

REDDING REDEVELOPMENT AGENCY

FIVE-YEAR IMPLEMENTATION PLAN

2010-2014

MARKET STREET REDEVELOPMENT
PROJECT AREA

Adopted November 16, 2009
Resolution No. 2009-09

Amended November 15, 2010
Resolution No. 2010-12

THE REDDING REDEVELOPMENT AGENCY
 MARKET STREET REDEVELOPMENT PROJECT AREA
 FIVE-YEAR IMPLEMENTATION PLAN 2010-2014

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I. INTRODUCTION

California Community Redevelopment Law (Health and Safety Code § 33000 et seq) sets forth the authority under which redevelopment agencies function as an agency, adopt redevelopment plans and undertake redevelopment activities. Effective in 1994, Health and Safety Code § 33490 contains the requirement that each redevelopment agency in the State adopt a five-year implementation plan for each active redevelopment project area that provides documentation for the link between the elimination of blight and the proposed activities of the redevelopment agency. In addition, a public hearing on the Implementation Plan must be held at least once during the five-year period of the Plan. Thereafter, other than amendments, the Plan is to be revised and adopted every five years.

The first Implementation Plan for the Market Street Project was adopted by the Redding Redevelopment Agency (Agency) on January 16, 1995, and amended on January 15, 1996. The required interim public hearing was conducted on December 2, 1997. The second Implementation Plan, covering the years 2000 through 2004, was adopted on November 15, 1999, and its midterm review was conducted on November 18, 2002. The third five year Implementation Plan, covering the years 2005 through 2009, was adopted on November 15, 2004. The required midterm review and public hearing was conducted on August 20, 2007.

This fourth Implementation Plan sets priorities for redevelopment activities within the Market Street Project Area for the five-year period beginning January 1, 2010. The Implementation Plan is a policy statement rather than an unalterable course of action. It provides a clear and reasonable outline of the Agency's current as well as proposed activities and establishes a nexus between these activities and the purpose of redevelopment which is to eliminate blight and to develop, preserve, and rehabilitate affordable housing. The intent of this Implementation Plan is not to restrict the Agency's activities to the goals and objectives, projects, programs, and expenditures outlined herein, since conditions, values, expectations, resources, and the needs of the Project Area may change from time to time. Rather, as new issues and opportunities are encountered, the Plan will be amended, if necessary, to effectuate the purposes of the Redevelopment Plan for the Market Street Project Area.

Plan Objectives

The objectives of the Implementation Plan are to (1) describe the specific goals and objectives of the Redevelopment Plan; (2) present the projects, programs, and expenditures that will assist the Agency in attaining those goals and objectives; and (3) describe how the goals and objectives, projects, programs, and expenditures will assist in the alleviation of blight.

This Implementation Plan also describes how the Agency will implement both the requirement to increase, improve, and preserve low- and moderate-income housing and the production housing requirements. It contains housing programs and specific plans for the expenditure of monies from the Low and Moderate-Income Housing Fund (LMIHF). If the Implementation Plan contains a project that will result in the destruction of low- or moderate-income housing, it will identify proposed locations suitable for the replacement dwelling units.

Also incorporated into this Implementation Plan is the Housing Production Plan which sets forth how the replacement and production housing obligations are being met every 10 years (Health and Safety Code §33413 (b) (4)).

Plan Timelines

When a project area is adopted, certain time frames are established for the elimination of blighting conditions within that area. The current time limits associated with the Market Street Redevelopment Project are as follows:

Midtown

- Commencement of eminent domain proceedings to acquire property: June 4, 2014
- Establishment of loans, advances, and indebtedness: January 1, 2004
- Effectiveness of the Redevelopment Plan: January 1, 2010
- Repayment of indebtedness utilizing tax increment revenue: January 1, 2031

Amended Area

- Commencement of eminent domain proceedings to acquire property: June 4, 2014
- Establishment of loans, advances, and indebtedness: July 17, 2010
- Effectiveness of the Redevelopment Plan: July 17, 2031
- Repayment of indebtedness utilizing tax increment revenue: July 17, 2041

II. PROJECT AREA HISTORICAL PERSPECTIVE

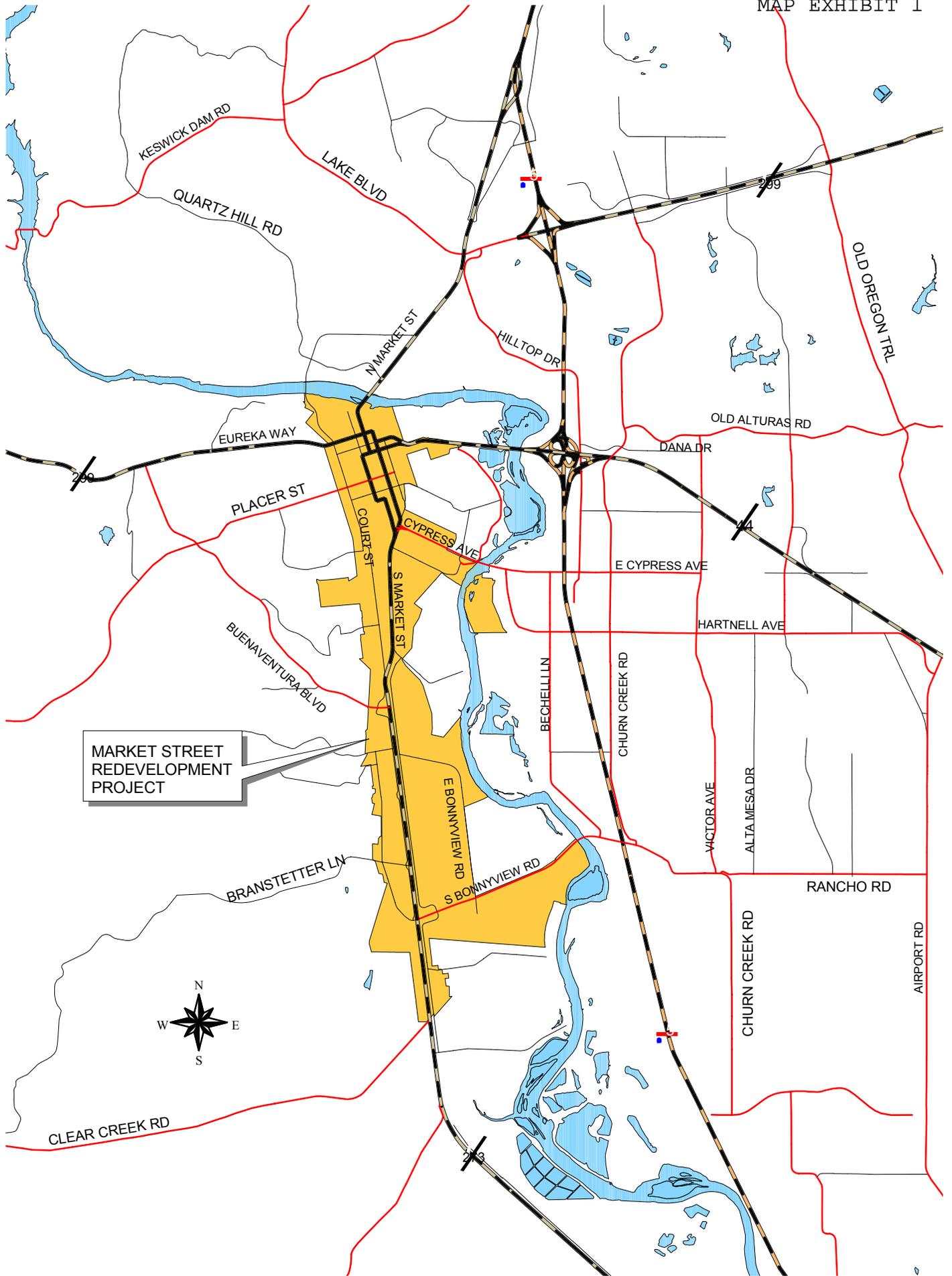
The Market Street Redevelopment Project (Market Street) was originally established in 1968 as the Midtown Mall Project (Midtown) and, at that time, encompassed approximately 12 acres in the downtown core of the City of Redding. The stated reasons for establishment of Midtown were to prevent further property deterioration, to restore and maintain economic health, and to retain the Downtown area as the City's activity and commercial/retail center. These goals were to be accomplished through the development of the Downtown Redding Mall (Mall) and associated parking structures. Development of the Mall took place, and bonds in the amount of \$980,000 were issued in 1977 to construct a two-level parking structure, comprised of 164 spaces on the lower level and 129 spaces on the upper surface level. The parking structure was built to serve the Mall's clientele. The bonds were to be paid back with tax increment from the Midtown Project Area; however, the passage of Proposition 13 in 1978 severely reduced the Mall's assessed property valuations, thereby cutting the tax increment revenue to the Agency. The Mall never recovered from the impact of Proposition 13. Since 1978, the City has loaned money to keep the bonds for the Mall's parking structure from going into default. The bonds were completely repaid in 2003 and Midtown initiated payments to begin to pay off its debt of more than \$1.5 million owed to the City of Redding. Since then, Midtown continues to make payments on its debt to the City which is currently \$1.2 million, including principal and accrued interest. It is anticipated that the existing debt will be repaid by 2031. At that time, all Midtown resources will go towards meeting its deferred obligation to set-aside 20 percent of tax increment for affordable housing.

In the mid 1980's, it became apparent that properties around the Mall and along the old State Highway 99/273 corridor were still suffering from a variety of blighting conditions. These conditions included inadequate or deteriorated public improvements, facilities and utilities; deteriorated and dilapidated structures; inappropriate mixed land uses; substandard and deteriorated public rights-of-way; irregular and nonconforming patterns of land subdivision; and lack of a coherent and contiguous street circulation system. These conditions were of such scope and magnitude that the private sector, acting alone, could not correct the blight. Significant public involvement was required and the redevelopment process was identified as the principal tool to assist in the elimination of these blighting conditions and influences. This resulted in Midtown being substantially amended in 1990 to include a mix of residential and commercial land surrounding and to the north and to the south of the original project. The project now known as the Market Street Redevelopment Project (Market Street) consists of 2,591 acres stretching north and south along Market Street and State Route 273. The map on the following page depicts the current boundaries of the Market Street Project Area (Project Area).

Between 1990 and 2000, property values within the Project Area were slower to appreciate than other areas of the community. However, starting in 2001 and continuing through 2008, the Project Area experienced approximately 7.5 percent annual growth in assessed property values. It is not anticipated that this growth trend will continue. In fact, due to the severely depressed local, state, and national economic climate of the past 18 months assessed property values are anticipated to be significantly less through most of the next Implementation Plan time frame.

Progress, however, has been made in the elimination of blighting conditions within the Project Area. The completion of several infrastructure projects has contributed to an improved circulation pattern, opened up land for new development and encouraged private investment in the replacement or renovation of substandard buildings. Two such catalysts have been the North Court Street extension and the realignment of Railroad Avenue and Westside Road. The completion of both projects resulted in the development of vacant and underutilized properties. Older, dilapidated buildings along Court Street were replaced with new retail and service-oriented businesses. Several deteriorated structures along Westside Road and Railroad Avenue were removed and an obsolete building was renovated into a veterinary clinic.

The Specific Plan for the Downtown area, adopted in January 2001, has served as the roadmap for Agency revitalization activities in the Downtown core. These activities include renovation of the historic Cascade Theatre into a community venue for the performing arts; removal of the aging Downtown Mall roof creating an open air promenade retail center; installation of a visitor serving way finding system; in partnership with Shasta College, completion of a Health Sciences and University Center; and in partnership with a private developer and Downtown property owner, renovation of a number of buildings along a block of California Street and improvement to the adjacent public infrastructure.



MARKET STREET
REDEVELOPMENT
PROJECT



Accomplishments 2005 - 2009

The following is a description by activity category of the significant projects which were completed over the past five years.

