REPORT

TO: Regional Council
Community, Economic and Human Development Committee (CEHD)

FROM: Lynn Harris, Manager of Community Development, (213) 236-1875, harris@scag.ca.gov

SUBJECT: Victor Valley Economic Development Authority, Housing Setaside Review

DATE: August 5, 2004

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:

Recommend that the Regional Council adopt a resolution that approves the findings of the Victor Valley Economic Development Authority in deferring Housing Set-Aside funds.

BACKGROUND:

Section 33492.40 of the California Health and Safety Code requires SCAG to approve findings made by a local redevelopment agency in the event that they choose to defer deposits to the required low income housing set-aside fund. The Victor Valley Economic Development Authority has made such a request to SCAG, and has made all appropriate findings in accordance with the statute. A copy of the request and supporting documentation provided by the Authority is attached.

The statute requires that the redevelopment agency make the following findings:

(A) The military facility or installation cannot be acquired or developed by private enterprise without the assistance of the agency.
(B) There are no feasible alternative means of financing the acquisition or development of the military facility or installation other than by utilizing the low- and moderate-income housing portion of the taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670.
(C) Failure of the agency to finance the acquisition or development of the military facility or installation would lead to serious economic hardship and job loss.
(D) The redevelopment plan shall specify the period during which less than 20 percent of the taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670, is to be deposited in the Low- and Moderate-Income Housing Fund. The redevelopment plan shall also contain a repayment plan which specifies a date at which time the agency will have made up the deficit created by the deferral, including repayment of the interest at the highest rate received by the agency on funds it deposits during the period of deferral. The

repayment plan shall reduce the deficit in the shortest feasible time consistent with the needs of the agency, as specified in the agency's findings.

The Authority has compiled evidence in support of these findings, included in the attached report beginning on page 3. Summarized briefly, the authority holds that the set-aside funds should be used for acquisition and provision of new infrastructure for the former George Air Force Base (Southern California Logistics Airport). This activity can only feasibly be accomplished with public financing, it is consistent with State and Federal policy goals, and has substantial public benefits that outweigh the deferment of housing funds. The deferral of funds will be for a period not to exceed five years, and the fund will be repaid over the fifteen years following the deferral.

SCAG staff reviewed the Authority's request and has concluded that the findings are supported by substantial evidence which is included in the Authority's report. Furthermore, staff has analyzed the proposed activities for consistency with various regional policies, and finds, on balance, that the execution of the proposed redevelopment plan would be beneficial and support the region's objectives.

Issues to consider include the following:

1. Development of Southern California Logistics Airport –
   This airport is included in the recently adopted 2004 Regional Transportation Plan. Further, it supports policies included in the Compass Growth Vision, including increasing jobs and economic activity in housing rich areas, and supporting regional competitiveness through the logistics and trade industries.

2. Housing Impacts –
   SCAG has several standing policies supporting the development of low income housing. As such, any proposal to defer limited, locally generated funds for that purpose should be examined critically. However, it should be noted that the cities in the Victor Valley have been identified as "housing rich," within various analyses performed by SCAG, and that all of these cities have met or exceeded housing development targets identified in the Regional Housing Needs Assessment adopted in November 2000. Further, SCAG has reviewed the authority's housing compliance plan and is satisfied that appropriate actions will be taken in support of housing development beyond the period of the set-aside deferral.

ATTACHMENT:
Proposed Resolution
Report of Victor Valley Economic Development Authority
Housing portion of redevelopment Implementation Plan

FISCAL IMPACT:
There is no cost associated with the recommended action.

Docs100881

Resolution No. 04-453-2

RESOLUTION APPROVING THE FINDINGS OF THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY IN ORDER TO DEFER PAYMENTS TO THE LOW INCOME HOUSING SET-ASIDE FUNDS

WHEREAS, Section 33492.40 of the California Health and Safety Code authorizes SCAG to approve findings made by a redevelopment agency in deferring payments to the Low and Moderate Income Housing Funds; and

WHEREAS, the Victor Valley Economic Development Authority has requested that SCAG review a proposed deferral of payments to the Low and Moderate Income Housing Funds; and

WHEREAS, the Victor Valley Economic Development Authority has made a series of findings as required by State law, and such findings are supported by substantial evidence in the record; and

WHEREAS, the Southern California Association of Governments (SCAG) has reviewed the Authority's request; and

WHEREAS, the redevelopment plan presented by the Authority will promote several regional policy objectives including the development of the Southern California Logistics Airport at the former George Air Force Base; and

WHEREAS, the Authority and its member local governments have adequately addressed housing needs; and

NOW, THEREFORE, BE IT RESOLVED that the Regional Council of the Southern California Association of Governments hereby approves the findings of the Victor Valley Economic Development Authority in deferring deposits to the Low and Moderate Income Housing Set-Aside fund.

Resolution No. 04-453-2

Adopted by the Regional Council of the Southern California Association of Governments at a regular meeting on this 5th day of August 2004.

_____

Ron Roberts
President, SCAG
Councilmember, City of Temecula

Attest:_____

Mark Pisano
Executive Director

Approved as to Legal Form:

_____

Colin Lennard
General Counsel

DOC #101177

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

AN AUTHORITY FORMED TO COORDINATE THE TRANSITION OF GEORGE AIR FORCE BASE FROM MILITARY TO CIVILIAN REUSE.

CITY OF HESPERIA
CITY OF VICTORVILLE
TOWN OF APPLE VALLEY
COUNTY OF SAN BERNARDINO

May 28, 2004

Jacob Lieb
Southern California Association of Governments
818 West Seventh Street, 12th Floor
Los Angeles, CA 90017-3435

Re: Health & Safety Codes

Dear Mr. Lieb:

Thank you for taking the time to speak with me yesterday regarding the interest by the Victor Valley Economic Development Authority (VVEDA) in exercising provisions of the Health and Safety Code, particularly Section 33492.40 that permits for the deferral of VVEDA's housing set-aside fund and allows for the expenditure of said funds to be applied towards general redevelopment programs. As you may know, VVEDA is a joint powers authority comprising the Town of Apple Valley, Cities of Adelanto, Hesperia, Victorville and the County of San Bernardino. It's formation was in response to the 1992 military closure of George Air Force Base, and today VVEDA is the principal Redevelopment Authority Partnering in the revitalization of George AFB, now known as Southern California Logistics Airport.

Provided in the attached is a copy of Health and Safety Code Section 33492.40. Currently, VVEDA is scheduled to amend its Redevelopment Plan on June 9, 2004, so that it contains the provisions of 33492.40 (e)(2)(D). At that time, VVEDA will also make the necessary findings to support approval by the Southern California Association of Governments (SCAG) by its Regional Council (RC). Once our Redevelopment Plan is amended, I will forward it to your attention so that this item can be agendized at your next regularly scheduled meeting.

I can be reached at 760-955-5032 if you have any questions or comments.

Sincerely,

Keith C. Metzler
Executive Director

KCM:kh
Attachments

cc: VVEDA Board of Commissioners
VVEDA Technical Advisory Committee
Mark Pisano, SCAG Executive Director

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CALIFORNIA CODES
HEALTH AND SAFETY CODE
SECTION 33492.40-33492.42

33492.40. (a) Notwithstanding Section 33320.1, the requirement that privately owned land within a project area be "predominantly urbanized," as that term is defined in subdivision (b) of Section 33320.1, shall not apply to privately owned land within a project area, if the privately owned land is adjacent or in proximity to a military facility or installation which is proposed to be closed pursuant to Public Law 100-526 and the inclusion of the privately owned land is found by an entity formed pursuant to subdivision (b) to be necessary for the effective redevelopment of the military facility or installation and the adjacent area.

(b) The legislative bodies for communities having territory within, adjacent to or in proximity to a military facility or installation described in subdivision (a) may create a separate joint powers agency pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, which shall have and exclusively exercise powers of an agency in furtherance of the redevelopment of a project area approved by the joint powers agency. The joint powers agency so formed shall include as one of its members the county in which the project area is located. In addition to the powers of an agency, the joint powers agency so formed shall also act as the legislative body and planning commission for all approvals and actions required by this part of legislative bodies and planning commissions for the adoption and implementation of a redevelopment plan. However, all land use, planning, and development decisions with regard to the land within the project area shall continue to be under the control and jurisdiction of each of the respective local legislative bodies or planning commissions, as applicable.

(c) The territory included within the project and project area may be contiguous or noncontiguous, and any project area may be located in whole or in part within one or more of the communities impacted by the closure of the military facility or installation, and the land to be included within the project area within the community or communities in proximity to the military facility or installation shall be found necessary for the effective redevelopment of the military facility or installation and the adjacent area. A project area shall not include territory outside the jurisdiction of the communities that are parties to the joint powers agency without the consent of the legislative body having jurisdiction over the territory proposed to be included within the project area.

