

MATHER/MCCLELLAN MERGED PROJECT AREA IMPLEMENTATION PLAN

The Redevelopment Agency of the County of Sacramento approved the first five-year updated Implementation Plan for the Mather AFB Redevelopment Plan (January 2000-2004) on March 14, 2000. The initial five-year Implementation Plan for the McClellan AFB/Watt Avenue Redevelopment Plan was adopted along with the Redevelopment Plan on November 22, 2000.

The following Implementation Plan for the proposed Mather/McClellan Merged Project Area is an updated Implementation Plan for the next five years, **(June 2001-2005)** in two parts; Section I for the Mather portion of the Merged Project Area, and Section II for the McClellan/Watt Avenue portion of the Merged Project Area.

The Implementation Plan sections describe the specific goals and objectives for the proposed Merged Project Area, the specific projects proposed by the Agency (including a program of actions and expenditures proposed to be made within the next five years of the redevelopment plan), and a description of how these projects will improve or alleviate the blighting conditions found within the merged project area.

Section I Mather Air Force Base Implementation Plan

Introduction:

The closure of Mather Air Force Base, announced in 1988, was a significant loss to the Sacramento region—one made worse by the additional closure of two other military bases, the Sacramento Army Depot and McClellan Air Force Base. In the case of Mather, closure to the 5,716-acre base meant the loss of 7,600 jobs, 1,271 housing units, and \$150 million in annual income to the Sacramento area. From the date of the announcement, it was recognized that the special tools and authorities provided by redevelopment law would be instrumental in converting the facility to civilian use. In the past nine years, significant steps in that conversion effort have been completed and Mather now is emerging as a major business park, air freight hub, and recreation center that is restoring many of the jobs that had been lost.

The initial step in conversion was made in the fall of 1991 when the Board of Supervisors endorsed a comprehensive reuse plan and forwarded the plan to the Air Force. About 18 months later, in March 1993, the Air Force issued a Record of Decision for the disposal of the base. Mather aviation facilities were subsequently transferred to the County. On May 5, 1995, Mather Airport was officially opened as a civilian airport. The airport area, including runways and aprons, encompasses approximately 2, 875 acres. The County Department of Airports now operates Mather Airport with its 11,200-foot jumbo runway as an air cargo and general aviation center. Airborne Express, Integrated Airline Services, Kitty Hawk, and Emery Air Freight already have operations at the base.

The airport is not Mather's only significant attribute. The former base includes extensive parklands, which help create the appearance of the modern industrial campus favored by many companies seeking new offices. In 1995, 1,434 acres on the east side of the property was set

aside for the establishment of Mather Regional Park, an increasingly popular destination that boasts a top-flight public golf course.

Improvements of the property are continuing through expenditure of a \$10.8 million federal grant. Those monies were used to transform Mather's main entrance from a military-style gate to one more suitable for a commercial business park. Also funded were landscaping of the major arterial streets in the area and construction of a new General Aviation Terminal at the airport.

Sacramento Mather Airport and the adjacent main base area, now called Mather Commerce Center, together comprise some 600 acres of developed and developable property conveniently located along the Highway 50 corridor, Sacramento's second-largest employment center after downtown. These attributes already have attracted 53 employers with over 2,800 employees to the Mather Redevelopment area and many more employers are considering making a move to the property, which is bounded on the north and west by urban development and on the east and south by undeveloped land.

In addition to the successes with commercial development, Mather also is generating some promising residential development. After six years of negotiations involving the County and the Air Force, Lewis Homes (since acquired by Kaufman and Broad) has demolished the existing "Capehart" and "Wherry"-style military housing and begun the task of building 1,271 new houses. Some 380 units already have been completed and sold and construction of additional units continues.

As with all closing bases, in order to receive land from the federal government, the local community must provide services for the homeless population. At Mather, a \$12.5 million HUD grant was received by SHRA to construct the Mather Community Campus—a transitional housing program that provides housing and training to prepare homeless people for jobs and permanent housing. The project consists of 200 units of housing for single persons and 60 units for families. Adjacent to the Community Campus, the Agency also constructed a Headstart facility using a federal grant of \$574,000.

Completed Projects: 1994-2001

Mather Gateway Project. SHRA partially financed the landscaping of the entryway and central open space area in front to the headquarters building. Other components of the project were public art, new signage and roadway improvements.

Cordova Parks Project. SHRA contributed \$133,000 to the Cordova Park and Recreation District's \$850,000 project to develop recreational soccer fields, baseball fields, running track, and other amenities. The Agency funded improvements included landscaping, meandering sidewalks, and decorative barrier posts along Mather Field Road in front of the park.

