SALINAS REDEVELOPMENT AGENCY

IMPLEMENTATION PLAN 2010 - 2014

Adopted March 23, 2010 (SRA Resolution Number 886)

TABLE OF CONTENTS

Page #

LIST OF FIGURES AND TABLES

I. INTRODUCTION

California Redevelopment Law (CRL section 33490) requires redevelopment agencies to prepare and adopt their implementation plan (“IP”) every five years for all project areas. This is the third Implementation Plan created for the Central City and the Sunset Avenue Redevelopment Project Areas since the requirement initiated in December 1994. The Implementation Plan covers the period from January 1, 2010 through December 31, 2014, (Fiscal Years 2009/10 to 2014/15). The Agency will provide a status and update report on the Plan at least once during this five-year period. A sub-component of this Implementation Plan is referred to in State Law as the “Affordable Housing Implementation Plan.” It describes the use of the 20% housing fund set-aside during the ten-year period that ends on December 31, 2009, and starts anew with this plan.

The Implementation Plan provides general guidance for the implementation of the Agency’s redevelopment Goals and Objectives. The Agency intends to interpret them flexibly so that the Agency may adjust to changes in circumstances, resource availabilities, potential projects and new opportunities.

Redevelopment Project Area boundaries are shown in Figures 1, 2 and 3. Specifically, all Agency Redevelopment Project Areas are shown in Figure 1; the Central City Project Area is shown in Figure 2; and, the Sunset Avenue Project Area is shown in Figure 3. The ”Sunset Avenue Project Area” consists of the original Sunset Avenue Project Area, the expanded Sunset Avenue Project Area (1987), and the Buena Vista Project Areas (1960). The three Project Areas were merged in May of 1991 (Figure 2) and this combined area is herein called the Sunset Avenue Redevelopment Project Area.

FIGURE 1
Redevelopment Project Areas
Sunset Avenue and Central City

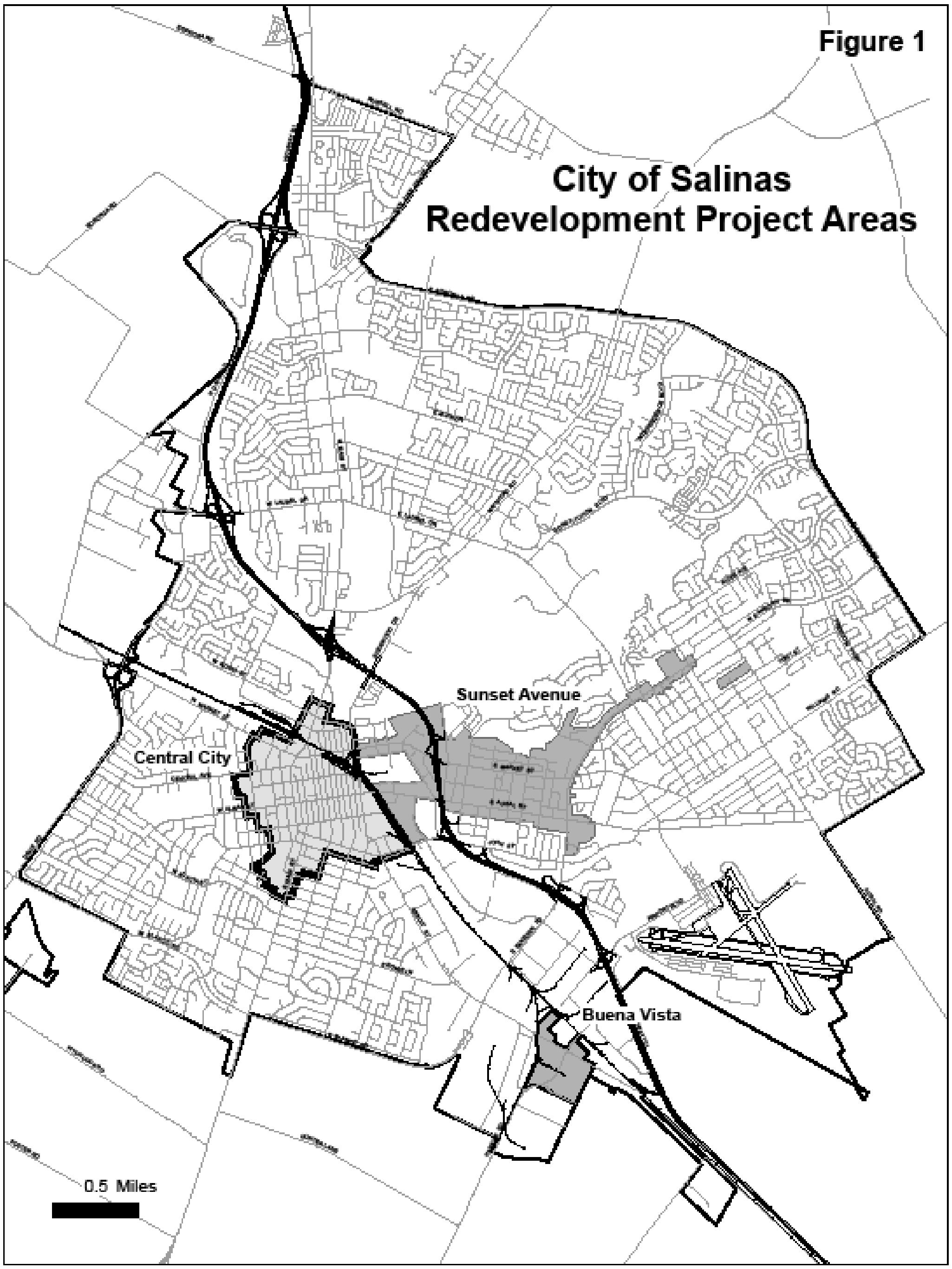


FIGURE 2
Central City Project Area

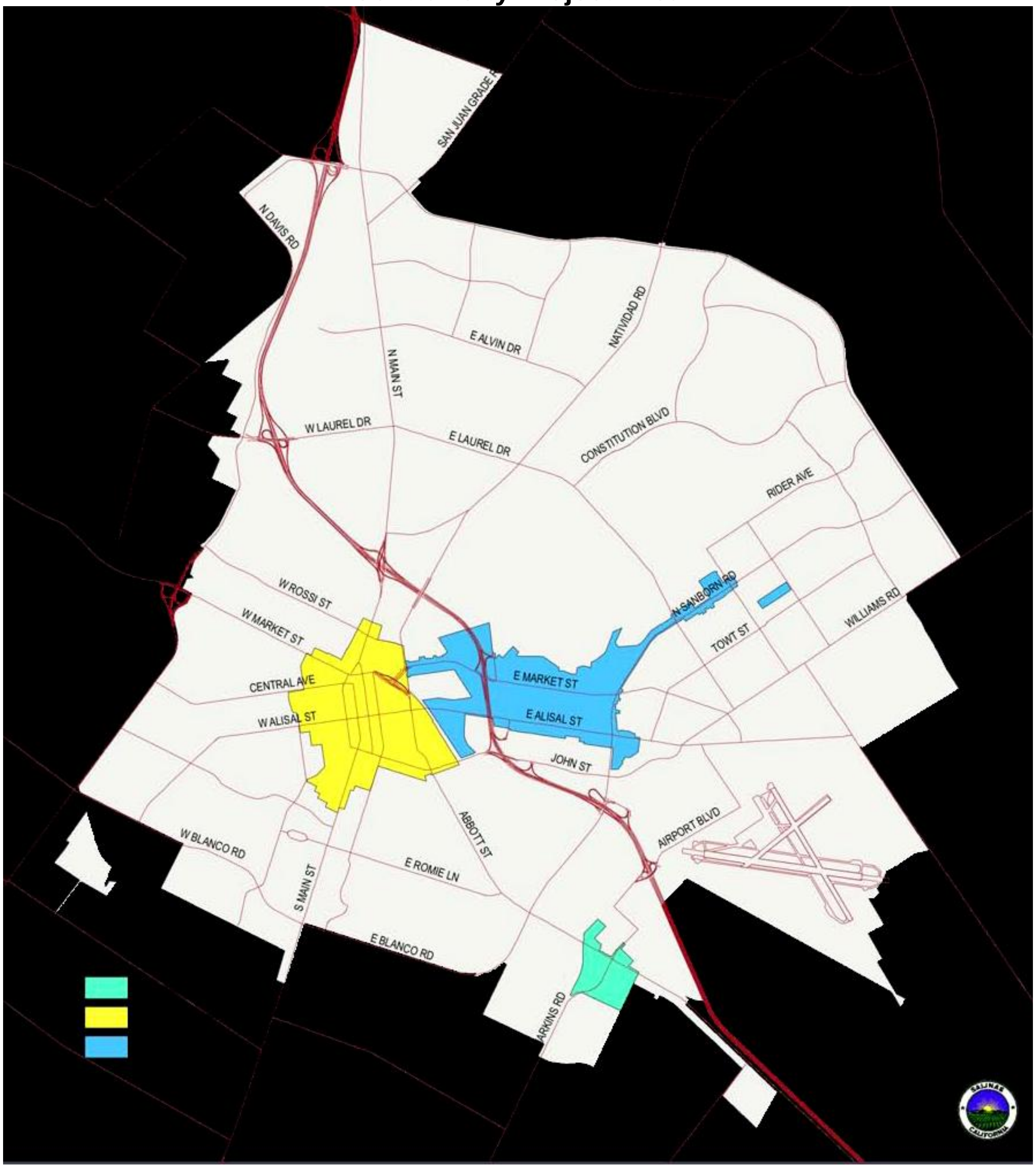
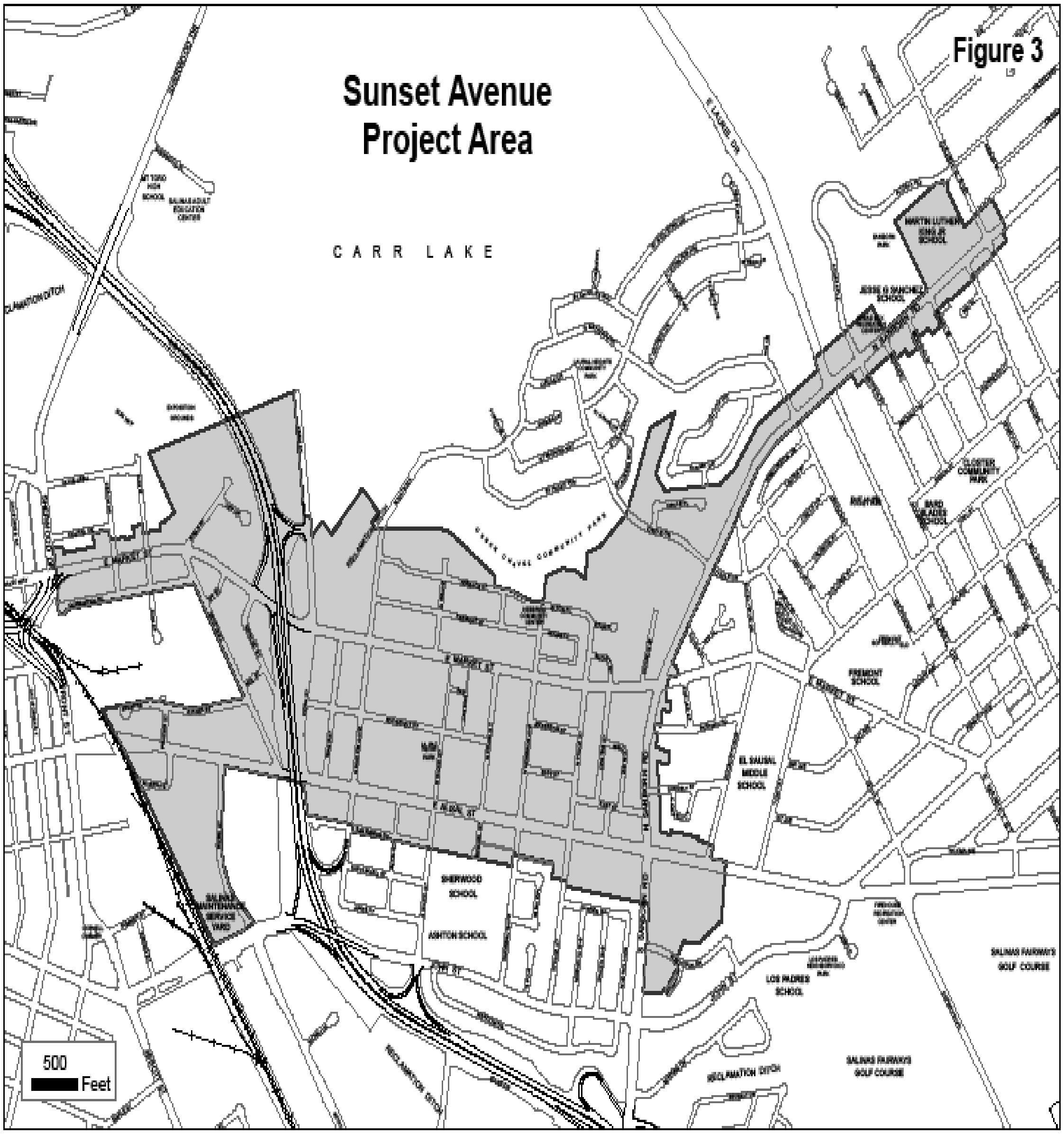


FIGURE 3
Sunset Avenue Project Area



New Legislative Requirements

Redevelopment activities in California are governed by the State Health and Safety Code, (CRL), and each year, there are several changes that directly impact how redevelopment is implemented. Of the many laws passed during the past five years, those that most impact redevelopment activities in Salinas are described below.

AB 1389

This 2009 law requires that each redevelopment agency be subject to stringent over-sight by the State via the county auditor controller, acting as the State's delegated authority. A portion of the tax increment dollar is shared with existing agencies and schools via a "pass-through" agreement or statutory pass-through percentage to other taxing agencies that rely on property tax. Each redevelopment agency now must generate and submit a report to its local county auditor reporting the statutory pass through payments made by the redevelopment agency pursuant to Health & Safety Code sections 33607.5 and 33607.71.

SB 53 - Eminent Domain

A city's authority to condemn private property (eminent domain) for economic development and other potential public benefits and convey the property to another private developer was confirmed in 2005, in the US Supreme Court's *Kelo vs. City of New London* (Connecticut) decision.

Nationwide, almost every state legislature has enacted or considered legislation to diminish the use of eminent domain since *Kelo.* For example, California's "Kelo Laws" (in CRL Section 33339) require a redevelopment plan (including subsequent plan amendments, revisions or expansions) to clearly demonstrate the public benefit for the use of eminent domain, to set a twelve-year limit on use of the power of eminent domain (which can be extended with a noticed public hearing), and to allow every affected property owner to participate in Redevelopment planning. "Kelo" laws have little impact on Salinas now, but may significantly impact the method, purpose and effectiveness of future changes to Salinas Redevelopment Agency project areas.

Adopted in 2007, SB53 has a minor impact on Salinas Redevelopment. The Bill adds Section 33342.7 to the California Health & Safety Code and requires by June 30, 2007 that Redevelopment Agencies with redevelopment plans adopted prior to December 31, 2006, adopt a program by ordinance which specifies the use and limits on its eminent domain authority and anticipated eminent domain activities. The Agency's authority to use Eminent Domain only applies within the Central City Project Area and was re-stated through 2017, the end of its 45 year- life. This Authority is recorded on the title of each parcel within this project area. The Sunset Avenue Project Area does not currently have Eminent Domain authority.

Proposition 99

Proposition 99 was overwhelmingly approved by voters June 3, 2008. It prohibits state and local governments from acquiring an owner-occupied residence for the purpose of conveying it to another person, with certain listed exceptions. Proposition 99 does not change current rules regarding use of eminent domain for businesses.

AB 987

The law requires that Agency-assisted housing projects be provided in a list available to the general public on the City or Agency's webpage. Recording document file numbers, their date of recording, effective terms, and other details are also posted.

AB 389

The California Land Reuse Act provides "qualified property owners" immunity from liability in the event that they come to own contaminated land that was polluted before their ownership. This makes state and federal funding available for these clean-ups.