(d) A redevelopment plan for the project area shall contain all of the provisions required by this part. However, if the agency finds, based on substantial evidence on the record, that compliance with the requirements of Sections 33333.2 and 33334.1 would make it impracticable to achieve the policies of this section, the agency may eliminate or modify the requirements of Sections 33333.2 and 33334.1.

(e) The redevelopment plan shall provide for either of the following:

(1) A Low- and Moderate-Income Housing Fund, as required by Section 33334.2.

(2) A deferral for depositing all or part of the 20 percent of taxes allocated to the agency pursuant to Section 33670 in the Low-

and Moderate-Income Housing Fund if the agency, after conducting a noticed public hearing, makes, and the executive committee of the Southern California Association of Governments reviews and approves, findings supported by substantial evidence that all of the following apply:

(A) The military facility or installation cannot be acquired or developed by private enterprise without the assistance of the agency.

(B) There are no feasible alternative means of financing the acquisition or development of the military facility or installation other than by utilizing the low- and moderate-income housing portion of the taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670.

(C) Failure of the agency to finance the acquisition or development of the military facility or installation would lead to serious economic hardship and job loss.

(D) The redevelopment plan shall specify the period during which less than 20 percent of the taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670, is to be deposited in the Low- and Moderate-Income Housing Fund. The redevelopment plan shall also contain a repayment plan which specifies a date at which time the agency will have made up the deficit created by the deferral, including repayment of the interest at the highest rate received by the agency on funds it deposits during the period of deferral. The repayment plan shall reduce the deficit in the shortest feasible time consistent with the needs of the agency, as specified in the agency's findings.

(f) The joint powers agency acting as the agency, the legislative body or the planning commission, shall follow all procedures under this part applicable to the adoption and amendment of redevelopment plans, except with respect to Sections 33347.5, 33353 to 33353.6, inclusive, Sections 33354.4 to 33354.6, inclusive, and Section 33385.

(g) The agency shall create a fiscal advisory group to consult with each affected taxing agency and to advise and report to the agency in the manner required of a fiscal review committee by Section 33353.5 on any potential fiscal impact upon affected taxing agencies within the project area. The fiscal advisory group shall consist of the financial officer or treasurer of each city and each county which created the joint powers authority.

(h) The agency shall prepare and distribute to each affected taxing agency a report which includes the information required by Section 33328. The agency shall also prepare an analysis of the report required of a fiscal review committee pursuant to subdivision (m) of Section 33352 and an analysis of the report required of the fiscal advisory group pursuant to subdivision (g).

(i) As used in this section, "in proximity to" means within three miles of the boundary of Norton Air Force Base and within eight miles of George Air Force Base.

(j) The Legislature finds and declares that the closure of two or more military facilities or installations within the County of San Bernardino will cause serious economic hardship in that county, including loss of jobs, increased unemployment, deterioration of properties and land utilization and undue disruption of the lives and activities of the people. Therefore, the Legislature finds and declares that to avoid serious economic hardship and accompanying blight, it is necessary to enact this act which shall apply only within the County of San Bernardino. In enacting this act, it is the policy of the Legislature to assist communities within the County of San Bernardino in their attempt to preserve the military facilities

and installations for their continued use as airports and aviation-related purposes.

It is the intent of the Legislature and the commitment of the local authorities to ensure that the existing airfields at both Norton Air Force Base and George Air Force Base are protected, developed, and enhanced as civil aviation public use airports. Therefore, the joint powers authorities authorized by this section should make every reasonable effort to guarantee that these vital airport facilities are retained for general aviation use now and into the future.

(k) Any joint powers agreement entered into pursuant to this section shall provide that the financial needs of each of the parties shall be considered prior to adoption of a redevelopment plan, and may provide that the number of years shall be limited during which bonded indebtedness may be paid using taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670.

(l) A joint powers agency operating within the area of Norton Air Force Base shall appoint a project area citizens committee for the purpose of consultation and advice regarding policy matters that relate to planning and programs affecting the residents, businesses, and educational institutions within the project area, implementation of the redevelopment plan, and the development and implementation of amendments to the redevelopment plan.

(2) The committee shall be comprised of residential owners, residential tenants, business owners, small business owners, business tenants, educational institution representatives, and community groups currently operating, living, or working within the project area. The membership of the Project Area Citizens Committee shall be appointed by the legislative body of the agency and shall be representative, both racially and ethnically, of the people who live and work within the project area.

(3) For the purposes described above the committee shall meet at lease once quarterly or more often to review policy matters and implementation issues as determined necessary by the legislative body.

(l) Amendments to any redevelopment plans adopted pursuant to this section shall not be required to comply with the provisions of Section 33452, provided that notice of the public hearing for any amendment adopted pursuant to Section 33540, and following, is published pursuant to Section 6063 of the Government Code and mailed by regular mail to the governing body of each of the taxing agencies which levies taxes upon any property in the project area designated in the redevelopment plan as proposed to be amended.

33492.41. (a) Notwithstanding Section 21090 of the Public Resources Code, the Inland Valley Development Agency may determine at a noticed public hearing that the amendment of a redevelopment plan for the Norton Air Force Base Redevelopment Project Area pursuant to this chapter is not subject to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), except that projects implementing the redevelopment plan, including specific plans, rezonings, and ministerial projects that may have a significant effect on the environment, shall be subject to the California Environmental Quality Act. The environmental document for any implementing project shall include an analysis and mitigation of potential cumulative impacts that otherwise will not be known until an environmental impact report for the redevelopment plan is certified.

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

AN AUTHORITY FORMED TO COORDINATE THE TRANSITION OF GEORGE AIR FORCE BASE FROM MILITARY TO CIVILIAN REUSE.

CITY OF HESPERIA

CITY OF VICTORVILLE

TOWN OF APPLE VALLEY

COUNTY OF SAN BERNARDINO

CITY OF ADELANTO

June 28, 2004

Jacob Lieb
Southern California Association of Governments
818 West Seventh Street, 12th Floor
Los Angeles, CA 90017-3435

Re: VVEDA Housing Set-Aside deferral

Dear Mr. Lieb:

As a follow-up to my letter to you dated May 28, 2004, I am enclosing a copy of the 6th Amendment to the Redevelopment plan for the Victor Valley Economic Development Authority. The enclosed VVEDA plan amendment was approved on June 9, 2004 and its second ordinance reading took place on June 23, 2004. The plan amendment makes the necessary findings to support the housing set-aside deferral, including the adoption of a repayment plan for the housing money deferred.

In our last telephone conference, you had advised me that it might be possible to agendize this matter to the SCAG Committee on housing and the regional council in July. Please let me know when this matter can be heard before the respective boards. If I can be of any assistance to you, please don't hesitate to contact me at 760 955-5032.

Sincerely,

Keith C. Metzler
Executive Director

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KCM:kh
Attachments

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

AN AUTHORITY FORMED TO COORDINATE THE TRANSITION OF GEORGE AIR FORCE BASE FROM MILITARY TO CIVILIAN REUSE.

CITY OF HESPERIA

CITY OF VICTORVILLE

TOWN OF APPLE VALLEY

COUNTY OF SAN BERNARDINO

CITY OF ADELANTO

DATE: June 3, 2004

TO: VVEDA Board of Commissioners

FROM: Keith Metzler, VVEDA Executive Director

SUBJECT: Amendment No. 6 to the VVEDA Redevelopment Plan

RECOMMENDATION:

That Your Honorable Board of Commissioners [1] Introduce Ordinance No. 10 and conduct a public hearing for the proposed 6th Amendment to the VVEDA Redevelopment Plan; [2] Adopt Resolution No. 04-010 accepting the Report to Council; and [3] Adopt Resolution No. 04-011 eliminating the need to form a Project Area Committee.

FISCAL IMPACT: None.

At the Technical Advisory Committee meeting of Wednesday, May 12, 2004, it was recommended that the Board consider the approval of a 6th Amendment to the VVEDA Redevelopment Plan. In general, this Amendment provides VVEDA with the ability to defer the use of its Housing Set-aside funds, and adopts a repayment plan of said funds at a later date. Procedurally, for the deferral to take place, the 6th Amendment is necessary before the deferral can be considered by the Southern California Association of Governments (SCAG). Currently, SCAG is expected to review and approve VVEDA's request to allow for the deferral at its July meeting.

Attached for your review is an introductory discussion and the proposed Amendment language. Because the Technical Advisory Committee has indicated its support, Staff is recommending approval. Once approved, Your Honorable Board of Commissioners will need to adjourn this meeting to an adjourned meeting on June 23, 2004, to conduct the second reading of Ordinance No. 10.

Staff remains available for any questions or comments you might have.