Public Infrastructure

Signalization of State Highway 273/Clear Creek Road: The Agency provided \$150,000 in partnership with Caltrans to assist with the design and installation of traffic signals and related intersection improvements at State Route 273 and Clear Creek Road. The total cost of the project was \$617,500 and was completed in 2006.

Realignment of Court Street at Schley Avenue: The Agency provided \$50,000 to assist with the improvement of the intersection of Court Street and Schley Avenue in conjunction with the City's replacement of aging water lines in that location. The total project cost was \$1,090,499 and was completed in October 2007.

Public Facilities

Main Redding Library: The Agency provided \$300,000 from the Market Street Project to assist with the design phase of the new Redding Library. The \$20 million library building was constructed on publicly-owned land in a campus-like environment with other public buildings, and adjacent to City-owned tennis courts, baseball fields, and a public park. The 55,000 square-foot, two-story Redding Library was opened in March 2007.



Development Partnerships

Shasta College Health Sciences & University Center (Mall Roof Removal Phase I): In partnership with Shasta College, the Agency was responsible for removing the Downtown Mall roof over Market and Butte Streets adjacent to the new Shasta College Health Sciences & University Center, installing appropriate storm drain and pedestrian improvements in the area under the former roof, and constructing a new Mall entrance at the south edge of the improvements. The Phase I roof removal was completed in 2006. The Health Sciences & University



Center, representing an \$18.2 million investment is comprised of a two-story 43,800-square-foot facility. The Center houses the College's Nursing and Dental Hygiene Program and University Center, as well as the Shasta County Community Health Dental Clinic.

Mall Roof Removal Phase II: In support of revitalization efforts in the Downtown, the Agency undertook the removal of the remaining portion of the Downtown Mall roof, from Butte Street south to Placer Street. The second phase included the completion of a concrete floor, installation of new concrete and a trench-drain system, and installation of over 55 new trees with grates and guards and up lights. This phase was completed in February 2009. As part of both the first and second phase work, the Agency partnered with property owners on the weatherization of their new exterior facades using a Facade Preservation Covenant. Total Agency cost for both phases was \$4.6 million.





Renovation of the Cascade Theatre: Partnership between the Agency and Southern Oregon University's Jefferson Public Radio, the JPR Foundation, and the Cascade Theatre Restoration Committee to assist with the restoration of the historical Cascade Theatre into a multiple-use performing arts venue. The Agency provided \$689,000 to assist with structural and facade improvements to the Theatre. The total project cost was approximately \$5.5 million. The grand opening for the Theatre was held on August 14, 2004.

Cascade Square: The Agency, City, and the property owner/developer partnered to facilitate a combination of private and public improvements in conjunction with the renovation of two properties at the corner of Placer and California Streets. Public improvements included: new streetscape improvements (colored sidewalk, decorative pedestrian light poles, and street trees) along the south side of Placer Street and the east side of California Street; undergrounding of overhead utility lines in the adjacent alley; painting the traffic signals at the intersection of Placer and California Street; and installing illuminated street name signs. The Agency's contribution to this project was \$680,110 and was completed in 2008.



Medical Offices at Buenaventura Boulevard and Railroad Avenue: In partnership with the private property owner/developer, the Agency provided \$85,000 to assist with the construction of public improvements in conjunction with the development of medical offices. The public improvements consisted of the construction of curb, gutter, sidewalk, and paving along portions of Buenaventura Boulevard and Westside Road and were completed in January 2008.

Recreational Activities

Parkview Riverfront Trail and Park: Development of an approximately 8 ½ acre natural park and extension of the City’s renowned Sacramento River Trail. Amenities include over 2,000 feet of paved trails and pathways, including a one-of-a-kind pedestrian crossing over Linden Creek. Development of the park was funded utilizing a combination of State Park Bond funds, Agency funds (\$138,950), City Community Development Block Grant funds, Redding Area Bus Authority funds, and private donations. Total cost of the project was \$670,000 and it was completed in October 2004.



III. SUMMARY OF IMPLEMENTATION PLAN DEVELOPMENT PROCESS

This Implementation Plan was developed pursuant to requirements contained in Health and Safety Code §33490. It uses as its basis the goals, objectives, findings of blight, and proposed projects contained within the original “Report to Council” and “The Redevelopment Plan” for Market Street adopted on July 17, 1990. Also, any additional goals and objectives which may have been developed since that time due to changing market forces and community needs have been incorporated into the Implementation Plan.

As required by current regulations, the draft 2010-2014 Implementation Plan will be made available for public review starting October 15, 2009, and concluding with the Agency conducting a formal public hearing on the Plan on November 16, 2009.

IV. DESCRIPTION OF PROJECT BLIGHTING CONDITIONS

Blighting conditions identified at the time of adoption of a project area form the basis of the proposed programs and activities set forth by an agency during the project’s life to alleviate or eliminate the identified blight. In 1990, blighting conditions within the Project Area were identified in each of three broad blight categories, that is, physical blight, social blight, and economic blight.

Five general categories characterize the physical conditions of blight documented as present within the Project Area. These are: 1) residential and commercial structures including public buildings, that, due to a combination of age, defective design, and physical construction, are hazardous to occupy or use or have become functionally obsolete; 2) incompatible mixed uses resulting in incompatible noise levels, fire safety issues, parking problems, poor aesthetics, odor, etc.; 3) the presence of land subdivided and developed prior to the application of urban design standards resulting in properties platted in disregard to topography and natural drainage patterns, inefficient and substandard utility systems, parcels of irregular size and shape, and substandard street patterns and construction standards; 4) overcrowded residential conditions; and 5) inadequate and/or poor quality public infrastructure (specifically streets, parking facilities, storm drainage facilities, curbs, gutters, and sidewalks).

At the time the Project Area was established, the presence of certain social characteristics was also considered blight if the conditions were documented to be present in such magnitude that the proper utilization of an area was hindered. The Project Area was shown to exhibit several characteristics of this type of “social” blight. These characteristics included a crime rate substantially higher than the City at large, a higher unemployment rate than the City’s average, a high concentration of lower-income households, and a high concentration of minority households. These factors coupled with physical blight conditions were believed to inhibit private market investment within the Project Area and contributed to the ongoing economic stagnation of the Project Area.

Economic blight documented as being present within the Project Area consisted of several factors. These include a high level of vacancies; stagnant or declining property values; little or no new private development occurring within the Project Area; the wide-spread presence of impaired investments (that is, existing business or income properties on which the return on invested equity is stagnating, declining, or has ceased); lack of continuing maintenance on existing residential and commercial structures; and the presence of uses such as transient motels, liquor stores, and bars.

As noted in Section II of this Plan, real progress has been made toward alleviating all forms of blight within the Project Area. However, within the Project Area elements of physical, economic, and social blight continue to exist. Today in the Project Area, commercial vacancy rates continue to be high, most notably outside of the Downtown core. Several large modern office buildings remain empty, one on the verge of foreclosure. Currently, the severe global recession is impacting all aspects of the local economy. Construction activity, city-wide, is down significantly, with numbers of permits issued, units constructed, and total valuation statistics at near decade low points. Residential areas within the Project Area have been affected by recent implosions in the banking and credit industries. Several Project Area neighborhoods were recently identified by the U.S. Department of Housing and Urban Development (HUD) as being at “high risk” for foreclosure activity and ultimate abandonment of the housing units by the homeowners due to economic factors. These include the residential areas adjacent to the Downtown business district.

V. GOALS AND OBJECTIVES FOR THE PROJECT AREA THAT WILL ASSIST IN ELIMINATING BLIGHTING CONDITIONS

To eliminate the blighting conditions described in the previous section, the following goals/objectives have been established.

1. The elimination of blighting influences and the correction of environmental deficiencies in the Project Area, including, among others: small and irregular lots; faulty exterior spacing; deteriorated, obsolete, and aged building types; mixed character of buildings; incompatible and uneconomic land uses; and inadequate or deteriorated public improvements, facilities, and utilities;
2. The demolition or removal of certain buildings and improvements and the assembly of land into parcels suitable for modern, integrated redevelopment with improved pedestrian and vehicular circulation in the Project Area;
3. In concert with the City’s Housing Authority and appropriate private groups, development of additional affordable housing opportunities for low- and moderate-income households within the City of Redding;

4. Support the development of both rental and owner-occupied market-rate housing within the Downtown Core.
5. The replanning, redesign, and development of undeveloped areas which are stagnant or improperly utilized;
6. The providing of opportunities for participation by owners and tenants in the revitalization of their properties;
7. The strengthening of retail and other commercial functions in the Project Area;
8. The strengthening of the economic base of the Project Area and the community by the installation of needed site improvements to stimulate new commercial/light industrial expansion, employment, and economic growth;
9. The provision of adequate land for parking and open spaces;
10. The establishment and implementation of performance criteria to assure high quality site design standards and environmental quality and other design elements which provide unity and integrity to the entire Project.
11. Improve the access of citizens of the Project Area to government services and programs by supporting the continued development of a single location for these activities.

The Redevelopment Plan further sets forth criteria for participation opportunities and cooperation with public entities that are necessary to the redevelopment of the Project Area and to the elimination and prevention of the spread of blight and deterioration within the Project Area. It further defines the activities to be undertaken by the Agency independently or in conjunction with others in order to accomplish the Plan's objectives. Those activities include, but are not limited to:

1. The redevelopment of land and rehabilitation of existing structures and improvements.
2. To pay for, construct or improve any publicly-owned building, facility, structure or other improvement when such buildings, facilities, structures or other improvements are of benefit to the Project Area.
3. To seek the aid and cooperation of other public bodies to accomplish the purposes of redevelopment and the highest public good.
4. Provide assistance to any public entity in the cost of public land, buildings, facilities, structures, or other improvements (within or without the Project Area) when such land, buildings, facilities, structures, or other improvements are of benefit to the Project Area.

In keeping with the goals and objectives noted above, implementation of the redevelopment plan will help eliminate many of the identified blight characteristics; stabilize the tax base of the Project Area; increase employment opportunities; improve housing conditions and opportunities for low- and moderate-income households; and create a better living and working environment in the community.

VI. PROPOSED PROJECTS OR PROGRAMS AND EXPENDITURES PLANNED DURING THE FIVE-YEAR TERM THAT WILL ASSIST IN ELIMINATING BLIGHTING CONDITIONS

The Agency, on an ongoing basis, revisits the goals and objectives of its Redevelopment Plan and the status of its projects and programs in relationship to the elimination of blighting conditions within the Project Area. The list of activities/projects/programs included in the Implementation Plan is a comprehensive listing of needed improvements in the Project Area to continue to eliminate blight. The estimated level of redevelopment funding for each activity/project/program was determined through an analysis of financial resources potentially available over the next five years and the needs of each activity. Future tax increment received by the Agency will provide the majority of the Agency's portion of the financing necessary for the scheduled projects and, if resources needed to fund each activity at the levels indicated are not realized, then lesser amounts will be considered. Some projects and activities may not be viable at lower funding levels and therefore, will not be accomplished.

It is anticipated that the resources likely to be available to the Agency over the next five-year period will be less than the levels realized in the past. As stated, implementation of the listed activities is greatly dependent upon availability of sufficient financial resources. If funding becomes more limited, the ability of the Agency to have a positive effect on Project Area blight conditions will be correspondingly slower. Actual accomplishment of the projects will be subject to an assortment of variables. Important factors include the overall state of the local, state, and national economy; availability of matching State and/or Federal funds on several of the projects; continued private sector support for the proposed projects; and possible additional demands at the State level for further redirection of local property taxes, thereby reducing estimates of available Agency revenues.

Table "A" identifies the specific activity/project/program anticipated to be undertaken during the five-year period covered by this Plan, an estimate of the amount of Agency resources to be contributed to each activity, a brief description of the proposed activity, and the specific blighting condition the activity is intended to address.

