Implementation Plan
January 2010 to December 2014
Redwood City Redevelopment Project Area No. 2

Prepared for:

City of Redwood City Redevelopment Agency

Prepared by:

Keyser Marston Associates, Inc.

December 2009

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I. Introduction

This implementation plan for the Redwood City Redevelopment Project No. 2 has been prepared pursuant to the requirements of Section 33490 of the California Community Redevelopment Law "CRL" (Health and Safety Code). Under the CRL, redevelopment agencies are required to adopt a new implementation plan every five years. The purpose of this Plan is to serve as a multi-year planning document for the City of Redwood City Redevelopment Agency (Agency), to establish the link between the projects to be undertaken and the alleviation of blight in the Project Area, and to demonstrate Agency compliance with affordable housing production and expenditure requirements. As detailed in Section I.A., the original Project Area was adopted on July 19, 1982.

The Implementation Plan is intended to guide execution of the Redevelopment Plan, while allowing flexibility to the Agency to respond to specific redevelopment opportunities as they arise. The following information must be presented in the Five-year Implementation Plan:

- The Agency's specific goals and objectives for the five-year implementation plan period (January 1, 2010 through December 31, 2014) for both non-housing and housing activities;
- Anticipated specific programs and expenditures for the five-year implementation plan period for both non-housing and housing activities;
- An explanation of how the goals, objectives, programs and expenditures will assist in the elimination of blight; and
- Specified information about the Agency's affordable housing program, including plans for deposits to and expenditures from the Low and Moderate Income Housing Fund, and means to achieve the Agency's affordable housing production and income targeting obligations;
- Other information related to the provision of affordable housing.

This implementation plan must be adopted after a noticed public hearing. The law requires that the plan must be reviewed in a public hearing, and by inference amended, if desirable, between two and three years after adoption. A new plan is required every five years.

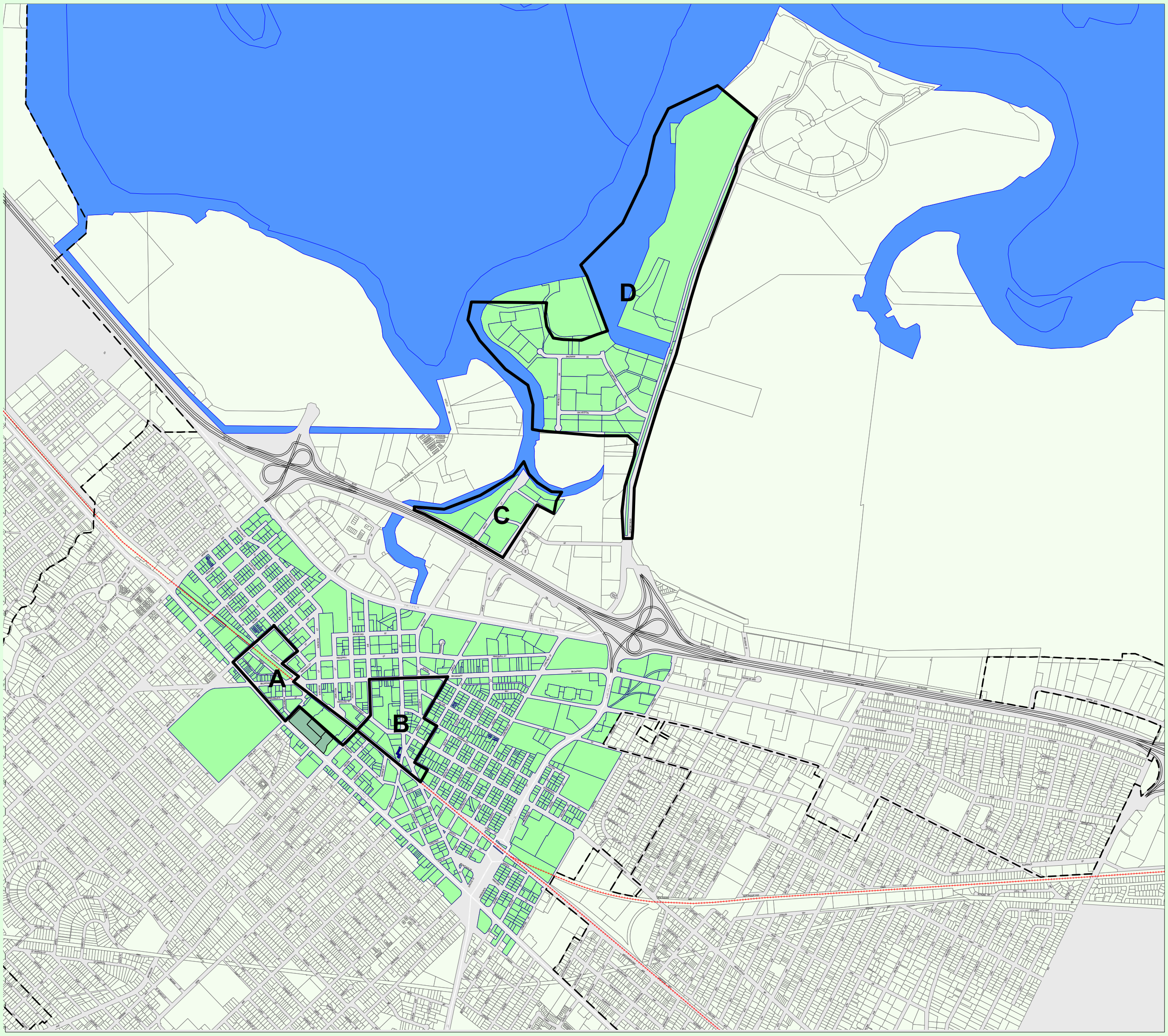
Adoption of an implementation plan does not constitute an approval of the specific programs, projects, or expenditures, which allows flexibility for the Agency to adjust to changing or unforeseen market conditions, community needs, and priorities, and resident and developer interests. Consequently, should Agency assumptions not be realized or unforeseen circumstances arise, modifications to this Implementation Plan may be necessary.

This Implementation Plan is divided into two sections. The first section discusses the Agency's goals and objectives that relate to general (non-housing) redevelopment activities, and describes the proposed programs, projects, and expenditures that will assist with the elimination of blight. The non-housing sections of this implementation plan cover the period from January 1, 2010 through December 31, 2014. The second section of this Plan discusses the Agency's goals and objectives that relate to its affordable housing activities and provides other information concerning the agency's compliance with the affordable housing obligations as required by the CRL. The sections that describe implementation of housing production, replacement, and income-targeting requirements address a ten-year compliance period. Pursuant to the CRL, the first ten-year income targeting compliance period is an extended period from January 1, 2002 through December 31, 2014.

A. Project Area Description and Limits

Redevelopment Project No. 2 is comprised of three non-contiguous sub-areas totaling approximately 1,016 acres in the generally northern section of Redwood City. The original project area was adopted on July 19, 1982 by Ordinance No.1862, consisted of 332 acres, and encompassed four sub-areas: the Gateway, Centre, Marina and Seaport. The redevelopment plan was amended in 1985 to add 4.26 acres to the Gateway subarea. A second amendment in 1989 resulted in the Gateway and Centre subareas being combined into a new "Downtown" sub-area and the addition of 680 acres to the newly identified Downtown sub-area. The Plan was amended again in 1994 to extend time limits pursuant to AB 1290 and for a fourth time in 2001 to extend eminent domain authority through January 18, 2008. A profile of the Project Area including plan limits and acreages is provided on Table 1. The boundaries of the Project Area are shown on the following map.

City of Redwood City
History of Redevelopment Areas



LEGEND

1982 Original Areas: Gateway, 'A', Centre 'B', Marina 'C', and Seaport 'D' (332 acres)

1985 Gateway Sub-Area Amendment (4.26 acres)

1989 Project Area 2 Amendment (680 acres)

City Limits

Redwood City GIS

Prepared by Redwood City Redevelopment Agency December 2004

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B. Project Area Blighting Conditions

The Redevelopment Plan for all three areas[1] showed that they shared similar blight characteristics, such as defective design and character of physical construction, residential overcrowding, small or irregular lots, inadequate public improvements, and varying degrees of social and economic maladjustments. These blight conditions are described in more detail below:

1. Historic Blighting Conditions – Original Project Area

At the time of the Plan Adoption, the properties in this Project Area were improved and partially improved with a mixture of commercial, railroad, industrial and residential uses, as well as various public or quasi-public open spaces. Many of the sites were under different ownership and/or tenant leases, and in some cases, were subject to deed restrictions, which inhibited their development. In general, the properties were affected by conditions such as economic dislocation, deterioration and disuse resulting from faulty planning, the subdivision and sale of lots of irregular form and shape and inadequate size for usefulness and development, and a prevalence of impaired investments and economic maladjustments which led to a reduction of, or lack of, proper utilization of the areas to such an extent that it constituted a serious economic burden on the community. Some of the lots or areas were also subject to being submerged by water.

These conditions of blight and the overall under productivity of the Project Area had placed its properties in a very unfavorable competitive position with respect to newer and more comprehensive development at the time of the plan adoption.

2. Historic Blighting Conditions – Amendment Area #1

This area suffered from the same poor vehicular circulation as the Gateway subarea in the original Project Area such as inadequate access and a functionally inefficient lot and block layout created by the railroad. In addition, the buildings on James Avenue were on small lots that were not conducive to larger scale development. There had also been a shifting of uses in properties fronting onto El Camino Real. The most significant indicator of blight in the area, however, was the existence of inadequate public improvements: for example, the creek bed located behind the James Avenue buildings was open, unsightly and had flooded in the recent past.

[1] Referring to the original project area and the two phases of territory added by amendment.

3. Historic Blighting Conditions – Amendment Area #2

This area encompassed a broad range of land uses, including residential, commercial, industrial, and public/institutional uses. The area also had a concentration of auto-related uses along El Camino Real.

At the time the Amendment was adopted, Area #2 showed a prevalence of buildings and structures that were in varying states of deterioration and obsolescence, and/or which were unfit or unsafe to occupy because of building or fire code violations, and other structural problems associated with an aging building stock. The area also had a concentration of incompatible or mixed character buildings such as along Brewster Avenue and in the vicinity of Veterans Boulevard, Whipple Avenue and Winslow Street. The close proximity of certain commercial uses, e.g., service stations, auto body shops, and industrial facilities, to residential areas created negative environment conditions. Many buildings in the Amendment Area were also constructed with little regard to lot coverage, setbacks and side yards or were on irregularly shaped parcels, resulting in faulty spacing or structures on lots.

In general, properties in the area suffered from deterioration and disuse due to irregularly formed or shaped lots and the inadequacy of such lots for proper usefulness and development. This situation resulted from historic residential subdivision patterns and development patterns in the commercial sectors. In the Amendment Area, the non-uniform street grid system created a prevalence of irregular sized and shaped blocks and parcels which made it difficult for new development to comply with zoning and setback requirements or for the private sector to assemble parcels for expansion of existing uses. The diverse property ownership pattern also impeded the private sector’s ability to assemble lots for expansion of new development.

As in the other two areas, Amendment Area #2 suffered from inadequate infrastructure. Existing streets required resurfacing, reconstruction as well as sidewalk, curb and gutter repairs. Traffic circulation within and around the Amendment Area was impeded by the Southern Pacific Railroad tracks. The multiple street grid system in the Area created dead-end streets, irregular intersections, and, as in the case of the Woodside Expressway, some hazardous conditions. The storm drainage system in the Area was deficient; the pump station had insufficient capacity; and the local gutter system was inadequate. The northeastern portion of the Amendment Area also suffered from deficiencies in water delivery — particularly during peak periods of water use. The majority of the Area’s sanitary sewer network was vitrified clay up to 80 years old, most of which had never been improved. Thus, extensive public improvements were needed in the Area.

Amendment Area #2 also had a prevalence of social and economic maladjustments that contributed to blight. The 1980 Census for the Area indicated that its residential values were significantly below the City and Countrywide average; that the Area’s housing stock was considerably overcrowded; and that the Area had a significantly larger proportion of very low- and low-income households as well as a lower skilled labor force. City records also showed a decline in the City's retail sales tax receipts and a continued disproportionately small share of building permit activities in the Area. Thus, economic conditions in Amendment Area #2 had declined or remained stagnant.

Table 2 summarizes the existing blight conditions in each project subarea as they apply to the blight criteria set forth in the Redevelopment Law at the time of plan adoption or amendments (pre-1994).

