FIVE YEAR IMPLEMENTATION PLAN 2009-10 THROUGH 2013-14

REDEVELOPMENT AGENCY OF THE CITY OF COLTON

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FIVE YEAR
IMPLEMENTATION PLAN
2009-2010THROUGH 2013-2014
AND
CCRL SECTION 33413(b) (4) HOUSING COMPLIANCE PLAN

COLTON REDEVELOPMENT PROJECT AREAS

Prepared for the

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October 2010

Five Year Implementation Plan FY 2010 through FY 2014 for the Colton Redevelopment Project Areas

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Christy Elshof, Project Manager

Five Year Implementation Plan FY 2010 through FY 2014 for the Colton Redevelopment Project Areas

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PREFACE

This Implementation Plan was prepared in compliance with Section 33490 *et seq*. of California Community Redevelopment Law (the "CCRL") and applies to the seven redevelopment projects in the City of Colton that were active during the 2004-2009 Implementation Plan Term. Two of the seven projects, Downtown Project No. 1 and Downtown Project No. 2, expired in 2010; therefore, redevelopment programs and project activities to be implemented by the Redevelopment Agency for the City of Colton (the "Agency") over the next five years will only be targeted in the remaining five project areas.

The Implementation Plan is presented in five sections, plus an executive summary:

Executive Summary

1. ***Introduction:*** This section includes definitions of the terms used in the Implementation Plan, an overview of redevelopment law as it applies to the Implementation Plan, the public participation process, and project area locations, boundaries, and maps.

2. ***Review of Previous Agency Activities:*** This section presents an historic overview of plan adoptions and chronology, a discussion of recent CCRL legislation and the Agency's compliance, a summary of blight conditions in the project areas, and a summary of historic goals, objectives, and accomplishments.

3. ***Community Development Implementation Program: FY 2010 - FY 2014:*** This section discusses the Agency's plan to eliminate blight in the project areas, presents the goals and objectives nexus to blight elimination, and projects revenues and expenditures.

4. ***Housing Compliance Plan and Implementation Program:*** This section presents the affordable housing programs and projects that the Agency anticipates implementing over the next five years in correlation to its inclusionary housing obligations.

5. ***Plan Administration:*** This section describes the Implementation Plan process including a general description of financial resources that will be used to fund the housing and non-housing activities over the term of the Implementation Plan.

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EXECUTIVE SUMMARY

Introduction

California Community Redevelopment Law (CCRL) Section 33490 mandates that each redevelopment agency adopt a five-year implementation plan, with the initial plan for projects adopted prior to January 1, 1994, to be adopted that calendar year. In compliance the Agency adopted implementation plans in 1994, 1999, and 2004. This Implementation Plan is the Agency's fourth five-year implementation plan covering the period July 1, 2009 through June 30, 2014 and supersedes and replaces the 2004-2009 Implementation Plan.

CCRL Section 33490(b) allows one implementation plan for more than one project area. The 2009-2014 Implementation Plan, prepared pursuant to CCRL Sections 33490(a)(1) and 33413(b)(4), contains the following:

- Agency accomplishments during the preceding 2004-2009 Implementation Plan term;
- Agency goals, objectives, programs, and projects for the next five years: 2009-2014;
- Estimated revenue and expenditures to enable implementation of Agency programs and projects;
- An explanation of how the Agency's goals and objectives, programs, and expenditures will eliminate blight within the project areas;
- An affordable housing production plan that outlines how the Agency will meet its affordable housing obligations pursuant to CCRL requirements over the next five years; and
- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's fifteen percent inclusionary housing requirements.

Agency Accomplishments July 1, 2004 through June 30, 2009

Since adoption of the redevelopment plans for each of the seven redevelopment projects, the Agency has, both unilaterally and through participation in joint public/private partnerships, facilitated a number of successful projects and programs aimed at economic revitalization, blight reduction, and affordable housing production. Key accomplishments in the last five years by Project Area are listed below:

<u>DOWNTOWN PROJECT NO.1 AND DOWNTOWN PROJECT NO. 2</u>

The redevelopment plans for both Downtown Project No. 1 and Downtown Project No. 2 expired on January 1, 2010. Per CCRL Section 33333.6, after the time limit on the effectiveness of the redevelopment plan, the agency shall have no authority to collect tax increment or to implement projects, programs, or other actions except to pay previously incurred debt or enforce existing obligations. The Agency's final accomplishments in the Downtown Projects include:

- To promote the economic revitalization of Downtown Projects Nos.1 and 2, a core group from City staff and Council canvassed Valley Boulevard businesses, interviewing 34 of the 41 businesses. The information gathered is being used to help monitor the needs of Colton's businesses.

- The Agency played a significant role in the relocation of La Villa Restaurant in the Downtown No. 2 Project Area as a result of a fire that destroyed the building. La Villa relocated to 195 W. Valley Boulevard and completed significant tenant improvements. Nickelodeon Pizza was housed in the same building, and was subsequently relocated to Fiesta Village in September of 2006.

- The Agency encouraged and supported new retail ventures:
    - Dominguez Plaza - Amapola Rico Taco, Subway and Mr. You Chinese Food opened 2005
    - Bob's Big Boy held its grand opening ceremony on April 2, 2007.
    - Other new retail tenants: Pizza Primo, opened in May of 2008, adjacent to the Colton Ice Cream Parlor at 229 W. Valley Boulevard.

<u>COOLEY RANCH PROJECT</u>

- The Agency encouraged and supported new and expanded retail ventures:
    - Starbucks Coffee leased the former Spikes building, made tenant improvements and opened in July 2005.
    - Sayakas Japanese Restaurant purchased the former, vacant National Buffet building and opened in April 2006
    - Juan Pollo restaurant completed its tenant improvements and opened in September, 2005.
    - The former General Cinema Theater was acquired by Altman's Winnebago for its new RV maintenance facility and Altman's completed the tenant improvements in October, 2005 exceeding $3 million.
    - Saddleback RV – completed construction of their 35,000 square foot dealership in June 2006.
    - Ashley Furniture Homestore – completed construction of their 63,000 square foot. Homestore adjacent to its warehouse distribution center in 2005. Annual sales are estimated at $30 million. As of June, 2009, Ashley Furniture was in escrow to acquire two new buildings for expansion near their existing operations.
    - Ross Dress For Less – opened in September, 2006 at 1080 S. Mount Vernon Avenue.
    - Quiznos – opened in July, 2007 at 1040 S. Mount Vernon Avenue.
    - Loma Linda Heart and Imaging Center, 900 E. Washington Street – opened June, 2008 and is the most sophisticated, state of the art cardiac diagnostic imaging center west of the Mississippi.
    - Starbucks Coffee - opened August, 2006 at 1241 E. Washington Street.

SANTA ANA RIVER PROJECT

- Public infrastructure improvements constructed using tax allocation bonds in the Santa Ana River Project Area have been completed:
  - Cooley Ranch Wood Street subdivision
  - Cooley Drive from Interstate 215 to Cooley Lane
  - Old Ranch Road between Cooley Drive and Mountain View

WEST VALLEY PROJECT

- The Agency Board approved the creation of the West Valley Specific Plan Amendment. The Environmental Impact Report (EIR) is out in draft form and a draft Habitat Conservation Plan (HCP) for the resolution of the Delhi Sands Flower Loving Fly situation is nearing completion. These studies will assist in the development of property in the West Valley area near Arrowhead Regional Medical Center. The goal is to free up developable land north of the 1-10 freeway and conserve land south of the freeway for the endangered fly. This would allow for mixed-use development or retail, commercial and housing units.
- The County of San Bernardino completed construction on the realignment of Valley Blvd. and Pepper Ave in June 2008.

MT VERNON PROJECT

- The Colton Bike Path along Mt. Vernon Avenue and Colton Avenue is complete. The City submitted applications for and received grants and Measure I funds for the project. The Agency expended $100,000 for the engineering from the Mt. Vernon Project Area Bonds.
- The Agency supported and facilitated City and private sector projects:
  - A new Senior Housing Complex is slated for land being assembled at the Northwest corner of Mt. Vernon and Colton Avenues in the Project Area. The City Council adopted a Housing Replacement Plan in 2005 for the 101 senior housing units that were lost when Colton Palms had to be demolished due to a construction defect, and this site was identified due to the City's partial ownership interest in several of the parcels. As of June, 2009, it was expected that the parcels would be under the control of the City soon.
  - The Howard Johnson's motel went to auction in May, 2007 and the first buyer forfeited their down payment. The second highest bidder acquired the property in October, 2007 and is in the process of rehabilitating the property for use as a hotel, with completion expected in 2010.
  - On February 19, 2008 Council approved the Global Premier Project which will reduce the low-income housing shortage within the City. The developer had submitted plans for 38 low income housing units, but recent economic downturns and lack of available bond funding stalled the project for the immediate future. Global Premier submitted for tax credit financing at the end of 2009, and again in early 2010. As yet, the project is not funded.
  - City and County staff are discussing strategies for development of the Warm Creek Basin. The 98 acre property is owned by the County Flood Control

District and 36 acres are within the Mt. Vernon Project Area with the balance of the property located in one of San Bernardino's project areas.

RANCHO MILL

- In April of 2004 a Construction Management Agreement was entered into between the City and Agency. A new traffic signal has been installed at Rancho and C Streets. Curbs, gutters and sidewalks have been completed on:
  - Citrus St. from Pennsylvania Ave to Bryn Mawr Ct., 7th Street
  - Olive St. to Oak Street
  - 6th Street between Hanna and Acacia and a new traffic signal has been installed at Rancho and C St.
- Landscape Improvements at Mill Street and Rancho Avenue
- Landscape Improvements at C Street and Rancho Avenue
- Traffic signalization at Citrus Street to Johnston Street
- Curbs, Gutters & Sidewalks and drainage on:
  - Pennsylvania Ave from Citrus St to Johnston St
  - B Street & 7th St (curb and handicap ramp only)
  - Olive St from BNSF Railroad Track to 7th St

Agency Blight Elimination and Housing Programs for FY 2010 - FY 2014

The success of Agency programs and projects during the Implementation Plan term are largely dependent on the strength of the national, state, and regional economies. Tax increment revenue is estimated for purposes of this report at neutral and/or modest growth rates. Additionally, the State of California passed legislation, the Supplemental Revenue Augmentation Fund (SERAF), authorizing a taking of redevelopment funds to balance the state budget. The legislation was legally challenged, and on May 4, 2010, SERAF was upheld in Sacramento Superior Court. The Agency was required to make a payment of $3,807,853 for FY 2009-2010 on May 10, 2010. The Agency is budgeting for a FY 2010-11 payment of $783,215 in May 2011.

The Agency has established three goals for its FY 2010 - FY 2014 redevelopment program:

GOAL 1: PROMOTE AND FACILITATE COMMUNITY AND ECONOMIC DEVELOPMENT

OBJECTIVES

1.1 Eliminate Environmental Deficiencies.

1.2 Eliminate Physical and Economic Blight.

1.3 Improve Aesthetics.

1.4 Reconstruction/Rehabilitation.

1.5 Strengthen Economic Base.

1.6 Land Assembly.

1.7 Stimulate Construction.

1.8 Financing Construction.

1.9 Proper Land Utilization.

1.10 Expand Commercial and Industrial Base.

1.11 Economic Development.

GOAL 2: ESTABLISH OR IMPROVE PUBLIC INFRASTRUCTURE OR COMMUNITY FACILITIES

OBJECTIVES

2.1 Improve Public Infrastructure.

2.2 Street and Parking Improvements.

2.3 Improve Utility Services.

2.4 Financing Public Facilities

2.5 Infrastructure Improvements

GOAL 3: INCREASE, IMPROVE, AND PRESERVE THE QUALITY OF LOW- AND MODERATE- INCOME HOUSING THROUGHOUT THE PROJECT AREAS AND THE CITY

OBJECTIVES

3.1. Identify, participate in, and monitor housing programs that meet the Agency's inclusionary and replacement low and moderate income housing requirements and the City's housing element.

3.2. Research the development of housing programs that will lead to the replacement and rehabilitation of low and moderate income housing units and off-site amenities.

3.3. Identify and assist housing projects that leverage additional private investment and which may leverage additional public funds leading to an increase in the community's housing stock.

3.4. Carry-out any other affordable housing oriented project or program consistent with the CCRL and the Redevelopment Plan.

Conclusions and Recommendations

To date, the Agency has successfully implemented its programs and managed its budgets. However, the generally negative economic climate in the State of California has affected the Agency's revenue stream through reductions in tax increment growth rate. To address continuing programmatic and financial issues, the following actions may be considered:

1. Process an amendment to merge the five remaining redevelopment projects to permit the Agency greater fiscal and administrative flexibility in the implementation of programs and projects that promote and facilitate economic development and job growth, upgrade public facilities and infrastructure, increase affordable housing opportunities, and generally improve the quality of life for residents.

2. Process an amendment to increase the lifetime cap tax increment collection limit and the bonded indebtedness limit of the redevelopment projects, as appropriate, to ensure adequate funding and financing for Agency programs and projects.

3. Add territory by amending an existing redevelopment project area or creating a new project area to provide increased economic development opportunities and to address infrastructure deficiencies and other blight conditions in areas of the City that qualify.

4. Process an SB 211 amendment to add ten years to the life of the Cooley Ranch project.

5. Process SB 1096 amendments to gain two additional years of life for each eligible project.

1.0 INTRODUCTION

This five-year Implementation Plan (the "Implementation Plan") is one in a series of redevelopment implementation plans mandated since 1994 by the State legislature's adoption of Assembly Bill (AB)1290, which added Section 33490 to the California Community Redevelopment Law (CCRL; California Health and Safety Code section 33000 et seq.). CCRL Section 33490(b) allows one implementation plan for more than one project area.

The Redevelopment Agency for the City of Colton adopted its first Implementation Plan for fiscal years 1995-1999 for all seven redevelopment projects in 1994. The next five-year implementation plan was adopted in 1999 by the Agency for years 2000-2004. The third Implementation Plan was adopted in 2005 for years 2004-2009. This Implementation Plan is the Agency's fourth five-year implementation plan, which covers the period July 1, 2009 through June 30, 2014 and supersedes and replaces the 2004-2009 Implementation Plan.

Historic information contained in this Implementation Plan is based on a review of Agency reports and budgets, the Preceding Implementation Plan, and discussions with Agency staff. Information for FY 2009-10 is based on the Agency's budget. Projections the remaining years are based upon discussions with Agency staff and UFI 's calculations and projections.

1.1 DEFINITIONS

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

"Agency" means the Redevelopment Agency for the City of Colton.

"Agency Board" means the Board of Directors of the Agency. The members of the Agency Board are also the members of the City Council.

"CalHFA" means the California Housing Finance Agency that was established in 1975 as the State's affordable housing bank to make low interest rate loans through the sale of tax-exempt bonds.

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

"City" means the City of Colton.

"Implementation Plan" means the FY 2010 - FY 2014 Implementation Plan for the seven redevelopment projects in the City of Colton, covering the period July 1, 2009 through June 30, 2014.

"ERAF" means the 2008 Educational Revenue Augmentation Fund, which is the state property tax allocation system that shifts property taxes from local governments to local education agencies.

"HCD" means the Housing and Community Development Department of the State of California. HCD monitors the Agency's Housing Compliance Plan and LMI Housing Fund expenditures for compliance with State redevelopment law.

