Irvine Redevelopment Agency
Orange County Great Park
Redevelopment Project
Five Year Implementation Plan
2010 – 2015

Sean Joyce, Executive Director

THE CITY OF IRVINE

REDEVELOPMENT AGENCY

ABOUT THIS IMPLEMENTATION PLAN

The Five Year Implementation Plan ("Implementation Plan") is a requirement under California Community Redevelopment Law (CRL). Pursuant to CRL Section 33490, this implementation plan will present the following:

1. The major goals and objectives of the Irvine Redevelopment Agency ("Agency") for the Orange County Great Park Redevelopment Project Area ("Project Area").

2. The programs, projects and estimated expenditures planned for the next five years.

3. An explanation of how the programs, projects and expenditures will achieve the goals of the Agency and eliminate blight in the Project Area.

4. An explanation of how the programs, projects, and expenditures will implement the affordable housing requirements of the CRL and will increase, improve, and preserve the supply of housing that is affordable to very low, low, and moderate-income households.

This Implementation Plan is consistent with the City's General Plan. In addition, adoption of this Implementation Plan does not constitute an approval of any specific program, project, or expenditure and does not change the need to obtain any required approval of a specific program, project, or expenditure from the Agency, and from the City if applicable. The adoption of this Implementation Plan does not constitute a project under the California Environmental Quality Act (Public Resources Code §21000 et seq.).

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ABOUT THE PROJECT AREA

Who, What, When, Where, and Why

Since its incorporation in 1971, the City of Irvine has enjoyed consistent recognition as an economic, environmental and educational leader among cities across the nation. It is a master planned community which has grown from 17,000 residents to our current population of 217,686, and it has experienced world wide recognition as a result of its master planning. The master planning process began with 1000 acres of land and a plan to build a university with a city of 50,000 people to support it.

A majority of the City is built out; however, development opportunities still remain. A portion of the site of the former Marine Corps Air Station El Toro ("Base"), will be redeveloped into the Orange County Great Park ("Park")—the first great metropolitan park of the 21st Century. This redevelopment will occur through strategic planning and a unique public-private partnership. The Park will reflect the natural beauty and agricultural heritage of our region while offering world-class educational, cultural and recreational facilities.

In March of 2005, the Orange County Great Park Redevelopment Plan ("Redevelopment Plan") was approved and the Project Area was formed to transform a blighted closed military base into a grand metropolitan park and adjacent residential and non-residential development. A collaborative strategic planning effort occurred which included residents from the Orange County area, the development community, and representatives from interested public agencies. This collaboration was an important and necessary inaugural step toward understanding the potential of the former military base. The first five years of the project included creating the master vision for the Project Area, as well as securing entitlements to begin construction. The next five years will begin the process of implementing this vision and moving closer to realizing the Project Area's ultimate development as a sustainable community as well as its establishment as the first great metropolitan park of the 21st century.

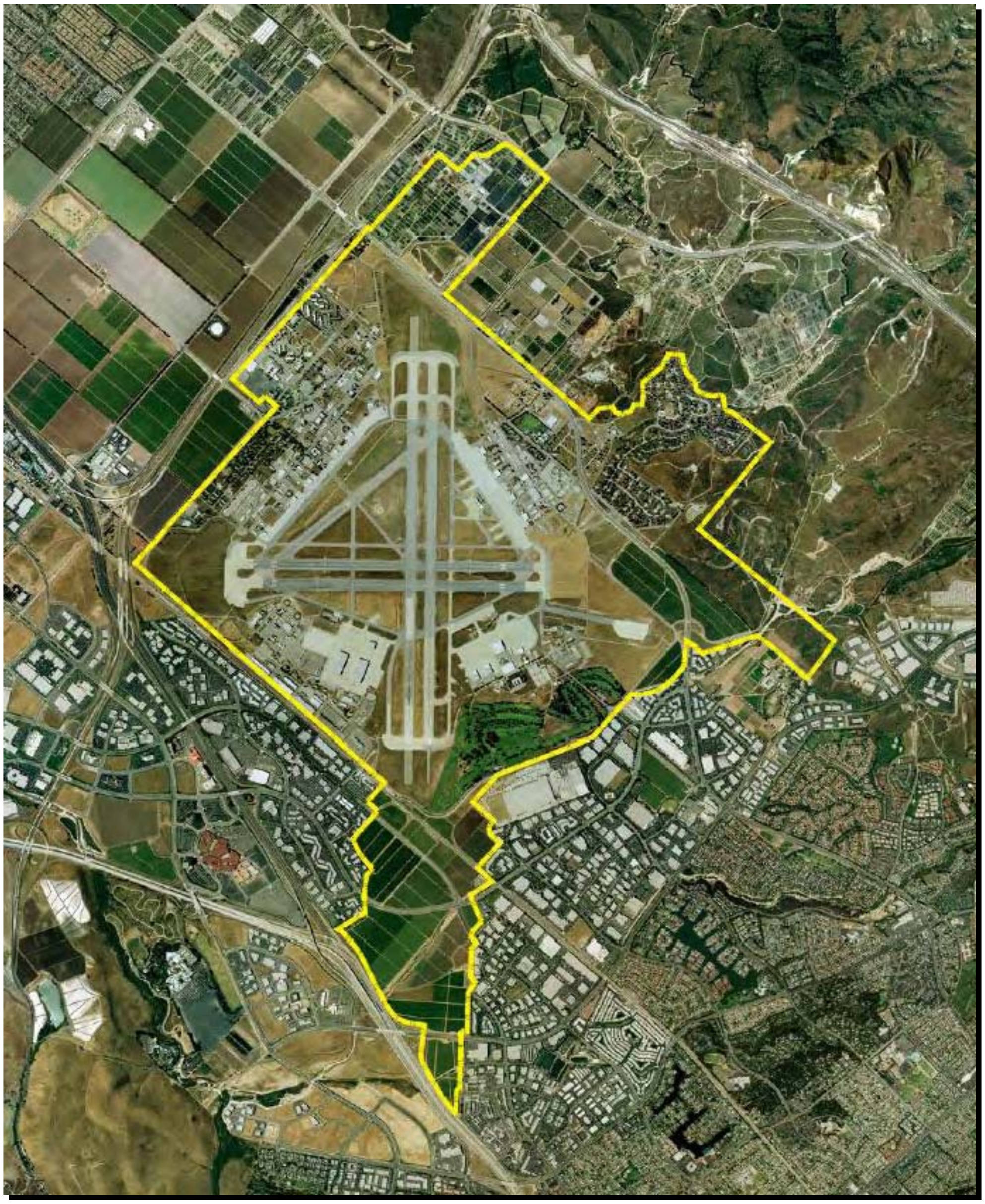
This Implementation Plan sets forth goals, objectives, and programs of the Agency to help implement the vision of the Project Area for Fiscal Years 2010-11 through 2014-15. It is intended to guide the Agency as it implements specific redevelopment projects, including public park projects, as well as private development projects. While the Implementation Plan will be in place for the next five years (fiscal years 2010-11 through 2014-15), it is important to note that not all of the proposed programs and projects identified herein may be implemented during the five-year period. There will be a mid-term review of this Implementation Plan between the 2nd and 3rd years after its adoption at which time community input will again be solicited. The Redevelopment Plan sets goals and guides activities for the 30-year life of the Project Area. The Redevelopment Plan also includes a 20-year limit to incur debt to implement new projects. Based upon the substantiation of remaining blight, the 20-year period may be extended for an additional 10-year period through a public Redevelopment Plan amendment process. Table 1 summarizes the timeframes and limitations of the Redevelopment Plan.

