

IMPLEMENTATION PLAN

**PALM AVENUE/COMMERCIAL
REDEVELOPMENT PROJECT**

FOR THE PERIOD OF

JULY 2009 – JUNE 2014

IMPERIAL BEACH REDEVELOPMENT AGENCY

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I. INTRODUCTION

The Implementation Plan (Plan) for the Palm Avenue/Commercial Redevelopment Project Area (Project Area) has been prepared and adopted according to California Community Redevelopment Law. The Plan identifies project activities scheduled for the next five years and includes very low-, low-, and moderate-income housing activities.

The Plan covers the five-year period of July 2009 through June 2014. Previous Implementation Plans were as follows:

	Date Adopted	Planning Period
Original Implementation Plan	February 1996	March 1996 – March 2000
Second Implementation Plan	March 2000	March 2000 – March 2004
Third Implementation Plan	March 2005	July 2004 – June 2009

The Original Implementation Plan for the Palm Avenue/Commercial Redevelopment Project Area was approved and adopted by the Imperial Beach Redevelopment Agency (Agency) on February 6, 1996, by adoption of Ordinance No. 96-901. The Plan was subsequently amended on July 19, 2001 by Ordinance No. 2001-970 to add territory to the Project Area. Figure 1 illustrates the boundaries of the Project Area. The Palm Avenue/Commercial Redevelopment Plan (Redevelopment Plan) was adopted to address conditions of deteriorating and dilapidated buildings and properties, health and safety hazards, obsolete buildings, shifting and incompatible uses, inadequate utility infrastructure, and deteriorated public rights-of-way found throughout the Project Area. As isolated or sporadic attempts to eliminate blight in these areas were not, and are not, effective, the Redevelopment Plan was adopted to provide a comprehensive, community-wide approach to the reversal of blight and deterioration over the long-term.

The Palm Avenue/Commercial Redevelopment Plan has been amended as follows:

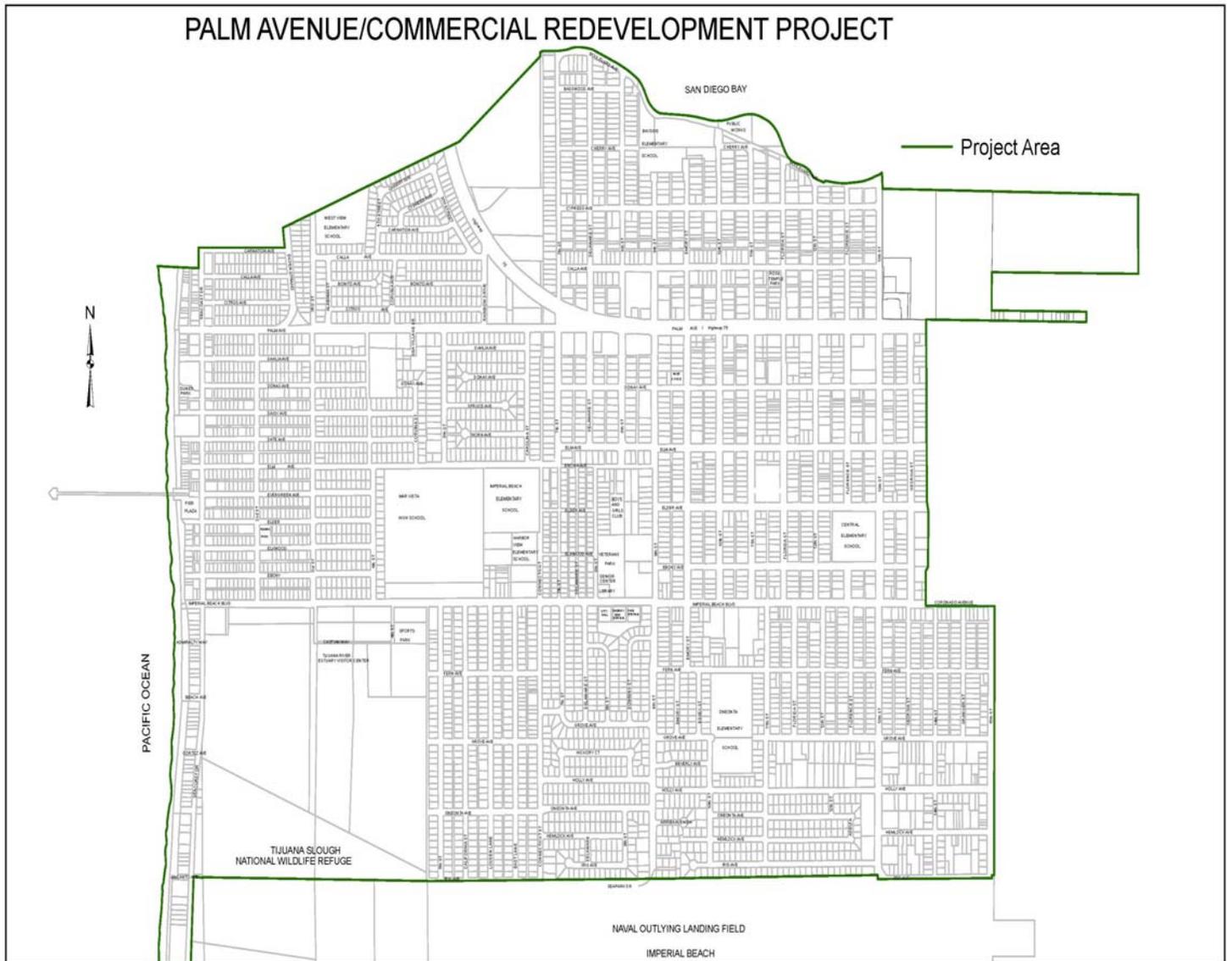
	Date Adopted	Ordinance Number
Original Redevelopment Plan	February 6, 1996	Ordinance No. 96-901
1 st Amendment	July 18, 2001	Ordinance No. 2001-970
2 nd Amendment	December 20, 2006	Ordinance No. 2006-1050
3 rd Amendment	March 5, 2008	Ordinance No. 2008-1066

The 1st Amendment added the Amendment Area to the Palm Avenue/Commercial Redevelopment Project Area; the 2nd Amendment adopted a text amendment to the Redevelopment Plan, clarifying that the amendment to the Redevelopment Plan under Ordinance No. 2001-970 added the Amendment Area to the Original Project Area and was not intended to add a new project area by its own terms; and the 3rd Amendment reaffirmed the existence of blight in the Project Area and extended the authority to use eminent domain for an additional twelve years.

