

**ACCELERATING TRANSFORMATION**



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McClellan's rich aviation and industrial heritage provides a superb launching point for a prosperous future. A former Air Force base, with a supportive and vibrant surrounding community, McClellan aims to surpass its historical employment levels by developing over 16 million square feet of aviation, business, and industrial park while driving employment to over 34,000 jobs.

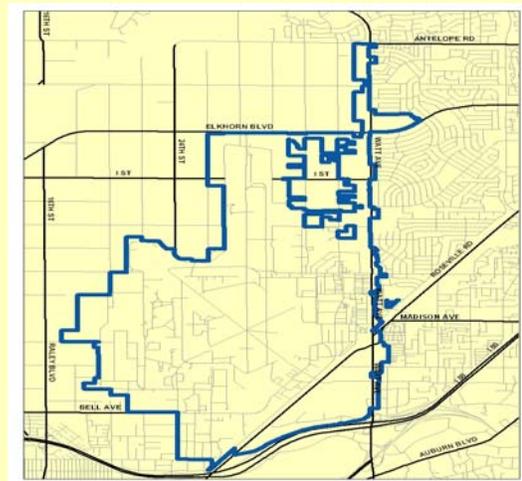


## MCCLELLAN WATT



## ABOUT MCCLELLAN/WATT

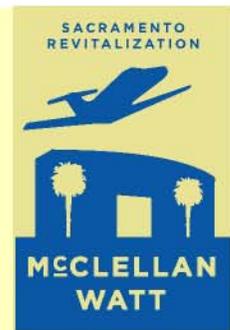
The McClellan Air Force Base/Watt Avenue Project Area is comprised of the former McClellan Air Force base that historically served as the second largest employer in the Sacramento region prior to its closure in July 2001, and the Watt Avenue corridor in North Highlands. In November 2000, the Agency established the Project Area to use special financial capabilities with respect to tax revenue generated in the area. The inclusion of the Watt Avenue Corridor in this Project Area provides an opportunity to better integrate the redevelopment of the former base with that of the North Highlands community. In 2001, the Project Area was merged with the Mather Redevelopment Project Area.



The Sacramento County Board of Supervisors serves as the federally recognized Local Redevelopment Authority (LRA) for reuse of the former McClellan Air Force Base as well as the land use authority for McClellan property. The County completed the Final Reuse Plan for the Base in July, 2000. The overall goal for reuse is to retain the aircraft maintenance and repair activities as a core industrial function. These activities are to serve as a cornerstone for reuse activities, with other commercial, residential, and non-industrial land uses remaining similar to the pre-closure pattern of uses. McClellan Business Park, LLC was selected through a competitive solicitation as the County’s development and equity partner for the reuse of the former McClellan Air Force Base. To date, McClellan Park has rehabilitated 4.2 million square feet of space at the former military base.

Notable Timeframes	What is There?	Who is There?
Redevelopment Plan      Adopted 2000 Expires 2031	3,490 Acres <b>EXISTING LAND USE</b> 	886 Residents <sup>1</sup> <b>ETHNICITIES</b> 
<b>Implementation Plan      2005-2009</b>		
<b>Housing Compliance Plan      2000-2009</b> (For affordable housing program planning)		

<sup>1</sup> Demographic information based on 2000 Census statistics, and may not reflect current area demographics



## POSITIONING FOR THE FUTURE

In the last five years, the Agency has championed several successful projects and programs in McClellan/Watt:

- **Reuse the Former McClellan Air Force Base:** Many companies have executed leases and are occupying space at the Base. As of October, 2004, McClellan Park had approximately 4,200,000 square feet under reuse with an employment base of over 8,000 workers.
- **Town Center and Town Square:** One of the largest shopping centers in close proximity to the base has been under phased reconstruction for the past several years. The center hosts several social service agencies as well as Sacramento County's North Area Service Center. Across the street from the Center is the North Highlands—O'Brien Town Square. This one-acre public plaza was developed by the Agency in 2002 and enhances both the North Highlands Community Center and the F.C. Joyce Elementary School. The Town Center concept originated during the 1994 Vision Plan workshops with the intent of strengthening the community's identity. Assisted with over \$1 million dollars in public loans and grants from the Agency of the County of Sacramento, this Center and Square have become a focus point along the Watt Avenue Corridor.
- **North Watt Avenue Beautification Master Plan:** The Agency developed a conceptual streetscape design for Watt Avenue Corridor from Interstate 80 north to Antelope Road. This Master Plan outlines a \$29 million strategy to improve and beautify the Watt Avenue public right-of-way. Construction of the first phase of improvements between Peacekeeper Way and Don Julio Boulevard is scheduled to be completed by the end of 2004 at a cost of \$1.6 million and will be immediately followed by a second phase of improvements adjacent to McClellan at a cost of \$1.7 million.
- **McClellan Technology Incubator:** With the assistance of a federal Economic Development Administration grant and State of California matching funds grant, the Agency completed construction of the McClellan Technology Incubator in 2000. Patterned after successful industry-focused incubators in California, the McClellan Technology Incubator is a professional facility with the capacity to house approximately 27 high-tech start-ups and emerging technology businesses.

### McClellan AFB/Watt Avenue Success Story

*The first opportunity to create a large change in the redevelopment area came as a result of securing funding from the California Infrastructure and Economic Development Bank (CIEDB). The Agency worked closely with the CIEDB to craft a loan to construct the first major infrastructure improvement projects in this project area. With the CIEDB \$6 million loan, the Agency and McClellan Park began work on projects that would begin transforming the former military base into a modern business park. The projects included bring storm drainage and roadway conditions up to County standards and enhance the appearance of the business park with additional landscaping. A new entryway into the park allows for greater interface between the community and the business park, helps existing businesses located in that area, and creates a visual indicator of what is soon to come in other areas of the large base.*

## REDEVELOPMENT PLAN GOALS

The McClellan/Watt Redevelopment Plan, adopted in 2000, addresses blighting conditions within the Project Area. The Plan's goals are identified as:



**Eliminate the Blight:** Eliminate and prevent blight and deterioration within the Project Area. Assemble land within the Project Area in support of rehabilitation or modern, integrated new development.



**Secure Employment Center Legacy:** Preserve a significant portion of the economic activity that has historically been associated with McClellan. Promote business development and retention along Watt Avenue.



**Fulfill the Vision:** Ensure a smooth and expedient transition to civilian use. Create an orderly, balanced, and integrated land-use pattern that optimizes existing McClellan assets; supports sustainable land utilization; and enhances regional and local character, identity, and quality of development. Encourage a closer integration of industrial and other compatible land uses. Unify uses on the former base with those along Watt Avenue.



**Stimulate Economic Growth:** Strengthen the economic base of the McClellan/Watt Project Area and the community through the development and redevelopment of commercial, industrial and residential properties.



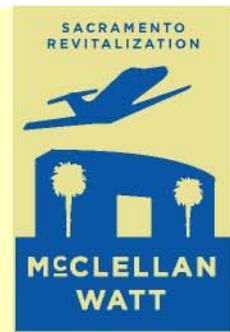
**Leverage Private Sector Investment:** Utilize public sector resources to stimulate participation and investment by owners, business tenants, developers in the revitalization of area properties.



**Provide First Class Infrastructure:** Facilitate efficient, timely, and cost effective transition of infrastructure and utility systems and operation, maintenance, and capital improvement responsibility to local service providers.



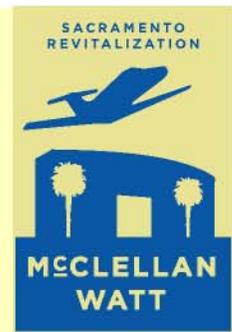
**Providing a Range of Housing Opportunities for All Family Types:** Improve and expand the community's supply of housing, including low- and moderate- income housing, and stimulate the creation of new housing types to address the ever-changing urban market.



## OUR REDEVELOPMENT STRATEGY

The redevelopment strategy for the McClellan/Watt Avenue Redevelopment Project Area entails the conversion of the former base to productive uses according to the McClellan Reuse Plan. The Agency has previously approved the *McClellan Park and Key Adjacent Interfaces Investment Strategy* which complements the goals of the redevelopment plan and supports the strategy of this Implementation Plan. In this context, redevelopment will seek to achieve the following objectives over the next five years:

- **Lay Groundwork for Development and Reuse with Infrastructure Investments:** Redevelopment of McClellan is contingent on replacing obsolete infrastructure and expanding capacity of existing facilities. Substantial roadway, storm water, sewer and utility infrastructure must be brought into compliance with County standards.
- **Public Facility/Amenity Improvement:** Public spaces, including parks, roads and right-of-ways, help define the quality of life in North Highlands and are a critical part of the community amenity base. Improvements and enhancements to public spaces are essential to promote sustainable, long-term economic development in North Highlands.
- **Business Revitalization:** Revitalization activities generally involve: 1) reuse of vacant facilities, 2) improvement of existing facilities for higher quality uses, and 3) and redevelopment of existing facilities for new types of uses. These activities are intended to foster a healthier and more vibrant business environment in North Highlands. In general, revitalization efforts will focus on existing commercial and industrial uses.
- **Infill Development:** Infill development includes construction of new facilities on land that is currently vacant or underutilized. North Highlands has a large inventory of vacant and underutilized properties that constitute a significant potential economic development asset. Infill development will provide many opportunities to enhance the community's economic and amenity base. The Agency may facilitate the consolidation of small and irregular parcels into developable sites including the possible acquisition of sites by the Agency. The opportunities exist for the Agency to develop these vacant and underutilized properties into unique projects which enhance the community. The Agency will investigate the feasibility of including additional land in the Project Area which could support future infill development. The area to be studied is identified in the *North Highlands Community and Economic Development Strategy* as the West of Watt Area. An amendment to the McClellan/Watt Avenue Redevelopment Plan will be contingent on the results of the blight analysis and feasibility study.
- **Developing an Active Housing Program:** The Agency's housing program will provide housing for all income levels, improve the existing housing stock, promote quality infill development, and encourage quality mixed-use developments.



## PROPOSED REDEVELOPMENT PROGRAM – 2005 THROUGH 2009

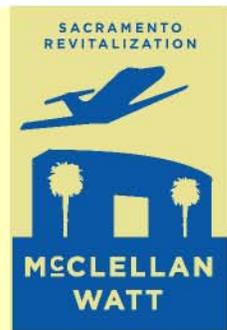
Over the next five years, the Agency will implement the McClellan/Watt Avenue redevelopment strategy by undertaking the following projects and programs:

Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p><b>Infrastructure Improvements</b>            In 2002, the Agency secured a \$6 million loan from the California Infrastructure and Economic Development Bank for infrastructure improvements which are targeted towards the East McClellan District of the former McClellan Air Force Base, where most of the early base reuse occupancy is located. Storm drainage improvements are programmed to occur simultaneously with certain roadway improvements to avoid repeated removal and replacement of surface improvements within completed roadway segments. Landscape improvements are also planned to coincide with Watt Avenue Streetscape improvements.</p> <p>Completion of this project would result in eliminating factors hindering economically viable use and improving inadequate public infrastructure.</p> <p><i>Anticipated Completion:..... Thru 2009</i></p>	<p>\$6,000,000</p>	 <b>ACCESS</b>  <b>REUSE</b>  <b>GROW</b>

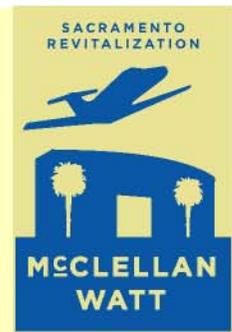
Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p><b>Freedom Park Drive Corridor Plan</b>            A focused planning effort will be undertaken to address land uses on Freedom Park Drive from Watt Avenue to 32nd Street. The intent of this project is to encourage land uses and development that will compliment the vision of a town center, starting with the North Highlands Community Center on the east end of the corridor and ending with Freedom Park and the McClellan Aviation Museum on the west. The effort will result in the formation of a Special Planning Area and will also identify all necessary infrastructure improvements required for this area. A \$1.1 million grant was received from SACOG for the construction of these improvements.</p> <p>Completion of this project would result in eliminating factors hindering economically viable use and improving inadequate public infrastructure.</p> <p><i>Anticipated Completion:..... Thru 2009</i></p>	<p>\$200,000</p>	 <b>ACCESS</b>  <b>REUSE</b>  <b>GROW</b>
<p><b>North Watt Avenue Streetscape</b>            The first phase of improvements, begun in 2004, consists of median landscape improvements between Don Julio Boulevard and Peacekeeper Way, and the construction of sidewalk, bus stops, and landscape strips on the west side of Watt Avenue between A Street and Peacekeeper Way. Additional phases of streetscape improvements will be implemented as funds become available.</p> <p>Completion of this project would result in eliminating factors hindering economically viable use and improving inadequate public infrastructure.</p> <p><i>Anticipated Completion:..... Thru 2009</i></p>	<p>\$3,200,000</p>	 <b>ACCESS</b>  <b>REUSE</b>  <b>GROW</b>



Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p><b>Commercial Revitalization Program</b>            The program aims to increase private investment on the Watt Avenue corridor. Property owners are encouraged to rehabilitate the exteriors of their properties and are eligible for Agency financing of up to \$50,000.</p> <p>Completion of this program would eliminate factors hindering economically viable use.</p> <p><i>Anticipated Completion:.....Thru 2009</i></p>	<p>Up to \$1,000,000</p>	 ACCESS  REUSE  GROW  CLEAN
<p><b>Aircraft Hangar Rehabilitation (Building 1021)</b>            The rehabilitation of this 18,881 square-foot aircraft hangar to market standards will showcase the aviation/industrial opportunities at McClellan. It is anticipated that the rehabilitated hangar will serve as a catalyst for further rehabilitation and reuse of other aviation/industrial facilities at McClellan. This project is consistent with the near-term reuse strategy for the Airfield Support Sub-District.</p> <p>Completion of this program would eliminate factors hindering economically viable use.</p> <p><i>Anticipated Completion:.....Thru 2009</i></p>	<p>\$300,000</p>	 REUSE  CLEAN  WORK



Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p><b>Laboratory Rehabilitation (Building 386)</b>            This reuse of this facility will provide laboratory and office space to meet the demand from University of California, Davis faculty and other health and life science companies in the region seeking to commercialize intellectual property and new technology. It has the potential to create a potent health and life science cluster at McClellan Park that could lead to new companies leasing buildings from McClellan Park and creating significant local jobs.</p> <p>Completion of this program would reduce high vacancy rates and eliminate factors hindering economically viable use.</p> <p><i>Anticipated Completion.....Thru 2009</i></p>	<p>\$300,000</p>	<p> REUSE</p> <p> CLEAN</p> <p> INVEST</p> <p> WORK</p>
<p><b>Development Assistance Program</b>            This program provides assistance for the reuse of existing facilities, the development of underutilized or vacant parcels, as well as help with site assembly in fulfillment of the redevelopment plan goals.</p> <p>Completion of this program would eliminate factors hindering economically viable use.</p> <p><i>Anticipated Completion.....Thru 2009</i></p>	<p>\$1,000,000</p>	<p> REUSE</p> <p> CLEAN</p> <p> INVEST</p>
<p><b>Infrastructure Assistance</b>            To upgrading deficient infrastructure in the Project Area, these funds can assist with roadway, transportation, storm drainage, sewer, utilities, lighting and landscaping improvements.</p> <p>Completion of this program would improve inadequate public improvements and eliminate factors hindering economically viable use.</p> <p><i>Anticipated Completion.....Thru 2009</i></p>	<p>\$1,000,000</p>	<p> REUSE</p> <p> ACCESS</p>
<p><b>Total Estimated Redevelopment Investment</b></p>	<p><b>\$13,000,000</b></p>	



## PROPOSED AFFORDABLE HOUSING PROGRAM – 2005 THROUGH 2009

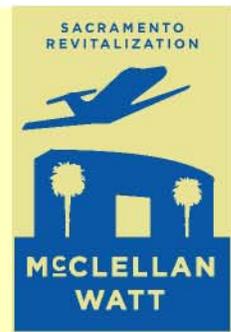
Over the next five years, the Agency will implement the residential component of the McClellan/Watt Avenue redevelopment strategy by undertaking the following projects and programs:

Project/Description <sup>2</sup>	Estimated Redevelopment Investment	Goals Achieved
<p><b>Cottages at McClellan</b>            Mercy Housing California will build 83 units of permanent supportive housing at McClellan Park as a result of the Base Closure Community Redevelopment and Homeless Assistance Act. Construction will begin in 2004. Tax Increment funds have been pledged to guarantee rent subsidies anticipated to come from other sources.</p> <p>Completion of this program would eliminate factors hindering economically viable use.</p> <p><i>Anticipated Completion:..... Thru 2005</i></p>	<p>Up to \$870,000</p>	

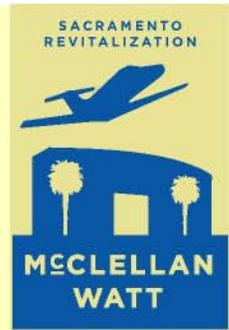
<sup>2</sup> Assumed per unit assistance referenced in this Implementation Plan are conservative estimates for illustrative purposes only. The actual assistance will be determined as the project is implemented, and could be lower depending upon the type of housing program funds used.



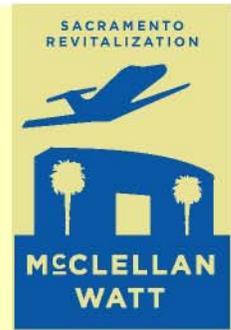
Project/Description <sup>2</sup>	Estimated Redevelopment Investment	Goals Achieved
<p><b>McClellan/Watt Avenue Housing Strategy</b></p> <p>The North Highlands Housing Working Group began meeting in July 2004 and was charged with the task of developing a plan for expenditure of McClellan/Watt Avenue redevelopment housing funds that both meets the requirements of the law and responds to the community's housing needs. The resulting strategy will be presented to the North Highlands Visions Task Force and the North Highlands/Foothill Farms Community Planning Advisory Council for additional input. The final strategy will be presented to the Board of Supervisors and the Redevelopment Agency of the County of Sacramento early in 2005 for approval as an amendment to the Implementation Plan.</p> <p>Completion of this program would eliminate factors hindering economically viable use.</p> <p><i>Anticipated Completion:..... Thru 2009</i></p>	<p>\$2,205,000</p>	



Project/Description <sup>2</sup>	Estimated Redevelopment Investment	Goals Achieved
<p><b>McClellan Heights and Parker Homes</b>            Fifty percent of the redevelopment housing revenues from the Project Area will be dedicated to eligible housing activities in the McClellan Heights and Parker Homes area of the City of Sacramento, to a maximum of \$6 million.</p> <p>A Land Use and Infrastructure Plan is currently being developed which will establish an overall approach to the McClellan Heights/Parker Homes area. Investments and interventions in this area will be based on this plan. The plan will:</p> <ul style="list-style-type: none"> <li>• define solutions to the substandard housing stock in Parker Homes;</li> <li>• address infrastructure, circulation and open space; and</li> <li>• define land-use opportunities to allow for infill and commercial development in both communities.</li> </ul> <p>Completion of this program would eliminate factors hindering economically viable use.</p> <p><i>Anticipated Completion:..... Thru 2009</i></p>	\$2,450,000	
<p><b>Single Family Rehabilitation Home Loan Program</b>            This program provides rehabilitation loans for single family homes in North Highlands. The maximum single family loan amount is \$50,000. This program is currently funded with other funds but may require redevelopment funds in the future.</p> <p>Completion of this project would address unsafe and unhealthy buildings.</p> <p><i>Anticipated Completion:.....2005 Thru 2009</i></p>	Undetermined	



Project/Description <sup>2</sup>	Estimated Redevelopment Investment	Goals Achieved
<p><b>First Time Homebuyer Program</b>            This program provides down-payment assistance to homebuyers. The maximum assistance is \$5,000 per unit. This program is currently funded with other funds but may require redevelopment funds in the future.</p> <p>Completion of this project would eliminate factors hindering economically viable use.</p> <p><i>Anticipated Completion..... Thru 2007</i></p>	Undetermined	
<b>Total Estimated Redevelopment Investment</b>	<b>\$5,525,000</b>	



## HOUSING PROGRAM COMPLIANCE OBJECTIVES

This section of the Implementation Plan addresses specific requirements in state law with respect to prior affordable housing activities and the anticipated housing program in the future.

Redevelopment agencies use implementation plans to establish 10-year objectives to achieve compliance with state law in its affordable housing programs. These housing goals generally fall into three categories:

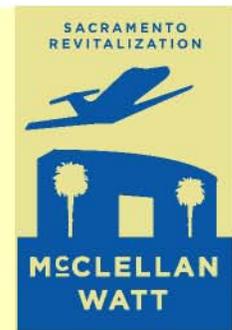
- Housing Production – based on the number of housing units constructed or substantially rehabilitated over a 10-year period, a redevelopment agency is to ensure that a percentage of these units are affordable to low- and moderate- income households.
- Replacement Housing – another legal obligation for redevelopment agencies to ensure that any housing units destroyed or removed as a result of an Agency redevelopment project are replaced within four years.
- Targeting Household Types – specific requirements on the amount of housing set-aside funds an agency must spend over a 10-year period on housing affordable to very low income households, low-income households, and housing for residents under the age of 65.

The housing program goals applicable to this Project Area are described below.

### Housing Production

To estimate the number of housing units that need to be affordable to low- and moderate-income households, the Agency estimated the total number of units to be constructed or substantially rehabilitated in the Project Area and applied formulas established in state law.

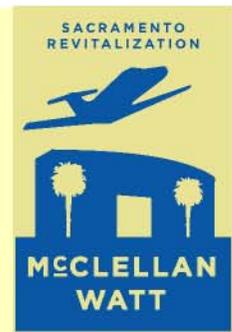
The chart on the following page summarizes the production goals over various time periods as required by redevelopment law. The number of affordable units required is based on statutory thresholds, and the Agency is responsible for ensuring that the appropriate number of affordable units is created during a 10-year period.



Actual and Projected Housing Production Needs by Time Period			
Time Period	Actual/Assumed Housing Units Constructed and Substantially Rehabilitated in Project Area	Required Affordable Units /1	
		Total	Very Low
<b>10 Year Forecast</b>	<b>84</b>	<b>13</b>	<b>6</b>
2000 to 2004	0	0	0
2005 to 2009	84	13	6
Redevelopment Plan Duration (2000 to 2031)	84	13	6
<b>Notes:</b>			
1/ Based on 15 percent of actual/assumed units developed by entities other than Agency. (No units developed by Agency.) All figures rounded up.			

