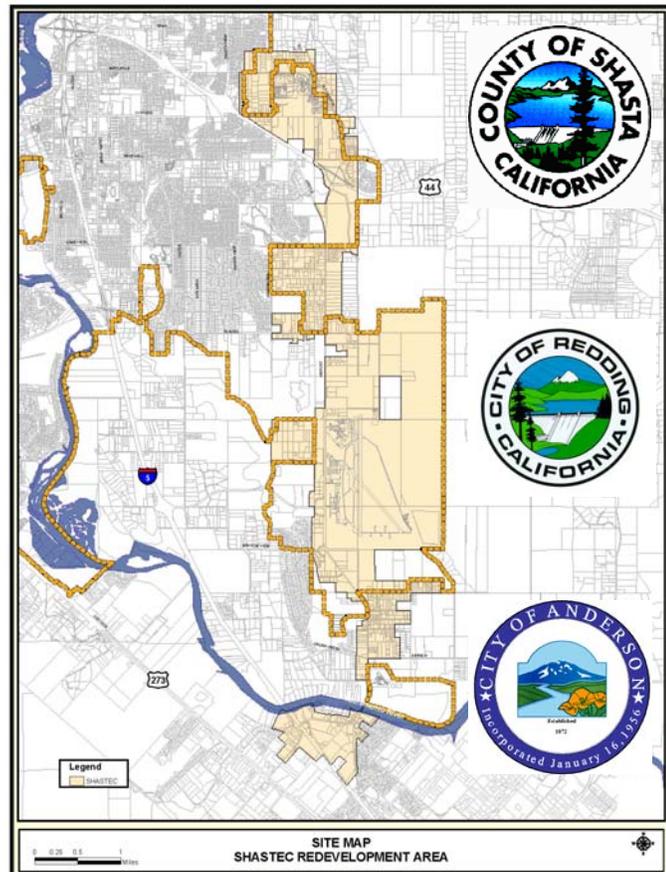


SHASTEC REDEVELOPMENT PROJECT AREA

2011-2016 IMPLEMENTATION PLAN



Adopted by the Redding Redevelopment Agency
May 16, 2011, Resolution No. 2011-13

Adopted by the Anderson Redevelopment Agency
May 17, 2011, Resolution No. 2011-01

Adopted by the Shasta County Redevelopment Agency
May 17, 2011, Resolution No. 2011-01

**IMPLEMENTATION PLAN FOR THE
SHASTEC REDEVELOPMENT PROJECT
2011-2016**

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I. INTRODUCTION

California Community Redevelopment Law [Health and Safety (H&S) Code § 33000 et seq] sets forth the authority under which redevelopment agencies function as an agency, adopt redevelopment plans and undertake redevelopment activities. Pursuant to H&S § 33352(c), as part of the redevelopment plan adoption process, an agency must develop an implementation plan which provides documentation for the link between the elimination of blight and the proposed activities of the agency over the next five years [§ 33490(b)]. In addition, at least once during each five-year period, a public hearing on the implementation plan is required to be held [§ 33490(c)]. Amendments to the plan may be made at any time during the five-year period following a public hearing on the proposed amendments.

The City Councils of the Cities of Anderson and Redding and the Shasta County Board of Supervisors adopted the first Implementation Plan for the SHASTECC Redevelopment Project Area (SHASTECC) on July 2, 1996. The following table provides details concerning subsequent Implementation Plans:

SHASTECC REDEVELOPMENT PROJECT IMPLEMENTATION PLAN HISTORY			
PLAN PERIOD	DATE ADOPTED	DATE AMENDED	INTERIM REVIEW
1996-2001	7/2/1996	4/6/1999	6/21/1999
2001-2006	6/19/2001	5/17/2005	12/15/2003
2006-2011	6/27/2006	N/A	6/15/2009

The respective redevelopment agencies of the Cities of Anderson and Redding and the County of Shasta (Agencies) are now being asked to adopt the fourth five-year Implementation Plan for SHASTECC which covers the period July 2, 2011, through June 1, 2016. This document is a policy statement rather than an unchangeable course of action. It provides a clear and reasonable outline of current activities, 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 the Implementation Plan is not to limit future activities to the goals and objectives, projects, programs, and expenditures outlined herein, since conditions, values, expectations, resources, and the needs of SHASTECC may change from time to time. Rather, as new issues and opportunities are encountered, the Implementation Plan will be amended, if necessary, to continue to effectuate the purposes of the Redevelopment Plan for SHASTECC.

Implementation Plan Objectives

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

describe how the goals, objectives, projects, programs, and expenditures will assist in the alleviation of blight.

The Implementation Plan also describes how the Agencies will implement both the requirement to increase, improve, and preserve low- and moderate-income housing and the production housing requirements. The housing component contains housing programs and specific plans for the expenditure of monies from the SHASTECH 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.

SHASTECH Project 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 SHASTECH are as follows:

Original Area:

- Commencement of eminent domain proceedings to acquire propertyJuly 2, 2008
- Establishment of loans, advances, and indebtednessJuly 2, 2016
- Effectiveness of the Redevelopment Plan.....July 2, 2026
- Repayment of indebtedness utilizing tax increment revenueJuly 2, 2041

Amended Area:

- Commencement of eminent domain proceedings to acquire propertyNovember 7, 2018
- Establishment of loans, advances, and indebtednessNovember 7, 2026
- Effectiveness of the Redevelopment Plan.....November 7, 2036
- Repayment of indebtedness utilizing tax increment revenueNovember 7, 2051

II. PROJECT AREA HISTORICAL PERSPECTIVE

SHASTECH was originally established on July 2, 1996, and, at that time, encompassed approximately 4,100 acres within the territorial jurisdictions of the Cities of Anderson and Redding and the County of Shasta. The Original Project Area’s northern boundary is just north of Viking Way in the City of Redding and unincorporated parts in the County of Shasta. It then extends southward to the vicinity of Stingy Lane and North Street in the City of Anderson. In November 2006, the Project Area was amended to add approximately 870 acres within the territorial jurisdictions of the City of Redding and the County of Shasta. The Amended Area is east of the Redding Municipal Airport with its northern boundary just north of the proposed Rancho Road extension and its southern boundary near the south end of the Airport’s service area. The map on page 4 illustrates the boundaries of the Project Area.

The areas within the three territorial jurisdictions are interrelated in that the economic success of one area affects the other areas. One of the common links to the three communities is Airport Road, which becomes Old Oregon Trail north of State Highway 44 and North Street south of the Sacramento River. This road is the primary north/south arterial connecting the City of Anderson with the City of Redding and portions of unincorporated land in the County of Shasta. This road also serves the Redding Municipal Airport, which is in the principal area anticipated for future development. It has been the goal of the three jurisdictions to remove barriers and facilitate development along this stretch of road that will benefit all three communities by providing jobs and generating revenues that will help eliminate blighting influences throughout the Project Area.