Land Transfer to SHRA. The County transferred 232.5 acres in the Main Base area in 1997 to SHRA. This allows development to be expedited because the Redevelopment Agency then has site control and can use special redevelopment authorities such as direct negotiation with a developer.

Lease to McGraw-Hill. SHRA leased 55,000 s.f. to the McGraw-Hill Company. The Agency borrowed \$1 million from a private commercial lender to finance the necessary building code requirements and tenant improvements.

Sale of McGraw-Hill. After the McGraw-Hill building had been leased for about a year, the site was sold and the lease assigned to an investor, the Plant Bros. Corp., for \$4.5 million.

Transitional Housing Rehabilitated for Homeless. The Agency used HUD, CDBG, County, and mortgage revenue bond funds to develop a 200-bed transitional housing and training program facility for homeless people known as the Mather Community Campus. There are 200 units for single adults and 60 units for families.

VA Lease. The Agency leased a 5,500 square foot building to the U.S. Veteran's Administration. A loan of \$178,000 was awarded to McCuen Properties to construct building and tenant improvements.

Security National. SHRA leased a 26,649 s.f. building to the Security National Servicing Corporation for a back office mortgage servicing operation. The company is investing \$670,000 in building and site improvements.

Jackson Properties. SHRA sold a 15-acre site to Jackson Properties for \$1.8 million. The developer renovated the old 82,000 s.f. Commissary building. It is leased to Sutter Connect, a third party insurance claim administrator with 400 employees. Jackson Properties is also finishing construction of an additional 50, 000 s.f building on the same site.

Airport Demolition. SHRA funded \$232,000 toward a joint project between the Agency and County Department of airports to demolish eight buildings.

Demolition. SHRA funded \$1,083,000 for toxic abatement and demolition of 33 structures.

Design Guidelines. SHRA funded and completed the *Mather Field Design Guidelines* to provide building owners, designers, and regulators with a cohesive and comprehensive tool to facilitate the development of transition of Mather Field into a high quality, aesthetically balanced, mixed-use community. Those guidelines are currently being amended and will be presented to the Board of Supervisors for adoption.

Single Family Housing. Sold 1,271 units to Kaufman-Broad for \$4 million for demolition and the construction of new housing. About 380 units of new housing have been built and sold. Construction of additional units continues. A total of 1,271 units will be newly constructed on the site; of those, 30% will be made available to persons of low and moderate income.

Deconstruction Grant. SHRA received \$100,000 from the California Integrated Waste Management Board to establish a model program demonstrating how to reuse materials from housing demolition.

Community Planning Process

The planning for Mather Field has gone through several phases.

SACOMC Plan 1989-1991. The Sacramento Commission on Mather Conversion, over the course of two years, analyzed numerous alternatives for consideration by the Board of Supervisors. Key recommendations included preservation of the airport for the creation of a major aviation facility surrounded by mixed commercial, industrial, recreation and residential land uses, protection of natural resources, and the use of base facilities for recreational, residential, educational and business purposes.

MIST Plan 1991. Upon receiving the SACOMC recommendations, the Board of Supervisors established the Mather Internal Study Team (MIST). MIST's goals are to refine and evaluate SACOMC's recommendations and to further examine both aviation and non-aviation reuse options. The MIST team confirmed that a civilian aviation facility provided Sacramento with the most advantageous economic opportunities. In the fall of 1991, the Board of Supervisors endorsed the MIST plan and forwarded it to the Air Force Base Conversion Agency (AFBCA) for consideration in its preparation of a Record of Decision (ROD) for the disposal of the base. Two amendments were made and a Revised Supplemental Record of Decision was issued in October 1995.

Redevelopment Planning Process, 1993-1995. In April 1993, at the direction of the Board of Supervisors, SHRA selected a consultant team to develop a more specific land use, marketing and recruitment strategy. The Board also appointed a 17-member Mather Committee for Redevelopment to serve as an advisory group for the redevelopment planning process.

In May 1995, a portion of Mather Field was designated a redevelopment area, which allows the Sacramento Housing and Redevelopment Agency to use special financial capabilities with respect to tax revenue generated in the area. The redevelopment area encompasses 4,012 acres of the former military base.

The committee met monthly from 1993 until October 1998. They provided critical review of all the planning decisions considered by the County and Agency through the time period. The committee helped resolve many difficult issues including whether to keep the airfield or not, the design of the new commercial area, the writing of the Design Guidelines, the review and adoption of the Redevelopment Plan, the review and adoption of the Implementation Plan, the Report to the Board, the approval of the public benefit conveyances, and the review and approval of the new traffic circulation and infrastructure plan.