Notable Timeframes and Limitations				**Table 1**
Orange County Great Park Project Area			Notes	Source
Time Limits				
Project Area Effectiveness	*Adopted*	March 8, 2005		
	Certified	June 30, 2007		
	Expires	June 30, 2037	30 years from date of Auditor Controller Certification (HSC 33492.9)[1,3]	Redevelopment Plan Section 1001
Incur Indebtedness		June 30, 2027	20 years from date of Auditor Controller Certification (HSC 33492.9)[1]	Redevelopment Plan Section 1002
Eminent Domain Authority		June 30, 2019	12 years from date of Auditor Controller Certification (HSC 33492.9)[1]	Redevelopment Plan Section 503
Collect Tax Increment		June 30, 2052	45 years from date of Auditor Controller Certification (HSC 33492.9)[1,3] with exception of certain housing expenditures	Redevelopment Plan Section 1005
Financial Limits				
Bonded Indebtedness		$300 Million	Adjusted annually by consumer price index	Redevelopment Plan Section 1004
Tax Increment Limit		$2.0 Billion	Adjusted annually by consumer price index[2]	Redevelopment Plan Section 1003

Notes:

1. Health and Safety Code (HSC) 33492.9: Notwithstanding any other provision of law, in each county in which a redevelopment agency is formed, or a redevelopment plan is adopted, pursuant to this chapter, the county auditor shall certify to the Director of Finance of the date of the final day of the first fiscal year in which one hundred thousand dollars ($100,000) of more of tax increment funds from the redevelopment project area adopted pursuant to this chapter are paid to the redevelopment agency pursuant to HSC 33675(d).
2. Tax Increment Limit excludes tax entity pass-through payments.
3. The dates set forth in the above Table on the expiration of “Project Area Effectiveness” and on “Collection of Tax Increment” may be extended an additional year if the legality of the State’s takeaway of redevelopment funds for Fiscal Year 2009-2011 is upheld. See discussion of the status of the lawsuit later in this Plan.

ORANGE COUNTY GREAT PARKS REDEVELOPMENT PROJECT
PROJECT AREA MAP **Exhibit 1**



REDEVELOPMENT ACCOMPLISHMENTS

The Public Value & Benefit of Redevelopment

Over the last five years, the Agency has worked diligently toward securing entitlements, approving projects, and creating programs to address blighting conditions. Particular effort has been made in constructing a Preview Park, which is a small sample of the future Park. The non-housing projects and programs listed below are coordinated in part by the Agency. A discussion of housing accomplishments in included later in this report.

Approved Entitlements

Private Land Owner Subdivision Maps (2007 –2008): Approved backbone infrastructure and land areas for non- residential development.

Private Land Owner Master Plans (2008):

Master Landscape and Trails Plan: This master plan provides comprehensive information regarding trail connections (equestrian, pedestrian, and bicycle), walls and fences, and conceptual landscaping palette along primary streets within the private development areas. In addition, it ensures that a cohesive landscape and trails plan is provided throughout the entire Project Area.

Master Plans for Non-Residential Development in west portion of the Project Area: These master plans provide a design program for the non-residential portions of the privately owned mixed use district. This document is composed of (1) master plan for non-residential development (2) Design Guidelines, and (3) a document that establishes the goals for creating an environmentally sustainable project.

Orange County Great Park Corporation Master Plan (2007): A master plan for the conceptual design of the Park. The Park will include active and passive park features with key activity areas identified as Upper Canyon, Bowling Green, Great Lawn, Bosque, Trabuco Entry, Berm Garden, Memorial Site, Aircraft Museum, Timeline, Sports Park, Cultural Terrace, Lake, Botanical Garden, Promenade, Linear Ramble, Agua Chinon, Wildlife Corridor, Orchard Parking, and Maintenance Facility.

Second Harvest Food Bank (2007): A food distribution and storage facility that was entitled in 2007 is located in the southern part of the Project Area. The food bank operates in an existing 121,904 square foot warehouse building on a 6.47 acre site. This facility provides food for regional agencies to feed the hungry and homeless.

Park Improvements

The following improvements, programs and events were constructed or implemented in the Project Area and were funded without Agency tax increment funds.

Preview Park (2008): The project encompasses approximately 15 acres and includes an iconic balloon attraction. Improvements include the following:

- Shaded walkway and areas with benches, and open turf areas for passive and active recreation opportunities;
- Off-site access improvements including striping, signage, and lighting provided to enhance traffic calming and safety measures; and
- A bio-swale that connects to an onsite drainage system that further connects to an offsite storm drainage system.

Preview Farm (2009):

- Expansion of the Preview Park by four acres to approximately 19 acres;
- Area for lawn, row and tree crops, raised planter beds, shade trees, outdoor classroom with portable seating;
- Site is used to grow agricultural crops and demonstrate sustainable agricultural practices; and
- Programs include, but are not limited to, canning and food preparation, composting classes, educational programs, and water and harvesting reuse demonstration.

Children's Play Area (2010):

- Enhancement within the existing Preview Park to include a children's play area. This area will have play equipment designed for children between the ages of three to six and six to twelve. It will also include: water play features, shade structures with misters, seat walls, and lighting.

Programs

Summer Concert Series: Free weekly concerts hosted by the Great Park Corporation during the Summer months.

Educational Programs: The latest educational program includes a series of gardening education workshops on sustainable home gardening practices led by the University of California Cooperative Extension Master Gardeners of Orange County. Art, and understanding the birds nesting in Orange County, are other examples of educational programs offered by the Park.

Special Events

Cirque du Soleil (2010): The Park had a successful first-run hosting the world famous performance troupe at the Park's newly built festival site, with an estimated 100,000 tickets sold for four-dozen performances, and about $240,000 raised by the City through parking fees. The Cirque du Soleil show will return in 2012.

Financial Agreement

Purchase and Sale and Financing Agreement: On August 14, 2007, the City and the Agency entered into a Purchase and Sale and Financing Agreement to maximize and leverage tax increment resources. The agreement provides for a $134 million loan from the City to the Agency. The Agency used the borrowed funds to purchase 35 acres of land owned by the City. The agreement is explained in more detail in the Financial Resource Section of this report.

Other Uses

In 2007, the Agency acquired 19.23 acres of land that was formerly part of the El Toro Marine Corps Air Station prior to its closure. While staff reviews future development opportunities for this property, the Agency has made the site available for temporary farming use under a short-term lease agreement with El Toro Farms.

In 2009, a license agreement was entered into between the Los Angeles World Airports, the City of Irvine, and the Agency for use of a 3.7 acre, Agency-owned, surface parking lot. This lot is located adjacent to the Irvine Station parking structure and it is used to support the FlyAway service to the Los Angeles International Airport.

REDEVELOPMENT PLAN GOALS

Community Reinvestment and Revitalization

The Redevelopment Plan delineates the Agency's redevelopment goals and objectives for the Project Area as initially adopted. These goals and objectives, which are listed below, were employed to formulate the overall strategy for this Implementation Plan and will serve as a guide for the Agency's activities during the next five years.

CLEAN

Clean, Eliminate, and Prevent Blight

1. To eliminate and prevent the spread of blight and deterioration, and the conservation, rehabilitation, and redevelopment of the Project Area in accordance with the General Plan, applicable specific plans, the Redevelopment Plan, the Zoning Ordinance and other applicable laws.
2. To eliminate or ameliorate certain environmental deficiencies, including unsafe and unhealthy buildings, hazardous waste, inadequate infrastructure and other similar public improvement, facility, and utility deficiencies that adversely affect the Project Area.

INVEST

Protect Local Businesses

3. To remove materials or facilities that impede development.

GROW

Stimulate Economic Growth

4. To encourage investment by the private sector in the development and redevelopment of the Project Area by eliminating impediments to such development and redevelopment.
5. To encourage and foster opportunities for continued sustained growth of existing City business sectors.

GO

Provide Quality Design for Enjoyable Environments

6. To ensure the compatibility of uses on adjacent sites and create a symbiotic relationship between uses on the individual sites.
7. To be sensitive to existing and planned patterns of development, particularly in the immediate vicinity of the Project Area.
8. To encourage timely recovery of military lands.
9. To be sensitive to local environmental concerns and considerations.

WORK

Administrative Efficiency

10. To be reasonably capable of timely and effective implementation.
11. To implement the plan in a manner that avoids or minimizes local taxpayer responsibility or financial exposure to significant redevelopment costs, and to effectively finance the plan in a manner allowing recovery of development costs from users directly benefited by the redevelopment.

PRESERVE

Enrich with Community Facilities

12. To provide for development of a regional park, recreation and other public uses.
13. To convert the former Base to the Park with regional open space, cultural, educational and recreational facilities.
14. To assure reuse of the site of the former Base in accordance with the Park Plan.

