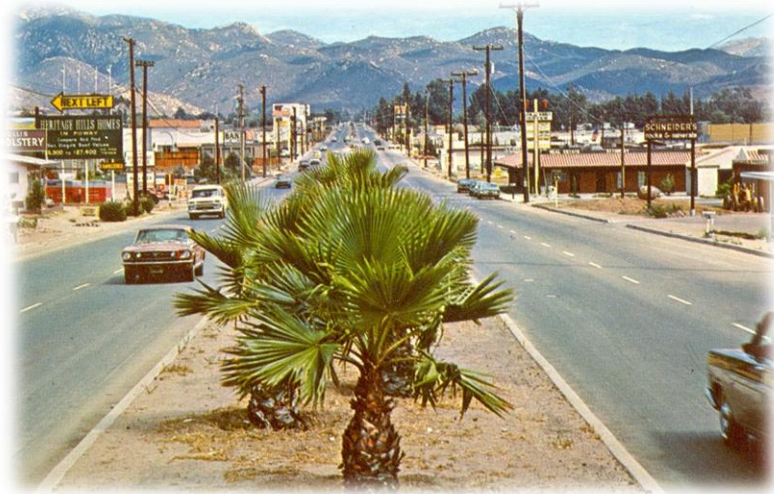


**PAGUAY REDEVELOPMENT PROJECT
FIVE-YEAR IMPLEMENTATION PLAN
2010-2014**

Poway Road Circa 1980



Poway Road in the early 1980's was littered with above ground utilities and signage. The Poway Redevelopment Agency was created to remove blight, install infrastructure, and revitalize Poway's businesses.



Poway Road Today

Poway Road is visually more attractive, safe and vital due to Poway Redevelopment Agency projects. The Agency built Scripps Poway Parkway to alleviate traffic on Poway Road and encourage commercial development in the business park.

Poway Redevelopment Agency

Final December 15, 2009

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I. REDEVELOPMENT IN POWAY

Poway adopted a redevelopment project area in 1983 (Project Area) as a tool to finance needed infrastructure and economic development. The project area was named the Paguay Redevelopment Project Area after the original Poway inhabitants indigenous to southern California. A redevelopment plan was also adopted to guide redevelopment activities. Since incorporation, Poway's Redevelopment Agency (Agency) has played an instrumental role in revitalizing Poway's commercial corridors, developing Poway's business park, installing roads and infrastructure throughout Poway, constructing park and recreation facilities, and building affordable housing for Poway's families and employees.

The Agency generates revenue derived from the increases in property values resulting from redevelopment activities. In return, the Agency reinvests those funds back into the community on projects that generate jobs, reduce carbon emissions and energy consumption, increase public safety, revitalize commercial areas, and protect the environment.

Every five years, the Agency must prepare a Redevelopment and Housing Implementation Plan (Plan) that describes the Agency's goals and objectives, planned projects and programs, estimated expenditures, and its low- and moderate-income housing production plan. The Plan also outlines how the Agency is eliminating the blighting conditions identified in Poway's Redevelopment Plan. This current Plan lays out the proposed redevelopment activities for the upcoming five year period from January 1, 2010 through December 31, 2014.

The primary goal of the Poway's Redevelopment Plan (Redevelopment Plan) is to eliminate existing conditions of blight (page 4). The Redevelopment Plan's goals and objectives (page 5) for eliminating blight cover several approaches. Examples include stimulating private investment, upgrading commercial and industrial areas, developing parks and recreation facilities, financing public improvements, alleviating infrastructure deficiencies, and providing affordable housing to meet the needs of low- and moderate- income households in the community.

Poway's Creekside Plaza was developed on the site of an aging trailer park whose residents were relocated to newly built housing at Haley Ranch Estates.



Since adoption of the Redevelopment Plan, the Agency has built or upgraded fire prevention and safety facilities, Poway's business park, many of Poway's major roads and flood control channels, and various parks including Old Poway Park, Community Park and other neighborhood parks. The Poway Road commercial corridor has been transformed from deteriorated commercial strip malls and unsightly billboard signs to a more attractive retail environment with many upgraded commercial centers. The Agency also attracted many of Poway's local auto dealers. Poway's Agency has also built many school facilities valued at over \$35.0

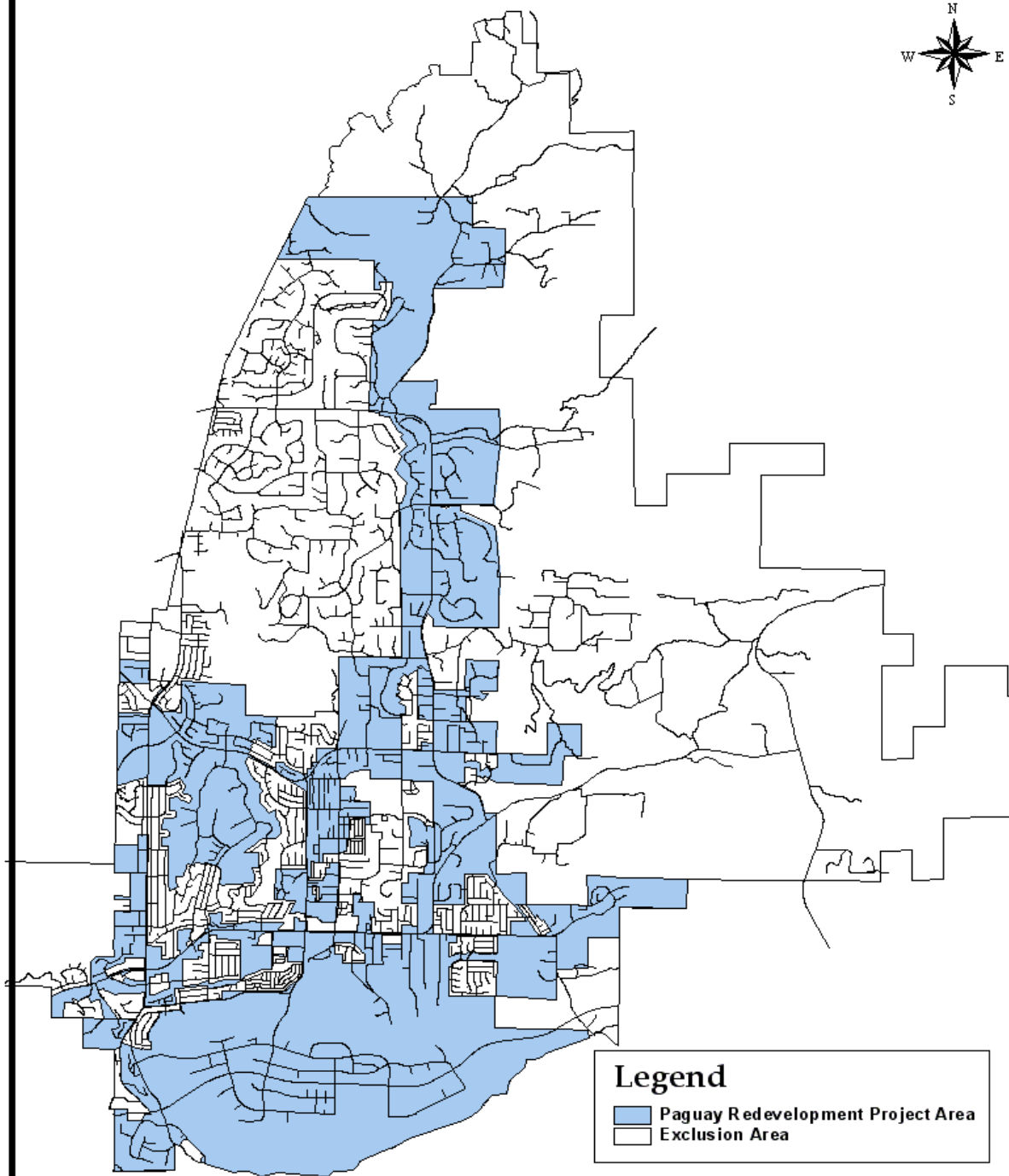
million. Such facilities include joint use fields, Poway High's football field, and the Center for Performing Arts, among others. Appendix A in the back of this Plan provides a comprehensive list of projects and programs implemented by the Agency.