Project Area Goals and Objectives

The Mather Air Force Base Redevelopment Plan includes the following goals and objectives:

- Elimination and prevention of blight and deterioration within the Project Area.
- Facilitation of the reuse and redevelopment of the Project Area
- Improvements and conversion to civilian use
- Assembly of land within the Project Area in support of rehabilitation or modern integrated development
- Attraction of new private sector investment to the Project Area
- Generation of increased sales tax, ad-valorem tax and other revenues for the County of Sacramento
- Creation and development of new business and employment opportunities
- Development of single-family home ownership in the Project Area

- Contribution to development of low-to-moderate income housing in the County.

Objectives for the next five years

- Upgrade public improvements and infrastructure to support new development, including but not limited to improving the internal roadway connections, extending Neely Road north to Old Placerville Road to create a new entry, upgrading and repairing existing waste water, water, and storm drain trunk lines, building a new landscaped entrance from Old Placerville Road at Schriever Road, and providing additional fire protection services.
- Prepare building and sites for development, including but not limited to relocating utilities, demolishing dilapidated and functionally obsolete structures, and abating toxic materials such as asbestos and lead paint.
- Assist developers to make development, new construction, rehabilitation or occupancy feasible.
- Upgrade park and recreational facilities including landscaping.
- Re-examine land use plans and evaluate benefits of converting portions of the community campus, airport parcel and regional park to an economic development conveyance.
- Develop suitable financial products to encourage home ownership and development of affordable housing using the housing 20 percent set-aside and other funds available.

Eliminating blight

Taken together, the projects described in the table on these pages will improve the Mather Air Force Base Redevelopment Plan Area by:

- Developing infrastructure and public improvements that businesses depend on,
- Increasing employment through the provisions of additional jobs created as a result of private sector investment, and
- Building a new residential neighborhood that replaces substandard housing and provides a fair share of affordable housing.

Improving Housing

During the lengthy negotiation period with the Air Force, substantial changes occurred in the housing reuse plans first considered in 1992. The Air Force's family housing was originally to be renovated; now it has been demolished to make way for 1,271 new single family houses. Of these, 381 units will be affordable; 114 will be affordable to very low-income families with incomes 70% of median (41 units completed to date), and 267 will be affordable to families with incomes of 80% of median income (43 units completed to date).

Housing set-asides from the Mather Project Area are used to fund a variety of Agency programs supporting new construction, rehabilitation, and homeownership. These programs provide a

range of affordable housing opportunities for low- and moderate-income people. Please refer to the Housing Component of this Implementation Plan for a detailed discussion of Agency sponsored housing programs and the expenditure of Mather/McClellan Merged Project Area tax increment funds on those programs.

Anticipated Revenues

In 1999 the Mather redevelopment area generated approximately \$300,000 in tax increment revenue. Since only 20 percent of the commercially zoned land is currently developed, it is anticipated that tax increment will greatly increase as building and business attraction gains momentum. The new Independence at Mather housing subdivision began generating tax increment in 2000, as the first single-family homes were developed and sold.

Total tax increment for the project area is expected to increase to \$1.9 million per year in 2005. This flow of funds should enable borrowing through the California Infrastructure Economic Development Bank (CIEDB) in 2002, and further borrowing or bond financing in 2004-2005, to further enhance redevelopment at Mather. McClellan would also share in the CIEDB loan. Though tax increment from redevelopment is critical to the success of Mather, there are two other sources of funding used to finance the extensive needed improvements. These are: 1) developer fees received through the Mather Field Public Facilities Financing Plan, and 2) revenue from County land sales and building leases.

The Mather Field Public Facilities Financing Plan fee allows the County to assess developers for a certain portion of the costs of upgrading the infrastructure system base-wide. Projects needed for this infrastructure work are currently estimated to require \$115 million. The sale of land and building leases to the County has been and will be used in the future to provide much of the “front-end” costs for these projects, while the development fees are received slowly, in relatively small amounts, over time.

The financing of redevelopment at Mather is dependent upon these three sources of financing, and the continued close cooperation and coordination of resources by both the Agency and the County. The Agency and County work closely together, including weekly planning and strategy sessions, to determine which projects will be developed in which order, using which combination of the three available resources. This cooperation is critical, for the combination of tax increment, sales revenues and development fees allows the Agency and the County to prepare for the orderly development of Mather.