LIVE

Housing for All Families

15. To expand the community's supply of housing, including opportunities for lower and moderate income households.
16. To provide opportunities to efficiently address the needs of persons and households seeking shelter and/or affordable housing.
17. To encourage the use of energy efficient and sustainable design principles throughout the Project Area, especially in Agency-assisted affordable housing.

ACCESS

Prudently invest in Public Infrastructure

18. To provide for diverse means of transportation and access to the area.
19. To construct needed public improvements to facilitate the redevelopment and reuse of the former Base.

These Redevelopment Plan goals are either broad or specific. Over-arching goals encompass broad concepts designed to eliminate blight and create a metropolitan park. In addition, the Park and the surrounding private land within the Project Area will be built with the incorporation of sustainable elements, especially with respect to Agency-assisted affordable housing.

Goals focused toward specific activities will eliminate blight and facilitate the physical redevelopment of the Project Area. Demolition of unsafe buildings, the construction of infrastructure, and the review and processing of entitlements ensuring land use compatibility are necessary goals that will assist in redevelopment of the site. The Redevelopment Plan's goals and objectives provide the framework for staff to review new projects and to implement the Redevelopment Plan, including the construction of the Park.

FINANCIAL RESOURCES
Financial Planning for Accomplishing Goals and Objectives

Estimated Revenues

Tax increment is the primary source of funding for the Agency's redevelopment activities. Implementation of the Park will be accomplished through a wide assortment of other funding sources including development fees and grants. Because this Implementation Plan is focused on the Agency's activities only, the financial resource discussed here will be exclusively tax increment.

Tax increment is generated when the assessed value of parcels within the Project Area exceeds the base year value. When a redevelopment project area is adopted, the current assessed value of all properties within the project area are added together to form the "Base Year" value. In 2005, when the Redevelopment Plan for the Project Area was adopted, the Base Year value was approximately $4 million, which was the assessed value of the combined leasehold interest present at the military base prior to the private purchase of the property. The purchase of the closed military base by a private entity caused the first increase in the Project Area's assessed value.

Table 2 presents a projection of tax increment revenues the Agency may have available over the next five years to fund Implementation Plan activities. Terms in the table are defined as follows:

Gross Tax Increment: The projected gross tax increment is based upon assumptions regarding the new private development in the Project Area. Generally new development is expected to commence in 2011-12 and continue over the next 12 years.

Taxing Agency Payments: CRL (HSC Section 33607.5) requires the Agency to pay a portion of tax increment to affected taxing agencies. These affected taxing agencies include: Irvine Unified School District, Orange County Fire Authority, Irvine Ranch Water District, South Orange County Community College District, County of Orange, Orange County Public Library, Orange County Vector Control, Orange County Water District, Orange County Transportation Authority, Orange County Flood Control District, Orange County Harbors Beaches & Parks, Orange County Cemetery District, Orange County Department of Education, Saddleback Valley Unified School District, and the City of Irvine.

Housing Set-Aside: CRL Section 33334.2 requires 20 percent of gross tax increment to be allocated to a separate fund that must be used to increase and improve affordable housing within the Project Area and throughout the City. This funding source, and the programs it will implement, is described in more detail later in this Implementation Plan.

County Facility Payment: In March 2003 the Agency and the County of Orange entered into a Property Tax Transfer and Pre-Annexation Agreement Regarding the Annexation and reuse of the former Base ("County Agreement"). The County Agreement provides for incorporating the County's regional facilities needs within the Project Area including dedication of certain parcels at no cost to the County of Orange. Additionally, the Agency must pay an amount equal to what Orange County would have collected in property taxes had the redevelopment project not been formed. Funds paid to the County for the County Agreement must be kept in a separate special fund and used only for infrastructure, facilities and development needs on or related to the Project Area as legally allowed.

Remaining Net Non-Housing Revenue: The tax increment revenue remaining after the payments to affected taxing entities, allocations to the affordable housing fund and the County Facility Payment is available for activities necessary to implement the Redevelopment Plan.

Table 2 presents the annual projected gross tax increment receipts, Housing Set-Aside requirement, Taxing Agency Payments, County Facility Payment, and the Remaining Net Non-Housing projects. Over the next five years of the Implementation Plan, the Agency anticipates it will collect over $10 million in Housing Fund revenue and approximately $26 million in non-housing fund revenue. The Agency may opt to issue bonds toward the end of the next five years which would yield additional funds to be used for implementation activities. It should be noted that these are revenue estimates and actual funds available could either increase or decrease depending on the level of growth in the assessed valuation of the Project Area.

Projected Agency Resources **Table 2**

Orange County Great Park Redevelopment Area

	Projected 2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	Total
Revenue						
Estimated Gross Tax Increment (1.00%)	6,044,264	6,417,671	9,048,078	12,706,342	16,468,873	50,685,228
Less Taxing Agency Payments	(985,392)	(1,283,534)	(1,809,616)	(2,541,268)	(3,293,775)	(9,913,585)
Total Net Revenue	5,058,872	5,134,137	7,238,462	10,165,074	13,175,098	40,771,643
Housing Fund						
Annual Set Aside (20%)	1,208,853	1,283,534	1,809,616	2,541,268	3,293,775	10,137,046
Total Available for Non-Housing Activities	3,850,019	3,850,603	5,428,846	7,623,806	9,881,323	30,634,597
Expenditures						
County Facility Payment	(359,668)	(473,868)	(668,092)	(938,211)	(1,216,029)	(3,655,868)
AB26X4 SERAF Payment	(1,097,263)	-	-	-	-	(1,097,263)
Total Expenditures	(1,456,931)	(473,868)	(668,092)	(938,211)	(1,216,029)	(4,753,131)
Available for Non Housing Projects and Programs	**2,393,088**	**3,376,735**	**4,760,754**	**6,685,595**	**8,665,294**	**25,881,466**
Cumulative Net Non-Housing Balance	**2,393,088**	**5,769,823**	**10,530,577**	**17,216,172**	**25,881,466**	

Notes:

In September 2009, the Agency received notice from Orange County of an over apportionment of prior years tax increment. This over apportionment resulted in no Taxing Agency payments and no County Facility payment for 2009-10 and a reduced payment in 2010-11. The validity of the AB26X4 SERAF payment is under appeal and will only be made if required by law.

Debt and Other Obligations

As previously stated tax increment financing is the main economic engine that finances redevelopment of the Project Area, thus a discussion of potential encumbrances to this revenue stream is necessary. Property tax appeals, potential State takeaways and existing debt may affect the future of redevelopment projects.

The State of California enacted Assembly Bill X4-26 (AB X4-26) in 2009 as part of the State budget. AB X4-26 requires redevelopment agencies statewide to shift $2.05 billion of tax increment revenues to K-12 schools statewide during the 2009-10 ($1.7 billion) and 2010-11 ($350 million) fiscal years. The California Redevelopment Association (CRA) challenged the bill on behalf of all redevelopment agencies in the State. On May 4, 2010, Sacramento Superior Court Judge Lloyd Connelly upheld AB X4-26 and denied the CRA's request for a stay on the transfer of funds. The CRA is currently appealing the decision.

A constitutional amendment, The Local Taxpayer, Public Safety and Transportation Protection Act, is being proposed for the November 2010 ballot. The measure, if passed, would prevent the State from taking, diverting or borrowing local government funds including redevelopment funds, as it did with AB X4-26.

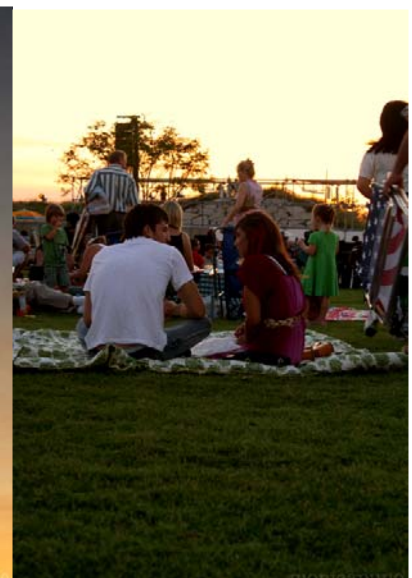
Property tax appeals: In 2006-07, the assessed value (and the 2005-06 supplemental roll value) as determined by the Orange County Assessor for the project area was approximately $850 million.

