

Community Redevelopment Agency of the City of Palmdale

2010-2014 Amended Redevelopment Implementation Plan Project Area 1 and the Merged Project Area (Project Areas 2, 3, and 4)

May 2011

I. EXECUTIVE SUMMARY

This Amended Implementation Plan has been prepared pursuant to the requirements of Section 33451.5 (c)(7) and 33352(c) of the California Community Redevelopment Law, Health and Safety Code Section 33000, et. seq. (“CRL”). The CRL requires the preparation and amendment to an existing implementation plan if an agency proposes to merge or change the boundaries of an existing redevelopment project area. The Community Redevelopment Agency of the City of Palmdale is in the process of adding territory (Expansion Area) to the Agency’s Merged Project Area (Project Area No. 2, No. 3, and No. 4), referred to as the Expansion Area Amendment. This document is the amendment to the 2010-2014 Redevelopment Implementation Plan adopted on December 2, 2009 for the Agency’s Redevelopment Project Area No. 1 and Merged Project Area and reflects changes as part of the proposed Expansion Area Amendment. Information included in the Original Implementation Plan has not been amended.

The joint public hearing for the Expansion Area Amendment is anticipated to be held in May 2011. The Amended Implementation Plan will be considered as part of the Report to Council during the joint public hearing scheduled for the Expansion Area Amendment.

II. INTRODUCTION

BACKGROUND AND LEGISLATIVE REQUIREMENTS

Assembly Bill 1290 (Stats 1993, Chapter 942) known as the Community Redevelopment Law Reform Act of 1993, went to effect on January 1, 1994. The bill, more commonly referred to as “AB 1290,” reformed Community Redevelopment Law (H&S Code §§ 33000 et. seq.) by refocusing the redevelopment process on the statewide concerns of alleviating blighted conditions, stimulating economic conditions, and providing affordable housing for low- and moderate-households.

One of the measures mandated under AB 1290 (H&S Code § 33490) is the requirement that each redevelopment plan adopt a Five Year Implementation Plan. The Implementation Plan requires inclusion of the following key elements to be addressed during the five year planning period:

- Goals and Objectives for the Project Area
- Specific Programs for Attainment of Goals & Objectives
- Potential Projects
- Proposed Estimated Period Expenditures
- Explanation of how Goals, Objectives, Programs, and Expenditures will eliminate Blight

- A discussion of how the indicated goals, objectives, programs, and expenditures will implement and advance the low- and moderate-income housing set-aside and housing production requirements of redevelopment law; inclusive of the Agency's plan to address affordable housing requirements.

PLAN ADOPTION AND REVIEW REQUIREMENTS

In accordance with the provisions of AB 1290, the Palmdale Redevelopment Agency adopted its initial Implementation Plan in 1993 for the 1994-1999 planning period. Similarly, an Implementation Plan was adopted in accordance with state law in 1999 for the 2000-2004 planning period, and in 2004 for the period between 2005 and 2009.

AB 1290 (H&S § 33490 [a][3][c]) also requires Agency review of the Implementation Plan and evaluation of the progress of the redevelopment project at least once during the five-year term of the Plan. The Agency is further required to conduct a public hearing and receive public testimony during the course of the adoption and subsequent mid-point review.

AMENDMENTS TO REDEVELOPMENT LAW

Legislation adopted subsequent to the Agency's approval of its 2005-2009 Implementation Plan and November 2007 Midpoint Review provided changes to state redevelopment law. The major adopted bills were AB 1389 and AB 26 4x.

AB 1389

Certain provisions of AB 1389 were successfully challenged by the California Redevelopment Association in Sacramento Superior Court, and based on this success the ERAF payment described below was invalidated and is not operative. In the interest of providing an overview of the legislation, a summary of its key provisions is provided below.

AB 1389 requires an Educational Revenue Augmentation Fund (ERAF) payment from redevelopment agencies to help address the state budget shortfall in fiscal year 2008-09. Prior to May 10, 2009, each redevelopment agency was required to remit its share of a cumulative contribution to the county ERAF fund totaling the greater of (i) five percent of the statewide total tax increment apportioned to redevelopment agencies or (ii) \$350,000,000 (§33685(a)(2)(A)).

One-half of each agency's contribution is based on the agency's percentage share of the total statewide net tax increment revenues. The other half of each agency's contribution is based on the agency's percentage share of total statewide gross tax increment revenue (§33685(a)(2)(B)(K)). The required ERAF payment is subordinate to any existing bonded indebtedness (§33685(a)(3)).

Initially the State of California appealed the Superior Court decision that eliminated the ERAF payment; however, it dropped this appeal in October 2009 meaning there is no threat of an ERAF payment for fiscal year 2008-09.

In addition to the ERAF requirement that was later overturned, AB 1389 has other issues significant to redevelopment agencies that were not overturned. Based on a 2007 State Controller's Office Report, the statutory pass through payments required to be paid to taxing entities pursuant to the California Redevelopment Law were incorrectly calculated for a significant number of redevelopment agencies statewide. In order to correct this error in part, the Legislature enacted AB 1389 to require each redevelopment agency to file an initial report for the prior five years, and then annually thereafter, detailing, among other things, the contractual and statutory pass through obligations to each taxing entity by project area, as well as the payments made against those obligations. The report was designed to identify unpaid obligations and require agencies to make those payments or face severe sanctions.

AB 1389, as codified in Health and Safety Code Sections 33607.5, 33607.7, 33684, provides for the protocols mandated for the submission of calculation procedures for pass-through payments. Based on these submissions, the State Controller would submit a report to the State Department of Education and Board of Governors of the California Community Colleges, identifying the extent to which the local education agencies received overpayments from the State to backfill funds that the local educational agencies should have received in the form of statutory pass through payments from redevelopment agencies (Health and Safety Code Section 33684(h)).

AB 26 4x

In response to the continued State budget shortfall, AB 26 4x was adopted in July 2009 to assist the State in meeting its Prop 98 obligations to education. AB 26 4x calls for the deposit of \$2.05 billion in redevelopment funds (\$1.7 billion in FY 2009-2010 and \$350 million in FY 2010-2011) into County Supplemental Educational Revenue Augmentation Funds (SERAF) to be disbursed to schools.

The bill includes a number of provisions, which are summarized as follows:

1. By November 15th of each year, the State Department of Finance is required to calculate the amount that each Agency must deposit, based on the State Controller's net tax increment (50%) and gross tax increment (50%) data for FY 2006-2007.
2. Payments are required by May 10th of the applicable year.
3. Agencies which do not pay by May 10th must increase their housing set-aside payment to 25%.

4. If an Agency is unable to pay the required amount due to existing indebtedness, then it must adopt a resolution by December 31st of the applicable year.
5. The Agency must report to the County Auditor by March 1st on how it intends to fund its SERAF payment.
6. Timely SERAF payments will entitle Agencies to a one year extension of their AB 1290 time limits. This extension does not trigger pass-through payments under Health and Safety Code Section 33607.7.
7. The Agency may suspend all or part of its 2009-2010 20% contribution to its Low and Moderate Income Housing Fund in order to make its SERAF payment. Accumulated funds from prior years may not be used.
8. If utilized, repayment to the LMI Housing Fund must be made by June 30, 2015. Failure to make a timely repayment will increase the required LMI Housing Fund contribution to 25% for as long as the project areas receives tax increment funds.
9. SERAF funds must be distributed to schools or a county office of education serving pupils living in the project area, or in housing which is supported by redevelopment funds.
10. The City may make the SERAF payment on behalf of the Agency, and the Agency is then authorized to make repayment to the City from tax increment funds.
11. Agencies may pay less than the required SERAF amount if it finds that it has pre-existing obligations, set-aside or reserved funds during the applicable fiscal year (such as bond indebtedness). An Agency exercising such payment reduction must adopt a resolution by December 31, 2009, detailing the payments required during the applicable fiscal year.
12. An Agency failing to make a timely SERAF payment (even after considering No. 11 above) is subject to the following penalties until all required payments are made:
 - a. may not adopt a new redevelopment plan
 - b. may not amend an existing plan to add territory
 - c. may not further encumber funds or expend funds except to pay pre-existing indebtedness, contractual obligations, and 75% of the amount expended on Agency Administration in the preceding fiscal year.

Payment liability for the Palmdale Redevelopment Agency for the 2009-2010 SERAF is \$11,594,496, and the estimated 2010-2011 SERAF payment liability is \$2,387,102, or a two-year total of \$13,981,598.

On October 20, 2009, the California Redevelopment Association filed a lawsuit in Sacramento Superior Court challenging the constitutionality of this State budget trailer bill.

Pending Legislation SB 182

Currently there is pending legislation, SB 182, which has been approved by the Senate and is being considered by the Assembly that provides certain clean up language to AB 26 4x.

II. AGENCY BACKGROUND

The Palmdale Redevelopment Agency adopted plans for four designated redevelopment areas within the City between 1975 and 1983. Subsequently, the Agency adopted amended and restated redevelopment plans, which merged Project Areas 2, 3 and 4. This action was taken to establish a comprehensive and coordinated set of Agency assisted activities directly related to real estate development, public infrastructure improvements, and other projects in support of economic development within the City of Palmdale. Following are the specific approval dates for each project area:

Project Area No. 1: Adopted June 25, 1975 by Ordinance No. 265; land area deleted by amendment by Ordinance No. 275 November 20, 1975; and land area added by amendment adopted by Ordinance No. 396 February 12, 1981.

Project Area No. 2: Adopted by Ordinance No. 337 on July 25, 1978.

Project Area No. 3: Adopted by Ordinance No. 491 on March 10, 1983.

Project Area No. 4: Adopted by Ordinance No. 515 on November 10, 1983.

Amended and Restated Redevelopment Plans effectuating the merger of Project Areas 2, 3 and 4 were adopted by Ordinance Nos. 1042, 1043 and 1044, respectively on March 24, 1994.

On December 12, 2002, the Agency adopted Ordinance No. 1203, which implements the provisions of SB 211, and eliminates the time limit on the establishment of loans, advances and indebtedness for the merged project area.

The SB 211 amendment allows the Agency to incur debt up until the deadline for the effectiveness of the plan. Additionally, the Agency is required to pay the statutory pass-through payments required under Health and Safety Code Section 33607.7 to each affected taxing entity with which the redevelopment agency does not already have a pre-1994 pass-through agreement. Statutory pass-through payments become due in the first year after the previous expiration date for incurring debt, with the adjusted base year for determining the statutory pass-through amounts established as the year in which the deadline would have taken effect.

Additionally, on February 11, 2004, the Agency adopted Ordinance No. 1234 and Ordinance No. 1235, which extends the time limit for the effectiveness of the redevelopment plans, and the repayment or indebtedness and receipt of tax increment expiration dates. These ordinances were adopted under the authority of SB 1045, which permitted Agencies to amend time limits within their plans for one additional year based on the Educational Revenue Augmentation Fund (ERAF) shit mandated under the same Senate Bill.