Legacy Impacts

The past two Implementation Plans (1999 – 2009) describe changes to the CRL occurring in 2002 and 2004 that continue to impact the way Salinas Redevelopment Agency conducts business. A Court ruling adopted in 2002 has exempted affordable housing projects and projects with tax credit funding from State prevailing wage laws.

Since 2004, no home ownership projects have been considered or assisted with Redevelopment funds because of legislation adopted in 2002 requiring affordable housing covenants on single-family homes for a forty-five year period. However, similar restrictions on multi-family homes for a 55-year period have not reduced requests for Agency assistance to develop multi-family housing projects.

ERAF/SERAF

Since Fiscal Year 2002/2003, the State has chosen to partially fund its Statewide school budget obligations by taking tax increment and property tax revenue from local governments and Redevelopment Agencies and transferring this revenue to the State's Education Revenue Augmentation Fund (ERAF). Between 2002 and 2006, the State took $1.51 million from the Salinas Redevelopment Agency. In 2007, voter approval of Proposition 1A made ERAF shifts illegal for local governments but not for Redevelopment Agencies.

In Fiscal Year 2008/2009 the State's attempt to take redevelopment funds was thwarted by a lawsuit that successfully challenged ERAF's legality as applied to Redevelopment Agencies. This result notwithstanding, in 2009-2010 and in 2010-2011, the State again imposed a Supplemental Education Revenue Augmentation Fund (SERAF) obligation on Redevelopment Agencies which will take tax increment revenue from Salinas amounting to $2.12 million and $350,000, respectively.

On October 20, 2009, Redevelopment Agencies sued the State challenging this latest SERAF take. The California Redevelopment Association plans a voter initiative ballot for the November 2010 election requiring the State to solve its structural deficit and fully protect local resources. If the Agency is forced to make the SERAF payments, the Agency will need to adjust the level of funding and types of projects the Agency will undertake to accommodate the lost tax increment revenue that would have otherwise gone to fund projects intended to eliminate blight in the Project Areas.

II. REDEVELOPMENT TIME LIMITS

Original time limits for the City's four Project Areas were last amended in August 2004, and are shown in Table 1 below. Each has its own deadline for effectiveness of its Redevelopment Plan, and receiving tax increment revenues. The amendments also eliminated the debt incurrence deadline. The Agency can continue to incur debt until the redevelopment activities time limit in each plan expires - consistent with CRL 33333.6(e)(2), (SB211 adopted 2001) and CRL 33333.6(e)(2), (SB1045 adopted 2003). Consistent with SB1045 and in exchange for making the ERAF payments, the Agency also extended the deadlines one additional year for each eligible ERAF payment, extending the time frame for Agency activities and receipt of tax increment.

Table 1
Current Project Area Time Limits*

Project Area	Adoption Date	Cessation of Redev. Activities	Cessation of Tax Increment Receipt	Initiation of Eminent Domain
Central City	07/08/74	07/08/15	07/08/25	07/27/11
Sunset Original Area	11/12/73	11/12/14	07/07/18	04/09/03
Sunset Added Area	07/08/87	07/07/18	07/07/18	04/09/03
Buena Vista Area	11/28/60	01/01/10	07/14/18	04/09/03

*Debt incurrence deadlines were eliminated pursuant to SB211, with the adoption of Ordinances 2434, 2435 and 2426 August 17, 2004.

The scheduled cessation of redevelopment activities in the Project Areas is a matter of concern for redevelopment effectiveness over the next few years, as the Agency's longer term strategies to eliminate blight and focus on longer term redevelopment projects will be impacted.

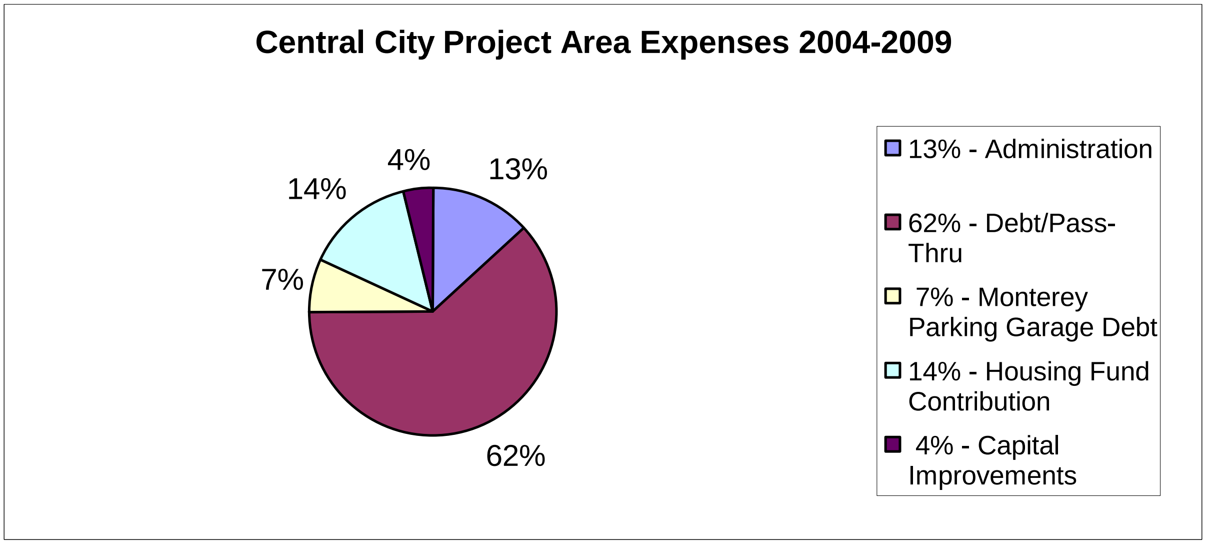
Pass Through Payments
In 2004/05 the Agency commenced payments under a statutorily required tiered pass-through payment plan to Project Area taxing authorities from the Central City, Buena Vista and the original Sunset Avenue Project Area. The per-year impact to these three project areas is $4,000 or about 2% of the tax increment. After ten years, the pass-through requirement increases to 16.8%. These changes will affect the expanded Sunset Avenue Project Area starting in 2009.

Agency Performance 2004-2009
The Salinas Redevelopment Agency has made significant progress in addressing blighted conditions in the Central City and Sunset Avenue Project Areas during the past five years, with progress occurring due to the effective partnerships formed by the Agency and private interests. However, during the past five years economic growth has also moved quickly from an environment of robust development to one of scarcity, limiting private for-profit growth. Due to existing time limits, the Agency is not currently capable of earning the tax increment necessary to guarantee substantial debt or leverage debt for a favorable 30-year term. Nonetheless, significantly blighted conditions remain within and outside of both Redevelopment Project Areas and both Project Areas are nearing the end of their 45-year term. For these reasons, the Agency initiated a project area expansion and time extension feasibility study in 2009 for the Sunset Avenue and Central City Project Areas. When completed, the study will reveal the strategies needed for each Project Area's expansion and extension, thereby improving the effectiveness of the Agency in the coming years. The following highlights Agency accomplishments within the Central City and Sunset Avenue Project Areas. Housing projects are discussed in the Affordable Housing Plan, Section VIII.

III. PERFORMANCE OF CENTRAL CITY PROJECT AREA 2004-2009

Table 2 below shows Agency expense distribution of $10 million dollars of tax increment revenues received by the Agency between 2004 and 2009 in the Central City Project Area. The Agency used 62% of its tax increment revenues for debt or as pass-through revenue to other agencies. During the past five years 7% of the $10 million contributed to debt service on the Monterey Street Parking Garage. Funds targeted towards housing projects are contained within the 20% Housing Fund Set-aside.

Table 2
Expense Distribution Central City Project Area



* Housing Fund Expenses do not equal 20% because of those monies currently allocated, but not spent.

Summaries of the various Central City projects are provided below.

OSA Business Improvement Area
The Oldtown Salinas Association's (OSA) activities are funded through an annual assessment within a Business Improvement Area. For ten years the Agency provided an annual $50,000 matching grant to assist OSA activities. However, after the Monterey Street Parking Garage was constructed, its debt service reduced funds available for other purposes and the Agency's annual grant to OSA was discontinued. Nevertheless, the continued partnership between the Agency and OSA has focused the Agencys attention on community needs which may require Agency or City resources. In recent years OSA engaged in a collaborative marketing strategy to bring additional visitors downtown by creating a business-friendly environment, establishing promoting dining in downtown's wide sidewalks and promoting live entertainment venues.

Over the past five-years, OSA's accomplishments include:

1. Establishing a Saturday morning Farmers' Market,
2. Promoting and preserving special events, such as the annual Holiday Parade of Lights and the "Passport to Cherry's Jubilee,"
3. Implementing the Downtown Rebound Planning Program in the 2008 update of the Zoning Code,
4. Advising local government on issues affecting the downtown including: County Courthouse and Chinatown development, County and downtown parking, homelessness, and security,

5. Collaborating with the City and Agency to develop a strategy for better management of public parking in the downtown,
6. Funding with donations obtained by OSA, a contract with HOPE Services for landscaping maintenance and general cleaning in the downtown mall and public parking lots.

Other OSA activities can be reviewed at the OSA website url: http://www.oldtownsalinas.com/.

Downtown Parking Management Plan

In FY 2004-05 the OSA Parking Committee recommended that the Redevelopment Agency develop a comprehensive parking plan for the Downtown. The cost for consultant services (DKS and Associates), estimated at $112,360, were shared between the County ($50,000) and the Agency ($72,360). The work involved addressing the immediate needs created by the opening of Maya Theater, new County offices, and providing a strategy for paid parking throughout the Downtown. Downtown businesses are still unreceptive to managing parking resources through paid parking. A short-term parking strategy that did not involve additional paid parking but instead modified time limits and enforcement, was approved by the City Council on September 11, 2007 and implemented in January, 2008.

Facade Improvement Program

The Central City Façade Improvement Program leverages considerable private investment with modest public funding. The Agency provides matching grant funds for owners to renovate buildings, or for painting, awnings, signs, landscaping and other exterior improvements. Improving individual properties, in turn, enhances streets in the Central City. Twenty-two buildings have been improved during the past five years.

Salinas Intermodal Transportation Center

As part of an overall planning effort to bring commuter rail service to Monterey County, City and Agency staff are assisting the Transportation Agency for Monterey County (TAMC) with specific plans for an expanded Intermodal Transportation Center (ITC) at the Salinas Train Station. In addition to commuter rail facilities and parking, proposals include a variety of bus services (Greyhound, MST, AMTRAK, Airporter, etc.), including plans by MST to expand its downtown transit hub operations. TAMC completed its project's planning and environmental review processes, and is now assembling funding to acquire its properties for the project. Commuter rail service is projected to commence in 2012. These properties extend to the west beyond the project area boundary, and do not include those sites that may be developable under separate arrangement. The Agency is assisting to facilitate TAMC's efforts, and working to develop its Train Station buildings, and those sites that are "developable."

The Agency's smaller Station buildings are very important to the ITC. For example, the City and Agency provided assistance in securing grants to provide funding for improvements to the exterior of Salinas' "First Mayor's House" and to initiate restoration of the historic Southern Pacific Freight Depot. Grant funding has also been secured for the renovation of the AMTRAK passenger depot, which would also eventually house Greyhound bus services.

Maya Cinemas

Since its opening in July 2005, the Maya Cinemas' 14-screen multiplex has been a major draw for visitors to the downtown, particularly in the evenings and on weekends. Under a Disposition and Development Agreement (DDA) between the Agency and Maya Cinemas, the Agency provided land and developed the Monterey Street Parking Garage at Monterey and Market Streets to serve the multiplex and surrounding development. The DDA's requirements for the development have been completed and the land purchase loan owed by Maya to the Agency was repaid with interest.

City/Agency Parking Structure - Monterey Street

The Monterey Street Parking Garage is a 5-level, 435-space parking garage adjacent to the Steinbeck Center and Maya Multiplex Theater. The parking structure provides parking for Maya Cinemas, National Steinbeck Center, surrounding business and future development on the 100 Block (i.e. the Agency's Hotel Site). The project also included realignment of Central Avenue/Main Street, conversion of 2-way traffic on the 100 Block of Main Street and provision of access to the parking structure from Market Street. The Agency's budget included debt service payments in both 2007-08 and 2008-09 with a maximum annual debt service payment of $1,091,950. If the Agency is financially unable to make the bond payments the source of the parking structure debt repayment will revert to the City's General Fund. Revenues from paid parking in Lot 13 and Lot 13T help to offset $90,000 per year of an operating deficiency of $200,000 per year.

Downtown Planning Process and Hotel Site

The Agency continues to seek redevelopment of its underutilized properties in the downtown, particularly in the 100 Block of Main Street. Over the past 5 years, the Agency has considered two hotel/commercial developments proposed by the Salinas City Center Partners, and more recently, the Salinas Renaissance Partners ("SRP"). SRP also prepared a downtown "vision" concept plan for revitalization of much of the downtown.

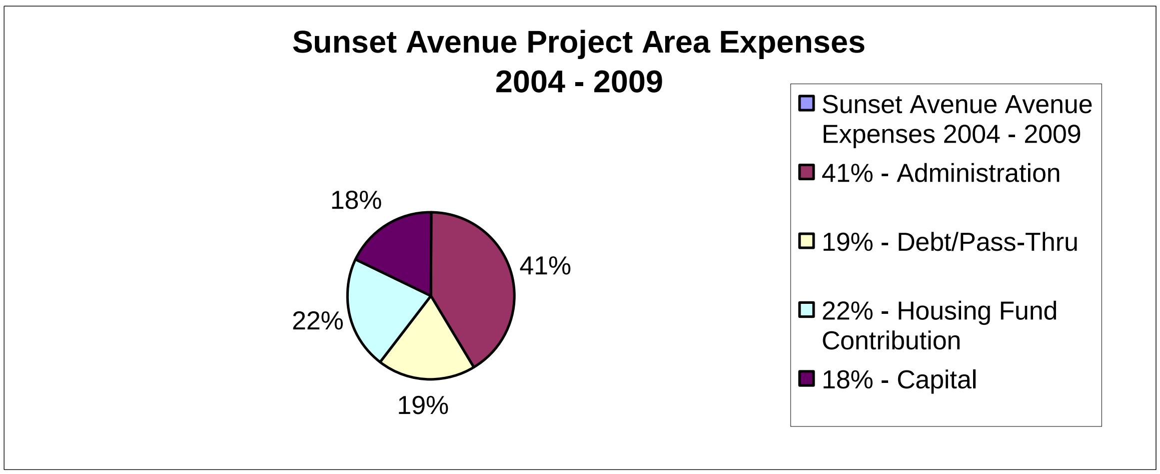
Chinatown Revitalization Program

The Agency and its partner California State University Monterey Bay have secured more than $2 million in grant funds to prepare for Chinatown's future. By the spring of 2010, a specific development plan will be presented to the City Council for consideration. Working towards plan implementation, the Agency has completed its assembly of 8 parcels on Soledad Street for a total of .8 acres. Because this land was purchased with Housing Fund monies, it must be developed for affordable housing.

IV. PERFORMANCE OF SUNSET AVENUE PROJECT AREA 2004-2009

Table 3 below illustrates how the $10 million in funds received by the Sunset Avenue Project Area during the past five years have been used. The Sunset Avenue expenses reflect a different expense allocation than the Central City due to a reduced debt load, higher Agency pass-through amounts, and there are more special projects funded as operational costs rather than capital expenses. The Affordable Housing expenses are discussed in the Housing Implementation Plan Section VIII.