"LMI Housing Fund" means the Low and Moderate Income Fund of the Agency established pursuant to CCRL Section 33334.3 as it presently exists and as it may be increased or decreased by future Agency actions.

"Preceding Implementation Plan" means the 2004-2009 Implementation Plan covering the period July 1, 2004, through June 30, 2009.

"Project Areas" means all of the City of Colton's currently active redevelopment project areas.

"SERAF" means the 2009-2010 and 2010-2011 Supplemental Educational Revenue Augmentation Fund, which is the state property tax allocation system that shifts property taxes from local governments to local educational agencies.

"State" means the State of California.

"Tax Increment" means the funds allocated to the Agency from the Project Areas pursuant to CCRL Section 33670.

"UFI" means Urban Futures, Inc., Redevelopment Consultants, retained by the Agency to assist in preparing the Implementation Plan.

PROJECT RELATED DEFINITIONS

"Cooley Ranch Project" means the Redevelopment Plan for the Cooley Ranch Project, adopted July 29, 1975, by Ordinance No. 1478.

"Cooley Ranch Project Area" means the area included within the boundaries of the Cooley Ranch Project.

"Downtown # 1 Project" means the Redevelopment Plan for the Downtown # 1 Project, adopted January 15, 1964, by Ordinance No. 1179. This Project has expired.

"Downtown # 1 Project Area" means the area included within the boundaries of the Downtown # 1 Project. This Project Area has expired.

"Downtown # 2 Project" means the Redevelopment Plan for the Downtown # 2 Project, adopted January 18, 1966, by Ordinance No. 1263. This Project has expired.

"Downtown # 2 Project Area" means the area included within the boundaries of the Downtown # 2 Project. This Project Area has expired.

"Mt. Vernon Corridor Project" means the Redevelopment Plan for the Mt. Vernon Corridor Project, adopted June 30, 1987, by Ordinance No. O-8-87.

"Mt. Vernon Corridor Project Area" means the area included within the boundaries of the Mt Vernon Corridor Project.

"Rancho/Mill Project" means the Redevelopment Plan for the Ranch/Mill Project, adopted July 5, 1994, by Ordinance No. O-13-94.

"Rancho/Mill Project Area" means the area included within the boundaries of the Ranch/Mill Project.

"Santa Ana River Project" means the Redevelopment Plan for the Santa Ana River Project, adopted December 29, 1982, by Ordinance No. 1632.

"Santa Ana River Project Area" means the area included within the boundaries of the Santa Ana River Project.

"West Valley Original Project" means the Redevelopment Plan for the West Valley Original Project, adopted July 15, 1986, by Ordinance No. O-10-86.

"West Valley Original Project Area" means the area included within the boundaries of the West Valley Project.

"West Valley Amendment Project" means the Redevelopment Plan for the West Valley Amendment Project, adopted June 30, 1987, by Ordinance No. O-9-87.

"West Valley Amendment Project Area" means the area included within the boundaries of the West Valley Amendment Project.

1.2 OVERVIEW OF REDEVELOPMENT LAW AS IT APPLIES TO THE IMPLEMENTATION PLAN

CCRL Section 33490, among other things, requires an implementation plan to contain:

- Specific goals and objectives of the agency for the project area(s) for the next five years;
- Specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years;
- An explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area(s);
- An explanation on how the Agency's goals, objectives and expenditures will implement its affordable housing obligations pursuant to CCRL requirements over the next five years;
- An explanation of how the LMI Housing Fund will be used annually over the term of the implementation plan, along with the amounts now available in the LMI Housing Fund, and projected deposits thereto. Also included shall be estimates of the number of units to be assisted in each of the five years;
- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's 15 percent inclusionary housing requirements, if applicable;
- An estimate of the number of units to be provided at the end of the Plan's effectiveness to meet the Agency's inclusionary housing requirements, if applicable;

- The number of qualifying very- low, low-, and moderate- income units that have been produced in the project area or outside the project area and the number of additional units that will be required to meet the inclusionary housing requirements;

- The number of units that will be developed by the Agency, if any, including the number of units that will be available for very- low, low, and moderate-income households; and

- The Project Area Affordable Housing Production Plan required by Health & Safety Code Section 33413 (b) (4).

Under current law, agencies that administer redevelopment project areas or portions of project areas established on or after January 1, 1976, have an obligation to ensure that specified percentages of new or substantially rehabilitated housing are available at affordable cost to very- low, low, and moderate-income households.

In the event that suitable land cannot be found within a project are to build the replacement housing, the CCRL permits an Agency to count affordable housing units outside a project area towards the Agency's requirements on a two-for-one basis; that is, two affordable housing units will count the same towards the Agency's inclusionary housing requirements as one unit created inside the project area.

Affordable housing developed outside of a project area can be of direct benefit to the redevelopment projects by accomplishing project objectives regarding affordable housing, thus redevelopment agencies adopt findings at the time of plan adoption that create this nexus for future implementation.

In addition, under Section 33413 of the CCRL, whenever dwelling units housing persons of very low-, low- or moderate-incomes are destroyed or removed from the affordable housing inventory as part of a redevelopment project, the Agency is required to replace those units with an equal number of units within four years after the units were removed. The replacement dwelling units must have an equal or greater number of bedrooms as those units destroyed or removed and all must be affordable to very low-, low- or moderate-income households.

Projects adopted prior to 1976 do not have an inclusionary housing requirement. Therefore, Downtown Project No.1 and Downtown Project No. 2, adopted in 1966 and 1967 respectively, do not have an inclusionary housing requirement. They will be excluded from the discussion on housing. The Cooley Ranch Project Area was adopted in 1975, but was amended to add territory in 1979. The added territory in the Cooley Ranch Project Area is subject to the inclusionary housing requirement, though the original territory is not.

Implementation Plans also address a number of financial issues as they apply to affordable housing per Section 33334 of the CCRL. Of particular importance in regards to the Implementation Plan are the following:

- Section 33334.2: establishes Agency obligation to use 20 percent of its tax increment revenue to increase, improve and preserve the community's supply of very- low, low- and moderate- income housing.

- Section 33334.4: provides that the amount of money that can be spent from the Agency's twenty percent tax increment set-aside for senior housing is limited to the same proportion that low income senior households bear to the number of low income households in the City of Colton.

- Section 33334.6: sets forth various requirements for management of the Low and Moderate Income (LMI) Housing Fund.

The financial section of the Plan must address the amount available in the LMI Housing Fund and the estimated amounts which will be deposited into the LMI Housing Fund during each of the next five years as well as estimates of the expenditures of monies from the LMI Housing Fund during each of the five years.

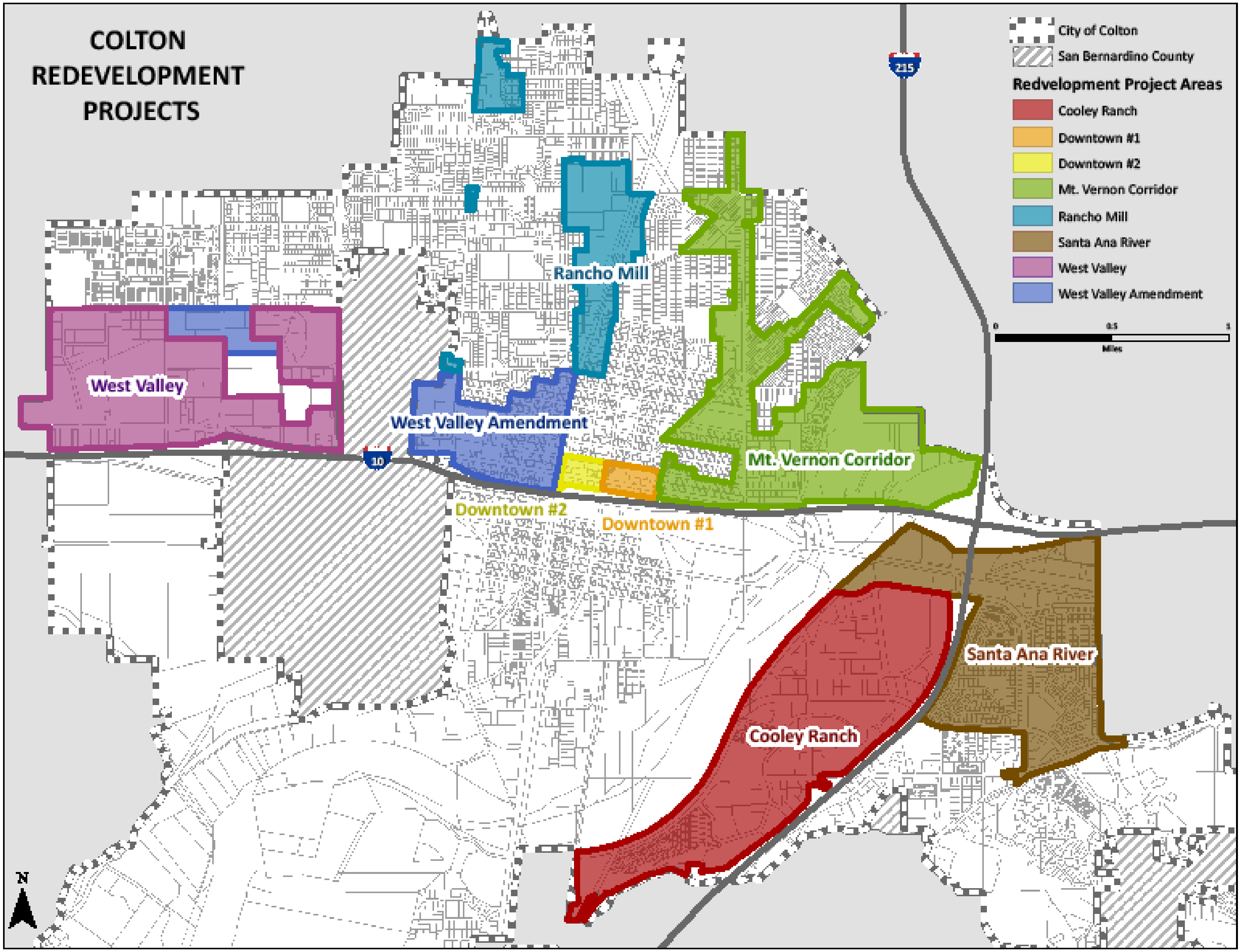
1.3 PUBLIC PARTICIPATION IN THE IMPLEMENTATION PLAN PROCESS

Pursuant to CCRL Section 33490, the adoption of an Implementation Plan must be preceded by a duly noticed public hearing. Notice of the public hearing was published in the local newspaper with a minimum three week notice and posting in four places in each of the Project Areas completed not less than ten days prior to the public hearing.

In addition, CCRL Section 33490 (c) states that between two and three years after adoption of an implementation plan, an Agency must conduct a public hearing to review the redevelopment plan and implementation plan. The purpose of the mid-term review is to assess the extent to which an Agency's actual activities conform to the activities described in the preceding implementation plan. Therefore, the Agency will need to conduct a mid-term review of this Implementation Plan during 2011 or 2012.

1.4 PROJECT AREAS LOCATIONS AND BOUNDARIES

The location and boundaries of the Project Areas are shown in Figure 1 in relation to each other and the Colton city limits.


COLTON
REDEVELOPMENT
PROJECTS
City of Colton
San Bernardino County
Redvelopment Project Areas
Cooley Ranch
Downtown #1
Downtown #2
Mt. Vernon Corridor
Rancho Mill
Santa Ana River
West Valley
West Valley Amendment
Miles
West Valley
West Valley Amendment
Rancho Mill
Mt. Vernon Corridor
Downtown #2
Downtown #1
Santa Ana River
Cooley Ranch
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N

2.0 REVIEW OF AGENCY ACTIVITIES

2.1 HISTORICAL OVERVIEW

In January 1962, the City of Colton established and activated the Redevelopment Agency for the City of Colton. The primary purpose of the Agency was to eliminate blight and stimulate the City's economic base, primarily through the development of new public improvements, commercial and industrial projects, and new affordable housing projects within the project area(s), which could not be achieved without public participation and assistance.

The Agency presently has five active projects:

1. Cooley Ranch Project
2. Santa Ana River Redevelopment Project
3. West Valley Redevelopment Project: Original and Amendment
4. Mt. Vernon Corridor Redevelopment Project
5. Rancho/Mill Redevelopment Project.

There are two additional redevelopment plans that expired during the 2004-2009 Implementation Plan term. These two projects are being included in the FY 2010 - FY 2014 Implementation Plan because they were active for four of the five years of the previous term and because tax increment may continue to be collected for payment of expenses permitted by CCRL Section 33333.6(a) for an additional ten years. However, the Agency no longer has authority to implement any programs or activities funded with tax increment generated within the project areas.

1. Downtown Redevelopment Project No. 1 (Expired 1/1/10)
2. Downtown Redevelopment Project No. 2 (Expired 1/1/10)

Table 1 shows the history of the Agency, the Plans, and the Preceding Implementation Plans for the Projects, and certain time limits associated with the Plans.

Table 1
Colton Redevelopment Agency Plan Chronology & Key Data

	Project Area Name							
					West Valley			
	Downtown No. 1	Downtown No. 2	Cooley Ranch	Santa Ana River	Original	Amendment	Mt Vernon Corridor	Rancho/ Mill
Plan Adoption								
Date of Adoption	1/15/1964	1/18/1966	7/29/1975	12/29/1982	7/15/1986	6/30/1987	6/30/1987	7/5/1994
Ordinance Number	1179	1263	1478	1632	O-10-86	O-9-87	O-8-87	O-13-94
Number of Years Plan is Effective	46	44	41	41	41	41	41	41
Project Area Size (in acres)	18	15	514	412	393	192	459	166
Time Limits								
For Commencement of Eminent Domain	Expired	Expired	Expired	Expired	Expired	Expired	Expired	Expired
For Establishment of Indebtedness	Expired	Expired	Expired	Expired	Expired	Expired	Expired	7/5/2014
For Effectiveness of Plan	Expired	Expired	7/29/2016	12/31/2023	7/15/2027	6/30/2028	6/30/2028	7/5/2025
For Repayment of Indebtedness	1/1/2020	1/1/2020	7/29/2026	12/31/2033	7/15/2037	6/30/2038	6/30/2038	7/5/2040
Financial Limits/Base Year Amount								
Maximum Lifetime Tax Increment	13,000,000	16,000,000	150,000,000	60,000,000	100,000,000	36,000,000	145,000,000	N/A-Unlimited
Maximum Bonded Debt Outstanding	N/A-Unlimited	N/A-Unlimited	100,000,000	16,400,000	20,000,000	30,000,000	45,000,000	N/A-Unlimited
Amendments/Legislative Compliance								
Mandatory Regulations								
SB 53 (Yes/No):	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Date	6/5/2007	6/5/2007	6/5/2007	6/5/2007	6/5/2007	6/5/2007	6/5/2007	6/5/2007
Ordinance Number	0-06-07	0-06-07	0-07-07	0-08-07	0-11-07	0-11-07	0-10-07	0-09-07
SB 1809 (Yes/No):	NOT APPLICABLE							
AB 987(Yes/No):	YES							
AB 1389 (Yes/No):	YES							
Discretionary Regulations								
SB 211:	NO	NO	YES	NO	YES	YES	YES	NO
Date	N/A	N/A	5/6/2008	N/A	5/15/2007	5/15/2007	5/6/2008	N/A
Ordinance Number	N/A	N/A	0-05-08	N/A	0-04-07	0-05-07	0-06-08	N/A
SB1045:	YES	YES	YES	YES	YES	YES	YES	YES
Date	5/4/2004	5/4/2004	5/4/2004	5/4/2004	5/4/2004	5/4/2004	5/4/2004	5/4/2004
Ordinance Number	0-15-04	0-16-04	0-10-04	0-09-04	0-12-04	0-13-04	0-11-04	0-14-04
SB 1096:	NOT DONE FOR ANY PROJECT AREA							

2.2 STATE LEGISLATION

Subsequent to the preparation of the preceding Redevelopment Implementation Plan cycle (i.e., 2005-09), several legislative measures affecting redevelopment plans were enacted. These new laws are briefly described below.