Table 1

Potential Projects and Programs in the Mather Air Force Base Project Area, 2001-2005		
Project, timetable, and anticipated expenditures*	Description	Results (impact on blight)
Schriever, Femoyer extension, Lower Placerville Road, Armstrong, and Douglas Road County funds \$4.32 million	Construction street infrastructure, frontage improvements	Replaces inadequate public improvements and enhances public right-of-way
Mather Boulevard near Building 3750 EDA/Co. funds: \$550,000	Improve landscaping on median strip and sidewalks	As above
Construction of Water Tank \$3.3 million	Construct water tank	Alleviates problem of inadequate water supply for development
Demolition CDBG, County funds: \$2.8 million	Abate asbestos and lead paint and demolish hazardous and substandard buildings	Clears dangerous and substandard sites for new development
K/B Homes Infrastructure \$5 million	Infrastructure improvements in the Independence at Mather Housing Development	Facilitate the construction of 1,217 units of high quality new home construction
K/B Park improvements in single family housing area TI: \$500,000	Plan and assess costs for park improvements	Contributes to attractive, stable, affordable housing development
Project planning County: \$800,000	Develop aggregate resource study, utility master plan, irrigation master plan, sewer master plan, design review process, land use master plan, and habitat conservation plan	Prepares appropriate strategy and design for implementation of projects to remove blight
Sewer line improvements County: \$2.7 million	Rehabilitation of sewer lines, manholes, and clean-outs	Upgrades inadequate Infrastructure
Phased build-out of backbone infrastructure \$6 million	Roadway projects, water storm drainage and other utility projects	Upgrades inadequate Infrastructure
Parks and other open space \$200,000		Contributes to attractive, stable, overall development
Development site preparation County funds, TI: \$1.5 million	Prepare Approximately 5-acre site for development. Upgrade to current buildable standards	Provide site improvements necessary prior to development

*The anticipated expenditures are estimates only and should not be construed as budgeted or committed to a specific project or development unless otherwise noted.

Section II McClellan AFB/Watt Avenue Implementation Plan

Introduction

The closure of McClellan Air Force Base, announced in 1995, was an additional significant loss to the Sacramento region after the earlier closure of two other military bases; the Sacramento Army Depot, and Mather Air Force Base. McClellan AFB has served as a military installation since 1936 and is scheduled to officially close on July 13, 2001. The base has played a critical role in the Sacramento regional economy, providing a major source of jobs and technological development. The Base employed upwards of 10,500 civilian employees and over 3,000 military members with a combined payroll of over \$200 million at the time of the announced closure of the 2,856-acre Base.

In November 2000, McClellan AFB and a portion of the Watt Avenue Corridor were designated a redevelopment area, which allows the Sacramento Housing and Redevelopment Agency to use special financial capabilities with respect to tax revenue generated in the area. The redevelopment area encompasses the entire acreage of the former base and a portion of the Watt Avenue corridor in North Highlands.

The portion of the redevelopment area outside the Base, referred to as the Watt Avenue Area, containing about 634 acres, serves as the commercial and industrial market for the North Highlands community. Watt Avenue serves as the main gateway to the Base, and inclusion of the Watt Avenue corridor in the Project Area provided the opportunity to better integrate the redevelopment of the Base with the North Highlands community.

Sacramento County, as the designated Local Reuse Authority (LRA), completed the Final Reuse Plan for the Base in July, 2000. The overall goal for reuse is to retain the aircraft maintenance and repair activities as a core industrial function. These activities are to serve as a cornerstone for reuse activities, with other commercial, residential and non-industrial land uses remaining similar to the pre-closure pattern of uses.

The LRA, has hired the development equity partner McClellan Park to market and redevelop the Base. Of the approximately 11 million square feet of buildings on the Base, McClellan Park has already leased over 1 million square feet with additional leases pending.

It is projected that the total cumulative gross property tax increment revenue generated by the McClellan AFB/Watt Avenue Redevelopment Area over the 45-year life of the Project Area will be about \$836 million. When reduced by property tax administration fees and mandatory tax sharing payments to affected taxing entities, the net projected tax increments available for the redevelopment of the Base and surrounding commercial areas is approximately \$592 million. Of that amount \$167 million, or 20 percent of the total tax increment revenues, must be set aside to finance affordable housing and other housing-related projects. The net tax increment over the 45-year period is \$425 million.

Completed Projects or Projects Currently Underway

McClellan Technology Incubator. Completed construction of the McClellan Technology Incubator with the assistance of a federal Economic Development Administration grant and State of California matching funds grant. Currently six companies are leasing space in the facility.

Shopping Center at Watt and E Street. One of the larger shopping centers in close proximity to the Base has been under phased reconstruction for the past several years and is nearing completion with mixed uses including office/commercial. Assisted with loans and grants from the Redevelopment Agency, this center has become a focus point along the Watt Avenue corridor. Major tenants in the center include the County of Sacramento, Head Start, and the Rio Linda Union School District. Negotiations with other tenants continue. Further renovations of an adjacent restaurant are planned.

Watt Avenue Streetscape. The Agency, through a \$110,000 contract with the HLA Group is developing a conceptual streetscape design for the Watt Avenue Corridor from the I-80 freeway North to Antelope Road. The Plan will include a conceptual design for a community-focused intersection at Watt and E Street.