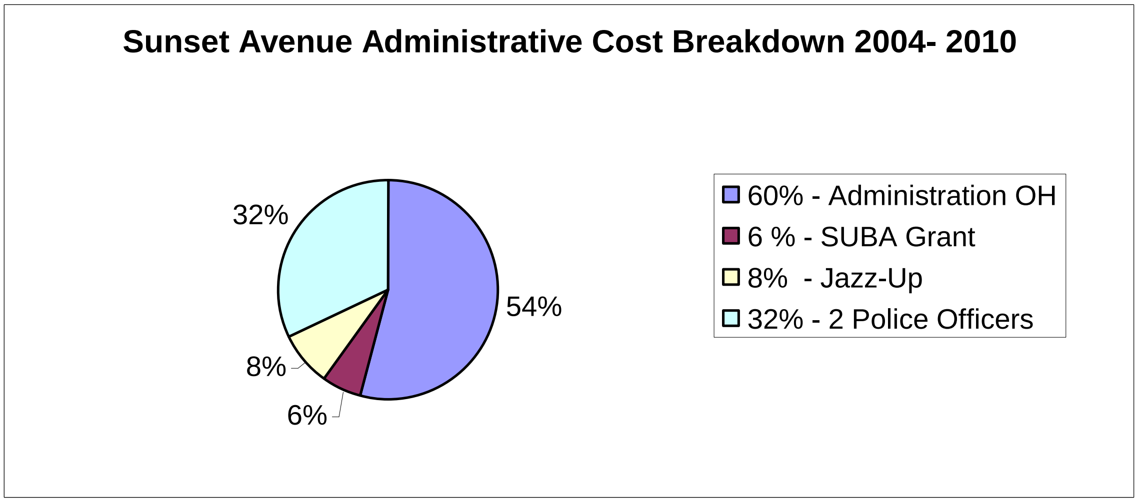
Table 3
Expense Distribution Sunset Avenue Project Area



* Housing Fund Expenses do not equal 20% because of those monies currently allocated, but not spent

Table 4 below provides details of the Sunset Avenue administrative costs over the past five years. The standard for this expense is 15% of the Budget, and this project area uses 41% of its budget, (or $4.2 million of the $10 million spent over the past five years). Of the $4.2 million, overhead and salaries equal 60% of this cost ($2.5 million), 8% is applicable to the Jazz-Up program ($332,300) and the remaining 40% is used to pay the salaries of two police officers ($1.35 million).

Table 4
Sunset Ave Project Area Administrative Expenses 2004 - 2009



Salinas United Business Association
The Agency continues to assist the Salinas United Business Association (SUBA) Business Improvement District. Since inception in 2005, SUBA has been active in its support of the 600 – 700 businesses that occupy the same geographic area as the Sunset Avenue Project Area. Its budget continues to be supplemented by an annual $50,000 grant from the Agency, and the Agency and City Council are represented on its Board. Significant projects coordinated by SUBA include:

1. Special events like the annual September “El Grito” festival which attracts 40,000 visitors to Salinas;
2. Sidewalk clean-up and maintenance;
3. Alisal Street beautification project, in collaboration with the Weed and Seed Community Development Block Grant;
4. Business Opportunity Center assisting and teaching technical skills to business owners;
5. Marketing and Promotions for members including holiday promotions and business Posadas, the 2008 fire recovery swap-meet, and help during disruptions of the 2-mile East Market Street improvement program.

Other SUBA activities can be reviewed at the SUBA website url: http://www.subasalinas.com/about.html

Community Safety Initiative
In May 2004 the Agency amended its Implementation Plan by adopting Resolution 817 to include the Community Safety Initiatives. A partnership was formed between SUBA, Redevelopment and the City Police Department that is funded with Sunset Avenue Redevelopment funds for enhanced “community-oriented” police services. Between $200,000 and $350,000 per year have been spent on this programs. Two additional police officers attend SUBA Safety Committee meetings and interact more closely with businesses to provide heightened

awareness to crime, education, response to violent crimes, and City Code violations. In 2008, the Sunset Avenue Project Area also contributed $150,000 to help pay for a Police Mobile Command Unit that helps respond to gang, prostitution and other crimes common in the Project Area.

Façade Improvement Program

Sunset Avenue offers a matching grant program to renovate and improve building exteriors with new paint, awnings, signs, windows for businesses or property owners. This popular program used $85,000 to improve 13 buildings between January 2004 and December 2009, and was often used in conjunction with the Jazz-Up Program.

Jazz-Up Program

Agency Sunset Avenue revitalization funds are used to support the "Jazz Up Program" along with support from the Community Development Block Grant Program. The annual goal to paint 10 commercial and 5 residential buildings has been met for each of the past four years.

Streetscape Program

The Streetscape Improvement Program on East Alisal Street began 12 years ago, providing street improvements such as street trees and furniture, and utility undergrounding. In 2007 similar improvements were placed onto 3 blocks of North Sanborn Road. The current Streetscape improvement includes two miles of East Market Street. It began construction in 2009. The Agency is leveraging its $2 million dollars with funding from other sources and various utility companies to underground utilities, install new sanitary sewer lines, improve lighting and sidewalks and provide landscape improvements between Sherwood Drive and Sanborn Road. When completed in 2011, the project will promote private investment by enhancing streetscape and improving pedestrian use of the street.

Division Street

The Agency acquired 2.5 acres on Division Street between 2007 and 2008. These properties are located near a key intersection at the corner of East Market Street and Sanborn Road, and will help to link the community to Cesar Chavez Park. The Agency will seek a private partnership to fully develop this corner that incorporates the Agency's properties.

Alisal Boys and Girls Club

In 2008, the Agency acquired the Church of the Nazarene at the corner of Circle Drive and North Sanborn Road. The site was leased to the Boys and Girls Club of Monterey County in 2009, after conducting a thorough outreach process. The Boys and Girls Club is finalizing development plans and will begin construction of a new community service facility in 2010.

New Development

Private investment in the Sunset Avenue Project Area has been steady and significant during the past five years. The most significant changes have occurred with the addition of two new hotels and one renovated hotel on Kern Street.

Alisal Market Place

This 59-acre development initiated planning in 2005-2006, followed by approval of a Project Planning and Negotiating Rights Agreement between the Agency and Developer in 2008. Alisal Market Place is located in the western portion of the Sunset Avenue Project Area on East Alisal Street and extends east and south beyond the current Project Area boundaries. Although slowed due to the economic conditions, the Project represents a vibrant, promising future prospect for new commercial and mixed-use developments in an aging industrial part of the Project Area.

V. BLIGHT PROGRESS REPORT

Pursuant to CRL 33080.1 (d), the Agency is required each year to submit a specific report that summarizes it progress to eliminate blight in each Project Area. Below is a summary of the Agency's efforts in fighting blight in the Project Areas between 2004 and June 2009. The Agency's efforts are summarized in Tables 5 and 6 below. All of the Agency's tax increment funds were spent within the two Project Areas. Some of the affordable housing set-aside was spent outside the Project Areas as noted. Overall, the Agency fought blight in the commercial areas in each of the Project Areas with support from the Oldtown Salinas Association (OSA) in the Central City Project Area and the Salinas United Business Association (SUBA) in the Sunset Avenue Project Area.

Central City Project Area

Economic revitalization efforts and capital improvements include:

1. Adopting the Downtown Core Overlay Regulations,
2. Completing the 14 screen Maya Cinemas,
3. Completing a 435 space parking garage,
4. Implementing a downtown parking plan,
5. Expanding the Farmers' Market to 12 months,
6. Re-establishing the annual Holiday Parade of Lights,
7. Adopting in concept the historic 29 acre Chinatown Revitalization Plan,
8. Conducting design charrettes with Salinas Downtown Community Board to describe the Chinatown community's future and receiving a second grant in 2009 to implement this effort further, and,
9. Leveraging significant private investment by assisting with exterior improvement to 22 buildings through the Façade Improvement Program.

New housing projects on previously vacant properties are summarized in Section VIII with the Sunset Avenue housing projects.

TABLE 5

Blight Elimination in Central City Project Area 2004 to 2009
Through Implementation of Five-Year Goals, Objectives, Programs and Expenditures

Blighting Condition	Goal/Objective	Five-Year Activities
Deficient/Deteriorated Buildings Section 33031(a)(1)&(2)	Continue Façade Improvement Program. Support for upper story residential. Historic preservation programs. Assistance to refurbish or demolish blighted buildings.	Annual funding for Façade Improvement Program; staff support for renovation projects. Acquire grants for historic building rehabilitation. Revitalization strategy for Chinatown buildings.
Factors Inhibiting Proper Use of Buildings or Lots Section 33031(a)(1)&(2) Section 33031(b)(2)	Downtown Parking Management Plan Promote mixed use development.	Implement Parking Management Plan. Continue monitoring and mitigating contaminated land. Maintenance of landscape improvements.
Incompatible Uses Section 33031(a)(3)	Revitalize major commercial strips. Strengthen existing neighborhoods. Consolidate public transportation modes at ITC.	Assist with implementation of ITC; relocate Greyhound and MST to ITC. Development support for new uses and businesses. Downtown housing to support retail.
Substandard Lots Section 33031(a)(4)	Acquisition of property. Redevelopment of land for new uses and businesses. Parking Management Plan and district.	Assemble, acquire and consolidate parcels for Chinatown neighborhood development sites.
Depreciated Values/Impaired Investments Section 33031(b)(3) Section 33031(b)(1)	Support goals and objectives of business groups; Strengthen existing residential neighborhoods. Improved street lighting. Chinatown Renewal Plan	Continued support for OSA Develop downtown hotel/mixed use. Enhance downtown for cultural, entertainment and visitor uses. Consolidated plan to address homeless issues. S.D.C.B
Economic Indicators of Distressed Buildings or Lots Section 33031(b)(3) Section 33031(b)(1)	Encourage turnover of property for new ownership and development. Support Steinbeck Center operations and expansion. Design review of all new projects. S.D.C.B Historic Preservation	Implement final phases of Intermodal Transportation Center. Provide added opportunities for Steinbeck Center expansion on existing site. Continue to staff the Design Review Board.
Overcrowding Section 33031(b)(3)	Upgrade stock of affordable housing. Target properties for rehabilitation.	Work with non-profit housing developers for rehab and new development opportunities.

Sunset Avenue Project Area

Economic revitalization, Public Safety Initiative and Capital Improvements efforts, in the Sunset Avenue Project Area over the last Implementation Plan period include:

1. Continuing the five-year old “El Grito” festival. The September festival draws an estimated 30-40,000 people annually to East Alisal Street the business area,
2. Continued commercial and public safety code enforcement,
3. Continued Agency support for enhanced community safety initiatives,
4. Continued support for the Mobile Police Command Unit in the Project Area (purchased in part with Agency funds in 2006),
5. North Sanborn Road Street Improvements completed,
6. Added street furniture on East Alisal Street including 16 large flowerpots and benches. A two-mile long stretch of East Market Street is undergoing a $10 million upgrade with completion of the project to occur in 2011.
7. Acquired 6 vacant properties on Division Street to create a potential 2.5-acre redevelopment site.
8. Acquired a church property to convert into a community center in the Alisal (331 North Sanborn Road). A lease to build and operate the center has been executed with the Boys and Girls Club of Monterey County.
9. Continued Commercial façade grant program to assisted with exterior improvements to 13 buildings.
10. Continued the Jazz-up Program in the Sunset Avenue project area to assists 10 commercial and 5 residential property owners by improving the appearance of their buildings.

New Housing projects assisted with Housing Funds generated in the Sunset Avenue Project Area are summarized with the Central City housing projects in SectionVIII.

TABLE 6

Blight Elimination in Sunset Avenue Project Area 2004 to 2009
Through Implementation of Five-Year Goals, Objectives, Programs and Expenditures

Blighting Condition	Goal/Objective	Five-Year Activities
Deficient/Deteriorated Buildings Section 33031(a) and (b)	Provide assistance to refurbish or demolish blighted buildings.	Annual funding for Jazz-Up and Façade Improvement Programs
Factors Inhibiting Proper Use of Buildings or Lots Section 33031(a) (1)&(2)	Revitalize major commercial strips – Alisal, Kern, Market, Sanborn	Continue Streetscape Program, particularly for the East Market corridor
Incompatible Uses Section 33031(a)(3)	Revitalize major commercial strips. Strengthen existing neighborhoods.	Assemble, acquire and consolidate parcels for Division Street and other projects. Development support for new uses and businesses
Substandard Lots Section 33031(a)(4)	Redevelopment of land for new uses and businesses. Create parking improvement districts.	Assemble, acquire and consolidate parcels for Division Street and other projects. Develop off-street parking lots.
Depreciated Values/Impaired Investments Section 33031(a)(3)	Support goals and objectives of business groups; Strengthen existing residential neighborhoods Improved street lighting	Micro-loan programs for businesses; funding and other support for SUBA businesses.
Economic Indicators of Distressed Buildings or Lots Section 33031 (b)(1)&(3)	Develop off-street parking strategies. Encourage turnover of property for new ownership and development. Microloan program for businesses. Design review of new projects.	Modernize traffic signals on major corridors. Work with member banks to support microloan program. Continue to staff the Design Review Board.
Overcrowding 33031 (b)(5)	Upgrade stock of affordable housing. Target properties for rehabilitation.	Work with non-profit housing developers for rehab and new development opportunities.
High Crime Rate 33031 (b)(7)	Partner with 2nd Chance to provide opportunities for at-risk youth. Improved Street Lighting Community Safety Initiatives Recreational opportunities	Improved street lighting on major corridors. Jazz-up Program with 2nd Chance Youth Program. Continued evaluation and support for enhanced safety initiatives. Support crime prevention programs of SUBA businesses.

VI. CENTRAL CITY GOALS, OBJECTIVES, PROJECTS AND EXPENDITURES TO ELIMINATE BLIGHT: 2009/10 THROUGH 2014/15

The Central City Project Area's revenue and expense projections for the Plan's five-year period 2009/10 to 2014/15 are provided below in Table 7. Details concerning the Affordable Housing Fund (shown as the "20% set-aside" in Table 7) are provided in Section VIII. All of the Agency's Central City Project Area tax increment available for capital improvements ($3.2 million) between 2009/2010 and 2014/2015 is currently budgeted to pay for debt service. During the five-year period, debt has to be paid on the existing Tax Allocation Bonds and the Monterey Street Parking Structure ($2.46 million). For the initial two years of this Implementation Plan, $360,000 will be paid for the Steinbeck Center's debt, and $866,000 is budgeted for payment of SERAF to the State assuming the legal challenge is unsuccessful. By Fiscal-Year 2014/2015, there will be approximately $28,000 available for capital improvements.

1. Implementation Plan Goals, Objectives, Programs and Activities

Following are the major goals of the original 1974 Central City Revitalization Plan, and specific objectives, projects and activities to be conducted during this 5-year Implementation Period. Under each goal listed is a set of objectives that are priorities for implementation. The goals and objectives, in turn, are followed by specific projects and activities that the Agency will implement as funding and opportunity permits.

Goal 1. Promote and Support Preservation and Renewal of Structures for Suitable Reuse

The Agency will work with property owners and business owners with the resources it has available to enhance the appearance and function of private properties, particularly those of outstanding architecture and historic merit.

Objectives

1A. Continue the Façade Improvement grant program to building owners to encourage the improvement of building facades within the project area.

1B. Create opportunities and provide staff support to assist in the renovation and reuse of existing structures in the Downtown.

1C. Assist where possible with the preservation and refurbishment of underutilized or vacant historic buildings in the downtown.

1D. Create partnerships and funding opportunities for renovation and reuse of Agency and City-owned historic buildings, where economically feasible.

Goal 2. New Construction on Vacant or Underutilized Land, or in Place of Buildings not Suitable for Renewal

Filling vacant spaces and buildings with vital development and activities is key to attracting investment and activities in neighboring properties

Objectives

~~2A.~~2A. Continue support for activities of the National Steinbeck Center and the completion of its master development plan.

2B. In concert with the Transportation Agency of Monterey County's (TAMC) implementation of plans for commuter rail service, maximize the use of the Train Station property and promote revitalization of surrounding area by assisting with development of a regional transportation hub at an Intermodal Transportation Center, or "ITC."

2C. Promote development of "mixed use", or combined commercial and residential uses in the development of vacant or underutilized properties within the Downtown Core Area Overlay District.

2D. Continue investigating and monitoring contaminated land within the Project Area, and mitigate contamination to permit redevelopment activities.

2E. Create a revitalization strategy for "Chinatown", the neighborhood surrounded by North Main Street, Rossi Street, Sherwood Drive, and East Market Street.

Goal 3. Installation, Construction or Reconstruction of Streets, Sidewalks, and Utilities; Construction of a Semi-Mall; installation of street furniture, signing, landscaping, and other public and private improvements.

Public infrastructure improvements can provide the catalyst for private investment and for heightened commercial and social activities.

