

PLACER COUNTY
REDEVELOPMENT AGENCY

MEMORANDUM

TO: Honorable Members of the Redevelopment Agency Board
FROM: Richard Colwell, Chief Assistant CEO–Redevelopment Director
Rae James, Deputy Director
DATE: June 12, 2007
SUBJECT: Conduct a Public Hearing and Adopt a Resolution Approving the Five-Year Implementation Plan and Matters Relative to the Production of Affordable Housing and Use of Housing Set-Aside Funds for the Sunset Industrial Redevelopment Project Area.

RECORDED

ACTION REQUESTED: Conduct a public hearing and adopt a resolution approving the Five-Year Implementation Plan and matters relative to the production of affordable housing and use of housing set-aside funds for the Sunset Industrial Redevelopment Project Area.

BACKGROUND: California Community Redevelopment Law (Health and Safety Code §33300 et. seq.) (Law) requires that redevelopment agencies adopt five-year implementation plans for redevelopment project areas. Your Board approved the last Five-Year Implementation Plan for the Sunset Industrial Redevelopment Project Area (Plan) on May 28, 2002. This action would approve a new Plan addressing the period from June 12, 2007 to June 11, 2012.

The attached Plan includes updated work plan goals, proposed programs, projects and expenditures, and a discussion of how the proposed Plan will continue to alleviate blighting conditions in the Sunset Industrial Redevelopment Project Area (Project Area). In addition, the Plan provides information regarding the Redevelopment Agency's (Agency) affordable housing programs and specifies how the Agency will meet targeted income, housing production, and replacement housing requirements as required by the Law. Approval of the Plan will give general direction to the Agency, but does not approve any specific expenditure, program, or project. The Plan has been prepared in conformance with the County General Plan.

Your Board must conduct a public hearing for the adoption of the Plan. A public hearing notice was posted on May 11, 2007 in four public locations within the Project Area. A public hearing notice was also published in the Press Tribune beginning on May 9, 2007.

Section 33413 of the Law provides that the Agency may combine the affordable housing production requirements for its project areas if a finding is made that this combination will not cause or exacerbate economic, racial, or ethnic segregation. Placer County demographic information indicates that this combination of housing production requirements should not exacerbate any economic, racial, or ethnic segregation, but should provide for much needed

affordable housing opportunities throughout the western county. Also, this report proposes to continue combining the tax increment housing set-aside funds of the Sunset Industrial Redevelopment Project Area with the North Auburn Redevelopment Project Area tax increment housing set-aside funds.

Section 33334.2 of the Law provides that the Agency may use its tax increment housing set-aside funds outside of a project area if a finding is made by your Board that such use will be of benefit to the Project Area. The Sunset Industrial Redevelopment Project Area does not contain land zoned for residential use and there are no plans for parcels to be rezoned for residential use. Consequently, in order to expend tax increment housing set-aside funds generated from the Sunset Industrial Redevelopment Project Area, the Agency must utilize the funds outside of this area. It is therefore recommended that findings of benefit be approved to allow the use of redevelopment tax increment housing set-aside funds outside of the Sunset Industrial Redevelopment Project Area.

ENVIRONMENTAL: Adoption of the Plan is exempt from environmental review because it does not constitute approval of any specific program, project, or expenditure. Environmental review for any project undertaken pursuant to the Plan will be subject to environmental review at the time of approval of that project, to the extent required under pertinent law.

FISCAL IMPACT: This is an administrative action. There is no impact to the Agency budget. The Plan does not approve any specific project, program, or expenditure.

RECOMMENDATION: Conduct a public hearing and adopt a resolution approving the Five-Year Implementation Plan and matters relative to the production of affordable housing and use of housing set-aside funds for the Sunset Industrial Redevelopment Project Area.

Attachment: Resolution
Sunset Industrial Redevelopment Project Area Implementation Plan

cc: Karin Schwab, Agency Counsel

**Before the Placer County
Redevelopment Agency Board of Directors
County of Placer, State of California**

In the matter of:

Adopt a resolution approving the Five-Year Implementation Plan and matters relative to the production of affordable housing and use of housing set-aside funds for the Sunset Industrial Redevelopment Project Area.

Resol. No:.....

Ord. No:.....

First Reading:

The following Resolution was duly passed by the Redevelopment Agency Board of the County of Placer at a regular meeting held June 12, 2007,

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:
Clerk of said Board

Chair, Agency Board

WHEREAS, the Redevelopment Plan for the Sunset Industrial Redevelopment Project Area was adopted by the Placer County Board of Supervisors on June 24, 1997 by Ordinance No. 4835-B and as subsequently amendment from time to time; and

WHEREAS, California Community Redevelopment Law, (Health and Safety Code Section 33000 et seq.) (Law) as set out in Section 33490 requires redevelopment agencies to adopt an Implementation Plan for each project area every five years, which includes the goals of the redevelopment plan, the proposed programs, projects, and expenditures for the next five years and demonstrates how implementation of the proposed programs and projects will alleviate blighting

conditions. The Implementation Plan shall also include the Redevelopment Agency's (Agency) information regarding the affordable housing program and specify targeted income, housing production, and replacement housing requirements.

WHEREAS, the Agency has prepared an Implementation Plan for the Sunset Industrial Redevelopment Project Area (Project Area) which covers the period from 2007 to 2012;

WHEREAS, Section 33334.2 requires that not less than twenty percent (20%) of all taxes that are allocated to the Agency from the Project Area be used by the Agency for the purposes of increasing, improving, and preserving the community's supply of very low, low, and moderate income housing available to persons and families that are very low, low, or moderate income households;

WHEREAS, Section 33413 of the Law provides that the Agency may combine the affordable housing production requirements among its project areas if a finding is made that such combination will not cause or exacerbate racial, ethnic, or economic segregation;

WHEREAS, Section 33334.2 of the Law provides that the Agency may use its housing funds outside of a project area if a finding is made by the Agency and your Board that such use will be of benefit to the Project Area; and

WHEREAS, the Agency has conducted a duly noticed public hearing regarding the foregoing matters.

NOW, THEREFORE, BE IT RESOLVED by the Agency that all the evidence presented has been duly considered, the findings, including environmental findings regarding this action as stated in the staff report that accompanies this resolution, are approved. The adoption of the Implementation Plan as set out does not constitute approval of any specific program, project, or expenditure by the Agency.

BE IT FURTHER RESOLVED, the 2007 to 2012 Implementation Plan for the Sunset Industrial Redevelopment Project Area is hereby approved and adopted.

BE IT FURTHER RESOLVED, the Agency finds that combining affordable housing production requirements from the Sunset Industrial Redevelopment Project Area and the North Auburn Redevelopment Project Area will not cause or exacerbate racial, ethnic, or economic segregation based on the facts and the reasons set out in the staff report and Implementation Plan, will be a benefit to the Project Area by facilitating the production of affordable housing, and for these reasons such combination is hereby approved;

BE IT FURTHER RESOLVED, that the use of tax increment revenue allocated from the Sunset Industrial Redevelopment Project Area for the purpose of increasing, improving, and preserving the community's supply of very low, low, and moderate income housing to persons and families that are very low, low, or moderate income households by funding projects located outside of a Project Area but within another Project Area or in the other portions of the County's jurisdiction, will be of benefit to that Project Area and such allocation is hereby approved.