Upcoming redevelopment projects will upgrade water and sewer facilities, upgrade local parks, complete a master plan for the renovation of Community Park, and revitalize the Oak Knoll Road corridor with apartment renovations and streetscape improvements. The Agency will work with local businesses to retain local jobs, reuse vacant auto dealerships, build affordable

and well managed housing, and encourage local shopping. Table 2 provides a list of all of the proposed projects and programs for the upcoming five years. Without these redevelopment projects, Poway’s neighborhoods would remain blighted and its residents would not benefit from the beautiful parks, responsive safety services, and affordable recreation programs they enjoy today.

Table 1 - Project Area Profile		
Land Area:	Approximately 8,200 acres	
Land Uses:	Residential, commercial, industrial, and public uses	
Date Adopted:	December 13, 1983	
Amendments:	Date	Ordinance #
	July 14, 1993	415
	January 13, 1995	439
	January 1, 2004	593
	September 16, 2004	605
	November 25, 2004	611
Effectiveness of Plan Limit:	January 12, 2025	
Tax Increment Limit:	\$3,500,000,000	
Bonding Limit:	\$275,000,000	
Current Annual Tax Increment:	\$39,297,609	

Paguay Redevelopment Project Area



II. PAGUAY REDEVELOPMENT PLAN BLIGHTING CONDITIONS, GOALS, AND OBJECTIVES

The Agency developed a list of goals and objectives for the Redevelopment Plan. These goals provide the framework for the Agency's revitalization efforts. The goals were reviewed when the Plan was amended in 1993 and remain relevant and appropriate today. They continue to provide a viable framework for addressing unhealthy, ineffective, and dangerous conditions which remain in the Project Area.

A. Blighting Conditions

The blighting conditions, which exist in the Project Area, were originally described and documented when the Redevelopment Plan was adopted in 1983. An additional detailed analysis of the blighting conditions was prepared for the 1993 Plan Amendment. The 1993 blight analysis, the *Status Report of the 1983 Blighting Conditions, Paguay Redevelopment Project Area*, all of which are incorporated into this Implementation Plan by this reference, described persistent conditions of blight which were still found in the Project Area. The following blighting conditions were identified (listed in parentheses after each of the identified blighting conditions is a citation to the analogous blighting condition under current law):

Blighting Conditions	
A	Deteriorated and dilapidated buildings and structures in need of extensive to moderate repairs. §33031(a)(1) and (2)
B	Properties which are underutilized because of inadequate public facilities or improvements. §33031(a)(1) and (2)
C	Properties suffering from economic maladjustment, dislocation, disuse, and substandard design. §33031(a)(2) and §33031(b)(2)
D	Buildings or structures suffering from age or obsolescence which require repair or renovation, but whose problems cannot be addressed because of their location in an area prone to flooding. §33031(a)(1)
E	The presence of mixed uses, shifting uses, and conflicting and incompatible uses situated without adequate buffering. §33031(a)(3)
F	Subdivided lots of irregular form and shape, and inadequate size for proper usefulness.
G	Lots of irregular form or shape, laid out in disregard to topographic or other physical characteristics. §33031(a)(4)
H	Inadequate public improvements, public facilities, open space, and utilities. §33031(a)(2)

The conditions listed above continue to significant and prevalent in the Project Area.

B. Goals, Objectives, and Actions Necessary for Alleviation of Blight

The Redevelopment Plan identified the following goals and objectives for revitalization of the Project Area:

Goals, Objectives and Actions to Alleviate Blight	
1	Elimination of flooding by construction of flood control detention basins and improvements to flood channels.
2	Elimination of deficiencies of trunk line sewer and water distribution systems, to increase system capacities and extend lines as required to serve the ultimate build-out population.
3	Acquisition and resubdivision of properties that have been laid out in disregard of the contours and other topography or physical characteristics of the ground and surrounding conditions.
4	Elimination of traffic circulation deficiencies and the provision of future access to accommodate regional traffic demands and service in currently undevelopable outlying areas.
5	Elimination of environmental deficiencies and visual blight, particularly along Poway Road.
6	Development of new streetscapes and the establishment of design controls for redevelopment, rehabilitation, and development of commercial areas.
7	Acquisition and development of new parks and recreation facilities to meet General Plan requirements.
8	Provision of adequate roadways and traffic and circulation improvements to correct street alignment problems and substandard alleys, to eliminate road hazards, and to provide adequate street and freeway access.
9	Elimination and prevention of the reoccurrence of conditions of blight and deterioration and the conservation, rehabilitation, and redevelopment of the Project Area in accordance with the Redevelopment Plan and future annual work programs.
10	Provision for the enhancement and renovation of businesses to promote their economic viability.
11	Encouragement of cooperation and participation of residents, business-persons, public agencies, and community organizations in the revitalization of their properties.
12	Stimulation of investment of the private sector.
13	Provision of needed improvements to the community's educational, cultural, residential, and other community facilities.
14	Promotion of public improvement facilities, which are sensitive to the unique environmental qualities.
15	Establishment of a program, which promotes the rehabilitation of the existing housing stock where appropriate.

