

Attachment 1

Resolution 99-487

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

A RESOLUTION OF THE BOARD OF SUPERVISORS)
DECLARING THE INTENT TO MITIGATE THE)
FINANCIAL IMPACTS ON THE SANTA BARBARA)
COUNTY FIRE PROTECTION DISTRICT OF)
EXTENSION OF THE ISLA VISTA REDEVELOPMENT)
PLAN)

Resolution No. 99- 487

The Board of Supervisors Hereby Resolves:

1) As a mitigation to the Santa Barbara County Fire Protection District for the extension of the Isla Vista project area redevelopment plan, the Board of Supervisors intends that the general fund will provide an annual appropriation to the Fire Department in an amount equal to the pass-through to the general fund, authorized under AB 1290, subject to annual appropriation at the discretion of the Board of Supervisors; and

2) The Board of Supervisors intends that this policy extend only until an Isla Vista Redevelopment Master Plan is proposed or adopted, at which time it shall be reconsidered in light of actual project projections.

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT:

This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California this 7th day of December, 1999 by the following vote:

AYES: Supervisors Schwartz, Rose, Marshall, Urbanske
NAYES: Supervisor Gray
ABSENT: None

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

COUNTY OF SANTA BARBARA

By: Robert Cohen

By: Madni Schwartz
Chairperson, Board of Supervisors

APPROVED AS TO FORM:
STEPHEN SHANE STARK
COUNTY COUNSEL

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, C.P.A.
AUDITOR-CONTROLLER

By: Stephen Shane Stark

By: Robert W. Geis

Attachment 2

Goldfarb and Lipman Letter

December 27, 2007

M David Kroot

Lee C. Rosenthal

John T. Nagle

Polly V. Marshall

Lynn Hutchins

Karen M. Tiedemann

Thomas H. Webber

John T. Haygood

Dianne Jackson McLean

Michelle D. Brewer

Jennifer K. Bell

Robert C. Mills

Isabel L. Brown

James T. Diamond, Jr.

William F. DiComillo

Margaret F. Jung

Heather J. Gould

Juliet E. Cox

Erica Kyle Williams

Amy DeVaudreuil

Barbara E. Kautz

Luis A. Rodriguez

Xochitl Marquez

Rafael Yaquion

Shane Stark
County Counsel
County of Santa Barbara
105 E. Anapamu Street, Room 201
Santa Barbara, CA 93102

Re: AB1342 Amendments to Isla Vista Redevelopment Plan

Dear Shane:

You have asked for our advice regarding whether amendments made to the Redevelopment Plan for the Isla Vista Redevelopment Project (the "Plan") pursuant to AB1342 (now codified as Health and Safety Code Section 33333.6(e)(1) and (2)(A)) would trigger payments to taxing entities pursuant to Section 33607.7 (commonly referred to as "pass-through payments"). As further discussed below, we do not believe that the amendments made to the Plan pursuant to AB1342 should trigger the obligation to make pass-through payments.

In 1990, the Board of Supervisors for the County of Santa Barbara adopted an ordinance approving the Plan. The Plan contained limits for both the effectiveness of the Plan and the time for which the Agency may incur debt. In 1993, the California Legislature adopted the Community Redevelopment Law Reform Act of 1993 (known as "AB 1290"). AB1290 imposed maximum time limits for certain redevelopment activities for redevelopment plans adopted prior to 1994. These limits restrict the duration of a redevelopment plan's effectiveness and of an agency's ability to incur debt and receive tax increment. Section 33607.7 adopted as part of AB1290 requires that amendment of certain time limits in pre-1994 redevelopment plans trigger an obligation to make pass-through payments.

The limits contained in the Plan were less than the maximum limits allowed by AB1290 but the Plan's time limits were not immediately amended following the adoption of AB1290. In 1999, the California Legislature adopted AB1342 (as now codified in Section 33333.6(e)(2)(A)) which provided that a "redevelopment plan that has a limitation shorter than the terms provided in this section may be amended by a legislative body by adoption of an ordinance ...to extend the limitation. In adopting the ordinance pursuant to this subparagraph, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans."

San Francisco

415 788-6336

Oakland

510 836-6336

San Diego

619 239-6336

Goldfarb & Lipman LLP

The Board of Supervisors amended the time limits in the Plan in 1999 pursuant to the provisions of AB 1342.

Although Section 33607.7 requires the payment of pass-through payments for certain amendments to pre-1994 redevelopment plans, we believe the provisions of AB1342 preempts the requirements of Section 33607.7 and no pass-through payment obligations would be triggered as long as the provisions of AB1342 were followed. As stated above, Section 33333.6(e)(2)(A) provides: "In adopting the ordinance pursuant to this subparagraph, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans." (Emphasis added.) Section 33607.7 relates only to amendment of redevelopment plans and is included in Part I of Division 24 of the Health & Safety Code, the "part" that includes the AB1342 amendment provisions. Therefore, Section 33607.7 is a "provision of this part relating to amendment of redevelopment plans" with which the Agency is not required to comply when adopting an AB1342 amendment.

Another indication that Section 33607.7 is not applicable to an AB 1342 amendment is confirmed by the portion of subsection (e)(2) of Section 33333.6 enacted by SB211 in 1999. The language in Section 33333.6(e)(2)(B) exempting SB211 plan amendments from the provisions of the law otherwise applicable to plan amendments is identical to the language in subsection (e)(2)(A) exempting the AB1342 plan amendments, except that the SB211 language expressly requires that an agency "shall make the payment to affected taxing entities required by Section 33607.7." That the Legislature used the identical language for both the AB1342 and SB211 amendments but then made the SB211 amendments expressly applicable to Section 33607.7 pass-through payments shows a legislative intent that AB1342 amendments should not trigger pass-through payments.

In summary, the Legislature appears to have intended to exclude amendments made pursuant to AB1342 from the pass-through provisions of Section 33607.7. As discussed above, the Legislature, in other legislation enacted in 1999 expressly required the payment of pass-through payments. AB1342 did not contain such an express provision and therefore it can reasonably be concluded that the Legislature did not intend for pass-through payments to be triggered by an AB1342 amendment.

Yours truly,

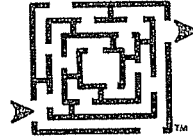


THOMAS H. WEBBER

cc: Mary McMaster
Jamie Goldstein

Attachment 3

Keyser Marston Financial Consultant Report



KEYSER MARSTON ASSOCIATES

FISCAL CONSULTANT REPORT ISLA VISTA REDEVELOPMENT PROJECT AREA

Prepared for:

**SANTA BARBARA COUNTY
REDEVELOPMENT AGENCY**

January 17, 2008

**FISCAL CONSULTANT REPORT
ISLA VISTA REDEVELOPMENT PROJECT AREA**

Prepared for:

SANTA BARBARA COUNTY REDEVELOPMENT AGENCY
1105 Santa Barbara Street, 2nd Floor
County Courthouse, East Wing
Santa Barbara, California 93105

Prepared by:

Keyser Marston Associates, Inc.
500 South Grand Avenue, Suite 1480
Los Angeles, California 90071

January 17, 2008

1. INTRODUCTION

Keyser Marston Associates, Inc. (KMA) has been retained as Fiscal Consultant to the Santa Barbara County Redevelopment Agency to prepare a projection of tax increment revenues for the Isla Vista Redevelopment Project Area (the Project Area).

The California Community Redevelopment Law (CRL) provides for the creation of a redevelopment agency for the purpose of eliminating blight. To achieve this purpose, the CRL, along with Article 16, Section 16 of the California Constitution, authorizes the Agency to receive that portion of property tax revenue generated from the increase of the current year taxable values over the base year taxable values that existed at the time of adoption of a redevelopment project. This portion of property tax revenue is referred to as tax increment revenue. The CRL provides that the tax increment revenue may be pledged by the Agency for the repayment of Agency indebtedness.

This Fiscal Consultant Report has been prepared to reflect the tax increment revenues that would be allocable in the current 2007-08 fiscal year, based upon reported Project Area assessed values by the Santa Barbara County Auditor-Controller. The projected taxable values and resulting tax increment revenues for the Project Area are based on assumptions determined by a review of the taxable value history of the Project Area; Agency-identified new developments proposed for the Project Area; and the property tax assessment and property tax apportionment procedures of Santa Barbara County.