Although redevelopment efforts have been undertaken to remove the blighting conditions since the date of the original plan adoption and the subsequent amendments, they are still prevalent today throughout the Project Area. The Five-Year Implementation Plan is designed to assist the Agency in its efforts to continue to eliminate blighting conditions in the Project Area.

C. Overview of Plan Progress/Project Area Accomplishments to Date

As detailed in the following list, during the prior implementation plan period the Redevelopment Agency successfully completed a number of projects and programs that have markedly improved Downtown Redwood City. The projects and programs were funded primarily through a $33 million bond issued in 2003.

- *On Broadway Retail-Cinema Project and Downtown Parking Garage:* The 20 screen, 4,200 seat downtown cinema with approximately 85,000 square feet of retail space is now complete along with the 590-space underground public parking facility, which was funded by the Agency.

- *Streetscape Improvements:* The Agency-funded streetscape improvements to "Theatre Way" in the vicinity of the On Broadway Retail-Cinema Project have been completed. The walkability and pedestrian friendliness of downtown were also enhanced by the completion of improvements on Broadway between Jefferson and Hamilton, as well as improvements to both Jefferson Ave. (between Middlefield Rd. and Marshall St.) and Middlefield Rd. (between Winslow and Veterans). These improvements ranged from new sidewalks, street trees and streetlights to lane and parking reconfiguration.

- *Downtown Parking Management Plan:* The Agency expanded the existing City-owned surface parking lot ("Block 2"), installed parking control equipment, improved pedestrian connections to Block 2 and the Marshall Street Garage, and completed and implemented a downtown parking management plan.

TABLE 1
PROJECT AREA PROFILE
5 YEAR IMPLEMENTATION PLAN 2010-2014
REDWOOD CITY REDEVELOPMENT PROJECT NO. 2

	Original Plan Area	First Amendment Area	Second Amendment Area	Total Project Area
Effective Date	Aug 19,1982	June 20, 1985	January 18, 1990	
Ordinance No.	1862	1911	2009	
Land Area	332 Acres	4.27 Acres	680 Acres	1,016.27 Acres
Time Limit for Incurring Debt [1]	01/012004	6/20/2005	1/18/2010	
Time Limit for Redevelopment Activities [1]	8/19/2022	6/20/2025	1/18/2028	
Time Limit to Receive Tax Increment [1]	8/19/2032	6/20/2035	1/18/2038	
Tax Increment Limit [2]				$398.0 M
Bond Indebtedness Limit				$119.0 M

Notes:
[1] Time limits were amended per AB1290 under Amendment No. 3, Ordinance No. 2085, adopted on Dec. 19, 1994.
[2] Collected revenues before pass-through payments to taxing jurisdictions and deposits into the low and moderate income housing fund.

Source: Fraser Associates; Redwood City Redevelopment Agency; KMA
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\18\18610\18610.005\RC Redev Proj No 2.xls; Table 1; 11/23/2009; dd

TABLE 2
PROJECT AREA PROFILE
5 YEAR IMPLEMENTATION PLAN 2010-2014
REDWOOD CITY REDEVELOPMENT PROJECT NO. 2

	Project No. 2		
	Original Area	Amend. Area #1	Amend. Area #2
BLIGHT CONDITIONS — LAW AT THE TIME OF PLAN ADOPTION			
Defective design and character of physical construction	X	X	X
Faulty interior arrangement and exterior spacing	X		X
High density of population and overcrowding			X
Inadequate provision for ventilation, light sanitation, open spaces and recreation facilities	X		
Age, obsolescence, deterioration, dilapidation, mixed character, or shifting of uses	X	X	X
Economic dislocation, deterioration, or disuse resulting from faulty planning	X		X
Subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership	X	X	X
Inadequate public improvements, public facilities, open spaces, and utilities which cannot be remedied by private or governmental action without redevelopment	X	X	X
Prevalence of depreciated values, impaired investments, and social and economic maladjustment	X		X
Existence of lots or areas submerged by water	X	X	

Source: Fraser Associates; Redwood City Redevelopment Agency; KMA
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\18\18610\18610.005\RC Redev Proj No 2.xls; Table 2; 11/23/2009; dd

- *Courthouse Square:* The historic 1910 Courthouse building façade has been restored and a new public plaza on the site of the former Courthouse Annex has been constructed. The plaza is now an active public space and host to numerous afternoon, evening, and week-end events and entertainment. The Agency has leased two of the four kiosks for food service. The first opened in 2009 and the second is scheduled to open this fall.

- *Completion of the Downtown Precise Plan:* The Downtown Precise Plan (DTPP), adopted by the Council in May 2007, was established to orchestrate private and public investment actions in the Downtown for the purpose of reviving the Heart of the City. It establishes the primary means of regulating land use and development within the Precise Plan area (bounded generally by El Camino Real, Maple St, Veteran's Blvd and Brewster Ave.) It also establishes the primary means of planning City actions and investments in support of the growth of Downtown. It represents the detailed implementation of the broad policy directions contained within the Redwood City General Plan for the Downtown district; and, replaces land use and development regulations previously contained within the Redwood City Zoning Ordinance for this portion of the City. A Master EIR was also prepared and adopted as part of the review and approval process.[2]

- *Downtown Special Events:* The Agency continues to fund a portion of the cost to provide a series of signature special events in the Project Area including the "Summer in the City/Downtown WOW"" Program, the Fourth of July Parade, the "Salsa Festival" fall celebration, Immigrant's Day, Hometown Holidays, and the Latino Film Festival. The Downtown programming has proven to be a very effective tool for energizing the downtown and promoting the City of Redwood City.

- *Storefront Improvement Program:* The Agency has continued to provide grants to existing businesses and property owners in the Downtown to rehabilitate facades and storefronts.

- *Wayfinding and Directional Signage:* The Wayfinding Program, which assists visitors in finding their way into and around Downtown, has been completed. Giving equal emphasis to vehicles and pedestrians, signage unique to Redwood City directs visitors to key destinations and parking facilities within the Downtown. It also directs them into the Downtown from perimeter roads, arterials and freeway off ramps, thus "branding" the Downtown throughout the City. "You Are Here" maps were also strategically placed to help orient people to their destinations in relation to where they have parked.

[2] A lawsuit and court ruling reversed the implementation of the DTPP development regulations and new zoning. The Plan and Program EIR are being revised to address the issues raised in the lawsuit. It is anticipated that the new documents will be considered by the Council for adoption in Spring 2010. The goals, priorities and recommended implementation actions not related to regulations and zoning are being implemented as opportunities arise.

- *Banner Program:* The Banner Program reinforces Downtown as a destination by enhancing and capitalizing on the sense of place, promoting special events and allowing for the changing of messages and imagery over time to stimulate interest in the area. Over 200 vertical and horizontal banners have been designed, fabricated and installed throughout the year on a rotating basis celebrating key destinations, special events, and the seasons.

- *Post Office Paseo:* The outdoor space adjacent to the Post Office on Jefferson Ave. has been transformed to function as a safe, well-lit pedestrian walkway connecting the Main Street parking lot to the Cinema block. The design included a mini-plaza and an outdoor dining area as well as a new parking area for post office patrons' short-term parking needs. The improvements also included an innovative demonstration of storm water runoff best management practices.

- *Hoover Area Mobility Study:* The Hoover Area Mobility Study, formally called the Fair Oaks Access and Improvement Study for Community Mobility was completed in February 2009. The Study engaged the residents in a low-income, Hispanic neighborhood within the Redevelopment Area in how to improve walking and bicycling. Over the course of 12 months, more than 250 residents and stakeholders participated, including students from Hoover School (K-8) and the attendees of the San Obrero Church. The Study identified areas for improvements and includes conceptual plans and preliminary cost estimates. The RDA was a recipient of a $153,000 Caltrans Environmental Justice Transportation Planning grant to fund the Mobility Study. The RDA contributed a cash match of $8,500 and $8,500 in-kind for the Study.

Agency progress in preserving and expanding the supply of housing available to low-and moderate-income households is described in Section III of this Plan.

II. Non-Affordable Housing Goals, Objectives, Planned Programs, Expenditures for 5-Year Implementation Plan Period

A. Project Area Goals and Objectives

The original objectives for the 1982 Redevelopment Plan included: (1) making lowlands property useful for private development; (2) improving circulation, rehabilitating commercial properties and the Civic Center; (3) improving transportation and parking facilities; (4) linking circulation within the Project to the City street system; (5) providing access to landlocked parcels; and (6) providing safer intersections and public improvements. These principal goals remain relevant for the 2010 - 2014 Implementation Plan. Additional goals and objectives were set forth in the Second Amendment to the Plan (1989). Agency goals and objectives for the Project Area set forth in the Redevelopment Plan and Amendments are summarized as follows:

- To eliminate and prevent the spread of blight and deterioration and to redevelop the Project Area in accord with the General Plan, specific plans, the Redevelopment Plan, local codes, and ordinances.
- To expand and upgrade the community's supply of housing, including opportunities for low- and moderate-income households.
- To eliminate or ameliorate certain environmental deficiencies, including substandard vehicular circulation systems and other similar public improvements, facilities and utilities deficiencies.
- To achieve an environment reflecting a high level of concern for architectural, landscape, and urban design and land use principles appropriate for attainment of the objectives of the Redevelopment Plan.
- To enhance major thoroughfares providing a quality design identity and smooth, safe pedestrian, bicycle, and vehicle circulation.
- To re-plan, redesign and develop undeveloped/vacant, underutilized and underdeveloped areas that are stagnant or improperly utilized.
- To encourage investment by the private sector in the development of the Project Area by eliminating impediments to such development and redevelopment.
- To increase sales, business license, hotel occupancy and other fees, taxes and revenues to the City and other taxing bodies.
- To establish and implement performance criteria to assure high standards for site design, environmental quality and other design elements which provide unity and integrity.

- To promote and create new local employment opportunities.
- To encourage uniform and consistent land use patterns.
- To provide a pedestrian, vehicular and transit circulation system which is coordinated with land uses and densities and adequate to accommodate projected traffic volumes.
- To provide adequate off-street parking to serve current and future uses within the Amendment Area.

1. Agency Goals and Objectives for the Next Five Years

Pursuant to meeting these Plan goals, the new Five-Year Implementation Plan establishes operational goals and objectives for the period 2010 to 2014, as follows:

a. *Continue to upgrade public improvements.* The completion of Courthouse Square, the streetscape improvements on Broadway, Theatre Way, Middlefield and Jefferson, and improvements related to downtown parking facilities began to address issues related to the lack of public open space, the need for an improved pedestrian experience within downtown, and inadequate parking capacity to support the additional development planned for Downtown. The Downtown Precise Plan identifies a “menu” of other capital improvements to continue enhancing public spaces and streetscape conditions that are supportive of envisioned development, will enhance pedestrian safety, and will create a beautiful setting for civic activities, commercial investment and residential living. Corridor planning such as the Grand Boulevard Initiative[3]. Middlefield between Main St. and Woodside Rd. and other corridors identified in the New General Plan, as well as improving connections between downtown and areas like the Marina, Docktown, and the new Stanford developments will also be a priority.

b. *Rehabilitate aging commercial and residential structures.* The Project area has problems with deficient economic use of buildings. A number of the residential and commercial buildings in the historical downtown area, particularly in Amendment Area #2, were constructed over fifty years ago. As a consequence of structural aging, the utility of the structures has been greatly diminished. While the $50 million investment by the Agency in the past several years has served to jumpstart the revitalization of downtown, many buildings still do not meet the needs of the contemporary uses and current market requirements. The on-going home improvement loan program will continue to address this situation in terms of residential uses. The storefront improvement program will be revised to provide a broader range of incentives for rehabilitation, including low-interest

[3] The Grand Boulevard Initiative is a regional effort to transform the El Camino Real Corridor into a “grand boulevard.” Two counties, 19 cities, and numerous public and private agencies are working collaboratively to link land use and transportation in order to achieve sustainability and an improved quality of life along the corridor.

and/or deferred payment loan packages, as well as grants to offset fees, incentives for enhancing outdoor dining experiences, and assistance with window displays and merchandizing. In addition, the Agency will be prepared to provide additional residential rehabilitation assistance and commercial development incentives as opportunities arise.

c. *Assemble properties into developable sites.* There are additional problems associated with subdivided lots of inadequate size and in multiple ownerships. The Project Area contains structures and properties in need of rehabilitation, but the diverse property ownership pattern and other historical development patterns impede the private sector's ability to assemble sites. While the Agency no longer has eminent domain authority, site acquisition and assembly for affordable housing development will be a continuing priority over the next implementation period. It is also expected that the Downtown Precise Plan will spur private assembly efforts.

d. *Provide financial assistance and invest in public infrastructure to encourage private development, support existing businesses, and promote an improved private investment climate.* The Project Area suffers from an impaired investment climate. Agency assistance has continued to be a requirement for new development to occur in the Project Area. Agency economic development programs, continued investment in public improvements, housing initiatives and the re-approval and implementation of the Downtown Precise Plan will contribute in their aggregate effect to promote an improved investment climate.

e. *Promote redevelopment in accordance with the new Downtown Precise Plan and the New General Plan.* These documents present a vision for the Project Area and its relationship to the rest of the City. The Downtown Precise Plan is being refined and a new environmental document prepared in response to legal challenge. City and Agency actions will be guided by the *Goals and Principles* described in Book I. The development standards and design criteria outlined in Book II will help achieve the vision. Actions and investments described in Book III that are not already completed will be undertaken as opportunities and resources permit. The New General Plan provides a guide for priorities and opportunities that may arise in the Project Area, but also outside of the Downtown, such as the Marina area, Seaport area (including the Port of Redwood City), lower Broadway, or the South Main St. area.

f. *Enhance viability of transit and the Caltrain Station.* The Caltrain station is an underutilized Project Area resource. The addition of faster "Baby Bullet" service and the initiation of the process related to high-speed rail have made it an even more valuable asset. To take full advantage of these opportunities, and to protect and support the vision described in the Downtown Precise Plan, the Agency will stay actively involved in the high-speed rail process and the support of integrated transit-oriented development and improved pedestrian linkages and connectivity between El Camino Real, the residential neighborhoods to the West, and the Downtown.