Time limits relating to the Palm Avenue/Commercial Redevelopment Project Area are as follows:

<u>Exhibit I-1</u>				
	Final Date to Incur Indebtedness	Duration of Redevelopment Plan	Final Date to Collect Tax Increment Revenue	Eminent Domain
Original Area	March 9, 2017	March 9, 2017	March 9, 2042	March 5, 2020
Amended Area	August 17, 2022	August 17, 2022	August 17, 2047	No Authority
Bonded Indebtedness Limit:				\$120,000,000

FIGURE 1



II. COMPLETED PROJECTS AND CONTRIBUTION TO BLIGHT REMOVAL

The following is a partial list of projects by work program areas that the Agency has implemented in the Project Area:

A. Public Infrastructure and Facilities

1. Old Palm Avenue Streetscape Project

- Issued Request for Qualifications (RFQ)
- Selected consultant
- Completed plans and specifications
- Constructed approximately 2,400 linear feet of pedestrian improvements, including an outdoor surfboard museum, sidewalk, streetlights and landscaping enhancements, and street calming measures such as intersection and mid-block bulb-outs

2. Veteran's Park

- Installed new lights
- Planted new landscape
- Installed water efficient irrigation
- Built gazebo and trellis
- Built horseshoe pits

3. Sidewalks

- Installed sidewalks, curb, and gutter
- Installed wheelchair access ramps

4. Streets

- Phase I and II

B. Commercial Projects and Programs

1. 9th & Palm Redevelopment Project

- Issued RFQ
- Selected developer
- Entered into Exclusive Negotiation Agreement (ENA) with selected Developer

2. Façade Improvement Program

- Established program
- Completed storefronts

3. Eco-Tourism Study

- Established Advisory Committee
- Completed Eco-Tourism study
- Completed and distributed brochure

C. Housing Projects and Programs

1. Casa Estable I and II

- Provided two loans totaling \$1,120,879
- Rehabilitated 15 very low income units

2. Beachwind Court

- Provided a \$1,945,000 loan
- Rehabilitated eight (8) very low-income and seven (7) low-income units

3. Clean and Green Program

- Provided loans to low- and moderate-income families for water and energy efficiency improvements

D. Planning Projects

1. Palm Avenue Commercial Corridor Master Plan

- Issued RFQ
- Selected developer
- Completed Master Plan

III. DESCRIPTION OF BLIGHTING CONDITIONS WITHIN THE PROJECT AREA

According to the Agency's documents prepared to justify establishing a redevelopment program, the Project Area contained numerous blighting conditions including the following:

- Buildings and infrastructure that is dilapidated, unsafe and unhealthy
- Inadequate public infrastructure
- Physical conditions that hinder economic viable use
- Incompatible uses
- Irregular lots under mixed ownership

Many of these blighting conditions have begun to be addressed by the Agency through the development of new projects, both public and private. The Agency has participated with owners in the Project Area to implement commercial projects as well as supporting the rehabilitation of very low- and low-income housing. Despite these efforts, the blighting conditions listed above remain.

IV. SPECIFIC GOALS AND OBJECTIVES OF THE AGENCY FOR THE PROJECT AREA FOR THE PERIOD JULY 2009 – JUNE 2014

To further eliminate the blighting conditions described in the previous section, the following goals/objectives are established. The goals and objectives for the Project Area are in accord with the Imperial Beach General Plan (General Plan) which sets the vision for the future form of the community. The General Plan's overriding goal shall be the retention of the quality of life and atmosphere of a small beach-oriented town.

Specific goals of the Agency to address the blighting conditions in the Project Area include:

1. Revitalization of the Palm Avenue and 13th Street business corridors through the rehabilitation of existing structures, the redevelopment of opportunity sites, and business retention and attraction programs.
2. Improvements to the City's bayfront as a recreational area to serve both passive and active recreational uses, and as an asset for a healthy tourist industry.
3. Elimination and prevention of blight and deterioration; and the conservation, rehabilitation and redevelopment of the Project Area in accord with the General Plan, specific plans, the Redevelopment Plan and local codes and ordinances.
4. Achievement of an environment reflecting a high level of concern for architectural, landscape, and urban design and land use principles appropriate for attainment of the objectives of the Redevelopment Plan.
5. Provision for increased revenues to the City, including sales, business license, and other fees, taxes and revenues to the City.
6. Provision for tax increment to provide funds as necessary to finance rehabilitation and development programs which cannot be accomplished through existing publicly funded programs or by the private sector acting alone to eliminate blighting influences in the Project Area.
7. Encouragement of neighborhood serving commercial uses such as markets, movie theaters, family recreation, and general goods stores.
8. Creation and development of local job opportunities and the preservation of the area's existing employment base.

9. Elimination or amelioration of certain environmental deficiencies, including substandard vehicular circulation systems; inadequate water, sewer, and storm drain systems; insufficient off-street parking; and other similar public improvements, facilities, and utilities deficiencies adversely affecting the Project Area.
10. Encouragement of investment by the private sector in the redevelopment of the Project Area by assisting in the alleviation of impediments to such redevelopment.
11. Elimination of blight through abatement of code violations.
12. Assembly of parcels into more developable sites for more compatible uses.
13. Expansion and upgrading of housing opportunities in the community to eliminate blight and improve housing stock and standards for the present population.
14. Encouragement of participation of the Project Area businesses, property owners, and community organizations in the redevelopment of the Project Area.
15. Attraction of State, Federal, and other grants, loans, and funds.
16. Improvement of public view through the rehabilitation of private facades and signage.
17. Development or construction of various public facilities, including fire, police, transportation, library, recreational, or academic facilities, as may be beneficial to the public welfare or enjoyment.