TABLE "A"
MARKET STREET REDEVELOPMENT PROJECT AREA
FIVE-YEAR IMPLEMENTATION PLAN 2010 THROUGH 2014
POTENTIAL PROGRAMS/PROJECTS - BLIGHTING CONDITION MATRIX

PROGRAM/PROJECT (ESTIMATED EXPENDITURES)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
<p>Downtown Improvements (est. \$1,000,000)</p>	<p>Program of improvement activities consistent with the recommendations contained within the Downtown Specific Plan. It is anticipated that these may be infrastructure improvements, including street improvements; building facade improvements; enhanced landscaping; enhanced lighting; property acquisition (including right-of-way), property demolition, and/or renovation; circulation improvements; alley improvements; streetscape improvements, such as public art, street furniture, decorative lighting, signage, sidewalks, and other pedestrian amenities; development of parks, plazas, and open space areas; hazardous waste cleanup; and development of improved parking. Activities also include development partnerships within the Downtown area.</p>	<p>All activities will assist in the physical and economic revitalization of the downtown business district. Physical enhancements will help stabilize and enhance property values, stimulate additional private investment in the area, increase the level of patronage at downtown businesses, buffer existing incompatible or hazardous land uses, improve physically obsolete and deteriorated building facades, increase both pedestrian and vehicle safety, and will increase employment opportunities as businesses expand or locate in the downtown.</p>
<p>Downtown Mall Parking Structure (est. \$1,000,000)</p>	<p>Demolition and replacement of the existing, functionally and economically obsolete two-story structure with a multi-use structure incorporating ground floor retail, parking, and mixed-income residential units on upper levels.</p>	<p>This project will assist in the elimination of physical and economic blight in the Downtown portion of the Project Area by providing additional parking, opportunities for commercial investment, affordable housing, and improved circulation.</p>

TABLE "A"
MARKET STREET REDEVELOPMENT PROJECT AREA
FIVE-YEAR IMPLEMENTATION PLAN 2010 THROUGH 2014
POTENTIAL PROGRAMS/PROJECTS - BLIGHTING CONDITION MATRIX

PROGRAM/PROJECT (ESTIMATED EXPENDITURES)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
<p>Public Safety Facility (est. approximately \$5,000,000 may come from Market Street and CHC)</p>	<p>Development of a new Public Safety Facility or retrofit of an existing building/s to house the three main Police Divisions comprised of Administration, Field Operations, and Investigations and possibly Fire Administration. Activities include possible acquisition of the existing site located in the Project Area for later rehabilitation for retail or commercial use by the private sector in partnership with the Agency.</p>	<p>An undersized and inadequate public facility located in the Project Area will be replaced. Incorporating the three police divisions into one centralized location and relocating Fire Administration to the facility will improve public access to police and fire services and help provide both residents and businesses within the Project Area with more efficient police protection and emergency service response.</p>
<p>Superior Court Facility (est. approximately \$500,000 may come from Market Street and CHC)</p>	<p>Development of a new Superior Court Facility including an associated parking structure. Activities may include assembly of multiple parcels to accommodate court facility. Redevelopment resources will be used to leverage other local, state, and federal resources needed for the project.</p>	<p>The existing facility has reached a point of economic and functional obsolescence. The court system provides for a significant number of jobs both within the court facility itself, and within the large number of businesses associated with the legal industry. The project, if located Downtown, will allow these to continue to contribute to the Project Area tax base, thereby supporting the redevelopment of the entire Downtown.</p>

TABLE "A"
MARKET STREET REDEVELOPMENT PROJECT AREA
FIVE-YEAR IMPLEMENTATION PLAN 2010 THROUGH 2014
POTENTIAL PROGRAMS/PROJECTS - BLIGHTING CONDITION MATRIX

PROGRAM/PROJECT (ESTIMATED EXPENDITURES)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
<p>Development Partnerships (est. \$750,000; includes \$375,000 specifically for the Facade Preservation Program)</p>	<p>This activity is designed to promote new development, support creative reuse and preservation of existing structures, and stabilize existing development for both non-profit and for-profit organizations. Specific Agency activities include, but are not limited to, land acquisition and relocation; assistance with on- and off-site public improvements; loans and grants to businesses, including assistance under the Facade Preservation Program; seismic retrofit; and toxic remediation.</p>	<p>Increase and develop economic viability by attracting new business and assisting existing business, thereby revitalizing stagnant retail and commercial areas suffering from incompatible, outdated, and/or uneconomic land uses. Provide avenues for owner participation that will result in the expansion of employment opportunities within the Project Area.</p>
<p>Street Improvements (est. \$925,000)</p>	<p>Activities include the removal and replacement of inadequate infrastructure; the redesign of streets; property acquisition for right of way purposes; the construction of new and or realigned streets; installation of traffic calming measures; installation of curb, gutter, and sidewalk; streetscape and beautification projects along retail corridors that are exhibiting physical and economic blight; and the installation of traffic signals. Projects include, but are not limited to, improvements along Parkview Avenue and Buenaventura Boulevard.</p>	<p>Existing circulation patterns will be improved and inadequate infrastructure replaced which will assist in the elimination of physical blight. Additionally, activities may secondarily improve the attractiveness of the area and stimulate additional investment of private resources. Some activities may be done in partnership with private development as an incentive to undertake new development and/or the rehabilitation of existing structures in the Project Area.</p>

TABLE "A"
MARKET STREET REDEVELOPMENT PROJECT AREA
FIVE-YEAR IMPLEMENTATION PLAN 2010 THROUGH 2014
POTENTIAL PROGRAMS/PROJECTS - BLIGHTING CONDITION MATRIX

PROGRAM/PROJECT (ESTIMATED EXPENDITURES)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
Storm Drain, Sewer & Water Utilities improvements (est. \$500,000)	Improvements to various underground utilities to accommodate growth and that will address inadequate, obsolete, or failing utility infrastructure serving all or portions of the Project Area. Activities may include design, right-of-way acquisition, environmental studies or mitigation, and/or construction.	Individual projects will assist in the alleviation of physical blight stemming from inefficient and substandard utility systems serving the Project Area. Additionally, improved public infrastructure will also act as incentive to private developers to invest further in the Project Area, as well as stabilizing and improving Project Area property values.
Aesthetic Enhancement Projects (est. \$250,000)	Signage and beautification projects that attract residents and visitors to the retail, commercial and recreational amenities in the Project Area. Could include decorative fountains, walls, signage, public art, landscaping, and lighting.	The activity is part of the effort to eliminate physical and economic blight conditions within the Project Area's retail and commercial neighborhoods. The unique features will assist in beautifying heavily traveled corridors and making the commercial/retail areas more attractive to new private investment. This will assist in enhancing property values and encourage additional maintenance efforts on existing structures.

TABLE "A"
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FIVE-YEAR IMPLEMENTATION PLAN 2010 THROUGH 2014
POTENTIAL PROGRAMS/PROJECTS - BLIGHTING CONDITION MATRIX

PROGRAM/PROJECT (ESTIMATED EXPENDITURES)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
<p>Planning Activities (est. \$200,000)</p>	<p>Miscellaneous plans and studies that will assist in identifying and prioritizing blight reducing projects to be undertaken in the future. Such plans and studies may include, but are not limited to the development and/or updating of specific plans; economic and market studies; transportation studies; capital improvement plans; and environmental analyses and remediation plans. Such plans and studies may be associated with both capital and housing activities to be considered in the future.</p>	<p>Completion of a wide variety of planning documents that assess current physical and economic conditions affecting the revitalization of the Project area will assist the Agency to strategically invest in projects that have the greatest potential to eliminate blight within the Project area.</p>
<p>Neighborhood Improvements (est. \$500,000; this is anticipated to be a combination of capital and LMIHF resources from both the Market Street and CHC project areas)</p>	<p>Design and construction of a variety of public improvements in existing residential and commercial neighborhoods within the Project Area. Activities could include, but are not limited to, curb, gutter, and sidewalk installation; landscaping, median, and street lighting enhancements; improved signage; acquisition, demolition, and/or renovation of property; development of open space areas and parks; the installation of traffic calming devices, including signals; and improvements that enhance the Agency's affordable housing projects.</p>	<p>Improvements will assist in the elimination of both physical and economic blight in Project Area neighborhoods. Existing areas with substandard public infrastructure will be improved leading to stabilization of property values, additional private development, and enhanced property maintenance.</p>

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MARKET STREET REDEVELOPMENT PROJECT AREA
FIVE-YEAR IMPLEMENTATION PLAN 2010 THROUGH 2014
POTENTIAL PROGRAMS/PROJECTS - BLIGHTING CONDITION MATRIX

PROGRAM/PROJECT (ESTIMATED EXPENDITURES)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
<p>A f f o r d a b l e H o u s i n g Programs/Activities (est. \$14,500,000 in housing funds from both the Market Street and CHC project areas)</p>	<p>Provide resources to increase, improve, and preserve affordable housing both inside the Project Area and throughout the community. Encourage both for-profit and non-profit entities to develop affordable housing within the Project Area target neighborhoods and Citywide. Activities may include property acquisition, new construction, rehabilitation of existing units, direct loan and grant programs to homebuyers, and other similar programs.</p>	<p>Increase, improve, and preserve affordable housing in targeted neighborhoods and Citywide.</p>

VII. HOUSING COMPONENT OF THE IMPLEMENTATION PLANS FOR THE CANBY-HILLTOP-CYPRESS PROJECT AREA AND MARKET STREET PROJECT AREA