On January 3, 2007 the Agency Adopted Ordinance 1297 and on June 20, 2007, Ordinance 1296, which respectively amended the redevelopment plans for the merged redevelopment project areas and redevelopment project number 1 to extend time limits as provided under SB 1096. SB 1096 allowed additional extensions due to the additional ERAF shift.

The net effects of Ordinance No. 1296 and 1297 are as follows:

Summary of Amended Plan Limits			
Redevelopment Project Area		Plan Effectiveness Expiration	Receipt of Tax Increment and Repayment of Indebtedness
Project Area 1 - Original Area		June 25, 2018	June 25, 2028
Project Area 1 – Added Area (Project Area 1A)		February 12, 2024	February 12, 2034
Merged Project Area (Project Area 2)	Project Area 2	July 25, 2021	July 25, 2031
	Project Area 3	March 10, 2026	March 10, 2036
	Project Area 4	November 10, 2026	November 10, 2036

If adopted, the Expansion Area Amendment will amend the Merged Project Area by adding additional territory and establishing eminent domain authority over non-residential properties in the Expansion Area. The proposed time limits for the Expansion Area are as follows:

Summary of Expansion Area Proposed Limits			
Redevelopment Project Area	Plan Effectiveness Expiration	Receipt of Tax Increment and Repayment of Indebtedness	Eminent Domain
Expansion Area	2041	2056	2023

On July 18, 2007, the Agency adopted Ordinances 1328 and 1329, which respectively described the Agency’s program to acquire property within redevelopment Project Area No.1 and the Merged Redevelopment Project Areas by eminent domain, in compliance with the requirements of SB53.

Since the adoption of these redevelopment plans, the Agency has made significant progress towards its redevelopment goals and objectives, and continues to make progress in eliminating blight within its Redevelopment Project Areas.

Notable prior period Agency accomplishments include numerous commercial, industrial, residential, cultural, recreational, and public improvements, inclusive of:

- Antelope Valley Community Arts Center
- Focus Neighborhood Improvement Program
- Hammack Recreation Center and Cultural Center refurbishment
- Mortgage Revenue Bonds to provide for affordable housing
- Agency financed widening and reconstruction of Palmdale Boulevard
- Received approval for a State sanctioned Enterprise Zone
- Received federal designation for Foreign-Trade Zone
- Provided residential and commercial rehabilitation grants and loans
- Palmdale Regional Medical Center
- Palmdale Cultural and Civic Center
- Desert Florist and Gift Shop
- Palmdale Mart
- Home Fed Bank
- Marriott Apartments
- Facilitated the single-family housing development near the intersection of Avenue R-8 and 20th Street East
- Provided on- and off-site improvements to facilitate residential and commercial development, inclusive of the Antelope Valley Mall and Brattain Homes development
- Initiated marketing and incentive programs for businesses that wish to relocate to Palmdale, and continued its participation in the Greater Antelope Valley Economic Alliance
- Implemented a Business Retention/Expansion Program
- Provided First Time Homebuyer opportunities for over 250 households
- Formulated a Relocation Employee Assistance Program
- Acquired properties necessary to redevelop the downtown area, and industrial sites aimed at generating new focused development activities within the Palmdale Industrial Incentive Zone
- Acquired and rehabilitated three (3) mobile home parks containing a total of 786 spaces
- Facilitated the acquisition and rehabilitation of in excess of 200 senior apartment units
- Facilitated the acquisition and rehabilitation of in excess of 80 family apartment units

- Facilitated new construction of 235 senior units (Whispering Palms, Cielo Azul and Summer Terrace projects)
- Provided direct residential loan and grant assistance to over 460 households
- Provided mobile home tenant assistance to over 150 households
- Formulated methods for the removal or mitigation of financial and development barriers for sites within the project areas
- Played a significant role in the creation of new income opportunities, which resulted in the expansion of the City's retail/service base and its housing markets, and generated significant rehabilitation and new development throughout the area
- Support South Valley WorkSource Center providing low and no cost services to employees and employers including skills assessments, job training, job placement, employment workshops and career resources.
- Provided comprehensive incentive package to Senior Systems Technology for the development of a 130,000 sf computer chip manufacturing facility generating several hundred jobs.
- Purchased 120 acres of vacant land to develop a light industrial business park, now known as the Fairway Business Park, which is now home to several major businesses including U.S. Pole, Delta Scientific Corporation, Fed Ex Ground Distribution, eSolar, Davis Wholesale Electric, Squirty's Auto Body, as well as numerous other tenants. Several spec buildings are available for lease or sale, and 9 lots remain available for sale and development.
- Participated in an agreement with the Los Angeles County Sanitation District to install a 2 mile long sewer line in 10th St. West between Avenue O and Avenue M. The Agency's cost was approximately \$386,000 and made necessary public infrastructure available to those properties fronting 10th St. West, including two parcels totaling approx. 117 acres owned by the Agency at the corner of 10th St. West and Avenue M.
- Provided \$180,000 (one of multiple funding sources) for the Tierra Subida street improvement project. This second phase of a four-phase project provides street improvements from Avenue Q-8 to Rayburn Road, and is expected to be completed in 2010.

Despite these accomplishments, further redevelopment efforts are required to remediate blighting conditions, which continue to be present within each of the Project Areas at the time of preparation of this Plan.

III. IDENTIFIED CONDITIONS OF BLIGHT

The Reports to Council, prepared in connection with the adoption of Redevelopment Plans for Redevelopment Project Areas 1, 2, 3, 4, and Expansion Area and subsequent Amended and Restated Plans, describes the conditions of blight within each project area; summarized as follows:

- (1) The areas contain blight, as defined in California Community Redevelopment Law, which constitutes social and economic liabilities requiring redevelopment in the interest of the health, safety, and general welfare of the people of the City of Palmdale.
- (2) Many buildings and structures in the areas used for living, commercial and industrial purposes are vacant, aged, obsolescent, dilapidated, and of shifting uses. In many instances, commercial and industrial uses directly adjoin residential properties resulting in incompatible conditions.
- (3) Irregular parcelization of land, and the ownership of land by many different persons and/or corporations, makes it difficult to assemble land for proper development. Many of the Expansion Area parcels are inadequately sized per citywide zoning regulations and thus hinder the viable use of these properties.
- (4) The areas are characterized by economic dislocation, deterioration, and disuse resulting in depreciated land values, impaired investments, and social and economic maladjustment, all contributing to the reduced capacity of the area to generate taxes.
- (5) Hazardous waste in the Expansion Area is impairing property values and negatively influencing lease and vacancy rates.
- (6) High vacancy rates and low lease rates are prevalent throughout Expansion Area industrial properties. Current economic conditions, zoning and land use restrictions, aged and obsolete buildings, and lack of infrastructure are impacting these rates.
- (7) The growing or total lack of proper utilization of the areas has resulted in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare.
- (8) A high crime rate in the Expansion Area is deterring private investment and perpetuating conditions of blight.

(9) Inadequate infrastructure improvements are prevalent throughout the Expansion Area.

The Community Redevelopment Law Reform Act of 1993 (AB 1290) revised certain definitions of blight. Palmdale's Redevelopment Project Areas suffer from the following redefined blighting conditions:

- (1) Buildings in which it is unsafe or unhealthful for persons to live and work due to dilapidation and deterioration (H&S Code § 33031 (a)(1)) .
- (2) Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots due to substandard design and/or lack of parking (H&S Code § 33031(a)(2)).
- (3) Incompatible uses which prevent the economic development of the subject parcels or other portions of the project area (H&S Code § 33031(a)(3)).
- (4) The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership (H&S Code § 33031(a)(4)).
- (5) Depreciated or stagnant property values and impaired investments (H&S Code § 33031(b)(1)).
- (6) Abnormally high business vacancies and excessive vacant lots within areas developed for urban use and served by utilities (H&S Code § 33031(b)(2)).
- (7) A lack of necessary commercial facilities that are normally found in neighborhoods including grocery stores, drug stores, banks and other lending institutions (H&S Code § 33031(b)(3)).

IV. LONG TERM OBJECTIVES OF THE PALMDALE REDEVELOPMENT AGENCY

Implementation of the Redevelopment Plans for Project Areas 1, 2, 3, 4 and Expansion Area is intended to achieve the following long-term objectives:

- (1) To eliminate and prevent the spread of blight and deterioration and to conserve, rehabilitate and redevelop the project areas in accordance with (a) the Redevelopment Plans; (b) the General Plan; and, (c) local codes and ordinances.
- (2) To remedy, remove and prevent physical blight and economic obsolescence in the project areas through implementation of the Redevelopment Plans.
- (3) To encourage and foster the economic revitalization of the project areas through the promotion of new and continuing private sector investment.
- (4) To encourage the cooperation and participation of residents, businesses, business persons, public agencies and community organizations in the redevelopment of the project areas.
- (5) To achieve an environment reflecting a high level of concern for architectural, landscape and urban design principles appropriate to the objectives of the Plan.
- (6) To provide relocation assistance to residents and business owners in the project areas as needed.
- (7) To alleviate certain environmental deficiencies, including substandard vehicular circulation systems, public improvements, insufficient off-street parking and other substandard conditions that constrain the development of various parcels in the project areas, the cost of which cannot be borne by private enterprise acting alone.
- (8) To recycle and/or develop under-utilized parcels to accommodate higher and better economic uses thereby improving the financial viability of the community as a whole.
- (9) To address parcels of property that are inadequately sized for proper usefulness and development, and which are held in divided and widely scattered ownership.
- (10) To replan, redesign and redevelop areas within the project areas that are economically stagnating and/or improperly utilized.

- (11) To provide opportunities citywide for the expansion of the community's supply of housing, including housing opportunities for low and moderate-income households.
- (12) To upgrade and revitalize commercial activity while creating a neighborhood shopping focus for surrounding neighborhoods.
- (13) To provide adequate parking and improve circulation.
- (14) To improve the City's economic health, tax base and employment opportunities.

V. FIVE YEAR PROJECT GOALS

The following represents the goals of the Amended Implementation Plan. The goals are intended to guide the implementation of the Redevelopment Plan. It is anticipated that the majority of the projects and activities undertaken by the Palmdale Redevelopment Agency (except those resulting from emergency situations) will meet these goals:

- (1) Provide a broad range of public service infrastructure improvements to induce private investment in the project areas. This goal will be achieved through the design and construction of needed public improvements.
- (2) Enhance the public safety and welfare by providing improved community services. This goal will be achieved through the design and construction of needed public facilities and utilities.
- (3) Promote the preservation and enhancement of commercial areas within the project areas. This goal will be achieved through the regulation of land uses, the establishment of development standards and the rehabilitation and improvement of obsolete, deteriorated, or inappropriate buildings.
- (4) Promote the economic revitalization of the project areas. This goal will be achieved through the retention and expansion of existing businesses and the encouragement of new businesses in and around the project areas.
- (5) Protect and improve housing opportunities for low and moderate-income residents. This goal will be achieved through the rehabilitation, repair, and replacement of currently marginal or substandard residential units, or by providing subsidies or other support to qualified low and moderate-income households.
- (6) Remove economic impediments to land assembly and in-fill development in areas which are not properly subdivided for development. This goal will be achieved through the consolidation of existing parcels to induce or expand residential, commercial, and industrial development.

