

TO: James App, City Manager

FROM: Robert A. Lata, Community Development Director

SUBJECT: Redevelopment Plan and Implementation Plan: Required Public Hearing

DATE: December 17, 2002

Needs: For the Redevelopment Agency to conduct a public hearing on the Redevelopment Plan and the Implementation Plan and to consider a recommendation from the Project Area Committee (PAC) to amend the Implementation Plan regarding priorities for spending Low and Moderate Income Housing (LMIH) Funds.

Facts:

1. Health and Safety Code Section 33490 requires each redevelopment agency to adopt an Implementation Plan by December 31, 1994 and once every five years thereafter. The City's Implementation Plan was last adopted in December 1999.
2. Health and Safety Code Section 33490 also requires each redevelopment agency to conduct a public hearing, at least once within the five-year term of the Implementation Plan, to hear testimony evaluating the progress of the redevelopment project as described by both the Redevelopment Plan and the Implementation Plan. This hearing is to occur no earlier than two years and no later than three years after the adoption of the implementation plan.
3. Per state law, the Implementation Plan must contain the specific goals and objectives of the agency for the project area, the specific programs, potential projects, and estimated expenditures for the next five years. It must also contain an explanation of how the goals, objectives, programs, projects, and expenditures will eliminate blight within the project area and implement the redevelopment law's requirements for use of Low and Moderate Income Housing (LMIH) Funds.
4. A public hearing has been scheduled for the Agency's meeting of December 17, 2002 for a review of the Redevelopment Plan and the Implementation Plan. Public notice was given as required by redevelopment law. A copy of the newspaper/posted notice is attached.
5. The Redevelopment Plan was adopted on November 19, 1987. The Overview Section of the Redevelopment Plan contains the following statement regarding its purpose :

“This plan provides the Agency with powers, duties, and obligations to implement and further the program generally formulated in this Plan for the redevelopment, rehabilitation, and revitalization of the area within the boundaries of the project (the “Project Area”). This Plan does not present a specific plan or establish specific projects for the redevelopment, rehabilitation, and revitalization of any area within the Project Area, nor does this plan present specific proposals in an attempt to solve or alleviate the concerns and problems of the community relating to the Project Area. Instead, this plan presents a process and a basic framework within which specific plans will be presented, specific projects will be established, and specific solutions will be proposed, and by which tools are provided to the Agency to fashion, develop, and proceed with such specific plans, projects and solutions.”

6. The Implementation Plan currently lists “First-Time Homebuyers Assistance Loans” as first priority for use of LMIH Funds and “Infill Small-Scale (e.g. 12 or fewer units) Multi-Family Housing Assistance as second priority. The Implementation Plan allows the use of LMIH funds to assist the development of larger multi-family projects, following a recommendation by PAC.
7. Attached is a comparison of the present and proposed prioritization language.
8. Redevelopment agencies are formed to bring about: (1) the creation of physical, social, economic, and environmental conditions to remove and prevent the recurrence of blight; (2) the creation of jobs and low and moderate income housing; and (3) the attraction of private investment toward these ends.
9. At its meeting of December 4, 2002, the Redevelopment Project Area Committee (PAC) unanimously recommended that the Redevelopment Agency amend the Implementation Plan to revise the priorities for use of LMIH Funds to make provision of assistance to multi-family housing first priority.
10. Per Health and Safety Code Section 33490(a)(1)(B), Implementation Plans are not considered to be projects that are subject to the California Environmental Quality Act (CEQA). Therefore, if the Agency desires to amend the Implementation Plan, no environmental review is required.

Analysis and  
Conclusion:

Redevelopment Plan

As noted in Fact # 5, above, the Redevelopment Plan does not present a specific plan or establish specific projects for redevelopment. It does, however, contain broad objectives for which the Implementation Plan proposes more-specific objectives and possible programs for a 5 year period.