Achievement of these operational goals and objectives will help create the necessary conditions to attract new residential and commercial investment in the Project Area. Specific programs, projects, and expenditures for the 2010 to 2014 timeframe are discussed in the next section.

In addition, the Agency will support the expansion and revitalization of the affordable housing stock in the Project Area (See Section III).

2. Programs, Projects and Expenditures for the Next Five Years

The Agency has identified programs and projects that may be implemented during the five-year period of the subject implementation plan (FY 2009/10 to 2015/15). A number of these programs are dependent upon the response by the private sector to Agency initiatives. Other program elements may be dependent upon funding sources not under Agency control, subsequent environmental assessment, and other factors. The Agency will allocate its actual resources among those programs depending upon conditions in place at the time of implementation. Programs identified include the following:

a. Public Facilities and Infrastructure Improvement Program.

The Agency will invest in capital improvements or will work jointly with the public sector and/or private sector to create public spaces and streetscape conditions that are supportive of development envisioned in the revised Downtown Precise Plan (DTPP) scheduled for adoption, will enhance pedestrian safety and will contribute to the creation of a beautiful setting for the most civic and vibrant district of the City. Potential future capital improvement projects (described more fully in Book 3 of the DTPP) include the following:

- Collaboration with the Peninsula Corridor Joint Powers Board (JPB), Caltrain, High Speed Rail Authority, stakeholders and other peninsula cities as needed to develop a plan for a “Depot Circle” concept and grade separation of the railroad tracks consistent with the vision to eliminate the barrier created by the railroad tracks within downtown and to re-integrate both sides of the rail line.

- Phase 2 Middlefield Streetscape Improvements.

- Main Library Outdoor Space Project to integrate expanded use of Roselli park by the library with improvements to better connect to the neighborhoods west of the library and its park to the Downtown by “opening up” the space and creating a more comfortable, secure and linked pedestrian experience.

- Streetscape improvements in partnership with the City and/or with private developers for “Downtown Core” and “City Streets” (as designated in the DTPP) as redevelopment occurs.

- El Camino Real streetscape improvements consistent with the “Grand Boulevard” vision, such as those under construction between Broadway and Brewster.

- Improvements and amenities related to pedestrian, bicycle and transit linkages both within the downtown and to adjacent neighborhoods and transit, including the Marina Area, the lower Broadway area, South and North Main Street areas, Hoover School area and the El Camino Real and Veteran’s Boulevard corridors.

- Addition of downtown gateway features at El Camino Real/Jefferson, Veteran’s/ Jefferson and Broadway/Woodside.

b. *Economic Development Projects and Programs*

The Agency’s on-going economic development activities to improvement the business and economic climate of the Project Area will include:

- General economic development activities including providing resources for the implementation of the Economic Development Chapter of the New General Plan; planning activities for a property based community benefit district; funding support for downtown programming and signature events; and investment in downtown as an entertainment and arts destination.

- Maintain vendors for the kiosks in Courthouse Square.

- Expansion and restructuring of the storefront improvement program.

- Assistance with assembling development sites for residential and commercial projects.

- Development of programs to attract new businesses.

- Support for business expansion and retention efforts.

- Assistance to commercial development projects as opportunities arise and are warranted.

c. *Administration and Planning*

The administration and planning activities of the Agency cover on-going operations of the Agency as well as feasibility and planning studies, redevelopment plan adoptions and amendments, and other administrative and planning activities necessary to implement the Redevelopment Plan. Expenditures over the next implementation cycle will cover:

- On-going administration of the Agency

- Completion and implementation of the revised Downtown Precise Plan

- Studies related to implementation of goals and objectives, including the feasibility of streetcars; corridor planning; neighborhood preservation and revitalization strategies; and marketing, promotion and communication programs.

B. How the Agency's Projects and Programs will assist in the Elimination of Blight

The proposed redevelopment projects and programs delineated in this Plan will advance the agency's goals and objectives and eliminate blighting conditions in the Project Area. The relationship between each proposed program and the elimination of blighting conditions is summarized in Table 3.

Unforeseen projects in addition to those identified may be pursued in the implementation of the specific programs identified. In all cases, the Agency will only undertake those projects that are feasible given the resources at the time. There is no commitment to undertake projects beyond the resources of the Agency, nor is the identification of possible projects and programs in this implementation plan constitute a formal approval by the Agency of any specific project. It is anticipated that the Agency will periodically review the above-proposed programs, projects and expenditures, and based upon its priorities and resources available at that time, amend the subject implementation plan as necessary.

C. Financing Redevelopment Activities

Estimates of the Agency's revenues, expenditures and net revenues available for projects and programs over the next 5 calendar years are shown on Table 4. Based on projections prepared by Fraser and Associates, it is estimated that a total of $49.5 million of gross tax increment (net of deposits to the Low/Mod. Housing Fund) will be generated over the five year period. In addition to annual deposits of tax increment revenues, existing fund balances are also available to fund future activities. The operating budget has an estimated fund balance of $1.7 million and the capital account fund has a fund balance of $2.8 million. As shown on Table 4, combined resources over the 5-year period are estimated to total $54.0 million.

The Agency's expenses include debt service obligations, payments to taxing agencies and administration expenses. Debt service expenses are estimated to total $15.4 million over the period, taxing agency payments are estimated to total $9.2 million and administration expenses are estimated to total $14.1 million. The Agency also maintains a $500,000 operating reserve. As shown on Table 4, the combined cumulative total of expenditures over the 5 years is anticipated to total $41.26 million.

The amount of net revenues that will be available to the Agency to fund future discretionary projects and programs will be significantly impacted by the ultimate outcome of the Supplemental Education Revenue Augmentation Fund (SERAF) legislation (SB 26 4x). Under this recently approved legislation, the Agency will be obligated to make a payment of $3.6

million in FY 2009/10 and a payment of $700,000 in FY 2010/11. The legislation is currently being legally challenged. If the legislation is upheld, then the Agency will have approximately $8.5 million of available funds over the 5-year period. If the legislation is repealed, then the Agency's available funds would increase to approximately $12.8 million.

Table 3
Blighting Conditions Addressed by Goals, Objectives, Potential Projects and Programs
5-Year Implementation Plan, 2010 - 2014
Redwood City Redevelopment Project No. 2
Redwood City, CA

	Goals and Objectives						Proposed Projects and Programs		
Blight Conditions - Current Law	**Upgrade Public Improvements**	**Rehabilitate Commercial and Residential Structures**	**Assemble Properties into Developable Sites**	**Provide Financial Assistance for New Private Development**	**Promote Redevelopment in accordance with New General Plan and Downtown Precise Plan**	**Enhance Viabililty of Transit and Caltrain Station**	**Public Facilities and Infrastructure Improvements**	**Economic Development Projects and Programs**	**Admin. and Planning**
Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious seismic or geologic hazards, and faulty or inadeuate water or sewer utilities.		X		X				X	
Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard design, defective or obsolete design or construction, given the present general plan, zoning or other development standards.		X		X	X			X	X
Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the Project Area.					X			X	X
The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.			X	X				X	X
Inadequate public improvements, public facilities, open spaces, and utilities which cannot be remedied by private or governmental action without redevelopment. (blight condition at time of adoption).	X			X	X	X	X		X
Depreciated or stagnant property values or impaired investments (January 2006 blight condition).	X	X	X	X	X	X	X	X	X
Impaired property values, due in significant part, to hazardous wastes on property where the agency authority may be eligible to use its authority as specified in Article 12.5) commencing with Section 33459).			X	X				X	
Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.	X	X	X	X	X	X	X	X	X
A serious lack of necessary commercial faciliteis that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.					X			X	
Serious residential overcrowding that has resulted in significant public health and safety problems.			X	X				X	
A high crime rate that constitutes a serious threat to the public safety and welfare.			X	X	X				

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Table 4
Projected Net Tax Increment (RDA General Fund) Available for Redevelopment Activities[1]
5-Year Implementation Plan
Redwood City Redevelopment Project No .2
Redwood City, CA

	2010	2011	2012	2013	2014	Total, 5-Years
Revenues						
Beginning Balance[2]	$1,678,368	$0	$0	$0	$0	$1,678,368
Beginning Balance from Capital Outlay Fund	$2,770,973					$2,770,973
Available Bond Proceeds	$45,000					$45,000
Gross Tax Increment[3]	$8,073,519	$8,552,844	$9,953,642	$11,214,425	$11,712,046	$49,506,476
Interest Income	$17,907	$0	$0	$0	$0	$17,907
Other Revenues	$6,000	$3,000	$0	$0	$0	$9,000
Total Revenues/Existing Balances	$12,591,766	$8,555,844	$9,953,642	$11,214,425	$11,712,046	$54,027,723
Fixed Obligations and Administration Expenses						
Debt Service	$2,399,212	$2,427,929	$2,421,025	$3,135,778	$3,277,519	$13,661,462
Taxing Agency Payments/ School District Loan	$1,686,802	$1,755,090	$1,847,856	$1,923,128	$2,002,214	$9,215,090
Payment on City Loan	$354,844	$354,844	$354,844	$354,844	$354,844	$1,774,220
Targeted Operating Reserve	$500,000	$500,000	$500,000	$500,000	$500,000	$2,500,000
Administration Expenses	$2,661,541	$2,742,463	$2,820,863	$2,902,163	$2,986,469	$14,113,499
Total Fixed and Administration, Before SERAF	$7,602,398	$7,780,326	$7,944,588	$8,815,913	$9,121,046	$41,264,271
Potential SERAF Obligation[4]	$3,559,141	$732,764	$0	$0	$0	$4,291,906
Total Fixed and Administration, After SERAF	$11,161,539	$8,513,091	$7,944,588	$8,815,913	$9,121,046	$45,556,177
Total Available Funding for Discretionary Projects and Programs[5]						
Without SERAF Payments	**$4,989,000**	**$776,000**	**$2,009,000**	**$2,399,000**	**$2,591,000**	**$12,763,000**
With SERAF Payments	**$1,430,000**	**$43,000**	**$2,009,000**	**$2,399,000**	**$2,591,000**	**$8,472,000**

Notes

1 In preparing this calendar year projection of available resources, the fiscal year cash flow projection generated by Fraser and Associates has been converted into a calendar year projection by summing 50% of the two pertinent fiscal years' revenues and expenses to form one calendar year.

2 Beginning balance reflects 50% of amount available at beginning of FY 2009/10 and includes target annual operating reserve of $500,000.

3 Gross tax increment is net of Low/Mod. Housing Fund deposits.

4 Assumes that 2009/10 SERAF obligation is funded in 2010 and that 2010/11 obligation is funded in 2011.

5 Includes funds for planned expenditures for the Marina Area Planning Study, Downtown seasonal banners and decorations and the Hoover mobility project.