16	Expansion of the resource of developable land by making underutilized land available for development.
17	Alleviation of certain environmental deficiencies including substandard vehicular and pedestrian circulation systems, insufficient street lights, off-street parking, and other similar public improvements.
18	Provision, improvement, or preservation of low- and moderate-income housing as is required to satisfy the needs and desires of the various age and income groups of the community.
19	Development of safeguards against noise and pollution to enhance the industrial/commercial community.
20	Upgrade of existing commercial and industrial uses in the Project Area.
21	Assembly and disposition of land into parcels suitable for modern integrated development with improved pedestrian and vehicular circulation.
22	Replanning, redesign, and development of undeveloped areas, which are stagnant or improperly utilized.
23	Strengthening of the economic base of the Project Area and the community by the installation or provision of needed site improvements and public facilities to stimulate new commercial/light industrial expansion, employment and economic growth.
24	The expansion of City, County, and other governmental services and uses.

The Redevelopment Plan identified specific actions necessary to achieve the above objectives, including:

- Improve streets and highways.
- Provide flood control and drainage facilities.
- Develop needed community facilities and buildings.
- Create, improve, and expand parks and open spaces.
- Improve water and sewer distribution systems.
- Develop industrial projects.
- Develop commercial revitalization projects.
- Provide mobilehome rental assistance.
- Improve, develop, and preserve low- and moderate-income housing.

III. PROJECTS, PROGRAMS, AND ALLEVIATION OF BLIGHT

The Agency has completed numerous projects in the Paguay Redevelopment Project Area since the Redevelopment Plan was adopted in 1983. These have included both assistance for private development activities and installation and improvement of public infrastructure and facilities. The Agency is also in design and/or currently constructing many other projects. Finally, future projects that will eliminate blight in the project area are proposed. A list of all of the completed and planned projects is provided below and is organized in the following categories:

- Affordable Housing Developments
- Housing Programs
- Commercial Revitalization Programs and Projects
- Public Infrastructure
- Parks and Public Facilities
- Property Acquisition
- Roads
- Sewer



Midland Road is more pedestrian friendly and attractive to businesses after completion of the improvements.

In Table 2, each project or program includes a short description and describes the blighting conditions and goals and objectives addressed by a number or letter reference. Those numbers and letters refer to the blighting conditions and goals and objectives described in the list on page 5, 6, and 7 of this Plan. Many of the projects or programs address more than one blighting condition. Finally, the status of each project is listed.

The Agency has supported the development of affordable residential communities in the Project Area. These developments were sited on vacant and/or underutilized properties in otherwise densely developed neighborhoods, and include Solara, Hillside Village, Brookview Village, Los Arcos, Park View Terrace, and Haley Ranch Estates.

The Agency assisted the private development of the Hampton Inn & Suites, Midland Animal Clinic, Creekside Plaza, Twin Peaks Plaza, Wal-Mart, Richardson Auto, and Mossy Nissan by installing public improvements, assembling property, and purchasing long term operating covenants. The Agency eliminated blight by acquiring dilapidated, aging, and underused properties on Poway Road to assemble enough property to support a Poway Town Center development in the heart of Poway. In addition, the Agency assisted smaller commercial developments with financial assistance toward building rehabilitation. The Agency has also acquired property within the Project Area in an effort to mitigate environmental conditions.

The Agency has also completed many major public improvements in the Project Area, including installation of streetscape improvements, widening of roadways, improvements to and new construction of recreational facilities, and installation of curbs, sidewalks, and gutters in key locations. Most notable are public improvements along Community Road, Civic Center Drive, and Poway Road, as well as new construction and improvements to recreational facilities such as Community Park, Skate Park, and the Old Poway Park Railroad. Recently, Midland Road improvements added parking and wide sidewalks to the Old Poway Park area. The improvements have revitalized the area, making it friendlier to pedestrians, park patrons, and businesses.

Table 2 lists the major public projects completed and proposed for the Project Area. Each project and or program in the categories of public infrastructure, parks and public facilities, roads and sewer have or will address and remove the Project Area's blight. The Agency's projects have addressed infrastructure deficiencies, underutilized lots of irregular form and shape, and inadequate public facilities. Additionally, Table 2 outlines the various properties the Agency has acquired to support many of the development and infrastructure projects.

It is important to note that the Agency must further describe and assess the environmental and fiscal impacts of the proposed projects listed in this Plan before they can be implemented. Nothing in this Plan shall constitute Agency approval of any specific program or project.

Also, public improvements identified in this Plan may be financed by the Agency only after the City Council finds that the public improvements are of benefit to the Project Area, that there are no other reasonable means of financing the public improvements, and that the public improvements will assist in the elimination of blight within the Project Area or assist housing for low- or moderate-income persons. In addition, the public improvements must be consistent with the Implementation Plan, and outlined in the Redevelopment Plan. Public improvements

identified in this Plan that are located outside of the Project Area will only be funded assuming the City Council makes the requisite findings prescribed in Health and Safety Code Section 33445.1.

Table 2 – Redevelopment Projects and Programs			
Affordable Housing Developments			
The Meadows	Acquire needed property and develop 30 energy efficient and energy producing, affordable homes for sale to low- and moderate-income, first-time homebuyers	12, 13, 18, B, G	Under Construction
York	Acquire needed property and develop 3 energy efficient and energy producing, affordable homes for sale to low- and moderate-income, first-time homebuyers	12, 13, 18, B, D, E, F	Under Construction
Affordable Housing Assistance	Provide financial and technical assistance to create, improve, or preserve affordable housing	12, 13, 15, 18	Ongoing
Twin Peaks	Acquire needed property, work with Conocco Phillips to clean up underground contamination, and develop energy efficient and energy producing, affordable housing for low- and moderate-income housing	5, 12, 13, 16, 18	Ongoing
Evanston	Acquire needed property and develop 1.2-acre site with energy efficient and energy producing, affordable housing for low- and moderate-income households	12, 18, E, F	In Pipeline
Brighton	Acquire needed property and develop 77 affordable, energy efficient and energy producing affordable townhomes	12, 13, 18, 21, 22, A, E, F	In Design
Monte Vista	Acquire needed property and develop approximately 65 energy efficient and energy producing affordable housing apartments	12, 13, 18	In Design
Town Center	Acquire needed property and develop 60-unit energy efficient and energy producing, affordable senior housing complex	3, 5, 6, 9, 12, 16, 17, 18, 21, 22, B, C, E, F, H,	In Design
Oak Knoll Villas	Acquire and rehabilitated a 52-unit multifamily housing complex (outside of, but of benefit to the Project Area)	11,12,13,15,18, A, C	Under Construction
Orange Gardens	Acquire and rehabilitated a 52-unit multifamily housing complex(outside of, but of benefit to the Project Area)	11,12,13,15,18, A, C	In Design

Table 2 – Redevelopment Projects and Programs

Housing Programs			
Affordable Housing Assistance	Create, preserve, and enhance affordable housing throughout the Poway community	12, 13, 15, 18	Ongoing
HomeShare & Community Connections	Provide services and referrals to low-income households needing shared, transitional, and/or emergency housing	18	Ongoing
Housing Rehabilitation Loan	Help low- and moderate-income homeowners preserve & improve their homes with deferred interest loans	9, 11, 12, 13, 15, 18, A	Ongoing
Housing Special Programs	Provide grants to non-profit housing developers to build internal capacity building, conduct predevelopment work in Poway, and educate the community about affordable housing	9, 13, 18	Ongoing
Mortgage Certificate Credit	Administer requests for State tax credit for first-time homebuyers as State funds are available	12, 13, 18	Ongoing
Oak Knoll Conversion	Partner with housing developers to acquire apartment complexes along Oak Knoll corridor, rehabilitate the buildings, provide amenities, and reduce the rent to affordable levels	11,12,13,15,18, A, C	Ongoing
Poway Royal Rent Subsidy	Provide rental assistance to low-income households living at the Agency-owned mobilehome park	18	Ongoing
Supporting Home Ownership in Poway (S.H.O.P.)	Provide below market loans to low- and moderate-income, first-time homebuyers	11, 12, 15, 18	Ongoing
Commercial Revitalization Programs and Projects			
Business Attraction	Provide financial assistance to attract and retain businesses, includes auto dealer reuse, attraction of commercial uses to Agency-owned property in Old Poway and business park areas	5, 6, 10, 11, 12, 14, 20, 23, A, D	Ongoing
Environmental Remediation	Remediation of contaminated properties	5	Ongoing
Town Center	Identify vision, prepare plans and attract financing for a vibrant Town Center with housing, retail, and office development along Poway Road	3, 5, 6, 8, 9, 10, 11, 12, 13, 17, 18, 20, 21, 22, 23, A, C, D, E, F, G	In Design
Public Infrastructure			
Northcrest Pipeline	Construct a second pipeline to feed the Northcrest pump station	H, 2	Under Construction

Table 2 – Redevelopment Projects and Programs

Fire Protection Upgrades	Upgrade water pipelines to conform to current fire protection flow requirements	H, 2	Ongoing
Boulder Mt. Reservoir	Replace two old reservoirs with a new 1.0 MG Reservoir	H, 2	In Design
Water Treatment Plant Pipeline Connection	Construct a second pipeline that will feed from the water treatment plant to Espola Rd. eliminating the need to upgrade the treatment plant	H, 2	In Design
Aubrey Street Culvert Replacement	Replace existing culvert to improve flow capacity and reduce flooding	H, 2	Future Project
Drainage Master Plan	Develop new city-wide drainage master plan	H, 2	Future Project
Espola / Poway Pipeline	Complete a pipeline to the Welton Reservoir	H, 1, 2	Future Project
Pressure Reducing Station Upgrades	Modernize the existing pressure reducing stations	H, 2	Future Project
Reclaimed Water Distribution Extension	Extend system to serve parks and right-of-way landscaping	H, 2	Future Project
Tierra Bonita / Norwalk Pipeline	Construct pipelines that will increase capacity to meet south Poway demand	H, 2	Future Project
Twin Peaks Pipeline	Construct pipelines that will increase capacity to the Pomerado Reservoir	H, 2	Future Project
Woodcliff Pump Station	Modernize the existing pump station	H, 2	Future Project
Drainage Structure Improvements	Install drainage structure improvements	H, 2	Future Project
Water System	Install water system capacity upgrades	H, 2	Future Project
Cloudcroft Pump Station Emergency Generator	Add additional portable or permanent generators at the facility	H, 2	Complete
Pressure Reducing Station	Installation of pressure reducing station at Community Rd.	H, 2	Complete
Parks and Public Facilities			
Sports Field Improvements	Complete sports field renovations	H, 7, 13	Ongoing
ADA Improvements	Assess needs and install improvements to address deficiencies	11, 17, B	Ongoing
Park Development	Development and improvement of parks, recreational facilities, and open space.	7, 13, 14, H	Ongoing
Old Poway Park	Implement the park master plan	7, 13, 14, H	Ongoing

Table 2 – Redevelopment Projects and Programs

Public Facilities Improvements	Installation of public facilities and improvements to revitalize and leverage private investments in the Project Area including solar and water / energy efficiency upgrades when feasible	13, 14, 23, 24, B, H	Ongoing
Big Stone Lodge	Demolish existing roof and exterior structures leaving the stonewalls intact and develop site into passive park	A, B, D, H	In Design
Community Park Master Plan	Complete and implement master Plan for buildings, fields, and facilities in Community Park	7, 11, 13, 17	In Design
Old Poway Park Maintenance Facility	Improvements to the Old Poway Park maintenance facility	H, 7, 13	In Design
Lake Poway	Improvements to park facilities	13, H	Future Project
Berglund Water Treatment Plant	Upgrade treatment plant	H, 2	Future Project
Fire Station III Slope Reconstruction	Erosion control improvements north of Fire Station III	H	Future Project
Lake Poway Pavilion	Construct Lake Poway Park Pavillion	H, 7, 13	Future Project
Lake Poway Spray Area	Construct a water spray area for children at Lake Poway	H, 7, 13	Future Project
Old Poway Railroad Restoration	Improvements to Old Poway Railroad	H, 7, 13	Future Project
PCPA	Complete renovations of facility and systems	H, 7, 13	Future Project
Raw Water Pump Station 1 Enclosure	Enclose the existing outdoor facility located at the treatment plant and attach the new building structures to the existing chlorine electrical building	H, 2	Future Project
Veteran’s memorial	Design and construct memorial park	H, 7, 13	Future Project
Community Pool Upgrades	Construct a zero depth spray area and water slide receiving pool for children	H, 7, 13	Future Project
Templars Hall	Construct patio at Templars Hall	H, 7, 13	Future Project
Property Acquisition			
Town Center	Acquire parcels in the Town Center planning area for the development of a Town Center that includes affordable housing for seniors		Ongoing
Roads			
Oak Knoll Improvements	Improvements to Oak Knoll Road sidewalks, utility undergrounding, and on-street parking between Poway and Carriage Road (outside of, but of benefit to the Project Area)	2, 4, 6, 8, 9, 12, 14, 17, B, E, H	Under Construction