VI. REVENUE ANALYSIS

The following table reflects projected anticipated revenues for Project Area No. 1 and the Merged Project Area during the 2010-2014 Implementation Plan period:

Projected Tax Increment Revenues 2010-2014				
2010	2011	2012	2013	2014
\$45,374,600	\$45,374,600	\$45,374,600	\$45,828,345	\$46,744,910

Annual growth is projected at 0.0% for the initial three years of the plan, 1.0% for year four, and 2.0% for year five.

Projected Housing Set-aside Revenues 2010-2014				
2010	2011	2012	2013	2014
\$9,074,920	\$9,074,920	\$9,074,920	\$9,165,669	\$9,348,982

The following table reflects projected anticipated revenues for the Expansion Area during the 2010-2014 Implementation Plan period:

Expansion Area Projected Tax Increment Revenues 2010-2014				
2010	2011	2012	2013	2014
\$0	\$0	\$929,327	\$1,427,993	\$1,950,583

Annual growth is projected at 3.0% for all years of the proposed plan and includes new development projections.

Expansion Area Projected Housing Set-aside Revenues 2010-2014				
2010	2011	2012	2013	2014
\$0	\$0	\$232,332	\$356,998	\$487,646

The above indicated revenues represent gross amounts, and do not take into account any required pass through agreement obligations, nor the established recurring or fixed obligations of the Agency. Additionally, the impact of the potential borrowing of LMI funds due to the Agency's SERAF payment obligation has not been factored into the above estimates.

Given the current state of the economy and the real estate assessments against which the tax increment amounts are based, the above projections are reflective of the anticipated slow rise in revenues during the

period under review. Redevelopment program expenditures are adjusted annually during the budgeting process to accommodate revenue fluctuations.

VII. PROPOSED IMPLEMENTATION ACTIVITIES

To achieve the five-year project goals presented in Section V, a number of programs are proposed for implementation. Proposed programs are provided herein as a framework for the accomplishment of goals. This document does not serve to approve any specific program or activity, which will be independently approved on a program-by-program basis by the Agency.

Projects and programs identified in this section encompass redevelopment activities for Project Area No. 1, the Merged Project Area, and the Expansion Area. The following projects and programs are anticipated to occur between 2010 and 2014. The Expansion Area Amendment's Preliminary Report, Report on Blight, and Report to Council details proposed implementation programs that the Agency may undertake in the Expansion Area over the term of the effectiveness and are less specific than the projects identified in the Amended Implementation Plan.

The Amended Implementation Plan programs are separated into the following seven categories and apply to all of the Agency's redevelopment project areas. The projects and programs identified in the Expansion Area correspond with the Agency's existing redevelopment programs (identified in the list below).

1. Downtown Revitalization – acquire property, provide rehabilitation loans to property owners, and initiate marketing and incentive programs to assist with the revitalization of downtown Palmdale. This program addresses the following Expansion Area projects and programs:
 - a. Economic Development Activities and In-fill Development Program – Acquisition, Business Outreach, and Façade Improvement Projects
 - b. Affordable Housing Program – Acquisition and Rehabilitation Projects
2. Industrial Development for Job Creation – concentrate economic development activities in industrial areas, create an Enterprise Zone, participate in business relocation to Palmdale, implement business retention and expansion program, intensify marketing activities, focus development activities in the industrial portion of the City, encourage development of a Foreign-Trade Zone, and provide financial assistance to businesses to help create additional industrial jobs. This program addresses the following Expansion Area projects and programs:
 - a. Public Facilities and Infrastructure Improvements – Acquisition, Flood Control, Sewer Replacement, and Street and Traffic Improvement Projects
 - b. Transportation – Infrastructure Improvement Project
 - c. Economic Development Activities and In-fill Development Program – Acquisition, Business Outreach, Enterprise Zone and Foreign Trade Zone Projects, Property Disposition Projects
 - d. Environmental Remediation and Brownfields Revitalization – Clean-up and Remediation Project

3. Retail Development in the Trade and Commercial Areas – encourage and provide development assistance in the Palmdale Trade and Commercial Center, provide rehabilitation loans to property owners, encourage development of hotels, a conference center, and recreational facilities. This program addresses the following Expansion Area projects and programs:
 - a. Public Facilities and Infrastructure Improvements – Acquisition, Flood Control, Sewer Replacement, and Street and Traffic Improvement Projects
 - b. Economic Development Activities and In-Fill Development – Acquisition, Business Outreach, and Property Disposition Projects
4. Recreation Facility Development – Create and improve public recreational facilities. This program addresses the following Expansion Area projects and programs:
 - a. Public Facilities and Infrastructure Improvements – Parks and Recreational Facilities
5. Education District Contributions – provide funding to education districts through property acquisition and facility improvements. This program does not address Expansion Area projects and programs.
6. Medical Facility – Support the establishment of a medical facility in Palmdale and associated affordable housing. This program does not address Expansion Area projects and programs.
7. Low and Moderate Income Housing – assist in increasing, improving, and preserving the supply of housing to persons or families of low and moderate income. This program addresses the following Expansion Area projects and programs:
 - a. Affordable Housing – Acquisition, Rehabilitation, New Construction, and First-time Homebuyer Projects

DOWNTOWN REVITALIZATION	
Program	Proposed Activities
1.	<p>Acquire properties necessary to redevelop the downtown area. Short-term acquisitions include vacant and distressed properties.</p> <p>As an on-going activity, the Courson Connection Project has accomplished many of the goals for which it was originally established.</p> <p>Previous accomplishment include:</p> <ol style="list-style-type: none"> 1. Project Document approval by Planning Commission. 2. Acquisition of all 45 required parcels. 3. Completion and lease-out of 75 units of senior housing (74 assisted). 4. An additional 78 units of senior housing currently under construction. 5. Initiation of Project Document

DOWNTOWN REVITALIZATION	
Program	Proposed Activities
	<p>amendment to increase the number of units from 253 to 297 units.</p> <p>6. Initiation of construction on the Senior Citizens Center, with anticipated completion by December 2009.</p> <p>While additional sites are not required for the completion of the project, 2 parcels (2009 parcel map) remain under Agency control for the development of an additional 144 units of affordable housing.</p> <p>Upon completion of the Project Document update and the identification of required funding, an RFP will be released for the development of the final phase.</p>
2.	<p>Offer grants and loans to downtown businesses to be used for rehabilitation.</p> <p>The Agency will continue to provide financial assistance through its Commercial Façade Renovation Program.</p> <p>During the previous five year period (2004-2009) the Agency provided \$222,450 in funding for the completion of one (1) commercial rehabilitation. In addition, the Agency facilitated the expenditure of \$359,899 in CDBG funds; providing façade improvements for 20 businesses.</p>
3.	<p>Initiate marketing and incentive programs for businesses that wish to relocate to Palmdale.</p> <p>The Agency will continue to accept and consider requests from business concerns for assistance in relocating to Palmdale. Proposals are evaluated individually, and approved based on merit, conformance with Agency goals and objectives, and funding availability.</p> <p>The Agency will also continue to market the benefits of relocating to Palmdale via the re-institution of its publication and distribution of Growth Factors on a bi-annual basis.</p>

DOWNTOWN REVITALIZATION	
Program	Proposed Activities
	<p>The City's Economic Development Department will continue their aggressive marketing campaign focused on highlighting the excellent quality of life and business opportunities available in Palmdale. The campaign will continue to reinforce a positive image of the Palmdale community.</p> <p>Agency partnerships with the Greater Antelope Valley Alliance (GAVEA), the Antelope Valley Board of Trade, and the Los Angeles Economic Development Corporation (LAEDC), will be evaluated on a year-to-year basis subject to funding availability.</p> <p>During the previous five year period (2004-2009) the Agency initiated a number of updated marketing and outreach programs. Funding for these new initiatives will be considered on a case-by-case basis, subject to funding availability and need:</p> <ol style="list-style-type: none"> 1. Partnership with the City of Lancaster and local area businesses for a "Shop Local" television media campaign. This campaign focused on the importance of shopping locally to encourage revenue retention, local business support, and jobs retention within the community. 2. The "Palmdale's BEST" (Business Economic STimulus) program, which provided \$300,000 in funding to stimulate local purchases. Purchasers of a new vehicle (666 participants) from a Palmdale dealer received a \$300 gift card for businesses within the Antelope Valley Mall, while purchasers of a new motorcycle (15 participants) were entitled to receive a \$100 gift card. <p>In addition, shoppers who spent a minimum of \$300 in Palmdale retail</p>

DOWNTOWN REVITALIZATION	
Program	Proposed Activities
	<p>venues received a \$30 Visa gift card (3,333 participants).</p> <p>The Agency will continue the updating of its marketing materials and website presence to reflect new media options. This re-vamping will include the expanded availability of information databases to provided developers and businesses with a resource for required decision making information.</p> <p>The Agency will continue its innovative "Palmdale Prospector" site selection and business attraction program for commercial and industrial properties. This interactive internet based tool combines property information, demographic information, GIS layers and broker listing detail to allow users to search and compare properties meeting their specific needs.</p> <p>The Agency will continue its Annual Business Appreciation Breakfast. While demonstrating the City's appreciation for local area businesses, the meeting also serves as a business resource and networking tool. Previous guest speakers detailed the tax benefits of the City's Enterprise Zone, as well as resources available from the South Antelope Valley Work Source Center, the Small Business Development Center, the LAEDC, and the Employment Training Panel.</p> <p>The Agency will explore the viability of conducting a quarterly Business Roundtable. These discussions will provide a forum for representatives from varied business sectors, to develop strategies focusing on the enhancement and strengthening of the Palmdale business community.</p> <p>The Agency will continue to employ the services of a film liaison to increase the number of film</p>