In September 2006, the private land owner, who owns the all of the non-park property in the Project Area, filed a property tax appeal on the parcels it owns. In September 2009, the County of Orange notified the Agency that it had lowered the value of the property from its initial value of approximately $850 million to approximately $700 million for fiscal years 2005-06 through 2008-09, and down further to approximately $600 million for fiscal year 2009-10. Tax increment projections assume the Project Area's 2009-10 assessed value to be approximately $600 million.

Purchase and Sale and Financing Agreement: On August 14, 2007, the City and the Agency entered into a Purchase and Sale and Financing Agreement to maximize and leverage tax increment resources. The agreement provides for a $134 million loan from the City to the Agency. The Agency used the borrowed funds to purchase 35 acres of land owned by the City. The City Council decided to use the land sale proceeds received from the Agency as part of the resources to construct the Park; consequently the land sale proceeds of $134 million were contributed to the Park Special Fund.

State takeaways: The Agency made the first required payment under AB X4-26 of $5.3 million on May 10, 2010 and, if required, will make another $1.1 million payment prior to May 10, 2011. In 2006-07, the Agency received a large prior year supplemental tax increment apportionment. As a result, the Agency's financial responsibility for the 2009-10 takeaway went from an estimated $3.0 million to over $5.3 million because the takeaway was based on 2006-07 tax increment numbers instead of 2007-08 amounts.

The validity of the State takeaway was challenged in court and on May 4, 2010 a court decision was made that upheld the State's right to take the funds. That decision is being appealed and a final decision on the case is not expected for some time. In the event the funds are not recovered from the State, the timing and amount of the repayment of the $134 million loan to the City may be impacted. The repayment of the loan is designated by the City to support the Park and delaying the payment will impact the Park's financial plan. In addition, the Agency was planning on issuing tax allocation bonds in the next few years, pledging $5 million in debt service annually. The State's takeaway of $5.3 million this year and $1.1 million next year may delay the Agency's bond issuance by a year or more further impacting the financing of capital improvements at the Park. Although the Agency's bond capacity is not materially affected by these one or two year takeaways by the State, continued takes or the potential for future or more frequent takeaways would decrease the Agency's ability to repay debt service and lower the bonding capacity of the Agency.



PROPOSED REDEVELOPMENT PROGRAMS AND PROJECTS

Five Year Work Program for Reinvestment & Revitalization

The state of the economy has and will continue to affect revenue and expenditures on redevelopment programs. Unknown revenue streams due to property tax appeals, potential State takeaways and uncertainty of private development make it difficult to provide detailed activities for each program year. The following are the priorities the Agency intends to follow:

- Maximize return on investment by first expending funds on projects that will result in increases in assessed valuation through private enterprise investment and construction.
- Sponsor high quality affordable housing to achieve the Agency's affordable housing production requirement and promote designs that facilitate sustainability and energy efficiency.
- Facilitate the completion of the public improvements and infrastructure required for development of the Park.

Over the next five years, the Agency plans to implement the following redevelopment projects and programs using available non-housing redevelopment funds. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved[1].

Programs and Projects Description	Project Cost Estimates	Goals Achieved
General Agency Administration *Proposed Development Programming Evaluations* The Agency is currently evaluating the proposed development for quality of site planning, engineering, architecture and landscape design to assure that it is consistent with the quality of development in the City of Irvine, and for consistency in achieving the goals of the Redevelopment Plan. Completion of this effort would facilitate the improvement of public infrastructure thus encouraging economic development activity. *Timeframe………………………..2010-11 through 2014-15*	$ 4,500,000	GROW CLEAN GO ACCESS

[1] Costs are subject to change, and completion of these projects may require future action by the Agency.

Programs and Projects Description	Project Cost Estimates	Goals Achieved
Community Awareness of Redevelopment The Agency will continue to educate and update the community about redevelopment tools and processes. Implementation of this program would stimulate economic growth by encouraging investment from the private sector. *Timeframe…………………………2010-11 through 2014-15*		GROW
Annual Review of Purchase and Sale and Financing Agreement The Agency will annually review the Purchase and Sale and Financing agreement to ensure compliance with its terms and obligations. The annual review of the payment calculation will consider long-term obligations and Agency development plans and programs. *Timeframe…………………………2010-11 through 2014-15*		CLEAN PRESERVE ACCESS
Great Park Development & Capital Improvements *Park Development* The Agency will undertake planning, development, construction and rehabilitation activities within the Project Area. These activities will facilitate public and private development within the Project Area. The development of the Park provides the construction of public amenities and facilities that will improve the quality of residential neighborhoods and commercial development within the Project Area. *Timeframe…………………………2010-11 through 2014-15*	$21,000,000	CLEAN GO ACCESS

Programs and Projects Description	Project Cost Estimates	Goals Achieved
Capital Improvements A number of infrastructure projects have been identified within the Project Area that include the planning and construction of public improvements, infrastructure, and public facilities required for the development of the Park. These activities include, but are not limited to: demolition of existing substandard utilities, infrastructure, runways and buildings; site grading and preparation; open space, habitat reserve, wildlife corridor and riparian corridor improvements; active recreation improvements, sports fields, stadium, field house/gymnasium and other indoor facilities, riding and hiking trails; water features and bridges; cultural/institutional facilities; road construction, reconstruction, realignment and extensions; bridges, bikeways, street lights, signalization, signage, walkways, and landscaping; public transportation facilities/transit-related facilities and other public uses; development of infrastructure such as wet and dry utilities, communications systems and, drainage facilities and systems. *Timeframe……………………….2010-11 through 2014-15*		CLEAN GROW GO ACCESS
Total Preliminary Cost Estimate	**$25,500,000**	

AFFORDABLE HOUSING COMPLIANCE PLAN
Ten Year Outlook of Affordable Housing

The provisions of Section 33413(b)(4) of the CRL require the Agency to adopt and periodically update a plan ("Housing Compliance Plan") to ensure the Agency meets its affordable housing responsibilities every ten years during the life of the Redevelopment Plan. The CRL further requires that the Housing Compliance Plan be consistent with the jurisdiction's housing element and must also be reviewed and, if necessary, amended at least every five (5) years with either the housing element cycle or the Implementation Plan cycle.

The Housing Compliance Plan is to be prepared as part of the Implementation Plan required by Section 33490 of the CRL to address the following:

- Section 33334.2 with respect to housing set-aside deposits and limits on expenditures;
- Section 33334.4 with respect to proportional expenditure requirements and limitations;
- Section 33334.6 with respect to set-aside obligations on indebtedness; and,
- Section 33413 regarding affordability requirements for replacement housing units, and for new or substantially rehabilitated housing units.

This Housing Compliance Plan addresses specific requirements in the CRL Section 33490(a)(2) with respect to prior affordable housing activities and the anticipated housing program for the current Ten-Year Compliance Period from fiscal years 2005-06 through 2014-15 ("Ten Year Planning Period"). Additionally, this section evaluates the Agency's affordable housing requirements for the life of the Redevelopment Plan.

Redevelopment agencies use implementation plans to establish ten-year objectives to achieve compliance with the State law in affordable housing programs. These housing goals generally fall into three categories:

- Housing Production – Based on the number of housing units constructed or substantially rehabilitated over a ten year period, a redevelopment agency must ensure that a percentage of these units are affordable to very low, low and moderate-income households.
- Replacement Housing – Another legal obligation for redevelopment agencies is to ensure that any housing units destroyed or removed as a result of an Agency redevelopment project are replaced within four years.
- Expenditures by Household Types – State law establishes requirements on the percentage of Low and Moderate Income Housing Fund ("Set-Aside") funds an agency must spend over the Ten Year Planning Period on housing affordable to very low and low-income households, and on housing units for residents under the age of 65.

LOW AND MODERATE INCOME HOUSING FUND

The Agency's primary source of funding for housing program implementation is the annual set-aside deposits of 20 percent of the Agency's gross tax increment in the Set-Aside fund. The CRL requires that not less than 20 percent of gross tax increment revenue allocated to the Agency must be used to increase, improve, and preserve the community's supply of housing available, at affordable housing cost, to persons and families of very low, low, and moderate-incomes.

The following addresses the requirements pursuant to Section 33490(a)(2)(A) and (B) of the CRL:

- *The amount available in the Housing Set-Aside Fund and the estimated amounts that will be deposited in Housing Set-Aside Fund during each of the next five years.*

Estimated Set-Aside Fund Deposits		**Table 3**
Project Area		
Beginning Set-Aside Fund Balance		5,083,734
	Estimated Deposit Amount	
Fiscal Year	**Annual**	**Cumulative**
2010-11	1,208,853	1,208,853
2011-12	1,283,534	2,492,387
2012-13	1,809,616	4,302,003
2013-14	2,541,268	6,843,271
2014-15	3,293,775	10,137,046

Source: RSG Tax Increment Projections

Table 3 reflects the amounts available and projected Set-Aside fund deposits over the next five years. The projected deposits to the Set-Aside fund during the next five years will total approximately $10.1 million. Note that the above figures represent deposits only and do not account for expenditures from the Set-Aside fund.

HOUSING PRODUCTION

CRL Section 33413(2) requires at least 15 percent of all new or substantially rehabilitated dwelling units developed within a project area by persons or entities other than the Agency be made available at affordable housing costs to, and for occupancy by, persons and families of low or moderate income, of which at least 40 percent shall be available at affordable housing costs to very low-income households. Further, Section 33413(4) provides that the Housing Compliance Plan shall ensure that the affordable housing production requirements are met every ten years.

The following addresses the requirements pursuant to Section 33413(2) of the CRL:

- *Estimates of the number of new, rehabilitated, or price-restricted units to be assisted during each of the five years and estimates of the expenditures of moneys from the Housing Set-Aside fund during each of the five years.*

The Master Affordable Housing Plan for the private development portion of the Project Area summarizes how the developer of the privately owned portion of the site will assist the Agency in meeting its affordable housing requirements. The Master Affordable Housing Plan indicates that 11 percent of the permitted development capacity of 3,625 total units will be permanently affordable to very low-income households and that four percent will be permanently affordable to moderate-income households.

The Density Bonus Agreement for the private portion of the Project Area increased the total development capacity by an additional 1,269 market rate units, for an overall project of 4,894 units. The Agency's affordable housing production requirements for the 3,625 base units will be satisfied under the Master Affordable Housing Plan. Outlined in the Master Affordable Housing Plan is a phasing schedule for the completion of affordable units that is tied to the development of market rate units. To the extent possible, the Agency will spend available Set-Aside funds to develop additional affordable housing units both inside and outside the Project Area. Under a separate agreement with the Irvine Company, 15 acres of land outside the Project Area will be donated to the City for permanent affordable housing during the time of this Implementation Plan. At a minimum density of 25 units per acre, this land will provide capacity for at least 375 affordable units.

The following addresses the requirements pursuant to Section 33413 of the CRL:

- *An estimate of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within the Project Area, both over the life of the Redevelopment Plan and during the next ten years.*

- *The number of units of very low-, low-, and moderate-income households which have been developed within the Project Area which meet the requirements of Section 33413(b)(2) of the CRL.*

- *An estimate of the number of Agency-developed residential units including very low, low, and moderate-income, which will be developed during the next five years, if any, which will be governed by Section 33413(b)(1).*

Fifteen percent of any new or substantially rehabilitated units developed within the Project Area will be affordable to low and moderate-income persons. Of this 15 percent, at least 40 percent, or six percent of the total, will be reserved for very low-income households, pursuant to Section 33413(b)(2) of the CRL.

The Agency anticipates that 4,894 new residential units will be developed within the Project Area within the next ten years. It is anticipated that the Project Area will be built out within the next ten years. Although new housing units may be rehabilitated in the future, it is unlikely that many of these future rehabilitations would meet the CRL definition of "substantial rehabilitation".

Any newly constructed units and substantially rehabilitated units that are given Agency assistance will be rent or price restricted.

- *An estimate of the number of units of very low, low, and moderate-income households required to be developed within the Project Area in order to meet the requirements of Section 33413(b)(2) of the CRL, both over the life of Redevelopment Plan and during the next ten years.*

The Agency anticipates that 4,894 new units will be developed in the Project Area by private entities. CRL Section 33413(b)(2) requires that 15 percent, or 734, units be developed for low- and moderate-income persons and of those 734 units, 40 percent, or 294 units, must be made available to very low-income persons. The Agency does not anticipate developing or substantially rehabilitating any residential units itself within the Project Area.

The Master Affordable Housing Plan for the private development within the Project Area requires the developer to make 145 units permanently affordable for moderate-income households and 399 units permanently affordable for very low-income households. After the affordable units are provided, the Agency will have a remaining obligation of 190 affordable units. The Agency may develop these units inside or outside the Project Area.

In the prior Implementation Plan period, the Agency developed 95 very low-income units and 240 moderate-income units (Granite Court: 71 units, Woodbury Walk: 150 units, Woodbury Arbor: 90 units, Ability First: 24 units) outside the Project Area. Because these units were developed outside the Project Area, the Agency obtains one-half unit credit for each unit developed outside the Project Area to meet its affordable housing production requirements. Therefore, the Agency can count 47 very low-income units and 120 moderate-income units from these projects that are outside the project area, giving the Agency a remaining requirement of 23 affordable housing units.

In the first year of this Implementation Plan, the Agency anticipates completing a 60 unit affordable housing project outside the Project Area, generating 30 units of credit for the Agency. This project will give the agency an overall surplus of seven affordable housing units. Over the balance of this Implementation Plan, the Agency anticipates the development of at least 375 affordable housing units outside the Project Area on 15 acres of land that will be conveyed for this purpose by the Irvine Company pursuant to an Affordable Housing Agreement.

To date there have not been any affordable or market rate housing units constructed within the Project Area. It is expected, however, that about 1,713 housing units will be developed during the period of this implementation plan. The remaining 3,181 project units are expected to be developed during the period 2015-16 through 2019-20.

Table 4 summarizes the total number of housing units to be developed within the Project Area, the number of affordable units required, and the number of affordable units expected to be developed during the next five and ten years, as well as over the life of the Redevelopment Plan.

Irvine Affordable Housing Production Table — **Table 4**

	Total Units Produced[1]		Affordable Units Required[2]			Affordable Units Produced[3]			Units Surplus/(Deficit)[4, 5]		
	Privately Developed	Agency Developed	Low & Mod	Very Low	Total	Low & Mod	Very Low	Total	Low & Mod	Very Low	Total
Plan Inception to 2009-10	0	0	0	0	0	120	47	167	120	47	167
2010-11 to 2014-15	1,713	0	154	103	257	65	185	250	30	130	160
2015-16 to 2019-20	3,181	0	287	191	478	94	259	353	(162)	198	36
2020-21 to End of Plan	0	0	0			188	0	188	26	198	224
Total	4,894	0	441	294	735	467	491	958			

1. Total units produced within project area based on actual units per City Planning Department or projections by City staff.
2. Affordable units required based on actual or estimated total units produced during each planning period within the Project Area pursuant to HSC Section 33413(b).
3. Affordable units produced based on actual or estimated affordable units produced (or covenants purchased) during each planning period inside or outside the Project Area.
4. The surplus affordable units in a 10-year period may be applied against the unit production requirements during the following 10-year compliance period, while any deficit affordable units must be first produced during the following 10-year compliance period.
5. Deficit low and moderate-income units may be offset by surplus very low-income units.

REPLACEMENT HOUSING

The following discussion contains the required components pursuant to Section 33490(a)(3) of the CRL:

- *Pursuant to Section 33490(a)(3) of the CRL, if the Implementation Plan contains a project that will result in the destruction or removal of dwelling units that will have to be replaced pursuant to Section 33413(a) of the CRL, the Implementation Plan shall identify proposed locations suitable for those replacement dwelling units.*

The Project Area encompasses a closed military base and there were no residential units occupied at the time the Project Area was established. To date, there are no residents in the Project Area and the Agency activities will not result in the destruction or removal of units occupied by low- and moderate-income households. If a replacement housing event occurs, the Agency will provide replacement housing in compliance with the requirements of Section 33413(a) of the CRL.