Implementation Plan

The heart of the Implementation Plan is divided into Chapters IV and V, which address 5 year objectives and programs for both the Redevelopment Fund and the LMIH Fund, respectively. Attached is a review of the progress made toward attaining the objectives set forth in Chapter IV of the Implementation Plan.

Chapter IV of the Implementation Plan includes a projection of LMIH funds over the 5 year period between January 1, 2000 and December 31, 2004 and indicates that, during this period, redevelopment funds would be used primarily for debt service incurred for existing projects and that, outside of a new bond issue, no new major projects were expected to be undertaken.

It should be noted that the Agency did, however, approve a Facade Improvement Program loan of up to a maximum of \$25,000 to the owners of the Fox Theatre at 1426 Spring Street (if the owners apply for such a loan at the conclusion of the present rehabilitation of that building).

Since adoption of the 1999 Implementation Plan, the Agency has approved three requests for use of LMIH Funds for low income multi-family residential projects with more than 12 units.

These projects include the following:

- Creekside Gardens: a 29 unit low income senior housing project to be developed by Peoples' Self-Help Housing Corp. on the northwest corner of Nicklaus Drive and Oak Hill Road. In 2002, the Agency approved a grant of \$435,000 in LMIH funds to assist this project.
- Canyon Creek Apartments: a 68 unit low income family apartment project, to be developed by Peoples' Self-Help Housing Corp. on the southwest corner of Nicklaus Drive and Oak Hill Road. In 2002, the Agency approved a loan of \$300,000 in LMIH funds to assist this project.
- Oak Park Senior Housing: a 40 unit low income senior housing project to be developed by the Paso Robles Nonprofit Housing Corp. on the northeast corner of 28th and Park Streets. In 2002, the Agency approved a grant of \$25,000 to prepare environmental studies and architectural plans for this project

Although assistance to multi-family projects with more than 12 units was not one of the 5 priorities listed in Chapter V of the Implementation Plan for use of LMIH funds, these projects were eligible for such funding, and the Agency relied on language in the paragraph following the priorities (text included in the attached comparison of current and proposed priorities) that provided for use of LMIH funds for other priorities when so recommended by the PAC.

In November 2002, the Agency received two more requests for additional LMIH funds to support two of the three above projects. Peoples' Self-Help Housing Corp. has requested an additional \$200,000 for the Creekside Gardens project, and the Paso Robles Nonprofit Housing Corp. has requested \$520,000 to offset the City's building and development fees for the Oak Park Senior Housing project. If approved, these requests will use the currently-available and projected revenues to the LMIH fund for the next 2-3 years. Attached is a status of the LMIH fund showing present commitments and expected revenues for the next 10 years.

Beginning in 2000, and continuing through 2002, the City (and nearly all of California) has (have) experienced an affordable housing crisis, marked by steep increases in the prices of all ownership housing and an acute shortage of affordable rental housing. Ownership housing prices have risen to the point where low income families cannot afford them, even with first-time homebuyers assistance loans subsidized with a variety of government funds. The most critical need for affordable housing in the next 5 years or more appears to be for new multi-family housing.

With the requests for additional assistance to the Creekside Gardens and Oak Park projects and the affordable housing crisis in mind, PAC recommended that Chapter V be amended to provide that assistance to multi-family housing, regardless of the size of the project, become first priority for use of LMIH funds. As noted in Fact #8, above, attached is a comparison of the existing and proposed language for the priorities for use of LMIH funds. Such an amendment would not prevent the Agency from allocating LMIH funds to other priorities, but it would better reflect the most critical need for use of LMIH funds for the foreseeable future.

#### Policy

Reference: State Redevelopment Law (Sections 33000 et seq. of the Health and Safety Code); Redevelopment Implementation Plan

#### Fiscal

Impacts: The Implementation Plan itself is a plan for expenditure of Redevelopment funds, including the Redevelopment LMIH Fund. It recognizes that General Fund has been, and will be for at least the next five years, the

source of loans to the Redevelopment Fund to make up for shortfalls between tax increment revenues and expenses for redevelopment activities. Ultimately, all General Funds loaned to the Redevelopment Fund will be restored.