DOWNTOWN REVITALIZATION	
Program	Proposed Activities
	<p>permits issued within Palmdale. Location filming permits increased by 50% (17 permits issued) during the first year of utilizing a film liaison. This resulted in an estimated \$500,000 economic impact to local area businesses (hotels, restaurants, retail).</p> <p>Beginning in fiscal year 2008-2009 Agency staff began sending quarterly questionnaires to Palmdale hotels and motels requesting economic information on the number of rooms and revenues related to film production and sports tourism. Staff will create a database and analyze information received.</p> <p>The Agency will continue its monthly local business outreach efforts. An outreach team, composed of the Mayor and City staff will attempt to meet with approximately 5 businesses each month to provide information on available resources in the City of Palmdale.</p>
4.	<p>Enhance the residential rehabilitation programs and provide relocation assistance to residential users displaced as a result of revitalization efforts.</p> <p>The Agency is obligated under State law to provide relocation assistance under defined conditions. The Agency adheres to all statutory requirements.</p>
5.	<p>Utilize Community Development Block Grant or Section 108 funding, as available, in order to assist property owners with rehabilitation of store fronts and job creation for target populations.</p> <p>The Agency continues to provide financial assistance through its Commercial Façade Renovation Program as detailed above in item #2.</p>

INDUSTRIAL DEVELOPMENT FOR JOB CREATION

	Program	Proposed Activities
1.	<p>Concentrate economic development efforts on industrially zoned property located within the boundaries of a redevelopment area, Foreign-Trade Zone, Enterprise Zone and a specific plan. Target property will be free of environmental, drainage, and financial problems.</p>	<p>Continue providing support for the Rancho Vista/Sierra Highway Grade Separation project. The Agency has provided \$788,220 for the Rancho Vista Boulevard/Sierra Highway Grade Separation project. This project is funded with multiple funding sources and is expected to take several years to complete. Ultimately this project will facilitate the movement of goods and services from the Antelope Valley Freeway (State Route 14) to US Air Force Plant 42 and the Palmdale Regional Airport. The phase funded by the Agency primarily provides funding for the project's environmental studies, as well as some right-of-way acquisition from the railroad.</p> <p>Continue support for the development of a 550-megawatt power plant. Since 2006 the Agency has budgeted approximately \$7.5 million to assist with the entitlement process related to the City development of a power plant. The facility will combine gas turbine (500 megawatt) and solar (50 megawatt) technologies in order to provide a reliable source of power to US Air Force Plant 42 and other businesses within Palmdale.</p> <p>Notable accomplishments relative to the Fairway Business Park are detailed in Item No. 4 below.</p> <p>Continue preparing the necessary submissions required for the request of a time limit extension of the State Enterprise Zone. The City's State Enterprise Zone is set to expire in February 2012, and staff anticipates completion of the extension application in 2010.</p>
2.	<p>Encourage development of industrial facilities by participating in a regional financial assistance program.</p>	<p>The Agency continues to explore options regarding the establishment of a regional financial assistance program.</p>

INDUSTRIAL DEVELOPMENT FOR JOB CREATION		
	Program	Proposed Activities
3.	Develop financing programs that involve the private sector, incentive and loan programs, and the existing Relocation Employee Assistance Program.	The Agency continues to examine and seek public-private partnerships that will assist businesses and personnel in their relocation efforts.

INDUSTRIAL DEVELOPMENT FOR JOB CREATION

Program	Proposed Activities
<p>4. Focus development in the Palmdale industrial zoned areas to serve as a catalyst for other development. The Community Redevelopment Agency has acquired over 220 acres aimed at anchoring activities in this area.</p>	<p>The Agency continues to support and facilitate business attraction, expansion, and retention activities within industrial zoned areas.</p> <p>Since 2004, the Agency completed the public infrastructure in the Fairway Business Park, including the streets, utilities, and drainage improvements to the Amargosa Creek; as well as the common area landscape, signage and lighting surrounding the Business Park.</p> <p>The Agency has sold 17 of the 26 lots, which have been developed with a variety of build-to-suit and speculative manufacturing and office buildings, including:</p> <ul style="list-style-type: none"> • US Pole - 100,000 s.f. light pole manufacturing plant • Delta Scientific - 125,000 s.f. vehicle control access manufacturing facility and their 59,586 s.f. expansion for production, staging areas for shipping and receiving, product testing and demonstration • FedEx Ground Distribution Center – 55,000 s.f. distribution facility • Squirty’s Auto Body – 23,000 s.f. auto body and repair facility • Davis Wholesale Electric – 10,000 s.f. facility • Medical Records Storage Facility – 20,000 s.f. • Spec Light Industrial (Rodio) – 66,520 s.f.; leased to such tenants as Carney Educational Services, Big John’s Custom Pools & Spas, Puppy Shop, Inc., and Premier Water Systems • Spec Office/Light Industrial (Bell) – 80,392 s.f. completed; partially leased with space available • Spec Office/Light Industrial (Urcis) – 57,391 s.f. completed • eSolar (Giamella) – 51,097 s.f. assembly of solar panel tracking devices

INDUSTRIAL DEVELOPMENT FOR JOB CREATION	
Program	Proposed Activities
	<ul style="list-style-type: none"> • Spec Office/Light Industrial (Giamella) – one building totaling 72,720 s.f. completed and ready for sale/lease.
5.	<p>Continue to implement a Business Retention/Expansion Program to ensure participation of existing businesses in the City's loan and incentive programs, as well as their satisfaction with their location in Palmdale.</p> <p>The Agency will continue its Business Retention/Expansion efforts, and will evaluate proposals based on their relative merits, conformance with Agency goals and objectives, and funding availability.</p>
6.	<p>Intensify marketing efforts to include print, new technology (e.g. flash drives), website update and personal site visits.</p> <p>The Agency and City continue to aggressively market the benefits of relocating to Palmdale via its re-publication and distribution of Growth Factors.</p> <p>The Agency will continue the updating of its marketing materials and website presence to reflect new media options. This re-vamping will include the expanded availability of information databases to provided developers and businesses with a resource for required decision making information.</p> <p>The Agency will continue its innovative "Palmdale Prospector" site selection and business attraction program for commercial and industrial properties. This interactive internet based tool combines property information, demographic information, GIS layers and broker listing detail to allow users to search and compare properties meeting their specific needs.</p> <p>The Agency will continue its Annual Business Appreciation Breakfast. While demonstrating the City's appreciation for local area businesses, the meeting also serves as a business resource and networking tool. Previous guest speakers detailed the tax benefits of the City's Enterprise Zone, as well as resources available from the South Antelope Valley Work Source Center, the Small Business Development Center, the</p>

INDUSTRIAL DEVELOPMENT FOR JOB CREATION	
Program	Proposed Activities
	<p>LAEDC, and the Employment Training Panel.</p> <p>The Agency will explore the viability of conducting a quarterly Business Roundtable. These discussions will provide a forum for representatives from varied business sectors, to develop strategies focusing on the enhancement and strengthening of the Palmdale business community.</p> <p>The Agency will continue its monthly local business outreach efforts. An outreach team, composed of the Mayor and City staff will attempt to meet with approximately 5 businesses each month to provide information on available resources in the City of Palmdale.</p>
7.	<p>The Agency will encourage the development of a Foreign-Trade Zone warehouse.</p> <p>While market factors remain critical in the development of a Foreign-Trade Zone, the Agency remains committed to creating the necessary framework and support structure.</p>
8.	<p>Promote Air Force Plant 42 (including Sites 9 and 10) as the construction site for the Joint Strike Fighter and other appropriate aerospace programs and projects.</p> <p>The Agency and City continue to be diligent in its lobbying efforts to keep jobs in Palmdale. However, the federal government that largely funds these programs and continuity of funding is never assured.</p> <p>Lockheed, Boeing, and Northrop continue to operate multiple projects creating new jobs. Total Plant 42 employment at January 2009 was 7,039 (previously 6,670 in 2007) with an annualized payroll of over \$576 million (previously \$498 million in January 2007).</p> <p>Los Angeles World Airports (LAWA) owns the Site 9 building, which has been leased for several movie productions.</p> <p>Most recently, LAWA signed a 25-year lease with NASA Dryden Flight Research to house 5</p>

INDUSTRIAL DEVELOPMENT FOR JOB CREATION	
Program	Proposed Activities
	<p>science mission aircraft programs, including SOFIA, DC-8 and ER-2. An estimated 150 Dryden personnel, including both civil service and contractor employees will be transferred to the site. Visiting scientists will also be using the facility.</p> <p>Over the years various carriers have provided intermittent commercial air service from the Palmdale Regional Airport. The City has worked hard to attract and retain a carrier at the Palmdale Regional Airport, which operates by using Air Force Plant 42 runways from a terminal on land leased from the Air Force.</p> <p>United Airlines began providing service to San Francisco in July 2007 with the assistance of a \$900,000 federal grant and \$1.1 million in funds from Coalition partners, including \$25,000 provided by the City of Palmdale. However, demand for service to San Francisco at the rates charged and at the times offered was not sufficient for United to make a long term commitment, and they terminated service in September 2008.</p> <p>The City and Agency remain committed to obtaining a carrier to provide service from Palmdale Regional Airport.</p>
9.	<p>Utilize Community Facilities District (CFD) and Assessment District (AD) to install public infrastructure and/or refinance past delinquencies, thereby stimulating development in the area.</p> <p>The Agency will continue to explore new, and solutions for existing CFDs, as the need arises.</p> <p>In February 2005 the City issued \$28,500,000 of Special Tax Bonds, Series 2005-A and \$1,500,000 of Special Tax Bonds Subordinate Series 2005-B for the acquisition and construction of certain public capital improvements necessary for the development of a 5,200-unit master-planned residential community known as Anaverde. The principal</p>

INDUSTRIAL DEVELOPMENT FOR JOB CREATION	
Program	Proposed Activities
	<p>and interest on the Bonds are to be paid from the collection of special taxes on the property in the Anaverde Community Facilities District No. 2003-1.</p> <p>Light Industrial/Commercial Areas Refinance only – no new project funds: In August 2005 the City issued \$5,765,000 of Series A and \$1,460,000 of Subordinate Series B Community Facilities District No. 05-1 (Trade & Commerce Center Area) 2005 Special Tax Refunding Bonds to refund a portion of the City’s outstanding 10th St. West Assessment District No. 88-1 Series 1989-A Limited Obligation Improvement Bonds and refund certain outstanding CFD 99-1 (Trade & Commerce Center) special tax bonds. The principal and interest on the Bonds are to be paid from the collection of special taxes on the property in the Trade & Commerce Center Community Facilities District No. 05-1.</p> <p>AD 90-2 covered some, but not all, of the same property that also had liens from AD 88-1. Proceeds from both the original AD 88-1 and AD 90-2 bonds were used to install infrastructure in the Palmdale Trade & Commerce Center in the early 1990s. Both districts subsequently suffered from a high rate of delinquency as the recession of the early 1990s plagued the area.</p> <p>The AD 90-2 bonds were refinanced two years later in August 2007 with a complex combination of bonds issued by the City, including Limited Obligation Refunding Bonds, 7th St West Assessment District No. 90-2, Series A in the amount of \$2,135,000, Series B in the Amount of \$8,250,000 and Series C in the amount of \$3,205,000; as well as \$6,460,000 of Community Facilities District No. 05-1 2007 Special Tax Refunding Bonds, Series A. The principal and</p>

INDUSTRIAL DEVELOPMENT FOR JOB CREATION	
Program	Proposed Activities
	interest on the refinancing bonds are to be paid from the collection of special assessments and special taxes levied on the parcels affected by the refinancing.