2.2.1 Mandatory Regulations

SB 53 (Kehoe) effective January 1, 2007

Senate Bill 53 requires all redevelopment agencies with a redevelopment plan adopted prior to December 31, 2006, to adopt an ordinance setting forth the agency's authority to use eminent domain and its program for eminent domain activities, even if it no longer has the authority under its redevelopment plan.

Agency Compliance: The Agency approved ordinances for each project area on June 19, 2007, that included an acknowledgement the Agency's authority to acquire property in the project area has expired.

Downtown No. 1:	Ordinance 06-07 acknowledged expiration on December 2, 1988
Downtown No. 2:	Ordinance 06-07 acknowledged expiration on December 2, 1988
Cooley Ranch:	Ordinance 11-07 acknowledged expiration on June 3, 1998.
Santa Ana River:	Ordinance 09-07 acknowledged expiration on December 29, 1994.
West Valley Orig.:	Ordinance 10-07 acknowledged expiration on July 15, 1998.
West Valley Amt:	Ordinance 10-07 acknowledged expiration on July 15, 1998.
Mt. Vernon Corridor:	Ordinance 07-07 acknowledged expiration on June 30, 1999.
Rancho Mill:	Ordinance 08-07 acknowledged expiration on July 5, 2006.

SB 1809 (Machado) effective January 1, 2007

Senate Bill 1809 requires that all new and existing redevelopment plans that authorize the agency to acquire property by eminent domain to record a statement with the county recorder which contains the following:

- The project area description; and
- A prominent heading in boldface type noting that the property that is the subject of the statement is located within a redevelopment project area; and
- A general description of the provisions of the redevelopment plan that authorize the use of eminent domain by the agency; and
- A general description of any limitation on the use of eminent domain contained in the redevelopment plan and the time limit required by CCRL Section 33333.2.

Agency Compliance: Not applicable. The Agency's eminent domain authority has expired in all project areas.

<u>AB 987 (Jones) effective January 1, 2008</u>

Assembly Bill 987 requires all redevelopment agencies to create, maintain, and make available to the public on the internet an affordable housing database that describes existing and substantially rehabilitated housing units that were developed or otherwise assisted with Low and Moderate Income Housing Funds including inclusionary and replacement housing units. The database must be updated annually and include the following data:

1. The address and parcel number of the property;
2. The number of units with number of bedrooms per unit;
3. The year of construction completion;
4. The date the affordability covenant or restriction was recorded;
5. The document number of the recording;
6. The expiration date of the covenant or restriction; and
7. The date and document number of any covenants or notices that may be recorded when an ownership unit is sold.

Agency Compliance: The Agency is in compliance.

<u>AB 1389 (Assembly Budget Committee) effective October 1, 2008</u>

Assembly Bill 1389 requires all redevelopment agencies to submit to the county auditor on or before October 1, 2008, the statutory pass-through payments made by the agency pursuant to Health and Safety Code sections 33607.5 through 33607.7 between July 1, 2003, and June 30, 2008. If concurrence is not achieved between the agency and the county auditor by February 9, 2009, on the amounts that are owed to local educational agencies, the agency may, after a specified procedure, be subject to severe restrictions on its activities, including a prohibition on encumbering funds, incurring new debt, adding or expanding a project area, or be required to reduce its monthly administrative costs.

Agency Compliance: Concurrence between the Agency and San Bernardino County has been achieved.

2.2.2 *Discretionary Regulations*

SB 211 (Torlakson) effective January 1, 2002

Senate Bill 211 states that redevelopment agencies may repeal the timeline for incurring debt on redevelopment plans adopted prior to January 1, 1994, without complying with normal amendment procedures. It also allows for the extension of the time limits for plan expiration and for receiving tax increment revenues up to ten (10) additional years if the agency can make the following findings:

1. Significant blight remains;
2. The local Housing Element is certified;
3. There are no major redevelopment violations; and
4. The agency is not in a state of "Excess Surplus" with its LMI Housing fund.

Agencies that choose to adopt a ordinance authorizing the SB 211 provisions, would also be required to pay statutory pass-through payments to all affected tax entities that currently do not have contractual fiscal agreements.

Agency Action: The Agency approved SB 211 ordinances for Cooley Ranch, West Valley Original, West Valley Amendment, and the Mt. Vernon Project Areas that eliminated the debt incurrence deadline. The Ordinance numbers and approval dates are as follows:

Cooley Ranch:	Ordinance O-05-08, May 6, 2008
West Valley Original:	Ordinance O-04-07, May 15, 2007
West Valley Amendment:	Ordinance O-05-07, May 15, 2007
Mt. Vernon:	Ordinance O-06-08, May 6, 2008

SB 1045 (Committee on Budget and Fiscal Review) effective October 31, 2003

Senate Bill 1045 authorizes redevelopment agencies that made ERAF payments in fiscal year 2003-2004 to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan and the agency's ability to collect tax increment by one (1) year. Modifications to statutory pass-through payments are not triggered by the bill.

Agency Action: The Agency approved ordinances for each project area on May 4, 2004, amending the plans of each project area to extend their effectiveness dates and their ability to collect tax increment by one year.

The Ordinance numbers are as follows:

Downtown No. 1:	Ordinance O-15-04
Downtown No. 2:	Ordinance O-16-04
Cooley Ranch:	Ordinance O-10-04
Santa Ana River:	Ordinance O-09-04
West Valley Original:	Ordinance O-12-04
West Valley Amendment:	Ordinance O-13-04
Mt. Vernon Corridor:	Ordinance O-11-04
Rancho/Mill:	Ordinance O-14-04

SB 1096 (Committee on Budget and Fiscal Review) effective August 5, 2004

Senate Bill 1096 required every redevelopment agency to make an ERAF payment to the county auditor for two (2) consecutive fiscal years, 2004-2005 and 2005-2006. Recognizing that ERAF payments are a financial burden on redevelopment agencies, SB 1096 authorizes agencies to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan by one (1) year for each year of the ERAF payments. The extension can be made if the existing time limit has no more than ten (10) years remaining with no other requirements, or if the existing time limit is between ten (10) years and twenty (20) years provided that the agency can make the following findings:

1. Agency is in compliance with Housing Fund requirements;
2. Agency has an adopted Implementation Plan;
3. Agency is in compliance with applicable replacement housing production requirements; and
4. Agency is not subject to sanctions for Low-and Moderate-Income Housing Fund excess surplus.

Agency Action: The Agency has not yet adopted SB 1096 Amendments. Eligible projects include: Cooley Ranch, Santa Ana River, West Valley, West Valley Amendment, and Mt. Vernon Corridor. Cooley Ranch is eligible for an SB 1096 extension without findings, while the rest of the eligible projects are eligible only if the above listed findings are made. The Rancho/Mill project is ineligible for an SB 1096 project, as it has more than twenty years remaining.

2.3 SUMMARY OF HISTORIC IMPLEMENTATION PLAN GOALS AND OBJECTIVES

The Plans are long-term documents and, accordingly, include generalized goals and objectives over the term of their effectiveness. The goals of each Redevelopment Project are contained in their respective Plans. The purpose and objective of each Redevelopment Plan is to eliminate the conditions of blight that exist in each respective Project Area and to prevent the recurrence of blighting conditions.

As described above, implementation plans span a period of five years; consequently, the goals and objectives set forth in these "short-term" implementation plans are more specific and are intended to be modified over time as they are met and/or events require their modification. The goals contained in the Preceding Implementation Plan are as follows:

2005-2009 Implementation Plan Goals[1]

Downtown No. 1

Goal: To promote the economic revitalization of Downtown No. 1

Objective # 1: Improve the retention and expansion of existing businesses

Objective # 2: Encourage new businesses to locate in and around Downtown No. 1

Downtown No. 2

Goal: To retain and strengthen existing businesses, ensure a complementary tenant mix, and sustain an economically viable central business district.

Objective # 1: Improve the retention and expansion of existing businesses

Cooley Ranch

Goal: To promote the economic revitalization of Cooley Ranch

Objective # 1: Attract targeted tenants to the major big-box vacancies

Objective # 2: Preserve the economic vitality of the RV dealers

Objective # 3: Encourage property owners of major vacant properties to develop properties with complementary land uses.

[1] Source: 2005-2009 Implementation Plan

Goal: To provide public infrastructure improvements to induce private investment in Cooley Ranch

Objective # 1: Design and construct Washington Street Extension

Santa Ana River

Goal: To provide a broad range of public infrastructure improvements to induce private investment in the Santa Ana River Project Area.

Objective # 1: Upgrade public facilities

Goal: To promote the economic revitalization of the Santa Ana River Project Area

Objective # 1: Increase employment in the project area and increase assessed values

West Valley Original

Goal: Promote the economic revitalization of the project areas.

Objective # 1: Facilitate private development of underutilized parcels

Objective # 2: Facilitate resolution of the Delhi Sand Flower-Loving Fly issue.

Goal: To provide a broad range of public infrastructure improvements to induce private investment in the project areas.

Objective # 1: Facilitate the realignment of Valley Boulevard and Pepper Avenue

Objective # 2: Improve the existing streets.

Objective # 3: Improve the existing water system.

Objective # 4: Resolve long-term drainage issues.

Mt. Vernon Corridor

Goal: Promote the economic revitalization of the Mt. Vernon Corridor Project Area

Objective # 1: Remove economic impediments to land assembly and in-fill development.

Objective # 2: Assist with the improvement of Howard Johnsons.

Objective # 3: Work with property owners and/or developers to assemble or coordinate the properties along Valley Boulevard for master development projects which includes restaurants.

Goal: To provide a broad range of public infrastructure improvements to induce private investment in the project area.

Objective # 1: Complete public improvements within the five-year implementation plan.

Rancho/Mill

Goal: To invest in a broad range of public infrastructure improvements to induce private investment in the project area.

Objective # 1: Increase business activity.

2.4 SUMMARY OF BLIGHTING CONDITIONS EXISTING IN THE PROJECT AREAS

The blighting conditions existing in the Project Areas include both physical and economic blight as well as inadequate public improvements as shown in Table 2. Table 2 is reflective of the CCRL's current definition of blighting conditions. Notwithstanding the fact that the CCRL's definition of blight has changed over time, for the purpose of consistency with the current law, this report uses the CCRL's current definition of blighting conditions throughout its text.

The specific conditions of blight are described in the Reports to the City Council required by CCRL Section 33352 for the adoption of the Redevelopment Plan for the Downtown Redevelopment Area Project No. 1 in 1964, the Downtown Redevelopment Project Area in 1966, the Cooley Ranch Project in 1975, the Santa Ana River Redevelopment Project in 1982, the West Valley Redevelopment Project in 1986, the Mt. Vernon Corridor Redevelopment Project in 1987, and the Rancho/Mill Redevelopment Project in 1994. These Reports are on file with the City Clerk of the City of Colton and are incorporated herein by reference.

Although substantial progress has been made, blight conditions still exist in each of the project areas. It is the Agency's intention to continue its focus on the remedy of the remaining conditions of blight during the term of the FY 2010 - FY 2014 Implementation Plan, with the exception of Downtown Project No. 1 and Downtown Project No. 2. The redevelopment plans for the two Downtown Projects have expired. The Agency no longer has the authority to collect increment for the purpose of funding programs and projects that eliminate blight in Downtown Project Area No. 1 and Downtown Project Area No. 2.

Table 2
Blighting Conditions Remaining Within The Project Areas
Subsequent to 2005-2009 Implementation Plan Term

Condition	Downtown 1 **EXPIRED**	Downtown 2 **EXPIRED**	Cooley Ranch	Santa Ana River	West Valley Original	West Valley Amendment	Mt. Vernon Corridor	Rancho/ Mill
Physical: CCRL Section 33031(a)								
Deterioration, dislocation, or disuse of buildings (unsafe or unhealthy buildings)				✓	✓	✓	✓	✓
Substandard, defective or obsolete design or construction			✓	✓	✓	✓	✓	✓
Incompatible land uses					✓		✓	✓
Irregular and inadequate lots under multiple ownership			✓		✓	✓	✓	✓
Economic: CCRL Section 33031(b)								
Depreciated or stagnant property values			✓	✓	✓	✓	✓	✓
Impaired property values due to hazardous waste								✓
Abnormally high business vacancies, low lease rates or high number of abandoned buildings			✓		✓	✓	✓	✓
Serious lack of commercial facilities				✓	✓	✓	✓	
Serious residential overcrowding								✓
Excess bars, liquor stores or adult-oriented businesses							✓	
Public Infrastructure: CCRL Section 33030(C)								
Inadequate public improvements			✓	✓	✓	✓	✓	✓
Inadequate water or sewer facilities			✓	✓	✓	✓	✓	✓

2.5 IMPLEMENTATION OF NON-HOUSING GOALS

As shown above, the Agency listed out a number of goals and objectives for each of its project areas in the previous implementation plan. It has been continuing to implement those programs and projects identified in the Preceding Implementation Plan. The status of the Preceding Implementation Plan non-housing goals are shown in Table 3.

Table 3
Non-Housing Accomplishments
FY 2004/2005 through FY 2008/09

PROJECT AREA	GOAL	CURRENT STATUS
Downtown No. 1	Promote economic revitalization	This has been an ongoing goal to improve the downtown business environment for the term of the redevelopment plan. Downtown Project No. 1 expired in January 2010.
Downtown No. 2	Retain and strengthen existing businesses, ensure a complementary tenant mix, and sustain an economically viable central business district.	This has been an ongoing goal to improve the business environment, to reduce conflicting land uses and to expand economic activity through new investment in public and private areas. Downtown Project No. 2 expired in January 2010.
Cooley Ranch	Promote the economic revitalization of Cooley Ranch	The Agency has been working with landowners to development larger lots and to reuse currently vacant commercial facilities.
	Provide public infrastructure improvements to induce private investment in Cooley Ranch	The Agency has contributed to public infrastructure improvements in the area as necessary and feasible.
Santa Ana River	Provide a broad range of public infrastructure improvements to induce private investment in the Santa Ana River Project Area.	The Santa Ana River area is largely built out, but Agency activity has focused on the parcels lining the railroad, including attempts to attract new investment at older, obsolete sites.
	Promote the economic revitalization of the Santa Ana River Project Area	
West Valley	Promote the economic revitalization of the project areas	The Agency continues to work with local property owners and businesses to resolve environmental issues and to encourage continued new business investment.
	Provide a broad range of public infrastructure improvements to induce private investment in the project areas.	
Mt. Vernon Corridor	Promote the economic revitalization of the Mt. Vernon Corridor Project Area	The Agency has invested in streetscape improvements along Mt. Vernon, has encouraged new business investment, and has assisted in code enforcement as necessary.
	Provide a broad range of public infrastructure improvements to induce private investment in the project area.	
Rancho/Mill	Invest $500,000 in a broad range of public infrastructure improvements to induce private investment in the project area.	As funds are available, the Agency has helped to fund capital improvements in the project area.