KCM:pg
Attachment

2004 AMENDMENT
TO THE
REDEVELOPMENT PLAN
FOR THE
1993 VICTOR VALLEY REDEVELOPMENT PROJECT
(AMENDMENT NO. 6)

Prepared:

June 1, 2004

Adopted:

June 23, 2004

Ordinance No. 10

Prepared for:

City of Victorville
14343 Civic Drive
Victorville, California 92392

Prepared by:

Green, de Bortnowsky & Quintanilla, LLP
23801 Calabasas Road, Suite 1015
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(818) 704-0195

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INTRODUCTION

The Legislative Body of the Victor Valley Economic Development Authority ("VVEDA") approved and adopted the Redevelopment Plan for the 1993 Victor Valley Redevelopment Project ("Redevelopment Plan" or "Plan") on December 28, 1993, by Ordinance No. 2. The Redevelopment Plan was amended on December 28, 1994, by Ordinance No. 4 to establish the time limit that enables VVEDA to collect tax increment revenues for up to forty years following the Redevelopment Plan's adoption date. The Plan was amended again on June 11, 1997, by Ordinance No. 5 to utilize the 1994-95 fiscal year as the base year for the purpose of establishing the assessed valuations for properties within the 1993 Victor Valley Redevelopment Project ("Project Area") until such time as the San Bernardino County Assessor certifies that the assessed values for the Project Area equal or exceed the assessed value in the initial base year.

The 1998 Amendment to the Redevelopment Plan amended the Plan on April 22, 1998, by Ordinance No. 7 and allowed for the power of eminent domain in certain primarily nonresidential areas in the Project Area, which were located within the jurisdiction of the Town of Apple Valley and the County unincorporated territory. The Fourth Amendment to the Redevelopment Plan adopted on July 12, 2000, added Territory to the Project Area within the jurisdictions of the Cities of Adelanto and Victorville, as well as County unincorporated territory.

The most recent 2003 Amendment to the Redevelopment Plan (Amendment No. 5) amended the Plan on December 23, 2003, by Ordinance No. 9 and expanded the authority for VVEDA to acquire property through the power of eminent domain within certain portions of the Project Area in the cities of Victorville and Adelanto and a portion of the unincorporated San Bernardino territory.

The Project Area currently encompasses approximately 60,000 acres and includes both developed and undeveloped land within the boundaries of the eight-mile radius of former George Air Force Base ("GAFB") (now known as Southern California Logistics Airport) as permitted by special redevelopment legislation regarding military base closures. The Project Area includes territory within the cities of Victorville, Adelanto and Hesperia, the Town of Apple Valley, and unincorporated territory within the County of San Bernardino.

This 2004 Amendment to the Redevelopment Plan for the 1993 Victor Valley Redevelopment Project - Amendment No. 6 ("2004 Amendment") makes certain changes to the text of the Plan. These changes allow for deferral of VVEDA's deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq. "Redevelopment Law") for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities. The changes made by this 2004 Amendment are not to be construed to amend, modify, change, or affect in any way the text of the Redevelopment Plan as it applies to the territory within the boundaries of the 1993 Victor Valley Redevelopment Project. Furthermore, the 2004 Amendment will not affect the distribution of tax revenues to the member entities or affected taxing entities. It deals solely with

the use of funds attributable to the Redevelopment Project Area and provides flexibility to allow for the expeditious funding of much needed infrastructure.

AMENDMENT NO. 1

That Section (539) "Deferral of Housing Funds" be revised to read as follows:

"7. (539) Deferral of Housing Funds

"Pursuant to Section 33492.40(e)(2) of the Redevelopment Law, VVEDA has determined that it is necessary to defer the deposit of the twenty percent (20%) of taxes allocated to VVEDA pursuant to Section 33670 of the Redevelopment Law into the Low- and Moderate-Income Housing Funds as required by Section 33334.2. VVEDA has found that:

(A) The Air Base cannot be developed solely by private enterprise without the assistance of VVEDA;

(B) There are no feasible alternative means of financing the development of the Air Base other than by utilizing the low- and moderate-income housing portion of the taxes which are allocated to VVEDA pursuant to subdivision (b) of Section 33670;

(C) Failure of VVEDA to finance the development of the Air Base would lead to serious economic hardship and job loss; and

(D) Each Member of VVEDA may elect to defer the deposit of low- and moderate-income housing funds attributable to each Member for a period not to exceed five (5) years from June 23, 2004 in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities. The repayment of any such low and moderate income housing moneys so deferred will extend for fifteen (15) years with payments commencing at year six (6) with full repayment by year twenty (20). Repayment will be made in quarterly installments of principal and interest with interest accruing from year six (6) and continuing until repayment in full. The interest rate shall be equal to the Local Agency Investment Fund (LAIF) interest rate. Each Member of VVEDA shall be responsible for repayment of deferred amounts from non-housing tax increment revenue attributable to its portion of the Project Area.

REPORT TO THE LEGISLATIVE BODY

FOR THE
2004 AMENDMENT
TO THE
REDEVELOPMENT PLAN
FOR THE
1993 VICTOR VALLEY REDEVELOPMENT PROJECT
(AMENDMENT NO. 6)

Prepared:

June 1, 2004

Prepared for:

City of Victorville
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Prepared by:

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INTRODUCTION

The Victor Valley Economic Development Authority ("VVEDA") is taking steps leading to the adoption of an amendment to the Redevelopment Plan for the 1993 Victor Valley Redevelopment Project ("2004 Amendment"). The Redevelopment Plan for the 1993 Victor Valley Redevelopment Project ("Redevelopment Plan" or "Plan") was adopted on December 28, 1993, by VVEDA by Ordinance No. 2. The Redevelopment Plan was amended on December 28, 1994, by Ordinance No. 4 to establish the time limit that enables VVEDA to collect tax increment revenues for up to forty (40) years following the Redevelopment Plan's adoption date. The Plan was amended again on June 11, 1997, by Ordinance No. 5 to utilize the 1994-95 fiscal year as the base year for the purpose of establishing the assessed valuations for the properties within the boundaries of the 1993 Victor Valley Redevelopment Project ("Project Area") until such time that the San Bernardino County Assessor certifies that the assessed values for the Project Area equal or exceed the assessed value in the initial base year.

The 1998 Amendment to the Redevelopment Plan amended the Plan on April 22, 1998, by Ordinance No. 7 and allowed for the power of eminent domain in certain primarily nonresidential areas in the Project Area, which were located within the jurisdiction of the Town of Apple Valley and the County unincorporated territory. The Fourth Amendment to the Redevelopment Plan adopted on July 12, 2000, added Territory to the Project Area within the jurisdictions of the Cities of Adelanto and Victorville, as well as County unincorporated territory.

The most recent 2003 Amendment to the Redevelopment Plan (Amendment No. 5) amended the Plan on December 23, 2003, by Ordinance No. 9 and expanded the authority for VVEDA to acquire property through the power of eminent domain within certain portions of the Project Area in the cities of Victorville and Adelanto and a portion of the unincorporated San Bernardino territory.

The Project Area currently encompasses approximately 60,000 acres and includes both developed and undeveloped land within the boundaries of the eight-mile radius of George Air Force Base ("GAFB") (now known as Southern California Logistics Airport) as permitted by special redevelopment legislation regarding military base closures. The Project Area includes territory within the cities of Victorville, Adelanto and Hesperia, the Town of Apple Valley, and unincorporated territory within the County of San Bernardino.

If adopted, the 2004 Amendment would allow for deferral of VVEDA's deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq. "Redevelopment Law") for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities.

This document is the Report to the Legislative Body of VVEDA ("Report") on the proposed 2004 Amendment and has been prepared pursuant to Sections 33457.1, 33352, and 33492.40 of the Redevelopment Law. Pursuant to Section 33352 of the Redevelopment Law,

VVEDA is required to submit a Report containing specific documentation regarding the proposed 2004 Amendment. The purpose of this Report is to provide the information, documentation, and evidence required to support the adoption of the 2004 Amendment. This information, documentation, and evidence is provided to assist VVEDA in its consideration of the proposed 2004 Amendment, and in making the various determinations in connection with its adoption.

The proposed 2004 Amendment proposes only one change to the Redevelopment Plan; the deferral of VVEDA's deposit of housing set-aside funds for a specific period not to exceed five (5) years pursuant to Section 33492.40(e)(2) of the Redevelopment Law. Current law requires that twenty percent (20%) of the tax increment revenues generated from each Participating Jurisdiction's portion of the Project Area be distributed to each such Participating Jurisdiction to be spent on low and moderate income housing projects and programs. The proposed 2004 Amendment would enable each such Participating Jurisdiction to defer its deposit and use of such 20% Low and Moderate Income Housing Fund moneys for a period of up to five (5) years from June 23, 2004. Each such Participating Jurisdiction, to the extent it elects to defer such deposit, would thereafter be required to repay any such amounts so deferred in accordance with a fifteen (15) year repayment plan, with quarterly installments of principal and interest commencing in Year Six thereafter. The principal installment of such repayments should come from non housing, tax increment attributable to each Participating Jurisdiction's portion of the Project Area. Interest on such amounts will accrue at the Local Agency Investment Fund ("LAIF") rate.

