

REDEVELOPMENT AND HOUSING IMPLEMENTATION PLAN

FY 1993-94 to 1997-98

Poway Redevelopment Agency

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EXECUTIVE SUMMARY

Historical Background

California Community Redevelopment Law provides the means by which cities and counties within the State can establish redevelopment agencies. The agency's primary purpose is to provide the legal and financial mechanisms necessary to address blighting conditions in the community. In order to do so, an agency forms one or more redevelopment project area(s).

Like many other cities in San Diego County, the City of Poway established a Redevelopment Agency, formed the Paguay Redevelopment Project Area, and in 1983, the Poway City Council adopted the Redevelopment Plan for the Project Area. The Project Area encompasses approximately 8,200 acres including commercial, industrial, and residential land uses. The goals of the Redevelopment Plan are to eliminate or mitigate blighting conditions within the Project Area.

The Plan's goals and objectives for eliminating blight are numerous. Several examples include stimulating private investment, upgrading commercial and industrial uses, developing parks and recreation facilities, promoting public improvements, alleviating infrastructure deficiencies, and providing affordable housing to meet the needs of the community.

AB 1290 Redevelopment and Housing Implementation Plan

The Redevelopment and Housing Implementation Plan is prepared in compliance with the requirements of Assembly Bill 1290 ("AB 1290"), the Redevelopment Reform Act of 1993. AB 1290 requires redevelopment agencies to adopt an Implementation Plan by December 31, 1994 which sets forth the Agency's activities over the ensuing five years. This Implementation Plan for Poway illustrates how the Redevelopment Agency's activities eliminate blight and improve and increase the supply of affordable housing.

This Redevelopment and Housing Implementation Plan for the Paguay Redevelopment Project Area is divided into two primary components. The first component addresses non-housing issues and the elimination of blight, and the second component addresses the Agency's affordable housing responsibilities.

Non-Housing Component

The first component of this Implementation Plan, Section II, addresses the relationship of redevelopment activities to the elimination of blight. Chapter II reviews the goals of the Redevelopment Plan and the blighting conditions present within the Project Area. In addition, the Chapter specifies the programs and expenditures with which the Agency proposes to eliminate blight during the five year term of this Plan. This section explains how these proposed programs will eliminate blight and establishes a method for monitoring the progress of the Agency's activities.

Redevelopment programs identified in this Implementation Plan include:

- o improvement of streets and highways;
- o provision of traffic signals and lighting;
- o provision of flood control and drainage facilities;
- o provision of needed community facilities and buildings;
- o improvement and provision of parks and open spaces;
- o improvements to sewer and water;
- o revitalization and redevelopment programs; and
- o mobilehome rental assistance.

Affordable Housing Component

The affordable housing component of this Implementation Plan consists of Sections III through VIII.

- o *Chapter III* sets the stage for the housing component of the Implementation Plan by summarizing redevelopment law as it applies to affordable housing.
- o *Chapter IV* examines the major housing needs of lower income and special needs groups in Poway based on the City's Housing Element.
- o *Chapter V* defines the Agency's affordable housing production obligations based on the requirements that 15 percent of all housing developed within the Redevelopment Project Area be affordable to low and moderate income households.
- o *Chapter VI* examines the Agency's existing replacement housing obligations, forecasts the number of units which the Agency anticipates removing in the future, and identifies a suitable replacement housing site.
- o *Chapter VII* describes how Redevelopment Housing Fund monies can be expended and includes projections of monies available during the five year term of the Implementation Plan.
- o *Chapter VIII* describes proposed affordable housing projects and programs on which the Agency plans to spend Housing Fund monies during the five year term of the Implementation Plan. The Agency will promote new construction, rehabilitation, rental assistance, and affordable housing preservation through these programs and projects which were included in the updated *Comprehensive Affordable Housing Strategy*.

More Information is Available

The Redevelopment Services Department prepared the Redevelopment and Housing Implementation Plan. Any persons having questions about this Plan may contact the Department directly. We are pleased to answer any inquiries to the best of our ability.

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I. INTRODUCTION

1. BACKGROUND AND LEGISLATIVE REQUIREMENTS

California Community Redevelopment Law (the "Law") Health and Safety Code Sections 33000 et seq., provides the mechanism whereby cities and counties within the State can, through adoption of an ordinance, establish a redevelopment agency. The primary purpose is to provide the legal and financial mechanisms necessary to address blighting conditions in the community through the formation of a redevelopment project area(s). Of the various means permitted under State Law for financing redevelopment implementation, the most useful of these provisions is tax increment financing. This technique allows the assessed property valuation within the redevelopment project area to be frozen at its current assessed level when the redevelopment plan is adopted. As the property in the project area is improved or resold, the tax increment revenue generated from valuation increases above the frozen value is redistributed to the redevelopment agency to finance redevelopment project costs.

The requirement that each redevelopment agency adopt a five-year implementation plan is one of the changes instituted as a result of the efforts of the State Legislature to revise and reform certain practices of redevelopment agencies. The reform efforts were assisted by the California Redevelopment Association and formalized in Assembly Bill 1290 ("AB 1290"). AB 1290, commonly referred to as the Redevelopment Reform Act of 1993, was signed into law by the Governor on October 6, 1993. AB 1290 enacted numerous changes to the Law. Among these changes are many that impact the implementation of existing redevelopment plans including the repeal of the authority to receive sales tax increment, and the imposition of a penalty for agencies that do not expend their Low- and Moderate-Income Housing Fund monies. Other changes brought about by the adoption of AB 1290 include a modification of the definition of blight for new plan adoptions, the setting of mandatory limits for both new and existing plans on the term of redevelopment plans, the time period for a project area to issue debt, and the time period for a project area to receive tax increment revenue.

AB 1290 also added Section 33490 to the Law. Section 33490 requires that each redevelopment agency which has adopted a redevelopment plan prior to December 31, 1993 adopt, after a public hearing, an implementation plan that contains the specific goals and objectives of an agency for its project area(s). The implementation plan must identify the specific programs/projects and expenditures proposed to be made during the five (5) year term of the plan; provide an explanation of how the goals and objectives, programs/projects, and expenditures will eliminate blight within an agency's project area(s); and implement the housing requirements contained in the Law. Pursuant to Section 33490, the required implementation plan must be adopted on or before December 31, 1994, with a revised plan being adopted each five (5) years thereafter.

To meet the requirements of Section 33490 of the Law, this Plan has been developed to accomplish the following:

- Specify the Agency's goals and objectives for the Project Area;
- Identify Agency programs/projects and/or expenditures planned for the five (5) years of the Plan;
- Provide an explanation of how these specific goals, objectives, programs/projects, and expenditures will eliminate blight in the Project Area;
- Provide an explanation of how these specific goals, programs/projects, and expenditures will implement the low and moderate income housing requirements of the Law by specifically including the following:
 1. An annual Housing Program for the five (5) year term of the Plan that provides sufficient detail to measure performance of the Housing Fund requirements which must be assessed under this Plan.
 2. The number of housing units to be rehabilitated, assisted, price restricted or destroyed during the term of this Plan.
 3. A description of the Agency's plan for using annual deposits to the Housing Fund.
 4. Identification of programs/projects that will result in the destruction of existing affordable housing (if any) and the proposed locations for replacement housing.
 5. The Agency's Ten-Year Affordable Housing Production Plan (formerly referred to as the "AB 315 Plan").

This is the Five Year Implementation Plan (the "Plan") for the Paguay Redevelopment Project Area of the City of Poway and has been prepared to meet the requirements of Section 33490 of the Law. Consistent with these requirements, the Plan must be reviewed at a Public Hearing and, if necessary, updated: between years two and three of the period covered by the Plan and every five years thereafter.

2. POWAY REDEVELOPMENT PLAN

The Poway City Council adopted the Paguay Redevelopment Project Area (the "Project Area") on December 13, 1983. The Project Area encompasses approximately 8,200 acres including commercial, industrial, and residential land uses. The primary goal of the Redevelopment Plan is to eliminate or mitigate blighting conditions within the Project Area through the efforts of the Agency in cooperation with the City of Poway, and private property owners and developers. Figure 1 illustrates the Project Area.

Since its adoption, the Redevelopment Agency has actively pursued the revitalization of the Project Area. To that end, the Agency approved an amendment to the Redevelopment Plan (the "1993 Amendment") in May of 1993. The 1993 Amendment achieved the following:

- extended the time limit for the use of eminent domain;
- reviewed the blighting conditions still present within the Project Area and revised and augmented the Redevelopment Plan's projects list to address these conditions;
- based on an analysis conducted of the estimated costs of the revised projects list, the Agency, as part of the 1993 Amendment, increased the Redevelopment Plan's limit on the total amount of tax increment revenues that could be collected by the Agency during the life of the Redevelopment Plan, and the amount of bonded indebtedness that could be outstanding at any one time.

In September 1983, prior to the adoption of the Redevelopment Plan, the City and the Redevelopment Agency established the Redevelopment Advisory Committee. In 1992, the Committee's name was changed to the Redevelopment and Housing Advisory Committee to reflect the Committee's new responsibilities in the area of affordable housing added by the Agency. The Committee is a permanent advisory body which provides public input to the City and the Redevelopment Agency on issues relating to redevelopment, affordable housing, and the expenditure of the Housing Fund.

During the term of this Implementation Plan, the Redevelopment and Housing Advisory Committee will develop a process for prioritizing future Redevelopment Agency capital improvement projects. This will ensure that, as additional funding is available, appropriate redevelopment projects are identified for priority implementation.

3. ORGANIZATION OF THE PLAN

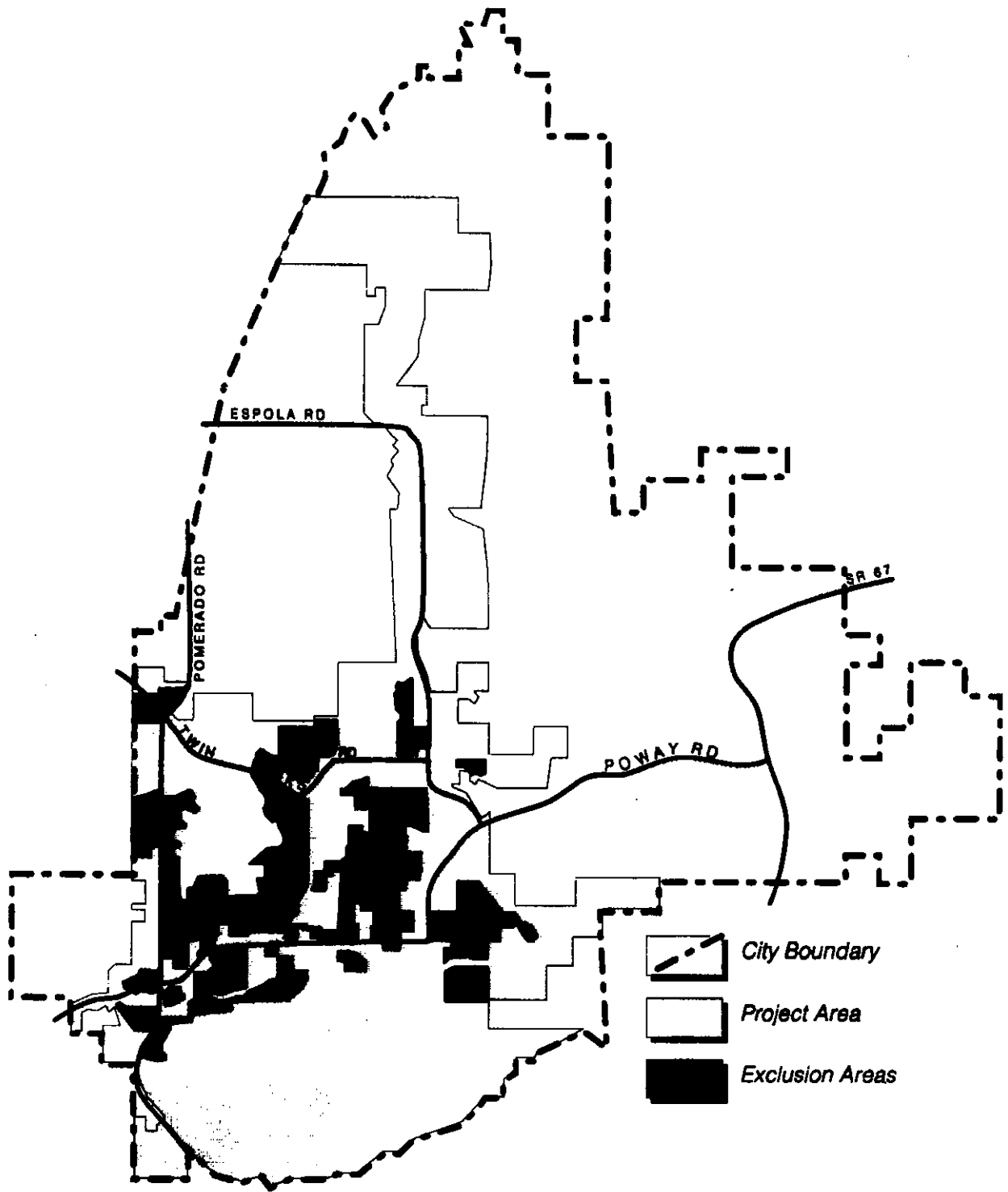
This Implementation Plan is divided into two major components:

Non-Housing Component - Relationship of Redevelopment Activities to the Elimination of Blight (Chapter II).

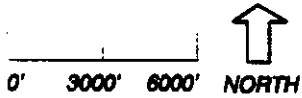
- Blighting conditions assessment in Project Areas.
- Impact of redevelopment activities on the elimination of blight.
- Five-year plan for alleviating remaining blight.

Affordable Housing Component - Redevelopment Agency Affordable Housing Responsibilities (Chapters III-VIII).

- Agency housing responsibilities with regard to affordable housing production and replacement requirements.
- Planned expenditure of the Agency's Housing Fund monies.



SOURCE: Poway Redevelopment Agency.



Poway Redevelopment and Housing
Implementation Plan

Figure 1
Paguay Redevelopment Project Area

September 1994

II. RELATIONSHIP OF REDEVELOPMENT ACTIVITIES TO ELIMINATION OF BLIGHT

1. BACKGROUND ON BLIGHTING CONDITIONS

The blighting conditions within the Project Area were documented in the Report to the City Council prepared by the Agency and submitted to the City Council at the time of the Redevelopment Plan's adoption. Further analysis of the Project Area was conducted for the 1993 Amendment. This analysis documented the blighting conditions still present within the Project Area and what specific projects were necessary to address and remedy the adverse conditions identified. During the spring and summer of 1994, this documentation and the Project Area were reviewed to ensure that the information required accurately reflected the existing blighting conditions of the Project Area as required by Section 33490 of the Law.

2. GOALS AND OBJECTIVES OF REDEVELOPMENT PLAN

A. The following goals and objectives were adopted by the Agency as part of the Redevelopment Plan to guide the Agency in its implementation and revitalization efforts. It has been determined that these goals and objectives are still relevant and appropriate as they address problems and adverse conditions still found within the Project Area today. These goals provide direction and focus to the Agency on what actions and programs may be pursued during the life of the Redevelopment Plan and specifically during the term of this Plan.

1. The elimination of flooding by construction of flood control detention basins and improvements to flood control channels.
2. The elimination of deficiencies of trunk line sewer and water distribution systems, to increase system capacities and extend lines as required to serve the Project Area's ultimate build out population in conformance with the General Plan.
3. The 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 and suffer from economic disuse and dislocation.
4. The elimination of traffic circulation deficiencies and the provision of future access to accommodate regional traffic demands and service in currently undevelopable outlying areas.
5. The elimination of environmental deficiencies and visual blight, especially along Poway Road.

6. The development of new streetscapes and the establishment of design controls for redevelopment, rehabilitation, and development of commercial areas.
7. The 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 throughout the nearby Project Area.
9. Elimination and prevention of the reoccurrence of conditions of blight and deterioration within the Project Area 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 within the Project Area 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 within the Project Area.
12. Stimulation of investment of the private sector in the full development of the Project Area.
13. Provision of needed improvements to the community's educational, cultural, residential, and other community facilities to better serve the Project Area.
14. Promotion of public improvement facilities which are sensitive to the unique environmental qualities of the Project Area.
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, maximizing the opportunity for individual choice, and meeting the requirements of State law.

19. Development of safeguards against noise and pollution to enhance the industrial/commercial community.
20. Upgrading of existing commercial and industrial uses in the Project Area.
21. The assembly and disposition of land into parcels suitable for modern integrated development with improved pedestrian and vehicular circulation in the Project Area.
22. The replanning, redesign and development of undeveloped areas which are stagnant or improperly utilized.
23. The 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. Encourage expansion of City, County and other governmental services and uses.

The Redevelopment Plan's goals and objectives that will be emphasized during the five (5) year term of this Plan are all interrelated. They reflect the theme of the Plan, which is to propose, fund and implement programs and projects which will address and remedy the various adverse conditions of blight which exist within the Project Area. These remaining conditions have hindered the Agency's efforts to revitalize Project Area properties, creating an undue burden on residents, businesses, public agencies, schools and the community. Therefore, the goals and objectives of this Plan will focus on the elimination of blight of all types; upgrading deficient traffic and circulation systems, water and sewer systems, as well as inadequate roadways; the elimination of flooding; and the provision or improvement of adequate public facilities including parks, recreation, educational, and cultural facilities to better serve the Project Area.

Directly related to these are the additional goals and objectives of stimulating private investment, encouraging property revitalization, expanding developable land in the Project Area by making underutilized land available and economically viable for development. Upgrading of the existing commercial and industrial uses within the Project Area as well as providing needed affordable housing are also targeted goals of this Plan.

3. BLIGHTING CONDITIONS STILL PRESENT IN THE PROJECT AREA

The Agency has made substantial progress in revitalizing the Project Area during the past eleven (11) years. The Agency has concentrated its implementation efforts in the area of providing and upgrading needed infrastructure and public facilities to encourage revitalization and

investment from the private sector. It has entered into Owner Participation and Disposition and Development Agreements to facilitate redevelopment of blighted or economically distressed properties. The Agency has also developed and implemented an active affordable housing program. However, in spite of such efforts, much of the blight identified at the time of adoption still exists.

Through the efforts and analysis conducted for the 1993 Redevelopment Plan Amendment, a more detailed inventory of blighting conditions, primarily consisting of underutilized land, inadequate or nonexistent infrastructure, and public facilities has been documented. Because of the economic recession which began in the late 1980's, private efforts at revitalization have been stymied. Further, the slowing of the economy has reduced the previously anticipated growth in both City and Agency revenues thereby limiting the Agency's ability to address conditions of blight within the Project Area. Many identified programs and projects have had to be delayed, extended or postponed. Blighting conditions still remaining within the Project Area include:

1. Deteriorated and dilapidated buildings and structures that are in need of extensive to moderate repairs.
 2. Properties which are underutilized because of inadequate public facilities or improvements.
 3. Properties suffering from economic maladjustment, dislocation, disuse and substandard design.
 4. 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.
 5. The presence of mixed uses, shifting uses, and conflicting and incompatible uses situated without adequate buffering.
 6. Subdivided lots of irregular form, shape, and inadequate size for proper usefulness.
 7. Lots of irregular form or shape laid out in disregard to topographic or other physical characteristics.
 8. Inadequate public improvements, public facilities, open space and utilities.
4. **ANTICIPATED RESOURCES OF THE PROJECT AREA OVER FIVE YEAR TERM OF THE IMPLEMENTATION PLAN**

Table 1 sets forth the Agency's estimated resources and expenditures over the term of this Plan. As illustrated in Table 1, the Plan identifies approximately \$27 million in projects during its term.

TABLE 1

POWAY REDEVELOPMENT AGENCY
Five Year Implementation Plan

General Fund (80%) Revenue and Expenditure Projections

| Year | Available Funds | Estimated 80% Tax Increment | Pass Throughs and State Tax Shift | Net Tax Increment | Other Revenue | Interest Income * | Subtotal of New Revenues | Debt Service and Administration | Estimated Program Expenditure | Annual Balance |
|---------|-----------------|-----------------------------|-----------------------------------|-------------------|---------------|-------------------|--------------------------|---------------------------------|-------------------------------|----------------|
| 1993-94 | 31,663,530 | 9,199,473 | (558,444) | 8,641,029 | 62,500 | 268,932 | 8,972,461 | (12,177,005) | (9,107,516) | (12,312,0 |
| 1994-95 | 19,351,470 | 9,331,146 | (560,335) | 8,770,811 | 193,350 | 1,087,710 | 10,051,871 | (9,956,244) | (7,603,008) | (7, 3 |
| 1995-96 | 11,844,089 | 9,742,606 | (565,074) | 9,177,532 | 193,350 | 780,400 | 10,151,282 | (10,035,253) | (5,940,511) | (5,824,4 |
| 1996-97 | 6,019,607 | 10,431,594 | (568,575) | 9,863,019 | 193,350 | 502,100 | 10,558,469 | (10,119,998) | (4,204,244) | (3,765.7 |
| 1997-98 | 2,253,834 | 11,405,362 | (572,247) | 10,833,115 | 202,000 | 431,590 | 11,466,705 | (9,908,205) | (165,490) | 1,393,0 |
| TOTAL | 3,646,844 | 50,110,181 | (2,824,675) | 47,285,506 | 844,550 | 1,262,422 | 51,200,788 | (52,196,705) | (27,020,769) | |

* 1993-94 "Available Funds" figure includes portion of interest revenues for FY 1993-94 and a carry over of funds for FY 1993-94 debt service.

Projected Expenditures By Projects

| Year | Streets & Highways | Traffic Signals & Lighting | Flood Control & Drainage | Community Facilities & Buildings | Parks & Open Space | Water & Sewer Improvements | Revitalization & Redevelopment Programs | Housing Programs | Total Expenditure |
|---------|--------------------|----------------------------|--------------------------|----------------------------------|--------------------|----------------------------|---|------------------|-------------------|
| 1993-94 | 1,193,825 | 0 | 190,138 | 4,099,794 | 2,869,569 | 165,483 | 471,780 | 116,927 | 9,107,516 |
| 1994-95 | 2,809,280 | 100,000 | 590,789 | 2,140,659 | 1,028,352 | 562,956 | 240,972 | 130,000 | 7,603,008 |
| 1995-96 | 350,000 | 199,080 | 300,000 | 4,015,000 | 120,000 | 582,710 | 237,221 | 136,500 | 5,940,511 |
| 1996-97 | 0 | 0 | 2,545,924 | 15,000 | 0 | 1,500,000 | 0 | 143,320 | 4,204,244 |
| 1997-98 | 0 | 0 | 0 | 15,000 | 0 | 0 | 0 | 150,490 | 165,490 |
| TOTAL | 4,353,105 | 299,080 | 3,626,851 | 10,285,453 | 4,017,921 | 2,811,149 | 949,973 | 677,237 | 27,020,769 |

5. **PROPOSED PROGRAMS AND EXPENDITURES DURING FIVE YEAR TERM OF THE IMPLEMENTATION PLAN**

An examination of the blighting conditions still remaining within the Project Area has shown that the most prevalent adverse condition affecting the Project Area is the lack of, or inadequacy of, public improvements, infrastructure, and community facilities. Additionally, many of the other conditions of blight within the Project Area are either a direct result of inadequate infrastructure and public improvements or indirectly cannot be remedied because these conditions limit both private revitalization and the Agency's efforts.

Neither private enterprise nor the City has adequate resources to address the conditions of flooding, inadequate traffic circulation and roadways, or the lack of, or inadequacy of, water and sewer systems. Private funding of needed improvements is not economically feasible. The use of assessment districts would, in most cases, impose such detrimental financial burdens that residents, businesses, and potential developers would be unable to bear them. The City is unable to impose conditions on the redevelopment or new development of properties because it would be economically prohibitive to achieve revitalization.

Because of this, the major thrust and priority of this Plan is the funding, construction and completion of projects that will remedy these blighting conditions. The Agency is also aggressively developing direct programs for commercial and industrial revitalization. During the five (5) year term of this Plan, the following programs/projects have been identified as necessary to eliminate blight and address the goals and objectives of the Plan.

- A. **Improvement of Streets & Highways:** Includes improvements to Scripps-Poway Parkway at the west and east end, and landscaping of Scripps-Poway Parkway; the widening of Community Road (Phase 2), south of Poway Road; improvements to Adrian Street, Starridge Walkway, and the Stowe Drive extension; the provision of medians at Pomerado Road at Glen Oaks; and improvements to the landscaping and driveway at Community Road and Metate; and the Twin Peaks Public Canyon Alignment Study.

Goals: 4, 8, 9, 12, 14, 17, and 23 (from Section II(2)(A))

Estimated Costs: \$4,353,105

Timing: FY 1993-94 through FY 1996-97

Blighting Conditions to be Addressed: Inadequate public improvements, public facilities, open space and utilities; deteriorated and dilapidated buildings and structures that are in need of extensive to moderate repairs; properties which are underutilized because of inadequate public facilities or improvements; and properties suffering from economic maladjustment, dislocation, disuse and substandard design.

- B. *Provision of Traffic Signals and Lighting:*** Improvements include the installation of traffic signals at Metate and Community Road, and Casa Avenue at Pomerado Road; and the installation of street lighting at Espola Road at the High School.

Goals: 4, 8, 9, 12, 14, 17, and 23

Estimated Costs: \$299,080

Timing: FY 1993-94 through FY 1996-97

Blighting Conditions to be Addressed: Inadequate public improvements, public facilities, open space and utilities; deteriorated and dilapidated building and structures that are in need of extensive to moderate repairs; properties which are underutilized because of inadequate public facilities or improvements; and properties suffering from economic maladjustment, dislocation, disuse and substandard design.

- C. *Provision of Flood Control and Drainage Facilities:*** Includes the construction of the Poway Creek Detention Basin; construction of improvements at the Poway Creek Bridge; provision of drainage improvements for Phase 1 of the North Twin Peaks drainage facility at Midland Road, and at Los Olivios.

Goals: 1, 9, 12, 14, 16, and 23

Estimated Costs: \$3,626,851

Timing: FY 1993-94 through FY 1997-98

Blighting Conditions to be Addressed: Inadequate public improvements, public facilities, open space and utilities; deteriorated and dilapidated buildings and structures that are in need of extensive to moderate repairs; properties which are underutilized because of inadequate public facilities or improvements; properties suffering from economic maladjustment, dislocation, disuse and substandard design; buildings and 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; and the presence of mixed uses, shifting uses, and conflicting and incompatible uses situated without adequate buffering.

- D. *Provide Needed Community Facilities and Buildings:*** Includes improvements to Twin Peaks School, the Performing Arts Center, Buildings A, B, & C, and the Weingart Senior Center; acquire site and construct Library; Boney's tenant improvements/Long's Commercial Site; develop a municipal Materials Handling Yard; remediation of groundwater damage at Twin Peaks Gym; provide auxiliary generator at Fire Station 1; and construct Meadowbrook Multipurpose Room.

Goals: 9, 13, 14, 23, and 24

Estimated Costs: \$10,285,453

Timing: FY 1993-94 through FY 1997-98

Blighting Conditions to be Addressed: Inadequate public improvements, public facilities, open space and utilities; properties which are underutilized because of inadequate public facilities or

improvements; properties suffering from economic maladjustment, dislocation, disuse and substandard design; and buildings and 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.

- E. **Provide and Improve Parks and Open Space:** Improvements include the construction, improvement and/or the provision of facilities to Arbolitos Mini-Park, Old Poway Park, Hilleary Park, South Poway Sports Park, Poway High Baseball Field, Community Park, and Adobe Ridge Mini-Park.

Goals: 7, 9, 13, 14, and 23

Estimated Costs: \$4,017,921

Timing: FY 1993-94 through FY 1995-96

Blighting Conditions to be Addressed: Inadequate public improvements, public facilities, open space and utilities; lots of irregular form or shape laid out in disregard to topographic or other physical characteristics; the presence of mixed uses, shifting uses, and conflicting and incompatible uses situated without adequate buffering; and properties suffering from economic maladjustment, dislocation, disuse and substandard design.

- F. **Water and Sewer Improvements:** Includes the construction, improvements and/or facilities to upgrade Water Treatment Facilities, the Espola Road water systems, water facilities at Beeler Creek Trail/Cobblestone Creek Road; provision of fire hydrants at Belvedere Drive and Hilltop Circle; improvements to the Water Reclamation Plant and Hilltop Circle Sewer Main.

Goals: 2, 9, 12, 14, 19, and 23

Estimated Costs: \$2,811,149

Timing: FY 1993-94 through FY 1997-98

Blighting Conditions to be Addressed: Inadequate public improvements, public facilities, open space and utilities; properties which are underutilized because of inadequate public facilities or improvements; properties suffering from economic maladjustment, dislocation, disuse and substandard design; and buildings and 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.

- G. **Revitalization and Redevelopment Programs:** Includes providing financial assistance, staff support and marketing efforts to facilitate commercial revitalization and economic development of the Project Area, including the following:

1. **Commercial Revitalization Program:** Develop a business incentive/commercial rehabilitation program to upgrade commercial uses throughout the City including relocation assistance to Poway Chrysler.

2. Revitalization and Implementation of Poway Road Specific Plan: Develop a program to assist Poway Road businesses through the use of loans, grants and Owner Participation Agreements (OPA) to bring about the implementation of the Poway Road Specific Plan.
3. Economic Development of Underutilized Properties: Provide assistance and incentives to existing property owners and interested developers to stimulate revitalization of economically distressed areas within the Project Area. The primary vehicles for this assistance are Disposition and Development Agreements and Owner Participation Agreements.

Goals: 3, 6, 9, 10, 12, 20, 21, 22, and 23

Estimated Costs: \$949,973

Timing: FY 1993-94 through FY 1997-98

Blighting Conditions to be Addressed: Deteriorated and dilapidated buildings and structures that are in need of extensive to moderate repairs; properties which are underutilized because of inadequate public facilities or improvements; properties suffering from economic maladjustment, dislocation, disuse, and substandard design; 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; the presence of mixed uses, shifting uses, and conflicting and incompatible uses situated without adequate buffering; subdivided lots of irregular form, shape, and inadequate size for proper usefulness; and lots of irregular form or shape laid out in disregard to topographic or other physical characteristics.

- H. **Mobilehome Rent Assistance:** Provide financial assistance to Poway mobilehome renters to assist in housing affordability. A complete discussion of housing and of low and moderate income housing funds is contained in the following section.

Goals: 15 and 18

Estimated Costs: \$677,237

Timing: FY 1993-94 through FY 1997-98

Blighting Conditions to be addressed: Housing affordability

- I. **Repayment of Bonded Indebtedness and Administration of Project Implementation:** To enable the Agency to continue the implementation of the Redevelopment Plan, the Agency must provide funding for the day to day administrative tasks necessary to continue Agency operations, planning and Project implementation. The Agency is also obligated to utilize the tax increment revenue generated by the Project Area to pay debt service on its outstanding tax allocation bonds and other debt instruments. The Agency accelerates the availability of tax increment funds by issuing bonds to finance public improvements. While some bond proceeds are available to fund projects during the term of this Plan, much of the proceeds have

already been expended on prior projects that have addressed and eliminated blight within the Project Area. Also included within this category are the annual costs of taxing agency pass through payments and the State mandated tax revenue shifts.

Goals: 1 through 24

Estimated Costs: \$52,196,705

Timing: FY 1993-94 through FY 1997-98

Blighting Conditions to be Addressed: Deteriorated and dilapidated buildings and structures that are in need of extensive to moderate repairs; properties which are underutilized because of inadequate public facilities or improvements; properties suffering from economic maladjustment, dislocation, disuse, and substandard design; 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; the presence of mixed uses, shifting uses, and conflicting and incompatible uses situated without adequate buffering; subdivided lots of irregular form, shape, and inadequate size for proper usefulness; and lots of irregular form or shape laid out in disregard to topographic or other physical characteristics.

- J. *Low and Moderate Income Housing Projects* (see Housing Plan attached)
- 6. **HOW THE AGENCY'S GOALS AND OBJECTIVES, PROPOSED PROGRAMS AND EXPENDITURES WILL ELIMINATE BLIGHT**

The goals and objectives, proposed programs/projects, and the expenditures related to the Plan directly address the conditions of blight which still remain within the Project Area. The Agency has determined that the Plan's main focus should be providing needed infrastructure, public improvements, and community facilities because that is the best method to remediate and address the blighting conditions within the Project Area. Much of the Project Area is developed and contains infrastructure inadequacies that have created multiple adverse conditions. Aging and deteriorating structures located in areas subject to flooding cannot be improved until the necessary public improvements are made. Deteriorating and inadequate infrastructure deters private property owners and investors from improving the condition of their properties. Lack of adequate circulation improvements affects the economic viability of Project Area businesses and the safety of residents. The matrix shown on Table 2 illustrates the relationships between the Plan's goals and objectives, proposed programs and their related expenditures to the elimination of blight within the Project Area.

7. Monitoring of Implementation Plan

Pursuant to Section 33490(c) of the Law, the Agency will hold at least one (1) public hearing to receive comments and testimony on the progress of implementing this Plan. Such a hearing will be held no sooner than two (2) years from the date of the adoption of this Plan, but in no case later than three (3) years from it's adoption. The Agency may amend this Plan at any time during its term if they determine it is necessary to accomplish revitalization of the Project Area. In addition, the Agency is required to review and update the Plan every five years following a public hearing.

**TABLE 2
POWAY REDEVELOPMENT AGENCY
PAGUAY REDEVELOPMENT PROJECT AREA
5 YEAR IMPLEMENTATION PLAN MATRIX
1993-94 Through 1997-98**

| PROJECT | GOALS & OBJECTIVES (see goal numbers) | CONDITIONS OF BLIGHT TO BE ADDRESSED |
|--|--|---|
| IMPROVEMENT OF STREETS AND HIGHWAYS | 4, 8, 9, 12, 14, 17, & 23 | Deteriorated & dilapidated buildings; Underutilized properties Properties suffering from economic maladjustment; Inadequate public improvements, facilities, open space and utilities |
| TRAFFIC SIGNALS & LIGHTING | 4, 8, 9, 12, 14, 17, & 23 | Deteriorated & dilapidated buildings; Underutilized properties Properties suffering from economic maladjustment; Inadequate public improvements, facilities, open space and utilities |
| FLOOD CONTROL & DRAINAGE | 1, 9, 12, 14, 16, & 23 | Deteriorated & dilapidated buildings; Underutilized properties Properties suffering from economic maladjustment; Building suffering from age or obsolescence; Mixed uses, shifting use conflicting and incompatible uses, Inadequate public improvements, public facilities, open space and utilities |
| COMMUNITY FACILITIES & BUILDINGS | 9, 13, 14, 23 & 24 | Underutilized properties; Properties suffering from economic maladjustment; inadequate public improvements, facilities, open space and utilities |
| PARKS & OPEN SPACE | 7, 9, 13, 14 & 23 | Properties suffering from economic maladjustment and dislocation; Mixed, shifting, conflicting and incompatible use Lots of irregular form or shape; Inadequate public improvements, facilities, open space and utilities |
| WATER & SEWER IMPROVEMENTS | 2, 9, 12, 14, 19 & 23 | Underutilized properties; Properties suffering from economic maladjustment; inadequate public improvements, facilities, open space and utilities |
| REVITALIZATION PROGRAMS | 3, 6, 9, 10, 12, 20, 21, 22 & 23 | Deteriorated & dilapidated buildings; Underutilized properties Properties suffering from economic maladjustment; Building suffering from age or obsolescence; Mixed uses, shifting use conflicting and incompatible uses, Subdivided lots or irregular form and shape; Lots laid out in disregard to topographic or other physical characteristic; Inadequate public improvements, public facilities, open space and utilities |
| HOUSING PROGRAMS(NON LOW MODERATE INCOME HOUSING FUND MONIES) | 15 & 18 | addresses housing affordability |
| BONDED DEBT & ADMINISTRATIVE COSTS | 1 through 24 | Deteriorated & dilapidated buildings; Underutilized properties Properties suffering from economic maladjustment; Building suffering from age or obsolescence; Mixed uses, shifting use conflicting and incompatible uses, Subdivided lots or irregular form and shape; Lots laid out in disregard to topographic or other physical characteristic; Inadequate public improvements, public facilities, open space and utilities |

III. REDEVELOPMENT AGENCY HOUSING RESPONSIBILITIES

This portion of the document represents the Housing Component of this Implementation Plan. This Housing Component is organized by six major sections. The first section summarizes the Redevelopment Agency's three responsibilities related to low and moderate income households. The succeeding sections summarize the City's housing needs, address the Redevelopment Agency's responsibilities for producing and replacing low- and moderate-income housing, and for expending the Agency's Low- and Moderate-Income Housing Fund (the "Housing Fund"). The final section sets forth the Agency's plan for meeting its housing requirements.

In general, many early redevelopment projects focused primarily upon demolition of blighted residential buildings and development of new non-residential uses or upper income residential projects. To address this impact on low and moderate income housing, the State Legislature enacted a series of changes to the Law which require redevelopment agencies to undertake activities which will assist in the production of low and moderate income housing.

The Law now states that one of the fundamental purposes of redevelopment is to increase and improve the community's supply of low and moderate income housing. The Law requires:

- A fixed percentage of all housing constructed in a redevelopment project area must be affordable to low and moderate income persons and families (the inclusionary rule, H&S 33413(b));
- Redevelopment agencies must replace low and moderate income housing which is removed as a result of a redevelopment project (the replacement rule, H&S 33413(a)); and
- At least 20 percent of tax increment revenue must be expended to increase, improve, and preserve the supply of low and moderate income housing in the community (H&S 33334.2).

All project areas adopted on January 1, 1976 or thereafter are subject to the above housing requirements. Because the Paguay Redevelopment Project Area was adopted in 1983, it is subject to the above housing requirements. The following sections address the Redevelopment Agency's compliance with the legislative affordable housing requirements.

IV. EXISTING AND PROJECTED AFFORDABLE HOUSING NEEDS

Pursuant to State Law, this Implementation Plan is required to be consistent with the Housing Element of the City's General Plan. As a means of providing this linkage, the following section summarizes housing needs identified in the 1993 Poway Housing Element which has been approved by the State Department of Housing and Community Development as in

compliance with State law. Housing Element data is based primarily on the 1990 Affordable Housing Needs Assessment. The Agency anticipates updating the Assessment and will integrate updated information into future versions of this Implementation Plan.

According to the City's Housing Element, the primary goals of the City in relation to housing are to focus strategies on affordability, on the rehabilitation of existing substandard housing, on meeting the demand for new affordable housing, and on maintaining an adequate supply of rental housing.

The following section of the Implementation Plan provides a description of the City's major housing needs for lower income groups and for special needs groups. In many cases, lower income households consist of older adults, single-parents, large families, and other special needs.

1. OVERPAYMENT FOR HOUSING

State and Federal standards in 1980 determined that a household overpays for its housing costs if it spends more than 25 percent of its income on housing. While standards for overpayment have since been adjusted to 30 percent and now include utilities, the 25 percent standard was in place at the time the Affordable Housing Needs Assessment was prepared. Renters overpay for their housing costs more often than owners. Because renters tend to be of lower income groups than home owners, overpayment affects renters more often. Households paying more than 25 percent of their income in rent have less income left over for other necessities including food, clothing, health care, and utilities.

According to the City's 1990 Affordable Housing Needs Assessment Telephone Survey:

- Fifty-six percent of all renter households in the City paid over 25 percent of their incomes for rent. Thirty-two percent of all owner households in the City paid over 25 percent of their incomes for mortgage payments.
- Among lower income renter households, 87 percent paid over 25 percent of their income for housing. Thirty-two percent of low income homeowners spent more than 25 percent of their income on housing.
- Among the lower income mobilehome residents, 95 percent paid more than 25 percent of their income for housing.

2. SUBSTANDARD HOUSING

A targeted windshield study of the City's older neighborhoods conducted in 1990 observed that the majority of the City's housing stock was in good condition with little outwardly apparent signs of decay.

- In 1990, eight percent of the City's housing stock was over 30 years old - the benchmark for when housing begins to require major improvements.
- By the year 2000, over one-fourth of the City's housing stock, or 3,600 units, will be over thirty years old.
- Sixty-one units were observed to be in "adequate condition," where the structures may need minor repair.
- One trailer park containing approximately 30 units was identified as "substandard," needing rehabilitation.

3. HOUSING FOR SPECIAL NEEDS GROUPS

Specific segments of the population may have a more difficult time finding safe, affordable housing due to special circumstances or needs. The Housing Element is required to address each of the following "special needs" groups: older adults, disabled persons, large families, female-headed households, farmworkers, and the homeless. Characteristics of each of these groups in Poway are described below.

A. *Elderly*

- As some people age, their housing needs change. The special needs of many households containing elderly residents, or older adults, result from their lower, fixed incomes, dependence needs, and physical and developmental disabilities. Older adults, aged 65 and over (definition used for purpose of telephone survey only), comprised 7.4 percent of the City's 1990 population. The number of older adults living in Poway increased by more than 1,200 persons between 1980 and 1990.
- Thirteen percent of the City's households contain at least one senior member. To a large extent, elderly households are lower income. That is, households with a senior member represent 38 percent of the City's low income households.
- While 71.1 percent of Poway households with an older adult reside in detached single family homes, 15.1 percent live in single family attached homes. In addition, 9.4 percent of households with an older adult reside in mobilehomes, and 3.8 percent live in apartments.
- More than half (54.5 percent) of the lower income senior households reside in mobilehomes; 14.8 percent live in apartments. Only 23.9 percent of low income households with older adults reside in single-family detached homes, and 6.8 percent live in single family attached homes.

- Eighty-four percent of the households with a senior member are homeowners while 16 percent are renters. Among lower income older adult households, approximately 70 percent rent, and many of these renters live in mobilehomes.

B. Disabled

- Physical and developmental disabilities can hinder access to housing units of traditional design as well as potentially limit the ability to earn an adequate income. The 1990 telephone survey identifies 206, or 1.5% of the City's households as having one or more members who use a wheelchair.
- Among the City's lower income households, 3.5 percent had members who use a wheelchair.

C. Large Households

- Based on the limited availability of affordable, adequately sized housing units, state housing law identifies large families as a group with special housing needs. Large families are defined as those with five or more members and often have lower incomes. This can result in overcrowding and accelerated deterioration of the dwelling unit. However, the 1990 telephone survey identified 74 percent of the City's 2,240 large households as upper income and 14 percent as moderate income, leaving only 12 percent as low and very-low income households. Therefore, large households in Poway do not fit the typical characterization of families with special housing needs.

D. Female-Headed Households

- For the most part, females who head households in Poway are elderly women, according to the 1990 Affordable Housing Needs Assessment. While female headed households represented 8.1 percent of the households in the City, over half of these female-headed households were households without children living at home.
- Forty-six percent of the female headed households in the 1990 telephone survey were low-income, and 38 percent of those were very low income. While 58 percent of the female-headed households paid more than 25 percent of their income for housing, 62 percent of lower income female-headed households overpaid.

E. Overcrowding

- Overcrowding in households results from large families who cannot find or cannot afford large enough units and from families or persons who share units in order to lower housing cost. The U.S. Census defines a household with more than one person per room as

overcrowded. The 1990 Census documents four percent, or 551, of the households in Poway as overcrowded. The incidence of overcrowding is more pronounced among renter households, with 9.5 percent of renters living in overcrowded conditions, compared to 2.4 percent of owner households.

F. Farmworkers/Day Laborers

- Farmworkers traditionally are defined as those households whose primary incomes are earned through seasonal agricultural work and who move seasonally to different farming communities. While there is a year-round farming industry in San Diego County, the special needs of agricultural workers often stem from their low wages and the insecure nature of their employment. Although there is little agriculture in Poway, large lots provide employment opportunities in landscape and household maintenance. The 1990 Census counted 372 persons who worked in farming, forestry, and fishing occupations.

G. Homeless

- Related to the needs of farmworkers are the needs of the homeless. Homeless persons often live in make-shift dwellings, in temporary emergency shelters, and in other areas not meant for human habitation. The hillsides in and around Poway provide an environment for migrant workers to establish temporary encampments. Although accurate counts are difficult, the 1990 Census documents 45 homeless people residing in Poway; of these 24 persons were living in emergency shelters/churches. The Census counted 21 persons living on the streets, reflecting those persons which the Census takers could count living in the hillsides and in make-shift dwellings.

Table 3 provides a summary of these special needs groups by number of households/persons and as a percentage of the City's population.

**TABLE 3
CITY OF POWAY
SUMMARY OF SPECIAL NEEDS GROUPS: 1990**

| SPECIAL NEEDS GROUP | NUMBER OF HOUSEHOLDS/ PERSONS | % OF TOTAL HOUSEHOLDS/ POPULATION |
|------------------------------|----------------------------------|--------------------------------------|
| Older Adults (65+) (a) | 3,283 | 7.4% |
| Disabled Households (b) | 206 | 1.5% |
| Large Families (c) | 2,204 | 16.3% |
| Female-Headed Households (d) | 1,114 | 8.1% |
| Farmworkers (e) | 372 | .8% |
| Homeless (f) | 45 | .1% |

- Sources:
- (a) Urban Decision Systems, Demographic Trends: 1980-90-95. Proportion of elderly households in 1980 applied to Calif. Dept. of Finance 1990 population estimate (persons).
 - (b) 1990 Poway Affordable Housing Needs Assessment Telephone Survey (households).
 - (c) 1990 Poway Affordable Housing Needs Assessment Telephone Survey (households).
 - (d) 1990 Poway Affordable Housing Needs Assessment Telephone Survey (households).
 - (e) 1990 U.S. Census (persons).
 - (f) 1990 U.S. Census (persons).

In order to implement its policy of serving the City's special needs groups, the Agency uses Housing Funds to provide affordable housing through rental assistance, rehabilitation, preservation, and new construction. The following section describes the housing production requirements with which the Agency must comply while providing for the City's special needs households.

V. HOUSING PRODUCTION REQUIREMENTS

1. LEGISLATIVE REQUIREMENTS AND DEFINITION OF TERMS

Health and Safety Code Section 33413(b)(1) requires that 15 percent of all non-Agency developed and substantially rehabilitated housing in a project area be affordable to low and moderate income households, 40 percent of which must be affordable to very low income households. Section 33413(b)(2) requires that 30 percent of all Agency developed and substantially rehabilitated housing be affordable to low and moderate income households, 50 percent of which must be affordable to very low income households.

While these housing production requirements have been in place since January 1, 1976, no mechanisms for enforcement previously existed. Amendments to the Law contained in AB 315 (signed into law October 1991) require agencies to prepare a Housing Compliance Plan for each project area showing how the agency intends to meet these production requirements every ten years. Previously, the Redevelopment Agency only had to meet this obligation over the life of the Redevelopment Plan. (Any pre-existing shortfall in inclusionary units prior to the preparation of an Agency's first Housing Compliance Plan can still be made up over the life of the Plan.) The Plans must be consistent with the City's Housing Element, and are required to be reviewed every five years in conjunction with the updating of the Housing Element. Subsequent amendments to the Law (AB 1290, October 1993) supersede AB 315 and require the Housing Compliance Plan to be fully integrated into the Redevelopment Implementation Plan, and to be reviewed every five years in conjunction with the Housing Element or the Implementation Plan.

The Implementation Plan must include estimates of the number of new or rehabilitated residential units to be developed within the Project Area and the number of units for very low, low, and moderate income households which will be developed to meet the requirements of Section 33413 of the Health and Safety Code. Additionally, the Plan must include estimates of the number of units the Agency itself will develop during the time period of the Plan, including the number of low and moderate income units.

The inclusionary rule (H&S 33413(b)) took effect in January 1976. Redevelopment agencies are only responsible for fulfilling the inclusionary requirements incurred since January 1976 or since the adoption of the plan, whichever is later. Poway's Redevelopment Plan was adopted on December 13, 1983, making the inclusionary requirement apply from that date forward.

Consistent with Redevelopment law, the Poway Redevelopment Agency uses the following definitions for the Implementation Plan.

A. *Income Limits*

Income limits for lower and moderate income housing developed pursuant to Sections 33413(b)(1) and 33413(b)(2) must be at affordable cost to persons and households whose income do not exceed 120 percent of the Area Median Family Income (MFI). For purposes of the Implementation Plan, the following income limits are used:

- o Very Low Income (0-50 percent of Area MFI)
- o Lower Income (51-80 percent of Area MFI)
- o Moderate Income (81-120 percent of the Area MFI)

The 1994 overall MFI for the County of San Diego, as established by the Department of Housing and Urban Development (HUD), is \$45,400. Income limits are adjusted for household size, with lower income limits for smaller households. Table 4 illustrates the 1994 HUD income limits by household size applicable to Poway.

TABLE 4
HUD INCOME LIMITS FOR SAN DIEGO COUNTY
1994

1994 HUD COUNTY MEDIAN FAMILY INCOME = \$45,400

| INCOME | HOUSEHOLD SIZE | | | | | | | |
|----------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1 Person | 2 Persons | 3 Persons | 4 Persons | 5 Persons | 6 Persons | 7 Persons | 8 Persons |
| Very Low | \$15,900 | \$18,150 | \$20,450 | \$22,700 | \$24,500 | \$26,350 | \$28,150 | \$29,950 |
| Low | \$25,400 | \$29,050 | \$32,700 | \$36,300 | \$39,200 | \$42,150 | \$45,050 | \$47,950 |
| Moderate | \$38,150 | \$43,600 | \$49,050 | \$54,500 | \$58,850 | \$63,200 | \$67,600 | \$71,950 |

Source: HUD Income Limits, 1994.

B. Affordable Housing Costs for Owners

For owner occupied housing receiving Agency assistance, affordable housing cost shall not exceed:

- Very Low Income Household - 30% of 50% of the Area MFI adjusted for family size;
- Lower Income Household - 30% of 70% of the Area MFI adjusted for family size;
- Lower Income Household Option - for those with gross income between 70% and 80% of Area MFI, the Agency has the option to establish the affordable housing cost at a level not to exceed 30% of the actual gross household income;
- Moderate Income Household - must not be less than 28% of the gross household income, nor exceed 35% of 110% of the area MFI adjusted for family size; and
- Moderate Income Household Option - for those with gross income between 110% and 120%, the Agency has the option to establish affordable housing cost at a level not to exceed 35% of gross household income.

C. Affordable Housing Costs for Renters

For rental housing receiving Agency assistance, affordable housing cost shall not exceed:

- Very Low Income Household - 30% of 50% of the Area MFI adjusted for family size;
- Lower Income Household - 30% of 60% of the Area MFI adjusted for family size;
- Lower Income Household Option - for those with gross income between 60% and 80% of Area MFI, the Agency has the option to establish the affordable housing cost at a level not to exceed 30% of the gross household income;
- Moderate Income Household - 30% of 110% of the Area MFI adjusted for family size; and
- Moderate Income Household Option - for those with gross income between 110% and 120%, the Agency has the option to establish affordable housing cost at a level not to exceed 30% of gross household income.

D. Duration of Affordability

Health and Safety Code Section 33413(c) requires that inclusionary units shall remain available at affordable housing cost to the income levels indicated for the longest feasible time, but not less than the period of the land use controls under the Redevelopment Plan. The land use controls for the Poway Redevelopment Agency expire in 2030. These affordability guarantees or covenants on such units must be made enforceable by recorded covenants or restrictions.

Health and Safety Code Section 33334.3(f) states that when housing units are developed or assisted with funds from the Agency's Housing Fund, the Agency shall require that those housing units remain affordable for the longest feasible time, but for not less than 15 years for rental units or 10 years for owner-occupied units. Therefore, if the Agency is using its Housing Fund to fulfill inclusionary housing requirements, affordability controls must be extended beyond the minimum time period established under 33334.3(f) to at least the life of the Redevelopment Plan (2030).

E. Agency- and Non-Agency Developed Units

Housing "developed by an agency" is housing constructed by the Agency pursuant to a public works contract, whether inside or outside the Project Area. In an Agency-developed project, the Agency serves more as a co-owner/partner than a mere lender for the project.

Housing "developed within the project area by public or private persons or entities other the agency" is housing constructed or rehabilitated within the project area by anyone other than the Agency, and includes both Agency-assisted and unassisted housing.

AB 1290 Statutory Changes

F. Substantial Rehabilitation

Under AB 1290, "substantial rehabilitation" is defined as rehabilitation with cost that constitutes at least 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value. AB 1290 specifies that the inclusionary obligation only arises when multi-family rental dwelling units with three or more units are substantially rehabilitated, or when single-family dwelling units with one or two units are substantially rehabilitated using Agency assistance.

G. Relationship to Replacement Housing

Relative to the housing production effort, housing developed to replace units destroyed or removed by a redevelopment activity is not included in the total of new or rehabilitated units. Units which replace lost residential dwellings are not considered to be net additions to the housing supply and, therefore, cannot be counted towards the housing production requirements pursuant to Section 33413(b).

H. Housing Production Outside Project Area

As permitted under AB 1290, the Agency may provide on a 2:1 basis production units outside project area to satisfy Project Area housing production obligations.

I. Price-Restricted Units

Under AB 1290, the Agency may "buy" affordability covenants on existing multi-family housing to satisfy production obligations, if such units are not presently available at affordable housing cost, or presently available at affordable housing cost, but based on substantial evidence the Agency finds after public hearing that units cannot reasonably be expected to remain affordable.

J. Buy-Out of Affordability Restriction - Single-Family Units

AB 1290 permits single-family units to be sold prior to expiration of affordability period at a price in excess of affordable housing cost pursuant to an Agency adopted program that protects the Agency's investment (i.e. through equity sharing). Units sold under this condition must be replaced within three years of sale. The Agency must provide monitoring procedures and maintain separate accounting records for such a program.

All changes to the housing production requirements made by AB 1290 expire January 1, 1997, unless otherwise extended by future legislation.

2. HOUSING PRODUCTION IN PROJECT AREA TO DATE

This section examines housing developed and substantially rehabilitated in the Project Area since the adoption of the Redevelopment Plan through to the present, both by the Poway Redevelopment Agency and by other public or private entities.

A. Data Collection/Methodology

In order to assess the number of units developed in the Project Area, City staff reviewed all post 1983 building permit data, or Certificates of Occupancy, and cross referenced this information with Assessor's parcel data to determine development which has occurred within the Project Area boundaries.

B. Newly Constructed Units

Since the time of Plan adoption in 1983, a total of 947 housing units subject to inclusionary housing requirements have been developed within the Project Area. These units are exclusive of those provided by the Agency as replacement housing. The Redevelopment Agency did not directly develop these units; therefore, no "Agency-developed" housing has been produced in the Project Area to date.

C. Substantially Rehabilitated Units

Pursuant to the AB 1290 definition of "substantial rehabilitation," there are no housing units in the Project Area which have undergone substantial rehabilitation. Therefore, the Agency has no inclusionary requirements for rehabilitated units. While the Redevelopment Agency does operate a Residential Rehabilitation Program, the Program requires that the (maximum) value of Program improvements (or Agency assistance) is always below 25 percent of the value of the subject dwelling, inclusive of land value. Accordingly, the inclusionary requirements related to substantial rehabilitation are not triggered.

D. Deed-Restricted Units

Health and Safety Code Section 33413 requires that for the longest feasible time, inclusionary units shall remain available at affordable housing cost to the income levels indicated, and not less than the period of land use controls under the Redevelopment Plan (2030). No affordable units developed since the adoption of the Redevelopment Plan have been deed-restricted for this duration. The Redevelopment Agency, however, is assisting several projects which will be developed over the next few years. It is anticipated that these units will be deed restricted to fulfill the Agency's inclusionary production requirements.

E. Existing Affordable Housing Production Obligation

Since the adoption of the Poway Redevelopment Plan, 947 units have been constructed by entities other than the Agency within the Project Area which are subject to the inclusionary housing requirement. Based on this level of residential development, the current affordable housing production requirements for new construction, at 15 percent of the total, are 142 low and moderate income units; of these units, 57 must be affordable to very low income households. Because the Redevelopment Agency did not develop any of these housing units directly, the 30 percent inclusionary housing requirement for Agency-developed units does not apply.

3. RESIDENTIAL PRODUCTION POTENTIAL IN PROJECT AREA

City staff analyzed the potential for future residential development within the Project Area. Based on a review of vacant properties and on past activity, the City estimates a growth rate of an average of 80 units per year within the Project Area over the next ten years.

Inclusionary requirements specify that 15 percent of Project Area residential development must be affordable and available to low and moderate income households and that 40 percent of these affordable units must be available to very low income households. The Agency does not anticipate developing any housing directly; therefore, the requirement that 30 percent of the housing be affordable to low and moderate income households will not apply.

With an estimated growth of 80 units per year in the Project Area, the resulting 15 percent inclusionary requirement over ten years would equal 120 units for low and moderate income households. Of this 120 affordable units, 48 must be affordable to very low income households. Table 5 illustrates these inclusionary housing requirements.

**TABLE 5
ESTIMATED NUMBER OF UNITS TO BE CONSTRUCTED
IN THE PROJECT AREA**

| Time Period | Total Number of Units | Number of Low and Moderate Units | Number of Very Low Units |
|--------------------------|-----------------------|----------------------------------|-------------------------------|
| 1993/1994 to 2003/2004 | 800 | 120 | 48 |
| Inclusionary Requirement | | 15% of Total | 40% of Low and Moderate Units |

Source: Poway Redevelopment Agency.

Affordable Housing Overlay Designation

One way that the Redevelopment Agency plans to provide affordable housing is through development on target affordable housing sites, known as Affordable Housing (AH) Overlay sites. The development of housing on these AH Overlay sites, particularly on two which are under Agency ownership, is an Agency priority.

The Land Use Element of the City's General Plan established an Affordable Housing Overlay Zone Designation (AH) which can be attached to property in any zone in the City, including land zoned for industrial and commercial use, except the Open-Space Resource-Management category.

Each property developed using the AH Overlay Zone option must do so in accordance with a Specific Plan. The Specific Plan must specify the income group being targeted and allows residential densities of up to 25 dwelling units per acre. In addition, the Plan must include conditions under which the property may be developed including design criteria. Affordability covenants are required for units developed using the AH Overlay Zone option.

VI. REPLACEMENT HOUSING REQUIREMENTS

1. LEGISLATIVE REQUIREMENTS AND DEFINITIONS OF TERMS

A. *Legislative Requirements*

When residential units housing low and moderate income households are demolished or taken out of the affordable housing stock as the result of Redevelopment Agency activities, the Agency must replace those units within four years after they are demolished or removed from the market. (H&S 33413(a)).

The replacement housing obligation is triggered where units were destroyed or removed by a redevelopment project which is subject to a written agreement with the Agency or where financial assistance has been provided by the Agency. Destroyed units which were vacant but would reasonably be expected to be occupied by low and moderate income households if occupied, must be replaced. The units must be replaced within four years of the destruction or removal and may be located anywhere within the territorial jurisdiction of the Agency.

B. *Definition of Terms*

Affordability and Size Requirements: When dwelling units are destroyed or removed after September 1, 1989, Section 33413(a) requires that 75 percent of the replacement units be available at affordable housing cost to the same income level of households as the households who were displaced from the destroyed or removed units. For example, if 100 units were destroyed and 50 were very low income units, 30 were low income units, and 20 were moderate income units, then, of the 100 replacement units, at least 38 (75 percent of 50) must be affordable to very low income households, at least 23 (75 percent of 30) must be affordable to low income households, and at least 15 (75 percent of 20) must be affordable to moderate income households. The remaining 24 replacement units may be for any of the very low, low, or moderate income households. Income limits for replacement units are equivalent to those for inclusionary units (refer to Housing Production Requirements).

The Agency may replace destroyed or removed dwellings with fewer units if the replacement units have a greater or equal number of bedrooms and are affordable to the same income level households as the destroyed or removed units (Section 33413 (f)(1)(2)).

Duration of Affordability: Replacement housing must remain affordable for low and moderate households for the longest feasible time, but not less than the period of time of the land use controls under the Redevelopment Plan (Section 33413(c)). The affordability controls on such units must be made enforceable by recorded covenant or restrictions.

2. EXISTING REPLACEMENT HOUSING OBLIGATION

The number of housing units/bedrooms removed from the Project Area as a result of the Redevelopment Agency's actions is monitored by Agency staff and annually reported to the State Department of Housing and Community Development. Since adoption of the Redevelopment Plan in December 1983, 63 residential units containing 95 bedrooms have been removed as a result of Agency activities. The majority of these units were mobilehomes and travel trailers. Table 6 summarizes the Redevelopment Agency's replacement housing obligations and activities.

**TABLE 6
HOUSING UNITS REMOVED FROM PROJECT AREA**

| Fiscal Year | | Units/ Bedrooms Removed | Year Units/ Bedrooms Replaced | Units/ Bedrooms Replaced |
|--------------|----------|-------------------------------|-------------------------------------|--------------------------------|
| 1989-1990 | Very Low | 5/10 | 1991/92 | |
| | Low | | | |
| | Moderate | 1/2 | 1991/92 | |
| 1990-1991 | Very Low | 33/50 | 1991/92 | |
| | Low | 13/19 | 1991/92 | |
| | Moderate | 11/14 | 1991/92 | |
| 1991-1992 | Very Low | | | *65/195 |
| | Low | | | |
| | Moderate | | | |
| 1992-1993 | Very Low | | | |
| | Low | | | |
| | Moderate | | | |
| TOTAL | | 63/95 | | 65/195 |

Source: Poway Redevelopment Agency
Schedule HCD-C (1993)

*While the 65 replaced units currently are deed restricted at the moderate income level, Redevelopment Agency tenant placement policy dictates that only very-low income households are eligible for placement in these units. The Agency intends to modify covenants once it owns the units. Currently, very-low income households occupy 62% of the units, and 83% are at or below the limits for lower income.

3. ANTICIPATED REMOVAL OF UNITS

To fulfill the requirements for the Implementation Plan, the Redevelopment Agency must project the number of housing units that could be removed in the Project Area during the first five year period of this Plan, and the ensuing five years (1998-2003). Projecting the number of units that may be removed allows the Agency to better plan for the development of replacement housing.

The Redevelopment Agency estimates that four moderate income units will be removed from the housing market during the first five year period of this Plan. Between 1998 and 2003, the Redevelopment Agency does not anticipate causing the removal of any residential units as a result of redevelopment activities.

4. REPLACEMENT UNITS

The Redevelopment Agency will fulfill its replacement housing obligations incurred by the removal of four affordable units during the first five years of this Plan through the construction of the very low income units in the Huber project. With the provision of these units, described in detail in Section VIII, the Agency will not face a replacement housing deficit.

VII. REDEVELOPMENT HOUSING FUND REQUIREMENTS

1. LEGISLATIVE REQUIREMENTS AND DEFINITIONS OF TERMS

A. *Legislative Requirements*

Sections 33334.2 and 33334.6 of the Health and Safety Code require redevelopment agencies to set aside 20 percent of the tax increments to a special Low- and Moderate-Income Housing Fund (Housing Fund). The Housing Fund must be used to "increase, improve and preserve the community's supply of low and moderate income housing" available at affordable housing cost within the territorial jurisdiction of the Agency (Section 33334.3(c)).

State law sets forth a variety of options for redevelopment agencies to expend their Housing Fund monies, including the following uses:

- Acquire real property or building sites;
- Improve real property or building sites with on-site or off-site improvements;
- Donate real property to private or public persons or entities;
- Finance insurance premiums during the construction or rehabilitation of affordable housing that are administered by governmental or nonprofit organizations;
- Construct, acquire, or rehabilitate properties;
- Provide subsidies to very low, low, or moderate income households;
- Develop plans, pay principal and interest on bonds, loans, advances, or other indebtedness, or pay financing or carrying charges;
- Maintain the community's supply of mobile homes;
- Preserve publicly assisted housing units that are at risk of converting to market rate housing;
- Fulfill replacement housing requirements;
- Subsidize administrative expenses provided the expenses are proportionate to the amount spent on the production, improvement, and preservation of housing.

While the Housing Fund can be used for on- and off-site improvements, the improvements must be made as part of a program that results in new construction or rehabilitation of affordable units, or the Agency must find that improvements are necessary to eliminate a specific condition that jeopardizes the health and safety of existing low and moderate income residents (Section 33334.2(e)(2)).

Pursuant to redevelopment law, the Housing Fund can be used for these permissible uses outside of the Project Area boundaries, if this authority is adopted as part of the Redevelopment Plan or by resolution indicating that affordable housing is presumed to benefit the Project Area. However, provision of replacement housing using the Housing Fund must always benefit the Project Area.

Because the Paguay Project Area was established after 1976, these Housing Fund requirements apply.

B. Definition of Terms

Excess Surplus: Excess surplus is defined as unexpended or unencumbered Housing Fund balances that exceed the greater of \$1,000,000 or the aggregate amount deposited into the Housing Fund during the preceding four years. An agency with excess surplus has one 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 the agency losing most of its discretionary powers over redevelopment until the surplus, plus 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 and Moderate Income Housing Funds.

Encumbered: Moneys are deemed encumbered if committed pursuant to legally enforceable contract or agreement for expenditure for purposes specified in Sections 33334.2 or 33334.3 of the Public Health and Safety Code.

2. REDEVELOPMENT HOUSING FUND PROJECTIONS

Table 7 illustrates the revenue and expenditure projections for the Housing Fund.

Table 7

POWAY REDEVELOPMENT AGENCY
Housing Fund Revenue and Expenditure Projections
 (Inclusive of Bond Proceeds)

| YEAR | REVENUES | | | | | EXPENDITURES | | | | | Ending Housing Funds Available* |
|--------------|-----------------|----------------------------|------------------|-------------------------------|--------------------------------|----------------------|----------------|------------|--|--|---------------------------------|
| | Available Funds | 20% Tax Increment Deposits | Interest Income | Debt Service & Administration | Existing Housing Program Costs | New Housing Programs | Annual Balance | | | | |
| 1993-94 | 19,903,455 | 2,299,868 | 1,028,070 | (2,374,392) | (492,966) | (4,667,044) | (4,206,464) | 15,696,991 | | | |
| 1994-95 | 15,696,991 | 2,332,787 | 794,320 | (1,812,291) | (466,790) | (4,397,189) | (3,549,163) | 12,147,828 | | | |
| 1995-96 | 12,147,828 | 2,435,652 | 680,390 | (1,819,787) | (490,130) | (1,916,834) | (1,110,709) | 11,037,119 | | | |
| 1996-97 | 11,037,119 | 2,607,898 | 648,200 | (1,828,565) | (514,636) | (1,051,947) | (139,050) | 10,898,069 | | | |
| 1997-98 | 10,898,069 | 2,851,340 | 269,730 | (1,762,949) | (540,368) | (8,878,557) | (8,060,804) | 2,837,265 | | | |
| TOTAL | | 12,527,545 | 3,420,710 | (9,597,984) | (2,504,890) | (20,911,571) | | | | | |

* Includes encumbered funds and those committed to projects pursuant to legally binding contracts.

As the projections in Table 7 illustrate, the Poway Redevelopment Agency is expected to have \$35,851,710 available for affordable housing projects during the period of the five year Implementation Plan. These funds will be used for new construction, rehabilitation, rental assistance, and mobilehome park assistance, and acquisitions which are discussed in detail in Section VIII of this Plan.

3. DETERMINATION OF EXCESS SURPLUS

As described in Section VII-1, excess surplus is defined as unexpended or unencumbered Housing Fund balances that exceed the greater of \$1,000,000 or the aggregate amount deposited into the Housing 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.

The Poway Redevelopment Agency is undertaking a variety of affordable housing programs to expend its Housing Fund monies and will not face excess surplus. The Agency's 1992/1993 Schedule HCD-C report to the State showed that Poway had no excess surplus at that time.

4. OTHER HOUSING FUNDING SOURCES

While the Housing Fund is the primary source of funding to finance and assist redevelopment projects in the Project Area, several other sources of funds can be used in combination with Agency funds. As projects are packaged, the Agency will look for additional resources to leverage affordable housing funds as appropriate to maximize its resources. Key sources of funds include: Community Development Block Grants, HOME Program Funding, California Housing Finance Agency, Federal Home Loan Bank, Federal Low Income Housing Tax Credits, Mortgage Credit Certificates, and Savings Association Mortgage Company. These are described in greater detail in Appendix A.

VIII. PLAN FOR ADDRESSING REDEVELOPMENT AFFORDABLE HOUSING REQUIREMENTS

1. REDEVELOPMENT AND HOUSING ADVISORY COMMITTEE

The City Council established the Redevelopment Advisory Committee on September 20, 1983 to provide public input on the development of the Poway Redevelopment Plan. Since its inception, the Committee has continued to serve in an advisory capacity to the Redevelopment Agency on matters relating to the redevelopment and revitalization of the Paguay Redevelopment Project Area.

In 1992, the Committee's charter was expanded to include the responsibility of making specific recommendations on the Redevelopment Agency's use of its Housing Fund. One of the Committee's major accomplishments was the preparation of the *Comprehensive Affordable Housing Strategy* which the Redevelopment Agency approved on June 15, 1993. This document outlines the Agency's affordable housing programs and projects for the next five years. The *Strategy* provides the basis for the Agency's compliance with Assembly Bill 315 and is now being included as the affordable housing program in this Implementation Plan.

2. HOUSING PROGRAMS AND PROJECTS FOR IMPLEMENTATION

The *Comprehensive Affordable Housing Strategy* outlines a plan for the expenditure of the Redevelopment Agency's Housing Fund monies and proposes a mix of affordable housing assistance programs to address the community's housing needs, including:

- developing affordable rental housing, particularly for very-low income seniors and large families;
- offering new opportunities for and preserving existing affordable home ownership for lower income households through mobilehome park assistance, and in conjunction with non-profit housing providers; and
- improving and increasing the community's older housing stock and neighborhoods available at affordable housing cost through a rehabilitation loan program.

In developing the *Strategy*, special consideration was given to:

- providing priority assistance, as appropriate, to encourage the development of sites designated with the Affordable Housing Overlay Zone (see AH Overlay discussion, page 30);
- ensuring that new affordable housing meets the design and development standards of the City, and is comparable in character to market rate housing;

- ensuring that affordable housing not be concentrated in a single portion of Poway;
- leveraging the Agency's Housing Fund with other available funding sources/financing mechanisms, as appropriate; and
- ensuring that the Agency's inclusionary housing production requirements, pursuant to Section 33413 of the California Health and Safety Code, are fulfilled.

The following section includes affordable housing projects and programs that the Redevelopment Agency anticipates implementing during the five years of the Implementation Plan. These activities are summarized on Table 8, "Planned Affordable Housing Projects and Programs." The locations of the new construction projects which the Agency anticipates assisting are identified on Figure 2, "Location of Projects."

TABLE 8

PLANNED AFFORDABLE HOUSING PROJECTS AND PROGRAMS

| Proposed Project | Income Level | Number of Units | Amount of Agency Assistance | Year of Allocation | Projected Year of Occupancy |
|--|---|-----------------------------|---|--------------------|--|
| Huber Project | Very Low | 110 for seniors | \$2,750,000 includes land acquisition | 1992-1993 | 1996-1997 |
| Brookview Village Project | Very Low | 138 for seniors | \$1,160,000 for land acquisition | 1993-1994 | 1999-2000 |
| Breihan Project | Very Low | 50 units for large families | \$6,340,000 includes land acquisition | 1992-1993 | 1998-1999 |
| Affordable Housing Rehabilitation Program | Low and Moderate | 150 assisted | \$1,500,000 at \$10,000 maximum per loan | 1992-1993 | N/A |
| Gateway Park Road Project | Very Low | 84 for seniors | \$1,756,332 to assist property owner | 1992-1993 | 1997-1998 |
| Heley Ranch Estates | Low and Moderate *all tenants must qualify as very low | 65 units | \$4,247,790 set aside for acquisition | 1992-1993 | 1992-1993 Acquire Project within 10 years |
| Poway Royal Estates Mobilehome Park Low/Moderate Acquisition | Low and Moderate | 44 units | \$3,100,000 loan for acquisition of affordability covenants | 1994-1995 | 1994-1995 Covenants placed on property |
| Habitat for Humanity | Very Low | 5 to 6 single family units | Donation of land | 1995-1996 | 1996-1997 |
| Military Housing-US Navy | For enlisted personnel and families | Unknown | No direct financial assistance | N/A | Unknown |

Source: Poway Redevelopment Agency.

Affordable Housing Overlay Zones

| # | Name |
|---|----------------------|
| A | Brookview Village |
| B | Gateway Park Road |
| C | Huber Senior Project |
| D | Monte Vista Road |
| E | Brighton Road |

Proposed Projects

| # | Name |
|---|------------------------|
| 1 | Brookview Village |
| 2 | Breihan Family Project |
| 3 | Gateway Park Road |
| 4 | Huber Senior Project |
| 5 | Habitat for Humanity |
| 6 | Haley Ranch Estates |
| 7 | Poway Royal Estates |
| 8 | Navy Housing |

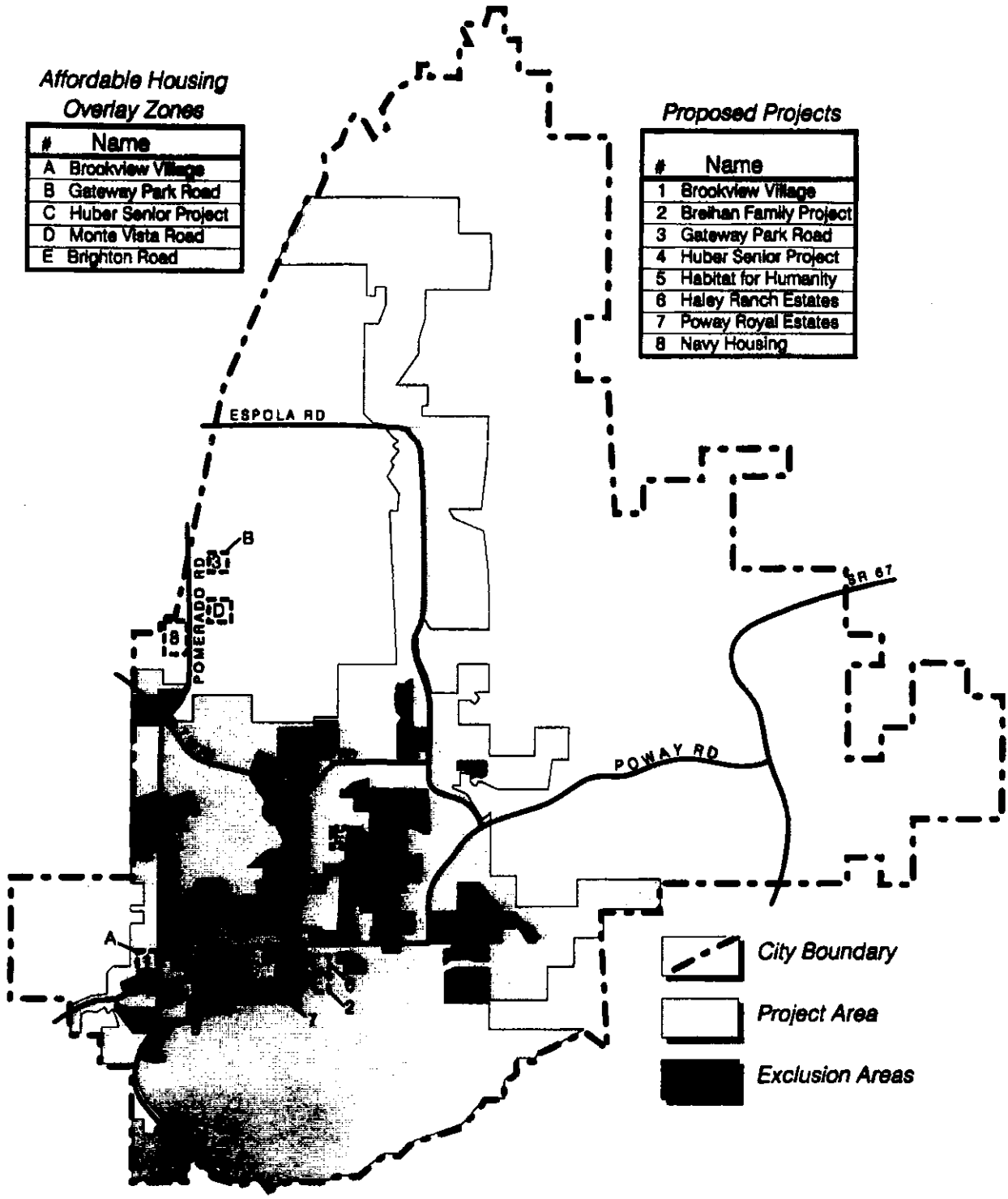
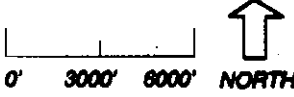


Figure 2
Proposed Projects and
Affordable Housing Overlay Zones

SOURCE: Poway Redevelopment Agency.



Poway Redevelopment and Housing
 Implementation Plan

September 1994

The following are general descriptions of the affordable housing projects and programs that the Agency anticipates working on during the five year term of this Implementation Plan. The specific details of each of these projects will be developed as each goes through the planning process. The intent here is to provide a conceptual framework for the Agency's affordable housing program.

Huber Project

The Huber Project will offer approximately 110 rental units for very-low income seniors on a 4.4 acre site at the north-east corner of Bowron Road and Civic Center Drive. The site is located near the Weingart Center at the Community Park which provides programs and services for the community's older adults. The property has the Affordable Housing Overlay Zone designation, requiring preparation of a Specific Plan. At 25 dwelling units to the acre, it is anticipated that the project will be a two story complex and serve its residents with an elevator, several handicapped accessible units, and amenities to assist seniors in activities of daily living, such as grab rails. At present, the Redevelopment Agency is committed to assisting the project with \$25,000 per unit, for a total of \$2,750,000. The Agency closed escrow on the property in June 1994. This project represents the Agency's first priority for new affordable housing construction.

Gateway Park Road Project

The Gateway Park Road property is a 3.4 acre site for which \$1,756,000 in Housing Fund monies have been appropriated for the Redevelopment Agency's assistance toward the development of affordable senior housing on the site. The property is located on the north side of Gateway Park Road, east of the Gateway Medical Center. While this site is outside of the Project Area, it is designated for affordable housing in the General Plan and serves to distribute Agency assisted housing in a wider geographic area. This site has the Affordable Housing Overlay Zone designation for development of up to 25 dwelling units to the acre. It is estimated that the project could offer up to 84 rental units for very-low income seniors.

The owner of the property, the Retirement Housing Foundation (RHF), has expressed an interest in participating in the development of the property. Agency staff has initiated discussions with RHF to determine project feasibility. This dialogue has involved the preparation and review of development proformas in an effort to identify an appropriate level of financial assistance from the Agency. Negotiations are underway between the Agency and RHF with the mutual goal of entering into an Owner Participation Agreement for the development of the site.

Breihan Project

The Breihan Family Housing Project proposes 50 rental units in a manufactured housing subdivision. It is anticipated that this project

will be developed as a publicly owned housing and will provide affordable rental housing for larger, very-low income families. Each unit will have three bedrooms. The Redevelopment Agency budget for this project is \$6,340,000, a portion of which was used to acquire the site, with the balance in reserve for construction. The property is located on the east side of Community Road, immediately south of Haley Ranch Estates. The site is zoned for Planned Community and has an approved Tentative Tract Map. If this project is merged with Haley Ranch Estates, it may be possible to gain up to five additional lots in exchange for shared recreational and office facilities. In addition, the site was identified within the Poway Redevelopment Plan as a possible location for replacement housing. The Agency closed escrow on the property in February 1994.

Brookview Village Project

The 6.7 acre Brookview Village property is located on the west side of Pomerado Road, north of the commercial center at Poway and Pomerado Roads. This project proposes approximately 138 units of rental housing affordable to senior households with very-low incomes. Two parcels, or 5.4 acres of this property, have the Affordable Housing Overlay Zone designation at 25 dwelling units to the acre for seniors with very-low incomes. The funds appropriated for this project to date have been used to acquire the property. The Redevelopment Agency closed escrow on this second affordable housing site in June 1994. Additional Agency assistance may be needed to achieve the desired level of affordability.

Habitat for Humanity

Redevelopment Agency staff is discussing with Habitat for Humanity the potential for developing five to six single-family homes to be offered "for sale" to very-low income families on property owned by the City. Habitat projects are constructed through "sweat equity" and donated materials and require families to provide a substantial portion of the labor necessary in building their own homes. The Agency currently is working toward the preparation of a Disposition and Development Agreement for the "Rockpile" site. Habitat has asked the Agency to provide the land for the project, and the soil investigations conclude that the Rockpile site is developable. The goal is to have units available for occupancy as early as 1995-1996.

Affordable Housing Rehabilitation Program

The Redevelopment Agency appropriated \$1.5 million of Low-and Moderate-Income Housing Fund monies for the development, implementation, and administration of a single-family residential rehabilitation program. The Program loans a maximum of \$10,000 to income qualified, homeowner-occupants for correcting health and safety as well as other deficiencies in their homes. After health and safety deficiencies are corrected, other rehabilitation work is considered. Funds are also available for making dwelling units handicapped accessible. The loan converts to a grant over

a period of ten years, at a rate of ten percent per year if the homeowner continues to own and live in the dwelling; the loan is forgiven on a 10 percent basis each year.

Haley Ranch Estates

Through an Owner Participation Agreement, the Redevelopment Agency financially assisted the property owner with the development of this 65-unit manufactured housing subdivision. The dwelling units are guaranteed affordable rentals to low- and moderate income families and are replacement housing. In exchange for \$6,471,599 in financial assistance, the Agency was granted: a ten year option period in which the Agency may acquire the project using a specific acquisition formula; a Master Lease for the operation and management of the site; and, affordability covenants on all 65 units. The Agency has appropriated a total of \$4,247,550 to a reserve fund for its future acquisition. Haley Ranch Estates was officially occupied beginning in July 1992 with the relocation of residents of Haley's Trailer Ranch to their replacement housing units.

Poway Royal Estates Mobilehome Park Low/Moderate Acquisition

The Agency anticipates acquiring affordability covenants for approximately 44 spaces within Poway Royal Estates Mobilehome Park. These covenants would be acquired to guarantee and increase the community's supply of affordable housing spaces. The acquisition is expected to be accomplished with \$3.1 million from the Housing Fund. The structure of the financing has not been finalized at the time of this report. It is anticipated, however, that these funds would be treated as a loan and would be repaid when the Park net revenue would allow. These would be permanent affordability covenants on spaces and would assure that residents in these so designated units were paying affordable housing costs as defined by Redevelopment Law.

Military Housing-US Navy

The US Navy has expressed an interest in constructing or acquiring housing in Poway for military personnel. According to the City's Housing Element, if the military should select a site which meets the City's criteria, the City will cooperate with the construction of military housing. Forty-one properties, totalling 125 acres, were identified as part of a review of potential Affordable Housing Overlay sites in the San Diego County area. The Navy has expressed an interest in one 14.27 acre site and also is reviewing other potential alternative sites. While the Redevelopment Agency would not directly assist in the development of military housing, the Agency may receive credit in its inclusionary requirements for development of such units. In order to monitor the development of US Navy housing, the City should provide contacts with the US Navy.

In conclusion, the Poway Redevelopment Agency has defined an ambitious and comprehensive approach to addressing affordable housing needs and

will allow the Agency to fulfill its obligations with respect to housing production, housing replacement, and expenditure of the Housing Fund, and will make a significant contribution towards addressing the community's affordable housing needs.

3. ANNUAL HOUSING PRODUCTION AND ASSISTANCE GOALS

Pursuant to AB 1290, the Implementation Plan must define the Agency's goals for the number of units to be constructed, rehabilitated, price-restricted, or otherwise assisted on an annual basis using redevelopment set-aside funds. Table 9 shows the Agency's annual funding assistance goals by type of program/project. The number of units anticipated to be assisted under each program/project and the projected year of occupancy is identified in Table 9 in the prior section.

TABLE 9

ANNUAL HOUSING ASSISTANCE GOALS

| FISCAL YEAR | TYPE OF ASSISTANCE | HOUSING FUND EXPENDITURES |
|-------------|------------------------------------|---------------------------|
| 1993-1994 | New Construction | \$4,466,902 |
| | Rehabilitation | 187,757 |
| | Rental Assistance | 12,385 |
| | Subtotal | 4,667,044 |
| 1994-1995 | New Construction | 74,946 |
| | Rehabilitation | 1,212,243 |
| | Rental Assistance | 10,000 |
| | Preservation of Affordable Housing | 3,100,000 |
| | Subtotal | 4,397,189 |
| 1995-1996 | New Construction | 1,806,834 |
| | Rehabilitation | 100,000 |
| | Rental Assistance | 10,000 |
| | Subtotal | 1,916,834 |
| 1996-1997 | New Construction | 1,041,947 |
| | Rehabilitation | |
| | Rental Assistance | 10,000 |
| | Subtotal | 1,051,947 |
| 1997-1998 | New Construction | 4,620,770 |
| | Rehabilitation | |
| | Rental Assistance | 10,000 |
| | Acquisition of Affordable Housing | 4,247,787 |
| | Subtotal | 8,878,557 |
| | GRAND TOTAL | 20,911,571 |

Source: Poway Redevelopment Agency.

APPENDIX A

OTHER HOUSING FUNDING SOURCES

While the Housing Fund is the primary source of funding to finance and assist redevelopment projects in the Paguay Redevelopment Project Area, several other sources of funds can be used to leverage affordable housing funds and to maximize the level of assistance provided.

Community Development Block Grants (CDBG)

Poway is a "non-entitlement city" under CDBG. As a City in an "Urban County," Poway applies for CDBG monies through the County of San Diego Department of Housing and Community Development. The City uses CDBG funds for a variety of programs.

Urban County Housing Development Fund

The County of San Diego Department of Housing and Community Development established this multi-purpose fund using a variety of funding sources including CDBG. Monies in this fund can be used for the development of new housing units or for the substantial rehabilitation or conversion of existing structures to create new affordable housing units. Funds reduce the interest rates of conventional loans and may come in the form of grants, loans from HCD, or subsidies to private lending institutions.

CDBG rules specify that cities cannot spend money directly on construction costs. The funds can, however, be used in ways to reduce the development costs of new construction so that resulting dwellings can be guaranteed affordable to target households. For example, the City can use the funds to purchase land, reduce financing costs, or improve infrastructure. The program serves very low and low income households.

Residential Rehabilitation Program

Households in unincorporated areas and in urban county areas, such as Poway, can apply for CDBG loan funds in order to rehabilitate their homes. It is anticipated that a CDBG funded component to the Redevelopment Agency's Residential Rehabilitation Loan Program will be initiated by 1995.

HOME Program Funding

The County of San Diego administers the federally funded HOME Investment Partnership Program which offers loans for the development, the acquisition, and the rehabilitation of affordable housing. In addition to the award of HOME funds to a city or consortium, a non-profit housing sponsor can apply directly to the County for the funds. The housing developer must be organized as a community housing development

organization (CHDO) in accordance with HUD guidelines which specify one third of the CHDO's board must be low-income members.

California Housing Finance Agency (CHFA)

The California Housing Finance Agency recently initiated several joint financing programs which would enable local redevelopment agencies to leverage their Housing Fund. The proposed programs would apply to both single-family and multiple-family housing; they are designed to minimize the administrative requirements of the local agencies.

CHFA's proposed Multi-Family Housing Program would provide permanent mortgage funding for multiple-family residential developments providing a minimum percentage of units affordable to households with low incomes. The program would facilitate development of affordable housing by offering attractive mortgage rates and providing financing based on very liberal underwriting criteria. The result is to make funding available to development projects which would not otherwise be financially feasible. CHFA would fund the mortgages.

CHFA's Single-Family Housing Finance Programs would offer local agencies several options for facilitating home ownership by low and moderate income households. These programs would utilize funding from the California Housing Loan Insurance Fund (CaLIF). The CaLIF program would offer a 97 percent first mortgage requiring only a 3 percent down payment.

Another potential use of the Housing Fund would be to establish "sleeping second" mortgages in combination with CHFA or with conventional mortgages. The Agency-funded second mortgages could be offered at terms more favorable to the borrower than the CHFA first mortgage, providing lower interest rates, and deferred interest. The combined programs would lower the borrower's monthly mortgage payment, making home ownership accessible to a larger number of households.

Federal Home Loan Bank (FHLB)

Affordable Housing Program

The affordable housing programs mandated by the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 and by the Community Reinvestment Act are being implemented through the 12 Federal Home Loan Banks. By law, the affordable housing provisions call for, among other things, a requirement for interest-subsidized loans to be extended to low income home buyers, as well as to a variety of lending activities that fall under the "community investment" heading.

The Federal Home Loan Bank Affordable Housing Program provides interest rate subsidies on advances to member banks that engage in

long-term lending for low- to moderate-income owner-occupied or affordable rental housing. Loans which finance the purchase, construction, or rehabilitation of rental housing qualify for the program. At least 20 percent of the units must be occupied by very low income households for a project to qualify.

Community Investment Program

FHLB also implements a Community Investment Program. Through this program, each district bank appoints a community investment officer and provides "community-oriented" mortgage loans to members at its own cost of funds. Loans which qualify for the program include those which finance the purchase or rehabilitation of homes by borrowers earning 115 percent or less of the area median income. Loans which finance commercial or economic development projects benefitting low and moderate income families also qualify.

Federal Low Income Housing Tax Credit (LIHTC)

As part of the Tax Reform Act of 1986, Congress created the Low Income Housing Tax Credit, which provides a tax shelter to individuals and corporations that invest in low income rental housing. Tax credits are sold to corporations and to people with high tax liability. The proceeds from the sale are used to assist with the financing of the housing. The allocation process is extremely competitive, and the government gives priority to projects which provide units for large families. A minimum of 40 percent of the project's units must be affordable to households earning 60 percent of the median income. Rent restrictions must be in effect for 55 years. While the application process has become increasingly competitive, the Redevelopment Agency plans to make every effort to leverage its Housing Fund with this significant source of project funding.

Mortgage Credit Certificates (MCC)

The Mortgage Credit Certificate (MCC) program was created in 1984 and achieved substantial funding in 1992. It offers first time home buyers a tax credit equal to 20 percent of the annual interest paid on their home mortgage. This program assists low and moderate income (up to 115 of median income) households in investing in housing by increasing disposable income which may be used to make mortgage payments, thereby enhancing their ability to pay. Lenders take the benefits into consideration in underwriting ratios for participants, enabling them to afford a more expensive home than their incomes would allow under conventional underwriting criteria.

Redevelopment Agencies that have used MCCs stress that they are most effective in assisting moderate income households, both because these households are in higher tax brackets than low income residents (moderate income households receive greater benefits from the tax credits) and due to the fact ownership is generally out of reach to lower income

households. The City of Poway currently participates in the San Diego County Regional MCC Program.

Savings Association Mortgage Company (SAMCO)

SAMCO is a statewide organization supported by stockholder savings institutions which assists in the development and financing of socially-oriented affordable housing projects. SAMCO's Board of Directors reviews and selects projects to be offered in loan pools for participation purchase by its members. The pooling process has enabled SAMCO and its members to invest additional funds in low and moderate income communities. SAMCO has worked extensively with non-profit developers and has financed a variety of housing projects that utilize joint public/private resources.