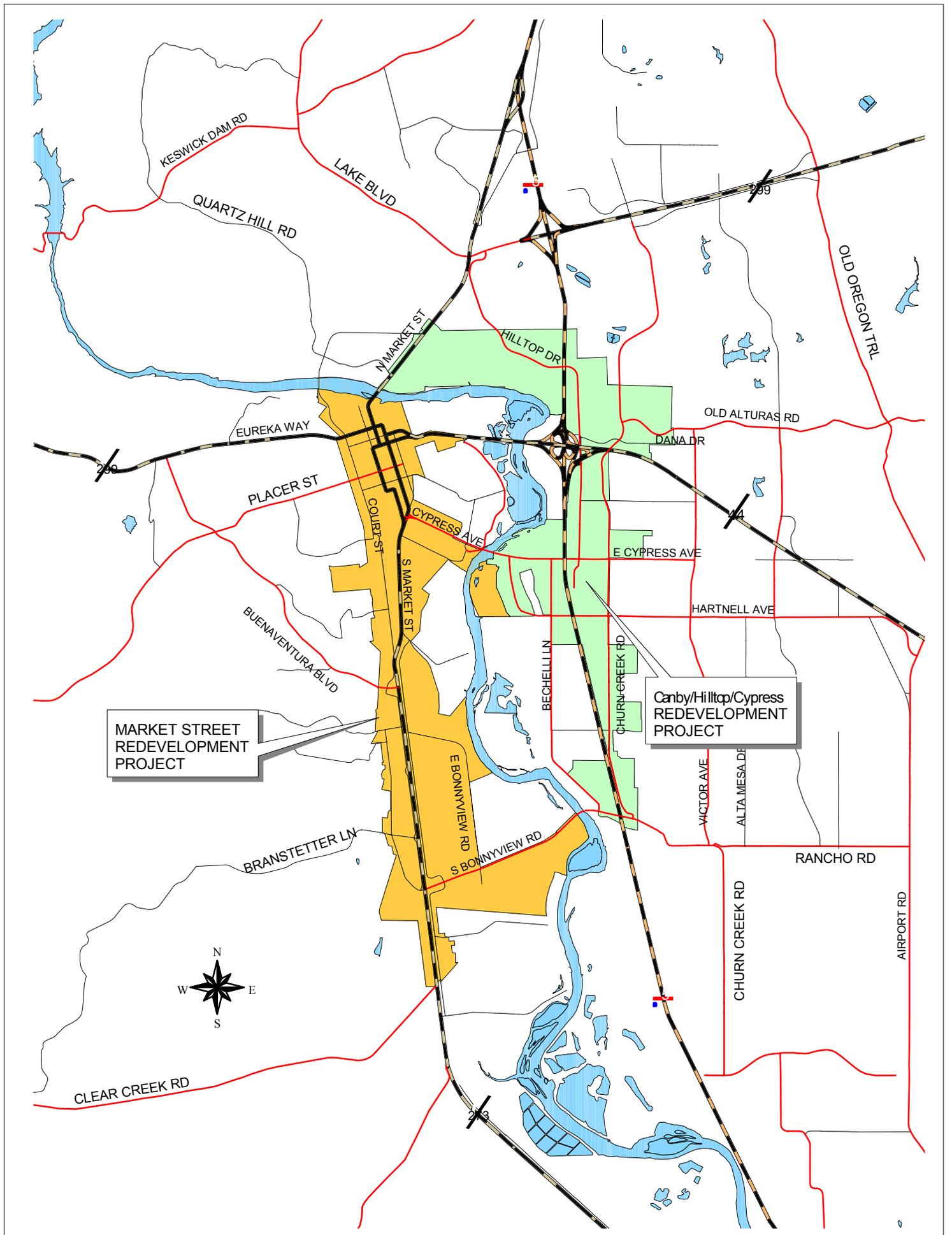
REDEVELOPMENT HOUSING REGULATIONS

California Community Redevelopment Law, H & S Code § 33000 et seq., states that one of the fundamental purposes of redevelopment is to increase and improve the community's supply of low- and moderate-income housing. This is accomplished in part through three different, but interrelated, requirements imposed on redevelopment agencies. These three requirements provide for the production, improvement, and preservation of housing for low- and moderate-income persons. These requirements are:

- 20 percent of tax increment revenue must be set aside in a housing fund (the Low- and Moderate-Income Housing Fund (LMIHF)) to be expended on increasing, improving, and preserving the supply of low- and moderate-income housing in the community (H & S Code § 33334.2 & 33334.3); and
- a fixed percentage of all housing constructed in a redevelopment project area must be affordable to low- and moderate-income persons and families (H & S Code § 33334.4 & 33413(b)); and
- the Agency must replace low- and moderate-income housing that is removed as a result of a redevelopment project (H & S Code § 33413(a)).

As stated previously, Redevelopment Law, H & S Code § 33490, requires every redevelopment agency to adopt a five-year implementation plan for each of its redevelopment project areas. The purpose of the implementation plan is to provide documentation linking the elimination of blight with the proposed capital activities of the redevelopment agency and to provide information on the proposed use of the Agency's LMIHF. The housing component of the implementation plan must describe how the agency's stated housing goals and objectives, programs and expenditures will implement the requirements of Redevelopment Law pertaining to affordable housing. The housing portion of the Implementation Plan incorporates a longer 10-year planning period during which the anticipated Agency affordable housing programs and activities will take place. As required by H & S Code § 33490(a)(1)(A), progress towards meeting stated housing goals and objectives is reviewed and updated, if necessary, at least every five years in conjunction with either the update of the implementation plan or as part of the update of the community's housing element.

In 2004, prior to the beginning of the most recent implementation plan cycle, the Agency adopted a joint 10-year housing component for the Canby-Hilltop-Cypress and Market Street Project Areas covering the years 2005 - 2014. One common LMIHF is maintained for both Project Areas. Map Exhibit 2 shows the boundaries of both Project Areas. Initial progress towards meeting stated housing goals and objectives was reviewed in November 2007 as part of the midterm review for both implementation plans. At that time, no modification of the housing plan was determined to be necessary.



MARKET STREET
REDEVELOPMENT
PROJECT

Canby/Hilltop/Cypress
REDEVELOPMENT
PROJECT



Several regulatory changes have occurred since the housing component was adopted in 2004. In order to meet the current requirements, the format of the previous 10-year plan has been modified to specifically include all required elements and narratives. At this time, the Agency's housing report must incorporate all of the information listed below. In order to make the report easier to understand, the report has been formatted to follow in order and by topic the specific regulations contained in the pertinent section of the Health and Safety Code.

1) LMIHF - The housing report is required to contain specific information relative to the Agency's LMIHF for the Canby-Hilltop-Cypress and Market Street Projects as follows:

- The amount available in the LMIHF and the estimated amounts which will be deposited in the LMIHF during each of the next five years (H & S Code § 33490(a)(2)(A)(i)) including the following narratives relative to the LMIHF:
 - A description of a program of housing activities with estimates of the number of new, rehabilitated or price restricted units to be assisted during each of the five years and estimates of expenditures of moneys from the LMIHF during each of the five years. (H & S Code § 33490(a)(2)(A)(ii)); and
 - A description of how the housing program will implement the requirement contained in H & S Code § 33334.4 for proportional expenditure of moneys in the LMIHF over a 10-year period for various groups, including very-low, low, and moderate-income households, senior households, and non-senior households (H & S Code § 33490(a)(2)(A)(iii) & (C)(iii)). The narrative must include the following information:
 - The number of housing units needed for very-low income persons, low-income persons, and moderate-income persons as each of those needs has been identified in the most recent Regional Housing Needs Allocation Plan (RH NAP), and the proposed amount of LMIHF expenditures for each income group during each year of the implementation plan (H & S Code § 33490(a)(2)(C)(i)); and
 - The total population of the community and the population under 65 years of age as reported in the most recent U.S. Census (H & S Code § 33490(a)(2)(C)(ii)).
- For the previous implementation plan period, information on the following (H & S Code § 33490(a)(2)(C)(iii)):
 - The amounts of LMIHF moneys utilized to assist units affordable to, and occupied by, extremely low-income, very-low income, and low-income households;
 - The number, the location, and level of affordability (extremely-low income, very-low income or low-income only) of units newly constructed with other locally controlled government assistance and without agency assistance and that have affordability restrictions for a minimum of 55 years for rental housing or 45 years for homeownership housing; and
 - The amount of LMIHF moneys utilized to assist housing units available to families with children and the number, location, and level of affordability of those units.

2) Housing Production Obligations - The housing report is required to contain specific information relative to the development of housing units within the Canby-Hilltop-Cypress and Market Street Projects as follows:

- A detailed description of housing units anticipated to be developed by the agency and others within the project areas over the life of the plan and during the 10-year housing plan period (H & S Code § 33490(a)(2)(B)) including:
 - Estimates of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within one or more project areas, both over the life of the plan and the ten year housing plan period. (H & S Code § 33490(a)(2)(B)(i));
 - Estimates of the number of units affordable to very-low, low-, and moderate-income households required to be developed to meet agency inclusionary requirements, both over the life of the plan and the ten year housing plan period. (H & S Code § 33490(a)(2)(B)(ii));
 - The actual number of units affordable to very-low, low-, and moderate-income households that have been developed to date to meet agency inclusionary requirements. (H & S Code § 33490(a)(2)(B)(iii)); and
 - Estimates of the number of agency-developed residential units which will be developed during the next five years, if any, and, of those, the number that will be affordable to very-low, low-, and moderate-income households. (H & S Code § 33490(a)(2)(B)(iv) & (v)).

3) Replacement Housing Obligations

If the implementation plan contains a project that will result in the destruction or removal of dwelling units that are required to be replaced by the agency pursuant to H & S Code § 33413(a), the implementation plan must identify proposed locations suitable for those replacement dwelling units.

AFFORDABLE HOUSING PRIORITIES AND GOALS

In March 2009, the Agency and the Redding City Council jointly reviewed existing goals and objectives stated in both the City's Housing Element and the Agency's various Implementation Plans. At that time, after consideration and discussion, the previously adopted goals relative to affordable housing in the community were reconfirmed as appropriate and viable for the next five-year planning period for both the Housing Element and the Agency planning documents. In addition, both bodies established a set of funding priorities for the next two budget years (FYE 2010 and FYE 2011) that are responsive to the current economic conditions experienced in the local housing market. The funding priorities are not intended to eliminate any of the Agency's established housing programs or activities. Rather, in a economic environment of declining property values, high foreclosure rates for all types of housing, and with a near frozen construction industry, a shift in focus was determined prudent. Specifically, the Agency and City designated the following priorities for funding:

- 1) A greater priority for the creation of all types of affordable housing through the acquisition and rehabilitation of existing units where it can be shown to be more cost effective than new construction;
- 2) Increased priority for programs that assist families and households to become homeowners of affordable units, especially activities that return bank-owned properties into the normal housing market; and
- 3) Increased priority for projects that provide transitional housing with supportive services for homeless populations, whether through new construction or the acquisition and rehabilitation of existing units.

These priorities for funding are consistent with and support the community's general goals relative to the maintenance, improvement, and development of housing as stated in the City's Housing Element of the General Plan and incorporated into the Agency's various implementation plans. The eight goals are:

- *Preserve and improve the community's existing housing stock.*
- *Facilitate the creation of new affordable housing opportunities.*
- *Support creative reuse of existing facilities and land.*
- *Enhance the quality of life within residential neighborhoods.*
- *Act as a catalyst for increased private investment in the community.*
- *Identify and address the housing needs of special population groups within the community.*
- *Promote achievement of economic self-sufficiency for all program participants.*
- *Provide opportunities for energy conservation in new and existing residences.*

The Housing Element contains an action plan that identifies both Agency and City housing activities to be undertaken over the next five year planning period. That narrative is comprehensive and specific and will, in conjunction with the implementation plans of the Agency act as a road map for both the City and Agency in order to achieve the stated priorities, goals, and objectives.

It is the Agency's intention to create and implement a plan utilizing fiscally sound housing activities and programs that will allow the Agency to address community identified housing needs as well as meet all of its regulatory housing obligations in a timely and efficient manner. The following report meets the criteria set forth in H & S Code § 33413 (b) (4) and § 33490.

LOW AND MODERATE INCOME HOUSING FUND

Actual LMIHF Expenditures 2005 - 2009

Regulations contained at H & S Code § 33490(a)(2)(C)(iii) require that information be provided on the use of LMIHF resources over the previous implementation plan period, 2005 - 2009. The information provided must describe the amount of LMIHF money used to assist units affordable to and occupied by extremely low-income, very-low income, and low-income-households. Table 1 describes the LMIHF expenditures for the past five year implementation period by income level.

TABLE 1

<p align="center">LOW AND MODERATE INCOME HOUSING FUND CANBY-HILLTOP-CYPRESS AND MARKET STREET ACTUAL EXPENDITURES 2005 - 2009* BY INCOME LEVEL</p>						
Income Level	2005	2006	2007	2008	2009*	Total
- Extremely Low Income	-0-	-0-	-0-	-0-	-0-	-0-
- Very-Low Income	\$ 1,310,523	\$ 637,175	\$ 19,960	\$ 115,057	\$ 556,937	\$ 2,639,652
- Low-Income	\$ 320,171	\$ 337,587	\$ 450,532	\$ 311,980	\$ 320,645	\$ 1,740,915
- Moderate-Income	\$ 896,599	\$ 508,716	\$ 714,759	\$ 1,134,014	\$ 425,088	\$ 3,679,176

* Through June 30, 2009

Source: Redding Redevelopment Agency

In addition, if applicable, information regarding all new construction projects not funded with LMIHF resources but containing units restricted for the same income levels as listed above and with long-term affordability restrictions must be provided. For the reporting period, all new construction projects with the required long-term affordability covenants utilized LMIHF resources.

Finally, the report must contain information regarding the amount of LMIHF assistance provided to projects with units available to families with children. Table 2 provides a listing of all projects assisted during the past five year period that were available to families with children, including the amount of LMIHF assistance, the name and location of the project, the number of units, and the level of affordability.