Section 33457.1 of the Redevelopment Law states that the reports and information required by Section 33352, to the extent warranted by the proposed 2004 Amendment, shall be prepared and made available to the public prior to the hearing on the proposed 2004 Amendment. Much of the information required for the sections of this Report was previously documented in the Report to the Legislative Body of VVEDA prepared for the adoption of the Redevelopment Plan and updated in the Report to Legislative Body for the Fourth Amendment to the Redevelopment Plan which is on file with the Authority Secretary. Said Reports and are incorporated herein by this reference. It is also important to note that Section 33368 of the Redevelopment Law states that VVEDA's adoption of the ordinance adopting the Redevelopment Plan is final and conclusive, and it is thereafter conclusively presumed that the Project Area is a blighted area as defined by Section 33031 of the Redevelopment Law and that all prior proceedings have been duly and regularly taken.

In order to provide for the deferment of the Low and Moderate Income Housing Funds, the Authority must make certain specific findings as follows:

"(A) The military facility or installation cannot be acquired or developed by private enterprise without the assistance of the agency.

(B) There are no feasible alternative means of financing the acquisition or development of the military facility or installation other than by utilizing the low- and moderate-income housing portion of the taxes which are allocated to the agency pursuant to subdivision (b) of Section 33670.

(C) Failure of the agency to finance the acquisition or development of the military facility or installation would lead to serious economic hardship and job loss."

A. **GAFB Cannot be Developed by Private Enterprise Without the Assistance of the Agency**

The primary reason the GAFB reuse cannot be accomplished by private enterprise acting alone is that the primary goal of both the Federal and State governments is to see that the Base remains available for aviation purposes. Both entities recognize the existence of airfield and support facilities are of such a significant value that it would be very difficult to "recreate" these types of facilities if they were lost. To retain the aviation asset requires that it, for the most part, be transferred to another, preferably local, public entity.

The portions of the Base that will not be part of the public airport are encumbered by significant development constraints. First, the entire Base is a Superfund site and as such, any development on the Base presents a major risk to private sector investors. This has been borne out by the lack of private capital investment that has occurred on the Base since its closing in 1992. Ironically, one of the private companies that did invest in the Base was the Sumiden Corporation. That company has since closed its doors and its facility has remained vacant for over a year.

In addition, private enterprise acting alone has been unable to accomplish redevelopment of the areas surrounding the Air Base because of the magnitude of the impacts caused by the closure on the local economy. Essentially the base closure lead to a loss of military jobs, procurements and civilian jobs on the base. This, in turn, lead to fewer jobs supported off-base and fewer households supported in the region, ultimately resulting in a lower population and less income in the region. The severity of the impact will continue to be felt for many years and it is imperative that all possible efforts be put to minimize the economic decline that has and will occur as a result of the closure.

For several years, the Airport Authority has engaged the services of a Master Developer, Stirling Airports International, to solicit and encourage investment at the Base. Their efforts for over more than six (6) years have not lead to any significant investments of private capital into the Base except for one project. The constraints associated with the lack of reliable infrastructure and the demolition costs associated with buildings containing lead and asbestos have made it extremely difficult to encourage private investment in the Base. Other portions of Victorville which do not have the same infrastructure and environmental constraints as the Base have been far more successful at encouraging private sector investments.

B. **No Feasible Financing Alternatives**

Finally, since both the federal and state governments are under extreme budgetary shortfalls, it is abundantly clear that federal and state assistance in providing funding for necessary public infrastructure improvements and facilities will be less than needed. Other financing options, such as airport tax increment bonds have not been sufficient in generating

enough revenue to support the infrastructure needs. Because of the enormous costs associated with improvements to the inadequate and insufficient infrastructure of the Air Base and Project Area, it cannot be reasonably expected that the participating jurisdictions or private enterprise acting along will have the means to accomplish reuse of the Air Base and Project Area. Furthermore, although, the business plan adopted by VVEDA indicates that once improvements are made to the airfield and facilities continue to be leased and, ultimately sold, civilian use of the airport could be profitable, such profitability has not yet been realized. As such the deferral of VVEDA's deposit of housing set-aside funds is imperative to effectively develop the infrastructure of the Air Base and Project Area.

C. FAILURE TO FINANCE BASE DEVELOPMENT WILL LEAD TO SERIOUS ECONOMIC HARDSHIP

Funds made available through this Amendment can be used immediately to pay for the cost of infrastructure items on the Base and adjacent to the Base. This includes, but is not limited to, the construction of major rail infrastructure improvements. The Authority has been informed that if such rail infrastructure is available, it will result in the creation of development opportunities for manufacturing and warehousing facilities which, in turn, will result in the creation of hundreds, if not thousands, of jobs. Such rail infrastructure development has already received the endorsement of two major rail companies who are seeking to establish multimodal and intermodal rail facilities at and adjacent to SCLA. This will directly reduce the negative economic blighting effects that were suffered as a result of Base closure.

The remaining contents of this Report are presented in 14 sections which generally correspond to the subdivisions presented in Section 33352 of the Redevelopment Law. The sections are as follows.

SECTION A Reasons for Amending the Redevelopment Plan and a Description of Specific Projects Proposed and How These Projects Will Improve or Alleviate Blighting Conditions Found in the Project Area

SECTION B Description of the Physical and Economic Conditions Existing in the Areas Affected by the 2003 Amendment Including a List of Blighting Conditions and Maps Showing Where the Conditions Exist

SECTION C An Implementation Plan that Describes Specific Goals, Objectives, Projects, and Expenditures for the Next Five Years and a Description of How These Projects Will Improve or Alleviate Blighting Conditions

SECTION D Why the Elimination of Blight and Redevelopment Cannot be Accomplished by Private Enterprise Acting Alone or by VVEDA's Use of Financing Alternatives Other Than Tax Increment

SECTION E The Method of Financing

SECTION F The Relocation Plan

SECTION G Analysis of the Preliminary Plan

SECTION H Report and Recommendation of the Planning Commission

SECTION I Project Area Committee Requirement

SECTION J General Plan Conformance

SECTION K Environmental Documentation

SECTION L Report of the County Fiscal Officer

SECTION M Neighborhood Impact Report

SECTION N Analysis of the Report Prepared by the County Fiscal Officer, a Summary of Consultations with Affected Taxing Agencies and Responses to Affected Taxing Agencies' Concerns Regarding the 2003 Amendment

SECTION A

Reasons for Amending the Redevelopment Plan and Description of Specific Projects Proposed and How These Projects Will Improve or Alleviate Blighting Conditions Found in the Project Area

1. Provide for the Deferral of VVEDA's Deposit of Housing Set-Aside Funds Pursuant to Health and Safety Code Section 33492.40(e)(2)

The 2004 Amendment will provide for the deferral of VVEDA's deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the Health and Safety Code for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities.

2. Eliminate Blighting Conditions

The proposed 2004 Amendment will provide VVEDA with the funding needed to continue to eliminate and prevent the spread of blighting conditions and to conserve, rehabilitate, and redevelop the 2004 Amendment Area in accordance with the Redevelopment Plan and Five-Year Implementation Plan. New businesses will create new jobs and increase economic activity in the area. New commercial development will prevent further economic decline, create new sales tax revenues, and encourage private sector investment in the Project Area.

This Report does not contain the information required by subdivision (a) of Section 33352 because the reasons for selection of the Project Area remain the same and are not affected by the proposed 2004 Amendment.

SECTION B

Description of the Physical and Economic Conditions Existing in the Project Area Affected by the Proposed 2003 Amendment Including a List of Blighting Conditions and Maps Showing Where the Conditions Exist

Section 33352(b) of the Redevelopment Law requires a description of the physical and economic conditions that cause the Project Area to be blighted. This information was provided in the documentation which was prepared and provided as evidence that the Project Area was deemed blighted at the time of adoption. Pursuant to Section 33368 of the Redevelopment Law, the adoption of the ordinance adopting the Redevelopment Plan is final and conclusive, and it is thereafter conclusively presumed that the Project Area is a blighted area as defined by Section 33031 of the Redevelopment Law and that all prior proceedings have been duly and regularly taken. Given the language in both Sections 33368 and 33457.1 of the Redevelopment Law, additional description is not appropriate or required due to the fact that the proposed 2004 Amendment will not change the boundaries of the Project Area.

SECTION C

Five-Year Implementation Plan That Describes Specific Goals, Objectives, Projects, and Expenditures and a Description of How These Projects Will Improve or Alleviate Blighting Conditions

VVEDA adopted the Five-Year Implementation Plan for the Project Area on December 28, 1993, pursuant to Section 33490 of the Redevelopment Law. VVEDA adopted a second Five-Year Implementation Plan for the Project Area on December 8, 1999. VVEDA adopted their Midterm Review of the Second Five-Year Implementation Plan (Including Housing Compliance Plan) on October 8, 2003. The Implementation Plan contains specific goals and objectives of the Agency for the Project Area, the specific projects and expenditures proposed to be made during the five-year period, and an explanation of how these goals, objectives, and expenditures will eliminate blight within the Project Area.