Means to Accomplish Requirements

To meet the foregoing described affordable housing requirements, the Agency intends to use revenue in the Set-Aside fund and any other appropriate funds available to the Agency under the Redevelopment Plan, including, but not limited to the U.S. Department of Housing and Urban Development program funds (e.g. the Community Development Block Grant program, the HOME Investment Partnership program, and the Section 8 rental assistance program). Available low-income housing tax credits and tax-exempt financing mechanisms may also be used by affordable housing developers in conjunction with the Agency. Policies and programs such as providing affordable housing incentives for developers will be explored by the Agency. The Agency may also provide rehabilitation loans and grants.

PROPORTIONAL EXPENDITURE OF HOUSING FUNDS

CRL Section 33334.4 requires that agencies expend over each ten-year period of the implementation plan the funds in the Set-Aside to assist housing for persons of low and very low-income in at least the same proportion as the total number of housing units needed for each of those income groups bears to the total number of units needed for moderate, low and very low-income within the community. In addition, each agency shall expend over the duration of each implementation plan, funds in its Set-Aside to assist housing that is available to all persons regardless of age (non age-restricted) in at least the same proportion as the number of low-income households with a member under age 65 years bears to the total number of low-income households of the community as reported in the most recent census. To ensure compliance, Section 33490 requires the following:

- *The number of housing units needed for very low, low and moderate-income persons as each of those needs have been identified in the most recent determination pursuant to Government Code Section 65584 (of the regional share of the statewide housing need), and the proposed amount of expenditures from the Set-Aside for each income group during each year of the Implementation Plan period.*

- *A detailed schedule of actions the Agency is undertaking or intends to undertake to ensure expenditure of the Set-Aside in the proportions required by CRL Section 33334.4.*

Table 5 identifies the number of housing units allocated by income category according to the adjusted statewide housing need and the required proportional percentage of expenditures from the housing Set-Aside fund.

Irvine Redevelopment Agency Housing Set-Aside Proportional Expenditure Allocation									Table 5
Income Level	RHNA Allocation (Units)[1]	Housing Expenditure Requirements / Limitations (% of Total)	Previous 5 Year Expenditures 2005 through 2009-10		Next 5 Year Expenditures 2010-11 thru 2014-15		Cumulative 10 Year Expenditures 2005 thru 2014-15		Estimated Expenditure Percentages
Very Low Income	7,735	36.35%	$	3,040,000	$	3,584,589	$	6,624,590	50.36%
Low-Income	6,408	30.11%	$	-	$	3,064,024	$	3,064,024	23.29%
Moderate-Income	7,139	33.54%	$	-	$	3,465,855	$	3,465,855	26.35%
	21,282	100.00%	$	3,040,000	$	10,114,468	$	13,154,469	100.00%

1. Southern California Regional Housing Needs Assessment, Final 2007. Very Low and Low-Income percentages reflected minimum proportional expenditure requirements; Moderate-Income percentage reflect maximum proportional expenditure limitation.

Source: SCAG, State of Cities Data System, and HUD

A data set for identification of low-income households with a member under 65 years of age is not available in the 2000 census. The nearest metric for such census data represents low-income households under age 62, which is obtained from the State of the Cities Data System Comprehensive Housing Affordability Strategy ("CHAS") Data published by Housing and Urban Development ("HUD"). The CHAS data identifies the total percent of low-income households under age 62 to be 22.1 percent of the total low-income households in the City of Irvine. Accordingly, not more than 22.1 percent of Set-Aside funds may be for assisting age-restricted (senior) housing and at least 77.9 percent must be for non-age-restricted housing.

The Agency's housing activities over the duration of this Implementation Plan will be focused primarily on assisting the production of dwelling units available to persons and families of low and very low-income. While privately-developed, affordable, age-restricted units may be built within the Project Area, at this time, the Agency does not anticipate assisting age-restricted units with Set-Aside funds during the period of this Implementation Plan.

The City of Irvine Housing Division, which implements and monitors affordable housing programs on behalf of the Agency, will ensure Set-Aside funds are utilized in compliance with CRL Section 33334.4.

HOUSING PRODUCTION ACCOMPLISHMENTS

CRL Section 33490(a)(4) requires that the Housing Compliance Plan discuss the housing production accomplishments during the previous implementation plan per the following:

- *For the previous Implementation Plan period, the amounts of Set-Aside moneys utilized to assist units affordable to and occupied by very low-income households and low-income households; the number, location and level of affordability of units newly constructed with other locally controlled government assistance and without Agency assistance and that are required to be affordable to, and occupied by, persons of low or very low-income for at least 55 years for rental housing or 45 years for ownership housing; and the amount of Set-Aside moneys utilized to assist housing units available to families with children, and the number, location, and level of affordability of those units.*

The following affordable housing developments were completed during the previous Implementation Plan period utilizing other locally controlled housing funds:

Montecito Vista Apartments
Address: 4000 El Camino Real
Date Completed: 2005
Affordability Period: 55 years
Affordable Unit Mix: 162 very low-income units
Local Funding: CDBG $600,000, HOME $300,000

Laguna Canyon Apartments
Address: 400 Limestone
Date Completed: 2006
Affordability Period: 55 years
Affordable Unit Mix: 120 very low-income units
Local Funding: none

Savannah at Columbus Grove
Address: various addresses
Date Completed: 2006
Affordability Period: 99 years
Affordable Unit Mix: 15 very low-income units, 12 low-income units
Local Funding: CDBG $106,036, ADDI $31,182

Windrow Family Apartments
Address: 5200 Trabuco Road
Date Completed: 2006
Affordability Period: 55 years
Affordable Unit Mix: 96 very low-income units
Local Funding: HOME $600,000

AbilityFirst Apartments
Address: 14501 Harvard Ave.
Date Completed: 2008
Affordability Period: 55 years
Affordable Unit Mix: 24 very low-income units
Local Funding: CDBG $350,000, HOME $550,000

Alta Court Apartments
Address: 2552 Kelvin Avenue
Date Completed: 2008
Affordability Period: 99 years
Affordable Unit Mix: 27 very low-income units, 105 market-rate units
Local Funding: none

The following affordable housing development was completed during the previous Implementation Plan period utilizing Housing Set-Aside funds:

Granite Court Apartments
Address: 2853 Kelvin
Date Completed: 2009
Affordability Period: 99 years
Affordable Unit Mix: 71 low-income units
Local Funding: In Lieu Fees $7.7 million (of this amount, $3,040,000 borrowed from Housing Set-Aside funds)

PROPOSED HOUSING PROGRAMS AND PROJECTS

Five Year Work Program for Building Community Assets

The current state of the economy has and will continue to affect redevelopment programs and expenditures for the near term. Unknown revenue streams due to property tax appeals, potential State takeaways and uncertainty when private development will occur make it difficult to provide detailed activities for each program year. Over the next five years, the Agency plans to continue implementing following affordable housing programs and projects. The list below describes proposed programs and projects, approximate costs, and the Redevelopment Plan goals that would be achieved.

Programs and Projects Description	Estimated Cost	Goals Achieved
Stonegate Affordable Housing Project The Agency is currently planning to assist the Stonegate affordable housing project in conjunction with the Irvine Community Land Trust. *Timeframe………………………..2010-11 through 2011-12*	$2,000,000	LIVE
Housing Programs Administration and Monitoring Establish and implement strategies for the expenditure of Set-Aside funds. Establish and implement processes and systems for administering and monitoring affordable housing programs and projects to ensure continuing compliance with income and affordable cost restrictions. *Timeframe……………………….. 2010-11 through 2014-15*	$100,000	WORK LIVE
New Construction Multifamily Housing Projects Approximately 225 units of affordable housing projects in partnership with Irvine Community Land Trust (land from the Irvine Company). *Timeframe……………………….. 2012-13 through 2014-15*	$6,000,000	LIVE
Total Preliminary Cost Estimate	$8,100,000	

AMENDMENT NO. 1 TO FIVE YEAR IMPLEMENTATION PLAN 2010-2015
IRVINE REDEVELOPMENT AGENCY
ORANGE COUNTY GREAT PARK REDEVELOPMENT PROJECT
MARCH 8, 2011

BACKGROUND

On June 15, 2010, the Board of Directors of the Irvine Redevelopment Agency ("Agency") adopted Resolution 10-01, approving and adopting Implementation Plan 2010-2015, the Agency's "Five Year Implementation Plan" mandated by the Community Redevelopment Law of the State of California (Health & Safety Code §33000 *et seq.*), specifically Health and Safety Code Section 33490 ("Implementation Plan"). The Implementation Plan covers the five fiscal years of 2010-11 through 2014-2015, i.e., the period from July 1, 2010 through June 30, 2015.