North Highlands Community Center. The Agency, County, and the North Highlands Park and Recreation District are working in concert to develop a plan to open up the front of the community center as a more accessible and park-like setting. In addition, the County Transportation will include an electronic sign at the site that will keep the community up to date on events and conditions.

Leasing Activity on the Base. In addition to the Coast Guard keeping their current operations at the McClellan, the following companies have recently executed leases and are occupying space at the base. Among the new tenants are XO Communications a telecommunications company; ALM Commercial Aircraft Painter; The Yolo Shoreline Railroad Co. of Woodland, CA, that will run the on-base railroad; Western Integrated Networks (WIN), a fiber optic company; Pacific Coast Breaker of Sacramento; PAR Electrical Contractors of Fairfield, CA; Aronson Constructors; and Pacific Power Coating. Other tenants occupying or soon to be occupying space at the base include: Beutler Heating and Air, R & R Hotels, Pacific Jets, Hampton Lumber, Sacramento Container, Weatherly Aviation, MWDI, Technikon, Caltrans, Alexander WW, CMOR Mfg., Harbor Truck, Alzeta Corp., North State Tech Institute, FIT Development, Flight Materials, Power Innovators, EZ Loader, Martin Labs, Raytheon Co., JD Hack Sales, Pyro Spectacular, General Dynamics, Sierra Single Ply, Roseville Telephone, Avatar, Bencyn West, Trajen, Marszal Petroleum, Aerobotics, Barnes Trucks, and JMAR Semi. These companies in total represent more than 2 million square feet of leases and upwards of 3,000 private-sector employees.

Project Goals and Objectives

The goals and objectives for the Project Area are as follows

- Preserve a significant portion of the economic activity that has historically been associated with the Base.
- Ensure a smooth and expedient transition to civilian use.
- Create an orderly, balanced, and integrated land use pattern that optimizes existing McClellan AFB assets; supports sustainable land utilization; and enhances regional and local character, identity, and quality of development.
- Facilitate efficient, timely, and cost-effective transition of infrastructure and utility systems and operation, maintenance, and capital improvement responsibility to local service providers.
- Encourage a closer integration of industrial and other compatible land uses.
- Unify uses on the Base with those along Watt Avenue.

- Implement beautification measures and infrastructure improvement projects along Watt Avenue.
- Promote business development and retention along Watt Avenue.

Proposed Projects and Programs, Including a Program of Action and Expenditures for the Next Five Years of the Redevelopment Plan Programs

The Agency proposes a series of activities and programs designed to alleviate the blighting conditions in the Project Area. These include the following:

Business Retention and Attraction: Incentives or assistance to existing businesses and new businesses in the Project Area.

Façade Improvement/Commercial Rehabilitation Loans: Low interest loans or grants for non-residential properties for façade improvements, rehabilitation of buildings, correction of code or safety deficiencies, and tenant improvements.

Land Assembly: The Agency may acquire land to facilitate the consolidation of small parcels into developable sites.

Housing Programs: Programs proposed by the Agency include low-interest housing rehabilitation loans for single- and multi-family housing and a First-time Homebuyers Program.

Public Facilities and Infrastructure: Programs proposed include traffic improvements; streetscape and beautification programs; water, sewer and drainage upgrades; utility under-grounding and/or upgrades; and new roads and utility systems on the Base. See the details in Table 2 below.

Table 2

McClellan Infrastructure Project Costs		
Item	Years 2000-2005	Years 2000-2031
McClellan Base		
Storm Drainage	\$ 8,579,000	\$48,095,000
Sanitary Sewer	\$13,358,000	\$16,002,000
Roadways	\$ 780,000	\$12,200,000
Landscaping	\$ 910,000	\$ 6,540,000
Demolition Costs	\$ 3,810,000	\$ 3,809,000
Sub-Total McClellan Base	\$27,437,000	\$86,646,000
Watt Avenue Area		
Watt Capital Improvements	\$5,159,000	\$5,159,000
Other Capital Improvements	\$5,250,000	\$42,000,000
Sub-Total Watt	\$10,409,000	\$47,159,000
TOTAL	\$37,846,000	\$133,805,000

Anticipated Revenues

As a new redevelopment area, McClellan has not yet begun to generate tax increment revenues. The Agency anticipates that in the year 2003-2004 the area will generate about \$214,000 and in 2003-2004 about \$689,000 in tax increment. However, because of the leasing completed to date and the anticipated absorption rate of space on the Base, the Agency anticipated a relatively healthy growth of tax increment to a rate of over \$2 million per year in 2005-2006.

As indicated in Table 2, above, the Agency anticipates expending \$37.8 million over the next five years on the programs proposed for the Project Area. The majority of the expenditures during this five-year period will be for infrastructure improvements on the Base and capital improvements along Watt Avenue.