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon adoption.

Sunset Industrial Redevelopment Project Area

PARTNERS FOR PLANNED GROWTH

Five Year
Implementation Plan
2007—2012



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Summary

Background

The Placer County Redevelopment Agency (Agency) was formed in April 1991 pursuant to California Health and Safety Code Section 33000 et seq. A five member board, which also serves at the Placer County Board of Supervisors, governs the Agency. The purpose of the Agency is to eliminate blight and mitigate impediments to development by supporting infrastructure improvements and development opportunities within the redevelopment project area. In addition, the Agency is charged with increasing and improving the supply of affordable housing.

On June 24, 1997, the Agency Board adopted the Sunset Industrial Redevelopment Project Area (Project Area). The Project Area is generally located in the southern portion of Placer County (County) and is bounded by the city of Rocklin on the east, Placer County landfill on the west, Athens Avenue on the north, and the city of Roseville on the south.

In accordance with California Redevelopment Law, every five years all redevelopment agencies must adopt an implementation plan after the initial redevelopment plan adoption. An implementation plan must contain the Agency's goals and objectives for the Project Area, an identification of programs and projects planned for the next five years, and a description of how the Agency's planned activities will help to eliminate blight and satisfy affordable housing production requirements.

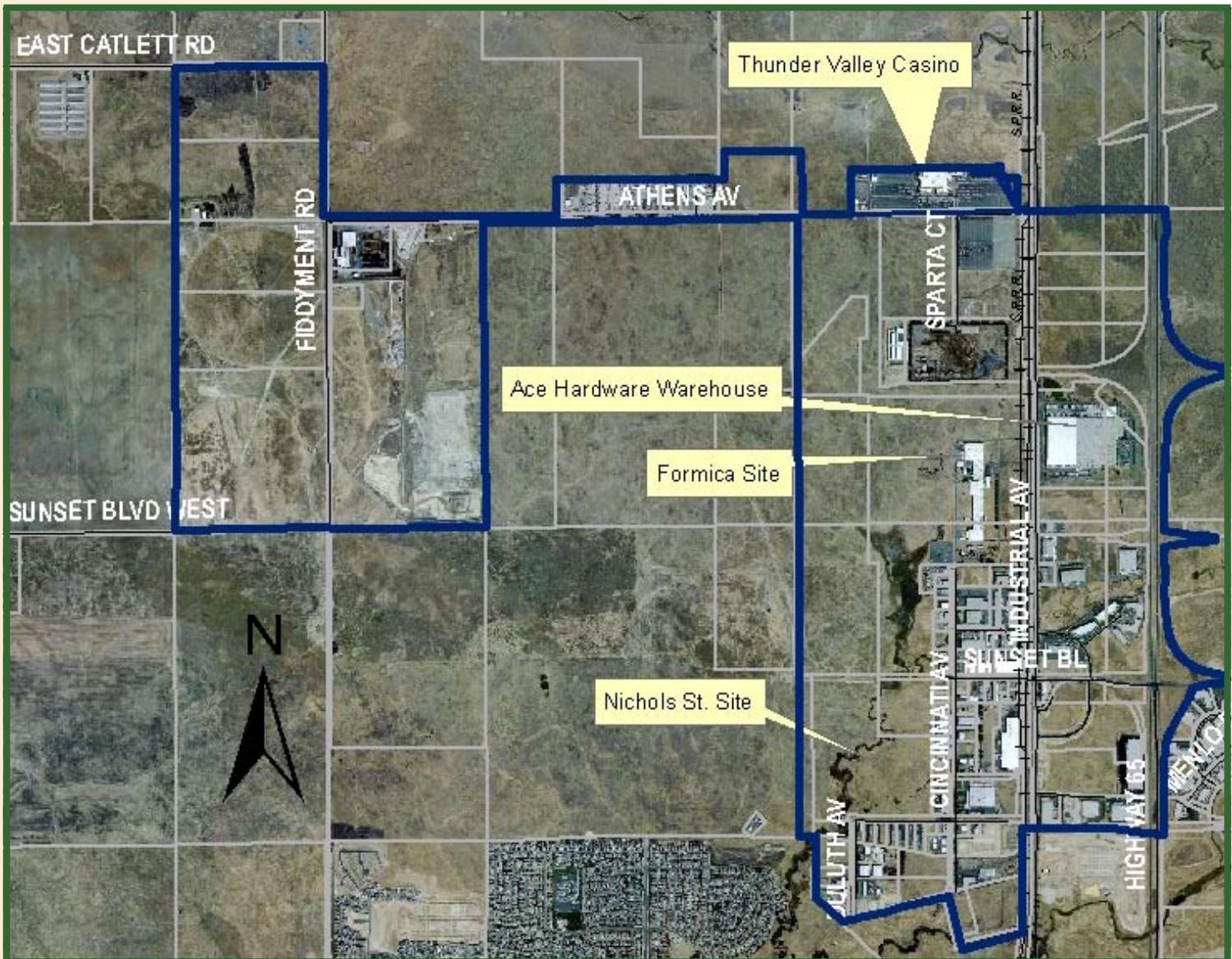


In 2002, the Agency Board approved an Implementation Plan covering the period from May 2002 through May 2007. The following Implementation Plan covers the period from May 2007 through May 2012. The Implementation Plan describes the upcoming Agency work program and includes a discussion of past projects as well as proposed projects or programs that are anticipated over the Implementation Plan period.

Also provided within the Implementation Plan is a summary of the Project Area's financial performance and a projection of tax increment revenues. Lastly, the Implementation Plan outlines how the proposed Project Area work program meets the goals of the Project Area redevelopment plan and implements the required housing program pursuant to the requirements of State of California, Assembly Bill 1290 (AB 1290).

The Implementation Plan is divided into five parts: Project Area Characteristics, Redevelopment Plan Goals, Financial Update, Commercial Development/Public Infrastructure Program and the Housing Program. Attached as appendices are maps of the Project Area, the Ten Year Housing Plan, and a table summarizing blighting conditions to be addressed with the Implementation Plan work program.

Sunset Industrial Redevelopment Project Area Map



Project Area Characteristics

The Project Area covers approximately 2,580 acres at the southern portion of Placer County adjacent to the communities of Lincoln, Rocklin and Roseville. The Project Area map is included on page 6 and Appendix A. The Project Area was adopted to address conditions of physical and economic blight, and those constraints that interfere with successful revitalization and development of the Project Area as a thriving, job generating light industrial, distribution, and commercial service area. The Project Area includes light and heavy industrial uses as well as high-tech uses. Primary uses include: contractors' yards, warehouses, distribution facilities, a power generating plant, a liquefied petroleum distributor, an active landfill, a recycling facility, a church and other small-scale service uses.

