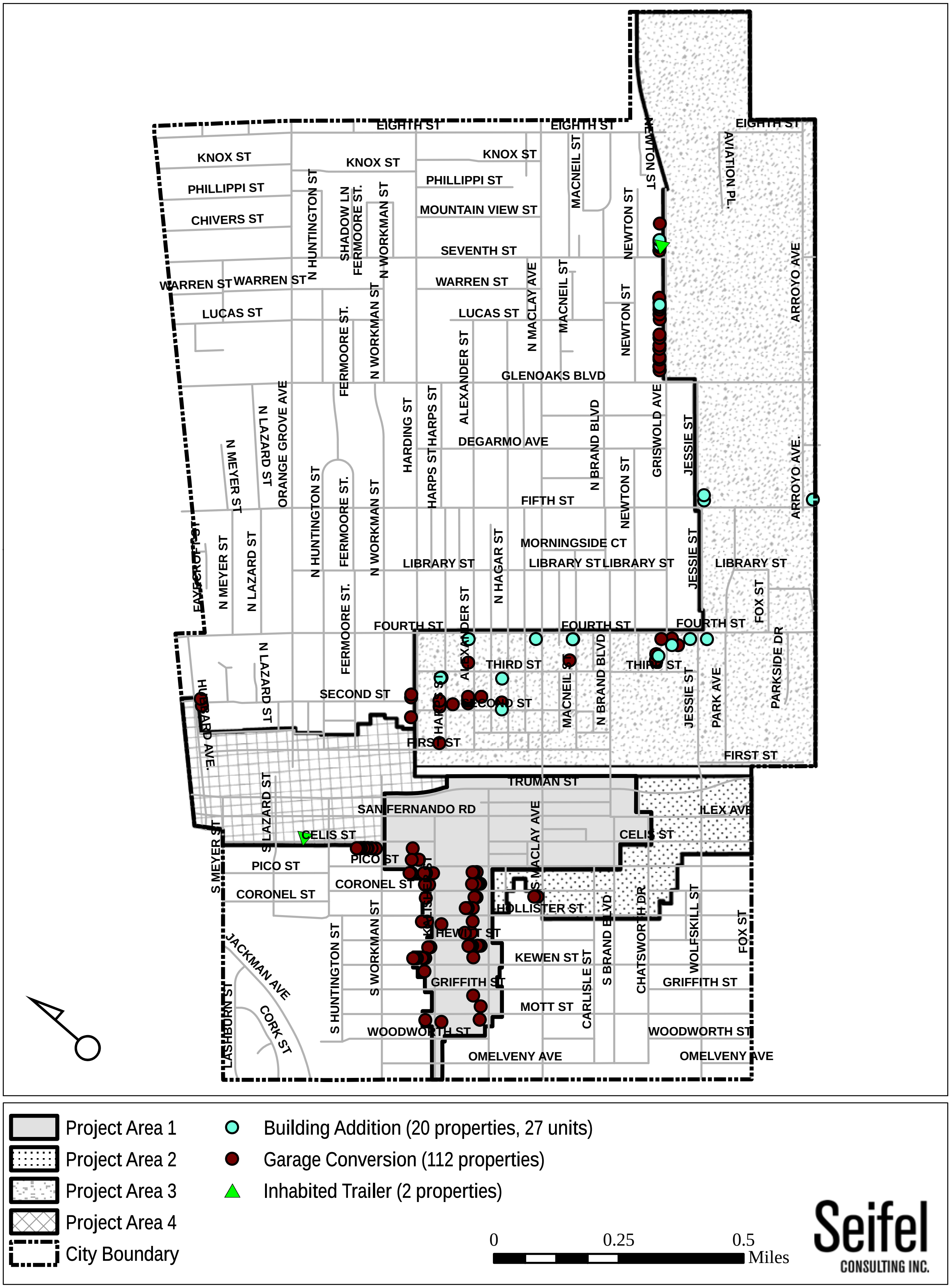
The presence of serious residential overcrowding has also been documented in the April 2009 Housing Element update. This analysis presents maps and figures showing overcrowding in the Project Areas, and identifies specific areas with the most severe overcrowding. Several of these overcrowding “hot spots” are located within Project Area 1 and Project Area 3.[30]

The illegal additions, conversions and informal residential structures not only indicate the presence of serious residential overcrowding, the substandard construction practices found in many of them also result in unsafe and/or unhealthy buildings. These conditions are specific to individual project areas, and are detailed in Sections C and E below, which describe physical blighting conditions related to unsafe and/or unhealthy buildings in Project Area 1 and Project Area 3.

[29] Note that some properties contain multiple illegal units.

[30] The City of San Fernando 2008-2014 Housing Element, adopted April 6, 2009.

Figure II-6
Location of Properties with Illegal Dwelling Units
San Fernando Redevelopment Project Areas



c. High Crime Rates

A high crime rate continues to negatively affect the Project Areas. San Fernando Police Department (SFPD) data and interviews with SFPD officers indicate that crime in the Project Areas constitutes a serious threat to public safety and welfare and meets the CRL definition of economic blight.[31] Whether directed at persons or property, crime creates a negative image of the Project Areas that hinders economic activity.

The SFPD has collected comprehensive data on all crimes reported in San Fernando from January 1, 2004 through July 30, 2009. Part I crimes are the most serious of those reported to the SFPD, and they are the focus of this analysis. Part I offenses consist of homicide, forcible rape, robbery, aggravated assault, burglary, larceny/theft, auto theft, and arson. Part I crimes are further divided into property crime and violent crime, with homicide, forcible rape, robbery, and aggravated assault classified as violent.

Crime rates are generally reported in terms of the number of crimes per 1,000 residents. Most of the Project Areas, however, consist predominantly of commercial properties, and comparing crime rates using the number of residents would therefore be inaccurate and misleading. This analysis compares the concentration of crimes by land area. Furthermore, the analysis describes crime rates in all of the Project Areas, rather than in each Project Area separately, as the prevalence of crime in certain areas (such as along the San Fernando Road corridor), cannot be accurately broken up by individual Project Area.

Analysis of these crime incidents reveals that crimes disproportionately occur within the boundaries of the Project Areas. Table II-8 shows that 49 percent of the violent crimes reported citywide during this time period occurred in the Project Areas, while the Project Areas only cover 35 percent of the land area of the City. The Project Areas therefore account for a larger proportion of violent crime in the City than its geographical size alone would predict. Furthermore, the violent crime rate was 10.7 incidents per 100 acres of land area per year in the Project Areas, almost 50 percent greater than the citywide violent crime rate.

For the portion of the Project Areas excluding Project Area 3A, some of which is no longer blighted and consists primarily of large, industrial parcels with a small residential population, this contrast is even starker. Approximately 42 percent of violent crimes occurred in the portion of the Project Areas excluding Project Area 3A, which covers approximately 22 percent of the City. The violent crime rate per 100 acres of land area per year in the portion of the Project Areas excluding Project Area 3A is 14.9 incidents per 100 acres of land area per year, approximately twice the citywide violent crime rate.

[31] Health & Safety Code Section 33031(b)(7).

Table II-8
Violent Crimes January 1, 2004 – July 30, 2009
San Fernando Redevelopment Project Areas

Violent Crime Type	Project Areas	Project Areas (Excluding 3A)	Outside Project Areas	Citywide
Homicide	3	2	2	5
Forcible Rape	15	14	17	32
Robbery	168	146	121	289
Aggravated Assault	136	115	198	334
Total Violent Crimes	**322**	**277**	**338**	**660**
Percent of Total Citywide Violent Crimes	**49%**	**42%**	**51%**	**100%**
Size of Area (Acres)	**546**	**338**	**993**	**1539**
Percent of City Area	**35%**	**22%**	**65%**	**100%**
Annual Violent Crimes per 100 Acres	**10.7**	**14.9**	**6.2**	**7.8**

Source: San Fernando Police Department, Seifel Consulting Inc.

The proportion of total violent crimes in San Fernando that occurred within the boundaries of the Project Areas is greater during the one-year period from August 1, 2008 through July 30, 2009 than during the overall five-year period. Table II-9 shows that 53 percent of violent crimes occurred in the Project Areas during this time period, compared to 49 percent between January 2004 and July 2009, as shown in Table II-8 above. The proportion of violent crimes outside the Project Areas decreased during this time period, from 51 percent to 47 percent.

The proportion of violent crime in the portion of the Project Areas excluding Project Area 3A remains approximately the same during this time period. The violent crime rate per 100 acres of land area in the portions of the Project Areas excluding Project Area 3A also remains approximately twice the citywide violent crime rate during this time period.

Table II-9
Violent Crimes Citywide August 1, 2008 – July 30, 2009
San Fernando Redevelopment Project Areas

Violent Crime Type	Project Areas	Project Areas (Excluding 3A)	Outside Project Areas	Citywide
Homicide	0	0	0	0
Forcible Rape	2	2	2	4
Robbery	27	19	16	43
Aggravated Assault	28	25	32	60
Total Violent Crimes	**57**	**46**	**50**	**107**
Percent of Total Citywide Violent Crimes	**53%**	**43%**	**47%**	**100%**
Size of Area (Acres)	**546**	**338**	**993**	**1539**
Percent of City Area	**35%**	**22%**	**65%**	**100%**
Violent Crimes per 100 Acres	**10.4**	**13.6**	**5.0**	**7.0**

Source: San Fernando Police Department, Seifel Consulting Inc.

Collectively, the evidence indicates that crime in the Project Areas is more prevalent than crime citywide. Moreover, crime in the Project Areas constitutes a serious threat to public safety and welfare, and contributes to remaining blight.

3. Inadequate Public Improvements

This section documents the existence of inadequate public improvements in the Project Areas. Under the current CRL requirements, the presence of inadequate public improvements or inadequate water or sewer utilities cannot be the sole basis for characterization of an area as blighted. However, as specified in CRL Section 33030(c), such conditions may be considered as a contributing factor to blight when both physical and economic blighting conditions are present in a project area. Furthermore, faulty or inadequate water or sewer utilities can be considered a physical blighting factor related to unsafe or unhealthy buildings. As discussed in this Section B, and in Sections C through F, which describe blighting conditions in each Project Area, physical and economic blighting conditions are present throughout the Project Areas. The presence of inadequate public improvements further contributes to blight in the Project Areas.

City staff observed examples of inadequate public improvements and inadequate infrastructure throughout the Project Areas during field surveys conducted in 2009 as part of the City's Capital Improvement Plan (CIP). Public infrastructure deficiencies in the Project Areas, as described in the CIP, include inadequate and outdated sewer and storm drain systems, inadequate and aging water systems, deteriorated roadways and sidewalks, inadequate transportation and transit facilities, and inadequate pedestrian and bicycle infrastructure. Examples of specific deficiencies are discussed below, and the cost estimates associated with these improvements are presented in Chapter III and Appendix J.

a. Sewer and Storm Drain System Deficiencies

The City has documented major flooding occurring in portions of the Project Areas due to outdated and inadequate storm drain system. Proposed projects to eliminate this flooding along the 1400 block of Pico Street (Project Area 4), along the 800-block of Griswold Avenue (Project Area 3), and at the intersection of Maclay Avenue and Celis Street (Project Area 1) have been included in the CIP. Furthermore, the main sewer line servicing the Downtown is not adequate to handle existing service levels.

b. Water System Deficiencies

Water lines servicing the Downtown (along Celis Street and Hollister Street in Project Area 1 and along Fourth Street and First Street in Project Area 3) are not adequate to accommodate increased demand from the Civic Center, educational and downtown commercial uses. Upgrading these water lines and repairing an aging and outdated system is included in the CIP, and is essential to accommodate increased demand for water in the commercial areas. Another deficiency in the water system identified in the CIP is the reservoir that supplies water to the retail and industrial properties located in Project Area 3A. This reservoir needs substantial repair in order to remain in service for these key areas.

c. Transportation and Transit Deficiencies

The Project Areas, particularly those portions that surround and connect to the downtown, have inadequate way-finding signage, poor signalization at many intersections, deteriorated pavement, limited streetscape improvements, and at-grade railroad crossings that contribute to safety and circulation deficiencies. Limited transit connections, poor transit facilities along the railroad right-of-way and a lack of bus shelters contribute to inadequate transit facilities. Streetscape and signage improvement projects along Truman Street and San Fernando Road are proposed to address these deficiencies. Substantial transit corridor improvements proposed as part of the High Speed Rail project and will improve access to the Project Areas.

d. Walkway and Bicycle Route Deficiencies

Extensive curb and sidewalk deficiencies exist in portions of the Project Areas. A significant number of curbs and sidewalks are missing, have uplifted pavement, or are badly damaged or deteriorated. Such deficiencies force pedestrians to walk in active traffic lanes, creating safety hazards and limiting pedestrian movement and accessibility. Annual sidewalk repair projects to repair or replace this inadequate pedestrian infrastructure are included in the CIP. The CIP also includes a project to construct new sidewalks along Park Avenue in Project Area 3, and along Truman Street from San Fernando Mission Boulevard to Brand Boulevard in Project Area 1, as part of larger streetscape and roadway improvement projects in these areas. These projects serve to improve deficient pedestrian walkway infrastructure in these areas, and eliminate safety hazards resulting from utility poles that block pedestrian access along some of these sidewalks.

Bicycle route and bicycle bridge construction in Project Area 3A and Project Area 4 are necessary to reduce the pedestrian and bicycle infrastructure deficiencies. The Mission City Bike Trail Bridge in Project Area 4 would link the downtown with the residential areas north of the railroad tracks. The Pacoima Wash Bikeway in Project Area 3A would provide green space, bikeways and pedestrian amenities. This project would transform an existing dirt wash into a community destination, and would provide a dedicated pedestrian path between neighborhoods and current and planned public schools. The Safe Routes to Schools Cycle program would fund bicycle improvements throughout the Project Areas.

C. Remaining Blighting Conditions Affecting Project Area 1

1. Previous Blight Findings

Significant blighting conditions were present both at the time of adoption of the Redevelopment Plan for the Original Project Area 1 in 1966, and at the time of the Plan Amendment in 1988 that added area known as Project Area 1A. These conditions included:[32]

- Defective design and character of physical construction.
- Faulty interior arrangement and exterior spacing.
- High density of population and overcrowding.
- Inadequate provision for ventilation, light, sanitation, open space and recreation facilities.
- Age, obsolescence, deterioration, dilapidation, mixed character or shifting of uses.
- Subdivision and sale of lots of irregular form and shape and inadequate size for proper use and development.
- Existence of inadequate public improvements, public facilities, open space, and utilities, which cannot be remedied by private or governmental action without redevelopment.

[32] Excerpted from: The Redevelopment Agency of the City of San Fernando, Report to the City Council for the Redevelopment Plan Amendments to Redevelopment Project Nos. 1, 2 and 3, November 2, 1998, pp. 32-36.

- Prevalence of depreciated values, impaired investments, and social and economic maladjustment.

2. Redevelopment Activities to Date

The Agency has participated in many redevelopment efforts since the adoption of the Redevelopment Plan in 1966, through 1998, including:[33]

- Landscaped entrance way at Truman/San Fernando entrance to City in conjunction with the City of Los Angeles.
- Development of the Value Plus Center commercial shopping center through property acquisition, land assembly and site clearance.
- San Fernando Mall streetscape improvements.
- Maclay Avenue street improvements.
- Kewen Street Townhomes project.
- Community Action Plan for Neighborhood Protection and Preservation (CAPP) to identify and abate illegal activities and substandard physical conditions at individual problem properties.
- Seismic Retrofit Program. Agency funds used to provide loans between $1,000 and $4,000 to residential property owners for seismic repairs.
- Plan review and entitlements for buildings in the Commercial Façade Improvement Loan Program.
- Bank of America parking lot at Brand Boulevard and Truman Street.
- Walter Reuff Buick at 710 San Fernando Road (later sold to Rydell Automotive).

Since 1999/2000, the Agency has invested additional resources into projects benefiting Project Area 1, including:[34]

- New El Pollo Loco restaurant at 1125 Truman Street.
- New Starbucks Coffee at 1101 Truman Street.
- Commercial façade rehabilitation and restoration of 313 S. Brand Boulevard, formerly the DWP Building.
- Development approvals for the multiple tenant commercial building at 1245 San Fernando Road (i.e., San Fernando Station).
- Social Security Office rehabilitation at 456 San Fernando Mission Boulevard.
- New commercial building at 501 San Fernando Mission Boulevard.
- New commercial building at 1201 Hewitt Street.
- Street reconstruction project of South Maclay Avenue.
- Celis Street improvement projects.
- Commercial development project at 1209 Mott Street.

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[33] The Redevelopment Agency of the City of San Fernando, Report to the City Council for the Redevelopment Plan Amendments to Redevelopment Project Nos. 1, 2 and 3, November 2, 1998, pp. 36-37.

[34] The Redevelopment Agency of the City of San Fernando, 2005/06-2009/10 Redevelopment and Housing Implementation Plan Mid-Term Update, August 2008, pp.18-19.

- Development of single-family residence at 709 San Fernando Mission Boulevard.
- Commercial façade rehabilitation at 1023 Pico Street.
- New 2-unit commercial building at 1038 San Fernando Road.
- Utilities undergrounding project on Kalisher Street.
- Coronel Street improvement project.
- Mott Street improvement project.
- San Fernando Mission Boulevard improvement project.
- Expansion and rehabilitation of Valley Family Center at 302 S. Brand Boulevard.
- Las Palmas Sub-site I and II, consisting of 21 senior housing units located at 499 Kalisher Street and 24 senior housing units located at 333 Kalisher Street. Agency contributed approximately $4.5 million.
- Residential Rehabilitation Loan Program. Agency funds used to provide loans to residential property owners to rehabilitate existing single-family residences. Loans ranged from $12,000 to $55,000.
- First-time Homebuyers Program. Agency funds used to provide "silent second" downpayment assistance loans to income-qualified first-time homebuyers seeking to purchase single-family residences in San Fernando. Loans ranged from $15,000 to $45,000.

3. Areas No Longer Blighted

As a result of both the implementation of the Agency's Redevelopment Program and the private investment that has been stimulated, in part, by public investment in the area, some portions of Project Area 1 are no longer blighted. Figure II-7 highlights the areas in Project Area 1 that are no longer blighted.

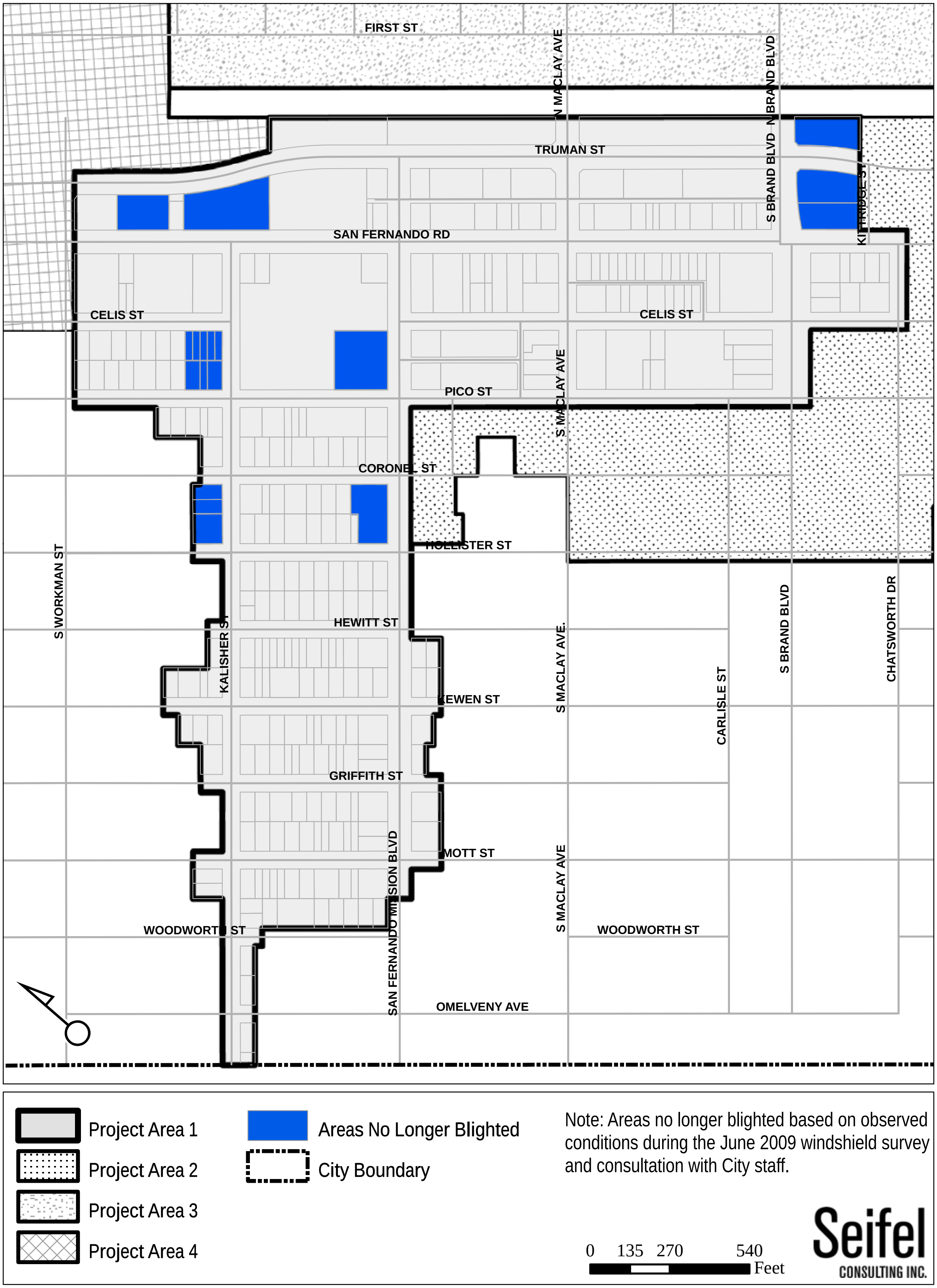
4. Physical Blighting Conditions

In addition to the seismic hazards affecting all of the Project Areas described in Section B, the presence of unsafe and/or unhealthy buildings is a physical blighting condition contributing to remaining blight in Project Area 1. The presence of many unsafe and/or unhealthy buildings indicates that significant physical blight remains in Project Area 1.

a. Unsafe and/or Unhealthy Buildings

The City Survey evaluated 151 residential buildings in Project Area 1 and the Seifel Survey evaluated 106 commercial buildings in the portions of Project Area 1 that remain blighted. Many of the buildings in Project Area 1 exhibit physical conditions that make them unsafe and/or unhealthy places in which to live or work. These include generally dilapidated and deteriorated buildings resulting from long-term neglect, as well as buildings vulnerable to specific safety hazards, such as seismic hazards, lead contamination and mold or mildew contamination. Buildings with illegal additions or illegal garage conversions also present a safety hazard, as the construction has not been inspected for conformance with building and safety codes.

Figure II-7
Areas No Longer Blighted
Project Area 1



Note: Areas no longer blighted based on observed conditions during the June 2009 windshield survey and consultation with City staff.

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Building Age

Most of the buildings surveyed in Project Area 1 are more than 45 years old, with 164 buildings (64 percent) constructed prior to 1961. Table II-10 presents the age of buildings in Project Area 1 based on available data from the Los Angeles County Assessor. The advanced age of many buildings in Project Area 1 puts them at higher risk for unsafe and unhealthy conditions, as these buildings tend to quickly fall into disrepair if owners neglect to perform necessary maintenance.

Table II-10
Age of Buildings
Project Area 1

Year Built[a]	Number of Buildings	Percent of Total
Pre 1933	101	39%
1933 - 1960	63	25%
1961 - 1972	34	13%
1973 - present	59	23%
Total	**257**	**100%**

a. Age of buildings for which the year of construction is available.

Source: Los Angeles County Assessor, Seifel Consulting Inc.

Building Age and Seismic Vulnerability

The age of buildings is also correlated with seismic vulnerability because older building codes did not include safety standards that exist today. As shown in Table II-10 above, 39 percent of the buildings in Project Area 1 for which the year of construction is available were built before 1933, and 38 percent were built between 1933 and 1972. Thus, only 23 percent of buildings in Project Area 1 were constructed under earthquake safety standards enacted after the 1971 San Fernando earthquake. Based on the year of construction, 77 percent of the buildings in Project Area 1 are highly vulnerable to earthquake damage.

Building Conditions

A substantial number of unsafe and/or unhealthy buildings remain in Project Area 1. Table II-11 shows that, of the 257 buildings surveyed, 30 percent (77 buildings) were rated 1 or 2, exhibiting very extensive or extensive physical or structural deficiencies likely resulting in high repair costs. These buildings are considered unsafe and/or unhealthy to occupy. Approximately one-third of these 77 buildings (7 percent of all buildings surveyed) were rated as category 1, exhibiting very extensive physical or structural deficiencies.[35]

[35] The City Survey rated buildings in the worst condition as 4 or 5. Seifel converted these ratings to 1 or 2 to match the Seifel Survey ratings, as described in Appendix B.

Table II-11
Building Condition Ratings
Project Area 1

Building Condition Rating	Number of Buildings	Percent of Total
1, Very Extensive Physical Deficiencies	19	7%
2, Extensive Physical Deficiencies	58	23%
3, Some Physical Deficiencies	80	31%
4, Few Physical Deficiencies	94	37%
5, Minor or No Physical Deficiencies	6	2%
Total	**257**	**100%**

Source: City of San Fernando, Seifel Consulting Inc.

Buildings rated 1 or 2 are unsafe and/or unhealthy to occupy as they possess structural vulnerability, health risks from lead paint or mold, or some combination of these factors. Figure II-8 illustrates that these deficient buildings are located throughout the blighted portions of Project Area 1.[36] Appendix C contains photographic documentation of the observed building conditions in Project Area 1.

Building Conditions and Building Age

Table II-12 summarizes the age of buildings and the building condition ratings observed in Project Area 1 during the City Survey and the Seifel Survey. This table presents the clear relationship between age of building and building condition rating, with the oldest buildings much more likely to have a building condition rating of 1 or 2 as compared to the newer buildings. For example, 33 percent of the buildings constructed prior to 1933 and 51 percent of the building constructed between 1933 and 1960 were rated 1 or 2, compared with only 3 percent of the buildings constructed between 1973 and the present. Thus, older buildings are more likely than newer buildings to be unsafe and/or unhealthy.

Table II-12
Age of Buildings and Building Condition Ratings
Project Area 1

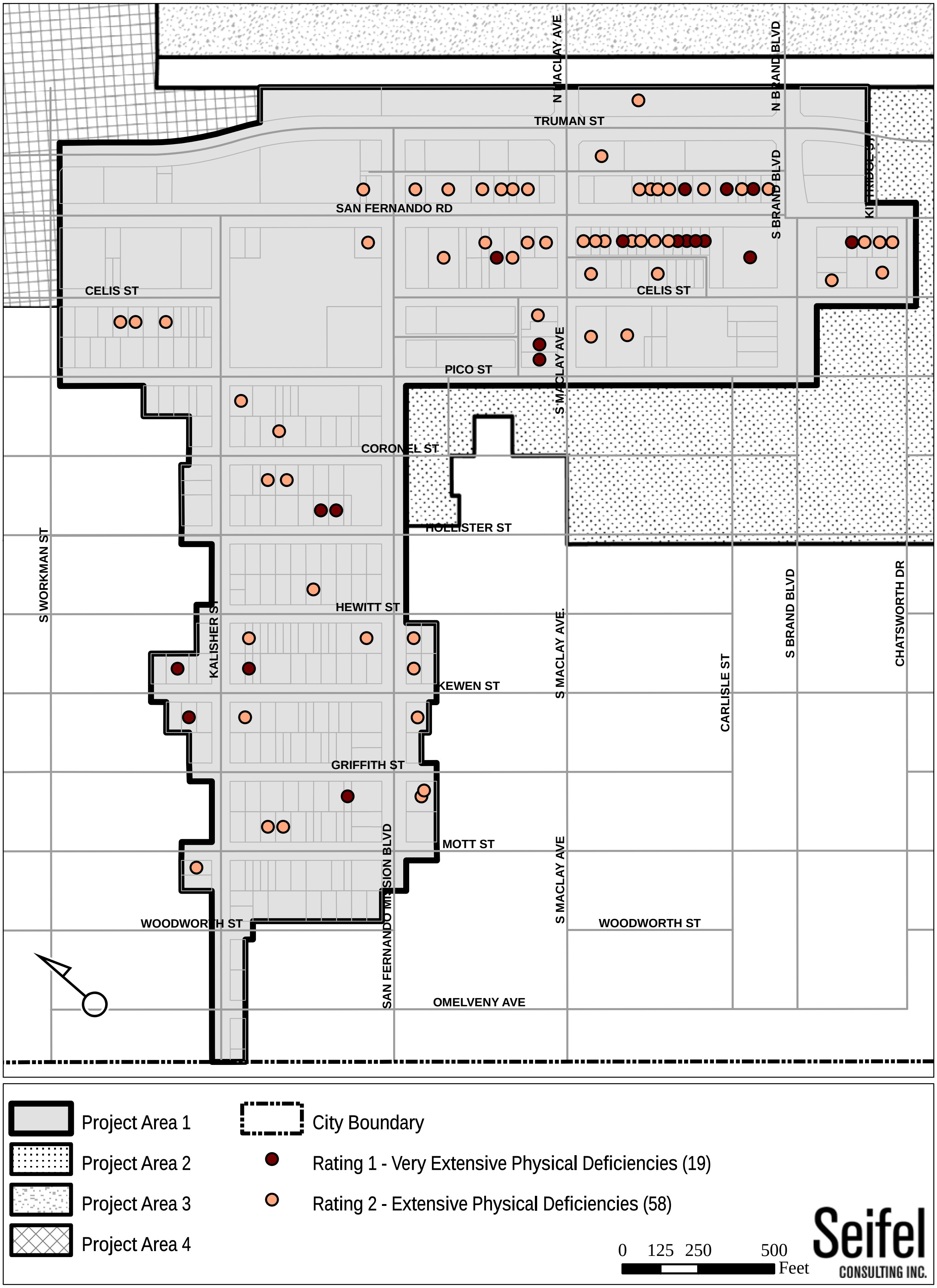
	Building Condition Rating						% of Buildings
Year Built[a]	**1**	**2**	**3**	**4**	**5**	**Total**	**Rated 1 or 2**
Pre 1933	11	22	36	29	3	**101**	**33%**
1933 - 1960	8	24	15	16	0	**63**	**51%**
1961 - 1972	0	10	13	11	0	**34**	**29%**
1973 - Present	0	2	16	38	3	**59**	**3%**
Total	**19**	**58**	**80**	**94**	**6**	**257**	**30%**

a. Age distribution among the surveyed buildings for which the year of construction is known.

Source: Los Angeles County Assessor, City of San Fernando, Seifel Consulting Inc.

[36] Refer to Figure II-7 for a map of the portions of Project Area 1 that are no longer blighted.

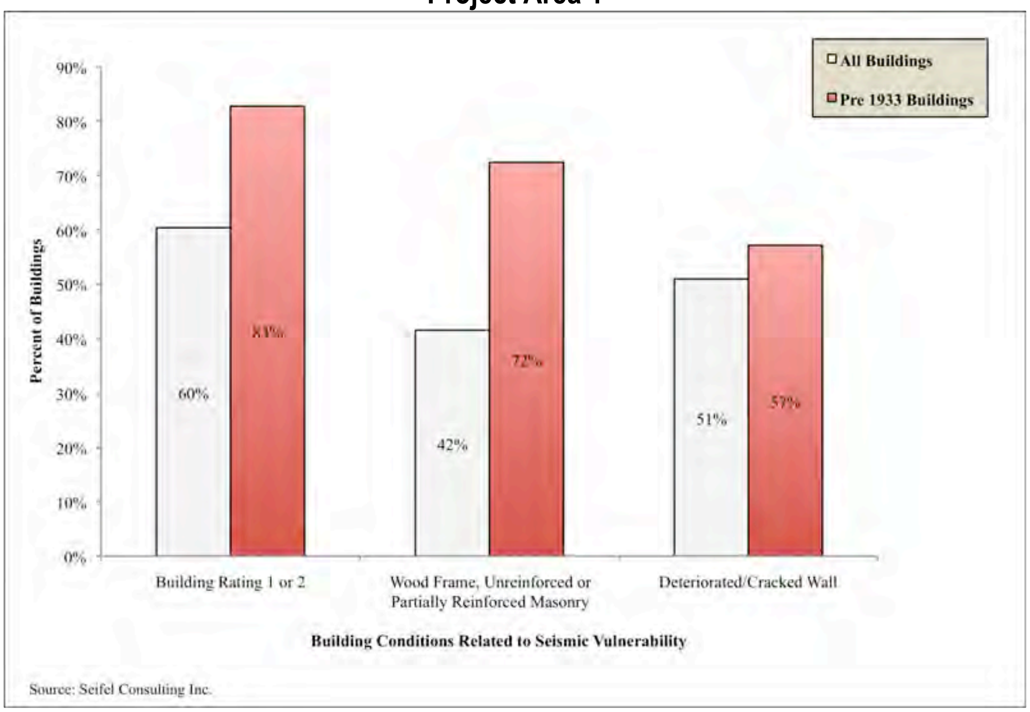
Figure II-8
Location of Unsafe and/or Unhealthy Buildings
Project Area 1



Building Conditions and Seismic Vulnerability

As shown in Graph II-1, many of the 106 buildings evaluated by the Seifel Survey in Project Area 1 exhibit one or more of the characteristics identified in Section B that exacerbate seismic vulnerability, including the following: wood frame, unreinforced or partially reinforced masonry construction; deteriorated or cracked walls or foundations; alignment problems; and/or significant dry rot. For example, 42 percent of all buildings evaluated by the Seifel Survey and 72 percent of the pre-1933 buildings are constructed of wood, unreinforced masonry, or partially reinforced masonry. These structures are more likely to suffer extensive damage in the event of an earthquake. Also, 60 percent of all these buildings and 83 percent of the pre-1933 buildings were rated 1 or 2. These older, dilapidated and/or deteriorated buildings are more likely than newer, well-maintained buildings to suffer serious and potentially life-threatening damage in an earthquake.

Graph II-1
Building Conditions Related to Seismic Vulnerability
Project Area 1



Building Conditions and Land Use

Table II-13 shows the distribution of land uses among all buildings surveyed in Project Area 1. Overall, 30 percent of the buildings were rated 1 or 2. However, more than half of the commercial buildings surveyed are in poor condition, with 56 percent (55 buildings) rated 1 or 2. The commercial buildings surveyed in Project Area 1 predominantly contain retail uses, which are generally high-occupancy uses and therefore unsafe and/or unhealthy conditions in these buildings could potentially impact many people. Of the retail buildings surveyed, 61 percent were rated 1 or 2. For residential buildings, a greater proportion of the multifamily buildings were rated 1 or 2 than the single-family buildings. For mixed-use buildings, 43 percent were rated 1 or 2.

Table II-13
Building Condition Ratings by Land Use
Project Area 1

Land Use	Number of Buildings[a]	Number of Buildings Rated 1 or 2	Percent of Buildings Rated 1 or 2
Residential			
Single-Family	89	9	10%
Condominium	4	0	0%
Duplex	36	6	17%
Multifamily	22	4	18%
Subtotal Residential	**151**	**19**	**13%**
Non Residential			
Retail	90	55	61%
Office	4	0	0%
Industrial	2	0	0%
Institutional[b]	1	0	0%
Other/Unknown	2	0	0%
Subtotal Non Residential	**99**	**55**	**56%**
Mixed-Use	7	3	43%
Total	**257**	**77**	**30%**

a. Does not include buildings located in areas no longer blighted.
b. Includes schools, churches and hospitals.

Source: City of San Fernando, Seifel Consulting Inc.

Lead Paint

The presence of lead-based paint is another example of a condition that makes a building an unsafe and/or unhealthy place for persons to live or work. Congress banned lead-based paint entirely in 1979, and lead levels in exterior and interior paint prior to 1950 were particularly high.[37] Elevated blood-lead levels have well-documented adverse consequences for children, and the link between the presence of lead-based paint in the home and elevated blood-lead levels is strong. According to the U.S. Centers for Disease Control and Prevention (CDC),

> *Lead can produce adverse effects on virtually every system in the body; it can damage the kidneys, the nervous system, the reproductive system, and cause high blood pressure. It is especially harmful to the developing brains of fetuses and young children. There may be no lower threshold for some of the adverse effects of lead in children. In addition, the harm that lead causes to children increases as their blood lead levels increase.*[38]

Major exposure to lead can occur under the following conditions:

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[37] According to the U.S. Centers for Disease Control and Prevention, lead levels in paint decreased moderately during the second half of the 20th century through limited regulation and voluntary reductions.

[38] "Facts on…Lead," U.S. Centers for Disease Control and Prevention website, http://www.cdc.gov/nceh/lead/guide/1997/docs/factlead.htm.

- The presence of deteriorated, cracked, or peeling lead-based paint in older homes, creating dust and paint chips easily ingested by young children;
- Disturbance of lead-based paint during renovation or remodeling;
- Presence of lead-based paint in any condition on an exposed surface easily chewed by a young child (such as a window sill); and
- Lead contamination in the soil around a residential building.

Professional lead removal costs significantly more than standard painting. More often, property owners attempt to remediate lead paint on their own by painting over it with non-lead paint. This method is problematic, as it is effective only if the new paint never peels, and does not remediate lead in the soil surrounding a building. Due to the complexity and expense of properly removing lead-based paint, lead likely remains in most of the buildings constructed in Project Area 1 prior to the ban in 1979. The Community Development Department of the City of San Fernando operates under the assumption that buildings in San Fernando built before 1979 likely contain lead-based paint, and thus present a health risk to occupants as the paint deteriorates or lead-disturbing renovations occur.[39] Structures built before 1950 pose the highest risk, but all pre-1979 buildings are potentially problematic.

Graph II-2 illustrates the likelihood of lead paint risk in all surveyed buildings in Project Area 1 based on year of construction. Approximately 80 percent of the 257 buildings surveyed in Project Area 1 were built before 1979, and 56 percent of the buildings are in the highest risk category (pre-1950). Moreover, Graph II-3 shows that the majority of the 89 pre-1979 buildings evaluated by the Seifel Survey exhibit one or more of the conditions that are associated with lead paint contamination: serious physical dilapidation or deterioration (building condition 1 or 2), peeling or faded paint, and deteriorated windows. For example, 72 percent of these buildings were rated 1 or 2, and 55 percent exhibited peeling or fading paint. Thus, the Seifel Survey found that Project Area 1 contains many buildings with conditions known to contribute to unsafe and/or unhealthy conditions related to lead paint contamination.