III. Housing Compliance and Plan

A. Introduction

This is the Affordable Housing Compliance portion of the Implementation Plan. It has been prepared to meet the requirements of the California Redevelopment Law (CRL) and to guide the Redevelopment Agency in its housing related activities over the next ten years. Specifically, this report addresses the following section of the California Health and Safety Code:

- Low and moderate-income housing production requirements (Section 33413)
- Replacement housing requirements (Section 33413)
- Twenty percent (20%) housing fund requirements (Section 33334.2)
- Housing fund expenditure targeting requirements (Section 33334.4)

In 1991, the California State Legislature adopted Assembly Bill 315, which added Subsection 33413(b)(4) to the State Health and Safety Code. AB 315 requires each redevelopment agency to adopt a plan demonstrating how the agency will comply with the affordable housing production requirements of the Code. The plan is often referred to as an AB 315 Plan.

In 1993, the Legislature adopted Assembly Bill 1290, a comprehensive redevelopment reform bill. One of the key provisions is the requirement that each agency prepare and adopt an overall Implementation Plan. The Implementation Plan incorporates the AB 315 requirements for the housing portion of redevelopment activities and establishes a time frame and process for the plan as a whole. AB 1290 also specifies additional requirements with respect to housing production compliance and expenditures of the Agency's Low- and Moderate-Income Housing Fund monies. As with existing law, AB 1290 also requires that the Plan be consistent with the City's Housing Element.

In 2002, Assembly Bill 637 and Senate Bill 211 were added to the Community Redevelopment Law. AB 637 changes the redevelopment agency affordable housing production, replacement housing, and Low- and Moderate-Income Housing Fund requirements. SB 211 established a simplified procedure to eliminate debt incurrence time limits for pre-1994 plans, allowed amendments to redevelopment plans to extend plan effectiveness/tax increment receipt deadlines for pre-1994 plans, and required that certain affordable housing obligations be met by the end of the redevelopment plans. Due to several inconsistencies created by these two pieces of new legislation in the Community Redevelopment Law, a third piece, Senate Bill 701, was adopted in 2003 to "clean up" and clarify much of the confusion created by AB 637 and SB 211, and to make some additional changes to the Redevelopment Law.

This section, therefore, is the Redwood City Redevelopment Agency's AB 315 Plan as well as the housing portion of the Agency's AB 1290 Implementation Plan, updated with the changes required by the three pieces of newly-adopted legislation, AB 637, SB 211 and SB 701. Per

AB 315 and as amended by SB 637, the Agency is required to meets it housing production requirements during each specific ten year period (from January 1, 2005 to December 31, 2014). Per SB 701, the Agency actually has an initial 13-year compliance period (from January 1, 2002 to December 31, 2014) to meet its first round of Housing Fund targeting requirements. Under the provision, 2014 becomes the ending date for compliance with both sets of requirements.

Per AB 1290, the Agency must adopt an Implementation Plan, with its housing component, for 2010-2014. The law requires that the Plan be reviewed in a public hearing, and by inference amended if desirable, between two and three years after adoption. A new Implementation Plan is required to be prepared and adopted every five years.

B. Affordable Housing Production Compliance Status

1. Housing Production Requirement

State law requires that defined percentages of newly constructed and significantly rehabilitated housing within the Project Area be restricted for low- and moderate-income households. At least 15% of all new or substantially rehabilitated units in a Project Area that were not developed / significantly rehabilitated by the Agency must be affordable to and occupied by low- and moderate-income households. Of the 15% reserved, 40% must be restricted to very low-income households.

For units that were either directly developed or significantly rehabilitated by the Agency, the affordable housing production requirement is that at least 30% of these units must be restricted to low- and moderate-income households. And, not less than 50% of the requisite affordable units shall be available at affordable housing cost to and occupied by very low-income households.

“Substantially rehabilitated” means rehabilitation in which the value of the rehabilitation constitutes 25% of the after-rehabilitation value of the dwelling unit(s). Originally, under AB 1290, the rehabilitated units to be included in this calculation consisted of all one- and two-unit complexes that have undergone substantial rehabilitation with Agency assistance, and all multi-family rented dwelling units with three or more units that are substantially rehabilitated, regardless of the funding source. As amended by SB 701 and AB 637, however, as of January 1, 2002, the multi-family units to be counted must be substantially rehabilitated and have received agency assistance.

The definitions of very low income, low income, and moderate income are established for each County by the U.S. Department of Housing and Urban Development, based on the median income for the County. Generally, very low income refers to less than 50% of the median income. Low to moderate income refers to less than 120% of median. Income levels meeting these definitions vary by household size. ”Affordable housing cost” is defined in Sections 50052.5 and 50053 of the Health and Safety Code and can vary depending on whether the housing is rental or owner-occupied.

In order for units to count toward meeting the Agency's affordable housing production requirements, prices or rent for units must be restricted by Agency-imposed covenants or restrictions recorded against the real property in which the units are located. These covenants and restrictions must remain in effect for the "longest feasible time," but in any event not less than specified minimum time periods. AB 637 imposed a minimum duration periods of 55 years for rental units and 45 years for owner-occupied units. These minimum periods are required for affordable covenants recorded after January 1, 2002. For units constructed prior to January 1, 2002, the minimum period for affordability covenants is the remaining life of the redevelopment plan.

2. Housing Counted Toward Meeting the Housing Production Requirement

Per Redevelopment Housing Law, units to be counted towards meeting the Agency's housing production requirement include the following:

- New construction and substantially rehabilitated units, with affordability covenants; existing multi-family units on which covenants have been purchased with Agency assistance so that the units will remain affordable for the period. At least 50% or more of these purchased covenants must be for very low requisite income households. Units acquired through covenant purchase cannot constitute more than 50% of the units included to meet the housing production requirement;

- Covenanted units caused to be produced by the Agency located outside the Project Area but within the City of Redwood City. One unit for every two produced outside of the Project Area may count towards the Agency's housing production requirement.

Units produced to replace affordable units that have been removed as a result of redevelopment action are not included in the Agency's count of new compliant units. Neither are deed-restricted ownership units which have been sold and the affordability covenants lifted prior to the expiration of the requisite affordability period included in the Agency's compliant unit count, unless the housing funds are recaptured and used to assist another unit at the same income level with three years of sale and appropriate affordability covenants are placed on the new unit.

The Agency's ability to record deed restrictions on all units in a 100% affordable low income projects is constrained by Article 34 of the California Constitution. Article 34 requires that voter approval be obtained before any "state public body" (which includes a redevelopment agency) develops, constructs, or acquires a "low rent housing project." While the applicability of Article 34 is highly dependant on specific fact situations, there have been court cases in which the provision of Agency assistance to a 100% affordable project has been deemed to be equivalent to developing, constructing or acquiring a low rent housing project. A technique commonly used by agencies that do not have Article 34 ballot approval is to apply deed restrictions to only 49% of the units being built in a 100% affordable project. This is the approach that Redwood City has used on a number of projects, such as Villa Montgomery. While this approach complies with

Article 34, the result is that only 49% of the units can be counted toward meeting the Agency's production requirements even though 100% of the units will be affordable through the requirements of other funding sources, such as Federal low income housing tax credits.

Detailed information about the affordability mix of each project is provided in Appendix A (new construction), Appendix B (significant rehabilitation) and Appendix C (new construction outside of the Project Area).

3. *Summary of Affordable Housing Production and Compliance Status – 1982 through 2009*

Table 5 summarizes the housing production activity within the Redevelopment Area since its adoption to the end of the prior implementation period. None of the housing units produced within the Project Area were built by the Redwood City Redevelopment Agency. Consequently, only "Non-Agency-built" production requirements are applicable to the Agency. The applicable inclusionary housing requirement for "Non-Agency-built" production is a minimum of 15% of all built and significantly rehabilitated units must be restricted as low- to moderate-income units, of which at least 6% must be restricted as very-low income units.

- *Period of 1982 through December 31, 2004*

As shown in Table 5, a total of 502 units had been built or substantially rehabilitated in the Project Area from the adoption of the Redevelopment Plan (1982) to the end of the first 10-year production period (2004).[4] Under the affordable housing production requirements, 75 affordable units were required, of which 30 units must be affordable to very-low income households.

Of the total 502 new/substantially rehabilitated units produced in the Project Area between 1982 and 2004, 214 units have requisite affordability covenants for very low- to moderate-income households. Of the 214 units with covenants, 58 units are restricted to very low-income households. As detailed in Appendix A, the key affordable project built during this period was the Agency-assisted City Center Plaza, with 81 affordable units. Additionally, the Agency assisted the development of 36 deed-restricted units at Rolison Road outside of the Project Area. Due to the "2-to-1" limitation and the need to replace 21 demolished units, 7 of these units are counted towards the affordable housing production requirement. A significant number of homes were also significantly rehabilitated prior to 2005.

In summary, the Agency was in full compliance with the affordable housing production requirements as of the end of the first compliance period (December 31, 2004). The total number of deed restricted very low to moderate income units exceeded the minimum

[4] While the period extends much longer than 10 years, the requirement to produce affordable units was enacted in 1993 (AB 1290) and that legislation established the first compliance reporting period for redevelopment plans adopted prior to 1993 as being through 2004.

requirement of the law by 146 units. The number of very low income units exceeded the minimum requirement of the law by 35 units.

	Total New/Substantially Rehabilitated Units in the Project Area	Very Low to Moderate Income Units	Very Low Income Units
Total Units Built/Substantially Rehabilitated (through 2004)	502		
Required Minimum No. of Units		75	30
Provided Deed Restricted Units		221	65
Number In Excess of Minimum Requirement (through 2004)		146	35

- *Period of January 1, 2005 through December 31, 2009 (prior Implementation Plan Period)*

Table 5 also shows the housing activity and compliance for the prior implementation period (2005-2009). As shown, a total of 58 new units were constructed in the Project Area over the last five years. These units are located at the Agency-assisted Villa Montgomery multi-family apartment complex on El Camino Real. Of this total, 28 are deed restricted for very low-income households. Two of the units have been dedicated as replacement units for units lost as a result of the development of the Franklin Street multi-family residential project.

Habitat for Humanity completed an 8-unit affordable townhome project immediately adjacent to Villa Montgomery but outside of the Project Area. The Agency provided financial assistance and restricted the units to very low income households. Four of the units serve as replacement units for units lost as a result of the development of the Villa Montgomery and Habitat projects. Because the units are located outside of the Project Area's boundaries, the Agency can count 2 of the 4 remaining units toward meeting its affordable housing production requirement.

- *Cumulative Production Status (1982 through December 31, 2009)*

As summarized in the following chart, the Agency continues to remain in full compliance with the CRL affordable housing production requirements. The number of deed restricted units exceeds the minimum requirement of the law by 195 units. The number of very low income units exceeds the minimum requirement of the law by 60 units.

	Total New/Substantially Rehabilitated Units in the Project Area	Very Low to Moderate Income Units	Very Low Income Units
Total Units Built/Substantially Rehabilitated (through 2009)	560		
Required Minimum No. of Units		84	33
Provided Deed Restricted Units		279	93
Number In Excess of Minimum Requirement (through 2009)		195	60

TABLE 5
CURRENT HOUSING PRODUCTION COMPLIANCE STATUS, NON-AGENCY-BUILT HOUSING (1982 - 2009)
REDWOOD CITY REDEVELOPMENT PROJECT NO. 2
REDEVELOPMENT AGENCY OF THE CITY OF REDWOOD CITY

		Units w/Covenants	
	Total Built	***Very Low to Mod. Income***	***Very Low Income***
New Construction & Substantial Rehab Units (1982 - 2004)		*(includes VL)*	
New Units Built *(from Appendix Table A.)*	399		
Units Substantially Rehabilitated *(from Appendix Table B.)*	103		
Total Units, Built or Substantially Rehabilitated (1982 - 2004)	502		
Inclusionary Requirements (1982 -2004)			(40% of 15%)
Percent Requirements		15%	6%
Inclusionary Units Requirement (1982 - 2004)		75	30
Covenanted Units Built or Substantially Rehab. (1982 - 2004)			
New Units Built *(from Appendix Table A.)*		119	35
Units Substantially Rehabilitated *(from Appendix Table B.)*		99	25
(less) Replacement Units for Units Demolished		(4) [1]	(2) [1]
Total Covenanted Affordable Units		214	58
Subtotal Covenanted Units In Excess of Minimum Legal Requirement (1982 - 2004)		139	28
Plus: Affordable Units Built Outside Project Area		7 [2]	7 [2]
Total Covenanted Affordable Units in Excess of Minimum Legal Requirements (1982-2004)		**146**	**35**
New Construction & Substantial Rehab Units (2005 - 2009)			
New Units Built *(from Appendix Table A.)*	58		
Units Substantially Rehabilitated *(from Appendix Table B.)*	0		
Total Units, Built or Substantially Rehabilitated (2005 - 2009)	58		
Total Inclusionary Units Requirement (2005 - 2009)			(40% of 15%)
Percent Requirements		15%	6%
Inclusionary Units Requirement (2005 - 2009)		9	3
Covenanted Units Built or Substantially Rehab. (2005 - 2009)			
New Units Built *(from Appendix Table A-1.)*		58	28
Units Substantially Rehabilitated *(from Appendix Table B.)*		0	0
(Less) Replacement Units for Units Demolished		(2) [3]	(2) [3]
Total Covenanted Units Built or Substantially Rehab. (2005 - 2009)		56	26
Subtotal Covenanted Units in excess of minimum Legal Requirement (2005 - 2009)		47	23
Plus: Affordable Units Built Outside Project Area		2 [4]	2 [4]
Total Covenanted Units in Excess of Min. Legal Requirement (2005-2009)		**49**	**25**
Plus: Surplus Covenanted Units from Prior Period (1982 - 2004)		146	35
Cumulative Covenanted Affordable Units in Excess of Minimum Legal Requirements (1982-2009)		**195**	**60**

Notes:

[1] Four replacement units at Wyndham to replace units displaced for Sequoia Station.
[2] Includes Rolison Road (36 units total less 21 replacement units = 15, counted at two-for-one towards production, or 7 units).
[3] Replacement for 4 units at El Camino/Vera (of which 2 are very low) are provided at the Habitat for Humanity project outside of project.
Replacement for 2 units lost from Franklin Street are provided at the Villa Montgomery development.
[4] 8 Habitat for Humanity homes less 4 replacement units for Vera Street site (4 units)= 4, counted at two for one or 2 units.