TABLE 2

LOW AND MODERATE INCOME HOUSING FUND CANBY-HILLTOP-CYPRESS AND MARKET STREET ACTUAL EXPENDITURES 2005 - 2009* UNITS AVAILABLE TO FAMILIES WITH CHILDREN						
Program/Activity	LMIHF EXPENDITURES					
	Very Low		Low		Moderate	
	Amount	# Units	Amount	# Units	Amount	# Units
Homebuyer Assistance (City-wide)	\$ 60,000	1	\$ 412,000	7	\$ 2,364,597	49
Rehabilitation O-O & MF (City-wide)	\$ 0	0	\$ 43,331	3	\$ 82,900	2
Miscellaneous Programs (City-wide)	\$ 19,243	5	\$ 22,842	93	\$ 3,896	9
Access Home 715 Parkview Avenue	\$ 0	0	\$ 3,729	3	\$ 0	0
New Urban Builders Parkview Subdivision	\$ 61,500	1	\$ 123,000	2	\$ 369,000	6
Watson Duplex 1805 Logan Street	\$ 0	0	\$ 0	0	\$ 139,500	1
Linden Apartments 2795 West Street	\$ 3,760	6	\$ 14,413	23	\$ 627	1
Habitat for Humanity Henry Ave. Subdivision 3300-3396 West Street	\$ 0	0	\$ 0	0	\$ 300,000	7
Francis Court Transitional Housing 2825 West Street	\$ 738,462	12	\$ 0	0	\$ 61,538	1
Innovations Housing Phase I Parkview Infill Leland Avenue	\$ 0	0	\$ 75,138	1	\$ 75,138	1
CRDC Infill Housing 1721 Logan Street	\$ 0	0	\$ 0	0	\$ 101,400	1
Habitat For Humanity 4014 Saffron Way	\$ 0	0	\$ 35,000	0.5	\$ 0	0
Total	\$ 882,965	25	\$ 729,453	132.5	\$ 3,498,596	78

*Through June 30, 2009

Source: Redding Redevelopment Agency

Current Status of Targeting Requirements

Current regulations at H & S Code § 33334.4 require proportionate expenditure of LMIHF funds by income and age (referred to as the “Targeting Requirements”). Further detail specific to the requirement is provided on Tables 6 and 7 and in the following section on anticipated LMIHF expenditures. Simply, agencies are required to target LMIHF expenditures to specific income

levels and to comply with restrictions relative to the amount of LMIHF assistance provided to projects that contain units that are age-restricted. The time frame to achieve the required proportionality of expenditures by income and age for the Canby-Hilltop-Cypress and Market Street Projects is an initial 13-year period running January 1, 2002 through December 31, 2014, and each 10 years thereafter. While not statutorily required to be included within the information provided in this report, a review of the current status of the Agency in meeting these requirements is helpful to determine future spending priorities and possible remedial action. Table 3 depicts the amount of LMIHF expenditures since January 1, 2002, to assist units affordable to, and occupied by, very-low, low- and moderate-income households. The expenditures for very-low households through FYE 2009 is 31 percent of the total LMIHF expenditures and for moderate-income households, 43 percent. To meet Targeting Requirements for these two income groups by the end of 2014, the Agency must insure that expenditures for housing affordable to very-low income households reach a minimum of 40.33 percent, and for moderate income households, does not exceed 31.61 percent.

TABLE 3

LOW AND MODERATE INCOME HOUSING FUND CANBY-HILLTOP-CYPRESS AND MARKET STREET EXPENDITURES BY HOUSEHOLD INCOME LEVEL JANUARY 1, 2002 - JUNE 30, 2009						
	LMIHF EXPENDITURES					
Year	Very Low		Low		Moderate	
	Amount	Percent	Amount	Percent	Amount	Percent
2002/2003	\$ 972,770	27.45%	\$ 1,314,410	37.10%	\$ 1,256,063	35.45%
2004	\$ 213,426	27.72%	\$ 231,943	30.12%	\$ 324,601	42.16%
2005	\$ 1,310,523	51.85%	\$ 320,171	12.67%	\$ 896,599	35.48%
2006	\$ 637,175	42.95%	\$ 337,587	22.76%	\$ 508,716	34.29%
2007	\$ 19,960	1.68%	\$ 450,532	38.01%	\$ 714,759	60.30%
2008	\$ 115,057	7.37%	\$ 311,980	19.99%	\$ 1,134,014	72.64%
2009	\$ 556,937	42.75%	\$ 320,645	24.61%	\$ 425,088	32.63%
TOTAL:	\$ 3,825,848	30.92%	\$ 3,287,268	26.57%	\$ 5,259,840	42.51%

Source: Redding Redevelopment Agency

Table 4 identifies the expenditures from the LMIHF since January 1, 2002, on both age restricted and non-age restricted activities. As of June 30, 2009, LMIHF expenditures in support of non-age restricted housing were 89 percent of the Agency's combined expenditures for all housing activities, approximately 20 percent more than required by the proportionality thresholds.

TABLE 4

LOW AND MODERATE INCOME HOUSING FUND CANBY-HILLTOP-CYPRESS AND MARKET STREET EXPENDITURES BY HOUSEHOLD TYPE JANUARY 1, 2002 - JUNE 30, 2009				
	LMIHF EXPENDITURES			
Year	Age-Restricted		Non Age-Restricted	
	Amount	Percent	Amount	Percent
2002/2003	\$ 599,362	17%	\$ 2,943,881	83%
2004	\$ 256,501	33%	\$ 513,469	67%
2005	\$ 348,866	14%	\$ 2,178,427	86%
2006	\$ 91,283	6%	\$ 1,392,195	94%
2007	\$ 4,984	0.42%	\$ 1,180,267	99.58%
2008	\$ 742	0.05%	\$ 1,560,309	99.95%
2009	\$ 0	0%	\$ 1,302,670	100%
TOTAL:	\$ 1,301,738	11%	\$ 11,071,218	89%

Source: Redding Redevelopment Agency

Anticipated LMIHF Expenditures FYE 2010 - 2014

Regulations contained at H & S Code § 33490(a)(2)(A)(i) require the housing report to identify the amount of money currently available in the Agency's LMIHF and the estimated amounts to be deposited in the LMIHF during each of the next five years. Table 5 reflects the amount available in the CHC and Market Street LMIHF for the fiscal year beginning July 1, 2009, and anticipated future revenues by fiscal year through the fiscal year beginning July 1, 2013. It is important to note that the reporting period reflects the fiscal year, which is the period of time the Agency's budget and cash-flow statements are based, not the calendar year.

TABLE 5

LOW AND MODERATE INCOME HOUSING FUND CANBY-HILLTOP-CYPRESS AND MARKET STREET ANTICIPATED RESOURCES FYE 2010 - 2014					
	2009-10*	2010-11	2011-12	2012-13	2013-14
<i>Resources:</i>					
- Estimated Starting Balance	\$ 1,511,140	\$ 523,570	\$ 593,080	\$ 792,640	\$ 730,010
- 20% Tax Increment Deposits	\$ 2,946,510	\$2,946,510	\$2,946,510	\$2,984,920	\$3,023,760
- Interest & Other Income	\$ 111,050	\$ 111,050	\$ 100,000	\$ 100,000	\$ 100,000
- Balance Available for Housing	\$ 4,568,700	\$3,581,130	\$3,639,590	\$3,877,560	\$3,853,770
<i>Funds to be Spent or Committed:</i>					
- For Housing Debt Service	\$ 769,500	\$ 770,950	\$ 765,200	\$ 767,040	\$ 764,960
- For Affordable Housing Activities	\$ 2,312,000	\$ 1,182,000	\$ 1,000,000	\$ 1,250,000	\$ 1,250,000
- For Program Administration	\$ 963,630	\$ 1,035,100	\$ 1,081,680	\$ 1,130,510	\$ 1,181,780
- To be Accrued for Specific Future Year Projects	\$ 523,570	\$ 593,080	\$ 792,640	\$ 730,010	\$ 657,030

* FYE 2010 reflects actual Starting Balance

Source: Redding Redevelopment Agency

Targeting Requirements Expenditures Analysis

Current regulations at H & S Code § 33334.4 require proportionate expenditures of LMIHF housing funds by income and age. Agencies are required to target LMIHF expenditures to specific income levels. Specifically, over each 10-year period of the housing component of the implementation plan, the Agency is to spend monies from its LMIHF to assist housing for persons of very-low and low income in at least the same proportion as the total number of dwelling units needed for those two groups bears to the total units needed for very-low, low-, and moderate-income households as determined in the Housing Element pursuant to Government Code § 65584. To determine the above, the Agency must use the population percentage allocations provided in the most current Regional Housing Needs Allocation Plan (RHNAP) prepared by the State Department of Housing and Community Development for the City of Redding and incorporated into the City's current Housing Element of its General Plan, as the benchmark for targeting housing funds to the different income groups.

Table 6 shows the regional housing needs per income level as reflected in the RHNAP for the period January 1, 2007 to June 30, 2014. The combined number of housing units needed for very-low and low income households (1,785 + 1,242 = 3,027) divided by the total number of housing units needed for all households (3,027 ÷ 4,426) concludes that 68.39 percent of the Agency's expenditures on housing activities must be applied to very-low and low-income households. Specifically, no less than 40.33 percent of LMIHF expenditures need to be for housing activities affordable to very-low income

households, with the combined total expenditures for very-low and low-income households not less than the 68.39 percent cited above. While LMIHF expenditures for housing activities affordable to moderate-income households are allowable, the total expended for this category cannot exceed 31.61 percent.

TABLE 6

CITY OF REDDING REGIONAL HOUSING NEEDS ALLOCATION BY INCOME GROUP JANUARY 2007 - JUNE 30, 2014		
Income Level	Needed Housing Units	Percent
Very Low (\leq 50% AMI)	1,785	40.33%
Low (51% - 80% AMI)	1,242	28.06%
Lower Income (\leq 80% AMI) Total	3027	68.39%
Moderate (81% - 120% AMI)	1,399	31.61%
All Income Total	4,426	100.00%

Source: 2007 HCD Regional Housing Needs Allocation Plan, Shasta County

Additionally, LMIHF expenditures are required, over the same 10-year period, to assist housing that is available to all persons, regardless of age, in at least the same proportion as the low-income population under age 65 years bears to the total low-income population as reported in the most recent U.S. Census. Table 7 shows data from the 2000 U.S. Census for the City of Redding relative to the total number of low-income households, senior households, and non-senior households. Based on this information, to meet regulatory requirements for LMIHF expenditures, no more than 31.05 percent of the Agency's LMIHF expenditures should be for assistance to age-restricted units.

TABLE 7

CANBY-HILLTOP-CYPRESS AND MARKET STREET LOW AND MODERATE INCOME HOUSING FUND EXPENDITURES BY HOUSEHOLD TYPE				
Total Low-Income Households	Total Low-Income Non-Senior Households	%	Total Low-Income Senior Households	%
13,110	9,040	68.95%	4,070	31.05%

Source: 2000 U.S. Census; HUD CHAS Data Tables; <http://socds.huduser.org/chas/index.htm>

AGENCY LMIHF HOUSING PROGRAMS AND ACTIVITIES

The Agency has established a multifaceted program of housing activities that will be funded utilizing the LMIHF resources. These activities and programs include facilitating the acquisition of existing single family and multi-family housing units, rehabilitation of existing units, development of new single-family and multi-family units, direct loan assistance to homebuyers, housing counseling, and development of transitional facilities for homeless populations. Appendix A provides specific information on significant housing projects completed in the past five years.

The following is a narrative description of the types of programs and activities the Agency anticipates undertaking over the next five years. It is important to note that many activities are and will be dependent on not only the availability of the LMIHF resources at the level anticipated in Table 5, but also the availability of additional local, state, and federal resources for affordable housing. It is also important to note that in addition to identified community goals and objectives, one of the primary factors that will determine the level of funding to be expended for each housing activity and/or program is the effect that the proposed expenditure will have on the Agency's ability to meet its targeting obligations.