RETAIL DEVELOPMENT IN THE TRADE AND COMMERCE CENTER	
Program	Proposed Activities
1. Formulate methods to remove the financial restrictions and barriers to development of the Palmdale Trade and Commerce Center.	<p>The Agency continues to market the Palmdale Trade and Commerce Center and provide financial assistance to key anchors, as necessary. Additionally, infrastructure improvements will be evaluated and assisted as the need arises.</p> <p>See also refinancing description in the Industrial Development for Job Creation, Item 9.</p>
2. Implement a Community Facilities District (CFD) to refinance past delinquencies to stimulate development in the area.	<p>The Agency continues to explore the implementation of CFDs as the need arises, and to the extent that economic conditions indicate their success.</p>
3. Encourage the development of large hotels within the Palmdale Trade & Commerce Center.	<p>The Agency will continue to encourage and facilitate, as necessary, the construction of hotel facilities within the Palmdale Trade & Commerce Center.</p> <p>During the preceding five year period (2004-2009) a number of notable accomplishments were achieved:</p> <ol style="list-style-type: none"> 1. The Hilton Garden Inn, with 104 rooms and 70,139 s.f. of constructed improvements opened in August 2008. 2. The Staybridge Suites, with 99 suites and 71,851 s.f. of constructed improvements opened in August 2008. 3. The Embassy Suites, with 150 suites and 136,200 s.f. opened in 2010. <p>In addition, several other hotels have entitlements for development but have not yet</p>

RETAIL DEVELOPMENT IN THE TRADE AND COMMERCE CENTER	
Program	Proposed Activities
	<p>begun construction. Given current economic conditions, it is not clear when, or if, these hotels will move forward with construction.</p>
4.	<p>Assist in the remodeling and expansion of the Antelope Valley Mall.</p> <p>The Agency will continue to support and facilitate expansion and re-use efforts at the Antelope Valley Mall.</p> <p>During 2005-2006, the Antelope Valley Mall (owned by Forest City) completed a \$5 million renovation. The Agency provided staff support as needed, but did not participate financially in the remodel.</p> <p>In September 2008 Forest City purchased a 117,880 s.f. anchor store for \$12 million from Gottschalk's which was closing all of their store locations nation wide as a result of the recession. Agency staff is currently negotiating an agreement with Forest City to provide up to \$5 million in Agency funds for a major remodel of this building in order to attract a nationally known tenant. The tenant desires to be open in time for the 2010 holiday shopping season.</p> <p>Gottschalk's also occupied a second anchor store at the mall under a lease with a third party. Agency staff has attempted to contact the owner to express interest in assisting them with finding a new tenant and avoid having a large space (110,120 s.f.) vacant for an extended period of time.</p> <p>The Agency provided \$5.0 million to attract Macy's to the mall. Macy's is currently open for business.</p>
5.	<p>Encourage the development and promotion of theaters and restaurants within the Trade and Commerce Center.</p> <p>The Agency will continue to encourage the development and promotion of theaters within the Trade and Commerce Center.</p>

RETAIL DEVELOPMENT IN THE TRADE AND COMMERCE CENTER	
Program	Proposed Activities
	<p>The City actively promoted the completion of the 16 screen, state of the art stadium seat style Cinemark movie theater at the Antelope Valley Mall in its publications.</p> <p>Space inside the mall, once home to the theater, has been remodeled to provide space for 2 new restaurants, and 1 additional tenant. The Claim Jumper restaurant opened in one of these spaces in September of 2008; while a Yard House restaurant has an anticipated opening date of late 2011. The remaining space is being marketed as available.</p> <p>Restaurants opening in and around the mall since 2004 included: Johnny Carino's, Famous Dave's BBQ, BJ's Restaurant & Brewery, Fresco II Mediterranean restaurant, Numero Uno Pizza, Buffalo Wild Wings, Sonic Burger, Fire Island Grill, and Shakey's Pizza, among others.</p> <p>The On the Border Mexican restaurant closed as a result of the Breckenridge Group (John Gantes) bankruptcy filing. However, Agency staff has worked with another local restaurant to purchase this space, and the project is currently in escrow.</p> <p>Breckenridge also owned a nearby Applebee's that also closed. After being vacant a short time, a new Applebee's franchise owner rehabbed the space and reopened in summer 2009.</p> <p>Staff will continue to market Palmdale as a destination for new restaurants.</p>
6.	<p>Encourage the development and expansion of auto dealerships within the Trade and Commerce Center</p> <p>The Agency will continue to market land in the Auto Mall for development.</p> <p>The Agency has provided for the sale of several lots in the Auto Mall.</p>

RETAIL DEVELOPMENT IN THE TRADE AND COMMERCE CENTER	
Program	Proposed Activities
	<ol style="list-style-type: none"> 1. August 2005 DDA approved with Taheri for the sale of 3.1 acres for development of a Cross Lander SRV sales facility. DDA later terminated due to developer failure to adhere to the schedule of performance. 2. FY 2006-2007 – Palmdale Supercycles opens new 9,152 s.f. dealership for motorcycles and watercraft. 3. Sept 2006– New Hyundai auto dealership opened. 4. New Volkswagen auto dealership opened. <p>In addition to the foregoing, the Agency also executed DDAs for the following:</p> <ol style="list-style-type: none"> 1. November 2005 DDA approved for the sale of 5.5 acres for the development of a Harley Davidson motorcycle dealership. This project was terminated due to developer failure to perform. 2. December 2006 DDA approved with Johnson for the sale of 7 acres to develop an auto/truck sales and service facility. This project was also terminated due to developer failure to perform. <p>In 2008, the Agency negotiated with a major used car dealership for the sale of approx. 12 acres of land. However, prior to completing the agreement the recession forced the dealership to decline to move forward.</p> <p>In late 2008, the Agency contributed funds to assist with shop local marketing efforts at the auto mall. In addition, the Agency funded \$300,000 for the Palmdale’s BEST local economic stimulus program; \$200,000 of this was allocated to reward purchasers of new autos and motorcycles, directly impacting sales at the</p>

RETAIL DEVELOPMENT IN THE TRADE AND COMMERCE CENTER	
Program	Proposed Activities
	<p>auto mall.</p> <p>Staff will continue to meet with auto dealers regarding various projects and the potential sale of land in, and promotion of the Auto Mall.</p>
7.	<p>Encourage the development of a Conference Center.</p> <p>The Agency will continue to encourage and facilitate the development of a Conference Center in Palmdale.</p> <p>In 2006, the City commissioned a conference center needs analysis and parking study.</p> <p>In November 2008 the Agency closed escrow on approx. 7.12 acres of land for the proposed conference center. The Agency also purchased an additional 2.32 acres that might be needed for expanded parking.</p> <p>Also during 2008, the Agency engaged an architect to complete the design of the Conference Center as well as a value engineer to oversee the cost estimates for the project. Conference center design was completed in 2010.</p> <p>Financing alternatives continue to be evaluated for this project, and will be pursued more thoroughly after the design is completed and construction estimates are obtained.</p>

RECREATIONAL FACILITIES	
Program	Proposed Activities
1.	<p>Support the development of recreational facilities and events with associated restaurants and hotels.</p> <p>The Agency will continue to support and market Palmdale as a destination for recreational facilities and events in associated collateral marketing material.</p>

		<p>During 2007-08 the Agency provided advertising support for the new Palmdale Wine & Jazz Festival that was marketed throughout southern California.</p> <p>Beginning in fiscal year 2008-09 Agency staff began sending quarterly questionnaires to Palmdale hotels and motels requesting economic information on the number of rooms and revenues related to film production and sports tourism. Staff will create a database and analyze information received.</p>
2.	Provide assistance as required to local recreational facilities and events.	<p>The Agency will continue to provide technical and financial assistance, as necessary and as available, to local recreational facilities.</p> <p>Agency funds were used to rehabilitate the roof for the Hammack Activity Center and to provide new dressing rooms and security fencing at the Palmdale Playhouse.</p>

EDUCATIONAL FACILITIES	
Program	Proposed Activities
1. Support the development of educational facilities within the City of Palmdale.	<p>The Agency will continue to explore, support and facilitate the development of educational facilities within the City of Palmdale.</p> <p>In January 2004 the City approved a lease with the AERO Institute to provide space in the former Palmdale Courthouse, located in the heart of the City's Civic Center. Offering programs locally that are focused on engineering and science helps provide a labor pool for the local aerospace companies as well as other technology-based companies.</p> <p>The City is now home to the Palmdale Institute of Technology, which houses the AERO Institute, the high technology Nanotechnology lab managed by Lockheed Martin and the NASA Dryden Office of Academic Investment. The AERO Institute represents a unique collaboration with the NASA Dryden Flight Research Center, the California Space Grant Consortium and the City of Palmdale. The Institute offers college-credit courses in business and multiple engineering disciplines from public and private colleges and universities from around the country.</p> <p>AERO has become the first West Coast location for the prestigious Purdue University College of Engineering, and Pepperdine University's Graziadio Business School began offering an MBA Program in April 2008.</p> <p>Other university partners include California State Polytechnic University, Pomona; University of Southern California Viterbi School of Engineering; University of California, San Diego Jacobs School of Engineering; California State Polytechnic University, San Luis Obispo; California State University, Los Angeles, Embry-</p>

EDUCATIONAL FACILITIES	
Program	Proposed Activities
	<p>Riddle Aeronautical University and the premier California Institute of Technology, better known as Caltech.</p> <p>After establishing a presence in Palmdale at the AERO Institute in 2008, DeVry University moved to a larger leased facility in the Trade & Commerce Center during 2009, expanding the higher education opportunities for Palmdale residents.</p> <p>The AERO Institute also facilitates and manages research projects for NASA facilities nationwide including Ames, Glenn, Langley and JPL. The research includes our partner universities as well as other universities from around the country in addition to industry partners. The on-site Nanotechnology Laboratory provides additional research opportunities between industry and academia.</p> <p>In continuation of its support efforts, the City invested over \$332,000 in FY 2006-2007 for the purchase of nanotechnology equipment. It was anticipated that an additional \$650,000 of City funds would be invested in nanotechnology equipment. However, the additional equipment was put on hold due to budget constraints.</p> <p>Additionally, the Agency has worked to establish local job training and recruitment services in the south valley, distinct from the facility in Lancaster. In July 2005 a lease was approved to provide space in Palmdale for the South Valley WorkSource Center, which was designed to help match worker skills with company needs. The Center offers pre-screening services, skill-assessment, interviewing techniques, training, workshops, resume writing, referral assistance, job availability and job clubs.</p>

MEDICAL FACILITY		
	Program	Proposed Activities
1.	Support the establishment of a medical facility in Palmdale and associated affordable housing.	<p>The Agency will continue to support the establishment of a medical facility in Palmdale and associated affordable housing in Project Area 1.</p> <p>The Agency completed acquisition of all project related parcels. In addition the Summer Terrace Apartments component of the project has been completed, with 80 affordable units reserved for very low- and low-income seniors.</p> <p>Phase I of the hospital component, comprised of 170 beds, recently opened . An additional 69 beds will be phased in subsequent to completion.</p>

The Palmdale Redevelopment Agency has made significant strides in realizing their goals and objectives as effectuated through their programs and initiatives. These efforts have resulted in substantial physical improvements within the project areas, enhanced revenue streams to the Agency and City, job creation, affordable housing development, expanded services for its residents, and the foundation for expanded future activity. The preceding programs and activities are designed to build on the Agency's and City's successes to further enhance the quality of life for the City, its residents, and businesses.