Table 2 – Redevelopment Projects and Programs

Street Improvements	Installation and widening of streets, concrete curbs, gutters, sidewalks, and access ramps throughout the City	2, 4, 6, 8, 9, 12, 14, 17, B, E, H	Ongoing
Espola Road EIR	Preparation of an alignment study including design work and an environmental impact report (EIR) for ultimate width improvements to Espola Road from Twin Peaks to Titan Way	4, 8, 9, 12, 14, 17, B, H	In Progress
Midland Road Improvements	Hilleary to Edgemoor	H, 4, 8, 13	Future Project
Poway Road Corridor Improvements	Study and implement median, sidewalk, traffic and traffic signal adaptive system improvements	H, 4, 6, 8, 13, 23,	Future Project
Sewer			
Sewer Lines	Installation and upgrades of sewer lines	2, 3, 14, H	Ongoing
Sewer Master Plan	Update existing and create new Citywide master plan	H, 2	Future Project
Sewer System	Install improvements to enhance sewer system capacity	2, 3, 14, H	Future Project

IV. PROJECTED REVENUES AND EXPENDITURES

A. Overview of Agency Revenues

Agency revenues come primarily from tax increment that is generated when property taxes exceed the property tax levels when the redevelopment area was adopted. The Agency’s revenues are divided into three categories, General Fund, Low-Mod Housing Fund and the Housing Special Program Fund. The Agency General Fund receives 78% of the total tax increment collected by the Agency. These funds can be spent on general redevelopment activities. State law mandates that the Agency set aside 20% of its funds in a Low-Mod Housing Fund. Those funds can only be spent on activities that preserve, create and improve affordable housing in Poway. Finally, the Housing Special Program Fund receives 2% of Poway’s tax increment. That special set aside is unique to Poway and resulted from a 1995 court settlement. Those funds are to be spent on organizational capacity building for non-profit housing developers, predevelopment expenses for affordable housing developments, and outreach and education about the benefits of affordable housing.

A description of each fund and the projected revenues and expenditures follow. The Agency General Fund and the Housing Special Program Fund activities are summarized below. The Low-Mod Housing Fund activities are addressed in the section of this report call the Housing Production Plan.

B. Redevelopment Agency General Fund

In FY 2010, the Agency General Fund projects a beginning fund balance of \$36,925,190, revenues of \$32,753,070 in tax increment and interest income, and expenditures of \$33,369,140, toward tax sharing agreements with other government entities, existing business park agreements, County administrative fees, and debt service. The Agency’s fund balance at the end of FY 2010 is projected to be \$36,309,120. Table 3 outlines the five year revenue and expenditure projections for the Agency’s General Fund.

The actual amount and timing of Agency expenditures will depend on the availability of funding. The Agency will leverage its resources with other funds to maximize the Agency’s ability to implement redevelopment projects and programs. Leveraging opportunities may include advances or payments from developers and property owners, loans from the City, and funds from other public agencies.

The State of California recently approved legislation that would take a significant portion of tax increment from every redevelopment agency in the State. The California Redevelopment Association (CRA) has filed a lawsuit against the proposed taking claiming that the take violates the state constitution. This implementation plan assumes that Poway receives all of its tax increment. If the State is successful, Poway will have to deposit approximately \$13.7 million dollars from fiscal year 2009 / 2010 and another \$2.8 million from fiscal year 2010 / 2011 into a special education fund to pay for a portion of the State’s obligation to public schools. If the Agency is forced to make those payments, the Agency will need to adjust the level of funding and types of projects the Agency will undertake to accommodate the lost tax increment revenue that would have otherwise gone to fund projects intended to eliminate blight.

Table 3 – Agency General Fund- Revenue and Expenditures					
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Beginning Balance	\$36,925,190	\$36,309,120	\$39,374,072	\$42,773,012	\$46,504,641
Revenue	\$32,753,070	\$33,332,575	\$33,921,116	\$34,533,628	\$35,140,145
Expenditures	\$33,369,140	\$30,267,623	\$30,522,176	\$30,801,999	\$31,057,653
Ending Balance (1)	\$36,309,120	\$39,374,072	\$42,773,012	\$46,504,641	\$50,587,133

(1) If the State legislation to take redevelopment agency funds is upheld, then the Agency would have to pay the State approximately \$13,687,637 in 2010 and \$2,818,043 in 2011, resulting in reduce expenditures on programming aimed at eliminating blighting conditions in the Project Area

C. Housing Special Program Fund

The Housing Special Program (Program) fund was established to comply with a 1995 judgment against the Poway Redevelopment Agency (Agency) in the case *Smith et al v All Persons Interested* (Judgment). As a condition of the Judgment, the Agency began collecting and disbursing two-percent of the Agency’s tax increment revenues to San Diego-based nonprofit housing organizations. As outlined in the

judgment, the funds pay for capacity building activities, predevelopment costs, and community outreach and education concerning housing issues, in this order of priority.

In January 2009 the Agency approved a manual to articulate how the funds should be spent. The funds are either granted to non profits for capacity building or outreach and education activities, or loaned to non-profit housing developers for predevelopment expenses. Below is a summary of the expected fund revenues and expenditures from 2010 to 2014.

Table 4 –Housing Special Program Fund - Revenue and Expenditures					
Fiscal Year	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Beginning Balance	\$916,828	\$0	\$0	\$0	\$0
Revenue	\$811,800	\$826,700	\$841,900	\$857,400	\$873,210
Expenditures	\$1,728,628	\$826,700	\$841,900	\$857,400	\$873,210
Ending Balance (1)	\$0	\$0	\$0	\$0	\$0

(1) If the State legislation to take redevelopment agency funds is upheld, this fund’s revenue in 2010 and 2011 would be reduced proportionally as will fund expenditures.

D. Low- and Moderate-Income Housing Fund

Table 5 presents an estimate of the Agency’s Low-Mod Housing Fund over the next five years. These estimates are summarized as follows:

Table 5- Low- and Moderate-Income Housing Fund – Revenue and Expenditures					
Fiscal Year	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Beginning Balance	\$18,561,000	\$16,105,000	\$2,568,000	\$7,112,000	(\$15,721,000)
Revenues					
Tax Increment	\$7,888,000	\$8,046,000	\$8,207,000	\$8,371,000	\$8,538,000
Other Income	\$502,000	\$434,000	\$69,000	\$192,000	\$0
Total Revenues	\$8,390,000	\$8,480,000	\$8,276,000	\$8,563,000	\$8,538,000
Expenditures					
Debt Service	(\$1,725,000)	(\$1,726,000)	(\$1,878,000)	(\$2,142,000)	(\$2,193,000)
Administration	(\$1,179,000)	(\$1,220,000)	(\$1,263,000)	(\$1,307,000)	(\$1,353,000)
Projects/Programs	(\$8,942,000)	(\$19,071,000)	(\$591,000)	(\$27,947,000)	\$0
Total Expenditures	(\$11,846,000)	(\$22,017,000)	(\$3,732,000)	(\$31,396,000)	(\$3,546,000)
Ending Balance	\$15,105,000	\$2,568,000	\$7,112,000	(\$15,721,000)	(\$10,729,000)

While the ending balance shown in 2014 is negative, the actual fund balance will depend on the timing and costs of many proposed projects. It will also depend on the Agency’s ability to leverage other State and Federal funds. Staff will monitor the fund balances and determine if borrowing will be necessary.