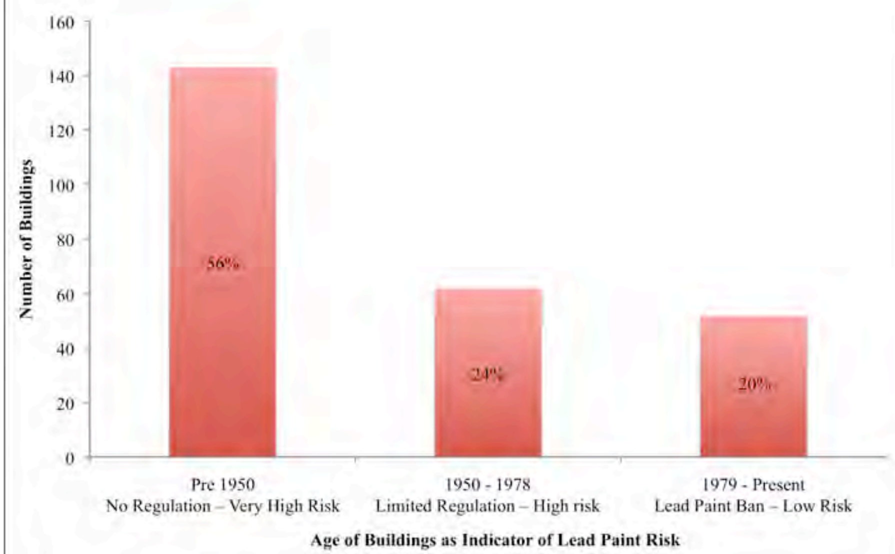
Mold and Mildew

Similar to lead paint, the presence of mold and mildew in buildings can lead to serious health problems, especially in young children. A 2002 study sponsored by the Centers for Disease Control (CDC) has linked the presence of indoor mold to asthma and other respiratory problems.[40] According to the Asthma and Allergy Foundation, over half of Americans with asthma suffer from the allergic form of the disease triggered by exposure to allergens such as mold or mildew. This evidence indicates that the presence in a building of mold or mildew presents a serious health risk to the occupants.

[39] Interview with Francisco Villalva, Building and Safety Supervisor of the San Fernando Community Development Department, December 1, 2009.

[40] Redd, Stephen C. (2002). State of the Science on Molds and Human Health. Centers for Disease Control and Prevention. U.S. Department of Health and Human Services.

Graph II-2
Age of Buildings as Indicator of Lead Paint Risk
Project Area 1



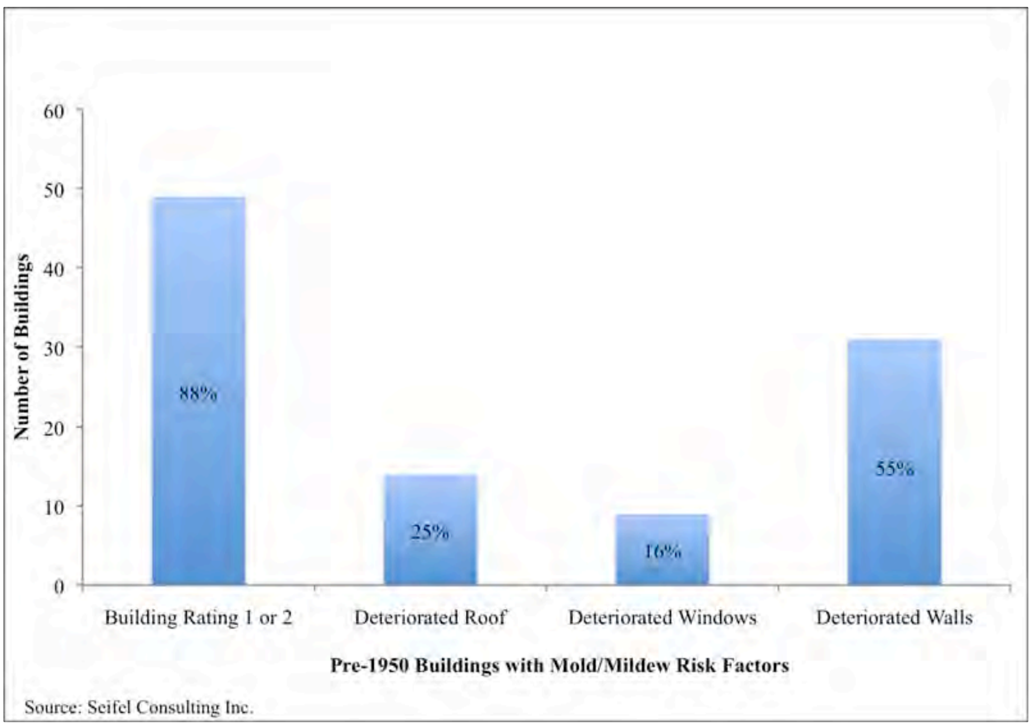
Source: Los Angeles County Assessor, Seifel Consulting Inc.

Graph II-3
Pre-1979 Buildings with Lead Paint Risk Factors
Project Area 1

Source: Seifel Consulting Inc.

Mold and mildew are a result of excess water accumulating in a building, often resulting from deteriorated or faulty plumbing, or from deteriorated roofing, windows and walls. These conditions are generally more likely to be present in older buildings or in buildings in poor physical condition. As noted previously in the lead paint section, 56 percent of the buildings surveyed in Project Area 1 were constructed before 1950. These buildings are at high risk for mold or mildew contamination. Moreover, Graph II-4 shows that the majority of the 56 pre-1950 buildings evaluated by the Seifel Survey exhibit one or more of the conditions that promote mold or mildew growth. For example, 88 percent of these buildings were rated 1 or 2, 25 percent have deteriorated roofing, and 55 percent have deteriorated walls. Thus, the Building Conditions Survey found that Project Area 1 contains many buildings with conditions known to contribute to unsafe and/or unhealthy conditions related to mold or mildew.

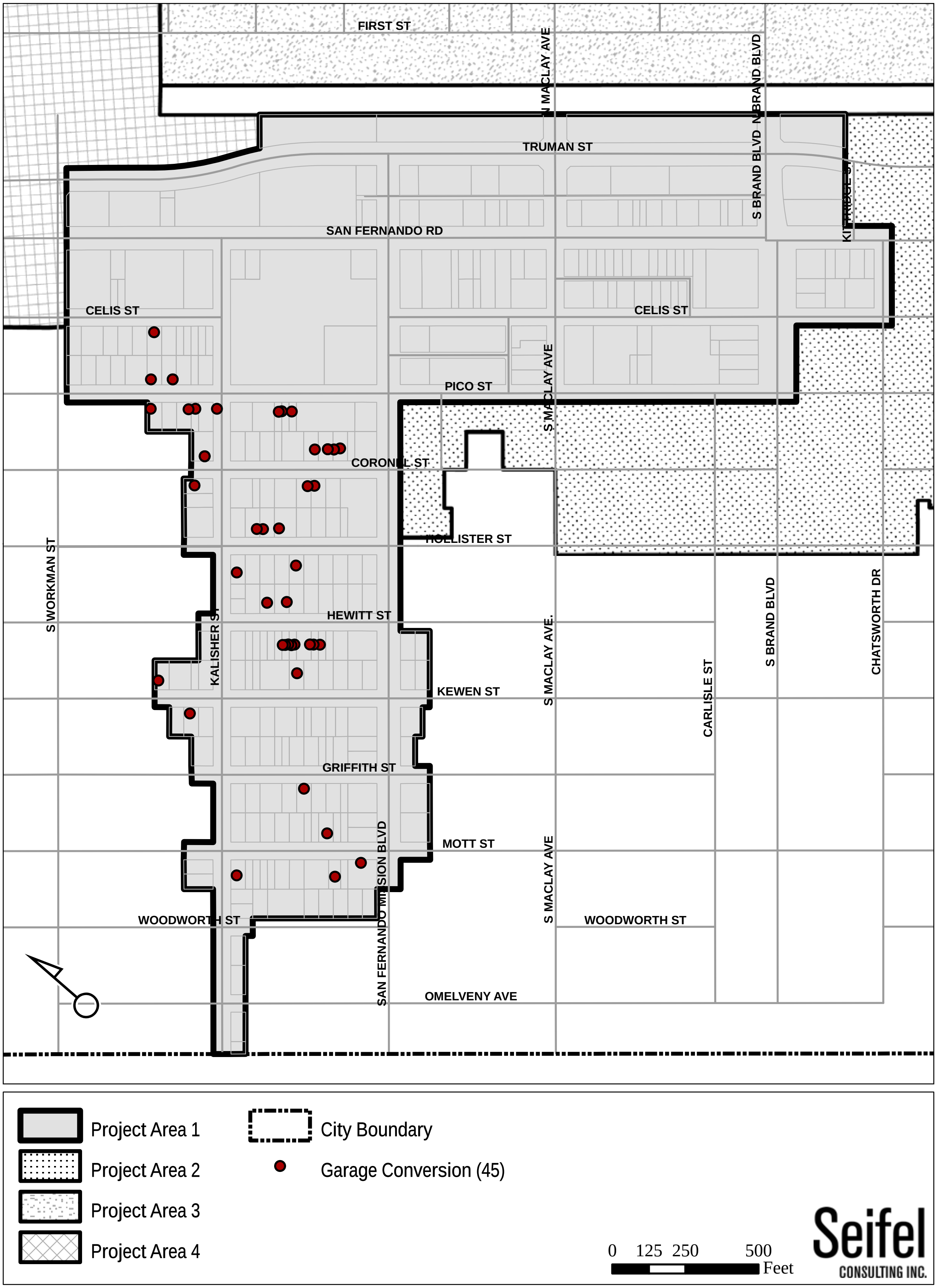
Graph II-4
Pre-1950 Buildings with Mold/Mildew Risk Factors
Project Area 1



Illegal Garage Conversions

As discussed previously in Section B, the LUCA Survey identified residential properties with illegal additions. A total of 45 illegal garage conversions were documented in Project Area 1. These illegal garage conversions were performed without building permits, and, as discussed in Section B.1 above, are thus more likely to be unsafe than permitted and inspected construction. The presence of these illegal garage conversions contributes to the unsafe and/or unhealthy building conditions found in Project Area 1. Also, as discussed in Section C.5.c below, these garage conversions indicate the presence of serious residential overcrowding within Project Area 1. Figure II-9 shows the location of these illegal garage conversions.

Figure II-9
Location of Illegal Garage Conversions
Project Area 1



5. Economic Blighting Conditions

In addition to the blighting conditions affecting all Project Areas described in Section B, the following economic blighting conditions contribute to remaining blight in Project Area 1:

- Depreciated or stagnant property values
- Indicators of economically distressed buildings
- Serious residential overcrowding

The presence of these conditions, taken together, indicates that significant economic blight remains in Project Area 1.

a. Depreciated or Stagnant Property Values

In order to document depreciated residential property values, a residential sales analysis was performed using sales data from MDA DataQuick, a provider of real estate information. Sale prices, reported as transaction transfer values to the Los Angeles County Assessor, were analyzed for Zip Code 91340, which covers the City of San Fernando. MDA DataQuick summary data for the City of San Fernando indicates that the median sale price for single-family and condominium sales in 2008 was $262,550. This was a 45 percent decline from 2007, when the median sale price was $473,500.[41]

While sales prices for residential properties have declined across the region over the past year, analysis of median assessed value (MAV) and median sale price (MSP) data for residential property sold in San Fernando during the time period July 1, 2008 through June 30, 2009 shows that residential properties located within Project Area 1 are selling for less than properties located elsewhere in the City, have lower assessed value than properties located elsewhere in the City, and are not holding their value as well as residential properties located outside of Project Area 1 during the current housing market decline.

Table II-14 shows that the MSP of residential properties sold within Project Area 1 is 25 percent less than the MSP for properties sold citywide during the time period, and the MAV of the properties sold in Project Area 1 is 23 percent less than the MAV for properties sold citywide. Residential properties sold citywide had an MSP of $244,000, below the MAV of $269,000 for these properties. Properties sold in Project Area 1 had an MSP of $183,000, below their MAV of $230,000 and below the citywide MSP. Having a sale price less than assessed value is an indicator of depreciated residential property value as it shows that the current value of the property, as dictated by the real estate market, has not kept up with annual property reassessments. While the MSP of properties sold in each geographic area was less than the MAV, the MSP of properties sold in Project Area 1 was 12 percent less than the MAV and the MSP of properties sold citywide was only 9 percent less than the MAV.[42] This analysis reinforces that Project Area 1 is characterized by depreciated residential property values.

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[41] MDA DataQuick CA 2008 City Chart, http://dqnews.com/Charts/Annual-Charts/CA-City-Charts/ZIPCAR08.aspx Accessed 11/20/2009.

[42] Assessed value can be a problematic proxy for market value due to limitations on increases of assessed value in California, and can vary widely between similar properties. However, properties in Project Area 1 are, in general, older than properties outside the Project Areas, and so the median assessed value (MAV) indicated for properties sold

Table II-14
FY 2008/09 Median Sale Price and Median Assessed Value
Project Area 1

Geography	Median Sale Price (MSP)	Median Assessed Value (MAV)	MSP-MAV	MSP as Percent Difference from MAV
Project Area 1	$183,000	$208,000	-$25,000	-12%
Citywide	$244,000	$269,000	-$25,000	-9%
Difference from Citywide	-$61,000	-$61,000		
% Difference from Citywide	-25%	-23%		

Note: Dollar figures rounded to the nearest thousand.

Source: MDA DataQuick, Seifel Consulting Inc.

Project Area 1 has also experienced stagnant growth in total assessed value (AV) of property from FY 2007/08 to FY 2008/09, and a reduction in AV from FY 2008/09 to FY 2009/10.[43] Analysis of data from HdL, a provider of sales tax analysis and tax allocation audits, shows that Project Area 1 has experienced stagnation and decline compared to Los Angeles County. Table II-15 shows that AV grew by only 2.2 percent in Project Area 1 from FY 2007/08 to FY 2008/09, compared to 6.8 percent growth countywide. Over the last year, AV in Project Area 1 decreased by 2.8 percent, compared to 9.0 percent growth countywide. Stagnant and declining AV over the past two years demonstrates economic blight in Project Area 1.

Table II-15
Assessed Value Growth
Project Area 1

Fiscal Year	Project Area 1: Gross Assessed Value[a]	Project Area 1: Percent Change	Percent Change Citywide	Percent Change County
2007/08	$108,649,803			
2008/09	$111,080,459	2.2%	3.7%	6.8%
2009/10	$107,919,631	-2.8%	-4.0%	9.0%

a. Includes total of secured and unsecured value.

Source: HdL, Los Angeles County Assessor, Seifel Consulting Inc.

b. Indicators of Economically Distressed Buildings

As discussed in Section B above, lease rates for retail commercial space in the Project Areas are abnormally low relative to the broader submarket. Moreover, an abnormally high number of

in Project Area 1 is a conservative estimate; if the MAV was actually higher, reflecting more recent reassessments, the MSP as a percent difference from MAV (shown in Table II-14) would be even greater within Project Area 1.

[43] Decrease in assessed value can be due to reassessment or resale of properties at a lower value.

vacant businesses are located in Project Area 1. These conditions are indicators of economically distressed buildings, and contribute to economic blight remaining in Project Area 1.

Business Vacancies

The City conducted a citywide survey of businesses in June 2009, and found a total of 14 vacant businesses in Project Area 1. During the Building Conditions Survey conducted in September 2009, Seifel noted an additional 12 vacant retail businesses and one vacant service business in Project Area 1. Table II-16 shows that the 20 vacant retail businesses in Project Area 1 account for 42 percent of the total retail vacancies citywide. As shown in Figure II-10, these vacant businesses are located primarily located along the San Fernando Road and San Fernando Mission Boulevard corridors.[44] The presence of an abnormally high number of business vacancies in Project Area 1 detracts from the economic vitality of the area and is further evidence of remaining economic blight.

Table II-16
Business Vacancies
Project Area 1

Business Type	Number of Vacancies	Total Citywide Vacancies	Percent of Citywide Total
Industrial	0	29	0%
Retail	20	48	42%
Service	7	44	16%
Total	**27**	**121**	**22%**

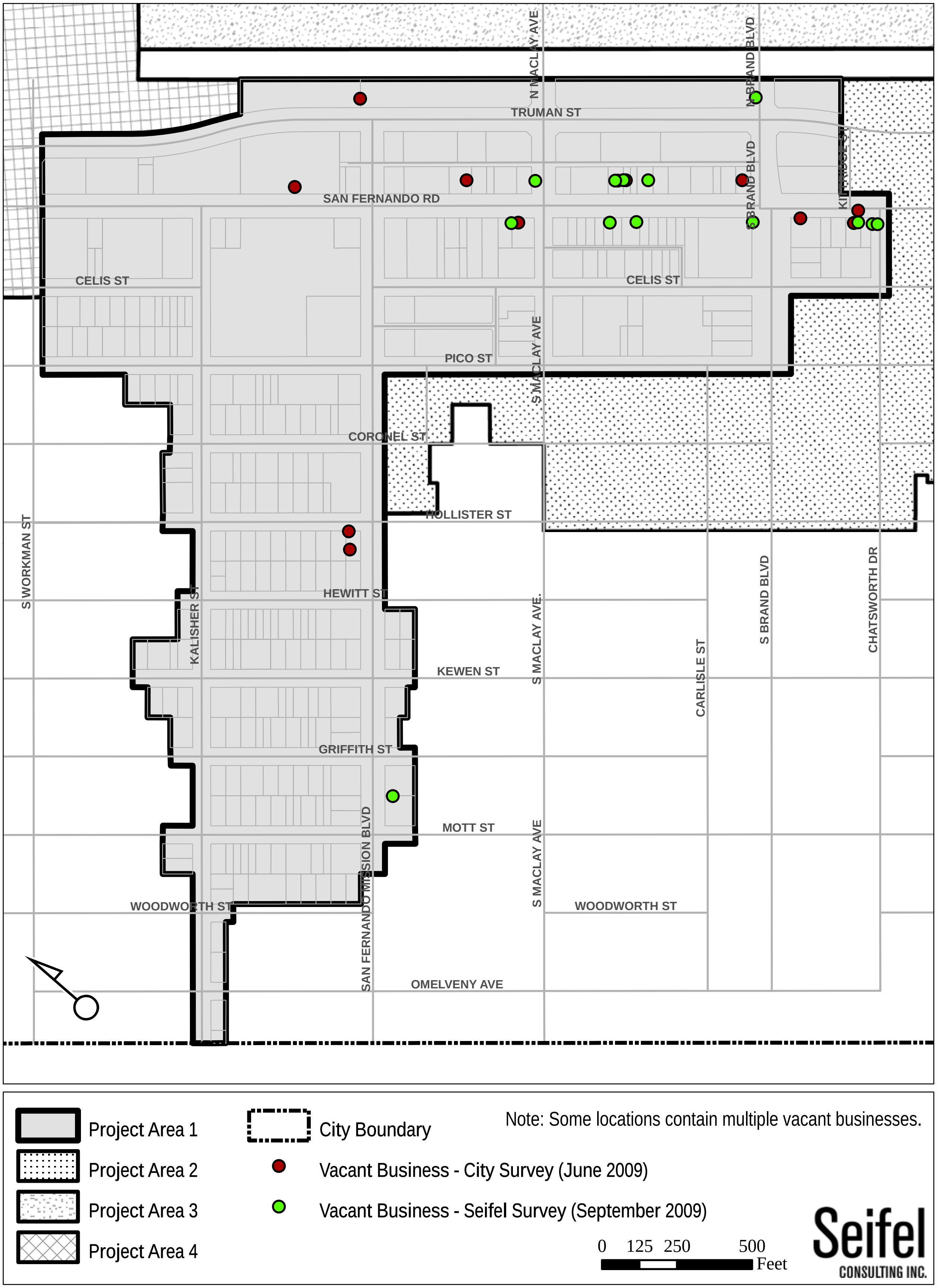
Source: City of San Fernando, Seifel Consulting Inc.

c. Serious Residential Overcrowding

As discussed previously in Section B, residential overcrowding in the Project Areas was documented using Census data, and by the LUCA Survey conducted by the City to determine the level of code compliance in residential areas. The LUCA Survey documented evidence of illegal garage conversions that contribute to residential overcrowding in Project Area 1. As noted in Section C.4.a, the LUCA Survey found a total of 45 garage conversions in Project Area 1. Also, as shown previously in Figure II-6, approximately 15 more illegal garage conversions are located directly adjacent to the western boundary of Project Area 1. The presence of these garage conversions that serve as additional dwelling units in and around Project Area 1 suggests that residential overcrowding is potentially more severe than what was shown previously using Census data in Section B.

[44] Note that some locations contain multiple vacant businesses.

Figure II-10
Location of Business Vacancies
Project Area 1



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6. Conclusion for Remaining Blight in Project Area 1

Project Area 1 suffers from significant, substantial and prevalent remaining blighting conditions. This analysis was done for Project Area 1, as amended to include Project Area 1A. Blighting conditions were documented in both the original Project Area 1 and the added area known as Project Area 1A. The maps included in this section show that blighting conditions remain in both the original Project Area and in Project Area 1A. The physical and economic blighting conditions found in Project Area 1 are summarized below, and have been described in greater detail throughout this section and in Section B above. These conditions are:

- Unsafe and/or unhealthy buildings (Section C.4.a and Section B.1.a)
- Depreciated or stagnant property values (Section C.5.a),
- Indicators of economically distressed buildings (Section C.5.b and Section B.2.a),
- Serious residential overcrowding (Section C.5.c and Section B.2.b)
- High crime rates (Section B.2.c)
- Inadequate public improvements (Section B.3)

Project Area 1 contains a significant number of deteriorated residential and commercial buildings that are unsafe and/or unhealthy places for people to live or work. This condition results from a combination of age of buildings, general dilapidation and deterioration resulting from long-term neglect, seismic vulnerability, the likely presence of lead paint and mold/mildew contamination, and the presence of illegal garage conversions.

Project Area 1 suffers from depreciated property values, as evidenced by the low sales price of residential property as compared with the City and relative to assessed value, and by the decrease in total assessed value of property in Project Area 1 over the last year.

The abnormally high number of business vacancies located in Project Area 1 indicates economic distress and deters new business investment. As discussed in Section B, abnormally low commercial lease rates and high crime rates throughout the Project Areas further contribute to economic blight.

As discussed in Section B, residential overcrowding is a problem in all of the Project Areas but is especially prevalent in Project Area 1. Furthermore, the substantial number of illegal garage conversions located within and directly adjacent to Project Area 1 exacerbates the problem of serious residential overcrowding in Project Area 1.

As discussed in Section B, Project Area 1 suffers from inadequate public infrastructure. Existing water, sewer and storm drain infrastructure deficiencies require significant upgrades. This lack of adequate infrastructure detracts from the economic vitality of Project Area 1.

As further described in Section G of this Chapter II, and in Chapters III and IV, these significant, substantial and prevalent remaining physical and economic blighting conditions result in a significant physical and economic burden on the immediate area and the entire San Fernando community. This blight cannot reasonably be alleviated by private sector or governmental action without the additional financial resources that would be made possible by the proposed Plan Amendments.

D. Remaining Blighting Conditions Affecting Project Area 2

1. Previous Blight Findings

Significant blighting conditions were present when the Redevelopment Plan for Project Area 2 was adopted in 1972. These conditions included:[45]

- Fractured parcelization and ownership patterns that have contributed to uncomplimentary development patterns.
- Incompatible uses, such as residential units in areas along Pico Street that have been converted to commercial or industrial land uses over several years, that, due to the restrictive condition of the land use, has contributed to accelerated deterioration of the units.
- Deteriorating structures.
- Unsafe and unsanitary living conditions due to poorly or illegally constructed room additions, illegal garage conversions, or use of motel facilities for extended occupancy.
- High vacancy rate for commercial units.
- Inconsistent land use patterns, such as small pockets of residential, industrial, and public properties intermixed with the predominant commercial uses.
- Seismic hazards caused by nearby earthquake faults, poor soil conditions and buildings susceptible to destruction due to their age, structure type or condition.
- Inadequate traffic circulation system and restricted movement due to the railroad right-of-way.

2. Redevelopment Activities to Date

The Agency has participated in several redevelopment efforts since the adoption of the Redevelopment Plan in 1972 through amendment of the Plan in 1998, including:[46]

- Auto dealership expansion at 700-753 San Fernando Road through property acquisition, land assembly, and site clearance. Agency provided $950,000.
- San Fernando Mall streetscape improvements.
- Maclay Avenue street improvements.
- Community Action Plan for Neighborhood Protection and Preservation (CAPP) to identify and abate illegal activities and substandard physical conditions at individual problem properties.
- Plan review and entitlements for buildings through the Commercial Façade Improvement Loan Program.
- Residential Earthquake Reconstruction program after 1994 Northridge earthquake allowed reconstruction of non-conforming buildings.

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[45] Excerpted from: The Redevelopment Agency of the City of San Fernando, Report to City Council for the Redevelopment Plan Amendments to Redevelopment Project Nos. 1, 2 and 3, November 2, 1998, pp. 18-19, 32-37.

[46] The Redevelopment Agency of the City of San Fernando, Report to the City Council for the Redevelopment Plan Amendments to Redevelopment Project Nos. 1, 2 and 3, November 2, 1998, pp. 36-37.

Since 1999/2000, the Agency has invested additional resources into a variety of projects benefiting Project Area 2, including:[47]

- Street reconstruction project of South Maclay Avenue.
- New Rydell Chevrolet dealership at 700 San Fernando Road.
- Celis Street improvement projects.
- Lopez Adobe preservation project at 1100 Pico Street.
- Overhead utilities undergrounding project on Celis Street.
- Coronel Street improvement project.
- Restoration of historic structure and construction of dwelling unit at 503 Chatsworth Drive.
- New commercial building at 451 S. Brand Boulevard.
- Residential Rehabilitation Loan Program. Agency funds used to provide loans to residential property owners to rehabilitate existing single-family residences. Loans ranged from $12,000 to $55,000.
- First-time Homebuyers Program. Agency funds used to provide “silent second” downpayment assistance loans to income-qualified first-time homebuyers seeking to purchase single-family residences in San Fernando. Loans ranged from $15,000 to $45,000.

3. Areas No Longer Blighted

As a result of both the implementation of the Agency’s Redevelopment Program and the private investment that has been stimulated, in part, by public investment in the area, some portions of Project Area 2 are no longer blighted. Figure II-11 highlights the areas in Project Area 2 that are no longer blighted.

4. Physical Blighting Conditions

In addition to the seismic hazards affecting all Project Areas described in Section B, the presence of unsafe and/or unhealthy buildings is a physical blighting condition contributing to remaining blight in Project Area 2. The presence of these unsafe and/or unhealthy buildings indicates that significant physical blight remains in Project Area 2.

a. Unsafe and/or Unhealthy Buildings

The City Survey evaluated seven residential buildings in Project Area 2 and the Seifel Survey evaluated 50 commercial buildings in the portions of Project Area 2 that remain blighted. Many of the buildings in Project Area 2 exhibit physical conditions that make them unsafe and/or unhealthy places to live or work. These include generally dilapidated and deteriorated buildings resulting from long-term neglect, and buildings vulnerable to specific safety hazards, such as seismic hazards, lead contamination and mold or mildew contamination.

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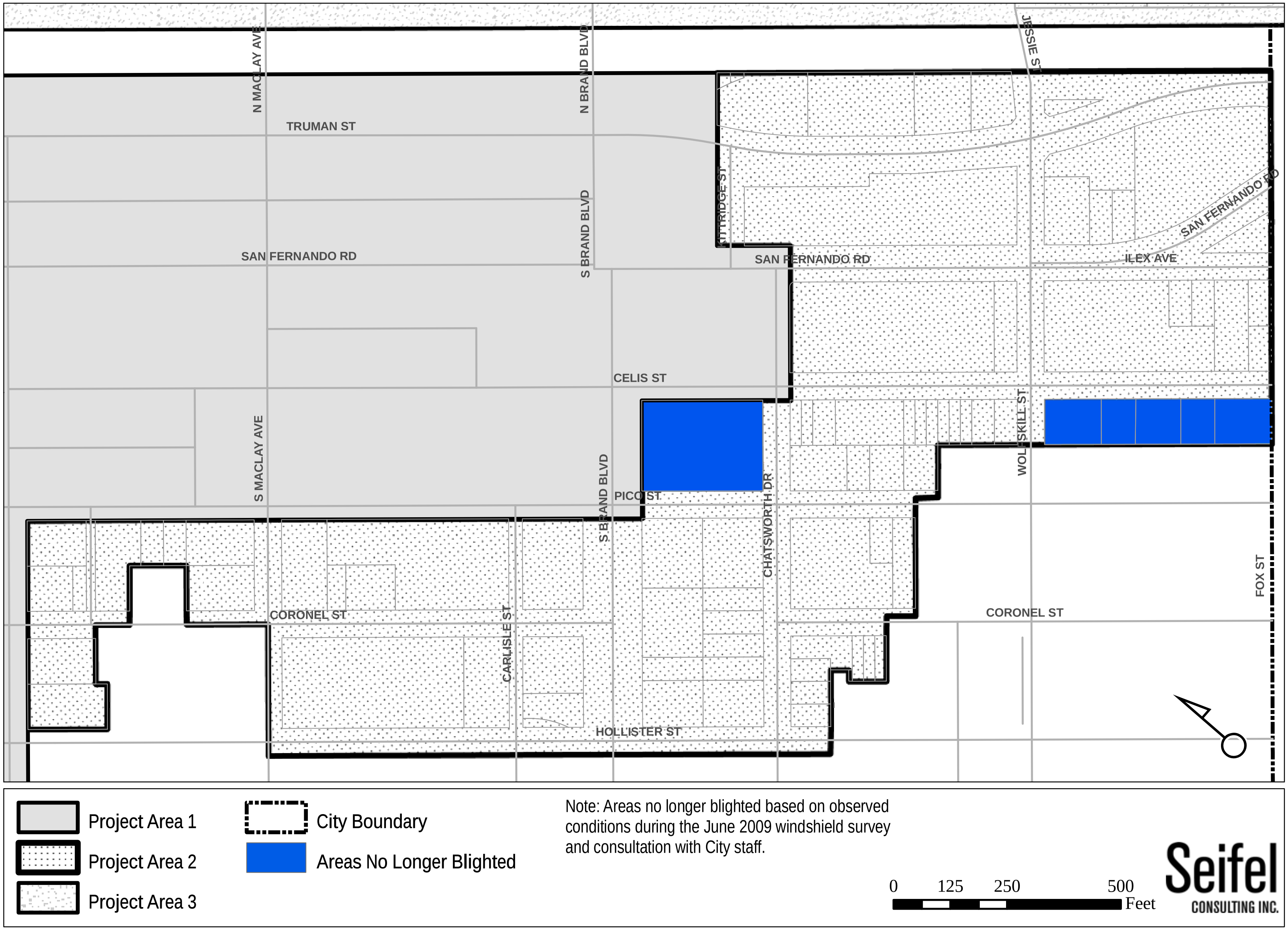
[47] The Redevelopment Agency of the City of San Fernando, 2005/06-2009/10 Redevelopment and Housing Implementation Plan Mid-Term Update, August 2008, pp.18-19.

Figure II-11
Areas No Longer Blighted
Project Area 2



Note: Areas no longer blighted based on observed conditions during the June 2009 windshield survey and consultation with City staff.

Building Age

Most of the buildings surveyed in Project Area 2 are more than 45 years old, with 33 buildings (58 percent) constructed prior to 1961. Table II-17 presents the age of buildings in Project Area 2 based on available data from the Los Angeles County Assessor. The advanced age of many buildings in Project Area 2 puts them at higher risk for unsafe and unhealthy conditions, as these buildings tend to quickly fall into disrepair if owners neglect to perform necessary maintenance.

Table II-17
Age of Buildings
Project Area 2

Year Built[a]	Number of Buildings	Percent of Total
Pre 1933	5	9%
1933 - 1960	28	49%
1961 - 1972	6	11%
1973 - present	18	31%
Total	**57**	**100%**

a. Age of buildings for which the year of construction is available.

Source: Los Angeles County Assessor, Seifel Consulting Inc.

Building Age and Seismic Vulnerability

The age of buildings is also correlated with seismic vulnerability because older building codes did not include safety standards that exist today. As shown in Table II-17 above, 69 percent of the buildings in Project Area 2 were built before 1973. Thus, only 31 percent of buildings in Project Area 2 were constructed under current earthquake safety standards enacted after the 1971 San Fernando earthquake. Based on the year of construction, 69 percent of the buildings in Project Area 2 are highly vulnerable to earthquake damage unless adequately retrofitted.

Building Conditions

A substantial number of unsafe and/or unhealthy buildings remain in Project Area 2. Table II-18 shows that, of the 57 buildings surveyed, 46 percent (26 buildings) were rated 1 or 2, exhibiting very extensive or extensive physical or structural deficiencies likely resulting in high repair costs. These buildings are considered unsafe and/or unhealthy to occupy. Approximately 40 percent of these 26 buildings (18 percent of all buildings surveyed) were rated as category 1, exhibiting very extensive physical or structural deficiencies.[48]

Buildings rated 1 or 2 are unsafe and/or unhealthy to occupy as they possess structural vulnerability, health risks from lead paint or mold, or some combination of these factors. Figure II-12 illustrates that these deficient buildings are located throughout the blighted portions of Project Area 2.[49] Appendix C contains photographic documentation of the observed building conditions in Project Area 2.

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[48] The City Survey rated buildings in the worst condition as 4 or 5. Seifel converted these ratings to 1 or 2 to match the Seifel Survey ratings, as described in Appendix B.

[49] Refer to Figure II-11 for a map of the portions of Project Area 2 that are no longer blighted.

Figure II-12
Location of Unsafe and/or Unhealthy Buildings
Project Area 2

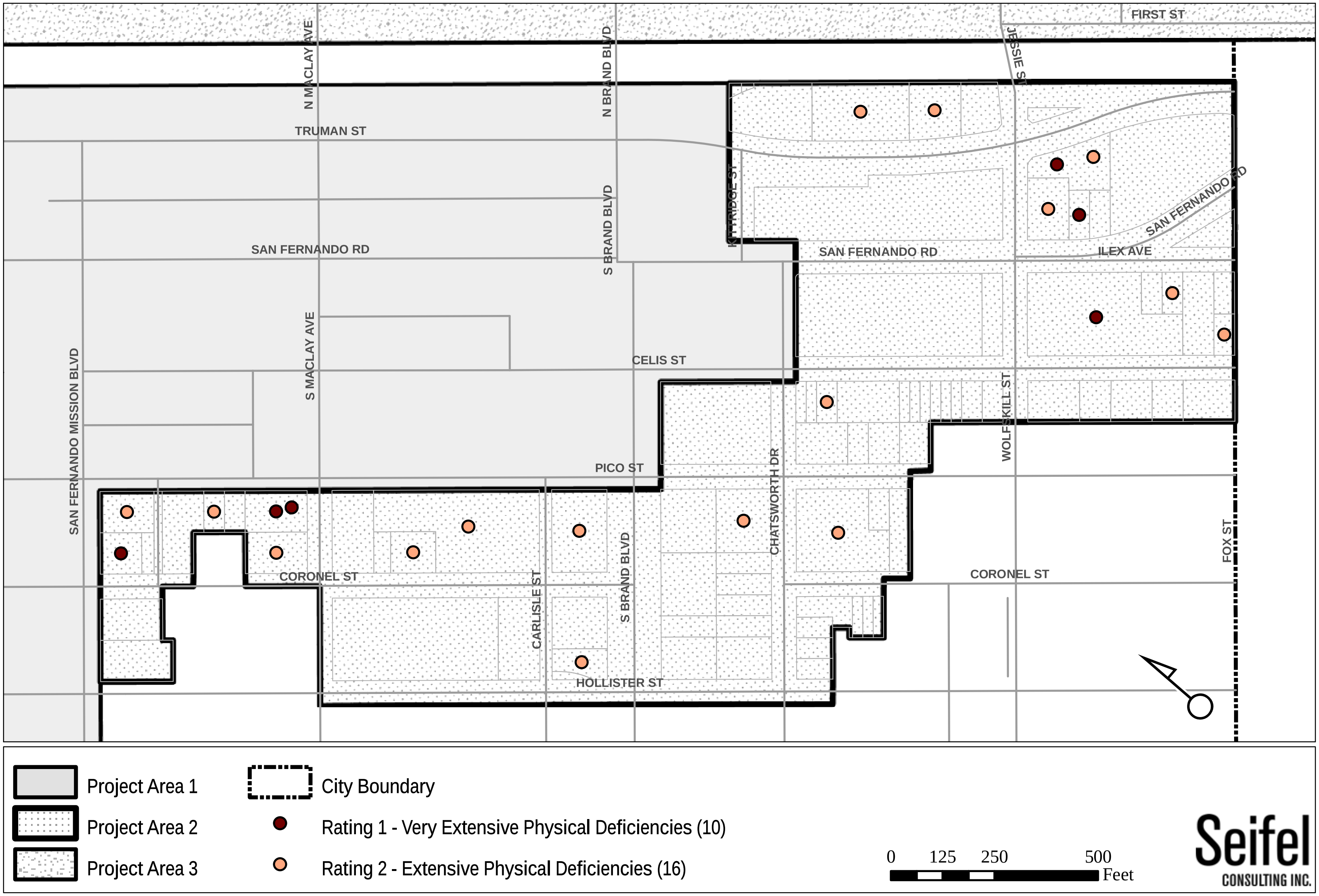


Table II-18
Building Condition Ratings
Project Area 2

Building Condition Rating	Number of Buildings	Percent of Total
1, Very Extensive Physical Deficiencies	10	18%
2, Extensive Physical Deficiencies	16	28%
3, Some Physical Deficiencies	15	26%
4, Few Physical Deficiencies	12	21%
5, Minor or No Physical Deficiencies	4	7%
Total	**57**	**100%**

Source: City of San Fernando, Seifel Consulting Inc.

Building Conditions and Building Age

Table II-19 summarizes the age of buildings and the building condition ratings observed in Project Area 2 during the City Survey and the Seifel Survey. This table presents the clear relationship between age of building and building condition rating, with the oldest buildings much more likely to have a building condition rating of 1 or 2 as compared to the newer buildings. For example, 100 percent of the buildings constructed prior to 1933 and 75 percent of the buildings constructed between 1933 and 1960 were rated 1 or 2, while none of the buildings constructed after 1960 were rated 1 or 2. Thus, these older buildings are more likely than newer structures to be unsafe and/or unhealthy.