Source: Redwood City Redevelopment Agency, KMA.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\18\18610\18610.005\Housing plan 12 09 09.xls; Table5; 12/9/2009; mc

4. Anticipated Housing Production and Status through 2014

The State Law, as clarified in AB 1290, requires that Agencies meet their affordability production requirements every ten years. The end date of the current 10-year period for Redwood City Redevelopment Project Area No. 2 is December 31, 2014. The AB 315 Plan and the more stringent AB 1290 implementation plan require Agencies to delineate what they intend to meet the production requirements by the end of the 10-year period.

One component of the Plan is, therefore, documentation of the specific projects and actions that will be undertaken to generate the required number of affordable units. A second component is general policies and procedures that the City and Agency plan to pursue to increase and encourage the production of affordable housing in the Project Area.

a. Specific Projects and Actions

To estimate the number of units that will likely need to be produced in the Redwood City Redevelopment Project Area #2 within the next ten years and through the life of the Plan, the Agency has evaluated the status of sites that are:

- Under construction;
- Under the control of the Agency;
- Have submitted development proposals;
- Identified in the Draft General Plan as potential housing sites within the Project Area; or
- Have the potential for residential development based on recent local development trends.

Based on this assessment, the Agency has identified the following four specific projects to be developed over the next five years in the Project Area:

- *Bradford Street Project* – The Agency has completed assembling the site and is considering an adjacent parcel to expand the project site with parcels owned by both the City and the Agency. The Agency is working to resolve environmental issues that are impacting the development of the property. Once the environmental issues are resolved, the Agency will select a developer for the project, which is anticipated to provide approximately 60 affordable rental units for seniors. The project is anticipated to be completed in 2011. A childcare facility with approximately 50 slots is also being considered for the site.

- *Cedar Street* – This 15-unit studio rental project for individuals with mental health disabilities is shovel ready, with groundbreaking planned for November 2009, and a scheduled completion date of 2011. Fourteen of the units will be restricted to extremely low income households; the other unit will be available for the onsite manager. The project is being assisted by the City, the Agency, and the Mental Health Association of San Mateo County, which will provide support services in addition to housing.

- *Heller Street* – In 2008 the Agency purchased a foreclosed vacant single family home that had previously been the source of criminal activity and was in a severely deteriorated condition. The Agency demolished the home and will be working with the neighborhood to finalize a redevelopment plan for the property. It is envisioned that the property could potentially be redeveloped with two units to be completed in 2011 and restricted to low to moderate income households.

- *Housing First* – This is an acquisition/rehabilitation project of a 23-unit multifamily apartment building located at 1306 Main Street. A minimum of 5 units will be used to house extremely low income chronic homeless individuals (at 30% of AMI) referred by the City's Homeless Outreach Team. These 5 units will carry long term deed restrictions and will contribute to the Agency's stock of deed restricted units. An additional 17 units will be affordable with rents to be affordable to low income households but will not carry restrictions in accordance with redevelopment affordable housing production requirements. One unit will be used to house the onsite maintenance worker. The project will not be subject to affordable housing production requirements because it is not a "significant rehabilitation." Low/Mod. Housing funds may be used to help fund a portion of rehabilitation costs.

In addition to these three specific projects in the Project Area, there are two developments outside of the Project Area that are under construction and will carry deed restrictions recorded on behalf of Redwood City:

- *885 Woodside Way* – A 43-unit project is currently under construction and is scheduled to be complete in 2010. Affordability covenants have been recorded that require 15% to be affordable to very low income households if the units are rented or 15% to be affordable to moderate income households if the units are owner-occupied. Given that the developer's goal is to ultimately sell the homes, for purposes of this analysis it has been assumed that the moderate income restrictions will eventually govern the property and that 6 units will be restricted at moderate levels, resulting in credit for 3 units that can be applied toward the Agency's production requirements.

- *Canada College* – A 60-home project is currently under construction on a site that was recently annexed into Redwood City from the town of Woodside. Upon completion in 2010, the homes will be rented to faculty and staff employed by San Mateo Community College District. While all of the units will be priced at affordable levels, 9 will carry deed restrictions with 5 affordable to moderate income households and 4 affordable to households earning no more than 80% of the area median income. These restrictions will generate 2 low income and 2 moderate income units that can be applied toward the Agency's production requirements.

In addition to these specific projects, the Agency intends to actively pursue other new development opportunities throughout the City of Redwood City. The City's current draft General Plan identifies six currently proposed projects in the downtown that could create approximately 324 new housing units, with at least 15% restricted at affordable levels. It is estimated that these units will be complete by 2014. The Housing Element of the General Plan also identifies vacant sites, opportunity sites and mixed use opportunity sites within the Project Area that could support over 3,100 additional units in the Project Area. It is anticipated that these units will be constructed between 2015 and 2028 and will include at least 15% affordable units. As appropriate, the Agency will assist in assembling these sites and providing needed financial assistance.

Pursuant to the 2009-2014 Draft Housing Element (anticipated to be adopted by the City in 2010), a new program to consider the establishment of an inclusionary housing policy is identified. In the event that the policy is not established and/or until one is put in place, the City will continue to negotiate on a project by project basis for the inclusion of affordable units in projects to be built outside of the Project Area. The City's overall goal for these sites is a 15% affordable housing inclusionary target, but actual provisions will vary from project to project. The General Plan identifies sites outside of the Project Area that could support the construction of over 3,000 new residential units. With a 15% inclusionary target, these projects could generate upwards of 450 affordable residential units.

b. Anticipated Ten-Year Affordable Housing Production Compliance Status (through 2014)

As shown on Table 6, it is estimated that a total of 401 housing units will have been built or substantially rehabilitated in the Project Area from 2010 through 2014. This amount of development translates into a production requirement of 60 very low- to moderate-income units, including 24 very low-income units, consistent with the Redevelopment Law requirement of 15% low- to moderate-income units (including 6% very low-income units) for non-Agency built projects. It is estimated that a total of 161 newly constructed/acquired units will be restricted to very low- to moderate-income households, with 64 restricted to very low-income households.

With these new units and including the prior term production units, at the close of this 10-year period (December 31, 2014), it is anticipated that the Project Area will continue to be in full compliance with the CRL affordable housing production requirements. At that time the number of very low- to moderate-income units will exceed the minimum requirements by 296 units. The number of very low income units will exceed the minimum requirement by 100 units.

	Total New/Substantially Rehabilitated Units in the Project Area	Very Low to Moderate Income Units	Very Low Income Units
Total Units Built/Substantially Rehabilitated (through 2014)	961		
Required Minimum No. of Units		144	57
Deed Restricted Units		440	157
Number In Excess of Minimum Requirement (through 2014)		296	100

- *Anticipated Affordable Housing Production over the Next 10 Years (through 2019)*

Over the next 10-years, it is estimated that a total of 294 new deed restricted units will be built in the Project Area, with 131 units restricted to Very Low income households. In addition, the Agency anticipates placing deed restrictions on 102 Low to moderate income units to be built outside of the Project Area.

5. Affordable Housing Production Compliance over the Life of the Project

The 1994 amendment to AB 1290 (Bergeson, SB 732) requires that the Housing Production Plan address affordable housing compliance over the life of the Redevelopment Plan. For Redwood City Redevelopment Project No. 2, the last termination date is 2028 for the Second Amendment Area.

The Redwood City Redevelopment Agency, through its policy of targeting at least a 15% inclusionary requirement for all residential projects and providing assistance to develop new affordable homes, intends to continue to exceed the legal minimum affordable housing production requirements throughout the life of the project area. It is expected that an approximate total of 4,087 new or substantially rehabilitated units will have been developed in the project area from 1982 through the end of the plan. This activity will trigger a requirement for 613 very low to moderate income units, including 245 very low income units. In comparison, it is estimated that a total of 1,099 deed restricted units will have been built, including 345 very low income units.

C. Replacement Unit Compliance Status

California Redevelopment Law requires that dwelling units housing persons and families of low- or moderate-income removed as a result of redevelopment action must be replaced by an equal number of units that have an equal or greater number of bedrooms as those removed. Prior to January 1, 2002, 75% of the replacement units were required to be affordable to households at the same or lower income levels as the household displaced. Post January 1, 2002, 100% of the replacement units must be affordable to households at the same or lower income levels as those displaced. Demolished units must be replaced within four years of being removed.

TABLE 6
FUTURE HOUSING UNIT PRODUCTION, NON-AGENCY-BUILT HOUSING, 2010-2028
REDWOOD CITY REDEVELOPMENT PROJECT NO. 2
REDEVELOPMENT AGENCY OF THE CITY OF REDWOOD CITY

		Units w/Covenants	
	Total Built	***Very Low to Mod. Income***	***Very Low Income***
New Construction & Substantial Rehab Units to be Built (2010 - 2014)			*(Incl. in Very Low to Mod.)*
New Units Built *(from Appendix Table A.)*	401		
Units Substantially Rehabilitated *(from Appendix Table B.)*	0		
Total Units, to be Built or Substantially Rehabilitated, (2010 - 2014)	401		
Inclusionary Requirements			(40% of 15%)
Percent Requirements		15%	6%
Inclusionary Unit Requirement (2010 - 2014)		60	24
Covenanted Units Built or Substantially Rehab. (2010 - 2014)			
New Units Built *(from Appendix Table A.)*		124	61
Units Substantially Rehabilitated *(from Appendix Table B.)*		0	0
Plus: Multi-Family Covenants Purchased		5 [1]	5 [1]
<Less> Covenanted Units Sold/Restrictions Lifted		0	0
Plus: Affordable Units Built Outside Project Area (*Appendix Table C*)		34	0
(Less) Replacement Units for Demolished Units		(2) [2]	(2) [2]
Total Covenanted Units Built or Substantially Rehab. (2010 - 2014)		161	64
Total Covenanted Units in Excess of Min. Legal Requirement (2010 - 2014)		**101**	**40**
Plus: Surplus of Covenanted Units through 2009		195	60
Cumulative Covenanted Units in Excess of Minimum Legal Requirements (1982-2014)		**296**	**100**
New Construction & Substantial Rehab Units to be Built (2015 - 2019)			
New Units Built *(from Appendix Table A.)*	1115		
Units Substantially Rehabilitated *(from Appendix Table B.)*	0		
Total Units, to be Built or Substantially Rehabilitated, (2015 - 2019)	1115		
Inclusionary Requirements			(40% of 15%)
Percent Requirements		15%	6%
Inclusionary Unit Requirement (2015 - 2019)		167	67
Covenanted Units Built or Substantially Rehab. (2015 - 2019)			
New Units Built *(from Appendix Table A.)*		167	67
Units Substantially Rehabilitated *(from Appendix Table B.)*		0	0
Plus: Multi-Family Covenants Purchased		0	0
<Less> Covenanted Units Sold/Restrictions Lifted		0	0
Plus: Affordable Units Built Outside Project Area (*Appendix Table C*)		68	0
(Less) Replacement Units for Demolished Units		0	0
Total Covenanted Units Built or Substantially Rehab. (2015 - 2019)		235	67
Total Covenanted Units in Excess of Min. Legal Requirement (2015 - 2019)		**68**	**(0)**
Plus: Surplus Covenanted Units through 2014		296	100
Estimate of Cumulative Covenanted Units in Excess of Minimum Legal Requirements (1982-2019)		**364**	**100**
New Construction & Substantial Rehab Units to be Built through Life of Plan (2028)			
New Units Built *(from Appendix Table A.)*	2011		
Units Substantially Rehabilitated *(from Appendix Table B.)*	0		
Total Units, to be Built or Substantially Rehabilitated, (2020 - 2028)	2011		
Inclusionary Requirements			(40% of 15%)
Percent Requirements		15%	6%
Inclusionary Unit Requirement (2015 - 2028)		302	121
Covenanted Units Built or Substantially Rehab. (2020 - 2028)			
New Units Built *(from Appendix Table A.)*		302	121
Units Substantially Rehabilitated *(from Appendix Table B.)*		0	0
Plus: Multi-Family Covenants Purchased		0	0
<Less> Covenanted Units Sold/Restrictions Lifted		0	0
Plus: Affordable Units Built Outside Project Area (*Appendix Table C*)		122	0
(Less) Replacement Units for Demolished Units		0	0
Total Covenanted Units Built or Substantially Rehab. (2020 - 2028)		424	121
Total Covenanted Units in Excess of Min. Legal Requirement (2020 - 2028)		**122**	**0**
Plus: Surplus Covenanted Units through 2019		364	100
Estimate of Cumulative Covenanted Units in Excess of Minimum Legal Requirements through Life of Plan (1982-2028)		**486**	**100**