The Project Area is entirely located within the Sunset Industrial Plan Area (SIA). In 1997, the SIA was adopted, along with the redevelopment plan area, by the Placer County Board of Supervisors. The SIA covers approximately 8,900 acres at the southern portion of Placer County next to the communities of Roseville, Rocklin, Lincoln, and adjacent to the boundaries of the Counties of Sacramento and Sutter. The SIA was created to address a number of larger issues affecting the development of the Project Area including the streamlining of the land development review and permitting process, and to lift other barriers to development.

Presence of Blighting Conditions

While the blight conditions, both physical and economic, that were in existence at the time of the Redevelopment Plan adoption, are essentially the same as the current conditions, the Agency has now accumulated sufficient funds to undertake construction. The Project Area requires an extensive amount of expensive infrastructure improvement that, until very recently, the tax increment flow was inadequate to address. However, it is anticipated that in the near future the Agency will issue tax increment bonds that will assist in jump starting the revitalization of the Project Area.

California Redevelopment Law defines blight in the Health and Safety Code Section 33031 as evidenced by:

- ◆ Physical Conditions that Limit the Economic Viability and Use of Lots/ Buildings;
- ◆ Unsafe, Dilapidated or Deteriorated Buildings;
- ◆ Incompatible Land Uses;
- ◆ Inadequate Public Improvements or Water and Sewer Utilities;
- ◆ Lots that are Irregularly Shaped, Inadequate in Size, and / or Under Multiple Ownership;
- ◆ Depreciated or Stagnant Property Values and Impaired Investments;
- ◆ Abnormally High Business Turnovers, Low Lease Rates and Abandoned Buildings or Vacant Lots;
- ◆ Serious Lack of Neighborhood Commercial Facilities; and
- ◆ High Crime Rates.

The following document will discuss the prevalence of the above conditions in the Project Area and will address how, through its goals and objectives, the Agency plans to assist in the elimination of blight within the Project Area.

Redevelopment Plan Goals

The Project Area's Redevelopment Plan outlined several goals to address blighting conditions. The following is a summary of the goals as adopted. The goals serve as a guide as the Agency plans for future implementation strategies, coordinates infrastructure projects with other County departments and engages in negotiations with local property owners and prospective developers for new projects.

Eliminate Blight

- ◆ Elimination and prevention of economic and physical blight; and
- ◆ Provision of assistance, as appropriate, to property owners, businesses, and investors to facilitate the rehabilitation or construction of buildings to provide light industrial, distribution, and service jobs.

Improve the Environment

- ◆ Achievement of an environment reflecting a higher level of concern for architectural, landscape, urban design, and land use principles in accordance with the General Plan, future specific or area plans and this Implementation Plan, as they now exist or as they may be amended; and
- ◆ Provision of assistance to public and private development entities in the mitigation of environmental conditions that interfere with proper development.

Stimulate Redevelopment

- ◆ Conservation, rehabilitation, and redevelopment of the Project Area in conformance with the General Plan, future specific or area plans and this Implementation Plan, as they now exist or as they may be amended;
- ◆ Control of unplanned growth by guiding revitalization, rehabilitation and new development as appropriate;
- ◆ Promotion of new and continuing private sector investment in the Project Area to maintain and increase light industrial, distribution, and commercial service activity;
- ◆ Creation and development of local job opportunities in order to preserve and expand the Project Area's employment base; and
- ◆ Provision of financial assistance for the preservation and development of affordable housing in areas outside the Project Area.



Improve Public Infrastructure

- Elimination or amelioration of other deficient or substandard public infrastructure conditions including insufficient off-street parking; deficient, undersized, or poorly located utilities; and inadequate fire protection facilities; and
- Elimination or mitigation of constraints to development, including accessibility constraints that interfere with proper development by providing street, interchange, a railroad overpass, or other improvements.



FINANCIAL UPDATE

Fiscal Overview

Since adoption of the Project Area in 1997, program and project activities have been constrained due to the low level of tax increment revenues. To prepare for the future and to stay within budget, the Agency focused on commissioning studies, marketing and planning efforts in the Project Area.

Recent years have seen an increase in tax increment revenues from the Project Area due to the construction of new manufacturing and commercial office space. Redevelopment agencies, based upon tax increment collected within a redevelopment project area, may pledge these future funds as repayment of incurred indebtedness through tax allocation bonds issued in support of capital projects. On August 8, 2006, the Agency issued its first series of tax allocation bond financing. The Project Area's tax increment housing set-aside revenues were pledged in support of an Agency-wide housing bond. The Project Area's proportional share of the total housing bond issuance was \$1,303,603. It is anticipated that during this Implementation Plan period, the Agency will issue another series of redevelopment tax allocation bonds to support commercial and infrastructure projects. The Agency anticipates generating up to \$8,000,000 from this bond issuance.



From fiscal years 2001-2002 to 2005-2006, the Project Area generated tax increment revenue set-aside for housing activities in the amount of \$1,038,572 and tax increment revenues for commercial, industrial, and infrastructure activities in the amount of \$2,984,517. Tax increment revenues are reported, net of County pass through payments, to various taxing entities. Accrued housing funds were used to assist with several first time homebuyer and housing rehabilitation programs outside of the Project Area, since there is no residential zoning within the Project Area.



Commercial funds have been allocated toward infrastructure improvements that support the Project Area. As a result of Agency commitments to needed transportation projects, the County has been able to lower traffic fees for new development and make the Project Area more competitive with other areas for new private development investment.

As of June 30, 2006, the Agency had unreserved cash balances for affordable housing projects of \$516,590 and for commercial and public infrastructure projects of \$2,115,838.

The following chart provides a breakdown of anticipated tax increment revenue and disbursement of mandatory payments for the Project Area for Fiscal Year 2006-2007 as well as the five year period of this Implementation Plan. The six years of projected revenue are an estimate derived by calculating an assumed 3% annual growth rate from the actual gross tax increment revenue received for Fiscal Year 2005-2006. The 3% annual growth assumption is relatively conservative, particularly in comparison to the higher growth rates seen in recent years in the local real estate market. However, these lower rates were used because of the observed recent slowdown in the real estate market as well as the unknown factors that may come into play during the five year Implementation Plan period.

Sunset Industrial Redevelopment Project Area Projection of Tax Increment Revenues FY 2006—2012						
	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12
Gross Tax Increment Revenues	\$1,828,930	\$1,883,798	\$1,940,312	\$1,998,521	\$2,058,477	\$2,120,231
Administrative Fee	(\$16,460)	(\$16,954)	(\$16,955)	(\$17,464)	(\$17,988)	(\$18,527)
Pass Through	(\$349,326)	(\$359,805)	(\$370,600)	(\$381,718)	(\$393,169)	(\$404,964)
Net Housing Set-Aside Tax Increment	(\$365,786)	(\$376,760)	(\$388,062)	(\$399,704)	(\$411,695)	(\$424,046)
Net Commercial Tax Increment	\$1,097,358	\$1,130,279	\$1,164,695	\$1,199,635	\$1,235,624	\$1,272,693

Below are the mandated financial limits and deadlines set by the terms of the adopted Project Area Redevelopment Plan:

<i>Last Date to Incur Debt</i>	<i>6/24/2017</i>
<i>Project Area Expires</i>	<i>6/24/2028</i>
<i>Final Date to Repay All Debts</i>	<i>6/24/2043</i>
<i>Bond Debt Limit</i>	<i>\$150,000,000</i>

Fiscal Update:

Commercial Development / Public Infrastructure

Since the Project Area’s formation, the Agency has been accumulating its funds and resources to undertake a targeted approach to meet the challenges posed by the Project Area. As a result of the studies and surveys undertaken in the early years, the Agency is providing the direction to identify the high priority activities in the Project Area.