Table II-19
Age of Buildings and Building Condition Rating
Project Area 2

	Building Condition Rating						% of Buildings
Year Built[a]	**1**	**2**	**3**	**4**	**5**	**Total**	**Rated 1 or 2**
Pre 1933	3	2	0	0	0	**5**	**100%**
1933 - 1960	7	14	5	2	0	**28**	**75%**
1961 - 1972	0	0	6	0	0	**6**	**0%**
1973 - Present	0	0	4	10	4	**18**	**0%**
Total	**10**	**16**	**15**	**12**	**4**	**57**	**46%**

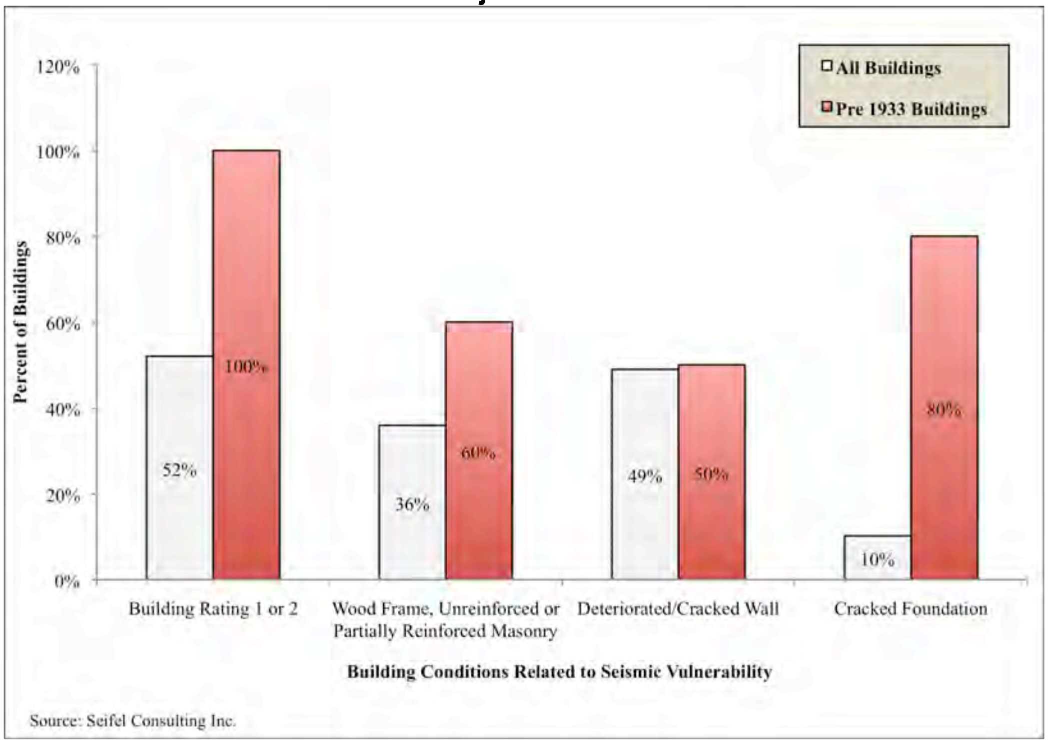
a. Age distribution among the surveyed buildings for which the year of construction is known.

Source: Los Angeles County Assessor's Office, City of San Fernando, Seifel Consulting Inc.

Building Conditions and Seismic Vulnerability

As shown in Graph II-5, many of the 50 buildings evaluated by the Seifel Survey in Project Area 2 exhibit one or more of the characteristics identified in Section B that exacerbate seismic vulnerability, including: wood frame, unreinforced or partially reinforced masonry construction; deteriorated or cracked walls or foundations; alignment problems; and/or significant dry rot. For example, 36 percent of all buildings evaluated by the Seifel Survey and 60 percent of the pre-1933 buildings are constructed of wood, unreinforced masonry, or partially reinforced masonry. These structures are more likely to suffer extensive damage in the event of an earthquake. Also, 52 percent of all these buildings and 100 percent of the pre-1933 buildings were rated 1 or 2. These older, dilapidated and/or deteriorated buildings are more likely than newer, well-maintained buildings to suffer serious and potentially life-threatening damage in an earthquake.

Graph II-5
Building Conditions Related to Seismic Vulnerability
Project Area 2



Building Conditions and Land Use

The commercial buildings surveyed in Project Area 2 predominantly contain retail uses. Table II-20 shows the distribution of land uses in Project Area 2. Overall, 46 percent of the buildings were rated 1 or 2. However, a greater percentage of the 50 commercial buildings surveyed are in poor condition, with 52 percent (26 buildings) rated 1 or 2. Of the retail buildings surveyed, 55 percent were rated 1 or 2. Retail uses are generally high-occupancy uses, and therefore unsafe and/or unhealthy conditions in these buildings could potentially impact many people. None of the seven residential buildings surveyed in Project Area 2 were rated 1 or 2.

Lead Paint

As described in Section C.4.a (Unsafe and/or Unhealthy Buildings in Project Area 1), the presence of lead-based paint is another example of a condition that makes a building an unsafe and/or unhealthy place in which to live or work.

Graph II-6 illustrates the likelihood of lead paint risk in all surveyed buildings in Project Area 2, based on year of construction. Approximately 79 percent of the 57 buildings surveyed in Project Area 2 were built before 1979, and 23 percent of the buildings are in the highest risk category (pre-1950). Moreover, Graph II-7 shows that the majority of the 42 pre-1979 buildings evaluated by the Seifel Survey exhibit one or more of the conditions that are associated with lead paint contamination: serious physical dilapidation or deterioration (building condition 1 or 2), peeling or faded paint, and deteriorated windows. For example, 62 percent of these buildings were rated 1 or 2, and 33 percent exhibited deteriorated windows. Thus, the Seifel Survey found that Project

Area 2 contains many buildings with conditions known to contribute to unsafe and/or unhealthy conditions related to lead paint contamination.

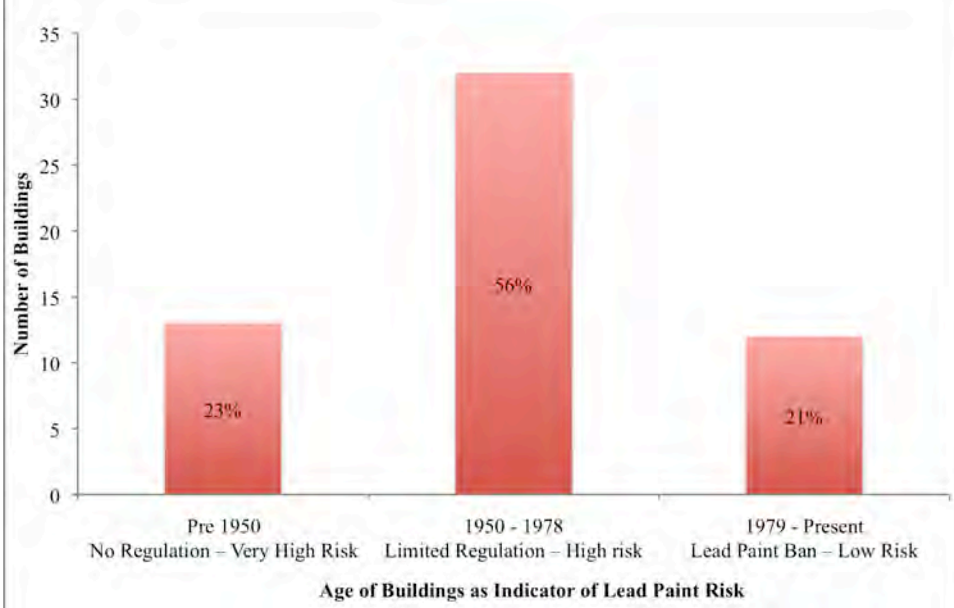
Table II-20
Building Condition Ratings by Land Use
Project Area 2

Land Use	Number of Buildings[a]	Number of Buildings Rated 1 or 2	Percent of Buildings Rated 1 or 2
Residential			
Single-Family	3	0	0%
Condominium	0	0	n/a
Duplex	3	0	0%
Multifamily	1	0	0%
Subtotal Residential	**7**	**0**	**0%**
Non Residential			
Retail	29	16	55%
Office	7	2	29%
Industrial	2	0	0%
Institutional[b]	7	5	71%
Other/Unknown	5	3	60%
Subtotal Non Residential	**50**	**26**	**52%**
Mixed-Use	0	0	n/a
Total	**57**	**26**	**46%**

a. Does not include buildings located in areas no longer blighted.
b. Includes schools, churches and hospitals.

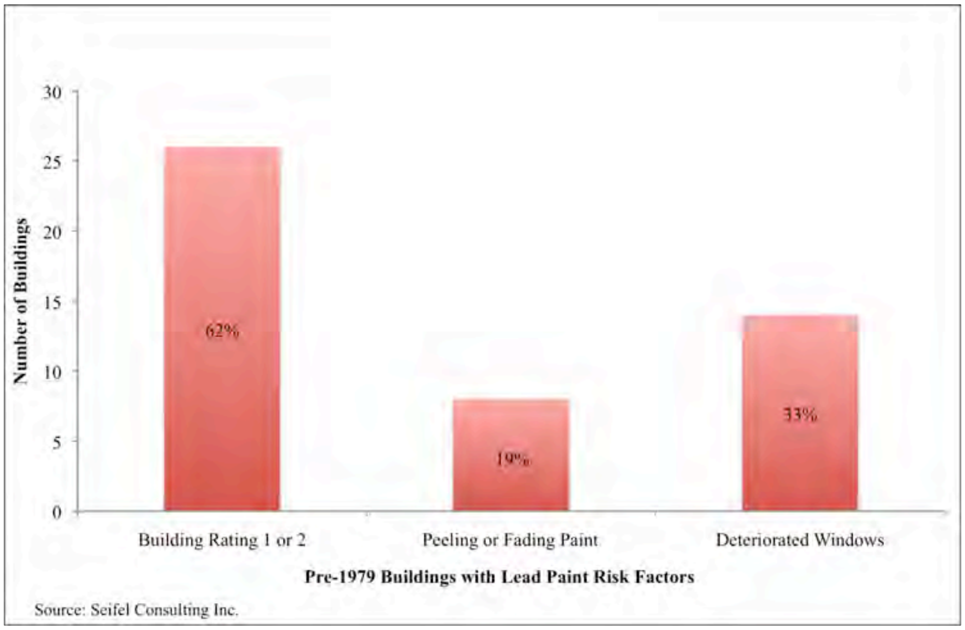
Source: City of San Fernando, Seifel Consulting Inc.

Graph II-6
Age of Buildings as Indicator of Lead Paint Risk
Project Area 2



Source: Los Angeles County Assessor, Seifel Consulting Inc.

Graph II-7
Pre-1979 Buildings with Lead Paint Risk Factors
Project Area 2

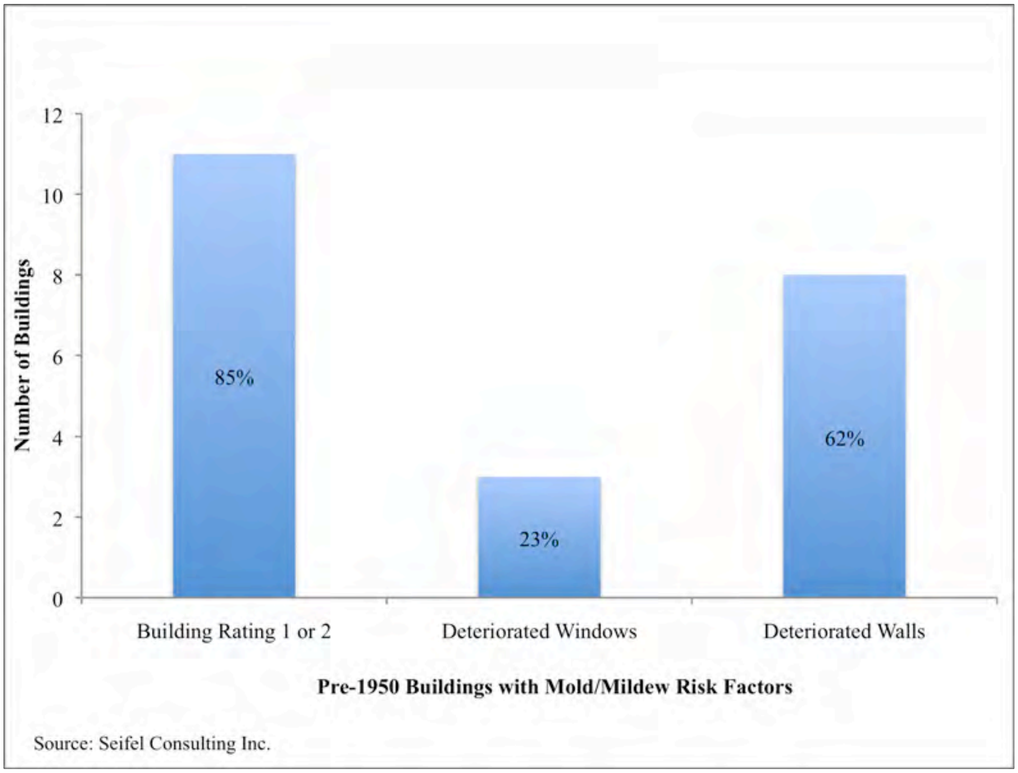


Mold and Mildew

Similar to lead paint, the presence of mold and mildew in buildings can lead to serious health problems, especially in young children. As described in Section C.4.a (Unsafe and/or Unhealthy Buildings in Project Area 1), the presence in a building of mold or mildew presents a serious health risk to the occupants.

Mold and mildew are a result of excess water accumulating in a building, often resulting from deteriorated or faulty plumbing, or from deteriorated roofing, windows and walls. These conditions are generally more likely to be present in older buildings, or in buildings in poor physical condition. As noted previously in the lead paint section, 23 percent of the buildings surveyed in Project Area 2 were constructed before 1950. These buildings are at high risk for mold or mildew contamination. Moreover, Graph II-8 shows that the majority of the 13 pre-1950 buildings evaluated by the Seifel Survey exhibit one or more of the conditions that promote mold and mildew growth. For example, 85 percent of these buildings were rated 1 or 2 and 62 percent have deteriorated walls. Thus, the Seifel Survey found that Project Area 2 contains many buildings with conditions known to contribute to unsafe and/or unhealthy conditions related to mold or mildew.

Graph II-8
Pre-1950 Buildings with Mold/Mildew Risk Factors
Project Area 2



5. Economic Blighting Conditions

In addition to the blighting conditions affecting all of the Project Areas described in Section B, depreciated or stagnant property values contribute to remaining blight in Project Area 2. The presence of these conditions, taken together, indicates that significant economic blight remains in Project Area 2.

a. Depreciated or Stagnant Property Values

Project Area 2 has experienced a decrease in total assessed value (AV) of property from FY 2008/09 to FY 2009/10.[50] Analysis of data from HdL presented in Table II-21 shows that AV in Project Area 2 decreased 8.0 percent from FY 2008/09 to FY 2009/10. The decrease in AV in Project Area 2 was greater than the decrease in San Fernando as a whole. Los Angeles County experienced AV growth of 9.0 percent during this time period. This decrease in AV over the past year demonstrates the presence of economic blight in Project Area 2.

[50] Decrease in assessed value can be due to reassessment or resale of properties at a lower value.

Table II-21
Assessed Value Growth
Project Area 2

Fiscal Year	Project Area 2 Gross Assessed Value[a]	Project Area 2 Percent Change	Percent Change Citywide	Percent Change County
2007/08	$42,429,029			
2008/09	$45,302,934	6.8%	3.7%	6.8%
2009/10	$41,671,659	-8.0%	-4.0%	9.0%

a. Includes total of secured and unsecured value.

Source: HdL, Los Angeles County Assessor, Seifel Consulting Inc.

6. Conclusion for Remaining Blight in Project Area 2

Project Area 2 suffers from significant, substantial and prevalent remaining blighting conditions. The physical and economic blighting conditions are summarized below, and have been described in greater detail throughout this section and in Section B above. These conditions are:

- Unsafe and/or unhealthy buildings (Section D.4.a and Section B.1.a)
- Depreciated or stagnant property values (Section D.5.a)
- Indicators of economically distressed buildings (Section B.2.a)
- Serious residential overcrowding (Section B.2.b)
- High crime rate (Section B.2.c)

Project Area 2 contains a significant number of deteriorated commercial buildings that are unsafe and/or unhealthy places in which to live or work. This condition results from a combination of age of buildings, general dilapidation and deterioration resulting from long-term neglect, seismic vulnerability, and the likely presence of lead paint and mold/mildew contamination.

Project Area 2 suffers from depreciated property values, as evidenced by the decrease in total assessed value of property in Project Area 2 over the last year. Furthermore, as discussed in Section B, abnormally low commercial lease rates, serious residential overcrowding, and the prevalence of crime throughout the Project Areas further contribute to economic blight in Project Area 2.

As further described in Section G of this Chapter II, and in Chapters III and IV, these significant, substantial and prevalent remaining physical and economic blighting conditions result in a significant physical and economic burden on the immediate area and the entire San Fernando community. This blight cannot reasonably be alleviated by private sector or governmental action without the additional financial resources that would be made possible by the proposed Plan Amendments.

E. Remaining Blighting Conditions Affecting Project Area 3

1. Previous Blight Findings

Significant physical and economic blighting conditions were present both at the time of adoption of the Redevelopment Plan for the Original Project Area 3 in 1973, and at the time of the Plan Amendment in 1983 that added area known as Project Area 3A. These conditions include:[51]

- Residential units that lack necessary facilities or utilities, resulting in unsafe and unhealthy living conditions.
- Incompatible uses, such as residential units in areas along Maclay Avenue that have been converted to commercial or industrial land uses over several years, that, due to the restrictive condition of the land use, have contributed to accelerated deterioration of the units.
- Unsafe and unsanitary living conditions due to poorly or illegally constructed room additions, illegal garage conversions, or use of motel facilities for extended occupancy.
- Deteriorated, aged and deficient buildings throughout the Project Area.
- Parcels that are cluttered with scrap materials and equipment.
- Deficient design of commercial units, including outdated physical design, types of construction and building layout, which lead to a higher vacancy rates in the Project Area.
- Seismic hazards caused by nearby earthquake faults, poor soil conditions and buildings susceptible to destruction due to their age, structure type or condition.
- Poorly maintained or inadequate commercial signage.
- Shifting land uses resulting in incompatible uses and health and safety hazards for residents.
- Irregular parcelization patterns and multiple owners leading to uncoordinated development.
- Substandard and deteriorated public improvements such as restricted movement due to the railroad right-of-way.

2. Redevelopment Activities to Date

Since the adoption of the Redevelopment Plan in 1973, through 1998, the Agency participated in several redevelopment efforts, including:[52]

- Downtown Façade Program provided interest subsidized loans, architectural assistance, and signage grants for commercial properties.
- Expansion and remodel of City Hall.
- Construction of Civic Center parking lot.
- Renovation of recreation hall, baseball fields, and swimming pool.
- Development of commercial facilities for Pace/Home Depot project.
- Land assembly and site preparation of Overton Moore Associates Industrial Park and Parkside Industrial Park.

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[51] Excerpted from: The Redevelopment Agency of the City of San Fernando, Report to the City Council for the Redevelopment Plan Amendments to Redevelopment Project Nos. 1, 2 and 3, November 2, 1998, pp. 32-36.

[52] The Redevelopment Agency of the City of San Fernando, Report to the City Council for the Redevelopment Plan Amendments to Redevelopment Project Nos. 1, 2 and 3, November 2, 1998, pp. 36-37.

- Economic incentives and facility improvements for the Eastman, Inc. project.
- San Fernando Courthouse site preparation.
- Development of San Fernando Value Square (Sam's Club/Home Depot).
- Maclay Avenue Street improvements.
- Development of the San Fernando Police station.
- Construction of Recreation Park Senior Center.
- Park Vista Senior Project.
- Jessie Street water system improvements.
- Community Action Plan for Neighborhood Protection and Preservation (CAPP) to identify and abate illegal activities and substandard physical conditions at individual problem properties.
- Seismic Retrofit Program. Agency funds used to provide loans between $1,000 and $4,000 to residential property owners for seismic repairs.
- Commercial Façade Improvement Loan Program.
- Residential Earthquake Reconstruction program after 1994 Northridge earthquake allowed reconstruction of non-conforming buildings.

Since 2000, the Agency has invested additional resources into Project Area 3, including:[53]

- Development review and entitlements for a new 59,000 square foot industrial building at 525 Park Avenue for Jem Sportswear.
- Home Depot expansion.
- Alley improvement project behind Maclay Avenue.
- Commercial façade rehabilitation project at 209-211 N. Maclay Avenue, 110 N. Maclay Avenue, 214 N. Maclay Avenue, 226 N. Maclay Avenue, and 1041 Truman Street.
- Restoration and construction of duplex in potentially historic structure at 652 Fourth Street.
- Façade rehabilitation at 120 N. Maclay Avenue
- Development review and entitlements for a 5,000 square foot commercial building at 12960 and 12980 Foothill Boulevard.
- Maclay Avenue street beautification program between First and Eight Streets.
- Development review and entitlements for a 4,000 square foot industrial building at 760 Arroyo Avenue.
- Conditional use permit to allow a storage and moving use to occupy 255 Parkside Drive.
- Development review and entitlements for four detached industrial buildings totaling approximately 9,000 square feet at 723 Arroyo Avenue.
- Development review and entitlements for a multifamily residential building at 652 4th Street.
- Development review and entitlements for multifamily residential buildings at 131-135 Park Avenue and 130-140 Jessie Street.
- Development review and entitlements for a multifamily residential building at 322 Jessie Street.

[53] The Redevelopment Agency of the City of San Fernando, 2005/06-2009/10 Redevelopment and Housing Implementation Plan Mid-Term Update, August 2008, pp.18-19.

- Construction of the $14 million San Fernando Regional Pool Facility.
- Park Avenue street improvements.
- Swap meet redevelopment project at 601 Glenoaks Boulevard.
- City Yard relocation to assist in the consolidation of multiple sites for development of a multi-tenant commercial center at 120 Macneil Street.
- Community Action Plan for Neighborhood Protection and Preservation (CAPP) to identify and abate illegal activities and substandard physical conditions at individual problem properties.
- Public input and development review process for Los Angeles Unified School District Valley Regional High School No. 5 – Arroyo Avenue and Los Angeles Unified School District Valley Regional Elementary School No. 8 – Eighth Street.
- Construction of cell tower at 675 Glenoaks Boulevard.
- Funding for development of the Park Avenue Sub-site, consisting of 51 housing units located at the corner of First Street and Park Avenue.
- Residential Rehabilitation Loan Program. Agency funds used to provide loans to residential property owners to rehabilitate existing single-family residences. Loans ranged from $12,000 to $55,000.
- First-time Homebuyers Program. Agency funds used to provide “silent second” downpayment assistance loans to income-qualified first-time homebuyers seeking to purchase single-family residences in San Fernando. Loans ranged from $15,000 to $45,000.

3. Areas No Longer Blighted

As a result of both the implementation of the Agency’s redevelopment program and the private investment that has been stimulated, in part, by public investment in the area, approximately 46 percent of the land area of Project Area 3 is no longer blighted. Figure II-13 highlights the areas in Project Area 3 that are no longer blighted.

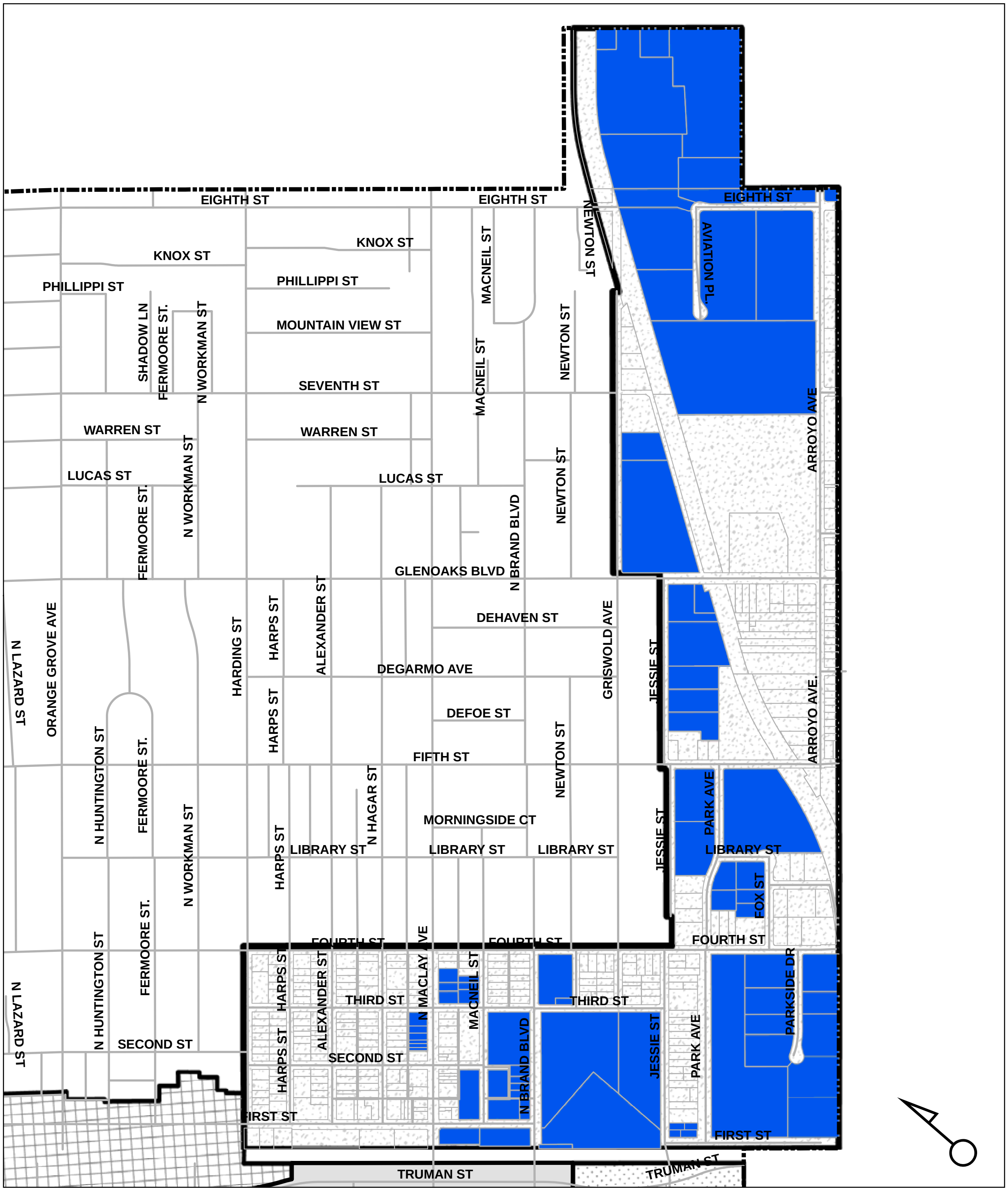
4. Physical Blighting Conditions

In addition to the seismic hazards affecting all Project Areas described in Section B, the presence of numerous unsafe and/or unhealthy buildings contributes to remaining physical blight in Project Area 3.

a. Unsafe and/or Unhealthy Buildings

The City Survey evaluated 169 residential buildings in Project Area 3 and the Seifel Survey evaluated 143 commercial buildings in the portions of Project Area 3 that remain blighted. Many of the buildings in Project Area 3 exhibit physical conditions that make them unsafe and/or unhealthy places in which to live or work. These include generally dilapidated and deteriorated buildings resulting from long-term neglect, and buildings vulnerable to specific safety hazards, such as seismic hazards, lead contamination and mold or mildew contamination. Buildings with illegal additions or illegal garage conversions also present a safety hazard, as the construction has not been inspected for conformance with building and safety codes.

Figure II-13
Areas No Longer Blighted
Project Area 3



Project Area 1
Project Area 2
Project Area 3
Project Area 4
Areas No Longer Blighted
City Boundary

Note: Areas no longer blighted based on observed conditions during the June 2009 windshield survey and consultation with City staff.

0 395 790 1,580 Feet

Seifel CONSULTING INC.

Building Age

Most of the buildings surveyed in Project Area 3 are more than 45 years old, with 174 buildings (56 percent) constructed prior to 1961. Table II-22 presents the age of buildings in Project Area 3 based on data from the Los Angeles County Assessor. The advanced age of many buildings in Project Area 3 puts them at higher risk for unsafe and unhealthy conditions, as these buildings tend to quickly fall into disrepair if owners neglect to perform necessary maintenance.

Table II-22
Age of Buildings
Project Area 3

Year Built[a]	Number of Buildings	Percent of Total
Pre 1933	92	30%
1933 - 1960	82	26%
1961 - 1972	70	22%
1973 - present	68	22%
Total	**312**	**100%**

a. Age of buildings for which the year of construction is available.

Source: Los Angeles County Assessor, Seifel Consulting Inc.

Building Age and Seismic Vulnerability

The age of buildings is also correlated with seismic vulnerability because older building codes did not include safety standards that exist today. As shown in Table II-22 above, 30 percent of the buildings in Project Area 3 for which the year of construction is available were built before 1933, and 48 percent were built between 1933 and 1972. Thus, only 28 percent of buildings in Project Area 3 were constructed under current earthquake safety standards enacted after the 1971 San Fernando earthquake. Based on the year of construction, 78 percent of the buildings in Project Area 3 are highly vulnerable to earthquake damage.

Building Conditions

A substantial number of unsafe and/or unhealthy buildings remain in Project Area 3. Table II-23 shows that, of the 312 buildings surveyed, 68 buildings (22 percent) were rated 1 or 2, exhibiting very extensive or extensive physical or structural deficiencies likely resulting in high repair costs. These buildings are considered unsafe and/or unhealthy to occupy. Approximately one-half of these 68 buildings (11 percent of all buildings surveyed) were rated as category 1, exhibiting very extensive physical or structural deficiencies.[54]

Buildings rated 1 or 2 are unsafe and/or unhealthy to occupy as they possess structural vulnerability, health risks from lead paint or mold, or some combination of these factors. Figure II-14 illustrates that these deficient buildings are located throughout the blighted portions of Project Area 3.[55] Appendix C contains photographic documentation of the observed building conditions in Project Area 3.

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[54] The City Survey rated buildings in the worst condition as 4 or 5. Seifel converted these ratings to 1 or 2 to match the Seifel Survey ratings, as described in Appendix B.

[55] Refer to Figure II-13 for a map of the portions of Project Area 3 that are no longer blighted.

Figure II-14
Location of Unsafe and/or Unhealthy Buildings
Project Area 3

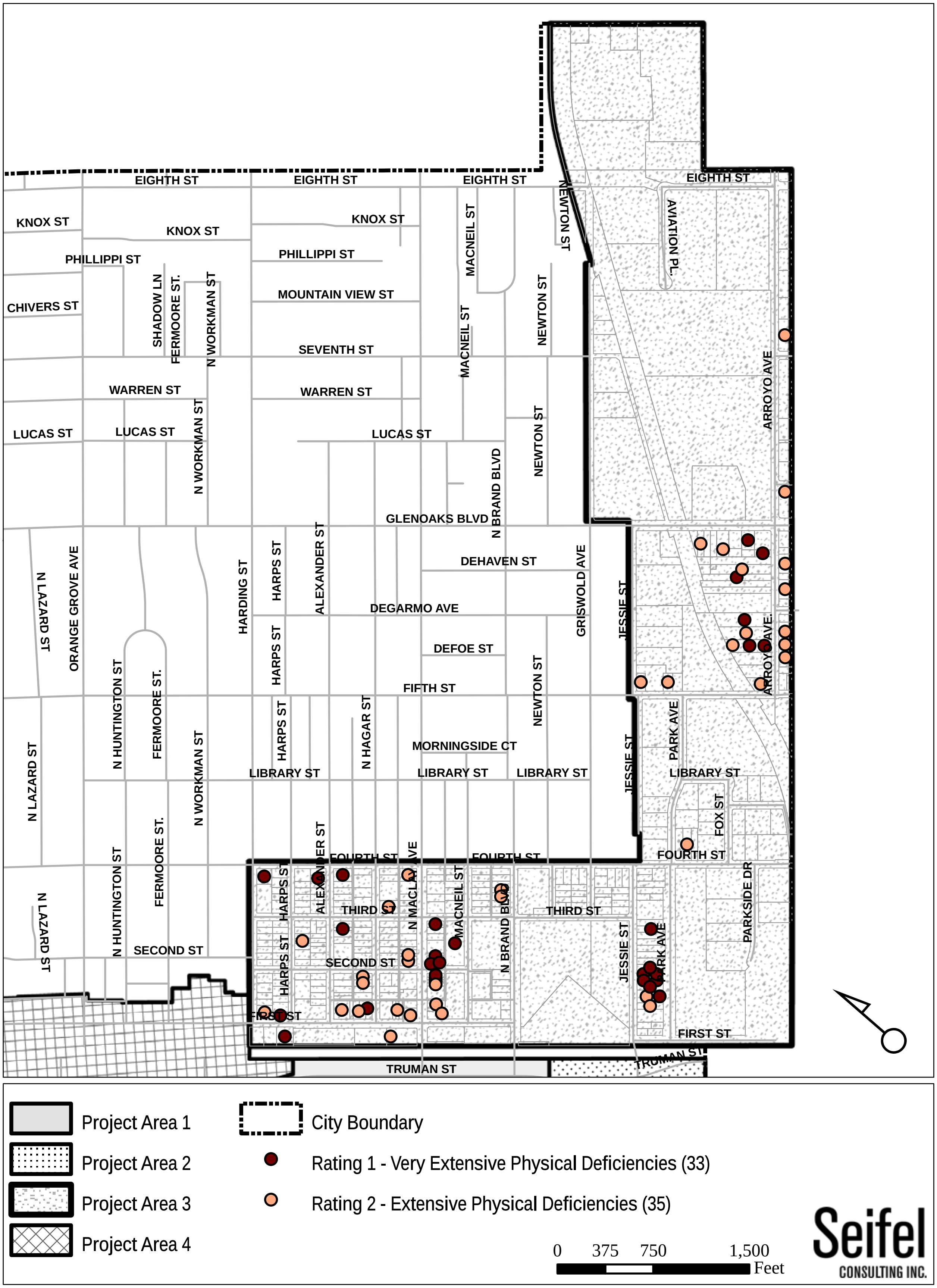


Table II-23
Building Condition Ratings
Project Area 3

Building Condition Rating	Number of Buildings	Percent of Total
1, Very Extensive Physical Deficiencies	33	11%
2, Extensive Physical Deficiencies	35	11%
3, Some Physical Deficiencies	133	43%
4, Few Physical Deficiencies	105	34%
5, Minor or No Physical Deficiencies	6	2%
Total	**312**	**100%**

Source: City of San Fernando, Seifel Consulting Inc.

Building Conditions and Building Age

Table II-24 summarizes the age of buildings and the building condition ratings observed in Project Area 3 during the City Survey and the Seifel Survey. This table presents the clear relationship between age of building and building condition rating, with the oldest buildings more likely to have a building condition rating of 1 or 2 as compared to the newer buildings. For example, 20 percent of the buildings constructed prior to 1933 and 41 percent of the building constructed between 1933 and 1960 were rated 1 or 2, compared with only 9 percent of the buildings constructed between 1973 and the present. Thus, older buildings are more likely to be unsafe and/or unhealthy.

Table II-24
Age of Buildings and Building Condition Rating
Project Area 3

	Building Condition Rating						% of Buildings
Year Built[a]	**1**	**2**	**3**	**4**	**5**	**Total**	**Rated 1 or 2**
Pre 1933	11	7	38	36	0	**92**	**20%**
1933 - 1960	15	19	20	24	4	**82**	**41%**
1961 - 1972	3	7	47	13	0	**70**	**14%**
1973 - Present	4	2	28	32	2	**68**	**9%**
Total	**33**	**35**	**133**	**105**	**6**	**312**	**22%**

a. Age distribution among the surveyed buildings for which the year of construction is known.

Source: Los Angeles County Assessor, City of San Fernando, Seifel Consulting Inc.

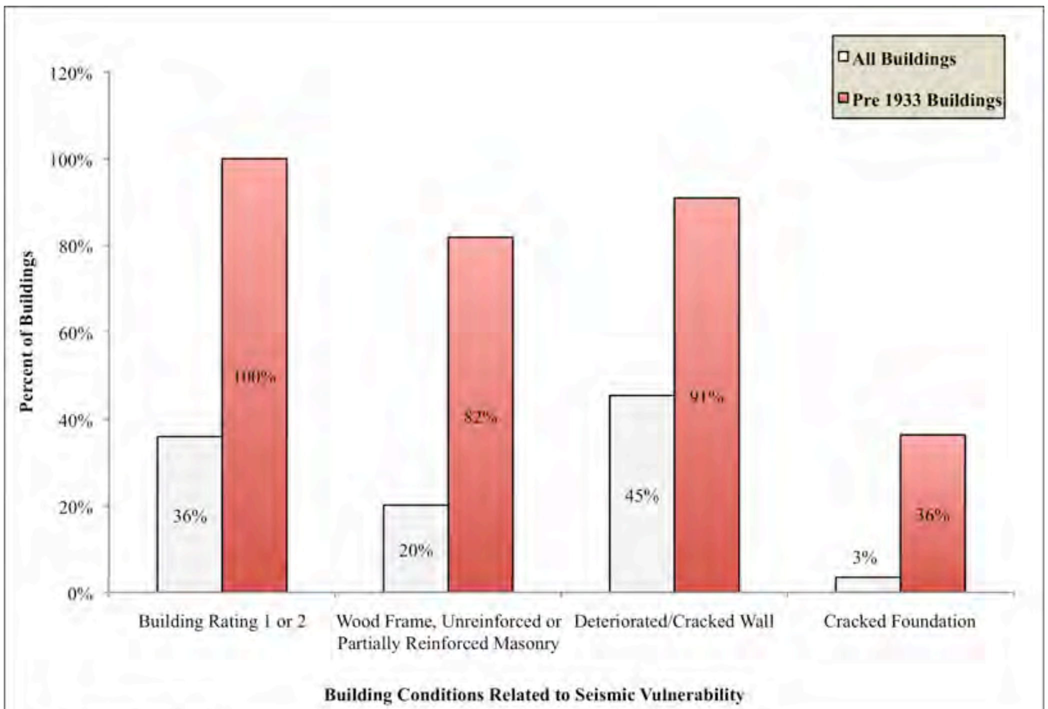
Building Conditions and Seismic Vulnerability

As shown in Graph II-9, many of the 143 buildings evaluated by the Seifel Survey in Project Area 3 exhibit one or more of the characteristics identified in Section B that exacerbate seismic vulnerability, including: wood frame, unreinforced or partially reinforced masonry construction; deteriorated or cracked walls or foundations; alignment problems; and/or substantial dry rot. For example, 20 percent of all buildings evaluated by the Seifel Survey and 82 percent of the pre-1933 buildings are constructed of wood, unreinforced masonry, or partially reinforced masonry. These structures are more likely to suffer extensive damage in the event of an earthquake. In addition, 45 percent of all these buildings and 91 percent of the pre-1933 buildings exhibited deteriorated or cracked walls, and 36 percent of the pre-1933 buildings exhibited a cracked foundation. Thus, these older, dilapidated and/or deteriorated buildings are more likely than newer, well-maintained buildings to suffer serious and potentially life-threatening damage in an earthquake.

Building Conditions and Land Use

The commercial buildings surveyed in Project Area 3 contain a mix of uses. Table II-25 shows the distribution of land uses in Project Area 3. Overall, 22 percent of the buildings were rated 1 or 2; however, almost one-third of the commercial buildings surveyed are in poor condition, with 32 percent (55 buildings) rated 1 or 2. Of the retail buildings surveyed, 43 percent were rated 1 or 2. Retail uses are generally high-occupancy uses, and therefore unsafe and/or unhealthy conditions in these buildings could potentially impact many people. For residential buildings, a greater proportion of the multifamily buildings were rated 1 or 2 than the single-family buildings. Both of the two mixed-use buildings were rated 1 or 2.

Graph II-9
Building Conditions Related to Seismic Vulnerability
Project Area 3



Source: Seifel Consulting Inc.

Table II-25
Building Condition Ratings by Land Use
Project Area 3

Land Use	Number of Buildings[a]	Number of Buildings Rated 1 or 2	Percent of Buildings Rated 1 or 2
Residential			
Single-Family	57	5	9%
Condominium	6	0	0%
Duplex	23	3	13%
Multifamily	85	13	15%
Subtotal Residential	**171**	**21**	**12%**
Non Residential			
Retail	28	12	43%
Office	9	4	44%
Industrial	83	18	22%
Institutional[b]	12	10	83%
Other/Unknown	7	1	14%
Subtotal Non Residential	**139**	**45**	**32%**
Mixed-Use	2	2	100%
Total	**312**	**68**	**22%**

a. Does not include buildings located in areas no longer blighted.
b. Includes schools, churches and hospitals.

Source: City of San Fernando, Seifel Consulting Inc.

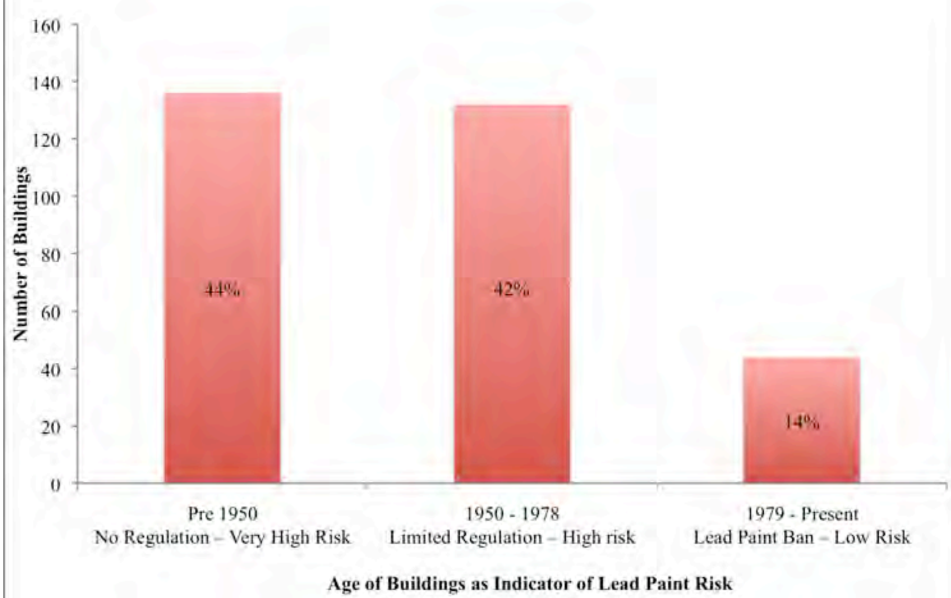
Lead Paint

As described in Section C.4.a (Unsafe and/or Unhealthy Buildings in Project Area 1), the presence of lead-based paint is another example of a condition that makes a building an unsafe and/or unhealthy place for persons to live or work. Graph II-10 illustrates the likelihood of lead paint risk in all surveyed buildings in Project Area 3, based on the year of construction. Approximately 86 percent of the 312 buildings surveyed in Project Area 3 were built before 1979, and 44 percent of the buildings are in the highest risk category (pre-1950). Moreover, Graph II-11 shows that the majority of the 115 pre-1979 buildings evaluated by the Seifel Survey exhibit one or more of the conditions that are associated with lead paint contamination: serious physical dilapidation or deterioration (building condition 1 or 2), peeling or faded paint, and deteriorated windows. For example, 43 percent of these buildings were rated 1 or 2, and 43 percent exhibited peeling or fading paint. Thus, the Seifel Survey found that Project Area 3 contains many buildings with conditions known to contribute to unsafe and/or unhealthy conditions related to lead paint contamination.

Mold and Mildew

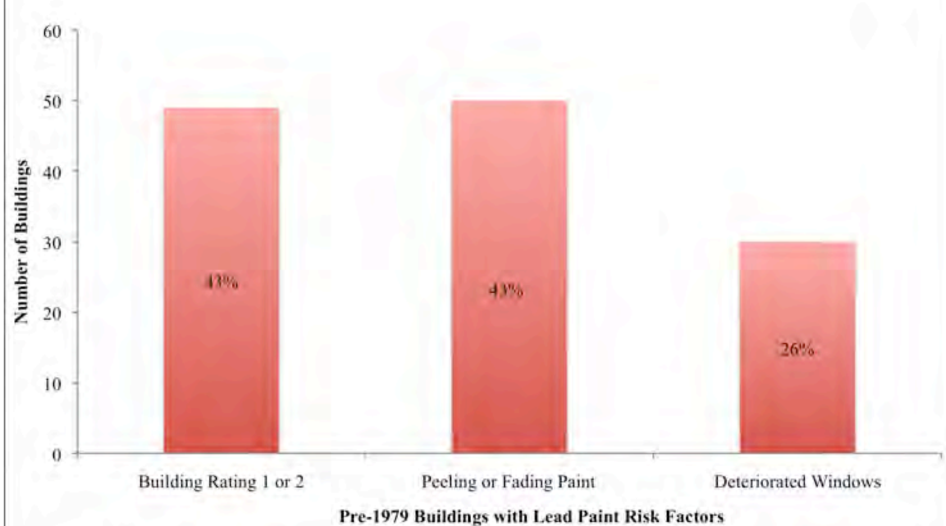
Similar to lead paint, the presence of mold and mildew in buildings can lead to serious health problems, especially in young children. As described in Section C.4.a (Unsafe and/or Unhealthy Buildings in Project Area 1), the presence in a building of mold or mildew presents a serious health risk to the occupants.

Graph II-10
Age of Buildings as Indicator of Lead Paint Risk
Project Area 3



Source: Los Angeles County Assessor, Seifel Consulting Inc.

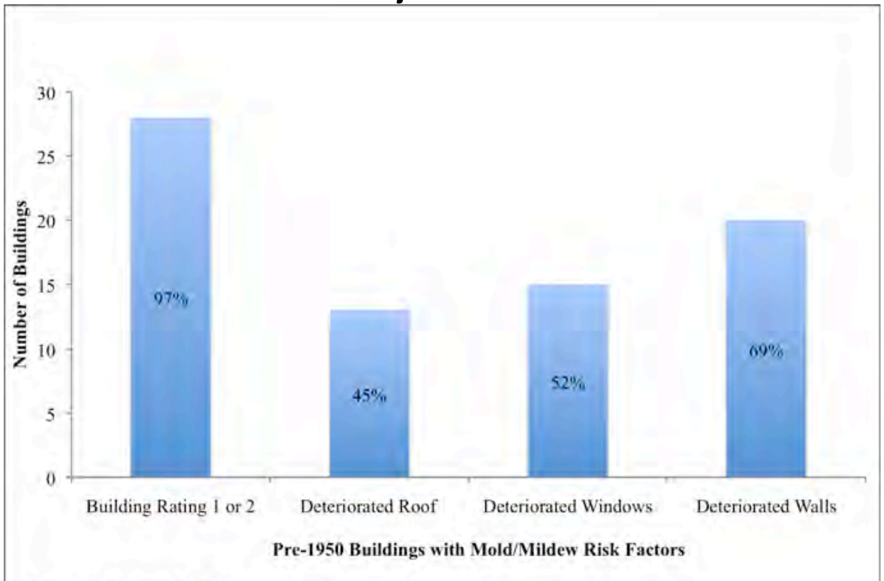
Graph II-11
Pre-1979 Structures with Lead Paint Risk Factors
Project Area 3



Source: Seifel Consulting Inc.

Mold and mildew are a result of excess water accumulating in a building, often resulting from deteriorated or faulty plumbing, or from deteriorated roofing, windows and walls. These conditions are generally more likely to be present in older buildings, or in buildings in poor physical condition. As noted previously in the lead paint section, 44 percent of the buildings surveyed in Project Area 3 were constructed before 1950. These buildings are at high risk for mold or mildew contamination. Moreover, Graph II-12 shows that the majority of the 29 pre-1950 buildings evaluated by the Seifel Survey exhibit one or more of the conditions that promote mold and mildew growth. For example, 97 percent of these buildings were rated 1 or 2, 45 percent have deteriorated roofing, 52 percent have deteriorated windows, and 69 percent have deteriorated walls. Thus, the Seifel Survey found that Project Area 3 contains many buildings with conditions known to contribute to unsafe and/or unhealthy conditions related to mold or mildew.

Graph II-12
Pre-1950 Buildings with Mold/Mildew Risk Factors
Project Area 3



Source: Seifel Consulting Inc.

Illegal Additions to Residential Property

As discussed previously in Section B, the LUCA Survey identified properties with illegal additions. A total of 10 illegal garage conversions and 22 illegal building additions were documented in Project Area 3. These garage conversions and additions were performed without building permits, and, as discussed previously in Section B.1, are thus more likely to be unsafe than properly permitted and inspected construction. The presence of these illegal additions and garage conversions contributes to the unsafe and/or unhealthy building conditions found in Project Area 3. Figure II-15 shows the location of properties with these illegal additions and garage conversions.[56] As discussed further in Section E.5.b below, these illegal additions and garage conversions also contribute to residential overcrowding within Project Area 3.

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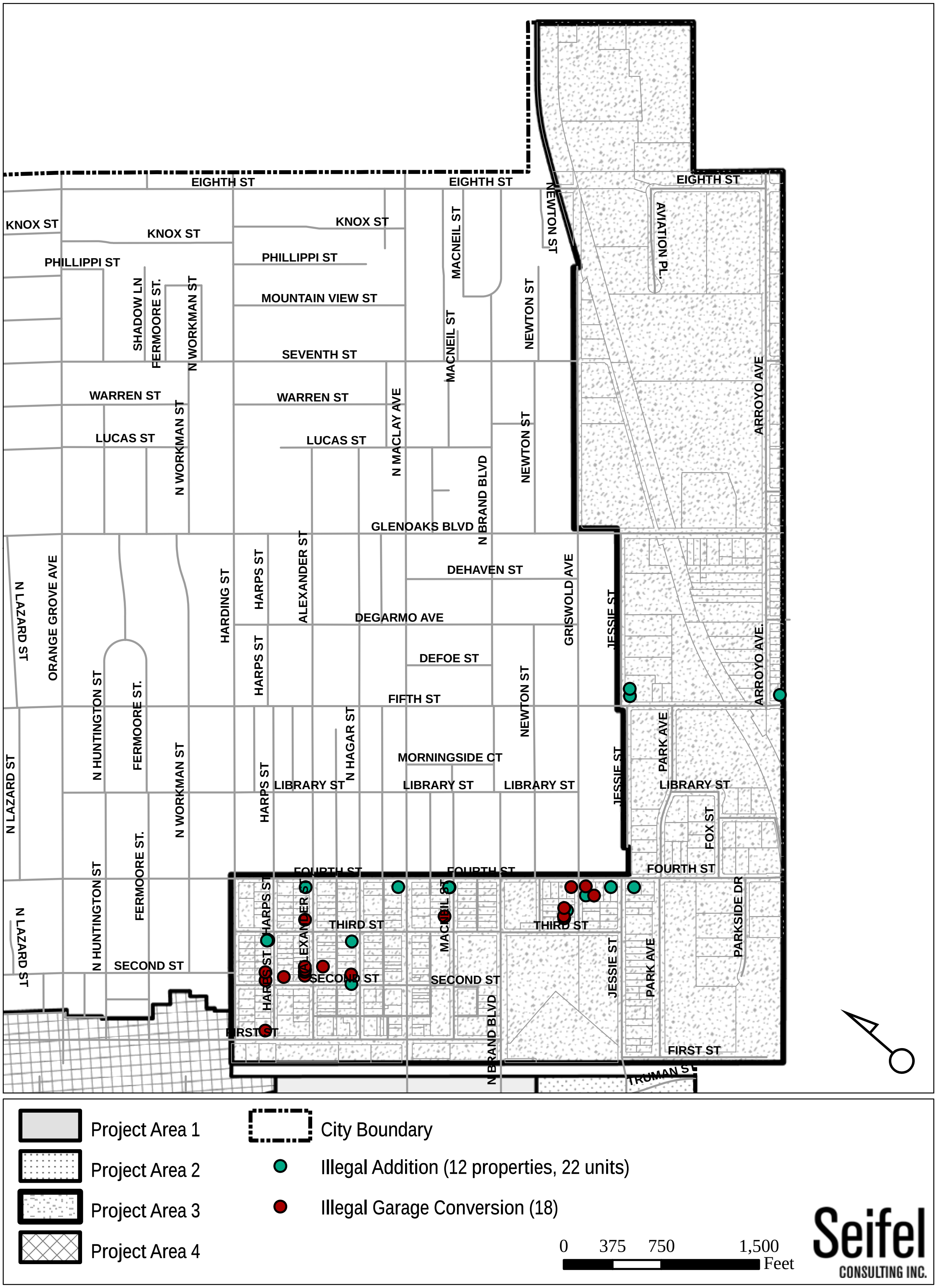
[56] Note that some locations contain multiple illegal additions.

Figure II-15
Location of Illegal Additions and Garage Conversions
Project Area 3



5. Economic Blighting Conditions

In addition to the blighting conditions affecting all of the Project Areas described in Section B, the following economic blighting conditions contribute to remaining blight in Project Area 3:

- Indicators of economically distressed buildings
- Serious residential overcrowding

The presence of these conditions, taken together, indicates that significant economic blight remains in Project Area 3.

a. Indicators of Economically Distressed Buildings

As discussed in Section B above, lease rates for retail commercial space in the Project Areas are abnormally low relative to the broader submarket. Moreover, there are an abnormally high number of vacant businesses located in Project Area 3. These conditions are indicators of economically distressed buildings, and contribute to remaining economic blight in Project Area 3.

Business Vacancies

The City conducted a citywide survey of businesses in June 2009, and found a total of 32 vacant businesses in Project Area 3. During the Building Conditions Survey conducted in September 2009, Seifel noted an additional three vacant retail businesses and two vacant industrial businesses in Project Area 3. As shown in Table II-26, the 21 vacant industrial businesses in Project Area 3 account for 72 percent of the total industrial vacancies citywide, and the 10 vacant service businesses account for 23 percent of the total service business vacancies citywide. As shown in Figure II-16, these vacant businesses are primarily located along Maclay Avenue and Arroyo Avenue.[57] The presence of this abnormally high number of vacant businesses in Project Area 3 detracts from the economic vitality of the area and is further evidence of remaining economic blight.

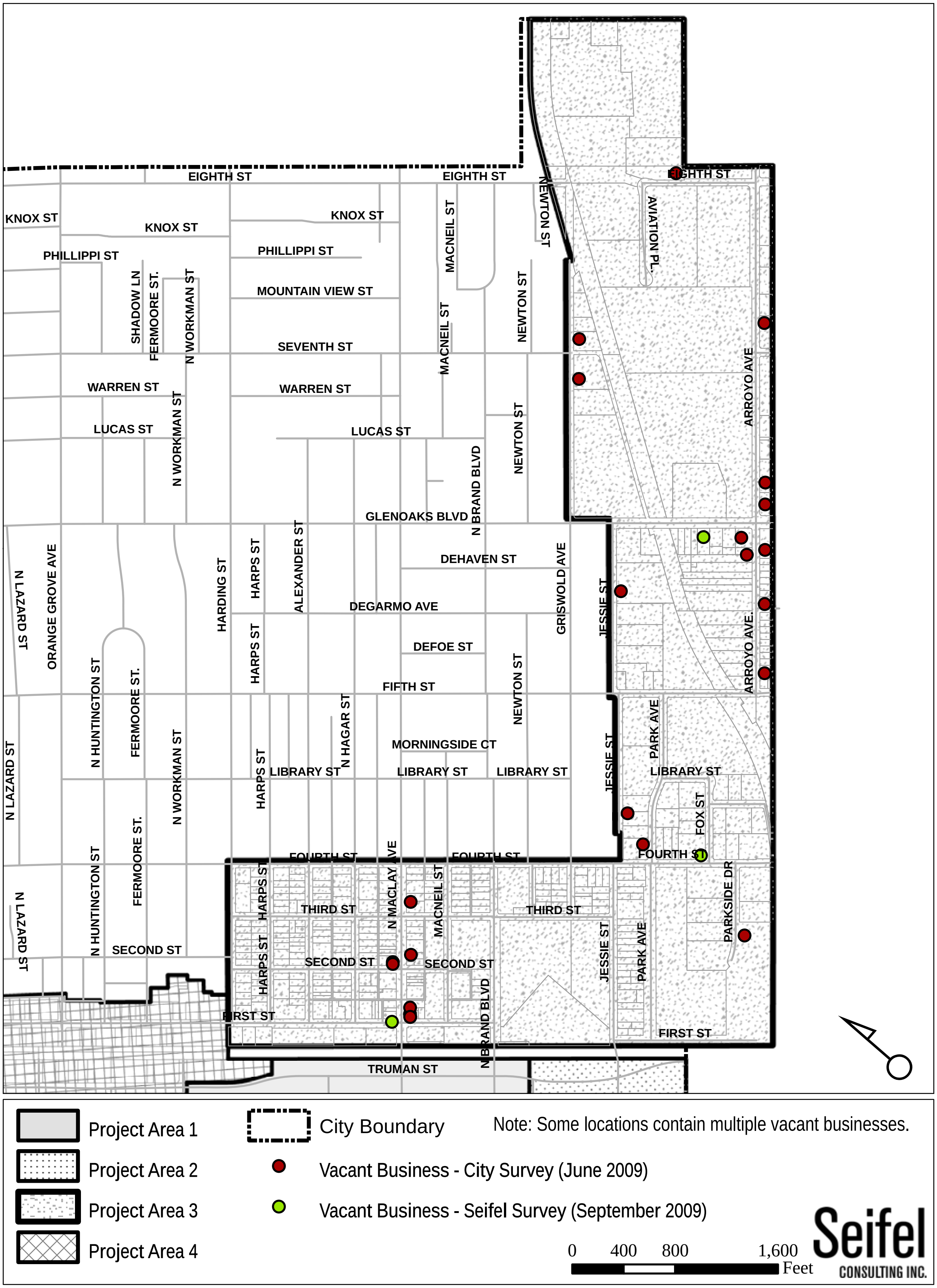
Table II-26
Business Vacancies
Project Area 3

Business Type	Number of Vacancies	Total Citywide Vacancies	Percent of Citywide Total
Industrial	21	29	72%
Retail	6	48	13%
Service	10	44	23%
Total	**37**	**121**	**31%**

Source: City of San Fernando, Seifel Consulting Inc.

[57] Note that some locations contain multiple vacant businesses.

Figure II-16
Location of Business Vacancies
Project Area 3



b. Serious Residential Overcrowding

As discussed previously in Section B, residential overcrowding in the Project Areas was documented using Census data, and by the LUCA Survey conducted by the City to determine the level of code compliance in residential areas. The LUCA Survey documented evidence of residential overcrowding in Project Area 3, such as illegal garage conversions, illegal building additions and permanently parked inhabited trailers. The LUCA Survey found a total of 10 illegal garage conversions, 22 illegal building additions and two inhabited trailers in Project Area 3. Furthermore, as shown previously in Figure II-6, approximately 20 more illegal garage conversions are located directly adjacent to the western boundary of Project Area 3, on the opposite side of Griswold Avenue west of Glenoaks Boulevard.

The presence of these illegal dwelling units suggests that residential overcrowding is more severe in Project Area 3 than what was shown using Census data in Section B. Moreover, the analysis of residential overcrowding in the Housing Element presented in Section B shows that the problem is most severe in Project Area 3. These documented conditions are evidence of serious residential overcrowding and economic blight within Project Area 3.

6. Conclusion for Remaining Blight in Project Area 3

Project Area 3 suffers from significant, substantial and prevalent remaining blighting conditions. This analysis was done for Project Area 3, as amended to include Project Area 3A. Blighting conditions were documented in both the original Project Area 3 and the added area known as Project Area 3A. The maps included in this section show that blighting conditions remain in both the original Project Area and in Project Area 3A. The physical and economic blighting conditions found in Project Area 3 are summarized below, and have been described in greater detail throughout this section and in Section B above. These conditions are:

- Unsafe and/or unhealthy buildings (Section E.4.a and Section B.1.a)
- Indicators of economically distressed buildings (Section E.5.a and Section B.2.a)
- Serious residential overcrowding (Section E.5.b and Section B.2.b)
- High crime rate (Section B.2.c)
- Inadequate public improvements (Section B.3)

Project Area 3 contains a significant number of deteriorated residential and commercial buildings that are unsafe and/or unhealthy places for people to live or work. This condition results from a combination of age of buildings, general dilapidation and deterioration resulting from long-term neglect, seismic vulnerability, the likely presence of lead paint and mold/mildew contamination, and the presence of illegal residential additions and garage conversions.

The abnormally high number of business vacancies located in Project Area 3 indicates economic distress and deters new business investment. As discussed in Section B, abnormally low commercial lease rates and high crime rates throughout the Project Areas further hinder investment in Project Area 3 and contribute to economic blight.

Serious residential overcrowding is a problem in all of the Project Areas, but is most severe in Project Area 3. Furthermore, the City documented the presence of illegal additions, garage conversions and inhabited trailers in and around Project Area 3. These factors further contribute to serious residential overcrowding in Project Area 3.

As discussed in Section B, Project Area 3 suffers from inadequate public infrastructure. Existing water, sewer and storm drain deficiencies require significant upgrades. This inadequate and deteriorated infrastructure detracts from the economic vitality of Project Area 3.

As further described in Section G of this Chapter II, and in Chapters III and IV, these significant, substantial and prevalent remaining physical and economic blighting conditions result in a significant physical and economic burden on the immediate area and the entire San Fernando community. This blight cannot reasonably be alleviated by private sector or governmental action without the additional financial resources that would be made possible by the proposed Plan Amendments.

F. Remaining Blighting Conditions Affecting Project Area 4

1. Previous Blight Findings

Project Area 4 was adopted under the Community Redevelopment Assistance and Disaster Project Law. While CRL Section 34000 et seq. did not require that the Project Area be blighted pursuant to Section 33320.1, the Agency documented significant adverse physical and economic conditions in the Project Area at the time of adoption of the Redevelopment Plan in 1994. These conditions included:[58]

- Earthquake damaged buildings with $2.6 million in structural damage.
- Earthquake damage to infrastructure including the sewer system, water system, streets, and public facilities such as the fire station, police station, city hall, and other facilities.
- Code violations including illegal buildings, building and zoning code violations, and property maintenance violations.
- Deteriorated or damaged buildings, with 20.2 percent of buildings surveyed showing signs of being in need of significant rehabilitation, while 64.2 percent of buildings surveyed were in need of some degree of repair.
- Lack of undergrounding of utility lines.
- Substandard design due to piecemeal development and circulation problems.
- Incompatible uses such as housing on parcels designated for commercial use and residential uses adjacent to commercial and auto related uses.
- Irregular shaped parcels that are too small, too narrow or are landlocked.
- Small parcels that lack space for shipping/receiving areas, lack adequate parking, and have problematic access.
- Value of parcels in the Project Area is 44.9 percent lower than the remaining commercial and industrial areas in the City.
- High commercial vacancy rate.
- Vacant and underutilized buildings.
- Hazardous materials sites including areas with illegal dumping of oil and toxins, and the presence or removal of underground tanks.

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[58] The Redevelopment Agency of the City of San Fernando, Report to Council for Redevelopment Project Area No. 4, June 24, 1994, pp. 13-32.

- A significant percentage of the City's overall crime is within the Project Area.

2. Redevelopment Activities to Date

Since the adoption of the Redevelopment Plan in 1994, the Agency leveraged limited financial resources to complete several redevelopment efforts, including:[59]

- Resurface Truman Street.
- Resurface First Street.
- Upgrade traffic signal at Truman Street and S. Workman Street.
- Upgrade traffic signal at San Fernando Road and S. Workman Street.
- Vacate a portion of S. Workman Street between Truman Street and the railroad right-of-way.
- Vacate a portion of Lazard Street between Truman Street and the railroad right-of-way.
- Repair sections of sewer system damaged in the earthquake.
- Replace water main under Lazard Street.
- Replace water main under San Fernando Road.
- Replace all substandard fire hydrants.
- Construct bikeway along railroad right-of-way.
- Install lights along railroad right-of-way.
- Underground utilities at various locations throughout Project Area 4.
- Improvements to Layne Park.

Since 2000, the Agency has invested additional resources into a variety of projects benefiting Project Area 4, including:[60]

- New drive-through car wash at 1601 Truman Street.
- Development review and entitlements for an industrial building at 1516 E. First Street.
- Development review and entitlements for Euro Discount Tile at 1753 San Fernando Road.
- Debt restructuring loan for Oh Boy! Company located at 1516 E. First Street.
- Rehabilitation of industrial building at 1431-1441 Truman Street.
- Development of corporate office building for Sigue Corporation at 1511 Truman Street.
- Land acquisition of blighted property for Sigue Corporate office.
- Façade renovation of the KFC restaurant at 1327 San Fernando Road.
- Industrial development project at 1407 Truman Street.
- RFP for mixed-use development project (Gangi project) at 1320 San Fernando Road.
- City-owned lot/commercial development at 1422 San Fernando Road.
- Construction of cell tower at 1516 First Street.

[59] The Agency assumes that these activities are complete, but not all can be verified.

[60] The Redevelopment Agency of the City of San Fernando, 2005/06-2009/10 Redevelopment and Housing Implementation Plan Mid-Term Update, August 2008, pp.18-19.

- Residential Rehabilitation Loan Program. Agency funds used to provide loans to residential property owners to rehabilitate existing single-family residences. Loans ranged from $12,000 to $55,000.
- First-time Homebuyers Program. Agency funds used to provide "silent second" downpayment assistance loans to income-qualified first-time homebuyers seeking to purchase single-family residences in San Fernando. Loans ranged from $15,000 to $45,000.

3. Areas No Longer Blighted

Despite both the implementation of the Agency's redevelopment program and the private investment that has been stimulated, in part, by public investment in the area, all portions of Project Area 4 remain blighted.

4. Physical Blighting Conditions

In addition to the seismic hazards affecting all Project Areas described in Section B, the presence of numerous unsafe and/or unhealthy buildings contributes to remaining physical blight in Project Area 4.

a. Unsafe and/or Unhealthy Buildings

The City Survey evaluated four residential buildings in Project Area 4 and the Seifel Survey evaluated 109 commercial and two residential buildings in Project Area 4. Many of the buildings in Project Area 4 exhibit physical conditions that make them unsafe and/or unhealthy places to live or work. These include generally dilapidated and deteriorated buildings resulting from long-term neglect, as well as buildings vulnerable to specific safety hazards, such as seismic hazards, lead contamination and mold or mildew contamination.

Building Age

Most of the buildings surveyed in Project Area 4 are more than 45 years old, with 73 buildings (64 percent) constructed prior to 1961. Table II-27 presents the age of buildings in Project Area 4 based on data from the Los Angeles County Assessor. The advanced age of many buildings in Project Area 4 puts them at higher risk for unsafe and unhealthy conditions, as these buildings tend to quickly fall into disrepair if owners neglect to perform necessary maintenance.

Table II-27
Age of Buildings
Project Area 4

Year Built[a]	Number of Buildings	Percent of Total
Pre 1933	3	3%
1933 - 1960	70	61%
1961 - 1972	20	17%
1973 - present	22	19%
Total	**115**	**100%**

a. Age of buildings for which the year of construction is available.

Source: Los Angeles County Assessor, Seifel Consulting Inc.

Building Age and Seismic Vulnerability

The age of buildings is also correlated with seismic vulnerability because older building codes did not include safety standards that exist today. As shown in Table II-27 above, 3 percent of the buildings in Project Area 4 for which the year of construction is available were built before 1933, and 78 percent were built between 1933 and 1972. Thus, only 19 percent of buildings in Project Area 4 were constructed under current earthquake safety standards enacted after the 1971 San Fernando earthquake. Based on the year of construction, 81 percent of the buildings in Project Area 4 are highly vulnerable to earthquake damage.

Building Conditions

A substantial number of unsafe and/or unhealthy buildings remain in Project Area 4. Table II-28 shows that, of the 115 buildings surveyed, 45 percent (52 buildings) were rated 1 or 2, exhibiting very extensive or extensive physical or structural deficiencies likely resulting in high repair costs. These buildings are considered unsafe and/or unhealthy to occupy. Approximately 40 percent of these 52 buildings (13 percent of all buildings surveyed) were rated as category 1, exhibiting very extensive physical or structural deficiencies.[61]

Table II-28
Building Condition Ratings
Project Area 4

Building Condition Rating	Number of Buildings	Percent of Total
1, Very Extensive Physical Deficiencies	15	13%
2, Extensive Physical Deficiencies	37	32%
3, Some Physical Deficiencies	45	39%
4, Few Physical Deficiencies	13	11%
5, Minor or No Physical Deficiencies	5	4%
Total	**115**	**100%**

Source: City of San Fernando, Seifel Consulting Inc.

Buildings rated 1 or 2 are unsafe and/or unhealthy to occupy as they possess structural vulnerability, health risks from lead paint or mold, or some combination of these factors. Figure II-17 illustrates that these deficient buildings are located throughout Project Area 4. Appendix C contains photographic documentation of the observed building conditions in Project Area 4.

Building Conditions and Building Age

Table II-29 summarizes the age of buildings and the building condition ratings observed in Project Area 4 during the City Survey and the Seifel Survey. This table presents the clear relationship between age of building and building condition rating, with the oldest buildings much more likely to have a building condition rating of 1 or 2 as compared to the newer buildings. For example, 67 percent of the buildings constructed prior to 1933 and 64 percent of the buildings constructed between 1933 and 1960 were rated 1 or 2, compared with only 5 percent of the buildings constructed between 1973 and the present.

[61] The City Survey rated buildings in the worst condition as 4 or 5. Seifel converted these ratings to 1 or 2 to match the Seifel Survey ratings, as described in Appendix B.

Figure II-17
Location of Unsafe and/or Unhealthy Buildings
Project Area 4

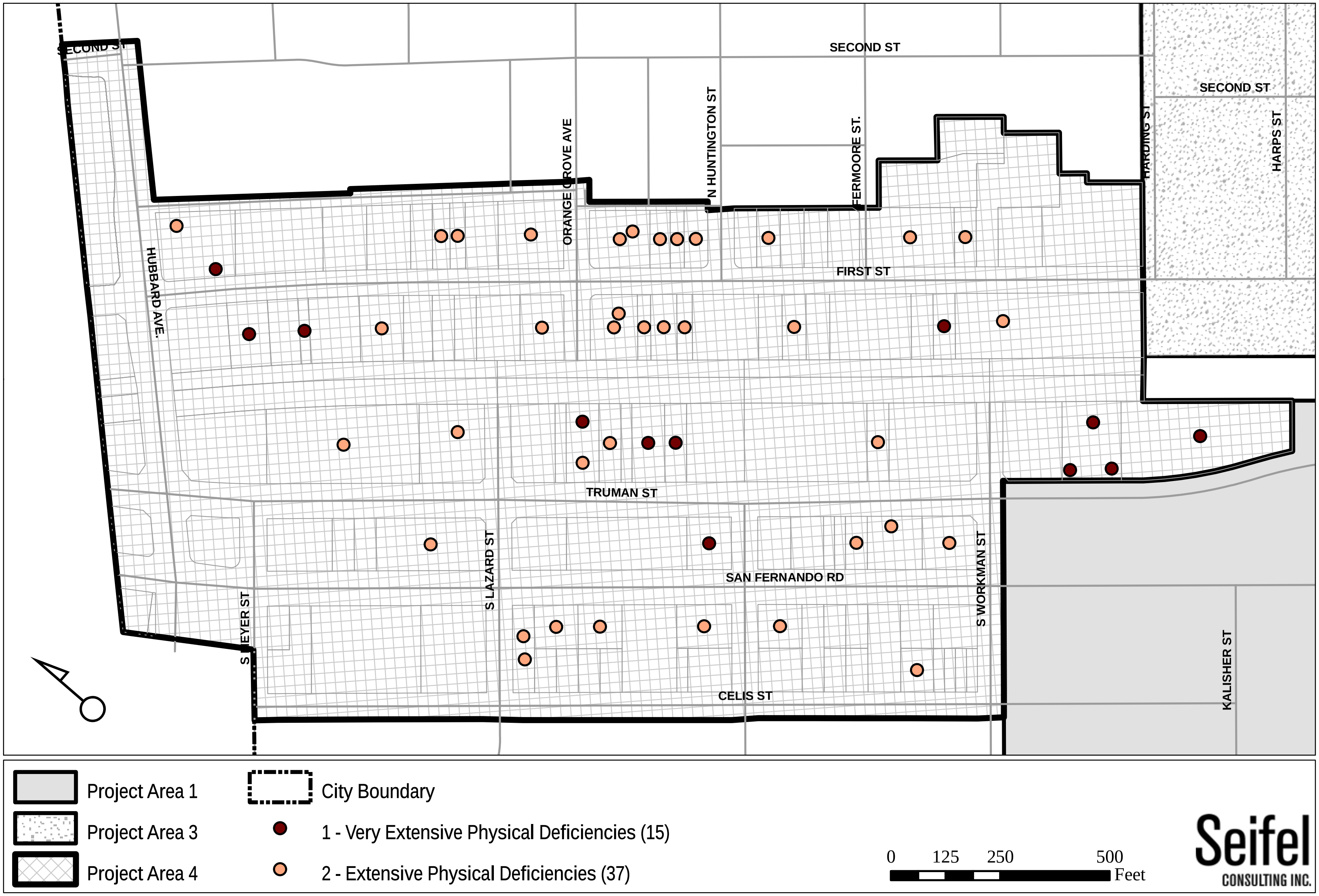


Table II-29
Age of Buildings and Building Condition Ratings
Project Area 4

Year Built[a]	Building Condition Rating 1	2	3	4	5	Total	% of Buildings Rated 1 or 2
Pre 1933	0	2	1	0	0	**3**	**67%**
1933 - 1960	14	31	21	3	1	**70**	**64%**
1961 - 1972	1	3	14	2	0	**20**	**20%**
1973 - Present	0	1	9	8	4	**22**	**5%**
Total	**15**	**37**	**45**	**13**	**5**	**115**	**45%**

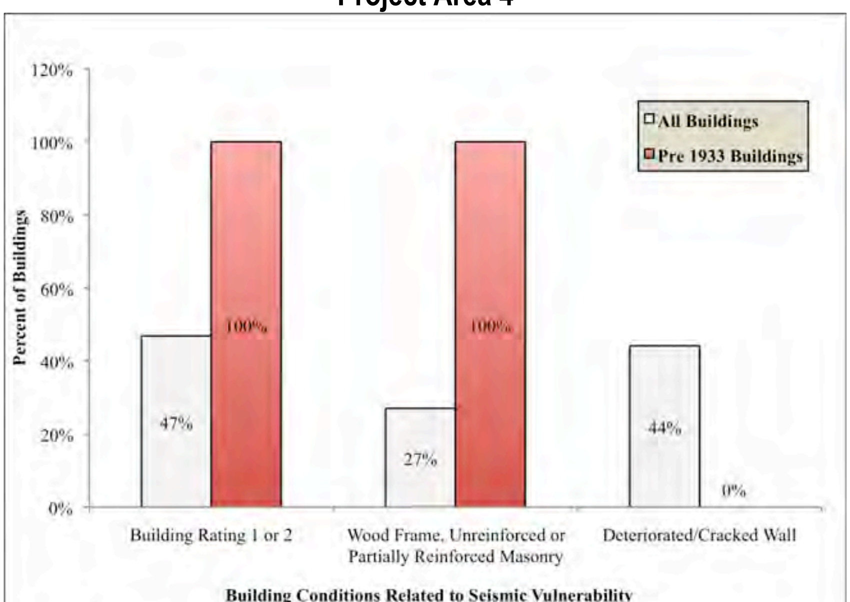
a. Age distribution among the surveyed buildings for which the year of construction is known.

Source: Los Angeles County Assessor, City of San Fernando, Seifel Consulting Inc.

Building Conditions and Seismic Vulnerability

As shown in Graph II-13, many of the 111 buildings evaluated by the Seifel Survey in Project Area 4 exhibit one or more of the characteristics identified in Section B that exacerbate seismic vulnerability, including: wood frame, unreinforced or partially reinforced masonry construction; deteriorated or cracked walls or foundations; alignment problems; and/or substantial dry rot. For example, 27 percent of all buildings evaluated by the Seifel Survey and 100 percent of the pre-1933 buildings are constructed of wood, unreinforced masonry, or partially reinforced masonry. These structures are more likely to suffer extensive damage in the event of an earthquake. Also, 47 percent of all these buildings and 100 percent of the pre-1933 buildings were rated 1 or 2. These older, dilapidated and/or deteriorated buildings are more likely than newer, well-maintained buildings to suffer serious and potentially life-threatening damage in an earthquake. Furthermore, many buildings in Project Area 4 suffered damaged from the 1994 Northridge earthquake.

Graph II-13
Building Conditions Related to Seismic Vulnerability
Project Area 4



Source: Seifel Consulting Inc.

Building Conditions and Land Use

The commercial buildings surveyed in Project Area 4 predominantly contain retail and industrial uses. Table II-30 shows the distribution of land uses in Project Area 4. Overall, 45 percent of the commercial buildings are in poor condition, with 45 percent (47 buildings) rated 1 or 2. Of the 45 retail buildings surveyed, 49 percent were rated 1 or 2. Retail uses are generally high-occupancy uses, and therefore unsafe and/or unhealthy conditions in these buildings could potentially impact many people. Three of the four mixed-use buildings were rated 1 or 2. For residential buildings, two duplexes out of a total of six residential buildings were rated 1 or 2.

Table II-30
Building Condition Ratings by Land Use
Project Area 4

Land Use	Number of Buildings	Number of Buildings Rated 1 or 2	Percent of Buildings Rated 1 or 2
Residential			
Single-Family	2	0	0%
Condominium	0	0	n/a
Duplex	3	2	67%
Multifamily	1	0	0%
Subtotal Residential	**6**	**2**	**33%**
Non Residential			
Retail	45	22	49%
Office	7	0	0%
Industrial	49	24	49%
Institutional[a]	0	0	n/a
Other/Unknown	4	1	25%
Subtotal Non Residential	**105**	**47**	**45%**
Mixed-Use	4	3	75%
Total	**115**	**52**	**45%**

a. Includes schools, churches and hospitals.

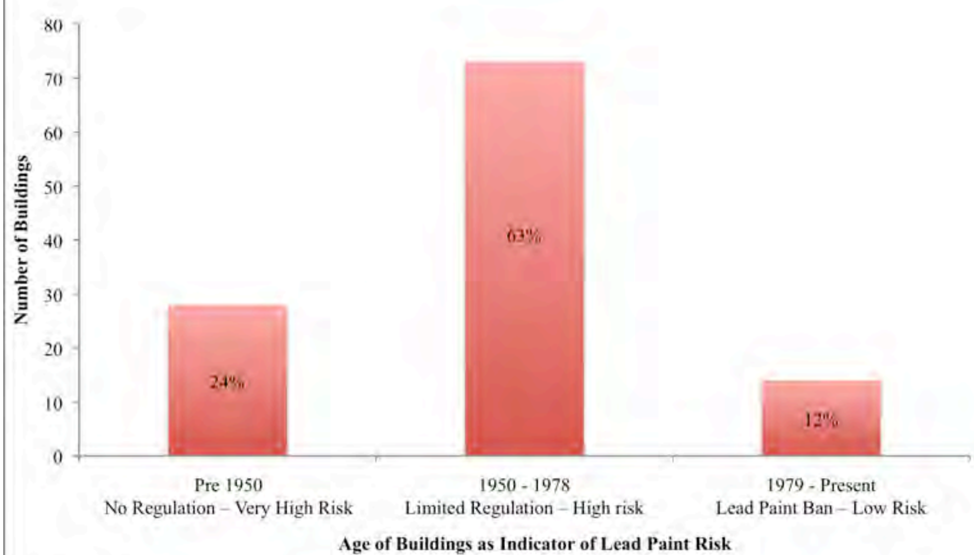
Source: City of San Fernando, Seifel Consulting Inc.

Lead Paint

As described in Section C.4.a (Unsafe and/or Unhealthy Buildings in Project Area 1), the presence of lead-based paint is another example of a condition that makes a building an unsafe and/or unhealthy place for persons to live or work.

Graph II-14 illustrates the likelihood of lead paint risk in all surveyed buildings in Project Area 4, based on year of construction. Approximately 87 percent of the 115 buildings surveyed in Project Area 4 were built before 1979, and 24 percent of the buildings are in the highest risk category (pre-1950). Moreover, Graph II-15 shows that the majority of the 97 pre-1979 buildings evaluated by the Seifel Survey exhibit one or more of the conditions that are associated with lead paint contamination: serious physical dilapidation or deterioration (building condition 1 or 2), peeling or faded paint, and deteriorated windows. For example, 54 percent of these buildings were rated 1 or 2 and 47 percent exhibited peeling or fading paint. Thus, the Seifel Survey found that Project Area 4 contains many buildings with conditions known to contribute to unsafe and/or unhealthy conditions related to lead paint contamination.

Graph II-14
Age of Buildings as Indicator of Lead Paint Risk
Project Area 4



Source: Los Angeles County Assessor, Seifel Consulting Inc.

Graph II-15
Pre-1979 Buildings with Lead Paint Risk Factors
Project Area 4

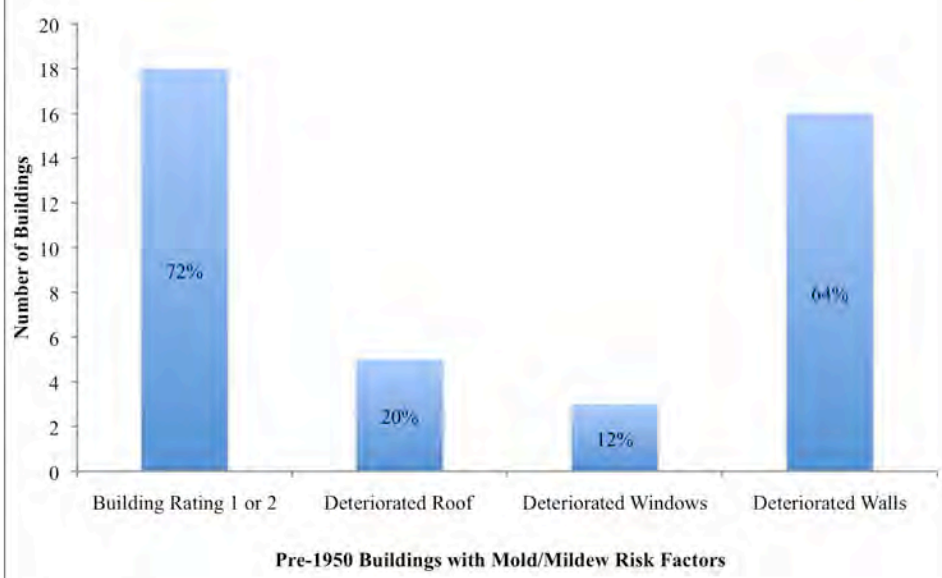
Source: Seifel Consulting Inc.

Mold and Mildew

Similar to lead paint, the presence of mold and mildew in buildings can lead to serious health problems, especially in young children. As described in Section C.4.a (Unsafe and/or Unhealthy Buildings in Project Area 1), the presence in a building of mold or mildew presents a serious health risk to the occupants.

Mold and mildew are a result of excess water accumulating in a building, often resulting from deteriorated or faulty plumbing, or from deteriorated roofing, windows and walls. These conditions are generally more likely to be present in older buildings, or in buildings in poor physical condition. As noted previously in the lead paint section, 24 percent of the buildings surveyed in Project Area 4 were constructed before 1950. These buildings are at high risk for mold or mildew contamination. Moreover, Graph II-16 shows that the majority of the 25 pre-1950 buildings evaluated by the Seifel Survey exhibit one or more of the conditions that promote mold and mildew growth. For example, 72 percent of these buildings were rated 1 or 2, 20 percent have deteriorated roofing, and 64 percent have deteriorated walls. Thus, the Seifel Survey found that Project Area 4 contains many buildings with conditions known to contribute to unsafe and/or unhealthy conditions related to mold or mildew.

Graph II-16
Pre-1950 Buildings with Mold/Mildew Risk Factors
Project Area 4



Source: Seifel Consulting Inc.

5. Economic Blighting Conditions

In addition to the blighting conditions affecting all of the Project Areas described in Section B, the following economic blighting conditions contribute to remaining blight in Project Area 4:

- Depreciated or stagnant property values

- Indicators of economically distressed buildings

The presence of these conditions, taken together, indicates that significant economic blight remains in Project Area 4.

a. Depreciated or Stagnant Property Values

Project Area 4 has experienced a decrease in total assessed value (AV) of property from FY 2008/09 to FY 2009/10.[62] Table II-31 shows that AV decreased by 0.7 percent in Project Area 4 from FY 2008/09 to FY 2009/10, compared to AV growth of 9.0 percent countywide. This depreciated AV over the past year indicates the presence of economic blight in Project Area 4.

Table II-31
Assessed Value Growth
Project Area 4

Fiscal Year	Project Area 4: Gross Assessed Value[a]	Project Area 4: Percent Change	Percent Change Citywide	Percent Change County
2007/08	$69,029,233			
2008/09	$75,476,788	9.3%	3.7%	6.8%
2009/10	$74,950,068	-0.7%	-4.0%	9.0%

a. Includes total of secured and unsecured value.

Source: HdL, Los Angeles County Assessor, Seifel Consulting Inc.

b. Indicators of Economically Distressed Buildings

As discussed in Section B above, lease rates for retail commercial space in the Project Areas are abnormally low relative to the broader submarket. Moreover, an abnormally high number of vacant businesses and commercial buildings are located in Project Area 4. These conditions are indicators of economically distressed buildings, and contribute to remaining economic blight in Project Area 4.

Business Vacancies

The City conducted a citywide survey of businesses in June 2009, and found a total of 17 vacant businesses in Project Area 4. During the Building Conditions Survey conducted in September 2009, Seifel noted an additional two vacant retail businesses, three vacant industrial businesses and one vacant service business in Project Area 4. As shown in Table II-32, the eight industrial business vacancies in Project Area 4 account for 28 percent of the total industrial vacancies citywide, and the 10 service business vacancies account for 23 percent of the total service vacancies citywide. As shown in Figure II-18, these vacant businesses are primarily located along the San Fernando Road and First Street commercial corridors.[63] The presence of this abnormally high number of vacant businesses in Project Area 4 detracts from the economic vitality of the area and is further evidence of remaining economic blight.

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[62] Decrease in assessed value can be due to reassessment or resale of properties at a lower value.

[63] Note that some locations contain multiple vacant businesses.

Figure II-18
Location of Business Vacancies
Project Area 4

Table II-32
Business Vacancies
Project Area 4

Business Type	Number of Vacancies	Total Citywide Vacancies	Percent of Citywide Total
Industrial	8	29	28%
Retail	5	48	10%
Service	10	44	23%
Total	**23**	**121**	**19%**

Source: City of San Fernando, Seifel Consulting Inc.

6. Conclusion for Remaining Blight in Project Area 4

Project Area 4 suffers from significant, substantial and prevalent remaining blighting conditions. The physical and economic blighting conditions are summarized below, and have been described in greater detail throughout this section and in Section B above. These conditions are:

- Unsafe and/or unhealthy buildings (Section F.4.a and Section B.1.a)
- Depreciated or stagnant property values (Section F.5.a)
- Indicators of economically distressed buildings (Section F.5.b and Section B.2.a)
- Serious residential overcrowding (Section B.2.b)
- High crime rates (Section B.2.c)

Project Area 4 contains a significant number of deteriorated commercial buildings that are unsafe and/or unhealthy places for people to live or work. This condition results from a combination of age of buildings, general dilapidation and deterioration resulting from long-term neglect, seismic vulnerability, and the likely presence of lead paint and mold/mildew contamination.

Project Area 4 suffers from depreciated property values, as evidenced by the decrease in total assessed value of property in Project Area 4 from FY 2008/09 to FY 2009/10. Project Area 4 also contains economically distressed buildings, as indicated by the abnormally high number of business vacancies found within Project Area 4. Furthermore, as discussed in Section B, abnormally low commercial lease rates, serious residential overcrowding, and high crime rates throughout the Project Areas further contribute to economic blight in Project Area 4.

As further described in Section G of this Chapter II, and in Chapters III and IV, these significant, substantial and prevalent remaining physical and economic blighting conditions result in a significant physical and economic burden on the immediate area and the entire San Fernando community. This blight cannot reasonably be alleviated by private sector or governmental action without the additional financial resources that would be made possible by the proposed Plan Amendments.

G. Conclusions for Blight Findings

The analysis in this chapter demonstrates that the Project Areas suffer from significant, substantial and prevalent remaining blighting conditions within the current CRL definitions of blight. Blighting conditions recognized in the CRL at the time of establishment of each of the Project Areas continue to have a significant adverse effect on the Project Areas as well. The presence of these blighting conditions results in a serious physical and economic burden on the community that cannot reasonably be reversed or alleviated without the additional resources and tools that would be made possible by the proposed Plan Amendments.

1. Prevalent and Substantial Blighting Conditions

As discussed in Sections B through F above, several blighting conditions are found throughout the Project Areas and some blighting conditions are specific to individual Project Areas. The physical and economic blighting conditions present in the Project Areas are:

- Unsafe and/or unhealthy buildings
- Depreciated or stagnant property values
- Indicators of economically distressed buildings
- Serious residential overcrowding
- High crime rates
- Inadequate public improvements

All of the Project Areas contain a significant number and percentage of deteriorated residential and commercial buildings that are unsafe and/or unhealthy places for people to live or work. This condition results from a combination of factors, including age of buildings, general dilapidation and deterioration resulting from long-term neglect, seismic vulnerability, the likely presence of lead paint and mold/mildew contamination, and the presence of illegal garage conversions and building additions. The presence of these unsafe and/or unhealthy buildings demonstrates that significant physical blight remains throughout the Project Areas. Moreover, the high cost of remediating these physical deficiencies constitutes a serious burden on the community.

All Project Areas except Project Area 3 suffer from depreciated or stagnant property values, as evidenced by the negative growth in total assessed value of property in these Project Areas over the last year. In addition to depreciated assessed value, residential property in Project Area 1 exhibits a low sales price compared with the City and a low sales price relative to assessed value. These depreciated property values throughout the Project Areas creates a serious economic burden on the community.

Furthermore, the abnormally high number of vacant businesses located throughout the Project Areas indicates the presence of economic distress and deters new business investment. Moreover, abnormally low commercial lease rates throughout the Project Areas are also indicators of economic distress, and further contribute to economic blight in the Project Areas.

Serious residential overcrowding is a problem in all of the Project Areas. Analysis of Census data shows that the Project Areas suffer from a greater degree of residential overcrowding than the City as a whole, and a far greater degree than the surrounding area. Furthermore, the City documented the presence of a substantial number of illegal garage conversions, illegal building additions and inhabited trailers within and directly adjacent to the Project Areas. The presence of serious residential overcrowding contributes to problems of public safety and health, and detracts from the economic vitality of both the Project Areas and the surrounding community.

High crime rates continue to negatively affect the Project Areas, and create a serious threat to public safety. Crime rates are higher in the Project Areas as compared to the City as a whole, and the presence of these higher crime rates contributes to unsafe conditions and deters new investment in the Project Areas.

Inadequate public improvements and infrastructure throughout the Project Areas exacerbate the physical and economic blighting conditions found in the Project Areas. Existing water, sewer and storm drain deficiencies create physical blighting conditions and require significant upgrades. This inadequate and deteriorated infrastructure detracts from the physical and economic vitality of the Project Areas.

2. Serious Physical and Economic Burden on the Community

The prevalent and substantial blighting conditions that remain in the Project Areas constitute a serious physical and economic burden on the San Fernando community. These existing conditions burden the community in several ways, including:

- Depriving San Fernando residents of potential employment opportunities.
- Hindering the enhancement of the physical condition of buildings.
- Contributing to an inadequate supply of quality affordable housing opportunities.
- Depriving property and business owners of a competitive return on their investments.
- Creating an unsafe and unwelcoming environment for residents and visitors.
- Depriving the City, County, education districts, and other affected taxing entities of revenues from increased property values.
- Hindering the development of a stronger economic base for the community.

3. Necessity of Further Redevelopment

As further discussed in Chapters III and IV, the substantial and prevalent remaining blighting conditions found in the Project Areas cannot be reversed or alleviated without the continued assistance of the Agency made possible by the proposed Plan Amendments. The Plan Amendments will make available to the Agency the financial and legal resources and tools needed to complete the Redevelopment Program, which is necessary to alleviate the significant and prevalent remaining physical and economic blight in the Project Areas.

III. Redevelopment Program

A. Introduction

Chapter III describes the Agency's Redevelopment Program under the Plan Amendments. As stated in Chapter I, the Plan Amendments will not modify the existing Redevelopment Program for each Project Area. This chapter presents the individual Redevelopment Programs as one Consolidated Redevelopment Program (Redevelopment Program), which builds upon the Agency's past and current redevelopment efforts. It includes projects and activities designed to alleviate remaining blight in each Project Area to improve the community as a whole. This chapter expands upon the history of the Project Areas and completed redevelopment activities described in Chapters I and II to show how the Redevelopment Program relates to the Agency's past expenditures and accomplishments. The chapter also summarizes the goals and objectives of the individual Redevelopment Plans, and explains how the projects and activities of the Redevelopment Program will address these goals and alleviate the remaining blight documented in Chapter II. Finally, this chapter estimates the cost of the Redevelopment Program projects and activities.

1. Chapter Organization

This chapter is organized into the following sections:

A. Introduction
B. History of Redevelopment Activities and Accomplishments
C. Redevelopment Plan Goals and Objectives
D. Relationship Between the Redevelopment Program and Alleviation of Blighting Conditions
E. Non-Housing Redevelopment Program
F. Affordable Housing Redevelopment Program
G. Summary of Redevelopment Program Costs

2. Redevelopment Program Summary

The Redevelopment Program is a comprehensive set of projects and activities designed to alleviate remaining blight in the Project Areas, promote economic development throughout the San Fernando community, improve public facilities and infrastructure throughout the Project Areas, and preserve and expand affordable housing opportunities in San Fernando. Moreover, the Redevelopment Program aims to improve the quality of life of all of the City's residents through revitalized and vibrant mixed use locations within the Project Areas.

The Redevelopment Program consists of both housing and non-housing activities. The Non-Housing Redevelopment Program is divided into two areas: economic development and community enhancement.

Both of these non-housing program areas contain three subcategories, which are described below:

1. Economic Development
   - Business Assistance and Retention
   - Development of Vacant Properties
   - Development Assistance
2. Community Enhancement
   - Public Facilities and Infrastructure
   - Street and Greenway Beautification
   - Park and Bikeway Master Plans

The order of presentation of the non-housing program categories is for identification purposes only and is not intended to indicate the categories' relative priority.

The Affordable Housing Redevelopment Program is a critical component of the Redevelopment Program and refers to activities funded by the Low and Moderate-Income Housing Set-Aside Fund (Housing Fund).[1] The Agency's housing programs will be greatly enhanced if the Plan Amendments are adopted.

The Redevelopment Program contains projects and activities that will alleviate the most significant adverse conditions identified in Chapter II. These projects will provide both immediate and long-term benefits. Some planned activities are specific to each Project Area and reflect the particular conditions and needs that make each Project Area unique. Other activities will occur throughout all of the Project Areas, and some projects will create benefits that extend beyond the borders of the Project Areas, to enhance the region as a whole. All components of the Redevelopment Program are designed to meet the objectives of the CRL and the goals and objectives of each Redevelopment Plan.

The Agency refines its projects and activities based on accomplishments and evolving needs. The Redevelopment Program reflects these inputs and is designed to alleviate remaining blight as effectively and efficiently as possible.

The Agency's redevelopment efforts are ongoing, and the Redevelopment Program includes projects and activities that are both in progress and planned for in the future. This chapter defines the Redevelopment Program as only those proposed projects and activities for which the Agency has not yet appropriated funds. Section B of this Chapter describes other significant projects that are in progress and have been fully funded, and hence not included here for purposes of estimating costs and determining the financial feasibility of the Plan Amendments**.** Implementation of the Redevelopment Program will occur over the next two decades, depending on the duration of effectiveness of each Project Area (refer to Table I-1 in Chapter I for a summary of Project Area time limits.)

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[1] Section E and Chapter IV describe the Low and Moderate-Income Housing Set-Aside Fund. At the Agency's discretion, housing activities may also be funded by "Non-Housing" Redevelopment Program funds.

The Redevelopment Program will be financed from tax increment revenues generated by all the Project Areas, in combination with other leveraged private and public financial resources, described in Chapter IV and Appendix D. The Redevelopment Program is an integrated and comprehensive set of projects and activities that will alleviate blighting conditions in the Project Areas. The Plan Amendments will provide flexibility to combine and focus revenues from different Project Areas based on the needs of particular Project Area(s), as well as adjust the focus of the Redevelopment Program over time so that the community's overall redevelopment needs can be addressed in a more efficient and effective manner.

Cost estimates are necessarily preliminary in nature and subject to refinement as the Redevelopment Program planning and implementation proceed. However, the cost estimates are adequate to provide reasonable orders of magnitude for financial feasibility evaluation and the need for continued tax increment financing. Sections E, F and G of this chapter describe these activities in more detail, and Table III-3, included at the end of this chapter, summarizes the estimated costs of the Redevelopment Program.

B. History of Redevelopment Activities and Accomplishments

Since the adoption of San Fernando's first redevelopment Project Area in 1966, the Agency has invested millions of dollars in physical and economic improvements in all of the Project Areas. Key accomplishments have occurred in each of the Redevelopment Program categories. To achieve these results the Agency has leveraged tax increment revenues, other public funds, partnerships with other public agencies, and private investment. This section describes the history of the Agency's activities as it relates to past accomplishments and remaining needs.

1. Redevelopment Accomplishments to Date

While Chapter II listed completed redevelopment activities in each of the Project Areas, this section highlights the major accomplishments and ongoing activities organized by the two program areas of the Non-Housing Redevelopment Program.[2,3,4]

The Agency's involvement in these redevelopment activities includes financial assistance for infrastructure and beautification improvements, assistance with seeking out matching funds for identified projects, and land "write-downs." The Agency also provides development assistance through site assembly, conceptual design review, entitlement review and approvals, land use policies, and business support activities.

a. Economic Development

The Agency has led efforts to revitalize the Project Areas through activities that promote the enhanced performance of local businesses, facilitate the redevelopment of key properties, invest in the rehabilitation and construction of properties, and attract new businesses to the

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[2] The Redevelopment Agency of the City of San Fernando, Report to the City Council for the Redevelopment Plan Amendments to Redevelopment Project Nos. 1, 2 and 3, November 2, 1998, pp. 36-37.

[3] The Redevelopment Agency of the City of San Fernando, 2005/06-2009/10 Redevelopment and Housing Implementation Plan Mid-Term Update, August 2008, pp.18-19.

[4] The Redevelopment Agency of the City of San Fernando, Report to the City Council, June 24, 1994.

ProjectAreas. Representative Agency accomplishments completed to date through its active support include:

Business Assistance and Retention

- Downtown signage project.
- Neighborhood Focus Area Program.
- Walter Reuff Buick at 710 San Fernando Road (later sold to Rydell Automotive).
- New El Pollo Loco restaurant at 1125 Truman Street.
- New Starbucks Coffee at 1101 Truman Street.
- New Rydell Chevrolet dealership at 700 San Fernando Road.
- Assist with Home Depot expansion.
- New drive-through car wash at 1601 Truman Street.
- Facilitation of development review and entitlements for Euro Discount Tile at 1753 San Fernando Road**.**
- Facilitation of a $3 million debt restructuring loan for Oh Boy! Company located at 1516 E. First Street.
- Facilitation of development review and approval for the expansion and remodel of the existing Social Security offices at 456 San Fernando Mission Blvd., allowing services and associated employment to remain within the City.
- Facilitation of development review and approval for the adaptive reuse of an existing vacant industrial building into the new corporate offices for Bernard Brothers at 555 First Street.
- Facilitation of development review and approval for the remodel of a commercial building located at 1041 Truman Street to accommodate long-term tenant Denny's Restaurant.
- Facilitation of development review and approval of adaptive reuse for a potentially historic structure (former Salvation Army building) to accommodate restaurant and office uses at 110 N. Maclay Avenue.
- Facilitation of development review and approval of adaptive reuse to accommodate retail and service commercial uses at 120 N. Maclay Avenue.
- Downtown Façade Program provided interest-subsidized loans, architectural assistance and signage grants for commercial properties.
- Facilitation of a plan review and entitlements for buildings through the Commercial Façade Improvement Loan Program.
- Commercial façade rehabilitation and restoration of 313 S. Brand Boulevard, formerly the DWP Building.
- Commercial façade rehabilitation at 1023 Pico Street.
- Commercial façade rehabilitation project at 209-211 N. Maclay Avenue, 110 N. Maclay Avenue, 214 N. Maclay Avenue, 226 N. Maclay Avenue, and 1041 Truman Street.
- Façade rehabilitation at 120 N. Maclay Avenue.
- Provided $50,000 of Agency funds for a Seismic Retrofit Program. This program provided loans between $1,000 and $4,000 to residential property owners for seismic repairs.
- Facilitation of development review and entitlement process for façade renovation of the KFC restaurant at 1327 San Fernando Road.

Development of Vacant Properties

- Development of the Valu Plus Center commercial shopping center through property acquisition, land assembly, and site clearance.
- Development of San Fernando Value Square (Sam's Club/Home Depot).
- Swap meet redevelopment project at 601 Glenoaks Boulevard.
- Facilitation of third-party land acquisition of blighted property for Sigue Corporate office.
- Facilitation of development review and approval for a new commercial building at 1209 Mott Street.
- Facilitation of development review and approval for a commercial paseo at 1038 San Fernando Road and 1035 Celis Street.
- Development of a commercial and pedestrian paseo within a former public alley located between 110 and 120 N. Maclay Avenue.

Development Assistance

- Completion of the public parking lot adjacent to the Bank of America.
- New commercial building at 501 San Fernando Mission Boulevard.
- New commercial building at 1201 Hewitt Street.
- New two-unit commercial building at 1038 San Fernando Road.
- Construction of new commercial building at 451 S. Brand Boulevard.
- Facilitation of development review and entitlements for a new 59,000 square foot industrial building at 525 Park Avenue for Jem Sportswear.
- Facilitation of development review and entitlements for a 5,000 square foot commercial building at 12960 and 12980 Foothill Boulevard.
- Facilitation of development review and entitlements for a 4,000 square foot industrial building at 760 Arroyo Avenue.
- Facilitation of the conditional use permit process to allow a storage and moving use to occupy 255 Parkside Drive.
- Facilitation of development review and entitlements for four detached industrial buildings totaling approximately 9,000 square feet at 723 Arroyo Avenue.
- Facilitation of development review and entitlements for an industrial building at 1516 E. First Street.
- Construction of cell tower at 675 Glenoaks Boulevard.
- Industrial development project at 1407 Truman Street.
- RFP for mixed-use development project (Gangi project) at 1320 San Fernando Road.
- City-owned lot/commercial development at 1422 San Fernando Road.
- Construction of cell tower at 1516 First Street.
- Facilitation of development review and approval for the expansion and rehabilitation of Valley Family Center at 302 S. Brand Boulevard.
- Facilitation of development review and approval of new commercial uses at 1245 San Fernando Road. (Phase 1). The Agency will soon be doing the same for Phase II of this Project, known as San Fernando Station Phase II.
- Facilitation of development review and approval for new commercial signage at long-term tenant Pep Boys at 1231 San Fernando Road.

- Facilitation of the public input, development and environmental review processes for LAUSD Regional High School No. 5 and Elementary School No. 8.

These extensive efforts have encouraged new business, built new facilities, renovated existing facilities, and facilitated an improved business and economic environment throughout the Project Areas.

b. Community Enhancement

The Agency has improved public facilities and infrastructure through expenditures on streets, landscaping, sidewalks, utility system improvements, improvements to the transit and recreational infrastructure, and development of public facilities throughout all of the Project Areas. The Agency has undertaken a number of street beautification projects particularly aimed at improving the commercial corridors of the City, San Fernando Mall and Maclay Avenue, in order to attract shoppers and foster economic development. Specifically, representative accomplishments completed through the Agency's active support include:

Public Facilities and Infrastructure Improvements (Including Path and Bikeway Improvements)

- Preparation of the San Fernando Courthouse site.
- City Hall expansion.
- Development of the San Fernando Police Station.
- Construction of the Recreation Park Senior Center.
- Jessie Street water system improvements.
- Civic Center parking lot.
- Funding and construction of the $14 million San Fernando Regional Pool Facility at Recreation Park.
- Facilitation of the public input, and development and environmental review processes for LAUSD Regional High School No. 5 and Elementary School No. 8.
- Upgrade of traffic signals on S. Workman Street at Truman Street and along San Fernando Road.
- Repair of various sections of the City's sewer system damaged by the 1994 earthquake.
- Completion of water system improvements including the replacement of substandard fire hydrants, and new water mains under Lazard Street and San Fernando Road.
- Installation of lighting along the Mission City Trail.
- Capture of outside match funding for regional projects including the Lopez Adobe retrofitting project and Pacoima Wash project.
- Construction of the bikeway (Mission City Trail) along the railroad right-of-way.
- Facility improvements at Las Palmas and Recreation Parks.

Street Beautification

- Completion of various streetscape improvements in the San Fernando Mall area (e.g., numerous streetscape beautification efforts along San Fernando Road and Brand Boulevard).
- Completion of the commercial and pedestrian paseo between 110 and 120 North Maclay Avenue.

- Funding of monument projects including the Cesar E. Chavez Memorial and Truman Gateway.
- Completion of the Maclay streetscape improvement project.
- Ongoing street tree plantings, sidewalk and parkway maintenance and repairs, and graffiti removal.
- Completion of the City's Corridors Specific Plan.
- Funding for future projects involving Truman Street, San Fernando Mission Boulevard, San Fernando Road, and Park Avenue.
- Completion of the undergrounding of utilities along Celis Street and Kalisher Street.
- Completion of various street improvements on Coronel Street, Mott Street, San Fernando Mission Boulevard, Celis Street and S. Maclay Avenue.

These improvements have contributed to economic development in the region, and have eliminated a significant portion of the blight identified in the Project Areas. All of these efforts have enhanced the commercial viability of the Project Areas by improving the environment and circulation, as well as by making the Project Areas a more attractive and welcoming place to do business.

c. Affordable Housing

The Agency has supported or assisted in the production or substantial rehabilitation of over 100 affordable housing units in the Project Areas since the adoption of the post-1976 Project Areas.[5] Key developments and programs include:

- Development of 16 affordable units at the Park Vista Senior Project.
- Development of four moderate-income units at the Kewen Street Townhomes.
- Assistance to Habitat for Humanity with the development of the two very low-income units at 1230 Mott Street/1032 Griffith Street.
- Implementation of Residential Earthquake Reconstruction program after 1994 earthquake to allow reconstruction of non-conforming buildings.
- Development of single-family residence at 709 San Fernando Mission Boulevard.
- Community Action Plan for Neighborhood Protection and Preservation (CAPP).
- Restoration of historic structure and construction of dwelling unit at 503 Chatsworth Drive.
- Request for Proposal for an affordable housing project at 551 Kalisher Street.
- Restore potentially historic structure and construct duplex at 652 Fourth Street.
- Secured funding for the proposed senior housing project at 1320 San Fernando Road.
- Facilitation of development review and entitlements for a multifamily residential building at 652 4th Street.
- Facilitation of development review and entitlements for multifamily residential buildings at 131-135 Park Avenue and 130-140 Jessie Street.

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[5] The Redevelopment Agency of the City of San Fernando, 2005/06-2009/10 Redevelopment and Housing Implementation Plan Mid-Term Update, August 2008, pp. 45-46. Redevelopment project areas adopted prior to 1976 did not have an affordable housing production requirement mandated by the CRL.

- Facilitation of development review and entitlements for a multifamily residential building at 322 Jessie Street.
- Contribution of approximately $4.5 million in Agency funds to assist in the development of Las Palmas Sub-site I and II, consisting of 21 senior housing units located at 499 Kalisher Street and 24 senior housing units located at 333 Kalisher Street.
- Contribution to Agency funds to assist in the development of the Park Avenue Sub-site, consisting of 51 housing units located at the corner of First Street and Park Avenue.
- Implementation of Residential Rehabilitation Loan Program, used to provide loans to residential property owners to rehabilitate existing single-family residences. Loans ranged from $12,000 to $55,000.
- Implementation of First-time Homebuyer Program, used to provide "silent second" down payment assistance loans to income-qualified first-time homebuyers seeking to purchase single-family residences in San Fernando. Loans ranged from $15,000 to $45,000.
- Facilitation of and partially funded preparation of the City's 2008-2014 Housing Element.

The types of financial assistance the Agency has provided include predevelopment, acquisition, construction, and permanent gap financing. The residents of these units include low or moderate-income first-time homebuyers, seniors and families. Overall, the Agency's efforts have significantly increased and improved the supply of high-quality affordable housing in the Project Areas.

2. Remaining Unfunded Activities

Chapter II documented that significant adverse physical and economic conditions remain in the Project Areas. Therefore, additional redevelopment activities are necessary for the Agency to be able to build on its accomplishments to date and facilitate the continued elimination of remaining blight and revitalization of all of the Project Areas.

The Redevelopment Program comprises those projects and activities that the Agency has identified as necessary for the alleviation of remaining blight in the Project Areas. The remainder of this chapter discusses how these projects and activities will achieve the goals and objectives of the CRL and the Redevelopment Plans, demonstrates how these projects and activities will alleviate the remaining blight in the Project Areas that was documented in Chapter II, and presents the estimated costs of these projects and activities. Chapter IV presents the estimates of available resources that prove that the Redevelopment Program cannot be achieved without the Plan Amendments.

C. Redevelopment Plan Goals and Objectives

The individual Redevelopment Plans list a series of goals and objectives designed to guide the Redevelopment Program, and following the adoption of the Plan Amendments, the Agency will continue to build upon the efforts of previous redevelopment activities.

Although each Redevelopment Plan lists the goals and objectives specific to the Project Area, there are overarching goals common to all of the Project Areas. These goals include:[6]

- Encourage private sector investment.
- Promote commercial and industrial development by the prevention and the elimination of blight.
- Upgrade the physical appearance of the Project Areas.
- Remove economic impediments to land assembly and infill development.
- Encourage commercial rehabilitation and planned new commercial developments.
- Install, construct or reconstruct streets, utilities, parks, recreational facilities, and other public improvements, infrastructure and facilities.
- Encourage public and private investment in order to repair and/or replace unsafe, dilapidated and deteriorated buildings.
- Encourage the redevelopment of land by private enterprise or public action.
- 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.

Specific goals for each Project Area are overlapping and complementary and individual goals are included within each individual redevelopment plan. Table III-1 summarizes these goals for the Non-Housing and Affordable Housing Redevelopment Programs. These goals will guide the implementation of the Redevelopment Program and future development and investment in the Project Areas. The projects and activities of the Redevelopment Program have been designed to achieve these goals. The goals described in this chapter are subject to modification and refinement through the periodic adoption and amendment of the Agency's five-year implementation plan in accordance with CRL 33490.

D. Relationship between the Redevelopment Program and Alleviation of Blighting Conditions

As described above, the foremost objective of the Plan Amendments is to eliminate physical and economic blight in the Project Areas. Therefore, the projects and activities that comprise the Redevelopment Program have been carefully crafted to alleviate the adverse conditions that remain in the Project Areas, as well as to achieve the specific goals listed in Table III-1. These projects and activities are necessary because the Project Areas continue to exhibit substantial and prevalent blighting conditions that constitute a serious physical and economic burden on the community, as documented in Chapter II and summarized in Section E below.

The underlying principles of the Redevelopment Program are to:

1. Revitalize areas that exhibit physical and economic blight.
2. Stimulate private investment and appropriate development.
3. Improve transit, circulation, infrastructure, and public facilities.

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[6] The Redevelopment Agency of the City of San Fernando, 2005/06-2009/10 Redevelopment and Housing Implementation Plan Mid-Term Update, August 2008, p. 16.

4. Provide tax increment funds for the redevelopment activities that are needed to alleviate blighting conditions.
5. Create affordable housing.

Sections E and F describe how the Redevelopment Program meets the CRL requirement, that Agency expenditures be linked to the elimination of blighting conditions. Following a brief summary of the blighting conditions in the Project Areas, the projects and activities are listed by subcategory to explain how each activity of the Redevelopment Program will alleviate these blighting conditions. Table III-2 shows the relationship between the remaining blighting conditions described in Chapter II, and summarized in Sections E and F, and the projects and activities proposed to alleviate these conditions. The Agency's affordable housing activities described in Section F, alleviate blighting conditions directly by creating affordable housing and contributing to overall revitalization and improvement of neighborhoods.

E. Non-Housing Redevelopment Program

The Non-Housing Redevelopment Program consists of projects in two program areas that are further divided into subcategories as follows:

1. Economic Development
    - Business Assistance and Retention
    - Development of Vacant Properties
    - Development Assistance

2. Community Enhancement
    - Public Facilities and Infrastructure Improvement
    - Street and Greenway Beautification
    - Park and Bikeway Master Plans

This section describes each Redevelopment Program category, including examples of projects and activities, identifies the blighting conditions to be alleviated, and the estimated costs.

Some program activities apply to more than one Project Area, and address blighting conditions common to multiple Project Areas, while other projects are area-specific, and address the specific needs of one Project Area. In order to streamline the discussion of activities, blight alleviation and costs, this section presents all projects grouped by program area and category, rather than by Project Area. However, the descriptions and accompanying tables indicate the locations to which each project applies. Some projects address the needs of all of the Project Areas and the community as a whole.

The Non-Housing Redevelopment Program includes a comprehensive list of projects and activities that the Agency has identified as necessary to alleviate the remaining blight in the Project Areas and achieve the goals and objectives of the Redevelopment Plans. Chapter IV estimates these resources. The subsections below describe the entire Non-Housing Redevelopment Program, and the cost estimates indicate what would be possible with the Plan Amendments.

Table III-1
Summary of Redevelopment Plan Goals and Objectives for Each Project Area
San Fernando Redevelopment Plan Amendments

Consolidated Redevelopment Program Goals:
Overarching Goals Common to All Project Areas
1. Encourage private sector investment.
2. Promote commercial and industrial development by the prevention and the elimination of blight.
3. Upgrade the physical appearance of the Project Areas.
4. Remove economic impediments to land assembly and infill development.
5. Encourage commercial rehabilitation and planned new commercial developments.
6. Install, construct or reconstruct streets, utilities, parks, recreational facilities, and other public improvements, infrastructure and facilities.
7. Encourage public and private investment in order to repair and/or replace unsafe, dilapidated and deteriorated buildings.
8. Encourage the redevelopment of land by private enterprise or public action.
9. 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.
Project Area No. 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 No. 2
1. Enlarge the area affected by Project Area 1.
1. Create an auto mall in order to expand the employment opportunities and tax base in the City.
2. Acquisition of certain real property.
3. Demolition or removal of certain buildings and improvements.
4. Relocation assistance to displaced residential and nonresidential occupants.
5. Installation, construction, or reconstruction of streets, utilities, and other public improvements.
6. Disposition of any property acquired for uses in accordance with the Plan.
7. Redevelopment of land by private enterprise or public agencies for uses in accordance with the Plan.
Project Area No. 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 No. 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 San Fernando General Plan.
7. Eliminate environmental deficiencies, including inadequate street improvements, inadequate truck access, inadequate utility systems, and inadequate public services.
FROM REDEVELOPMENT PLAN (PAGE 5, DATED JULY 18, 1994)
1. Preserve the economic base of the Project Area by developing commercial establishments that are high sales tax and job producers.
2. Broaden the community's economic base of the Project Area by developing commercial establishments that are high sales tax and job producers.
3. Diversify the make-up for the Project Area by developing a variety of uses that work in concert toward economic stability.
4. Encourage expansion of local commercial and industrial opportunities, which will create jobs and an expanded sales and property tax base.
5. Promote new development consistent with the San Fernando General Plan.
6. Provide financial incentives to interested property owners who wish to repair or rehabilitate their buildings or revitalize their properties consistent with the San Fernando General Plan.
7. Encourage public participation in the planning and implementation of the Project.
8. Eliminate existing blighted conditions, be they properties or structures, and prevent recurring blight in and about the Project Area.
9. Eliminate environmental deficiencies, including inadequate street improvements, inadequate truck access, inadequate utility systems, and inadequate public services; and mitigation of the various economic, physical, and environmental characteristics of blight extant in the Project Area.

Source: 2005/06–2009/10 Redevelopment and Housing Implementation Plan Mid-Term Update.

Table III-2
Summary of How the Redevelopment Program Will Alleviate Blighting Conditions
San Fernando Redevelopment Plan Amendments

	Redevelopment Program						
	Economic Development			Community Enhancement			Affordable Housing
Blighting Conditions	Business Assistance and Retention	Development of Vacant Properties	Development Assistance	Public Facilities and Infrastructure Improvement	Street Beautification	Park and Bikeway Master Plans	
Unsafe and/or Unhealthy Buildings	■	■	■	■			■
Depreciated or Stagnant Property Values	■	■	■	■	■	■	
Indicators of Economically Distressed Buildings	■	■	■	■	■		
Serious Residential Overcrowding		■	■				■
High Crime Rates	■	■	■	■	■		■
Inadequate Public Improvements[a]		■	■	■	■	■	■

a. Although not considered by itself physical or economic blight under the CRL, the existence of inadequate public improvements contributes to blighting conditions in the Project Areas.

Source: Seifel Consulting Inc.

Appendix J contains a table that outlines in detail the projects and activities that the Agency has planned for each of the Project Areas. The table includes an estimate of the cost of each project, the Project Area or Areas that would be the main beneficiaries as well as the blighting condition that would be alleviated. Most of the projects and activities span across two or more of the six Project Areas (including added areas) and are directly aimed at eliminating blighting conditions that remain in each of the Project Areas, as documented in Chapter II.

1. Economic Development

The Agency aims to support enhanced business performance, and stimulate private development and redevelopment in the Project Areas.

a. Projects and Activities

Proposed projects in the category of Economic Development include recruitment of new retailers and restaurants, provision of business development resources to small businesses, strategic property acquisition and preparation for private sector redevelopment, and facilitation of redevelopment on key target sites throughout the Project Areas. The Agency aims to acquire and prepare key sites for private sector development and conserve local historic resources, as well as improve the physical appearance and safety of buildings in the Project Areas.

The proposed economic development projects and activities include three subcategories: (1) business assistance and retention, (2) development of vacant properties, and (3) development assistance. The projects and activities include:

Business Assistance and Retention

- Facilitate business improvement district formation proceedings within the Downtown area, and within other areas identified by stakeholders.
- Prepare and implement a retail development strategy, which attracts the appropriate mix of businesses that meets local and regional demand and further promotes investments within the Project Areas as commercial destinations.
- Facilitate development of Sigue's corporate campus, which will include the company headquarters and new leasable office space that allows for business retention, expansion and attraction activities.
- Facilitate business expansion and new occupancy with the promotion and redevelopment of existing underutilized or vacant Class A industrial properties.
- Partner with local brokers and other stakeholders to promote business development and recruitment opportunities.
- Facilitate commercial façade rehabilitation within the Project Areas.
- Redevelop 120 Macneil Street as part of a larger mixed-use development within the Civic Center area.
- Provide financial assistance in the form of matching grants for façade renovations along the commercial corridors in the Project Areas.

Development of Vacant Properties

- Provide off-site improvements that facilitate redevelopment of underutilized and vacant properties.

- Identify and invest in opportunity sites that facilitate commercial redevelopment and revitalization to meet local and regional demand.
- Partner with property owners to complete redevelopment projects on key sites that are consistent with Redevelopment Plans.
- Stimulate private development for future redevelopment and economic development opportunities, including property acquisition when necessary.
- Facilitate adaptive reuse of former automotive dealership sites for new retail and service commercial uses.
- Facilitate and promote the redevelopment of large sites that can accommodate commercial facilities designed to meet regional demand including, but not limited to, destination, retail and entertainment uses.

Development Assistance

- Provide Agency assistance with technical studies, such as market feasibility, planning, engineering, or geotechnical, as a mechanism to encourage development and redevelopment of the Project Areas.[7]
- Provide tax-exempt financing that serves to reduce the financing costs of a project. Such financing may take the form of certificates of participation, lease revenue bonds, industrial development bonds, and various forms of tax-exempt notes at various terms.
- Establish rehabilitation loan or grant programs that require matching contributions by the recipient.
- Address the need for removal of the most dilapidated residential, commercial and industrial structures, and make the cleared land available for new development.[8]
- Assist in acquisition of small or undevelopable parcels, and facilitate the development of those properties.[9]
- Encourage repairs and rehabilitation of damaged structures, and support seismic retrofit and safety upgrades, including assistance for upgrading older structures to meet current earthquake and safety codes, as funds are available.

Examples of development assistance projects and activities include, but are not limited to, the following:

- Assist in the redevelopment of public parking lots throughout the Project Areas.
- Facilitate the future redevelopment of underutilized sites along major commercial corridors within the Project Areas, including sites such as 610 Ilex Street, 1661 San Fernando Road and 1331 Truman Street.
- Encourage transit-oriented development throughout the Project Areas in close proximity to major transportation hubs and corridors.

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[7] Preliminary Report on the Redevelopment Plan for Redevelopment Project No. 1 Amendment No. 3, The Redevelopment Agency of the City of San Fernando, February 1998, p. 45.

[8] Preliminary Report on the Redevelopment Plan for Redevelopment Project No. 1 Amendment No. 3, The Redevelopment Agency of the City of San Fernando, February 1998, p. 47.

[9] The Redevelopment Agency of the City of San Fernando, Report to City Council for Redevelopment Project Area No. 4, June 24, 1994, p. 55.

- Promote adaptive reuse of industrial properties, including vacant and underutilized properties along First Street, Park Avenue, Jessie Street, Arroyo Street, and Aviation Place.
- Facilitate development of corporate campuses and headquarters along the commercial and industrial corridors within the Project Areas that allow for business expansion, retention and recruitment activities.

b. Deficiencies to be Corrected

These economic development projects and activities will collectively alleviate blight in the physical and economic categories identified in Chapter II. They will eliminate unsafe and unhealthy buildings and overcome conditions that hinder the viable use of buildings or lots, and impede efficient and economically feasible development. They will also reduce indicators of economically distressed buildings such as business vacancies and low commercial lease rates, serious residential overcrowding, an excess of problem businesses, high crime rates and generally promote the economic development of the Project Areas and the community.

c. Estimated Program Costs

The total cost to the Agency for the economic development projects and activities is approximately $18.0 million in constant 2010 dollars, which is shown in Table III-3. The Agency is expected to leverage its funds to meet the higher costs of all of the necessary economic development projects and activities, which are outlined in Appendix J.

2. Community Enhancement

The Agency aims to make strategic investments in community enhancements to help stimulate private investment in the Project Areas. The projects and activities in this program category address public infrastructure deficiencies, improve circulation, enhance the streetscape, and provide sound strategies for public open space and alternative transit options. These efforts will stimulate commercial, industrial and residential development and activity in the Project Areas and throughout the region, as well as strengthen the general economic vitality of the region.

a. Projects and Activities

Community Enhancement includes three subcategories: (1) public facilities and infrastructure improvement, (2) street and greenway beautification, and (3) park and bikeway master plans. The specific projects and activities are described below.[10]

Public Facilities and Infrastructure Improvement

The Agency aims to make strategic investments in public infrastructure and facilities to help stimulate private investment in the Project Areas, including, but not limited to, the following:

- Facilitate transit and other public infrastructure projects with regional benefits.
- Improve public safety through enhanced circulation and capacity for local-serving streets.

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[10] Redevelopment Agency of the City of San Fernando, Preliminary Report on the Redevelopment Plan for Redevelopment Project No. 1 Amendment No. 3, February 1988, p. 44.

- Fund design, construction and right-of-way acquisition costs for enhanced public safety and pedestrian amenities through streetscape and sidewalk improvements throughout the Project Areas.
- Facilitate utility undergrounding where necessary to address issues with pedestrian and vehicular safety.
- Develop public recreational facilities.

Examples of public facilities and infrastructure improvements projects and activities include, but are not limited to, the following:

- Streetscape and safety improvement projects along Truman Street, San Fernando Road, San Fernando Mission Boulevard, Park Avenue, S. Workman Street, Lazard Street, and the railroad right-of-way.
- Completion of the Lopez Adobe rehabilitation project for subsequent use as a museum and cultural attraction/destination center.
- Transit and bus stop shelter installation and upgrades within the Project Areas.
- Identify opportunity sites for, and facilitate the development of additional public/private open spaces.
- Develop and enhance way-finding facilities that provide greater access to, and promote businesses and services within the Project Areas, including the downtown and civic center areas.
- Initiate stormwater collection and distribution system improvements to address infrastructure deficiencies associated with antiquated facilities. These improvements include stormwater system improvements on S. Workman Street, Griswold Avenue, Maclay Avenue, Celis Street and other identified areas as necessary.
- Initiate water collection and distribution system improvements to address infrastructure deficiencies associated with antiquated facilities. These improvements include the reconstruction of Water Reservoir No. 4, and water line replacements on Fourth Street, First Street (Civic Center), Celis Street, and Hollister Street.
- Initiate sewer system improvements to address infrastructure deficiencies associated with antiquated facilities. These improvements include sewer line replacements at First Street (Civic Center), and at Hollister and Coronel Streets.
- Upgrade traffic signal infrastructure for improved circulation and safety as necessary.
- Provide improvements at City park facilities as warranted, especially at Recreation Park, Las Palmas Park, Layne Park and the San Fernando Regional Pool Facility.

Street and Greenway Beautification

- Develop streetscape and greenway beautification projects that enhance public safety, promote private investment, and increase pedestrian, bike and vehicular access and connections throughout the Project Areas.
- Fund, facilitate and provide entitlement assistance for improvements that realize the development of the Pacoima Wash as a greenway corridor.
- Improve sidewalks, signage, and streetscapes along public right-of-ways, including but not limited to: First Street, Pacoima Wash, Maclay Avenue, San Fernando Road, Truman Street, San Fernando Mission Boulevard, and Brand Boulevard.

- Provide street and safety improvements that focus on sidewalk repairs, graffiti abatement, tree trimming, street lighting, and traffic calming, especially those that improve safe routes to local schools.
- Undergrounding of public utility poles that block pedestrian access along Kalisher Street, Park Avenue and other areas as necessary.

Park and Bikeway Master Plans

- Promote public and private investment in the development and implementation of a park and bikeway master plan project that includes improvements of new and existing recreational sites and associated activities throughout the Project Areas, and development of bike paths and other alternative transit options that enhance private transportation capacity throughout the Project Areas.

b. Deficiencies to be Corrected

As described in Chapter II, the Project Areas suffer from adverse physical and economic conditions that inhibit the use of buildings or lots, and impede efficient and economically feasible development. These conditions include unsafe and/or unhealthy buildings, depreciated or stagnant property values, an abnormally high number of business vacancies, abnormally low commercial lease rates, serious residential overcrowding, high crime rates, and inadequate public improvements. Taken together, these adverse economic and physical conditions hinder revitalization and development in the Project Areas.

c. Estimated Program Costs

The total cost to the Agency for the community enhancement projects and activities is approximately $33.2 million in constant 2010 dollars, which is shown in Table III-3. The Agency is expected to leverage its funds to meet the higher costs of all of the necessary community enhancements projects and activities, which are outlined in Appendix J.

F. Affordable Housing Redevelopment Program

The Affordable Housing Redevelopment Program is a critical component of the Redevelopment Program. It enables the Agency to enhance the supply and condition of affordable housing throughout the Project Areas (and elsewhere in San Fernando as authorized by the CRL), thereby improving both the physical condition of the Project Areas, and the economic competitiveness of the region in an environment of otherwise high housing costs. All components of the Agency's Affordable Housing Redevelopment Program, described in detail in this section, will continue throughout the life of each Project Area. Moreover, the resources made available by the proposed Plan Amendments will allow for a significant expansion of the Affordable Housing Redevelopment Program.

1. CRL Requirements

The CRL requires community redevelopment agencies to utilize tax increment funds to enhance affordable housing opportunities for households in a wide range of income levels, setting specific allocation and production requirements, targeting specific income levels.

The CRL requires expenditures on and production of affordable housing, for households earning at or below 120 percent of median income, with particular emphasis on those households earning at or below 50 percent of median income. Section 33334.2 of the CRL requires that an agency set aside (in a Housing Set-aside Fund, sometimes referred to as the Affordable Housing Fund), and spend 20 percent of all tax increment revenue allocated to the Agency to preserve, increase or enhance the community's supply of affordable housing. Specifically, agencies are required to expend their Affordable Housing Fund moneys to assist very low, low and moderate-income households, generally defined as:

- Very Low-Income: up to 50 percent of area median income, adjusted for household size;
- Low-Income: above 50 percent up to 80 percent of area median income, adjusted for household size; and
- Moderate-Income: above 80 percent up to 120 percent of area median income, adjusted for household size.

Housing assisted by the Affordable Housing Fund must be available to, and be occupied by, low and moderate-income households at an affordable housing cost in accordance with CRL Sections 50052.5 and 50053(b).

In addition, CRL Section 33413(b) establishes the following affordable housing production requirements for any post-1975 redevelopment project area (e.g., Project Areas 1A, 3A, and 4):

- At least 15 percent of all new and substantially rehabilitated dwelling units developed within the redevelopment project area by public or private entities, or persons other than a redevelopment agency, must be available at an affordable housing cost to, and be occupied by, very low, low or moderate-income households. Of those units, at least 40 percent (or six percent of the total production) must be affordable to very low-income households.
- At least 30 percent of Agency-developed or substantially rehabilitated housing units, must be available at an affordable housing cost to, and be occupied by, very low, low or moderate-income households. Of those units, 50 percent (or 15 percent of the total Agency-developed production) must be affordable to very low-income households.

2. Description of Affordable Housing Redevelopment Program

The Agency currently implements a range of housing programs that seek to enhance project design and leverage federal, state and private funding sources to develop high quality, attractive and affordable housing developments serving a diverse population. The Affordable Housing Fund will be used in a flexible manner in order to respond to favorable development opportunities, and meet housing needs throughout the community.

In addition to increasing the production of affordable housing, the Affordable Housing Redevelopment Program (Housing Program) will help alleviate blighting conditions, including unsafe and/or unhealthy buildings, serious residential overcrowding, high crime rates, and inadequate public improvements.

The Agency has been guided by the goals and objectives of the City's 2008-2014 Housing Element in developing the Housing Program. Through its affordable housing activities, the Agency will support and advance the overall Housing Element programs, policies and strategies.

The Agency is committed to assisting the City achieve the goals, objectives and policies presented in the Housing Element, including activities designed to:[11]

- Maintain and enhance the quality of existing housing, neighborhoods and health of residents.
- Provide a range of housing types to meet the needs of the community.
- Assist lower income tenants in finding the appropriate resources to allow them to remain in the community.
- Provide opportunities for moderate-income households to become first-time homebuyers.

The Affordable Housing Redevelopment Program emphasizes that Agency resources should be focused on new construction or rehabilitation to provide rental units for very low and low-income households. Assistance to moderate-income households will be primarily administered through loans to first-time homebuyers and rehabilitation loans for improvement of single-family homes. Section F.3 below describes the full range of projects and activities that reflect the goals and objectives of the Housing Program and the City's adopted Housing Element.

The Agency will also use the guidelines set forth in its Five-Year Implementation Plan in order to target expenditures related to the Housing Program on specific income groups and on non-age restricted housing, as required by the CRL. The Housing Program will be revised as needed to maintain consistency with the City's Housing Element, and remain in compliance with the CRL requirements outlined in the Five-Year Implementation Plan.

3. Affordable Housing Projects and Activities

The Agency's Affordable Housing Redevelopment Program (Housing Program) implements projects that pertain to the goals of the Housing Element, through the categories outlined in the Implementation Plan. The Implementation Plan has guided, and will continue to guide, appropriations and housing investments. The categories of activities are:

- Affordable Housing Development Assistance
- Multifamily and Senior Housing Development
- Residential Rehabilitation Program
- Apartment Inspection Program
- First Time Homebuyers Program
- Neighborhood Preservation and Revitalization Program
- Housing Planning

[11] The Redevelopment Agency of the City of San Fernando, 2005/06-2009/10 Redevelopment and Housing Implementation Plan Mid-Term Update, August 2008, pp. 30-32.

These seven categories characterize the Housing Program's projects and activities that would be made possible by the Plan Amendments. Anticipated projects and activities include, but are not limited to the following:[12]

- Single-family home rehabilitation program that offers low-interest loans or grants to income-eligible households to address code deficiencies and emergency repairs, general rehabilitation, seismic retrofits, and the removal of lead-based paint.
- Multi-family residential inspection program that ensures the rehabilitation of housing that does not meet minimum Building and Housing Code standards.
- Down payment assistance program that provides income-eligible, first time homebuyers with low-interest loans that assist with down payment or closing costs associated with the purchase of a single-family home.
- Grow strong neighborhoods by continuing to develop and implement a comprehensive approach that identifies and corrects blight and nuisances that can impact safety and property values.
- Undertake planning efforts like density bonus programs and inclusionary policies that further the development of affordable housing within the community.

Examples of Housing Program projects and activities include, but are not limited to the following:

- Facilitate site assembly, conduct entitlement reviews, and provide financial assistance as necessary for the development of Agency-owned property into affordable housing within the Downtown area and along commercial corridors, including 1320 San Fernando Road.
- Entitlement assistance and land "write-down" for affordable housing development at 551 S. Kalisher Street.
- Entitlement assistance for multifamily, affordable housing projects along Park Avenue and Jessie Street, between First and Fourth Streets.
- Implement affordable housing policies and programs as defined in the City's adopted Housing Element.

4. Deficiencies to be Corrected

The affordable housing projects and activities are designed to alleviate physical blight by encouraging the private and nonprofit sectors to rehabilitate, and/or redevelop unsafe and unhealthy residential buildings. The projects will help alleviate economic blight in the categories of indicators of residential overcrowding and high crime rates.

5. Estimated Costs of Affordable Housing Redevelopment Program

The total cost of the Affordable Housing Redevelopment Program is projected to be approximately $57.7 million in constant 2010 dollars, which is shown in Table III-3.

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[12] The Redevelopment Agency of the City of San Fernando, 2005/06-2009/10 Redevelopment and Housing Implementation Plan Mid-Term Update, August 2008, pp. 39-43.

G. Summary of Redevelopment Program Costs

The total estimated cost of the Redevelopment Program is approximately $108.9 million in constant 2010 dollars. The estimated cost of the Non-Housing Redevelopment Program is approximately $51.2 million, which includes the costs for the program areas described in Section E. The estimated cost of the Affordable Housing Redevelopment Program is approximately $57.7 million. Table III-3 summarizes the Redevelopment Program costs by program area and category. The costs in Table III-3 reflect the total estimated costs for all Redevelopment Program projects and activities, including costs that will be paid for with outside funding sources that the Agency might be able to leverage to reduce its net costs. Chapter IV discusses these outside funding sources.

Table III-3
Summary of Redevelopment Program Costs
(In Constant 2010 Dollars)
San Fernando Redevelopment Plan Amendments

Redevelopment Program	Total Estimated Cost[a]	
NON-HOUSING PROGRAM		
Economic Development		
Business Assistance and Retention	$	8,800,000
Development of Vacant Properties	$	3,540,000
Development Assistance	$	5,660,000
Subtotal - Economic Development	**$**	**18,000,000**
Community Enhancement		
Public Facilities and Infrastructure Improvement	$	10,210,000
Street Improvement and Beautification	$	12,840,000
Park and Bikeway Master Plans	$	10,110,000
Subtotal - Community Enhancement	**$**	**33,170,000**
SUBTOTAL NON-HOUSING	**$**	**51,170,000**
AFFORDABLE HOUSING PROGRAM		
SUBTOTAL HOUSING	**$**	**57,730,000**
TOTAL REDEVELOPMENT PROGRAM	**$**	**108,900,000**

Note: Rounded to the nearest $10,000. Figures may not add up exactly due to rounding.
a. Based on estimates provided by Agency staff.

Source: Redevelopment Agency of the City of San Fernando, Seifel Consulting Inc.

IV. Proposed Methods of Financing and Feasibility

A. Introduction

The fundamental purpose of the proposed Plan Amendments is to provide the Agency with the necessary financial and legal tools and resources to complete the Redevelopment Program, which has been designed to alleviate the remaining identified blight, promote economic development, revitalize the Project Areas, and provide additional quality affordable housing for residents of the Project Areas and the entire San Fernando community. Chapter II documented the remaining adverse physical and economic conditions that are hindering the development and revitalization of the Project Areas. Chapter III demonstrated that significant financial resources are required to alleviate the remaining blight in the Project Areas and summarized the costs associated with the Redevelopment Program.

Chapter IV now describes the public and private financing methods that the Agency intends to use and assesses the financial feasibility of the Redevelopment Program under the Plan Amendments, by comparing the Agency's projected revenues with the costs of the Redevelopment Program. Chapter IV also explains why tax increment financing is the primary source of funding and why the Plan Amendments, including the merger and increase of the tax increment cap, are necessary to accomplish the goals set forth in the Redevelopment Plans and alleviate the remaining documented blight in the Project Areas.

1. Chapter Organization

This chapter is organized into the following sections:

A. Introduction
B. Estimated Funding Requirements
C. Potential Sources of Funding Other than Tax Increment Financing
D. Tax Increment Financing as the Primary Source of Funding
E. Assumptions Used in Tax Increment Projections
F. Summary of Tax Increment Projections
G. Financial Feasibility of the Redevelopment Program
H. Necessity of the Plan Amendments

2. Proposed Amendments to Fiscal Limits

As described in Chapter III and analyzed in Section G of this chapter, without the Plan Amendments only limited redevelopment activities can be funded under the current individual tax increment collection limits (also known as "tax increment cap") and outstanding bonded indebtedness limit. Currently, an imbalance exists between the potential for tax increment generation in some Project Areas and the existing individual tax increment caps, which the replacement of individual limits with a combined limit would remedy. For example, the area added to Project Area 3 in 1984 (also referred to as Project Area 3A) currently generates the most tax increment of any of the Project Areas, yet it is on track to reach its tax increment cap before reaching its time limit to receive tax increment. By comparison, Project Area 3 has an ample tax increment cap, yet it generates less than half of the annual tax increment of Project Area 3A. A combined tax increment cap would remove this imbalance and allow the Agency to spend its tax increment resources where they are most needed.

With only limited resources, the Agency will not be able to complete its Redevelopment Program and eliminate the remaining blighting conditions found throughout the Project Areas, as documented in Chapter II. The proposed Plan Amendments will change these fiscal limits, as follows:

- Replace individual limits on the amount of tax increment revenue that may be collected by the Agency from individual Project Areas with a combined limit of $267 million for all of the Project Areas except Project Area 4.[1]
- Replace individual limits on the principal amount of bonded indebtedness secured by tax increment revenue that may be outstanding at any time for the fiscally merged Project Areas with a combined limit of $80 million.[2]

With these amendments to the fiscal limits, the Agency will have additional funds to accomplish the Redevelopment Program. A significant portion of tax increment generated will be distributed to meet the Agency's various obligations, as described in more detail in Section F of this Chapter. The remaining tax increment, net of the Agency's obligations, will be used for housing and non-housing programs and Agency administration.

3. Proposed Amendments to Time Limits

The Plan Amendments would also extend the time limits on plan effectiveness and receipt of tax increment in Project Areas 1A, 2, 3 and 3A to the maximum allowable limits under AB 1290, which provides that the effectiveness of pre-1994 redevelopment plans must not exceed 40 years from plan adoption. The redevelopment plans for Project Areas 1A, 2, 3, and 3A have effectiveness limits of 30 or 35 years, so these limits may be extended to the full 40 years, provided that blight remains in each Project Area. As Chapter II documents, Project Areas 1A, 2, 3, and 3A are hindered by blighting conditions that require further Agency action. The extension of time limits on plan effectiveness and receipt of tax increment, as detailed in Table IV-1, will enable to Agency to eliminate blight in these Project Areas. Additionally, the Plan Amendments would extend the time limit for establishing loans, advances and indebtedness to be repaid with the proceeds from tax increment revenues derived from Project Area 4 by ten years, to July 18, 2024

4. Fiscal Merger of All Project Areas

Under the Plan Amendments, the Project Areas would be fiscally merged for the purpose of pooling tax increment revenues generated in all Project Areas for use anywhere within the Project Areas, as authorized by the CRL. In addition, the Fiscal Merger is expected to enhance the Agency's capacity to issue tax allocation bonds, as the Agency will be able to pool all of its tax increment revenues to secure bond issuances.

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[1] Project Area 4 does not have a tax increment collection cap, and under the CRL is not required to have a cap.

[2] Project Area 2 does not current have a limit on bonded indebtedness, but would be included in the $80 million limit for the fiscally merged Project Areas.

Table IV-1
Summary of Existing and Proposed Time and Fiscal Limits
San Fernando Redevelopment Plan Amendments

		Project Area					
		1	**1A**	**2**	**3**	**3A**	**4**
Date of Plan Adoption		5/26/66	6/27/88	8/21/72	6/18/73	4/4/83	7/18/94
Time Limits							
Debt Issuance	Existing	Eliminated[a]	Eliminated[a]	Eliminated[a]	Eliminated[a]	Eliminated[a]	7/18/14
	Proposed	No Change	No Change	No Change	No Change	No Change	7/18/24
Plan Effectiveness	Existing	1/1/12	6/27/21	8/21/10	6/18/11	4/4/21	7/17/26
	Proposed	No Change	6/27/29	8/21/15	6/18/16	4/4/26	No Change
Receipt of Tax Increment	Existing	1/1/22	6/27/31	8/21/20	6/18/21	4/4/28	7/18/41
	Proposed	No Change	6/27/39	8/21/25	6/18/26	4/4/36	No Change
Eminent Domain	Existing	1/1/10	11/15/10	11/15/10	6/18/09	11/15/10	7/17/06
	Proposed	No Change	No Change	No Change	No Change	No Change	No Change
Fiscal Limits							
Tax Increment Collection	Existing	$25 Million	$16 Million	$36 Million	$140 Million	$50 Million	No Limit
	Proposed	$267 Million Combined					No Limit
Outstanding Bonded Indebtedness	Existing	$15 Million Combined		No Limit	$20 Million Combined		$12.5 Million
	Proposed	$80 Million Combined					

a. Time limit on debt issuance for Project Areas 1, 1A, 2, 3, and 3A eliminated by Ordinance No. 1573 in August 2006.

Source: Redevelopment Agency of the City of San Fernando.

The Fiscal Merger will allow the Agency to combine the financial resources of the existing Project Areas in efforts to better implement its Redevelopment Program, which will eliminate remaining blighting conditions in all four Project Areas. The Fiscal Merger will accelerate the alleviation of the physical and economic blighting conditions documented in Chapter II. It will provide flexibility to combine and focus revenues from different Project Areas on the needs of a particular Project Area and will allow the Agency to adjust that focus over time to other Project Areas so that the community's overall redevelopment needs can be addressed in a more efficient and effective manner.

5. Summary of Proposed Methods of Financing and Feasibility

To evaluate the financial feasibility of the Redevelopment Program under the Plan Amendments, this chapter compares the Agency's net funding requirements to the projected tax increment revenues available to the Agency for its housing and non-housing programs. The Redevelopment Program will be financed by tax increment revenues generated from the Project Areas in combination with other leveraged public and private financial resources.

As described in Chapter III, only a limited portion of each Project Area's Redevelopment Program can be implemented before Project Areas 1A, 2, and 3 reach their existing time limits on tax increment collection and Project Area 3A reaches its $50 million tax increment cap. The additional tax increment revenues generated as a result of the adoption of the Plan Amendments are needed to fund the remaining portion of the Redevelopment Program. The Agency anticipates that it will be able to accomplish much of the Redevelopment Program under the proposed $267 million combined tax increment collection limit, plus tax increment from Project Area 4, and the $80 million combined bonded indebtedness limit, as well as the extended time limits in Project Areas 1A, 2, 3, and 3A that would be established through the adoption of the Plan Amendments.[3]

B. Estimated Funding Requirements

The continued implementation of the Redevelopment Program will require substantial funding. Chapter III described this program and summarized the costs associated with the projects and activities needed to eliminate the remaining adverse conditions in each of the Project Areas. Table IV-2 summarizes the estimated cost of the Redevelopment Program. The Agency will pay for these costs largely through tax increment revenues, in addition to secondary sources of funding, described in Section C below. The net tax increment cost to the Agency is the gap to be filled using tax increment revenues from the Project Areas. The total cost of all of the Agency's non-housing and affordable housing projects (including administrative costs) is approximately $108.9 million in constant 2010 dollars. Agency administration costs are addressed below in Section F.

[3] As further described below in Section E, if the ERAF-related fund takeaways (called "Supplemental ERAF" or "SERAF") for FY 2009/10 and FY 2010/11 are held constitutional, the Agency will be required to contribute $2.5 million to further relieve the State of its educational funding obligations.

Table IV-2
Redevelopment Program Costs
(In Constant 2010 Dollars)
San Fernando Redevelopment Plan Amendments

Redevelopment Program	Net Cost to Agency
Non-Housing Program	
Economic Development	$18,000,000
Community Enhancements	$33,170,000
Subtotal	$51,170,000
Affordable Housing Program	$57,730,000
TOTAL	$108,900,000

Note: Numbers rounded to the nearest $10,000. Numbers may not add up exactly due to rounding.

Source: Redevelopment Agency of the City of San Fernando, Seifel Consulting Inc.

C. Potential Sources of Funding Other than Tax Increment Financing

The Redevelopment Plans authorize the Agency to finance the Redevelopment Program using all available funding sources, including local, state and federal sources. The Agency will make every effort to obtain alternative funding sources as a means to implement the Redevelopment Program and minimize the required investment of tax increment revenues. The Agency will also work with the City of San Fernando and other government bodies to use their combined resources to secure federal, state and private funding. As appropriate, the Agency will also pursue available loan programs to maximize the leveraging of its funds. However, tax increment financing is the most reliable source of long term funding available to the Agency. It is the only source that will generate substantial revenue to meet the projected funding needs of the Redevelopment Program.

This section describes resources that could become available from a wide range of funding sources to assist in financing the portions of the Redevelopment Program that are not funded through tax increment revenues generated in the individual Project Areas. Appendix D includes a description of each potential funding source as well as an estimated level of likelihood of securing funding. Some sources described in Appendix D may generate more funds than estimated, while others may generate less. On balance, the estimate of funding sources provides an initial assessment of funding availability to determine the need for tax increment revenue to fill the funding gap in the Redevelopment Program costs and is based on the Agency and the City's ability to secure funding from a variety of sources.

The funding sources are categorized as primary, secondary and complementary. Primary sources are the most likely to be available to provide funding for the Redevelopment Program, as well as to be used by the Agency to leverage secondary sources in order to complete the Redevelopment Program. The Agency has been awarded several of the secondary funding sources, and has applied or expects to apply for other funding sources. Appendix D identifies several of these secondary funding sources and gives a description of each.

In addition, the Agency has identified complementary sources that would not provide direct funding for the projects and activities that comprise the Redevelopment Program outlined in Chapter III; however, they could be used for economic development, business support and expansion, neighborhood improvements, and community enhancement, which would enhance the effectiveness of the Redevelopment Program. Funding sources other than tax increment financing are listed in Appendix D.

Based on Agency staff experience with these funding sources, the Agency anticipates that approximately $54.4 million (in 2010 dollars) in funding other than tax increment revenues will likely be available. Table IV-3 summarizes the Agency's estimate of other funding sources by Redevelopment Program category. Please refer to Appendix D for a matrix that summarizes all of the secondary and complementary funding sources and presents the anticipated amounts of funding from each source, if known. Sources for which estimated funding is "unknown" are too speculative to count in the financial feasibility analysis, but may generate funds in the long run to meet potential funding shortfalls in the Redevelopment Program.

Table IV-3
Other Funding Sources for Redevelopment Program by Program Category
(In Constant 2010 Dollars)
San Fernando Redevelopment Plan Amendments

Secondary Funding by Program Category	Total
Non-Housing Program	
Economic Development	**$1,140,000**
Community Enhancements	$16,270,000
Subtotal	*$17,410,000*
Affordable Housing Program	**$37,010,000**
TOTAL	**$54,420,000**

Note: Numbers rounded to the nearest $10,000. Numbers may not add up exactly due to rounding.

Source: Redevelopment Agency of the City of San Fernando.

D. Tax Increment Financing as the Primary Source of Funding

Based on the extensive list of other potential funding sources reviewed and described in Section C and Appendix D, it is clear that the primary source of funding for the Redevelopment Program has been, and will continue to be, tax increment revenue generated by the increase in property values within the Project Areas. If the Redevelopment Plans are amended as proposed by the Plan Amendments, based on the assumptions outlined in this chapter, the tax increment revenues generated over the tax increment collection period are projected to be sufficient to meet the majority of the Redevelopment Program costs for both non-housing and affordable housing activities that cannot reasonably be financed from other sources.

The Agency prepares an annual budget and a long-term budget projection each year to set forth the projected revenues and expenditures. The Agency evaluates the projected amount of funds available from tax increment and other revenue sources and sets its annual budget and long-term budget projection taking into account the level of these funding resources. The Agency will not commit more funds on an annual basis than is anticipated to be available to fund the Redevelopment Program over its life.

The remainder of this section provides basic information about the collection and use of tax increment revenue in the Project Areas. Section E outlines the detailed assumptions for the tax increment projections summarized in Sections F, G and H to evaluate and document the financial feasibility of and need for the Plan Amendments.

1. Using Tax Increment Revenue to Eliminate Adverse Conditions

The primary purpose of redevelopment is the elimination of adverse physical and economic conditions affecting a project area. The completion of a redevelopment program results in a project area that is physically enhanced and economically stronger due to the elimination of blight. The Redevelopment Program is specifically designed to stimulate private investment and alleviate physical and economic adverse conditions in the Project Areas. The use of tax increment revenue is the most appropriate means of providing sufficient funding for implementing the Redevelopment Program.

As described in Chapter II, the remaining blighting conditions in the Project Areas are substantial and prevalent and continue to represent a significant burden on the community that cannot be eliminated under the existing individual tax increment caps and existing individual bond limits for the Project Areas. Therefore, the Plan Amendments would merge these fiscal limits to allow the Agency to complete the Redevelopment Program summarized in Chapter III.

2. Stabilizing and Enhancing the Property Tax Base

In many communities, redevelopment projects have led to the stabilization of property tax rolls and tax receipts for taxing entities within project areas. As a result, these communities have avoided declines in tax revenues due to the erosion of property values. In most redevelopment project areas, the investment of public redevelopment funds to leverage private investment has resulted in substantial increases in property values over time due to new construction, rehabilitation and property appreciation.

3. Establishing the Base Year Assessed Value

The base year assessed value of a project area is established at the time of redevelopment plan adoption or amendment. The base year assessed value includes the total value of taxable property within a project area's boundaries. The tax roll used is called the "base year assessment roll," or more commonly known as the "frozen base." The establishment of a frozen base provides for a segregation of assessed values between existing values and enhanced values deriving from future redevelopment efforts in a project area. Table IV-4 lists the base year and base assessed values for each of the individual Project Areas. Both Project Areas 1 and 3 have different base years for the Original Area (the portion of the Project Area that was originally adopted in 1966 and 1973, respectively) and the Added Area (the portion of the Project Area that was added during the amendments made in 1988 and 1983, respectively). The Plan Amendments will not change the base years or base assessed values for any of the Project Areas.

Table IV-4
Base Year and Base Year Assessed Values
San Fernando Redevelopment Plan Amendments

Project Area	Base Year	Base Assessed Value	FY 2009/10 AV
1	FY 1965/66	$8,003,565	$50,909,565
1A	FY 1987/88	$15,489,043	$56,737,258
2	FY 1971/72	$4,540,229	$41,671,659
3	FY 1972/73	$9,695,631	$113,426,805
3A	FY 1982/83	$34,076,200	$306,109,238
4	FY 1993/94	$35,649,267	$74,908,068

Source: Redevelopment Agency of the City of San Fernando.

4. Existing and Proposed Time and Fiscal Limits

The CRL imposes specific time and fiscal limits that will affect the amount of tax increment revenue the Agency can receive. Table IV-1, in Section A above, summarizes the existing constraints for each of the Project Areas. Project Areas 1 and 3 have different time limits for their respective Original and Added Areas. Table IV-1 also indicates the proposed changes to the time and fiscal limits under the Plan Amendments. As shown in Table IV-1, the only changes to the fiscal limits that are proposed pursuant to the Plan Amendments involve merging the current dollar caps on receipt of tax increment revenue from all of the Project Areas and on the total amount of authorized outstanding indebtedness.

Project Areas 1A and 3A are projected to reach their existing tax increment caps in FY 2028/29 and FY 2017/18, respectively. Project Areas 1, 2 and 3 are not expected to reach their tax increment caps before the end of their existing tax increment collection time limits. Project Area 4 does not have a cap on tax increment collection.

Table IV-5 summarizes the estimated total tax increment collected for each Project Area through FY 2008/09. For example, as shown in this table, the Agency will have collected approximately $8.2 million in Project Area 1, out of the total allowable cap of $25 million. In Project Area 4, where there is no tax increment limit, the Agency will have collected $2.5 million.

Table IV-5
Estimated Total Tax Increment Collected Through FY 2008/09
San Fernando Redevelopment Plan Amendments

Project Area	Tax Increment Cap	Tax Increment Collected Through FY 2008/09	Net Remaining Under Cap
1	$25 Million	$8.2 Million	$16.8 Million
1A	$16 Million	$5.4 Million	$10.6 Million
2	$36 Million	$12.1 Million	$23.9 Million
3	$140 Million	$19 Million	$121 Million
3A	$50 Million	$25.8 Million	$24.2 Million
4	No Limit	$2.5 Million	N/A

Source: San Fernando Finance Department, Redevelopment Agency of the City of San Fernando.

5. Distribution of Property Taxes During Project Implementation

With the Plan Amendments, all of the entities that levy taxes in the Project Areas will continue to receive all property tax revenues derived from the relevant base assessed value. In addition, the taxing entities will continue to receive a portion of the property tax revenues generated from the increase in assessed value over the relevant base year assessed value, known as pass-through payments. The Agency is obligated to make two types of pass-through payments, those negotiated between the Agency and an affected taxing entity pursuant to a contractual agreement (referred to as contractual pass-through payments) and those mandated by the CRL pursuant to Assembly Bill 1290 for plans adopted, or amended in specific ways as defined in the CRL, on or after January 1, 1994 (referred to as statutory pass-through payments). See Section E below for details regarding contractual and statutory pass-through payments and their calculation.

6. Distribution of Property Taxes after Project Completion

When a redevelopment project is completed and loans or other indebtedness have been repaid, all property taxes flow back to the respective taxing entities.[4] Taxing entities benefit from increases in property tax revenues resulting from revitalized and redeveloped project areas. In many communities, such increases are substantial. In fact, following project completion, taxing entities can recoup revenues sufficient to make up for the property tax revenues that were allocated for redevelopment during the redevelopment implementation period. This recovery would occur because the increases in assessed valuation from revitalization of the project areas are greater as a result of redevelopment than the assessed valuation increases that would have occurred without redevelopment. Thus, payments to the affected taxing entities from a completed redevelopment project area can exceed the property taxes that the taxing entities would reasonably expect to receive from a slower-growing assessed valuation roll without redevelopment.

E. Financial Parameters and Assumptions Used in Tax Increment Projections

The tax increment projections in this report are intended only as estimates based on the best available information as of the date of this report. Actual tax increments may be higher or lower than the projections. The tables in Appendix E present detailed analyses of potential tax increment revenues for the fiscally merged Project Areas and each of the Project Areas. The tax increment estimates summarized in this chapter and the various appendices are based on the following financial parameters and assumptions.

1. Base Year Assessed Value

The base year and base year assessed values for the Project Areas are as shown above in Table IV-4.

2. Present Value Assumptions

The analysis below provides estimates of tax increment revenues in both future value (nominal dollars) and present value (constant 2010 dollars).[5] The purchasing power of nominal dollars declines because of inflation and/or the cost of borrowing. Therefore, it is important to convert the annual amounts to the equivalent value in constant 2010 dollars before making a direct comparison between potential revenues and projected costs.

The present value in constant 2010 dollars is calculated by discounting future tax increment revenues by an annual rate of 6.0 percent. This discount rate accounts for the cost of inflation, as

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[4] Under the Plan Amendments and consistent with the current CRL, tax increment collection for each Project Area would end according to either the individual Project Area's time limit on TI collection or upon reaching the combined fiscal limit on tax increment collection, whichever is reached sooner, as summarized in Table IV-1. As Project Areas 1A and 3A were added to Project Areas 1 and 3 respectively, they have separate time and fiscal limits from the original Project Areas.

[5] The tax increment revenues shown in present value (constant 2010 dollars) refer to future tax increment revenues that are discounted back to Fiscal Year 2009/10.

well as the average cost to the Agency of borrowing money (e.g. issuing tax allocation bonds secured by a pledge of tax increment revenue), to approximate the present value of future dollars.[6]

3. Tax Rate

In order to calculate the tax increment revenue from the Project Areas, the Los Angeles County Auditor-Controller multiplies the relevant taxable assessed value by two tax rates:

- Basic tax rate of $1.00 per $100 of taxable value.
- Retirement Tax Override of $0.2842 per $100 of taxable value, approved by San Fernando voters in 1946.