VIII. RELATIONSHIP BETWEEN IMPLEMENTATION ACTIVITIES OF THE PALMDALE REDEVELOPMENT AGENCY FOR 2010-2014 AND THE ELIMINATION OF BLIGHT

The list of potential redevelopment program activities scheduled for the five years addressed by the Amended Implementation Plan are shown below in Table I. The list identifies the blighting condition(s) which a particular project is expected to address. Completion of the identified redevelopment program activities will ensure continued progress toward the alleviation of existing blighting conditions by:

- (1) improving public facilities and infrastructure in the project areas;
- (2) promoting retention of existing businesses and encouraging new business opportunities;
- (3) eliminating development hindrances;
- (4) improving property conditions;
- (5) creating a safer, more enticing neighborhood to live and conduct business in; and
- (6) creating a physical environment within the project areas that will support economic development through private investment activities.

**Proposed Redevelopment Projects
Comparison of Proposed Activities and Blight Conditions**

Implementation Activities	Blight Condition Addressed							Hazardous Waste
	Improve Deteriorated Buildings	Correct Inadequate Parcel Size and Factors Hindering Viable Use	Provide Needed Public Facilities and Infrastructure	Promote Increased Private Investment	Promote Economic Revitalization	Address Low Lease and High Vacancy Rates	Reduce Crime	
Downtown Revitalization	X	X	X	X	X	X	X	
Industrial Development/Job Creation			X	X	X	X		
Retail Development/ Trade & Commerce Center	X		X	X	X	X		
Recreation Facility Development			X	X	X		X	
Educational Facility Development			X	X	X		X	
Medical Facility Development			X	X	X			

Improve Housing Opportunities for Low/ Moderate Income Residents	X	X	X	X	X		X	
Public Facilities and Infrastructure Improvements	X	X	X	X	X	X	X	
Transportation	X	X	X	X	X			
Economic Development Activities and In-Fill	X	X	X	X	X	X		
Environmental Remediation and Brownfields				X	X			X

IX. HOUSING SET-ASIDE REQUIREMENTS

The Palmdale Redevelopment Agency is required to set-aside twenty percent (20%) of its annual tax increment into a low- and moderate-income housing fund. The purpose of the housing set-aside fund is to produce, increase, improve and preserve the community's supply of low- and moderate-income housing. In carrying out the annual housing set-aside requirements, the Agency may exercise any or all of its powers, including the following:

- A. Acquire real property or building sites subject to the provisions of H&S Code § 33334.16.
- B. Improve real property or building sites with on-site or off-site improvements, but only if the improvements directly and specifically improve or increase the community's supply of low or moderate income housing.
- C. Donate real property to private or public persons or entities.
- D. Finance insurance premiums.
- E. Construct buildings or structures.
- F. Acquire buildings or structures.
- G. Rehabilitate buildings or structures.
- H. Provide subsidies to, or for the benefit of, very low-income households, as defined by H&S Code § 50105, lower income households, as defined by H&S Code § 50079.5, or persons and families or low or moderate income, as defined by H&S Code § 50093, to the extent those households cannot obtain housing at affordable costs on the open market. (Housing units available on the open market are those units developed without direct government subsidies.)
- I. Develop plans; pay principal and interest on bonds, loans, advance, or other indebtedness or pay financing or carrying charges.
- J. Maintain the community's supply of mobile homes.
- K. Preserve the availability to lower income households of affordable housing units in housing developments which are assisted or subsidized by public entities and which are threatened with imminent conversion to market rates.

- L. The agency may use these funds to meet, in whole or in part, the replacement housing provisions if state redevelopment law.

- M. The twenty- percent housing set-aside fund monies can also be used for planning and general administrative costs, when directly related to programs and activities associated with H&S Code § 33334.2(e). This includes the following activities:
 - 1. Costs incurred for salaries, wages, and related costs of the Agency's staff or for services provided through inter-agency agreements, and agreements with contractors, including usual indirect related costs.

 - 2. Costs incurred by a non-profit corporation, which are not directly attributable to a special project.

 - 3. Legal, architectural, and engineering costs and other salaries, wages, and costs directly related to the planning and execution of a specific project which are authorized under subdivision (3) of H&S Code § 33334.2 and which are incurred by a non-profit housing sponsor and are not planning and administrative costs for the purpose of this Section, but are, instead, project costs.

X. INCLUSIONARY AND REPLACEMENT HOUSING REQUIREMENTS

Legislative Requirements

Effective January 1, 1992, AB 315 required that an affordable housing plan be prepared by each redevelopment agency that has adopted, or amended by adding land, a redevelopment plan after December 31, 1975.

The Community Redevelopment Law Reform Act of 1993 (AB 1290) encompassed the former AB 315 requirements within its requirements to adopt, as a part of the mandated Implementation Plan, an annual housing program with sufficient detail to measure performance (H&S Code § 33490(a)(2)). The Implementation Plan must include the number of housing units developed, rehabilitated, price-restricted, otherwise assisted, or destroyed within that portion of the Project Area adopted or added by amendment after December 31, 1975. The Implementation Plan must also describe the Agency's plans for using annual deposits in the low and moderate income housing fund, including: making the funds available annually, transfer of the funds to a housing authority or other public entity, or the accrual of funds for specific projects.

If the Implementation Plan contains a project that will result in the destruction or removal of dwelling units that will have to be replaced pursuant to H&S Code § 33413, the Implementation Plan shall identify proposed locations suitable for those replacement dwelling units.

H&S Code § 33413 of the Community Redevelopment Law requires that:

- (a) Whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project that is subject to a written agreement with the agency or where financial assistance has been provided by the agency, the agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low or moderate income, an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency. For dwelling units destroyed or removed, all of the replacement dwelling units shall be available at affordable housing cost to persons in the same or a lower income level as the persons displaced from those destroyed or removed units.
 - (1) Prior to the time limit on the effectiveness of the redevelopment plan, at least 30 percent of all new and substantially rehabilitated dwelling units developed by an agency shall be available at affordable housing cost to persons and families of low or moderate income. Not less than 50 percent of the dwelling units required to be

available at affordable housing cost to persons and families of low or moderate income shall be available at affordable housing cost to, and occupied by, very low income households.

- (2) Prior to the time limit on the effectiveness of the redevelopment plan, at least 15 percent of all new and substantially rehabilitated units developed within a project area under the jurisdiction of an agency by public or private entities or persons other than the Agency shall be available at affordable housing cost to persons and families of low or moderate income. Not less than 40 percent of the dwelling units required to be available at affordable housing cost to persons and families of low or moderate income shall be available at affordable housing cost to very low income households.
- (c) H&S Code § 33413 (b) (2) (A) (ii) of the Community Redevelopment Law provides that the Agency may satisfy its inclusionary housing requirements in whole or in part by causing dwelling units outside the redevelopment project area to be available at affordable housing costs to persons and families of low or moderate income, on the basis of providing two-units outside the project area for each unit that otherwise would have had to be available inside the project area.
- (d) H&S Code § 33413 (b) (2) (A) (v) of the Community Redevelopment Law provides that the Agency may aggregate new or substantially rehabilitated units in one or more project areas, subject to making a finding that aggregating these units will not cause or exacerbate racial, ethnic or economic segregation.
- (e) H&S Code § 33413 (b) (2) (B) of the Community Redevelopment Law provides that the Agency may satisfy the inclusionary housing requirement by the purchase or other acquisition of long-term affordability covenants on multifamily units. Of these units, not less than 50 percent must be for very low income households. However, H&S Code § 33413 (2) (C) provides that not more than half of the Agency's inclusionary housing requirement may be met by the purchase or other acquisition of long-term affordability covenants. This means that the requirement relating to the remaining units can be satisfied only by counting new or substantially rehabilitated units. The term "substantially rehabilitated" is defined in H&S Code § 33413 (b) (2) (A) (iv) to mean rehabilitation, the value of which constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of land.
- (f) H&S Code § 33413 (b)(4) of the Community Redevelopment Law provides that the Agency's 5-year Implementation Plan shall insure that the inclusionary housing requirements are met every 10 years. If the inclusionary housing requirements are not met

by the end of each ten-year period, the Agency is required to meet these goals on an annual basis until the requirements for the ten-year period are met.

Geographic Area Subject to Inclusionary Housing Requirements

For the Palmdale Redevelopment Project Areas, the geographic areas added to the Redevelopment Project Areas after January 1, 1976 constitute the areas to which the inclusionary housing requirements of H&S Code § 33413 (b) are applicable. This includes the entirety of the Merged Project Area, the area added by amendment to Project Area 1, and the Expansion Area. The area originally included in Project Area 1 is not subject to this requirement because it was established as a project area before 1976.

XI. HOUSING COMPLIANCE PLAN

Health and Safety Code § 33490(a)(2)(A) requires that the Agency develop a 10 Year Compliance Plan to ensure that the required number of very low-, low- and moderate-income housing units will be produced or substantially rehabilitated within the project area. The Compliance Plan was developed during the adoption of the 2005-2009 Implementation Plan, and addresses the ten-year planning period between 2005 and 2014.

Based on economic impacts that have lowered actual and projected tax-increment revenues, and collaterally, LMI Housing Set-aside revenues, as well as the SERAF requirements imposed by the State, the 2010-2014 revenue projections contemplated in the development of the Compliance Plan were rendered inaccurate.

As a result of the SERAF requirements imposed by the State, the Agency, to the extent allowable, will be using LMI Housing Set-aside funds to meet their SERAF payment obligation. This will severely impact both set-aside funded housing programs, and non-housing tax increment funds. The Agency is required to repay LMI funds which are provided to make the SERAF payment by June 30, 2015. Repayment of LMI funds could potentially occur beyond the 2005-2014 period of the Compliance Plan, which would severely impact the implementation of necessary housing programs for the period under review.