III. STATUS OF PROJECTS, PROGRAMS, AND OTHER ACTIVITIES

Accomplishments Fiscal Year 2006-07 – Fiscal Year 2010-11

The following are the significant projects which were completed during the past five years in SHASTECC:

TRAFFIC SIGNAL

Airport Road/Highway 44 Eastbound Ramps
SHASTECC Contribution: \$145,617

NORTHERLY VIEW



EASTERLY VIEW



Assisted in
Elimination of
Inadequate Public
Infrastructure



\$441,337 Project Completed July 2007



FIRE STATION NO. 7

Redding Municipal Airport
SHASTECC Contribution: \$500,000



\$2.9 Million Project Completed July 2007
Assisted in Elimination of Inadequate Public Infrastructure

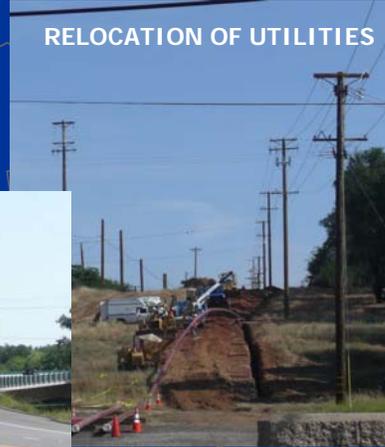
NORTH STREET BRIDGE

SHASTEC Contribution: \$1 Million



- Blight Addressed:
- Inadequate Public Infrastructure

RELOCATION OF UTILITIES



NEW FOUR-LANE BRIDGE

\$26.9 Million Project – Accepted 3-24-10

STILLWATER BUSINESS PARK

SHASTEC Contribution: \$10 Million

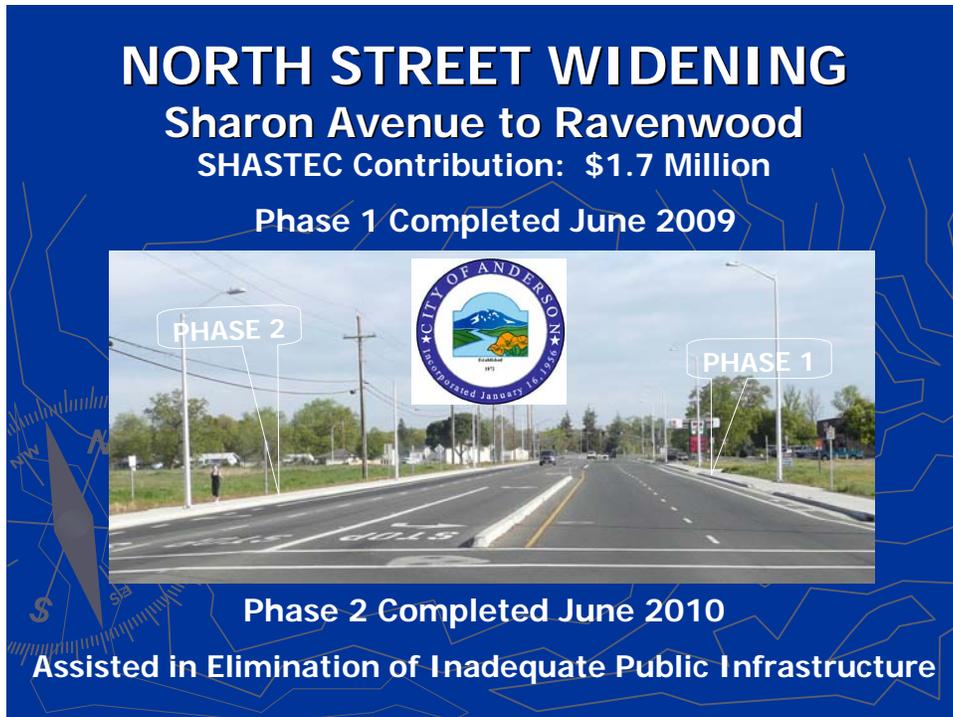
- Blight Addressed:
- Inadequate Public Infrastructure
 - Inadequate Sized Lots
 - Impaired Investments
 - Stagnant Property Values



NORTHERN BRIDGE



\$24.6 Million Project – Phase I Ribbon Cutting 4-9-10



In addition, design and right-of-way acquisition has commenced on the widening of Old Oregon Trail from approximately Viking Way to Columbia School to provide for a continuous left-turn lane, wider shoulders for pedestrian and bicycle traffic and drainage improvements.

IV. SUMMARY OF IMPLEMENTATION PLAN DEVELOPMENT PROCESS

The 2011-2016 SHASTEC Implementation Plan was developed pursuant to requirements contained in H&S § 33490. It uses as its basis the goals, objectives, findings of blight, and proposed projects contained within the original and amended “Report to the Legislative Bodies” and the Redevelopment Plan for SHASTEC adopted in 2000 and amended in 2006. 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 2011-2016 Implementation Plan will be made available for public review starting April 15, 2011, and concluding with formal public hearings on the Plan conducted by the Redding Redevelopment Agency on May 16, 2011, and the Shasta County Redevelopment Agency and the City of Anderson Redevelopment Agency on May 17, 2011.

V. DESCRIPTION OF PROJECT BLIGHTING CONDITIONS

Blighting conditions identified at the time of adoption of a project area form the basis of the proposed program of activities set forth by an agency during the project’s life to alleviate or eliminate the identified blight. There are eight primary physical and four

economic blighting conditions in the Project Area that are prevalent and substantial. These blighting conditions either result in unhealthy conditions for persons to live or work or are a barrier to full utilization of the Project Area. These conditions cannot be alleviated by the private sector or the participating jurisdictions acting without redevelopment. The following is a summary of the identified blighting conditions present within the SHASTECH Project Area.

Physical blighting conditions in the Project Area include: (1) Structures that exhibit deterioration, dilapidation, defective design, and unsafe construction; (2) Presence of faulty or inadequate public utilities, including lack of or inadequate storm-drain facilities; (3) Presence of sensitive and nonconforming uses within airport safety and noise zones; (4) Presence of factors, including, but not limited to, improvements exhibiting substandard design that prevent or substantially hinder the economically viable use or capacity of buildings or lots; (5) Presence of incompatible existing uses that prevents or substantially hinders the economically viable use or capacity of surrounding properties or lots; (6) Presence of subdivided lots (parcels) of inadequate size for proper usefulness under multiple ownership; (7) Presence of hydrologic and topographic conditions that result in significant areas of unique natural habitat that support the existence of protected plant and animal species; and (8) Presence of inadequate size lots given the current standards and market conditions.