As shown above, the Agency has focused on goals and objectives as set forth in the 2004-2009 Implementation Plan that relate directly to the provision, improvement, and rehabilitation of public infrastructure to lessen conditions of blight and to improve the overall economic and physical condition of the Project Areas. However, while the Agency has spent substantial numbers of dollars on blight remediation, the projects identified above have not fully ameliorated the conditions of blight described in Table 3 above, and conditions of blight continue to detract from more positive aspects of the Project Areas. Available Agency resources will continue to play an integral role in the City's ability to remedy negative physical and economic conditions still affecting the Project Areas.

2.6 IMPLEMENTATION OF HOUSING GOALS

The Agency's FY 2005 – FY 2009 Implementation Plan, listed the housing programs and projects it intended to undertake in order to meet its housing obligations. Listed in Table 4 below are the programs and their current status.

Table 4
Housing Accomplishments
FY 2004/2005 through FY 2008/09

PROGRAM	CURRENT STATUS
Rancho Mediterranean Mobile Home Park	The Agency continued to sell parcels in the Rancho Mediterranean Mobile Home Park with affordability covenants.
Senior Housing Complex	The Agency is in the process of selecting a developer and determining the financing for a new senior housing project.
Housing Programs Administered by the County of San Bernardino in the City of Colton[1]	
Homeowner Assistance Program (HAP)	This program assisted seven households for a total expenditure of $339,040.
Single Family Rehabilitation – Single Family Home Loan Program	This program assisted six households for a total expenditure of $141,824
Senior Home Repair Program	This program assisted 36 households for a total expenditure of $102,197.

[1] *Program accomplishments provided by Debbie Kamrani, Deputy Director, Department of Community Development and Housing, County of San Bernardino*

3.0 COMMUNITY DEVELOPMENT IMPLEMENTATION PROGRAM

3.1 GOALS AND OBJECTIVES: FY 2010 - FY 2014

CCRL Section 33490(a)(1)(A) states that an implementation plan shall contain an Agency's specific goals and objectives for the project area(s). For purposes of this Implementation Plan, these goals and objectives are divided into two distinct categories: those related to community and economic development and those related to the provision or replacement of affordable housing. This chapter focuses specifically on the Agency's potential non-housing activities during the ensuing five-year period.

The primary goals and objectives of the Redevelopment Plans for the Project Areas are to arrest the decline and decay throughout the Project Area through the restoration of stable neighborhoods and to stimulate economic activity within commercial areas. The Agency hopes to make each Project Area a source of pride for the persons residing and working in the City. This is best accomplished by helping to guide development toward an urban environment while still preserving the aesthetic and cultural qualities of the City. Creating this balance will serve to stimulate and attract private investment, which will improve the City's economic health, employment opportunities and build the tax base.

The Agency proposes to eliminate blighting conditions and prevent their recurrence by providing for the planning, development, re-planning, redesign, clearance, redevelopment, reconstruction and rehabilitation of the Project Areas, and by providing for structures and spaces as may be appropriate or necessary in the interest of the general welfare including, without limitation, recreational and other facilities incidental to them.

The Agency further proposes to eliminate the conditions of blight existing in the Project Areas and prevent recurrence by guiding and providing for the alteration, improvement, modernization, reconstruction or rehabilitation of existing structures in the Project Areas, and by providing for open space types of uses, public and private buildings, structures, facilities and improvements.

The Agency determined that needs in each of its five remaining project areas are similar and has indentified the following goals and objectives, which are considered crucial to the success of the each of the Project Areas:

GOAL 1: PROMOTE AND FACILITATE COMMUNITY AND ECONOMIC DEVELOPMENT

OBJECTIVES

1.1 **Eliminate Environmental Deficiencies**. Eliminate present and future environmental deficiencies in the Project Areas including, among others, incompatible and uneconomic land uses, vacant and underutilized land, irregularly shaped lots, deteriorated and inadequate public improvements, traffic congestion, flood damage, excessive noise, poor air quality and inadequate parking.

1.2 **Eliminate Physical and Economic Blight**. Remedy, remove, and present physical blight and economic obsolescence in the Project Areas through implementation of each redevelopment plan.

1.3 **Improve Aesthetics**. Upgrade the general aesthetics of properties including residential, commercial and industrial enterprises to improve their economic viability. Presently, the problem of dilapidated, outdated and obsolete structures negatively influences the development potential of the Project Areas.

1.4 **Reconstruction/Rehabilitation**. Comprehensively plan, redesign, re-plan, develop, reconstruct or rehabilitate the Project Areas in order to facilitate a higher and better utilization of the lands within the areas.

1.5 **Strengthen Economic Base**. Strengthen the economic base of the Project Areas and the community, stimulating new commercial expansion, employment and economic growth.

1.6 **Land Assembly**. Assemble land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Project Areas.

1.7 **Stimulate Construction**. Stimulate the development of land which is presently considered difficult to develop, in order to increase employment in the commercial sector of the community.

1.8 **Financing Construction**. Assist in the development of commercial and related construction by financing such development in the Project Areas in such a way that will make desirable development financially feasible.

1.9 **Proper Land Utilization**. Re-plan, redesign and develop/redevelop properties that are stagnant or improperly utilized.

1.10 **Expand Commercial and Industrial Base**. Expand the commercial and industrial base of the community through the promotion of new and continuing private sector investment in the Project Areas.

1.11 **Economic Development** Effectuate any other economic development project that is consistent with the CCRL and the redevelopment plans.

GOAL 2: ESTABLISH OR IMPROVE PUBLIC INFRASTRUCTURE OR COMMUNITY FACILITIES

OBJECTIVES

2.1. **Improve Public Infrastructure**. Alleviate certain environmental deficiencies, including substandard vehicular circulation systems, an inadequate water service system, sewer and storm drain systems, insufficient off-street parking and other similar public improvements.

2.2. **Street and Parking Improvements**. Improve the accessibility, traffic flow, and parking availability within commercial areas.

2.3. **Improve Utility Services**. Improve and/or provide utility services such as gas, electric, water, sewer and telephone services where such deficiencies are adversely affecting a Project Area.

2.4. **Financing Public Facilities**. Assist in the financing, reconstruction and/or construction of curbs, gutters, sidewalks, streets, flood control improvements, and other public facilities.

2.5. **Infrastructure Improvements**. Effectuate any other infrastructure or community facilities project that is consistent with the CCRL and the redevelopment plans.

3.2 GOALS AND OBJECTIVES NEXUS TO BLIGHT ELIMINATION

CCRL Section 33490(a)(1)(A) requires that each implementation plan contain an "…explanation of how the goals and objectives…will eliminate blight within the project area…". The conditions of blight that remain in the project areas reflect the current definition of blight for consistency with state law, which has changed since the preparation of the preceding Implementation Plan. Nonetheless, the following physical and economic conditions addressed by the previous plan remain accurate.

1. Unsafe buildings
2. Substandard, defective or obsolete design or construction
3. Incompatible land uses
4. Irregular and inadequate lots under multiple ownership
5. Inadequately sized lots on major commercial corridors
6. Deteriorated facades and landscaping on commercial properties
7. Depreciated or stagnant property values

8. Abnormally high business vacancies, low lease rates, or high number of abandoned buildings

9. Serious lack of commercial facilities

10. Serious residential overcrowding

11. High crime rate

12. Inadequate public improvements

13. Inadequate water or sewer facilities

Table 5 outlines the relationship of the Agency's specific five-year goals and objectives for its five redevelopment project areas to the eradication of the remaining blight, as defined in CCRL Sections 33030 and 33031, and listed above.

3.3 PROGRAM AMENDMENTS

The Agency has identified the projects and programs shown herein as the most probable implementation activities for the term of this Implementation Plan. Since other public and private projects, not foreseen today, may be deemed feasible and preferential in eliminating blight, it may be necessary from time to time for the Agency to make changes to programs and activities.

Whether or not listed herein, specific projects and programs may be constructed or funded by the Agency during the period covered by this Implementation Plan, if the Agency finds that:

1. The goals and objectives of the Redevelopment Plan are furthered;

2. Specific conditions of physical or economic blight within the Project Area will be mitigated in whole or in part through implementation of the project; and

3. Specific conditions relative to a development project, including the financial feasibility thereof, require that the public improvement project be constructed at the time in question.

3.4 FY 2010 - FY 2014 REDEVELOPMENT PROGRAM BY PROJECT AREA

Please note there are no projects or programs shown for Downtown Project No. 1 or Downtown Project No. 2 because the redevelopment plans for those two projects expired on January 1, 2010.

Cooley Ranch

1. To promote the economic revitalization of Cooley Ranch

    a) Attract targeted tenants to the major big-box vacancies

Table 5
Goals and Objectives Nexus to Blight Elimination
By Blight Condition to be Alleviated by Objective

BLIGHT CONDITIONS	Unsafe Bldgs	Substandard Design	Incompatible Uses	Irregular Lots	Depreciated Prop Value	High Vacancies	Lack of Commercial	Over-Crowding	High Crime	Inadequate Pub Imps	Inadequate Water/sewer
GOAL 1: ECONOMIC DEVELOPMENT											
Objectives:											
Eliminate Environmental Deficiencies		✓	✓	✓						✓	✓
Eliminate Physical and Economic Blight	✓			✓	✓	✓	✓		✓	✓	✓
Improve Aesthetics		✓	✓		✓						
Reconstruction and Rehabilitation.	✓	✓			✓						
Strengthen Economic Base					✓	✓	✓		✓		
Land Assembly.		✓		✓							
Stimulate Construction	✓				✓		✓	✓			
Financing Construction.	✓						✓	✓		✓	✓
Proper Land Utilization.		✓	✓	✓							
Expand Commercial and Industrial Base.					✓	✓	✓		✓		
GOAL 2: PUBLIC INFRASTRUCTURE AND COMMUNITY FACILITIES											
Objectives											
Improve Public Infrastructure		✓								✓	✓
Street and Parking Infrastructure		✓								✓	✓
Improve Utility Services		✓								✓	✓
Financing Public Facilities					✓					✓	✓

b) Preserve and bolster the economic vitality of the RV dealers

c) Encourage property owners of major vacant properties to develop properties with complementary land uses.

2. To provide public infrastructure improvements to induce private investment in Cooley Ranch

   a) Design and construct Washington Street Extension

Santa Ana River

3. To provide a broad range of public infrastructure improvements to induce private investment in the Santa Ana River Project Area.

   a) Upgrade public facilities

4. To promote the economic revitalization of the Santa Ana River Project Area

   a) Increase employment in the project area and increase assessed values

West Valley

5. To promote the economic revitalization of the project areas.

   a) Adopt the West Valley Specific Plan to facilitate private development of underutilized parcels and promote retail growth.

   b) Resolve the Delhi Sand Flower-Loving Fly issue north of the freeway by facilitating the adoption of a Habitat Conservation Plan.

   c) Facilitate the development of medical support services in the vicinity of the Arrowhead Regional Medical Center.

6. To provide a broad range of public infrastructure improvements to induce private investment in the project areas.

   a) Facilitate the design and construction of the I-10/Pepper Avenue.

   b) Improve the existing streets.

   c) Improve the existing water system.

   d) Resolve long-term drainage issues through the construction of the County's proposed Comprehensive Storm Drain Plan #3, Project 3-5 Area Drainage Plan.

Mt. Vernon Corridor

7. To promote the economic revitalization and the removal of blight in the Mt. Vernon Corridor Project Area

    a) Remove economic impediments to land assembly and in-fill development.

    b) Work with property owners and/or developers to assemble or coordinate the properties along Valley Boulevard for master development projects which include restaurants.

    c) Create a façade and signage program for Mt. Vernon businesses.

8. To provide a broad range of public infrastructure improvements to induce private investment in the project area.

    a) Complete public improvements within the five-year implementation plan.

Rancho/Mill

9. To invest in a broad range of public infrastructure improvements to induce private investment in the project area.

    a) Increase business activity.

3.5 PROJECTED AGENCY GENERAL REDEVELOPMENT FUND INCOME AND EXPENDITURES

Although the Agency is continuing to implement its community development and economic development goals, the success of its programs and projects is largely dependent upon the strength of the national, state, and regional economies. For purposes of this report, tax increment revenue is projected at neutral and marginal growth rates through the term of the Implementation Plan. Projected administrative costs decline slightly from the 2009-2010 budgeted amount and then remain constant from 2010-2011 through 2013-2014 for purposes of this report. Tables 6 through 11 reflect best known estimates of projected revenues and expenditures for each of the Project Areas.

Although Downtown Project No. 1 and Downtown No. 2 expired on January 1, 2010, a combined financial table is included in the FY 2010 - FY 2014 Implementation Plan. Per the CCRL, each plan has up to ten additional years to re-pay obligations with tax increment; these expenditures are reflected on Table 6. However, tax increment may not be collected or used for projects, programs, or new obligations.

West Valley Original and West Valley Amendment are also combined into one table. Table 12 combines the general fund revenues and expenditures for all of the project areas into one summary table. Please note that the numbers should not to be used for bonding purposes and are solely intended to reflect general trends and assumptions.

3.5.1 State of California Proposed SERAF Take

In 2008, the State of California attempted to force local redevelopment agencies to make a unilateral Educational Revenue Augmentation Fund (ERAF) payment to the State of California for fiscal year 2008-2009 in the amount of $350 million statewide. The California Redevelopment Association (CRA) filed a lawsuit to stop the ERAF payments. On April 30, 2009, the courts ruled in CRA's favor, and found unconstitutional a provision in the current state budget that would have required redevelopment agencies statewide to transfer monies to fund State obligations.

Subsequently, in July 2009, the State legislature tried again to balance the State budget with the taking of redevelopment funds. It added a Supplemental Educational Revenue Augmentation Fund (SERAF) payment of $1.7 billion statewide in 2009-2010 and re-instated the $350 million for payment in 2010-2011. The legislation was legally challenged, and on May 4, 2010, SERAF was upheld in Sacramento Superior Court. The Agency was required to make a payment of $3,807,853 for FY 2009-2010 and a payment of $783,215 for FY 2010-2011. On May 10, 2010, the Agency delivered a check to the San Bernardino County Auditor-Controller for $3,807,853. Fifty percent of the 2010 SERAF payment was made from the Low-and Moderate-Income (LMI) Housing Fund. The remaining fifty percent was made proportionately from each of the Project funds. The LMI Housing Fund portion is also being re-paid proportionately from each of the Project funds beginning in FY 2011. The 2011 SERAF payment will be made identically.

3.5.2 Projected Revenue and Expenditures by Project Area

Tables 6 through 11 outline the projected revenues and expenditures of each the respective Project Area. Table 12 combines the funds into one summary table. Revenue for each Project Area is from two sources: tax increment and interest income. Expenditures fall into two categories: Non-Discretionary and Discretionary. Non-discretionary expenditures include LMI set-aside, SERAF, County Administrative Fee, Debt Service, and Pass-through payments. Discretionary expenditures include administrative expenses and project improvements (programs, projects, studies, professional assistance.)