V. SPECIFIC PROJECTS AND EXPENDITURES PROPOSED TO BE MADE DURING THE PERIOD JULY 2009 – JUNE 2014

A number of projects have been identified which would reduce or eliminate many of the blighting influences listed in Section III. Whereas California Redevelopment Law requires a five-year implementation plan regardless of economic conditions existing during the five-year period, it should be understood that the timing of these projects may be greatly influenced by market conditions and the ability of the private sector to respond to Agency initiatives. The projects and expenditures presented below rely on the private sector's ability to obtain financing for projects as well as the Redevelopment Agency's ability to maintain and increase its tax increment flow. If Redevelopment Agency funds are further depleted due to new requirements imposed by State and local legislation or actions, it is unlikely that many of the projects listed below will be implemented.

A. Five-Year Work Program

The work programs are established based upon available resources and market opportunities. The descriptions identify near-term opportunities to remove blight in the Project Area. However, within the next five years, new implementation programs and priorities could arise. The Plan may be amended to take advantage of unforeseen and significant opportunities. Certain projects may not be constructed, but may, upon study prior to implementation, be delayed or eliminated.

The Agency also plans to participate in a number of activities with private and non-profit entities to implement the Palm Avenue/Commercial Redevelopment Project Area. More specific project descriptions will be developed as projects are submitted for Agency assistance. The project's individual contribution to blight removal will be evaluated at that time. The Agency will assist in private activities as the market presents opportunities to do so.

The work programs are divided into five (5) sets of activities: (1) Commercial Projects and Programs, (2) Public Infrastructure and Facilities, (3) Housing Projects and Programs, (4) Project-Wide Activities, and (5) Planning Projects. A detailed break-out of each work program is provided in Tables 1 through 5.

TABLE 1

**PROPOSED COMMERCIAL PROJECTS AND PROGRAMS
PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
IMPERIAL BEACH REDEVELOPMENT AGENCY**

Project	Project/Program Description	Contribution to Blight Removal
Commercial Projects and Programs:		
9th & Palm Redevelopment Project	Pursue a public/private partnership for the redevelopment of the 9 th & Palm development site.	Stimulate additional development and enhance consumer opportunities for the community
Visitor Serving Facilities and Infrastructure	Determine the feasibility and assist in the development of visitor serving facilities and infrastructure.	Provide for appropriate development that will create new economic opportunities
Visitor Serving Facilities and Infrastructure including, but not limited to the following: El Camino, Seacoast Inn, Mundt Property, and Bikeway Village	Pursue a public/private partnership for the development of visitor serving facilities and infrastructure.	Provide for appropriate developments that will create new economic opportunities.
Façade Improvement	Provide grants to improve the physical appearance of commercial/retail properties through installation of lighting, landscape, painting, and signage improvements.	Aid the private sector in the improvement of street facades and restoration of commercial properties rehabilitate blighted structures
Commercial Rehabilitation and Redevelopment	Assist private owners in financing rehabilitation and development work.	Rehabilitate blighted structures and create new economic opportunities
Expedited Development Processing	Provide environmental review, plan review, and entitlement assistance to owners and/or developers.	Increase the rate at which projects are redeveloped, developed, or rehabilitated
Commercial Development Program	A program for retaining expanding, and enhancing the operation of existing retail businesses.	Attract new development, increase investment, and create new economic opportunities
Farmers Market	Assist in the development of a community managed special event.	Public/private partnerships to create public amenities to attract new development and increase investment in the Project Area.

TABLE 2

**PROPOSED PUBLIC INFRASTRUCTURE AND FACILITIES
PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
IMPERIAL BEACH REDEVELOPMENT AGENCY**

Project	Project/Program Description	Contribution to Blight Removal
Public Infrastructure and Facilities:		
Street Lighting/Lighting Conversion	Design and implement new street lighting system, convert existing low-pressure sodium to high-pressure sodium lights.	Increased lighting will improve public safety and deter crime
Conference Facilities	Study the feasibility and development of conference facilities	Provide a catalyst for new development and investment, and remove blighted, underutilized properties
Sand Replenishment (Army Corps of Engineers, SCOUP, and Regional Beach Sand Project II)	Use various sand replenishment programs to restore the beach areas along the Imperial Beach coastline.	Enhance the safety of coastal properties and the viability of visitor serving infrastructure
Seacoast Drive Enhancements	Enhance major north/south thoroughfare with new landscaping, paving, and street furniture; improve transit accessibility.	Replacement of inadequate public improvements, improve commercial activity on Seacoast Drive
Underground Utility Lines	Bury all overhead utility lines and pad-mounted facilities.	Remove visually blighting influence, enhance area as desirable location
Enhanced Community Facilities	Create, or improve existing, parks, public spaces and/or plazas and recreational facilities.	Create residential amenities and provide adequate public facilities for the City
Palm Avenue from 7th to 3rd Street Improvement	Improve major east/west thoroughfare with new landscaping, paving, and street furniture; improve bicycle, pedestrian, and transit accessibility.	Improve appearance of the primary visitor access to coast; catalyst for redevelopment of adjacent vacant and underutilized properties
Eco Bikeway	Improve bicycle access at entrances within the City.	Enhance safety for visitors and residents
Street End Improvement Projects	Enhance the western terminus of the east/west streets with paving, lighting, and street furniture.	Enhance the safety and accessibility of visitors and residents.
Underground Above-Ground Utility Lines	Bury all overhead utility lines & pad-mounted facilities	Remove visually-blighting influence, enhance area as desirable location.

TABLE 2 (CONT'D.)