Economic blighting conditions in the Project Area include: (1) Presence of stagnant property values; (2) Presence of hazardous wastes; (3) Presence of residential overcrowding; and (4) Lack of necessary commercial facilities that are normally found in neighborhoods.

VI. GOALS AND OBJECTIVES FOR THE PROJECT AREA WHICH WILL ASSIST IN ELIMINATING BLIGHTING CONDITIONS

As contained in the Redevelopment Plan for the SHASTECH Project Area, the goals and objectives for the Project Area are:

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 construction, reconstruction, and installation of public improvements to eliminate and prevent the spread of blight and blighting influences caused by groundwater contamination and flooding;
3. The assembly of land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Project Area;
4. The replanning, redesign and further development of underdeveloped areas which are economically stagnant, physically constrained, and/or under utilized;

5. The providing of opportunities for participation by owners and tenants in the revitalization of their properties;
6. The strengthening of retail and other commercial functions in the Project Area;
7. The strengthening of the economic base of the Project Area and the community by the installation of needed site improvements to stimulate revitalization, new commercial/light industrial expansion, employment, and economic growth;
8. The provision of adequate land for parking and open spaces;
9. The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements which provide unity and integrity to the entire Project; and
10. The expansion and improvement of the community's supply of low- and moderate-income housing.

**VII. PROPOSED PROJECTS OR PROGRAMS AND EXPENDITURES
PLANNED DURING THE FIVE-YEAR (2011-2016) TERM WHICH
WILL ASSIST IN ELIMINATING BLIGHTING CONDITIONS**

The Agencies, on an ongoing basis, revisit the goals and objectives of the SHASTEK Redevelopment Plan and the status of certain projects and programs in relationship to the elimination of blighting conditions within the Project Area. These reviews often necessitate revisions or additions to capital programs.

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 anticipated to be available over the next five years and the needs of each activity.

It is anticipated that resources likely to be available 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 to have a positive effect on Project Area blight conditions will be correspondingly slower.

Table 1 identifies anticipated Project Area revenues and expenditures over the next five-year planning period, Fiscal Year (FY) 2011-12 through FY 2015-16. Net tax increment amounts generated from the Project Area are based on secured and unsecured assessed property valuations (with the exception of aircraft) decreasing -5% in FY 2011-12, no growth in FY 2012-13 and FY 2013-14, and 2% growth in both FY 2014-15 and 2015-16. It is further assumed that aircraft assessed valuations remain constant at \$30 million during this five-year time period.

Table 2 identifies programs and projects currently underway and those anticipated to be taken during the five-year period covered by the Implementation Plan. The general activity category is listed along with an estimate of the tax increment resources anticipated to be utilized for the activity during this time period, a brief description of the proposed activity, and the specific blighting conditions the activity is intended to address. The total costs of the projects and programs far exceed the available redevelopment funds. 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 a redirection of local property taxes, thereby reducing estimates of available revenues.

TABLE 1					
PROJECTED REVENUES 2011-2016					
SHASTEC REDEVELOPMENT PROJECT AREA					
	2011-12	2012-13	2013-14	2014-15	2015-16
<i>Resources:</i>					
- Starting Balance	\$2,576,160	\$1,497,660	\$1,365,130	\$1,232,993	\$1,124,043
- Tax Increment Deposits ¹	\$1,141,460	\$1,141,460	\$1,141,460	\$1,175,050	\$1,214,620
- Interest & Other Income	\$32,000	\$32,000	\$20,000	\$15,000	\$15,000
- Balance Available	\$3,749,620	\$2,671,120	\$2,526,590	\$2,423,043	\$2,353,663
<i>Funds to be Spent or Committed:</i>					
- For Debt Service ²	\$1,184,240	\$1,187,390	\$1,169,837	\$1,169,840	\$1,172,200
- For Projects	\$950,000	-	-	-	-
- For Administration	\$117,720	\$118,600	\$123,760	\$129,160	\$134,800
- Ending Balance	\$1,497,660	\$1,365,130	\$1,232,993	\$1,124,043	\$1,046,663

¹Represents net tax increment revenues after mandatory pass-through deductions, and housing set-aside deductions.

²Debt service payments on tax allocation bonds issued in 2006 in amount of \$15 million and repayment of \$2 million loan to City of Redding received to help fund construction of Clover Creek Preserve.

TABLE 2

**SHASTEC REDEVELOPMENT PROJECT AREA
 FIVE-YEAR IMPLEMENTATION PLAN (FY 2011-12 THROUGH FY 2015-16)
 POTENTIAL PROGRAMS/PROJECTS – BLIGHTING CONDIIION MATRIX**

PROGRAM/PROJECT (Estimated SHASTEC expenditures unless otherwise noted)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
Stillwater Business Park Infrastructure Improvements (est. \$10,000,000)	Projects include, but are not limited to, road improvements to and through the Business Park from both the northern and southern ends of the Park, construction of bridges, environmental mitigation, and right-of-way acquisition.	Eliminate public infrastructure deficiencies that hinder private development and act as a catalyst to stimulate additional private investment and attract businesses that result in a growth in wages, earnings, and per capita income. Thereby, providing economic stability and enhancing the quality of life within the Project Area.
Traffic Signal-Airport Road at Fig Tree Lane (est. \$350,000)	Signalization of intersection.	Activity will improve public safety and relieve traffic congestion at major intersection in the Project Area. Provision of public infrastructure will act as a catalyst to encourage further private development in the Project Area.
Airport Road Corridor-State Route 44 to North Street Bridge (est. \$11,500,000)	Widen Airport Road from State Route 44 in the north to North Street Bridge in the south.	The project will relieve traffic congestion and hazardous conditions for both cross traffic and through traffic. It will also act as an incentive to private development to invest in the area.
Riverside Avenue Widening (est. \$2,600,000)	Widen Riverside Avenue to two travel lanes in each direction and a center turn lane from Interstate 5 to North Street.	The street was originally designed to accommodate rural traffic. Widening the street between the Interstate 5 north bound ramps and a highly traversed intersection to the east will help alleviate traffic congestion, provide for additional private development in the area, and enhance public safety.