Non-discretionary expenditures account for approximately eighty-seven percent of combined Project Area expenditures (refer to Table 12). Only thirteen percent of the budget is available for projects, programs, studies, and administration. The Agency is financially constrained in implementing its proposed FY 2010 - FY 2014 community and economic development program. Potential options to addressing this issue are merging the five effective Project Areas to assist in more efficiently and effectively managing redevelopment activities, as well as increasing tax increment limits and bonded indebtedness limits, as appropriate by Project Area, or expanding the redevelopment project areas by adding territory to increase funding that would enable implementation of Agency goals and objectives.

Table 6
Redevelopment Fund
Projected Revenues and Expenditures
Downtown #1 and #2 (Fund 891 & 893)

	Fiscal Year					
Fund Activity	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**Totals**
Yearly Beginning Balances (1)	567,498	117,573				
Revenues						
A. Tax Increment (2)	197,123					197,123
B. Interest Income (3)	3,178					3,178
F. Other Income						
G. Transfers In						
Total Revenues	200,301					200,301
Total Available	767,799	117,573	0	0	0	885,372
Expenditures/Uses						
A. LMI Housing Fund Set-Aside (4)	39,425					39,425
B. RDA Administration (5)						
C. SERAF Payment (6)	500,000					500,000
D SERAF Repayment to LMI (7)						0
E. Project Improvements/const.						
F. County Admin Fee: SB 2557	2,356					2,356
G. Debt Service						
H. Pass-throughs- 33401 (8)	106,089					106,089
I. Pass-throughs- statutory						
J. Other Expenses	2,356					2,356
Total Expenditures	650,226	0	0	0	0	650,226
Revenues in Excess of Expenditures	(449,925)	0	0	0	0	(449,925)
Other Financing Sources/Uses	0	0	0	0	0	0
Prior Period Adjustments	0	0	0	0	0	0
Yearly Ending Balances	**117,573**	**117,573**	**0**	**0**	**0**	

(1) Estimated beginning working capital balance at June 30, 2009.

(2) Based on a 1.17% tax rate and includes override revenues. Projections assume a 0% growth in AV for FY 2010-11.

(3) Based on LAIF rates. FY 2009-10 and 2010-11 rates are assumed 0.56%.

(4) Represents 20% of gross tax increment revenues generated by the Project Area

(5) Downtown #1 and #2 do not pay administration costs

(6) The 2010 SERAF amount was paid 50% from the LMI Housing fund, 1.97% from Rancho Mill, 1.313% from Downtown 1, 11.818% from Downtown 2, 11.633% from Cooley Ranch, 11.633% from Santa Ana, and 11.633% from Mount Vernon. The 2011 SERAF payment ($783,215) will be paid in the same proportions. The Downtown #1 and #2 will be paid by the West Valley project area. The Agency must repay the housing fund within 5 years of borrowing the money. The repayment is made in the same proportions over a level 5 year period. Repayment for the 2010 payment begins in 2011. Repayment for the 2011 payment begins in 2012.

(7) The West Valley project area will pay the Downtown #1 and #2 repayment schedule

(8) The Santa Ana River Project Area will be paying the pass through obligation to the West Valley Municipal Water District

* The Downtown #1 and #2 project areas will be terminated in FY 2010-11. The outstanding obligations will be paid from the other project areas.

Table 7
Redevelopment Fund
Projected Revenues and Expenditures
Cooley Ranch (Fund 895 & 894)

	Fiscal Year					
Fund Activity	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**Totals**
Yearly Beginning Balances (1)	1,079,755	1,565,006	2,571,720	3,608,428	4,707,161	
Revenues						
A. Tax Increment (2)	4,393,249	4,393,249	4,480,937	4,570,379	4,707,225	22,545,040
B. Interest Income (3)	6,047	8,764	25,717	36,084	47,072	123,684
F. Other Income						
G. Transfers In						
Total Revenues	4,399,296	4,402,013	4,506,655	4,606,463	4,754,297	22,668,724
Total Available	5,479,051	5,967,019	7,078,374	8,214,891	9,461,458	36,200,794
Expenditures/Uses						
A. LMI Housing Fund Set-Aside (4)	878,650	878,650	896,187	914,076	941,445	4,509,008
B. RDA Administration (5)	613,562	440,880	445,289	449,742	454,239	2,403,711
C. SERAF Payment (6)	442,975	91,111				534,086
D SERAF Repayment to LMI (7)			128,966	128,966	128,966	386,898
E. Project Improvements/const.	5,000	10,000	10,000	10,000	10,000	45,000
F. County Admin Fee: SB 2557	57,552	57,552	58,700	59,872	61,665	295,340
G. Debt Service	1,385,200	1,386,000	1,386,000	1,386,300	1,386,500	6,930,000
H. Pass-throughs- 33401						
I. Pass-throughs- statutory	276,107	276,107	289,804	303,775	325,150	1,470,942
J. Other Expenses	255,000	255,000	255,000	255,000	260,100	1,280,100
Total Expenditures	3,914,045	3,395,299	3,469,946	3,507,730	3,568,065	17,855,086
Revenues in Excess of Expenditures	485,251	1,006,714	1,036,708	1,098,733	1,186,232	4,813,638
Other Financing Sources/Uses						
Prior Period Adjustments						
Yearly Ending Balances	**1,565,006**	**2,571,720**	**3,608,428**	**4,707,161**	**5,893,393**	

(1) Estimated beginning working capital balance at June 30, 2009.

(2) Based on a 1.17% tax rate and includes override revenues. Projections assume a 0% growth in AV for FY 2011, with 2% growth thereafter.

(3) Based on LAIF rates. FY 2009-10 and 2010-11 rates are assumed .56%. Years thereafter assume a 1% rate.

(4) Represents 20% of gross tax increment revenues generated by the Project Area

(5) Total RDA admin divided by the following proportions based on project area percent of total tax increment. West Valley: 14%, Cooley Ranch: 40%, Rancho Mill: 5 Santa Ana River: 29%, Mt. Vernon: 12%

(6) The 2010 SERAF amount was paid 50% from the LMI Housing fund, 1.97% from Rancho Mill, 1.313% from Downtown 1, 11.818% from Downtown 2, 11.633% from Cooley Ranch, 11.633% from Santa Ana, and 11.633% from Mount Vernon. The 2011 SERAF payment ($783,215) will be paid in the same proportions. The Agency must repay the housing fund within 5 years of borrowing the money.

(7) The repayment method is as follows: the 2009-10 SERAF will be repaid over four years starting in 2011-12. The 2010 SERAF payment will be repaid over five years, starting in 2011-12. These annual numbers are solely estimates and may be adjusted. The Agency anticipates full repayment within the five year period to comply with State statutes.

Table 8
Redevelopment Fund
Projected Revenues and Expenditures
Santa Ana River (Fund 877 & 897)

	Fiscal Year					
Fund Activity	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**Totals**
Yearly Beginning Balances (1)	8,947,972	8,665,894	8,731,014	8,566,400	8,418,707	
Revenues						
A. Tax Increment (2)	3,220,576	3,220,576	3,286,987	3,354,725	3,458,364	16,541,229
B. Interest Income (3)	89,480	86,659	87,310	85,664	84,187	433,300
F. Other Income						
G. Transfers In						
Total Revenues	3,310,056	3,307,235	3,374,297	3,440,389	3,542,552	16,974,528
Total Available	12,258,028	11,973,130	12,105,311	12,006,788	11,961,259	60,304,516
Expenditures/Uses						
A. LMI Housing Fund Set-Aside (4)	644,115	644,115	657,397	670,945	691,673	3,308,246
B. RDA Administration (5)	444,832	319,638	322,834	326,063	329,323	1,742,691
C. SERAF Payment (6)	442,975	91,111				534,086
D SERAF Repayment to LMI (7)			128,966	128,966	128,966	386,898
E. Project Improvements/const.						
F. County Admin Fee: SB 2557	42,190	42,190	43,060	43,947	45,305	216,690
G. Debt Service	1,298,000	1,297,500	1,298,200	1,298,300	1,298,500	6,490,500
H. Pass-throughs- 33401	715,047	842,587	1,083,307	1,114,539	1,147,695	4,903,175
I. Pass-throughs- statutory	4,975	4,975	5,147	5,321	5,589	26,007
J. Other Expenses						
Total Expenditures	3,592,134	3,242,116	3,538,911	3,588,081	3,647,051	17,608,292
Revenues in Excess of Expenditures	(282,078)	65,120	(164,614)	(147,692)	(104,499)	(633,764)
Other Financing Sources/Uses						
Prior Period Adjustments						
Yearly Ending Balances	**8,665,894**	**8,731,014**	**8,566,400**	**8,418,707**	**8,314,208**	

(1) Estimated beginning working capital balance at June 30, 2009.

(2) Based on a 1.17% tax rate and includes override revenues. Projections assume a 0% growth in AV for FY 2011, with 2% growth thereafter.

(3) Based on LAIF rates. FY 2009-10 and 2010-11 rates are assumed .56%. Years thereafter assume a 1% rate.

(4) Represents 20% of gross tax increment revenues generated by the Project Area

(5) Total RDA admin divided by the following proportions based on project area percent of total tax increment. West Valley: 14%, Cooley Ranch: 40%, Rancho Mill: 5 Santa Ana River: 29%, Mt. Vernon: 12%

(6) The 2010 SERAF amount was paid 50% from the LMI Housing fund, 1.97% from Rancho Mill, 1.313% from Downtown 1, 11.818% from Downtown 2, 11.633% from Cooley Ranch, 11.633% from Santa Ana, and 11.633% from Mount Vernon. The 2011 SERAF payment ($783,215) will be paid in the same proportions. The Agency must repay the housing fund within 5 years of borrowing the money.

(7) The repayment method is as follows: the 2009-10 SERAF will be repaid over four years starting in 2011-12. The 2010 SERAF payment will be repaid over five years, starting in 2011-12. These annual numbers are solely estimates and may be adjusted. The Agency anticipates full repayment within the five year period to comply with State statutes.

Table 9
Redevelopment Fund
Projected Revenues and Expenditures
West Valley and West Valley Amended (Fund 879, 899)

	Fiscal Year					
Fund Activity	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**Totals**
Yearly Beginning Balances (1)	349,200	499,153	725,080	927,042	1,140,629	
Revenues						
A. Tax Increment (2)	1,481,977	1,481,977	1,518,761	1,556,282	1,613,688	7,652,684
B. Interest Income (3)	1,956	2,795	7,251	9,270	11,406	32,678
F. Other Income						
G. Transfers In						
Total Revenues	1,483,932	1,484,772	1,526,012	1,565,552	1,625,094	7,685,363
Total Available	1,833,132	1,983,925	2,251,093	2,492,594	2,765,723	11,326,467
Expenditures/Uses						
A. LMI Housing Fund Set-Aside (4)	296,395	296,395	303,752	311,256	322,738	1,530,537
B. RDA Administration (5)	214,747	154,308	155,851	157,410	158,984	841,299
C. SERAF Payment (6)		102,844				102,844
D SERAF Repayment to LMI (7)			145,569	145,569	145,569	436,706
E. Project Improvements/const.	216,940	100,000	100,000	100,000	100,000	616,940
F. County Admin Fee: SB 2557	19,414	19,414	19,896	20,387	21,139	100,250
G. Debt Service	97,100	96,500	96,500	101,500	101,500	493,100
H. Pass-throughs- 33401	482,577	482,577	494,390	506,438	524,872	2,490,855
I. Pass-throughs- statutory	6,806	6,806	8,093	9,405	11,414	42,523
J. Other Expenses						
Total Expenditures	1,333,979	1,258,844	1,324,050	1,351,966	1,386,216	6,655,055
Revenues in Excess of Expenditures	149,953	225,927	201,962	213,587	238,879	1,030,308
Other Financing Sources/Uses						
Prior Period Adjustments						
Yearly Ending Balances	**499,153**	**725,080**	**927,042**	**1,140,629**	**1,379,508**	

(1) Estimated beginning working capital balance at June 30, 2009.

(2) Based on a 1.17% tax rate and includes override revenues. Projections assume a 0% growth in AV for FY 2011, with 2% growth thereafter.

(3) Based on LAIF rates. FY 2009-10 and 2010-11 rates are assumed .56%. Years thereafter assume a 1% rate.

(4) Represents 20% of gross tax increment revenues generated by the Project Area

(5) Total RDA admin divided by the following proportions based on project area percent of total tax increment. West Valley: 14%, Cooley Ranch: 40%, Rancho Mill: 5 Santa Ana River: 29%, Mt. Vernon: 12%

(6) The 2010 SERAF amount was paid 50% from the LMI Housing fund, 1.97% from Rancho Mill, 1.313% from Downtown 1, 11.818% from Downtown 2, 11.633% from Cooley Ranch, 11.633% from Santa Ana, and 11.633% from Mount Vernon. The 2011 SERAF payment ($783,215) will be paid from 1.97% from Rancho Mill, 13.13% from West Valley, 11.633% from Cooley Ranch, 11.633% from Santa Ana, and 11.633% from Mount Vernon. The 2011 SERAF payment ($783,215) will be paid in the same proportions, except the West Valley Project Area will pay the same . The Agency must repay the housing fund within 5 years of borrowing the money The Agency must repay the housing fund within 5 years of borrowing the money.

(7) The West Valley Project Area will repay the amount borrowed from teh Downtown project areas. The repayment method is as follows: the 2009-10 SERAF will be repaid over four years starting in 2011-12. The 2010 SERAF payment will be repaid over five years, starting in 2011-12. These annual numbers are solely estimates and may be adjusted. The Agency anticipates full repayment within the five year period to comply with State statutes.

Table 10 Redevelopment Fund Projected Revenues and Expenditures Mt. Vernon (Fund 882 & 885)						
	Fiscal Year					
Fund Activity	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**Totals**
Yearly Beginning Balances (1)	4,286,230	4,080,448	4,267,181	4,452,047	4,654,762	
Revenues						
A. Tax Increment (2)	1,371,041	1,371,041	1,406,087	1,441,835	1,496,529	7,086,532
B. Interest Income (3)	24,003	22,851	42,672	44,520	46,548	180,593
F. Other Income						
G. Transfers In						
Total Revenues	1,395,043	1,393,891	1,448,759	1,486,355	1,543,076	7,267,125
Total Available	5,681,273	5,474,339	5,715,940	5,938,402	6,197,838	29,007,793
Expenditures/Uses						
A. LMI Housing Fund Set-Aside (4)	274,208	274,208	281,217	288,367	299,306	1,417,306
B. RDA Administration (5)	184,068	132,264	133,587	134,923	136,272	721,113
C. SERAF Payment (6)	442,976	91,112				534,088
D SERAF Repayment to LMI (7)			128,966	128,966	128,966	386,899
E. Project Improvements/const.	1,000	10,000	10,000	10,000	10,000	41,000
F. County Admin Fee: SB 2557	17,961	17,961	18,420	18,888	19,605	92,834
G. Debt Service	364,000	365,000	365,000	365,500	365,500	1,825,000
H. Pass-throughs- 33401	306,036	306,036	313,865	321,850	334,068	1,581,854
I. Pass-throughs- statutory	10,577	10,577	12,839	15,146	18,676	67,813
J. Other Expenses						
Total Expenditures	1,600,826	1,207,157	1,263,894	1,283,640	1,312,392	6,667,908
Revenues in Excess of Expenditures	(205,782)	186,734	184,865	202,716	230,685	599,217
Other Financing Sources/Uses						
Prior Period Adjustments						
Yearly Ending Balances	**4,080,448**	**4,267,181**	**4,452,047**	**4,654,762**	**4,885,447**	

(1) Estimated beginning working capital balance at June 30, 2009.