[1] Five of the 23 units of the Housing First Project at 1306 Main St. (acquisition/rehab.) will have requisite deed restrictions.
[2] There are two homes that will need to be replaced to develop anticipated projects.

Source: Redwood City Redevelopment Agency, KMA.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\18\18610\18610.005\Housing plan 12 09 09.xls; Table6; 12/9/2009

Table 7 summarizes the Agency's requirement housing activities and compliance status. As shown, four 2- and 3-bedroom units were removed as a result of the Sequoia Station Project in 1992. The units removed were affordable to very low- and moderate-income households and were replaced by the same size and income levels at the Wyndham Place project in 1995. Similarly, 21 very low-income studios were removed for the Rolison Road project in 1997 and replaced with the same number of units on site but with larger units. In 2002, two very low-income, 2-bedroom units were displaced from Franklin Street and replaced by like kind units at the Villa Montgomery project. The Villa Montgomery/Habitat for Humanity projects at El Camino and Vera have displaced a total of four affordable units, which have been replaced on-site with larger units at the Habitat for Humanity project.

Over the next 5-year period, the Agency anticipates having to replace two units with the redevelopment of opportunity sites in the downtown. The Agency will likely replace these units on-site with at least the same number of bedrooms and at the same level of affordability as the units to be demolished.

D. Housing Fund Revenues and Expenditures

The CRL requires a redevelopment agency to direct at least 20% of all gross tax increment revenues generated in its project area to a separate Low and Moderate Income Housing Fund. These funds must be used for the purpose of increasing, improving or preserving the supply of low and moderate income units within the community. To fulfill this purpose, agencies may expend funds on a fairly broad range of uses for affordable housing, including land acquisition, building acquisition, construction of new units, on- and off-site improvements, rehabilitation of existing units, a portion of principal and interest payments on bonds, loans and subsidies to buyers or renters, and other programs that meet the stated objectives.

This section summarizes the Agency's Housing Fund resources now available and expected to be available over the next 5 years, and how those resources will be expended to meet the purposes summarized above.

TABLE 7
REPLACEMENT HOUSING OBLIGATIONS AND FULFILLMENT
REDWOOD CITY REDEVELOPMENT PROJECT NO. 2
REDEVELOPMENT AGENCY OF THE CITY OF REDWOOD CITY

	Total	**Very Low Income Units**				**Low Income Units**				**Moderate Income Units**			
	Units	*Studio*	*1-Bdrm.*	*2-Bdrm.*	*3-Bdrm.*	*Studio*	*1-Bdrm.*	*2-Bdrm.*	*3-Bdrm.*	*Studio*	*1-Bdrm.*	*2-Bdrm.*	*3-Bdrm.*
Replacement Unit Obligations [1], [2]													
1982 - 1999													
Sequoia Station Project[1]	4	0	0	1	1	0	0	0	0	0	0	1	1
Rolison Road	21	21	0	0	0	0	0	0	0	0	0	0	0
2000 - 2009													
Franklin St.[2]	2	0	0	2	0	0	0	0	0	0	0	0	0
El Camino/Vera Project [2]	4	0	2	0	0	0	1	0	0	0	0	1	0
2010 - 2014 - 701 El Camino and 735 Brewster[3]	2				2								
Total Replacement Unit Obligations	33	21	2	3	3	0	1	0	0	0	0	2	1
Replacement Unit Fulfillment													
1982 - 1999													
Wyndham Place	4	0	0	1	1	0	0	0	0	0	0	1	1
2000 - 2009													
Rolison Road	21	0	0	0	21	0	0	0	0	0	0	0	0
Villa Montgomery	2	0	0	2	0	0	0	0	0	0	0	0	0
Habitat for Humanity	4	0	0	1	3	0	0	0	0	0	0	0	0
2010 - 2014; Potential Development Sites[3]	2	0	0	0	2								
Total Replacement Unit Fulfillment	33	0	0	4	27	0	0	0	0	0	0	1	1
Total Excess (Shortage) of Required Replacement Units	**0**	**(21)**	**(2)**	**1**	**24**	**0**	**(1)**	**0**	**0**	**0**	**0**	**(1)**	**0**

Notes:

[1] Prior to 1/1/2002, 75% of the replacement units must be affordable to same or lower income levels as displaced persons and families.

[2] Post 1/1/2002, 100% of the replacement units must be affodable to same or lower income levels as displaced persons and families.

[3] Two potential developent sites have one residential unit that will need to be replaced to develop these sites. The exact number of bedrooms is not known. For purposes of this analysis it has been assumed that they are very low income units and have 3 bedrooms. They will be replaced on-site with at least as many bedrooms at very low income levels.

Source: Redwood City Redevelopment Agency, KMA.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\18\18610\18610.005\Housing plan 12 09 09.xls; Table7; 12/9/2009

1. Housing Fund Resources, 2010 – 2014

The Agency receives revenue solely from the property tax increment on property within the redevelopment area and from interest on fund balances. Upon receipt, this revenue is divided into two funds. These funds are identified as: *Fund 806 – Housing General Fund* and *Fund 807 – Agency General Fund*. The Redevelopment Law requires that no less than 20% of gross tax increment must be deposited into Fund 806 (Low and Moderate Income Housing Fund) and used strictly for low- to moderate-income housing activities. In addition, the Agency is subject to an agreement with the Legal Aid Society[5] that has been projected to result in a housing set-aside in excess of the 20% requirement through 2012.

The cash flow projection for the Low and Moderate Income Housing Fund is presented on Table 8. As shown, it is estimated that the General Housing Fund will have a balance of $1.1 million and the Capital Account will have a balance of $8.4 million at the beginning of calendar year 2010. Over the next five years housing fund deposits are expected to average $2,900,000 per year, totaling $14.7 million over the 5-year period. Deposits of additional tax increment per the Legal Aid agreement are anticipated to total approximately $4.4 million, and interest earnings are anticipated to total $413,000. The cumulative total of available resources over the 5-year period is anticipated to approximate $28.9 million.

Estimated Annual Tax Increment Deposits into Low/Mod Income Housing Fund	
2010	$4.41 million (includes Legal Aid Agreement Deposit)
2011	$4.37 million (includes Legal Aid Agreement Deposit)
2012	$3.70 million (includes Legal Aid Agreement Deposit)
2013	$3.19 million
2014	$3.33 million
Total Deposits	$19.0 million

[5] In 1989 the RDA entered into an agreement with San Mateo County regarding the Second Amendment Area that provided for payment to the Agency of $25 million of tax increment from that area (the Agency's share of the County share). On August 13, 1990, the Agency entered into an agreement with the Legal Aid Society to deposit into the RDA's Housing Fund the first $11,917,200 of that $25 million. The agreement provides that these deposits shall be maintained and disbursed according to the California Redevelopment law for such housing funds and that the Agency had no duty to segregate the deposits from other housing funds.

In FY 02/03 questions as to the deposits were raised during the legal review conducted for the RDA bond issue. Deposits to the Housing Fund were suspended and redirected to the RDA's General Fund from FY 02-03 through FY 07/08 and used to help pay for valuable public improvements in the Downtown. Further review of the agreement and staff interpretation and practices, as well as discussions with the Legal Aid Society restored the deposits to the RDA Housing Fund in FY 08/09. The deposits to the Housing Fund will continue until the full $11,917,200 has been deposited, anticipated to be by the end of the 2012/13 fiscal year. In summary, the payments to the Housing Fund were deferred for 5 years and resumed in 2008 and each year thereafter until the obligation is paid in full, per letter agreement with the Legal Aid Society in December, 2006.

Table 8
Projected Low and Moderate Income Housing Fund Revenues and Expenditures, 2010 - 2014[1]
5-Year Implemenation Plan
Redwood City Redevelment project No. 2
Redwood City, CA

	2010	2011	2012	2013	2014	Total, 5-Years
Revenues/Resources						
Beginning Balance[2]	$1,078,792	$10,152,177	$9,312,882	$10,086,538	$10,324,940	$1,078,792
Beginnning Balance, Capital Account	$8,397,269					$8,397,269
Gross Tax Increment	$2,561,515	$2,650,765	$2,918,006	$3,193,667	$3,328,501	$14,652,454
Deposit of Tax. Inc. per Legal Aid and County Agreement	$1,852,084	$1,719,857	$781,223	$0	$0	$4,353,164
Other Revenues	$111,264	$97,710	$73,985	$63,873	$66,570	$413,402
Total Revenues/Existing Balances	$14,000,922	$14,620,509	$13,086,096	$13,344,078	$13,720,011	$28,895,079
Fixed Obligations and Administration Expenses						
Debt Service	$427,964	$0	$0	$0	$0	$427,964
Administration Expenses	$955,579	$974,677	$993,558	$1,013,138	$1,033,442	$4,970,394
Total Fixed and Administration	$1,383,543	$974,677	$993,558	$1,013,138	$1,033,442	$5,398,358
Available for Discretionary Projects and Programs	$12,617,379	$13,645,832	$12,092,538	$12,330,940	$12,686,570	$23,496,722
Discretionary Projects and Programs						
Bradford Street	$1,000,000	$1,936,152				$2,936,152
Cedar Street	$159,202	$90,798				$250,000
Future Projects/Land Acq./Heller St./Housing First	$1,000,000	$2,000,000	$1,700,000	$1,700,000	$1,700,000	$8,100,000
Housing Rehab Loans	$306,000	$306,000	$306,000	$306,000	$306,000	$1,530,000
Total Discretionary Expenditures	$2,465,202	$4,332,950	$2,006,000	$2,006,000	$2,006,000	$12,816,152
Ending Balance	$10,152,177	$9,312,882	$10,086,538	$10,324,940	$10,680,570	$10,680,570

[1] In preparing this calendar year projection of available resources, the fiscal year cash flow projection generated by Fraser and Associates has been converte
into a calendar year projection by summing 50% of the two pertinent fiscal years' revenues and expenses to form one calendar year.
[2] Beginning balance reflects 50% of amount available at beginning of FY 2009/10.

2. Housing Fund Programs, Projects, and Expenditures

The Agency's anticipated annual Housing Fund expenditures for the next five years are also presented in Table 8. The Housing Fund's only debt obligation is debt service on the 1997 bond issue. It is estimated that the Agency will make its last debt service payment of $428,000 in 2010. In addition to debt service, it is estimated that the Agency will incur approximately $5.0 million of administrative expenses over the 5-year period. Administrative expenses include employee salaries, supplies, and equipment.