Options: After accepting any public testimony on the status of the Implementation Plan, take one of the following options:

- a. Adopt the attached resolution to amend the Implementation Plan to revise the priorities for LMIH Fund expenditures per PAC's recommendation to give priority to multi-family residential projects and to adopt this staff report as a status report on the Redevelopment Plan and Implementation Plan.
- b. Maintain the Implementation Plan as adopted, retaining present objectives and programs as listed in Chapter IV and priorities for use of LMIH Funds as listed in Chapter V (maintaining priority for ownership housing). The attached resolution would be revised so that it only adopts this staff report as the status report on the Redevelopment Plan and Implementation Plan (and does not adopt an amendment to the Implementation Plan).
- c. Amend, modify, or reject the above options.

Prepared By:

Ed Gallagher  
Housing Programs Manager

Attachments:

1. Resolution Amending the Redevelopment Implementation Plan
2. Review of 1999 Redevelopment Implementation Plan
3. Comparison of Current and Proposed Uses of LMIH Funds
4. Status of the LMIH Fund
5. Copy of Newspaper/Posted Notice

ED\REDEV\IMPLEMENTATION PLAN\02 REVIEW\121702 RDA REPORT

## **REVIEW OF 1999 REDEVELOPMENT IMPLEMENTATION PLAN**

Chapter IV of the 1994 Redevelopment Implementation Plan lists 5 objectives to be accomplished in the five year period beginning January 1, 2000 and ending December 31, 2004. Briefly summarized, these objectives are as follows:

1. Improve those transportation systems necessary to enhance the City's position as the North County commercial center, to facilitate the City's efforts to become a tourist destination and to further the City's efforts to attract and retain businesses, realizing that the hub of these systems is located within the Redevelopment Project Area.
2. Revitalize the downtown through a comprehensive effort to include, but not be limited to: improving and developing public facilities; attraction of businesses such as theaters, restaurants, hotel and conference center; and commercial rehabilitation.
3. Provide affordable and safe housing for low and moderate income households.
4. Provide for Project Area-wide beautification and maintenance programs.
5. Improve public infrastructure and utilities throughout the Project Area.

Each of these five objectives is proposed to be implemented by several potential programs. This review will focus on the status of the programs listed in the Implementation Plan.

### **1. Transportation Systems Improvement**

Veterans Memorial (Niblick) Bridge Expansion: In 2000, the Owner Participation Agreement (OPA) for Woodland Plaza II was amended. The former requirement to establish an assessment district was eliminated. In return, all property tax increment revenues were re-directed back to the Agency who in turn satisfied the \$2 million obligation towards the bridge expansion project.

13th Street/Creston Road Improvements: This project consists of widening the 13th Street Bridge and making widening and lane reconfiguration improvements to sections of Creston, River, and Union Roads leading to this bridge. Measure D98 funds are being used to construct these improvements and acquire necessary property. This project is expected to contribute much to the revitalization of the downtown by improving community-wide and regional access to the downtown and to the City as a whole. No redevelopment funds will be used for this project.

### **2. Downtown Revitalization**

Facade Improvement Loan Program: In February 2001, the Redevelopment Agency approved a loan up to a maximum of \$25,000 in Redevelopment Funds to the owners of the Fox Theatre at 1426 Spring Street to improve its facade in conjunction with rehabilitation of the building.

IOOF Building: In 202, an elevator is being installed in the IOOF Building at 1226 Park Street with a grant of \$95,000 in Community Development Block Grant (CDBG) Funds. The elevator will enable the upper floors to be used once more as a ballroom and offices. In 1997, a Façade Improvement loan of \$25,000 in redevelopment funds was made for this building.

Classic American Theatre: In 2000, \$49,000 in CDBG Funds were used to install handicapped access improvements for the Classic American Theatre at 830 – 11th Street. No redevelopment funds were used for this project.