(2) Based on a 1.17% tax rate and includes override revenues. Projections assume a 0% growth in AV for FY 2011, with 2% growth thereafter.

(3) Based on LAIF rates. FY 2009-10 and 2010-11 rates are assumed .56%. Years thereafter assume a 1% rate.

(4) Represents 20% of gross tax increment revenues generated by the Project Area

(5) Total RDA admin divided by the following proportions based on project area percent of total tax increment. West Valley: 14%, Cooley Ranch: 40%, Rancho Mill: 5 Santa Ana River: 29%, Mt. Vernon: 12%

(6) The 2010 SERAF amount was paid 50% from the LMI Housing fund, 1.97% from Rancho Mill, 1.313% from Downtown 1, 11.818% from Downtown 2, 11.633% from Cooley Ranch, 11.633% from Santa Ana, and 11.633% from Mount Vernon. The 2011 SERAF payment ($783,215) will be paid in the same proportions. The Agency must repay the housing fund within 5 years of borrowing the money.

(7) The repayment method is as follows: the 2009-10 SERAF will be repaid over four years starting in 2011-12. The 2010 SERAF payment will be repaid over five years, starting in 2011-12. These annual numbers are solely estimates and may be adjusted. The Agency anticipates full repayment within the five year period to comply with State statutes.

Table 11
Redevelopment Fund
Projected Revenues and Expenditures
Rancho Mill (Fund 872 & 871)

	Fiscal Year					
Fund Activity	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**Totals**
Yearly Beginning Balances (1)	765,559	863,812	1,114,430	1,376,005	1,651,480	
Revenues						
A. Tax Increment (2)	509,320	509,320	527,719	546,487	575,202	2,668,048
B. Interest Income (3)	4,287	4,837	11,144	13,760	16,515	50,544
F. Other Income						
G. Transfers In						
Total Revenues	513,607	514,157	538,864	560,247	591,717	2,718,592
Total Available	1,279,166	1,377,969	1,653,294	1,936,253	2,243,197	8,489,879
Expenditures/Uses						
A. LMI Housing Fund Set-Aside (4)	101,864	101,864	105,544	109,297	115,040	533,610
B. RDA Administration (5)	76,695	55,110	55,661	56,218	56,780	300,464
C. SERAF Payment (6)	75,000	15,429				90,429
D SERAF Repayment to LMI (7)			21,836	21,836	21,836	65,507
E. Project Improvements/const.	75,658	5,000	5,000	5,000	5,000	95,658
F. County Admin Fee: SB 2557	6,672	6,672	6,913	7,159	7,535	34,951
G. Debt Service						
H. Pass-throughs- 33401						
I. Pass-throughs- statutory	79,464	79,464	82,335	85,263	93,506	420,032
J. Other Expenses						
Total Expenditures	415,353	263,539	277,289	284,773	299,698	1,540,652
Revenues in Excess of Expenditures	98,253	250,618	261,575	275,474	292,019	1,177,940
Other Financing Sources/Uses						
Prior Period Adjustments						
Yearly Ending Balances	**863,812**	**1,114,430**	**1,376,005**	**1,651,480**	**1,943,499**	

(1) Estimated beginning working capital balance at June 30, 2009.

(2) Based on a 1.17% tax rate and includes override revenues. Projections assume a 0% growth in AV for FY 2011, with 2% growth thereafter.

(3) Based on LAIF rates. FY 2009-10 and 2010-11 rates are assumed .56%. Years thereafter assume a 1% rate.

(4) Represents 20% of gross tax increment revenues generated by the Project Area

(5) Total RDA admin divided by the following proportions based on project area percent of total tax increment. West Valley: 14%, Cooley Ranch: 40%, Rancho Mill: 5 Santa Ana River: 29%, Mt. Vernon: 12%

(6) The 2010 SERAF amount was paid 50% from the LMI Housing fund, 1.97% from Rancho Mill, 1.313% from Downtown 1, 11.818% from Downtown 2, 11.633% from Cooley Ranch, 11.633% from Santa Ana, and 11.633% from Mount Vernon. The 2011 SERAF payment ($783,215) will be paid in the same proportions. The Agency must repay the housing fund within 5 years of borrowing the money.

(7) The repayment method is as follows: the 2009-10 SERAF will be repaid over four years starting in 2011-12. The 2010 SERAF payment will be repaid over five years, starting in 2011-12. These annual numbers are solely estimates and may be adjusted. The Agency anticipates full repayment within the five year period to comply with State statutes.

Table 12
Redevelopment Fund
Projected Revenues and Expenditures
RDA Combined Project Area Summary

	Fiscal Year					
Fund Activity	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**Totals**
Yearly Beginning Balances (1)	14,122,374	15,791,887	17,409,426	18,929,922	20,572,739	
Revenues						
A. Tax Increment (2)	11,173,285	10,976,162	11,220,492	11,469,708	11,851,008	56,690,656
B. Interest Income (3)	128,950	125,906	174,094	189,299	205,727	823,977
F. Other Income						
G. Transfers In						
Total Revenues	11,302,235	11,102,068	11,394,586	11,659,007	12,056,736	57,514,633
Total Available	25,424,609	26,893,955	28,804,012	30,588,929	32,629,475	144,340,981
Expenditures/Uses						
A. LMI Housing Fund Set-Aside (4)	2,234,657	2,195,232	2,244,098	2,293,942	2,370,202	11,338,131
B. RDA Administration	1,533,904	1,102,200	1,113,222	1,124,354	1,135,598	6,009,278
C. SERAF Payment (5)	1,903,927	391,608				2,295,535
D SERAF Repayment to LMI (6)			554,303	554,303	554,303	1,662,909
E. Project Improvements/const.	298,598	125,000	125,000	125,000	125,000	798,598
F. County Admin Fee: SB 2557	146,144	143,788	146,988	150,253	155,248	742,422
G. Debt Service	3,144,300	4,048,500	4,049,200	4,055,600	4,056,000	19,353,600
H. Pass-throughs- 33401	1,609,749	1,631,200	1,891,562	1,942,828	2,006,635	9,081,973
I. Pass-throughs- statutory	377,929	377,929	398,216	418,910	454,334	2,027,318
J. Other Expenses	257,356	255,000	255,000	255,000	260,100	1,282,456
Total Expenditures	11,506,563	10,270,457	10,777,590	10,920,190	11,117,420	54,592,220
Revenues in Excess of Expenditures	(204,328)	831,612	616,996	738,818	939,316	2,922,413
Other Financing Sources/Uses						
Prior Period Adjustments						
Yearly Ending Balances	**13,918,046**	**16,623,498**	**18,026,422**	**19,668,739**	**21,512,055**	

(1) Estimated beginning working capital balance at June 30, 2009.

(2) Based on a 1.17% tax rate and includes override revenues. Projections assume a 0% growth in AV for FY 2011, with 2% growth thereafter.

(3) Based on LAIF rates. FY 2009-10 and 2010-11 rates are assumed .56%. Years thereafter assume a 1% rate.

(4) Represents 20% of gross tax increment revenues generated by all Project Areas

(5) The 2010 SERAF amount was paid 50% from the LMI Housing fund, 1.97% from Rancho Mill, 1.313% from Downtown 1, 11.818% from Downtown 2, 11.633% from Cooley Ranch, 11.633% from Santa Ana, and 11.633% from Mount Vernon. The 2011 SERAF payment ($783,215) will be paid in the same proportions. The Agency must repay the housing fund within 5 years of borrowing the money.

(6) The repayment method is as follows: the 2009-10 SERAF will be repaid over four years starting in 2011-12. The 2010 SERAF payment will be repaid over five years, starting in 2011-12. These annual numbers are solely estimates and may be adjusted. The Agency anticipates full repayment within the five year period to comply with State statutes.

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4.0 HOUSING COMPLIANCE PLAN

CCRL Section 33413(b)(4) requires each redevelopment agency to adopt a housing compliance plan as part of the implementation plan required by CCRL Section 33490 indicating how the agency will comply with the requirements set forth in CCRL Section 33413(b). This section of the Implementation Plan complies with this requirement and is the Agency's Housing Compliance Plan.

This section describes how the Agency intends to expend monies in the LMI Housing Fund consistently with the provisions of CCRL Section 33334.4 as amended by Assembly Bill 637 and made effective on January 1, 2002. Since a redevelopment agency may expend funds from its LMI Housing Fund anywhere in the community, it is not necessary to segregate LMI Housing Fund monies generated from within each Redevelopment Project Area.

The CCRL defines and limits assisted income categories as follows (the CCRL does not separate the extremely low-, and very low-income categories; the federal housing programs do make a distinction):

Very Low Income – persons or households whose gross income does not exceed 50 percent of the area's median income;

Low Income – persons or households whose gross income is greater than 50 percent, but does not exceed 80 percent of the area's income; and

Moderate-Income – persons or households whose gross income is greater than 80 percent, but does not exceed 120 percent of the area's median income.

Affordable housing cost is defined as:

Very Low Income – Not more than 15 percent of the County median household income; and

Low Income – Not more than 21 percent (or 20 percent for rental projects) of the County median household income; and

Moderate-Income – Not more than 38.5 percent (or 40 percent for rental projects) of the County median household income.

4.1 HOUSING PRODUCTION REQUIREMENTS

One of the fundamental goals of redevelopment in California is the production, improvement and preservation of the supply of housing affordable to very low-, low-, and moderate-income households. This goal is accomplished, in part, through the execution of three different, but interrelated requirements imposed on redevelopment agencies by the CCRL. These requirements are:

- An agency must use at least 20 percent of its tax increment revenue to increase, improve and preserve the supply of low- and moderate-income housing in the community (CCRL Section 33334.2);

- An agency must replace, in equal or greater number, very low-, low-, and moderate-income housing units and bedrooms which are destroyed or removed as a result of a redevelopment project (the "replacement rule," CCRL Section 33413(a));

- An agency must ensure that a fixed percentage of all new or substantially rehabilitated dwelling units are affordable to very low-, low-, and moderate-income persons and families (the "inclusionary rule," CCRL Section 33413(b)(1))

  - At least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency must be available to persons or families of low- or moderate-income. Of these, 50 percent must be available to very low-income households. This requirement would apply to housing developed directly by the Agency, but not to housing projects developed by a private party under an agreement with the Agency.

  - At least 15 percent of all new dwelling units developed by parties other than the Agency or substantially rehabilitated dwelling units developed with Agency assistance shall be available at affordable costs to persons or families of low- or moderate-income. Of these, 40 percent must be available at affordable costs to very low-income households. This requirement applies in the aggregate, and not to each individual housing development project. These low- and moderate-income dwelling units may be provided outside the Project Area, but will only be counted on a two-for-one basis. In other words, if the Agency has an inclusionary housing need of 10 units inside the Project Area, then 20 units outside the Project Area would satisfy the overall requirement on a two-for-one basis.

  - Only low- and moderate-income housing units whose affordability is guaranteed on an on-going basis over the long term may be counted in meeting these requirements. For the purposes of this plan, long-term affordability is defined as not less than 55 years for rental units and 45 years for home ownership, or as otherwise defined in CCRL Section 33413(c).

4.2 PAST HOUSING PRODUCTION

This section presents an analysis of the Agency's compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4 regarding the Agency's housing production program for Preceding Implementation Plan time period. The information provided through Fiscal Year 2007/08 is factual, based upon the annual Agency reports to HCD of housing activity, the preceding implementation plan, the Housing Element, and other empirical data. Subsequent data is estimated by Agency and UFI staff.

Per redevelopment law, inclusionary units are those units on which the Agency holds the affordability covenants. Affordable units located within the Project Area, but with covenants held by another party are not credited towards the Agency's inclusionary requirement.

Table 13 shows the affordability covenants the Agency holds. Some are inside the project area and some are outside of the project area. On those units that are inside the project areas the Agency receives full credit. On those units that are outside the project areas the Agency receives half credit. Covenants are currently required to be 45 years for owner-occupied units and 55 years for rental units. The Agency holds a number of covenants that were set for fewer than the current requisite number of years. On those covenants that have not yet expired, the Agency may consider, if applicable, extending the covenants to the required number of years in order to receive credit for these covenants on a case-by-case basis.

As outlined previously, CCRL housing production requirements are based upon replacement housing and inclusionary housing requirements. To determine whether an Agency has met those requirements, each category must be reviewed.

Replacement Housing for Destroyed or Removed Units

Between July 1, 2004, and June 30, 2009, the Agency was involved in the demolition of 101 units in the Colton Palms senior housing complex. Replacement dwelling units have not been constructed, although a replacement housing plan has been adopted. The Agency expects to replace the 101 units (50 units in the very low income category and 51 units in the low to moderate income category) within the next five years implementation plan cycle.

Inclusionary Housing in the Project Area: Agency Developed

Between July 1, 2004, and June 30, 2009, the Agency did not build any housing units inside the project areas. According to the reports submitted by the Agency to HCD, the Agency substantially rehabilitated thirty-one housing units inside the project areas. Due to these substantial rehabilitations, the Agency incurs an inclusionary housing obligation of nine units, of which five units are to be in the very low income category and four units are to be in the low to moderate income category. These are shown in Table 14, Inclusionary Housing Obligation, Project Area Adoption Through June 30, 2009.

Table 13
Affordability Covenants Held by the Colton Redevelopment Agency

Project Name	Year Complete	Project Area	Number of Restricted Units		Location in Relation to the Project Area (Inside or Outside)	No. of Units for which the Agency Receives Credit		Term Years
			Very Low	Low and Moderate		Very Low	Low and Moderate	Term Years
Casa Del Rio	1986	Cooley Ranch	30	5	Inside	30	5	45
Colton Palms	1992	None	50	51	Outside	25	26	Perpetual
Rancho Mediterrania	2000	Cooley Ranch Amend.	0	0	Inside	0	0	45
Rancho Mediterrania	2001	Cooley Ranch Amend.	0	13	Inside	0	13	45
Rancho Mediterrania	2002	Cooley Ranch Amend.	0	13	Inside	0	13	45
Rancho Mediterrania	2003	Cooley Ranch Amend.	5	26	Inside	5	26	45
Rancho Mediterrania	2004	Cooley Ranch Amend.	7	84	Inside	7	84	45
Rancho Mediterrania	2005	Cooley Ranch Amend.	0	8	Inside	0	8	45
Rancho Mediterrania	2006	Cooley Ranch Amend.	0	3	Inside	0	3	45
Rancho Mediterrania	2007	Cooley Ranch Amend.	0	6	Inside	0	6	45
Rancho Mediterrania	2008	Cooley Ranch Amend.	0	1	Inside	0	1	45
TOTAL	N/A	N/A	99	182	N/A	67	157	N/A
Affordability Covenants Held by the Colton Redevelopment Agency for Less than the Required Number of Years (55 for Rental/45 for Owner-occupied) (The Agency does not receive credit for the covenants below, but is in a position to extend the covenants to the required time limit and subsequently receive credit for the covenants.)								
Award Homes	1997	Mt. Vernon	0	202	Inside	0	0	10
Colton Ranch	1998	None	0	53	Outside	0	0	10
Colton Cottages (Phase I)	1998	None	0	2	Outside	0	0	10
Valencia Series	1998	None	0	77	Outside	0	0	10
Rancho Estates	1999	Rancho/Mill	0	49	Inside	0	0	10
Rancho Estates	2000	Rancho/Mill	0	16	Inside	0	0	10
Serenata MAP	2002	None	0	10	Outside	0	0	10

Inclusionary Housing Outside the Project Area: Agency Developed

Between July 1, 2004, and June 30, 3009, the Agency did not build or substantially rehabilitate any housing units outside of the project areas.