2. REVIEW OF THE PROJECT AREA

2.1 Redevelopment Plan Time Limits

Existing redevelopment law requires the Agency to impose specific time limitations on the incurrence of debt, the redevelopment plan effectiveness and the collection of tax increment revenue to repay debt. The current debt incurrence time limit is November 27, 2010. The current effectiveness date of the redevelopment plan for the Project Area is November 27, 2030, and the Agency may continue to collect tax increment to repay debt until November 27, 2040. The Agency is eligible to extend the effectiveness date and the tax increment receipt date by an additional year as a result of paying ERAF in 2003-04 under SB 1045. The Agency has yet to elect this time limit extension and, thus it is not reflected in the tax increment projection on Table 6.

2.2 Redevelopment Plan Dollar Limit

The Project Area has an annual gross tax increment revenue cap of \$10 million, adjusted annually in accordance with the Consumer Price Index (CPI). Tax increment revenue in excess of this revenue cap is allocated to the qualifying taxing agencies as property tax revenues. The annual cap is calculated net of the Housing Set Aside, County Administrative Charges, and any pass through payments to affected taxing agencies. In establishing the

annual revenue cap, KMA estimated the adjusted annual cap using historic CPI factors shown on Table 7. Based on the assumptions incorporated in the tax increment projection shown on Table 6, the adjusted annual revenue cap is not reached over the term of the projection.

2.3 Review of Agency Obligations

a. *Low and Moderate Income Housing Set Aside Requirement*

The CRL requires redevelopment agencies to annually set aside 20% of all tax increment revenues into a Low and Moderate Income Housing Set Aside Fund. The set aside requirement could be reduced or eliminated if the redevelopment agency finds that (1) no need exists in the community to improve or increase the supply of low and moderate income housing; (2) that some stated percentage less than 20% of the tax increment is sufficient to meet the housing need; or (3) that other substantial efforts, including the obligation of funds from certain local, state or federal sources for low and moderate income housing, of equivalent impact are being provided for in the community. It is assumed that the Agency will not make any such findings and will continue to set aside 20% of annual tax increment. The annual Housing Set Aside has been deducted from the attached tax increment revenue projections for purposes of this analysis and is factored against the \$10 million annual revenue cap.

b. *Taxing Agency Pass Through Agreements*

The Agency has entered into agreements with the Goleta Union School District, the Isla Vista Recreation and Park District, the Santa Barbara Metropolitan Transit District, the Goleta Cemetery District, and the Goleta Valley Mosquito Abatement District, for the sharing of tax increment revenues generated from the Project Area. The School District and the Isla Vista Recreation and Park District are paid 100% of their share of the property tax revenues generated by the Project Area. The remaining three taxing entities receive their shares of the property tax revenues generated by the Project Area net of the Housing Set Aside. A summary of agreement dates and terms is as follows:

	<u>Agreement Date</u>	<u>Agreement Terms</u>
GUSD	November 7, 1990	100% of GUSD share of the 1% tax rate
IV Rec & Park	May 26, 1992	100% of IV R&P share of the 1% tax rate
SB Metro	February 19, 1991	80% of SBM share, payment is net of housing
G Cemetery	January 11, 1990	80% of GC share, payment is net of housing
GV Mosquito	May 26, 1992	80% of GVM share, payment is net of housing

c. Statutory Pass Through Triggered by SB 211

A statutory pass through obligation will be triggered when the Agency adopts a summary ordinance reflecting the Agency's election to eliminate the present debt incurrence time limitations of November 27, 2010. Although the County Auditor-Controller has historically debited the statutory pass through from the Agency's tax increment revenue, KMA believes that this has been premature. Based upon the provisions of the CRL, if the Agency eliminates the current debt incurrence time limit of November 21, 2010 (as allowed under SB 211), then the triggered statutory pass through (set forth under Health and Safety Code Section 33607.7) will commence in FY 2011-12, which represents the year following the fiscal year in which the debt incurrence time limit would have taken effect. KMA's interpretation of the triggered statutory pass through is shown in our projection of Table 6.

Taxing agencies that have existing pass through agreements with the Agency will continue to receive their allocations set forth by the respective agreements. Taxing agencies, including the County, that do not have existing pass through agreements will be eligible to receive their allocation of the resulting statutory pass through generated from increment following the SB 211 enactment. The triggered statutory pass through obligations to these taxing agencies is shown on Table 8.

d. County Administrative Fees

Chapter 466, Statutes of 1990, (referred to as SB 2557) permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. The County Auditor-Controller has charged an average of 1.73% of Gross Tax Increment Revenues from 2002-03 through 2006-07 and KMA assumes that the County will continue to charge this percentage in subsequent fiscal years.

3. REVIEW OF PROJECT ASSESSED VALUES

3.1 Real and Personal Property

Real Property, as referred to in this Report, is defined to represent land and improvement assessed values on both the Secured and Unsecured property tax rolls of the County Assessor. Annual increases in the assessed value of Real Property are limited to an annual inflationary increase of up to 2%, as governed by Article XIII A of the State Constitution. Real Property values are also permitted to increase or decrease as a result of a property's change of

ownership or new construction activity. As discussed below, the assessed value of taxable property is subject to reduction under certain conditions.

For the 1995-96 and 1996- 97 fiscal years, the County Assessor applied a state mandated factor of 1.19% and a 1.11% inflationary factor to Real Property values in the respective fiscal years to reflect the change in the 1994 and 1995 State Consumer Price Indices. For the 1997-98 and 1998-99 fiscal years, the County Assessor applied the maximum 2% inflationary factor. For FY 1999-2000, the County Assessor applied a 1.8% inflationary factor and commencing with FY 2000-01, the maximum 2% inflationary factor was used. Based upon the Consumer Price Index, indices for 2003, Real Property values increased by a factor of 1.867% for FY 2004-05. A 2% inflationary factor was annually applied for FY 2005-06 to FY 2007-08. For purposes of this analysis, a 2% Real Property inflationary factor will be applied in subsequent fiscal years commencing FY 2008-09.

The assessed value of Personal Property is not subject to the maximum 2% inflationary increase and is subject to annual appraisal, either upward or downward. State assessed Non-Unitary properties assessed by the State Board of Equalization (SBE) also may be revalued annually and such assessments are not subject to the annual 2% inflation limitation of Article XIII A.

The Project Area assessed values are prepared by the County Assessor and, until the 1996-97 fiscal year, have reflected the March 1st lien date. Commencing with the 1997-98 fiscal year, the property tax lien date was changed to January 1. Each property assessment is assigned a unique Assessor Parcel Number (APN) which correlates to assessment maps prepared by the County. The corresponding assessed values for each parcel are then encoded to Tax Rate Areas (TRAs) which are geographic subareas with common distribution of taxes and which are contained within the Project Area boundaries. The Project Area is represented by three TRAs.

The County Auditor-Controller is responsible for the aggregation of the assessed values assigned by the Assessor for properties within the boundaries of the Project Area. This results in the reported total current year assessed value and becomes the basis for determining tax increment revenues due to the Agency. Secured properties account for over 99% of the total assessed value of the Project Area and unsecured properties account for approximately 1% of assessed value. Secured Property includes property on which any property tax levied by the County becomes a lien on that property. Unsecured Property typically includes the value of tenant improvements, trade fixtures and personal property. The taxes levied on Unsecured Property are levied at the previous year's Secured Property tax rate. The reported values of the Project Area for the 2007-08 fiscal year are as follows:

	<u>2007-08</u> <u>Reported Value</u>	<u>% of</u> <u>Value</u>	<u>% of</u> <u>Value</u>
Secured	\$740,978,488	99.3%	
Unsecured	<u>5,196,018</u>	<u>0.7%</u>	
Total Reported Value	\$746,174,506	100.0%	
Base Year Value	<u>(219,321,592)</u>		<u>29.3%</u>
Incremental Value	\$526,852,914		70.7%

Secured Property includes property on which any property tax levied by the County becomes a lien on that property. Unsecured Property typically includes the value of possessory interest assessments, tenant improvements, trade fixtures and personal property. The taxes levied on Unsecured Property are levied at the previous year's Secured Property tax rate. Unsecured Property values reflect depreciation factors on the useful life of the tenant improvements, trade fixtures and personal property of the assessee. Unsecured possessory interest values constitute a private right to the possession and use of publicly owned property for a period of time less than perpetuity.