Seismic Structural Design Study Program: Between 1996 and 2002, \$235,600 in CDBG funds were used to prepare engineering design studies and construction cost estimates for the work necessary to bring 24 commercial unreinforced masonry (URM) buildings into compliance with the City's Seismic Code. All 24 URM buildings participating in this program are located in the downtown. No redevelopment funds were used for this project.

Paso Robles Inn: In 2000 - 2001, the owners of the Paso Robles Inn completed a renovation project that added motel rooms and restored the original ballroom. This hotel is located in the heart of the downtown, and the renovation is a key element in the revitalization of the downtown. No redevelopment funds were used for this project.

Parking and Circulation Study: In 2002, the City completed a study which recommended a range of improvements to add parking in, and improve circulation through, the Downtown. The City Council approved implementation of a first phase of minor improvements and will consider future phases during preparation of the 2003 Budget. No redevelopment funds were used for this study.

### 3. Affordable and Safe Housing

County's First-Time Homebuyers Assistance Program: In 2001, \$25,000 in Redevelopment LMIH were used as a match for \$100,000 in Federal Home Investment Partnership (HOME) funds to provide deferred-payment second mortgages to enable 5-6 low income households to buy their first home. Redevelopment LMIH funds were not used in this program.

CalHome First-Time Homebuyers Assistance Program: In 2001 - 2002, \$15,600 in Redevelopment LMIH were approved for use to supplement \$500,000 in State CalHome funds to provide deferred-payment second mortgages to enable 22-25 low income households to buy their first home. LMIH funds are to be used for payment of loan administration fees.

Habitat for Humanity: Between 1999 and 2002, \$30,000 in LMIH funds were used to assist Habitat for Humanity build three single family homes for low income buyers. The LMIH funds were granted for use in paying the City's building permit and development fees for the here homes.

Creekside Gardens Senior Housing: In 2002, \$435,000 in LMIH funds were granted to Peoples' Self-Help Housing Corp. to develop a 29 unit apartment complex for low income seniors at the northwest corner of Nicklaus Drive and Oak Hill Road.

Canyon Creek Apartments: In 2002, the Redevelopment Agency approved a loan of \$300,000 in LMIH funds to Peoples' Self-Help Housing Corp. to develop a 68 unit apartment complex for low income families at the southwest corner of Nicklaus Drive and Oak Hill Road.

Oak Park Senior Housing: In 2002, \$25,000 in LMIH funds were granted to the Paso Robles Housing Authority to be used for environmental studies and preparation of architectural plans for a proposed 40 unit low income senior housing project at the northeast corner of 28th and Park Streets.

### 4. Beautification and Maintenance

Enhancements to the Veterans Memorial Bridge and City Entrance: In 2002, brick pilasters, brick walls, and landscaping were installed at the Veterans Memorial Bridge and City Entrance at 1st and Spring Streets. The enhancements make a dramatic visual impression at the City's and Redevelopment Project Area's main entrance. No redevelopment funds were used for this project.

Carnegie Library: In 2002, the City went to bid on a project to add an elevator and handicapped-accessible restroom to the Carnegie Library Building in City Park. This project will help the City maintain an important historical resource. The work will be accomplished using CDBG funds; no redevelopment funds will be used for this project.

5. Public Infrastructure and Utilities

Alley Improvements: In 2002, the alley in the block bounded by Park, Pine, 7th and 8th Streets was paved using \$45,000 in CDBG funds. This alley serves both residential and commercial properties in the project area. In 2003, the alley in the block bounded by Spring, Park, 7th and 8th Streets, which also serves both commercial and residential properties, will be paved using CDBG funds. No redevelopment funds were used in this project.

Downtown Street Lights: In 2002, thirteen decorative street lights were added to the downtown using \$113,000 in CDBG funds. These lights provide a much safer pedestrian environment, and thus are regarded as critical to the City's/Redevelopment Agency's efforts to revitalize the downtown. No redevelopment funds were used in this project.