California Redevelopment Law requires that the Implementation Plan contain an explanation of how the Project Area goals and program objectives will eliminate blight within the Project Area. Health and Safety Code, Sections 33030 and 33031, define areas of blight in two categories, physical and economic. As detailed within this Implementation Plan, planned activities for commercial development and public infrastructure improvements address blighting conditions prevalent within the Project Area.

Financing the proposed commercial work program assumes that the Agency may use current cash balances on hand (\$2,115,838) in addition to tax increment revenues generated for FY 2006-2007 and the next five years as well as potential bond financing. The Agency anticipates commercial and infrastructure tax increment funds generated for FY 2006-2007 and the next five years to total \$7,100,000. If the Agency issues tax allocation bonds to support commercial development and public infrastructure programs, up to \$8,000,000 in bond proceeds may be generated. The following chart depicts projected sources and uses of tax increment bond revenue for the Commercial Development and Public Infrastructure Program under a “pay as you go” financial strategy (using only cash on hand) versus the Agency additionally seeking bond financing. This chart compares both types of funding strategies, that is with and without the Agency issuance of a tax increment bond.

Revenue Sources	“Pay as You Go”	Bond Financing
<i>Current Tax Increment Cash Balance</i>	\$2,115,000	\$2,115,000
<i>Projected Tax Increment 2006-07–21011-12</i>	\$7,100,000	Committed to debt service
<i>Bond Proceeds</i>	-0-	\$8,000,000
<i>TOTAL</i>	\$9,215,000	\$10,115,000

Revenue Uses	“Pay as You Go”	Bond Financing
<i>Infrastructure Improvement</i>	\$8,000,000	\$8,000,000
<i>Developer Assistance</i>	\$1,000,000	\$1,850,000
<i>Planning and Design</i>	\$215,000	\$ 265,000
<i>TOTAL</i>	\$9,215,000	\$10,115,000

For either financial strategy it can be assumed that if larger than anticipated tax increment revenue or other outside funding sources, such as CDBG or California Infrastructure Bank loans, can be obtained, there will be additional revenue available to apply to the program activities. It should be noted that under the Bond Financing scenario a larger amount of total revenue is projected to be available during the Plan’s five year period. Additional advantages of the Bond Financing strategy are that enough funds can be made available up front to fund larger project costs, rather than having to wait until multi-year annual allocations can be accumulated in sufficient sums. In addition, Agency expenditures which leverage private investments result in net increases to annual tax increment proceeds.

Fiscal Update: Housing

California redevelopment agencies are required by law to deposit not less than twenty percent (20%) of the gross tax increment generated in a project area into a special fund to be used only for qualified very low, low and moderate income housing programs. This fund is commonly referred to as the “housing set-aside fund”. Pursuant to AB 1290, redevelopment agencies are also required to make payments to affected taxing entities such as school districts, fire districts, park districts, etc. from tax increment generated in the project area. The tax sharing payments or “pass throughs” are based on a three tiered formula and are made after the redevelopment agency allocates monies to a housing set-aside fund.

The total amount of housing set-aside fund monies projected to be available for FY 2006-2007 and the next five years is \$2,366,058. Annual housing set-aside revenue will largely support debt service payment requirements related to the 2006 housing tax allocation bond issue (see page 11) as well as housing program administration costs. As indicated earlier, these bond and annual housing funds will support new, affordable housing development throughout western Placer County as well as first time homebuyer assistance and housing rehabilitation assistance programs.

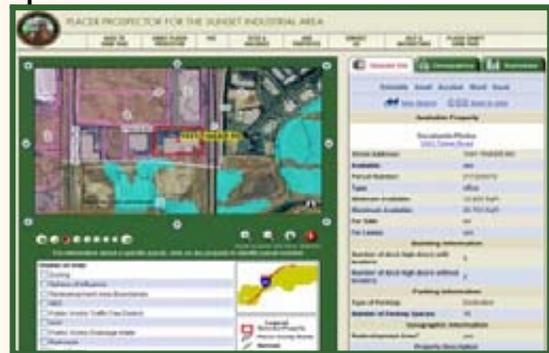
Commercial Development and Public Infrastructure Program



Commercial Development and Public Infrastructure Program *Accomplishments 2002-2007*

During the previous five year Implementation Plan period, the Agency began numerous activities that are expected to lead to significant development and infrastructure improvement projects in the upcoming five year period. These activities include planning, marketing, infrastructure design, and financing activities for the long-term enhancement of the Project Area.

- ◆ In April 1996, the County Board of Supervisors approved an ordinance establishing a Traffic Mitigation Fee Program, a Capital Improvement Program, and a process to collect fees that support infrastructure improvements within the Sunset Industrial area. On May 9, 2006, the Board of Supervisors updated the Sunset Mitigation Fee Program. The Agency established a designated reserve to accumulate funds for infrastructure projects to support the County Department of Public Works traffic mitigation fee program. The Agency is committed to funding \$6,000,000 in infrastructure improvements pursuant to the adopted Capital Improvement Program for the Sunset Industrial Area. Potential projects to be funded under the adopted Capital Improvement Program include improvements to the Highway 65/Sunset Boulevard interchange, and various improvements to critical sections along Sunset Boulevard, Industrial Avenue, and Foothills Boulevard. These improvements will increase capacity, remove existing conflicts with rail lines, and/or improve access to development sites.
- ◆ Key public infrastructure projects have been initiated over the last five years to improve circulation and access within the Project Area. A design contract for the Sunset Boulevard / Highway 65 interchange was awarded in late 2006 by the County's Department of Public Works. This project will help to address traffic circulation along the Highway 65 corridor by removing a traffic light that impeded the traffic flow through the area. Construction is slated for 2008 and the Agency is committed to providing \$2,000,000 in funding toward this project.



- ◆ Several large commercial and industrial parcels located within the Project Area are in varying stages of development and will support continued revitalization efforts. In 2006, the County approved entitlements permitting approximately 430,000 square feet of new commercial, industrial, and office building development within the Project Area. Examples include the Empire Office Center's proposed thirteen new office buildings totaling approximately 250,000 square feet and a 35 acre parcel on Nichols Drive which is slated for division into 25 smaller parcels that will be marketed as a new commercial office space development. An additional 210 acre parcel currently occupied by Formica may undergo significant revitalization under new ownership with the current proposal adding up to 1,200,000 square feet of new commercial development and reconfiguring internal roadway systems to support that development.