The basic tax rate may not exceed 1.0 percent ($1.00 per $100 of taxable value) per Article XIIIA (Proposition 13) of the State Constitution. In addition, redevelopment agencies may receive incremental property tax revenues on voter-approved indebtedness issued prior to 1989 for the tax rate areas that comprise the individual Project Areas. The City of San Fernando has an additional levy of $0.2842 per $100 of taxable value as the City's contribution into the California Public Employee Retirement System (PERS), approved by the voters in 1946.[7] Therefore, the total tax rate is $1.2842 per $100 of taxable incremental assessed value for Project Areas 1, 1A, 2, 3, and 3A. The redevelopment plan for Project Area 4 specifies that tax increment revenue should only be calculated on the basic 1.0 percent levy, so the tax rate in Project Area 4 is assumed at $1.00 per $100 of taxable incremental assessed value.

4. Growth Assumptions

Tax increment revenues are generated from the growth in assessed value above the base year assessed value (incremental assessed value).[8] Tax increment revenues are projected by applying the effective property tax rate, assumed at one percent, to the incremental assessed value. Growth in assessed property values in the Project Areas is based upon the following three factors:

Annual Inflation Rate

The annual inflation rate is assumed at two percent per year for properties that remain in the same ownership. Two percent is the maximum annual increase that is allowed by the California State Constitution as a result of Proposition 13 in the absence of certain events that can trigger a reassessment, such as a sale or construction of new improvement. This two percent inflation factor is applied to the secured assessed value.[9] Each year, the State Board of Equalization (SBE)

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[6] Seifel uses a 6% discount rate assumption based on its experience with other redevelopment agencies issuing debt in the current economic environment. Discount rates may increase or decrease depending on macroeconomic conditions during the time that the Agency would be issuing debt.

[7] August 17, 2009 Memorandum from San Fernando Finance Department. "Resolution to Fix the Property Tax Rate and Levy Taxes for the City's Obligation to the California Public Employees Retirement System (PERS) for the Fiscal Year (FY) 2009-2010."

[8] Tax increment projections exclude property tax revenues from overrides above the basic one percent property tax rate, as detailed in Subsection E.3 above.

[9] The assessed value of an area is comprised of the secured, unsecured and utility tax rolls. The secured assessed value is typically the largest of the three, and consists of real property (i.e. land, structures) and personal property (i.e. equipment). Receipt of property tax from secured properties are secured, or guaranteed, by placing a lien on the property.

releases the California Consumer Price Index (CCPI), which gives county assessors the maximum limit at which they can adjust property values for inflation. For 29 of the past 33 years, CCPI has been two percent, but during some years, particularly during economic downturns, the SBE may release a lower CCPI "ceiling." The tax increment analysis assumes a two percent inflationary increase in secured property values through the life of the Project Areas.

Reassessment Adjustment

An annual reassessment adjustment represents the increases in assessed value following property reassessment, which is triggered by: (1) the transfer, or sale, of real property, (2) upgrading of real property improvements due to rehabilitation or additions to existing buildings, or (3) the reassessments of new development to market value once construction is completed. The reassessment adjustment for secured property follows a similar tiered structure as the inflation rate adjustment described above.

Given the current economic downturn, no assessment adjustment is assumed through FY 2014/15. Beginning with FY 2015/16, the reassessment adjustment is assumed to be two percent per year through the life of the Project Areas. That is, the total assessed value of each of the Project Areas for a given year is assumed to be two percent greater than the assessed value in the preceding year not accounting for inflation, as a result of the reassessment events noted above. This two percent reassessment adjustment is in addition to the two percent annual inflation adjustment described above, or a combined average annual growth rate of four percent. Through FY 2014/15, the tax increment analysis assumes that increases in assessed value will result from the two percent inflationary adjustment and specific new developments currently under the entitlement or planning process, as described below.

New Development in the Project Areas

In addition to the annual inflation adjustment and the annual reassessment adjustment, the tax increment projections are based in part on estimates of growth due to new construction and redevelopment in the Project Areas. Given the difficulty of projecting new development into the future, particularly during a recessionary period, the assumptions in this report only project tax increment from developments under planning and/or entitlement review provided by the San Fernando Community Development Department through FY 2014/15. Thereafter, the projections of new development would likely be speculative, and are not included in the conservative assumptions of this report.

The new development assumptions are given for three types of land uses, each containing different value assumptions: residential, commercial and parking. The value assumptions were provided by the Community Development Department based on the construction (materials and labor) costs estimated for each project, which serves as a proxy for the incremental assessed value increase the project adds to the underlying parcel or parcels. The individual land use types and valuation assumption are as follows:

- Residential (multifamily): $143,000 per unit
- Residential (live/work): $318,000 per unit
- Commercial (big box retail and corporate office): $121 per square foot
- Parking (surface): $10,000 per stall
- Parking (underground): $20,000 per stall

- Parking (stacked): $30,000 per stall

Table IV-6 summarizes the new development assumptions used in the tax increment analysis for all Project Areas.

Table IV-6
Projected New Developments
FY 2009/10 through FY 2013/14
San Fernando Redevelopment Plan Amendments

	Project Area						
	1	1A	2	3	3A	4	TOTAL
Residential (Multifamily) in Units	0	0	0	0	35	0	**35**
Residential (Live/Work) in Units	0	0	0	55	0	55	**110**
Commercial in Square Feet	8,849	19,237	73,000	0	350,000	91,000	**542,086**
Parking (Surface) in Stalls	28	0	0	0	1,167	90	**1,285**
Parking (Underground) in Stalls	0	46	150	0	0	0	**196**
Parking (Stacked) in Stalls	0	0	0	0	0	113	**113**

Note: Figures are preliminary and based on estimates as of December 2009.

Source: San Fernando Community Development Department.

5. Agency Tax Increment Obligations

According to the CRL, the Agency must use tax increment revenue to fulfill the following obligations:

a. County Fee for Property Tax Administration

Los Angeles County retains fees for the administration of tax increment revenues pursuant to Senate Bill 2557. The projections assume that this County retention will continue in about the same proportion of basic tax revenues as currently occurs, at roughly 1.2 percent of the incremental tax revenues for each of the Project Areas.

b. Housing Set-Aside for Affordable Housing Program

Section 33334.2 of the CRL requires that 20 percent of the gross tax increment revenues generated be used for increasing, improving and preserving a community's supply of low and moderate-income housing. In other words, twenty cents out of each tax increment dollar generated during the life of each of the Redevelopment Plans must be deposited into the Housing Set-Aside Fund to finance the Agency's affordable housing program. This amount must be set-aside each year by the Agency and is not affected by Agency obligations to make pass-through payments, administrative costs or other factors. Uses of the Housing Set-Aside revenue include the payment of principal and interest on bonds, loans, money advances or indebtedness incurred by the Agency to finance affordable housing related activities.

Administrative costs related to the implementation of the Affordable Housing Program are also typically paid out of the Housing Set-Aside Fund.

c. Pass-Through Payments

In addition to the property tax revenues received from the frozen base, the affected taxing entities in a redevelopment area may also receive a portion of the property tax revenues generated from increases in assessed value. These additional payments are called pass-through payments. Project areas adopted or amended in certain ways after January 1, 1994 have statutory pass-through obligations to affected taxing entities (Section 33607.5 for new plans and Section 33607.7 for amended plans.) Project areas adopted prior to January 1, 1994, may have negotiated, contractual pass-through agreements with some or all of affected taxing entities, as then permitted under the CRL (Section 33401) and are not required to pay statutory pass-throughs to taxing entities where a contractual agreement is already in place.

Statutory Pass-Through Payments

The Agency currently has statutory pass-through obligations in all Project Areas. Project Areas 1, 1A, 2, 3, and 3A were adopted prior to January 1, 1994, but adopted "minor" SB 211 amendments to remove their time limits on debt incurrence on August 21, 2006, thereby triggering statutory pass-through obligations with all taxing entities that did not already have contractual agreements (described below). Project Area 4, which was adopted after January 1, 1994, also has statutory pass-through obligations.

Contractual Pass-Through Payments

The Agency will continue to make contractual pass-through payments for Project Areas 1A and 3A, in accordance with the Agency's contractual agreements with Los Angeles County. When the Agency amended the Redevelopment Plans for Project Areas 1 and 3 to add territory, it made contractual agreements with certain County taxing entities. The agreement in Project Area 3A includes the County General Fund, while the agreement in Project Area 1A includes the County General Fund, the County Library and the County Flood Control District. Because of these agreements, the Agency is not required to pay statutory pass-throughs to these taxing entities.

d. Educational Revenue Augmentation Fund Payments (Agency ERAF Obligations)

Faced with a budget gap for FY 2003/04, the State enacted legislation, SB 1045, Chapter 260, Statutes of 2003 ("Chapter 260") requiring all redevelopment agencies that received tax increment in FY 2001/02 to contribute to the Educational Revenue Augmentation Fund ("ERAF") in FY 2003/04. Chapter 260 provided that one-half of an Agency's ERAF obligation for all project areas collectively was calculated based on the FY 2001/02 gross tax increment received by the Agency and other half of its ERAF obligation was calculated based on the FY 2001/02 net tax increment revenues after any pass-through payments to other taxing entities.

The Governor and Legislature enacted SB 1096 (Chapter 211, Statutes of 2004) in an effort to balance the FY 2004/05 and FY 2005/06 state budgets by requiring redevelopment agencies to make additional ERAF payments in those fiscal years. Further legislation, AB 2115 (Chapter 610, Statutes of 2004), clarified that the ERAF payments made in both years were to be calculated based on the most recent published edition of the State Controller's Annual Report. Thus, the FY 2004/05 payments were based on FY 2002/03 data and the FY 2005/06 payments were based on FY 2003/04 data. The Agency made payments to ERAF in FY 2003/04 through FY 2005/06, and these ERAF payments are excluded from the calculation of the tax increment collection cap for each Project Area. The ERAF payments under SB 1045 enabled the Agency to extend the time limits on redevelopment activities and tax increment collection by one year for Project Areas 1, 1A, 2, 3, and 3A and the payments under SB 1096 allowed the Agency to extend these limits by an additional two years in the same Project Areas.[10]

Faced with a state budget gap in FY 2008/09, the State Legislature passed and the Governor signed AB 1389 in September 2008 requiring redevelopment agencies to contribute to ERAF once again and transfer $350 million to fund State obligations. However, the Sacramento Superior Court found this provision to be unconstitutional and signed a judgment on May 7, 2009, forbidding any of the defendants (county auditor-controllers) from taking any actions to carry out or enforce any of the ERAF payment requirements.

With a continuing major budget deficit in FY 2009/10 (and likely beyond), in late July 2009 the State Legislature approved and the Governor signed into law AB 26 4x which requires that redevelopment agencies contribute a statewide total of $1.7 billion in FY 2009/10 and an additional $350 million in FY 2010/11 to a new ERAF-related fund (called "Supplemental ERAF" or "SERAF") to further relieve the State of its educational funding obligations. The impact of this latest budget legislation, if held constitutional, would be to require the Agency to contribute to the SERAF approximately $2.1 million in FY 2009/10 and an additional amount of approximately $400,000 in FY 2010/11.

The tax increment analysis assumes that the Agency will not ultimately have to make SERAF payments. On May 4, 2010, the Sacramento Superior Court issued a decision on denying the petition to challenge the constitutionality of CRL Section 33690. The Superior Court decision is currently being appealed. However, if the Agency is required to make SERAF payments, it will lose approximately $2.5 million in tax increment revenues in FY 2009/10 and 2010/11. In addition, according to AB 26 4x, SERAF contributions may not be excluded from a project area's tax increment collection cap.

The Agency cannot predict whether the State Legislature will enact legislation requiring deposits into ERAF or SERAF in future years. An initiative to prohibit the State from taking redevelopment funds in the future has qualified for the November 2010 statewide ballot. The Agency's tax increment projections do not assume a continuation of annual State ERAF payments. If the State Legislature does enact a future ERAF or SERAF contribution requirement applicable to the Agency, such requirement would reduce the amount of tax increment revenue available in the applicable future year(s) for redevelopment program activities.

6. Calculation of Pass-Through Payments

The Agency will continue to fulfill its pass-through obligations following the terms and calculations as outlined below:

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[10] Project Area 4 was not eligible to extend its time limits on account of the ERAF payments.

a. Pass-Through Payment Calculations for Project Areas 1A and 3A

Contractual pass-through agreements (also called "fiscal agreements") are agreements that the Agency was authorized to negotiate with any of the affected taxing entities other than the City, pursuant to Health and Safety Code Section 33401 in effect prior to January 1, 1994. Thus, redevelopment plans adopted or amended prior to January 1, 1994, may include negotiated, contractual pass-through agreements with the affected taxing entities, as is the case with Project Areas 1A and 3A. In Project Areas 1A and 3A, the taxing entities that entered into pass-through agreements with the Agency will continue to receive their pass-through payments from the Agency based on the payment formula in their respective contractual agreements, instead of receiving statutory pass-through payments from the Agency. The specific terms of the contractual agreements with respect to Project Areas 1A and 3A are described below.

Project Area 1A County Agreement

In connection with the 1988 amendment to add territory to Project Area 1, the Agency, the County, and the County Flood Control District negotiated, drafted and entered into a contractual pass-through agreement (Project Area1A Agreement), which prescribes the annual pass-through payments to the following taxing entities (County Taxing Entities):

- County of Los Angeles
- County of Los Angeles Flood Control District
- County of Los Angeles Library District

Under the Project Area 1A Agreement, these named County Taxing Entities receive their full share of property taxes generated in Project Area 1A, minus those amounts required to be deposited into the Housing Set-Aside Fund (20 percent of tax increment revenues). In other words, the County Taxing Entities receive their proportionate share of 80 percent of the tax increment revenue generated within Project Area 1A. For the first twenty years (FY 1988/89 through FY 2008/09) in which the Agency collected tax increment revenues in Project Area 1A, the County Taxing Entities share of property tax revenues were loaned to the Agency at seven percent annual interest, to be repaid during years 21 through 30 (FY 2009/10 through FY 2018/19) as described further in Section F below.

Project Area 3A County Agreement

In connection with the 1984 amendment to add territory to Project Area 3, the Agency and the County negotiated, drafted and entered into a contractual pass-through agreement (Project Area 3A Agreement) prescribing annual pass-through payments to the County based on a tiered formula of tax increment collected by the Agency, as shown in Table IV-7. These pass-through payments to the County are calculated on the basic one percent tax levy only.

Unlike the Project Area 1A Agreement, under the Project Area 3A Agreement the Agency is required to make its contractual payments to the County based on gross tax increment revenues, and thus is obligated to deposit 20 percent of gross tax increment into the Housing Set-Aside Fund irrespective of payments made to the County.

Table IV-7
County Share of Tax Increment Revenues per Bracket
Based on Project Area 3A Agreement
San Fernando Redevelopment Plan Amendments

Amount of Tax Increment	County Share of Tax Increment
$0 - $50,000	20%
$50,000 - $100,000	25%
$100,000 - $150,000	30%
$150,000 - $200,000	35%
$200,000 - $250,000	40%
$250,000 and above	45%

Source: Redevelopment Agency of the City of San Fernando.

b. Statutory Pass-Through Payment Calculations

Since the passage of AB 1290, the CRL now requires statutory pass-through payments to all taxing entities without pre-existing contractual agreements that are affected by plan adoptions or amendments after January 1, 1994. The Agency must adhere to the three-tier, CRL-mandated procedure for pass-through calculations. These pass-through payments constitute the State Legislature's determination of the payments necessary to alleviate any financial burden of a redevelopment plan to affected taxing entities. CRL Section 33607.5(f)(1)(B) states that statutory pass-through payments are the only payments that are required of a redevelopment agency to affected taxing entities during the term of a redevelopment plan.

Only Project Area 4 was adopted after January 1, 1994, thus incurring statutory pass-through obligations from its adoption. However, all of the other Project Areas adopted "minor" SB 211 amendments in 2006 repealing their time limits to incur debt, which has triggered statutory pass-through obligations to each taxing entity that did not already have a contractual pass-through agreement in all of the other project areas.[11]

These pass-through payments are calculated by multiplying the property tax levy for each entity by a mandated set of three tiered pass-through percentages that are in turn multiplied by increases in assessed value above a relevant pass-through base assessed value for each tier. The CRL mandated pass-through calculation formula is the same for new project areas and territory added via plan amendments adopted on or after January 1, 1994. A similar, but slightly different, formula is used for project areas with amendments to time or fiscal limits.

The adjusted base year for calculation of pass-through payments where statutory pass-through obligations were triggered by post-1994 amendments (Project Areas 1, 1A, 2, 3, and 3A) is the year in which each Project Area would have reached its original time limit to incur debt, with payments beginning the following year.

Over the life of the Redevelopment Plans, each entity will receive its proportionate share of three "tiers" of pass-through payments, as follows:

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[11] As described above, the Agency has a contractual agreement with the County, County Library, and County Flood Control District in Project Area 1A and with the County in Project Area 3A.

Tier One

The Tier One pass-through is calculated based on 20 percent of the gross tax increment generated from assessed value growth above the relevant first tier statutory pass-through base year assessed value.[12] In Project Area 4, Tier One pass-through payments began when the Agency first received tax increment. In Project Areas 1, 1A, 2, 3, and 3A, this annual payment began the year after each Project Area reached its original time limit to incur debt.

Tier Two

The Tier Two pass-through is calculated based on 16.8 percent of the gross tax increment generated from assessed value growth above the relevant pass-through assessed value base for the tenth year of tax increment collection after the tier one pass-through payments begin.[13] In Project Area 4, Tier Two pass-through payments began in the eleventh year during which the Agency received tax increment, FY 2005/06. In the other Project Areas, this annual payment will begin in the eleventh year after each original time limit to incur debt is reached. This Tier Two pass-through is added to the Tier One payment and continues through the remaining life of the Redevelopment Plans.

Tier Three

The Tier Three pass-through payment is calculated based on 11.2 percent of the gross tax increment generated from assessed value growth above a project area's assessed value in the thirtieth year of tax increment collection after the tier one pass-through payments begin.[14] In Project Area 4, Tier Three pass-through payments will begin in the 31st year during which the Agency receives tax increment, or FY 2035/36. In the other Project Areas, this annual payment would begin in the 31st year after each original time limit to incur debt was reached. Project Area 1A is the only other project area that may incur Tier Three pass-through payments, as Project Areas 1, 2, 3, and 3A will each reach their time limit on tax increment collection or their tax increment cap prior to the 31st year after their pass-through requirements began. This Tier Three pass-through is added to the Tier One and Tier Two payments and continues through the life of the Redevelopment Plan.

City of San Fernando Pass-through Election

The community that creates and oversees a redevelopment project is entitled to receive a more limited statutory pass-through payment. The City of San Fernando elected to receive its proportionate share of the Tier One pass-through payments in all of the Project Areas. The City may elect to receive the Tier One pass-through; however, it cannot participate in the Tier Two and Tier Three pass through payments. Los Angeles County's interpretation is such that the City's share of Tier Two and Tier Three pass-through payments is divided among the other taxing entities.[15]

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[12] This is equivalent to 25 percent of net tax increment after the 20 percent affordable housing set-aside. In the case of Project Area 4, as the Agency adopted this project area after 1993, the first tier pass through payment obligation is based on 20 percent of gross tax increment collected by the Agency.

[13] This is equivalent to 21 percent of net tax increment after the 20 percent affordable housing set-aside.

[14] This is equivalent to 14 percent of net tax increment after the 20 percent affordable housing set-aside.

[15] The CRL does not specify whether Agency or taxing entities are entitled to receive the City's portion of Tier Two and Tier Three pass-through payments.

7. Agency Administration

The Agency assigns a portion of staff time to administer specific projects and activities related to redevelopment, and thus does not have a set percentage of tax increment allocated to Agency administration. Based on conversations with Finance Department staff, it is estimated that the Agency spends approximately ten percent of its gross tax increment revenues on project administrative costs.

8. Existing Debt Service

The Agency has taken advantage of a number of debt instruments in order to implement the Redevelopment Program. The Agency's existing debt obligations are described in detail below.

a. Bond Debt Service

- The Agency continues to make regular debt service payments on two existing bond issues: City of San Fernando Public Financing Authority 1998 Refunding Revenue (Tax Allocation) Bonds (Agency Loans) issued in the original principal amount of $7,680,000. The Public Financing Authority loaned the proceeds of the Bonds to the Agency pursuant to a Project Area 1 Loan and a Project Area 3 Loan. The Agency pledged certain tax increment revenues from Project Area 1 (excluding tax increment revenues from Project Area 1A) to the repayment of the Project Area 1 Loan and certain tax increment revenues from Project Areas 3 and 3A to repay the Project Area 3 Loan.
- San Fernando Redevelopment Agency Civic Center Redevelopment Project (Project Area 3) Tax Allocation Bonds, Series 2006 issued in the original principal amount of $11,490,000. The Agency pledged certain tax increment revenues from Project Areas 3 and 3A to the repayment of these bonds.

The repayment schedule for existing bond debt held by the Agency from Project Areas 1, 3 and 3A is shown in Table IV-8, below.

Table IV-8
Bond Debt Amortization Schedule
Project Areas 1, 3 and 3A
San Fernando Redevelopment Plan Amendments

Fiscal Year	Project Area 1	Project Area 3	Project Area 3A
2009/ 10	$119,925	$566,094	$995,770
2010/ 11	$120,069	$563,256	$995,295
2011/ 12	$119,950	$564,238	$994,170
2012/ 13	$119,569	$563,906	$991,970
2013/ 14	$118,925	$562,263	$993,598
2014/ 15	$118,019	$559,306	$994,291
2015/ 16	$0	$0	$1,558,606
2016/ 17	$0	$0	$1,558,269
2017/ 18	$0	$0	$1,550,144
2018/ 19	$0	$0	$999,581
2019/ 20	$0	$0	$717,581

Source: San Fernando Finance Department.

b. City Memorandum of Understanding

In 2003, the City entered into a Memorandum of Understanding (MOU) on behalf of the Agency with a group of parties interested in the redevelopment of the swap meet site located in Project Area 3A. To facilitate this project, the City authorized the conveyance of the city yard to the Agency in 2007 for a down payment of $825,000 and yearly payments from tax increment revenues generated in Project Area 3A. In FY 2009/10 and FY 2010/11, the Agency will make interest-only payments of $20,000. Beginning in FY 2011/12, the Agency will make annual payments of $55,000 through FY 2022/23, when the loan will be amortized.

c. California Housing Finance Agency Loan

In August 2002, the California Housing Finance Agency (CHFA) loaned the Agency $1,000,000 at 3 percent interest for the purpose of financing affordable rental housing for seniors in the City. The Agency will make a payment of $500,000 in FY 2010/11 and pay the balance in FY 2011/12.

d. Haagen Note

In 1991, the Agency entered into a Disposition and Development Agreement (DDA) with the San Fernando Mission Partnership (the Developer) whereby the Developer loaned the Agency $3 million in order to facilitate the opening of the Tianguis Supermarket in Project Area 1A (known as the "Haagen Note" or the Developer Loan). The DDA provides that the Agency shall annually repay the Developer Loan plus interest (10% per annum) until the principal and interest are paid in full. However, the DDA also provides that any principal and interest not paid in full by June 27, 2018, shall be deemed forgiven and discharged.

The source of funds for repayment of the Developer Loan are limited to "Net Property Tax Increment Revenues" derived from Project Area 1A. Net Property Tax Increment Revenues equal all of the tax increment revenues derived from Project Area 1A less the portions of the tax increment revenues (a) required to be deposited into the Agency's Housing Fund (i.e., the 20 percent set-aside), (b) required to be paid to affected taxing entities pursuant to statute or a pre-existing agreement (such as the Project Area 1A County Agreement discussed below), and (c) required by law to be set aside for other purposes (such as the County fee for property tax administration discussed above in Section 5.a.).[16]

e. Project Area 1A County Agreement

The Agency and County Taxing Entities entered into a contractual tax sharing agreement (Project Area 1A County Agreement) when the amendment to add territory to Project Area 1 was adopted in 1988 establishing Project Area 1A. This County Agreement requires the Agency to annually pass through tax increment revenues from Project Area 1A to the County equal to approximately 54 percent of the tax increment generated from the basic 1 percent tax levy, less a pro rata contribution to the Housing Fund. However, the Project Area 1A County Agreement also provided for the County to annually loan a portion of the pass through amounts to the Agency

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[16] Net Property Tax Increment Revenues from Project Area 1A available to repay the Developer include tax increment revenues generated from the basic 1 percent tax rate as well as the additional tax levy approved by San Fernando voters in 1946 to pay the City's annual obligation to the California PERS, as described in Section E.3., above.

from FY 1988/89 through FY 2008/09 (County Loan). The Agency must repay the County Loan plus interest (7 percent per annum, compounded) in the years FY 2009/10 through FY 2018/19.

The annual County Loan repayments must be in amounts equal to the "Agency's share" of tax increment revenues from Project Area 1A. The Agency's share is equal to all of the tax increment revenues less (i) the pass-through payments to the County, (ii) the Housing Fund deposit, (iii) the City's share of tax increment derived from the basic one percent tax levy, and (iv) the tax increment derived from the City's retirement tax override.

Beginning in FY 2009/10, the Agency must annually pay to the County the pass through amounts plus the County Loan repayment amounts. According to the County Auditor-Controller's Office, the total amount owed in principal and interest through FY 2008/09 is $3,265,434.07.

F. Summary of Tax Increment Projections

Table IV-9 summarizes the projected tax increment revenues for the Project Areas.[17] The fiscally merged Project Areas are projected to generate approximately $122.2 million in gross incremental tax revenues (in constant 2010 dollars) through FY 2040/41, the last year in which Project Area 4 is able to collect tax increment.[18]

Table IV-9 also shows how the gross tax increment will be distributed to the County for property tax administration, to the taxing entities via pass-through payments, for debt service payments, and to the Agency for the Housing Set-Aside Fund, non-housing projects and redevelopment administration. Figure IV-1 illustrates the distribution of future tax increment revenues over the remaining life of the Project Areas. After portions of the gross tax increment are distributed to meet the Agency's various obligations and Agency administration costs, approximately $30.5 million in constant 2010 dollars will remain and be available to accomplish the Redevelopment Program's non-housing projects and activities.

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[17] Tax increment projections for Project Areas 1, 1A, 2, 3, 3A and 4 are calculated separately as each of the Project Areas have their own base assessed values and time and fiscal limits. The underlying projections for each of the Project Areas and for the proposed fiscally-merged Project Areas combined are presented in Appendix E.

[18] Project Areas 1, 1A, 2, 3, and 3A will expire prior to FY 2040/41.

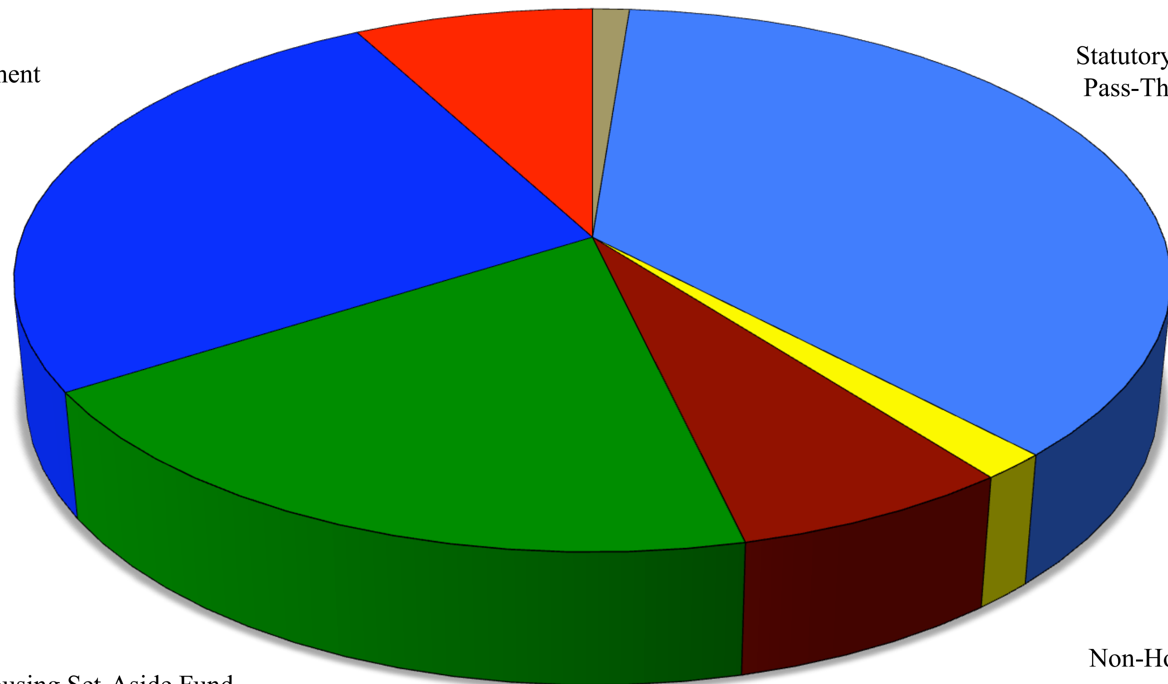
Table IV-9
Summary of Tax Increment Revenue Over the Remaining Life of the Fiscally-Merged Project Areas
San Fernando Redevelopment Plan Amendments

	Project Area 1	Project Area 1A	Project Area 2	Project Area 3	Project Area 3A	Project Area 4	Merged Project Areas
In Nominal Dollars							
Gross Tax Increment Revenues	$8,710,000	$21,907,000	$11,581,000	$32,507,000	$121,564,000	$45,743,000	$242,012,000
Less: County Property Tax Administration	$105,000	$262,000	$139,000	$390,000	$1,457,000	$547,000	$2,900,000
Net Tax Increment Remitted to Agency	$8,605,000	$21,645,000	$11,442,000	$32,117,000	$120,107,000	$45,196,000	$239,112,000
Less: Pass-Through Payments to Taxing Entities	$905,000	$6,963,000	$1,678,000	$4,579,000	$52,710,000	$22,156,000	$88,991,000
Less: Non-Bonded Debt Service	$0	$3,186,000	$0	$0	$700,000	$0	$3,886,000
Tax Increment for Housing and Non-Housing Projects	$7,700,000	$11,496,000	$9,764,000	$27,538,000	$66,697,000	$23,040,000	$146,235,000
Less: 20% Set-Aside for Affordable Housing	$1,741,000	$3,436,000	$2,316,000	$6,502,000	$24,313,000	$9,148,000	$47,456,000
Tax Increment Availabe for Non-Housing Projects	$5,959,000	$8,060,000	$7,448,000	$21,036,000	$42,384,000	$13,892,000	$79,023,200
Less: Non-Housing Agency Administration	$696,000	$1,235,000	$928,000	$2,602,000	$9,726,000	$3,662,000	$18,849,000
Subtotal: Net TI Available for Non-Housing Projects	**$5,263,000**	**$6,825,000**	**$6,520,000**	**$18,434,000**	**$32,658,000**	**$10,230,000**	**$79,930,000**
Less: Current Bonded Indebtedness							$16,446,000
Total TI Available for Non-Housing Projects and Activities							**$63,484,000**
In Constant 2010 Dollars							
Gross Tax Increment Revenues	$6,117,000	$10,798,000	$7,285,000	$19,971,000	$61,752,000	$16,291,000	$122,214,000
Less: County Property Tax Administration	$74,000	$129,000	$88,000	$239,000	$742,000	$195,000	$1,467,000
Net Tax Increment Remitted to Agency	$6,043,000	$10,669,000	$7,197,000	$19,732,000	$61,010,000	$16,096,000	$120,747,000
Less: Pass-Through Payments to Taxing Entities	$598,000	$3,293,000	$952,000	$2,531,000	$26,146,000	$7,540,000	$41,060,000
Less: Existing Debt Service	$0	$2,510,000	$0	$0	$476,000	$0	$2,986,000
Tax Increment for Housing and Non-Housing Projects	$5,445,000	$4,866,000	$6,245,000	$17,201,000	$34,388,000	$8,556,000	$76,701,000
Less: 20% Set-Aside for Affordable Housing	$1,223,000	$1,705,000	$1,457,000	$3,994,000	$12,351,000	$3,257,000	$23,987,000
Tax Increment Availabe for Non-Housing Projects	$4,222,000	$3,161,000	$4,788,000	$13,207,000	$22,037,000	$5,299,000	$52,714,000
Less: Non-Housing Agency Administration	$489,000	$469,000	$586,000	$1,598,000	$4,939,000	$1,303,000	$9,384,000
Subtotal: Net TI Available for Non-Housing Projects	**$3,733,000**	**$2,692,000**	**$4,202,000**	**$11,609,000**	**$17,098,000**	**$3,996,000**	**$43,330,000**
Less: Current Bonded Indebtedness							$12,841,000
Total TI Available for Non-Housing Projects and Activities							**$30,489,000**

Note: Amounts may not add up exactly due to rounding.
a. Equal to net present value of future revenue stream discounted at 6.0% per year, assuming the Agency would issue bonds during the life of the redevelopment project.

Source: San Fernando Finance Department, Redevelopment Agency of the City of San Fernando, HdL Coren & Cone, Seifel Consulting Inc.

Figure IV-1
Distribution of Tax Increment Revenue
Through Remaining Life of the Redevelopment Plans
San Fernando Redevelopment Plan Amendments



Note: Housing Set-Aside Fund includes administration of Affordable Housing Program and current and future housing debt service.

Source: San Fernando Finance Department, County of Los Angeles Auditor-Controller, HdL Coren & Cone, Seifel Consulting Inc.

G. Financial Feasibility of the Redevelopment Program

This section demonstrates why increased tax increment revenue made possible through the Plan Amendments will be a necessary part of the overall financing program to eliminate blighting conditions in the Project Areas and why, with such tax increment revenue, the Agency has a feasible plan for financing the Redevelopment Program to eliminate such blight. Together with other public and private revenue sources identified in Appendix D, tax increment revenues will be a critical funding component in helping the City and Agency to meet the costs required to implement the Redevelopment Program.

To evaluate the feasibility of the Redevelopment Program, the following analysis compares its estimated costs and projected tax increment revenues and funding available from other, non-Agency sources. As previously shown in Table IV-2 and discussed in Chapter III, the total cost to complete the Redevelopment Program is estimated to be $108.9 million in constant 2010 dollars.

With the Plan Amendments, the Agency is projected to receive about $54.5 million (in constant 2010 dollars) in tax increment revenue for the Agency's Redevelopment Program (non-housing and affordable housing) through FY 200/41. In addition, the Agency is expected to capture roughly $54.4 million in secondary funding sources, largely by leveraging the tax increment revenues available. This amount of additional funding is sufficient to cover the cost of the Redevelopment Program. Without the Plan Amendments, the Agency would only be expected to generate an estimated $25.4 million in tax increment, leaving a gap of $29.1 million. The Plan Amendments will make additional revenues available to the Agency to support its Redevelopment Program and alleviate blight in the Project Areas, but no surplus is budgeted, as shown in Table IV-10.

Table IV-10
Comparison of Estimated Tax Increment Revenues
Without and With Plan Amendments and
Redevelopment Program Costs (in Constant 2010 Dollars)
San Fernando Redevelopment Plan Amendments

Redevelopment Program Cost	**$108.9 million**
Less: Funding Sources Other than Tax Increment	$54.4 million
Less: Tax Increment Revenue Available Without Amendments[a]	$25.4 million
Funding Deficit	**($29.1 million)**
Additional Revenues Provided by Plan Amendments[a]	$29.1 million
Funding Surplus	**None Budgeted**

a. Includes tax increment revenue for non-housing and housing activities available after pass-through obligations, existing debt service, County property tax administration fee, and Agency administration.

Source: Redevelopment Agency of the City of San Fernando, Seifel Consulting Inc.

Although the estimated project costs and projected revenues will vary over time from those presented in this chapter, it is reasonable to conclude that the Redevelopment Program will be financially feasible over the remaining life of the Redevelopment Plans, as proposed to be amended. The Agency will continue to adopt an annual budget and adopt an Implementation Plan every five years to develop a balanced fiscal approach to funding the specific action items in the Redevelopment Program. The Agency will assure through its annual budget process that the redevelopment projects are financially feasible throughout the remaining life of each.

For the various reasons stated above, the Agency anticipates that it will be able to accomplish the large majority of the goals of the Redevelopment Program under the proposed $267 million combined tax increment collection limit and $80 million combined outstanding bonded indebtedness limit.

H. Necessity of the Plan Amendments

This section summarizes the extent of physical and economic blighting conditions in the Project Areas, and explains why private enterprise and governmental action, working alone or together, cannot reasonably be expected to reverse existing blighting conditions without the Plan Amendments. This section also summarizes why the changes in fiscal limits proposed in the Plan Amendments are necessary to alleviate the remaining identified blight in the Project Areas.

1. Extent of Physical and Economic Blighting Conditions

The remaining physical and economic blighting conditions in the Project Areas are so prevalent and substantial that they cannot reasonably be expected to be reversed without continued redevelopment assistance. The documentation in Chapter II of the adverse physical and economic conditions in the Project Areas and the photographs contained in Appendix C demonstrate that substantial blight is still prevalent.

2. Significant Burden on the Community

Chapter II documented that blighting conditions continue to be a burden on the community and that portions of the Project Areas are not being used to the same potential as properties in other parts of the City. The reduction, or lack, of proper utilization constitutes a serious physical and economic burden on the community.

3. Inability of Private Enterprise or Government to Alleviate Blight

Alleviating blighting conditions is not feasible by governmental action alone because governmental action is limited by the lack of a reliable flow of federal, state, or local financial resources available to fund a comprehensive revitalization program, as discussed earlier. Redevelopment assistance in the form of tax increment revenue is a last-resort funding source that is essential to fund programs necessary for the alleviation of the remaining blighting conditions and an effective revitalization effort for the Project Areas. As described earlier and in Appendix D, all other feasible sources of non-tax increment revenue will be applied toward covering Redevelopment Program costs. However, the costs of the Redevelopment Program to alleviate blighting conditions are significant, and the projects and activities of the Redevelopment Program could not be undertaken without redevelopment assistance.

4. Conclusion

Tax increment financing is a necessary tool, which will continue to be used to support the Redevelopment Program. The costs to alleviate remaining documented blighting conditions, as discussed in Chapter III, substantially exceed available funding from public and private sources. Tax increment financing is the only source available to fill the substantial gap between the costs of the Redevelopment Program and other public and private revenue sources.

The projected tax increment revenues under the current time and fiscal limits will not be sufficient to fund all of the Agency's programs and activities to alleviate the remaining blight in the Project Areas. Therefore, the Plan Amendments propose to combine the tax increment collection limit for Project Areas 1, 1A, 2, 3, and 3A; combine and increase the limit on bonded indebtedness for all Project Areas, including Project Area 2, which currently does not have a bonded indebtedness limit; extend time limits on the effectiveness of the Redevelopment Plans and the time limit on receipt of tax increment and repayment of indebtedness; and fiscally merge the Project Areas to provide the Agency with the funds and flexibility necessary to complete the Redevelopment Program. This chapter has demonstrated the general economic feasibility of the Plan Amendments, as required by the CRL. This chapter and Chapter III demonstrated that the proposed Plan Amendments are necessary to eliminate the remaining documented blight in the Project Areas.