## **IMPLEMENTATION PLAN: CURRENT PRIORITIES FOR USE OF LMIH FUNDS**

- Priority 1: First-Time Home Buyers Assistance Loans: Provide deferred payment, below market rate interest, second trust deed loans to low- and very-low income buyers. Loan proceeds could be used to close the affordability gap, for a down payment, and/or for closing costs. Priority can be given to persons who have lived or worked within City Limits for the majority of the last 5 years.
- Priority 2: Infill Small-Scale Multi-Family Housing Assistance: Assist the development of small-scale (e.g. 12 or fewer units) infill rental units on both vacant and underutilized multi-family-designated lots via grants or loans for such expenses as City fees, off-site improvements.
- Priority 3: Distributed Low and Moderate Income Ownership Housing: Through a combination of incentives and mandates, provide for new ownership housing for low and moderate income households within single family subdivisions (except those with lot sizes of 20,000 square feet or larger). Incentives may include use of LMIH funds as second trust deed loans and limited density bonuses. Mandates may include an ordinance that would require builder/developers to provide a minimum percentage of homes in each subdivision (e.g. 10–15%) for purchase by low and moderate income households.
- Priority 4: Assistance to Infill Sweat-Equity Single Family: Provide grants or loans to non-profit organizations to help pay City fees and/or to purchase property for development of single family homes on infill lots to low- and very-low income buyers who would contribute their own labor, and/or labor donated on their behalf, (“sweat equity”) to the building of the homes.
- Priority 5: Housing in Upper Floors of Downtown Commercial Buildings: Provide assistance in the form of loans or grants to enable upper floors of downtown commercial buildings to be used for housing. Affordability covenants would be necessary.

It should be noted that there are numerous other eligible uses of LMIH funds for assisting affordable housing projects. It is possible that an opportunity to assist a project that conforms to Housing Element priorities, yet is not described in the above Implementation Plan priorities, may be presented to the City and Agency within the period of this Plan. In such a case, the Agency may, after obtaining a review and recommendation from the Project Area Committee, chose to allocate LMIH funds to such a proposal without amending this Implementation Plan.

## **IMPLEMENTATION PLAN: PROPOSED PRIORITIES FOR USE OF LMIH FUNDS**

Essentially, the current Priority 2 would become Priority 1, and limitations on the size of the project would be dropped to read as shown below. The current Priority 1(First-Time Homebuyers Assistance Loans) would become Priority 2. All other priorities would remain as currently written in the Implementation Plan.

- Priority 1: Multi-Family Housing Assistance: Assist the development of rental units on both vacant and underutilized multi-family-designated lots via grants or loans for such expenses as City fees, off-site improvements.
- Priority 2: ~~Infill Small Scale Multi Family Housing Assistance: Assist the development of small scale (e.g. 12 or fewer units) infill rental units on both vacant and underutilized multi family designated lots via grants or loans for such expenses as City fees, off site improvements.~~



**LMIH FUND BALANCE PROJECTIONS**  
**November 4, 2002**

**Current Fund Balance and Commitments Through 7/01/03**

LMIH Fund balance as of 6/30/02 .....	814,000	<sup>1</sup>
Projected LMIH fund deposits as of 6/30/03 .....	281,000	<sup>2</sup>
FY 02/03 Housing Programs Administration.....	(112,900)	<sup>3</sup>
Canyon Creek Assistance.....	(300,000)	<sup>4</sup>
Creekside Gardens Assistance remaining assistance ....	(200,000)	<sup>5</sup>
CalHome Loan Admin Assistance .....	( 15,600)	<sup>6</sup>
<u>Assistance to Oak Park Senior Housing</u> .....	<u>( 14,600)</u>	<sup>7</sup>
Balance.....	451,900	

**Notes:**

1. As estimated by Director of Administrative Services 09/11/02 (and confirmed 10/29/02)
2. As estimated by Director of Administrative Services 10/29/02.
3. \$112,900 = \$182,200 (FY 02/03 budget for Acct 211) - \$69,900 (CDBG Admin for 2002)
4. Resolution RA 01-02
5. Resolution RA 01-03 (\$435,000 approved; \$235,000 spent in FY 02; \$200,000 remaining)
6. Resolutions RA 01-06 and RA 02-01
7. Resolution RA 01-11 (\$25,000 approved; \$10,400 spent in FY 02; \$14,600 remaining)

On 11/04/02, Mike Compton reported the following projected additions to the LMIH fund.