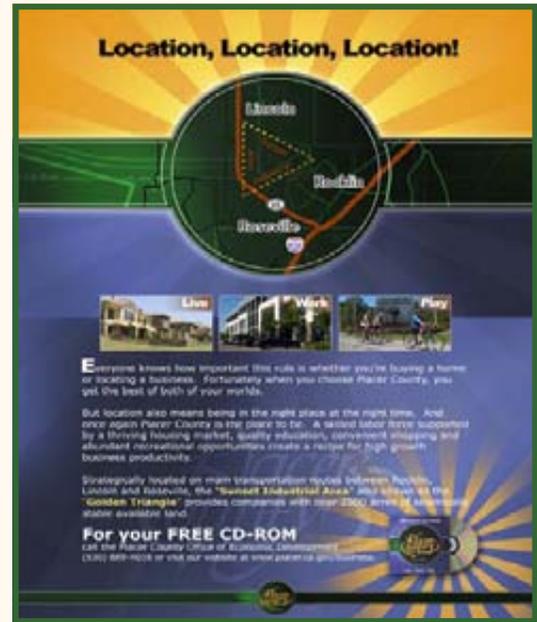
- ◆ The Project Area's growth in the commercial and industrial sectors is primed to rise in prominence among other local industrial and business areas. The Placer County Office of Economic Development has recently embarked on a marketing campaign to take advantage of Sunset's location, business sector makeup, and linkage to transportation routes, State Highway 99, and Interstate 80. Economic Development's marketing campaign also focuses on the fact that the Project Area is also located near a key rail line for companies specializing in product distribution or in need of warehouse space. Economic Development efforts have assisted with job recruitment and retention efforts within the Project Area.

- ◆ In 2005, the State of California awarded a \$35,000 Planning and Technical Assistance Grant to the County to be managed by the Agency to undertake a business expansion and retention study. The Sierra Economic Development District completed this survey in June 2005. This grant also led to the development of a geographic information system, known as Placer Prospector, hosted at the Agency's website. Placer Prospector is currently under evaluation in order to assess its timeliness and ensure its relevancy to the user public. In 2005, the study identified 104 businesses within the Project Area including wholesale, manufacturing, and construction related businesses. The study also noted that nearly three-quarters of the businesses are located in the core area, west of Cincinnati Avenue.

- ◆ In 2004, the Agency authorized a Request for Qualifications to establish a list of developers for commercial properties. The Agency's intent was to identify and "pre-qualify" a pool of developers with an interest in working with the Agency to pursue

adaptive reuse, mixed use, new construction, or rehabilitation of commercial projects as infill developments or on underutilized vacant properties. Five companies responded to the Agency.

- ◆ In the 2002 Implementation Plan, the Agency proposed to pursue laying the foundation for an aggressive commercial development program in the Project Area. Since that time, the Agency has supported the County Office of Economic Development in developing the framework for a business retention and attraction program. The Office of Economic Development and the Agency are able to provide marketing, permit assistance, and funding for major engineering efforts. It is the lack of the aforementioned engineering or infrastructure improvements that are considered to be the biggest impediments to development in the Project Area.



Commercial Development and Public Infrastructure Program

The Next Five Years 2007-2012

The Agency plans to amass funds that will assist in the construction of several public street improvement and highway projects. In partnership with the Office of Economic Development, the Agency plans to prepare an aggressive developer assistance package that will provide incentives for jobs and commercial expansion within the Project Area. The Agency will continue implementation of the commercial development and public infrastructure goals of the Sunset Industrial Redevelopment Project Area with the following focus:

Infrastructure Improvements

Over the next five years, the Agency will continue its focus on supporting the design and construction of streets, streetscape improvements, sewer and storm drain improvements, landscaping, lighting, irrigation, water improvements, repair and undergrounding of utilities, enhanced transportation and traffic facilities and gateway or sign identity projects. The Agency anticipates committing up to \$8,000,000 over the next five years for public infrastructure improvements. The following are projects that have been identified for potential funding:

- Highway 65 interchange improvements at Sunset Boulevard, Whitney Boulevard, and Athens Avenue. This project will provide access to several development locations. The Agency anticipates contributing \$2,000,000 toward this project.
- Sewer lift station to expand capacity and support the Placer Ranch commercial development located within the Project Area. The Agency anticipates contributing \$2,000,000 toward this project.

The Agency also anticipates contributing monies toward infrastructure improvement projects still in the conceptual or design stage that support the Project Area. Prime candidates for Agency support include:

- Loop traffic signal at Sunset Boulevard and Highway 65;
- Sunset Boulevard over-crossing improvements including widening of the Sunset Boulevard overpass and improvements to the Industrial Avenue interchange;
- Sunset Boulevard widening from Highway 65 to Cincinnati Avenue and from Cincinnati Avenue to Fiddymont Road;
- Whitney Boulevard improvements from Highway 65 to Fiddymont Road;
- Athens Avenue-Industrial Avenue intersection improvements; and
- Railroad crossing grade change.

Developer Assistance

The Agency will continue, on a case-by-case basis, to support programs and services to assist developments such as business improvement loans or grants, assistance for non-profit organizations which provide business marketing and outreach services, and support for projects or programs which provide funding for building improvements, targeted infrastructure improvements, seismic improvement, graffiti abatement, accessibility improvements, business assistance services, business façade loans or grants, renovation of existing buildings, and construction of new commercial, retail, or industrial buildings. The Agency will continue to support and expand key business partnership programs, studies, and other marketing efforts. The Agency anticipates contributing up to \$1,850,000 over the new Implementation Plan period toward this program.

Planning and Design

The Agency will continue to provide on-going planning activities which may include the preparation of design guidelines, master plans, ordinance amendments, and designs for buildings, streetscapes, gateways, etc. Such activities will also include, public facilities, as well as environmental studies, predevelopment studies, and predevelopment assistance to property owners, businesses, and developers.

Administration and Monitoring

The Agency will continue to contribute resources toward administration and monitoring of the commercial development and public infrastructure program as well as provide technical assistance to prospective developers and other County departments working on projects that support the Project Area. The Agency anticipates issuing tax allocation bonds for the commercial development and public infrastructure programs during the new Implementation Plan period.

Over the next five years the Agency work plan will address four major program areas: infrastructure improvements, developer assistance, planning and design, and program administration and monitoring. The following table indicates the redevelopment plan goals that will be addressed with each program.

Program	Eliminate Blight	Improve the Environment	Stimulate Redevelopment	Improve Public Infrastructure
<i>Infrastructure Improvement</i>	√		√	√
<i>Developer Assistance</i>	√	√	√	√
<i>Planning and Design</i>	√		√	√
<i>Administration and Monitoring</i>	√	√	√	√

The Agency will coordinate financial planning efforts with the County Departments of Public Works and Facilities to determine the timing of Agency funding commitments.

Other key infrastructure projects on the horizon for the County Department of Public Works include the Placer Parkway project and the Highway 65 bypass. Although the Agency does not currently anticipate directly assisting these long-term projects, they are expected to have a significant impact on the Project Area and surrounding area. Right-of-way acquisition is in process for the Highway 65 bypass project with construction slated to begin in 2010. Additionally, a grade change crossing over Union Pacific railroad tracks is planned at Sunset Boulevard, as well as a critical sewer stub connection to increase capacity to the area. The map in Appendix B shows several of the large projects previously mentioned in the Project Area Overview section.

Hazardous Waste Cleanup

The Agency may assist in the funding of hazardous waste cleanup and site preparation to effectuate redevelopment efforts. No specific site has been identified for Agency involvement, but the land use history of the Project Area suggests that future Agency involvement may be warranted.

Housing Program



Housing Program

Accomplishments 2002-2007

California Redevelopment Law provides for, and requires a redevelopment agency to set-aside funds to increase and improve the supply of affordable housing. However, in this Project Area, residential uses are not allowed due to zoning regulations. In order to address the zoning constraints and still meet the legal obligation, the Agency Board made certain findings which allows the Project Area's housing set-aside funds to be used outside the boundaries of the Project Area. Consequently, the Agency uses these restricted dollars to support first time homebuyer and housing rehabilitation loan programs in adjacent communities.

The following provides a brief synopsis of projects supported by the Project Area's housing set-aside fund.

- ◆ Sunset housing set-aside funds have been used over the last five years as matching funds to leverage State of California HOME Investment Partnership (HOME) and Community Development Block Grant (CDBG) dollars which support first time homebuyer programs. The combined HOME, CDBG and Agency housing set-aside funds over this period totaled \$1,603,755 in down payment assistance loans which assisted 27 units affordable to households at, or below, the low income level.

- ◆ In 2003, \$44,388 in Sunset housing set-aside funds were used as matching funds to obtain a \$500,000 grant from the State of California Housing and Community Development to finance sewer system upgrades and a housing rehabilitation program in Sheridan. Sheridan has a low income population of 79%. In addition, the housing rehabilitation program also supported the rehabilitation of four units affordable to households at, or below, the low income level.

- ◆ In August 2006, the Agency issued its first series of tax allocation bonds to support affordable housing projects. Approximately \$2,000,000 in bond funds were generated by the Project Area to support affordable housing projects within the western unincorporated portion of Placer County.

- ◆ On September 12, 2006, the Agency Board approved a \$238,855 loan to Habitat for Humanity to fund land acquisition, infrastructure improvement, and impact fees which will lead to the construction of two affordable housing units located in the unincorporated County near the city of Rocklin. These units are restricted for sale to low income families for 45 years.



Construction in progress on the Habitat for Humanity houses.

- ◆ The Agency allocated \$49,000 in Project Area Housing Set-Aside funds to support Senior Independent Services which provides housing repairs on an as-needed basis to low income or disabled seniors in owner-occupied units within the unincorporated Placer County. Under this contract, Senior Independent Services provided services to 140 low income, disabled households.
- ◆ It should be noted that the Agency is also responsible for administering and monitoring affordable housing required in the specific plan areas and throughout the unincorporated County. One such monitoring effort will be Bickford Ranch

The Placer Ranch Specific Plan proposes a mixture of industrial, office and professional/educational uses, and 6,700 residential units (including college campus housing). Ten percent (10%) of the housing units to be built with this Specific Plan are proposed to be available at affordable levels. The Agency will monitor these requirements. The proposal includes a California State University campus sized to accommodate 15,000—25,000 full time students when completed. The Placer Ranch Specific Plan encompasses an estimated 2,213 acres. Approximately 250 acres of the proposed Placer Ranch Specific Plan is located within the Project Area. However, those proposed land uses within the Project Area are consistent with current zoning



of commercial and industrial uses. The County has required that an Environmental Impact Report be prepared for the development.

Housing Program

The Next Five Years 2007-2012

The Agency anticipates utilizing housing bond funds to contribute toward the construction cost of at least one new affordable housing development in the western region of the unincorporated Placer County. The following describes a detailed work program that provides financial assistance for the preservation, improvement and development of affordable housing in areas outside of the Project Area.



New Construction

The Agency plans to promote new very low, low and moderate income housing opportunities and work with developers to provide gap financing to construct new, affordable rental or ownership units. The Agency will issue a notice of funding availability for up to \$2,000,000 to solicit proposals for gap financing to support this development in western Placer County. Non-profit or for profit developers will be encouraged to partner on housing projects in the unincorporated areas of the County.

The optimal “leverage” of Agency housing dollars is reached when the Agency assists a rental housing project that qualifies for other sources of affordable housing funds. The Agency may assist up to a maximum of 67 affordable units at an average subsidy per unit of \$30,000. If the project is a homeownership development, the Agency may support up to 16 affordable units at an average subsidy per unit of \$150,000.

Housing Rehabilitation

The Agency will utilize housing set-aside funds for its housing rehabilitation program which provides low interest loans of up to \$150,000, to correct health and safety hazards, replace dilapidated houses, increase energy conservation, and extend the useful life of an owner-occupied or affordable rental home. This program extends the useful life of homes occupied by low or moderate income households and improves the quality of the neighborhoods. The Agency may also partner in the financing for the rehabilitation or reconstruction of existing developments, or preserve existing affordable units whose affordable covenants are otherwise set to expire.

Mixed Use Housing Development

The Agency will assist in the financing of the affordable housing units in mixed use developments to create affordable housing opportunities in combination with commercial or retail developments.

Technical Assistance

The Agency offers developer incentives for the provision of affordable housing. This program offers a varying degree of services which may include technical assistance, planning studies, and application assistance for outside affordable housing funds such as CDBG, HOME, CalHOME, BEGIN, etc.

Homeownership

The Agency's homeownership program currently makes loans to qualified homebuyers up to \$150,000 in order to purchase homes. These loans act as down payment assistance financing. Under this program, single family detached homes, town homes, and condominiums are eligible for purchase to qualified buyers. Opportunities for first time homebuyers are limited due to the high median home price in Placer County which, as of February 2007, was \$440,000. With down payment assistance loans, the average low income household can afford homes under \$300,000.

Affordable Housing Administration and Monitoring

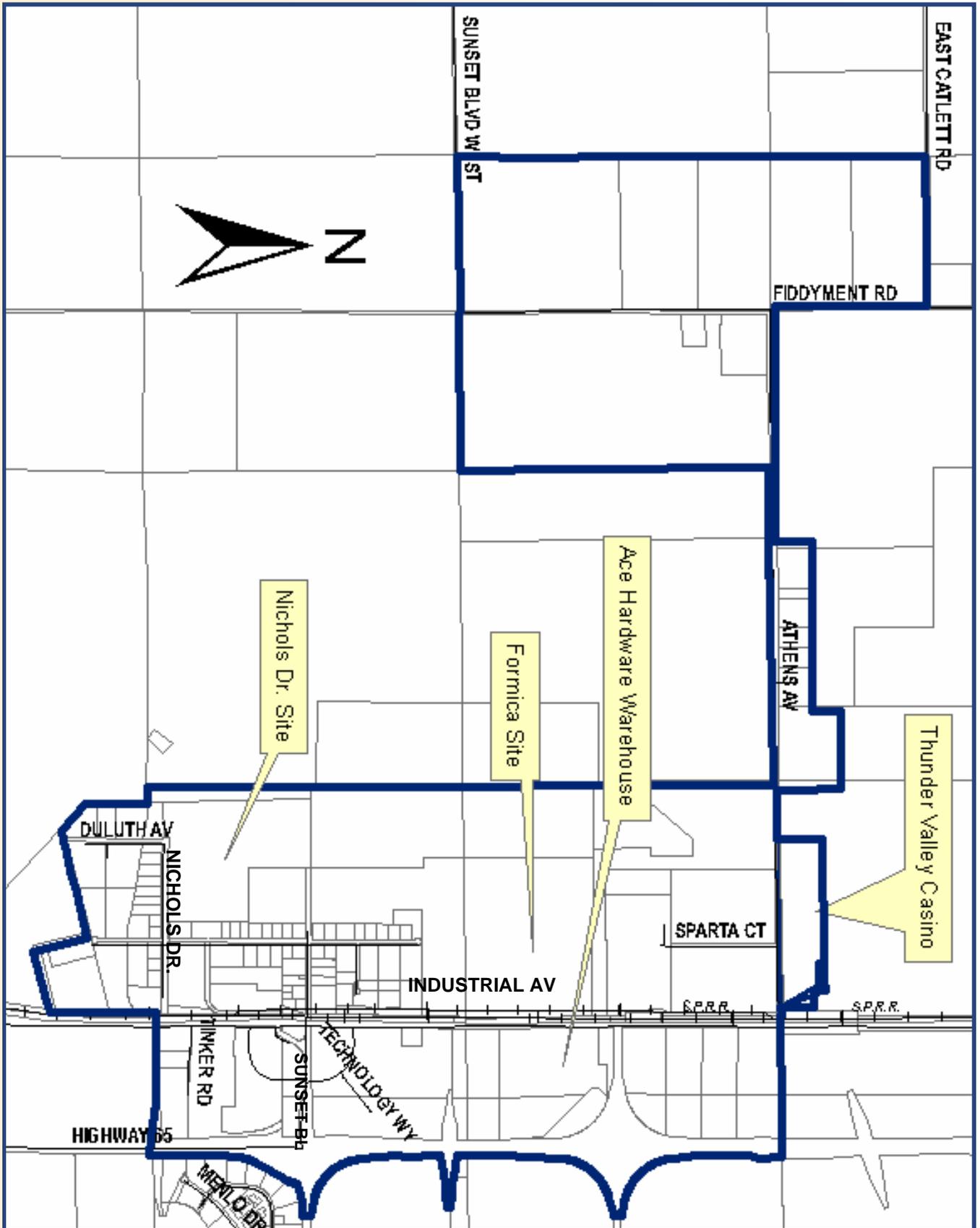
The Agency will continue to assist the County's Planning Department with Housing Element compliance, as well as implementation of affordable housing requirements established on new developments. The Agency will contribute resources toward administration and monitoring of affordable housing programs and other affordable housing units required by the County in the western portion of the County.

The Agency-wide housing set-aside bond issuance in 2006 included \$1303,603 attributable to the Project Area. This amount, coupled with \$516,590 in cash balances, are available to support various housing programs throughout the County. It is estimated that the majority of these funds will be used to support the construction of new affordable housing, either rental or homeownership, within the unincorporated portions of the western County. Depending on whether the Agency supports rental or new homeownership opportunities, the Agency may assist between 16 and 67 affordable housing units respectively. The remaining future housing set-aside funds over the next five years will largely support debt service requirements for the housing bonds and administration costs.

Appendix A

Project Area Map

Sunset Redevelopment Project Area



Appendix B

Ten Year
Housing Plan
2007-2017

TEN YEAR HOUSING PLAN

2007-2017

Health and Safety Code Section 33490 requires a Redevelopment Area Implementation Plan to include a housing plan that addresses the following; Targeted Income Housing Expenditures, Production Plan Requirements, and Replacement Housing Requirements. Unlike the Implementation Plan requirements, which cover a five year period, a housing plan covers a period of ten years.

Targeted Income Housing Expenditures

Pursuant to Health and Safety Code Section 33334.12, redevelopment agencies are required to calculate excess surpluses of housing set-aside monies at the beginning of each fiscal year. Excess surplus is calculated using the unencumbered balance at the beginning of the reporting year. That beginning unencumbered balance is compared to the greater of either \$1,000,000 or the aggregate of the previous four fiscal years. As of July 1, 2006, \$516,590 was the unencumbered balance available in the Project Area's housing set-aside funds which is less than \$1,000,000 and less than the aggregate of the four previous fiscal year's housing set-aside fund receipts. Therefore, the Project Area has no excess surplus funds.

For the fiscal year 2006-07 and the five year period of this Implementation Plan, it is projected that the Project Area's housing set-aside fund will receive an additional \$2,366,058 in funds as detailed on page 13. Future annual housing set-aside monies will largely go toward debt service requirements related to the 2006 housing bond issuance. The Project Area's share of the 2006 housing bond issuance generated \$1,303,603 in housing bond funds to be used toward improving or increasing the supply of affordable housing. These funds, along with the Project Area's cash balance on hand and North Auburn Housing Set-Aside Funds, are projected to be used as gap financing for the construction of new affordable housing within unincorporated western County. The Agency projects that approximately \$2,000,000 will be available over the next five years from the Sunset and North Auburn Housing bond and cash balances to assist between 16 and 67 new affordable units outside the Project Area, up to \$1,800,000 coming from the Project Area's share. The number of new units to be provided will depend on whether the units are multifamily rental or homeownership housing. The following tables detail the Agency's affordable housing assistance goals over the life of the Implementation and Redevelopment Plan periods.

SUNSET INDUSTRIAL REDEVELOPMENT PROJECT AREA AFFORDABLE HOUSING ASSISTANCE GOALS			
Year	Program	Estimated Average Assistance per Affordable Unit	Estimated Number of Units Assisted
2007 / 2008	New Construction Housing Homebuyer Assistance or Housing Rehabilitation	Up to \$150,000	Up to 67 1
2008 / 2009	New Construction Housing Homebuyer Assistance or Housing Rehabilitation	Up to \$150,000	N/A 1
2009 / 2010	New Construction Housing Homebuyer Assistance or Housing Rehabilitation	Up to \$150,000	N/A 1
2010 / 2011	New Construction Housing Homebuyer Assistance or Housing Rehabilitation	Up to \$150,000	N/A 1
2011 / 2012	New Construction Housing Homebuyer Assistance or Housing Rehabilitation	Up to \$150,000	N/A 1
TOTAL			TOTAL ESTIMATED NUMBER OF UNITS ASSISTED: 16 – 72 UNITS

SUNSET INDUSTRIAL REDEVELOPMENT PROJECT AREA TEN YEAR ASSISTANCE GOALS AND END OF THE PLAN GOALS			
Year	Type	Estimated Number of Units	Estimated Expenditure
2007 to 2012	Single Family or Multifamily	16 to 72	\$2,350,000
2012 to 2017	Single Family or Multifamily	15 to 60	N/A
2017 to 2028	Single Family or Multifamily	15 to 60	N/A
TOTAL		46 TO 187	

Health and Safety Code Section 33334.4 requires that, over the ten year period covered by implementation plans, the Agency must spend housing set-aside funds for moderate, low and very low income persons and families in at least the same proportion as the number of units needed, that each of those groups bear to the total units needed for moderate, low and very low income persons and families as determined within the community's adopted Housing Element. In addition, the Agency is to expend money for housing available to all persons regardless of age, in at least the same proportion as the population less than 65 years of age.