TABLE 2

**SHASTEC REDEVELOPMENT PROJECT AREA
FIVE-YEAR IMPLEMENTATION PLAN (FY 2011-12 THROUGH FY 2015-16)
POTENTIAL PROGRAMS/PROJECTS – BLIGHTING CONDITION MATRIX**

PROGRAM/PROJECT (Estimated SHASTEC expenditures unless otherwise noted)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
Old Oregon Trail Widening Project (est. \$3,800,000)	Provide a continuous left-turn lane, widen shoulders for pedestrian and bicycle traffic and drainage improvements along Old Oregon Trail from the Redding City limits near Harley Leighton Road to Columbia School.	The project will relieve traffic congestion and hazardous traffic conditions. It will help stimulate revitalization of the area and act as a catalyst for private investment in the area.
Riverside Avenue/Interstate 5 Project (est. \$5,000,000)	Widen Riverside Avenue bridge overcrossing Interstate 5 and signalize both the northbound and southbound ramps.	Project will assist in removing physical blight stemming from an inefficient circulation pattern and inadequate public infrastructure.
Redding Municipal Airport Terminal Expansion (est. \$350,000)	Design and construct plans for the expansion of the terminal. Improvements include: expanding secure passenger departure holding room, including construction of restroom facilities; securing baggage claim area; and consolidating Airport's administrative offices.	The Redding Municipal Airport Main Terminal is functionally obsolete in today's post 9-11 environment. Passenger and airport security enhancements are necessary for the airport to continue to serve the traveling public and the surrounding business community. SHASTEC's ability to attract private commercial investment in the Stillwater Business Park as well as other commercial portions of the Project Area, depends on a modern, secure, efficient airport operation.

TABLE 2

**SHASTEC REDEVELOPMENT PROJECT AREA
FIVE-YEAR IMPLEMENTATION PLAN (FY 2011-12 THROUGH FY 2015-16)
POTENTIAL PROGRAMS/PROJECTS – BLIGHTING CONDIION MATRIX**

PROGRAM/PROJECT (Estimated SHASTEC expenditures unless otherwise noted)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
Street Improvements (est. \$1,500,000)	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 corridors which are exhibiting physical and economic blight; and the design and installation of traffic control projects at key intersections.	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.
Development Partnerships (est. \$250,000)	This activity is designed to promote new development, support creative reuse and preservation of existing structures, and stabilize existing development. Specific activities include, but are not limited to, land acquisition and relocation; assistance with on- and off-site public improvements; loans and grants to businesses, and toxic remediation.	Increase and develop economic viability by attracting new business and assisting existing business, thereby revitalizing stagnant retail and commercial areas suffering from incompatible and uneconomic land uses. Provide avenues for owner participation that will result in the expansion of employment opportunities within the Project Area.

TABLE 2

**SHASTEC REDEVELOPMENT PROJECT AREA
FIVE-YEAR IMPLEMENTATION PLAN (FY 2011-12 THROUGH FY 2015-16)
POTENTIAL PROGRAMS/PROJECTS – BLIGHTING CONDIIION MATRIX**

PROGRAM/PROJECT (Estimated SHASTEC expenditures unless otherwise noted)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
Aesthetic Enhancement Projects (est. \$100,000)	Signage and beautification projects welcoming both residents and visitors to the community. Projects include, but are not limited to, entry features, signs, landscaping, monuments, and works of art.	These projects will provide incentives for additional private development in the Project Area and encourage enhanced property maintenance to occur on neighboring properties, thereby assisting in the elimination of both physical and economic blight within the Project Area.
Storm Drain & Water Utility 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 existing conditions analysis, design, right-of-way acquisition, environmental studies or mitigation, and construction. Design and construction of storm-drain facilities may include storm drains, detention basins, open channels, culverts, dikes, levees, bridges, and spillways, as needed. Design and construction of water line improvements may include extension of existing lines, improvement of capacity of existing systems, and other infrastructure improvements as needed.	Individual projects will assist in the alleviation of physical and economic blight stemming from inefficient and substandard utility systems serving the Project Area. Storm Drain system improvements will provide for safe and efficient capture and conveyance of storm water runoff and minimize risks of flooding in the Project Area, thereby improving public safety and encouraging private investment. The potential for flood damage to existing private and public infrastructure will be reduced. Project Area property values will be stabilized and enhanced. Improved waterlines will provide increased fire-flow capacity and will enable the installation of fire hydrants, thereby protecting existing private investments in the Project Area. Additionally, improved public infrastructure will also act as incentive to private developers to invest further in the Project Area.

TABLE 2

**SHASTEC REDEVELOPMENT PROJECT AREA
FIVE-YEAR IMPLEMENTATION PLAN (FY 2011-12 THROUGH FY 2015-16)
POTENTIAL PROGRAMS/PROJECTS – BLIGHTING CONDIIION MATRIX**

PROGRAM/PROJECT (Estimated SHASTEC expenditures unless otherwise noted)	DESCRIPTION	CONTRIBUTION TO BLIGHT REMOVAL
Neighborhood Improvements (est. \$500,000)	Design and construct a variety of public improvements in residential and commercial areas. Improvements include, but are not limited to, street lighting, vehicle and pedestrian-control mechanisms, bike lanes, paving, and landscaping.	Improvements will assist in the elimination of both physical and economic blight. Existing areas with substandard public infrastructure will be improved leading to stabilization of property values, additional private development, and enhanced property maintenance.
Affordable Housing Programs and Activities (\$3,000,000)	Assist the private sector in the development of affordable housing both in the Project Area and within the jurisdictional boundaries of the Cities of Redding and Anderson and the County of Shasta.	Increase, improve, and preserve affordable housing.

VIII. HOUSING COMPONENT OF THE IMPLEMENTATION PLAN FOR THE SHASTECC REDEVELOPMENT 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 Partner Agencies 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 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 LMIHF supported 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 2006, prior to the beginning of the most recent implementation plan cycle, the SHASTECC Partner Agencies adopted a 10-year housing component for the SHASTECC Redevelopment Project Area covering Fiscal Years Ending 2007 - 2016. Initial progress towards meeting stated housing goals and objectives was reviewed in June 2009 as part of the midterm review for the SHASTECC 2006-2011 Implementation Plan. At that time, no modification of the housing plan was determined to be necessary.

Several regulatory changes have occurred since the housing component was adopted in 2006. 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. To the extent possible, information in the

newly formatted housing component relating to SHASTECH housing activities and expenditures from the LMIHF has been brought current through June 30, 2010. Under current regulations, the housing component 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.

I. Consistency with the Housing Element of the General Plan. The housing component is required to be consistent with the community's Housing Element of its General Plan (H & S Code § 33413(b)(4).

II. LMIHF. The housing component is required to contain specific information relative to the LMIHF for the SHASTECH Project 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.

III. Housing Production Requirement. The housing report is required to contain specific information relative to the development of housing units within the SHASTECH Project [H & S Code § 33413(b)(4)] as follows:

- A detailed description of housing units anticipated to be developed by the agency and others within the project area 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 10-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 SHASTECH inclusionary requirements, both over the life of the plan and the 10-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 SHASTECH 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)].

IV. 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 [H & S Code § 33490(a)(3)]

I. CONSISTENCY WITH THE HOUSING ELEMENT OF THE GENERAL PLAN

The SHASTEC Redevelopment Plan contains the following general goal relative to housing:

To provide for the expansion and improvement of the community's supply of low- and moderate-income housing.

H & S Code § 33413 (b) (4) requires the housing component of the Implementation Plan be consistent with each respective jurisdiction's Housing Element. All three participating jurisdictions, the Cities of Anderson and Redding, and the County of Shasta, have adopted Housing Elements of their respective General Plans that have been found to be in substantive compliance with current State housing law.

The goals, policies, objectives and programs relative to the maintenance, improvement, and development of housing in the community as contained within these Housing Elements are consistent with the production goals and proposed programs established in this report to meet SHASTEC's housing obligations required by H & S Code § 33000 et seq.

Selective goals and objectives as stated within each Participating Jurisdiction's respective Housing Element are:

City of Redding Housing Element of the General Plan, adopted February 2, 2010:

- *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; and*
- *Provide opportunities for energy conservation in new and existing residences.*

City of Anderson Housing Element of the General Plan, adopted December 15, 2009:

- *Provide for a variety of housing types and cost for all segments of the population;*
- *Provide adequate sites to meet future housing needs and Anderson's share of regional housing needs;*
- *Remove constraints to the development and availability of housing for all segments of the population;*
- *Improve the condition of older, substandard housing;*
- *Maintain the affordability of rental housing occupied by lower-income households;*
- *Provide for special housing needs;*
- *Promote residential energy conservation; and*
- *Promote equal housing opportunity.*

Shasta County Housing Element of the General Plan, adopted March 22, 2011:

- *To establish and implement policies and programs that will contribute to the provision of an adequate supply and diversity of safe, healthy, and affordable housing for all income levels;*
- *To conserve, improve, and expand the inventory of existing affordable housing stock in the unincorporated areas of the County;*
- *To continue to reduce, and where practical and legal remove County constraints, which hinder or impede the development of affordable housing projects;*
- *To continue to work collectively with local agencies to enhance and expand the outreach of programs designed to provide accessible and affordable housing, including supportive services for those persons with special needs;*
- *To explore, implement, and promote energy conservation practices in all eligible existing and new housing projects; and*
- *To continue to utilize all feasible means to promote, expand, and ensure equal access to available safe, decent, affordable housing opportunities in the unincorporated area without bias or prejudice for any reason for all economic segments of the County.*

It is the Participating Agencies' intention to create and implement a plan utilizing fiscally sound housing activities and programs that will allow each to address Housing Element identified housing needs as well as meet all of the Project Area's 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.

II. LOW AND MODERATE INCOME HOUSING FUND

Actual LMIHF Expenditures FY 2006-07 through FY 2010-11

Regulations contained at H & S Code § 33490(a)(2)(C)(iii) require that information be provided in the report on the use of LMIHF resources over the previous five-year implementation plan period, July 1, 2006 - June 30, 2011. 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 years by income level.

TABLE 1

LOW AND MODERATE INCOME HOUSING FUND SHASTEC REDEVELOPMENT PROJECT ACTUAL EXPENDITURES FY 2006-07 through 2010-11* BY INCOME LEVEL						
Income Level	2006-07	2007-08	2008-09	2009-10	2010-11*	Total
Extremely Low	\$0	\$0	\$0	\$0	\$0	\$0
Very-Low	\$0	\$20,006	\$0	\$0	\$0	\$20,006
Low	\$0	\$0	\$0	\$0	\$0	\$0
Moderate	\$0	\$0	\$0	\$940	\$38,877	\$39,817

* Through June 30, 2010

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, there were no new construction projects with the required long-term affordability covenants.

Finally, the report must contain information regarding the amount of LMIHF assistance provided to projects with units available to families with children. During the past five-year period no new construction or substantial rehabilitation activities were funded. The two activities funded during this period, were a targeted rental assistance program for the chronically mentally ill homeless population and a minor rehabilitation program for homeowners that focused on energy efficient improvements.

Current Status of Targeting Requirements

Regulations at H & S Code § 33334.4, effective January 1, 2002, 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 5 and 6 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 SHASTECH Redevelopment Project is through the end of the current housing report period, June 30, 2016, and then 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 SHASTECH Project in meeting these requirements is helpful to determine future spending priorities and possible remedial action. Table 2 depicts the proportional amount of LMIHF expenditures to assist units affordable to, and occupied by, very-low, low- and moderate-income households, starting July 1, 2005, the first year SHASTECH expended funds under this regulation. The expenditures for very-low households through March 31, 2011, totals 88 percent of the all LMIHF expenditures and for moderate-income households, 12 percent. To meet targeting requirements for these two income groups by June 30, 2016, the Participating Agencies must insure that expenditures for housing affordable to very-low income households not fall below a minimum of 40 percent, and for moderate income households, does not exceed 31 percent.

TABLE 2

SHASTEC REDEVELOPMENT PROJECT LMIHF Expenditures by Household Income Level July 1, 2005 - March 31, 2011				
LMIHF EXPENDITURES				
Year	Very Low Income		Moderate Income	
	Amount		Amount	
2005/6	\$ 250,000		\$ 0	
2006/7	\$ 0		\$ 0	
2007/8	\$ 20,006		\$ 0	
2008/9	\$ 0		\$ 0	
2009/10	\$ 20,006		\$ 940	
2010/11*	\$ 0		\$ 38,877	
TOTAL:	\$ 290,012	88%	\$ 39,817	12%

* Through March 31, 2011

Source: Redding Redevelopment Agency

Table 3 identifies the expenditures from the LMIHF on both age restricted and non-age restricted activities since January 1, 2002 when the regulation became effective. As of March 31, 2011, LMIHF expenditures in support of non-age restricted housing were 24 percent of the combined expenditures from the SHASTEC LMIHF for all housing activities, approximately 44 percent less than required by the proportionality thresholds.

TABLE 3

LOW AND MODERATE INCOME HOUSING FUND SHASTEC REDEVELOPMENT PROJECT EXPENDITURES BY HOUSEHOLD TYPE January 1, 2002 - March 31, 2011				
LMIHF EXPENDITURES				
	Age-Restricted		Non Age-Restricted	
	Amount	Percent	Amount	Percent
TOTAL:	\$ 250,000	76%	\$ 79,829	24%

* Through March 31, 2011

Source: Redding Redevelopment Agency

Anticipated LMIHF Expenditures FY 2011-12 through FY 2015-16

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 SHASTEC LMIHF and the estimated amounts to be deposited in the LMIHF during each of the next five years. Table 4 reflects the amount anticipated to be available in the LMIHF at the conclusion of FY 2010-11, and anticipated future revenues by fiscal year through FY 2015-16. It is important to note that the reporting period reflects the fiscal year, which is the period of time the SHASTEC budget and cash-flow statements are based, not the calendar year.