The current imbalance between the tax increment collection limits in the individual Project Areas and the capacity of these areas to generate tax increment over the life of the redevelopment plans is a major impediment for the Agency to issue bonds and invest in the Project Areas. Specifically, Project Area 3A has generated the most tax increment revenue ($25.8 million through FY 2008/09), while having a tax increment collection limit of $50 million, which prevents the Agency from issuing debt cost effectively. Project Area 3, on the other hand, has a tax increment collection limit of $140 million and is not expected to reach that sum, as it has only collected $19 million to date, as shown in Table IV-5. The additional tax increment funds that will be generated as a result of this amendment would be necessary to alleviate blighting conditions that affect each of the Project Areas, as documented in Chapter II. The redevelopment projects and activities described in Chapter III and Appendix J are directly aimed at eliminating blighting conditions from each of the Project Areas.

Neither the private sector alone, the public sector alone, nor the private and public sectors working together without redevelopment assistance can financially support the costs of the redevelopment efforts in the Project Areas. Because these projects and activities are critical to the revitalization of the Project Areas, tax increment financing will continue to be a critical funding source enabling the Agency to accomplish the goals and objectives of the complete Redevelopment Program.

Finally, the increases in the time and fiscal limits proposed pursuant to the Plan Amendments are in amounts reasonably related to the net Agency cost of the proposed projects and activities in the Redevelopment Program. The Redevelopment Program is, in turn, reasonably designed to alleviate the documented remaining blight in the Project Areas. Specifically:

- Chapter III explains in detail the relationship of the proposed projects and activities in the Project Areas to the elimination of the remaining blight documented in Chapter II, and develops reasonable cost estimates for completing the Redevelopment Program;

- Chapter IV, Section C and Appendix D document the reasonably available non-tax increment funding sources to finance a portion of the estimated Redevelopment Program cost, in order to then estimate the net tax increment cost to the Agency of the Redevelopment Program;
- Chapter IV, Sections F and G demonstrate that only a very limited portion of the net tax increment cost of the needed Redevelopment Program could be funded and accomplished without the Plan Amendments; and
- Chapter IV, Sections F and G further demonstrate that, with the tax increment collection that would be made possible through adoption of the Plan Amendments, the Redevelopment Program becomes financially feasible, with funding available for the great majority of the Redevelopment Program costs.

V. Five-Year Implementation Plan

The Implementation Plan is a guide that incorporates an agency's goals, objectives and potential programs over a five-year Implementation Plan period, while providing flexibility so an agency may adjust to changing circumstances and new opportunities. The Agency's current Implementation Plan for the Project Areas describes how the Agency is planning to implement the goals and objectives outlined in the Redevelopment Plan for each Project Area in a focused way during the five-year period in order to maximize the ability of the existing funds to eliminate blight and revitalize the Project Areas.

The Agency will greatly enhance its ability to revitalize the Project Areas by strategically targeting the use of its limited funds. In addition, the Implementation Plan provides a mechanism for the Agency to monitor its progress in meeting its affordable housing obligations as required by CRL. The Agency's Five-Year Implementation Plan Mid-Term Update, completed in August 2008 for the FY 2005/06–FY 2009/10 period is included as Appendix G of this Report.

A. Statutory Requirements

This chapter and Appendix G satisfy CRL Section 33352(c), which requires that a redevelopment agency adopting or amending a redevelopment plan prepare and adopt a five-year implementation plan for the redevelopment project area.

CRL Section 33352(c) states:

> *Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing…the following:*
>
> *(c) An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031.*

B. Analysis

The Implementation Plan Mid-Term Update contained in Appendix G supplements the description of the overall Redevelopment Program, as described in Chapter III. The purpose of the Implementation Plan Mid-Term Update is to describe:

- Specific goals and objectives of the Agency for the Project Areas;
- Specific projects proposed by the Agency, including a program of both non-housing and affordable housing activities and expenditures proposed to be made within the next five years; and
- How the Agency's proposed objectives, projects, activities, and expenditures will improve or alleviate the blighting conditions in the Project Areas, and enable the Agency to meet the affordable housing requirements in CRL Sections 33334.2, 33334.4, 33334.6, and 33413.

For the purposes of this Report, the Implementation Plan Mid-Term Update satisfies the Implementation Plan requirement for the Plan Amendments. As the Plan Amendments do not include changes to the Redevelopment Program, the projects and activities included within this Implementation Plan Mid-Term Update would be the same with or without the Plan Amendments.

VI. Method or Plan for Relocation

The Agency does not anticipate undertaking activities or providing assistance to activities that will result in the displacement of persons in the Project Areas. If future Agency activities as part of a redevelopment project that is subject to a written agreement with the Agency or where financial assistance is provided by the Agency were to result in the destruction or removal of dwelling units occupied by low or moderate-income persons or families, the Agency would be required to construct, develop or rehabilitate, or cause the construction, development or rehabilitation of replacement units affordable to low and moderate-income households. Additionally, the Agency would provide relocation assistance and make relocation payments to all persons displaced by Agency acquisition of property in accordance with the requirements of the CRL and all applicable laws.

A. Statutory Requirements

California law stipulates that the report to the legislative body include a relocation plan. Section 33352(f) of the CRL requires that the report to the legislative body contain:

> *Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing…the following:*
>
> *(f) A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement.*

B. Analysis

The Plan Amendments will not extend the Agency's existing time limits on eminent domain authority and the Amended and Restated Redevelopment Plan does not contemplate the imminent relocation of any households to accomplish its goals. Furthermore, relocation would only be used if reasonably necessary to redevelop a property. The Agency would not commence any relocation until it had commitments from public funding sources or competent developers that the desired redevelopment of the area would take place in a timely manner, with the least disruption to existing homes and businesses.

Section 600.10 of the Amended and Restated Redevelopment Plan sets forth the Agency's policy on relocation. The Agency has additionally established a method and plan for relocation of families and persons to be displaced in connection with any Agency project. The adopted Agency relocation policy complies with CRL Section 33367(d)(7), requiring that a redevelopment agency have a feasible relocation method or plan if the Agency's plans for redevelopment are to result in the displacement of any households (or businesses) in a project area. Refer to Appendix I for the Agency's Relocation Plan, which is contained in the Amended and Restated Redevelopment Plan.

In order to implement the California Relocation Assistance Act in the Project Areas, the Agency has adopted for local use the relocation guidelines issued by the State of California, Department of Housing and Community Development, pursuant to Government Code Section 7268 and Health & Safety Code Section 50460 (the "Relocation Act"). These relocation guidelines are set forth in the California Code of Regulations, Title 25, Chapter 6, Subchapter 1 (Section 6000 et seq.), and are incorporated fully herein by this reference.

If relocation were to become necessary, specific relocation plans containing a detailed household and housing availability survey, would be prepared at the initiation of each particular land assembly project to ensure that such conditions prevail at that time as well. Land assembly involving relocation would be authorized by the Agency only if the specific relocation plan were to ensure the availability of sufficient suitable and affordable housing to meet the specific relocation needs created by the land assembly project. Thus, it is reasonable to conclude that at the time of adoption of the Plan Amendments, the Agency has in place a feasible method of meeting the maximum foreseeable relocation needs that may result from implementation of the Plan Amendments.

VII. Preliminary Plan Requirement

This chapter describes the Preliminary Plan requirement for the Plan Amendments.

A. Statutory Requirements

CRL Section 33352(g) states:

> *Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing…the following:*
>
> *(g) An analysis of the preliminary plan.*

B. Analysis

As the Plan Amendments do not propose to add territory to any of the Project Areas, a Preliminary Plan is not required.

VIII. Planning Commission Report and Recommendation

The Planning Commission considered the Plan Amendments for their conformance with the General Plan of the City of San Fernando at a public hearing on April 6, 2010. On April 20, 2010, the Planning Commission made its recommendation regarding the Agency's approval of the Plan Amendments. This chapter discusses the Planning Commission report and recommendations for the Plan Amendments.

A. Statutory Requirements

CRL Sections 33352(h) and (j) state:

> *Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing…the following:*
>
> *(h) The report and recommendations of the planning commission.*
>
> *(j) The report required by Section 65402 of the Government Code.*

Section 65402 of the Government Code states:

> *(a) If a general plan or part thereof has been adopted, no real property shall be acquired by dedication or otherwise for street, square, park or other public purposes, and no real property shall be disposed of, no street shall be vacated or abandoned, and no public building or structure shall be constructed or authorized, if the adopted general plan or part thereof applies thereto, until the location, purpose and extent of such acquisition or disposition, such street vacation or abandonment, or such public building or structure have been submitted to and reported upon by the planning agency as to conformity with said adopted general plan or part thereof. The planning agency shall render its report as to conformity with said adopted general plan or part thereof within forty (40) days after the matter was submitted to it, or such longer period of time as may be designated by the legislative body.*
>
> *(c) A local agency shall not acquire real property for any of the purposes specified in paragraph (a) nor dispose of any real property, nor construct or authorize a public building or structure, in any county or city, if such county or city has adopted a general plan or part thereof and such general plan or part thereof is applicable thereto, until the location, purpose and extent of such acquisition, disposition, or such public building or structure have been submitted to and reported upon by the planning agency having jurisdiction, as to conformity with said adopted general plan or part thereof. Failure of the planning agency to report within forty (40) days after the matter has been submitted to it shall be conclusively deemed a finding that the proposed acquisition, disposition, or public building or structure is in conformity with said adopted general plan or part thereof. If the planning agency disapproves the location, purpose or extent of such acquisition, disposition, or the public building or structure, the disapproval may be overruled by the local agency.*

The following sections of the CRL describe the purpose and requirements for review of a redevelopment plan (or plan amendment) by the Planning Commission:

> *CRL Sections 33346 states:*
>
> *Before the redevelopment plan of each project area is submitted to the legislative body, it shall be submitted to the planning commission for its report and recommendation concerning the redevelopment plan and its conformity to the general plan adopted by the planning commission or the legislative body. The planning commission may recommend for or against the approval of the redevelopment plan.*
>
> *CRL Sections 33347 states:*
>
> *Within 30 days after a redevelopment plan is submitted to it for consideration, the planning commission shall make and file its report and recommendation with the agency. If the planning commission does not report upon the redevelopment plan within 30 days after its submission by the agency, the planning commission shall be deemed to have waived its report and recommendations concerning the plan and the agency may thereafter approve the plan without the report and recommendations of the planning commission.*

B. Analysis

The proposed Plan Amendments do not make changes to the Redevelopment Plans for the Project Areas that would affect the City's General Plan. No changes are included in the Plan Amendments that modify or alter the boundaries of the Project Areas, or the type or intensity of development permitted in the Project Areas. The Amended and Restated Redevelopment Plan will ensure that the land uses in the Project Areas are consistent with those outlined in the General Plan, as it is amended from time to time.

The Agency referred the Plan Amendments to the Planning Commission for its report and recommendation. At a public hearing on April 6, 2010, the Planning Commission reviewed the Plan Amendments for conformance with the General Plan pursuant to CRL Sections 33352(h) and (j), and Government Code Section 65402. On April 20, 2010, the Planning Commission found that the Plan Amendments conform to the General Plan and made a recommendation to the Agency and City Council to approve and adopt the Amended and Restated Redevelopment Plan.

The report and recommendations of the Planning Commission, and the staff report on which the Planning Commission's actions are based, will be discussed at the Joint Public Hearing on June 7, 2010.

IX. Summary of Public Review of the Plan Amendments

This chapter addresses the obligations and actions taken by the City Council pertaining to the public review of the Plan Amendments.

A. Statutory Requirements

Section 33385.3(a) of the CRL requires the legislative body to form a Project Area Committee (PAC) for a plan amendment in certain situations.

Section 33385.3(a) states:

> *If a project area committee does not exist, and the agency proposes to amend a redevelopment plan, the agency shall establish a project area committee pursuant to Section 33385 if the proposed amendment to a redevelopment plan would do either of the following:*
>
> *1) Grant the authority to the agency to acquire by eminent domain property on which persons reside in a project area in which a substantial number of low- and moderate-income persons reside.*
>
> *2) Add territory in which a substantial number of low- and moderate-income persons reside and grant the authority to the agency to acquire by eminent domain property on which persons reside in the added territory. The project area committee may be composed of persons from only the added territory or both the added area and the existing project area.*

B. Analysis

The Agency is not required to establish a PAC for the proposed Plan Amendments, as the Plan Amendments do not propose to add territory or to extend the Agency's eminent domain authority over any occupied residential properties in the Project Areas. No Agency projects are planned that would displace low or moderate-income persons.

However, the City Council and Agency are sensitive to the concerns of residents, property owners and business owners in the Project Areas. The Agency and the City Council will consult and obtain the advice of property owners and occupants and community members on the adoption of the Plan Amendments at a community meeting and at the joint public hearing on the Plan Amendments. The Agency will respond to any written objections from property owners and taxing agencies received in writing by the close of the joint public hearing, and such written response will become a part of the record of the adoption of the Plan Amendments.

Per CRL Section 33349, the Agency sent a first class mailing containing notice of the community workshop and the required notice of the joint public hearing to the last known assessee (the "property owner") of each parcel of land, and, to the extent possible, to all legal tenants and business owners ("occupants") within the Project Areas. The joint public hearing notice explains the purpose of the joint public hearing, and contains other pertinent information, such as the meeting date, time and location.

As prescribed by law, the hearing will be advertised in a local newspaper of general circulation (San Fernando Valley Sun) for four successive weeks prior to the joint public hearing. The notice of the community workshop will also be published in the San Fernando Valley Sun at least 10 days prior to the workshop.

The package of documents, including a cover letter, notice of community workshop and joint public hearing, and frequently asked questions about redevelopment and the 2010 Plan Amendments, all of which are in English and Spanish, are included in Appendix H. The Agency plans to hold the community workshop on May 19, 2010. Following the community workshop, the Agency will hold a joint public hearing with the City Council regarding the proposed Plan Amendments on June 7, 2010.

X. Environmental Review

The City of San Fernando together with the Redevelopment Agency of the City of San Fernando has prepared the Initial Study and Negative Declaration for the Plan Amendments. These documents provide the environmental documentation required by the CRL and the California Environmental Quality Act (CEQA) for the Plan Amendments, and are incorporated by this reference into this Report to Council, in compliance with CRL Section 33352(k).

A. Statutory Requirements

Section 33352(k) of the CRL requires that a report to the legislative body include the report required by Section 21151 of the Public Resources Code.

CRL Section 33352(k) states:

> *Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing…the following:*
>
> *(k) the report required by Section 21151 of the Public Resources Code.*

CA Public Resources Code Section 21151 states:

> *(a) All local agencies shall prepare, or cause to be prepared by contract, and certify the completion of, an environmental impact report on any project that they intend to carry out or approve which may have a significant effect on the environment. When a report is required by Section 65402 of the Government Code, the environmental impact report may be submitted as a part of that report.*
>
> *(b) For purposes of this section, any significant effect on the environment shall be limited to substantial, or potentially substantial, adverse changes in physical conditions which exist within the area as defined in Section 21060.5.*
>
> *(c) If a nonelected decision-making body of a local lead agency certifies an environmental impact report, approves a negative declaration or mitigated negative declaration, or determines that a project is not subject to this division, that certification, approval, or determination may be appealed to the agency's elected decision-making body, if any.*

B. Analysis

The Negative Declaration is intended to serve as a public disclosure document that identifies those environmental impacts associated with the proposed Plan Amendments (Project) that are expected to be significant. The Initial Study analysis identified no significant environmental impacts resulting from the proposed Plan Amendments, as the Project involves an administrative action by the Agency that would not directly affect the environment. The Agency has determined through preparation of the Initial Study that a Negative Declaration provides the appropriate environmental documentation for this Project.

On March 2, 2010 the City and Agency released the Negative Declaration for public review. The document was distributed to all affected taxing entities, the Planning Commission and other entities as required by law. The public review period of the Negative Declaration was from

March 15, 2010 to April 13, 2010. The Planning Commission held a public hearing on the Plan Amendments and the Negative Declaration on April 6, 2010, and on April 20, 2010 made a recommendation to the City Council to approve the Plan Amendments and adopt the CEQA findings in the Negative Declaration. The “Neighborhood Impact Report,” a summary of the impacts of the Plan Amendments on the community, is included as Chapter XIII of this Report.

No public comments were made or received at the Planning Commission hearing. The Agency received one written comment on the Negative Declaration. In a letter dated March 25, 2010, the Public Utilities Commission expressed concern that a proposed project at Macneil Street and First Street could increase traffic volumes at the intersection and at the nearby MetroLink railroad crossings. Suggested mitigation measures include planning for grade separation, improvements to existing at-grade rail crossings, and fencing or barriers to prevent access to the railroad right-of-way. The comments also suggested that any traffic impact studies undertaken should also address traffic increase impacts over affected crossings.

The joint public hearing of the Agency and the City Council to consider adoption of the Negative Declaration and the Plan Amendments will be held on June 7, 2010. Adoption of the Negative Declaration by the Agency and consideration by the City Council of the Negative Declaration, as approved by the Agency, must occur prior to final action on the Plan Amendments. Final action by the City Council on the Plan Amendments is anticipated to occur in July 2010.

XI. County Fiscal Officer's Report Requirement

Section 33352(l) of the CRL requires under certain circumstances that a Report to Council contain the County Fiscal Officer's Report (33328 Report), and Section 33352(n) requires inclusion of the analysis of the County Fiscal Officer's Report. This chapter of the Report to Council explains why inclusion and analysis of the County Fiscal Officer's Report is not required for the Plan Amendments.

A. Statutory Requirements

Section 33352(l) of the CRL states:

> *Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing…the following:*
>
> *(l) The report of the county fiscal officer as required by Section 33328.*

Section 33352(n) of the CRL states:

> *Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing…the following:*
>
> *(n) An analysis by the agency of the report submitted by the county as required by Section 33328...*

B. Analysis

The Plan Amendments would fiscally merge the Project Areas, combine the tax increment collection and bonded indebtedness limits, and extend redevelopment time limits and time limits to incur and repay debt. However, because the Plan Amendments do not add new territory to any of the Project Areas, the County Fiscal Officer's Report is not required. A summary of consultations with the affected taxing entities is included in Chapter XII of this Report.

XII. Summary of Consultations with Taxing Entities

The CRL requires that prior to a public hearing on the proposed Plan Amendments, the Agency must consult with each taxing entity that levies taxes, or for which taxes are levied, on property in the Project Areas. The Agency must consult on the proposed Plan Amendments and the allocation of tax increment revenues.

The Agency approved the transmittal of the Preliminary Report to the affected taxing entities on March 1, 2010. The Preliminary Report was transmitted to the taxing entities on March 2, 2010. This Chapter summarizes the Agency's consultations with taxing entities.

A. Statutory Requirements

CRL Section 33328 requires that:

> *Prior to the publication of notice of the legislative body's public hearing on the plan, the agency shall consult with each taxing agency which levies taxes, or for which taxes are levied, on property in the project area with respect to the plan and to the allocation of taxes pursuant to Section 33670.*

CRL Section 33352(n) provides the following:

> *Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing…the following:*
>
> *(n) (1) An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.*
>
> *(2) As used in this subdivision:*
>
> *(A) "Mitigation measures" may include the amendment of the redevelopment plan with respect to the size or location of the project area, time duration, total amount of tax increment to be received by the agency, or the proposed use, size, density, or location of development to be assisted by the agency.*
>
> *(B) "Mitigation measures" shall not include obligations to make payments to any affected taxing entity.*

B. Affected Taxing Entities

The following taxing entities are affected by the Plan Amendments:

- Los Angeles County
- Los Angeles County Library
- Los Angeles County Fire Department
- Greater Los Angeles County Vector Control

- Los Angeles County Office of Education
- Los Angeles Community College District
- Los Angeles Unified School District

C. Communications with Taxing Entities

Each of the taxing entities listed in Section B has been sent a copy of the following:

- Courtesy Statement of Plan Preparation (sent October 7, 2009)
- Preliminary Report on the Plan Amendments (sent March 2, 2010)
- Draft Amended and Restated Redevelopment Plan (sent March 2, 2010)
- Negative Declaration (sent March 2, 2010)
- Notice of the Community Workshop on the Plan Amendments and Joint Public Hearing on the Plan Amendments (sent May 5, 2010)

While not legally required for the Plan Amendments because no territory is proposed to be added through the Plan Amendments, a courtesy "Statement of Preparation" was transmitted on October 7, 2009 by Agency staff to affected taxing entities. The notice describes the Plan Amendments and anticipated process and schedule. A copy of the Statement of Preparation is included in Appendix F.

In addition to the above written consultation, the Agency consulted or attempted to consult with all of the affected taxing entities in person. From October 2009 through May 2010, the Agency made phone calls to affected taxing entities to discuss the Plan Amendments. During these calls, Agency staff responded to comments and questions.

The Agency and its redevelopment consultant met with a representative from Los Angeles County in March 2010 and conducted a tour of the Project Areas on March 1, 2010. The tour location and itinerary is included in Appendix F. The Agency and its redevelopment consultant met with the County again on May 4, 2010. The County requested that the Agency clarify and provide additional information on the need for the Plan Amendments. The Agency and its redevelopment consultant noted several characteristics of the Project Areas that are unique to San Fernando, including the following:

- The Project Areas are relatively small, and the tax increment generation for all the Project Areas (except Project Area 3A) is small;
- The Project Areas were formed in different years, and have different tax increment collection and bonded indebtedness limits for individual project areas that are not consistent with the size of the Project Area or its tax increment generation capacity.
- Portions of the Project Areas do not have a diversity of land uses, which is desired by bond buyers.
- Blight remains in all of the Project Areas, and the Agency needs to alleviate blight in all Project Areas.
- The Agency needs to invest funds up front to alleviate blight, and must issue tax allocation bonds.
- The individual Project Areas by themselves do not generate sufficient funds to issue debt due to the high cost to issue debt individually for each Project Area and/or the differing limits on tax increment collection and bonded indebtedness.

- The Agency must combine resources among all Project Areas to issue debt in the most cost effective way that will generate the highest amount of revenue necessary to complete the Redevelopment Program.

No additional concerns were expressed by the taxing entities consulted. A log of Agency consultations with affected taxing entities is included in Appendix F.

On March 2, 2010, the Preliminary Report on the Plan Amendments, Draft Amended and Restated Redevelopment Plan and Negative Declaration were distributed to the affected taxing entities. No written comments from affected taxing entities have been received in response to the Preliminary Report. Comments received on the Negative Declaration are discussed in Chapter X of this Report. A Notice of the Joint Public Hearing on the Plan Amendments was sent to all affected taxing entities by certified mail on May 5, 2010, at least 30 days prior to the hearing on June 7, 2010.

D. Responses to Written Objections or Concerns of the Affected Taxing Entities

The Agency responded to questions and comments during the consultations with taxing entities. As of the date that this Report to Council was prepared, the Agency has received no written objections from the affected taxing entities. The Agency will respond to any written comments received prior to, and at, the Joint Public Hearing on the Plan Amendments on June 7, 2010.

XIII. Neighborhood Impact Report

Section 33352(m) of the CRL states that the report to the legislative body must contain a neighborhood impact report if the proposed project area contains low or moderate-income housing. CRL Section 33451.5(c)(8) also requires a neighborhood impact report as a component of the Report to State Departments, if required by Section 33352(m). The purpose of the neighborhood impact report is to describe in detail the impact of the proposed Plan Amendments upon the residents of the Project Areas and surrounding areas in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, school population and quality of education, and property assessments and taxes.

This chapter summarizes the potential impacts of the Plan Amendments on the neighborhoods throughout the Project Areas and the surrounding community, in accordance with CRL Sections 33352(m) and 33451.5(c)(8). The source for the information on the assessment of environmental impacts included in this chapter is the March 2010 Draft Initial Study/Environmental Checklist (Initial Study) for the Plan Amendments, prepared by the Redevelopment Agency of the City of San Fernando (Agency) and the City of San Fernando (City).

A. Statutory Requirements

As stated above, CRL Section 33352(m) requires that the report to the legislative body include a neighborhood impact report (NIR). The specific requirements under the CRL are as follows:

> *If the project area contains low- or moderate-income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of the project area and the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood. The neighborhood impact report shall also include all of the following:*
>
> *(1) The number of dwelling units housing persons and families of low or moderate income expected to be destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project.*
>
> *(2) The number of persons and families of low or moderate income expected to be displaced by the project.*
>
> *(3) The general location of housing to be rehabilitated, developed, or constructed pursuant to Section 33413.*
>
> *(4) The number of dwelling units housing persons and families of low or moderate income planned for construction or rehabilitation, other than replacement housing.*
>
> *(5) The projected means of financing the proposed dwelling units for housing persons and families of low and moderate income planned for construction or rehabilitation.*
>
> *(6) A projected timetable for meeting the plan's relocation, rehabilitation, and replacement housing objectives.*

B. Analysis

As discussed in Chapter I of this Report, the fundamental purpose of the Plan Amendments is to provide the Agency with the necessary financial and legal resources and tools to complete the Redevelopment Program in order to:

- Eliminate the remaining identified blight in the Project Areas;
- Facilitate the economic development of the Project Areas including the provision of additional job opportunities for residents;
- Provide or assist in construction of infrastructure improvements; and
- Provide additional quality affordable housing for low and moderate-income residents of San Fernando.

In order to achieve these goals, the Plan Amendments would:

- Fiscally merge all Project Areas so that tax increment revenues attributable to each Project Area that are allocated to the Agency may, with certain exceptions, be allocated to any of the Project Areas for the purpose of paying the principal of, and interest on, indebtedness incurred by the Agency to finance or refinance, in whole or in part, the fiscally-merged Project Areas (Fiscal Merger);
- Replace individual limits on the amount of tax increment revenue that may be collected by the Agency from individual Project Areas with a combined limit of $267 million for all of the Project Areas, except Project Area 4;[1]
- Replace individual limits on the principal amount of bonded indebtedness secured by tax increment revenue that may be outstanding at any time from the fiscally merged Project Areas with a combined limit of $80 million;[2]
- Extend the time limits for the effectiveness of the Redevelopment Plans for Project Areas 1A, 2, 3, and 3A to the maximum time limits allowed under AB 1290;
- Extend the time limits for the repayments of indebtedness and the receipt of tax increment revenues for Project Areas 1A, 2, 3, and 3A to the maximum time limit allowed under AB 1290;
- Extend the time limit for establishing loans, advances and indebtedness to be repaid with the proceeds from tax increment revenues derived from Project Area 4 by ten years, to July 18, 2024;
- Ensure that the land uses permitted by the individual Redevelopment Plans are consistent with those land uses permitted by the City's General Plan and Zoning Ordinance, as amended from time to time; and
- Make technical revisions or clarifying changes to all Redevelopment Plans.

The proposed Plan Amendments are an administrative action by the Agency. No changes to the existing program of redevelopment projects and activities (Redevelopment Program) will result from the Plan Amendments.

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[1] Project Area 4 does not have a tax increment collection cap, and under the CRL is not required to have a cap.

[2] Project Area 2, which does not currently have a limit on outstanding bonded indebtedness, would fall under the combined bonded indebtedness limit of $80 million.

The above modifications to the Redevelopment Plans contained in the Plan Amendments constitute "the Project" for purposes of environmental review under the California Environmental Quality Act (CEQA). In accordance with Section 15063 of the CEQA Guidelines, the Initial Study is a preliminary analysis prepared by the Agency and City, in consultation with other jurisdictional agencies, to determine whether a Negative Declaration or Environmental Impact Report (EIR) would be required for the proposed Project. Following preliminary review of the proposed Project, the City has determined that the proposed Project is subject to the guidelines and regulations of CEQA. As required by CEQA, the Initial Study assessed the potential for any direct, indirect, and cumulative environmental effects associated with the proposed Project.

The Initial Study assessed the potential environmental impacts of the Plan Amendments themselves, not the impacts of the Redevelopment Program activities. Any programs or activities undertaken as part of the Redevelopment Plans that constitute a project as defined by CEQA would be subject to separate environmental review.

1. Summary of Initial Study Findings

The Initial Study analysis identified no significant environmental impacts resulting from the proposed Plan Amendments, as the Project involves an administrative action by the Agency that would not directly affect the environment. The Agency has determined through preparation of the Initial Study that a Negative Declaration provides the appropriate environmental documentation for this Project. As the Agency has determined that the proposed Project will not have a significant effect on the environment, the Agency has prepared a Notice of Intent to Adopt a Negative Declaration in accordance with Section 15072 of the CEQA Guidelines.[3]

2. Impacts

As stated in CRL Section 33352(m), the NIR must detail the impacts of the Plan Amendments upon the residents of the Project Areas and the surrounding areas in terms of relocation of displaced residents or businesses, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, and effect on property assessments and taxes. Accordingly, the following sections describe the impacts related to these categories.

a. Relocation

The proposed Project involves an administrative action by the Agency that would not result in displacement of any businesses or persons in the Project Areas. If future Agency activities were to result in displacement of businesses or persons, the Agency would provide relocation assistance and make relocation payments to all persons and businesses displaced by Agency acquisition of property in accordance with the requirements of the CRL and all applicable laws.

[3] The Agency has been designated as the Lead Agency under CEQA, and is responsible for preparing and filing all necessary documents pursuant to the CEQA requirements.

b. Transportation and Circulation

The proposed Project involves an administrative action by the Agency that would not directly affect transportation and circulation. The transportation system serving the Project Areas and the City of San Fernando consists of a network of regional, arterial and secondary local roadways; public transit services; and pedestrian and bicycle facilities. The Project, in and of itself, will not cause a traffic increase in relationship to the existing traffic load and capacity of the street system that result in substantial increases in the number of vehicle trips, volume to capacity ratio on roads, or congestion at intersections that would individually or cumulatively exceed level of service levels established by the Los Angeles County Metropolitan Transit Authority, which is responsible for administering the county's Congestion Management Program. Therefore, no impacts on transportation and circulation from the Project would occur.

Any potential development within the Project Areas associated with future redevelopment projects assisted and/or approved by the Agency will be analyzed on a project-by-project basis in order to assess potential environmental impacts attributed to traffic increases; changes in waterborne or air traffic patterns; hazards due to design features, inadequate emergency access or parking capacity; conflicts with adopted policies, plans or programs supporting alternative modes of transportation; or hazards or barriers to pedestrians and bicyclists alike.

c. Environmental Quality

The Initial Study analyzed the potential impacts of the Project on environmental quality. This analysis studied several aspects of environmental quality, including: earth resources and geology, water and hydrology, air quality, biological resources, energy and mineral resources, cultural resources, human health, noise, and aesthetics.

The proposed Project involves an administrative action by the Agency that would not directly affect the quality of the environment. The Project would not, in and of itself, produce new public and/or private redevelopment projects within the Project Areas that would have potential adverse effects on the environmental quality of the Project Areas or the surrounding community. Therefore, no environmental impacts from this Project would occur. Any potential development within the Project Areas associated with future redevelopment projects assisted and/or approved by the Agency within the Project Areas will be analyzed on a project-by-project basis to ensure compliance with all relevant development and environmental quality standards.

d. Community Facilities and Services

The proposed Project involves an administrative action by the Agency that would not directly affect community facilities and services in the surrounding area. Approval and implementation of the Project, in and of itself, will not have a substantial adverse impact on fire and police services, school services, recreation facilities, library facilities, and/or other governmental services including any impacts to acceptable service ratios, response times for emergency personnel or any other performance objectives for public services that would otherwise impact public health, safety, and general welfare. Therefore, no impact to community facilities and services from this Project would occur.

Any potential development within the Project Areas associated with future redevelopment projects assisted and/or approved by the Agency within the Project Areas will be analyzed on a project-by-project basis. Analysis of future development would ensure adequate fire and police protection services can be provided as well as assessing the potential environmental impact to recreation facilities, library facilities, education services and other governmental services that would be necessary for construction and subsequent operation of said development.

The Project will not, in and of itself, have a substantial adverse impact on applicable wastewater treatment requirements of the Los Angeles Regional Water Quality Control Board, and it will not result in or require the construction of new or expanded water, wastewater, stormwater drainage, solid waste disposal, natural gas, electricity, or communications facilities. Therefore, no impact to utility services would occur from the proposed Project. Any potential development within the Project Areas associated with future redevelopment projects assisted and/or approved by the Agency within the Project Areas will be analyzed on a project-by-project basis. Analysis of future development would ensure adequate new water, wastewater, stormwater drainage, solid waste disposal, natural gas, electricity, and communications facilities are available to meet demand and comply with all relevant development standards.

e. School Population and Quality of Education

The proposed Project involves an administrative action by the Agency that would not directly affect the school population or quality of education in the Project Areas or the surrounding community. As such, the Project would not, in and of itself, induce substantial growth in the population of the Project Areas, either directly or indirectly, such as would any future projects on undeveloped or underutilized land or major infrastructure improvements. Therefore, no impacts from this Project on school population or the quality of education would occur. Potential growth inducing impacts associated with such future redevelopment projects assisted and/or approved by the Agency within the Project Areas will be analyzed on a project-by-project basis in order to assure compliance with the City’s general plan, specific plans, and zoning code.

f. Property Assessments and Taxes

The proposed Project involves an administrative action by the Agency that would not directly affect property assessments, and the proposed Plan Amendments would not cause the property taxes paid by property owners to increase. In general, taxable valuations of property within and adjoining the Project Areas should increase as development of that property occurs. New development within the Project Areas would be assessed at market value, as determined by the Los Angeles County Assessor. Regardless of whether property is in the Project Areas or not, the Assessor could increase property valuations for existing properties at the maximum rate of two percent per year allowed under Proposition 13.[4] In cases where property changes hands, the Assessor would reassess the value of the property, including any added value to property and improvements due to new development or rehabilitation. The Plan Amendment would not affect pass-through payments to affected taxing entities.

[4] Proposition 13 was a ballot measure approved by the voters of California in 1978 that amended the State Constitution to limit property tax rates to one percent of assessed value. Property values can be increased by a maximum of two percent per year until the property is sold, triggering a reassessment.

g. Other Factors Affecting the Physical and Social Quality of the Neighborhood

The proposed Project involves an administrative action by the Agency that would not directly affect the physical and social quality of the neighborhoods in San Fernando. The Project would not physically divide the established community and would not otherwise conflict with existing land use plans, policies or regulations, including but not limited to, the City's General Plan, the San Fernando Corridors Specific Plan, or applicable development standards as noted in the zoning code. Furthermore, the Project would not displace people and/or housing units necessitating relocation and replacement housing within or outside the Project Areas.

No impacts to the physical and social quality of the neighborhoods in San Fernando would occur as a result of the Project. Any potential land use development impacts associated with future redevelopment projects assisted and/or approved by the Agency within the Project Areas will be analyzed on a project-by-project basis.

C. Relocation and Low or Moderate-Income Housing

The Agency will continue to deposit at least 20 percent of gross tax increment revenue into the Low and Moderate Income Housing Fund (Housing Fund), which will be used to fund the development, rehabilitation and preservation of housing affordable to qualifying households. The Plan Amendments could potentially result in an increase in the amount of tax increment deposited into the Housing Fund. The following sections address the specific requirements in Section 33352(m) of the CRL related to affordable and replacement housing.

1. Removal or Destruction of Low or Moderate-Income Housing

The proposed Project involves an administrative action by the Agency that would not result in the destruction or removal of housing units affordable to low or moderate-income households. If future Agency activities as part of a redevelopment project that is subject to a written agreement with the Agency or where financial assistance is provided by the Agency were to result in the destruction or removal of dwelling units occupied by low or moderate-income persons or families, the Agency would be required to construct, develop or rehabilitate, or cause the construction, development or rehabilitation of replacement units affordable to low and moderate-income households. These replacement housing units must be constructed within four years of the destruction or removal or the original units, must be of the same size (number of bedrooms) or larger, and must be available at affordable housing cost to, and occupied by, persons in the same or lower income category as the persons displaced from those destroyed or removed units.[5] The units must remain affordable for the longest feasible time, but not less than 55 years for rental units and 45 years for ownership units, as set forth in Section 33334.3 of the CRL.

[5] Per CRL Section 33413(f), the units may be replaced with fewer units if an equal or greater number of bedrooms are provided and the replacement units are affordable to the same income level of households as the destroyed or removed units. For example, four two-bedroom units affordable to low-income households may be replaced with two four-bedroom units affordable to low-income households.

2. Number of Low or Moderate-Income Households Expected to Be Displaced

The proposed Project involves an administrative action by the Agency that would not result in the displacement of low or moderate-income households from the Project Areas. If future Agency activities such as the rehabilitation of severely deteriorated or dilapidated housing occupied by low or moderate-income households necessitates the displacement of current residents, the Agency would provide relocation assistance and make relocation payments to all persons displaced by Agency activities in accordance with the requirements of the CRL and all applicable laws. Chapter IV and Appendix I of this Report provide further discussion of the Agency's Relocation Plan.

3. General Location of Replacement Housing Units

The Agency anticipates that all required replacement housing units, if any, will be developed within the City of San Fernando. The Agency's Five-Year Implementation Plan Mid-Term Update, completed in August 2008 for the FY 2005/06–FY 2009/10 period is included as Appendix G of this Report. This document provides a more detailed discussion on specific affordable housing developments the Agency plans to support through the remainder of FY 2009/10. The Agency's forthcoming FY 2010/11–FY 2014/15 Five-Year Implementation Plan will provide a more detailed discussion on specific affordable housing developments the Agency plans to support through FY 2014/15.

4. Number and Location of Non-Replacement Affordable Housing Units

The existing Redevelopment Plans are designed to encourage new development and rehabilitation of affordable housing in the Project Areas. The existing Redevelopment Program includes a housing component, designed to create affordable housing on infill and other opportunity sites in the Project Areas. In accordance with the CRL, 20 percent of gross tax increment will be spent on improving, preserving and/or expanding the supply of housing affordable to low and moderate-income households.

The current Implementation Plan estimates that approximately 70 affordable housing units will be constructed in the Project Areas between FY 2005/06 and the end of FY 2013/14. The exact number of new units produced will depend on the availability of sites, the cost of construction, and the ability of the Agency to leverage other funding sources. Specific actions for implementation of the affordable housing program will be in accordance with the Housing Element of the City's General Plan and the forthcoming FY 2010/11–FY 2014/15 Five-Year Implementation Plan. This Implementation Plan will include the locations of proposed affordable housing developments and new estimates of the number of affordable housing units to be constructed in the Project Areas and citywide.

5. Financing Method for Construction or Rehabilitation of Affordable Housing Units

The Agency intends to use the Housing Fund and other state and federal funding sources for affordable housing to finance the development of housing units affordable to low and moderate-income households, as described in Chapter III and Appendix D of this Report. The

Agency anticipates that the Housing Fund combined with these other sources would provide sufficient funds to meet the affordable housing production requirements under the CRL and replace any affordable housing units removed or destroyed in the Project Areas.

6. Timetable for Provision of Relocation, Rehabilitation and Replacement Housing

As stated above, the Agency does not anticipate undertaking activities or providing assistance to activities that will result in the destruction or removal of housing units affordable to low or moderate-income households within the Project Areas. However, if future Agency activities were to result in the destruction or removal of dwelling units occupied by low or moderate-income persons or families, the Agency will meet all statutory time requirements for relocation benefits and assistance, and for replacement housing, as described in Chapter VI and Appendix I of this Report.