As shown on Table 8, after deducting the Fund's fixed and administrative expenses, it is estimated that the Housing Fund will have a total of $23.5 million available to fund discretionary expenditures over the next 5 years. Major projects and programs over the next five years include the following:

- Selecting a developer and proceeding with the development of the Bradford property. The Bradford project is anticipated to provide approximately 60 deed-restricted affordable homes for seniors. The Agency assembled the site and intends to expend an additional $2.9 million to complete the project by 2011

- Establishing a plan for and implementing the redevelopment of the Heller property, which the Agency acquired in 2008. It is currently envisioned that the property will be redeveloped with up to 2 units for low income households. An additional expenditure of $800,000 will be budgeted to assist the completion of the project.

- Assisting in the completion of the 15-unit Cedar Street project for individuals with disabilities. The Agency will provide $90,798 in 2010 for City fees and $159,202 in late 2010 for off-site improvements.

- Assisting in the rehabilitation of the 23-unit multifamily apartment building located at 1306 Main Street. This project, known as "Housing First," will contain a minimum of 5 units affordable to extremely low-income chronically homeless individuals. The remaining 17 units will be affordable to low income individuals. Housing funds may be used to fund a portion of the rehabilitation costs, with an estimated budget allowance of $1 million.

- Assembling sites for affordable projects and providing assistance, as needed for the development of new affordable units. There are currently six proposed residential projects in the Downtown, which could yield approximately 324 new housing units. The Agency will negotiate with the developers of these projects to include 15% affordable units and will provide financial assistance as necessary. It is estimated that the Agency may provide $6.3 million of assistance over the 5-year period on future new affordable housing development.

- Providing loans for the rehabilitating homes. The Agency intends to continue to fund this program at a level of approximately $306,000 per year; and

- Negotiating for the inclusion of 15% affordable units at projects outside of the Project Area.

It should be noted that the Agency will only undertake those projects that are feasible given the actual resources that are available at the time and there is no commitment to undertake projects beyond the resources of the Agency.

The actual number of units to be assisted is difficult to measure, but it is estimated that the Agency's funds will be used to assist the following number of households over the 5-year period:

	Loans/Grants for New Unit Construction	**Loans for Housing Rehabilitation**	**Total Units**
2010	5	15	37
2011	75	15	90
2012	16	15	31
2013	16	15	31
2014	16	15	31

3. Expenditures Relative to the Community's Need

Under CRL Section 33334.4, the Agency must target its Housing Fund expenditures to assist: (1) low and very low-income households in proportion to the units needed to assist such households as determined by the regional fair share allocation; and (2) all persons regardless of age in at least the same proportion as the number of low-income households with a member under age 65 years bears to the total number of low-income households of the community as reported in the most recent census. These "Housing Fund Targeting Requirements" must be satisfied for 10-year periods throughout the life of the Plan, with the initial period extending 13 years, from January 2002 through December 2014.

a. Proportionality by Income Levels

The income proportionality test requires that the Agency target set-aside expenditures to the relative percentage of unmet need for very low-, low-, and moderate income units, as defined in the City's most recently approved Housing Element. The City's final Regional Housing Need Allocation (RHNA) for the 2007-2014 General Plan Housing Element is as follows.

<u>2007 to 2014</u>

422 very low-income units;
304 low income units; and
358 moderate income units

The distribution of the prior RHNA was as follows:

534 very low-income units;
256 low income units; and
660 moderate income units

Consistent with these distributions, the Agency's minimum required allocation for very low- and low income expenditures, and maximum moderate income housing expenditures are as follows:

<u>2002 to 2006</u>

Very Low Income	At least 37%
Low Income (excluding very low)	At least 18%
Moderate Income (excluding very low and low)	No more than 46%

<u>2007 to 2014</u>

Very Low Income	At least 39%
Low Income (excluding very low)	At least 28%
Moderate Income (excluding very low and low)	No more than 33%

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

As shown on Table 9, over the 13-year targeting period, the Agency intends to spend approximately 61% ($13.1 million) of its projects and program expenditures on Very Low income housing, which significantly exceeds the RHNA requirement of 39%. The Agency plans to spend $3.9 million on Low Income units (18%). Combined expenditures to assist very low and low income households is estimated to account for 79% of the Agency's discretionary expenditures, which significantly exceeds the targeting requirement of 67%. In total, the Agency anticipates spending approximately $21.5 million on projects and programs over the period extending from 2002 through 2014.

	Very Low Income	**Very Low + Low Income**	**Moderate Income**	**Total**
Required Proportionate Target (most stringent)	At least 39%	At least 67%	No more than 33%	
Intended Appropriation of Housing Fund (% of Spending)	$13.1million (61%)	$16.9million (79%)	$4.6 million (21%)	$21.5 million

TABLE 9
LOW AND MODERATE INCOME HOUSING FUND EXPENDITURE PLAN; 2002-2014
5-YEAR IMPLEMENTATION PLAN
REDWOOD CITY REDEVELOPMENT PROJECT NO.2
REDWOOD CITY, CA

	Estimated 2002	Estimated 2003	Estimated 2004	Estimated 2005	Estimated 2006	Estimated 2007	Estimated 2008	Estimated 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Cumulative
Breakout of Expenditures on Projects and Programs														
Rehabilitation Loans - Very Low	$45,548	$18,564	$101,389	$86,435	$45,870	$37,968	$33,560	$91,800	$91,800	$91,800	$91,800	$91,800	$91,800	$920,134
Rehabilitation Loans - Low		$75,407	$899,494			$37,968	$0	$91,800	$91,800	$91,800	$91,800	$91,800	$91,800	$1,563,669
Rehabiliation Loans - Moderate		$27,846				$0	$0	$30,600	$30,600	$30,600	$30,600	$30,600	$30,600	$211,446
Rehabilitation Loans - Senior VL	$20,550	$223,108				$50,624	$0	$91,800	$91,800	$91,800	$91,800	$91,800	$91,800	$845,082
First Time Homebuyer Loans - Very Low														$0
First Time Homebuyer Loans - Low					$29,000	$29,000	$29,000							$87,000
First Time Homebuyer Loans - Moderate	$786,000	$200,000	$200,000											$1,186,000
Villa Mont./Habitat Project - Very Low	$124,958	$23,297		$1,575,566		$288,800								$2,012,622
Villa Mont./Habitat Project - Low	$33,322	$6,656				$72,200	$673,000							$785,179
Villa Mont./Habitat Project - Moderate	$16,661	$3,328		$393,892										$413,881
Bradford Street - Very Low, Senior			$901,950	$32,890	$266,787	$17,600	$7,235	$34,990	$800,000	$1,548,922				$3,610,374
Bradford Street - Moderate, Senior			$225,488	$8,222	$66,697	$4,400	$1,809	$8,748	$200,000	$387,230				$902,594
Heller Street - Low							$649,000			$800,000				$1,449,000
Cedar Street - Very Low									$127,362	$44,491				$171,853
Cedar Street - Moderate									$31,840	$46,307				$78,147
Future Downtown Projects - Very Low									$1,000,000	$900,000	$1,200,000	$1,200,000	$1,200,000	$5,500,000
Future Downtown Projects - Moderate										$300,000	$500,000	$500,000	$500,000	$1,800,000
Total	$1,027,040	$578,207	$2,328,321	$2,097,005	$408,354	$538,560	$1,393,604	$349,738	$2,465,202	$4,332,950	$2,006,000	$2,006,000	$2,006,000	$21,536,981
Expenditure Targeting														
Annual Expenditures, Very Low	$191,056	$264,969	$1,003,339	$1,694,891	$312,657	$394,992	$40,795	$218,590	$2,110,962	$2,677,013	$1,383,600	$1,383,600	$1,383,600	$13,060,065
Annual Expenditures, Low	$33,322	$82,063	$899,494	$0	$29,000	$139,168	$1,351,000	$91,800	$91,800	$891,800	$91,800	$91,800	$91,800	$3,884,848
Annual Expenditures, Moderate	$802,661	$231,174	$425,488	$402,114	$66,697	$4,400	$1,809	$39,348	$262,440	$764,137	$530,600	$530,600	$530,600	$4,592,068
Total	$1,027,040	$578,207	$2,328,321	$2,097,005	$408,354	$538,560	$1,393,604	$349,738	$2,465,202	$4,332,950	$2,006,000	$2,006,000	$2,006,000	$21,536,981
% Very Low, Cumulative	19%	28%	37%	52%	54%	55%	47%	47%	56%	57%	59%	60%	61%	61%
% Low Cumulative	3%	7%	26%	17%	16%	17%	30%	30%	24%	23%	21%	19%	18%	18%
% Moderate, Cumulative	78%	64%	37%	31%	30%	28%	23%	23%	20%	19%	20%	21%	21%	21%
Senior	$20,550	$223,108	$1,127,438	$41,112	$333,484	$72,624	$9,044	$135,538	$1,091,800	$2,027,952	$91,800	$91,800	$91,800	$5,358,050
Non-Senior	$1,006,490	$355,099	$1,200,883	$2,055,893	$74,870	$465,936	$1,384,560	$214,200	$1,373,402	$2,304,998	$1,914,200	$1,914,200	$1,914,200	$16,178,931
Total	$1,027,040	$578,207	$2,328,321	$2,097,005	$408,354	$538,560	$1,393,604	$349,738	$2,465,202	$4,332,950	$2,006,000	$2,006,000	$2,006,000	$21,536,981
% Senior, Cumulative	2%	15%	35%	23%	27%	26%	22%	23%	27%	33%	30%	27%	25%	25%
% Non-Senior, Cumulative	98%	85%	65%	77%	73%	74%	78%	77%	73%	67%	70%	73%	75%	75%

Sources: City of Redwood City Expenditure Statements by Fund June 07,08, and 09; Implementation Plan Update January 2008

Source: Redwood City Redevelopment Agency, KMA.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\18\18610\18610.005\Housing plan 12 09 09.xls; Table9; 12/9/2009

b. Proportionality by Age

The age restriction proportionality requirements of Section 33334.4 require moneys in the Low and Moderate Income Housing Fund be used to assist housing that is available to all persons regardless of age in at least the same proportion as the number of low-income households with a member under age 65 years bears to the total number of low income households of the community as reported in the most recent census of the United States Census Bureau. According to Census 2000 (CHAS Data Book), low-income senior households represent approximately 29% of the low-income households within the City. Conversely, low income households without a member over age 65 represent approximately 71% of households in Redwood City. Consistent with this age distribution for low income households, the Agency is required to expend at least 71% of its Low and Moderate Income Housing Fund from January 1, 2002 through December 31, 2014 on non-age restricted projects. As reported by the Census 2000, Redwood City's population was 75,402 with the population under 65 totaling 67,611.

As shown on Table 9, the Bradford Street project and age-restricted rehabilitation loans are the only age-restricted projects that the Agency intends to assist over the period. Expenditures on Bradford are anticipated to total approximately $4.5 million through 2014 and age-restricted loans are anticipated to total $845,000. Total senior expenditures represent 25% of the estimated Agency expenditures over the period.

As shown on Table 9, it is anticipated that the Agency will be in full compliance with the age-restriction targeting requirements as the Agency's cumulative expenditures on non-age restricted affordable housing will be at least 80% of the Agency's total expenditures.

	Non-Senior	**Senior**	**Total**
Proportionate Target (most stringent)	At least 71%	No more than 29%	
Expected Appropriation of Housing Fund (% of Spending)	$16.2 million (75%)	$5.4 million (25%)	$21,5 million

c. Prior Implementation Plan Period Targeting Expenditures

Pursuant to Section 33490 (a)(2)(C)(iv), the Implementation Plan shall identify the following relative to the prior Implementation Plan period (2004-2009):

i. *Amounts of Low and Moderate Income Housing Fund monies utilized during the prior implementation plan period to assist units affordable to and occupied by extremely low, very low and low income households.* The Agency did not assist any units restricted to extremely low income households. The breakdown of expenditures by income category is as follows:

	Extremely Low	**Very Low**	**Low**
2005 – 2009	$0	$2.64 million	$1.61 million

i. *The number, location, and level of affordability of newly constructed units with other locally controlled governmental assistance and without Agency assistance and that have the requisite deed restrictions.* During the prior implementation plan period, no deed restricted units were built with locally controlled assistance and without Agency assistance.

ii. *The amount of Low and Moderate Income fund moneys utilized to assist housing units available to families with children and the location, number and level of affordability of those units.* As presented in Table 9, the Agency spent a total of $4.2 million of Low and Moderate Income funds on non-age restricted housing during the prior implementation plan period. Funds were used for rehabilitation loans, first time homebuyer loans, the Villa Montgomery Project, the Habitat for Humanity Project and the acquisition of the Heller property. The non-age restricted recipients of assistance are as follows:

2005 – 2009	Very Low	Low	Moderate
Rehabilitation Loans	$295,700	$129,800	$30,600
First Time Homebuyer Loans	$0	$87,000	$0
Villa Montgomery and Habitat for Humanity Projects	$1,864,400 (36 units)	$745,200 (0 units)	$393,900 (30 units)
Heller Property		$649,000 (2 future units)	$0
Total	**$2,160,100**	**$1,611,000**	**$424,500**

E. Consistency with Housing Element

AB 1290 and AB 315 require that the Agency's affordable housing activities be consistent with the City's Housing Element. The Housing Element addresses the housing issues of the entire City of Redwood City of which the Project Area is a part. The following are some of the commitments set forth in the City's Draft 2009 General Plan Housing Element which will enhance both the City's and the Agency's ability to increase the supply of affordable housing in Redwood City.