This expenditure plan assumes that the Agency will have approximately \$800,000 in funds available (including loan advances) during FY 2001-02. In 2002 the Agency anticipates securing a loan with the California Infrastructure Economic Development Bank (CIEDB), secured by the Mather TI flow but serviced with developer fees from the McClellan leases, in an amount of \$7 million. Mather would also share in this. In FY 2005-2006, it is assumed that the Agency will either borrow again or issue bonds, the proceeds of which will subsequently be utilized, along with other funding sources as available, to fund proposed projects and programs to further alleviate blighting conditions and help redevelop the area.

Improving Housing

There are very few housing units (less than 10) located within the McClellan/ Watt Avenue Redevelopment Area. Housing set-asides from the Redevelopment Area will be spent outside the project area boundaries on a variety of Agency programs supporting new construction, rehabilitation, and homeownership. These programs provide a range of affordable housing opportunities for low-and moderate-income people. Please refer to the Housing Component of this Implementation Plan for a detailed discussion of Agency sponsored housing programs and the expenditure of Mather/McClellan Merged Project Area tax increment funds on those programs.

How the Projects and Programs, and Expenditures Will Alleviate Blight in the McClellan Project Area

The Project Area is characterized by deteriorated and dilapidated buildings, properties suffering from a overall lack of maintenance, obsolete buildings, properties suffering from inadequate parking, servicing and loading facilities, excessive vacant lots, stagnant property values, low lease rates, and low levels of investment. By supporting existing commercial activities, attracting new businesses, and encouraging the maintenance and upgrading of properties, the stagnant business conditions and physical decline of the McClellan Project Area will be alleviated.

The McClellan Project Area is also characterized by deteriorated and inadequate public improvements. The programs proposed are intended to eliminate or alleviate these deficiencies. Improvements will include repairs and improvements to streets and sidewalks, repairs and improvements to storm drainage, sewer, and supply water systems, and rehabilitation of parks and recreational facilities. These programs will alleviate the deteriorated public improvements, enhance the appearance of the Project Area, and facilitate and encourage private revitalization and investment for both the McClellan AFB and the Watt Avenue portion of the Project Area.

A matrix illustrating the relationship between the programs and expenditures proposed and the blighting conditions found in the Project Area is included as Table 3.

**TABLE 3
HOW THE PROGRAMS AND EXPENDITURES PROPOSED BY THE AGENCY WILL ALLEVIATE BLIGHTING CONDITIONS
MCCLELLAN AFB/WATT AVENUE REDEVELOPMENT PROJECT
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
SACRAMENTO, CALIFORNIA**

Blighting Conditions – McClellan AFB												
Programs	Building Condition	Building Code and ADA Compliance	Seismic and Structural Requirements	Parking Requirements and Constraints	Repair and Rehabilitation Costs	Irregular Parcelization	Parcelization	Traffic and Circulation Deficiencies	Adjacent or Nearby Uses That Are Incompatible	Buildings on Land That Will Not Comply with Community Subdivision, Zoning or Planning Regulations	Properties Currently Served by Infrastructure That Do Not Meet Existing Adopted Utility or Community Infrastructure Standards	Impact on Blighting Conditions
Public Facilities and Infrastructure \$28,484,000				X	X	X	X	X	X	X	X	Eliminate or alleviate deteriorate and inadequate public improvements and facilities along public streets and on the Base.
Land Assembly \$1,000,000												Encouraging and supporting property owners and developers in efforts to develop and reuse blighted properties will alleviate physical deterioration, substandard design, irregular parcelization and other physical and economic blighting conditions adjacent to the Base.
Façade Improvements/ Commercial Rehab Loans \$1,000,000		X			X							Encouraging and supporting property owners and developers in efforts to reuse and revitalize existing properties will alleviate physical blight and improve economic conditions adjacent to the Base.
Business Attraction And Retention \$1,000,000												Encourage businesses to remain and/or enlarge or locate in the project area, thereby preserving and encouraging economic activity.
Administration \$2,117,000	X	X	X	X	X	X	X	X	X	X	X	Provides funding for staff activities related to implementing projects and programs to alleviate blight.