SECTION D

Why the Elimination of Blight and Redevelopment Cannot Be Accomplished by Private Enterprise Acting Alone or by VVEDA's Use of Financing Alternatives Other Than Tax Increment

Section 33352(d) of the Redevelopment Law requires an explanation of why the elimination of blight in the Project Area cannot be accomplished by private enterprise alone, or by VVEDA's use of financing alternatives other than tax increment financing. This information was previously provided in the supporting documentation prepared and provided at the time the Project Area was adopted. The proposed 2004 Amendment will not make any changes which would affect the validity of the previously prepared documentation.

SECTION E

The Method of Financing

Section 33352(e) of the Redevelopment Law requires inclusion of a proposed method of financing the redevelopment of the Project Area. This documentation was provided at the time the Project Area was adopted. Because the proposed 2004 Amendment will not enlarge the Project Area or change the proposed method of financing, this proposed 2004 Amendment will not change the analysis prepared at the time the Project Area was adopted. This 2004 Amendment only affects the use of funds attributable to the Redevelopment Project Area and does not affect or impact, in any way, the distribution of revenues to the VVEDA members or affected taxing entities. Therefore, the proposed 2004 Amendment does not warrant that this section be prepared.

SECTION F

The Relocation Plan

Section 33352(f) of the Redevelopment Law requires inclusion of a plan and method of relocation in the Project Area. This information was provided in the supporting documentation prepared and provided at the time the Project Area was adopted. Pursuant to Section 33457.1 of the Redevelopment Law, and because the proposed 2004 Amendment will not enlarge the Project Area or change the previously prepared and adopted Relocation Plan, the proposed 2004 Amendment does not warrant the preparation of this section.

SECTION G

Analysis of the Preliminary Plan

Section 33352(g) of the Redevelopment Law requires the inclusion of an analysis of the Preliminary Plan. This information was provided in the supporting documentation prepared at the time the Project Area was adopted. Pursuant to Section 33457.1 of the Redevelopment Law, and because the analysis of the Preliminary Plan remains the same and is not affected by the proposed 2004 Amendment, additional analysis is not required.

SECTION H

Report and Recommendation of the Planning Commission

Section 33352(h) of the Redevelopment Law requires inclusion of a report and recommendation of the Planning Commission. This information was provided in the supporting documentation which was prepared at the time the Project Area was adopted. The Agency did not request a report and recommendation of the Planning Commission, pursuant to Section 33453 of the Redevelopment Law, because the proposed 2004 Amendment will not affect the land use provisions of the Plan and it was previously determined that the Plan was in conformance with the adopted General Plans of the participating jurisdictions of VVEDA.

SECTION I

Project Area Committee Requirement

Section 33352(i) of the Redevelopment Law requires a summary of information presented to the Project Area Committee ("PAC"). However, Section 33320.5(f) of the Redevelopment Law states that the formation of a Project Area Committee is not required with respect to the adoption of a redevelopment plan, or the amendment of a redevelopment plan, which involves a military base closure redevelopment project and a joint powers agency acting as the redevelopment agency. Therefore, the preparation of this section is not required.

SECTION J

General Plan Conformance

Section 33352(j) of the Redevelopment Law requires a report of General Plan Conformance per Section 65402 of the Government Code. Information which determined that the Redevelopment Plan was in conformance with the General Plans was provided in the documentation which was prepared at the time the Project Area was adopted. VVEDA is not required to prepare this section due to the fact that the proposed 2004 Amendment does not contain provisions which would alter land use designations, nor does the proposed 2004 Amendment affect the land use provisions of the Plan.

SECTION K

Environmental Documentation

Section 33352(k) of the Redevelopment Law requires the inclusion of the report prepared pursuant to Section 21151 of the Public Resources Code. An Initial study was not prepared in connection with the proposed 2004 Amendment, pursuant to California Environmental Quality Act ("CEQA") guidelines, because it was determined that the proposed 2004 Amendment will only make textual changes to the Redevelopment Plan and not result in the construction of any facilities or the establishment of any programs outside the scope of the Redevelopment Plan, i.e., that the 2004 Amendment is not a "Project" as defined in CEQA that has the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Likewise, the 2004 Amendment is exempt from CEQA compliance under the common sense exemption set forth in the CEQA Guidelines. The proposed 2004 Amendment will not have a significant adverse impact on the environment and a Notice of Exemption for the proposed 2004 Amendment was prepared. VVEDA will consider the assessment, staff recommendations and public input at the public hearing scheduled for June 9, 2004.

SECTION L

Report of the County Fiscal Officer

The proposed 2003 Amendment will not enlarge the Project Area; therefore, it is not necessary for VVEDA to request a base year report from the County of San Bernardino ("County") pursuant to Redevelopment Law Section 33328. This information was provided in the supporting documentation which was prepared and provided at the time the Project Area was adopted. Because the proposed 2004 Amendment will not alter the boundaries of the Project Area, this report is not needed or required.

SECTION M

Neighborhood Impact Report

Section 33352(m) of the Redevelopment Law requires the inclusion of a Neighborhood Impact Report. This information was provided in the supporting documentation which was prepared and provided at the time the Project Area was adopted. Pursuant to Section 33457.1 of the Redevelopment Law, because this proposed 2004 Amendment will not enlarge the Project Area, no additional analysis would be appropriate or required.

SECTION N

Analysis of the Report Prepared by the County Fiscal Officer, a Summary of Consultations with Affected Taxing Agencies, and Response to Affected Taxing Agencies' Concerns Regarding the proposed 2004 Amendment

The Agency did not submit a request to the County to prepare a report pursuant to Section 33328 of the Redevelopment Law. Because the proposed 2004 Amendment will not add area to the Project Area, it was neither required nor appropriate to prepare such a report; therefore, a summary of this report is not included. With regard to consultations with affected taxing agencies, this 2004 Amendment only affects the use of funds attributable to the Redevelopment Project Area and does not affect or impact, in any way, the distribution of revenues to the affected taxing entities, nor will it significantly change land uses or public improvement projects and, therefore, additional consultations are not needed.

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

AGENDA

June 9, 2004

Item: **RESOLUTION OF THE COMMISSION FOR THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY FINDING THAT THE FORMATION OF A PROJECT AREA COMMITTEE IS NOT REQUIRED IN CONNECTION WITH THE PROPOSED 2004 AMENDMENT TO THE 1993 VICTOR VALLEY REDEVELOPMENT PLAN (AMENDMENT NO. 6)**

Action to be Taken: Adopt Resolution 04-010

Certified copy of Resolution to be returned to Green, de Bortnowsky & Quintanilla, LLP

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 04-010

RESOLUTION OF THE COMMISSION FOR THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY FINDING THAT THE FORMATION OF A PROJECT AREA COMMITTEE IS NOT REQUIRED IN CONNECTION WITH THE PROPOSED 2004 AMENDMENT TO THE 1993 VICTOR VALLEY REDEVELOPMENT PLAN (AMENDMENT NO. 6)

WHEREAS, the Victor Valley Economic Development Authority ("VVEDA") is a joint powers authority which was formed for the purposes of causing the redevelopment of former George Air Force Base ("GAFB") (now known as Southern California Logistics Airport) and certain areas in proximity thereto in accordance with the provisions of Health and Safety Code Section 33492.40; and

WHEREAS, VVEDA was formed and presently exists pursuant to a certain Fourth Amended Joint Exercise of Powers Agreement (the "Joint Powers Agreement") by and among the City of Victorville, City of Adelanto, City of Hesperia, Town of Apple Valley and County of San Bernardino (collectively the "Members"); and

WHEREAS, under Section 33492.40 of Health and Safety Code, VVEDA, although not organized as a redevelopment agency, has and shall exclusively exercise redevelopment powers in furtherance of the redevelopment of a project area approved by VVEDA and, in addition to exercising the powers of a redevelopment agency, shall act as the legislative body and planning commission for all approvals and actions of the legislative bodies and planning commissions for the adoption and implementation of a redevelopment plan; and

WHEREAS, in order to promote the civilian reuse of former GAFB, VVEDA has previously taken certain actions with respect to the adoption of the 1993 Victor Valley Redevelopment Plan, as amended (the ARedevelopment Plan@); and

WHEREAS, certain of the Members have deemed it desirable at this time to seek an amendment to the existing Redevelopment Plan (the A2004 Amendment@) in order to provide for the deferral of VVEDA's deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the Health and Safety Code for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities; and

WHEREAS, under Health and Safety Code Section 33492.40(f), VVEDA as a joint powers agency acting as the legislative body, is exempt from forming a project area committee pursuant to Section 33347.5 to review the 2004 Amendment.

NOW THEREFORE, BE IT RESOLVED:

SECTION 1. The Recitals contained herein are true and correct and are incorporated herein by this reference.

SECTION 2. VVEDA is exempt under Health and Safety Code Section 33492.40(f) from forming a project area committee to review the 2004 Amendment.

SECTION 3. This Resolution shall take effect upon the date of its adoption.

This Resolution shall take effect upon the date of its adoption.