V. HOUSING PRODUCTION PLAN

In addition to the removal of blight, a fundamental purpose of redevelopment is to expand and preserve the supply of low- and moderate-income housing. Thus, State law contains numerous provisions to guide redevelopment agency activities with regard to affordable housing. One of these provisions requires agencies to include a housing production plan in each five-year implementation plan. The housing plan must specify the Agency's intended approaches to increase, improve, and preserve the community's supply of low- and moderate-income housing. This section reviews the Agency's affordable housing strategy, demonstrates how Poway's housing programs meet state mandates, and outlines Poway's projected housing production through the life of the Plan.

A. Housing Program Strategy

State law requires consistency between an agency's implementation plan and the City's Housing Element of its General Plan (Housing Element). Poway's affordable housing programs and strategies are actually encompassed in Poway's Housing Element adopted in August of 2008 and outlined below. As in the Housing Element, they are broken out between existing and new housing and are listed below:

Policies for Existing Housing	
1	Preserve and maintain existing housing and neighborhood character to ensure that housing is both sound and safe for its occupants and to revitalize Poway's older neighborhoods.
2	Meet as much of the housing needs of current and future residents of Poway as possible through the existing housing stock.
3	Preserve and ensure the long-term viability of affordable housing in Poway.
4	Support the needs of Poway's affordable housing residents by ensuring the availability of service programs to such residents.
5	Ensure that resident service programs are comprehensive and support the economic, educational, and personal growth of all participants.
6	Provide safe, well-maintained affordable housing properties.
7	Help residents to transition from affordable to market-rate housing, and from rental to ownership housing.
8	Assure that affordable housing units meet all regulatory and ground lease requirements.

Policies for New Housing

1	Provide opportunities for high quality new housing construction as necessary to meet the needs of current and future Poway residents, including those with special needs.
2	Maximize the Redevelopment Agency Low-Mod funds by leveraging other local, State and federal sources to produce affordable housing units.
3	Address the needs of all households who need affordable housing, including families, seniors, and those with special needs.
4	Support the increased capacity of local, non-profit housing developers with grant funds to implement staff training, provide services to affordable housing residents, and pursue predevelopment studies.
5	Promote understanding and create awareness of the importance and value of affordable housing to increase community support for such housing.
6	Support the Poway Unified School District by coordinating affordable housing activities with the school district.
7	Acquire property within the guidelines of the Redevelopment Plan.

B. State Mandates

1. Excess Surplus

State law mandates that redevelopment agencies use Low-Mod Housing Funds (Housing Funds) in a timely manner. Specifically, the law stipulates that agencies may not retain “Excess Surplus” in their Low-Mod Housing Fund. “Excess Surplus” is defined as the unexpended or unencumbered amount of an Agency’s Low-Mod Housing Fund that exceed the greater of \$1,000,000 or the aggregate amount deposited in the fund during the preceding four years. This calculation is performed annually and reported to the State Department of Housing and Community Development on Schedule “C” of the Agency’s annual report. An agency with an excess surplus has the following fiscal year to either transfer the surplus to the housing authority or to expend/encumber the surplus funds. Failure to spend or encumber the excess surplus within an additional two years (for a total of three years from the date the funds became excess surplus) results in an agency losing most of its discretionary powers over redevelopment until the surplus, plus an amount of non-Housing Funds equal to 50 percent of the surplus amount, is spent or encumbered. Determination of when excess surplus will occur will affect the timing of expenditure of Low-Mod Housing Funds. The Agency’s 2008-2009 Schedule HCD-C report to the State, as summarized below, illustrates that Poway does not have an excess surplus in its Housing Fund.

Table 6 - Low Mod Fund - Excess Surplus Calculation

Fiscal Year	Low Mod \$ Received	Sum of Previous Four Years	Unencumbered Balance (6/30/09)	Excess Surplus
2005 - 2006	\$6,838,000	} \$29,535,000	\$2,090,982	\$0
2006 - 2007	\$7,224,000			
2007 - 2008	\$7,673,000			
2008 - 2009	\$7,800,000			

2. Proportionality Requirements

Under California Health and Safety Code Section 33334.4(a), the Agency must expend Housing Funds in proportion to the regional housing need assessment (RHNA) as defined in Government Code Section 65584 and established by the San Diego Association of Governments (SANDAG). Table 7 presents Poway’s RHNA obligations and extrapolates the proportional spending limits for each income category. Expenditures for low income housing can exceed the designated amount so long as the Agency does not spend more than the designated amount on moderate income housing.

Section 33334.4(b) requires redevelopment agencies to cap assistance for age-restricted housing based on the percentage that very low and low income households over the age of 65 represent the total very low and low income population in Poway. As shown below, based on the 2000 United States Census data, the very low and low income senior citizen population represents 27% of the very low and low income population in Poway.

Table 7 - Income and Age Restriction Targets

Category	Units / Population	Spending Target
Income Test	Units	
Very-Low Income	285	at least 39%
Low Income	216	at least 29%
Moderate Income	235	not more than 32%
Income Test Totals	736	100%
Age Test	Households	
VL / L Income <65	2,436	73%
VL / L Income >65	902	27%
Age Test Total	3,338	100%

The Agency is poised to meet the mandated proportional spending rules as shown below. The housing fund expenditures will mirror the age restriction limits. Spending on very-low income households will exceed the minimum 39% requirement and fall short of the mandated maximum spending on moderate households at 17% as shown on Table 8 below.

Table 8 – Low Mod Fund Expenditures by Category –(2002 – 2014)					
	Age Restriction		Income		
	Restricted (55+)	Not Restricted	Very Low	Low	Moderate
Limit (1)	27%	73%	39%	29%	32%
2002 - 2009	\$5,735,000	\$23,569,000	\$15,856,000	\$6,605,000	\$6,843,000
2010 - 2014	\$16,521,000	\$37,030,000	\$25,240,000	\$20,324,000	\$7,987,000
Total	\$22,256,000	\$60,599,000	\$41,096,000	\$26,929,000	\$14,830,000
Actual	27%	73%	50%	33%	17%

(1) Spending from 2002 through 2009 is based on actual information. Spending from 2010 through 2014 is based on projections.