3.2 Historic Assessed Values

Aggregated historic Project Area values were summarized on Table 1 covering fiscal years 2002-03 to 2007-08. The historic taxable values reported by the County Auditor-Controller reflect an overall average annual increase of 9.15% for the period. The Secured values, comprising 99% of the total reported value, increased an average of 9.3% over the period. The year-to-year changes in Secured value ranged from an increase of 16.5% in 2007-08 to a decline of 4.3% in 2003-04. The decline in FY 2003-04 was the result of a residential acquisition by the University of California for student housing. The Unsecured values decreased an average of 3.7% over the period, and experienced greater fluctuation in year-to-year valuation increases or decreases due to the nature of Unsecured assessments discussed in the previous section. The year-to-year valuation change in Unsecured value ranged from a high of 9.67% in 2007-08 to a decline in value of 25.4% in 2004-05. Site specific causes for these changes in Unsecured value have not been identified within the work scope of this study.

3.3 Land Use Composition

KMA analyzed the composition of land uses within the Project Area in FY 2007-08 using the County Assessor's tax roll classification system. The assessed values in the Project Area are primarily residential uses. Residential property values from the Secured tax roll constitute the largest land use category and represent nearly 94% of the combined assessed value. Commercial properties account for approximately 3% of the assessed value and Miscellaneous values comprise 2%. A summary of the 2007-08 values by land use for the Project Area is summarized on Table 2.

3.4 Ten Largest Taxpayers

The ten largest property owners in the Isla Vista Project Area were identified by KMA based upon a review of the 2007-08 locally assessed secured and unsecured valuations reported by the County Assessor. The aggregated secured assessed values of the identified ten largest tax payers is shown on Table 3 and includes the assessee name, property use, parcel count, FY 2007-08 assessed value, and percentage share of the Project Area value and incremental value. The ten identified assesses represent 34.8%, or \$259.7 million, of the total Project Area value for 2007-08. When compared against the incremental assessed value, the ten assesses represent 49.3% of the Project Area incremental value.

3.5 Assessment Appeals

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. The reduction in future Project taxable values and the refund of taxes affects all taxing entities, including the Agency.

Based upon data provided by the County Auditor-Controller staff, KMA researched the status of assessment appeals filed by property owners in the Project Area. The County data identified one resolved appeal for fiscal year 2006-07 in the Project Area. This appeal resulted in a stipulated value that amounts to a \$45,000 or a 5% reduction in the assessed value of the appealed property. The historical record of the appeals data indicates there has not been another successful appeal resulting in an assessed value reduction in the Project Area since 2002-03. There are no pending or open appeals awaiting a hearing date in the Project Area. Therefore, for purposes of this projection, valuation reductions or tax revenue refunds from assessment appeals have not been assumed in the tax revenue projection shown on Table 6.

4. TAX ALLOCATION AND DISBURSEMENT

4.1 Tax Rates

The tax rates which are applied to incremental taxable values consist of two components: the General Tax Rate of \$1.00 per \$100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed 1% (\$1.00 of \$100 taxable value) in accordance with Article XIII A. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates, which are reflective of debt approved after December 31, 1988. Based upon anticipated FY 2007-08 tax increment relative to the incremental assessed value of the Project Area, KMA used a basic one percent tax levy.

4.2 Allocation of Taxes

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. The County Auditor-Controller is responsible for the aggregation of the taxable values assigned by the Assessor as of the lien date for property within the boundaries of the Project Area. This results in the reported total current year Project Area taxable value and becomes the basis for determining tax increment revenues due to the Agency. Although adjustments to taxable values for property within the Project Area may occur throughout the fiscal year, such adjustments are not assumed in the tax increment projection prepared by KMA, except where noted.

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Tax increment revenue is disbursed to the Agency based upon actual collections within the Project TRAs.

Secured tax increment revenues are typically disbursed by the County in two payments in December and April. Approximately 50% of the total tax increment revenues due to the Agency are allocated through January, reflecting the first installment of Secured property tax collections. By the end of April, approximately 100% of the total Tax Increment Revenues are allocated to the Agency, reflecting second installment collections of Secured property taxes. Final reconciliation payments related to the secured increment are made in July. All of the annual Unsecured tax increment revenue is disbursed in October in a single payment. An additional unsecured reconciliation payment is then made in December.

4.3 Tax Receipts to Tax Levy

Tax increment revenues are allocated to the Agency based upon actual tax collections received in the Project Area. To estimate the percentage of unpaid taxes, a comparison of computed tax levy to actual tax receipts was conducted by KMA. This comparison, summarized on Table 4, was reviewed for FY 2002-03 through FY 2006-07 based on the County's year end tax ledgers. For purposes of this comparison, the total amounts shown represent total computed levies are net of administrative fees, supplemental tax revenues, tax refunds or pass through payments. The historic allocation ratio during this five-year period was more than 100% of computed levy.

5. TAX INCREMENT REVENUE PROJECTION

5.1 Tax Increment Revenues

Property tax revenues in excess of the amount resulting from the valuation shown on the assessment roll for the base year value of the Project Area are referred to as tax increment. The base year for a project area represents the fiscal year in which taxable property was last equalized prior to the effective date of the ordinance approving the redevelopment plans for the respective redevelopment projects.

The projections of tax increment revenues shown on Table 6 are based upon the fiscal year 2007-08 assessed values and base year assessed values reported by the County Auditor-Controller. The application of the Proposition 13 inflationary increase to Real Property values, plus any anticipated values added from new developments identified by Agency staff and summarized on Table 5, results in the estimate of future project area values.

5.2 New Development Value Added

New developments occurring in the Project Area have been identified by Agency staff for inclusion in the tax increment revenue projection. The projects included in the tax increment projection and their corresponding estimates of taxable value are presented on Table 5. The amount of new development values anticipated to be added to the future property tax rolls are assumed to be as of the January 1st lien date of each year. The valuation estimates for each development project are based on Agency-identified projects anticipated to be built. Condominium values are based on a \$450,000 sales price per unit, and the apartment value is based upon an economic approach to value based on assumptions provided by Agency staff. Ground floor commercial component values are based on a cost approach of \$150 per square foot of commercial space. The developments are as follows:

	<u>Identified Scope</u>	<u>Value Added</u>	<u>Tax Year Value May Appear</u>
909 Embarcadero Apartments	24 units	\$4,800,000	2009-10
909 Embarcadero Commercial	7,000 sf	1,050,000	2009-10
6539 Trigo Rd Condos	70 units	31,500,000	2010-11
6539 Trigo Rd Commercial	15,000 sf	2,250,000	2010-11
6553 Pardall Condos	20 units	9,000,000	2010-11
6553 Pardall Commercial	5,000 sf	<u>750,000</u>	2010-11
Total Value Added		\$49,350,000	

5.3 Public Land Acquisitions

The Agency identified six properties to be acquired by either the Agency or another public entity in 2008. After public acquisition, the properties will be exempt from property taxes. These properties have a secured total 2007-08 assessed value of \$1,511,374 and an escalated total 2009-10 assessed value of \$1,572,434. This amount is deducted as a secured adjustment from the tax increment projection on Table 6.

5.4 Unitary Tax Revenue

Commencing in 1988-89, the reporting of public utility values assessed by the SBE was modified pursuant to legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921). Previously, property assessed by the SBE was assessed State-wide and was allocated according to the location of individual components of a utility in a TRA. Hence, public utility values located within a project area were fully reflected in the Project Area's annual taxable value. Since the County no longer included the taxable value of unitary properties as part of the reported taxable values in a redevelopment project, base year reductions were made equal to the amount of unitary taxable value that existed originally in the base year. The values of most public utility properties are now assessed as a single unit on a Countywide basis (referred to as unitary values). Railroad properties and utility owned parcels not included by SBE in the unitary assessment are referred to as Non-Unitary assessments.

Unitary tax revenues are distributed by the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (2) if utility tax revenues are insufficient to provide the same amount of revenue as in the previous year, allocation of the taxes would be reduced pro-rata Countywide; and (3) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are distributed to the local secured taxable values of the County. According to the County Auditor-Controller, the Agency received approximately \$4,600 in Unitary tax revenues in FY 2006-07. For purposes of this projection, it is assumed that the Unitary tax revenues will stabilize at this amount thereafter.