TABLE 4

LOW AND MODERATE INCOME HOUSING FUND SHASTEC REDEVELOPMENT PROJECT ANTICIPATED RESOURCES FY 2011-12 through FY 2015-16						
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Resources:						
- Estimated Starting Balance	\$,144,650	\$,614,280	\$,367,280	\$,370,220	\$,171,080	\$ 984,010
- 20% Tax Increment Deposits	\$ 449,960	\$412,860	\$412,860	\$412,860	\$ 425,010	\$ 437,400
- Interest & Other Income	\$ 15,000	\$ 12,000	\$ 12,000	\$ 10,000	\$ 10,000	\$ 10,000
- Balance Available for Housing	\$,609,610	\$,039,140	\$,792,140	\$,793,080	\$,606,090	\$,431,410
Funds to be Spent or Committed:						
- For Housing Debt Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
- For Affordable Housing Activities	\$,974,060	\$650,000	\$400,000	\$600,000	\$ 600,000	\$600,000
- For Program Administration	\$ 21,270	\$ 21,860	\$ 21,920	\$ 22,000	\$ 22,080	\$ 22,160
- To be Accrued for Specific Future Year Projects	\$,614,280	\$,367,280	\$,370,220	\$,171,080	\$ 984,010	\$ 808,890

Source: Redding Redevelopment Agency

Targeting Requirements Expenditures Analysis

As described previously current regulations at H & S Code § 33334.4 require proportionate expenditures of LMIHF housing funds by income and age. Specifically, over each 10-year period of the housing component of the Implementation Plan, the Partner Agencies are to spend monies from the SHASTEC 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 within the community, as those needs have been determined pursuant to Government Code § 65584. To determine the above, an agency must use the population percentage allocations provided in the most current Regional Housing Needs Allocation Plan (RH NAP) prepared by the State Department of Housing and Community Development, as the benchmark for targeting housing funds to the different income groups.

Table 5 shows the combined regional housing needs per income level as reflected in the RH NAP for the period January 1, 2007, to June 30, 2014, for the Cities of Anderson and Redding and the County of Shasta. The combined number of housing units needed for very-low and low income households

in the three jurisdictions (2,930 + 2,031 = 4,951) divided by the total number of housing units needed for all households (4,951 ÷ 7,220) concludes that a minimum of 69% of SHASTECS expenditures on housing activities must be applied to very-low and low-income households. Specifically, no less than 40% 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 69% cited above. While LMIHF expenditures for housing activities affordable to moderate-income households are allowable, the total expended for this category cannot exceed 31%.

TABLE 5

CITIES OF ANDERSON AND REDDING COUNTY OF SHASTA REGIONAL HOUSING NEEDS ALLOCATION BY INCOME GROUP JANUARY 2007 - JUNE 30, 2014		
Income Level	Needed Housing Units	Percent
Very Low (\leq 50% AMI)	2,920	40%
Low (51% - 80% AMI)	2,031	29%
Lower Income (\leq 80% AMI) Total	4,951	69%
Moderate (81% - 120% AMI)	2,269	31%
Total	7,220	100%

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 number of low-income households with a member under age 65 years bears to the total number of low-income households as reported in the most recent U.S. Census. Detailed age data is not yet available from the 2010 Census. Table 6 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 32% of SHASTECS LMIHF expenditures should be for assistance to age-restricted units.

TABLE 6

SHASTECS REDEVELOPMENT PROJECT LMIHF EXPENDITURES BY HOUSEHOLD TYPE				
Total Low-Income Households	Total Low-Income Non-Senior Households	%	Total Low-Income Senior Households	%
25,877	17,510	68%	8,367	32%

Source: 2000 U.S. Census

LMIHF Housing Programs and Activities

The Participating Jurisdictions have experience in the successful implementation of a wide variety of housing activities. The challenge for the remaining five-year period will be to identify appropriate activities that can be funded utilizing the SHASTEC LMIHF resources. Activities and programs to be considered include all avenues allowed by current regulations including but not limited to 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, and the direct acquisition of affordability covenants on existing units.

The following is a narrative description of the types of programs and activities the Partner Agencies may undertake 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 4, 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 SHASTEC's ability to meet its targeting obligations.

Table 7 provides an estimate of the LMIHF expenditures for each category of activity over the remaining five years of the 10-year planning period, by income level. Table 8 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 Partner Agencies will participate with both nonprofit and for-profit housing developers to construct affordable housing in the Project Area, if feasible, as well as in other portions of the community, as redevelopment law allows. It is anticipated that all projects undertaken over the next planning period will require significant leveraging of non-LMIHF resources. 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 20 new affordable units will be developed, with all of the units affordable to very-low-income households.

Multiple Family Residential Acquisition/Rehabilitation and/or Purchase of Covenants

Current regulations allow agencies to meet a portion of a project's affordable housing obligations through the recordation of affordability covenants restricting rents for 55 years on existing rental units. This can be in conjunction with the acquisition of an existing property, a rehabilitation project, or a direct purchase of affordability covenants on an existing property. Over the remaining five years of the planning period, it is anticipated that a portion of SHASTEC's LMIHF may be used for activities such as acquisition (with or without rehabilitation) and rehabilitation (with or without

acquisition) of existing multi-family units located in the community. 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 anticipated that the availability of LMIHF financing for this purpose will be an incentive for the private sector to acquire and operate more existing facilities as affordable housing.

As stated above, redevelopment regulations allow agencies to purchase affordability covenants on existing rental units as an alternative method to meeting a portion of a project's affordable housing obligations. This is an activity that can also assist in the preservation of existing affordable units at risk of converting to market-rate due to the expiration of affordability controls.

For the remaining five years of the planning period, it is anticipated that approximately 15 units will be assisted. Priority will be given to projects that provide affordability to very-low and low-income households.

Substantial Rehabilitation - Owner Occupied

Funding will be provided from the LMIHF to supplement homeowner rehabilitation efforts within each Participating Jurisdiction, as allowed by redevelopment regulations. Properties assisted in this manner must meet statutory guidelines for substantial rehabilitation and must be subject to the appropriate affordability covenants following rehabilitation. Focus will be on rehabilitation of housing units for very-low- and low-income households. It is anticipated that approximately 5 existing units will be assisted through this activity during the planning period.