As a result of these unforeseeable occurrences, the Housing Compliance Plan is being re-examined to ascertain the effects of these severe revenue reductions on the proposed accomplishments of the Agency.

Available Resources - Housing Set-Aside Projections for 2010-2014

As of June 30, 2009, the Agency had an estimated \$17,071,000 available in its L/M housing fund.

To estimate the Agency's ability to develop and preserve low and moderate income housing, a projection of Housing set-aside revenue was developed for the planning period. These monies are allocated towards the preservation, development and/or rehabilitation of very low-, low- and moderate- income housing units:

Original Compliance Plan Projected Annual Housing Set-aside Deposits 2010-2014					
	2010	2011	2012	2013	2014
Gross Set-aside	\$9,669,211	\$10,462,087	\$11,319,978	\$12,248,217	\$13,252,570
Estimated Debt Service Based on Existing Obligations	\$1,772,088	\$1,771,621	\$1,774,568	\$1,672,680	\$1,769,071
Estimated Residual for Operational Costs and Programs	\$7,897,123	\$8,690,466	\$9,545,410	\$10,575,537	\$11,483,499

Updated Compliance Plan Projected Annual Housing Set-aside Deposits 2010-2014					
	2010	2011	2012	2013	2014
Gross Set-aside	\$9,074,920	\$9,074,920	\$9,074,920	\$9,165,669	\$9,348,982
Estimated Debt Service Based on Existing Obligations	\$1,772,088	\$1,771,621	\$1,774,568	\$1,672,680	\$1,769,071
Estimated Residual for Operational Costs and Programs	\$7,309,886	\$7,296,871	\$7,294,409	\$7,390,641	\$7,573,686

Expansion Area Projected Annual Housing Set-aside Deposits 2010-2014					
	2010	2011	2012	2013	2014
Gross Set-aside	\$0	\$0	\$232,332	\$356,998	\$487,646
Estimated Residual for Operational Costs and Programs	\$0	\$0	\$232,332	\$356,998	\$487,646

Based on the foregoing tables, the Agency anticipated that it would receive approximately \$49,269,011 in additional housing set-aside funds during the 2010-2014 planning period.

Housing Production Requirements

As previously cited, prior to the time limit on the effectiveness of the redevelopment plan, at least 15 percent of all new and substantially rehabilitated units developed with Agency assistance within a project area by public or private entities or persons shall be available at affordable housing cost to low or moderate income households. Not less than 40 percent of the dwelling units required to be available shall be available at affordable housing cost to very low income households.

To ascertain the Agency's estimated obligation with respect to housing production, an assessment of residential construction activity within the Project Areas was undertaken. This process entailed a review of the available permit activity data for residential construction, as summarized below:

Housing Units Developed or Substantially Rehabilitated In Project Areas by Entities Other than the Agency					
		Units Produced	Inclusionary Units Required	Affordable to L/M	Affordable to VL
From Plan Inception through 6/30/04	Area 1	1,232	185	111	74
	Merged Area	4,801	720	432	288
	Total	6,033	905	543	362

In addition to the documented activity in the above table, an estimate of anticipated residential development within the Project Areas for the duration of the ten-year Compliance Plan, and for the remaining life of the Plans was also undertaken:

Estimated Housing Units to be Developed or Substantially Rehabilitated In Project Areas by Entities Other than the Agency					
		Estimated Units to be Produced	Inclusionary Units Required	Affordable to L/M	Affordable to VL
10/1/04 to 6/30/10	Area 1	210	32	19	13
	Merged Area	572	86	52	34
	Subtotal	782	118	71	47
7/1/10 to 6/30/14	Area 1	190	29	17	12
	Merged Area	455	68	41	27
	Expansion Area	250	38	23	15

	Subtotal	895	135	81	54
Est. 10 Year Summary Table	Area 1	400	61	36	25
	Merged Area	1,027	154	93	61
	Expansion Area	250	38	23	15
	Total	1,677	253	152	101
Est. for Remaining Duration of Plan	Area 1	125	19	11	8
	Merged Area	760	114	68	46
	Expansion Area	1,250	188	113	75
	Total	885	133	79	54
10/1/04 Through the Life of the Plans	Area 1	525	80	47	33
	Merged Area	1,787	268	161	107
	Expansion Area	1,500	226	136	90
	Total	3,812	574	344	230

A review of building permit activity for the applicable redevelopment project areas from the period from 7/1/04 through 6/30/09 reflected the following activity:

Housing Units Developed or Substantially Rehabilitated In Project Areas by Entities Other than the Agency 7/1/04 through 6/30/09	
Project Area	Units Produced
Area 1	136
Merged Area	500
Total	636

Comparing the original estimated number of units to be produced during the five year timeframe against the actual units produced, reflects a negative variance of 146 units, or -18.5%, and a corresponding twenty-three (23) unit reduction to the inclusionary units required.

**Comparison of Original Estimate and
Actual Housing Units Developed or Substantially Rehabilitated
In Project Areas by Entities Other than the Agency
7/1/04 through 6/30/09**

Project Area	Original Compliance Plan Estimate	Estimated Inclusionary Units Required	Actual Units Produced	Actual Inclusionary Units Required	Inclusionary Unit Variance
Area 1	210	32	136	20	(12)
Merged Area	572	86	500	75	(11)
Total	782	118	636	95	(23)

Given the current state of the housing and housing development market, as well as the broader state of the economy, adjustments may also be warranted for the estimates of projected units to be constructed between June 30, 2014 and the remaining life of the plans. Since this report focuses on the 5-year Implementation Plan period between 2010 and 2014, and the 10-year Housing Compliance Plan period ending on June 30, 2014, any further required adjustments will be deferred until preparation of the next 10-year Housing Compliance Plan cycle.

Adjustment of the estimated aggregate production requirements for the life of the plans, based on the reductions reflected in the above table are enumerated below:

		Estimated Units to be Produced	Inclusionary Units Required	Affordable to L/M	Affordable to VL
Estimated Total for the Life of the Plans	Area 1	1,683	252	151	101
	Merged Area	6,516	977	586	391
	Expansion Area	1,500	226	136	90
	Total*	9,699	1,455	873	582

*The total variance between this table and aggregate production requirements prior to adjustment for actual housing development between 7/1/04 and 6/30/09 will not be consistent due to rounding.

Agency Produced Housing

The above tables provide an assessment of anticipated inclusionary requirements. To determine the current status of the Agency's production needs, the inclusionary requirement quantities must be offset by the Agency's housing production accomplishments. The following table summarizes those accomplishments through the end of the 2003-2004 period:

Housing Units Developed or Substantially Rehabilitated by the Agency From Plan Inception through 6/30/04			
Project Area	Units Produced	Affordable to L/M	Affordable to VL
Area 1	13	11	2
Merged Area	225	10	215
Outside Area	92	11	80
Total	330	32	297

In addition to the above indicated units, the Agency provided additional affordable units through the acquisition of Affordability Covenants. The following table summarizes these transactions:

Housing Units Provided Through the Acquisition of Affordable Covenants From Plan Inception through 9/30/04			
Project Area	Units Acquired by Covenant	Affordable to L/M	Affordable to VL
Area 1	27	25	2
Merged Area	989	977	12
Outside Area	282	223	59
Total	1,298	1,225	73

The two tables above contain the number of housing units restricted to very low, and low or moderate-income residents. California Redevelopment Law does not allow the Agency to count all of these units equally in meeting their Inclusionary Housing Obligations. For every two units provided outside of the project areas, the Agency receives one housing unit credit toward their Inclusionary obligation. Additionally, only half of the Agency's Inclusionary Obligations can be obtained through the purchase of affordable covenants. The remainder of the obligation must be met through either new construction or substantial rehabilitation.

Based on these requirements, the following table reflects the Agency's adjusted housing production accomplishments:

Summary of Housing Units Developed, Substantially Rehabilitated, or for which Affordability Covenants were Acquired by the Agency				
Project Area		Units Produced	Affordable to L/M	Affordable to VL
From Plan inception through 6/30/04	Area 1	21	17	4
	Merged Area	311	130	181
	Outside Area	38	1	37
	Subtotal	370	148	222

* Reflects Adjustment for units formerly covenanted, but released due to sale or payoff, and 2 for 1 prorated amount for units developed outside the project area.

Combining of the Agency's Inclusionary Obligation, net of its accomplishments results in the following projected Inclusionary Housing Obligation as of June 30, 2004:

Total Inclusionary Housing Obligation Within the Project Areas through 6/30/04			
Income Level	Area 1	Merged Area	Totals
Low/Moderate	94	302	396
Very Low	70	107	177
Outside Area Credit	(24)	(0)	(37)
Totals	140	409	536

The following table reflects the Agency's actual inclusionary obligation at 6/30/09:

Housing Units Developed or Substantially Rehabilitated In Project Areas by Entities Other than the Agency					
		Units Produced	Inclusionary Units Required	Affordable to L/M	Affordable to VL
From Plan Inception through 6/30/09	Area 1	1,368	205	123	82
	Merged Area	5,301	795	477	318

	Total	6,669	1,000	600	400
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During the period between 7/1/04 and 6/30/09, the Agency was active in assisting in the production of housing that met its statutory obligations. The following table reflects the inclusionary housing produced during the period:

Housing Production Within the Project Areas through 7/1/04 - 6/30/09				
Income Level	Area 1	Merged Area	Outside PA	Totals
Low/Moderate	23	14	.75	37.75
Very Low	57	164	.50	221.50
Totals	80	178	1.25	259.25

Combining the above table with prior period accomplishments results in the following total production:

Summary of Housing Units Developed, Substantially Rehabilitated, or for which Affordability Covenants were Acquired by the Agency At June 30, 2009				
Project Area		Units Produced	Affordable to L/M	Affordable to VL
From Plan inception through 6/30/09	Area 1	101	40	61
	Merged Area	489	144	345
	Outside Area	39.25	1.75	37.5
	Subtotal	629.25	185.75	443.5

Based on the Agency Obligation at June 30, 2004, and incorporating the above accomplishments, the following reflects the Agency Inclusionary Housing Obligation at June 30, 2009:

Total Inclusionary Housing Obligation Within the Project Areas at 6/30/09			
Income Level	Area 1	Merged Area	Totals
Low/Moderate	83	333	416
Very Low	21	(27)	(6)

Outside Area Credit	(37.5)	(0)	(37.5)
Totals	66.5	306	372.50

Replacement Housing Requirements

The Courson Connection Housing Project is within the Merged Project Area, and resulted in the destruction of 87 occupied dwelling units. A Replacement Housing Plan was developed in conformance with H&S §33413 et. seq.; reflecting that replacement housing will be constructed in the same area as the removed units. The Agency's replacement housing obligation was met for the Courson Connection Housing Project, through the construction and provision of affordable units within the Whispering Palms, Summer Terrace, and Cielo Azul developments. All replacement housing obligations were met based on conformance with the provisions of H&S §33413(f).