PASSED, APPROVED AND ADOPTED this 9th day of June, 2004, by the following vote:

AYES: NASSIF, PACK, NEHMENS, MITZELFELT, CALDWELL
NOES: NONE
ABSENT: POSTMUS
ABSTAIN: NONE

Terry E. Caldwell
Vice-Chairman of the Governing Board
of the Victor Valley Economic
Development Authority

(SEAL)

ATTEST:
Mary Morgan
Secretary to the Victor Valley
Economic Development Authority

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

AGENDA

June 9, 2004

Item: **RESOLUTION OF THE COMMISSION FOR THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY RECEIVING THE PROPOSED REPORT TO LEGISLATIVE BODY FOR THE 2004 AMENDMENT TO THE 1993 VICTOR VALLEY REDEVELOPMENT PLAN (AMENDMENT NO. 6)**

Exhibit A – Report to the Legislative Body for the 2004 Amendment to the 1993 Victor Valley Redevelopment Plan (Amendment No. 6)

Action to be Taken: Adopt Resolution 04-011 append Exhibit A.

Certified copy of Resolution to be returned to Green, de Bortnowsky & Quintanilla, LLP

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 04-011

RESOLUTION OF THE COMMISSION FOR THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY RECEIVING THE PROPOSED REPORT TO LEGISLATIVE BODY FOR THE 2004 AMENDMENT TO THE 1993 VICTOR VALLEY REDEVELOPMENT PLAN (AMENDMENT NO. 6)

WHEREAS, the Victor Valley Economic Development Authority ("VVEDA") is a joint powers authority which was formed for the purposes of causing the redevelopment of former George Air Force Base ("GAFB") (now known as Southern California Logistics Airport) and certain areas in proximity thereto in accordance with the provisions of Health and Safety Code Section 33492.40; and

WHEREAS, VVEDA was formed and presently exists pursuant to a certain Fourth Amended Joint Exercise of Powers Agreement (the "Joint Powers Agreement") by and among the City of Victorville, City of Adelanto, City of Hesperia, Town of Apple Valley and County of San Bernardino (collectively the "Members"); and

WHEREAS, under Section 33492.40 of Health and Safety Code, VVEDA, although not organized as a redevelopment agency, has and shall exclusively exercise redevelopment powers in furtherance of the redevelopment of a project area approved by VVEDA and, in addition to exercising the powers of a redevelopment agency, shall act as the legislative body and planning commission for all approvals and actions of the legislative bodies and planning commissions for the adoption and implementation of a redevelopment plan; and

WHEREAS, in order to promote the civilian reuse of former GAFB, VVEDA has previously taken certain actions with respect to the adoption of the 1993 Victor Valley Redevelopment Plan, as amended (the ARedevelopment Plan@); and

WHEREAS, certain of the Members have deemed it desirable at this time to seek an amendment to the existing Redevelopment Plan (the A2004 Amendment@) in order to provide for the deferral of VVEDA's deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the Health and Safety Code for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities; and

WHEREAS, under Health and Safety Code Section 33457.1, VVEDA must receive and make available to the public prior to the public hearing, a report pursuant to Section 33352; and

WHEREAS, VVEDA's staff has prepared the proposed Report to Legislative Body for the 2004 Amendment, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference.

NOW THEREFORE, BE IT RESOLVED:

SECTION 1. The Recitals contained herein are true and correct and are incorporated herein by this reference.

SECTION 2. VVEDA hereby receives the proposed Report to Legislative Body for the 2004 Amendment attached hereto as Exhibit AA@ and incorporated herein by this reference.

SECTION 3. VVEDA approves for public review the proposed Report to Legislative Body for the 2004 Amendment of which is now on file in the office of the Secretary substantially in the form and content presented to VVEDA.

SECTION 4. VVEDA's staff is hereby authorized to make such modifications and revisions to the Report to Legislative Body for the 2004 Amendment as may be necessary or appropriate.

SECTION 5. This Resolution shall take effect upon the date of its adoption.

This Resolution shall take effect upon the date of its adoption.

PASSED, APPROVED AND ADOPTED this 9th day of June, 2004, by the following vote:

AYES: NASSIF, PACK, NEHMENS, MITZELFELT, CALDWELL
NOES: NONE
ABSENT: POSTMUS
ABSTAIN: NONE

Terry E. Caldwell
Vice-Chairman of the Governing Board
of the Victor Valley Economic
Development Authority

(SEAL)

ATTEST:

Secretary to the Victor Valley
Economic Development Authority

EXHIBIT "A"

REPORT TO THE LEGISLATIVE BODY FOR THE 2004 AMENDMENT TO THE 1993 VICTOR VALLEY REDEVELOPMENT PLAN (AMENDMENT NO. 6)

HOUSING COMPLIANCE PLAN

This section of the Implementation Plan has been prepared to meet the requirements of Section 33413(b)(4) of the Community Redevelopment Law, California Health and Safety Code Section 33000, et seq. ("Law"). Section 33413(b)(4) requires that this Housing Compliance Plan include the contents required by Section 33490(a)(2) and (3) and be adopted by VVEDA prior to December 31, 1994, as part of the implementation plan required by Section 33490 of the Law.

VVEDA adopted the Redevelopment Plan for the 1993 Victor Valley Redevelopment Project ("Redevelopment Plan") on December 28, 1993 by Ordinance No. 2, and thereby created the Project Area. The Project Area includes territory within the cities of Victorville and Hesperia, the Town of Apple Valley, and unincorporated territory within the County of San Bernardino, herein referred to as the "Participating Jurisdictions."

The Housing Compliance Plan has been developed to accomplish the following goals:

- To account for the number of affordable dwelling units, either constructed or substantially rehabilitated, in the Project Area since adoption;
- To assess existing needs for the production of affordable housing as a result of the construction or substantial rehabilitation of dwelling units since the Project Area was adopted;
- To estimate the current funds available in, and projected deposits to, the Housing Fund;
- To estimate the number of new, rehabilitated, or price-restricted housing units to be assisted during each of the five years, and estimates of the expenditures of monies from the Housing Fund;
- To estimate the number of new, substantially rehabilitated, or price-restricted residential units to be developed or purchased both over the life of the Redevelopment Plan and during the next ten years, and the number of such units of very low, low, and moderate income households required to be developed to comply with Section 33413(b)(2) of the Law;
- To estimate the number of units of very low, low, and moderate income households which have been developed which meet the requirements of Section 33413(b)(2) of the Law;
- To estimate the number of VVEDA-developed units which will be developed during the next five years which will be governed by Section 33413(b)(1) of the Law, and the number of such units for very low, low, and moderate income households;

4. If a member jurisdiction fails to comply with these policies, or fails to comply with State law pertaining to the housing fund, its expenditure, and reporting requirements pertaining thereto, future tax increment deposits for the low and moderate income housing fund to that member jurisdiction may be withheld by VVEDA. If this event occurs, the member jurisdiction shall adopt a plan for remedying the situation, and once the situation is corrected, tax increment deposits (less administrative and other expenses related to the violation) will again commence to that member jurisdiction.

LEGAL REQUIREMENTS

The provisions of Section 33413(b)(4) of the Law require all redevelopment agencies to adopt and periodically update a plan to ensure compliance with the existing criteria of Section 33413 of the Law regarding the affordability mix of new or rehabilitated housing units. Since 1976, redevelopment agencies have been required to assure that at least thirty percent (30%) of all new or rehabilitated units developed by an agency are available at affordable costs to households of low or moderate income (not to exceed 120% of area median income). Of this thirty percent (30%), not less than fifty percent (50%), that is, fifteen percent (15%) of the total project area units developed or rehabilitated by an agency, are required to be available at affordable costs to very low income (50% or below of area median income) households. Further, Section 33413 requires that at least fifteen percent (15%) of all new or substantially rehabilitated dwelling units developed within each project area by entities other than an agency be made available at affordable costs to low or moderate income households. Of this fifteen percent (15%), not less than forty percent (40%) of the dwelling units, that is six percent (6%) of the total units developed in the project area, are required to be available at affordable costs to very low income households. These requirements are applicable to housing units as aggregated and not on a case-by-case basis to each dwelling unit created or rehabilitated unless so required by an agency.

The Housing Compliance Plan must be consistent with the Participating Jurisdiction's housing elements and must also be reviewed and, if necessary, amended at least every five (5) years with either the housing element's cycle or the implementation plan cycle.

The Law requires that the Housing Compliance Plan contain the contents required by Section 33490(a)(2) and (3) which include the number of units of very low, low, and moderate income households, which have been developed in the project area which meet the requirements of 33413(b)(2) and estimates of the following:

- The number of new, substantially rehabilitated, or price-restricted residential units to be developed or purchased within the Project Area for a ten (10) year period, as well as over the duration of the Redevelopment Plan.
    - Of these, the number of units for very low income households, and
    - The number of units for low and moderate income households.
- The number of units to be developed by VVEDA for a five (5) year period.
    - Of these, the number of units for very low income households, and
    - The number of units for low and moderate income households.