Objectives

3A. Evaluate and implement cost effective strategies to improve the potential for:

1. Improved vehicular and pedestrian circulation;
2. Managed and shared public parking;
3. Enhanced public spaces to optimize a pedestrian friendly environment;
4. Intersection improvements and the timing of various street signals.

3B. Assist the OSA to develop a funding structure for maintenance of Main Street improvements following the loss of support from the City's General Fund;

3C. Underground utilities and streetscape infrastructure improvements in Chinatown.

Goal 4. Acquisition of Property through purchase, condemnation, or other legal means; demolition and clearance of buildings; and disposition of any property so acquired.

The assemblage of smaller, underdeveloped parcels into larger development sites is often necessary to attract desirable private investment and economic activity.

Objectives

4A. Develop the remainder of the 100 Block of Main Street;

4B. Consolidate the eight parcels acquired on the northern tip of Soledad Street in Chinatown into a mixed use development;

4C. Consider the highest and best uses for downtown surface parking lots, and work to achieve a higher level of development on these parcels;

4D. Assist TAMC, as needed, with acquisition and development of properties for the ITC.

Goal 5. Support of Goals, services and other activities that contribute to the health, welfare, employment, recreational, housing and related needs of residents of the Project Area

While economic and development activities, along with housing, are the focus of long-term redevelopment activities, many other social and economic factors influence those activities and must also be addressed.

Objectives

5A. Continue to fund and assist with the OSA, and coordinate when needed with the promotion of downtown events.

5B. Continue to oversee provision of homeless services at the Green Gold Inn; explore alternative models and locations for providing comprehensive homeless services.

5C. Provide support for non-profit and community organizations and boards whose efforts and resources benefit the Project Area.

5D. Assist as needed with the continued renewal and development of the First Mayor's House, the antique train display, and use of the Railway Express Agency Building for cultural, educational and visitor serving purposes.

5E. Assist as needed with the creation of the Salinas Chinatown Cultural Experience (immigrant labor and heritage museum in Chinatown).

.

Goal 6. Such administrative support as is necessary to accomplish all of the above

Redevelopment Agency staff must often rely on resources of other agencies, City Departments and organizations to accomplish its objectives.

Objectives

6A. Expand the boundaries and extend the time limits of the current Central City Project Area;

6B. Satisfy State requirements for Redevelopment Agencies as specified in California Redevelopment Law.

6C. Continue to provide administrative support for the OSA through its annual assessment process.

6D. Continue to staff the Design Review Board and coordinate its review of development within the Project Area.

6E. Continue to support and participate as Board member in the Salinas Downtown Community Board

Table 7
Central City Project Area Fiscal Projections

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL
Beginning Fund Balance	$1,971,109	$700,495	$84,298	$975	$1,756	$1,565	
Estimated Revenue	$3,060,000	$3,061,000	$3,241,000	$3,353,600	$3,364,100	$3,437,388	$19,517,088
Total Revenue Plus Fund Balance	**$5,031,109**	**$3,761,495**	**$3,325,298**	**$3,354,575**	**$3,365,856**	**$3,438,953**	**$22,277,286**
Operating Budget	-$400,900	-$407,900	-$416,000	-$424,300	-$432,800	-$441,500	-$2,523,400
Total Operating Budget	**-$400,900**	**-$407,900**	**-$416,000**	**-$424,300**	**-$432,800**	**-$441,500**	**-$2,523,400**
Tax Allocation Bonds (for Main Street)	-$1,418,243	-$1,418,797	-$1,417,003	-$1,413,319	-$1,412,791	-$1,433,727	-$8,513,880
State SERAF payment *	-$665,991	-$200,000					-$865,991
Monterey Street Parking Structure	-$1,050,000	-$1,050,000	-$1,050,000	-$1,050,000	-$1,050,000	-$1,050,000	-$6,300,000
Steinbeck Debt Service	-$180,000	-$180,000					-$360,000
Total Debt Service	**-$3,314,234**	**-$2,848,797**	**-$2,467,003**	**-$2,463,319**	**-$2,462,791**	**-$2,483,727**	**-$16,039,871**
Total Transfer to Low/Mod Housing	**-$447,780**	**-$404,000**	**-$441,320**	**-$465,200**	**-$468,700**	**-$484,800**	**-$2,711,800**
Contamination Mitigation	-$16,500	-$16,500					-$33,000
Façade Improvements	-$16,200						-$16,200
Central City Project Expansion	-$135,000						-$135,000
Total Capital Projects	**-$167,700**	**-$16,500**	**$0**	**$0**	**$0**	**$0**	**-$184,200**
Total Capital Expenditures and Transfers	**-$4,330,614**	**-$3,677,197**	**-$3,324,323**	**-$3,352,819**	**-$3,364,291**	**-$3,410,027**	**-$21,459,271**
Net Increase (Decrease) in Funds	-$1,270,614	-$619,197	-$83,323	$781	-$191	$27,361	-$1,945,183
Ending Fund Balance	$700,495	$84,298	$975	$1,756	$1,565	$28,926	

* Subject to Change, if no payment required then Funds will be reprogrammed into Central City Expansion, Chinatown and the ITC.

CENTRAL CITY GOALS, OBJECTIVES

2. Projects and Activities to Implement Central City Goals and Objectives

Central City Project Area Time Limit Extension
As the Central City Project Area nears the end of its forty-five year development (see Table 1 Section II) the Agency is in the process of determining if a sufficient amount of blight remains within the Project Area to justify extending its existence. Known as an “SB211 extension,” this consideration will require a specific study, and if justified and completed, would extend the redevelopment activities by 10 years. This will also result in a shift of the housing set-aside from the current amount of 20% of the tax increment received to 30%.

Central City Project Area Expansion
The required analysis to determine continued blight within the Project Area (referenced above), will also consider whether or not certain areas surrounding the current Project Area qualify for inclusion in the redevelopment effort. If blighted conditions can be documented in surrounding areas, then the Project Area may be expanded. This new added area would begin anew with 45-year period to remove blight in the expanded Central City Project Area.

Reestablish the Façade Improvement Program
When funding allows, matching grants will again be provided for qualified improvements to private business owners that may include awnings, signs, painting, windows, and parking lot buffer landscaping. Matching grants offer incentives for 5 to 10 commercial rehabilitation projects annually in return for easements over newly constructed building facade improvements.

Oldtown Salinas Association (OSA)
The Redevelopment Agency continues its partnership with the Oldtown Salinas Association, as a member of the Board, by supporting special events, and by facilitating positive change in the downtown.

Development Support
Agency staff will continue to work with City staff, developers, businesses and the Oldtown Salinas Association, to assist where needed with City development permitting processes and the Design Review Board.

National Steinbeck Center
Agency support for the operation and expansion of National Steinbeck Center (opened in 1998) continues. The Agency will be paying debt service for the Center’s construction for the next two years.

Chinatown Revitalization
The following strategies will be used to combine resources of various stakeholders to address issues of criminal activity, homelessness, and abandoned and underutilized properties:

1. Prepare a specific development plan for the 29-acre area to complete the $230,000 Caltrans planning grant received in 2008;
2. Staff Participation in the Salinas Downtown Community Board;
3. Coordinate social services in the neighborhood;
4. Develop the recently acquired property on Soledad Street into a mixed-use affordable housing project, consistent with the Specific Plan.

Salinas Intermodal Transportation Center (ITC)
Since the adoption of the ITC Master Plan in 1998, significant improvements have occurred, that include new lighting, parking, landscaping, sidewalks, and building renovations. Planning for a new, expanded ITC will soon result in the return of the old Salinas train station to a high level of transportation activity, with private investments in surrounding properties soon to follow.

Renovation of Salinas Train Station Buildings
Four historic railroad-related buildings on Agency-owned property at the Salinas Train Station provide insights to Salinas' history, and its future in transportation. Ongoing renovation and preservation efforts are high priorities for the Agency as funding is made available. Determining appropriate future uses of these buildings is an important part of ensuring their continued viability.

Government Campus
To the extent allowed under Section 33445 (g)(1), coordinate planning and development of City and County properties, and particularly the County Courthouse and City Hall properties, to ensure adequate space for future City, County, State and Federal needs, including parking facilities.

Central City Housing Projects

Gateway Apartments
First Community Housing, based in San Jose, has purchased a vacant, .6-acre site at the corner of Lincoln and Market Streets, with the intention of developing a low-income housing project. Acquisition of the property has been assisted with an Agency loan and building permits have been issued.

Chinatown Housing
The Agency continues to evaluate various proposals for the development of affordable housing in Chinatown. This development will conform with the current master plan being designed. Funds are currently budgeted to support this effort.

Linkage Between Goals and Elimination of Blighting Influences Within the Central City Project Area

An Implementation Plan must provide an explanation of how the goals, objectives, activities and expenditures for the five-year planning period will serve to eliminate blighting conditions in the Project Area. To provide this explanation, it is first useful to summarize the blighting influences that affect the Project Area. Essentially, the Agency has no funds to use as leverage in public/private partnerships to effectively eliminate blight in the next five years, except the affordable housing funds. However, the Agency has been actively seeking grant funding to assist in some of its redevelopment efforts.

Central City redevelopment goals and activities are proposed to alleviate blighting conditions and to meet the Agency's affordable housing obligation. Table 8 provides a matrix summarizing the relationship between the blighting conditions and the goals, objectives, programs and projects proposed for the Project Area to alleviate these conditions. All of the goals and activities have been designed to meet the CRL requirement that Agency expenditures be linked to the elimination of blighting conditions in the Project Area.

The Project Area contains dilapidated and deteriorated buildings and structures. The Redevelopment Plan will continue to address these conditions during the current five-year planning period by assisting with rehabilitation of historically significant buildings and assisting with upgrading commercial buildings, where such upgrades and rehabilitation are feasible.

Several factors inhibit the proper use of buildings or lots. The Agency will continue to address these conditions during the current five-year planning period by assisting (as funding permits) with the cleanup of possible hazardous materials and sites contaminated by wastes from previous hazardous materials. The upgrading of buildings will also eliminate the factors contributing to underutilization, such as the presence of deteriorated and dilapidated buildings, outmoded commercial building configurations, and lack of code compliance. The program will make transportation, circulation, infrastructure and parking improvements that will improve circulation, and accessibility to areas within the Project Area.

The Project Area contains approximately 42 vacant lots and approximately 56 underutilized lots. Some areas within the Project Area contain subdivided lots of irregular form or shape and inadequate size for proper usefulness. The Agency will make efforts to alleviate these blighting conditions by assembling, acquiring, and consolidating parcels where necessary. This is why extending the current time limits of the Project Area are a high priority. The Agency will stimulate new commercial, residential and mixed-use development, including infill development with these parcels.

Some areas in the Project Area have experienced depreciated or stagnant values. The Agency will continue (as funding allows) to address these conditions during the current five-year planning period by providing assistance to rehabilitate commercial buildings, implementing Goals for business recruitment and retention, revitalizing retail areas, developing new commercial uses, providing housing rehabilitation and hazardous materials/site clean up, and creating opportunities for commercial development. At the Intermodal Transit Center, assistance may be provided to attract private sector investment.

Some residences in the Project Area are overcrowded, are poorly maintained, or have faulty and/or dilapidated additions, converted garages, and other structures that house residents. In addition, evidence of homelessness continues in much of the Project Area, but particularly in the Chinatown neighborhood. The Agency will continue to address these conditions during the current five-year planning period by providing affordable housing opportunities, as further discussed in Section VIII.

Although progress has been made by the Agency, it is clear that blighting conditions remain in the Project Area. Such blighting conditions extract a high social and economic price if left unattended. It is not likely that either the private or public sector acting alone could surmount all of these conditions. Therefore, continued redevelopment activity appears to be the most realistic long-term financing vehicle for removing blighting conditions in the Project Area. Significant progress toward this goal can be achieved through the Goals and Objectives included in this Implementation Plan, and the possible amendment of the Project Areas Redevelopment Plans to extend the time limits will allow the Agency to continue working to eliminate the existing blight.

TABLE 8

Linkage Between Five-Year Goals, Objectives, Programs And Expenditures And Elimination Of Blighting Influences Within The Central City Project Area

Blighting Condition	Goal/Objective	FY 2009/10-14/15 Five-Year Activities
Deficient/Deteriorated Buildings Section 33031(a) and (b)	Re-start façade program; assist with reuse of historical structures downtown and in Chinatown; assist with historic preservation	Beginning in 2011, issue 5 - 10 facade grants per year; create a Chinatown historical district; assist individual developers reuse private properties; establish a historic preservation board
Factors Inhibiting Proper Use of Buildings or Lots Section 33031(a) (1)&(2)	Create and adopt a revitalization strategy for Chinatown; support for the National Steinbeck Center; eliminate brownfields	Consider changes to land-uses in the downtown, particularly the ITC area and Chinatown; pay the dept on the Steinbeck Center bonds; pay the debt on the new parking garage; monitor contamination wells
Incompatible Uses Section 33031(a)(3)	Revitalize major commercial strips. Strengthen existing neighborhoods. Consolidate public transportation modes at ITC.	Assist TAMC in property acquisitions for the ITC; relocate Greyhound to the ITC: implement Transit Oriented Development regulations at the ITC.
Substandard Lots Section 33031(a)(4)	Acquisition of property. Redevelopment of land for new uses and businesses.	Assemble, acquire and consolidate parcels for Chinatown neighborhood development sites. Consider new uses for downtown surface parking lots
Depreciated Values/Impaired Investments Section 33031(a)(3)	Support goals and objectives of business groups. Strengthen existing residential neighborhoods. Improved street lighting. Implement the Chinatown Revitalization Plan.	Continued support for OSA & S.D.C.B. Develop 100 Block downtown; initiate development in Chinatown; Enhance downtown for cultural, entertainment and visitor uses. Address homeless issues.
Economic Indicators of Distressed Buildings or Lots Section 33031 (b)(1)&(3)	Encourage turnover of property for new ownership and development. Support Steinbeck Center operations and expansion. Design review of all new projects.	Implement final phases of Intermodal Transportation Center. Provide added opportunities for Steinbeck Center expansion on existing site. Continue the Design Review Board.
Overcrowding 33031 (b)(5)	Upgrade stock of affordable housing. Target properties for rehabilitation.	Work with non-profit housing developers for rehab., and new development opportunities.
Administrative Support	Initiate a feasibility study for the extension and expansion of the Central City Project Area	Conclude new plans for an extended and expanded service area.

VII. SUNSET AVENUE GOALS, OBJECTIVES, PROJECTS AND EXPENDITURES TO ELIMINATE BLIGHT: FISCAL YEAR 2009/2010 THROUGH 2014/2015

The Sunset Avenue Project Area's revenue and expense projections for the next five years are provided in Table 9. Details concerning the Affordable Housing Fund are provided in Section VIII, but the dollar amounts are shown in this Table as the "20% set-aside." Due to the State's $1.7 million take-away of Tax Increment in 2010 and 2011, the Project Area will not have capital improvement funds available until 2012 (assuming the current legal challenge is unsuccessful).

1. Implementation Plan Goals, Objectives, Programs and Activities

Following are the proposed Goals, Objectives, projects and activities during the Implementation Period, as derived from the goals of the Sunset Avenue Redevelopment Plan (as amended). Under each Goal listed is a set of objectives that are priorities for implementation. The Goals and Objectives, in turn, are followed by specific projects and activities that the Agency will implement as funding and opportunity permits.

Goal 1. Eliminate Blighting Conditions in the Sunset Avenue Project Area

Blight can be the result of both physical and economic conditions; a wide range of community partnerships and multiple resources are needed to address these conditions.

Objectives

1A. Support a community safety program where additional City resources are needed to reduce crime as a contributing factor to blighted conditions.

1B. Plan and design a mixed-use development on Division Street.

1C. Refurbish or demolish blighted buildings where possible.

1D. Continue the Jazz-Up Program helping property owners improve the exterior of their buildings.

1E. Re-establish the Façade Improvement Grant Program to support building owners and businesses in the improvement of building facades within the project area.

1F. Re-establish the Graffiti abatement program.

1G. Explore opportunities with private property owners to convert empty lots into private parking facilities.