TABLE 3

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 SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 SACRAMENTO, CALIFORNIA**

Blighting Conditions – Watt Avenue											
Programs	Poor Building Condition	Obsolete Buildings	Sub-standard Site Design	Parking Constrains	Site Deficiencies	Irregular Parcelization	Declining Assessed Value	Low Lease Rates	High Building Vacancy	Excessive Vacant Lots	Impact on Blighting Conditions
Public Facilities and Infrastructure \$28,484,000				X	X						Eliminate or alleviate deteriorate and inadequate public improvements and facilities along public streets and on the Base.
Land Assembly \$1,000,000	X	X	X	X	X	X	X	X		X	Encouraging and supporting property owners and developers in efforts to develop and reuse blighted properties will alleviate physical deterioration, substandard design, irregular parcelization and other physical and economic blighting conditions adjacent to the Base.
Facade Improvements/ Commercial Rehab Loans \$1,000,000	X	X	X	X	X	X	X	X	X		Encouraging and supporting property owners and developers in efforts to reuse and revitalize existing properties will alleviate physical blight and improve economic conditions adjacent to the Base.
Business Attraction and Retention \$1,000,000	X	X	X	X	X	X	X	X	X	X	Encourage businesses to remain and/or enlarge or locate in the project area, thereby preserving and encouraging economic activity.
Administration \$2,117,000	X	X	X	X	X	X	X	X		X	Provides funding for staff activities related to implementing projects and programs to alleviate blight.

MERGED MATHER/MCCLELLAN PROJECT AREA IMPLEMENTATION PLAN HOUSING COMPONENT

Housing Characteristics and Needs—MATHER AFB REDEVELOPMENT AREA

In 1994 the Sacramento County Redevelopment Agency adopted the former Mather Air Force Base as the Mather Redevelopment Area. When the housing area of the base was turned over to the County Redevelopment Agency it included 521 units of “Capehart” and 750 units of “Wherry” housing which were built in the 1950’s and 1960’s. The Agency planned to have the majority of the units rehabilitated and made available for purchase by low- and moderate-income households. A development team composed of Lewis Homes and Elliott Homes was selected to handle the project and the County conveyed the housing stock to them. Unfortunately, the housing was by then in poor condition, and the infrastructure was inadequate for current standards.

It was ultimately decided to demolish all 1,271 units, replace most of the infrastructure, and build 1,271 single family detached homes. As part of the agreement with the developers, 30 percent of the new homes will be affordable to low- and moderate- income families.

In addition to the single-family units discussed above, the area includes a 260 unit transitional housing program in former base housing. At this time there is no plan to commit additional land to residential uses. It is unlikely that there will be any rental units in the redevelopment area in the near future. Therefore, TI Housing Funds will be made available in the surrounding community of Rancho Cordova as well as other parts of the unincorporated County.

1995-2001 Housing Component Goals

The following table describes housing goals and actual production for the past seven years. As noted above, plans to rehabilitate existing base housing for homeownership were abandoned in favor of demolition and construction of new housing units.

Table 4

MATHER REDEVELOPMENT AREA HOUSING PRODUCTION PLAN 1995-2001		
	GOALS	ACTUAL
Rehabilitation and resale of boarded units for ownership	654 Units \$ No projections were made	0 \$ 0
Rehabilitation of group quarters for transitional housing	0	260 \$12,500,000
TOTAL	654 \$ No projections were made	260 \$12,500.000

2001-2005 Housing Goals

During this period the developers of the new single-family housing in the redevelopment area will continue, and likely substantially complete, the construction of 1,271 units. New construction will provide the opportunity to develop a greater variety of housing styles and sizes than previously existed. The developer plans to offer three different product types of overlapping and increasing size and price range. The increased variety of household types will add significantly to the stability of the area, and to the depth of its market appeal. Since there is no existing residential housing on base that might have received rehabilitation financing, and there are no plans to develop any additional housing within the project area, most (if not all) of the future TI housing funds are expected to be expended in the nearby Rancho Cordova neighborhood.

In Rancho Cordova, SHRA will pursue the following goals:

- Decrease the number of residential units that do not conform to code requirements.
 - Work with County Code Enforcement officers to promote code compliance
 - Market existing home rehabilitation and improvement programs
 - develop new housing finance programs for the pilot project on S. White Rock Road
- Increase homeownership
 - Provide acquisition and rehabilitation loans to eligible non-profits and homeowners
- Provide down payment assistance loans
 - Reduce the number of boarded and vacant residential structures
 - Operate the Boarded and Vacant Program

- Improve property management for small rental units; the first effort at this will be on South White Rock Road
- Identify and potentially help qualified buyers acquire troubled multifamily complexes in exchange for significant property management commitments.

During the 2001-2005 period the following flow of Housing Funds is expected:

Table 5

MATHER HOUSING FUNDS REVENUE	
Beginning Balance	\$ 683,000
Gross Income	\$ 1,864,000
TOTAL REVENUE	\$ 2,547,000
Operations (8%)	\$ <203,760>
FUNDS AVAILABLE FOR PROJECTS	\$ 2,343,000

The goals for production using all sources of funds are:

Table 6

MATHER REDEVELOPMENT AREA HOUSING PRODUCTION PLAN 2001-2005		
	UNITS	COST TO PRODUCE
New construction for	1,271	\$ None
Owner-occupied	15	\$ 240,000
Rental rehabilitation	50	\$ 800,000
First-time homebuyer	50	\$ 200,000
TOTAL	1,331	\$1,240,000

Housing Affordability and Replacement

Over the life of the project area the Low-and Moderate-Income Housing Fund will be spent to assist housing for persons of low-, very low- and moderate-income in proportion to the unmet needs within the community. The following table summarizes the Inclusionary, Agency Development, and Replacement Requirements incurred and anticipated within the project area.

Table 7

Housing Production Requirements for the Mather Redevelopment Area 1995-2009		
	Production Obligations	
	Originated/completed 1995-2001	Remaining/anticipated 2001-2005
Estimated units (to be) produced by all parties		
Remaining Obligations		00
Substantial Rehabilitation	260	
New		1,271
TOTAL	260	1,271
INCLUSIONARY HOUSING REQUIREMENTS		
# units subject to requirement	260	1,271*
15% affordability requirement		191
Very low-income	16	86
Low-income	23	52
Moderate-income	0	53
TOTAL	39	191
#units anticipated/completed to meet or exceed requirements		
Very low-income	260	86
Low-income	0	52
Moderate-income	0	53
TOTAL	260	191
Units to be Demolished	None*	None

*The 1,271unit Independence at Mather subdivision is the only housing planned for the Mather project area. Future TI housing funds will be spent outside the redevelopment area. Such expenditures do not trigger the Inclusionary or Agency Development Requirements

Housing Characteristics and Needs—MCCLELLAN AFB/WATT AVENUE REDEVELOPMENT AREA

Over the life of the project area the Low-and Moderate-Income Housing Fund will be spent to assist housing for persons of low-, very low- and moderate-income in proportion to the unmet needs within the community. The Agency proposes to utilize at least 20 percent of its tax increment revenues to provide low-interest loans to home owners within residential neighborhoods surrounding the Project Area, including North Highlands, Parker Homes, McClellan Heights, Bellinger Court, and other areas to repair and upgrade their homes. The Agency also proposes to utilize these funds to implement and support its First-time Homebuyer Program to encourage more home ownership opportunities to qualified residents living or working in the County of Sacramento.

As in all redevelopment project areas, the Agency shall meet or exceed the State of California requirements with respect to Inclusionary Housing for very low-, low- and moderate-income households.

In the North Highlands area, SHRA will pursue the following goals:

- Decrease the number of residential units that do not conform to code requirements.
 - Work with County Code Enforcement officers to promote code compliance
 - Market existing home rehabilitation and improvement programs
- Increase homeownership
 - Provide acquisition and rehabilitation loans
- Provide down payment assistance loans
 - Reduce the number of boarded and vacant residential structures
 - Operate the Boarded and Vacant Program
- Improve property management for small rental units
- Identify and acquire troubled multifamily complexes.
- Improvement in the Parker Homes and McClellan Heights West areas

A small portion of the McClellan AFB/Watt Avenue Redevelopment Area lies within the City of Sacramento. The City adopted the Redevelopment Plan on October 31, 2000 and granted all of the redevelopment authorities to the County. In exchange, the County agreed to fund certain improvements at Parker Homes and McClellan Heights West from housing set aside funds. Parker Homes was originally constructed to serve as military housing during WWII for McClellan Air Force Base which is located nearby to the northeast. When I-80 was constructed it bisected the Parker Homes area. The entire area was originally part of the City of North Sacramento, which was annexed to the City of Sacramento in 1962

McClellan Heights is located adjacent to the southwest corner of the base and main thoroughfares in this area will provide access from the west into the McClellan. Because there

will be an impact on the main streets such as Winters and Bell caused by increased truck traffic it is appropriate to allocate a portion of the tax increment flow from the redevelopment project area to improve the traffic flow and infrastructure in this area.

The County has made a commitment to allocate McClellan Redevelopment Area tax increment to the Parker Homes/McClellan Heights areas on a dollar-for dollar basis up to a maximum of \$6 million contributed over a ten-year period. The City estimates that infrastructure improvements in Parker Homes will cost a minimum of \$5.5 million and in McClellan Heights upwards of \$20 million. The City has committed to contributing \$1.4 million in new Public Works funding over seven years which along with \$600,000 already spent in recent years comes to a \$2 million Public Works contribution over ten years. The City Utilities Department will contribute \$ 1.6 million in new funding over eight years which along with \$400,000 already spent in recent years comes to \$2 million over ten years

Anticipated McClellan housing set aside revenues

Table 8

McClellan Housing Funds Revenue 2001-2005	
Beginning Balance	\$ 0
Gross Income	\$ 690,000
TOTAL REVENUE	\$ 690,000
Operations (8%)	\$ <55,200>
FUNDS AVAILABLE FOR PROJECTS	\$ 634,000