If, at the end of each ten (10) year period, the production estimate is not realized, the Law requires that VVEDA meet the production goals on an annual basis until the requirements for the ten (10) year period are met. Should VVEDA exceed the production requirements within the ten (10) year period, the Law permits VVEDA to count the units that exceed the requirements to meet housing production requirements during the next ten (10) year period.

DEFINITIONS AND DATA COMPILATION

Section 33413 of the Law requires that this Housing Compliance Plan take into account all residential construction or substantial rehabilitation that has occurred within the Project Area since adoption in order to determine affordable housing production needs. This Housing Compliance Plan includes figures for existing residential construction and substantial rehabilitation, and projections for the number of additional dwelling units to be constructed or substantially rehabilitated during the next ten (10) years and over the life of the Redevelopment Plan. The following sections define "new construction" and "substantial rehabilitation" as used in this Housing Compliance Plan, as well as the methodology used for collecting data on both existing and projected housing units.

1. *New Construction:* Construction statistics were provided by the staff members of each Participating Jurisdiction. Because the Law does not establish a clear definition for new construction, staff members and the consultant formed a "definition" of what would be considered new construction for the purposes of this Housing Compliance Plan. Dwelling units with building permits issued since the adoption date of the Project Area were considered to be new construction. Therefore, these units would fall under the requirements for production of affordable housing within the Project Area pursuant to Section 33413 of the Law. Projections are affected by numerous complex factors as: the general health of the local, regional, and national economy; employment levels; competition; and inventory of existing housing. Based upon the recent economic trends, a projection of new units to be constructed over the next ten (10) years is difficult. Projections for future dwelling units to be constructed within the Project Area used in this Housing Compliance Plan are based upon existing land uses and recent historical trends of building permits issued for residential units. Staff does <u>not</u> anticipate that the Project Area will experience buildout within the ten (10) year time frame covered by this Housing Compliance Plan.

   It should be noted that neither the existing housing stock nor projections for future dwelling units in the Project Area include any units to be developed by VVEDA. According to staff, VVEDA and its members from each Participating Jurisdiction do not anticipate directly developing or rehabilitating any dwelling units which would trigger the thirty percent (30%) affordable housing requirement of Section 33413(b)(l) of the Law. However, VVEDA and its members from each Participating Jurisdiction will cooperate with and provide assistance and incentives to private developers in order to meet affordable housing production goals.

2. ***Substantial Rehabilitation:*** The Law, as amended by AB 1290, defines "substantial rehabilitation" as:

> *"....substantially rehabilitated multifamily rented dwelling units with three or more units or substantially rehabilitated, with agency assistance, single-family dwelling units with one or two units." 33413(b)(2)(A)(iii)*

As defined by AB 1290 "substantially rehabilitated dwelling units" means:

> *"....rehabilitation, the value of which constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value." 33413(b)(2)(A)(iv)*

According to data provided by staff, to date, no units have undergone substantial rehabilitation, as defined above, in the Project Area. Substantial rehabilitation has probably not occurred because of the lack of revenue. Until significant revenue is generated, this Housing Compliance Plan does not assume that any future substantial rehabilitation will occur.

PROVISION OF AFFORDABLE HOUSING TO DATE

For all redevelopment project areas adopted after January 1, 1976, Health and Safety Code Section 33413 requires that affordable housing be provided in conjunction with: (a) the destruction or removal of existing affordable dwelling units within a project area by direct or indirect involvement of a redevelopment agency; and (b) development of new or substantially rehabilitated dwelling units within a project area. The following sections identify the number of dwelling units which have been destroyed/removed, constructed, or substantially rehabilitated within the Project Area to date. Section D identifies affordable housing units required in the Project Area due to the development of housing units from the Project Area adoption.

A. Dwelling Units Destroyed or Removed Directly or Indirectly by Agency

As of the date of this Housing Compliance Plan, VVEDA has not destroyed (or removed) any units housing persons and families of low and moderate income in the Project Area, or assisted financially with projects that resulted in the destruction or removal of such dwelling units.

At this time, VVEDA does not have any plans to destroy, remove, or to assist financially with projects that result in the destruction or removal of any affordable housing units. Therefore, no replacement housing is anticipated at this time.

However, if future projects within the Project Area result in the destruction or removal of any affordable housing units, VVEDA will be required to provide relocation assistance for the displaced residents and to replace the units within four years of their demolition.

B. Dwelling Units Constructed or Substantially Rehabilitated within the Project Area to Date

As shown on Table 1, the number of dwelling units constructed within the Project Area to date is at least 1,287 (City of Victorville-1,287, City of Hesperia-To Be Determined, Town of Apple Valley-To Be Determined, San Bernardino County-To Be Determined). All of these dwelling units were developed privately. VVEDA has not developed housing units in the Project Area.

Using historical records and the definition of "substantial rehabilitation" added by AB 1290, and data provided by staff from the Participating Jurisdictions, it has been determined that there have not been any dwelling units substantially rehabilitated in the Project Area by either VVEDA or a non-VVEDA entity.

TABLE 1

UNITS DESTROYED/REMOVED
CONSTRUCTED AND REHABILITATED
1993 (Project Adoption) to 1997

UNITS DESTROYED OR REMOVED BY VVEDA		0
UNITS CONSTRUCTED:		
VVEDA Developed Units		0
Privately Developed Units:		
City of Victorville		1,287
City of Hesperia		TBD
County of San Bernardino		TBD
Town of Apple Valley		TBD
	TOTAL:	1,287
UNITS SUBSTANTIALLY REHABILITATED		0

Notes: TBD = To Be Determined

VVEDA\5YRIMP\TABLE 1

C. Dwelling Units Constructed or Rehabilitated as Affordable Housing to Date

To date, VVEDA has not constructed or rehabilitated any units as affordable housing.

D. Affordable Housing Units Required

Section 33413(b)(2) of the Law requires that at least fifteen percent (15%) of all new and substantially rehabilitated dwelling units completed within a project area by public or private entities (other than the agency), must be available at affordable housing cost levels to persons and families of low or moderate incomes. Of these, not less than forty percent (40%) (or six percent (6%) of all units constructed or substantially rehabilitated in the Project Area) are required to be made available at costs affordable to very low income households.

In the Project Area, there have been a total of at least 1,287 privately developed units constructed since the project was adopted in 1993. As shown on Table 2, Section 33413(b)(2) of the Law requires that a total of at least 193 units or (15% of 1,287) affordable housing units be provided in the Project Area. Of the 193 affordable housing units currently required for the Project Area, at least 77 units must be at the very low income household level, and at least 116 units must be at the low or moderate income level. VVEDA needs to produce these affordable housing units during the next ten (10) years to meet the affordable housing unit requirement created by the development that has occurred within the Project Area. See Table 2 below.

TABLE 2

INCLUSIONARY AFFORDABLE HOUSING PRODUCTION

	Total Private Rehab. Units		Affordability Requirement	Required Affordable Units	Required Very Low Income Units	Required Low/Moderate Income Units
1993 (Project Adoption) to 1997	1,287	x	15%	193	77	116

Note: Housing unit data from various Participating Jurisdictions is yet to be determined. Therefore, these figures may change.

VVEDA\SYRIMP\TABLE 2

VVEDA has not been required to replace any destroyed units and has not produced any units with affordability covenants as shown in Table 3 below. Therefore, VVEDA has an affordable housing unit deficit of at least 193 units, of which at least 77 units must be available to very low income households and at least 116 units must be available to low and moderate income households.

TABLE 3

TOTAL AFFORDABLE HOUSING UNITS REQUIRED
1993 (Project Adoption) to 1997

	Total Units	Very Low Income Units	Low/Moderate Income Units
Replacement Units Required	0	0	0
Inclusionary Affordable Units Required	193	77	116
	193	77	116
Units with Affordability Covenants	0	0	0
Total Affordable Units Required	193	77	116

Note: Housing unit data from various Participating Jurisdictions is yet to be determined. Therefore, these figures may change.

VVEDA\SYRIMP\TABLE 3

FUTURE AFFORDABLE DWELLING UNITS

Estimates for the total number of dwelling units to be constructed within the Project Area during the next ten (10) years and over the life of the Project Area were calculated by examining existing land uses, recent growth trends within the Project Area, and proposed land uses designated in the General Plans of the Participating Jurisdictions. The total number of housing units estimated to be developed over the next ten (10) years and over the life of the Project Area is at least 4,400 units as shown in Table 4 below.