5.5 Supplemental Assessments

Supplemental assessments are authorized under Chapter 498 of the Statutes of 1983, which provides that property may be reassessed upon the occurrence of a change of ownership or completion of new construction. The supplemental assessment reflects the difference between the new value and old value. Prior to the enactment of Chapter 498, property reassessments occurred only on the lien date next following the change in ownership or new construction. The supplemental tax (if there is a resulting increase in value) or the supplemental refund (if there is a resulting decrease in value) is determined by applying the current year tax rate to the amount of supplemental assessment and prorating the resulting tax

based upon the number of months remaining in the current fiscal year and, in certain instances, in the forthcoming fiscal year.¹

The tax revenues or refunds derived from supplemental assessments are allocated to redevelopment agencies on a monthly basis and incorporated in the tax payments prepared by the County Auditor-Controller. Future new developments or property transfers occurring in the Project Area could likely result in supplemental tax revenues being allocated to the Agency. However, due to their nature as one-time occurring revenues, supplemental taxes can be a relatively minimal revenue source to the Agency to the extent no new developments or transfers of ownership are occurring in the Project Area.

Supplemental taxes are prorated by the number of months that remain in the fiscal year. However, the City's projection of future new developments occurring in the Project Area did not contain specific completion months, making an annual supplemental tax estimate difficult to project. Therefore, for purposes of the projection, KMA has not included any revenues in the tax increment projection resulting from future supplemental assessments.

5.6 Tax Increment Revenue Projection

The tax increment revenue projection for the Project Area is summarized on Table 6 commencing with the 2007-08 fiscal year. The projection is separated into Real Property and Personal Property values for purposes of increasing Real Property values allowed under Proposition 13. The trended percentage growth assumptions above the Proposition 13 2% inflationary increase are incorporated into the revenue projection to reflect anticipated Real Property increases resulting from future transfers of ownership and new development and renovation activities not identified by Agency staff on Table 5.

The projected growth in Real Property taxable values has been limited to anticipated value added from the identified new developments discussed above, the maximum annual inflationary factor allowed under Proposition 13 and additional trended growth assumptions. This projection assumes that future inflationary growth commencing in 2008-09 will be at least 2% per year. Future Personal Property values are assumed to stabilize at the previous year level. Net tax increment revenue represents the gross tax increment revenue less the sum of the County's collection fee authorized under SB 2557, forfeiture of tax increment in excess of the annual \$10 million cap escalated by the California Consumer Price Index as published by the SBE, and pass through payments to affected taxing agencies, as identified by Agency staff.

¹ Two supplemental assessments would occur in instances where a change in ownership or a new construction occurs between the January 1 lien date and May 31st.

6. CAVEATS

The projection reflects KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections. Assumptions have also been made that Unitary tax revenues will continue to be allocated in the manner discussed herein and that legislatively-mandated payments to the State will not be required in future fiscal years. These assumptions reflect existing State policies and are subject to future legislative changes.

No assurances are provided by KMA as to the certainty of the projected tax increment revenues shown on Table 6. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, or the non-payment of taxes due. The accuracy or completeness of assessment appeals identified in the attached table are based solely upon information provided by the County Assessor's office as of the original review of said data.

Table 1
Historic Project Area Assessed Values
Isla Vista Redevelopment Project
Santa Barbara County Redevelopment Agency

	2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		Period	
		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg
I. Secured:														
Land	201,807,026		199,569,379	-1.11%	210,696,557	5.58%	234,932,777	11.50%	276,925,881	17.87%	329,251,930	18.90%		12.63%
Improvements	321,967,675		304,167,040	-5.53%	313,020,161	2.91%	341,128,938	8.98%	382,915,137	12.25%	435,402,395	13.71%		7.05%
Personal Property	2,839,878		1,937,274	-31.78%	1,892,484	-2.31%	1,889,164	-0.18%	1,838,974	-2.66%	1,990,454	8.24%		-5.98%
Exemptions (1)	(21,107,058)		(21,778,409)	3.18%	(21,864,065)	0.39%	(24,206,852)	10.72%	(25,516,369)	5.41%	(25,666,291)	0.59%		4.32%
Total Secured	505,507,521		483,895,284	-4.28%	503,745,137	4.10%	553,744,027	9.93%	636,163,633	14.88%	740,978,488	16.48%		9.32%
II. Unsecured:														
Mineral Rights	2,442,896		2,451,202	0.34%	1,461,386	-40.38%	1,490,615	2.00%	1,519,518	1.94%	1,549,908	2.00%		-7.31%
Improvements	1,454,442		2,138,268	47.02%	1,571,096	-26.52%	1,969,446	25.35%	1,592,042	-19.16%	1,752,357	10.07%		4.10%
Personal Property	2,768,071		2,044,677	-26.13%	2,060,105	0.75%	1,888,546	-8.33%	1,927,554	2.07%	2,218,064	15.07%		-3.97%
Exemptions	(294,730)		(342,030)	16.05%	(398,431)	16.49%	(287,884)	-27.75%	(301,117)	4.60%	(324,311)	7.70%		2.01%
Total Unsecured	6,370,679		6,292,117	-1.23%	4,694,156	-25.40%	5,060,723	7.81%	4,737,997	-6.38%	5,196,018	9.67%		-3.69%
III. Project Value:														
Land	201,807,026		199,569,379	-1.11%	210,696,557	5.58%	234,932,777	11.50%	276,925,881	17.87%	329,251,930	18.90%		12.63%
Mineral Rights	2,442,896		2,451,202	0.34%	1,461,386	-40.38%	1,490,615	2.00%	1,519,518	1.94%	1,549,908	2.00%		-7.31%
Improvements	323,422,117		306,305,308	-5.29%	314,591,257	2.71%	343,098,384	9.06%	384,507,179	12.07%	437,154,752	13.69%		7.03%
Personal Property	5,607,949		3,981,951	-28.99%	3,952,589	-0.74%	3,777,710	-4.42%	3,766,528	-0.30%	4,208,518	11.73%		-4.99%
Exemptions	(21,401,788)		(22,120,439)	3.36%	(22,262,496)	0.64%	(24,494,736)	10.03%	(25,817,476)	5.40%	(25,990,602)	0.67%		4.29%
Total Project	511,878,200		490,187,401	-4.24%	508,439,293	3.72%	558,804,750	9.91%	640,901,630	14.69%	746,174,506	16.43%		9.15%

Source: Santa Barbara County Auditor Controller
 Prepared by Keyser Marston Associates, Inc.
 Filename: Hist 2007_Isla_Vista 2008-01-17.xls: HIST: 1/17/2008: NYM

Chart 1
Historical Assessed Value
Isla Vista Redevelopment Project Area
Santa Barbara County Redevelopment Agency