TABLE 7

LOW- AND MODERATE-INCOME HOUSING FUND SHASTEC REDEVELOPMENT PROJECT ANTICIPATED EXPENDITURES AND # UNITS FY 2011-12 through FY 2015-16 BY ACTIVITY TYPE AND INCOME LEVEL							
Type of Activity	Affordability(# Units)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
New Construction (Est. \$3,000,000) (Total 20 Units)	Very Low (20 Units)	\$ 0	\$ 2,000,000	\$ 500,000	\$ 0	\$ 500,000	\$ 3,000,000
	Low (-0- Units)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	Moderate (-0- Units)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Acquisition/Rehab/Purchase Covenants (Est. \$450,000) (Total 15 Units)	Very Low (9 Units)	\$ 140,000	\$ 0	\$ 0	\$ 90,000	\$ 40,000	\$ 270,000
	Low (6 Units)	\$ 60,000	\$ 0	\$ 0	\$ 60,000	\$ 60,000	\$ 180,000
	Moderate (-0- Units)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Substantial Rehab - OO (Est. \$150,000) (Total 5 Units)	Very Low (-0- Units)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	Low (5 Units)	\$ 0	\$ 30,000	\$ 60,000	\$ 30,000	\$ 30,000	\$ 150,000
	Moderate (-0- Units)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total:	Very Low (29 Units)	\$ 140,000	\$ 2,000,000	\$ 500,000	\$ 90,000	\$ 540,000	\$ 3,270,000
	Low (11 Units)	\$ 60,000	\$ 30,000	\$ 60,000	\$ 90,000	\$ 90,000	\$ 330,000
	Moderate (-0- Units)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Combined Total:		\$ 200,000	\$ 2,030,000	\$ 560,000	\$ 180,000	\$ 630,000	\$ 3,600,000

TABLE 8

LOW- AND MODERATE-INCOME HOUSING FUND SHASTEC REDEVELOPMENT PROJECT ANTICIPATED EXPENDITURES FY 2011-12 through FY 2015-16 BY INCOME LEVEL AND HOUSEHOLD TYPE							
INCOME LEVEL	2011-12	2012-13	2013-14	2014-15	2015-16	TOTAL	%
- Very Low Income	\$ 140,000	\$ 2,000,000	\$ 500,000	\$ 90,000	\$ 540,000	\$ 3,270,000	90.8%
- Low Income	\$ 60,000	\$ 30,000	\$ 60,000	\$ 90,000	\$ 90,000	\$ 330,000	9.2%
- Moderate Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.0%
Total	\$ 200,000	\$ 2,030,000	\$ 560,000	\$ 180,000	\$ 630,000	\$ 3,600,000	100.0%
HOUSEHOLD TYPE							
- Age Restricted	\$ 0	\$ 30,000	\$ 560,000	\$ 30,000	\$ 30,000	\$ 650,000	18.1%
- Non Age Restricted	\$ 200,000	\$ 2,000,000	\$ 0	\$ 150,000	\$ 600,000	\$ 2,950,000	81.9%
Total	\$ 200,000	\$ 2,030,000	\$ 560,000	\$ 180,000	\$ 630,000	\$ 3,600,000	100.0%

Source: Redding Redevelopment Agency

III. 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

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 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 SHASTECH Project was formed. Initially in 1996, rehabilitated units that could be counted in calculating the progress towards meeting the SHASTECH's affordable housing inclusionary requirements were (1) single-family dwelling

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

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.

SHASTEC'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 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, SHASTEC LMIHF resources have not been utilized to purchase affordability covenants on any existing multiple-family units.

Time Frame for Compliance

The SHASTEC Project is required to meet its Housing Production Requirement every 10 years through the life of the redevelopment project. The current compliance period runs from July 1, 2006, through June 30, 2016. If the housing requirements are not met by the end of that time, then SHASTEC must meet its obligations on an annual basis until the required housing units for the total 10-year period is met. If the requirements have been exceeded 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 SHASTEC's progress toward meeting its Housing Production Requirement since adoption of the Redevelopment Plan for the SHASTEC Project and also over the past five years of the current 10-year planning period. Table 9 represents a summary of housing units within the three categories from which the production obligation is derived, that is 1) privately developed housing units constructed within the boundaries of SHASTEC; 2) SHASTEC-assisted housing units constructed within the boundaries of SHASTEC; and 3) those units that have been substantially rehabilitated with SHASTEC assistance and are located within the boundaries of SHASTEC. The table also provides the current status through June 30, 2010, of the SHASTEC Housing Production Requirement.

TABLE 9

HOUSING ACTIVITY SHASTEC REDEVELOPMENT PROJECT June 2, 1996 THROUGH June 30, 2010			
	1996-2006	2007-2010	TOTAL
Privately Constructed Market Rate Units Constructed Within SHASTEC	174	14	188
Affordable Units Constructed with LMIHF Assistance Within SHASTEC	0	0	0
Existing Units Substantially Rehabilitated with LMIHF Assistance Within SHASTEC	0	0	0
TOTAL:	174	14	188
Affordable Units Required (15% of Total)	26	2	28
Very-Low Income Units Required (40% of Affordable Unit Total)	10	1	11
HOUSING PRODUCTION REQUIREMENT STATUS			
Total Affordable Units Constructed with SHASTEC Assistance	19.5	0.0	19.5
Total Existing Units Substantially Rehabilitated with SHASTEC Assistance	8.0	0.0	8.0
TOTAL AFFORDABLE UNITS PRODUCED:	27.5	0.0	27.5
TOTAL OF ABOVE UNITS AFFORDABLE TO VERY-LOW INCOME:	27.5	0.0	27.5
Total Affordable Units in Excess of Housing Production Obligations (which may be applied to future obligations):	1.5		
Affordable Units carried over into next reporting period:		1.5	
Excess/Deficit Affordable Unit Status as of June 30, 2010:			(.5 units)

Source: Cities of Anderson and Redding and Shasta County Building Departments/Redding Redevelopment Agency

Table 10 provides the individual project detail specific to newly constructed and substantially rehabilitated housing units assisted by SHASTECH and with long-term affordability restrictions. The two projects listed are both located outside of the SHASTECH boundaries so only 50% of the assisted units are able to be credited towards the SHASTECH Housing Production obligation.

TABLE 10

SHASTECH REDEVELOPMENT PROJECT NEW CONSTRUCTION OR SUBSTANTIALLY REHABILITATED HOUSING With Affordability Covenants June 2, 1996 - June 30, 2010					
Name	Project Address	Project Type	Number of Units By Income Level		
			VL	LOW	MOD
RRCD Rental Rehabilitation ⁽¹⁾	1900 Mill Street, Anderson	MF	16	0	0
Mountain Vistas II ⁽¹⁾	385 Hilltop Drive, Redding	MF	39	0	0
TOTAL UNITS:			55	0	0
Units able to be counted towards SHASTECH Production Requirement:			27.5	0	0

(1) Located outside of the SHASTECH Project Area.