Health and Safety Code Section 33490 provides that the Implementation Plan may be amended from time to time following a public hearing noticed in accordance with the requirements of Section 33490. On March 8, 2011, the Board of Directors of the Agency held a duly and properly noticed public hearing on this Amendment No. 1 to Implementation Plan 2010-2015 ("Amendment No. 1") and thereafter adopted Resolution No. 11-___ approving and adopting this Amendment No. 1.

Since the adoption of the Implementation Plan the Agency has accomplished or may accomplish during the Implementation Plan period a number of objectives that necessitate an amendment to the Implementation Plan as set forth in this Amendment No. 1. Among these objectives are:

- The Amended and Restated Development Agreement by and between the Agency, the City of Irvine, and Heritage Fields El Toro, LLC, which commits the Agency to using tax increment funds for development of the Great Park pursuant to the Great Park Master Plan as may be amended from time to time. The Orange County Great Park Corporation has identified an estimate for development of the Great Park pursuant to the Great Park Master Plan in the amount of $1,430,000,000 which the Amended and Restated Development Agreement contemplates will be paid from future tax increment revenues allocated to the Agency.

- Since the adoption of the Western Sector Development Plan for the Great Park in November of 2009, projects and funding amounts, were developed and presented in October 2010 to the Orange County Great Park Corporation Board of Directors, and then in November 2010 to the City Council of the City of Irvine, as part of the Orange County Great Park 2010 FY year-end report. Using that approved project funding list as well as identifying prior projects eligible for Agency funding, a Funding Agreement by and between the Agency and the City was presented to Agency Board of Directors and City Council on February 8, 2011 and approved by both bodies on that date. That Funding Agreement identified a total of $116,700,000 of publicly owned infrastructure located within or primarily benefiting the Orange County Great Park Redevelopment Project Area which are eligible under Health and Safety Code Sections 33445 and 33445.1 to be paid for by the Agency and/or (for those projects located within the Project Area) are eligible for reimbursement by the Agency to the City under Section 33445(c) for amounts the City initially paid for from City funds authorized to be used for that purpose.

- The Agency and City Council are scheduled to consider, at a joint public hearing on March 8, 2011, a second Funding Agreement under Health and Safety Code Section 33445 to use Agency funds to pay for, or reimburse the City to the extent the City initially paid for, the construction or rehabilitation of designated publicly owned buildings within the Orange County Great Park Redevelopment Project Area, which were also identified in the Orange County Great Park FY 2010 year-end report referred to above. This second Funding Agreement is proposed to total approximately $11,505,000 in project costs for the identified publicly owned buildings within the Orange County Great Park Redevelopment Project Area.

- The Agency and the Irvine Community Land Trust entered into a Grant Agreement on February 8, 2011, that provides for a grant of the Agency's Low and Moderate Income Housing Funds to the Land Trust for the further implementation of the City's Affordable Housing Strategy consistent with the requirements of the Community Redevelopment Law.

AGENCY ROLE IN REDEVELOPMENT OF THE FORMER MCAS EL TORO.

The Implementation Plan discussed the central role the Agency plays in the redevelopment and reuse of the former Marine Corps Air Station (MCAS) El Toro ("MCAS El Toro"), the vast majority of which was included in the Orange County Great Park Redevelopment Project Area pursuant to the Redevelopment Plan for the Project Area approved and adopted in 2005, and in the transformation of the public lands within the Project Area into the Great Park.

By this Amendment No. 1 the Agency desires to include as part of the Implementation Plan the following amplification on the history of actions that have led to the Agency's central role.

Under the Defense Base Closure and Realignment Act of 1990 ("DBCRA"), as amended (Pub. L. 101–510, div. B, title XXIX, part A (§2901 *et seq.*), Nov. 5, 1990, 104 Stat. 1808, 10 U.S.C. § 2687 note), as implemented by the base closure process of 1993, MCAS El Toro closed on July 2, 1999. The DBCRA established procedures to minimize the economic hardship on local communities adversely affected by base closures and to facilitate the economic recovery of such communities. To maximize the local benefit from the reutilization and redevelopment of military installations, including MCAS El Toro, the Secretary of the military department was required under the DBCRA to consider local economic needs and priorities in the base disposal process.

In 1993, the California Legislature added Sections 33492 *et seq.* to the CRL and therein expressed its intent to "enable redevelopment agencies to place in a project area portions of a military base that were previously developed, but that cannot be utilized in their present condition because of, in whole or in part, substandard infrastructure and buildings that do not meet state building standards." In 1993, the California Legislature also found and declared in the CRL, at Health and Safety Code Section 33492.1 that "extraordinary measures must be taken to mitigate the effects of the federal government's effort to reduce the number of military bases throughout the country," thus recognizing that the use of redevelopment under the CRL is critical for a community's effort to effect reuse of closed military bases for civilian use.

In 1994, Congress adopted the National Defense Authorization Act for Fiscal 1994 ("NDAAF/94") (Pub. L. No. 103-160, 107 Stat 1547), under which the federal government was directed to (*i*) facilitate the economic recovery of communities that experience adverse economic circumstances as a result of base closure or realignment, and (*ii*) work with such communities to identify and implement means of redeveloping and revitalizing closed military installations in a beneficial manner to accelerate the environmental cleanup and reuse of closed military installations. In 1994, Congress also adopted the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 ("BCCRHAA") (Pub. L. 103-421, 108 Stat 4346), which put into law the intent of the President's efforts to support local communities affected by base closures and created a locally controlled reuse process for redevelopment of closing bases.

On February 24, 1994, the Governor of the State of California issued Executive Order W-81-94, under which the Governor found (*i*) "base closures have deepened the effects of the current recession in California and have caused severe economic dislocations in communities that are located adjacent to closing bases," and (*ii*) "[i]t is the policy of the State of California that the successful economic conversion of military bases shall be given priority consideration in the implementation of State programs, regulatory pursuits, and allocation of resources for State–funded capital outlay projects[, and] [s]tate agencies, departments, boards, and commissions . . . shall regard base conversion as a priority matter and shall assist and cooperate with local base reuse entities to the maximum extent possible within their statutory mandates."

On April 27, 1999, the City Council of the City activated the Agency by adoption of Ordinance No. 99-09.

On March 5, 2002, the voters of Orange County approved the Orange County Central Park and Nature Preserve Initiative ("Measure W"), which amended the Orange County General Plan by repealing the aviation reuse designation for MCAS El Toro and replacing it with a non-aviation designation to ensure that the property would become a multi-use center for education, park, recreation, cultural, and other public-oriented use. On April 23, 2002, the Department of the Navy ("DON") released a Record of Decision under the authority of the DBCRA, in which the DON found that a mixed land use plan involving the construction of a Great Park on the former MCAS El Toro would "meet the goals of local economic redevelopment and job creation set out in the DBCRA." On April 25, 2002, the DON together with the United States General Services

Administration ("GSA") initiated discussions with the City with the goal of coordinating the DON and GSA's plans for proceeding through the disposal process for the former MCAS El Toro in a manner consistent with the City's plans to annex that property and entitle it consistent with the spirit of Measure W. On July 8, 2002, the DON indicated that its plan for the disposition of the former MCAS El Toro, combined with the City's land use plan for that property, would best meet the interests of the Nation's taxpayers while simultaneously keeping faith with Measure W.

In 2003, the City certified an Environmental Impact Report (State Clearinghouse No. 2002101020) ("Great Park EIR") for the development of the Orange County Great Park and the surrounding community within the boundaries of the former MCAS El Toro, which EIR has been amended from time to time since its original certification. The City also completed the General Plan amendments, Zone Changes, and other entitlements necessary to implement the plan for development of former MCAS El Toro that was consistent with Measure W, and with the goals and objectives of the DON and the GSA. Also in 2003, the Orange County Local Agency Formation Commission approved the annexation of Planning Area 51, comprising most of the acreage of the former MCAS El Toro, into the corporate boundaries of the City. In 2005, following the annexation of Planning Area 51 into the corporate boundaries of the City, the City adopted the Redevelopment Plan for the Project Area.