3. Replacement Obligation

The Agency is required to meet replacement housing obligations pursuant to Section 33413(a). The Section requires the Agency to replace, on a one-for-one basis, all units removed from the inventory as a result of Agency actions that are occupied by low- and moderate-income households. In addition to matching the income levels of the removed units, the Agency must also replace an equal or greater number of bedrooms.

The homes that are removed from the inventory may be replaced with fewer units as long as an equal or greater number of bedrooms are provided in the replacement units. Replacement housing does not have to match the tenure (i.e., rental vs. ownership, family vs. senior housing) as the units removed from the inventory. Also replacement units can be developed anywhere within the City limits. If an implementation plan contains projects that could result in the removal of low- and moderate-income housing units, the plan must identify locations suitable for the replacement of such housing.

Past Removal of Low- and Moderate-Income Units

As summarized in Table 9, since adoption of the Redevelopment Plan in December 1983, 81 units containing 137 bedrooms have been removed as a result of Agency activities. The Agency has met or will meet its replacement obligations through the development of affordable units at Haley Ranch Estates, Hillside Village, and Brighton Place.

Table 9 – Replacement Housing Obligation

Units / Bedrooms Removed	Units				Bedrooms			
	L	VL	M	Total	L	VL	M	Total
Haley Ranch Estates	40	14	12	66	75	15	12	102
Hillside Village	4	3	4	11	10	9	10	29
Brighton Place		1	2	3	2	4	0	6
Totals	44	18	18	80	87	28	22	137

(1) Pursuant to Health & Safety Code Section 33413(f), the Agency may replace destroyed or removed units with fewer units if the replacement units have a greater or equal number of bedrooms and are affordable to the same income level household as the destroyed or removed units.

4. Inclusionary Housing (Affordable Housing Production)

State law requires that redevelopment agencies develop sufficient affordable housing units so that 15% of all units built in the Project Area are affordable to low- and moderate-income households. Of those affordable units, 40% must be affordable to very low-income households. To satisfy this requirement, the qualifying housing units must carry covenants recorded to retain the affordable price or rent on the property. Ownership housing must remain affordable for 45 years and rental housing must remain affordable for 55 years. When the Agency creates affordable housing outside of the project area boundaries, those units are counted on a 2 for 1 basis towards the housing production requirement. Finally, units that are pledged as replacement housing units have not been counted towards the Agency’s new production requirement. Poway more than satisfies this requirement, as demonstrated on Table 10, which summarizes the Agency’s production achievements and future projections.

C. Proposed Housing Program

The Agency has assisted in the development of 516 affordable units since the Project Area’s adoption in 1983. Poway is poised to develop another 388 affordable homes over the next five years as shown below on Table 10. Of the 388 affordable homes, 303 will be rental units for households earning low and very low incomes. The other 88 are proposed to be built for sale to first time, moderate-income homebuyers. The Agency owns many of the properties slated for development.

Table 10 - Summary of Inclusionary and Replacement Obligations

Housing Production	Total Units	Inclusionary (15%)			VL Income (40%)			Replacement Units
		Req'd	Built (1)	Balance	Req'd	Built (1)	Balance	
1983 - 2009	1930	290	385	95	116	372	256	46
Market Rate	1544							
Affordable								
<i>Brookview Village</i>	102		102			102		0
<i>Haley Ranch Estates</i>	65		30			30		35
<i>Hillside Village</i>	71		60			60		11
<i>Los Arcos(2)</i>	84		42			42		0
<i>Park View Terrace</i>	92		92			92		0
<i>Solara</i>	56		56			43		0
<i>Special Friends(2)</i>	6		3			3		0
2010 - 2014	516	78	336	258	32	62	30	3
Market Rate	125							
Affordable								
<i>The Meadows</i>	33		33			5		0
<i>Oak Knoll Villas(2)</i>	52		26			8		0
<i>Brighton Place</i>	77		74			12		3
<i>Orange Gardens(2)</i>	52		26			8		0
<i>Monte Vista</i>	62		62			10		0
<i>Mixed Use Senior</i>	60		60			9		0
<i>Evanston</i>	14		14			3		0
<i>Park and Ride</i>	16		16			3		0
<i>Twin Peaks</i>	25		25			4		0
2015 - 2019	125	19	0	-19	8	0	-8	0
Market Rate	125							
Affordable	0		0			0		0
2020 - 2027	152	23	0	-23	10	0	-10	0
Market Rate	152							
Affordable	0		0			0		0
1983 – 2027 (1)	2723	410	721	311	166	434	268	49

(1) Affordable Housing Units applied towards the replacement housing obligation cannot be counted towards the inclusionary housing obligation.

(2) Los Arcos and Special Friends are both located outside of the project area, thus they only count 2 for 1 towards the inclusionary housing obligation.

Appendix A – Completed Redevelopment Projects and Programs

Affordable Housing Developments			
Brookview Village	Acquire needed property and develop 102 affordable apartments for seniors	1, 8, 12	Complete
Haley Ranch Estates	Acquire needed property and develop 65 affordable, single-family, manufactured homes	12, 13, 18	Complete
Hillside Village	Acquire needed property and develop 71 affordable apartments	12, 13, 18	Complete
Los Arcos	Acquire needed property and develop 84 senior apartments	12, 13, 18	Complete
Park View Terrace	Acquire needed property and develop 92 affordable apartments on Civic Center Drive	12, 13, 18	Complete
Solara	Acquire needed property and develop 56 energy efficient and energy producing affordable apartments on Community Road	3, 9, 12, 13, 18, 21, 22, A, C, F, G	Complete
Special Friends Group Home	Provide funds to purchase and remodel 6 bedroom group home for the developmentally disabled	12, 13, 18	Complete
Economic Development			
Auto Dealership Off-Site Storage	Develop 800 space storage lot for auto delivery and storage	4, 5, 8, 12, 23, C, E	Complete
Business Park Restaurant Site	Grading, paving, landscaping, and utilities for future restaurant in the Poway Business Park	B, H, 10, 12, 20, 21, 23	Complete
Community Services Building	Rehabilitation of the Community Services Building exterior in conformance to the Poway Road Specific Plan	5, 9, 11, 12, 24, H	Complete
Creekside Plaza	Acquire needed property and construct neighborhood serving commercial center	6, 12, 20, 22, 23	Complete
Dodge Expansion	Provide financial assistance to auto dealer	4, 10, 20	Complete
Hyundai Dealership	Fund public improvements to attract auto dealer	11, 12, 23, B, C	Complete
Mossy Nissan	Participation in the redevelopment of an automobile sales, service, and repair facility	6, 10, 12, 20	Complete
Poway Directional Signage	Provide directional signs to Poway facilities and places of interest		Complete