Table 8 provides an estimate of the LMIHF expenditures for each category of activity over the remaining five years of the ten year planning period, by income level. The LMIHF amounts shown on Table 8 include all anticipated LMIHF deposits as shown on Table 5 and LMIHF amounts that have been encumbered under approved projects but not spent as of June 30, 2009. Table 9 provides an estimate of LMIHF expenditures over the remaining five years of the 10-year planning period by household type and income level. It is anticipated that as economic conditions change or unforeseen opportunities present themselves, additional programs and activities may be considered and developed over the time period which may take the place of or be added to those presented here.

Affordable Housing New Construction

The Agency has participated and will continue to participate with both nonprofit and for-profit housing developers to construct affordable housing in the CHC and Market Street Project Areas as well as citywide. Development may consist of single-family ownership and rental units, multifamily rental units, or transitional units targeting specific homeless populations. The Agency currently has agreements with several different developers, both for-profit and non-profit, for the development of affordable single-family ownership units as well as affordable rental units in both the Downtown and the Parkview Neighborhoods. A new construction project consisting of 14 affordable rental units is also underway in the CHC Project Area. All of the current projects utilize a variety of funding sources, including the LMIHF. It is anticipated that all projects undertaken over the next planning period will require significant leveraging of non-LMIHF resources also. Affordability levels for the completed units are anticipated to range from extremely low-income to moderate-income. Long-term affordability covenants (45 years for ownership units and 55 years for rental units) will be recorded against all developed units assisted with LMIHF resources. Proposed expenditures from the LMIHF will be monitored as project proposals are considered to insure continued compliance with targeting requirements. It is anticipated that over the remaining five years of the planning period approximately 125 new affordable units will be developed, with 75 percent affordable to very-low income households.

Multiple Family Residential Acquisition/Rehabilitation

Current regulations allow the Agency to meet a portion of its affordable housing obligations through the recordation of affordability covenants restricting the rents for 55 years on existing rental units. The Agency anticipates using a portion of its LMIHF for activities including acquisition (with or without rehabilitation) and rehabilitation (with or without acquisition) of existing multi-family units located primarily within its identified target neighborhoods. As of late 2009, these target neighborhoods include the Parkview Neighborhood, the Martin Luther King, Jr. Neighborhood, the Downtown Area, and the Lake Boulevard Area. Other target areas maybe identified and added during the planning period. One of the priority housing activities identified in March 2009 by the Agency was acquisition and rehabilitation of existing units. Real estate prices on existing rental units have dropped dramatically over the recent past. In the current housing market, acquisition coupled with rehabilitation is often more cost effective than new construction. It is anticipated that properties assisted in this manner generally will meet statutory guidelines for substantial rehabilitation. All properties assisted with LMIHF resources will be subject to the recordation of appropriate long-term affordability covenants. It is not anticipated that the Agency will be the owner of the affordable units, but will use LMIHF financing as an incentive for the private sector to acquire and operate the facilities as affordable housing. For the remaining five years of the planning period, it is anticipated that approximately 100 units will be assisted. Very-low income and low-income affordability levels will be the primary focus.

Rehabilitation of Single-Family Ownership Units

The Agency has utilized LMIHF resources in the past to assist with the rehabilitation of existing owner-occupied single-family units, primarily within its identified target neighborhoods. The City of Redding has a number of resources that are able to be used for this purpose to assist up to low-income households, therefore the use of the LMIHF has generally been for moderate-income households or to augment the City's funding on individual projects. In all projects where the level of needed rehabilitation meets the statutory definition of "substantial rehabilitation," long-term affordability covenants are required to be recorded against the property. The Agency also anticipates utilizing the LMIHF to continue to provide small paint grants to income-eligible homeowners residing within the Agency's target neighborhoods. The grants may only be used for paint and supplies necessary for painting the exterior of the home. It is anticipated that a small number of less-than substantial rehabilitation activities will take place, in addition to the miscellaneous grant activities within the target neighborhoods.

Direct Assistance to Home Buyers

The Agency has historically utilized a significant portion of its LMIHF to assist income-eligible home buyers purchase a home. The primary type of assistance is in the form of a second mortgage offered at a below-market interest and not requiring monthly payments. This financing, in effect, acts as an additional source of downpayment money for the home purchaser. In addition, the Agency recently adopted a small incentive grant program designed to encourage homebuyers to purchase a bank-owned unit. Foreclosure levels over the past several years have been historically high. These vacant units often are poorly maintained and act as a blighting influence in the residential neighborhoods in which they are located. Upon purchase of a bank-owned unit, the income-eligible buyer is provided a grant of up to \$2,500 to be used for improvements to the home, including energy-efficiency upgrades. Over the final five years of the planning period, it is anticipated that the Agency will provide approximately \$300,000 per year to assist with home purchases. Depending upon the income levels assisted, approximately 5 low-income home buyers could be assisted per year, up to 20 moderate-income homebuyers.

TABLE 8

LOW- AND MODERATE-INCOME HOUSING FUND CANBY-HILLTOP-CYPRESS AND MARKET STREET ANTICIPATED EXPENDITURES AND # UNITS FYE 2010 -2014 BY ACTIVITY TYPE AND INCOME LEVEL							
Type of Activity	Affordability(# Units)	2009-10	2010-11	2011-12	2012-13	2013-14	Total
NEW CONSTRUCTION (Est. \$9,907,830) (Total 125 Units)	Very Low (90 Units)	\$ 345,265	\$ 1,135,000	\$ 1,135,000	\$ 1,135,000	\$ 1,135,000	\$ 4,885,265
	Low (20 Units)	\$ 1,242,478	\$ 1,128,471	\$ 360,000	\$ 360,000	\$ 360,000	\$ 3,450,949
	Moderate (15 Units)	\$ 571,616	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,571,616
REHABILITATION (Est. \$3,051,787) (Total 100 Units)	Very Low (25 Units)	\$ 150,894	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,150,894
	Low (75 Units)	\$ 150,893	\$ 0	\$ 250,000	\$ 250,000	\$ 250,000	\$ 900,893
	Moderate (-0- Units)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DIRECT LOANS TO HOMEBUYERS (Est. \$1,500,000) (Total 120 Units)	Very Low (-0- Units)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	Low (-0- Units)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	Moderate (120 Units)	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,500,000
Total:	Very Low (115 Units)	\$ 496,159	\$ 1,635,000	\$ 1,635,000	\$ 1,635,000	\$ 1,635,000	\$ 7,036,159
	Low (95 Units)	\$ 1,393,371	\$ 1,128,471	\$ 610,000	\$ 610,000	\$ 610,000	\$ 4,351,842
	Moderate (135 Units)	\$ 871,616	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 3,071,616
Combined Total:		\$ 2,761,146	\$ 3,313,471	\$ 2,795,000	\$ 2,795,000	\$ 2,795,000	\$ 14,459,617

TABLE 9

LOW- AND MODERATE-INCOME HOUSING FUND CANBY-HILLTOP-CYPRESS AND MARKET STREET ANTICIPATED EXPENDITURES FYE 2010 -2014 BY INCOME LEVEL AND HOUSEHOLD TYPE							
INCOME LEVEL	2009-10	2010-11	2011-12	2012-13	2013-14	TOTAL	%
- Very Low Income	\$ 496,159	\$ 1,635,000	\$ 1,635,000	\$ 1,635,000	\$ 1,635,000	\$ 7,036,159	48.7%
- Low Income	\$ 1,393,371	\$ 1,128,471	\$ 610,000	\$ 610,000	\$ 610,000	\$ 4,351,842	30.1%
- Moderate Income	\$ 871,616	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 3,071,616	21.2%
Total	\$ 2,761,146	\$ 3,313,471	\$ 2,795,000	\$ 2,795,000	\$ 2,795,000	\$ 14,459,617	100.0%
HOUSEHOLD TYPE							
- Age Restricted	\$ 855,955	\$ 1,027,176	\$ 866,450	\$ 866,450	\$ 866,450	\$ 4,482,481	31.0%
- Non Age Restricted	\$ 1,905,191	\$2,286,295	\$1,928,550	\$1,928,550	\$1,928,550	\$9,977,136	69.0%
Total	\$ 2,761,146	\$ 3,313,471	\$ 2,795,000	\$ 2,795,000	\$ 2,795,000	\$ 14,459,617	100.0%

Source: Redding Redevelopment Agency

HOUSING PRODUCTION REQUIREMENT

In addition to the requirement that agencies spend a portion of tax increment to increase, improve, and preserve the supply of housing for low- and moderate-income persons and families, redevelopment agencies must ensure that a specified percentage of new or rehabilitated housing is available at affordable housing cost to low- and moderate-income households. This requirement is commonly referred to as an agency's Housing Production Requirement. Outlined at H & S Code § 33413 (b), the Housing Production Requirement contains two components, one addressing housing produced directly by an agency and one for all other housing produced in a project area.

Agency-Produced Housing

H & S Code § 33413 (b)(1) states that at least 30 percent of all new or substantially rehabilitated dwelling units developed by an agency must be available at an affordable housing cost to, and occupied by, persons and families of low or moderate income. Of that 30 percent, not less than 50 percent are required to be available at an affordable cost to, and occupied by, very-low- income households. Interpretation of this requirement has centered on the meaning of "developed by an agency." According to an analysis of this requirement contained in the book, *Redevelopment in California, 2009 (Fourth Edition)*, by Joseph E. Coomes, Jr. et al, a staff attorney with the law firm of McDonough, Holland & Allen, recognized authorities on California Redevelopment Law, an agency would incur an obligation under this regulation only if it both constructed and owned the developed housing units. According to Coomes, "This provision is rarely applicable as nearly all housing that is assisted by redevelopment agencies is developed and owned by private or nonprofit entities."¹

An alternative interpretation of this regulation is supported by the State Department of Housing and Community Development (HCD). HCD, contrary to the opinion of the vast majority of redevelopment practitioners, holds that the 30 percent requirement stated above applies to all agency-assisted housing and not just to housing produced directly by an agency. While this interpretation is not held to be correct by the Agency, analysis of the affordability levels of all units assisted by the Agency (including substantially rehabilitated and newly constructed units) shows that the Agency has far exceeded the minimum affordability thresholds stated above for both the Market Street and CHC Projects. (See Table 10.) Since the inception of the Market Street Project, the Agency has assisted 155 units, of which 100 percent are affordable to low or moderate income households, including 54 units (34.8 percent) that are affordable to very-low income households. Since the inception of the C-H-C Project, the Agency has assisted 317 units, of which 100 percent are affordable to low or moderate income households, including 188 units (59.3 percent) affordable to very-low income households.

All Other Project Area Housing Production

H & S Code § 33413 (b)(2)(A)(i) states that at least 15 percent of all new or substantially rehabilitated dwelling units that are developed within a project area by public or private entities or persons other than the redevelopment agency must be available at affordable housing cost to, and occupied by, persons and

¹ Coomes, Jr., Joseph E. et al. Redevelopment in California, 2009 (Fourth) Edition. California: Solano Press Books, 2009.

families of low and moderate income. Of that 15 percent, not less than 40 percent must be occupied by very-low-income households. Dwelling units developed pursuant to the 15 percent requirement are to remain available at affordable cost to and occupied by very-low, low-, and moderate-income persons and families for the longest feasible time, but not less than 55 years for rental units and 45 units for owner-occupied units. This component of the Housing Production Requirement is often referred to as the “Inclusionary Requirement.”