**PROPOSED PUBLIC INFRASTRUCTURE AND FACILITIES
 PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
 JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
 IMPERIAL BEACH REDEVELOPMENT AGENCY**

Project	Project/Program Description	Contribution to Blight Removal
Public Infrastructure and Facilities:		
Increase Availability of Parking in the Seacoast Drive Corridor	Increase the availability of parking to support uses through the development of parking facilities and a comprehensive strategy.	Enhance the development opportunities to the immediate area and enhance adjacent residential area quality of life
Miscellaneous Public Improvements and Facilities	Provide public improvements & facilities as needed within the Project Area.	Replacement of outdated public improvements & facilities to provide an incentive for private investment, thereby removing removing blight.
Open Spaces and Parks, Including Birders Point, Eco Bikeway, and State Route 75	The creation of public open spaces for active public use.	Increase the amount of active public open space to enhance eco-tourism opportunities and quality of life
Water, Sewer, and Storm Drain Upgrades	Replace outdated and outmoded water, sewer, and storm drain facilities.	Allows for new development to occur
State Route 75 Sound Wall	Design and construct a sound attenuation wall from the City limit to Rainbow Drive	Enhances desirability of adjacent land for development
Schools/Educational Facilities	Coordinate with various school districts and private schools, with possible infrastructure and parks improvements and land assembly, to retain, establish and expand a full range of educational and recreational opportunities for residents, families and workers.	Private, magnet and charter elementary schools can be integrated into urban mixed-use projects, providing a necessary service to downtown families and workers
Miscellaneous Information Technology	Provide technology infrastructure improvements as needed.	Replacement of outdated infrastructure to insure adequate distribution of information.
Alley District Formation and Construction	Provide the necessary design, legal, and planning needed to improve alleys.	Eliminate unsafe and unsanitary public infrastructure

TABLE 3

**PROPOSED HOUSING PROJECTS AND PROGRAMS
PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
IMPERIAL BEACH REDEVELOPMENT AGENCY**

Project	Project/Program Description	Contribution to Blight Removal
<i>Housing Projects and Programs:</i>		
Clean and Green Improvement Loans	Small loans designed to provide incentives for property owners to undertake energy and water efficient improvements.	Aid the private sector in improving energy and water efficiencies and restoring neighborhoods
Low- and Moderate-Income Housing Loans - Rental Housing	Assist the private sector in the development of affordable rental housing.	Increase the supply of decent affordable housing available to a broad spectrum of individuals
American Legion Mixed-Use Affordable Housing Project	Assist the private sector in the development of affordable rental housing.	Increase the supply of decent affordable housing available to a broad spectrum of individuals
10th Avenue Mixed-Use Affordable Housing Project	Assist the private sector in the development of affordable rental housing.	Increase the supply of decent affordable housing available to a broad spectrum of individuals
Neighborhood Revitalization	Support the implementation of revitalization efforts including graffiti abatement, code compliance, IB Beautiful, and Paint IB with neighborhood and community groups.	Restoring neighborhoods by rehabilitating blighted structures and properties
California First	Worked with the County to administer and market an energy efficient improvement program.	Energy efficient upgrades and improvements will help to enhance neighborhoods by eliminating blighted structures
Low-and Moderate Income Housing - For Sale	Assist the private sector in the development of affordable for sale housing.	Increase the supply of affordable housing available to a broad spectrum of individuals

TABLE 4

**PROPOSED PROJECT-WIDE ACTIVITIES
 PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
 JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
 IMPERIAL BEACH REDEVELOPMENT AGENCY**

Project	Project/Program Description	Contribution to Blight Removal
<i>Project-Wide Activities:</i>		
Elimination of Toxic Substances	Systematic identification, removal, and remediation of toxic substances.	Faciliate the redevelopment of "brownfields", urban areas that are suspected of being contaminated by hazardous materials
Construct Off-Site Improvements	In conjunction with private development, construct off-site improvements, including sidewalks, lighting, street trees, and street furniture.	Public/private partnership to replace outdated public improvements
Acquisition and/or Disposition of Property and Relocation Services	Acquire and assemble developable parcels for public facilities and private development.	Remove/demolish blighted and other properties, where necessary, to provide for appropriate new development
Elimination of Blighting Conditions	Acquire or otherwise eliminate and mitigate blighting influence uses including vacant properties.	Eliminate general blighting characteristics of specific properties to be identified

TABLE 5

**PROPOSED PLANNING PROJECTS
PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
IMPERIAL BEACH REDEVELOPMENT AGENCY**

Project	Project/Program Description	Contribution to Blight Removal
Planning Projects:		
Palm Avenue Commercial Corridor - Design and Development	Design and development drawings and environmental analysis of the Palm Avenue Commercial Corridor Master Plan	Enhance a major gateway to Imperial Beach; provide needed improvements to public infrastructure; and provide an incentive for private investment
Housing Element	Update to the Housing Element	Establishes specific goals and policies which guide the development of housing in the City of Imperial Beach
General Plan Update	Review and update the Imperial Beach General Plan	The Plan establishes specific goals and policies which guide the specific implementation of projects which remove numerous and various blighting conditions
Commercial Zoning Review	Review and adopt an amendment to the Zoning Ordinance.	The Zoning Code informs and controls the uses and types of development that can be constructed in the City all of which remove numerous and various blighting conditions.
Miscellaneous Specific Plans	Work with the community and consultant teams to develop planning documents and environmental analysis for specific functions or areas in the City.	Specific plans establishes goals and policies which guide the enactment of the Redevelopment Plan which remove various blighting conditons.

B. Projected Expenditures

The projects listed above represent the current priorities of the Redevelopment Agency in terms of public infrastructure/facility and private activities. The Plan includes a projected \$61 million in expenditures for the Project Area over the five-year period. The expenditures are projected to consist of the following:

- \$17.6 million for payments to the taxing entities;
- \$19.7 million for debt service;
- \$9.7 million for public improvements/infrastructure; and
- \$14.0 million for implementation costs associated with developments.

VI. EXPLANATION OF HOW THE GOALS AND OBJECTIVES, PROJECTS AND EXPENDITURES WILL ELIMINATE PROJECT AREA BLIGHTING CONDITIONS

Specific projects listed in the previous section include a description of how blight is eliminated as a result of implementation of a specific project. However, the cumulative effects of all of the projects listed will have a greater impact in eliminating blight than individual projects alone.

The projects described in the previous section improve the Project Area by:

- Increasing employment through provision of additional jobs created as a result of private sector investment,
- Increasing residential stability as a result of improved neighborhood conditions and an improved housing stock which meets the needs of a broad spectrum of incomes;
- Correcting original deficiencies in planning of Imperial Beach's commercial corridors through redevelopment, thereby creating a more cohesive and appropriate environment for residents and visitors alike;
- Increasing private investment as a result of catalytic projects created in the Project Area; and
- Reducing commercial vacancies due to new businesses entering the community as blight is removed.

VII. HOUSING PRODUCTION PLAN

In addition to the removal of blight, a fundamental purpose of redevelopment is to expand and preserve the supply of low- and moderate-income housing. To accomplish this purpose, State law contains numerous provisions to guide redevelopment agency activities with regard to affordable housing. One of these provisions is a requirement placed on redevelopment agencies to include a housing production plan in each five-year Implementation Plan. The housing plan must specify the Agency's intended approaches to increase, improve, and preserve the supply of low- and moderate-income housing.

This section is organized as follows:

- First, a brief description of the Agency's strategy for providing affordable housing in the Project Area.
- Next, the three principal housing mandates of California Community Redevelopment Law are reviewed: set-aside funds, the replacement rule, and the inclusionary obligation. This review includes an assessment of the Agency's present situation with respect to each requirement.
- Lastly, specific targets for housing production are identified for five- and ten-year horizons, as well as the life of the Project Area.

A. Affordable Housing Strategy

State law requires consistency between the Agency's Implementation Plan and the City's Housing Element of its General Plan (Housing Element). The City of Imperial Beach's Housing Element was adopted in September 2009. The Housing Element presents information on City demographic and housing characteristics, identifies principal housing needs in the community, assesses opportunities and constraints to meeting housing needs, and identifies specific housing goals, policies, and programs. The 2005-2010 Housing Element identifies six goals and related objectives to address Imperial Beach's housing needs, as follows:

Goal 1: Housing opportunities and accessibility	
1-1	Seek assistance under federal, state, and other programs for eligible activities within the City that address affordable housing needs.
1-2	Provide home ownership opportunities whenever possible.
1-3	Encourage the development of housing and programs to assist special needs persons.
1-4	Cooperate with the Housing Authority of the County of San Diego to meet the growing demand for public housing units and rental assistance through the Voucher programs.

Goal 2: Remove constraints	
2-1	Provide the citizens in the City of Imperial Beach with reasonably priced housing opportunities within the financial capacity of all members of the community.
2-2	Provide technical assistance to developers, non-profit organizations, or other qualified private sector interests in the application and development of projects for federal and state housing programs/grants.
Goal 3: Provide and maintain an adequate supply of sites for the development of new affordable housing	
3-1	Provide information to for-profit and non-profit developers and other housing providers on available vacant land.
3-2	Provide opportunities for mixed-use developments.
3-3	Provide a sufficient amount of zoned land to accommodate development for all housing types and income levels.
Goal 4: Preserve, rehabilitate, and enhance existing housing and neighborhoods	
4-1	Preserve existing neighborhoods.
4-2	Maintain, preserve, and rehabilitate the existing housing stock in the City of Imperial Beach.
Goal 5: Provide housing free from discrimination	
5-1	Eliminate housing discrimination.
Goal 6: Encourage and enhance coordination of housing	
6-1	Maximize coordination and cooperation among housing providers and program managers.

The Implementation Plan must be consistent with the Housing Element of the City's General Plan. California Health and Safety Code Section 33334.4 requires redevelopment agencies to target Low-Mod Housing Fund expenditures to the relative percentage of unmet need for very low, low, and moderate income units, as defined in the City's most recently approved Housing Element. Therefore, calculations regarding how Low-Mod Housing Funds should be targeted as indicated on pages 21-22 and Table 11, and are based upon housing needs identified in the City's 2005-2010 Housing Element.

B. Low and Moderate Income Housing Requirements

State law requires that a minimum of 20% of the tax increment generated in Project Area be used for the purposes of increasing or improving the community's supply of very low, low, and moderate income housing. One exception to this requirement pertains to Redevelopment Plans adopted before 1977, where those Project Area are allowed to defer Low-Mod Housing Fund deposits until 1996-1997 (or beyond) to fund existing projects, programs, and activities; the deferral can last as long as there are existing obligations.

1. Excess Surplus

State law mandates that redevelopment agencies use Low-Mod Housing Fund monies in a timely manner, or otherwise forfeit these funds to other public agencies with housing responsibilities. Specifically, the law stipulates that agencies may not retain “Excess Surplus” in their Low-Mod Housing Funds. “Excess Surplus” is defined as the unexpended or unencumbered amount of an Agency’s Low-Mod Housing Fund that exceed the greater of \$1,000,000 or the aggregate amount deposited in the fund during the preceding four years.

This calculation is performed annually and reported to the State Department of Housing and Community Development on Schedule “C” of the Agency’s annual report. An agency with an excess surplus has the following fiscal year to either transfer the surplus to the housing authority or to expend/encumber the surplus funds. Failure to spend or encumber the excess surplus within an additional two years (for a total of three years from the date the funds became excess surplus) results in an agency losing most of its discretionary powers over redevelopment until the surplus, plus an amount of non-Housing Funds equal to 50% of the surplus amount, is spent or encumbered. Determination of when excess surplus will occur will affect the timing of expenditure of Low-Mod Housing Funds.

The Agency’s 2007-2008 Schedule HCD-C report to the State, as summarized below, illustrates that the Agency currently has no Excess Surplus in its Low-Mod Housing Fund.

<u>Low Mod Fund - Excess Surplus Calculation</u>				
Fiscal Year	Increment Deposited	Sum of Increment Deposited	Unencumbered Balance	Excess Surplus
2003 - 2004	\$608,900			
2004 - 2005	\$884,100			
2005 – 2006	\$1,174,200			
2006 - 2007	\$1,480,800			
Total		\$4,148,000	\$3,091,300	\$0

2. Low-Mod Housing Fund Targeting

Under California Health and Safety Code Section 33334.4, the Agency must target set-aside expenditures in accordance with an income proportionality test and an age restriction proportionality test. These proportionality tests must be met between January 1, 2002 and December 31, 2014, and then again through the termination of the Redevelopment Plan. These tests do not have to be met on an annual basis.

Income Targeting Proportionality Test

Under California Health and Safety Code Section 33334.4, the Agency must expend Housing Funds in proportion to the regional housing needs assessment (RHNA) as defined in Government Code Section 65584 and established by the San Diego Association of Governments (SANDAG). The table below presents Imperial Beach's RHNA obligations and extrapolates the proportional spending limits for each income category.

Regional Housing Needs Assessment Unit Obligations			
Income Category	Total Units	% of Total	Expenditure Proportionality
Very-Low Income	13	34%	At Least 34%
Low Income	9	24%	At Least 24%
Moderate Income	16	42%	At Most 42%
Totals	38	100%	

The Agency is entitled to expend a disproportionate amount of funds for very low income households, and to subtract a commensurate amount from the low and/or moderate income thresholds. Similarly, the Agency can provide a disproportionate amount of funding for low income housing by reducing the amount of funds allocated to moderate-income households. In no event can the expenditures targeted to moderate-income households exceed the established threshold amount.

In order to meet the income targeting standards, the Agency proposes that the Implementation Plan allocate 34% of the Low-Mod Housing Fund project and program expenditures to very low income households, 24% of the fund to low income households, and no more than 42% of the funds to moderate income households.

Age-Restricted Proportionality Test

Section 33334.4 also requires redevelopment agencies to cap assistance for age-restricted housing based on the percentage that very low and low income senior citizens within the very low and low income households in the community. As shown below, based on the 2000 United States Census data, the very low and low income senior citizen population represents 14% of the very low and low income population in Imperial Beach.

Age Restricted Proportionality Test		
Income and Age	Population	Expenditure Proportionality
Very Low/Low Income Under 65 Years Old	4,212	86%
Very Low/Low Income 65 Years and Older	690	14%
Total	4,902	100%

In order to meet the age restriction proportionality test requirements, the Agency proposes that the Implementation Plan allocate 86% of the Low-Mod Housing Fund project and program expenditures to non-age-restricted housing.

3. Replacement Obligation

State law also requires the replacement of low- and moderate-income housing when an agency causes the removal of such housing as part of its redevelopment activities. Redevelopment agencies are required to cause the development of replacement dwelling units, for low- or moderate-income households, in numbers equal to those eliminated, within four years of removal.

To date, the Agency has not caused any housing units or households to be displaced. Consequently, the Agency has not incurred any obligation to provide replacement housing units.

4. Inclusionary Housing

State law incorporates inclusionary housing requirements where defined percentages of housing are reserved for low- and moderate-income households. Where the Agency does not directly develop or substantially rehabilitate units, at least 15% of all new or substantially rehabilitated units in a Project Area must be affordable to low- and moderate-income households. Of the 15% restricted, 40% must be restricted to very low-income households.

If housing is developed or rehabilitated by the Agency itself, 30% of the housing must be affordable to low and moderate income households. Of those units restricted, 50% must be affordable to very low-income households.

Prices or rents for inclusionary housing units must be restricted by Agency-imposed covenants for the longest feasible time, as determined by the Agency. With respect to for-sale housing, this restriction must apply for a minimum of 45 years. The minimum requirement for rental housing is 55 years.

State law allows redevelopment agencies to combine developments from several Project Areas to meet the inclusionary obligation described above. In addition, housing production outside Project Areas may be counted, on a 2-for-1 basis, in order to fulfill these requirements.

Status of Inclusionary Production

As shown in Table 6, a total of 121 housing units have been developed and/or substantially rehabilitated in the Project Area. Of this total, 30 units have been developed and/or substantially rehabilitated in the past five (5) years, eight (8) units are low/moderate income units and 22 are very low income units. All of the housing units produced have been built by private developers. Casa Estable I and II, rehabilitated in 2007, and Beachwind Court, rehabilitated in 2009, include affordability restrictions that meet the inclusionary housing requirements pursuant to California Health and Safety Code Section 33413.

Based on the total production level since inception of the Plan, the Agency's inclusionary obligation for low- and moderate-income units is 21 units, of which 8 must be affordable to very low-income households. To date, the Agency has restricted 30 units (of which 22 are restricted to very low income households). As a result, the Agency has a current inclusionary housing surplus of nine (9) units.

TABLE 6

**SUMMARY OF PRIOR HOUSING PRODUCTION
PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
IMPERIAL BEACH REDEVELOPMENT AGENCY**

	<u>Year</u>	<u>Total Number of Units</u>	<u>Inclusionary Obligation @ 15.0%</u>	<u>Qualifying as Inclusionary Units</u>	
				<u>Low/Moderate</u>	<u>Very Low</u>
I. Start of Redevelopment Plan (through December 2004)		91	14	0	0
<hr/>					
II. January 2005 - June 2009					
Casa Estable I	2007	7	2	0	7
Casa Estable II	2007	8	2	0	8
Beachwind Court	2009	<u>15</u>	<u>3</u>	<u>8</u>	<u>7</u>
Housing Production (2005 - 2009)		30	7	8	22
III. Total Housing Production		121	21	8	22

Total Inclusionary Housing Surplus/(Deficit) (through June 2009)	<u>Total Surplus/(Deficit)</u>	<u>Low/Moderate</u>	<u>Very Low</u> ⁽¹⁾
Inclusionary Units Produced	30	8	22
(Less) Inclusionary Obligation	<u>(21)</u>	<u>(13)</u>	<u>(8)</u>
Total Inclusionary Housing Surplus/(Deficit)	9	(5)	14

(1) Forty percent (40%) of the inclusionary housing obligation should be targeted to very low-income households.

C. Proposed Housing Program

Redevelopment agencies are required to outline proposed housing activities at varying levels of detail for five years, ten years, and the life of the Redevelopment Plan. Accordingly, this section addresses the Agency's housing goals, and identifies planned housing production, both market-rate and affordable, for all three time periods.

The Agency's Project Area and the City of Imperial Beach as a whole are nearly built out. Therefore, the opportunities to develop new housing units, whether market-rate or affordable, are few in number. For this reason, the Agency will continue to pool its available housing funds to support a limited number of housing developments within the Project Area limits.

1. Housing Production

The Agency has estimated inclusionary housing production based on future redevelopment potential within the Project Area. As presented in Tables 7 through 9 and summarized below, future inclusionary housing production will continue to meet State law requirements over the next five years, ten years, and the life of the Plan.

<u>Inclusionary Housing Requirements and Production</u>					
		Inclusionary Requirement (15%)		Very Low-Income Requirement (40%)	
Planning Timeframe	Units Built in Project Area (1)	Required	Produced / Planned	Required	Produced / Planned
Through 2009	121	21	30	8	22
2010 – 2014	47	8	47	4	20
2015 – 2019	25	4	25	1	13
2020 – Life of Plan	52	8	52	3	26
Through Life of Plan	245	41	154	16	81

(1) Per Agency, units built and produced / planned are estimates beyond the 2010-2014 planning period.

TABLE 7

**FORECAST OF PROPOSED HOUSING PRODUCTION AND INCLUSIONARY HOUSING OBLIGATION - FIVE-YEAR PLAN
PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
IMPERIAL BEACH REDEVELOPMENT AGENCY**

I. Proposed Housing Production (July 2009 - June 2014)						Total Number of Units 2010 - 2014	Inclusionary Obligation @ 15.0%	
Project	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014			
Multi-Green (Covenant Units)	3	2	0	2	0	7	2	
Rehabilitation/New Units	0	20	0	0	0	20	3	
10th and Donax	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20</u>	<u>20</u>	<u>3</u>	
Total	3	22	0	2	20	47	8	
II. Estimated Inclusionary Housing Obligation						Low/ Moderate	Very Low (1)	Total
Inclusionary Housing Obligation through June 2009						13	8	21
Projected Inclusionary Housing Obligation (July 2009-June 2014)						<u>4</u>	<u>4</u>	<u>8</u>
Total Inclusionary Housing Obligation (through June 2014)						17	12	29
III. Projected Inclusionary Housing Production								
Inclusionary Housing Units Produced through June 2009						8	22	30
Projected Inclusionary Housing Production (July 2009-June 2014)								
Multi-Green (Covenant Units)						7	0	7
Rehabilitation/New Units						10	10	20
10th and Donax						<u>10</u>	<u>10</u>	<u>20</u>
Subtotal Inclusionary Housing Production (July 2009-June 2014)						27	20	47
Total Inclusionary Housing Production (through June 2014)						35	42	77
IV. Inclusionary Housing Surplus/(Deficit)								
Total Projected Inclusionary Housing Production						35	42	77
Total Inclusionary Housing Obligation						<u>(17)</u>	<u>(12)</u>	<u>(29)</u>
Total Inclusionary Housing Surplus/(Deficit)						18	30	48

(1) Forty percent (40%) of the inclusionary housing obligation should be targeted to very low-income households.

TABLE 8

**FORECAST OF PROPOSED HOUSING PRODUCTION AND INCLUSIONARY HOUSING OBLIGATION - TEN-YEAR PLAN
PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
IMPERIAL BEACH REDEVELOPMENT AGENCY**

I. Proposed Housing Production (July 2009 - June 2019)	<u>July 2009 to June 2014</u>	<u>July 2014 to June 2019</u>	<u>Total Number of Units 2009 - 2019</u>	<u>Inclusionary Obligation @ 15.0%</u>	
Proposed Housing Production	47	25	72	11	
			<u>Low/Moderate</u>	<u>Very Low</u> (1)	<u>Total</u>
II. Estimated Inclusionary Housing Obligation					
Prior Inclusionary Housing Obligation (through June 2009)			13	8	21
Projected through FY 2019			<u>6</u>	<u>5</u>	<u>11</u>
Total Inclusionary Housing Obligation (through June 2019)			19	13	32
III. Projected Inclusionary Housing Production					
Inclusionary Housing Units Produced through June 2009			8	22	30
Projected Inclusionary Housing Production (July 2009 - June 2014)			27	20	47
Projected Inclusionary Housing Production (July 2014 - June 2019)			<u>12</u>	<u>13</u>	<u>25</u>
Total Projected Inclusionary Housing Production			47	55	102
IV. Inclusionary Housing Surplus/(Deficit)					
Total Projected Inclusionary Housing Production			47	55	102
Total Inclusionary Housing Obligation			<u>(19)</u>	<u>(13)</u>	<u>(32)</u>
Total Inclusionary Housing Surplus/(Deficit)			28	42	70

(1) Forty percent (40%) of the inclusionary housing obligation should be targeted to very low-income households.

TABLE 9

**FORECAST OF PROPOSED HOUSING PRODUCTION AND INCLUSIONARY HOUSING OBLIGATION - LIFETIME PLAN ⁽¹⁾
 PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
 JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
 IMPERIAL BEACH REDEVELOPMENT AGENCY**

I. Proposed Housing Production (2010-Life of Plan) ⁽¹⁾

	<u>July 2009 to June 2014</u>	<u>July 2014 to June 2019</u>	<u>July 2019 to Life of Plan ⁽¹⁾</u>	<u>Total Number of Units 2010 - 2032</u>	<u>Inclusionary Obligation @ 15.0%</u>	
Total Housing Production	47	25	52	124	19	
				<u>Low/ Moderate</u>	<u>Very Low ⁽²⁾</u>	<u>Total</u>
II. Estimated Inclusionary Housing Obligation						
Prior Inclusionary Housing Obligation (through June 2009)				13	8	21
Inclusionary Housing Obligation Projected through Life of Plan				<u>11</u>	<u>8</u>	<u>19</u>
Total Inclusionary Housing Obligation (through Life of Plan)				24	16	40
III. Projected Inclusionary Housing Production						
Inclusionary Housing Units Produced through June 2009				8	22	30
Projected Inclusionary Housing Production (July 2010 - June 2014)				27	20	47
Projected Inclusionary Housing Production (July 2014 - June 2019)				12	13	25
Projected Inclusionary Housing Production (July 2019 - Life of Plan)				<u>26</u>	<u>26</u>	<u>52</u>
Total Projected Inclusionary Housing Production				73	81	154
IV. Inclusionary Housing Surplus/(Deficit)						
Total Projected Inclusionary Housing Production				73	81	154
Total Inclusionary Housing Obligation				<u>(24)</u>	<u>(16)</u>	<u>(40)</u>
Total Inclusionary Housing Surplus/(Deficit)				49	65	114

(1) Effectiveness of the Redevelopment Plan is as follows: Original Area (March 9, 2027) and Amended Area (August 17, 2032).

(2) Forty percent (40%) of the inclusionary housing obligation should be targeted to very low-income households.

2. Low and Moderate Income Housing Funds Expenditures

Agencies are required to identify: (1) available balances in Low-Mod Housing Fund(s); (2) estimated annual deposits to the Low-Mod Housing Fund(s) over the next five years; and (3) estimated annual Low-Mod Housing Fund expenditures over the same period.

The Agency's Low-Mod Housing Fund's fund balance as of FY 2008-2009 is estimated at \$1,613,000. The Agency currently deposits a total of about \$1,554,000 per year into its Low-Mod Housing Fund. Since set-aside funds are a function of property tax revenues, the actual amount of future deposits will depend on factors such as market conditions and the timing of new taxable development. The Agency can expect to deposit a net total of about \$6.1 million into its Low-Mod Housing Funds over the next five years. In combination with the existing balances, the Agency would therefore have an estimated total \$7.7 million in Low-Mod Housing funds available.

Table 10 presents an estimate of the Agency's fund balance over the next five years. This estimate is summarized as follows:

Projected Low Mod Fund Revenue / Expenditures	
	5-Year Plan (2009/2010 to 2013/2014)
Beginning Balance	\$1,613,000
Revenues	\$8,355,000
Expenditures	<u>(\$9,406,000)</u>
Ending Balance	\$562,000

Table 11 presents an estimate of Low-Mod Housing Fund appropriations based on Low-Mod Housing Fund targeting requirements as identified on pages 21 and 22. These estimates are summarized as follows:

Low-Mod Housing Fund Appropriations

		5-Year Plan <u>2010-2014</u>
Net Low-Mod Housing Fund Revenues (Table 11) (1)		\$7,666,000
Housing Need Appropriations:		
Very Low	At least 34%	\$2,622,600
Low	At least 24%	\$1,815,600
Moderate	No more than 42%	<u>\$3,227,800</u>
Total (rounded)		\$7,666,000
Senior Citizen Projects Appropriations:		
Very Low/Low Under 65 Years Old	86%	\$6,593,000
Very Low/Low 65 Years and Older	No more than 14%	<u>\$1,073,000</u>
Total		\$7,666,000
<p>(1) Reflects Low-Mod Housing Fund beginning balance at 2009/2010 and Low-Mod Housing Fund revenues after operating expenses.</p>		

TABLE 10

**PROJECTED LOW-MOD HOUSING FUND APPROPRIATIONS - FIVE-YEAR PLAN
 PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
 JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
 IMPERIAL BEACH REDEVELOPMENT AGENCY**

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	Total 2009-2014
I. Housing Fund Beginning Balance	\$1,613,000	\$2,028,000	\$693,000	\$1,470,000	\$2,087,000	
II. Total Housing Fund Revenues						
Housing Fund Deposits	\$1,554,000	\$1,554,000	\$1,554,000	\$1,554,000	\$1,554,000	\$7,770,000
Bond Proceeds	\$0	\$0	\$0	\$0	\$0	
Interest Income	\$117,000	\$117,000	\$117,000	\$117,000	\$117,000	\$585,000
Total Revenues	\$1,671,000	\$1,671,000	\$1,671,000	\$1,671,000	\$1,671,000	\$8,355,000
III. Total Housing Fund Expenditures (1)						
Debt Service	\$310,000	\$310,000	\$310,000	\$310,000	\$310,000	\$1,550,000
Administration	\$248,000	\$126,000	\$126,000	\$126,000	\$126,000	\$752,000
Expenditures	\$698,000	\$2,570,000	\$458,000	\$618,000	\$2,760,000	\$7,104,000
Total Expenditures	\$1,256,000	\$3,006,000	\$894,000	\$1,054,000	\$3,196,000	\$9,406,000
IV. Housing Fund Ending Balance	\$2,028,000	\$693,000	\$1,470,000	\$2,087,000	\$562,000	

(1) Does not include Supplemental Educational Revenue Augmentation Fund (SERAF) payment. If Agency is required to make SERAF payment (pending lawsuit), financial projections will be modified and addressed in the Mid-Term Update.

Source: Imperial Beach Redevelopment Agency

TABLE 11

**LOW-MOD HOUSNG FUND PROPORTIONALITY REQUIREMENTS - FIVE-YEAR PLAN
 PALM AVENUE/COMMERCIAL CORRIDOR PROJECT
 JULY 2009 - JUNE 2014 IMPLEMENTATION PLAN
 IMPERIAL BEACH REDEVELOPMENT AGENCY**

**Five Year Plan
July 2009 - June 2014**

I. Estimate of Net Revenue

A. Beginning Balance		\$1,613,000
B. Revenues		\$8,355,000
C. (Less) Operating Expenses		<u>(\$2,302,000)</u>
D. Total Fund Balance/Net Revenue		\$7,666,000

II. Housing Need

A. Very Low Income	34%	\$2,622,600
B. Lower Income	24%	\$1,815,600
C. Moderate Income	<u>42%</u>	<u>\$3,227,800</u>
D. Total	100%	\$7,666,000

III. Expenditures on Senior Citizen Projects

A. Very Low/Low Under 65 Years Old	86%	\$6,593,000
B. Very Low/Low 65 Years and Older	<u>14%</u>	<u>\$1,073,000</u>
C. Total	100%	\$7,666,000

VIII. SUMMARY

The Plan sets forth specific projects planned for the Project Area during the next five years in accordance with the Imperial Beach General Plan and the California Community Redevelopment Law. The Plan provides for a number of catalytic projects including construction and rehabilitation of low- and moderate income housing. The Plan sets forth programs which, when implemented, will aid the private sector to reinvest in Imperial Beach. These programs include: Façade Improvement, Clean & Green rehabilitation loans, and land write-downs. The Plan also sets forth the provision of major public improvements, including street improvements and facilitation of major public facilities. In addition, the Plan provides for continued investment in commercial and residential rehabilitation projects which will help secure the long-term success of the public investments already implemented in the Project Area.