1H. Form a Redevelopment Project Review Advisory Committee of stakeholders and City Council representatives for the Sunset Avenue Project Area.

1I: If feasible, expand the geographic boundaries of the Sunset Avenue Project Area, and extend its current time limits.

Goal 2**.** Develop new affordable housing and promote rehabilitation of existing housing in the Sunset Avenue Project Area.

Objectives

2A. Identify vacant parcels for potential mixed-use projects and partner with non-profit agencies to develop affordable multi-family rental opportunities.

2B. Explore opportunities with property owners to rehabilitate existing multi-family rental housing.

2C. Work with housing development partners to provide affordable housing for special needs populations

Goal 3. Revitalize major commercial strips, namely East Alisal Street, East Market Street, Kern Street, and North Sanborn Road so that they become efficient and attractive areas for commercial and retail activity.

Objectives

3A. Continue to assist with the goals and objectives of a business improvement district, and provide funding and support as needed for the Salinas United Business Association ("SUBA").

3B. Create business opportunities and provide staff support for new development in the Project Area.

3C. Continue with a program to improve East Market Street, from Sherwood Drive to North Sanborn Road, with design elements to include utility undergrounding, roadway reconstruction, aesthetic and functional enhancements, pedestrian orientation, and an enhanced Highway 101 Gateway into Salinas at the corner of Market Street and Kern Street.

3D. Consider East Alisal Streetscape Improvements Phase V, to include additional streetscape improvements between Pearl Street and North Sanborn Road.

3E. Develop an on and off-street parking strategy for the East Alisal Street retail district, and provide off-street parking in key areas.

3F. Modernize signalization on East Alisal Street, East Market Street and North Sanborn Road, and coordinate the timing of each to improve traffic flow and pedestrian safety.

3G. Work with the Alisal Marketplace development to create a pedestrian friendly, open-air market place, with viable mixed use development.

3H. Assist in the relocation of the Police Department as part of the Alisal Marketplace development.

<u>Goal 4.</u> <u>Strengthen existing residential neighborhoods and upgrade the stock of affordable housing.</u>

4A. Survey parcels with high-density housing and target certain properties for rehabilitation and potential conversion from rental apartments to affordable ownership models.

4B. Continue to work with SUBA to develop community cultural events that help to integrate the residents with the commercial core of the project area, (such as El Grito, Dia de La Familia, La Posada).

4C. Continue to partner with Second Chance Youth Outreach Program and other organizations to promote job opportunities and goals for at-risk youth.

4D. Create a more peaceful environment for the development of young families with various recreation and cultural activities.

4E. Design and implement a multi-year plan to create and sustain a cultural heritage center in the project area.

4F. Create a capital improvement plan to provide improved lighting in residential neighborhoods.

4G. Establish in the Alisal a Boys and Girls Club of Monterey County at 331 N. Sanborn Road, (the church site).

TABLE 9

Sunset Avenue Project Area Fiscal Projection

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL
Beginning Fund Balance	$949,670	$7,529	$529	$600,569	$1,222,909	$1,868,569	
Estimated Revenue	$2,474,500	$2,486,500	$2,546,500	$2,620,600	$2,697,000	$2,775,700	$15,600,800
SUB-TOTAL	**$3,424,170**	**$2,494,029**	**$2,547,029**	**$3,221,169**	**$3,919,909**	**$4,644,269**	**$20,250,575**
Operations	-$539,000	-$545,500	-$556,400	-$567,500	-$578,900	-$590,400	-$3,377,700
SUBA Officers	-$314,700	-$318,400	-$324,700	-$331,200	-$337,900	-$344,600	-$1,971,500
Graffiti Abatement	-$15,000	-$15,000	-$15,300	-$15,600	-$15,900	-$16,200	-$93,000.
East Salinas Jazz Up	-$56,200	-$57,000	-$58,100	-$59,300	-$60,500	-$61,700	-$352,800
SUB-TOTAL	**-$924,900**	**-$935,900**	**-$954,500**	**-$973,600**	**-$993,200**	**-$1,012,900**	**-$5,795,000**
State SERAF payment *	-$1,506,641	-$295,000					-$1,801,641
Pass Through Payments to Schools	-$238,100	-$251,300	-$264,700	-$278,500	-$292,500	-$306,700	$1,631,800
SUB-TOTAL	**-$1,744,741**	**-$546,300**	**-$264,700**	**-$278,500**	**-$292,500**	**-$306,700**	**-$3,433,441**
Transfer to Low Income Housing	-$612,000	-$614,400	-$630,360	-$649,260	-$668,740	-$688,800	-$3,863,560
E. Alisal Parking Improvements	-$5,000						-$5,000
Church of the Nazarene	-$45,700	-$45,700	-$45,700	-$45,700	-$45,700		-$228,500
East Market Streetscape Improvements	-$33,100	-$300,000					-$333,100
Breadbox Gym Payment	-$51,200	-$51,200	-$51,200				-$153,600
SUB-TOTAL	**-$135,000**	**-$396,900**	**-$96,900**	**-$96,900**	**-$96,900**	**-$51,200**	**-$873,800**
TOTAL EXPENSE AND TRANSFERS	**-$3,416,641**	**-$2,493,500**	**-$1,946,460**	**-$1,998,260**	**-$2,051,340**	**-$2,059,600**	**-$13,965,801**
Net Inc.\Dec. In Funds	-$942,141	-$7,000	$600,040	$622,340	$645,660	$716,100	
Ending Fund Balance	$7,529	$529	$600,569	$1,222,909	$1,868,569	$2,584,669	

* Subject to Change, if no payment required then Funds will be reprogrammed into East Market Street - streetscape improvements

2. Projects and Activities to Implement Sunset Avenue Goals and Objectives

Re-initiate the Façade Improvement Program

This program has been suspended until the budget crisis has been resolved both at the State and local level, but in the future, it will continue to provide matching grants in return for easements over newly constructed improvements to building facades in the Sunset Avenue Project Area. Qualified improvements include awnings, signs, painting, windows, and parking lot buffer landscaping. Such improvements are intended to help increase use of buildings in an area with high vacancies, low lease rates, and high turnover rates. The program assists approximately 5-10 property improvement projects per year.

Incentives for New Development

Over the past eighteen months, the Agency has been working with the partners of the Alisal Market Place, to bring 59-acres of redevelopment to the Sunset Avenue project area. The relocation of commercial and industrial businesses is anticipated to make room for the proposed retail, residential, and government uses. There are also plans to bring the new police station to this development. An expansion and extension of the Project Area will be necessary for the Alisal Marketplace.

Streetscape Projects

A Streetscape Improvement Program that began in 1996 is a primary focus for the major commercial arterial corridors in the Sunset project area – East Alisal, East Market and Kern Streets and Sanborn Road. Implementation of the Streetscape Plan will continue to occur in phases over the next several years.

Currently, E. Market Street, between Sherwood Drive and N. Sanborn Road, has been the focus of utility companies to place utilities underground. Redevelopment funds will be leveraged with gas tax funds, CDBG funds, and other sources to make other improvements such as streetlights, removal of damaged sidewalk, ADA ramps, modifications to the Kern and E. Market intersection, street trees, etc. Construction began in 2009, and completion is expected in 2011. The design also includes pedestrian enhancements, landscaping improvements, and contributions to commercial vitality.

Salinas United Business Association – Business Improvement Area

Since 2004, this program has provided an annual grant of $50,000 to establish the Salinas United Business Association, and its business improvement district. SUBA was formed in 2003~~3~~ for the purpose of organizing, supporting and improving businesses in East Salinas. Each year, SUBA sponsors several annual community events including the popular El Grito held in mid-September.

Commercial Revitalization

Agency assistance (when funding allows) for commercial revitalization can range from simple loans for tenant improvements to purchase of multiple properties, lot consolidation and construction of parking facilities. Additionally, the Agency will target properties and work closely with property owners for revitalizing properties in greatest need as part of its Jazz-Up program.

Development Support

Agency staff will continue to work with City staff, developers, businesses and SUBA, to assist where needed with City development permitting processes and the Design Review Board.

Parking Improvement Projects

Improvements to both public and private parking facilities are needed for commercial districts within the Project Area. No specific projects have yet been designated, but the Agency will seek authorization for a parking study (when funding allows) to assess how to best mitigate the lack of parking for customers and a report will be provided for review and consultation with the business community. Such a plan can include the purchase of some properties for additional parking and/or better utilization and organization of existing parking facilities; the landscaping, lighting, and signing of the parking lots; improved management of on-street parking; and the organization of a parking district for maintenance and operation.

Open Space, Recreation, and Cultural Projects

The Project Area and surrounding neighborhoods are deficient in open space and recreational amenities. Further, additional community meeting and multi-use space has been identified as a great need in the Alisal. Additional facilities are needed to accommodate the number of people and children living in the project's medium and high-density residential areas. The Agency has purchased a church at 331 N. Sanborn Road and has leased it to the Boys and Girls Club of Monterey County. They expect to rebuild the facility and open a new Boys and Girls Club in 2012.

Self-Help/Neighborhood Improvement, Jazz-Up, and Anti-Graffiti Goals

These Goals have had a tremendous positive impact in fighting blight by keeping neighborhoods and commercial properties clean, freshly painted, and free of graffiti, thereby keeping them attractive and less prone to deterioration. The Self-Help and Anti-Graffiti Goals provide funding for neighborhood clean-up activities and the timely eradication of graffiti in the project area. The Jazz Up program funds a supervisor position for that program, -that works in partnership with the Second Chance Youth Program.

Community Safety Initiative
High crime rates, especially violent crimes against individuals, have discouraged investment in properties and businesses and contribute to an unfavorable image of the Project Area's commercial districts, hindering the Agency's effort to fight blight. In May 2004, after several community meetings and consultation with SUBA and City Departments, the Redevelopment Agency approved community safety initiatives intended to enhance community safety and be a positive force for economic activity. Such initiatives included hiring two additional police officers that enhance Community Oriented Policing Strategies (COPS) focused on the Project Area above the standard otherwise available. The officers also address other community concerns and City Code violations that hamper legitimate economic activities. The additional officers in the SUBA area provide important, direct connections and services to area businesses and can focus on illegal activities in the Area above and beyond the services the Police Department otherwise provides.

In addition, the Agency has contributed funding toward a mobile police command unit "police substation" which can serve as a crisis command center, or provide additional Police Department presence in the Project Area. In the coming few years, the Agency will need to evaluate the effectiveness and continuing need for these supplemental services, when compared with other needs for limited Redevelopment Agency funding, such as a new police station, which could also greatly enhance community safety.

Division Street
Properties along the right of way for Division Street, located near the intersection of Sanborn and East Market Streets, were never developed. Combined with other adjoining properties fronting Sanborn and East Market Streets, development of the approximately 5-acre area could provide tremendous new commercial and residential opportunities for the area. A property acquisition process was completed in 2008, and the design and development phases will be initiated during this Implementation Plan period.

General Policies
The stakeholders (including business owners, schools, non-profit organizations, and property owners) in the Sunset Avenue Project Area have requested that they have an advisory role in the development of future plans and policies for redevelopment. The purpose of Object 1H is to form this committee, and allow it to review future redevelopment plans, proposals, development concepts, and proposed budgets in advance of being adopted as policy.

Consistent with the previous IP, Objective 1I recommends exploring the feasibility of expanding and/or extending the time limits for the Sunset Avenue Project Area and, if found to be feasible, that implementation would occur within the next five years.

3. Housing Projects

The Sunset Avenue project area affordable housing fund has assisted projects both within the project area, and outside. Currently, affordable housing projects being assisted within the project area include La Gloria Senior Apartments on East Market Street, (across from Los Abuelitos built in 2005), and the rehabilitation of the Vista De La Terraza Apartments. Projects funded outside of the project area include Sunflower Gardens and Tynan Village. There are more details concerning these projects in Section VIII.

4. Linkage Between Goals and Elimination of Blighting Influences Within the Sunset Avenue Project Area

An Implementation Plan must provide an explanation of how the goals, objectives, and expenditures for the five-year planning period will serve to eliminate blighting conditions in the Project Area. To provide this explanation, it is first useful to summarize the blighting influences that affect the Project Area.

The redevelopment Goals and Objectives summarize activities that will alleviate blighting conditions and meet the Agency's affordable housing obligation, assuming they can be funded. Table 10 provides a matrix summarizing the relationship between the blighting conditions and goals, objectives, projects and activities proposed in the Project Area to alleviate these conditions. All of the Goals and activities have been designed to meet the CRL requirement that Agency expenditures be linked to the elimination of blighting conditions in the Project Area.

The Project Area contains dilapidated and deteriorated buildings and structures. The Redevelopment Plan will continue to address these conditions, as funding allows, during the current five-year planning period by continuing the Jazz-Up and Façade Improvement Programs, which assist with façade improvements, rehabilitation and upgrading of buildings, and augmenting the City's home rehabilitation program.

Several factors inhibit the proper use of buildings or lots. The Agency will continue to address these conditions during the current five-year planning period by assisting with the cleanup of possible hazardous materials and sites contaminated from previous uses. The upgrading of buildings will also eliminate the factors contributing to underutilization, such as the presence of deteriorated and dilapidated buildings, outmoded commercial building configurations, and lack of commercial code compliance. If funded, the programs will potentially make transportation circulation, infrastructure, parking, and flood control improvements that will improve drainage, circulation, and accessibility to areas within the Project Area.

The Project Area contains approximately 35 vacant lots and approximately 45 underutilized lots. The Agency will stimulate new commercial, residential and mixed-use development, including infill development as funding allows. Some areas within the Project Area contain subdivided lots of irregular form or shape and inadequate size for proper usefulness. The Agency will alleviate this blighting condition when there are adequate funds to acquire, assemble, and consolidate parcels where necessary. These adverse physical conditions include incompatible uses that will be addressed by specific, targeted programs and projects.

Some areas in the Project Area have experienced depreciated or stagnant values. If funding is available, the Agency will continue to address these conditions during the current five-year planning period by providing assistance to rehabilitate commercial buildings; supporting business associations and their goals, particularly for business recruitment and retention; revitalizing shopping centers; enhancing the aesthetic and functional aspects of major arterial streets in commercial areas; maintaining enhanced levels of community safety and policing; developing new commercial uses; providing housing rehabilitation and hazardous materials/site clean up; and creating opportunities for future commercial growth.

Some areas in the Project Area are overcrowded, including housing in the Hebbron Heights neighborhood. Many housing units have faulty and/or dilapidated additions, converted garages, and other structures that house residents. The Agency will continue to address these conditions during the current five-year planning period by providing affordable housing opportunities and assisting with the rehabilitation of homes, for discussion in Section VIII.

Although progress has been made by the Agency, it is clear that blighting conditions remain in the Project Area. Such blighting conditions extract a high social and economic price if left unattended. It is not likely that either the private or public sector acting alone could surmount all of these conditions. Existing commercial uses that have not yet been redeveloped continue to be marginal at best and are highly unlikely to have the resources required to make the necessary upgrades that will improve their circumstances.

Therefore, continued redevelopment activity appears to be the most realistic long-term financing vehicle for removing blighting conditions in the Project Area. Significant progress toward this goal can be achieved through the activities and Goals included in the Implementation Plan for the current five-year planning period.

TABLE 10
Linkage Between Five-Year Goals, Objectives, Programs And Expenditures And Elimination Of Blighting Influences Within The Sunset Avenue Project Area

Blighting Condition	Goal/Objective	FY 2009/10 through 2014/15 Five-Year Activities
Deficient/Deteriorated Buildings Section 33031(a) and (b)	Provide assistance to refurbish or demolish blighted buildings.	Annual funding for Jazz-Up and Façade Improvement Programs
Factors Inhibiting Proper Use of Buildings or Lots Section 33031(a) (1)&(2)	Revitalize major commercial strips – Alisal, Kern, Market, Sanborn	Continue Streetscape Program, particularly for the East Market corridor
Incompatible Uses Section 33031(a)(3)	Revitalize major commercial strips. Strengthen existing neighborhoods.	Assemble, acquire and consolidate parcels for Division Street and other projects. Development support for new uses and businesses in the Alisal Market Place
Substandard Lots Section 33031(a)(4)	Redevelopment of land for new uses and businesses. Create parking improvement districts.	Work with the Alisal Marketplace developer to assemble, acquire and consolidate parcels. Develop off-street parking lots.
Depreciated Values/Impaired Investments Section 33031(a)(3)	Support goals and objectives of business groups; Strengthen existing residential neighborhoods Improved street lighting	Support crime reduction and code enforcement efforts; support SUBA businesses. Continue to leverage federal funds for street light program.
Economic Indicators of Distressed Buildings or Lots Section 33031 (b)(1)&(3)	Develop off-street parking strategies. Encourage turnover of property for new ownership and development. Microloan program for businesses. Design review of new projects.	Modernize traffic signals on major corridors. Work with member banks to support microloan program. Continue to staff the Design Review Board.
Overcrowding Section 33031 (b)(5)	Upgrade stock of affordable housing. Target properties for rehabilitation.	Work with non-profit housing developers for rehab and new development opportunities.
High Crime Rate Section 33031 (b)(7)	Partner with 2nd Chance to provide opportunities for at-risk youth. Improved Street Lighting Community Safety Initiatives Recreational opportunities	Improved street lighting on major corridors. Jazz-up Program with 2nd Chance Youth Program. Continued evaluation and support for enhanced safety initiatives. Support crime prevention programs of SUBA businesses.

VIII. Housing Production Implementation Plan: Use Of Redevelopment Agency 20% Housing Set-Aside Funds (Low And Moderate Income Housing Fund – "LMIHF" Or “Housing Fund”)

CRL Section 33490(a)(2)(A)) requires that a portion of the Implementation Plan provide~~s~~ direction for Agency resources available to develop affordable housing consistent with the parameters provided in the CRL. The nineteen subsections below speak directly to State obligations and requirements and are summarized as follows:

Sections 1-10 discusses the applicability of California State Redevelopment Law on the following subjects:

1. Low and Moderate Income Housing Fund (“Housing Fund”);
2. Use of the Housing Fund;
3. Very Low, Low and Moderate-Income Household Definitions;
4. Affordable Housing Cost Requirements;
5. Duration of Affordability Covenants and Re-Sale Restrictions;
6. Use of Housing Fund Monies Outside Project Area;
7. Expenditure of Excess Surplus Housing Funds;
8. Monitoring and Reporting of Housing Activity;
9. Relation to Housing Element;
10. Replacement Housing and Relocation Plan.

Sections 11-19 discuss the applicability California State Redevelopment Law on the following Housing Production Requirements:

11. State’s Housing Production Requirements, 1999 – 2004;
12. City Inclusionary Housing Laws
13. Housing Production Assessment 2004 – 2009;
14. State Regulations Targeting Expenditures On Housing Development;
15. Expenditure And Revenue Status 2004 – 2009;
16. Housing Fund Revenue Projections 2010 – 2014;
17. Housing Fund Policies And Objectives 2010 – 2014;
18. Housing Fund Production Projected Estimates through 2018;
19. Housing Fund Expense Targets.

State requirements added between 1999 and 2006 have expanded Housing Plan information requirements. The Plan must now establish five and ten-year goals which may be achieved during specified time periods. This Plan initiates the beginning of a new ten-year and five-year cycle for both housing production and expense targeting requirements with each obligation required to meet in specified (but not necessarily the same) time period. This Plan also projects housing activities to the end of the Sunset Avenue’s projected effectiveness, or 2018.

1. The Low and Moderate Income Housing Fund ("Housing Fund")

The LMIHF is also commonly referred to as the Agency's "20% Housing Set-Aside Fund," or "Housing Fund". CRL Section 33334.2 (a), requires the Redevelopment Agency to establish a Low and Moderate Income Housing Fund as follows:

"Not less than 20 percent of all taxes that are allocated to the agency pursuant to Section 33670 shall be used by the agency for the purposes of increasing, improving, and preserving the community's supply of very-low, low and moderate-income housing available at affordable housing cost."

2. Use of the Housing Fund

It is the Agency's goal to effectively leverage other funding resources for Redevelopment Project Areas' improvements and housing using the Low and Moderate Income Housing fund as a catalyst. CRL Sections 33334.2 and 33334.3 authorize a broad range of uses for the Housing Fund, but Housing Fund monies must be directly linked to the preservation, improvement, or an increase of the community supply of low- and moderate-income housing available at affordable housing cost. Specifically, Housing Fund monies are used to increase, improve or preserve the supply of low and moderate-income housing through:

1. acquisition of land or buildings;
2. construction of new housing units and on-site or off-site improvements;
3. rehabilitation of existing housing units;
4. preservation of subsidized housing subject to conversion to market rate rental and sale;
5. payment of a portion of the principal and interest on bonds issued to finance low and moderate income housing;
6. provision of subsidies (under specified conditions) for the financing of housing; and
7. purchase of affordability covenants.

In accord with CRL Section 33334.2(e)(2), Housing Fund monies can be used for off-site improvements when the improvements benefit the construction or rehabilitation of housing units and are a reasonable and fundamental component of the units, or when the Agency records affordability covenants on the benefited units for specified time periods.

If only a portion of the housing development results in affordable housing cost, then the ratio of the affordable units to the cost of the entire project is used for determining Housing Fund contribution limits.

CRL does not authorize the Agency to use Housing Fund monies for emergency homeless shelters although some types of shelters such as transitional living projects may meet the CRL definition of "housing." Most transitional living developments and "Permanent Supportive Housing" require substantial support from sources other than operating revenue from the development.

CRL Section 33334.3 (e) provides that, "the amount of money spent for planning and general administrative activities associated with the development, improvement and preservation of that housing will not be disproportionate to the costs of the actual housing production." During the past five years, the Agency has spent less than the 20% standard applied to other affordable housing programs (like CDBG) and spent only 15% to 18% of its Housing Fund monies on administrative functions associated with affordable housing production, preservation, professional services, legal counsel, and consultant fees.

3. <u>Very Low, Low and Moderate-Income Household Definitions</u>

Housing Fund monies must be spent on housing which is "available at affordable housing cost" to persons and households whose incomes do not exceed very low, low and moderate-income levels. Households or persons earning up to 120% of the area median income qualify for assistance. Other requirements that target the use of Housing Fund monies for very low-income households are discussed later in the Plan. Those who are eligible for Housing Fund assisted units are defined by the annual income levels established by the State of California for the various income categories as provided in Table 11 (below).

Table 11
2009 Very Low, Low & Moderate Income
Household Definitions

Area Median Income ("AMI") for a Household of Four: $67,300	Income Limits Between	
	Low	High
Very-Low Income No more than 50% of Median)	$0	$33,650
Low Income (Between 51% and 80% of Median)	$33,650	$53,850
Moderate Income (Between 81% and 120% of Median)	$53,850	$80,750

4. <u>Affordable Housing Cost Requirements</u>

For a rental unit to be eligible for Housing Fund assistance, the maximum rental costs are limited to 30% of the category income adjusted for household size, as shown in Table 12, using as an example households of four persons in order to meet requirements for providing housing at "affordable" housing costs. The "extremely low" income category is included because some project developers may be required to set-aside units for this income category to satisfy the housing production requirement of different funding sources.

Table 12 2009 Affordable Rental Rate Calculations		
Area Median Income ("AMI") for a Household of Four: $67,300	Income Level	Maximum Monthly Housing Cost @ 30 % Income
Extremely Low Income:(30% of AMI)	$20,200	$505
Very-Low Income: (50% of AMI)	$33,650	$841
Low Income (60% of AMI)	$40,380	$1,010
Moderate Income (110% of AMI)	$74,030	$1,851

Title 25 of the California Code of Regulations, Section 6918 provides the definition of "rent" as the total monthly payments for the following:

1. Use and occupancy of a housing unit, and the land and facilities associated with the unit.
2. Any separately charged fees or service charges assessed by the property owner (or its agent) which are required of all tenants, other than security deposits.
3. A reasonable allowance for utilities that are paid by the tenant, not including telephone service.
4. Any taxes or fees charged for use of the land and facilities by an entity other than the property owner (or its agent).

Like the affordable rent rate calculations, the Agency, as required by CRL, assumes that 30% of the categorical annual income will be applied to the cost of housing when combining mortgage, and other permitted costs and when calculating housing costs for extremely low and very low-income households. Title 25, Section 6920 of the California Code of Regulations list the direct and associated home ownership "housing cost" as follows:

1. Principal and interest on mortgage loans, and any loan insurance fees associated with the loan;
2. Property taxes and assessments;
3. Fire and casualty insurance;
4. Property maintenance and repairs;
5. Reasonable allowance for utilities not including telephones;
6. Homeowner's association fees, (if any); and,
7. Space rent, (if applicable).

Unlike affordable rent calculations, affordable homeownership rates for lower income families are measured at 70% instead of 60% of median income. Moderate-income affordability rates are still measured at 110% of median income but 35% of the income can be spent on the housing costs. It is important to note that some of the Agency's affordability requirements for rental units and home ownership differ from requirements of the City's Inclusionary Housing Ordinance and HUD-funded programs (refer to Section 12).

Redevelopment law CRLHealth and Safety Code Sections 50052.5(h) and 50053(c) specify the relationship between an assumption regarding housing unit size and household size to calculate affordable housing cost as follows:

Studio = One person
One bedroom = Two persons
Two bedroom = Three persons
Three bedroom = Four persons
Four bedroom = Five persons

Counting the number of units produced is critical but some non-redevelopment affordable housing programs count beds. For example, the federal HOME Partnership Program counts the number of beds produced while the redevelopment Housing Fund counts the number of housing units produced. A project combining HOME and Redevelopment funds will have two different production requirements. In this example, the federal HOME program's assumed household size requirement will control. This rule also applies to "replacement housing," discussed in Section 10.

5. <u>Duration of Affordability Covenants and Re-Sale Restrictions</u>

In 2002, CRL Section 33334.3 (f) was amended to provide for increases in the terms of affordability covenants for housing units built or substantially rehabilitated with the Agency's Housing Fund. On multi-family projects, compliance with the affordability covenants is accomplished through deed restrictions between the developer and the Agency that are recorded against title to the property. Rental units assisted with the Housing Fund are required to remain affordable for 55-years.

Affordability requirements on owner occupied units are required to remain for 45 years although some equity sharing provisions can be made. All fifty "farm worker" self-help homes built as part of the 2003 Farm-Worker Housing Initiative have 45-year resale restrictions placed on them as a requirement for the Williams Ranch development. To prevent properties from being re-sold or refinanced without the Agency's approval, the Agency records a resale restriction or similar agreement on the title to the home. Consistent with the CRL, the Agency has an option to purchase the home in the event of a resale. The home seller's equity, rather than a market value increase, is linked to the percentage increase in the County's median family income (ranging 0% to 3% per year, over the past five years). If the Agency does not exercise its option to purchase the home or find the new eligible buyer, then an assisted unit can then be sold on the open market, and the affordable unit is lost but with a required payment of shared appreciation of any excess proceeds or other recapture of the Agency's investment in the unit. The CRL requires that the Agency replace each unit lost within three years if the unit is to count toward the Agency's housing production obligation.

6. Use of Housing Fund Monies Outside Project Area

The Agency's Housing Fund monies must be used within the city limits of Salinas. Housing Fund monies for each of the Agency's redevelopment project areas must be used within that specific Project area unless the Agency makes a finding that use outside of that a project area will benefit that specific Redevelopment Project Area. This finding can usually be made if the housing to be constructed outside the Project Area is in close proximity to the project area; or, the implementation of the project has or will generate demand for low- or moderate-income housing through the destruction of an existing supply of housing or through generation of jobs in the project area.

7. Expenditure of Excess Surplus Housing Funds

If the Agency finds itself in the position of having accumulated an "excess surplus" in its Housing Fund, it has to adopt an "Excess Surplus Plan" and is required to expend such surplus within three years or disburse such surplus to the County Housing Authority or another similar public housing agency. "Excess Surplus" is defined by the CRL as the greater of (1) $1,000,000 unencumbered or unexpended amounts in the Housing Fund or (2) the total amount deposited in the Housing Fund during the Agency's preceding four fiscal years. Demand for Agency housing funds currently exceeds the Agency's capacity to provide such funds. The Agency has not accumulated an excess surplus and is not subject to any excess surplus penalties.

8. Monitoring and Reporting of Housing Activity

Agencies must report the type and nature of housing activities assisted with the Housing Fund in annual reports to the State Department of Housing and Community Development. Redevelopment agencies must annually monitor all Agency developed or sponsored affordable housing to ensure compliance with CRL affordability restrictions. The Agency currently monitors 55 owner occupied units, and 584 rental units. To defray the costs of the monitoring system, the Agency may impose fees on owners of monitored property, but the Agency currently does not do this.

9. Relation to Housing Element

The Agency's Implementation Plan is consistent with the Housing Element of the City's General Plan. Like the Implementation Plan, the Housing Element is required to be updated regularly to reflect changes in the City's housing conditions and goals. The 2009 Housing Element of City's General Plan must include Redevelopment Agency Housing Funds as a resource as part of a multi-year schedule of actions the City undertakes to implement housing policies and achieve housing objectives. The City's Housing Element uses the Association of Monterey Bay Government's ("AMBAG") Regional Housing Needs Plan ("RHNP") to establish its housing goals for the period of 2007 to 2014. Therefore, the Agency's targeted assistance requirements (described in detail in Section 14) are based on both the Housing Element and the RHNP for Salinas.

10. Replacement Housing and Relocation Plan

The Agency must cause replacement of residential housing units of low-or moderate-income persons that are destroyed or taken out of the low and moderate-income market as part of a redevelopment project. Those units should be replaced within four years after they are destroyed or removed from the market with new or newly rehabilitated low or moderate-income units. They must be replaced in the same ratio of very low, low and moderate-income housing as those removed.

In 2005, the Agency removed three affordable housing units from the housing stock of the Central City Project Area, when demolition occurred for Interim Inc.'s Lupine Gardens. The 2006 State report indicates that these rental units were replaced by the 20 units of the Lupine Gardens project built with the Agency's Low and Moderate Income Housing Funds. It is not anticipated that any additional units will have to be replaced, or that households will be displaced by Redevelopment activities. If it occurs that a small number of units (less than 5) require removal from the housing stock to substandard conditions, a replacement plan will be tailored to those minimal and specific needs in accordance with the law.

11. State's Housing Production Requirements 1999 – 2004

Redevelopment Agency Housing Fund monies must produce housing affordable to very low, low and moderate persons as a percentage of all housing built or anticipated to be built within a project area. The Agency reports to the State the Agency's distribution of Housing Fund expenditures to low and moderate-income households in the community.

The Central City, original Sunset Avenue, and Buena Vista Redevelopment Project Areas do not have a State required housing production requirement, because these project areas were created before 1976. If one of these older project areas is significantly amended (for example, by extending its plan effectiveness or tax increment receipt deadlines), then the State housing production requirement applies. The Sunset Avenue Project Area is the newest project area in Salinas when it was expanded to its current size in 1987. Therefore, the 1987 expanded Sunset Avenue Project Area is subject to the State's housing production requirement.

This five-year Implementation Plan describes how the Agency has met its previous housing production goals, and how it plans to meet them in future years. Beginning in 1994, the CRL requires that the Agency meet its housing production goals every ten-years. The applicable time period for the ten-year production plan must also match the applicable time period for the five-year implementation plan. This Implementation Plan reflects the second half of the ten-year housing production time period that commenced in 2004.

The Agency's production requirements in the expanded Sunset Avenue Project Area are defined within the CRL Section 33413(b), as follows:

(1). At least 30% of all new or substantially rehabilitated units developed in a project area directly by the Agency shall be available at affordable housing cost with half of those units (15%) required to be available to very low-income households at affordable housing cost.

(2). At least 15% of all new or substantially rehabilitated units developed in a project area by a developer other than the Agency shall be available at affordable housing cost. Not less than 40% of these units (40% of 15% = 6%) shall be affordable to very-low income households, at affordable housing costs. The remaining units shall be affordable to very low, low and moderate-income households, at affordable housing cost.

The Agency has not directly developed housing and CRL 33413 (b)(1) above does not apply to the Salinas Redevelopment Agency. Rather, it has been the practice of the Agency to use its limited funds to leverage private developers to build affordable units, consistent with CRL 33413(b)(2) above. If a finding can first be made that these units directly benefit the project area, then Section 6 describes how production requirements can be met by developing units outside of the project area. In these cases, the State only allows half-credit for the affordable units developed. Most of the units built or assisted with the Sunset Avenue Project Area Housing Fund, have been located outside of the project area.

Table 13 provides a breakdown of housing production in the expanded Sunset Avenue Project Area since 1987. The number of units actually built or substantially rehabilitated between 1987 (the time the Sunset Avenue Project Area was expanded) and December 2009 is about 267 units.

Table 13

Units Built In The Expanded Sunset Avenue Project Area

Time Period: Between 1987 And 2009	Units Built or Substantially Rehabilitated*
1987 – 1994 (prior to the first Implementation Plan)	62
1994 – 1999 (first Implementation Plan)	82
1999 – 2004 (second Implementation Plan)	18
2004 – 2009 (third Implementation Plan	105
Total Units Built or Substantially Rehabilitated	267
Average # of Units per year	**17.8**

* Data sources include the 1994-1999, 1999 – 2004, and 2004 - 2009 Implementation Plans, and actual building permit records between 1999 and 2009.

Pursuant to CRL 33413 (b)(2), the Agency's historical production obligation from 1987 to 2009 is 15% of 267, or 41 units; very low-income units have to be at least 6% of 267, or 17 units; very low, low and moderate–income units must comprise the remaining 15% of the 267 units, (which equals 24 units). In making these calculations, the numbers round up for any partial unit. Table 14 below summarizes these conclusions in the first four rows as "actual units built.

Table 14
Expanded Sunset Avenue Project Area Housing Production Obligation
1987 – 2009 (Actual) And 2010-2018 Projected

	Time Frame (stated in Fiscal Years)	Number of Units Built	Very-Low Income (6%)	Very Low, Low- or Moderate Income (9%)	Total Units
Actual Units Built	1987/88 – 1993/94	62	4	6	10
	1994/95 – 2003/04	100	6	9	15
	2004/05 – 2008/09	105	7	9	16
Subtotals		267	17	24	41
	2009/10 – 2013/14	60	4	5	9
	2014/15 – 07/07/18	36	3	3	6
Subtotals		96	7	8	15
Total		263	24	32	56
10 Year Production Plans	Historical 1987 – 2004	162	10	15	25
	2004 – 2014	165	10	15	25

An update of performance goals requires a review of past growth trends. Despite the 22-year average of 17.8 units per year, the trend over the past ten years of 12.3 indicates that housing production in the Sunset Project Area has stabilized. All of the 123 units built over the past ten years have been built with City and/or Agency assistance, restricting (consistent with CRL standards), all or a significant portion of the dwelling units for occupancy by very low, low and moderate -income persons.

A ten-year average of 12 units per year is used to estimate the number of units to be built within the expanded Sunset Avenue Project Area over the next 5 to 9 years (2018 is the end of the Project Area's ability to build housing). The benchmark 6% very-low and 9% very low, low and moderate-income unit obligations will be estimated in Section 11 (provided in CRL 33414 (b). Table 13 describes how the benchmark is applied to forecast the next five-year obligation to build or substantially rehabilitate affordable housing units in the Sunset Avenue Project Area. This forecast shows an anticipated obligation for 7 very-low income units and 8 very low, low and moderate-income units for a total of 15 affordable units between 2010 and 2018. In general, the trends described above reflect the slowest growth expected.

12. City Inclusionary Housing Laws

Local laws may also affect affordability requirements for housing production in the Project Areas. The City's 2005 Inclusionary Housing Ordinance has a higher requirement to build affordable dwelling units than the State's redevelopment requirement. The City's Inclusionary Ordinance applies to private development. The City's Ordinance provides three options to developers required to build Inclusionary dwelling units. These options range from 20% of the total development with deeper affordability and increase to 35% of the total units produced with less deep affordability. On the surface, the City's Inclusionary Housing law requires more affordable units than the redevelopment law's 15% requirement. But, the City's Inclusionary law does not necessarily satisfy all of the redevelopment law's requirements.

In order for a private developer to meet both the redevelopment law and City Inclusionary requirements, the redevelopment law's term for recorded affordability restrictions of 45 years for owner occupied units and 55 years for rental units, would have to be met. A project could meet both City and Redevelopment law Inclusionary requirements if 15% of the units are appropriately restricted to meet the redevelopment law, and the balance (of between 5% and 20%) are only restricted to meet the City Ordinance requirement. The City's "Option 3 D" allows a private developer to use a non-profit affordable housing developer to build the Inclusionary units, and combine this effort with local assistance. If the Redevelopment Housing Funds are used in conjunction with a private development of market rate housing to assist the developer to meet the City's Inclusionary housing requirement, then the more restrictive affordability restrictions applicable to Redevelopment Agencies have to be utilized for all of those units assisted.

One final variation between the redevelopment and City Inclusionary laws is the income ratios applicable to workforce housing. The Inclusionary Housing Ordinance permits workforce housing at 160% of the AMI, which is higher than the Moderate Income levels allowed for the Housing Fund (120%). "Workforce Housing" as defined by the City is considered under redevelopment law to be market rate housing which cannot be funded by redevelopment agencies low and moderate income housing funds.

All private development projects to be built within the expanded Sunset Avenue Project Area meet all of the requirements of the CRL.

13. Housing Production Assessment 2004 - 2009

Section 33490(a) (2)(C)(iv) requires a summary of the past Implementation Plan and its efforts to achieve the housing production and housing income-obligation. Table 15 describes all of the Agency's activities during this five-year period.

Table 15

Agency Housing Production Between 2004 And 2009

	NAME	Ownership or Rental Units	Very Low Inc.	Low Inc.	Mod. Inc.	Total
Sunset Project Area	Los Abuelitos	Rent	12	13	0	25
SUB-TOTAL			**12**	**13**	**0**	**25**
Central City Project Area	Lupine Gardens	Rent	20	0	0	20
	Tynan Village	Rent	23	0	60	83
SUB-TOTAL			**43**	**0**	**60**	**103**
½ Credit for Central City Developments			**21**	**0**	**30**	**51**
Outside the Project Area	None					
SUB-TOTAL			**0**	**0**	**0**	**0**
Grand Total			**33**	**13**	**30**	**76**
Historical Production (From Table 14)	**1987 – 2004**		**10**	**15**	**0**	**25**
Total Since Inception	**1987 - 2009**		**43**	**28**	**30**	**101**
Rental Units (2004 – 09)			33	13	30	76
Home Ownership Units			0	0	0	0
Total			33	13	30	76
Obligation 1987-2014			21	29		50
Surplus/(Deficit) 1987-2014			**12**	**14**		**26**
Obligation 2013/14-2017/18			3	3		6
Surplus/(Deficit) 1987-2018			9	11		20

Section 5 addresses the State's requirement to maintain affordability restrictions. All of the units built between 2004 – 2009 were multi-family units, and all have been restricted for 55 years.

The CRL allows a half-credit towards the State's Inclusionary housing goals for each unit built and funded outside of the project area. The two projects within the Central City therefore count for ½ credit for the expanded Sunset Avenue Project Area (the only Project Area required to meet the housing production requirement). Applying this credit to the total of 103 units, the Sunset Avenue project Area is credited with 51-units with 21 of those units as very low income units and 30 of those units as moderate income units. As Table 15 shows, the housing production in just the 5-year period from 2004 to 2009 has met the Agency's historic, current and anticipated future housing production obligations with surplus units in the event actual housing production in the expanded Sunset Avenue Project Area is greater than currently anticipated through 2018. All this without even considering the Agency's housing production prior to fiscal year 2004/2005. Thus, the Agency has met all past housing production obligations and its 2014 housing production obligation and is anticipated to meet its end of plan obligation. Additionally, as discussed in Section 15, the Agency has funded a number of other housing developments, and required the appropriate affordability restrictions for these housing units, which can be used to meet any unanticipated housing production obligation.

14. State Regulations Targeting Expenditures On Housing Development

In January 2002, the redevelopment law was revised to require a redevelopment agency to expend its Housing Fund monies over each 10-year period to assist very low income and low income households in at least the same proportion as the ratio of (1) the total number of housing units needed in the community for those two income categories to (2) the total number of units needed in the community for very low, lower- and moderate-income households as those needs are identified in the Regional Housing Needs Allocation (RHNA). These percentages become the minimum standards, or thresholds, by which actual expenditure of low and moderate-income housing funds are required to be made for very low and low income households. The RHNA is generated locally by AMBAG. According to the RHNA plan published by the Association of Monterey Bay Area Governments, Salinas' housing needs are distributed for very low income, low income and moderate income as follows:

~~The (RHNA) is generated locally by AMBAG. According to the RHNPA and the Salinas Housing Elementplan published by the Association of Monterey Bay Area Governments, Salinas' household populationhousing needs are is distributed by for very low income, low income and moderate income as follows:1~~

	Units needed at specified income level	
Very Low Income	911	22%
Low Income	686	17%
Moderate Income	773	19%
	2370	58%

Based on these RNHA allocations, 38% of the Housing Fund monies must be spent to develop or substantially rehabilitate dwelling units affordable to very low-income households and 29% of the Housing Fund monies must be spent to develop or substantially rehabilitate dwelling units affordable to low-income households. The balance of the Housing Fund (33%) can be used to serve moderate, low or very-low income households.

Additionally, the redevelopment law was amended in 2002 requiring that each agency spend to spend funds for housing in the same proportion as its low income population, according to the latest Census data. These resources to be made available to persons regardless of age, therefore, the Agency is only able to help seniors to the extent that seniors populate the low-income strata of the population. Table 2.3 of the 2009 Housing Element specifies that 7.6% of Salinas residents are low income and over age 65 and thus not more than 7.6% of the Housing Fund will be dedicated to projects restricted for only these senior citizens.

~~) 22% very low–income; 2) 17% low-income; and, 3) 19% moderate-income. Together, households within these three income categories comprise 58% of the City's population. Therefore, since households within the "very low" incomeBased on these RNHA allocations, category make up 38% of all low to moderate income households 38% of the Housing Fund monies must be spent to develop or substantially rehabilitate dwelling units affordable to very low-income households. Similarly,households and 3029% (or 17% of 58%) of the Housing Ffund moniess must be spent to develop or substantially rehabilitate dwelling units affordable to low-income households, and thehouseholds. The balance of the Housing Fund (33%) can be used to serve either moderate, low or very-low income households.~~

~~Additionally, the redevelopment law was amended in 2002 that each agency spend, over the duration of each redevelopment implementation plan, the moneys in the Housing Fund to assist housing that is available to all persons regardless of age in at least the same proportion as the number of low-income households with a member under age 65 years bears to the total number of low-income households of the community as reported in the most recent census of the United States Census Bureau. Table 2.3 of the 2009 Housing Element specifies that 7.6% of Salinas residents are low income and over age 65 and thus not more than 7.6% of the Housing Fund will be dedicated to projects restricted for only these senior citizens.~~

Eight different projects received $9,006,683 in Agency affordable housing funds during the previous Implementation Plan cycle, but not all of these have been completed. Three of these projects have been completed using $3,664,893: Tynan Village, Lupine Gardens and Los Abuelitos. Table 16 below describes the expenses incurred (per project) that were completed between January 1, 2004 and December 31, 2009, and the distribution of expenses across various income levels and for senior citizens.

Table 16
Housing Expense Target Measures
Housing Type, Expense 01/01/2004 - 12/31/2009

COMPLETED PROJECTS	BENEFICIARIES

Location	Project Name	Seniors	Very Low Inc.	Low Inc.	Mod. Inc.	Total
Sunset Avenue	Los Abuelitos	$860,356	$412,971	$447,385		$860,356
Central City	Lupine Gardens		$804,537			$804,537
	Tynan Village		$554,217		$1,445,783	$2,000,000
Grand Total		$860,356	$1,771,725	$447,385	$1,445,783	$3,664,893
Allocations		23%	48%	12%	39%	

Of the funds committed, one-third has been spent, and of those built, the distribution of funds do not match the distribution of income levels in the community, and the funds spent on seniors far exceeds the pro-rata share (7.6%). The Agency's targeted use of funds between 2010 and 2014 correct this imbalance as discussed further in Section 19.

15. Expenditure and Revenue Status 2004-2009

Table 17 provides a general overview of the Agency's Housing Fund activity during the last 5-year Implementation Plan period. As shown in Table 17 below, the Agency's Affordable Housing Fund (consolidating both the Central City and Sunset Avenue Project Area 20% set-aside) received $6.9 million dollars, and used $8.1 million ($400,000 of which was loaned, repaid, and re-allocated).

Table 17
Housing Expenses 2004-2009

Location	Project Name	Sub-Total	Total
Sunset Project Area	La Gloria	$830,000	
	Los Abuelitos	$860,356	
Central City Project Area ~~C~~	*Division Street*	*$1,157,122*	$2,847,478
~~Central City Area~~	Tynan Village	$2,000,000	
	Lupine Gardens	$400,000	
	Gateway Apartments	$1,790,000	
	Chinatown Housing	*$569,205*	$4,759,205
Outside the Project Area	Sunflower Gardens	$1,000,000	
	Tresor Apartments	$400,000	$1,400,000
TOTAL		$8,146,327	$9,006,683

The projects shown in Italics represent housing funds spent for land acquisitions. These projects have not been designed yet, so it is pre-mature to estimate who the beneficiaries will be. Projects that are shown on this table but not on Table 16 are those that are currently being built, or that will break ground in 2010.

16. Housing Revenue Fund Projections 2009/10 – 2013/14

CRL Section 33490 requires the Implementation Plan to provide an estimation of revenues to be deposited into the Housing Fund on a year-by-year basis for each of the next five years. During the next six fiscal years (five calendar years), it is estimated that $3.125 million will be received by the Central City Project Area and $4 million in the Sunset Avenue Project Area, for a total of approximately $7.150 million over six fiscal years. Table 18 shows the annual amount anticipated each year for the Affordable Housing Fund, and its sources.

Table 18
Annual 20% Set-Aside Revenues for Affordable Housing

Project Area	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	Total
Central City Revenues							
Investment Earnings	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 300,000
Loans	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 120,000
Sub-Total	**$ 70,000**	**$ 70,000**	**$ 70,000**	**$ 70,000**	**$ 70,000**	**$ 70,000**	**$ 420,000**
Transfers							
Deficit Pymt. 2%	$ 43,780						
20% Set-Aside	$ 644,000	$ 644,000	$ 681,320	$ 705,200	$ 708,700	$ 724,800	$ 4,108,020
Paid by L & M Fund	$ (240,000)	$ (240,000)	$ (240,000)	$ (240,000)	$ (240,000)	$ (240,000)	$(1,440,000)
Sub-Total	**$ 447,780**	**$ 404,000**	**$ 441,320**	**$ 465,200**	**$ 468,700**	**$ 484,800**	**$ 2,711,800**
Central City Total	**$ 517,780**	**$ 474,000**	**$ 511,320**	**$ 535,200**	**$ 538,700**	**$ 554,800**	**$ 3,131,800**
Sunset Ave. Revenues							
Investment Earnings	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 150,000
Other	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 6,000
Sub-Total	**$ 26,000**	**$ 26,000**	**$ 26,000**	**$ 26,000**	**$ 26,000**	**$ 26,000**	**$ 156,000**
Transfers							
20% Set-Aside	**$ 612,000**	**$ 614,000**	**$ 630,360**	**$ 649,260**	**$ 668,740**	**$ 688,800**	**$ 3,863,160**
Sunset Avenue Total	**$ 638,000**	**$ 640,000**	**$ 656,360**	**$ 675,260**	**$ 694,740**	**$ 714,800**	**$ 4,019,160**
TOTAL	**$ 1,155,780**	**$ 1,114,000**	**$1,167,680**	**$ 1,210,460**	**$1,233,440**	**$ 1,269,600**	**$ 7,150,960**

The Central City Housing Fund will receive a range of between $447,780 to $554,800 annually from the 20% housing set-aside and investments, and the Sunset Avenue housing fund will receive a range of approximately $638,000 to $714,800 per year from the 20% housing set-aside and investments. Twenty- six percent of these funds ($1.6 million) will be used for administrative costs and to retire debt. Starting July 1, 2010, the estimated annual net amount available for housing projects, (after subtracting the overhead and debt), will be $857,000; $291,000 from the Central City Housing Fund, and $566,000 from the Sunset Avenue Housing Fund.