As detailed below, the City's housing goals, as specified in the Draft General Plan, include:

- Maintain and improve the quality of existing housing and residential neighborhoods to provide safe and affordable housing to meet the needs of all residents in Redwood City;
- Promote, encourage, and assist in the development of housing that meets the needs of all socio-economic segments of the community;
- Provide opportunities to meet Redwood City's share of regional housing needs for all income groups, and encourage a variety of housing types
- Remove potential constraints to housing production and affordability
- Promote equal housing opportunity for all residents.

The Agency's programs and expenditures are consistent with and supportive of the General Plan Housing Element's affordable housing objectives. As discussed in this Plan the Agency funds the following programs:

- Housing Rehabilitation Program, which helps maintain and improve the quality of the housing stock. The Agency plans to continue this program, providing $1.5 million of assistance over the next five years.

- Assistance for new construction. The Agency will continue to help assemble development sites for new housing projects and provide assistance for the development of new affordable housing. Over the next five years, it is estimated that the Agency will spend $6.85 million on new affordable housing development.

- The Agency has collaborated with service providers to meet the housing needs of special needs populations. The owner participation agreement with the Mental Health Association of San Mateo County for the development of the 15-unit Cedar Street project is an example of the Agency's commitment to assisting the City's special needs population.

- Through the implementation of the Downtown Precise Plan, the identification of potential development sites, and the provision of financial assistance, the Agency is fully engaged in assisting the City meet its regional housing needs and removing constraints to housing production.

- The City provides financing and other subsidies through various funding programs, including redevelopment agency programs, federally funded Community Development Block Grant program, and HOME Investment Partnership Act Program to develop housing for all levels of need – low- and moderate-income housing, multi-family housing, senior housing, emergency shelters, and transitional housing.

- The City has implemented a number of policy changes to encourage new housing and preserve existing housing, such as revisions to the "In-Law" Unit Ordinance, rezoning of duplex parcels, and implementation of a cluster housing development incentive program and a density bonus program to increase the number of new housing units.

APPENDIX A
NEW CONSTRUCTION IN PROJECT AREA
5-YR IMPLEMENTATION PLAN, 1982 - 2028
REDWOOD CITY, CA

					Number of New Units Built				
						Units With Covenants			
Completion Date	**Project**	**Affordable/ Mkt. Rate**	**Rental/ Ownership**	**Senior/ Non-Senior**	***Total All Units***	***Very Low***	***Low***	***Mod.***	***Above Mod.***
1982 - 93	*(Prior Plan - Non-Specific)*				99	0	0	23	76
1994	*(Prior Plan - Non-Specific)*				2	0	0	0	2
1995	Wyndham Place	Mixed	Ownership	Non-Senior	15	2	5	8	0
1996									
1997	City Center Plaza	Affordable	Rental	Non-Senior	81	33	7	41	0
1998									
1999									
	Subtotal 1982 - 1999				***197***	***35***	***12***	***72***	***78***
2000	Middlefield/Woodside	Mkt. Rate			1	0	0	0	1
2001									
2002	Franklin Project I.	Mixed	Rental	Non-Senior	198	0	0	0	198
2002	Spring Street	Mkt. Rate			3	0	0	0	3
2003									
2004									
	Subtotal 2000 - 2004				***202***	***0***	***0***	***0***	***202***
2005									
2006									
2007	Villa Montgomery	Affordable	Rental	Non-Senior	58	28	0	30	0
2008									
2009									
	Subtotal 2005 - 2009				***58***	***28***	***0***	***30***	***0***
2010					0	0	0	0	0
2011	Bradford St.[1]	Affordable	Rental	Senior	60	29	0	31	0
2011	Cedar Street	Affordable	Rental	Non-Senior	15	14	0	0	1
2011	Heller Street	Affordable	Ownership	Non-Senior	2	0	0	2	0
2012	Future Downtown Proposed Projects[2]	Mixed	Mixed	Non-Senior	108	6		10	92
2013	Future Downtown Proposed Projects[2]	Mixed	Mixed	Non-Senior	108	6		10	92
2014	Future Downtown Proposed Projects[2]	Mixed	Mixed	Non-Senior	108	6		10	92
	Subtotal 2010 - 2014				***401***	***61***	***0***	***63***	***277***
2015 - 2019	Other Opportunity Sites[3]	Mixed	Mixed	Non-Senior	***1,115***	***67***	***0***	***100***	**948**
	Subtotal 2015 - 2019				***1,115***	***67***	***0***	***100***	***948***
2020 - 2028	Other Opportunity Sites[3]	Mixed	Mixed	Non-Senior	**2,011**	**121**		**181**	**1,709**
	TOTAL 1982 to 2028				**3,984**	**312**	**12**	**446**	**3,214**
	As a % of the Total					**8%**	**0%**	**11%**	**81%**
	Cumlative, 1982 - 2004				**399**	**35**	**12**	**72**	**280**
	Cumulative 1982 - 2014				**457**	**63**	**12**	**102**	**280**
	Cumulative 1982 - 2019				**1,973**	**191**	**12**	**265**	**1,505**

[1] Estimated count of 60 units per the Draft General Plan.

[2] Includes following projects per the Draft General Plan; assumes that 15% would be affordable, with 6% very low; and assumes projects(totaling 324 units) will be phased in from 2012 through 2014.

APN 052-326-100	100	units
APN 052-344-050,060,070, & 080	80	
APN 052-347-080	12	
APN 052-321-240	38	
APN 052-331-080	73	
APN 052-321-150	21	

[3] Includes the following projects per the Draft Housing Element; assumes that 15% will be affordable, with 6% very low; and assumes projects (totaling 3,126 units) will be phased in from 2015 through the termination of the Project Area in 2028.

Vacant sites	62	units
Downtown Opportunity, 1 -10	1760	
Mixed Use, E and I	1304	

Source: Redwood City Redevelopment Agency, KMA.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\18\18610\18610.005\Housing plan 11 17 09.xls; AppendixA&C; 11/23/2009

APPENDIX B
SIGNIFICANTLY REHABILITATED UNITS IN PROJECT AREA (Include Agency-Assisted Home Improvements)
REDWOOD CITY IMPLEMENTATION PLAN
REDWOOD CITY, CA

						Number of Units Rehabilitated					
					Total		With Covenants				
Completion Date	**Project**	**Affordable/ Mkt. Rate**	**Rental/ Ownership**	**Senior/ Non-Senior**	**Units in Project**	***Total All Units***	***Very Low***	***Low***	***Mod.***	***Above Mod.***
1982 - 1994	*(Prior Plan - Non-Specific)*				**4**	**4**				4
1995										
1996										
1997										
1998										
1999										
	Subtotal 1982 - 1999				***4***	***4***	***0***	***0***	***0***	***4***
2000										
2001										
2002	Casa de Redwood (1)	Affordable	Rental	Senior						
2003	Douglas St. Duplex (2)	Affordable	Rental	Non-Senior						
2004	Hallmark Apts.	Affordable	Rental	Non-Senior	**72**	**72**	22	50		
2004	Redwood Ct. (635 Spruce) - Acq.	Affordable	Rental	Non-Senior	**27**	**27**	3	24		
	Subtotal 2000 - 2004				***99***	***99***	***25***	***74***	***0***	***0***
2005 - 2028					**0**	**0**	**0**	**0**	**0**	**0**
	Subtotal 2005 - 2028				***0***	***0***	***0***	***0***	***0***	***0***
	TOTAL 1982 to 2028				**103**	**103**	**25**	**74**	**0**	**4**
	Cumulative, 1982-2004				**103**	**103**	**25**	**74**	**0**	**4**
	Cumulative 1982 - 2014				**103**	**103**	**25**	**74**	**0**	**4**
	Cumulative 1982 - 2019				**103**	**103**	**25**	**74**	**0**	**4**

(1) These units do not qualify as "substantially" rehabbed for counting towards housing production.
(2) Agency had acquired and rehabbed these duplex units for teachers (for which Agency provided $120,455, or 25%, of the total $477,000.) However, given the lack of interest to date from teachers/buyers, the Agency is planning to sell the units at market rate and deposit the sales proceeds in the Housing Fund for other affordable housing projects. Thus, the Douglas St. units are neither counted nor deleted in the Agency's housing production total.

Source: Redwood City Redevelopment Agency, KMA.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\18\18610\18610.005\Housing plan 11 17 09.xls; AppendixB; 11/23/2009

APPENDIX C
NEW AFFORDABLE UNITS OUTSIDE OF PROJECT AREA
5-YR IMPLEMENTATION PLAN, 2010 - 2028
REDWOOD CITY, CA

Completion Date	Project	Affordable/ Mkt. Rate	Rental/ Ownership	Senior/ Non-Senior	*Total All Units*	Number of Units[1] Counted as Production Units: *Very Low*	*Low*	*Mod.*
1982 - 93	*(Prior Plan - Non-Specific)*				0	0	0	0
1994	*(Prior Plan - Non-Specific)*				0	0	0	0
1995					0	0	0	0
1996					0	0	0	0
1997	Rolison Road[2]				36	7	0	0
1998					0	0	0	0
1999					0	0	0	0
	Subtotal 1982 - 1999				***36***	***7***	***0***	***0***
2000					0	0	0	0
2001					0	0	0	0
2002					0	0	0	0
2002					0	0	0	0
2003					0	0	0	0
2004					0	0	0	0
	Subtotal 2000 - 2004				***0***	***0***	***0***	***0***
2005					0	0	0	0
2006					0	0	0	0
2007					0	0	0	0
2008					0	0	0	0
2009	Habitat for Humanity[6]				8	2	0	0
	Subtotal 2005 - 2009				***8***	***2***	***0***	***0***
2010	885 Woodside Road[3]				43	0	0	2
2010	Canada College[4]				60	0	2	2
2011					0	0	0	0
2012	Other Opportunity Sites[5]				180	0	0	14
2013	Other Opportunity Sites[5]				180	0	0	14
2014	Other Opportunity Sites[5]				180	0	0	14
	Subtotal 2010 - 2014				***463***	***0***	***2***	***32***
2015 - 2019	Other Opportunity Sites[5]	Mixed	Mixed	Non-Senior	***900***	***0***	***0***	68
	Subtotal 2015 - 2019				***900***	***0***	***0***	***68***
2020 - 2028	Other Opportunity Sites[5]	Mixed	Mixed	Non-Senior	**1622**	**0**		122
	TOTAL 1982 to 2028				**3,029**	**9**	**2**	**222**
	As a % of the Total					**0%**	**0%**	**7%**
	Cumlative, 1982 - 2004				**36**	**7**	**0**	**0**
	Cumulative 1982 - 2014				**507**	**9**	**2**	**32**
	Cumulative 1982 - 2019				**1,407**	**9**	**2**	**100**

[1] Per CRL, agencies can count 1 unit for every 2 units with appropriate deed restrictions toward meeting production requirements.
[2] Twenty one units were replacement units.
[3] It has been assumed that ultimately units will be ownership units and 10% will be moderate units.
[4] Four units are restricted at 80% of AMI and 5 are restricted at 100% of AMI.
[5] Draft General Plan indicates that approximately 3,062 new units could potentially be built outside of the Project Area. Agency will negotiate affordability covenants on a project by project basis. This projection assumes that, on average, 15% are resticted at moderate income levels.
[6] While all 8 units have deed restrictions, 4 units are replacement units for the Villa Montgomery/Habitat site assemblage.

Source: Redwood City Redevelopment Agency, KMA.
Prepared by: Keyser Marston Associates, Inc.
Filename: \\Sf-fs1\wp\18\18610\18610.005\Housing plan 11 17 09.xls; AppendixA&C; 11/23/2009