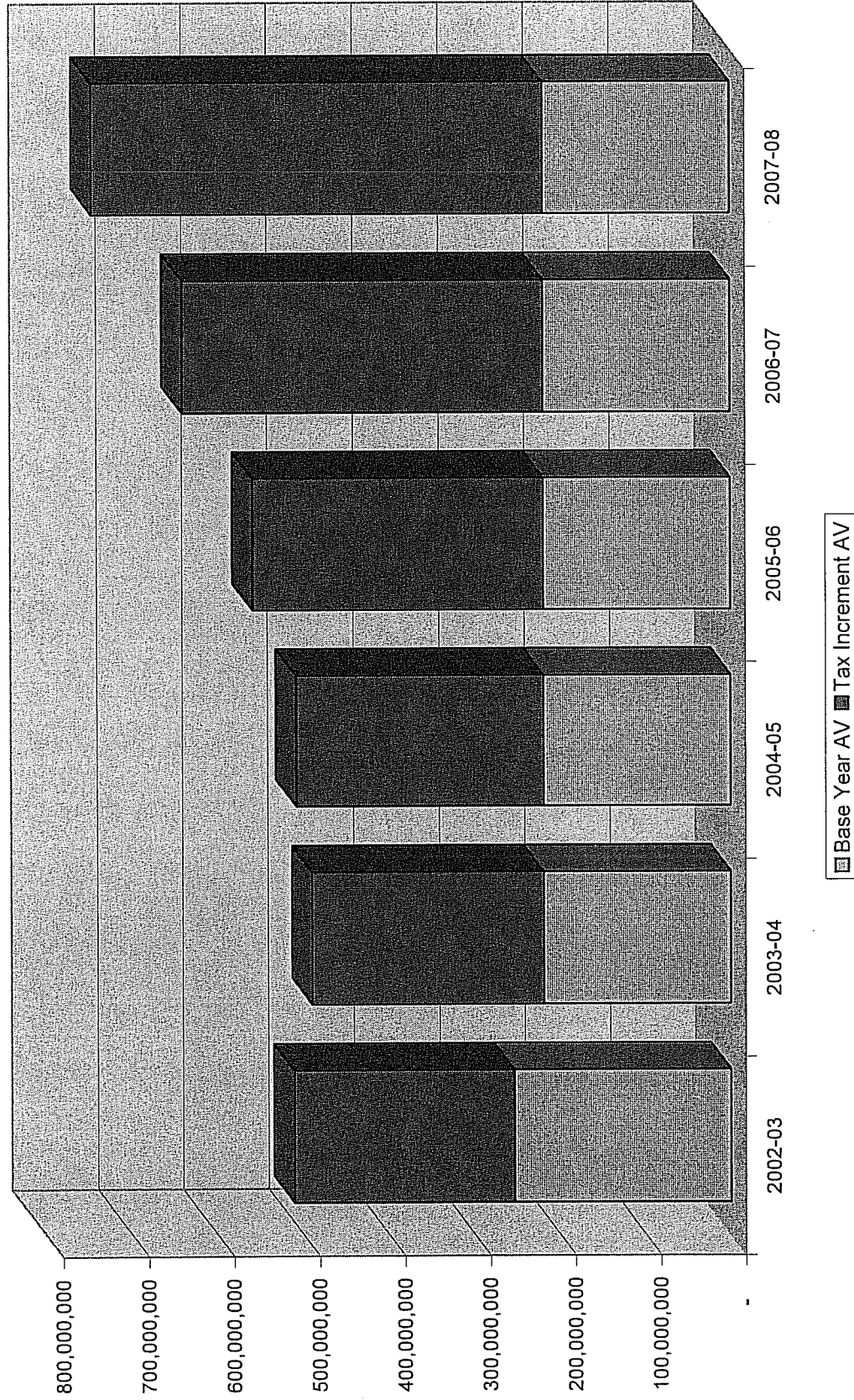


Table 2
Values by Use
Isla Vista Redevelopment Project Area
Santa Barbara County Redevelopment Agency

<u>Use</u>	<u>Count</u>	<u>Total AV</u>	<u>Percentage</u>
<u>Residential</u>			
Apartments	287	379,826,445	50.90%
SFR	352	172,238,799	23.08%
Income Properties	248	88,890,267	11.91%
Condo	112	59,660,878	8.00%
Residential Total	999	700,616,389	93.89%
<u>Commercial/ Industrial</u>			
Retail	26	11,512,986	1.54%
Office	4	2,142,933	0.29%
Other	24	9,568,778	1.28%
Industrial	1	111,040	0.01%
Commercial Total	55	23,335,737	3.13%
Vacant	26	2,030,849	0.27%
Miscellaneous	102	14,995,513	2.01%
Unsecured		5,196,018	0.70%
Total AV	1,182	746,174,506	100.00%

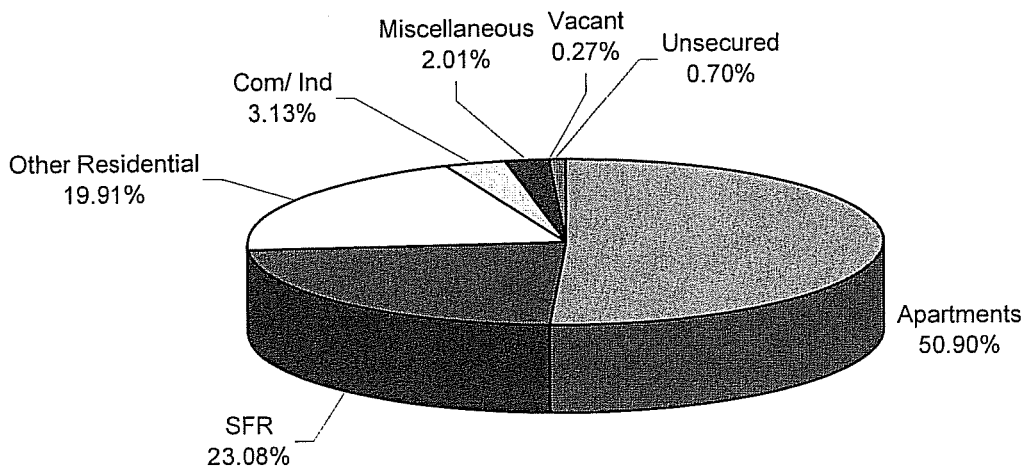


Table 3
Ten Largest Assesseees - FY 2007-08
Isla Vista Redevelopment Project Area
Santa Barbara County Redevelopment Agency

Assessee Name	Property Use	No. of Parcels	2007-08 Value	% of Total Project Value (1)	% of Total Project Increment Value (2)
1 Essex Portfolio, LP	Res - Multi-Family	3	\$58,239,630	7.81%	11.05%
2 Apf Edr, LP	Res - Multi-Family, Commercial	3	42,500,000	5.70%	8.07%
3 Tropicana Gardens Ag Borrower LLC	Res - Multi-Family	1	42,093,726	5.64%	7.99%
4 James Michael Gelb	Res - SFR, Res - Multi-Family	25	28,411,610	3.81%	5.39%
5 Edward Stigeorge	Commercial, Res - Multi- Family	28	27,847,585	3.73%	5.29%
6 Yellow Submarine, LLC	Res - Multi-Family	1	18,397,688	2.47%	3.49%
7 6626 Picasso, LLC	Res - Multi-Family	1	14,367,573	1.93%	2.73%
8 John & Marjolein Warkentin	Res - Multi-Family	13	9,835,911	1.32%	1.87%
9 Harwin Family Trust	Res - SFR, Res - Multi-Family	19	9,451,858	1.27%	1.79%
10 Charles Eckert	Res - Multi-Family	4	8,573,863	1.15%	1.63%
TOTALS			\$259,719,444	34.81%	49.30%

(1) Based upon reported FY 2007-08 Project Area value of \$746,174,506.

(2) Based upon reported FY secured and unsecured Project Area Incremental value of \$526,852,914.

Table 4
Receipts to Levy Analysis
Isla Vista Redevelopment Project
Santa Barbara County Redevelopment Agency

	2002-03	2003-04	2004-05	2005-06	2006-07
I. Reported Assessed Value (1):					
Secured	505,507,521	483,895,284	503,745,137	553,744,027	636,163,633
Unsecured	6,370,679	6,292,117	4,694,156	5,060,723	4,737,997
II. Total Project Value	511,878,200	490,187,401	508,439,293	558,804,750	640,901,630
Less Base Value (2)	253,992,105	219,321,592	219,321,592	219,321,592	219,321,592
Incremental Value	257,886,095	270,865,809	289,117,701	339,483,158	421,580,038
Averaged Tax Rate	1.0000000%	1.0000000%	1.0000000%	1.0000000%	1.0000000%
III. Total Computed Levy	2,578,861	2,708,658	2,891,177	3,394,832	4,215,800
IV. Tax Allocation (3):					
Secured Tax Increment	2,559,447	2,689,151	2,887,660	3,387,621	4,215,331
Unsecured Tax Increment	26,040	25,253	9,273	12,939	10,683
Total Annual Tax Increment	2,585,487	2,714,404	2,896,933	3,400,560	4,226,015
Variance From Computed Levy	6,626	5,746	5,756	5,729	10,214
% Allocation	100.26%	100.21%	100.20%	100.17%	100.24%

(1) Amounts shown are as reported by the Santa Barbara County Auditor-Controller in August of each fiscal year.
(2) Annual changes in the Base Year value are the result of acquisitions of privately held properties by public entities. Increases in the Base Year value are the result of dispositions of publicly held properties to private ownership. The County's practice stems from the case of Redevelopment Agency of the City of Sacramento vs. Malaki, 216 Cal. Appl. 2d 480 and subsequent related cases. The total value and base value were reduced when Francisco Torres was purchased by the University of California.
(3) Source: County Auditor-Controller year-end tax ledger detail. Amounts represent the annual tax increment revenues allocable to the Agency and do not include administrative fees, supplemental taxes, prior year redemption payments, tax refunds, and pass through payments.