Table 19 Project Resources Summary for Fiscal Years 2009/2010 – 2014/2015 and Currently Budgeted Expenses			
20~~10~~09/~~1~~10 to 2013~~44~~/2014~~55~~	Central City Project	Sunset Avenue Project	Total
Prior Year Fund Balance 07/01/~~10~~09	$1,779,379	$1,038,240	$2,817,619
20~~10~~09/~~1~~10 to 20143/1~~5~~4 Revenue	$3,131,800	$4,019,160	$7,150,950
Sub-Total	$4,911,179	$5,057,400	$9,968,569
Less Debt Service and Administrative Costs	-$890,200	-$728,526	-$1,618,726
Resources for Projects	**$4,020,979**	**$4,328,874**	**$8,349,843**
Projects Budgeted			
Gateway Apartments*	($200,000)	$0	($200,000)
Sunflower Gardens **	$0	($596,117)	($596,117)
La Gloria Apartments*	($170,000)	($660,000)	($830,000)
Tresor Apartments*	($400,000)	$0	($400,000)
Vista De La Terraza Apartments		($95,000)	($95,000)
Chinatown Housing	($1,030,795)	$0	($1,030,795)
Division Street Housing	$0	($2,748)	($2,748)
Farmworker Housing Reserve	($7,700)	($5,000)	($12,700)
Project Budget Total	**($1,808,495)**	**($1,358,865)**	**($3,167,360)**
Resources Available for New Housing Projects	**$2,212,484**	**$2,970,009**	**$5,182,483**

* These projects are contractually obligated and have building permits.
** This project began construction in 2008/09; the Agency is contractually obligated for $1,000,000, and spent $403,883 leaving a balance applicable to this Implementation Plan of $596,117.

The Gateway Apartments have been allocated $1.79 million, and all but $200,000 has been spent to-date on pre-development costs. In Table 23. it will be shown as a cost of $1.79 million dollar cost, rather than a $200,00 cost to the Agency.

Of the budgeted projects shown in Table 19, $2 million are obligated with executed contracts (identified with "*" and "**"), and $1.1 million of those dollars are budgeted but not yet formally obligated.

It should be noted that considerations for next fiscal year provide no funds for completion of potential projects such as:

1. The development of the lots consolidated in Division Street;
2. The $1 million acquisition of a 30-year old, 40-unit Vista De La Terraza apartment complex on Carr Avenue. In 2009/2010, the Agency set-aside $95,000 of grant funds (shown above) to explore the feasibility for CHISPA to rehabilitate these units. The Agency expects CHISPA to request assistance in the upcoming year.
3. The rebuilding of the 40-year old Haciendas housing project at Rossi Street and Calle Cebu by the Housing Authority of Monterey County. The Agency expects Housing Authority of Monterey County to request assistance in the upcoming year.
4. $1 million budget has been budgeted for affordable housing in Chinatown.
5. Farmworker Housing Reserve to assist with the purchase of foreclosures should they occur in the 50 unit single-family housing project completed in 2003.

17. Housing Fund Policies And Objectives FY 201009/10 -– 2013/14

Before discussing proposed Expenditures for the five-year the period between Fiscal Years 20~~10~~09/~~1~~10 – 201~~4~~4/1~~5~~5, it is necessary to consider and reconfirm the Agency's Housing policy considerations and housing production projections.

Agency has experienced difficulties with ownership projects, primarily a 50 Farm-Worker Family Housing project with 45-year resale restrictions. Initially valued at $220,000 in 2004, these homes have recently appraised at $170,000. Fortunately, equity remains because most mortgages in this project are below this value. However, homes free of the restrictive covenants can be purchased for less than the appraised value of these homes. In the current market, restricted ownership housing products cannot compete with homes built without public assistance. Recent economic changes to the real estate market confirm the need to avoid the Agency's past practice of funding homeownership programs. Instead, a continued effort to rehabilitate multi-family apartment projects is recommended. Particularly considering that the Sunset Avenue Project Area and surrounding neighborhoods are impacted by substandard or deteriorated high-density development.

These considerations provide guidance for the use of Housing Set-Aside Funds, through the following policies.

a. The highest priorities for the Housing Fund are investments in affordable multi-family housing within the Redevelopment Project Areas, or within other developed parts of the City close to the Project Areas.

Such investments result in developments with greater community value in that they tend to improve blighted conditions, improve existing neighborhoods, take advantage of existing infrastructure, and place affordable housing in close proximity to job opportunities, retail shopping, existing schools and public transportation.

b. Invest the Housing Fund in a manner that reflects the income distribution strata of the Salinas population and the demographics of its special needs populations in compliance with the CRL.

The Agency will continue to use its Housing Fund to leverage development of as many affordable units as possible, working with affordable housing developers to secure as many other financing sources as possible.

c. Invest the Housing Fund in a manner that couples sustainable transportation to work with sustainable housing by encouraging transit oriented urban infill with mixed use high density multi-family developments within the Redevelopment Project Areas

Salinas is the public transportation hub for the County, and there are ample opportunities to maximize its use via sustainable infill projects. These projects often benefit by leveraging a variety of funds targeted at reducing reliance upon vehicles for daily activities.

d. Consideration will be given to Housing Fund investments to help homeless persons find permanent housing including permanent supportive housing and transitional housing in order to facilitate economic development of infill sites in both project areas,

This goal is consistent with the needs of the Chinatown Renewal project, as well as consistent with the work of Interim Inc., which has provided such housing opportunities at Lupine Gardens and other previously sponsored developments in Salinas. These project types may become mixed-use developments, and will invite the use of state and federal funding sources.

e. Agency sponsored housing shall demonstrate the highest standards for innovative architecture, livability, quality, and sustainability and strive to achieve LEED Gold certification or equivalent at a minimum.

Whenever possible, the Agency will support "Green Buildings"; "Low Impact Development" and favor housing that strives for Leadership in Energy and Environmental Design ("LEED") Certification from the United States Green Building Council, at the highest ranking possible (i.e., silver, gold, platinum).

f. The Housing Fund may be considered for use outside of the Project Areas, when deemed beneficial to the residents within the Project Areas.

This consideration will be made on a case-by-case basis.

g. Continue to maximize the Housing Fund's revenue and to identify new sources if available, that include use of State and Federal funds and identifies developers able to receive this assistance for their projects.

   These efforts may include leveraging future tax increments for bonding purposes, extending the debt limit of the Plans, expanding the existing Project Area boundaries, and various attempts to receive grants to supplement the Tax Increment financing.

h. Use of the Housing Fund will be consistent with and when possible to support the implementation of other City Housing Policies, that include the Housing Element, the Inclusionary Housing Ordinance, and the HUD required Five Year Consolidated Plan.

   The Housing Fund shall be used as a resource along with all other City Housing resources to further the overall City policies and goals, to maximize the number of affordable units produced.

18. <u>Housing Fund Production Projected Estimates through 2018</u>

Section 18 satisfies CRL Section 33490 and describes how the Sunset Avenue Project Area will meet the statutory Housing Production Requirements.

<u>2004 – 2014: Ten-Year Production Plan</u>

Table 14 in Section 11, describes the State mandated housing obligation as it applies to the Sunset Avenue Project Area between the years ~~2004~~ 1987 and 201~~4~~8. For the period from 2004 to 2014, ~~It~~Table 14 ~~anticipates~~ provides that 165 housing units have been or will be built, and states that 15% of these, or 2~~9~~5 units ~~have to be subjected to the State's~~ must be affordable ~~housing restrictions~~ to very low, low and moderate income families. ~~.~~ As of December 31, 2009, 105 of the 165 units have already been or will be built, leaving a balance of nine units or 15% of the remaining 60 units ~~(9)~~. Table 15 (Section 13) applies the actual work completed affordable housing restricted by the Agency ~~completed~~ to this obligation, and illustrates that the Agency has actually restricted ~~66.5~~more than enough very low, low and moderate income units to meet~~ing~~ its obligation through 2014, as well as its anticipated obligation through the life of the Plan.

Additionally, there ~~The Sunset Avenue Project Area has~~ are currently ~~funded~~ three projects (funded with Agency Assistance) in the Sunset Avenue Project Area that ~~Housing Funds~~ have ~~with~~ entitlement permits and are in construction now, or will break-ground within the next twelve months. Table 20 describes these developments and their anticipated contribution toward the Agency's ~~origin of~~ future ~~development credits towards the State's~~ anticipated housing production requirement.

To meet its housing obligation through the end of the Project Area's effectiveness, another 36 units are anticipated, of these, 5 have to be restricted for affordable housing (Table 14) These projects add another 120 units of affordable housing within the next 14 – 18 months, of which the Sunset Avenue Project Area will receive 70 credits.

Table 20
Future Housing Developments- Funded with Entitlement Permits

Project	Total Units	Inside Project Area?	Sunset Set Avenue Credits
Sunflower Gardens*	17	No	8.5
La Gloria Apartments	20	Yes	20.0
Tresor Apartments*	83	No	41.5
	120		70.0

* half credit for those projects funded outside of the project area

~~These projects add another 120 units of affordable housing within the next 14 – 18 months, of which the Sunset Avenue pProject Area will receive 7069 credits.~~

If the Vista De La Terraza project is completed in the Sunset Avenue Project Area within this five-year window, another 20 units will be credited, placing the Sunset Avenue Project Area even more ahead of its anticipated housing obligation through 2014. F~~A f~~unding requests for 2010/11 ha~~s~~ve not been considered for this or any other project unless otherwise indicated in this Plan. This plan to meet the State requirement is therefore supported by signed agreements and substantial fiscal obligations.

2004 – 2018 Project Production Plan

Projecting housing production for more than five-years requires some speculation. It is known that sufficient funding will be available, so the speculation is merely an extrapolation of how these funds may be applied, after 2014.

Before 2008, most projects came to the Agency asking for gap financing, which amounted to roughly 10% of the project costs. Today however, funds are needed for acquisition, pre-development and gap financing. In the past, a 10% Agency contribution could leverage the remaining 90%, and now the ratio has slipped to a 30/70 split.

Table 19 provides the basis for moving forward to plan the use of housing funds for the next five years. Of the $10 million expected in revenue between Fiscal Year 2009/10 and 2014/2015, half has been budgeted, leaving $5.2 for future projects. By 2018, this could grow to $8.1 million. If $8.1 million equals 30% of the production costs, these funds could be leveraged three times this amount or to $24.3 million. At a cost of $275,000 per unit, this would result in another 100 units of affordable housing. Again, as indicated in Section 11, the Agency has already met its anticipated requirement for affordable housing in the Sunset Avenue Project Area so this additional ability to fund 100 units will be more than ample to meet the Agency's obligations.

The Agency is obligated to build 96 units (Table 15), has invested in the development of 120 units (Table 21) to be built in the near future, and will have the capacity to build another 100 units given the amount of anticipated revenues. More than half of these 100 new units will be built using Sunset Avenue Funds. In summary, between 2004 and 2018, the Agency anticipates building at least 170 units with Sunset Avenue affordable housing funds. The plan to meet the State's production requirement for the remainder of the Sunset Avenue Project Area's effectiveness is therefore feasible within these parameters of both known short-term obligations, combined with the long-term and unknown factors.

No market rate housing has been built in either project area for more than 15 years, and none is anticipated within this five-year range or the life of the Plan through 2018. As discussed above, the Agency has more than adequate resources to assure its housing obligations are met even if market rate housing is development in the project areas. The housing units projected to be built in this Implementation Plan do not assume any private funds will be involved, or that they will be built as part of the City's Inclusionary housing program. It is assumed that these projected developments will be 100% affordable and heavily subsidized by the public sector. Table 21 below is a table summarizing the past five years, the next five years, the ten-year projection and the projection through the end of the Sunset Avenue Project Area effectiveness.

Table 21
Affordable Housing Production Plan Summary

Statutory Period	Production Year	Sunset Avenue
Past Five Years	2004 –2009	105
Next Five Years	2009/2010 – 2014/15	60
Ten Year Projection	Ten-Year Total 2004 –2014	165
	2014 – 2018	36
This Plan, to the end of the Project's Effectiveness	Total for 2010 – 2018	96

Having demonstrated how the production requirement will be met, it is also important to assure that the production will meet the income strata for the community as shown in Table 14.

Table 22 Housing Production 2009/2010 to 2014/15					
Project Name	Total Units	# of Units Restricted	Very Low Income	Low Income	Moderate Income
La Gloria	17	8	4	4	
Sunflower Gardens	18	9	9		
Vista De la Terraza	40	19	10	9	
Division Street	18	9	6	3	
Chinatown	31	15	5	4	6
Totals	124	60	34	20	6
			57%	33%	10%

Chinatown and Division Street development plans are still being considered, and this flexibility will allow the Sunset Avenue Project areas to closely match the pro-rata share of unit distribution. La Gloria is solely for seniors, and 8 of 60 units equals 13%. But when considered in the context of the whole, (1987 to 2018 = 363 units) and combined with Los Abuelitos, (12) and the total units produced the ratio is closer to 5.5% (less than the 7% limit).

19. Housing Fund Expense Targets

The Implementation and Housing Production Plan must clearly detail on a year-by-year basis over the next five years how the annual deposits will be used to meet the goals and projection of the Housing Implementation Plan. Table 18 describes the annual funds coming to the Agency, and Table 23 shows the projects anticipated to be constructed in the period between 2010 and 2014.

Table 23
Housing Expense Target Measures

Location	Project Name	Housing Type/Expense 2009/2010 – 2014/15 Very Low Inc.	Low Inc.	Mod. Inc.	Total
Sunset Project Area	La Gloria	$415,000	$415,000		$830,000
	Division Street	$625,000	$300,000	$75,000	$1,000,000
	Chinatown (outside project area)	$50,000	$450,000	$500,000	$800,000
	Vista De La Terraza	$850,000	$450,000		$1,300,000
Sunset Project Area Sub-Total		$1,940,000	$1,615,000	$575,000	$4,130,000
Central City Project Area	Gateway Apartments	$1,790,000			$1,790,000
	Chinatown	$50,000	$650,000	$300,000	$1,000,000
	Rossi Street (HACM)	$904,000	$520,000	$159,000	$1,583,000
Central City Project Area Sub-Total		$2,744,000	$1,170,000	$459,000	$4,373,000
Outside the Project Area	Tressor Apartments	$200,000	$200,000		$400,000
	Apartment Rehabilitation	$750,000	$250,000		$1,000,000
Outside the Project Area Sub-Total		$950,000	$450,000		$1,400,000
Grand Total		$5,634,000	$3,235,000	$1,034,000	$9,903,000
		57%	33%	10%	

Table 23 has to reflect those units to be built during the next five years, regardless of when funds were spent or budgeted. In Table 19, projects budgeted were partially represented due to expenses that were incurred in prior fiscal years. In this table, the whole project costs is reflected for the Sunflower Gardens ($1 million) and the Gateway Apartments ($1,790,000). This adds $2 million to the total shown in Table 19.

The purpose of Table 23 is two-fold ~~:~~ first, it reiterates and confirms ~~the~~ current projects in the budget ($3.1~~67~~ million), and~~:~~ second, it shows the proposed ~~suggests~~ uses for the balance of $5.~~182~~2 million ~~-~~(The total of $8.3 million is also shown in Table 19~~($8.349 million shown in Table 19~~). ~~.~~ These proposed uses include projects "on-the-horizon" including the re-building of the Housing Authority of Monterey County's Haciendas Project on both the east and west side of Sherwood Drive, the Chinatown and Division Street build-~~p~~out~~ of Division Street~~, ~~Chinatown~~ and acquisition of Vista De La Terraza by CHISPA~~"s interests in the acquisition of Vista De La Terraza~~. The ratio of expenses of Table 23 matches the ratio of income levels served shown in Table 22.

Finally, ~~D~~during an economic recession, it is important to emphasize the use of public ~~subsides~~subsidies ~~-~~for housing for those at risk of becoming homeless. This Plan provides the majority of its funds for the very-low income persons.

END OF PLAN