If, subsequent to the adoption of this Implementation Plan, additional projects are initiated that propose the destruction or removal of dwelling units from the low- and moderate-income housing market, the Palmdale Redevelopment Agency will prepare the required Replacement Housing Plan. The Replacement Housing Plan will describe the location of replacement dwelling units which will be developed, constructed, or rehabilitated within four years of the destruction or removal of low- and moderate-income dwelling units.

Such replacement housing units will be affordable to persons or families of low- to moderate-income and will contain an equal or greater number of bedrooms as destroyed or removed units. All replacement dwelling units will be affordable to persons and families of very low- to moderate-income income in the same proportion as the incomes of the persons and families displaced from the destroyed or removed units.

Income Targeting Requirements

Health and Safety Code § 33334.4 (a) requires that the Agency shall expend over each 10-year period, the moneys in the Low and Moderate Income Housing Fund to assist housing for persons of low income and housing for persons of very low income in at least the same proportion as the total number of housing units needed for each of those income groups bears to the total number of units needed for persons of moderate, low, and very low income within the community. The basis for the determination of this proportionate spending is the most recent census of the United States Census Bureau and the City's Regional Housing Needs Assessment allocation, as established by the Southern California Association of Governments.

In determining compliance with this obligation, the Agency may adjust the proportion by subtracting from the need identified for each income category, the number of units for persons of

that income category that are newly constructed over the duration of the implementation plan with other locally controlled government assistance, such as CDBG funds, and without Agency assistance, and that are required to be affordable to, and occupied by, persons of the income category for at least 55 years for rental housing and 45 years for ownership housing. For project areas in existence on December 31, 1993, the income targeting requirements must be met by December 31, 2014 and every ten years thereafter.

In conformance with these requirements, the following data reflects the established thresholds for the expenditure of L/M housing funds:

City of Palmdale Housing Need Based on Income Category			
Income Category	Number of Units Required	%	Allowable Expenditures*
Moderate Income (81%-120% of AMI)	2,487	42 %	\$24,332,494
Low Income Households (51%-80% of AMI)	1,521	25 %	\$14,477,675
Very Low Income Households (0-50% of AMI)	1,974	33 %	\$19,110,531
Total Households	5,982	100 %	\$57,920,700

* Gross expenditures, inclusive of administrative and program delivery costs over the ten year period.

Based on a review of expenditures over the 2004-2009 period, the following table reflects actual LMI expenditures incurred for each respective income category:

LMI Expenditures by Income Category 2005-2009							
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Total	%
Moderate Income (81%-120% AMI)	\$192,343	\$1,062,220	\$436,527	\$104,789	\$107,049	\$1,902,928	4.2
Low Income (51%-80% AMI)	\$4,037,104	\$3,227,287	\$3,297,530	\$1,990,984	\$1,498,681	\$14,051,586	30.9

Very Low Income (0-50% AMI)	\$7,626,912	\$5,735,582	\$7,519,820	\$4,890,137	\$3,746,703	\$29,519,154	64.9
TOTALS	\$11,856,359	\$10,025,089	\$11,253,877	\$6,985,910	\$5,352,433	\$45,473,668	100.0

Based on the foregoing summary expenditure table, the Agency has substantially exceeded the goals established under Health and Safety Code § 33334.4 (a).

The Agency is further required to expend over the duration of each Implementation Plan, L/M housing funds to assist housing that is available to all persons regardless of age in at least the same proportion as the population under age 65 years bears to the total population. Because the Project Areas were established before December 31, 1993, the Agency will have an additional five years (until December 31, 2014) to satisfy this proportionality requirement.

City of Palmdale Population Based on Senior / Non-Senior Distribution Source: 2000 U.S. Census		
Age Category	Number of Persons	% of Total Population
Under 65	110,150	94.4
65 and Over	6,520	5.6
Total	116,670	100.0

Given the major capital developments that the Agency has, and is, undertaking, and the extended planning horizons for projects that are now being completed; commitments were made prior to adoption of the proportionate expenditure requirements.

Actual Expenditures Based on Senior / Non-Senior Distribution Source: 2000 U.S. Census				
Age Category	Number of Persons	% of Total Population	Actual Expenditures 2005-2009	% of Actual Expenditures by Age Category
Under 65	110,150	94.4	\$30,820,219	67.8
65 and Over	6,520	5.6	\$14,653,448	32.2
Total	116,670	100.0	\$45,473,667	100.0

Upon completion of these projects, the Agency will monitor its L/M housing fund expenditures with reference to the relative levels of need demonstrated by each income category, will conduct periodic reviews of expenditures, and will consider adjustments to expenditures as needed. The Agency may also consider adjusting these expenditures to increase the proportion of L/M housing funds that will be used to assist housing that is affordable to very-low and low income persons.

XII. FIVE YEAR HOUSING PROGRAMS

The following housing programs are the initiatives through which the goals and objectives of the General Plan, the Redevelopment Plans and the City's Comprehensive Housing Affordability Strategy will be achieved. These housing programs are structured to meet the needs of Palmdale residents while also providing incentives for collateral developments and improvements.

HOUSING PROGRAMS	
Program	Accomplishments
1. Target the downtown area for multi-family/townhouse development. Include senior housing as a major component of a planned mixed-use project. Provide rehabilitation loans to owners of multi-family rental housing.	<p>The Agency remains committed to completion of the residential improvements within the downtown area.</p> <p>The Courson Connection Project has made substantial progress in meeting the need for affordable housing:</p> <ol style="list-style-type: none"> 1. Project Document approval by Planning Commission. 2. Acquisition of all 45 required parcels. 3. Completion and lease-out of 75 units of senior housing (74 assisted). 4. An additional 78 units of senior housing are currently under construction. 5. Initiation of Project Document amendment to increase the number of units from 253 to 297 units. 6. Initiation of construction on the Senior Citizens Center, with anticipated completion by December 2009.
2. Pursue land acquisition efforts directed at establishing residential units in close proximity to the Transit Village facility.	<p>The Agency is committed to facilitating the development of residential units within proximity of the Transit Village facility.</p> <p>Several vacant residential lots were acquired and developed with single-family affordable homes.</p> <p>In addition, a development agreement has been approved with Better Housing Solutions for development of 300 units of single family residences and multi-family units in the Transit Village.</p>

HOUSING PROGRAMS	
Program	Accomplishments
3. Continue negotiations with non-profit developers to facilitate the provision of affordable housing to varying target markets.	<p>The Agency will continue to develop partnerships with affordable housing providers and facilitate the development of affordable housing.</p> <p>Development Agreements have been previously approved with: Courson Senior Partners, LP for the provision of 75 units of senior housing in Courson Phase I; AMCAL Multi-Housing, Inc. for the provision of 80 units of senior housing at Avenue R and 27th Avenue East; and AMCAL Multi-Housing, Inc. for the development of 78 units senior housing in Courson Phase IV.</p>
4. Complete the construction of a hospital and associated senior housing.	<p>The Agency remains committed to the completion of the multi-phase hospital development.</p> <p>Phase I of hospital construction is completed and Phase II is currently under construction. The Summer Terrace Apartments component has been completed and 80 units of affordable senior housing is being provided.</p>
5. Provide a first-time homebuyer's program.	<p>The Agency will continue to operate 4 first-time homebuyer programs: MAP, Special Trades MAP, MH MAP, and First Time Home Buyer.</p> <p>During the FYs 2005-2009, 9 households were assisted and \$512,571 in funding provided.</p>
6. Provide single family, mobile home, and rental rehabilitation programs on a citywide basis.	<p>The Agency will continue to provide its Single Family Rehabilitation Loan Program, Mobile Home Rehabilitation Grant/Loan Program, Emergency Grant Program, and Rental Housing Rehabilitation Program.</p>
7. Continue the Emergency Repair Grant program.	<p>The Emergency Grant Program remained operational, serving 273 households and providing \$1,115,430 in program assistance during FYs 2005-2009.</p>

HOUSING PROGRAMS		
	Program	Accomplishments
8.	Continue administration of the Mobile Home Park Space Rent Control Ordinance.	<p>The Agency will continue to oversee the provisions of the Mobile Home Park Space Rent Control Ordinance.</p> <p>During the prior five year period, the Ordinance was modified to reflect recent court rulings, and to bring Palmdale's application process into conformance with industry standards relating the maintenance of net operating income analysis. Parks are also now required to register annually.</p>
9.	Continue Neighborhood Improvement grant programs for targeted areas.	<p>The Agency is committed to operation of the Neighborhood Improvement Programs within Areas 4 and 5.</p> <p>During the preceding 5-year period, a total of 270 units were assisted, and a total of \$3,162,743 expended. Additionally, ADA compliant sidewalk ramps were provided utilizing CDBG funds.</p>
10.	Pursue opportunities to leverage available HOME, CDBG, and Section 108 resources for the provision of affordable housing.	<p>The Agency will continue to pursue leveraging opportunities for all available funding sources. In addition the Agency will optimize the use of its newest resources: Federal Neighborhood Stabilization funds, Homeless Prevention funds, and Rapid Re-Housing Program funds.</p> <p>During the preceding 5-years, internal resources were leveraged in conjunction with affordable housing projects, inclusive of: Low Income Tax Credits, Mortgage Revenue Bonds, CDBG, AHP Grants, State of California HOME and City HOME.</p>

As discussed previously, a number of the senior housing projects that are in process were commitments made prior to the imposition of AB637's proportionate expenditure requirements. As a result, expenditures are skewed toward this sector during the initial years of the Compliance Plan. Upon completion of these

projects, subsequent housing development efforts will be directed toward the provision of housing that addresses the non-senior population.

The presented housing programs should adequately address meeting the Agency’s projected Inclusionary Housing obligation before the end of the current ten-year planning period, June 30, 2014.

The following represents the estimated housing units to be developed, rehabilitated, or assisted within the 2010-2014 planning period of the Implementation Plan:

YEAR	HOUSING UNITS		ESTIMATED EXPENDITURES
	L/M Income	Very Low Income	
2010	45	120	\$ 6,115,000
2011	80	60	4,000,000
2012	85	40	4,000,000
2013	103	55	6,050,000
2014	90	40	5,000,000
Totals	403	315	\$25,165,000

While the annual production estimates provided in the 2005-2009 Implementation Plan were not met, the Agency has committed substantial resources toward the development of larger scale residential developments. Based on the projects currently under development, the Agency should exceed its estimated housing accomplishments as enumerated under this Implementation Plan, and exceed its 5-year and 10-year Inclusionary Housing Obligation.