Table 5
New Development Value Added
Isla Vista Redevelopment Project Area
Santa Barbara County Redevelopment Agency

Description	DU or Sq Ft	Unit	Net Value Added	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
909 Embarcadero Del Mar (Rental)	24	200,000	4,800,000	0	4,800,000	0	0	0	0
909 Commercial	7,000	150	1,050,000	0	1,050,000	0	0	0	0
6539/6547 Trigo Rd. (Condo)	70	450,000	31,500,000	0	0	31,500,000	0	0	0
6539/6547 Commercial	15,000	150	2,250,000	0	0	2,250,000	0	0	0
6553 Pardall (Condo)	20	450,000	9,000,000	0	0	9,000,000	0	0	0
6553 Commercial	5,000	150	750,000	0	0	750,000	0	0	0
Total Project Area			49,350,000	0	5,850,000	43,500,000	0	0	0
Real Property Value Added		R	49,350,000	0	5,850,000	43,500,000	0	0	0

Table 6
Tax Increment Revenue Projection
Isla Vista Redevelopment Project Area
Santa Barbara County Redevelopment Agency

	Reported	Debt Incurrence												
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16				
Projected Taxable Values:														
Secured Real Property at	738,988,034	753,767,795	768,843,151	784,220,014	799,904,414	815,902,502	832,220,552	848,864,963	865,842,262					
Secured Personal Property	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454					
Secured Adjustment (Public Acquisition)	0	0	(1,572,434)	(1,603,882)	(1,635,960)	(1,668,679)	(1,702,053)	(1,736,094)	(1,770,816)					
Subtotal Secured Value	740,978,488	755,758,249	769,261,171	784,606,585	800,258,908	816,224,277	832,508,954	849,119,324	866,061,901					
Unsecured Real Property at	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954					
Unsecured Personal Property	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064					
Subtotal Unsecured Value	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018					
Total Projected Value	746,174,506	760,954,267	774,457,189	789,802,603	805,454,926	821,420,295	837,704,972	854,315,342	871,257,919					
Cumulative New Real Property Value Added at	526,852,914	541,632,675	555,135,597	570,481,011	586,133,334	602,098,703	618,383,380	634,993,750	651,936,327					
Total Taxable Values	526,852,914	541,632,675	560,985,597	619,948,011	636,589,334	653,563,703	670,877,380	688,537,750	706,551,327					
Estimated Tax Increment:														
Secured	5,254,237	5,402,035	5,595,564	6,185,188	6,351,602	6,521,345	6,694,482	6,871,086	7,051,221					
State Assessed Unitary	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600					
Unsecured	14,292	14,292	14,292	14,292	14,292	14,292	14,292	14,292	14,292					
Gross Tax Increment	5,273,129	5,420,927	5,614,456	6,204,080	6,370,494	6,540,237	6,713,374	6,889,978	7,070,113					
Housing Set-Aside	(1,054,826)	(1,084,185)	(1,122,891)	(1,240,816)	(1,274,099)	(1,308,047)	(1,342,675)	(1,377,996)	(1,414,023)					
County Admin Charges	(90,997)	(93,548)	(96,887)	(107,062)	(109,934)	(112,863)	(115,851)	(118,899)	(122,007)					
Goleta Union School Dist Pass-Through	(1,411,100)	(1,450,651)	(1,502,440)	(1,660,225)	(1,704,757)	(1,750,181)	(1,796,513)	(1,843,772)	(1,891,977)					
Isla Vista Rec & Park Pass-Through	(225,415)	(231,734)	(240,007)	(265,212)	(272,326)	(279,582)	(286,983)	(294,532)	(302,233)					
Goleta Cemetery Pass-Through	(12,826)	(13,186)	(13,656)	(15,091)	(15,495)	(15,908)	(16,329)	(16,759)	(17,197)					
SB Metro Transit Dist Pass-Through	(11,822)	(12,153)	(12,587)	(13,909)	(14,282)	(14,663)	(15,051)	(15,447)	(15,850)					
Goleta Vly Mosquito Abatement Pass-Through	(8,829)	(9,077)	(9,401)	(10,388)	(10,667)	(10,951)	(11,241)	(11,537)	(11,838)					
Net TI for Annual Cap Calculation	2,457,513	2,526,394	2,616,587	2,891,378	2,968,934	3,048,042	3,128,731	3,211,037	3,294,988					
Annual TI Cap Threshold	13,732,237	14,006,881	14,287,019	14,572,759	14,864,214	15,161,499	15,464,729	15,774,023	16,089,504					
Forfeiture in Excess of Annual TI Cap	0	0	0	0	0	0	0	0	0					
SB 211 Statutory Pass Through Triggered	0	0	0	0	(191,866)	(215,009)	(238,615)	(262,694)	(287,254)					
Net Estimated Tax Increment	2,457,513	2,526,394	2,616,587	2,891,378	2,777,068	2,833,033	2,890,116	2,948,343	3,007,734					

Source: Baseline projection based on Agency estimates
Prepared by Keyser Marston Associates, Inc.
Filename: Merger TI 2008-01-17.xls; T6 - IV: 1/17/2008; NYM: Page 1 of 4

Table 6
Tax Increment Revenue Projection
Isla Vista Redevelopment Project Area
Santa Barbara County Redevelopment Agency

	26	27	28	29	30	31	32	33	34
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Projected Taxable Values:									
Secured Real Property at	883,159,108	900,822,290	918,838,736	937,215,510	955,959,821	975,079,017	994,580,597	1,014,472,209	1,034,761,653
Secured Personal Property	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454
Secured Adjustment (Public Acquisition ¹)	(1,806,232)	(1,842,356)	(1,879,204)	(1,916,788)	(1,955,123)	(1,994,226)	(2,034,110)	(2,074,793)	(2,116,288)
Subtotal Secured Value	883,343,330	900,970,387	918,949,986	937,289,177	955,959,151	975,075,245	994,536,941	1,014,387,871	1,034,635,819
Unsecured Real Property at	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954
Unsecured Personal Property	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064
Subtotal Unsecured Value	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018
Total Projected Value	888,539,348	906,166,405	924,146,004	942,485,195	961,191,169	980,271,263	999,732,959	1,019,583,889	1,039,831,837
Increment Over Base of	(219,321,592)	686,844,813	704,824,412	723,163,603	741,869,577	760,949,671	780,411,367	800,262,297	820,510,245
Cumulative New Real Property Value Added at	55,707,000	56,821,000	57,957,000	59,116,000	60,298,000	61,504,000	62,734,000	63,989,000	65,269,000
Total Taxable Values	724,924,756	743,665,813	762,781,412	782,279,603	802,167,577	822,453,671	843,145,367	864,251,297	885,779,245
Estimated Tax Increment:									
Secured	7,234,956	7,422,366	7,613,522	7,808,504	8,007,384	8,210,245	8,417,162	8,628,221	8,843,501
State Assessed Unitary	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Unsecured	14,292	14,292	14,292	14,292	14,292	14,292	14,292	14,292	14,292
Gross Tax Increment	7,253,848	7,441,258	7,632,414	7,827,396	8,026,276	8,229,137	8,436,054	8,647,113	8,862,393
Housing Set-Aside	(1,450,770)	(1,488,252)	(1,526,483)	(1,565,479)	(1,605,255)	(1,645,827)	(1,687,211)	(1,729,423)	(1,772,479)
County Admin Charges	(125,178)	(128,412)	(131,711)	(135,075)	(138,507)	(142,008)	(145,579)	(149,221)	(152,936)
Goleta Union School Dist Pass-Through	(1,941,145)	(1,991,296)	(2,042,450)	(2,094,627)	(2,147,848)	(2,202,134)	(2,257,505)	(2,313,985)	(2,371,595)
Isla Vista Rec & Park Pass-Through	(370,087)	(378,099)	(386,270)	(394,605)	(403,107)	(411,779)	(420,624)	(429,646)	(438,849)
Goleta Cemetery Pass-Through	(17,644)	(18,100)	(18,565)	(19,039)	(19,523)	(20,016)	(20,520)	(21,033)	(21,557)
SB Metro Transit Dist Pass-Through	(16,262)	(16,683)	(17,111)	(17,548)	(17,994)	(18,449)	(18,913)	(19,386)	(19,869)
Goleta Vly Mosquito Abatement Pass-Through	(12,146)	(12,460)	(12,780)	(13,106)	(13,439)	(13,779)	(14,125)	(14,479)	(14,839)
Net TI for Annual Cap Calculation	3,380,616	3,467,958	3,557,045	3,647,915	3,740,602	3,835,145	3,931,577	4,029,940	4,130,270
Annual TI Cap Threshold	16,411,294	16,739,520	17,074,310	17,415,796	17,764,112	18,119,394	18,481,782	18,851,418	19,228,446
Forfeiture in Excess of Annual TI Cap	0	0	0	0	0	0	0	0	0
SB 211 Statutory Pass Through Triggered	(312,305)	(337,857)	(363,919)	(390,504)	(417,620)	(445,271)	(473,000)	(500,800)	(528,675)
Net Estimated Tax Increment	3,068,312	3,130,101	3,193,126	3,257,411	3,322,983	3,248,718	3,300,786	3,353,896	3,408,069

Table 6

**Tax Increment Revenue Projection
Isla Vista Redevelopment Project Area
Santa Barbara County Redevelopment Agency**

	Plan Limit									
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	
Projected Taxable Values:										
Secured Real Property at	1,055,456,887	1,076,566,024	1,098,097,345	1,120,059,292	1,142,460,478	1,165,309,687	1,188,615,881	1,212,388,198	1,236,635,962	
Secured Personal Property	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	
Secured Adjustment (Public Acquisition)	(2,158,614)	(2,201,787)	(2,245,822)	(2,290,739)	(2,336,553)	(2,383,285)	(2,430,950)	(2,479,569)	(2,529,161)	
Subtotal Secured Value	1,055,288,726	1,076,354,692	1,097,841,977	1,119,759,007	1,142,114,378	1,164,916,857	1,188,175,385	1,211,899,083	1,236,097,256	
Unsecured Real Property at	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	
Unsecured Personal Property	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	
Subtotal Unsecured Value	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	
Total Projected Value	1,060,484,744	1,081,550,710	1,103,037,995	1,124,955,025	1,147,310,396	1,170,112,875	1,193,371,403	1,217,095,101	1,241,293,274	
Increment Over Base of (219,321,592)	841,163,152	862,229,118	883,716,403	905,633,433	927,988,804	950,791,283	974,049,811	997,773,509	1,021,971,682	
Cumulative New Real Property Value Added at	66,574,000	67,905,000	69,263,000	70,648,000	72,061,000	73,502,000	74,972,000	76,471,000	78,000,000	
Total Taxable Values	907,737,152	930,134,118	952,979,403	976,281,433	1,000,049,804	1,024,293,283	1,049,021,811	1,074,244,509	1,099,971,682	
Estimated Tax Increment:										
Secured	9,063,080	9,287,049	9,515,502	9,748,523	9,986,206	10,228,641	10,475,926	10,728,153	10,985,425	
State Assessed Unitary Unsecured	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	
Gross Tax Increment	14,292	14,292	14,292	14,292	14,292	14,292	14,292	14,292	14,292	
Housing Set-Aside	(1,816,394)	(1,861,188)	(1,906,879)	(1,953,483)	(2,001,020)	(2,049,507)	(2,098,964)	(2,149,409)	(2,200,863)	
County Admin Charges	(156,725)	(160,590)	(164,533)	(168,554)	(172,655)	(176,839)	(181,106)	(185,459)	(189,899)	
Goleita Union School Dist Pass-Through	(2,430,354)	(2,490,289)	(2,551,423)	(2,613,780)	(2,677,385)	(2,742,261)	(2,808,435)	(2,875,931)	(2,944,778)	
Isla Vista Rec & Park Pass-Through	(388,236)	(397,810)	(407,576)	(417,537)	(427,697)	(438,061)	(448,632)	(459,414)	(470,412)	
Goleita Cemetery Pass-Through	(22,091)	(22,636)	(23,191)	(23,758)	(24,336)	(24,926)	(25,527)	(26,141)	(26,767)	
SB Metro Transit Dist Pass-Through	(20,361)	(20,863)	(21,375)	(21,898)	(22,430)	(22,974)	(23,528)	(24,094)	(24,671)	
Goleita Vly Mosquito Abatement Pass-Through	(15,207)	(15,582)	(15,965)	(16,355)	(16,753)	(17,159)	(17,573)	(17,995)	(18,426)	
Net TI for Annual Cap Calculation	4,232,604	4,336,983	4,443,452	4,552,051	4,662,821	4,775,807	4,891,053	5,008,602	5,128,502	
Annual TI Cap Threshold	19,613,015	20,005,276	20,405,381	20,813,489	21,229,759	21,654,354	22,087,441	22,529,190	22,979,773	
Forfeiture in Excess of Annual TI Cap	0	0	0	0	0	0	0	0	0	
SB 211 Statutory Pass Through Triggered	(769,280)	(817,301)	(866,283)	(916,244)	(967,205)	(1,019,184)	(1,072,204)	(1,126,283)	(1,181,444)	
Net Estimated Tax Increment	3,463,323	3,519,682	3,577,170	3,635,807	3,695,617	3,756,623	3,818,849	3,882,319	3,947,058	

Source: Baseline projection based on Agency estimates
Prepared by Keyser Marston Associates, Inc.
Filename: Merger TI 2008-01-17.xls; T6 - IV; 1/17/2008; NYM; Page 3 of 4

Table 6

Tax Increment Revenue Projection
 Isla Vista Redevelopment Project Area
 Santa Barbara County Redevelopment Agency

	44 2034-35	45 2035-36	46 2036-37	47 2037-38	48 2038-39	49 2039-40	50 2040-41	TI Receipts 11-27-2040
Projected Taxable Values:								
Secured Real Property at	1,261,366,682	1,286,596,055	1,312,327,976	1,338,574,536	1,365,346,027	1,392,652,947	1,420,506,006	
Secured Personal Property	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	1,990,454	
Secured Adjustment (Public Acquisition)	(2,579,744)	(2,631,339)	(2,683,965)	(2,737,645)	(2,792,398)	(2,848,246)	(2,905,211)	
Subtotal Secured Value	1,260,779,392	1,285,955,171	1,311,634,465	1,337,827,345	1,364,544,083	1,391,795,155	1,419,591,250	
Unsecured Real Property at	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	2,977,954	
Unsecured Personal Property	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	2,218,064	
Subtotal Unsecured Value	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	5,196,018	
Total Projected Value	1,265,975,410	1,291,151,189	1,316,830,483	1,343,023,363	1,369,740,101	1,396,991,173	1,424,787,268	
Increment Over Base of (219,321,592)	1,046,653,818	1,071,829,597	1,097,508,891	1,123,701,771	1,150,418,509	1,177,669,581	1,205,465,676	
Cumulative New Real Property Value Added at	79,560,000	81,151,000	82,774,000	84,429,000	86,118,000	87,840,000	89,597,000	
Total Taxable Values	1,126,213,818	1,152,980,597	1,180,282,891	1,208,130,771	1,236,536,509	1,265,509,581	1,295,062,676	
Estimated Tax Increment:								
Secured	11,247,846	11,515,514	11,786,537	12,067,016	12,351,073	12,640,804	12,935,000	0
State Assessed Unitary	4,600	4,600	4,600	4,600	4,600	4,600	4,600	0
Unsecured	14,292	14,292	14,292	14,292	14,292	14,292	14,292	0
Gross Tax Increment	11,266,738	11,534,406	11,807,429	12,085,908	12,369,965	12,659,696	12,954,892	0
Housing Set-Aside								
County Admin Charges	(2,253,348)	(2,306,881)	(2,361,486)	(2,417,182)	(2,473,993)	(2,531,939)	(2,591,000)	0
Goleta Union School Dist Pass-Through	(194,427)	(199,046)	(203,758)	(208,564)	(213,465)	(218,465)	(223,500)	0
Isla Vista Rec & Park Pass-Through	(3,015,002)	(3,086,631)	(3,159,692)	(3,234,214)	(3,310,228)	(3,387,761)	(3,465,500)	0
Goleta Cemetery Pass-Through	(481,630)	(493,072)	(504,743)	(516,648)	(528,791)	(541,176)	(553,800)	0
SB Metro Transit Dist Pass-Through	(27,405)	(28,056)	(28,720)	(29,397)	(30,088)	(30,793)	(31,500)	0
Goleta Vly Mosquito Abatement Pass-Through	(25,259)	(25,859)	(26,471)	(27,095)	(27,732)	(28,382)	(29,030)	0
Net TI for Annual Cap Calculation	5,250,802	5,375,547	5,502,788	5,632,572	5,764,955	5,899,982	6,035,000	0
Annual TI Cap Threshold	23,439,369	23,908,156	24,386,319	24,874,046	25,371,527	25,878,957	26,395,000	0
Forfeiture in Excess of Annual TI Cap	0	0	0	0	0	0	0	0
SB 211 Statutory Pass Through Triggered	(1,237,709)	(1,295,099)	(1,353,637)	(1,413,344)	(1,474,248)	(1,536,368)	(1,599,000)	0
Net Estimated Tax Increment	4,013,093	4,080,449	4,149,152	4,219,227	4,290,707	4,363,614	4,435,000	0

Source: Baseline projection based on Agency estimates
 Prepared by Keyser-Marston Associates, Inc.
 Filename: Merger TI 2008-01-17.xls; T6 - IV: 1/17/2008; NYM: Page 4 of 4

Chart 2
 Tax Increment Revenue Projection
 Isla Vista Redevelopment Project Area
 Santa Barbara County Redevelopment Agency

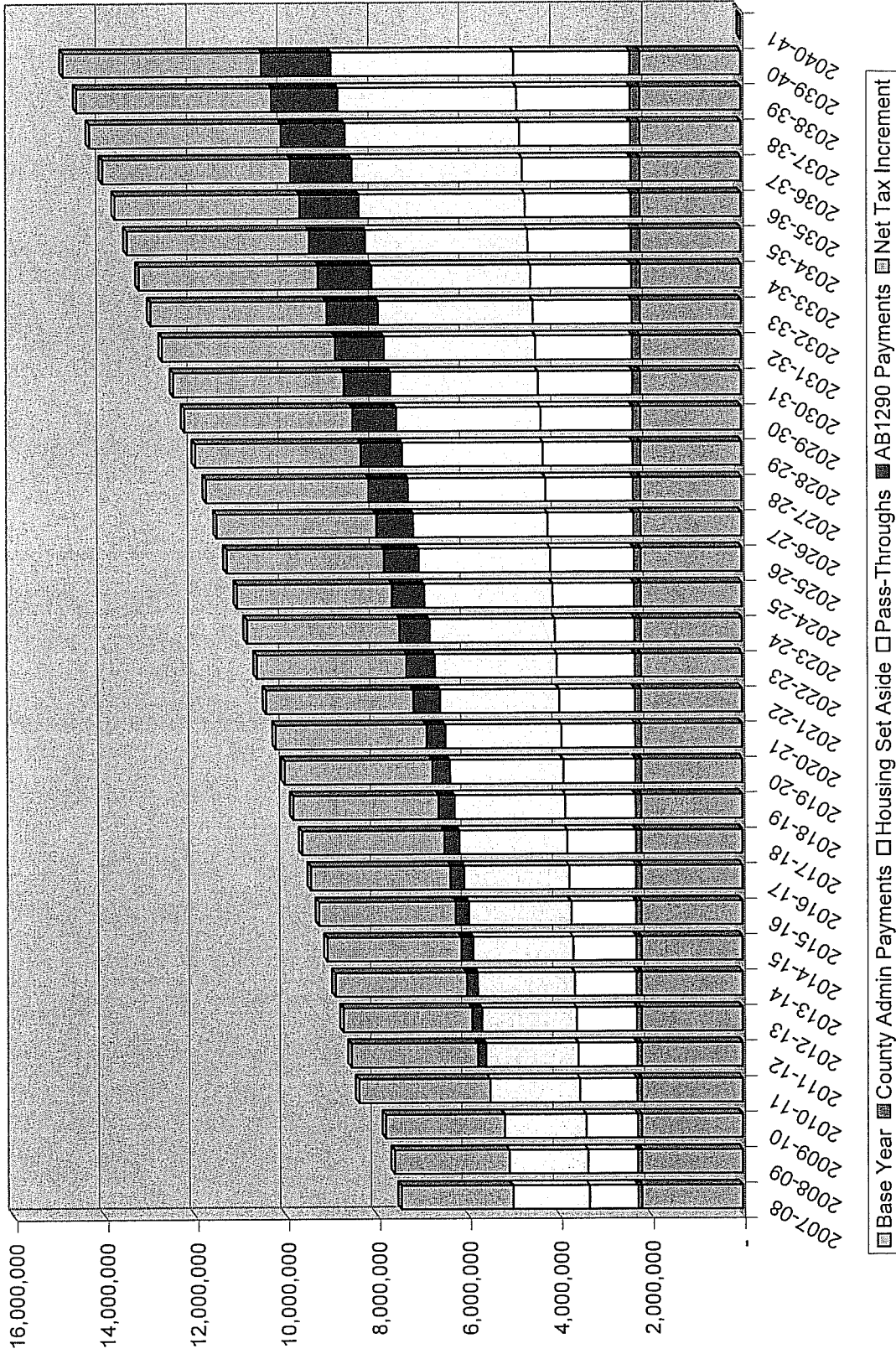


Table 7
Historical Annual Tax Increment Cap Calculation
Isla Vista Redevelopment Project Area
Santa Barbara County Redevelopment Agency

	Annual TI Cap Threshold	CPI	Annual Cap Increase
1990-91	10,000,000	1.02	200,000
1991-92	10,200,000	1.02	204,000
1992-93	10,404,000	1.02	208,080
1993-94	10,612,080	1.02	212,242
1994-95	10,824,322	1.02	216,486
1995-96	11,040,808	1.0119	131,386
1996-97	11,172,194	1.0111	124,011
1997-98	11,296,205	1.02	225,924
1998-99	11,522,129	1.02	230,443
1999-00	11,752,572	1.01853	217,775
2000-01	11,970,347	1.02	239,407
2001-02	12,209,754	1.02	244,195
2002-03	12,453,949	1.02	249,079
2003-04	12,703,028	1.02	254,061
2004-05	12,957,088	1.01867	241,909
2005-06	13,198,997	1.02	263,980
2006-07	13,462,977	1.02	269,260
2007-08	13,732,237	1.02	274,645

Table 8

Distribution of Statutory Pass Through Payments
 Isla Vista Redevelopment Project Area
 Santa Barbara County Redevelopment Agency

	County Reported 1%	Add ERAF	Adjusted 1%	Tier 1		Tiers 2 & 3	
				Pass Through	Statutory	Pass Through	Statutory
1% INCREMENT SUMMARY							
0001 - County General	16.60626%	5.09858%	21.70484%	21.70484%	0.00000%	0.00000%	
0632 - City of Goleta	1.64631%	0.50546%	2.15177%	2.15177%	2.15177%	2.15177%	
2120 - Co Service Area #3	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	
2220 - Co Service Area #31	0.42111%	0.12929%	0.55040%	0.55040%	0.55040%	0.55040%	
2280 - SB Co Fire Protection District	10.19061%	3.12880%	13.31941%	13.31941%	13.31941%	13.31941%	
2400 - SB Co Flood Control / Water Conservation	0.23519%	0.07221%	0.30740%	0.30740%	0.30740%	0.30740%	
2610 - So Coast Flood Zone	1.00500%	0.30856%	1.31357%	1.31357%	1.31357%	1.31357%	
3050 - SB County Water District	0.29930%	0.09189%	0.39120%	0.39120%	0.39120%	0.39120%	
3270 - Goleta Cemetery District	0.23262%	0.07142%	0.30405%	0.00000%	0.00000%	0.00000%	
4090 - SB Metro Transit District	0.21441%	0.06583%	0.28024%	0.00000%	0.00000%	0.00000%	
4160 - Goleta Vly Vector Control	0.16014%	0.04917%	0.20930%	0.00000%	0.00000%	0.00000%	
4410 - Isla Vista Rec & Park	3.27062%	1.00417%	4.27480%	0.00000%	0.00000%	0.00000%	
4900 - Goleta West Sanitary District	5.99357%	1.84019%	7.83376%	7.83376%	7.83376%	7.83376%	
6801 - Goleta Union School District	26.76021%	0.00000%	26.76021%	0.00000%	0.00000%	0.00000%	
8201 - Goleta Santa Barbara High	12.95476%	0.00000%	12.95476%	12.95476%	12.95476%	12.95476%	
9610 - SB Community College	4.53110%	0.00000%	4.53110%	4.53110%	4.53110%	4.53110%	
9801 - Co School Admin CSSF	3.11322%	0.00000%	3.11322%	3.11322%	3.11322%	3.11322%	
9802 - ERAF	12.36557%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	
TOTAL	100.00000%	12.36557%	100.00000%	68.17141%	46.46657%	46.46657%	