<b>FY</b>	<b>Amount</b>
02/03	281,000
03/04	319,000
04/05	340,000
05/06	362,000
06/07	385,000
07/08	408,000
08/09	433,000
09/10	459,000
10/11	485,000
11/12	513,000
12/13	542,000

NOTES: (1) The numbers above do not include any long-term impact of extending the supposedly one-time ERAF shift that is occurring in FY 02/03. (2) All numbers above have been rounded to the nearest \$1,000.

RESOLUTION NO. RA 02-

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES  
AMENDING THE REDEVELOPMENT IMPLEMENTATION PLAN AND ADOPTING  
A STATUS REPORT ON THE REDEVELOPMENT PLAN AND  
THE IMPLEMENTATION PLAN

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WHEREAS, on December 7, 1999, the Redevelopment Agency, via resolution RD 99-09 adopted an Implementation Plan pursuant to Section 33490 of the State Health and Safety Code; and

WHEREAS, a public hearing to fulfill the requirements of Section 33490(c) of the State Health and Safety Code was set for December 17, 2002 and notice of the public hearing on the was given as prescribed by Section 33490(d) of the State Health and Safety Code; and

WHEREAS, at its meeting of December 4, 2002, the Redevelopment Project Area Committee reviewed a draft version of the report on the status of the Redevelopment Plan and Implementation Plan entitled "Redevelopment Plan and Implementation Plan: Required Public Hearing" and recommended that the Redevelopment Agency adopt said report and consider the amending Priorities 1 and 2 for use of LMIH Funds on Page 29 of Chapter V (copy attached) as follows:

Priority 1: Multi-Family Housing Assistance: Assist the development of rental units on both vacant and underutilized multi-family-designated lots via grants or loans for such expenses as City fees, off-site improvements.

Priority 2: First-Time Home Buyers Assistance Loans: Provide deferred payment, below market rate interest, second trust deed loans to low- and very-low income buyers. Loan proceeds could be used to close the affordability gap, for a down payment, and/or for closing costs. Priority can be given to persons who have lived or worked within City Limits for the majority of the last 5 years.

WHEREAS, at its meeting of December 17, 2002, the Redevelopment Agency conducted a public hearing on the Implementation Plan pursuant to Section 33490 of the State Health and Safety Code and took the following actions:

- a. Considered the facts and analysis, as presented in the draft staff report cited above.
- b. Considered the recommendations of the Project Area Committee.
- c. Considered public testimony on the Draft Implementation Plan.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1: To adopt the staff report entitled "Redevelopment Plan and Implementation Plan: Required Public Hearing" dated December 17, 2002, attached to this resolution as Exhibit A.

SECTION 2: To amend the Implementation Plan to change Priorities 1 and 2 for use of LMIH Funds on Page 29 of Chapter V (copy attached) to read as follows:

Priority 1: Multi-Family Housing Assistance: Assist the development of rental units on both vacant and underutilized multi-family-designated lots via grants or loans for such expenses as City fees, off-site improvements.

Priority 2: First-Time Home Buyers Assistance Loans: Provide deferred payment, below market rate interest, second trust deed loans to low- and very-low income buyers. Loan proceeds could be used to close the affordability gap, for a down payment, and/or for closing costs. Priority can be given to persons who have lived or worked within City Limits for the majority of the last 5 years.

PASSED AND ADOPTED by the Redevelopment Agency of the City of Paso Robles on this 17th day of December 2002 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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George P. Finigan, Chairman

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk