

October 20, 2010

***REPORT TO THE CITY COUNCIL  
FOR THE PROPOSED MERGER  
OF THE NORTHWEST  
REDEVELOPMENT PROJECTS,  
AND THE PROPOSED AMENDMENT  
NO. 4 TO THE VILLA-PARKE  
REDEVELOPMENT PLAN***

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PASADENA COMMUNITY DEVELOPMENT  
COMMISSION

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*Prepared by*

**UFI** URBAN FUTURES | Incorporated

*In Cooperation with the*

**PASADENA COMMUNITY DEVELOPMENT COMMISSION**





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## ***EXECUTIVE SUMMARY***

In a joint action in February 2008, the City Council and Pasadena Community Development Commission (PCDC) directed staff to begin the process to merge five existing Northwest Redevelopment Project Areas, and to amend the tax-increment cap limit in the Villa-Parke Project Area.

The benefit of merging the project areas is twofold. First, it permits tax increment dollars that are generated in one project area to be spent in another project area. Second, a merged project area will significantly increase the overall bonding capacity. These combined benefits provide the PCDC with the financial flexibility and diversity needed to address the significant blight that remains throughout the Northwest Redevelopment Project Areas.

The amendment to increase the tax increment cap in the Villa-Parke Project Area is needed because the current cap is about to be met, which would prohibit the PCDC from collecting additional tax increment.

In order to process the amendment to merge and the amendment to increase the tax increment cap, California Community Redevelopment Law requires the preparation of a report to the legislative body. This Report to the City Council documents conditions of: blight within the redevelopment project areas, identifies projects and programs that are needed to eliminate the significant blight that remains, shows the nexus between the remaining blight and the need to merge and increase the tax increment cap, and includes all other elements required by law.



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## **1.0 INTRODUCTION**

The Pasadena Community Development Commission (the "PCDC") was established in 1959 as the Pasadena Redevelopment Agency and has several redevelopment areas in the City of Pasadena (the "City"). Some of these redevelopment areas include:

- **The Fair Oaks Avenue Redevelopment Project**<sup>1</sup> – adopted on September 11, 1964 (by Ordinance No. 4677), and amended on May 14, 1968 (by Ordinance No. 4870), November 28, 1972 (by Ordinance No. 5094), May 27, 1986 (by Ordinance No. 6154), July 21, 1986 (by Ordinance No. 6174), December 22, 1986 (by Ordinance No. 6193), December 15, 1999 (by Ordinance No. 6805), December 15, 1999 (by Ordinance No. 6806), and February 23, 2009 (by Ordinance No. 7158).
- **The Villa-Parke Redevelopment Project** – adopted on December 26, 1972 (by Ordinance No. 5097), and amended on December 22, 1986 (by Ordinance No. 6193), December 15, 1999 (by Ordinance No. 6813), and February 23, 2009 (by Ordinance No. 7158).
- **The Orange Grove Redevelopment Project** – adopted on January 23, 1973 (by Ordinance No. 5103), and amended on May 1, 1999 (by Ordinance No. 5418), December 22, 1986 (by Ordinance No. 6193), December 15, 1999 (by Ordinance No. 6812), and February 23, 2009 (by Ordinance No. 7158).
- **The Lake/Washington Redevelopment Project** – adopted on June 15, 1982 (by Ordinance No. 5571), and amended on December 15, 1999 (by Ordinance No. 6804) and February 23, 2009 (by Ordinance No. 7158).
- **The Lincoln Avenue Redevelopment Project** – adopted on July 21, 1986 (by Ordinance No. 6175), and amended on December 15, 1999 (by Ordinance No. 6808), December 15, 1999 (by Ordinance No. 6809), and February 23, 2009 (by Ordinance No. 7158).

These five redevelopment projects are known as the "Northwest Redevelopment Projects" as they are located in the northwest portion of the City. See Figure 1 for a map of all of the Northwest Redevelopment Projects (together, the "Project Areas").

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<sup>1</sup> The "Fair Oaks Avenue Redevelopment Project" was originally called the "Pepper Redevelopment Project." Its name was changed in 1986.

Table 1, below, shows the breakdown of the existing land uses in each area.

**Table 1 Breakdown of Existing Land Uses in Each Area**

EXISTING LAND USE	FAIR OAKS AVENUE		VILLA-PARKE		ORANGE GROVE		LAKE/WASHINGTON		LINCOLN AVENUE		TOTAL	
	ACRES*	%	ACRES*	%	ACRES*	%	ACRES*	%	ACRES*	%	ACRES*	%
Single Family Residential	32.9	21.7%	28.4	24.8%	0.2	0.4%	4.5	15.2%	1.0	3.4%	67.0	18.7%
Multi-Family Residential	29.9	19.6%	39.2	34.2%	0.6	1.8%	1.2	4.3%	0.0	0.0%	70.9	19.8%
Condominium	0.0	0.0%	4.6	4.0%	14.7	42.6%	0.8	2.6%	4.0	14.5%	24.0	6.7%
Residential / Commercial	0.7	0.5%	0.2	0.2%	0.0	0.0%	1.0	3.4%	0.1	0.5%	2.1	0.6%
Residential / Quasi-Public	0.1	0.0%	0.7	0.6%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.8	0.2%
Commercial	14.4	9.5%	8.2	7.2%	0.0	0.0%	11.7	39.7%	1.8	6.3%	36.0	10.0%
Office Professional	11.6	7.6%	0.3	0.3%	5.1	14.7%	0.2	0.7%	5.3	19.1%	22.5	6.3%
Industrial	3.4	2.2%	0.2	0.2%	0.0	0.0%	0.0	0.0%	2.7	9.9%	6.3	1.8%
Public	24.5	16.1%	11.2	9.8%	5.3	15.4%	0.6	2.0%	0.0	0.0%	41.6	11.6%
Quasi-Public	2.7	1.7%	1.8	1.5%	5.8	16.9%	2.6	9.0%	1.1	3.8%	13.9	3.9%
Previously Urbanized	1.4	0.9%	1.3	1.1%	0.0	0.0%	0.5	1.8%	0.0	0.0%	3.2	0.9%
Vacant	0.3	0.2%	0.3	0.2%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.6	0.2%
<b>SUB-TOTAL</b>	<b>121.9</b>	<b>80.1%</b>	<b>96.4</b>	<b>84.1%</b>	<b>31.6</b>	<b>91.7%</b>	<b>23.1</b>	<b>78.8%</b>	<b>16.0</b>	<b>57.6%</b>	<b>289.0</b>	<b>80.7%</b>
Public Rights-of-Way	30.3	19.9%	18.2	15.9%	2.8	8.3%	6.2	21.2%	11.7	42.4%	69.3	19.3%
<b>TOTAL</b>	<b>152.2</b>	<b>100.0%</b>	<b>114.6</b>	<b>100.0%</b>	<b>34.5</b>	<b>100.0%</b>	<b>29.3</b>	<b>100.0%</b>	<b>27.7</b>	<b>100.0%</b>	<b>358.3</b>	<b>100.0%</b>

\* The acreage is approximate.

See Figure 2 for a map of all existing land uses in the Project Areas.

As required by law, the land use control over properties in the Project Areas will continue to be governed by the City's General Plan. There is no new layer of land use designations and no changes in zoning brought on by the use of redevelopment. Continued implementation of redevelopment in the Project Areas will be consistent with land use designations permitted by the General Plan and the City's Zoning Ordinance, as they now exist and as they may be amended from time to time.



Table 2, below, shows the land uses proposed for each area as designated by the General Plan.

**Table 2 Land Uses Proposed for Each Area**

GENERAL PLAN / SPECIFIC PLAN LAND USE	FAIR OAKS AVENUE		VILLA-PARKE		ORANGE GROVE		LAKE/WASHINGTON		LINCOLN AVENUE		TOTAL	
	ACRES*	%	ACRES*	%	ACRES*	%	ACRES*	%	ACRES*	%	ACRES*	%
<i>GENERAL PLAN LAND USE</i>												
Low Density Residential	19.9	13.0%	0.0	0.0%	0.0	0.0%	2.9	10.0%	0.0	0.0%	22.8	6.4%
Low-Medium Density Residential	0.0	0.0%	32.4	28.2%	0.0	0.0%	0.0	0.0%	0.0	0.0%	32.4	9.0%
Medium Density Residential	0.0	0.0%	27.7	24.2%	16.7	48.5%	0.4	1.2%	1.0	3.6%	45.8	12.8%
Medium-High Density Residential	6.8	4.5%	9.9	8.6%	0.0	0.0%	1.5	5.1%	0.0	0.0%	18.3	5.1%
General Commercial	0.0	0.0%	0.0	0.0%	7.6	22.0%	0.0	0.0%	11.3	40.8%	18.9	5.3%
Neighborhood Commercial	0.0	0.0%	0.4	0.3%	0.0	0.0%	0.0	0.0%	3.7	13.2%	4.0	1.1%
Institutional	0.0	0.0%	0.0	0.0%	7.3	21.1%	0.0	0.0%	0.0	0.0%	7.3	2.0%
Open Space	0.0	0.0%	10.6	9.2%	0.0	0.0%	0.0	0.0%	0.0	0.0%	10.6	2.9%
<i>SPECIFIC PLAN LAND USE</i>												
Fair Oaks/Orange Grove Specific Plan	95.2	62.6%	15.5	13.5%	0.0	0.0%	0.0	0.0%	0.0	0.0%	110.7	30.9%
North Lake Specific Plan	0.0	0.0%	0.0	0.0%	0.0	0.0%	18.3	62.5%	0.0	0.0%	18.3	5.1%
<b>SUB-TOTAL</b>	<b>121.9</b>	<b>80.1%</b>	<b>96.4</b>	<b>84.1%</b>	<b>31.6</b>	<b>91.7%</b>	<b>23.1</b>	<b>78.8%</b>	<b>16.0</b>	<b>57.6%</b>	<b>289.0</b>	<b>80.7%</b>
Public Rights-of-Way	30.3	-	18.2	-	2.8	-	6.2	-	11.7	-	69.3	-
<b>TOTAL</b>	<b>152.2</b>	<b>100.0%</b>	<b>114.6</b>	<b>100.0%</b>	<b>34.5</b>	<b>100.0%</b>	<b>29.3</b>	<b>100.0%</b>	<b>27.7</b>	<b>100.0%</b>	<b>358.3</b>	<b>100.0%</b>

\* The acreage is approximate.

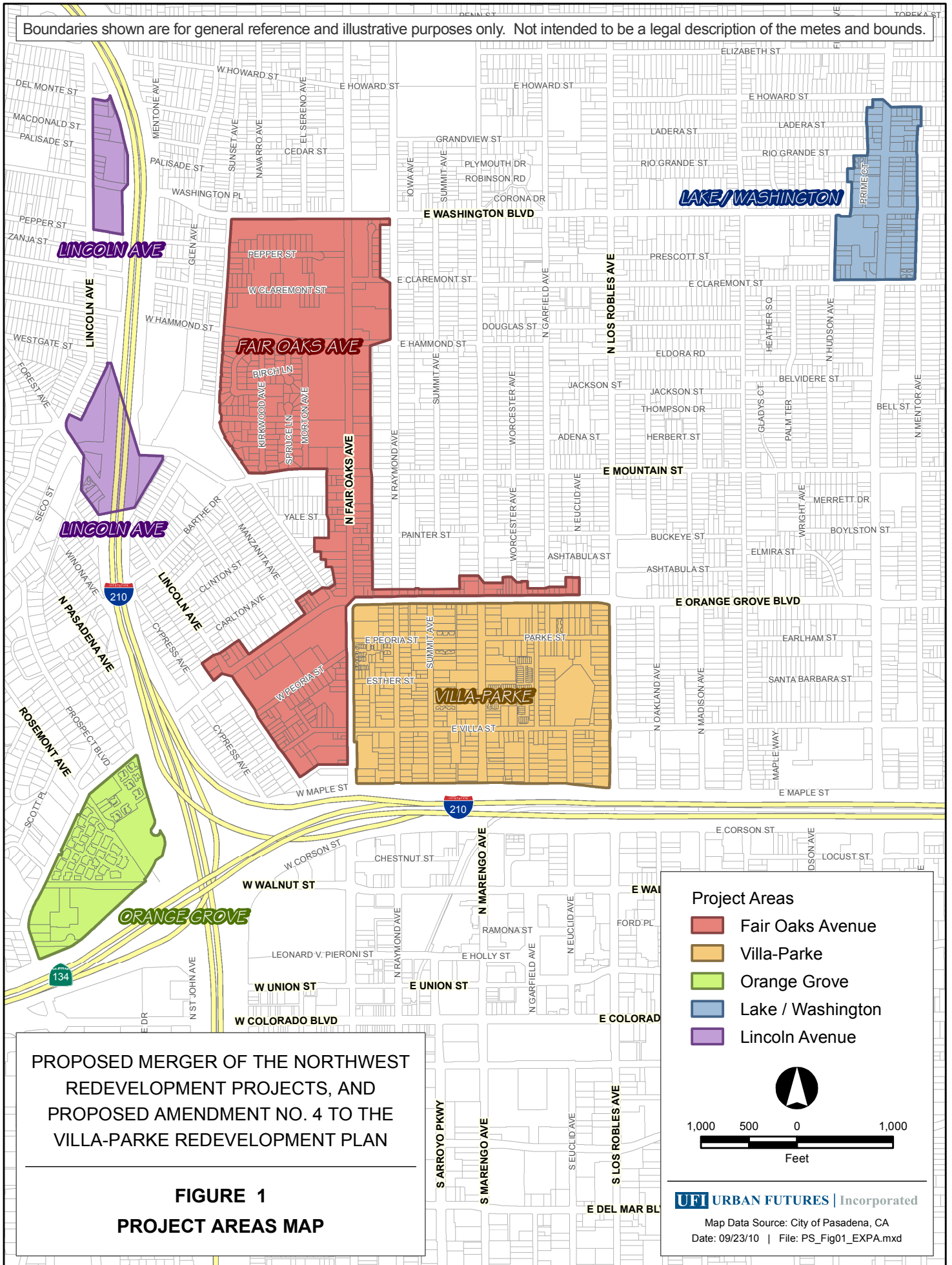
See Figure 3 for a map of all General Plan land uses in the Project Areas.



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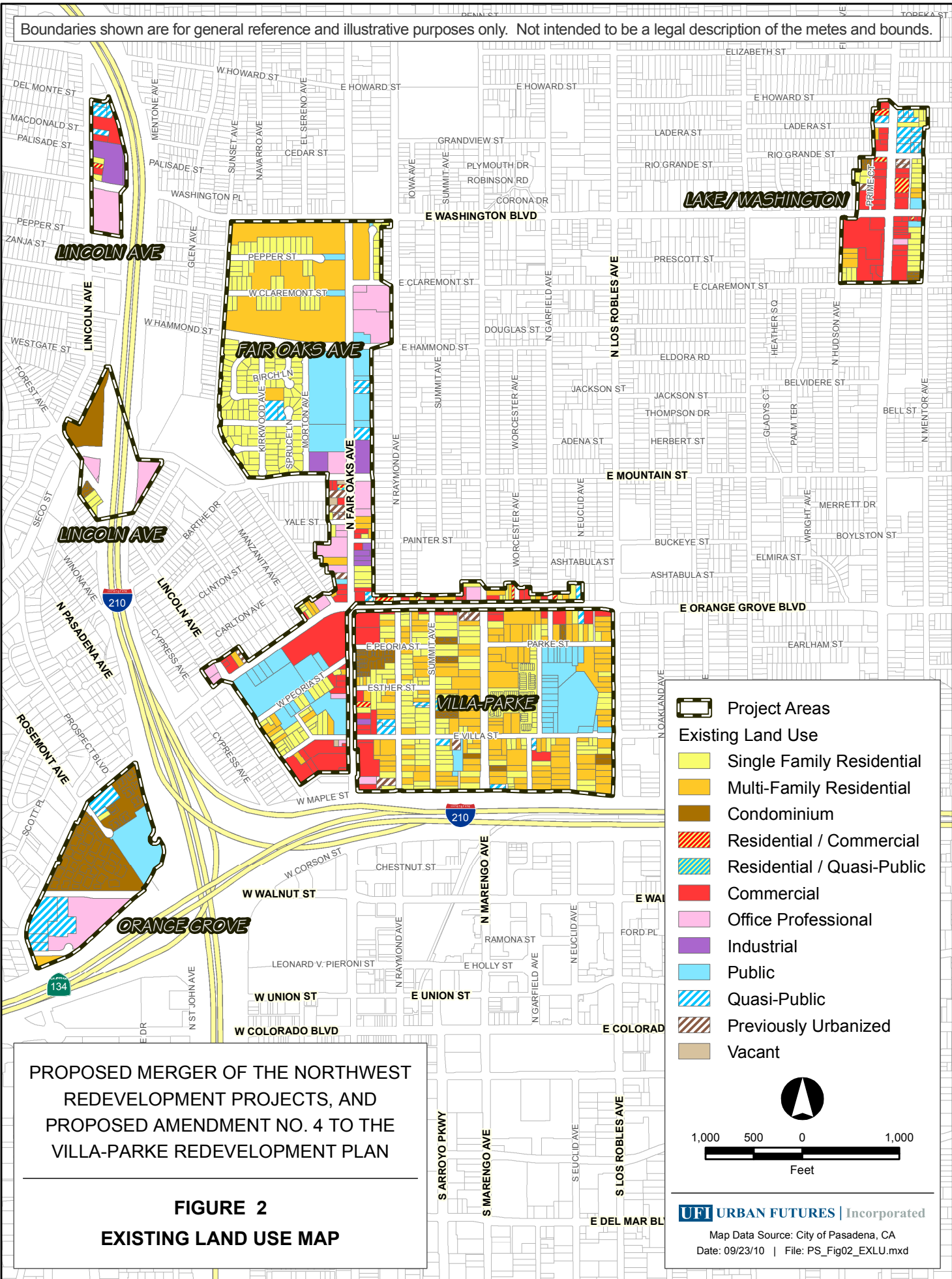




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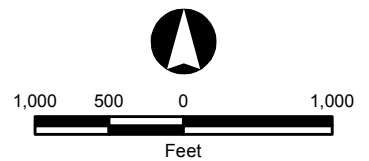
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PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 2**  
**EXISTING LAND USE MAP**

- Project Areas
- Existing Land Use
  - Single Family Residential
  - Multi-Family Residential
  - Condominium
  - Residential / Commercial
  - Residential / Quasi-Public
  - Commercial
  - Office Professional
  - Industrial
  - Public
  - Quasi-Public
  - Previously Urbanized
  - Vacant

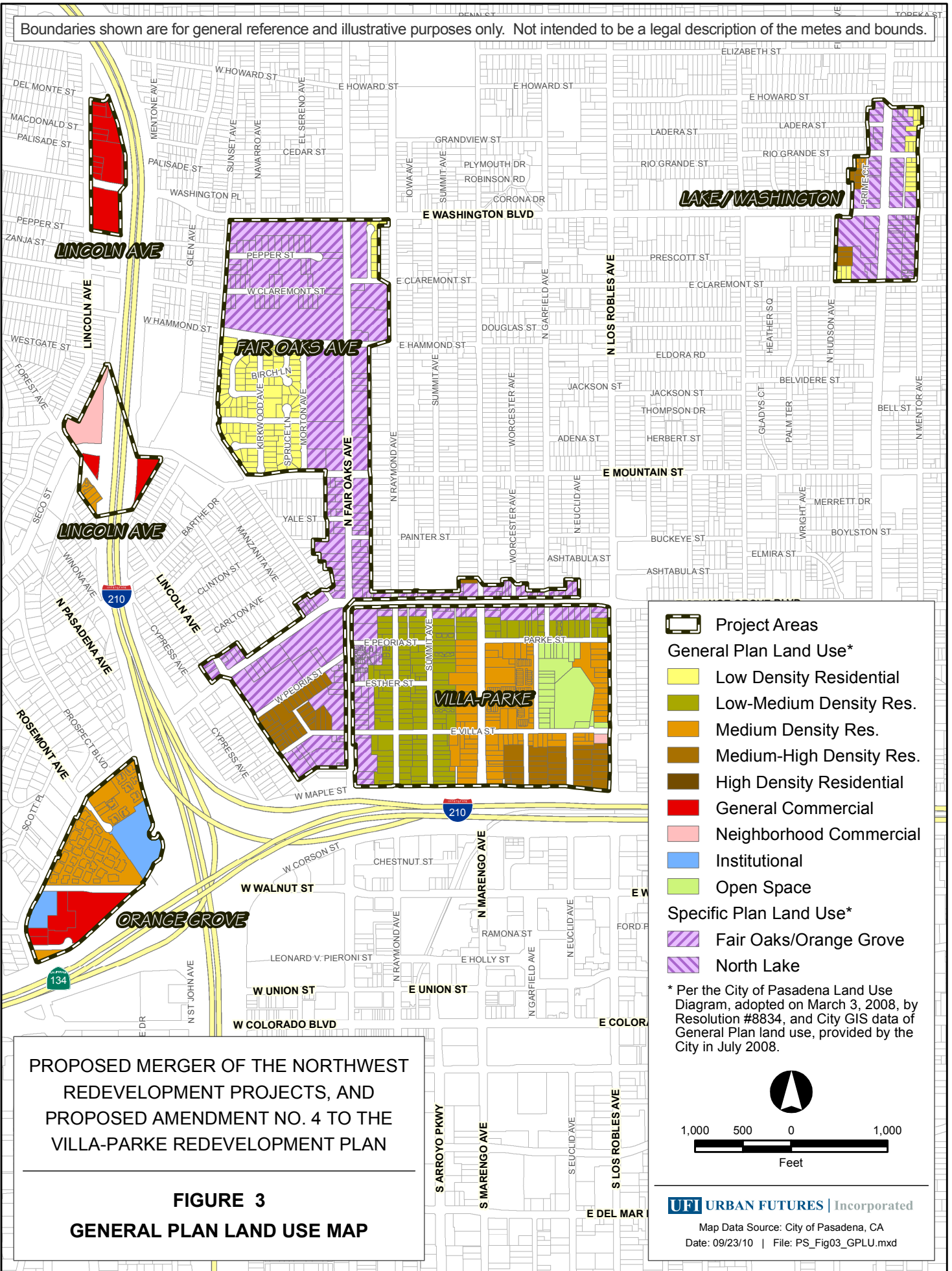




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## **2.0 PURPOSE**

The PCDC is proposing to:

1. Amend the Redevelopment Plans for the Villa-Parke, Lake/Washington, Orange Grove, Lincoln Avenue, and Fair Oaks Avenue Redevelopment Projects to merge and create the "Northwest Merged Redevelopment Project." Each area would then be a "Component Area" of the Northwest Merged Redevelopment Project and would retain its existing financial limits, timelines, policies, goals, etc.
2. Amend the Redevelopment Plan for the Villa-Parke Redevelopment Project, which will be a Component Area of the Northwest Merged Redevelopment Project, to increase the tax increment limit because the current limit is about to be met and there is still significant blight remaining in the area.

For the purposes of this report, the amendments to merge the five Project Areas will be referred to as the "Merger Amendments" and the amendment to increase the tax increment limit in the Villa-Parke Redevelopment Project will be referred to as the "Tax Increment Cap Amendment." See Chapter 2.0 for additional definitions.

The proposed Merger Amendments and Tax Increment Cap Amendment are being processed pursuant to the California Community Redevelopment Law (CCRL; Health and Safety Code, Section 33000, et seq.). This Report to the City Council was prepared in accordance with CCRL Section 33352.

### **2.1 REQUIREMENTS FOR THE MERGER AMENDMENTS**

CCRL Section 33486 requires that before two or more redevelopment plans may be amended to be merged, the City Council shall find based on substantial evidence, that both of the following conditions exist:

1. Significant blight remains within one of the project areas
2. This blight cannot be eliminated without merging the project areas and the receipt of property taxes

In order to complete the Merger Amendments, the PCDC must follow the provisions of Articles 4, 12, and 16 in the CCRL, and must provide at least the following:

- Preliminary Report to affected taxing agencies pursuant to CCRL Sections 33344.5 and 33344.6.
- Report to the State Departments of Finance, and Housing and Community Development, pursuant to CCRL Section 33451.5
- Report to the "legislative body" (the City Council), pursuant to CCRL Section 33352; this Report
- Notification of the PCDC's intent to merge to the State Department of Housing and Community Development no later than 30 days prior to the proposed hearing on the adoption of the Merger Amendments, pursuant to CCRL Section 33488

The City Council may then consider an ordinance adopting the Merger Amendments, which will include findings required in CCRL Section 33367.

## **2.2 REQUIREMENTS FOR THE TAX INCREMENT CAP AMENDMENT**

According to CCRL Section 33354.6 (in pertinent part), "when an agency proposes to amend a redevelopment plan which utilizes tax increment financing to increase the limitation on the number of dollars to be allocated to the redevelopment agency, it shall describe and identify, in the report required by Section 33352, the remaining blight within the project area, identify the portion, if any, that is no longer blighted, the projects that are required to be completed to eradicate the remaining blight and the relationship between the costs of those projects and the amount of increase in the limitation on the number of dollars to be allocated to the agency. The ordinance adopting the amendment shall contain findings that both (1) significant blight remains with the project area and (2) the blight cannot be eliminated without the establishment of additional debt and the increase in the limitation on the number of dollars to be allocated to the redevelopment agency.

In order to complete the Tax Increment Cap Amendment, the PCDC must follow the provisions of Articles 4 and 12 in the CCRL, and must provide at least the following:

- Preliminary Report to affected taxing agencies pursuant to CCRL Sections 33344.5 and 33344.6.
- Report to the State Departments of Finance, and Housing and Community Development, pursuant to CCRL Section 33451.5
- Report to the "legislative body" (the City Council), pursuant to CCRL Section 33352

The City Council may then consider an ordinance adopting the Tax Increment Cap Amendment, which will include findings required in CCRL Sections 33354.6(b) and 33367.

## **2.3 REQUIREMENTS FOR THIS REPORT**

Several sections of the CCRL apply when amending a redevelopment plan. CCRL Section 33344.5 describes the requirements for a Preliminary Report, and Sections 33354.6 and 33451.5 describe additional requirements for an amendment extending financial limits.

In addition, CCRL Section 33352 describes the requirements for the report that must accompany any redevelopment plan that is submitted by a redevelopment agency to a legislative body; that is, this Report to the City Council.

Some of the elements required by the sections noted above are similar, and others are unique. For example, CCRL Section 33344.5(e) requires a "description of the specific project or projects then proposed by the agency" [emphasis added] while a part of CCRL Section 33352(a) requires a "description of the specific projects then proposed by the agency" [emphasis added].

Further, CCRL Section 33451.5(c)(3) requires a “description of the projects or programs proposed to eliminate any remaining blight” [emphasis added]. Because there is no new territory added by the proposed Merger Amendment or the Tax Increment Cap Amendment, it is reasonable to assume that the latter requirement supersedes the others because of its reference to "remaining blight" and should be addressed in this Report.

In another example, part of CCRL Section 33352(a) requires the "reasons for the selection of the project area." Presumably, this requirement does not apply to the proposed Merger Amendment or the Tax Increment Cap Amendment as no boundary changes are proposed and, as such, no project area was selected. Nonetheless, it is a required element, and the CCRL does not provide an exception for this scenario.

In addition, although most of the elements that are required to be included in this Report are similar to those that were included in the Preliminary Report, which was prepared and transmitted earlier in the amendment process, a few seemingly important elements are not.

The map required by CCRL Section 33451.5(c)(1) for example – a map showing the portions of the area that are no longer blighted, the portions where blight remains, and the portions that contain parcels that are necessary and essential for the elimination of remaining blight – is required to be included in the Preliminary Report but not the Report to the City Council.

Therefore, this Report to the City Council includes pertinent data above and beyond the requirements of CCRL Section 33352. In this manner, all-important information presented throughout this amendment process will be included in this Report to create a complete record of the proceedings.

In order to avoid repetition and confusion, this Report is structured in a way that addresses all required elements by noting the requirements that are not applicable, combining the requirements that are similar, and including the requirements that are unique.

The following is a full description of the elements required for this Report:

According to CCRL Section 33352, every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing all of the following:

- (a) The reasons for the selection of the project area, a description of the specific projects then proposed by the agency, a description of how these projects will improve or alleviate the conditions described in subdivision (b).
- (b) A description of the physical and economic conditions specified in Section 33031 that exist in the area that cause the project area to be blighted. The description shall include a list of the physical and economic conditions described in Section 33031 that exist within the project area and a map showing where in the project the conditions exist. The description shall contain specific, quantifiable evidence that documents both of the following:

- 1) The physical and economic conditions specified in Section 33031
  - 2) That the described physical and economic conditions are so prevalent and substantial that, collectively, they seriously harm the entire project area
- (c) An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031.
  - (d) An explanation of why the elimination of blight and the redevelopment of the project area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body's use of financing alternatives other than tax increment financing.
  - (e) The proposed method of financing the redevelopment of the project area in sufficient detail so that the legislative body may determine the economic feasibility of the plan.
  - (f) A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement.
  - (g) An analysis of the Preliminary Plan.
  - (h) The report and recommendations of the planning commission.
  - (i) The summary referred to in Section 33387.
  - (j) The report required by Section 65402 of the Government Code.
  - (k) The report required by Section 21151 of the Public Resources Code.
  - (l) The report of the county fiscal officer as required by Section 33328.
  - (m) If the project area contains low- or moderate-income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of the project area and the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood. The neighborhood impact report shall also include all of the following:
    - (1) The number of dwelling units housing persons and families of low or moderate income expected to be destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project.
    - (2) The number of persons and families of low or moderate income expected to be displaced by the project.
    - (3) The general location of housing to be rehabilitated, developed, or constructed pursuant to Section 33413.
    - (4) The number of dwelling units housing persons and families of low and moderate income planned for construction or rehabilitation, other than replacement housing.

- (5) The projected means of financing the proposed dwelling units for housing persons and families of low and moderate income planned for construction or rehabilitation.
  - (6) A projected timetable for meeting the plan's relocation, rehabilitation, and replacement housing objectives.
- (n) (1) An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.
- (2) As used in this subdivision:
- (A) "Mitigation measures" may include the amendment of the redevelopment plan with respect to the size or location of the project area, time duration, total amount of tax increment to be received by the agency, or the proposed use, size, density, or location of development to be assisted by the agency.
  - (B) "Mitigation measures" shall not include obligations to make payments to any affected taxing entity.



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### 3.0 DEFINITIONS

The following bold terms shall have the following meanings unless the context in which they are used clearly requires otherwise:

**"Affected Taxing Entity"** means any governmental taxing agency that levies a property tax on all or any portion of the property located in the adopted redevelopment project area in the fiscal year prior to the fiscal year in which the report prepared pursuant to CCRL Section 33328 is issued or in any fiscal year after the date the redevelopment plan is adopted, as defined in CCRL Section 33353.2.

**"Blight Indicators"** means the list of conditions fully described in Section 6.0 of this Report. Blight Indicators are specific conditions that cause serious physical and economic blight based upon the definitions established in CCRL Sections 33030 and 33031.

**"CCRL"** means the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) as currently drafted or as it may be amended from time to time.

**"CEQA"** means the California Environmental Quality Act, inclusive of the following elements: Public Resources Code Section 21000, *et seq.*, referred to as the "CEQA Statutes"; Title 14, California Code of Regulations, Section 15000, *et seq.*, referred to as the "State CEQA Guidelines."

**"City"** means the City of Pasadena.

**"City Council"** means the City Council of the City. The members of the City Council are also the members of the PCDC Board.

**"Component Area"** means one of the five project areas that make up the proposed Northwest Merged Redevelopment Project.

**"County"** means County of Los Angeles, State of California.

**"Field Reconnaissance"** means the investigative work completed by UFI to document existing conditions.

**"FY"** means fiscal year and runs from July 1 of any given calendar year to June 30 of the subsequent calendar year.

**"General Plan"** means the City of Pasadena General Plan, as currently drafted or as it may be amended from time to time.

**"Merger Amendments"** means the proposed amendments to the Redevelopment Plans for the Villa-Parke, Lake/Washington, Orange Grove, Lincoln Avenue, and Fair Oaks Avenue Redevelopment Projects to merge and create the Northwest Merged Redevelopment Project.

**"Metroscan"** means First American Real Estate Solutions software program allowing access to records of the County Assessor. First American Real Estate Solutions provides the following caveat: "Information compiled from various sources. Real Estate Solutions makes no representations or warranties as to the accuracy or completeness contained in [any] report."

**"PCDC"** means the Pasadena Community Development Commission, which is the City's redevelopment agency.

**"PCDC Board"** means the Board of Directors of the Pasadena Community Development Commission. The members of the PCDC Board are also the members of the City Council.

**"Planning Commission"** means the Planning Commission of the City.

**"Project Areas"** means the areas within the Villa-Parke, Lake/Washington, Orange Grove, Lincoln Avenue, and Fair Oaks Avenue Redevelopment Projects.

**"Report to the City Council" or "Report"** means this document, which is the Report to the City Council required by CCRL Section 33352, which also includes the report to the State Departments of Housing and Community Development and Finance required by CCRL Section 33451.5.

**"State"** means the State of California.

**"Tax increment"** means a portion of the property tax funds collected from assessable properties located in a redevelopment area to be allocated to the PCDC pursuant to CCRL Section 33670 and other applicable sections of the CCRL.

**"Tax increment cap"** means the limit set forth in CCRL Section 33333.4 on the total amount of tax increment funds to be allocated to the PCDC over the life of the Redevelopment Plan for the Villa-Parke Redevelopment Project.

**"Tax Increment Cap Amendment"** means the proposed Amendment No. 4 to the Villa-Parke Redevelopment Plan to increase the tax increment cap.

**"UFI"** means Urban Futures, Inc., redevelopment advisors retained by the City to assist it to complete the adoption of the Amendment/Merger.

**"Zoning Ordinance"** means the City's zoning ordinance as codified in Title 9 of the City's Municipal Code. The Zoning Ordinance is consistent with the policies and programs of the General Plan as required by State Law.



## **4.0 METHODOLOGY USED TO GATHER AND ANALYZE DATA FOR PHYSICAL CONDITIONS OF BLIGHT**

Blight is a complex subject. To the layperson, it is likely to include run-down buildings, maybe graffiti, and little else. However, according to the CCRL, there are specific physical and economic conditions of blight. Conditions of blight are defined in CCRL Section 33031:

- (a) This subdivision describes physical conditions that cause blight:
  - (1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.
  - (2) Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.
  - (3) Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.
  - (4) The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.
  
- (b) This subdivision describes economic conditions that cause blight:
  - (1) Depreciated or stagnant property values.
  - (2) Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with CCRL Section 33459).
  - (3) Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.
  - (4) A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.
  - (5) Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, "overcrowding" means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of Regulations.
  - (6) An excess of bars, liquor stores, or adult oriented businesses that has resulted in significant public health, safety, or welfare problems.
  - (7) A high crime rate that constitutes a serious threat to the public safety and welfare.

If this were an adoption of a new redevelopment area, the PCDC would need to establish that the area has a combination of conditions so prevalent and so severe that it causes a reduction of, or lack of, proper utilization to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated without the use of redevelopment. The area would also have to be characterized by one or more conditions of physical blight (as defined in 33031(a), above) and one or more conditions of economic blight (as defined in 33031(b), above).

However, because this is an amendment to merge and an amendment to increase a tax increment limit, the PCDC only has to demonstrate that significant blight remains to the extent that warrants the amendments.

The CCRL is clear – for an adoption or an amendment – that not every parcel in a redevelopment area is required to have at least one condition of physical blight and at least one condition of economic blight. Rather, as outlined in CCRL Section 33030, the “combination of conditions set forth in Section 33031” creates blight. In other words, some parcels may have conditions of serious physical blight and others may have conditions of serious economic blight, but such conditions do not have to exist together on each and every parcel in a redevelopment area.

In fact, the CCRL permits parcels in a redevelopment area to have no blight whatsoever as long as their inclusion is found to be necessary for effective redevelopment. CCRL Section 33321 states that a "project area need not be restricted to buildings, improvements, or lands which are detrimental or inimical to the public health, safety, or welfare, but may consist of an area in which such conditions predominate and injuriously affect the entire area." This implies that blight is an area-wide condition and not necessarily one that can be evaluated on a parcel-specific basis. Yet, conditions of blight are certainly recorded, and often measured, on a parcel-specific basis.

Therefore, the challenge is to provide parcel-specific data to prove an area-wide condition. The methodology employed by the PCDC includes an evaluation of existing conditions on each property and notation of serious problems, called "Blight Indicators," that were observed. These Blight Indicators, which are discussed in detail below, provide the layers of detrimental conditions that cause blight. This, along with other information provided by City staff and other sources, creates the basis for evidence of physical blight.

Evidence of economic blight, by its nature, is more area-wide than physical blight. Declines in property values, for example, generally do not stop at property lines. Instead, this and other conditions of economic blight affect larger areas because a decline in value of one property can affect the neighboring property, and so on. Crime is similar because, although a particular crime may occur on a specific property, its impact goes well beyond that property.

Another issue with economic blight is that most characteristics cannot be observed in the field. While there may be an instinctive "sense" that such conditions exist based on the physical character of an area, conditions such as declining property values, high crime, low lease rates, residential overcrowding, and several others can only be discovered through secondary research. Therefore, the Blight Indicators generally apply to conditions of physical blight, and evidence of economic blight is generally provided through other sources.

According to CCRL Section 33030(c), inadequate public improvements can be introduced as a condition of blight, but only if the area is demonstrated to suffer from the physical and economic conditions described above. Problems with sewer and water lines, drainage, streets, and other public works systems can be a significant burden on the community and an important aspect of redevelopment implementation.

However, because inadequate infrastructure is often area-wide and underground, UFI relies on information from City staff and other sources to document this condition of blight.

The CCRL requires that the legislative body – in this case, the City Council – must make blight findings. In addition, blight, as discussed above, is an area-wide condition. Therefore, this Report does not identify individual parcels as "blighted." After all, a property with a dilapidated building is located in a blighted area only if certain economic conditions of blight also exist in the area. Rather, this Report will demonstrate the extent of remaining blight by showing the number and location of each Blight Indicator that was found.

The PCDC's applied methodology to documenting conditions that cause blight is designed to address these issues, and is discussed in detail below.

#### **4.1 FIELD RECONNAISSANCE**

The first step in determining whether conditions of blight exist, where they exist, and if they exist to the extent required by the CCRL, is to study each parcel (the "Field Reconnaissance") in the Project Areas. UFI conducted the Field Reconnaissance for the Merger Amendments and the Tax Increment Cap Amendment in the summer of 2009, by teams of two individuals in an automobile. Field notes were recorded on copies of assessor's parcel maps and included such elements as current land use; condition of the structures, the site, and visible public infrastructure; and other pertinent information. The observed conditions were abbreviated into Blight Indicator codes (see below) and entered into a GIS database for analyzing and mapping purposes.

#### **4.2 BLIGHT INDICATORS**

The Blight Indicators used in the methodology have developed over time based on the extensive combined experience of senior UFI staff as well as applicable portions of Health and Safety Code Section 17920.3, which provides a comprehensive list of conditions that create substandard buildings. These Blight Indicators are divided into the blight categories as defined by CCRL Section 33031, and include only those conditions that seriously affect the health and safety of a person living or working in a building. Because of recent redevelopment court decisions, minor problems such as peeling paint, lack of landscaping, obsolete signage, and damaged fences – conditions often observed on distressed properties – were not considered in the blight analysis. The result is empirical data of significant conditions of blight that is necessary for decision-makers to consider prior to making blight findings.

Some Blight Indicators apply to more than one category of blight. For example, the Blight Indicator, Substandard Construction Materials (SCM), present a distinct safety issue because structures with SCM are not safe, especially during an earthquake.

Therefore, the structures would fall under CCRL Section 33031(a)(1)<sup>2</sup> because the condition creates an unsafe or unhealthy building. In addition, a use is not as viable in a building with SCM as it costs a significant amount of money to alleviate the problems, and people are less likely to invest in a substandard building because of the additional costs. Therefore, the property would also qualify under CCRL Section 33031(a)(2)<sup>3</sup> because it contributes to the prevention or hindrance of viable uses.

Lists of the Blight Indicators that were looked for during the Field Reconnaissance are shown and discussed throughout Chapter 6.0.

#### **4.3 PERSONNEL FOR THIS AMENDMENT/MERGER**

Summaries of the qualifications of staff members who participated in the Field Reconnaissance and/or subsequent review and analysis of the Field Reconnaissance data are provided below. This Preliminary Report, including the Field Reconnaissance, was completed under the direction of Mr. Jon Huffman, Managing Principal, UFI, and Mr. Ernie Glover, Managing Principal. Other key participating professional UFI staff included Mr. Paul Schowalter, Principal; Mr. Ryan Bensley, Senior Planner; Mr. Jung Seo, Senior Planner; Ms. Kiran Bhalla, Assistant Planner; and Ms. Yen Cao, Planning Technician.

Mr. Huffman holds a Bachelor of Architecture Degree from the University of Oregon, a Masters of Landscape Architecture Degree from the California State Polytechnic University, Pomona, and Certificates in Real Estate Appraisal from the California State University, Fullerton, and has personally participated in over 80 field reconnaissance and managed over 175 redevelopment plan adoptions and amendments; he has been with UFI since 1987.

Mr. Glover holds a Master of City Planning from San Diego State University; Bachelor of Arts in Political Science and Sociology, with honors, from the University of California at Santa Barbara, with post-graduate studies completed at the University of Southern California. Mr. Glover joined UFI after 14 years as President of GRC Redevelopment Consultants, Inc. where he was responsible for the adoption and/or amendment of over 200 Redevelopment Plans and Implementation Plans throughout California.

Mr. Schowalter earned a Bachelor of Architecture Degree with an Urban Design Emphasis from the California State Polytechnic University, Pomona. He has been a redevelopment project manager for nearly 20 years, and has personally participated in over 100 field reconnaissance's and provided analysis and document preparation in over 150 redevelopment plan adoptions and amendments in California.

- 
- 2 Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.
  - 3 Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.

Mr. Bensley holds a Bachelor of Arts Degree in Geography from the California State University, Long Beach, and has completed numerous field investigations for UFI and has over six years' experience with municipalities in Southern California and the private real estate sector.

Ms. Bhalla earned a Bachelor of Arts Degree in International Relations and Political Science from Boston University, and a Masters of Arts in Security Studies from Georgetown University, and has participated in multiple redevelopment field investigations, GIS analysis, and project management.

Mr. Seo holds a Bachelor of Engineering in Architecture and Urban Planning from the Handong University, South Korea, and a Masters in Planning from the University of Southern California, heads the firm's GIS division, has participated in field reconnaissance activities, and is instrumental to preparing site analyses and GIS/fiscal projections for numerous redevelopment projects.

Data from certain agencies and public officials, including various media such as print, database, oral interview, anecdotal, and photographic, is also helpful in documenting conditions of blight. These data are well suited to determining historic rates, area-wide conditions, and other blighting influences. However, use of these data is limited primarily because reporting district boundaries are generally not coterminous with the boundaries of a project area. Consequently, proper use of these data often requires interpolation to rationalize differing geographies, time spans, and data sets.

The different types of data used in the preparation of this Report are listed below and by this reference are incorporated herein:

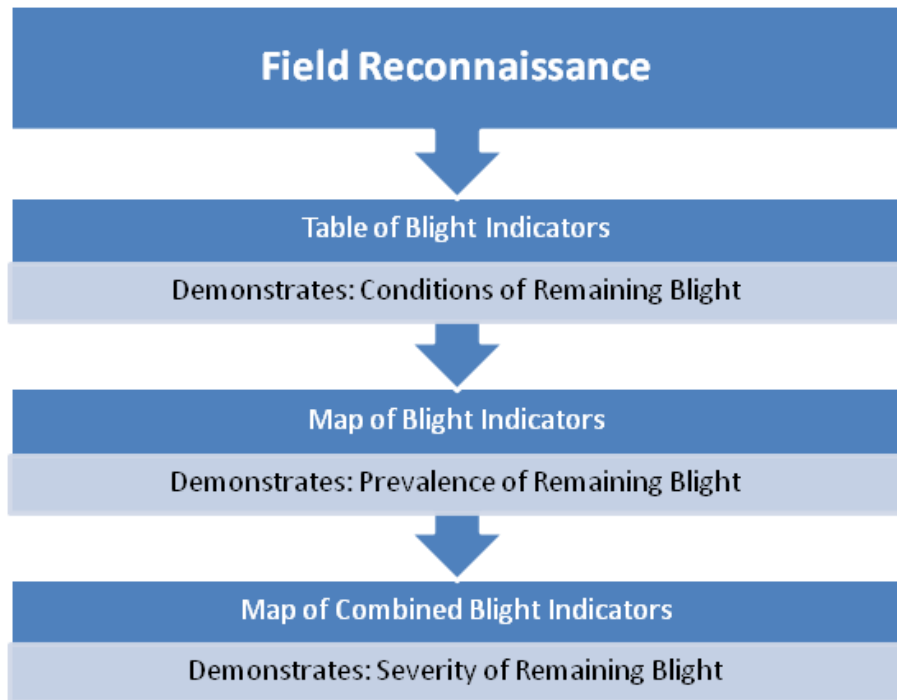
- The General Plan and applicable Specific Plans
- The Zoning Ordinance to determine applicable building capacities, lot size standards, parking ratios, set back requirements, etc., for each land use type
- U.S. Census
- Interviews with various City officials
- First American Real Estate Solutions (Metro scan)

#### **4.4 ORGANIZATION OF THE BLIGHT DOCUMENTATION IN THIS REPORT**

Chapter 6.0 discusses the specific Blight Indicators that were observed in the Project Area. These details are divided into the blight categories as defined by the CCRL, and include a table showing the number of instances specific Blight Indicators were found. A map showing the locations of Blight Indicators (again, divided by blight category as defined by the CCRL) then follows to demonstrate the prevalence of remaining blight.

Finally, a map showing the combined effects of all physical conditions of blight and all economic conditions of blight on each parcel is provided to demonstrate the severity of remaining blight.

Therefore, the next sections of this Report are designed to show the logical progression of the analysis of data using the PCDC's employed methodology, as diagrammed below:



## **5.0 REASONS FOR SELECTING THE PROJECT AREA, A DESCRIPTION OF PROPOSED PROJECTS, AND HOW THE PROJECTS WILL ADDRESS BLIGHT**

CCRL Section 33352(a) requires that the PCDC include the reasons for the selection of the Project Area, a description of the specific projects then proposed by the PCDC, and a description of how these projects will improve or alleviate blight. However, the proposed Amendment/Merger does not add territory to or change the boundaries of the Project Areas. Therefore, there is no need to discuss reasons for selecting the Project Areas as this was completed when each area was adopted.

Nonetheless, it is appropriate to discuss the reasons for the Merger Amendments and the Tax Increment Cap Amendment, which is included below. The description of the specific projects proposed by the PCDC may be found in Chapter 11.0, and a description of how these projects will improve or alleviate blight may be found in Chapter 12.0.

### **5.1 REASONS FOR THE MERGER AMENDMENTS**

According to the CCRL Section 33485, merging existing redevelopment areas into one financial and administrative unit is "desirable as a matter of public policy if it results in substantial benefit to the public and if it contributes to the revitalization of blighted areas through the increased economic vitality of those areas, and through increased and improved housing opportunities in or near such areas." Mergers provide financial flexibility and diversity for future improvements, and are advantageous for redevelopment agencies.

In the Project Areas, the Merger Amendments will increase the PCDC's ability to implement remaining redevelopment projects and programs designed to:

- Eliminate blight
- Upgrade public facilities and infrastructure
- Promote and facilitate economic development and job growth
- Help property owners rehabilitate their properties
- Increase, improve, and preserve affordable housing opportunities
- Generally improve the quality of life for residents, and business, and property owners within the limits of the Project Areas as well as the City overall.

The Merger Amendments will not affect the boundaries, the plan effectiveness, or financial limits, of any Component Area.

### **5.2 REASONS FOR THE TAX INCREMENT CAP AMENDMENT**

The CCRL requires that every redevelopment plan include certain fiscal limits. For the Redevelopment Plan for the Villa-Parke Redevelopment Project, the limit on the amount of tax increment the PCDC may receive is too low and is about to be met. Once that limit is met, the PCDC will be unable to collect tax increment. If the PCDC were finished alleviating blight in the Project Areas, the existing cap limit would not be problematic.

However, as will be discussed and proven in this Report, significant blight remains in the Project Areas, and additional funds – that directly correspond to the amount of remaining blight – are needed. Therefore, the PCDC is proposing to increase the existing \$20,400,000 tax increment cap by \$44,600,000 to create a new cap of \$65,000,000.



## **6.0 URBANIZATION**

Although not required for this Report, CCRL Section 33344.5(c) requires that the PCDC describe urbanization, as defined in CCRL Section 33320.1. Because the proposed Merger Amendments and Tax Increment Cap Amendment do not add territory or change the boundaries of the Project Areas, urbanization is not germane, but has been included in this Report to document that a discussion of urbanization was completed when each area was adopted.



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## **7.0 DESCRIPTION OF THE PHYSICAL AND ECONOMIC CONDITIONS THAT REMAIN IN THE PROJECT AREA**

### **7.1 PHYSICAL CONDITIONS**

The purpose of this section is to describe the existing physical conditions as defined by CCRL Section 33031(a) within the Project Areas. This section satisfies the pertinent parts of CCRL Sections 33352(b), and 33354.6(b). Information contained below will be used to document the extent and significance of remaining physical blighting conditions and their pervasive negative effect on the community.

This section is organized in the following manner:

- A table showing the Blight Indicators that were evaluated in the Project Areas during the Field Reconnaissance (divided by the CCRL categories of blight), a description of each Blight Indicator, and the reason(s) those Blight Indicators qualify under the CCRL;
- A chart summarizing the number of occurrences of each identified Blight Indicator; and
- A map showing the locations where the identified Blight Indicators were found

#### **7.1.1 CCRL Section 33031(a)(1) - Buildings in which it is Unsafe or Unhealthy for Persons to Live or Work**

Buildings that are considered to be unhealthy or unsafe may be affected by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities. Such buildings suffer from physical conditions that are dangerous or unhealthy to inhabitants.

Table 3, below, shows the Blight Indicators that were evaluated during the Field Reconnaissance and the reasons they cause buildings that are unsafe or unhealthy in which to live or work.

**Table 3 Blight Indicators – CCRL Section 33031(a)(1)**

<b>BLIGHT INDICATOR (CODE)</b>	<b>A PARCEL WAS IDENTIFIED AS HAVING THIS BLIGHT INDICATOR IF ANY OF THE FOLLOWING WERE OBSERVED</b>	<b>REASON(S) IT QUALIFIES UNDER CCRL SECTION 33031(A)(1)</b>
<p>Unsafe Lack of Access (ACC)</p>	<p>Lack of handicapped ramps or other access issues on non-single-family residential uses; only serious access problems that make buildings unsafe were considered; does not include site-related issues, such as the number or location of parking spaces</p>	<p>Buildings not compliant with the Americans with Disability Act of 1990 are unsafe for those with mobility issues. A public accommodation shall "remove architectural barriers...in existing facilities... where such removal is readily achievable." In 2003, more than 100,000 wheelchair related injuries were treated in emergency departments in the U.S.<sup>4</sup></p>
<p>Unsafe Addition Not Permitted (ANP)</p>	<p>Room addition(s) or other major construction that City staff has verified as unpermitted</p>	<p>No building or structure shall be erected, constructed, enlarged, altered, repaired, moved, improved, removed, converted, or demolished unless a separate permit for each building or structure has first been obtained from the building official.<sup>5</sup> Questionable building materials and techniques make unpermitted construction vulnerable to electrical problems, which can lead to serious injury, death, and fire, and plumbing problems, which can lead to a host of health issues. Unpermitted construction is also vulnerable to serious damage during high winds, heavy rain, and seismic events.</p>
<p>Unsafe Bars on Windows (BAR)</p>	<p>Security bars that do not have quick-release mechanisms on all visible windows, which could trap occupants due to unsafe ingress/egress; does not include screen doors with bars</p>	<p>According to Health and Safety Code 17920.3(l), a building shall be deemed and hereby is declared substandard if it has inadequate building exits. Bars on windows make a building unsafe unless they have a quick-release devise, which requires a building permit. On average about 25 people in the U.S. are injured or die each year in fires where escape is compromised by unauthorized bars or gates.<sup>6</sup> In the City of Los Angeles, about 5 people die every year in structures where security bars were a contributing factor to the fatalities.<sup>7</sup> According to the National Fire Protection Association, while the number of fire deaths in America is on the decline, the number of fire deaths related to improper security bars is on the rise. In addition, most fire deaths related to security bars occur in lower-income neighborhoods, such as those surveyed in the Project Areas – particularly the Villa-Parke Project Area – the residents of which cannot afford expensive quick-release devices or effectively navigate a city’s permit process.<sup>8</sup></p>

4 Nonfatal wheelchair-related accidents reported to the National Electronic Injury Surveillance System, Ummat S, Kirby RL, Department of Medicine, Dalhousie University

5 California Building Code.

6 National Fire Incident Reporting System

7 Los Angeles Times, August 3, 2001.

<b>BLIGHT INDICATOR (CODE)</b>	<b>A PARCEL WAS IDENTIFIED AS HAVING THIS BLIGHT INDICATOR IF ANY OF THE FOLLOWING WERE OBSERVED</b>	<b>REASON(S) IT QUALIFIES UNDER CCRL SECTION 33031(A)(1)</b>
Boarded Windows (BW)	Blockage of multiple windows or doors with plywood, paint, or other opaque material that restricts emergency access or reduces light and ventilation	According to International Property Maintenance Code Section 403.1, an unhealthy home is one where not every habitable space has at least one operable window. <sup>9</sup> Fire officials warn that boarded or sealed windows may prevent occupants from getting out of the house to safety in event of a fire, or make it harder for rescue workers to get in.
Unsafe Chimney (CHIM)	Chimneys that are damaged, or lean, bulge, or have settled	According to Health and Safety Code 17920.3(b)(8), a building shall be deemed and hereby is declared to be substandard if it has a chimney that is damaged, or leans, bulges, or has settled. Chimneys generally made of bricks or similar heavy block can fall into homes and/or onto people especially as a result of a seismic event. "The hazard of a leaning or cracked chimney was a major factor in the number of red- and yellow-tagged homes" after the 1994 Northridge earthquake. <sup>10</sup> Damaged chimneys also significantly increase the risk of fire.
Electrical Hazard (EH)	Dangling electrical wires or unsafe electrical connections (does not include TV/satellite wires); unstable electrical masts; exposed extension cords for long-term usage; electrical boxes with damaged or missing covers; or major household appliances being used outdoors	According to Health and Safety Code 17920.3(d), a building shall be deemed and hereby is declared substandard if wiring exhibits conditions that endanger the life, limb, health, property, safety, or welfare of the public or the occupants thereof.
Fire Hazard (FH)	Structures made of old, dried wood; overgrown or dead vegetation touching a building, or within 10 feet of a chimney; chimney lower than a nearby roof; firewood stacked within 30 feet of wooden building; severe trash and debris, all of which have been verified by City staff as being fire hazards	According to Health and Safety Code 17920.3(h), a building shall be deemed and hereby is declared to be a substandard if it is in such a condition as to cause a fire or explosion or provide a ready fuel to augment the spread and intensity of fire or explosion arising from any cause.
Damaged Foundation (FND)	At least one severe crack in foundation; diagonal cracks in corners of windows or doors; bowed or sagging exterior walls; or separation between wall elements	According to Health and Safety Code 17920(b)(1), a building shall be deemed and hereby is declared to be a substandard if it has deteriorated or inadequate foundations. Damaged foundations can lead to serious structural failure and unsafe and unhealthy conditions due to settling or cracking of the foundation of a structure and/or large cracks from the corners of windows, which could lead to water infiltration, which creates further damage and/or collapse during a seismic event.

8 BurnInstitute.org

9 International Property Maintenance Code Section 403.1

10 U.S. Department of Housing and Urban Development Office of Policy Development and Research, Assessment of Damage to Residential Buildings Caused by the Northridge Earthquake, July 30, 1994

<p>Unsafe Gas Meters (GAS)</p>	<p>Unprotected gas meter or line within 36" of driveway, alley, parking area, or garage door; within 36" of an operating window or air intake vent; or directly under down-spout</p>	<p>Statistics are unavailable, but an internet search shows that fires, explosions, and evacuations due to vehicles hitting unprotected gas meters are common and can cause serious property damage and personal injury or death. On March 26, 2010, a Montessori school in New Mexico was severely damaged when a car crashed into the gas meter and it exploded.<sup>11</sup> On January 10, 2010, a 65-year old man was seriously injured when a truck crashed into the gas meter of his home and caught on fire.<sup>12</sup></p>
<p>Garage Conversion Not Permitted (GC)</p>	<p>A garage converted into living space and verified by City staff as unpermitted</p>	<p>Health and safety issues arise when living spaces are made from structures or portions of structures that were not planned or designed for occupation. Unpermitted garage conversions may not have windows, and because garages are not insulated in the same manner as the rest of the home, and heating or air-conditioning ducts are not extended to the garage, portable heaters and extension cords are often used as well, creating a substantial fire risk. Unpermitted and frequently gerrymandered garage conversions also often have been modified with kitchens and makeshift electrical systems. Besides fire risks, carbon dioxide poisoning also is a danger in an enclosed room with little ventilation. Any appliances in the garage, such as an improperly vented water heater, can poison the air with the tasteless, odorless gas. In addition, garages that do have windows often do not meet the required opening to allow occupants to escape in case of a fire, further contributing to the unsafe and unhealthy condition of the property.</p>
<p>Junk (J)</p>	<p>Unsafe or unhealthy amount of junk, weeds debris, stagnant water, or other condition that creates a fire, health, or safety hazard</p>	<p>According to Health and Safety Code 17920.3(j), a building shall be deemed and hereby is declared to be substandard if the property has an "accumulation of weeds, vegetation, junk, dead organic matter, debris, garbage, offal, rodent harborages, stagnant water, combustible materials, and similar materials or conditions to the extent that it constitutes fire, health, or safety hazards."</p>

11 <http://losalamoscountyviews.blogspot.com/2010/03/quemazon-fire.html>

12 <http://www.timesdaily.com/article/20100131/ARTICLES/1315058?Title=One-injured-in-house-fire>

<p>Unsafe Nuisance (NU)</p>	<p>Major appliance (particularly a refrigerator) stored or used outside, large equipment stored openly on site, empty swimming pool, swimming pool without a ladder (including large above-ground pools, but excluding small "kiddie" pools), large holes in ground, or other similar condition that could cause injury or death</p>	<p>According to Health and Safety Code 17920.3(c), a building shall be deemed and hereby is declared to be substandard if it has "any" nuisance. The applied methodology for blight documentation provides that the nuisance must present a condition that will lure people, particularly children, into a health or safety risk. The Consumer Product Safety Commission recommends removing the door of an old refrigerator that is being discarded or stored so as to prevent children from becoming trapped inside.</p>
<p>Roof with Unsafe or Unhealthy Deterioration (R)</p>	<p>A deteriorated or damaged roof; or roof supports that sag, are split, or buckle; tarp on roof; would likely need replacement vs. repair</p>	<p>Deteriorated or damaged roofs create unsafe and unhealthy conditions due to water intrusion, which weakens structural elements due to wood rot and promotes mold growth. Other health and safety problems include:</p> <ul style="list-style-type: none"> <li>• Wallboards, corkboard walls, and dry walls become mushy and lose their ability to support once they get water-soaked</li> <li>• Bacteria starts growing in stagnant water and causes waterborne diseases to spread to the inhabitants of the home</li> <li>• Wooden floors and wooden stairs swell, lift, and rot</li> <li>• Electrical appliances, sockets, and outlets become a source of an injurious electric shock</li> <li>• The foundation of the house can become weak and unstable<sup>13</sup></li> </ul>
<p>Substandard Construction Materials (SCM)</p>	<p>Inappropriate building materials providing unsafe support or unhealthy weather protection, such as plywood or corrugated plastic or metal panels, load-bearing PVC pipes, rolled roofing on steep slopes, or other cheap or gerrymandered solution</p>	<p>Substandard materials and design errors are identified as major causes of component failure.<sup>14</sup> Inappropriate building materials increase the risk for premature deterioration and failure, especially during a seismic event, making a building unsafe for occupants. Substandard building materials also elevate the risk of leaks, mold, and vermin infestation, making a building unhealthy for occupants. Even seemingly, standard materials, such as drywall, can be substandard as evidenced by recent problems with tainted materials coming to the U.S. from China. A federal district judge in New Orleans awarded \$2.6 million in damages to seven Virginia families.<sup>15</sup></p>

13 Is There a Leak in Your Roof? [therestorationresource.com](http://therestorationresource.com)

14 [constructionweekonline.com](http://constructionweekonline.com), Why Buildings Fail, Aug 31, 2009

15 Wall Street Journal, April 9, 2010.

<p>Unsafe Building Exit (UBX)</p>	<p>Building with blocked exits that prevent ingress or egress in an emergency</p>	<p>According to Health and Safety Code 17920.3(1), a building shall be deemed and hereby is declared to be a substandard if it has inadequate building exits. Similar to bars on windows, blocked exits make a building unsafe.</p>
<p>Unsafe or Unhealthy Mechanical Equipment (UME)</p>	<p>Deteriorated or damaged HVAC units, or those attached to building, or supported, in unsafe manner</p>	<p>According to Health and Safety Code 17920(a)(7), a building shall be deemed and hereby is declared to be substandard if it lacks or has improper operation of required ventilating equipment. According to Health and Safety Code 17920.3(f), a building shall be deemed and hereby is declared to be a substandard if its mechanical equipment has not been maintained in good and safe condition. A poorly installed air conditioner can pose as much of a danger to pedestrians as unsafe facade conditions.<sup>16</sup> Air conditioner manufacturers themselves acknowledge the health and safety risk of air conditioners that are poorly secured: "If the units are improperly installed, the results can be catastrophic. These units can weigh quite a bit, and if they were to fall out the window, they could cause major damage and even severe injury."<sup>17</sup></p>
<p>Unreinforced Masonry Buildings (URM)</p>	<p>Masonry building, regardless of condition, that has been verified by City staff as unreinforced</p>	<p>According to the U.S. Geological Survey, unreinforced masonry buildings are at risk because of the inherent brittleness and lack of tensile strength of the materials. It is generally accepted that the intensity of seismic events that could be reasonably expected to occur in California would be sufficient to cause buildings with minimal seismic resistance characteristics to be seriously damaged or, perhaps, to collapse, causing serious injury or death to the occupants or passers-by.<sup>18</sup> Hundreds of URMs have been seriously damaged in California after earthquakes in just the past 30 years. Unreinforced masonry buildings were responsible for almost 2,000 of the uninhabitable units resulting from the 1989 Loma Prieta earthquake, and 3,100 of the uninhabitable units resulting from the 1994 Northridge earthquake.<sup>19</sup> In the 1983 Coalinga earthquake, 36 of the city's 37 URMs were damaged.<sup>20</sup></p>

16 RAND Engineering, randpc.com

17 casementairconditioner.net

18 "The Shake Out Scenario: Unreinforced Masonry Buildings," U.S.G.S., May 2008.

19 Structural Engineers Association of Northern California

20 Unreinforced Masonry Buildings and Earthquakes, Developing Successful Risk Reduction Programs, FEMA, October 2009



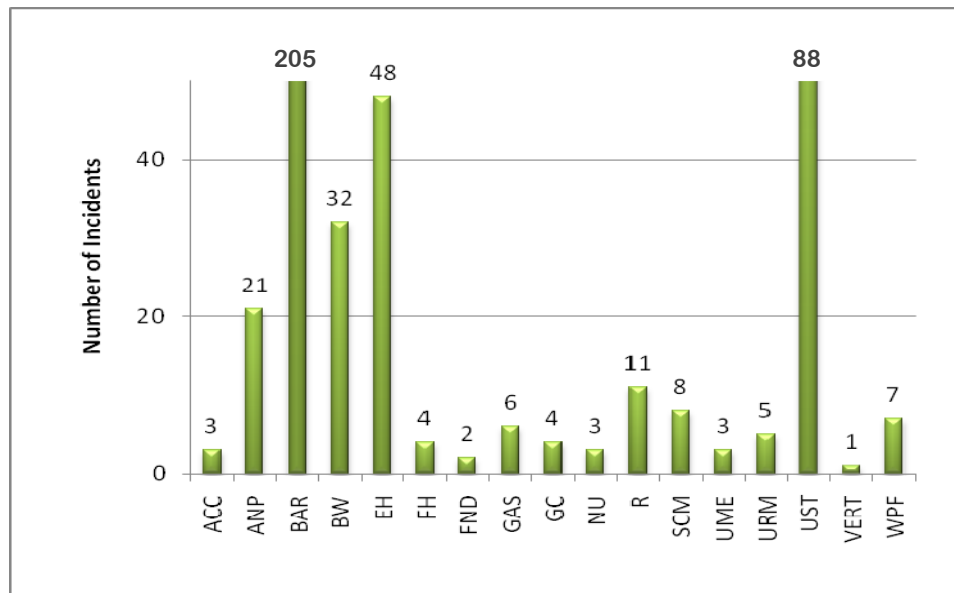
<p><b>Unsafe Stairs, Walkways, or Balconies</b> (UST)</p>	<p>Stairs that lean or have damaged/missing steps; stairs with 4 or more steps without handrails; Stair or deck balusters spaced over 4" apart; a damaged/missing balcony or deck guard; damaged/missing balustrades or those wider than 4"; or unsafe walkway from public area to main entrance</p>	<p>The Building Code requirement is to install balusters and newel posts between the handrail and flooring materials so that a 4" sphere (the head of an infant) cannot pass through. Staircase and handrail deficiencies should be considered a priority for safety repair.<sup>21</sup> The U.S. Consumer Product Safety Commission notes that over 6,000 people die and another 1,500,000 are injured every year as a result of falls on stairs.<sup>22</sup> The North American Deck and Railing Association estimates that 20 million decks in the U.S. are in need of repair or rebuilding.</p>
<p><b>Unsafe Vertical Support</b> (VERT)</p>	<p>Walls or columns that are split or lean; may also be combined with foundation issues</p>	<p>According to Health and Safety Code 17920.3(b)(4), a building shall be deemed and hereby is declared to be substandard if it has walls, partitions, or other vertical supports that split, lean, list, or buckle due to defective material or deterioration.</p>
<p><b>Unhealthy Weather Protection - Fenestration</b> (WPF)</p>	<p>Substandard building caused by broken or cracked windows or doors – or poorly repaired broken or cracked windows and doors – to the point where weather protection is breached</p>	<p>According to Health and Safety Code 17920.3(g)(2), a building shall be deemed and hereby is declared to be a substandard if it has deteriorated or ineffective waterproofing of exterior walls, roof, foundations, or floors, including broken windows or doors. Similar to roof damage, broken or cracked windows promote wood rot, mold, vector harborage, and other serious health and safety problems.</p>

<sup>21</sup> Is Your Deck Safe? [allsafehomeinspection.com](http://allsafehomeinspection.com)

<sup>22</sup> The Staircase: Studies of Hazards, Falls, and Safer Design, by John Templer, MIT Press, 1995.

Table 4 below shows the number of parcels where CCRL Section 33031(a)(1) Blight Indicators were found.

**Table 4**  
**Number of Parcels with CCRL Section 33031(a)(1) Conditions**



\*Note: Certain Blight Indicators have been truncated to fit the table format.

In addition, data from the City's Code Enforcement Department, which is on file with the PCDC and hereby incorporated by reference, indicates a substantial increase in serious building code violations.<sup>23</sup> Since 2005, serious building code violations in the Project Areas have increased 56% (from 73 to 114). At the same time, the citywide total for serious building code violations has increased only 16% (from 1,911 to 2,214). In addition, although incorporating only 2% of the City's area, the Project Areas account for 5% of the serious building code violations in the City.

This data demonstrates a significant amount of blight remains in the Project Areas. Photographs of sample properties affected by these conditions may be found in Appendix A.

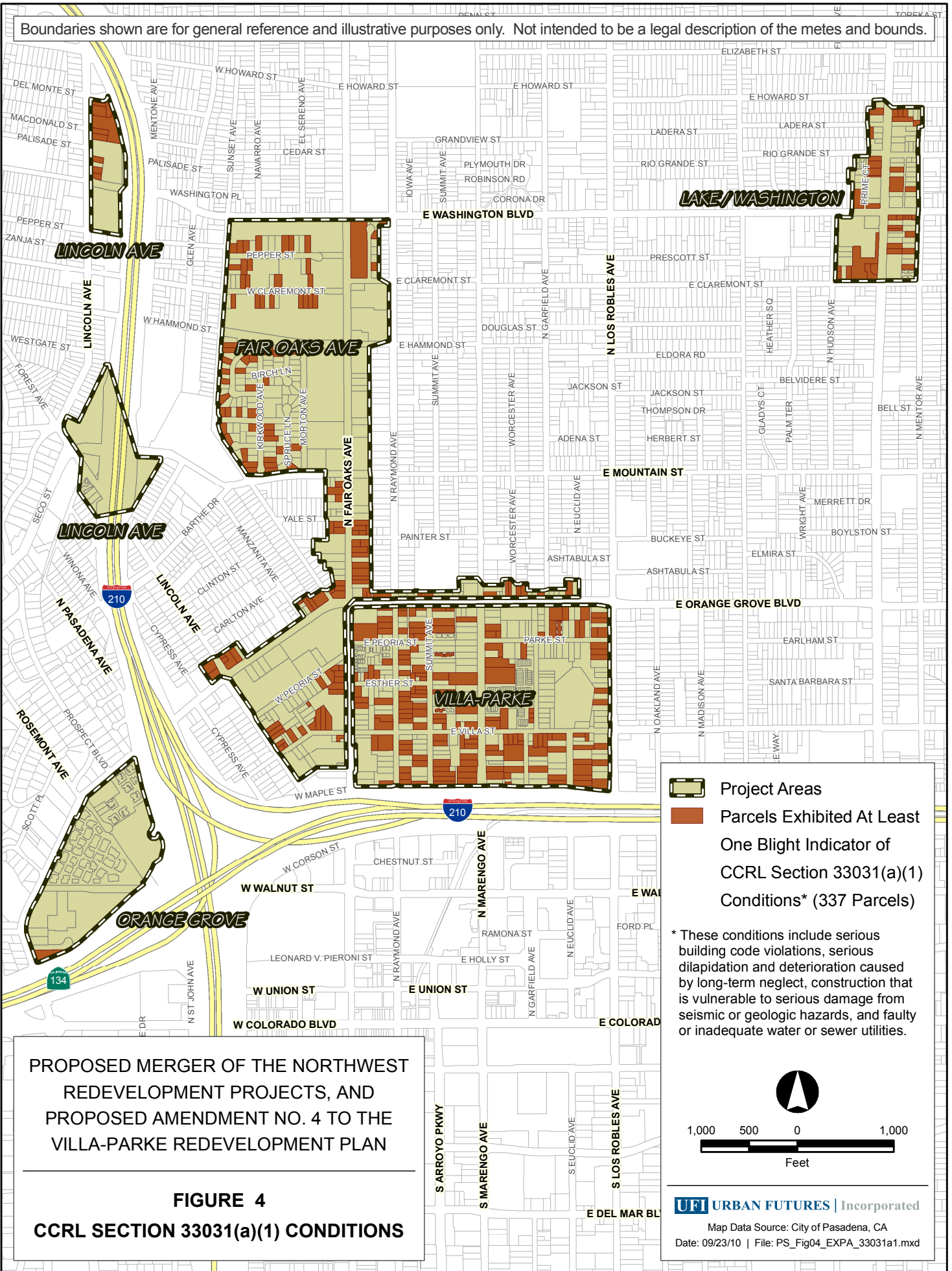
**7.1.1.1 Summary**

Overall, 337 parcels exhibited at least one Blight Indicator that causes unsafe or unhealthy buildings, as discussed above and defined in CCRL 33031(a)(1), with 48% located in the Villa-Parke Project Area. The locations of each of these parcels are shown in Figure 4. The widespread existence of these conditions demonstrates the substantial prevalence of remaining blight within the Project Areas.

Photographs of sample properties affected by these conditions may be found in Appendix A.

23 Includes such serious violations as illegal occupancy, illegal construction, rat and roach infestation, property and building maintenance, and unhealthy accumulations of trash and junk, and excludes such minor violations as illegal signs, parking on yards, shopping carts, and unpermitted yard sales.

Boundaries shown are for general reference and illustrative purposes only. Not intended to be a legal description of the metes and bounds.



PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 4**  
**CCRL SECTION 33031(a)(1) CONDITIONS**



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**7.1.2 CCRL Section 33031(a)(2) - Conditions That Prevent or Substantially Hinder the Viable Use or Capacity of Buildings or Lots**

Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots include buildings of substandard, defective, or obsolete design, or construction given the present general plan, zoning, or other development standards.

Table 5, below, shows the Blight Indicators that were evaluated during the Field Reconnaissance and the reasons they cause conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. Note that some of the Blight Indicators below are also those that cause unsafe or unhealthy conditions. These conditions apply to both categories because certain physical conditions have significant economic impacts, not only to property values but also to the costs to repair such conditions, both of which prevent or hinder viable uses. In the cases where Blight Indicators are on both lists, the reasons for inclusion are tailored to the specific category of blight.

**Table 5 Blight Indicators – CCRL Section 33031(a)(2)**

<b>BLIGHT INDICATOR (CODE)</b>	<b>A PARCEL WAS IDENTIFIED AS HAVING THIS BLIGHT INDICATOR IF ANY OF THE FOLLOWING WERE OBSERVED</b>	<b>REASON(S) IT QUALIFIES UNDER CCRL SECTION 33031(A)(2)</b>
Lack of Handicapped Access (ACC)	Lack of handicapped ramps or other access issues on non-single-family residential uses; only serious access problems that make buildings unsafe were considered; does not include site-related issues, such as the number or location of parking spaces	Significant liability for property owners that do not conform. In July 2008 alone, there were 204 private lawsuits filed in federal courts for lack of handicapped access. The cost to retrofit a three-story office building can be about \$300,000. <sup>24</sup>
Addition Not Permitted (ANP)	Room addition(s) or other major construction that City staff has verified as unpermitted	It is illegal for an owner to rent property that has any unpermitted portions. Most appraisers will reduce the price of the property based on any unpermitted construction. If problems occur as a result of unpermitted construction, the property owner could be held financially liable and insurance claims may be denied.
Unsafe Chimney (CHIM)	Chimneys that are damaged, or lean, bulge, or have settled	Significant liability for property owners if someone is injured or killed. The cost to rebuild a chimney is estimated to be \$750 - \$1,000. <sup>25</sup> Costs to repair a roof from a toppled chimney would be substantially higher.

24 ADA compliance in real life, Journal of Property Management, July-August, 1994 by Doug Halberstadt. Amount adjusted for 2010 dollars.

25 mgihomeinspection.com, costs are ballpark estimates only and can vary up to 300%.

Electrical Hazard (EH)	Dangling electrical wires or unsafe electrical connections (does not include TV/satellite wires); unstable electrical masts; exposed extension cords for long-term usage; electrical boxes with damaged or missing covers; or major household appliances being used outdoors	During a typical year, home electrical problems in the U.S. account for 67,800 fires, 485 deaths, and \$868 million in property losses. Home electrical wiring causes twice as many fires as electrical appliances. <sup>26</sup>
Damaged Foundation (FND)	At least one severe crack in foundation; diagonal cracks in corners of windows or doors; bowed or sagging exterior walls; or separation between wall elements.	Repairing simple cracks is estimated to cost up to \$800, extensive repairs can cost more than \$500 per linear foot. <sup>27</sup> Such costs significantly hinder the viable use or capacity of buildings and lots.
Functional Obsolescence (FO)	Substandard or obsolete design; buildings converted into uses other than they were designed/planned for and do not serve the current use well, such as residences converted into businesses without improvements; vacant or apparently underperforming commercial/industrial/quasi-public uses in outdated facilities	<p>Obsolete commercial and industrial buildings are at a competitive disadvantage to those with modern facades, facilities, and parking areas. These include older commercial buildings with antiquated designs that have not been upgraded or modernized, which leads to a piecemeal development pattern and a hodgepodge aesthetic, the alleviation of which is vital for overall economic health because the viability of the area is compromised. Such uses also reduce the "curb appeal" of properties and can significantly reduce appraisal estimates as value is deducted for physical deterioration, and functional or economic obsolescence.</p> <p>Commercial buildings often lose value over the decades as they become obsolete.<sup>28</sup> If shoppers do not feel safe, if the building is not inviting, if pedestrian amenities are not available, or if parking is not convenient, they will go elsewhere, which reduces sales and further reduces the amount of money property owners have to spend on improvements.</p> <p>The County of Los Angeles recognizes the need for redevelopment activities in obsolete areas in its 2010-2014 Strategic Plan, where two of the County's main Economic Development goals are:</p> <ul style="list-style-type: none"> <li>• Develop, adopt and implement an incentive program to retain commercial and industrial activities and revitalize obsolete industrial land</li> <li>• Create and promote public/private collaboration programs to facilitate infill development and redevelopment of Brownfield sites, underutilized industrial and commercial properties and functionally obsolete buildings</li> </ul>
Unsafe Gas Meters (GAS)	Unprotected gas meter or line within 36" of driveway, alley, parking area, or garage door; within 36" of an operating window or air intake vent; or directly under down-spout	The cost to install protective bollards is between \$250 and \$1,300 for each bollard, <sup>29</sup> while the cost to move a gas meter can be into the several thousands of dollars, depending on the site and how far it is to be moved. This significantly reduces the viable use and capacity of the lot.

26 United States Fire Administration.

27 Ibid

28 How to Find Cheap Commercial Real Estate Properties, Dees Stribling, ehow.com

29 parkinglotplanet.com

Garage Conversion (GC)	A garage converted into living space and verified by City staff as unpermitted	A property owner with an illegal garage can be required to convert it back or bring it up to code at a significant cost. Therefore, the value of unpermitted garage conversions can cause issues for re-sale. In addition, most appraisers will reduce the price of the property based on any unpermitted construction. If problems occur as a result of unpermitted construction, the current property owner could be held financially liable and insurance claims may be denied. Another concern is the fact that garage conversions reduce the availability of parking, which often results in vehicles being parked on front lawns or on the street. This further hinders the viable use of the property.
Inadequate Loading/ Docking (ILD)	Loading/unloading of trucks in a way that blocks a majority of the site, or a public right-of-way; property with insufficient turn-around area for trucks	Inadequate space and functional limitations are indicative of substandard and/or obsolete design. The lack of available space for shipping and receiving limits the types of uses that can viably exist on a parcel. This substantially hinders the viable use or capacity of commercial and industrial uses as major rehabilitation, and possibly site assembly, is needed to alleviate. This condition almost always affects nearby streets and traffic circulation safety when loading dock activities occur in the public right-of-way.
Junk (J)	Junk, weeds debris, stagnant water, or other condition that creates a fire, health, or safety hazard	Excessive junk on a property creates eyesores, which repel customers in commercial areas, act as a deterrent for property buyers, create liability issues related to trip-and-fall accidents, block emergency ingress/egress, create fire hazards, and promote vermin infestation. These are conditions that affect property values and make properties less viable.
Poor Quality Building (PQ)	Cheap building materials or construction, such as a Quonset hut or Butler Building; generally a metal or cinder block building	Poor quality buildings affect the viability of the building and site because it is a low-cost alternative with limited upgrade/expansion possibilities. Steel buildings are much less expensive to build than other materials, which can sometimes bring down the value of the building when it is appraised. <sup>30</sup> Metal and cinder block buildings are also more difficult to heat and cool, which raises costs and makes them less desirable.
Deteriorated/ Missing Private Infrastructure (PRI)	Damaged or missing driveways or parking lots	Damaged or missing driveways and parking lots are eyesores, which can affect property values and repel customers in commercial areas, act as a deterrent for property buyers, and can create liability issues related to trip-and-fall accidents. Paving a gravel driveway or repairing an existing damaged driveway greatly enhances curb appeal as well as increases real estate value. <sup>31</sup> Resurfacing a parking lot can cost about \$1 per square foot, <sup>32</sup> and a new driveway can cost up to \$15 per square foot. <sup>33</sup> These are substantial costs that hinder economic viability.

30 How to Determine Buying Property in a Steel Building Is a Good Buy, ehow.com

31 101 Ways to Increase the Real Estate Market Value of Your Home, handyamerican.com

32 fixaspphalt.com

33 mgihomeinspection.com, costs are ballpark estimates only and can vary up to 300%.

Poor Site Layout (PSL)	Inefficient and potentially dangerous use of the site, including poor access (especially for emergency vehicles), poor parking and circulation, excessive FAR, or other similar condition	Similar to Inadequate Loading/Docking, Poor Site Layout is indicative of substandard and/or obsolete design where the viability of uses is compromised because of the property's functional limitations. The lack of available space for adequate open space and circulation limits the types of uses that can viably exist on a parcel. This substantially hinders the viable use or capacity of residential, commercial, and industrial uses as major rehabilitation, and possibly site assembly, is needed to alleviate.
Roof with Unsafe or Unhealthy Deterioration (R)	A deteriorated or damaged roof; or roof supports that sag, are split, or buckle; tarp on roof; would likely need replacement vs. repair	It is estimated that a new roof can cost up to \$8.50 per square foot. This cost increases to over \$50 per square foot if the old roof needs to be removed. <sup>34</sup> Costs increase dramatically if there is subsequent damage to walls, floor, or other structural members. These financial impacts greatly lower the property's value and, as a result, substantially hinder the viable use of buildings.
Substandard Construction Materials (SCM)	Inappropriate building materials providing unsafe support or unhealthy weather protection, such as plywood or corrugated plastic or metal panels, rolled roofing on steep slopes, or other cheap or gerrymandered solution	Unsafe and unhealthy building materials impact the value and usability of properties as no renovations of the property can occur until the property is brought into compliance with existing codes. Fixing exterior siding with proper materials can cost up to \$5,000, and new stucco can cost up to \$14 per square foot. Replacing a rolled roof can cost up to \$8.50 per square foot. <sup>35</sup>
Unsafe Building Exit (UBX)	Building with blocked exits that prevent ingress or egress in an emergency	Appraisers will reduce the price of the property based on such hazards. If problems occur as a result of blocked exits, the current property owner could be held financially liable and insurance claims may be denied. Blocked exits impact the value and usability of properties as no renovations of the property can occur until the property is brought into compliance with existing codes.
Unreinforced Masonry Buildings (URM)	Masonry building, regardless of condition, that has been verified by City staff as unreinforced	Seismic retrofit work may add between \$10 and \$100 per square foot to the cost of rehabilitation work depending on the level of intervention, the condition of the building, and whether work will be undertaken while the building is occupied. Costs can exceed several hundred dollars a square foot for combined restoration and seismic upgrade costs in major public buildings. <sup>36</sup>
Unsafe Stairs, Walkways, or Balconies (UST)	Stairs that lean or have damaged/missing steps; stairs with 4 or more steps without handrails; Stair or deck balusters spaced over 4" apart; a damaged/missing balcony or deck guard; damaged/missing balustrades or those wider than 4"; or unsafe walkway from public area to main entrance	Stair repair can cost up to \$50 per linear foot and new installation can be up to \$100 per linear foot. <sup>37</sup> These financial impacts greatly lower the property's value and, as a result, substantially hinder the viable use of buildings.
Unsafe Vertical Support (VERT)	Walls or columns that are split or lean; may also be combined with foundation issues	The repair/replacement of unsafe vertical supports generally involves significant construction and related costs, which has a substantial impact on the current property owner and/or future owner. This, in turn, affects the viable use or capacity of buildings and increases liability.

34 mgihomeinspection.com

35 Ibid

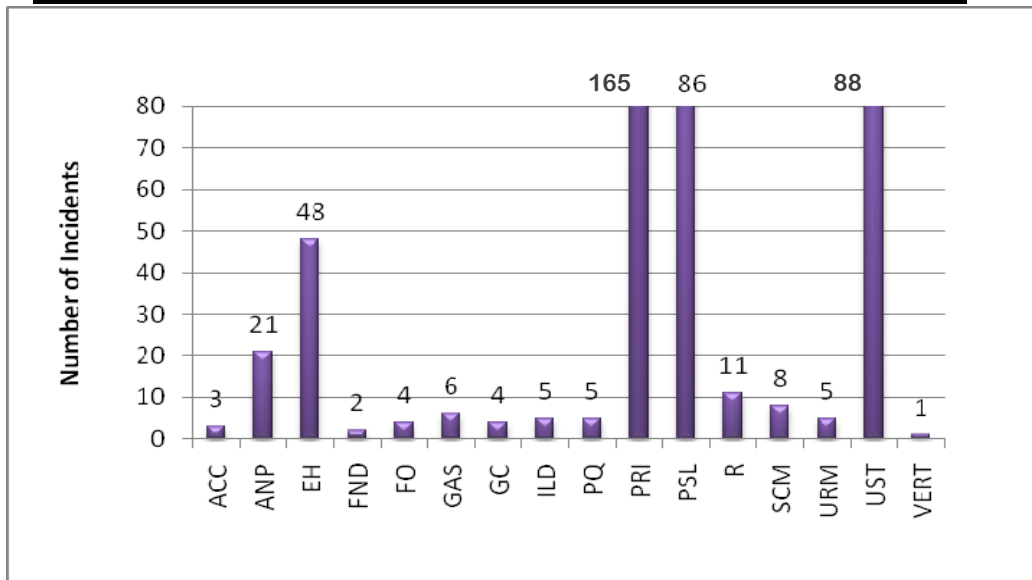
36 Assessing the Cost of Seismic Retrofit, National Park Service, nps.gov

37 mgihomeinspection.com, costs are ballpark estimates only and can vary up to 300%



Table 6 below shows the number of parcels where CCRL Section 33031(a)(2) Blight Indicators were found.

**Table 6**  
**Number of Parcels with CCRL Section 33031(a)(2) Blight Indicators**



\*Note: Certain Blight Indicators have been truncated to fit the table format.

A *pro forma* that was recently prepared for a proposed development within the Project Areas is an excellent example of how the conditions above substantially hinder, and sometimes prevent, viable uses. It also shows why redevelopment is still needed in the Project Areas.<sup>38</sup> The basis for the *pro forma*, created by Keyser Marston Associates in 2007 and updated in 2010, is for the rehabilitation of a vacant and deteriorated building to include the development of 30 residential units and nearly 18,000 square feet of commercial space. Impediments to the development include small and inadequate parcels that needed to be assembled at a cost of \$2 million, seismic upgrades at a cost of \$1.8 million, and low rent and lease rates, all of which are conditions of blight noted throughout this Report.

The result is that, despite \$2 million worth of various tax credits – some of which are due to the site being located in a low-income area – there is a gap of over \$5 million between the costs to redevelop the site and the revenue that can be generated. In other words, the project is not feasible and the site will not redevelop unless a substantial amount of money is infused into the proposal.

It is a situation like this for which redevelopment was intended. Without burdening an already-burdened community with additional taxes, or an already-burdened development industry with additional fees, redevelopment can cause the slow, but steady, improvement of the area by filling in the gaps of what is available and what is needed.

38 For privacy purposes, the site address and developer will be kept confidential.

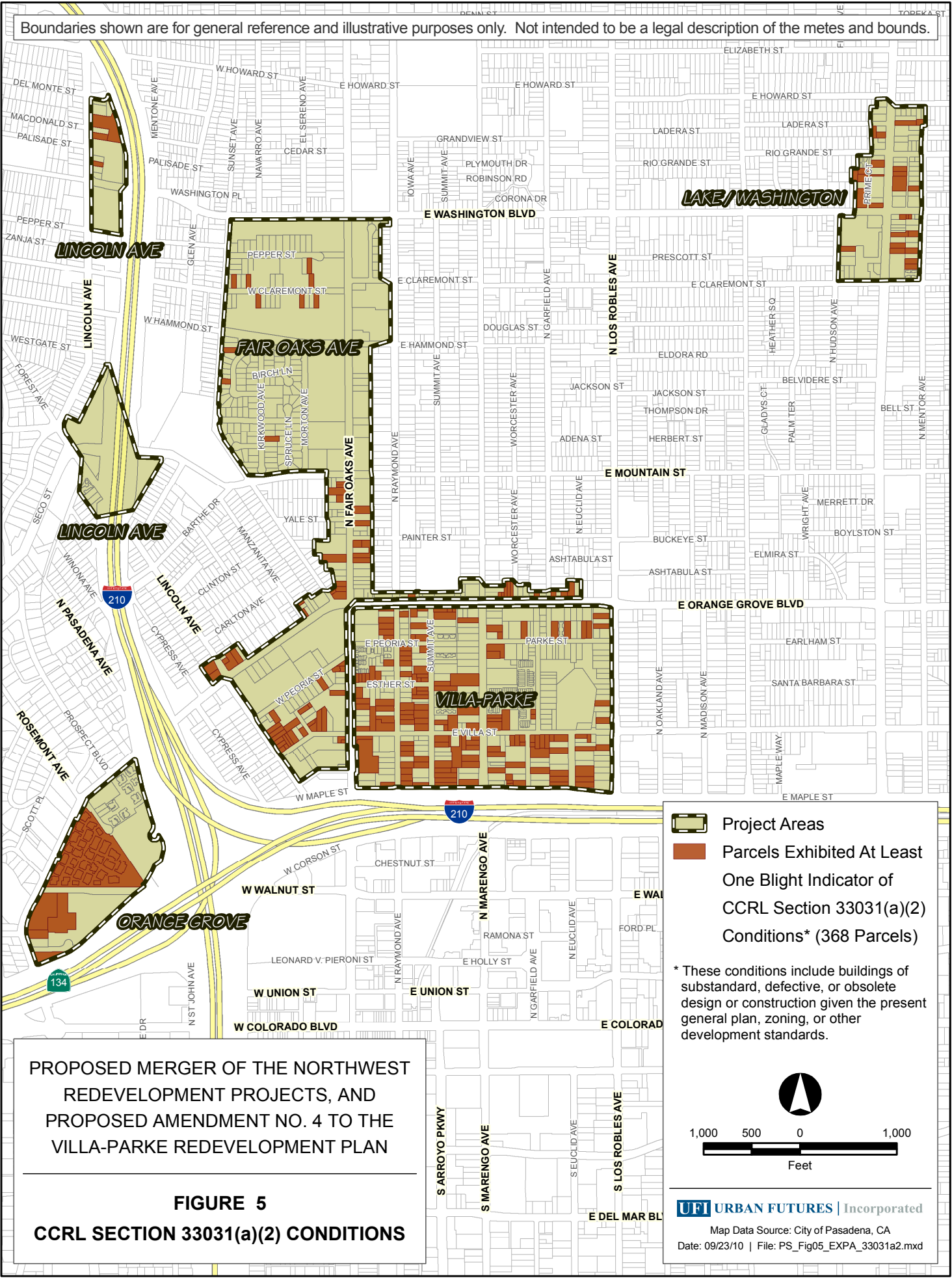
It is reasonable to conclude that without the assistance the PCDC could provide if the Merger Amendments and the Tax Increment Cap Amendment are approved, the proposed development would simply not happen and the building would remain vacant and deteriorated.

#### **7.1.2.1 Summary**

Overall, 368 parcels exhibited at least one Blight Indicator that prevents or substantially hinders viable uses, as discussed above and defined in CCRL 33031(a)(2), with 39% located in the Villa-Parke Project Area. The locations of each of these parcels are shown in Figure 5. In addition, as demonstrated by the *pro forma*, such conditions are hindering, and preventing, viable uses. The widespread existence of these conditions demonstrates the substantial prevalence of remaining blight within the Project Areas.



Photographs of sample properties affected by these conditions may be found in Appendix A.

Boundaries shown are for general reference and illustrative purposes only. Not intended to be a legal description of the metes and bounds.

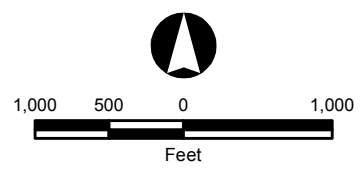


PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 5**  
**CCRL SECTION 33031(a)(2) CONDITIONS**

-  Project Areas
-  Parcels Exhibited At Least One Blight Indicator of CCRL Section 33031(a)(2) Conditions\* (368 Parcels)

\* These conditions include buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.





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### **7.1.3 CCRL Section 33031(a)(4) - The Existence of Irregular, Subdivided Lots in Multiple Ownership Whose Physical Development has been Impaired Given Present Conditions**

CCRL Section 33031(a)(4) provides that a physical condition which causes blight consists of subdivided lots which are in multiple ownership and whose physical development has been impaired by their irregular shape and size, given present general plan and zoning standards, and present market conditions.

Irregular parcels exist in a number of ways:

- Too narrow and too deep (those that exceed a ratio of 1:4)<sup>39</sup>
- Unusual shapes that limit or prevent development
- Those that do not meet City standards for minimum width, depth, and/or area

Overall, four parcels in the Project Areas are of irregular shape and size and have limited development potential, all of which are subdivided in multiple ownerships. Three parcels on Maple Street in the Villa-Parke Project Area are excessively long and narrow, and one parcel at the intersection of Fair Oaks Avenue and Mountain Street in the Fair Oaks Avenue Project Area is under the minimum area requirements.

The limitations of the land as it is subdivided severely restrict what can be built on these parcels. A traditional method of determining the "carrying capacity" of a parcel of land is to determine maximum building "envelope" available on that parcel after parking, landscaping, setbacks, and other limiting factors have been considered. Parking and circulation tend to be the major considerations as to the size of the building envelope. Parking layouts demand specific minimum dimensions to accommodate turning radii, standard parking spaces, and efficient traffic flow. Where parcels are of regular shape, the land designer is able to efficiently accommodate these demands. Where parcels are of irregular shape, such as those described above with unusual angles and excessively deep land, the designer must waste that irregular portion of the lot, which cannot accommodate these demands. That wasted portion represents lost building envelope and, consequently, lost economic value.

#### **7.1.3.1 Summary**

The location of the parcels with the Blight Indicator for CCRL Section 33031(a)(4) is shown in Figure 6, with 75% occurring in the Villa-Parke Project Area. These parcels contribute to the significant blight that remains in the Project Areas.

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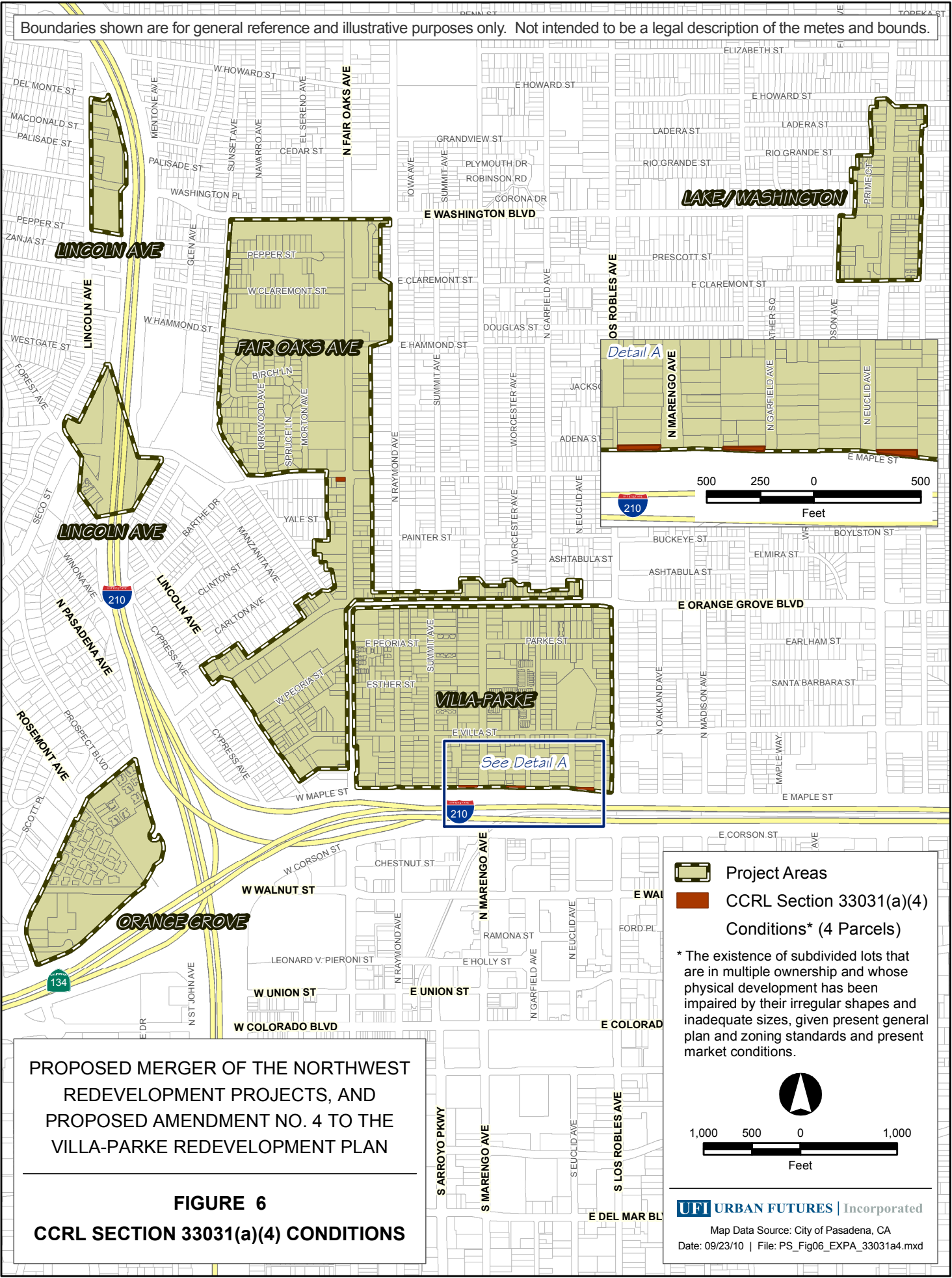
<sup>39</sup> A common planning standard based on UFI's research where the depth of a parcel is at least four times longer than the width, creating a property that impairs its development.



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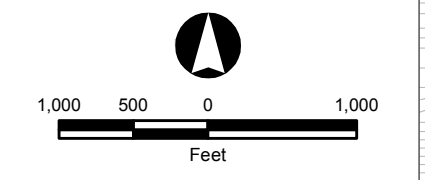


PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 6**  
**CCRL SECTION 33031(a)(4) CONDITIONS**

 **Project Areas**  
 **CCRL Section 33031(a)(4) Conditions\* (4 Parcels)**

\* The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.





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#### **7.1.4 Statement Providing Compelling Evidence of Significant Remaining Physical Blight**

A review of the information provided above shows that there are a substantial number of parcels that were found to have conditions of blight that cause unsafe or unhealthy buildings, cause the viable use or capacity of buildings or lots to be prevented or substantially hindered, and/or impair the physical development of land due to subdivided lots that are in multiple ownership by their irregular shape or size.

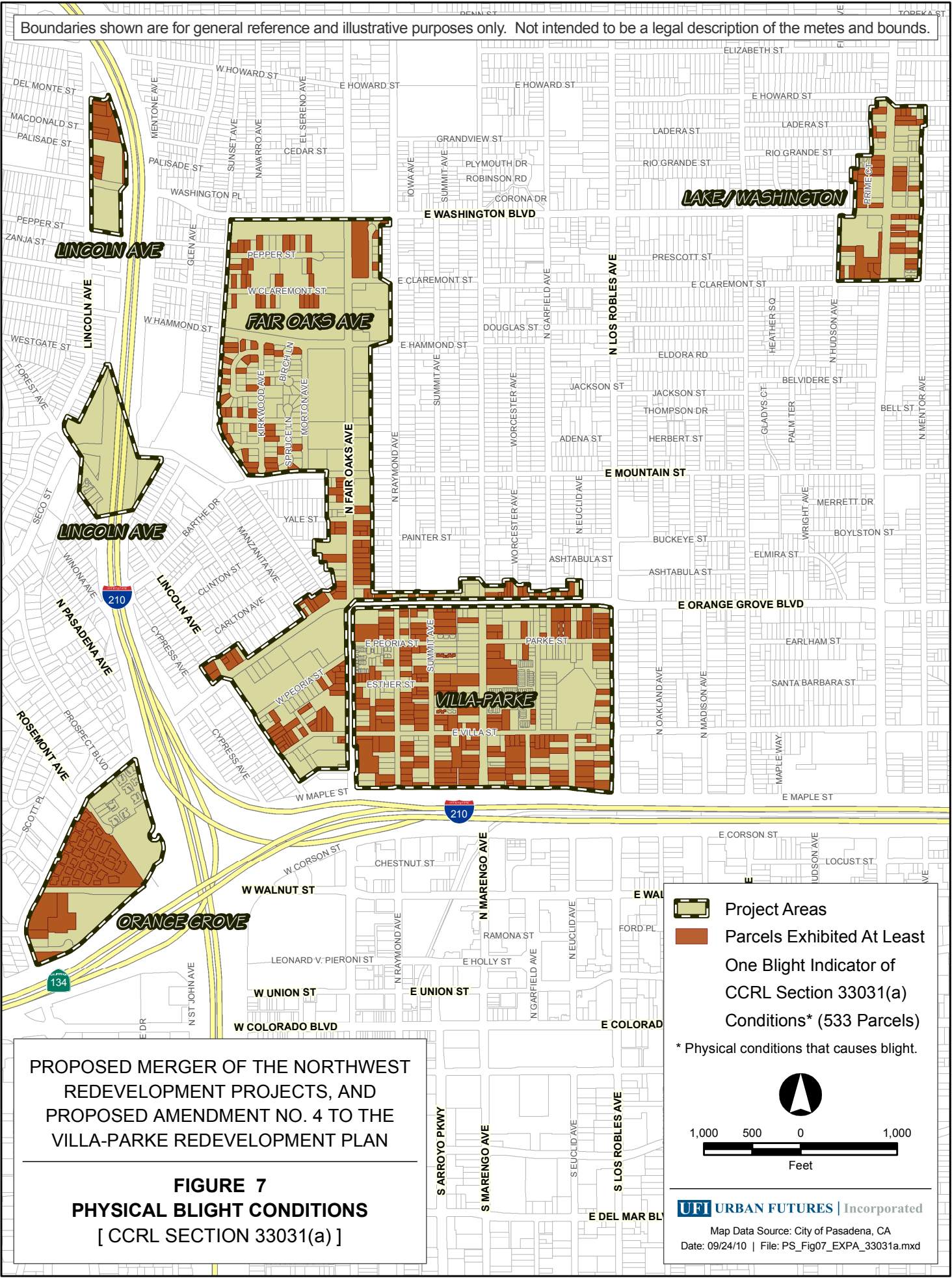
Overall, 533 parcels in the Project Areas have at least one condition of serious physical blight. Of those, 197 (37%) are located in the Villa-Parke Project Area. Figure 7 shows the location of all serious physical Blight Indicators throughout the Project Areas.



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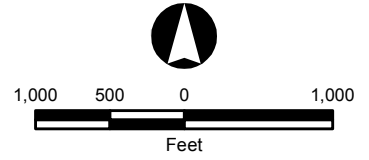
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PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 7**  
**PHYSICAL BLIGHT CONDITIONS**  
 [ CCRL SECTION 33031(a) ]

 Project Areas  
 Parcels Exhibited At Least One Blight Indicator of CCRL Section 33031(a) Conditions\* (533 Parcels)  
 \* Physical conditions that causes blight.





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## **7.2 ECONOMIC CONDITIONS**

The purpose of this section is to describe the existing economic conditions as defined by CCRL Section 33031(b) within the Project Areas. This section satisfies the pertinent parts of CCRL Sections 33344.5(b), 33354.6(b), and 33451.5(c)(2). Information contained in this chapter will be used to document the extent and significance of remaining economic blighting conditions and their pervasive negative effect on the community.

### **7.2.1 CCRL Section 33031(b)(1) - Depreciated or Stagnant Property Values**

#### **7.2.1.1 Values, Reinvestment, and Sale Tax**

With the current worldwide economic decline, it would be simple to prove that property values in the Project Area are depreciating. After all, most areas of California have recently experienced double-digit percentage declines in property values. The PCDC could point to this fact, use data from only the years of decline, and be done with its economic blight analysis because such conditions affect all properties in the Project Areas and, according to CCRL Section 33031(b)(1), they constitute blight.

However, to be fair and further demonstrate reduced property values within the Project Area, it is reasonable to compare the Project Areas with the remainder of the City, use data from several years instead of just the past two, and use values for properties that sold during that time to show the true market value.

As shown in Table 7, of the properties that sold in the Project Areas between 2006-2010, 38% increased over inflation. In the Villa-Parke Project Area alone, 40% of the properties increased over inflation. This compares to 41% for the rest of the City and shows that values in the Project Areas, including the Villa-Parke Project Area grew less than the rest of the City. The bulk of properties in the Project Areas (62%) grew at inflation, was stagnant, or declined. The lower property values are most evident in the Villa-Parke Project Area where 5.7% of the properties depreciated, compared to 4.7% for the rest of the City.

**Table 7**  
**Property Value Analysis**

PASADENA	Citywide*	Project Areas	Villa-Parke
	%	%	%
Depreciated	4.68%	4.93%	5.71%
Stagnated	0.03%	0.00%	0.00%
Increased below Inflation	2.11%	1.10%	1.43%
Increased at Inflation	52.16%	55.62%	52.86%
Increased above Inflation	41.02%	38.36%	40.00%
TOTAL	100.00%	100.00%	100.00%

\*Citywide DOES NOT include Existing Project Parcels

Table 8 shows a similar comparison for specific land uses. Commercial property that sold between 2006-2010 increased over inflation on 29% of the properties in the Project Areas compared to 44% for the rest of the City. Residential property that increased over inflation was a virtual tie, with 36% for the Project Areas and 37% for the rest of the City. Industrial property showed the biggest gap, with 27% for the Project Areas and 47% for the rest of the City.

**Table 8**  
**Property Value Analysis by Land Use**

<b>PROPERTY VALUE ANALYSIS BY LAND USE 2006-2010</b>		
<b>COMMERCIAL PROPERTY</b>	Citywide*	Project Areas
Depreciated	0.87%	5.71%
Stagnated	0.00%	0.00%
Increased below Inflation	0.87%	0.00%
Increased at Inflation	52.69%	62.86%
Increased above Inflation	45.58%	31.43%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>
<b>RESIDENTIAL PROPERTY</b>	Citywide*	Project Areas
Depreciated	4.85%	4.84%
Stagnated	0.02%	0.00%
Increased below Inflation	2.17%	1.29%
Increased at Inflation	52.34%	53.87%
Increased above Inflation	40.62%	40.00%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>
<b>INDUSTRIAL PROPERTY</b>	Citywide*	Project Areas
Depreciated	3.90%	9.09%
Stagnated	0.00%	0.00%
Increased below Inflation	0.00%	0.00%
Increased at Inflation	46.75%	63.64%
Increased above Inflation	49.35%	27.27%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>
*Citywide DOES NOT include Existing Project Parcels		

### 7.2.1.2 External Obsolescence

"Externalities," is a real estate appraisal term which provides that "economies outside a property have a positive effect on its value while diseconomies outside a property have a negative effect on its value."<sup>40</sup> This negative effect is often termed "external obsolescence."<sup>41</sup>

The CCRL is cognizant of the concept of externalities where, in CCRL Section 33030, it describes "blighted areas" rather than "blighted parcels."

It is reasonable to conclude that the intent of this language was to recognize that parcels within an "area" are affected by neighboring parcels within the same "area"; otherwise, the CCRL would have described "blighted parcels" with the clear implication that individual parcels are not necessarily affected by neighboring parcels. According to the Appraisal Institute, "externalities may refer to the use of properties located near the subject property. . ." and "may be as broad as international currency and gold prices or as narrow as a neighbor's standard of property maintenance."<sup>42</sup>

The effects of external obsolescence and how it depreciates the value of a parcel is described by that parcel's "utility" which is the ability of a property, or improvements to the property, to satisfy a human want, need, or desire. The influence of utility on value depends on the characteristics of the property. Size utility, design utility, location utility, and other specific forms of utility can significantly influence property values.

The nexus between external obsolescence and diminished, or depreciated, utility is found in "location utility" inasmuch as it is adjacent obsolete properties which "negatively influence" the property in question. Consequently, it follows that external obsolescence is a factor, which helps depreciate property values.

In fact, the depreciating effects of external obsolescence are one of the reasons for redeveloping an area pursuant to the CCRL. External obsolescence may cause a depreciation of property values and is therefore evidence of the condition of blight as defined in CCRL Section 33031(b)(1). Secondly, and more to the point, it may be impossible for the owner of property which is experiencing external obsolescence from

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40 The principle of externalities provides that diseconomies outside a property have a negative effect on its value. According to the Appraisal Institute of Chicago, "[b]ecause [real property] is physically immobile, [it] is affected by externalities more than any other economic good, service, or commodity" and "is subject to many types of external influences." In regards to the conditions which contribute to economic blight, "[d]iseconomies result when the costs of blighted areas are imposed on adjacent or nearby parcels" (The Appraisal of Real Estate, Appraisal Institute, Chicago, Illinois, Tenth Edition, p. 42).

41 "External obsolescence, the diminished utility of a structure due to negative influences emanating from outside the building, is usually incurable on the part of the owner, landlord, or tenant." "External influences can cause any property to lose value." (The Appraisal of Real Estate, Appraisal Institute, Chicago, Illinois, Tenth Edition, p. 358).

42 The Appraisal of Real Estate, Appraisal Institute, Chicago, Illinois, Tenth Edition, p. 42.



other properties in the area (but which she or he does not own) to do anything about it.

Since individual property owners cannot compel other private property owners to upgrade their premises, it falls upon municipal governments to do so.

This is not easily accomplished for at least two reasons:

1. Municipal governments generally do not have the legal power to compel property improvement other than code violations, nor do they have any other authority to induce property improvement
2. Local governments, ever since Proposition 13, have found that the majority of their discretionary income must be committed to public safety activities, leaving few funds for activities such as neighborhood improvement in any meaningful fashion.

Consequently, external obsolescence is precisely the type of blighting characteristic for which it is difficult in the extreme for individuals acting alone or government acting alone to rectify. Redevelopment brings to the table precisely the two conditions described above which municipal government lacks.

A parcel that has serious physical blight conditions on it will, per the concept of external obsolescence discussed above, negatively affect the economic value of neighboring parcels. For example, a property in good condition adjacent to a blighted property will suffer some form of external obsolescence from that blighted parcel; alternatively, a property in good condition a mile away from a blighted property would not.

To help determine where the "range" of external obsolescence ends, State law and standard city planning practice acknowledge that applicants who wish planning commission approvals for discretionary acts notify owners of property within 300 feet of the requesting parcel prior to any planning commission action on the applicant's request.<sup>43</sup>

This requirement presumes that any property within 300 feet of a property will be affected by the physical attributes of that property and/or the actions necessary to modify the subject property. Therefore, since State law provides for a 300-foot radius, this Report assumes the effect of external obsolescence in the City is 300 feet.

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43 Government Code Section 65905 requires that a public hearing be held when a planning commission considers an application for a variance or conditional use permit, a proposed revocation or modification of a variance or use permit, or an appeal from the action taken on any of those applications. This Section also requires that notice of said public hearing be provided pursuant to Government Code Section 65091, which states that "the notice of the hearing shall be mailed or delivered at least 10 days prior to the hearing to all owners of real property as shown on the latest equalized assessment roll within 300 feet of the real property that is the subject of the hearing."

### **7.2.1.3 Summary**

Figure 8 identifies each parcel that suffers the most from conditions of serious physical blight and then shows a 300-foot circle around each such parcel to represent the negative effects of external obsolescence on neighboring properties.

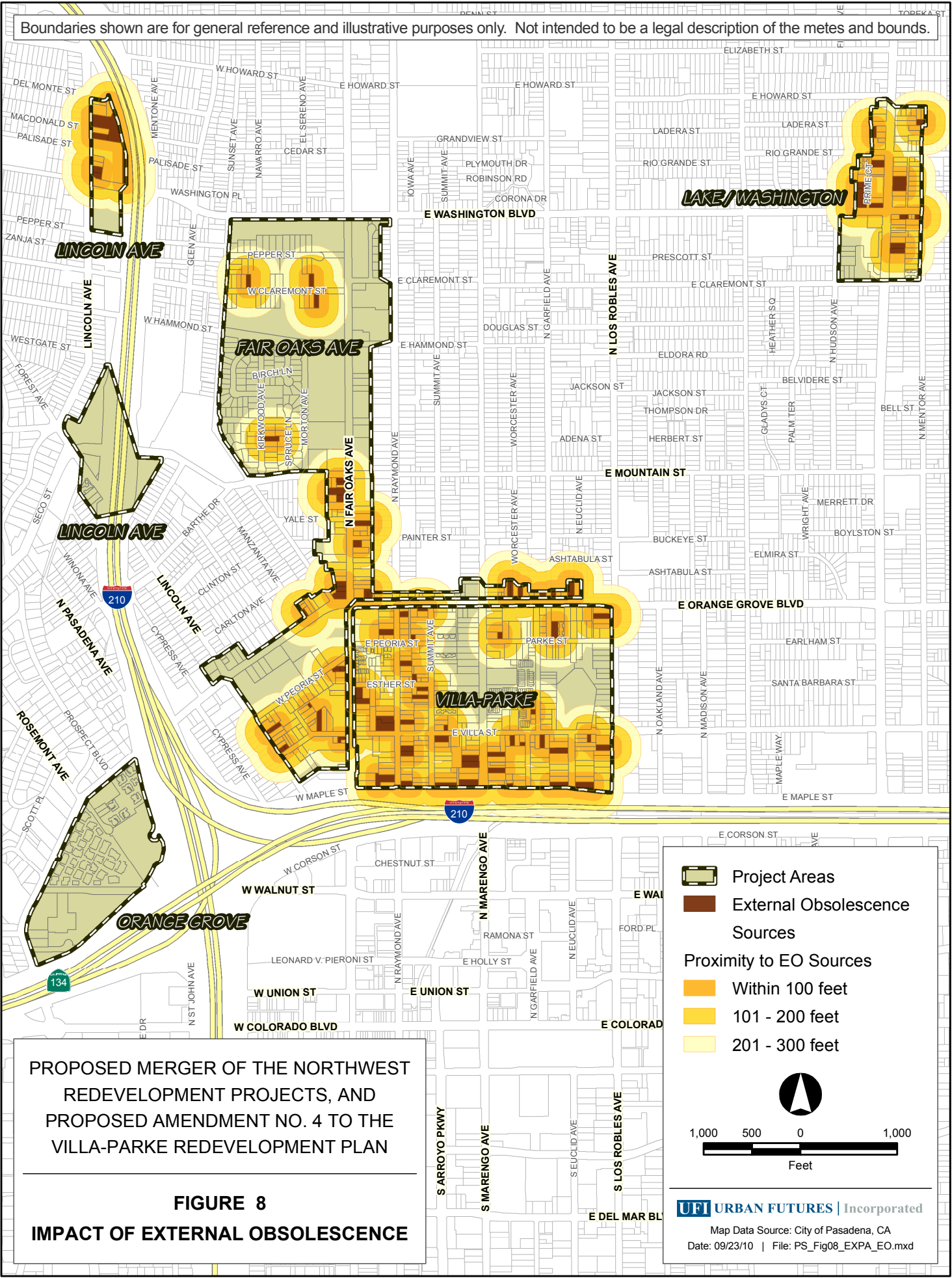
This map demonstrates how the deleterious effects of external obsolescence may occur. The evidence shows that a substantial amount of the Project Areas (661 parcels or 54% of the Project Areas) are subject to the adverse effects of external obsolescence and that this blight is significant. Of those 661 parcels, 60% are located in the Villa-Parke Project Area.

In addition, the current economic climate, which has regularly been identified as the worst since the Great Depression,<sup>44</sup> has affected all 1,214 parcels in the Project Areas. Added to that is the fact that, since 2006, the value of property sales in the Project Areas is less than those for the rest of the City. These conditions are mapped in Figure 9. The widespread existence of these conditions demonstrates the substantial prevalence of remaining blight within the Project Areas.

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44 <http://www.bloomberg.com/apps/news?pid=20601087&sid=aNivTjr852TI>,  
<http://online.wsj.com/article/SB122169431617549947.html>, and several others.

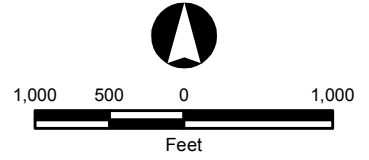
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PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 8**  
**IMPACT OF EXTERNAL OBSOLESCENCE**

-  Project Areas
-  External Obsolescence Sources
- Proximity to EO Sources
  -  Within 100 feet
  -  101 - 200 feet
  -  201 - 300 feet





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**7.2.2 CCRL Section 33031(b)(3) – Abnormally High Business Vacancies and Low Lease Rates**

Vacant businesses illustrate the complex nature of blight. Poor physical conditions lead to decreased values and sales, which, in turn, lead to poor economic conditions. Vacancies not only give the area a run-down look and reduce local job opportunities, but they do not generate sales tax revenue, frequently lower surrounding property values, increase crime and the risk of fire, and pose hazards to children. Therefore, a vacancy affects more than just the one parcel on which the vacancy exists; its negative influences are widespread.

Empty buildings exhibiting characteristics of neglect and abandonment such as broken windows, abandoned garbage, or other such indications of neglect, are typically regarded as attractive nuisances and neighborhood burdens. Additionally, the concept of the “broken window” theory<sup>45</sup> - where degraded physical surroundings can lead to increased crime, which was recently demonstrated by an academic study<sup>46</sup> - points strongly to a very high degree of correlation between apparent building abandonment and crime.

Overall, there were 26 parcels that were observed with at least one vacant business for a total of 42 vacant units. Table 9 shows the vacant units by land use category.

<b>Table 9 Vacancies</b>			
<b>Existing Land Use</b>	<b>Total Units</b>	<b>Vacant Units</b>	<b>Vacancy Rate (%)</b>
Commercial Retail	197	22	11
Commercial Office	148	13	9
Mixed Use	28	4	14
Industrial	7	3	43
<b>TOTAL</b>	<b>380</b>	<b>42</b>	<b>11</b>

With an overall vacancy rate of 11%, vacancies in the Project Areas are higher than the generally acceptable vacancy rate of 5-10%.<sup>47</sup> In addition, with retail uses at 11% vacant, mixed uses at 14% vacant, and industrial uses at 43% vacant, vacancies are abnormally high. Such a high vacancy also demonstrates the negative effects that remaining blight has on the viability of the Project Areas.

Continued implementation of the redevelopment program can address vacancies through business attraction, businesses expansion, and by facilitating parcel assembly, which could create properties that are more viable in today’s market.

45 "Broken Windows" James Q. Wilson and George L. Kelling, The Atlantic Monthly, March 1982

46 "The Spreading of Disorder," University of Groningen, Netherlands, Science, November 2008

47 Daren Blomquist, Marketing Communications Manager, RealtyTrac, as reported by Northwestern University’s Medill School: <http://news.medill.northwestern.edu/chicago/news.aspx?id=89115>

### 7.2.2.1 Low Lease Rates

According to data from the City's Planning and Development Department, lease rates for available commercial uses in the Project Areas are 6% lower when compared to other commercial uses in the northwest portion of the City and substantially lower (18%) when compared to the remainder of the City.

Table 10 shows the lease rates for the Project Areas, the northwest portion of the City, and the remainder of the City.

**Table 10- Lease Rate Comparison**

Area	Lease Rate (per square foot)	% Higher than Project Areas
Project Areas	\$1.74	-
Northwest Portion of City	\$1.85	6%
Remainder of City	\$2.06	18%

### 7.2.2.2 Summary

Overall, 35 parcels exhibited at least one business vacancy, as discussed above and defined in CCRL 33031(b)(3). The locations of each of these parcels are shown in Figure 10. In addition, lease rates are abnormally lower than the rest of the City, which affects all commercial uses in the Project Areas. The widespread existence of these conditions is illustrative of the substantial prevalence of remaining blight within the Project Areas, and demonstrates the hindrance of viable uses.

Photographs of sample properties affected by these conditions may be found in Appendix A.



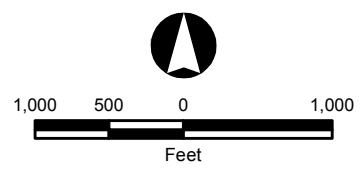
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PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 10**  
**BUSINESS VACANCIES**  
 [ CCRL SECTION 33031(b)(3) ]

-  Project Areas
-  Parcels Exhibited At Least One Business Vacancy (26 Parcels)





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### **7.2.3 CCRL Section 33031(b)(6) – An Excess of Bars, Liquor Stores, or Adult-Oriented Businesses that has Resulted in Significant Public Health, Safety, or Welfare Problems**

The Pasadena Police Department provided several examples of adult uses, including day laborer areas that create significant public health, safety, or welfare problems in the Project Areas. Two liquor stores on Orange Grove Boulevard between Raymond Avenue and Los Robles Avenue are currently under suspension from the California Alcoholic Beverage Control. In October 2009, the Police Department made 14 alcohol-related arrests, including drinking and urinating in public. All of the arrests were traced back to a third liquor store in the same area. In November 2009, eight more alcohol-related arrests were made in connection with this liquor store, which is now under further investigation.

Other public health, safety, or welfare problems occur as a result of the day labor area around Raymond Avenue and Villa Street. The Police Department has investigated this area "to improve the quality of life" because it has been "plagued" by problems. In April 2009, eight arrests were made including urinating in public and drinking in public. In October 2009, 22 arrests were made in this area. The types of crimes included drinking in public, marijuana possession, and urinating in public.

Overall, there have been 52 arrests related to drugs and alcohol during a two-month period in 2009 in the 4-block area in and around the Villa-Parke Project Area. By comparison, data from the Pasadena Police Department and crimemapping.com was analyzed in similar 4-block areas elsewhere in the City during June and July of 2010.<sup>48</sup> The results were that 10 drug and alcohol crimes occurred in the area bounded by Los Robles, Claremont, Lake, and Orange Grove; nine such crimes occurred in the area bounded by Lake, Walnut, and Hill, and Del Mar; and 31 such crimes occurred in the area bounded by Fair Oaks, Walnut, Los Robles, and Del Mar. This demonstrates that drug and alcohol crimes are far more prevalent in the Project Areas – particularly the Villa-Parke Project Area – than the rest of the City.

#### **7.2.3.1 Summary**

With 52 drug and alcohol arrests made in a two-month period alone in a portion of the Project Areas, there is substantial evidence that conditions described under CCRL Section 33031(b)(6) are significant in the Project Areas, especially in the Villa-Parke Project Area where all 519 parcels are affected.

The location of the problem areas identified by the Police Department is shown in Figure 11. The existence of these conditions demonstrates the substantial prevalence of remaining blight within the Project Areas.

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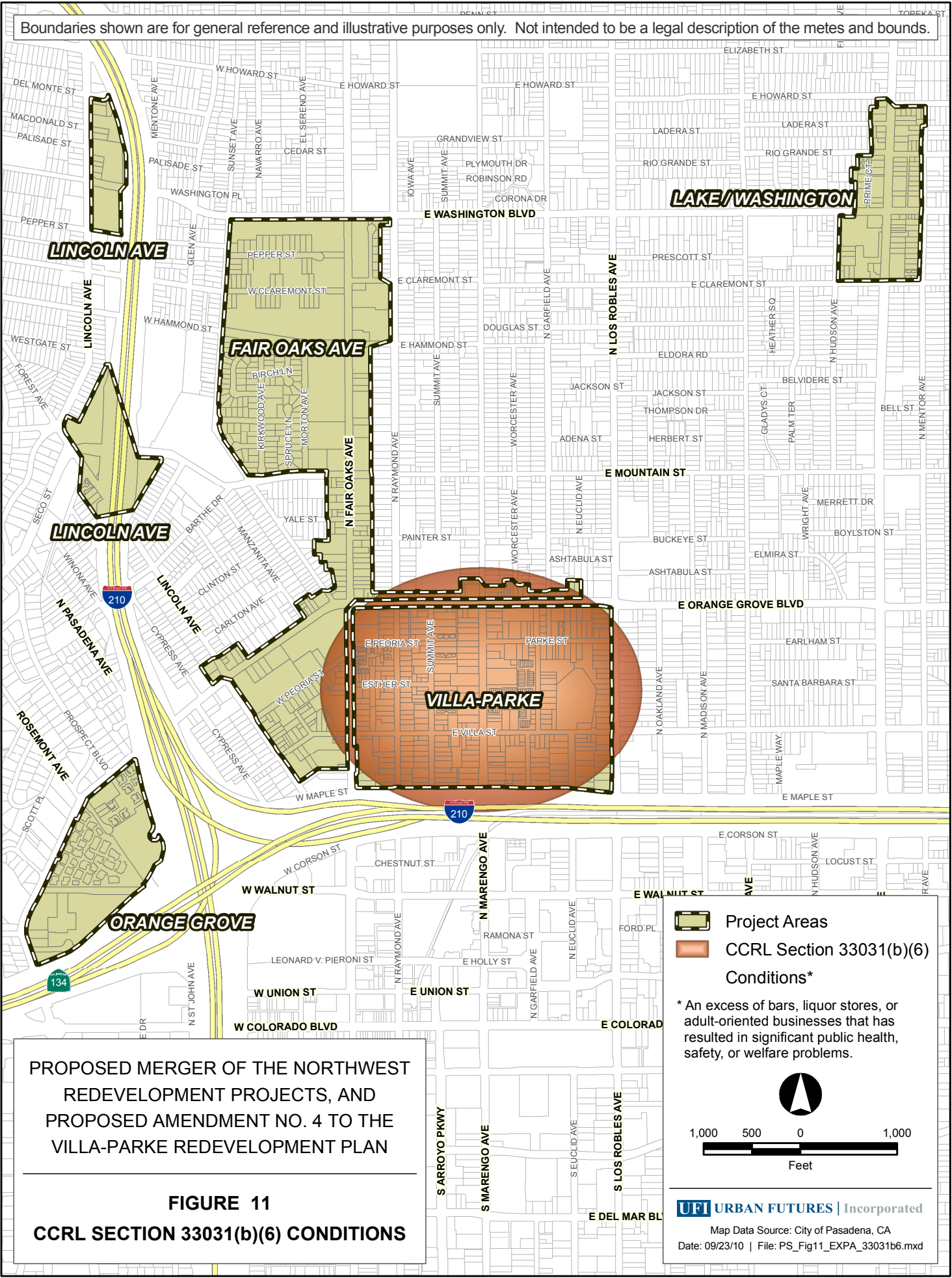
<sup>48</sup> Areas were selected if they contained a mix of commercial and residential land uses, were a roughly uniform 4-block area, and represented a geographic mix of the City. Dates were selected at random based on availability of data.



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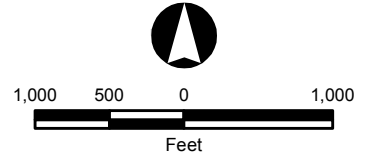


PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 11**  
**CCRL SECTION 33031(b)(6) CONDITIONS**

 Project Areas  
 CCRL Section 33031(b)(6) Conditions\*

\* An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.





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#### 7.2.4 CCRL Section 33031(b)(7) - High Crime

Crime data from the City's Police Department shows that for the past five years, there are a disproportionate number of serious crimes in the Project Areas when compared to the rest of the City.

For example, although the Project Areas represent just over 2% of the City's area, they account for the following percentage of FBI Part 1 crimes, which are the most serious crimes:

- Homicide 25%
- Rape 17%
- Robbery 23%
- Assault 21%
- Burglary 9%
- Larceny 6%
- Vehicle Theft 14%

Overall, the Project Areas account for 9% of the City's total Part 1 crimes. Other serious crimes such as drug abuse, sex offenses, vandalism, stolen property, simple assault, weapons, and fraud are known as Part 2 crimes. Those account for 19% of the citywide total. Again, this is despite the fact that the Project Areas total just over 2% of the City's acreage.

The data from the Police Department, which is on file with the PCDC's office and hereby incorporated by this reference, shows that, on average, 5.4 serious crimes occur every day in the Project Areas. In addition, as demonstrated in the previous section (Chapter 7.2.3); the Villa-Parke Project Area has more drug and alcohol arrests than other portions of the City.

In addition, the following crime-related Blight Indicators were observed during the Field Reconnaissance:

1. Bars on windows, which were observed on 345 parcels in the Original Project Area and are direct indicators of a high crime area.
2. Graffiti, which was observed on 294 parcels in the Original Project Area. The existence of such conditions more than doubles the local crime rate, according to a study performed by the University of Groningen, in the Netherlands.<sup>49</sup> Graffiti also takes a significant amount of money to remove.
3. Security fences, which were observed on 324 parcels in the Original Project Area. This condition includes fences over 6' tall and those with spikes, barbed wire, or razor wire.

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49 "The Spreading of Disorder," University of Groningen, Netherlands, Science, November 2008.

#### **7.2.4.1 Summary**

The Project Areas account for a significantly disproportionate number of citywide crimes. It is clearly a high crime area compared to the rest of the City. This not only leads to poor quality-of-life issues, but also adds to the burden on the community due to the costs of law enforcement activities. All 1,214 parcels in the Project Areas are affected by this serious economic blight.

The high crime areas are mapped in Figure 12. Photographs of sample properties affected by these conditions may be found in Appendix A.





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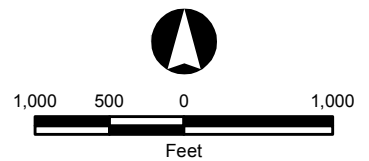


PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 12**  
**HIGH CRIME AREAS**  
 [ CCRL SECTION 33031(b)(7) ]

 Project Areas  
 CCRL Section 33031(b)(7) Conditions\*

\* A high crime rate that constitutes a serious threat to the public safety and welfare.





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### **7.2.5 Statement Providing Compelling Evidence of Significant Remaining Economic Blight**

A review of the information provided above shows that there are a substantial number of parcels that are affected by lower property values, external obsolescence, high vacancies, low lease rates, and high crime. While vacancies and certain adult businesses that create public health, safety, and welfare problems can be pinpointed to specific parcels in the Project Areas, depreciated or stagnant property values and high crime negatively impacts all parcels in the Project Area.

Overall, all 1,214 parcels in the Project Areas have at least one condition of serious economic blight. Of those, 519 (43%) are located in the Villa-Parke Project Area. Figure 13 shows the location of all serious economic blight throughout the Project Areas.



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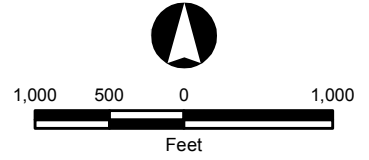
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PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 13**  
**ECONOMIC BLIGHT CONDITIONS**  
[ CCRL SECTION 33031(b) ]

 Project Areas  
 CCRL Section 33031(b) Conditions\*  
 \* Economic conditions that causes blight.





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## **8.0 INADEQUATE PUBLIC IMPROVEMENTS**

CCRL Section 33030(c) provides that an area that contains physical and economic conditions of blight may also be characterized by the existence of inadequate public improvements. Because physical and economic conditions of blight remain throughout the Project Areas, as described above, inadequate public improvements may also be used to provide further evidence of detrimental conditions and justification for the proposed Merger Amendments and Tax Increment Cap Amendment.

Public improvement needs throughout the Project Areas include:

- **Infrastructure**
  - Construct or reconstruct streets
  - Construct or reconstruct curbs, gutters and sidewalks
  - Construct or reconstruct traffic and circulation improvements
  - Construct or reconstruct water, sewer, and drainage systems
  - Construct or reconstruct pedestrian amenities, including landscaping
  - Construct or reconstruct public parking areas
  
- **Community Facilities**
  - Provide for public building rehabilitation, to improve building conditions, correct code deficiencies, increase functionality and desirability, and enhance aesthetic qualities
  - Provide for historic preservation to preserve the cultural and architectural value of a public property and its surroundings
  - Provide for financial or other assistance for public uses as authorized by the CCRL and the Redevelopment Plan to individual projects on an as-needed basis, and depending on the availability of PCDC funds or other resources
  - Provide for the construction, reconstruction, or improvement of parks and other community facilities to enhance recreational opportunities in the Project Area

Overall, the costs to make the above improvements are approximately \$39,000,000. Of this amount, about \$12,500,000 is needed in the Villa-Parke Project Area.



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## **9.0 SUMMARY OF PHYSICAL AND ECONOMIC BLIGHT**

A review of the information provided in Chapters 7.0 and 8.0 shows that there are a substantial number of parcels (533) in the Project Areas that suffer from at least one serious physical condition of blight (44% of the Project Areas), and all parcels in the Project Area (1,214) suffer from at least one serious economic condition of blight (100% of the Project Areas).

This data shows that conditions of significant remaining blight exist throughout much of the Project Areas. In fact, if the conditions of physical and economic blight were layered, it would reveal that 44% of the Project Areas suffer from both conditions. This is a substantial portion of the Project Areas.

However, the CCRL and case law are clear that the existence of blighted conditions is not enough to adopt or amend a redevelopment area. Such conditions must also be, according to CCRL Section 33030(b)(1), "so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated without the use of redevelopment." In other words, the area must have more than just physical and economic blight; the blight must also be so problematic that it creates special needs that can only be addressed by the use – or, in this case, the continued use – of redevelopment.

Therefore, only the portions of the community that suffer the most from the combination of existing detrimental physical and economic conditions may be used to justify the Merger Amendments and the Tax Increment Cap Amendment. This is a logical and conservative conclusion as the PCDC acknowledges it has alleviated many of the original conditions of blight in the Project Areas, but needs the financial flexibility of the Merger Amendments and the additional funding capacity of the Tax Increment Cap Amendment in order to address the blight that remains and complete its primary goal of eradicating blight throughout the Project Areas.

Thus, if the parcels with significant remaining blight are evaluated further to focus on those that have the most severe combination of unsafe or unhealthy conditions, conditions that prevent or substantially hinder viable uses, irregular parcels, depreciated values, business vacancies, low lease rates, adult businesses that result in significant health, safety, and welfare problems, high crime, and infrastructure needs – those with the greatest impact on the community – the result is 89 parcels spread throughout the Project Areas, with 41 of those (46%) located in the Villa-Parke Project Area.

The significant remaining blight on these 89 parcels cannot reasonably be expected to be alleviated without the continued use of redevelopment that the Merger Amendments and the Tax Increment Cap Amendment would provide.

A breakdown of the 89 parcels is included below in Table 11. This table shows the parcel number, the Project Area in which it is located, and the address of each parcel along with a summary of the physical Blight Indicators that were found and described in detail in Chapter 7.0, a summary of the economic blight conditions that were found, and a list of comments from City officials (where applicable). A map of the 89 parcels is included in Chapter 10.0.

**Table 11- Parcels with Significant Remaining Blight**

APN/ PROJECT AREA	ADDRESS	SERIOUS PHYSICAL BLIGHT INDICATORS FOUND	SERIOUS ECONOMIC BLIGHT INDICATORS FOUND	COMMENTS/ VERIFICATION FROM CITY OFFICIALS
5725-001-006/ Fair Oaks	826 N FAIR OAKS	BAR, GC	Depreciated Property Value, High Crime	Balcony in disrepair, stairway loose, garage conversion, unmaintained property, trash on roof, sewage leaking
5725-002-909/ Fair Oaks	790 N FAIR OAKS AVE	BAR, BW, PRI	Depreciated property value, High crime, Security Fence, Vacancy	
5725-002-911/ Fair Oaks	25 E ORANGE GROVE BLVD	BAR, BW	Depreciated property value, High crime, Graffiti, Security Fence, Vacancy	
5725-002-912/ Fair Oaks	19 E ORANGE GROVE BLVD	BAR, BW	Depreciated property value, High crime, Graffiti, Security Fence, Vacancy	
5725-003-042/ Villa Parke	407 N RAYMOND AVE	IP	Depreciated Property Value, High Crime	
5725-004-010/ Villa Parke	645 N RAYMOND AVE	ANP	Depreciated Property Value, High Crime	
5725-006-001/ Villa Parke	546 N FAIR OAKS AVE	ACC, BAR, FO	Depreciated Property Value, High Crime, Vacancy	
5725-006-003/ Villa Parke	538 N FAIR OAKS	ACC, ANP, SCM, PSL	Depreciated property value, High crime, Graffiti	Unpermitted construction
5725-006-019/ Villa Parke	501 N RAYMOND	BAR, PSL	Depreciated property value, High crime, Graffiti, Security Fence	Unpermitted construction
5725-006-023/ Villa Parke	55 E VILLA ST	BAR, PSL	Depreciated property value, High crime, Graffiti, Security Fence	
5725-007-002/ Villa Parke	543 SUMMIT AVE	BAR, PSL	Depreciated Property Value, High Crime	
5725-007-004/ Villa Parke	557 SUMMIT AVE	BAR, PSL	Depreciated Property Value, High Crime	

APN/ PROJECT AREA	ADDRESS	SERIOUS PHYSICAL BLIGHT INDICATORS FOUND	SERIOUS ECONOMIC BLIGHT INDICATORS FOUND	COMMENTS/ VERIFICATION FROM CITY OFFICIALS
5725-007-022/ Villa Parke	504 N RAYMOND AVE	BAR, PSL	Depreciated Property Value, High Crime	
5725-008-004/ Villa Parke	99 ESTHER ST	BAR, GAS, PSL, UST	Depreciated property value, High crime, Security Fence	Construction w/o permits, trash/debris throughout, selling canned food from garage
5725-008-018/ Villa Parke	594 N RAYMOND	GC, WPF	Depreciated Property Value, High Crime	Trash, debris, lack of maintenance, roof w/o permit
5725-009-002/ Villa Parke	676 N RAYMOND AVE	EH, ANP, R	Depreciated Property Value, High Crime	Dilapidated structure junk/debris, house in disrepair
5725-009-006/ Villa Parke	112-124 E ORANGE GROVE	ACC, EH, BAR	Depreciated Property Value, High Crime, Vacancy	Liquor store with significant health and safety problems and trash build up around the building.
5725-009-013/ Villa Parke	97 E PEORIA ST	EH, BAR, UST	Depreciated Property Value, High Crime	
5725-015-030/ Villa Parke	151-153 E VILLA	ANP, PSL, UST	Depreciated Property Value, High Crime	Boarded-up vacant house w/ people living in it, junk/debris, dilapidated structure made worse by a fire and safety hazards
5725-016-023/ Villa Parke	446 & 450 N RAYMOND	PRI, PSL, UST	Depreciated Property Value, High Crime	Junk/debris, lack of maintenance
5725-016-024/ Villa Parke	460 N RAYMOND	FND, VERT	Depreciated property value, High crime, Security Fence	Piles of trash, people living in trailer behind house - no sewer, lack of maintenance, house divided w/o permits (renting)
5725-016-035/ Villa Parke	396 N RAYMOND	GC	Depreciated Property Value, High Crime	People living in abandoned house, wood on roof, debris
5725-017-012/ Villa Parke	515 N GARFIELD AVE	ANP, BAR	Depreciated Property Value, High Crime	
5725-019-002/ Villa Parke	245 PARKE ST	ANP	Depreciated Property Value, High Crime	
5725-020-008/ Fair Oaks	707 WORCESTER AVE	EH, BAR, BW, PRI, PSL	Depreciated property value, High crime, Graffiti	
5725-020-009/ Fair Oaks	259 E ORANGE GROVE BLVD	EH, PRI, PSL, UST	Depreciated Property Value, High Crime	

APN/ PROJECT AREA	ADDRESS	SERIOUS PHYSICAL BLIGHT INDICATORS FOUND	SERIOUS ECONOMIC BLIGHT INDICATORS FOUND	COMMENTS/ VERIFICATION FROM CITY OFFICIALS
5725-022-009/ Fair Oaks	309-317 E ORANGE GROVE & 711 N GARFIELD	BAR, BW	Depreciated Property Value, High Crime, Vacancy	Construction w/ out permit
5725-022-014/ Fair Oaks	275 E ORANGE GROVE	BAR, BW	Depreciated property value, High crime, Graffiti	Unmaintained Bldg, Overgrown vegetation, Construction without permit, Prohibited signs, junk & debris
5725-023-020/ Villa Parke	474 SUMMIT AVE	EH, BAR, PSL, UST	Depreciated Property Value, High Crime	Dilapidated property, construction without permit
5725-023-032/ Villa Parke	439,441,445 N MARENGO	EH, SCM, NU, PSL, UST	Depreciated Property Value, High Crime	Construction w/out permits
5725-023-037/ Villa Parke	396 SUMMIT ( OR 397 TOWNSEND)	ANP, BAR, BW, PRI, UST	Depreciated Property Value, High Crime	Dilapidated structure, trash & debris, roach & rodent infestation
5725-023-038/ Villa Parke	398, 400, 400 1/2 TOWNSEND (OR 397 N MARENGO)	ANP, BAR, PRI	Depreciated Property Value, High Crime	Housing violations, construction w/out permit, dilapidated structure
5725-023-041/ Villa Parke	427 N MARENGO	ANP, PSL, UST	Depreciated property value, High crime, Graffiti	No certificate of occupancy
5725-023-043/ Villa Parke	389 N MARENGO AVE	IP	Depreciated Property Value, High Crime	
5725-027-023/ Villa Parke	444 N MARENGO AVE	BW, GAS, UST	Depreciated Property Value, High Crime	
5725-027-028/ Villa Parke	461 N GARFIELD AVE	EH, BAR, PSL	Depreciated Property Value, High Crime	
5725-027-031/ Villa Parke	264 E VILLA ST	BW, GAS	Depreciated Property Value, High Crime	People living in garage conversion; junk on property
5725-027-035/ Villa Parke	418 N MARENGO AVE	BAR, SCM, PSL, UST	Depreciated Property Value, High Crime	
5725-027-041/ Villa Parke	396 PEARL PL	ANP, BAR, PSL	Depreciated property value, High crime, Graffiti, Security Fence	
5725-027-042/ Villa Parke	396 PEARL PL	ANP, BAR, IP, PSL	Depreciated property value, High crime, Graffiti, Security Fence	

APN/ PROJECT AREA	ADDRESS	SERIOUS PHYSICAL BLIGHT INDICATORS FOUND	SERIOUS ECONOMIC BLIGHT INDICATORS FOUND	COMMENTS/ VERIFICATION FROM CITY OFFICIALS
5725-028-015/ Fair Oaks	373 E. ORANGE GROVE BLVD	BAR, PSL	Depreciated Property Value, High Crime	Property maintenance, Deteriorated roof
5725-028-018/ Fair Oaks	333 E ORANGE GROVE BLVD	FO, PSL	Depreciated property value, High crime, Security Fence	
5725-029-008/ Villa Parke	669 N LOS ROBLES AVE	BAR, R	Depreciated Property Value, High Crime	
5725-029-020/ Villa Parke	335 PARK STREET	EH, ANP, PRI, UST	Depreciated Property Value, High Crime	Prop maintenance- exterior, trash, junk & debris, construction w/out permit
5725-031-006/ Villa Parke	314 E. VILLA STREET	ANP, PSL, UST	Depreciated Property Value, High Crime	Construction w/out permit, sewage, housing violations
5725-031-013/ Villa Parke	393 N. EUCLID	EH, ANP, UST	Depreciated property value, High crime, Graffiti	Illegal Garage conversion
5725-031-018/ Villa Parke	449 N EUCLID AVE	GAS	Depreciated Property Value, High Crime	
5725-033-003/ Villa Parke	388 E. VILLA	BAR, R, UST	Depreciated Property Value, High Crime	Deteriorated roof
5725-033-007/ Villa Parke	455 N LOS ROBLES AVE	GAS	Depreciated Property Value, High Crime	
5725-033-019/ Villa Parke	396 N. EUCLID	EH, BAR, PRI, PSL	Depreciated Property Value, High Crime	Construction without permit, Property maintenance
5725-033-022/ Villa Parke	384 N EUCLID AVE	IP	Depreciated Property Value, High Crime	
5726-002-002/ Fair Oaks	895-899 N. FAIR OAKS	BAR, URM	Depreciated Property Value, High Crime, Vacancy	Zoning code violation
5726-002-006/ Fair Oaks	875 N FAIR OAKS AVE	URM	Depreciated Property Value, High Crime	
5726-002-025/ Fair Oaks	865 N FAIR OAKS AVE	BAR, BW, URM	Depreciated property value, High crime, Graffiti, Vacancy	
5726-002-902/ Fair Oaks	901 N FAIR OAKS AVE	IP	Depreciated Property Value, High Crime	

APN/ PROJECT AREA	ADDRESS	SERIOUS PHYSICAL BLIGHT INDICATORS FOUND	SERIOUS ECONOMIC BLIGHT INDICATORS FOUND	COMMENTS/ VERIFICATION FROM CITY OFFICIALS
5726-003-024/ Fair Oaks	727 N FAIR OAKS AVE	EH, BAR, BW, PRI, PSL	Depreciated property value, High crime, Graffiti	
5726-003-025/ Fair Oaks	717 N FAIR OAKS AVE	EH, BAR, BW, PRI, PSL	Depreciated property value, High crime, Graffiti	
5726-003-026/ Fair Oaks	951 N ORANGE GROVE BLVD	EH, BAR, BW, PRI, PSL	Depreciated property value, High crime, Graffiti	
5726-014-003/ Fair Oaks	893 N. ORANGE GROVE BLVD	FO, PSL	Depreciated Property Value, High Crime	Junk, debris, construction w/out permit, residential home used as business
5726-015-029/ Fair Oaks	480 LINCOLN AVE	ANP, BAR	Depreciated Property Value, High Crime	
5726-015-030/ Fair Oaks	103 W VILLA ST	PSL, R	Depreciated property value, High crime, Security Fence	
5726-015-042/ Fair Oaks	49 W VILLA ST	EH, PRI, PSL	Depreciated Property Value, High Crime	
5726-015-046/ Fair Oaks	30 W PEORIA ST	ANP, BAR, PSL, UST	Depreciated Property Value, High Crime	
5726-015-047/ Fair Oaks	587 N FAIR OAKS AVE	SCM, PSL, R	Depreciated Property Value, High Crime	
5726-015-054/ Fair Oaks	97 HOLLAND ALY	PSL, R	Depreciated Property Value, High Crime	
5726-015-056/ Fair Oaks	518-520 LINCOLN AVENUE	ANP, PSL	Depreciated Property Value, High Crime	Illegal conversion
5726-017-029/ Fair Oaks	2-6 W. VILLA STREET & 473&475 N. FAIR OAKS	BAR, BW, ILD, PSL	Depreciated Property Value, High Crime	Construction w/out permit
5727-015-010/ Lincoln Ave	1440 LINCOLN AVE	ANP, BAR, SCM	Depreciated property value, High crime, Security Fence	
5727-015-017/ Lincoln Ave	1380 LINCOLN AVE	BAR, BW	Depreciated property value, High crime, Graffiti	
5727-015-020/ Lincoln Ave	1392 LINCOLN AVE	BAR, BW	Depreciated property value, High crime, Graffiti	

APN/ PROJECT AREA	ADDRESS	SERIOUS PHYSICAL BLIGHT INDICATORS FOUND	SERIOUS ECONOMIC BLIGHT INDICATORS FOUND	COMMENTS/ VERIFICATION FROM CITY OFFICIALS
5727-015-024/ Lincoln Ave	369 W WASHINGTON BLVD	IP	Depreciated property value, High crime, Security Fence	
5727-015-035/ Lincoln Ave	1464 LINCOLN AVE	ANP, BAR, SCM	Depreciated property value, High crime, Security Fence	
5728-022-033/ Fair Oaks	163 W. CLAREMONT STREET	ANP, BAR	Depreciated property value, High crime, Security Fence	Illegal garage conversion
5728-022-037/ Fair Oaks	55 W CLAREMONT ST	EH, BAR, NU, UST	Depreciated property value, High crime, Security Fence	
5728-023-023/ Fair Oaks	48 W. CLAREMONT STREET	ANP	Depreciated Property Value, High Crime	Junk & debris; converted garage; illegal addition
5728-025-019/ Fair Oaks	970 KIRKWOOD AVENUE	BAR, SCM, R	Depreciated Property Value, High Crime	Construction w/out permit
5740-001-002/ Lake/Washington	916 E WASHINGTON BLVD	EH, BAR, PQ	Depreciated property value, High crime, Graffiti	
5740-001-009/ Lake/Washington	1280 N LAKE AVE	EH, BAR, BW	Depreciated property value, High crime, Graffiti, Vacancy	
5740-001-010/ Lake/Washington	1272-127-1276 N. LAKE AVENUE	EH, BAR, BW	Depreciated property value, High crime, Graffiti	Deteriorated roof
5740-001-020/ Lake/Washington	938 E WASHINGTON BLVD	BAR, BW	Depreciated property value, High crime, Graffiti	
5740-001-021/ Lake/Washington	936-938-942 E. WASHINGTON BLVD	BAR, BW	Depreciated property value, High crime, Graffiti	Roof const. without permit
5740-001-024/ Lake/Washington	920 E WASHINGTON BLVD	EH, BAR, FO	Depreciated property value, High crime, Graffiti	
5848-023-003/ Lake/Washington	874 LADERA ST	BAR, GAS	Depreciated Property Value, High Crime	
5848-027-009/ Lake/Washington	1415 N LAKE AVE	EH, BAR, PRI	Depreciated property value, High crime, Graffiti, Vacancy	

APN/ PROJECT AREA	ADDRESS	SERIOUS PHYSICAL BLIGHT INDICATORS FOUND	SERIOUS ECONOMIC BLIGHT INDICATORS FOUND	COMMENTS/ VERIFICATION FROM CITY OFFICIALS
5848-028-005/ Lake/Washington	STRIP MALL ON NW CORNER OF LAKE AND WASHINGTON	URM	Depreciated Property Value, High Crime	Adult Business, Transients Drinking and Urinating on Site, and Narcotics Violations
5848-028-007/ Lake/Washington	841,843,845,849,851 E. WASHINGTON BLVD	BAR, BW, URM, WPF	Depreciated property value, High crime, Graffiti, Security Fence, Vacancy	Unmaintained property, building structural damage; graffiti; debris; damaged walls; roaches and rodents infestation; water leakage; apartment renting bus. w/out permit; mildew in bathroom; trash and debris; broken windows; vacancies, Water Damaged, other code violations
5848-028-900/ Lake/Washington	1383 PRIME CT	IP	Depreciated Property Value, High Crime	
5848-029-006/ Lake/Washington	1374,1376,1380,1386, 1390,1392,1394,1396 N. LAKE	EH, BAR, BW	Depreciated property value, High crime, Adult Business, Graffiti,	Unstable construction in rear
5848-032-008/ Lake/Washington	1487 N MENTOR AVE	GC	Depreciated Property Value, High Crime	

**9.1 STATEMENT OF SIGNIFICANT REMAINING BLIGHT FOR THE PROPOSED MERGER AMENDMENTS**

For the merger of all Project Areas, the CCRL requires that significant blight must remain in at least one of the areas to be merged. As noted above, nearly half of the significant amount of blight that remains in the Project Areas exists in the Villa-Parke Project Area. This, alone, satisfies the requirement.

Significant blight also remains in the Lake/Washington, Lincoln Avenue, and Fair Oaks Avenue Project Areas, which further satisfies this requirement.

**9.2 STATEMENT OF SIGNIFICANT REMAINING BLIGHT FOR THE PROPOSED TAX INCREMENT CAP AMENDMENT**

For the Tax Increment Cap Amendment to the Villa-Parke Project Area, the CCRL requires that significant blight must remain in the project area. If merged, the revised project area includes all Project Areas. A review of the maps provided in Chapter 6.0 and the discussion in the previous chapter shows that significant remaining blight exists throughout the Project Areas. That notwithstanding, the area with the largest



number of parcels with significant remaining blight is the Villa-Parke Project Area. Therefore, this requirement is satisfied.

See Chapter 15.0 for a matrix showing the nexus between the significant remaining blight, the projects and programs proposed to address the significant remaining blight, and the costs to implement the proposed projects and programs for the Tax Increment Cap Amendment.



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## ***10.0 MAP REQUIRED BY CCRL SECTION 33451.5(C)(1)***

CCRL Section 33451.5(c)(1) requires a map showing the portions of the Project Area where blight remains, the portions that are no longer blighted, and the portion that contains parcels that are necessary and essential for the elimination of the remaining blight. Although not required for this Report, such a map is important to show extent of remaining blight in the Project Area. This map, included as Figure 14, also satisfies the pertinent part of CCRL Section 33354.6(b), which requires the PCDC to identify the remaining blight and the portion, if any, that is no longer blighted.

Only those parcels with the most severe combination of unsafe or unhealthy conditions, conditions that prevent or substantially hinder viable uses, irregular parcels, depreciated values, business vacancies, low lease rates, adult businesses that result in significant health, safety, and welfare problems, high crime, and infrastructure needs – as discussed in the previous chapter – have been identified as significant remaining blight.

The rest of the Project Areas are identified as necessary and essential for the elimination of the remaining blight for the following reasons:

1. Serious physical conditions of blight were observed throughout the Project Areas, with the exception of the Orange Grove Project Area where the PCDC has addressed and eliminated such conditions
2. Serious economic conditions of blight affect all parcels in the Project Areas
3. Inadequate public improvements affect all parcels in the Project Areas
4. The PCDC has previously constructed and is currently implementing a blight elimination program that anticipates access to tax increments generated from all parcels in the Project Areas
5. The City Council found, when each of the five Project Areas was adopted, that blight in the Project Areas were prevalent and substantial, and such finding shall be final and conclusive according to CCRL Section 33368

There are no parcels identified as "no longer blighted" as all parcels in the Project Areas are affected by significant economic blight characteristics and inadequate infrastructure.



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Boundaries shown are for general reference and illustrative purposes only. Not intended to be a legal description of the metes and bounds.

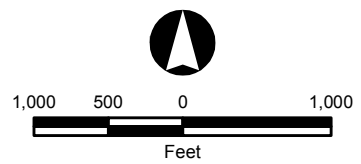


PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**FIGURE 14**  
**CCRL SECTION 33451.5(c)(1) MAP**

-  Project Areas
-  Parcels where blight remains\*
-  Necessary and Essential Parcels\*\*

\* As defined in CCRL Section 33451.5(c)(1).  
 \*\* Parcels that are necessary and essential for the elimination of the remaining blight, as defined in CCRL Section 33451.5(c)(1).



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Map Data Source: City of Pasadena, CA  
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## ***11.0 DESCRIPTION OF THE PROJECTS OR PROGRAMS PROPOSED TO ELIMINATE REMAINING BLIGHT***

The purpose of this section is to describe the projects or programs proposed by the PCDC to address the significant blight that remains. This section satisfies the pertinent part of CCRL Section 33352(a).

The approval of the proposed Merger Amendments and the Tax Increment Cap Amendment will allow the PCDC to continue its effort of making improvements in the Project Areas through a variety of projects and programs designed to eliminate blight and improve affordable housing opportunities. These projects and programs include, but are not limited to:

- **Community Development and Economic Development**
  - Provide for business rehabilitation to improve building conditions, correct code deficiencies, increase functionality and desirability, and enhance aesthetic qualities.

Specific rehabilitation activities could include:

    - ✓ Reconstruct/upgrade unreinforced masonry buildings
    - ✓ Construction of façade improvements, structural upgrades, modernization, and/or expansion
    - ✓ Provide for safe and efficient loading areas through building upgrades and/or parcel assemblage, which would accommodate expansion
    - ✓ Replace/upgrade buildings of poor quality
    - ✓ Construct/reconstruct parking areas and/or driveways
    - ✓ Alleviate site layout and circulation problems through building upgrades and/or parcel assemblage, which would accommodate expansion
    - ✓ Construction of handicapped access
    - ✓ Reconstruction of unpermitted structures/additions
    - ✓ Removal/replacement of unsafe security bars
    - ✓ Repair/replace broken and/or boarded-up windows
    - ✓ Repair/re-wire electrical hazards
    - ✓ Alleviate fire hazards
    - ✓ Repair/reconstruct foundation problems
    - ✓ Install bollards around unprotected gas meters
    - ✓ Alleviate unsafe nuisances on properties
    - ✓ Repair/replace deteriorated roofs
    - ✓ Replace substandard construction materials
    - ✓ Replace unsafe and/or malfunctioning mechanical equipment, particularly HVAC systems
    - ✓ Repair/reconstruct and/or install handrails on unsafe stairs and decks
    - ✓ Repair/replace unsafe columns or other vertical supports
    - ✓ Purchase nearby properties, especially those of irregular size or shape, to accommodate modernization and/or expansion
  - Provide for historic preservation to preserve the cultural and architectural value of a business property and its surroundings
  - Provide for financial or other assistance for business uses as authorized by the CCRL and the Redevelopment Plan to individual projects on an as-needed basis, and depending on the availability of PCDC funds or other resources

- Assist existing businesses to market themselves, expand and/or improve their competitiveness to increase patronage to their business, surrounding businesses, and by extension, the Project Area
- Identify and attract new businesses to the Project Area on vacant or underutilized properties through recruitment programs, site acquisition assistance, and/or site development aid. Improve building conditions, correct code deficiencies, increase functionality and desirability, and enhance aesthetic qualities
- **Housing Programs**
  - Provide for residential rehabilitation, to improve building conditions, correct code deficiencies, increase functionality and desirability, and enhance aesthetic qualities.

Specific rehabilitation activities could include:

    - ✓ Replace/upgrade buildings of poor quality
    - ✓ Construct/reconstruct parking areas and/or driveways
    - ✓ Alleviate site layout and circulation problems through building upgrades and/or parcel assemblage, which would accommodate expansion
    - ✓ Construction of handicapped access
    - ✓ Reconstruction of unpermitted structures/additions
    - ✓ Removal/replacement of unsafe security bars
    - ✓ Repair/replace broken and/or boarded-up windows
    - ✓ Repair/re-wire electrical hazards
    - ✓ Alleviate fire hazards
    - ✓ Repair/reconstruct foundation problems
    - ✓ Install bollards around unprotected gas meters
    - ✓ Remove/replace garages that have been converted to living space without permits
    - ✓ Alleviate unsafe nuisances on properties
    - ✓ Repair/replace deteriorated roofs
    - ✓ Replace substandard construction materials
    - ✓ Replace unsafe and/or malfunctioning mechanical equipment, particularly HVAC systems
    - ✓ Repair/reconstruct and/or install handrails on unsafe stairs and decks
    - ✓ Repair/replace unsafe columns or other vertical supports
  - Increase, preserve, and improve the community's supply of low- and moderate-income housing using no less than twenty percent (20%) of the gross tax increment received by the PCDC
  - Provide for historic preservation to preserve the cultural and architectural value of a residential property and its surroundings
  - Provide for financial or other assistance for affordable housing as authorized by the CRL and the Redevelopment Plan to individual projects on an as-needed basis, and depending on the availability of PCDC funds or other resources



- **Community Facilities**

- Provide for public building rehabilitation, to improve building conditions, correct code deficiencies, increase functionality and desirability, and enhance aesthetic qualities.

Specific rehabilitation activities could include:

- ✓ Reconstruct/upgrade unreinforced masonry buildings
  - ✓ Construction of façade improvements, structural upgrades, modernization, and/or expansion
  - ✓ Provide for safe and efficient loading areas through building upgrades and/or parcel assemblage, which would accommodate expansion
  - ✓ Replace/upgrade buildings of poor quality
  - ✓ Construct/reconstruct parking areas and/or driveways
  - ✓ Alleviate site layout and circulation problems through building upgrades and/or parcel assemblage, which would accommodate expansion
  - ✓ Construction of handicapped access
  - ✓ Reconstruction of unpermitted structures/additions
  - ✓ Removal/replacement of unsafe security bars
  - ✓ Repair/replace broken and/or boarded-up windows
  - ✓ Repair/re-wire electrical hazards
  - ✓ Alleviate fire hazards
  - ✓ Repair/reconstruct foundation problems
  - ✓ Install bollards around unprotected gas meters
  - ✓ Alleviate unsafe nuisances on properties
  - ✓ Repair/replace deteriorated roofs
  - ✓ Replace substandard construction materials
  - ✓ Replace unsafe and/or malfunctioning mechanical equipment, particularly HVAC systems
  - ✓ Repair/reconstruct and/or install handrails on unsafe stairs and decks
  - ✓ Repair/replace unsafe columns or other vertical supports
  - ✓ Purchase nearby properties, especially those of irregular size or shape, to accommodate modernization and/or expansion
- Provide for historic preservation to preserve the cultural and architectural value of a public property and its surroundings
  - Provide for financial or other assistance for public uses as authorized by the CCRL and the Redevelopment Plan to individual projects on an as-needed basis, and depending on the availability of PCDC funds or other resources
  - Provide for the construction, reconstruction, or improvement of parks and other community facilities to enhance recreational opportunities in the Project Area
- **Infrastructure**
  - Adequate infrastructure, particularly streets, and water and sewer systems, is a cornerstone of redevelopment because it helps make "revitalization projects attractive and feasible."<sup>50</sup>

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50 California Redevelopment Association, "Redevelopment – An Essential Tool in Returning California to Economic Prosperity," [calredevelop.com](http://calredevelop.com).

Over several decades, redevelopment has "proven to be one of the most effective ways to...provide infrastructure."<sup>51</sup> According to CCRL Section 33445(b)(3), "a redevelopment agency shall not pay for the normal maintenance or operations of buildings, facilities, structures, or other improvements that are publicly owned. Normal maintenance or operations do not include the construction, expansion, addition to, or reconstruction of, buildings, facilities, structures, or other improvements that are publicly owned."

Therefore, the PCDC is not contemplating the use of redevelopment funds to pay for operations and maintenance activities that would normally be funded through the City's general fund. Such activities are covered in the City's Capital Improvement Program and funded primarily by gas tax revenue.<sup>52</sup>

Instead, the PCDC will be authorized to pay for only the major construction or reconstruction activities that are allowed by the CCRL, including:

- ✓ Construct/reconstruct streets and streetscape improvements
- ✓ Construct/reconstruct curbs, gutters and sidewalks
- ✓ Construct/reconstruct traffic and circulation improvements
- ✓ Construct/reconstruct water, sewer, and drainage systems
- ✓ Construct/reconstruct pedestrian amenities, including landscaping
- ✓ Construct/reconstruct public parking areas

It is estimated that the costs to implement the projects and programs listed above would total approximately \$94,600,000. Of this amount, about \$30,100,000 is needed in the Villa-Parke Project Area.

See Chapter 15.0 for a matrix showing the nexus between the significant remaining blight, the projects and programs proposed to address the significant remaining blight, and the costs to implement the proposed projects and programs for the Tax Increment Cap Amendment.

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51 Ibid.

52 City of Pasadena 2011-2015 Capital Improvement Program, Page 2.1.

## ***12.0 DESCRIPTION OF HOW THE PROJECTS AND PROGRAMS WILL IMPROVE THE CONDITIONS OF BLIGHT***

The purpose of this section is to describe how the projects or programs described in the previous chapter will improve or alleviate the conditions of significant blight that remain in the Project Areas. This section satisfies the pertinent part of CCRL Section 33352(a).

Generally, the PCDC's continuing program of redevelopment is designed to alleviate the most prevalent conditions of blight that remain in the Project Areas. The PCDC cannot eliminate all remaining conditions of blight unilaterally. However, the PCDC intends to continue to act as a catalyst to further assist revitalization of the Project Areas.

The following is a summary of each category of projects and programs the PCDC will be authorized to implement, as outlined in Chapter 11.0:

- Community development and economic programs will assist in the elimination of blight in a number of areas, including the rehabilitation of the most deteriorated and obsolete structures, and alleviate vacancies. This program will also assist in the alleviation of economic blight by reversing conditions of impaired investment, and creating more shopping opportunities and job centers. The resulting increase in property values and the tax increment revenue will provide one of the main funding sources for future improvements.
- Housing programs will implement one of the major goals of the CCRL, which is to increase, improve, and preserve housing that is affordable to and occupied by persons and families of low- and moderate-income. In attaining this goal, the PCDC will also alleviate blighting conditions related to buildings, sites, and surrounding properties. Development of new and the rehabilitation of existing housing will also enhance the economic vitality of the entire City.
- Community facilities improvements will fund improvements designed to strengthen the overall Project Areas and will provide environmental benefits as well. These improvements will specifically address important items that are needed to not only serve local residents and businesses, but also attract new uses to the area, where appropriate.
- Infrastructure improvements will address problems that directly improve an area. Examples include streets, sidewalks, and other traffic improvements, which improves circulation and the aesthetic environment; water, sewer, and drainage improvements, which improves health and safety issues; and other aspects, which improve property values and the overall quality of life in the City.

Details of each category summarized above may be found in Chapter 11.0. The implementation of the necessary projects and programs will improve the conditions of blight that remain in the Project Areas by directly ameliorating the physical and economic conditions which cause blight, as identified in Table 12, below:

**Table 12  
Projects and Programs Proposed to Eliminate the  
Remaining Blight**

	BLIGHT CATEGORY	PROJECTS AND PROGRAMS CATEGORY			
		COMMUNITY DEVELOPMENT & ECONOMIC DEVELOPMENT	HOUSING	COMMUNITY FACILITIES IMPROVEMENTS	INFRA-STRUCTURE
<b>PHYSICAL CONDITIONS</b>	Buildings In Which It Is Unsafe Or Unhealthy For Persons To Live Or Work	▪	▪	▪	▪
	Conditions That Prevent Or Substantially Hinder The Viable Use Or Capacity Of Buildings Or Lots	▪	▪		
	Irregularly Shaped And Inadequately Sized Parcels In Multiple Ownership, Whose Physical Development Has Been Impaired	▪	▪		
<b>ECONOMIC CONDITIONS</b>	Depreciated Or Stagnant Property Values	▪	▪	▪	▪
	Abnormally High Vacancy Rate/Low Lease Rates	▪			▪
	An Excess Of Bars, Liquor Stores, And Adult Businesses	▪			
	Crime And Public Safety Risk	▪	▪	▪	▪
<b>INFRA-STRUCTURE</b>	Inadequate Public Improvements	▪		▪	▪

See Chapter 15.0 for a matrix showing the nexus between the significant remaining blight, the projects and programs proposed to address the significant remaining blight, and the costs to implement the proposed projects and programs for the Tax Increment Cap Amendment.

### ***13.0 REASONS WHY PROPOSED PROJECTS AND PROGRAMS CANNOT BE COMPLETED WITHOUT THE MERGER AMENDMENTS OR TAX INCREMENT CAP AMENDMENT***

The purpose of this section is to describe why the projects or programs that are proposed to improve or alleviate the remaining conditions of blight cannot be completed unless the proposed Merger Amendments and the Tax Increment Cap Amendment is approved. This section satisfies CCRL Section 33352(d).

The PCDC is expected to reach the maximum amount of tax increment funds that it is permitted to receive from the Villa-Parke Project Area by December 20, 2010, five years before the Redevelopment Plan expires on December 26, 2015. Without adoption of the Tax Increment Cap Amendment, the PCDC would be unable to receive additional tax increment funds necessary to fund the projects and programs needed to address the significant blight that remains in the Project Areas, particularly the Villa-Parke Project Area, which is where most of the remaining blight exists. This would prevent the PCDC of achieving its redevelopment goals and objectives.

Further, without the Merger Amendments, the PCDC would not have the financial flexibility to address the significant blight that remains in the Project Areas. Doing so improves not only the Project Areas, but the overall City as well.

The PCDC currently has planned approximately \$94,600,000 in projects and programs that are needed to address remaining blight in the Project Areas. Without the Merger Amendments and the Tax Increment Cap Amendment to implement these projects and programs, blight will remain and will likely worsen. As a consequence, it is vital that the PCDC be able to merge its Northwest Project Areas and increase the existing tax increment limit in the Villa-Parke Project Area.

See Chapter 15.0 for a matrix showing the nexus between the significant remaining blight, the projects and programs proposed to address the significant remaining blight, and the costs to implement the proposed projects and programs for the Tax Increment Cap Amendment.



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## ***14.0 RELATIONSHIP BETWEEN COST OF PROJECTS AND PROGRAMS AND INCREASE IN TAX INCREMENT IN VILLA-PARKE PROJECT AREA***

CCRL Section 33354.6 requires that the PCDC describe the relationship between the cost of projects or programs that are proposed by the PCDC to improve or alleviate the remaining conditions of blight and the increase in the limitation of tax increments to be allocated to the PCDC within the Villa-Parke Project Area.

The PCDC currently has a cap of \$20,400,000 in tax increments that it may receive from within the Villa-Parke Project Area. The PCDC is expected to reach the cap by the end of 2010; thereafter, without an amendment to the Redevelopment Plan, the PCDC would receive no additional tax increment revenue. As a consequence, the PCDC would not have sufficient funds to complete the projects and programs it needs to address the significant blight that remains in the Villa-Parke Project Area. Therefore, as shown in Table 13 below, the PCDC is proposing to increase the tax increment limit to \$65,000,000 to address the \$30,116,443 of improvements that are needed (once pass-through, housing set-asides, and other expenditures are subtracted).

<b>Table 13 Relationship Between Costs and the Proposed Increase</b>		
	<b>Costs</b>	<b>Remaining Proposed Tax Increment Increase</b>
<b>Amount of Proposed Tax Increment Increase</b>		<b>\$44,600,000</b>
Mandated Expenses		
Pass-Through Payments	\$5,837,710	
County Admin Fee	\$978,630	
Housing Set-Aside <sup>1</sup>	\$9,786,301	
<b>Total Mandated Expenses</b>	<b>\$16,602,641</b>	<b>27,997,359</b>
PCDC Expenses		
Operations <sup>2</sup>	\$1,616,443	
Community Development and Economic Development <sup>3</sup>	\$11,000,000	
Community Facilities <sup>4</sup>	\$2,500,000	
Infrastructure Improvements <sup>5</sup>	\$10,000,000	
Land Acquisitions <sup>6</sup>	\$5,000,000	
<b>Total PCDC Expenses</b>	<b>\$30,116,443</b>	<b>(\$2,119,084)</b>
1 Includes residential rehabilitation, and the increase, preservation, and improvement of low- and moderate-income housing (see specifics in Chapter 11.0)		
2 PCDC administrative expenses at 5% total tax increment receipts		
3 Includes business rehabilitation, attraction, etc. (see specifics in Chapter 11.0)		
4 Includes parks, libraries, work centers, etc. (see specifics in Chapter 11.0)		
5 Includes street reconstruction, streetscape improvements, sewer, water, drainage, and other facilities (see specifics in Chapter 11.0)		
6 Acquisition of parcels as necessary for lot consolidation		

The relationship between the costs to complete the projects and the need to increase the limit on tax increments allocated to the PCDC from the Project Area is direct and immediate. It is vital that the PCDC be able to increase its existing tax increment limitation in order to complete the projects and programs identified. In addition, the PCDC could propose a higher tax increment limit to ensure funding for the improvements that are needed.

However, tax increment financing cannot be expected to pay for every improvement. Thus, the proposed increase is modest and realistic for the work that is necessary.

See Chapter 15.0 for a matrix showing the nexus between the significant remaining blight, the projects and programs proposed to address the significant remaining blight, and the costs to implement the proposed projects and programs for the Tax Increment Cap Amendment.



## ***15.0 SUMMARY – NEXUS OF REMAINING BLIGHT, PROJECTS AND PROGRAMS, AND COSTS IN THE VILLA-PARKE PROJECT AREA***

In order to amend the Villa-Parke Redevelopment Plan to increase the tax increment cap, the CCRL requires, among other things, that the area must have significant remaining blight (discussed in detail in Chapters 7.0, 8.0, and 9.0), and that the PCDC must describe the projects and programs proposed to address the remaining blight (discussed in detail in Chapter 11.0), describe the relationship between the proposed projects and programs and the costs (discussed in detail in Chapter 14.0).

The table 14 below is provided to show the nexus between these major elements based on the significant remaining blight that was observed in the Villa-Parke Project Area.



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**Table 14 - Nexus of Remaining Blight, Projects and Programs, and Costs in the Villa-Parke Project Area**

Significant Remaining Blight <sup>1</sup>	Summary of Problems Caused by Significant Remaining Blight	Projects and Programs Proposed to Address Significant Remaining Blight <sup>2</sup>	General Location of Proposed Projects and Programs	Costs <sup>3</sup>
ACC ANP BAR BW EH FH FND FO GAS GC ILD IP NU PQ PSL R SCM UME URM UST VERT WPF  Depreciated Property Values Vacancies Adult Businesses High crime Inadequate Infrastructure	Unsafe and unhealthy buildings  Factors that substantially prevent or hinder viable uses  Irregular parcels  Depreciated property values  Excess of business vacancies  Excess of liquor stores and day workers that create significant public health, safety, or welfare problems  High crime  Damaged streets, curbs, gutters, and sidewalks; inadequate streetscapes; Inadequate water, sewer, and drainage systems	Community Development and Economic Development  Housing  Community Facilities  Infrastructure	Business rehabilitation, including façade programs, business attraction, building reconstruction, modernization, parking lot and driveway reconstruction, and site layout reconfiguration/ expansion along Fair Oaks Avenue and Orange Grove Boulevard  Housing rehabilitation, including replacement of unpermitted construction, replacement of unsafe stairs and decks, building reconstruction, installation of protective bollards around unsafe gas meters, and replacement of unsafe security bars primarily along Villa Street, Parke Street, Raymond Avenue, Summit Avenue, Maple Street, and Euclid Avenue  Improvement of community facilities, such as the park and library at the Villa-Parke Community Center on Villa Street  Reconstruction of all streets, curbs, gutters, sidewalks (as needed), construction of streetscape improvements along Fair Oaks Avenue, Orange Grove Boulevard, and Maple Street, upgrades to the water, sewer, and drainage system throughout (as needed)	Business Rehabilitation: \$11,000,000  Housing Rehabilitation: \$9,786,301  Improvement of Community Facilities: \$2,500,000  Infrastructure Improvements: \$10,000,000

1 Conditions of physical blight are listed by their Blight Indicator. A full description of the Blight Indicators and their impacts may be found in Chapter 7.0.  
 2 By category only. Specific projects and programs may be found in Chapter 11.0.  
 3 Includes costs of only the projects and programs proposed to address significant remaining blight; does not include pass-through payments, operations, land acquisition, or other costs. Additional costs may be found in Chapter 14.0.



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## **16.0 PROPOSED METHOD OF FINANCING REDEVELOPMENT**

The purpose of this section is to describe the proposed method of financing the redevelopment of the Project Areas, including an assessment of economic feasibility, the reasons for including tax increment financing, the amount of tax increment revenues projected to be generated as a result of the Merger Amendments and the Tax Increment Cap Amendment (including amounts for the low- and moderate-income housing fund and amounts to be paid to the affected taxing agencies), sources and amounts of moneys other than tax increment that are available to the PCDC, and the reasons that the remaining blight cannot reasonably be expected to be reversed or alleviated without the Merger Amendments and the Tax Increment Cap Amendment. This section satisfies CCRL Sections 33344.5(d), 33451.5(c)(6), and 33352(e).

### **16.1 GENERAL METHODS OF FINANCING REDEVELOPMENT**

The Merger Amendments and the Tax Increment Cap Amendment would provide the framework for the various "tools" of financing available to the PCDC. The following is a summary of financing methods.

If the Merger Amendments and the Tax Increment Cap Amendment are adopted by the City Council, the merged and amended Redevelopment Plans would contain authority for the PCDC to continue to finance ongoing redevelopment activities within the Project Areas using tax increment, interest income, bonds, loans from private institutions, proceeds from the sale or lease of property, financial assistance from the County, State of California, Federal Government, or any other public agency, or any other legally available source. The Merger Amendments and the Tax Increment Cap Amendment would have no effect on the Base Year established for each individual Project Area.

The City may, in accordance with law, make advances and expend money as necessary to assist the PCDC in carrying out the continued redevelopment of the Project Areas. Any such assistance would be on terms established by an agreement between the City and the PCDC. The City has available to it various public infrastructure funds including gas tax funds. As available and appropriate, gas tax funds would be used for the improvement of the street system. In addition, federal loans and grants could be used to finance portions of redevelopment costs for the Project Areas.

The PCDC would be authorized to issue tax exempt or taxable bonds and notes if appropriate and feasible in an amount sufficient to finance all or any part of the remaining redevelopment of the Project Areas.

Bonds could be issued to finance mortgages, to establish a revolving loan fund, or to establish any other kind of housing assistance program. Loans could be with deferred interest to keep monthly costs down. Mortgage Revenue Bond money could also be used for construction in rehabilitation areas. In addition, tax increment secured bonds or notes could be used for both single-family and multi-family rehabilitation programs.

Assessment district bonds can be used for the financing of infrastructure landscape and lighting improvements; however, since the repayment of such bonds becomes an additional burden on the properties, such financing schemes are not always appropriate for blighted property. This is particularly the case where rents are already "maxed out" and cannot absorb a greater burden.

The PCDC would also be authorized to obtain advances, borrow funds, and create indebtedness in carrying out the redevelopment of the Project Areas. The principal and interest on such advances, funds, and indebtedness may be paid from tax increments or any other funds available to the PCDC.

Any other loans, grants, guarantees, or financial assistance from the federal government or any other public or private source will be utilized if available as appropriate in carrying out the redevelopment of the Project Areas.

Due to the relatively short remaining effectiveness of the Redevelopment Plan for the Villa-Parke Project Area, any new bonds issued would be short-term bonds. The PCDC may also choose to finance improvements without additional bonded indebtedness, thereby utilizing a pay-as-you-go redevelopment effort.

## **16.2 ASSESSMENT OF FINANCIAL FEASIBILITY**

For the Merger Amendments, the ability to use tax increment revenue from one Component Area in another greatly increases the PCDC's funding options for future improvements. A review of the map showing significant remaining blight in the Project Areas (see Page 10-3) shows that the PCDC needs to address physical and economic problems throughout much of the Project Areas. In fact, nearly \$95,000,000 worth of improvements are still needed. Such improvements are not likely to happen if the Component Areas remain separate.

One of the primary benefits of the merger is the ability to pool tax increment resources from all of the Component Areas to efficiently eliminate significant remaining blight in any one or more of the Component Areas. These pooled resources can then be efficiently leveraged to issue a unified bond offering. The merger is projected to create approximately \$26.7 million in net bond proceeds (see Tables 15 and 16). The potential pooled use of tax increment revenue from all of the Component Areas, especially the Orange Grove Project Area – where most of the physical conditions of blight have already been alleviated – will substantially increase the feasibility of the PCDC achieving its redevelopment goals because pooled money can be shared and leveraged. Therefore, the proposed merger is not only feasible, it is important to the success of the City's redevelopment program in this community.

<b>Table 15</b>							
<b>Estimated Bond Capacity Matrix I</b>							
<b>Net New Tax Allocation Bonds Available After Existing TAB MADS</b>							
<b>Bonds Issued by Merger vs. Bonds Issued by Each Project Area (at maximum capacity)</b>							
<b>TABS Issued Separately when Bond Capacity is at Maximum</b>							
<b>FY</b>	<b>Merged Area</b>	<b>Orange Grove</b>	<b>Villa Parke</b>	<b>Lake-Washington</b>	<b>Fair Oaks Original &amp; Annex</b>	<b>Lincoln Ave</b>	<b>Memo Total</b>
2011	26,766,000	6,499,000	9,837,000	3,390,000	6,788,000		26,514,000
2012							
2013						1,981,000	1,981,000
2014							

**New TABS assumptions:**

Coverage Merger:	1.25
Coverage Individual Project Areas:	1.30
Interest Rate:	6.50%
Maximum Term:	30
Cost of Issuance/Reserve	88%

<b>Table 16</b>						
<b>Estimated Bond Capacity Matrix II</b>						
<b>Net New Tax Allocation Bonds Available After Existing TAB MADS</b>						
<b>\$26,766,000 Maximum Bond Sizing for Merged Area</b>						
<b>Fiscal Year</b>	<b>Merged Area</b>	<b>Net After 1.25 Coverage</b>	<b>Existing TA Bond MADS</b>	<b>Available to Size New TABS</b>	<b>Bond Term Years Remaining</b>	<b>Estimated Net TAB Proceeds</b>
2011	2,590,260	2,072,208	936,123	3,008,331	17	26,766,000
2012	2,614,183	2,091,346	936,123	3,027,470	16	26,023,000
2013	2,662,366	2,129,892	936,123	3,066,016	15	25,369,000
2014	2,710,360	2,168,288	925,920	3,094,208	14	24,544,000
2015	2,751,640	2,201,312	925,920	3,127,233	13	23,666,000
2016	1,561,917	1,249,533	627,440	1,876,973	12	13,476,000
2017	946,858	757,486	327,138	1,084,624	11	7,339,000
2018	961,586	769,269	327,138	1,096,407	10	6,936,000
2019	976,610	781,288	327,138	1,108,425	9	6,492,000
2020	991,934	793,547	326,835	1,120,382	8	6,003,000
2021	1,007,564	806,052	322,628	1,128,679	7	5,447,000
2022	1,023,507	818,806	230,513	1,049,318	6	4,470,000
2023	1,039,769	831,816	230,513	1,062,328	5	3,885,000
2024	1,056,357	845,085	230,513	1,075,598	4	3,243,000
2025	1,073,275	858,620	230,513	1,089,133	3	2,538,000
2026	726,352	581,082	0	581,082	2	
2027	737,810	590,248	0	590,248	1	
2028	0	0	0	0		
2029	0	0	0	0		
2030	0	0	0	0		
2031	0	0	0	0		
2032	0	0	0	0		
2033	0	0	0	0		
2034	0	0	0	0		
2035	0	0	0	0		
2036	0	0	0	0		
2037	0	0	0	0		
2038	0	0	0	0		
2039	0	0	0	0		
2040	0	0	0	0		
2041	0	0	0	0		



For the Tax Increment Cap Amendment, the PCDC is proposing to increase the overall tax increment limit to \$65.0 million, which will yield approximately \$27.9 million once pass-through, housing set-aside, and other costs are subtracted (see Table 13 on Page 14-2). This increase is vital in order to address the approximately \$30.1 million worth of improvements that are needed in that Project Area alone.

Therefore, the proposed Tax Increment Cap Amendment is economically feasible as the increase in revenue is directly related to the expenditures that are proposed. In fact, as was discussed in Chapter 11.0, the proposed increase is a conservative amount, not intended to fund every aspect of redevelopment, and designed to address only the most significant remaining blight.

Even with the pooling of tax increment resources as a result of the merger and the increase in the Tax Increment Cap, it is likely that the PCDC will need additional funding to implement the Redevelopment Plan and address remaining blight because tax increment should not be looked at as a guaranteed revenue stream to fund all redevelopment activities. Furthermore, it is anticipated that, during the remaining life of the Redevelopment Plan, additional funding sources may be instituted by Federal, State, or local regulation and that additional private enterprise, acting in concert with such new funding, will assist in the elimination of blight in the Project Areas. These "public/private partnership" activities advance the purposes of the CCRL and other community improvement goals and objections.

### **16.3 REASONS FOR INCLUDING TAX INCREMENT FINANCING**

With the proposed Merger Amendments and the Tax Increment Cap Amendment, the PCDC will continue to receive real property taxes divided and allocated pursuant to CCRL Section 33670. Nearly \$95.0 million worth of improvements are needed in the Project Areas. If the Merger Amendments and Tax Increment Cap Amendment are adopted, the combined net tax increment pool to address these improvements will only be approximately \$54.6 million. Without the Merger Amendments and the Tax Increment Cap Amendment, which would allow the PCDC to continue its eradication of blight through the use of tax increment revenue, those improvements cannot be addressed. Therefore, inclusion of such provisions is necessary in order to provide the PCDC with sufficient funding in order to continue to implement the Redevelopment Plan.

### **16.4 PROJECTED TAX INCREMENT GENERATION**

If the Merger Amendments are adopted, the combined net tax increment pool will be approximately \$26.7 million.

The proposed Tax Increment Cap Amendment would increase the gross tax increment revenue from the Villa-Parke Project Area to the PCDC by \$44.6 million. Of that amount, 20% or about \$9.8 million would be channeled into the low- and moderate-income housing fund, about \$5.9 million would be paid to the affected taxing agencies, and about \$1.0 million would go to the County administration fee, leaving a net tax increment amount of approximately \$27.9 million.

## **16.5 FUNDING SOURCES AND AMOUNTS AVAILABLE TO THE PCDC**

Even without redevelopment, there are a number of funding sources potentially available to local governments in California. Some of these, such as community development block grants, economic development administration grants and Small Business Administration loans and loan guarantees, derive from the Federal government; while others, such as enterprise zone funding, State commerce department grants and loans, and employment training grants and loans, derive from State government; still others, such as industrial development and mortgage backed bonds, private bank Community Reinvestment Act financing and assessment district financing, and private/public financing sources derive from private sources in concert with public entities; others, such as reductions in or reduction of the cost of permits and other fees, derive from the local governments. Unfortunately, none of these, except for the permits and fees reductions, are under local control, or are definite and ongoing.

All of the above are subject to their own budgetary constraints at the Federal or State level, and are further subject to lengthy application or administrative procedures which make ready application of their benefits to any given real estate transaction, in which "time is of the essence," problematic at best.

Moreover, the combined effect of Propositions 13 and 218 make it nearly impossible for local agencies to provide effective, workable funding mechanisms needed for comprehensive development strategies. Only redevelopment provides a funding source subject to local control, reliable and secure, with sufficient flexibility to keep up with the ever-changing practices of real estate development.

## **16.6 REASONS REMAINING BLIGHT CANNOT BE ALLEVIATED WITHOUT THE MERGER AMENDMENTS AND THE TAX INCREMENT CAP AMENDMENT**

The Merger Amendments do not merge the existing tax increment caps or any policy/provision of the existing redevelopment plans. Instead, they make it more efficient for the PCDC to use any extra funds that may be available from one of the Component Areas – most likely the Orange Grove Project Area – because loans and findings that are required by the CCRL could be avoided. If the Merger Amendments are adopted, the combined net tax increment pool will be approximately \$26.7 million.

If there is indeed additional tax increment revenue from the Orange Grove Project Area, it is expected to be used in all of the Project Areas because of the widespread blight that remains. Assuming a favorable bond rating and at full bonding capacity, the PCDC will still be woefully short of funding the entire cost of \$94.6 million worth of improvements that are needed to address significant remaining blight within all the Component Project Areas.

The Tax Increment Cap Amendment in the Villa-Parke Project Area is needed because even if the Merger Amendments are adopted, the existing tax increment cap will not provide any new sources of tax available increment to address the \$30.1 million worth of significant remaining blight within the Villa-Parke Component Area.

In summary, the Merger Amendments help all of the Project Areas, whereas the Tax Increment Cap Amendment helps the Villa-Parke Project Area. Both amendments are needed because of the significant blight that remains in the Project Areas, especially in the Villa-Parke Project Area.



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## ***17.0 AMENDMENT TO THE PCDC'S IMPLEMENTATION PLAN***

CCRL Section 33352(c) requires the PCDC to include an Implementation Plan that describes specific goals and objectives of the PCDC, specific projects proposed by the PCDC, and a description of how these projects will improve or alleviate blight. CCRL Section 33451.5(c)(7) requires the PCDC to include an amendment to the current Implementation Plan that includes, but is not limited to, the PCDC's housing responsibilities pursuant to CCRL Section 33490.

Because the Merger Amendments and the Tax Increment Cap Amendment are financial in nature and do not change the boundaries of the Project Areas, the existing Implementation Plan (2009-2014) is adequate and does not require an amendment.



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## ***18.0 RELOCATION METHOD***

CCRL Section 33352(f) requires that the PCDC have a method or plan in place for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the Project Areas even if the PCDC has no authority to displace families or persons.

Relocation Methods for Project Areas were adopted at the time each Project Area was approved. Copies of these Relocation Methods are on file with the City Clerk and the offices of the PCDC, and are hereby incorporated by this reference.



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## ***19.0 ANALYSIS OF THE PRELIMINARY PLAN***

CCRL Section 33352(g) requires that the PCDC include an analysis of the Preliminary Plan. However, because the Merger Amendments and the Tax Increment Cap Amendment will not add territory to the Project Areas, there was no requirement to prepare a Preliminary Plan. Therefore, no further discussion is warranted.



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## ***20.0 REPORT AND RECOMMENDATION OF THE PLANNING COMMISSION***

CCRL Section 33352(h) requires that the PCDC discuss the report and recommendations of the Planning Commission. However, because the Merger Amendments and the Tax Increment Cap Amendment will not change the boundaries of the Project Areas, or any goals and objectives of the PCDC, or effect any land use changes within the Project Areas, there was no need for a report and recommendation of the Planning Commission. Therefore, no further discussion is warranted.



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## ***21.0 SUMMARY OF THE PROJECT AREA COMMITTEE PROCEEDINGS***

CCRL Section 33352(i) requires that the PCDC include a summary of the minutes and record of the Project Area Committee (PAC). However, because the Merger Amendments and the Tax Increment Cap Amendment are financial in nature and do not change boundaries or the PCDC's eminent domain authority, a PAC was not required to be formed or modified.

Nonetheless, over the past two years, multiple public meetings were held with the two existing PACs, which include the Fair Oaks PAC, and the Lincoln PAC. The PACs discussed the prioritization for projects in the merged area, the consolidation of the tax increment funds, and alternative governance structures to represent the five Redevelopment Project Areas. Copies of the minutes of each PAC meeting are on file with the PCDC staff and are incorporated by this reference.

In addition, the City Council is committed to keeping the overall community aware of this process and of redevelopment in general. Therefore, a community meeting was held on May 27 to discuss the proposed Merger Amendments and the Tax Increment Cap Amendment and answer questions.



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## ***22.0 REPORT REQUIRED BY SECTION 65402 OF THE GOVERNMENT CODE***

CCRL Section 33352(j) requires that the PCDC include the report required by California Government Code Section 65402, which states, in pertinent part: "The planning agency shall render its report as to conformity with said adopted general plan or part thereof . . ."

As discussed in Chapter 20.0, because the Merger Amendments and the Tax Increment Cap Amendment will not change the boundaries of the Project Areas, or any goals and objectives of the PCDC, or effect any land use changes within the Project Areas, there was no need for a report from the Planning Commission. Therefore, no further discussion is warranted.



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## ***23.0 REPORT REQUIRED BY SECTION 21151 OF THE PUBLIC RESOURCES CODE***

CCRL Section 33352(k) requires that the PCDC include the report required by California Public Resources Code Section 21151, which states, in pertinent part: "All local agencies shall prepare, or cause to be prepared by contract, and certify the completion of, an environmental impact report on any project that they intend to carry out or approve which may have a significant effect on the environment."

An Initial Study was prepared for the proposed Merger Amendments and the Tax Increment Cap Amendment as per the California Environmental Quality Act. Because the purpose of the Merger Amendments and the Tax Increment Cap Amendment is financial in nature, it was determined that the Merger Amendments and the Tax Increment Cap Amendment would not have a significant impact on the environment. Therefore, a Negative Declaration of Environmental Impacts was prepared and distributed.

All materials related to the environmental studies have been provided separately and are hereby incorporated by this reference.



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## ***24.0 REPORT OF THE COUNTY FISCAL OFFICER***

CCRL Section 33352(1) requires that the PCDC include the report of the county fiscal officer pursuant to CCRL Section 33328. However, because the Merger Amendments and the Tax Increment Cap Amendment do not change boundaries, there was no report prepared by the County fiscal officer.



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## **25.0 NEIGHBORHOOD IMPACT REPORT**

CCRL Section 33352(m) requires that the PCDC include a neighborhood impact report that includes a variety of elements to describe the impact of redevelopment on residents. However, because the proposed Merger Amendments and the Tax Increment Cap Amendment are administrative and fiscal in nature and neither one proposes planning, development or redevelopment activities, no changes in neighborhood impacts are anticipated.

In addition, the Initial Study prepared for the Merger Amendments and the Tax Increment Cap Amendment, which was described in Chapter 23.0, concluded that there would be no impacts on neighborhoods.

Regardless, neighborhood impacts have been discussed in previous documentation related to the Project Areas. Such documentation includes the Report to City Council and all related environmental documents for each Project Area at the time each Project Area was adopted. These materials, which have been previously adopted or certified, are available for review at the PCDC offices, and are hereby incorporated by reference.



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## **26.0 ANALYSIS OF THE REPORT OF THE COUNTY FISCAL OFFICER**

CCRL Section 33352 (n) requires an analysis of the report prepared pursuant to CCRL Section 33328, a summary of the consultations with the affected taxing agencies, and the inclusion of any responses to written objections.

As discussed in Chapter 24.0, because the Merger Amendments and the Tax Increment Cap Amendment do not change boundaries, there was no report prepared by the County fiscal officer pursuant to CCRL Section 33328. Therefore, there is no analysis is required.

On June 22, 2010, PCDC staff met with representatives of Los Angeles County to discuss the Merger Amendments and the Tax Increment Cap Amendment, and take a tour of the Project Areas. No written objections or concerns were received by the PCDC at that meeting.

When the Preliminary Report was transmitted on July 27, 2010 to each affected taxing agency, the cover letter included an invitation to a consultation meeting, which was held on August 10, 2010. A representative from one taxing agency – Robert T. Moran of the Los Angeles County Chief Administrative Office – attended. Mr. Moran asked for additional details related to the relationship between the costs of projects and programs to alleviate remaining blight in the Villa-Parke Project Area and the proposed increase in the tax increment dollar. It was explained that such an explanation was to be included in this Report, which was provided to him in draft form on September 27, 2010.

On September 30, 2010, PCDC staff received an email from Mr. Moran acknowledging a "better understand[ing of] the relationship between the remaining blight in the Villa-Parke Project and the proposed increase in the dollar cap," and asking why the Merger Amendments would not provide enough excess tax increment to address all remaining blight, and eliminate the need for the Tax Increment Cap Amendment.

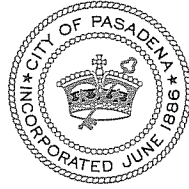
On October 19, 2010, the PCDC responded to Mr. Moran via e-mail with an attached letter. A copy of the letter is included on the next page.



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PASADENA COMMUNITY DEVELOPMENT COMMISSION

Robert Moran  
Chief Executive Office  
County of Los Angeles  
(213) 974-1130  
rmoran@ceo.lacounty.gov

Subject: Proposed Merger of the Northwest Redevelopment Project Areas and Proposed Amendment to Increase the Tax Increment Park for the Villa-Parke Redevelopment Project Area

Dear Bob:

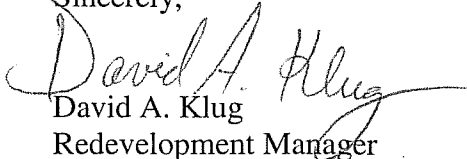
You have asked, on behalf of the County, whether the increase in the tax increment cap would be warranted in light of the anticipated cross flow of tax increment from merger of the Northwest Redevelopment Project Areas. As you know, the adoption of the proposed merger, by itself, will not alter the financing limits of the individual component areas, but will allow uncommitted tax increment from each component area to be used to eliminate significant remaining blight within the entire merged area. With this in mind, we anticipate that uncommitted tax increment generated within the Orange Grove Component Area will be used within the entire merged area to eliminate significant remaining blight in the Villa-Parke Component Area as well as the other Component Areas.

Section 16 of the Report to City Council (a courtesy draft copy of which is enclosed for your reference) describes \$94.6 million worth of projects that are needed to eliminate blight within the entire merged project area. The Report to City Council illustrates that the merger, by itself, will create an available pool of tax increment amount in the amount of \$26.7 million, which is significantly below what is needed to cover the cost of \$94.6 million in projects.

The Report to City Council shows that the increase in the tax increment cap for the Villa-Parke Redevelopment Project Area will provide additional tax increment in the amount of \$27.9 million. This additional amount is critical to meet the approximately \$30,100,000 worth of improvements that are needed in the Villa-Parke Redevelopment Project Area alone. When added to the amount of tax increment from the merger, the cumulative amount will total \$54.6 million, which is still significantly below what is needed to cover the total cost of \$94.6 million in the merged projects. Consequently, the tax increment cap for Villa-Parke is still needed notwithstanding the adoption of the merger.

We appreciate your careful consideration in this matter and are available for further discussion with you in advance of the October 25, 2010 meeting.

Sincerely,

  
David A. Klug  
Redevelopment Manager



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**APPENDIX A**

**PHOTOGRAPHS OF SAMPLE PROPERTIES**





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**Photographs of Sample Properties**

The following photographs are sample properties that exhibit conditions of blight. These photographs are not meant to document every parcel or every blight indicator in the Project Areas, and are not meant to "target" individual property owners. Instead, they are representative of the existing conditions that were observed.

Locations of the photographs are shown on the map, and are approximate.



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1. Air conditioner precariously installed above door (UME); security fence indicative of high crime



2. Multiple vacant businesses (VAC); graffiti indicative of high crime (G); unsafe bars on windows (BAR) prevents emergency access and indicative of high crime; boarded-up windows (BW); security fencing indicative of high crime;



3. Graffiti indicative of high crime (G); security fencing indicative of high crime





- 4.**  
Functional obsolescence (FO);  
original windows sealed-off (BW)



- 5.**  
Rolled roofing (SCM)



- 6.**  
Poor site layout with inadequate  
circulation (PSL); security fencing  
indicative of high crime





- 7.**  
Inadequate loading area with loading bay on the public right-of-way (ILD)



- 8.**  
Damaged roof (R); rolled roofing (SCM); multiple loose wires creates electrical hazards (EH)



- 9.**  
Unsafe bars on windows (BAR) prevents emergency access and indicative of high crime





**10.**  
Vacant use (VAC); damaged roof (R); unsafe railings (UST)



**11.**  
Vacant business (VAC); graffiti indicative of high crime (G); security fencing indicative of high crime



**12.**  
Vacant business (VAC); graffiti indicative of high crime (G); boarded-up windows (BW); security fencing indicative of high crime





**13.**  
Vacant business(es) (VAC); graffiti  
indicative of high crime (G)



**14.**  
Unsafe bars on windows (BAR)  
prevents emergency access and  
indicative of high crime



**15.**  
Functional obsolescence (FO);  
damaged private infrastructure  
(PRI)



**16.**  
Functional obsolescence (FO);  
unsafe bars on windows (BAR)  
prevents emergency access and  
indicative of high crime



**17.**  
Graffiti indicative of high crime (G);  
inadequate loading area with  
loading activities occurring in  
public right-of-way (ILD); multiple  
lights and security cameras  
indicative of high crime



**18.**  
Multiple loose wires creates  
electrical hazards (EH); functional  
obsolescence (FO); poor site  
layout as site was designed for a  
residential use (PSL); security  
fencing indicative of high crime





**19.**  
Unsafe bars on windows (BAR)  
prevents emergency access and  
indicative of high crime; boarded-  
up windows (BW)



**20.**  
Functional obsolescence (FO);  
poor site layout as site was  
designed for a residential use  
(PSL); graffiti indicative of high  
crime (G)



**21.**  
Boarded-up windows (BW)



**22.**

Multiple loose wires creates electrical hazards (EH); unsafe bars on windows (BAR) prevents emergency access and indicative of high crime; boarded-up windows (BW)



**23.**

Liquor store noted by Police Department as source of several crimes (AB); unsafe bars on windows (BAR) prevents emergency access and indicative of high crime



**24.**

Unreinforced masonry building (URM); multiple vacant businesses (VAC); boarded-up windows (BW); unsafe bars on windows (BAR) prevents emergency access and indicative of high crime

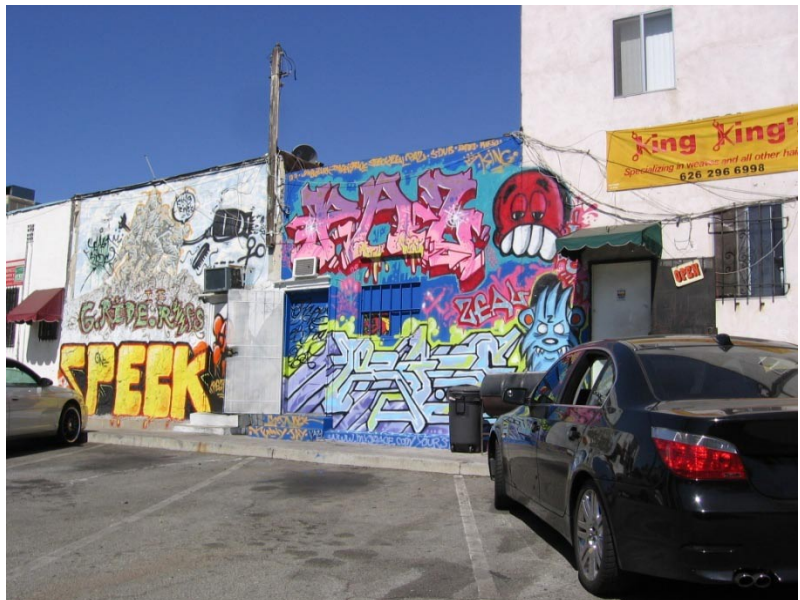




25.  
Vacant business(es) (VAC)



26.  
Graffiti indicative of high crime (G);  
multiple loose wires creates  
electrical hazards (EH); bars on  
windows indicative of high crime  
(BAR)



27.  
Sealed-up windows (BW);  
unpermitted room addition (ANPA)





**28.**  
Vacant business(es) (VAC)



**29.**  
Vacant businesses (VAC)



**30.**  
Unusually narrow driveway creates poor circulation and lack of access for emergency vehicles creates poor site layout (PSL)





**31.**  
Vacant business (VAC); boarded-up windows (BW); functional  
obsolescence (FO)



**32.**  
Security fencing indicative of high  
crime



**33.**  
Functional obsolescence (FO);  
graffiti indicative of high crime (G);  
unsafe bars on windows (BAR)  
prevents emergency access and  
indicative of high crime



**34.**  
Multiple vacant businesses (VAC);  
security fencing indicative of high  
crime



**35.**  
Lack of handrails with 4 or more  
steps creates unsafe stairway  
(UST)



**36.**  
Unpermitted overhang with  
narrow, curved, and leaning  
columns (VERT); security fencing  
indicative of high crime





**37.**  
Damaged electrical box door  
creates electrical hazards (EH);  
security fencing indicative of high  
crime



**38.**  
Unpermitted room addition (ANP);  
unsafe railing on porch (UST)



**39.**  
Loose and low-hanging wires  
creates electrical hazards (EH)

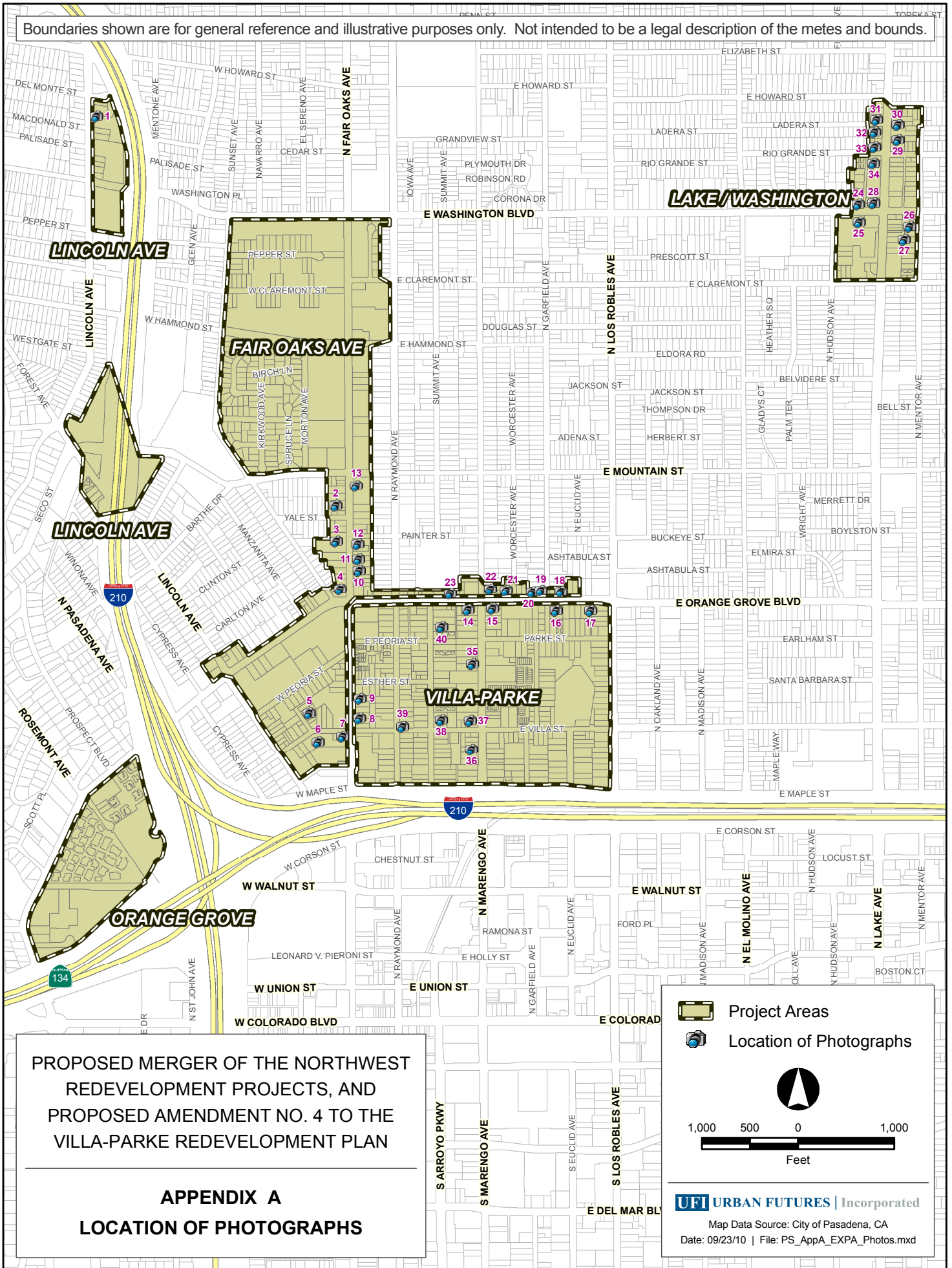


**40.**  
Vacant residence (VAC); boarded-up windows (BW); unsafe railing on porch (UST); security fencing indicative of high crime





Boundaries shown are for general reference and illustrative purposes only. Not intended to be a legal description of the metes and bounds.



PROPOSED MERGER OF THE NORTHWEST REDEVELOPMENT PROJECTS, AND PROPOSED AMENDMENT NO. 4 TO THE VILLA-PARKE REDEVELOPMENT PLAN

**APPENDIX A  
LOCATION OF PHOTOGRAPHS**

- Project Areas
- Location of Photographs