Production Housing Needs

As stated previously, the housing component of the Implementation Plan is required to review progress to date toward meeting SHASTECH's Housing Production Requirement and for the current 10-year planning period. As can be seen from the Table 9 data, SHASTECH exceeded its Housing Production Requirement during the first 10 years of the Project by 1.5 units. That amount is carried over into the current housing planning period to assist SHASTECH in meeting its current requirement by the end of the planning period, June 30, 2016.

In addition to estimating the likely additional units needed through the end of the current planning period, an analysis must be provided that estimates the likely production obligations through the end of the Project Area's effectiveness timeframe. The current 10-year period runs from July 1, 2006, through June 30, 2016. The SHASTECH Redevelopment Plan is effective until July 2, 2026 for the Original Area, and until November 7, 2036 for the Amended Area. (It is important to note that the Amended Area has no vacant residentially classified land so it is not anticipated that there will be a production obligation for that portion of the Project Area.)

Future production obligation estimates are based upon projections of likely residential build out levels to be reached in the Project Area through the conclusion of the redevelopment project effectiveness. Due to the industry-wide housing market implosion that devastated local home values, the slow-down in new construction starts, and the subsequent nationwide recession over the past several years, total

Project Area build out is not anticipated to be reached within the lifetime of the redevelopment plan. There have been very low levels of residential development in the Project Area since 2006. This trend is expected to continue for at least a couple more years. For these reasons, a 95% build-out scenario is used to project potential housing activity through the end of the Project Area effectiveness in 2026.

As development increases in the final years of the planning period, and to the extent urban services, such as water and sewer becomes available, it is possible that large residential properties currently developed with a single-family home may be combined and then re-subdivided into smaller lots which could result in future residential development opportunities. The likeliness of this occurring will be better known toward the end of this 10-year period and will be studied in greater detail when preparing the housing analysis for the 3rd 10-year period.

The original Project Area contained 343 vacant residential acres in 1996 when the SHASTEC Redevelopment Plan was adopted. When the SHASTEC boundaries were amended in late 2006, no additional vacant residential land was added. As of June 30, 2010, the available vacant residential land within the Project Area boundaries is estimated to be approximately 76.31 acres.

Table 11 illustrates the number of units that might develop under 95% build-out conditions, based upon the current zoning. Finally, the table shows the corresponding number of those units that will need to be affordable for very-low-, low-, and moderate-income households. The number of required affordable units for low- and moderate-income households was determined by calculating 15% of the potential number of new housing units at 95% build out. Of that 15%, not less than 40% must be affordable to very-low-income households.

TABLE 11

SHASTEC REDEVELOPMENT PROJECT UNDEVELOPED RESIDENTIALLY CLASSIFIED LAND AS OF JUNE 30, 2010		
Land Use Classification	Vacant Acreage	Potential New Units at 95% Build-out
Residential - up to 2.0 units per acre	48.28	92
Residential - 3.5 units per acre	18.30	61
Residential - 5.0 units per acre	3.24	15
Residential - 12.0 units per acre	6.49	74
Total:	76.31	242
POTENTIAL HOUSING PRODUCTION OBLIGATION THROUGH 2026		
Total Affordable Units:	36	
Total Very-Low Affordable Units:	15	

Current 2011 - 2016 Planning Period Status

Table 12 provides an estimate of SHASTECS likely Housing Production Obligation through the next 5 years. H & S Code § 33413 (b) (4) permits agencies to apply affordable units developed in excess of its obligation during each 10-year period toward meeting its obligations in future years. There are approximately 1.5 redevelopment-assisted affordable units that were developed during the prior planning period in excess of the obligation that are carried over to the current planning period. Based on a prorata share (30%) of the potential number of units that might be built at 95% build-out, an additional 13 affordable units will need to be developed over the next five years.

If the Partner Agencies undertake the anticipated activities described in earlier portions of this report at the anticipated expenditure levels for those activities, it is anticipated that SHASTECS will meet or exceed its Housing Production Requirement at the end of the current planning period.

Redevelopment Law also requires an estimate of the number of “agency developed” residential units that will be developed during the next five years. It is not anticipated that any of the Partner Agencies will own or directly develop any housing projects. As in the past, each will continue to financially assist the private sector with affordable housing projects pursuant to development agreements between the individual Partner Agency and the developer.

Table 12

SHASTECS REDEVELOPMENT PROJECT PRODUCTION HOUSING REQUIREMENTS FY 2006-07 through FY 2015-16			
	Very Low	Low/Moderate	Total
Inclusionary housing units required 2006 - 2016 (Based on percentage of actual units built through June 30, 2010 plus 30% share of potential 36 low/mod units needed to meet obligation over the remaining life of the Project Area.)	5	8	13
Less actual redevelopment assisted housing units developed July 1, 2006 - June 30, 2010 or carried over from previous period.	(1.5)	0.0	(1.5)
Net inclusionary housing units required through end of reporting period, June 30, 2016	3.5	8.0	11.5

Projections Through June 30, 2026

As stated previously, redevelopment agencies are required to estimate the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within the project area, both over the current planning period and over the remaining life of the redevelopment plan that will need to be developed in order to meet its inclusionary obligations. Table 13 estimates that the SHASTECS inclusionary obligation will require an additional 25 affordable housing units to be developed over the remaining life of the original portion of the Project Area, or, through June 30, 2026. The estimated level

of housing development is based on a 70 percent pro rata share of the presumed 95 percent build-out potential within the Project Area for FY 2016-17 through FY 2025-26, the final ten-year period.

TABLE 13

SHASTEC REDEVELOPMENT PROJECT PRODUCTION HOUSING REQUIREMENTS FY 2016-17 through FY 2025-26			
	Very Low	Low/ Moderate	Combined Total
Inclusionary housing units required FY 2016-17 through FY 2025-26 (Based on 70% share of potential 36 low/mod units needed to meet obligations over the remaining life of the original SHASTEC Project Area)	10	15	25

IV. REPLACEMENT HOUSING

H & S 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 H & S 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. H & S 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 August 2007, the Redding Redevelopment Agency adopted a Replacement Housing Plan addressing the SHASTEC Project’s obligation to replace two 2-bedroom housing units located at 20738 Fig Tree Lane and 7009 Apple Lane, that were acquired and subsequently demolished in conjunction with the development of the Stillwater Business Park. The two units, containing a total of 4 bedrooms, had been occupied by low-income households prior to demolition. These units were replaced in March 2010, with units that are affordable to and occupied by low-income households.

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

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 the Project Area. It is the goal of the Partner Agencies to carry forth an aggressive, fiscally sound program of varied housing activities that will meet SHASTECH's affordable housing production obligations and comply with proportionality rules.

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 the production housing obligations generated by SHASTECH over the lifetime of its redevelopment plan.

In addition, the targeted LMIHF expenditures described in the report will ensure that SHASTECH 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 redevelopment agencies. 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 Area. 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.