As used in the above statement, “substantially rehabilitated” means rehabilitation, the value of which constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value. This component of the requirement has been modified a number of times since the Canby-Hilltop-Cypress and Market Street Projects were formed. Initially in 1994, rehabilitated units that could be counted in calculating the progress towards meeting the Agency’s affordable housing inclusionary requirements were (1) single-family dwelling units with one or two units that were substantially rehabilitated with agency assistance, and (2) multiple-family rented dwelling units with three or more units that were substantially rehabilitated, with or without agency assistance. Effective January 1, 2002, only single-family and multi-family units, regardless of unit count, that were substantially rehabilitated with agency assistance can be counted.

The Agency’s inclusionary housing obligation can be met by the construction of new affordable units, the substantial rehabilitation of existing units, and/or the acquisition of affordability covenants. If any of the affordable units are located outside of the project area boundaries, then those units can only be counted on a 50% basis towards meeting the Agency’s inclusionary housing obligations. With respect to the acquisition of affordable covenants, a redevelopment agency may purchase or acquire long-term affordability covenants on existing multiple-family units that are not presently affordable to low- and moderate-income households or on currently affordable multiple-family units that are not expected to remain affordable. No more than 50 percent of the units meeting each project area’s inclusionary housing obligations may be available in this manner, and at least 50 percent of the units with purchased affordability covenants must be affordable to and occupied by very-low-income households. To date, the Agency has not purchased affordability covenants on any existing multiple-family units.

Time Frame for Compliance

The Agency is required to meet its Housing Production Requirement every 10 years through the life of the redevelopment project. For the Canby-Hilltop-Cypress and Market Street Projects, the current compliance period runs from January 1, 2005 through December 31, 2014. If the Agency’s housing requirements are not met by the end of that time, the Agency then must meet its obligations on an annual basis until the required housing units for the total 10-year period is met. If the Agency has exceeded its requirements within the 10-year period, the excess housing units may be counted toward the next 10-year period.

Housing Production Accomplishments

A comprehensive review has been conducted on the Agency’s progress toward meeting its Housing Production Requirement since inception of the Redevelopment Plans for the CHC and Market Street Projects and also over the past five years of the current 10-year planning period. Table 10 represents a summary of both non-Agency assisted housing units that have been developed in both Project Areas

since their respective adoptions as well as all newly developed or substantially rehabilitated Agency-assisted housing units that are located within the boundaries of either Project Area. The total of these three categories forms the basis from which the Agency's Housing Production obligation is determined. The affordable units assisted by the Agency both inside and outside of the Project Areas coupled with and any units with affordability covenants established by the Agency, are counted towards meeting the statutory Housing Production obligations in the two Project Areas as shown on the bottom of Table 10.

TABLE 10

HOUSING ACTIVITY CANBY-HILLTOP-CYPRESS AND MARKET STREET JANUARY 1, 1981 THROUGH JUNE 30, 2009		
	MKT	CHC
Market Rate Units Constructed Within Project Areas	226	1,475
Affordable Units Constructed with Agency Assistance Within Project Areas	72	97
Existing Units Substantially Rehabilitated with Agency Assistance Within Project Areas	92	1
TOTAL:	390	1,573
Affordable Units Required (15% of Total)	58.5	236
Very-Low Income Units Required (40% of Affordable Unit Total)	23.4	94.38
CURRENT STATUS - HOUSING PRODUCTION REQUIREMENTS		
Total Affordable Units Constructed with Agency Assistance ⁽¹⁾ - City-wide	66	244
Total Existing Units Substantially Rehabilitated with Agency Assistance ⁽¹⁾ - City-wide	89.5	73
TOTAL AFFORDABLE UNITS PRODUCED:	155.5	317
TOTAL OF ABOVE UNITS AFFORDABLE TO VERY-LOW INCOME:	54	188
TOTAL AFFORDABLE UNITS IN EXCESS OF CURRENT HOUSING PRODUCTION OBLIGATIONS (which may be applied to future obligations):	97	81

Source: City of Redding Building Department/Redevelopment Division

- (1) Units produced or substantially rehabilitated that are being utilized to meet the Agency's replacement housing obligations are not included.

Tables 11(a) and 11(b) provide the individual project detail by Project Area specific to newly constructed and substantially rehabilitated housing units with long-term affordability restrictions recorded against them by the Agency, located anywhere in the community. The listed housing projects on these two tables have been utilized to assist the Agency in addressing its Housing Production Requirement for each Project Area.

TABLE 11 (a)

CANBY-HILLTOP-CYPRESS AGENCY ASSISTED INSIDE OR OUTSIDE OF PROJECT AREA NEW CONSTRUCTION OR SUBSTANTIALLY REHABILITATED HOUSING JANUARY 1, 1981 - JUNE 30, 2009					
Name	Project Address	Project Type	Number of Units By Income Level		
			VL	LOW	MOD
Mountain Vistas I ^{(1) (2)}	675 Peppertree Lane	MF	8		
Heritage Plaza ^{(1) (2)}	1875 Benton/1080 Delta St.	MF-SR		31	40
Shadowbrook ⁽¹⁾	Hartnell/Victor Avenue	MF	23.5	11.5	
Whispering Oaks	900 Canby Road	MF	9		
Laurel Glen ^{(1) (2)}	2651 Lowden Lane	MF		14.5	14.5
Treehouse Senior Apts. ⁽¹⁾	4500 Alder Street	MF	30.5		
Della Williams Garden	3221 Bechelli Lane	MF	20		
Pilgrim House	910 Canby Road	MF	49		
Wilshire Place	580 Wilshire Drive	MF	16		
Mercy Oaks Village ⁽¹⁾	2355 Mcauley Wy	MF	31		
RRCD II	3173 Bechelli Lane	MF-SR		1	
Habitat for Humanity ⁽¹⁾	4014 Saffron Way	MF-SR			.5
Henry Ave Subdivision ⁽¹⁾	3300-3396 West St	SF			3.5
Substantial Rehabilitation ⁽¹⁾	Various Outside of CHC	SF-SR		.5	
Direct Loans to Homebuyers	Various Inside of CHC	SF		1	
Direct Loans to Homebuyers ⁽¹⁾	Various Outside of CHC	SF	1	8	3
TOTAL UNITS:			188	67.5	61.5

(1) Located outside of the C-H-C Project Area.

(2) Balance of units credited towards Replacement Housing Obligation

TABLE 11 (b)

MARKET STREET AGENCY ASSISTED INSIDE OR OUTSIDE OF PROJECT AREA NEW CONSTRUCTION OR SUBSTANTIALLY REHABILITATED HOUSING JANUARY 1, 1990 - JUNE 30, 2009					
Name	Project Address	Project Type	Number of Units By Income Level		
			VL	LOW	MOD
NVCSS Center Street	1055/1061 Center Street	MF-SR	12		
Wesley Neighborhood I	Continental & South Street	MF-SR	2	6	
Wesley Neighborhood II ⁽¹⁾	1015 - 1150 South Street	MF-SR		4.5	
Redding Hotel	1748 Market Street	MF-SR	23		25
CRDC	1869 Eugenia Avenue	MF-SR	1	5	
CRDC II	1859 Eugenia Avenue	MF-SR		1	
CRDC III ⁽²⁾	1756 Eugenia/1750 Milo	MF		4	
Watson Duplex	1805 Grant/1805 Logan	MF			1
RRCD	5887 - 5931 Cedars Road	MF-SR		8	
RRCD III	701-715 Parkview Avenue	MF		3	
RRCD IV	665 State Street	MF-SR		1	
RRCD V	735 Severtson Drive	MF			2
Veterans Recovery Project	2104 Waldon	MF-SR		1	
Francis Court ⁽²⁾	2825 West Street	MF	9		
Linden Apartments	2795 West Street	MF	6	23	
Habitat For Humanity	2755, 2765, 2775 West St	SF		3	
Innovations Housing	2752 & 2766 Leland Ave.	SF		1	1
CRDC	2948 Leland Ave.	SF		1	
CRDC	1721 Logan Street	SF			1
New Urban Builders	Parkview Neighborhood	SF	1	2	6
Direct Loans to Homebuyers	Various Inside of Market	SF		2	
TOTAL UNITS:			54	65.5	36

(1) Located outside of the Market Street Project Area

(2) Balance of units credited towards Replacement Housing Obligation

Production Housing Needs

As stated previously, the housing component of each Project Area's Implementation Plan is required to review the Agency's progress toward meeting its Housing Production Requirements to date and for the current 10-year planning period. In addition, an analysis must be provided that estimates the Agency's likely remaining production housing obligations through the end of the respective Project Area's effectiveness timeframe. The current 10-year period runs from January 1, 2005, through December 31, 2014. Both Project Areas currently are effective through the year 2030.

In order to develop a reliable estimate of the likely Housing Production obligations that the Agency may incur through the life of each Project Area, information was collected relative to the amount of vacant land located within each Project Area that is considered suitable for residential development under the City's current land-use zoning classifications. Consideration was given to building constraints, when known, such as floodplain or steep slopes. The remaining net acreage was multiplied by the appropriate density factor to reach the potential number of housing units that could be developed at build-out.

It is estimated that no more than 95 percent of the residential land within the Project Areas will be developed by the conclusion of the two redevelopment plans. Vacant, developable land exists throughout the City of Redding and the adjacent communities to meet the needs of development over the next several decades. Availability of utilities and the cost of needed system enhancements are among a number of limiting factors that will preclude immediate development of some properties. While the competition for developable residential land may become greater towards the end of the Project Areas' lifetimes, it is unlikely that full build out will be reached.

Tables 12 and 13 contain information about the amount of undeveloped vacant residential land that is currently in each Project Area, by zoning classification. An estimate of the number of units that are possible to develop within each Project Area, based upon the current zoning, is indicated. Finally, the tables show the corresponding number of affordable units that would need to be developed to meet the Agency's future Housing Production Requirement.

TABLE 12

CANBY-HILLTOP-CYPRESS REDEVELOPMENT AREA UNDEVELOPED RESIDENTIAL LAND AS OF October 11, 2009		
Land Use Classification	Vacant Acreage	Potential New Units
Residential Estate:		
1.0 Unit Per Acre	2.14	1
2.0 Units Per Acre	0	0
Residential Single Family:		
2.0 Units Per Acres	0	0
3.0 Units Per Acre	7.59	19
3.5 Units Per Acre	8.37	29
4.0 Units Per Acre	7.11	28
Residential Multiple-Family:		
6 Units Per Acre	6.89	41
9 Units Per Acre	17.66	159
10 Units Per Acre	19.95	190
12 Units Per Acre	26.22	315
15 Units Per Acre	.05	1
18 Units Per Acre	0	0
20 Units Per Acre	0	0
Total:	95.98	783
Total Units at 95% Build-Out:		744
Potential Agency Inclusionary (Production Housing) Requirement Based Upon 95% Build-Out Scenario		
Total Low/Moderate Affordable Units:	112	
(Total-Very-Low Affordable Units:	45)	

Source: City of Redding Geographic Information Systems Division

TABLE 13

MARKET STREET REDEVELOPMENT AREA UNDEVELOPED RESIDENTIAL LAND AS OF October 11, 2009		
Land Use Classification	Vacant Acreage	Potential New Units
Residential Estate:		
1.0 Unit Per Acre	0	0
2.0 Units Per Acre	0	0
Residential Single Family:		
2.0 Units Per Acres	30.98	62
3.0 Units Per Acre	264.16	660
3.5 Units Per Acre	1.24	4
4.0 Units Per Acre	13.57	52
Residential Multiple-Family:		
6 Units Per Acre	1.80	12
9 Units Per Acre	19.98	145
10 Units Per Acre	.96	9
12 Units Per Acre	0	0
15 Units Per Acre	41.95	545
18 Units Per Acre	8.94	149
20 Units Per Acre	.66	13
Total:	384.24	1,651
Total Units at 95% Build-Out:		1,568
Potential Agency Inclusionary (Production Housing) Requirement Based Upon 95% Build-Out Scenario:		
Total Low/Moderate Affordable Units: 235 (Total-Very-Low Affordable Units: 94)		

Source: City of Redding Geographic Information Systems Division

Current 2005 - 2014 Planning Period Status

Table 14 represents the current status of the Production Housing Requirement for the Canby-Hilltop-Cypress and Market Street Projects for the current 10-year period. As stated previously, the Agency's Production Housing obligations are based upon the total number of housing units privately developed without Agency assistance in the project area, the total number of new units developed with Agency assistance in the project area, and the total number of units substantially rehabilitated with Agency

assistance and with long-term affordability covenants within the Project Area. Table 14 is based on actual unit counts through June 30, 2009. For all future years, the table uses a projection of a pro rata share of the presumed 95 percent build-out potential within the specific project area. The pro rata share of the anticipated future growth was calculated at 40 percent through the current planning period.