The County's Housing Element delineates the Regional Housing Needs Allocation based upon calculations adopted by the Sacramento Area Council of Governments (SACOG). SACOG assigns to a city or county its Regional Housing Needs Allocation, which allocates to a city or county its fair share of the regions projected housing needs by household income / group over the five year planning period for each jurisdictions housing element. The Regional Housing Needs Plan covers a period of 7.5 years.

The County of Placer's regional housing need as determined by SACOG encompasses the entire unincorporated County's housing need. The breakdown of targeted income expenditures for the Project Area shall follow the following percentages:

HOUSEHOLD TYPE	MINIMUM PERCENTAGE OF EXPENDITURES
Very Low	26.2%
Low	20.8%
Moderate	20.8%

From 2002 to 2007 the Agency expended monies on projects in the following categories:

HOUSEHOLD TYPE	AMOUNT	PERCENT
Very Low	\$35,229	6%
Low	\$509,108	94%
Moderate	\$	0%
Total	\$598,725	100%

The requirement to expend funds in proportion to the regional housing need was required by State Law effective January 2002. California law allows a redevelopment agency to achieve full compliance under this category by December 2014. The Agency shall continue to spend housing set-aside funds in proportion to the need in order to be in compliance with this law by December 2014.

According to the 2000 Census, Placer County's unincorporated area population was 100,725 and the senior population over 65 was 13,349. Consequently no less than 87% of the housing fund monies should be expended on projects assisting those under the age of 65. All housing set-aside fund monies during this period were expended on the population less than 65 years of age.

Production Plan Requirements

Pursuant to Section 33334.3 of California Redevelopment Law, housing units funded by redevelopment agency housing set-aside monies require a 45 year or 55 year long-term affordability covenant be recorded against the property for either for – sale or rental units respectively.

BREAKDOWN OF AFFORDABILITY LEVELS		
Affordability Category	Percent of Median Income	Maximum earnings for a family of four
Very Low	31% - 50%	\$32,700
Low	51% - 80%	\$52,300
Moderate	81% - 110%	\$78,500

Source: State of California, Housing and Community Development 2006 income limits.

The Project Area does not contain residentially zoned land. Therefore, the Project Area does not have a Production Plan requirement. There is no anticipated rezoning of land to residential uses planned for the Project Area. Over the last Implementation Plan period, the Agency provided a loan to Habitat for Humanity to assist in the construction of two single family ownership homes in the unincorporated Placer County, outside of the Project Area near the city of Rocklin. These two homes will be restricted to be affordable to low income households for 45 years.

California Redevelopment Law also requires that if the Agency constructs and owns housing units, at least 30% of those units must be available at affordable housing cost to persons of low or moderate income. Of this amount, at least 50% of the 30% obligation is required to be available at affordable cost to persons and families of very low income. No units were developed by the Agency acting as developer and, therefore, no obligation requiring 30% of the units to be produced as restricted affordable units was produced by the Redevelopment Agency.

Replacement Housing Requirements

During the previous Implementation Plan period the Agency did not incur a replacement housing obligation. During this Implementation Plan and ten-year Housing Plan period, the Agency does not anticipate that the Agency will displace or remove housing units, which would trigger a replacement housing obligation.

Appendix C

Blighting Conditions

PROGRAM OR PROJECT	REDEVELOPMENT PLAN GOALS	BLIGHTING CONDITION ADDRESSED
<i>Commercial Development and Public Infrastructure Program</i>		
Infrastructure Improvements	Eliminate Blight. Stimulate Redevelopment. Improve Public Infrastructure.	Inadequate public improvements or water and sewer utilities. Substandard design, deterioration/dilapidation. Defective design. Faulty/inadequate utilities depreciated property values. High business vacancies. Abnormally low lease rates. Declining retail sale taxes.
Developer Assistance	Eliminate Blight. Improve the Environment. Stimulate Redevelopment. Improve Public Infrastructure.	Physical conditions that limit the economic viability and use of lots/buildings. Unsafe, dilapidated or deteriorated buildings. Lots that are irregularly shaped, inadequate in size, and/or under multiple ownership. Depreciated or stagnant property values and impaired investments. Abnormally high business turnovers, low lease rates and abandoned buildings or vacant lots. Serious lack of neighborhood commercial facilities. High crime rates.
Planning and Design	Eliminate Blight. Stimulate Redevelopment. Improve Public Infrastructure.	Incompatible land uses. Lots that are irregularly shaped, inadequate in size, and/or under multiple ownership. Depreciated or stagnant property values and impaired investments. Abnormally high business turnovers, low lease rates and abandoned buildings or vacant lots. Serious lack of neighborhood commercial facilities. Substandard design, deterioration/dilapidation. Defective design.

Development of Public Facilities	Improve Public Infrastructure.	<p>Inadequate public improvements or water and sewer utilities.</p> <p>Faulty/inadequate utilities depreciated property values.</p>
Hazardous Waste Cleanup	Improve the Environment.	<p>Physical conditions that limit the economic viability and use of lots/buildings.</p> <p>Unsafe, dilapidated or deteriorated buildings.</p> <p>Lots that are irregularly shaped, inadequate in size, and/or under multiple ownership.</p> <p>Depreciated or stagnant property values and impaired investments.</p> <p>Abnormally high business turnovers, low lease rates and abandoned buildings or vacant lots.</p> <p>Serious lack of neighborhood commercial facilities.</p> <p>High crime rates.</p>

<i>Housing Program</i>		
New Construction	Provide financial assistance for the preservation and development of affordable housing in areas outside the Project Area.	Increase and improve affordable housing opportunities.
Housing Rehabilitation	Provide financial assistance for the preservation and development of affordable housing in areas outside the Project Area.	Increase and improve affordable housing opportunities.
Mixed use Housing Development	Provide financial assistance for the preservation and development of affordable housing in areas outside the Project Area.	Increase and improve affordable housing opportunities.
Developer Assistance	Provide financial assistance for the preservation and development of affordable housing in areas outside the Project Area.	Increase and improve affordable housing opportunities.
Homeownership	Provide financial assistance for the preservation and development of affordable housing in areas outside the Project Area.	Increase and improve affordable housing opportunities.