As shown in the above table, the Agency anticipates a need for 13 affordable units (including six very low income units) to fulfill its production goals for the 10-year period. Fulfillment of these productions goals is shown on the following table:

Fulfillment of Affordable Housing Production Requirements by Time Period								
Time Period	Units Required		Units Produced		Additional Units Required		Net Surplus Units Produced	
	(see previous table)							
	Total	VL	Total	VL	Total	VL	Total	VL
<b>10 Year Forecast (2000-2009)</b>	<b>13</b>	<b>6</b>	<b>83</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>70</b>	<b>71</b>
Cottages (Under Const.)			83	77				
Outside Project Area			0	0				
Redevelopment Plan Duration (2000 to 2031)	13	6	83	77	0	0	70	71



As shown in the previous table, the Project Area has a 70 unit affordable housing production surplus for the 10-year planning period, and a surplus of 71 very low income units. Because no additional units are anticipated to be developed or substantially rehabilitated in the Project Area, the Agency does not anticipate the need to produce additional housing units to meet housing production requirements for this Project Area. In the future, the Agency may use surplus units produced by McClellan/Watt housing activities to meet the needs of other project areas in the Agency's jurisdiction.

### Replacement Housing

During the Implementation Plan period, the Agency does not anticipate that any Agency-assisted projects will result in the displacement or removal of housing units. Consequently, the Agency does not anticipate that any housing will need to be replaced at this time.

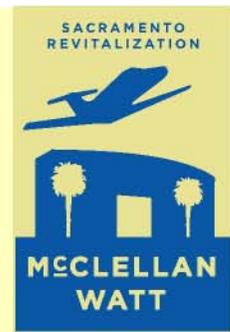
### Expenditure by Household Types

Based on preliminary estimates as of August 2004, the Agency anticipates that the low- and moderate- income housing fund will have a balance of \$2,400,000 available on January 1, 2005. Over the five-year period ending on December 31, 2009, staff conservatively estimates that the Project Area will generate another \$2,500,000 in 20 percent housing set-aside revenue.

Upon adoption of this Implementation Plan, the Agency will have the authority to expend Project Area housing set-aside funds either inside or outside the Project Area and aggregate housing production activities among all of its Project Areas, in order to more effectively meet housing program objectives for the Agency and this Project Area in particular.

At a minimum, the Agency's low- and moderate- income housing set-aside revenue is to be expended in proportion to the community's need for very low- and low- income housing, as well as the proportion of the population under the age of 65.

Based on 2000 Census statistics and statistics from the Regional Housing Needs Assessment used by the local government to meet state requirements for affordable housing by category, the following minimum thresholds for housing program expenditures would be required over the term of the Implementation Plan:



Household Type	Minimum Percentage of Housing Set-Aside Expenditures over Implementation Plan
Very Low Income Households	41%
Low-Income Households	28%
Households Under Age 65	89%
<p><b>Notes:</b>            Percentage of very low- and low- income household expenditures based upon County of Sacramento Regional Housing Needs Assessment in which 5,589 of the 13,638 units (41 percent) in the County’s housing needs are applicable for very low income households and 3,765 units (28 percent) are applicable for low- income households.</p> <p>Percentage of expenditures for housing to households under the age of 65 based on 2000 Census population for the County, wherein 1,087,624 residents (89 percent) of the total population of 1,223,499 are under the age of 65. A maximum of 11 percent of housing set-aside dollars can be spent on housing for households age 65 and older.</p>	

- **Housing Set-Aside Expenditures Since January 2002.** These proportionality requirements affect expenditures over a 10-year period, although the law permits the compliance initially for a period beginning in January 2002 and ending in December 2014. Since January 2002, the Agency has not expended Project Area housing set-aside funds on projects assisting low- and moderate-income units.
- **Family Units Assisted by Housing Set-Aside Fund.** State law also requires a recap of the number of the projects assisted by the housing set-aside fund over the past Implementation Plan period, divided by family projects (open to all age groups) and senior projects (restricted to residents age 65 and older). As stated above, the Agency has not expended Project Area housing set-aside funds on projects assisted low- and moderate- income units since January 2002.
- **Housing Units Constructed During Prior Implementation Plan Without Housing Set-Aside Funds.** Since January 2000, no other funding source was used by the Agency to construct affordable units featuring long term covenant restricted units (affordable units with covenants of at least 45 years for ownership housing or 55 years for rental housing).