Inclusionary Housing Inside the Project Areas: Non-Agency Developed

As shown in Table 14, 21 new units were built in the project areas between July 1, 2004, and June 30, 2009. Per CCRL Section 33413(b)(1)), the inclusionary requirement for non-Agency built housing is fifteen percent. Therefore, the inclusionary obligation from new units for the current Implementation Plan time period is 3 units: 1 very low Income unit (40 percent) and 2 low to moderate income units (60 percent).

Summary of Inclusionary Obligation through June 30, 2009

Based upon data provided in the Preceding Implementation Plan, the Agency began the Preceding Implementation Plan period with an inclusionary obligation deficit of 160 affordable units, of which 91 were Very-Low Income units and 69 were Low-and-Moderate Income units. During the course of the 2005-2009 Plan term, an additional 21 units were constructed and 31 units were substantially rehabilitated. This added an inclusionary obligation of 12 units, of which 6 are very low income units and 6 are low to moderate income units. During this same time period, 28 affordability covenants were acquired through sales of properties in the Rancho Mediterrania project.

The Agency also assisted in the demolition of the 101 units at Colton Palms. These units, of which 50 are assumed to be very low income units and 51 are assumed to be low to moderate income units, add to the Agency's overall inclusionary housing deficit. These units are scheduled to be replaced within the implementation plan cycle, at which point the inclusionary housing deficit will be reduced by 101 units.

Therefore, as shown in Table 14, although the Agency made progress in adding affordable housing to the project areas, it increased its inclusionary housing deficit, through June 30, 2009, to a cumulative deficit of 147 Very Low Income units and 98 Low and Moderate Income units, for a total deficit of 245 units. This deficit will be carried over to determine the Agency inclusionary housing obligation for the next five and ten years as required by State redevelopment law.

Table 14
Inclusionary Housing Obligation
Project Area Adoption Through June 30, 2009

	Dwelling Units Produced		Affordable Units: Inclusionary Obligation and Units Restricted					Project Area Status		
			TOTAL	Very Low[5]		Low-Moderate[6]		Cumulative Deficit or Surplus		
			Inclusionary Obligation	Inclusionary Obligation	Actual Number of Units Restricted	Inclusionary Obligation	Actual Number of Units Restricted	Very Low	Low - Moderate	Total
Balance Forward[2]	Agency Developed[3]	149	44	22	67	22	157	-91	-69	-160
	Non-Agency Developed[4]	2,262	340	136		204				
	TOTAL	2,411	384	158		226				
July 1, 2004 Through June 30, 2009	Agency Developed[3]	31[7]	9	5	0	4	28	-6	22	16
	Non-Agency Developed[4]	21	3	1		2				
	TOTAL	52	12	6		6				
Affordability Covenants Obtained[8]	N/A	N/A	N/A	N/A	-50	N/A	-51	-50	-51	-101
New Balance Forward	2,463		396	164	17	232	134	-147	-98	-245

[1] Compliance with Sections 33413(b)(1),(c),(d)(1), and 33490(a)92)(A)(ii).

[2] Per Preceding Implementation Plan (2005-2009)

[3] Inclusionary obligation is 30 percent of units produced with 50 percent allocated to Very-Low Income households.

[4] Inclusionary obligation is 15 percent of units produced with 40 percent allocated to Very-Low Income households.

[5] As defined by Health and Safety Code 50105

[6] As defined by Health and Safety Code 50093

[7] Per Agency reports filed with HCD. (Includes units that were substantially rehabilitated.)

[8] Includes the 101 affordability covenants lost due to the demolition of the 101 senior housing units at Colton Palms.

4.3 PROJECTED HOUSING PRODUCTION

The same analysis applies to projected housing production for the current Implementation Plan to anticipate the Agency's continued compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4. The data is estimated based upon Staff discussions, the Housing Element, and other empirical data.

Replacement Housing

The Agency does not anticipate destroying or removing any housing units from the project areas during the term of the Implementation Plan. The Agency does anticipate that the 101 unit Colton Palms complex will be replaced with a new 101 unit complex for like incomes. The Agency will acquire affordability covenants on these units, 50 in the very low income category and 51 in the low to moderate income category.

Inclusionary Housing in the Project Areas: Agency Developed

The Agency does not anticipate directly producing any new units within the project areas during the term of the Implementation Plan.

Inclusionary Housing Outside the Project Areas: Agency Developed

The Agency does not anticipate directly producing units or contracting with private entities to produce units outside of the project areas during the term of the Implementation Plan.

Inclusionary Housing Inside the Project Area: Non-Agency Developed

The Agency anticipate that approximately 200 new housing units will be produced by a non-agency entity during the term of the Implementation Plan, which will add an inclusionary obligation of 30 units – 12 Very Low-Income units and 18 Low-and Moderate-income units.

Summary of Inclusionary Obligation

The Agency will begin the current Implementation Plan period with an inclusionary obligation deficit of 245 affordable units, of which 147 are Very-Low Income units and 98 are Low-and-Moderate income units.

During the course of the FY 2010 - FY 2014 Implementation Plan cycle, an additional 301 units are expected to be constructed in the project areas: 101 units to replace the demolished 101 units at Colton Palms, and an additional 200 new units. The inclusionary obligation for FY 2010 – FY 2014 does not apply to the replacement units; therefore, the inclusionary requirement is 30 units, 15 percent of 200 units.

Assuming that the replacement units will be the only affordable units produced in the project areas prior to June 30, 2014, the Agency will end the term with an inclusionary housing deficit of 174 units, as shown in Table 15.

Table 15
Projected Inclusionary Housing Obligation
July 1, 2009 Through June 30, 2014

	Dwelling Units Produced		Affordable Units: Inclusionary Obligation and Units Restricted					Project Area Status		
			TOTAL	Very Low[5]		Low-Moderate[6]		Cumulative Deficit or Surplus		
			Inclusionary Obligation	Inclusionary Obligation	Actual Number of Units Restricted	Inclusionary Obligation	Actual Number of Units Restricted	Very Low	Low - Moderate	Total
Balance Forward[2]	Agency Developed[3]	180	53	27	67	26	185	-147	-98	-245
	Non-Agency Developed[4]	2,283	343	137		206				
	Replacement Units Needed	N/A	N/A	N/A	-50	N/A	-51			
	TOTAL	2,463	396	164	17	232	134			
July 1, 2009 Through June 30, 2014	Agency Developed[3]	101	0[7]	0	50	0	51	38	33	71
	Non-Agency Developed[4]	200	30	12		18				
	TOTAL	0	0	0		0				
New Balance Forward	2,764		408	176	67	250	185	-109	-65	-174

[1] Compliance with Sections 33413(b)(1),(c),(d)(1), and 33490(a)92)(A)(ii).

[2] Per Table 14 above and discussions with City Staff

[3] Inclusionary obligation is 30 percent of units produced with 50 percent allocated to Very-Low Income households.

[4] Inclusionary obligation is 15 percent of units produced with 40 percent allocated to Very-Low Income households.

[5] As defined by Health and Safety Code 50105

[6] As defined by Health and Safety Code 50093

[7] Replacement units for 101 senior affordable housing Colton Palms – no inclusionary obligation.

4.4 LOW AND MODERATE INCOME HOUSING GOALS

The Agency's housing goals and objectives are as follows:

GOAL 3: INCREASE, IMPROVE AND PRESERVE THE QUALITY OF LOW/MODERATE INCOME HOUSING THROUGHOUT THE PROJECT AREAS AND THE CITY

OBJECTIVES

3.1. Identify, participate in, and monitor housing programs that meet the Agency's inclusionary and replacement low and moderate income housing requirements and the City's housing element.

3.2. Research the development of housing programs that will lead to the replacement and rehabilitation of low and moderate income housing units and off-site amenities.

3.3. Identify and assist housing projects that leverage additional private investment and which may leverage additional public funds leading to an increase in the community's housing stock.

3.4. Carry-out any other affordable housing oriented project or program consistent with the CCRL and the Redevelopment Plan

IMPLEMENTATION MEASURES

1. Facilitate the exterior beautification and security features of existing multi-family housing projects.
2. Encourage the development of an affordable housing project in Cooley Ranch.
3. Promote the development of infill vacant lots into housing opportunities in properly-zoned areas in West Valley.
4. Encourage the development of "walkable" communities, especially in West Valley.
5. Design and administer a housing rehabilitation and exterior renovation/upgrade program, especially for West Valley.
6. Design programs that encourage housing development in the overlay areas of Mt. Vernon Corridor.
7. Facilitate the construction of a Senior Housing project in Mt. Vernon Corridor to fulfill the City's Replacement Housing Plan.
8. Respond to miscellaneous neighborhood improvement needs.

9. Pursue the acquisition and recordation of covenants to ensure long term affordability of residential units.

10. Provide for the development and implementation of appropriate and feasible housing programs to increase, improve or preserve affordable housing.

11. Monitor affordable housing units to prevent the conversion to market rate units.

12. Compile, maintain and annually update a database of existing, new and substantially rehabilitated housing units developed or otherwise assisted with monies from the LMI Housing Fund or otherwise counted towards the Agency's inclusionary requirements and make such database available to the public on the City's/Agency's web site.

4.5 PROJECTED HOUSING NEEDS

CCRL Section 33334.4(a) requires that an agency must expend its LMI Housing Fund monies towards assisting housing for persons of very low- , low-income and moderate-income in at least the same proportion as the total number of housing units needed for each of these income groups bears to the total number of units needed for very low-, low-, and moderate-income households within the community, as those needs have been determined by the most recent Regional Housing Needs Assessment (RHNA). This requirement must be met over the same 10-year implementation plan period as the requirements of CCRL Section 33413(b).

CCRL Section 33334.4(b), requires an Agency to expend LMI Housing Fund monies in at least the same proportion as senior low-income households bear to the total low-income households in the community, as determined in the most recent U.S. Census.

4.5.1 Regional Housing Needs Assessment

The state legislature adopted Assembly Bill 2853 in 1980 requiring all councils of government to develop regional allocations of housing needs (new and existing) for all income categories (fair share of housing) based on regional housing needs. The Southern California Association of Governments Regional Housing Needs Assessment (RHNA) states that the fair share for the City of Colton for period ending June 30, 2014 is 2,142 units. The income distribution is shown in Table 16:

Table 16
Regional Housing Needs Assessment
Fair Share Allocation

Income Distribution	Required/Needed Units	Percent of Affordable Units
Very Low Income	854	39.9%
Low Income	595	27.8%
Moderate Income	693	32.3%
Sub-Total: Affordable Units	**2,142**	**100.00%**
Above Moderate	1,563	
TOTAL	**3,705**	

Source: Southern California Association of Governments

Table 16 also identifies the City's estimated housing need by income limits for very low-, low-, moderate- and above moderate income households within the community by percentage of needed housing units. Per CCRL Section 33334.4(a), these percentages are to be applied to Agency LMI Housing Fund spending. Based on the housing needs determined through the Fair Share Allocation process, at least 39.9 percent of all LMI Housing Fund expenditures must be made towards assisting very low-income headed households and a maximum of 60.1 percent may be used to assist low- and moderate- income headed households.

4.5.2 Senior Housing Need Assessment

CCRL Section 33334.4(b) limits the amount of money an agency can utilize from its LMI Housing Fund to assist senior, affordable housing. An agency must limit LMI expenditures for senior programs and projects to the proportion that senior low-income households bear to the total low-income households in the community, as determined in the most recent U.S. Census[2]. Prior to 2005, the agency limitation was based on the proportion that the senior population represented in the entire community. In 2005, SB 527 shifted the emphasis to low income households due to the fact that in many communities, the senior population has a greater proportion of low-income earners and, therefore, a greater need for housing assistance than the general population. For example, seniors could represent only 10 percent of the overall population of a community, but constitute 25 percent of the low-income population of the community. In such a circumstance, SB 527 allows an agency to provide assistance to a greater proportion of senior housing than the previous law allowed.

[2] It should be noted that the Census data considers age 62 and over to be "senior" whereas the CCRL utilizes age 65 and over. Also, the income levels in the Census are based on "Median Family Income" rather than the "Area Median Income" specified in the CCRL. These discrepancies are not addressed in 33334.4 and no case law currently exists to provide clarity. The approach used to compute the ratio of senior households reflects best industry practices.

In order to compute the ratio of low income senior households, 2000 Census data is used. Table 17 summaries the calculation for Colton's LMI Housing Fund.

Table 17 Distribution of Low Income Senior Household[1]	
Total Number of Low-Income Households	2,948
Number of Low-Income Senior Households [2]	408
Ratio of Senior Households to Total	13.84
[1] Source: U.S. Census Bureau - 2000 Census	
[2] Includes both renters and owners	

According to the 2000 Census, 13.84% of the City's low income households (2,948) were occupied by low-income seniors. Therefore, in carrying out the requirements of CCRL Section 33334.4(a), no more than 13.84 percent of LMI Housing Fund expenditures may be allocated towards exclusively assisting senior restricted housing.

4.6 LOW- AND MODERATE-INCOME HOUSING PROGRAM

As noted previously, the state budget crisis and the national financial crisis have significantly impacted both the private and the public sector's ability to construct decent and affordable housing. The Agency's focus for the next five years is the construction of new, senior housing to replace the demolished Colton Palm units. A replacement housing plan has been approved and the Agency expects to have the units replaced within the Implementation Plan term. The Agency will also explore the potential of establishing a covenant acquisition program. A covenant acquisition program would enable the Agency to acquire or establish covenants on existing multiple-family units to maintain their affordability to households of very low-, low-, or moderate- income for 55 years.

Additionally, the County of San Bernardino will continue to offer three programs to Colton residents: the Homeownership Assistance Program (HAP), which is a down payment assistance program; the Single Family Home Improvement Loan Program; and the Senior Home Repair Program. All three programs target low- and moderate- income households.

4.7 LOW- AND MODERATE-INCOME HOUSING FUND

Funding for the Agency's housing program comes from several sources including state CalHFA funds and tax increment financing. The purpose of the Implementation Plan is document compliance with state redevelopment law; therefore, this report only analyzes tax increment financing and its relationship to housing plan compliance.

4.7.1 Tax Increment Financing

As required by redevelopment law, the Agency will set aside twenty percent of its gross tax increment received from the project areas toward increasing, improving, and preserving affordable housing in the City of Colton. Table 18 summarizes the anticipated revenues and expenditures in the Low and Moderate Income (LMI) Housing Fund. These numbers are based on the Agency's budget and reflect anticipated expenditure rates. The table shows a beginning cash balance in the LMI Housing Fund of almost $2 million with tax increment projections of approximately $2 million annually. The only other anticipated receipts are interest income on the cash balance and repayment of the loan to the General Fund for the SERAF payment beginning in 2011-12.

There are four main anticipated expenditures: Senior Housing, Rancho Med, Debt Service and Administration. Debt Service reflects the LMI Housing Fund's percentage obligation to retire the Agency's bond debt. Senior Housing is City's senior housing projects. Rancho Med reflects the costs associated with the City's Rancho Mediterrania affordable housing project. Administration includes planning, administration, and professional services expenses.