TABLE 4

FUTURE HOUSING UNITS
1997 TO 2007 AND OVER LIFE OF PLAN

	1997-2007	LIFE OF PLAN
Estimated Number of Units:		
City of Victorville	4,000	4,400
City of Hesperia	TBD	TBD
County of San Bernardino	TBD	TBD
Town of Apple Valley	TBD	TBD
	4,000	4,400

Notes: TBD = To Be Determined

VVEDA\5YRIMP\TABLE 4

Section 33413(b)(2) of the Law requires that of the estimated number of units to be constructed in the Project Area, at least fifteen (15) or (15% of 100) must be available at affordable housing cost levels. As shown on Table 5 below, at least 240 units or (40% of the 15%) must be available for households with very low income levels and at least 360 units must be made available to households with low or moderate income levels during the next ten (10) years. As previously discussed, this Housing Compliance Plan assumes that no housing units will be substantially rehabilitated by either the Agency or non-Agency parties during the next ten (10) years, nor during the life of the Plan.

TABLE 5

FUTURE HOUSING PRODUCTION AND
AFFORDABLE HOUSING UNITS REQUIRED
1997-2007 AND OVER LIFE OF PLAN

	Total Units		Affordability Requirement	Required Affordable Units	Required Very Low Income Units	Required Low/Moderate Income Units
Ten Year Unit Projection (1997-2007)	4,000	x	15%	600	240	360
Additional Unit Projection (2007 to end of Plan)	400	x	15%	60	24	36
TOTAL	4,400			660	264	396

Note: Housing unit data from various Participating Jurisdictions is yet to be determined. Therefore, these figures may change.

VVEDA\5YRIMP\TABLE 5

PROPOSED AFFORDABLE HOUSING PROGRAMS

A. Projections of Agency Twenty Percent (20%) Low and Moderate Income Housing Set-Aside Funds

Section 33334.2 of the Law requires that VVEDA set aside not less than twenty percent (20%) of all tax increment revenue allocated to VVEDA pursuant to Section 33670 of the Law into a separate housing fund account for the Project Area, to be used by VVEDA for the purpose of increasing, improving, and preserving the community's supply of low and moderate income available at affordable housing cost, to persons and families of low or moderate income and very low income households unless specific findings, as set forth in Section 33334.2 of the Law, are made. In addition, as set forth in Section 33334.4 of the Law, it is the stated policy of the Legislature that "...it shall be the policy of each agency to expend, over the duration of a redevelopment plan, the moneys in the Low and Moderate Income Housing Fund to assist housing for persons of low and very low income in at least the same proportion as the total number of housing units needed for those income groups which are not being provided by other governmental programs bears to the total number of units needed for persons of moderate, low, and very low income within the community."

As required by Section 33334.2 of the Law, VVEDA will set aside twenty percent (20%) of tax increment revenue allocated to VVEDA from the Project Area into a separate housing fund account as tax increment revenue is generated. As described in the Implementation Plan, special legislation was recently adopted changing the base year for the Project Area to 1997-98. VVEDA is currently working with County staff to implement this new legislation and once the methodology for calculating revenue is finalized, new revenue projections, including projection of housing set-aside funds, will be prepared.

To address how tax increment revenue is distributed amongst the Participating Jurisdictions, an agreement has been approved. The Third Amended and Restated Joint Exercise of Powers Agreement ("Third Amended Agreement") entered into by the Town of Apple Valley, City of Hesperia, City of Victorville, and the County of San Bernardino establishes how tax increment revenue generated by the Project Area is to be distributed. Specifics on this distribution is described in the Implementation Plan. The following is a general summary of how the 20% set-aside revenue is to be allocated to the Low and Moderate Income Housing Fund. For fiscal years 1997-98 and 1998-99, all tax increment shall be allocated solely for use on the Air Base parcels, setting aside 20% for low and moderate income housing purposes. Thereafter, all tax increment revenue generated by the Air Base parcels will be allocated for use on the Air Base, setting aside 20% for low and moderate income housing purposes. The tax increment revenue generated by Project Area property other than the Air Base will be allocated in the following manner: 20% of this revenue shall be set aside for low and moderate income housing, of which one-half shall be allocated to the Air Base parcels and one-half shall be allocated amongst the Participating Jurisdictions.

B. Other Agency Revenues

VVEDA may use a number of revenue sources for low and moderate income housing purposes, as they are available. One such source is the nonhousing Redevelopment Fund. However, because of VVEDA's lack of revenue, only 20% of tax increment revenue generated is expected to be used for housing purposes. Over the next five years, no revenue from the Agency's Redevelopment Fund (nonhousing) is currently projected to be available to assist with the implementation of affordable housing projects.

C. Federal/State Revenue Sources

1. *Federal Programs:* After reaching a peak in the late 1960's and early 1970's, federal assistance for affordable housing projects has decreased significantly during the 1980's and 1990's. The major source of housing assistance, the Department of Housing and Urban Development ("HUD"), had their budget slashed dramatically during the 1980's. HUD still provides some funds for community planning and development activities through Community Development Block Grants (CDBG) and rental subsidies through the Section 8 program.

2. *State Programs:* In conjunction with this Housing Compliance Plan, VVEDA may research available state affordable housing funding sources administered by the State Department of Housing and Community Development. Potential State housing programs which should be researched and evaluated include:

   California Homeownership Assistance Program
   California Housing Rehabilitation Program
   Proposition 84 Housing Funds
   Proposition 77 Housing Funds
   California Housing Finance Authority - New Construction

D. Other Financial Resources

1. *Low Income Housing Tax Credit:* As part of the 1986 Tax Reform Act, a new tax credit was made available to developers of new or rehabilitated rental housing. Use of the tax credit is possible if one of the following criteria is met: at least twenty percent (20%) of the completed units are rented to households at or below fifty percent (50%) of the area median gross income; or at least forty percent (40%) of the units are rented to households at or below sixty percent (60%) of the area median gross income. Rents on tax credit units cannot exceed thirty percent (30%) of the maximum income limits based upon household size.

2. *Tax Exempt Financing:* VVEDA has the legal power to issue tax exempt bonds or notes for the development (including rehabilitation) of both single family and multifamily housing. In addition, VVEDA with the Participating Jurisdictions can cooperate with the California Housing Finance Agency (CHFA) in bond issues. Such bonds must be issued under established federal and state requirements.

Multifamily revenue bonds may be issued to finance rental apartment projects. These bonds can be used to provide construction financing and permanent financing for newly built projects, and in some cases to provide for the acquisition and substantial rehabilitation of existing projects. Single family mortgage revenue bonds can be issued to provide below market mortgages for first time home buyers.

PROPOSED IMPLEMENTATION POLICIES/PROGRAMS

Proposed Programs

To meet the current deficiency of at least 193 units of very low, low, and moderate income housing units, the projected need over 10 years, and over the life of the Redevelopment Plan, VVEDA may undertake the following potential programs:

- First-time home buyers program (silent second mortgages)
- Interest rate subsidy program for qualified home buyers
- Multifamily rental housing rehabilitation program
- Scattered site acquisition and resale program involving the Resolution Trust Corporation (RTC) and nonprofit agencies
- Rehabilitation loans
- Rehabilitation grants
- Revenue bond financing for new construction

There are a variety of techniques currently available to address the provision of affordable housing. The legal and financial tools available do change from time to time. VVEDA will be flexible and should experiment with techniques to see which work best within the Project Area. As new tools become available, these should be explored. By employing a variety of techniques, VVEDA can maximize its production of affordable housing while reducing its risk through diversification. On the basis of its experience over time, VVEDA can continually refine its programs to achieve the greatest production within the income areas of greatest need with the most efficient investment of its funds. VVEDA shall prioritize housing programs that achieve meaningful progress toward the goals of this Housing Compliance Plan and the production of affordable housing units.

PROPOSED IMPLEMENTATION PROGRAMS AND PROJECTS

To meet VVEDA's deficiency of at least 193 affordable housing units, VVEDA will pursue affordable housing projects and other eligible housing programs as housing revenue becomes available. There is a strong possibility that this deficit may not be reduced over the next five years because of the lack of revenue. Therefore, VVEDA will have to implement these programs and projects over the next ten (10) years.

SCHEDULE OF ACTIONS/AVAILABLE REVENUE FOR IMPLEMENTING AFFORDABLE HOUSING PROGRAMS AND PROJECTS

The timeline for VVEDA's affordable housing programs to eliminate its current and projected affordable housing unit deficit will be dependent on each Participating Jurisdictions specific program schedule. Assuming conservatively that the Project Area's tax increment revenue increases at an annual 2% growth rate, the Project Area is expected to generate approximately $3.5 in housing revenue over the next ten years. The revenue generated will be used to help eliminate the current and projected housing unit deficit.

CONSISTENCY OF HOUSING COMPLIANCE PLAN WITH PARTICIPATING JURISDICTIONS' HOUSING ELEMENTS

The programs outlined in this Housing Compliance Plan further the objectives of the Housing Elements of each of the Participating Jurisdictions. A major focal point of the goals and objectives of each Housing Element is to provide housing for all economic segments of the Project Area, especially lower income families. Because the major goal of this Housing Compliance Plan is also to provide housing for these lower income households, and the proposed plans and programs for improving the supply of affordable housing in the Project Area presented in this Housing Compliance Plan are similar to plans and policies of each Housing Element, there is clearly a high degree of consistency between the Housing Compliance Plan and each Housing Element.