In 2005 the Agency and City Council approved and adopted the Redevelopment Plan for the Orange County Great Park Redevelopment Project. The Redevelopment Plan was adopted pursuant to the special redevelopment plan provisions established by the State Legislature set out in Health and Safety Code Section 33492 *et seq.* The inclusion of the former MCAS El Toro within a redevelopment project area as authorized by Health and Safety Code section 33492 *et seq.*, and the utilization of tax increment funds available under the CRL, were integral and essential to the City, Agency, DON, and GSA's decision to proceed with the disposition of that property in the manner selected. The City, Agency, DON, and GSA each relied on the CRL and the availability of the powers of redevelopment in California in discharging their duties under the DBCRA, the NDAAF/94, and the BCCRHAA to ensure orderly and successful redevelopment or former military installations in California.

The creation of the Orange County Great Park is essential to both the implementation of the Redevelopment Plan and the discharge of the City, Agency, DON, and GSA's respective obligations under the DBCRA, the NDAAF/94, and the BCCRHAA.

<u>FINANCIAL RESOURCES</u>

The Financial Resources section of the Implementation Plan identifies "Estimated Revenues" as well as "Debt and Other Obligations." Within those sections, tax increment is identified as the primary sources of funding available to the Agency to meet, or assist in meeting, the goals and objectives of the Implementation Plan, principally development of the Great Park. By this Amendment No. 1 the discussion on Financial Resources is updated to incorporate by reference the 2010 tax increment projection prepared by Rosenow Spevacek Group, Inc. based on the 2010 update to the forecast of tax increment revenue is based on the 2010 Price Point And Market Absorption Study Update prepared by Empire Economics, Inc. The Financial Resources section is also amended to specifically include: (1) use of tax increment to meet the Agency's obligations under the Amended and Restated Development Agreement referred to in Section I hereinabove; (2) the repayment schedule under the Purchase, Sale, and Financing Agreement (referred to on page 7 of the Implementation Plan under the heading "Financial Agreement"), which repayment schedule identifies total tax increment use for repayment of principal and interest of approximately $813,000,000; (3) the use of tax increment for payment of, or reimbursement to the City to the extent the City initially paid for, the costs for the identified public improvements within and primarily benefiting the Orange County Great Park Redevelopment Project Area set forth in that certain Funding Agreement between the Agency and City, dated on or about February 8, 2010, in the amount of $116,700,000, as referred to in this Amendment No. 1; (4) the use of tax increment for payment of, or reimbursement to the City to the extent the City initially paid for, the costs of the construction or rehabilitation of the identified publicly owned buildings within the Orange County Great Park Redevelopment Project Area set forth in that certain proposed Funding Agreement in the amount of $11,505,000 to be considered by the Agency and City Council at a joint public hearing on March 8, 2011, as referred to in this Amendment No. 1; (5) other and additional funding agreements, implementation agreements, pledge agreements, and other forms of indebtedness in which the Agency may enter. In that regard, the Financial Resources section of the Implementation Plan is also amended to provide that in connection with the development of the Orange County Great Park, the Agency or City, or a combination of both, may, either directly or through a financing conduit entity, issue taxable or tax-exempt bonds, or a combination thereof (the "Bonds"), to fund construction of public improvements within or benefiting the Orange County Great Park Redevelopment Project Area, and using Agency tax increment funds as a source for payment of debt service on all or a portion of the Bonds, if and to the extent such Bonds are issued, including the use of proceeds of such Bonds as reimbursement of some or all of the costs of such public improvements incurred prior to the date of issuance of the Bonds in accordance with applicable law, including but not limited to applicable sections of the Internal Revenue Code and its implementing regulations. Alternatively, or in combination with the Bonds, the City and Agency may desire to fund construction of some or all of such public improvements with the Agency tax increment funds without issuing Bonds, including as an alternative on a reimbursement basis as provided in Health and Safety Code Section 33445(c) for those public improvements located within the Orange County Great Park Redevelopment Project Area.

PROPOSED NON-HOUSING REDEVELOPMENT PROGRAMS AND PROJECTS

The Implementation Plan identifies certain non-housing projects, improvements, and programs including under the heading "Great Park Development & Capital Improvements," and specifically under the sub-headings "Park Development and Capital Improvements," which describes a variety of Agency projects and programs related to the construction of the Great Park. By this Amendment No. 1, the Implementation Plan is amended to include the following non-housing projects, improvements, and programs: (1) the Agency's obligations for construction of the Great Park under the Amended and

Restated Development Agreement by and between the Agency, the City, and Heritage Fields El Toro, LLC, and the estimated cost of the Great Park of $1,430,000,000, pursuant to the Great Park Master Plan which may be amended from time to time; (2) the construction of, or reimbursement to the City of City's costs for, those projects listed in that certain Funding Agreement by and between the Agency and the City dated on or about February 8, 2011, in an amount not to exceed $116,700,000, as referred to hereinabove; (3) the identified public improvements within and primarily benefiting the Orange County Great Park Redevelopment Project Area as set forth in that certain Funding Agreement between the Agency and City, dated on or about February 8, 2010, in the amount of $116,700,000, as referred to in this Amendment No. 1; (4) the construction or rehabilitation of the identified publicly owned buildings within the Orange County Great Park Redevelopment Project Area set forth in that certain proposed Funding Agreement in the amount of $11,505,000 to be considered by the Agency and City Council at a joint public hearing on March 8, 2011, as referred to in this Amendment No. 1; and (4) other publicly owned infrastructure and improvements including, but not limited to, law enforcement/public safety facilities, fire suppression public facilities, public sewer facilities, public water collection, retention, and replenishment and related water facilities, and publicly owned conference and visitor facilities.

Build-out of the Orange County Great Park pursuant to the Great Park Master Plan is being undertaken over a multi-year period and only portions will be constructed and funded in the five-year period covered by the Implementation Plan as amended by this Amendment No. 1

The estimated amount of $21,000,000 identified in the Implementation Plan for Great Park Development and Capital Improvements is, by this Amendment No. 1, amended to allow for greater expenditures by the Agency for Great Park Development and Capital Improvements to the extent tax increment is available for greater payments under the Agency's obligations pursuant to: (a) the Amended and Restated Development Agreement; (b) the Funding Agreement in the not-to-exceed amount of $116,700,000, (c) the Funding Agreement in the not-to-exceed amount of $11,505,000; and (d) the Purchase, Sale and Financing Agreement.

AFFORDABLE HOUSING

The section of the Implementation Plan devoted to the Affordable Housing Compliance Plan and Proposed Housing Programs and Projects is, by this Amendment No. 1, amended to include within the Implementation Plan that certain Redevelopment Affordable Housing Funds Grant Agreement by and between the Agency and the Irvine Community Land Trust, approved by the Agency on February 8, 2011 ("Grant Agreement"), as referred to hereinabove. The purpose of the Grant Agreement is to make available the Agency's current and future Housing Set Aside Funds, which based on an independent fiscal analysis produced by the Great Park Corporation on or about July 1, 2010, is estimated to be approximately $731,000,000, to pay for and/or assist in paying for housing for low and moderate income households in the City, and to fund ongoing administrative services for affordable housing projects and services to be carried out by the Land Trust.

The Implementation Plan, by this Amendment No. 1, is amended to modify the discussion under the heading "Proposed Housing Programs and Projects" and, specifically, under the sub-headings "Housing Programs Administration and Monitoring" and "New Construction Multifamily Housing Projects." The discussion under "Housing Programs Administration and Monitoring is amended to add the requirement, pursuant to the previously described Grant Agreement between the Agency and the Irvine Community Land Trust, for the Land Trust to establish and implement procedures and systems for administration and monitoring of affordable housing units using a maximum of ten percent per year of any Housing Funds transferred to the Land Trust pursuant to the Grant Agreement. The discussion under "New Construction Multifamily Housing Projects" is amended to include the development of approximately 450 units (on land dedicated by The Irvine Company) at an estimated cost of $342,400 per unit (total of $154,080,000) during the timeframe of 2012-13 through 2015-16.