TABLE 14

REDDING REDEVELOPMENT AGENCY PRODUCTION HOUSING REQUIREMENTS 2005 - 2014					
	Very Low		Low/Moderate		Combined Total
	CHC	Market	CHC	Market	
Inclusionary housing units required 2005 - 2014 (Based on actual units built 1-1-05 through 6-30-09 (233 in CHC/155 in Market) plus 40% share of potential 347 low/mod units (112 in CHC/235 in Market) needed to meet obligation over the remaining life of the Project Areas)	32	47	48	70	197
Less actual inclusionary housing units developed January 1, 2005 - June 30, 2009	(31.0)	(7.0)	(5.5)	(58.0)	(101.5)
Net inclusionary housing units required through end of reporting period, December 31, 2014	1.0	40.0	42.5	12.0	95.5

Based upon the anticipated activities described in earlier portions of this report and the anticipated expenditure levels for those activities, it is anticipated that the Agency will continue to exceed its Housing Production Requirement for the CHC and Market Street Project Areas at the end of the current planning period.

To the extent needed to meet the Agency’s Housing Production Requirement in 2014 at the conclusion of the current 10-year planning period, excess affordable units that were produced in previous time periods will be carried over into the current time period. Health and Safety Code § 33413 (b) (4) permits the Agency to count any remaining affordable units in excess of the Agency’s obligation toward meeting its obligations in future years. There are approximately 178 Agency-assisted affordable units that have been created in excess of the Agency’s current obligations that could be carried over if necessary.

Projections Through 2030

As stated previously, the Agency is required to estimate the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within its project areas, both over the current planning period and over the remaining life of its redevelopment plans to meet its inclusionary obligations. Tables 12 and 13 estimate that the Agency’s inclusionary obligation will require an additional 347 (112 in CHC and 235 in Market) affordable housing units over the remaining life of the CHC and Market Street Redevelopment Plans. Table 15 sets forth the estimated Production Housing

Requirement for the Canby-Hilltop-Cypress and Market Street Projects over the remaining life of the CHC and Market Street Project Areas through the year 2030. Again, the estimated level of housing development is based on a 40 percent pro rata share of the presumed 95 percent build-out potential within each Project Area for Years 2015 through 2025 and a 20 percent share for the final five-year period in each.

The Agency has assisted in the production of more affordable housing units than is anticipated to be necessary to meet its Housing Production obligations through the current planning period. (See Table 10.) Any units in excess of the final production obligation determined at the end of the current planning period will be carried forward to meet future housing production obligations as needed.

TABLE 15

REDDING REDEVELOPMENT AGENCY PRODUCTION HOUSING REQUIREMENTS 2015 - 2030					
	Very Low		Low/Moderate		Combined Total
	CHC	MKT	CHC	MKT	
Inclusionary housing units required 2015 - 2024 (Based on 40% share of potential 347 low/mod units (112 in CHC/235 in Market) needed to meet obligations over the remaining life of the Project Areas)	18	38	27	56	139
Inclusionary housing units required 2025 - 2030 (Based on 20% share of potential 347 low/mod units (112 in CHC/235 in Market) needed to meet obligation over the remaining life of the Project Areas)	9	19	13	28	69
Total inclusionary housing units required 2015 - 2030	27	57	40	84	208

Redevelopment Law also requires an estimate of the number of “agency developed” residential units that will be developed during the next five years. As noted earlier in this report, 30 percent of all new or rehabilitated dwelling units “developed by the agency” must be available at affordable housing cost to, and occupied by, persons and families of low or moderated income. Furthermore, not less than 50 percent of the affordable units are required to be available at affordable housing cost to, and occupied by, very-low-income households. The Agency, itself, does not plan to own or directly develop any housing projects. As in the past, the Agency will continue to financially assist the private sector with affordable housing developments pursuant to development agreements between the Agency and the developer.

REPLACEMENT HOUSING

Health and Safety Code § 33413(a) states that whenever dwelling units occupied by persons and families of low or moderate income are destroyed or removed from the housing market as part of a redevelopment project, the Agency shall replace those units within four years of their destruction or removal. Further, the destroyed or removed housing units are to be replaced and made available at an affordable housing cost at the same or lower income level as the persons displaced from the destroyed or removed units. Under Health and Safety Code § 33413 (f), an agency may replace destroyed or removed dwelling units with a fewer number of replacement units as long as the total bedroom count of the replacement units equal or exceed the number of lost bedrooms and the replacement units are affordable to and occupied by the same income level of household as the lost units. Health and Safety Code § 33413.5 requires a redevelopment agency to adopt a replacement housing plan before the dwellings are removed. The purpose of the plan is to ensure that the appropriate replacement housing is produced within the four-year time limit.

In 2004, at the beginning of the current planning period, the Agency had a replacement obligation relative to five units which had been removed in 2003 due to revitalization activities within the Parkview Neighborhood. The five units, containing a total of 11 bedrooms, had been occupied by very-low income households prior to demolition. These units have all been replaced with units that are affordable to and occupied by very-low income households.

Currently, the Agency does not have any remaining replacement obligations and it is not anticipated that any of the activities of the Agency through the end of the planning period will necessitate the destruction or removal of residential units occupied by low- or moderate-income persons.

CONSISTENCY WITH HOUSING ELEMENT OF THE GENERAL PLAN

Health and Safety Code § 33413 (b) (4) requires the housing component of the Implementation Plan to be consistent with the City's Housing Element. Staff of the Redevelopment Agency participated in the recent update of the City's Housing Element which took place over the summer of 2009. The Housing Element's primary goals relative to the maintenance, improvement, and development of housing in the community are the same housing goals established in this report to meet the Agency's housing obligations required by California Community Redevelopment Law, Health and Safety Code § 33000 et seq.

The housing production goals and proposed programs outlined in this report are in conformance with the goals, policies, objectives, and programs contained within the City of Redding's Housing Element. The Agency's LMIHF is identified in the Housing Element as a potential source of funding for new construction, substantial rehabilitation, as well as other housing activities.

SUMMARY

The documentation outlined herein provides the framework necessary to operate a realistic, achievable program of housing activities over the remaining five years of the current planning period as well as lay the foundation for housing efforts through the remaining life of both Project Areas. It is the goal of the Agency to carry forth an aggressive, fiscally sound program of varied housing activities that will meet all the Agency's affordable housing obligations.

As can be readily seen from the tables and narrative, the proposed programs and production goals set forth in this report have the potential to exceed the Agency's production housing obligations over the lifetime of the CHC and Market Street Project Areas. In addition, the targeted LMIHF expenditures described in the report will ensure that the Agency meets all of its obligations relative to the proportional expenditure of LMIHF resources. It is important to note that actual accomplishment of the goals will be subject to an assortment of variables, as are all projects undertaken by the Agency. Important among these are continued availability of matching and private funding on most activities, continued support by the local public and political bodies for affordable housing activities, and actual receipt of revenues at the level projected based upon appreciation of area property values and continued private investment in the Project Areas. With some consistency in these factors, the goals and objectives stated herein will be achieved, and will immeasurably enhance the affordable housing opportunities for the residents of the community now and into the future.

APPENDIX A

The following affordable housing projects were completed during the past five-year period. A short narrative associated with each describes the project, the number of units, the affordability levels achieved, the total project cost, and the amount of redevelopment funding utilized.

AFFORDABLE RENTAL PROJECTS

Mercy Oaks Village: The Agency provided \$500,000 in the form of a residual-receipts loan to Mercy Housing California, Inc., a non-profit housing developer, to assist in the development of a 63-unit affordable rental housing project for very-low income seniors and the frail-elderly. The total project cost was \$7.8 million with additional funding provided by HUD through its 202 Program and a grant from the Federal Home Loan Bank's Affordable Housing Program. The project was completed in October 2006.



Linden Avenue Apartments: The Agency partnered with the City of Redding and Community Housing Improvement Program (CHIP), a local nonprofit organization, to develop the Linden Apartments affordable rental housing project. Linden Apartments is a 30-unit complex consisting of 16 two-bedroom units, 13 three-bedroom units, and one manager's unit. Six of units are affordable to very-low income households, 23 units are affordable to low-income households and one unit is affordable to moderate-income households. In addition to affordable rental units, project amenities include a laundry facility, open space, playground, garden area, and community building. The Agency was able to facilitate the development of this \$8.2 million project utilizing only \$18,800 in LMIHF resources. Other financial resources utilized by the project included Federal and State tax credits, tax-exempt bond proceeds, a private loan, and a \$3.4 million loan from the City utilizing HOME funds. The project was completed in May 2007.



AFFORDABLE HOMEOWNERSHIP PROJECTS

Henry Avenue Subdivision: The Agency provided a grant of \$300,000 to Habitat for Humanity Shasta Cascade, a local nonprofit organization, to assist with the development of seven affordable single-family homes on property located at Henry Avenue/West Street in the MLK, Jr. target neighborhood. The single-family residences are approximately 1,100-square-feet with three-bedrooms and one bathroom. Features include covered front and back porches, single-car garages, inside laundry areas, and Energy Star appliances. Agency funding was utilized for project building and development impact fees and on and off-site public improvements required by the permitting process. All of the homes were sold to lower-income households.



Single-Family In-fill Development:

- The Agency provided Habitat for Humanity Shasta Cascade with an \$82,000 grant to assist with the construction of three single-family homes for first-time homeowners on three infill lots in the MLK, Jr. target neighborhood. Funding was utilized for acquisition of the lots and for building and development fees. All homes were completed by December 2004 and were sold to low-income families at an affordable price ranging from \$65,000 to \$75,000.
- The Agency provided construction financing in the amount of \$225,000 to the Community Revitalization and Development Corporation, a local non-profit housing developer, to construct a single-family home on an existing in-fill lot in the MLK, Jr. target neighborhood. Upon completion of the unit in December 2007, the home was sold at an affordable price to a moderate-income household.



Parkview Subdivision: The Agency partnered with New Urban Builders, a for-profit housing developer based in Chico, to design and construct a 33-unit mixed-income single-family subdivision based on “new urbanism” design principals in the Parkview target neighborhood. Nine of the units have long-term affordability covenants recorded on them, securing affordability for a minimum of forty-five years (1 unit at very-low, 2 units at low- and 6 units at moderate-income levels). Units sizes and styles range from single-story two-bedroom units clustered in bungalow courts to three- and four-bedroom two-story units fronting on a crescent-shaped public green. Parking areas and garages are off of rear alleys. The Agency provided a total of \$553,500 to assist the project. The project was completed in Spring 2007.



TRANSITIONAL HOUSING ACTIVITIES

Francis Court: Project consisted of the development of a 12-unit transitional housing facility targeting homeless families with children. The project is owned and managed by FaithWORKS Community Coalition, Inc., a local nonprofit organization. The Agency provided a LMIHF grant in the amount of \$800,000 to assist with the design and development of the \$2.3 million project. Families began occupying the units in March 2006. Families are allowed to stay for a maximum of two years. During this period of time, the family receives professional case management and access to community services to assist in stabilizing the family situation through job training, drug rehabilitation, etc.