The data in Table 18 indicate that with the repayment of the SERAF loan, the LMI Housing Fund is sufficiently healthy. The Agency has the resources to implement the housing programs and projects that are discussed in this Implementation Plan.

The numbers should not to be used for bonding purposes; they are solely intended to reflect general trends and assumptions.

Table 18
Low and Moderate Income Housing Fund
Projected Income and Expenditures (Fund 864 & 874)

	Fiscal Year					
Fund Activity	2009-10 (7)	2010-11	2011-12	2012-13	2013-14	Totals
Yearly Beginning Balances (1)	1,990,092	347,471	316,810	1,265,150	2,254,977	
Revenues						
A. Tax Increment Set-Aside (2)	2,234,657	2,195,232	2,244,098	2,293,942	2,370,202	11,338,131
B. Interest Income (3)	11,145	1,946	3,168	12,651	22,550	51,460
C. SERAF Repayment (4)			554,303	554,303	554,303	1,662,909
Total Revenues	2,245,802	2,197,178	2,801,569	2,860,896	2,947,054	13,052,500
Total Available Resources	4,235,894	2,544,649	3,118,379	4,126,046	5,202,032	13,052,500
Expenditures/Uses						
A. RDA Housing Administration (5)	335,199	329,285	336,615	344,091	355,530	1,700,720
B. Senior Housing	265,552	120,000	120,000	120,000	120,000	745,552
C. Rancho Med	480,446	483,446	493,115	502,977	513,037	2,473,021
D. Debt Service	903,300	903,500	903,500	904,000	904,000	4,518,300
E. Other Expenses	0					
F. SERAF	1,903,927	391,608				2,295,535
Total Expenditures	3,888,423	2,227,839	1,853,230	1,871,068	1,892,567	11,733,127
Revenues in Excess of Expenditures	(1,642,621)	(30,661)	948,340	989,828	1,054,487	1,319,373
Other Financing Sources/Uses						
Prior Period Adjustments						
Yearly Ending Balances	347,471	316,810	1,265,150	2,254,977	3,309,465	1,319,373
Excess Surplus Analysis						
A. Maximum Allowable Fund Balance (6)	8,022,094	8,544,640	8,857,783	8,956,837	9,088,585	
B. Yearly Adjusted Beginning Fund Balance	1,990,092	347,471	316,810	1,265,150	2,254,977	
C. Less: Bond Proceeds Held by Fiscal Agent	1,693,729	1,693,729	1,693,729	1,693,729	1,693,729	
D. Adjusted Ending Balance	296,363	(1,346,258)	(1,376,919)	(428,579)	561,248	
E. Excess surplus	0	0	0	0	0	

(1) Estimated beginning working capital balance at June 30, 2009.
(2) Based on 20% of projected tax increment from Urban Futures, Inc.
(3) Based on LAIF rates. FY 2009-10 and 2010-11 rates are assumed .56%. Years thereafter assume a 1% rate.
(4) Represents repayment for funds borrowed by the Agency, from the Housing Fund, to pay SERAF payments in FYE 2010 and 2011. The repayments are made within 5 years and may extend beyond the terms of the Implementation Plan
(5) Based on RDA Budget for FY 09-10, with estimated amounts thereafter.
(6) Excess Surplus exists when the adjusted unencumbered balance exceeds the greater of: (1) $1 million or (2) the combined amount of property tax increment revenue deposited over the preceding four (4) fiscal years.
(7) Beginning Balance takes into account the $1,890,173 deficit of the Rancho Med Housing Project

4.7.2 *Excess Surplus*

Excess Surplus is defined and calculated based on provisions in Health & Safety Code Section 33334.12. Excess Surplus is determined on the first day of each fiscal year. The calculation requires comparing the sum of property tax increment deposited over the previous four fiscal years against the agency's adjusted beginning balance (prior year's ending adjusted unencumbered balance) to determine which amount is greater. Agencies are allowed to adjust their unencumbered balance to exclude the amount of unspent proceeds from the sale of bonds and the difference between the price of land sold during the reporting period compared to the land's fair market value. By statutory definition, Excess Surplus exists when the adjusted unencumbered balance exceeds the greater of: (1) $1 million or (2) the combined amount of property tax increment revenue deposited over the preceding four fiscal years.

As shown in Table 18 above, the Agency is not anticipating excess surplus in the FY 2010 - FY 2014 Implementation Plan term.

4.7.3 Other Funding Programs

Table 19 outlines other funding that may be available to the City and the Agency to further implement its Housing Production Plan.

Table 18 Financial Resources Available for Housing Activities			
Program Type	**Program Name**	**Description**	**Eligible Activities**
1. Federal Programs	Community Development Block Grant (CDBG)	Annual grants awarded to the City on a formula basis for housing & community development activities. Administered by HUD.	• Acquisition • Rehabilitation • Homebuyer assistance • Homeless assistance • Public services
	Home Investment Partnership Act (HOME)	Formula grants to States and localities that communities use-often in partnership with local nonprofit groups-to fund a wide range of activities to low-income people.	• New construction • Acquisition • Rehabilitation • Tenant-based rental assistance
	Section 8 Rental Assistance Program	Rental assistance payments to owners of private market rate units on behalf of very low-income tenants. Administered by HUD.	• Rental assistance
	Section 202	Grants to non-profit developers of supportive housing for the elderly. Administered by HUD.	• Acquisition • Rehabilitation • New construction • Rental assistance • Support services
2. State Programs	California Housing Finance Agency (CHFA) Home Mortgage Purchase Program	CHFA sells tax exempt bonds for below market rate loans to first-time homebuyers. Program operates through participating lenders who originate loans for CHFA purchase.	• Homebuyer Assistance
	California Housing Finance Agency (CHFA) Multiple Rental Housing Programs	Below market rate financing offered to builders & developers of multi-family and elderly rental housing. Tax exempt bonds provide below-market mortgage money.	• New Construction • Rehabilitation • Acquisition

Table 18 Financial Resources Available for Housing Activities			
Program Type	**Program Name**	**Description**	**Eligible Activities**
	Low-Income Housing Tax Credit (LIHTC)	Tax credits available to individuals & corporations that invest in low-income rental housing. Tax credits sold to people with high tax liability, & proceeds are used to create housing.	• New Construction • Rehabilitation • Acquisition of properties from 20 to 150 units
	Multi-Family Housing Program (MHP)	Deferred payment loans for new construction, rehabilitation & preservation of rental housing. Administered by HCD.	• New Construction • Rehabilitation • Preservation
3.Local/County Program	Redevelopment Housing Set-Aside Funds	20 percent of Agency tax increment funds are set-aside for affordable housing activities.	• New Construction • Rehabilitation • Acquisition
	Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time home buyers for the purchase of new or existing single-family housing. Eligible participating city's or unincorporated areas.	• Homebuyer Assistance
	Mortgage Assistance Program (MAP)	Deferred payment down payment assistance loan. Subject to availability by county for participating cities and unincorporated areas of a county.	• Homebuyer Assistance
4. Private Resources/ Financing Programs	Federal National Mortgage Association (Fannie Mae)	Loan applicants apply to participating lenders for the following programs: fixed rate mortgages issued by private mortgage insurers; And related foreclosure prevention programs in underserved low-income & minority communities.	• Homebuyer assistance • Refinancing • Loan Modification • Foreclosure Prevention
	California Community Reinvestment Corporation (CCRC)	Non-profit mortgage banking consortium designed to provide tax-exempt private placement bond program financing for affordable multi-family & senior rental housing.	• New Construction • Rehabilitation • Acquisition • Permanent Financing

Table 18
Financial Resources Available for Housing Activities

Program Type	Program Name	Description	Eligible Activities
	Federal Home Loan Bank Affordable Housing Program	Provides grants and subsidized loans to support affordable rental housing and homeownership opportunities. Grants are awarded on a competitive basis.	• New Construction
	Low-Income Housing Fund (LIHF)	Non-profit lender offering below market interest, short term loans for affordable housing in both urban & rural areas. Eligible applicants include non-profits & government agencies. Grant opportunities are also available.	• Redevelopment costs • Site acquisition • Construction • Rehabilitation • Planning grants • Energy Efficiency Grants • Child Care Centers • Quality Improvement Grants • Expansion Grants • Renovation & Repair Grants • Technical Assistance Grants
	Private Lenders	The Community Reinvestment Act (CRA) requires certain regulated financial institutions to achieve goals for lending in low- & moderate-income neighborhoods. As a result, most of the larger private lenders offer one or more affordable housing programs, including first-time homebuyer, housing rehabilitation, or new construction assistance.	• Varies, depending on individual program offered by bank

4.8 TEN YEAR INCLUSIONARY HOUSING REQUIREMENTS

CCRL Section 33490(a) (2) (b) requires that the implementation plan provide certain "Ten-Year" and "Life-of-the-Plan" housing production and inclusionary information.

The August 2009 draft of the 2008-2014 Housing Element provided an inventory of residential housing sites in the City. Examining the vacant parcels that are zoned for residential uses, an estimated 1,600 new units could be built within the project areas. Assuming a build-out of 40 years, approximately 400 new units could be built in the project areas in the next ten years. These units would be in the West Valley Original, West Valley Amendment, and Mount Vernon project areas.

The 2008-2014 Draft Housing Element lists sites appropriate for affordable residential development in the project areas. Since the Agency will not be developing any of the units itself, this will trigger the 15 percent inclusionary requirement on non-Agency developed housing units. The ten-year inclusionary requirement for 400 units is 60 units with 24 restricted for Very-Low Income households and 36 for Low-and-Moderate income households.

The Agency is facing a ten-year inclusionary housing deficit. Methods to erase the deficit include the construction of new units, the substantial rehabilitation of units previously removed from the housing market, and the purchase of affordability covenants on existing units. The Agency is considering pursuing all three options to meet its inclusionary obligations.

4.9 CONSISTENCY WITH GENERAL PLAN

CCRL Section 33413(b) (4) requires that each agency, "as part of the implementation plan required by Section 33490, shall adopt a [Housing Production] plan" Section 33413 (b)(4) requires that "[t]he plan shall be consistent with the community's housing element." Additionally, "The plan shall be reviewed and, if necessary, be amended at least every five years in conjunction with either the housing element cycle or the plan implementation cycle."

Chapter 9 of the State's General Plan Guidelines of 2003 (the "Guidelines") states the California Attorney General has opined that "the term 'consistent with' is used interchangeably with 'conformity with.'" The general rule of consistency outlined in the Guidelines is that "[a]n action, program, or project is consistent with the general plan if, considering all its aspects, it will further the objectives and policies of the general plan and not obstruct their attainment."

The following Goals and Policies are contained within the City's August 2009 draft of the 2008-2014 Housing Element:

1. Provide opportunities for the development of quality housing for households at and above the median income – housing that does not currently exist in the City in sufficient quantities.

2. Enhance the existing viable housing stock as a source of low- and moderate-income housing for Colton residents and as an integral part of the community character.

3. Create opportunities for the development of new housing that responds to all economic segments of the community.

4. Provide suitable sites for housing development which can accommodate a range of housing by type, size, location, price, and tenure.

5. Mitigate any potential governmental constraints to housing production and affordability.

6. Continue to promote equal housing opportunity in the City's housing market regardless of age, race, sex, marital status, ethnic background, source of income, and other factors.

In compliance with CCRL Section 33490, the Agency has developed, and included in Section 4 of this Implementation Plan, a goal statement and related objectives specific to the development and implementation of Agency sponsored affordable housing programs in the City. These goals are consistent with the goals contained in the City's draft 2008-2014 Housing Element.

Inasmuch as, i) the Agency is working to provide affordable housing for all income levels and most specifically housing for persons of very low-, low-, and moderate-incomes; ii) the Agency is required to spend no less than 20 percent of all tax increment monies on affordable housing programs; and iii) the Agency has identified in this Implementation Plan those housing projects and programs and the number of dwelling units that it projects to develop, rehabilitate or assist development of; the Agency hereby determines that the housing goal included in this Implementation Plan and related objectives, ongoing activities, and housing production plan, as outlined in this Implementation Plan, are consistent with the housing element of the City's General Plan.

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5.0 PLAN ADMINISTRATION

The Agency shall be responsible for administering the Implementation Plan and for monitoring redevelopment activities or programs undertaken pursuant to it.

5.1 PLAN REVIEW

At least once within the five year Implementation Plan term, the Agency shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the adopted Redevelopment Plan, the Implementation Plan, and evaluating the progress of the Project. The public hearing shall be held no earlier than two years and no later than three years after the date of adoption of this Plan. The Agency may choose to conduct a single public hearing applicable to all adopted redevelopment projects described in this plan or conduct separate hearings.

Notice of public hearing to review the Redevelopment Plan and Implementation Plan shall be published pursuant to Section 6063 of the Government Code and posted in at least four permanent places within the Project Area for a period of at least three weeks. Publication and posting must be completed not less than ten days prior to the date set for hearing.

5.2 PLAN AMENDMENT

Pursuant to CCRL 33490, the Implementation Plan may be amended from time to time after holding a public hearing.

5.3 FINANCIAL COMMITMENTS SUBJECT TO AVAILABLE FUNDS

The Agency is authorized to utilize a wide variety of funding sources for implementing the Redevelopment Plan. Such funding sources include, but are not limited to, financial assistance from the City, State of California, federal government, property tax increment, interest income, Agency bonds secured by tax increment or other revenues or other legally available revenue source. Although the sources of revenue used by the Agency are generally deemed to be reliable from year to year, such funds are subject to legislative, program, or policy changes that could reduce the amount or the availability of the funding sources upon which the Agency relies.

In addition, with regard to the Agency’s primary revenue source, tax increment revenues, it must be noted that revenue flows are subject to diminution caused by events not controlled by the Agency, which reduce the taxable value of land or improvements in the Project Area. Moreover, the formulas governing the amount or percentage of tax increment revenues payable to the Agency may be subject to legislative changes that directly or indirectly reduce the tax increment revenues available to the Agency.

Due to the above-described uncertainties in Agency funding, the projects described herein and the funding amounts estimated to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

5.4 REDEVELOPMENT PLAN CONTROLS

If there is a conflict between the Implementation Plan and the Redevelopment Plan or any other City or Agency plan or policy, the Redevelopment Plan shall control.

5.5 RECOMMENDATIONS

To date, the Agency has successfully implemented its programs and managed its budgets. However, the generally negative economic climate in the State of California has affected the Agency's revenue stream through reductions in tax increment growth rate. To address continuing programmatic and financial issues, the following actions may be considered:

1. Process an amendment to merge the five remaining redevelopment projects to permit the Agency greater fiscal and administrative flexibility in

2. the implementation of programs and projects that promote and facilitate economic development and job growth, upgrade public facilities and infrastructure, increase affordable housing opportunities, and generally improve the quality of life for residents.

3. Process an amendment to increase the lifetime cap tax increment collection limit and the bonded indebtedness limit of the redevelopment projects, as appropriate, to ensure adequate funding and financing for Agency programs and projects.

4. Add territory by amending an existing redevelopment project area or creating a new project area to provide increased economic development opportunities and to address infrastructure deficiencies and other blight conditions in areas of the City that quality.

5. Process an SB 211 amendment to add ten years to the life of the Cooley Ranch project.

6. Process SB 1096 amendments to gain two additional years of life for each eligible project.