Appendix A – Completed Redevelopment Projects and Programs

Poway Road Revitalization	Installation of streetscape improvements, ornamental lighting, business signage, and a citywide banner program	4, 6, 8, 9, 10, 11, 12, 17, 20, 22, 23, H	Complete
Public Infrastructure			
Cloudcroft Pump Station Emergency Generator	Add additional portable or permanent generators at the facility	H, 2	Complete
Pressure Reducing Station	Installation of pressure reducing station at Community Rd.	H, 2	Complete
Parks and Public Facilities			
Blue Sky Amenities	Construction of a permanent parking lot & transit facility	4, 7, 17, 24, H	Complete
Community Park Parking Lot	Construction of additional parking spaces at Community Park	7, 9, 12, 14, A, H	Complete
Community Park Playground	Design and installation of ADA accessible playground equipment and resilient surfacing in the northern section of the park	7, 9, 13, H	Complete
Community Park Soccer Field Reconstruction	Reconstruction of the Community Park Soccer Field to accommodate the construction of a Boys and Girls Club facility	7, 9, 13, 17, 24B, H	Complete
Fire Station #3	Site acquisition and new construction of a 13,600-SF fire station	13, 24, H	Complete
Fire Suppression Facilities	Construction of a replacement multipurpose structure for equipment storage and fire suppression training at Crosthwaite Circle, as well as other minor improvements at Fire Station 1	7, 9, 12, 14, A, H	Complete
Garden Road Playground	Installation of new playground equipment, a drinking fountain, and a shade structure	7, 9, 14, A, H	Complete
Hilleary Park Playground	Removal/replacement of playground equipment, installation of rubber surfacing, and landscape replacement	13, H	Complete
Meadowbrook	Renovation of Meadowbrook sports field including grading and drainage improvements, a new irrigation system, turf, and glare-control lighting for the field	9, 14, 17, 23, H	Complete
Old Poway Park Train Tie Replacement	Replace old decayed railroad ties	7, 9	Complete
Old Poway Train Depot	Construction of a train depot at the southeastern portion of Old Poway Park	7, 13, C, H	Complete

Appendix A – Completed Redevelopment Projects and Programs

Orchestra Pit Hydraulic Lift	Installation of an orchestra pit lift at the Poway Center for the Performing Arts	7, 9, 13, 14, 24, H	Complete
Railroad Restoration	Renovation and restoration of the locomotive and rail system at Old Poway Park, including installation of a staircase and handrails, and construction of a 2,500 SF train barn expansion	4, 7, 9, 12, 13, 14, 17, H	Complete
Skate Park	Construction of a new 14,400-SF concrete skate park designed for skate boarding and rollerblading	7, 9, 12, 13, H	Complete
Starridge Park	Installation of park renovations to eliminate flooding problems and replace deteriorated playground equipment with new ADA accessible equipment	7, 13, 17, A, H	Complete
Water Reclamation Plant	Design of a water reclamation plant for use at an existing plant site	2, 10, 12, 14, 20, 23, 24, H	Complete
Water Treatment	Construction of new media filters to replace previous system and achieve compliance with the surface water rule	2, 10, 11, 12, 14, 20, 23, 24, A, C, E	Complete
Property Acquisition			
Business Park Hotel	Acquire 4-acre site for business class hotel	12, 13, 16, 23, B	Complete
Midland Animal Clinic	Acquire Midland Animal Clinic property and facilitate the business relocation	10, 12, 17, C, F, H	Complete
Old Pomerado Road	Acquisition and historic assessment of the Big Stone Lodge	9, 13, 14, 24, A, C	Complete
Old Poway	Acquisition parcels in Old Poway planning area to expand recreational, cultural, and commercial opportunities	3, 5, 6, 8, 9, 10, 11, 12, 13, 16, 17, 18, 20, 21, 22, 23, A, C, F	Complete
Old Poway	Acquire small site from Poinsettia Mobilehome Park; relocate 4 mobilehomes and complete access improvements for future park uses	8, 13, 18, 21	Complete
Tunecraft	Acquire and remove hazardous materials from property	1, 3, 5, 7, 9,	Complete
Roads			
Budwin Lane/Twin Peaks Road Signal	Installation of a four-way traffic signal at the intersection of Budwin Lane and Twin Peaks Road	2, 4, 6, 8, 9, 12, 14, 17, B, E, H	Complete
Civic Center Drive Extension	Property acquisition, design and installation of Tarascan / Civic Center Drive extension	2, 4, 5, 6, 8, 9, 12, 13, 14, 17, 24, B, H	Complete

Appendix A – Completed Redevelopment Projects and Programs

Community Road Widening	Demolition of a dilapidated and vacant commercial building. Widening of road and installation of curbs, sidewalks, street lights, and storm drains from Poway Road to Aubrey Street.	2, 4, 8, 9, 12, 14, 17, H	Complete
Espola Road Widening	Widening of 1,400 feet of Espola Road, including curbs, gutters, sidewalks, fire hydrants, streetlights, and a storm drain	2, 4, 9, 12, 14, 17, B, H	Complete
Midland Road	Construction of improvements to the section of Midland Road between Aubrey and Edgemore	4, 8, 9, 12,14, 17, B, C, H	Complete
Old Poway Neighborhood Streets	Construction of curb, gutter, sidewalk, and roadway improvements for Norwalk Street, Sycamore Avenue, and York Avenue	4,8,17	Complete
Pomerado Road	Installation of streetscape improvements, including street widening, storm drain replacement, reconstruction of existing driveways, curb inlets, fire hydrants, street lights, and a traffic signal	2, 4, 6, 8, 9, 12, 14, 17, B, E, H	Complete
Poway Grade Left Turn Lane	Construction of left turn lane at Mina De Oro	4, 17, H	Complete
Titan and Espola Left Turn	Reconfigure the existing intersection to provide dual left-turn lanes from the northbound traffic from Espola Road onto westbound Titan Way or to the Poway High School Parking Lots	8,17,H	Complete
Sewer			
Oak Knoll Outfall Upgrade	Installation of 3,100' of 24" sewer line to replace existing line in Oak Knoll between Community Park and Pomerado	2, 3, 14, H	Complete
Poway Royal Sewer Improvements	Installation of sewer infrastructure improvements	2, 9, 13, 18, A, H	Complete