

TO: James App, City Manager
FROM: Ron Whisenand, Community Development Director
SUBJECT: Redevelopment Plan and Implementation Plan: Required Public Hearing
DATE: December 18, 2007

Needs: For the Redevelopment Agency to conduct a public hearing on the status of the Redevelopment Plan and the Redevelopment Implementation Plan.

- Facts:
1. Health and Safety Code Section 33490 requires each redevelopment agency to adopt an Implementation Plan by December 31, 1994 and once every five years thereafter. The City's Implementation Plan was last adopted in December 2004.
 2. Health and Safety Code Section 33490 also requires each redevelopment agency to conduct a public hearing, at least once within the five-year term of the Implementation Plan, to hear testimony evaluating the progress of the redevelopment project as described by both the Redevelopment Plan and the Implementation Plan. This hearing is to occur no earlier than two years and no later than three years after the adoption of the implementation plan.
 3. Per state law, the Implementation Plan must contain the specific goals and objectives of the agency for the project area, the specific programs, potential projects, and estimated expenditures for the next five years. It must also contain an explanation of how the goals, objectives, programs, projects, and expenditures will eliminate blight within the project area and implement the redevelopment law's requirements for use of Low and Moderate Income Housing (LMIH) Funds.
 4. A public hearing has been scheduled for the Agency's meeting of December 18, 2007 for a review of the Redevelopment Plan and the Implementation Plan. Public notice was given as required by redevelopment law. A copy of the newspaper/posted notice is attached.
 5. The Redevelopment Plan was adopted on November 19, 1987. The Overview Section of the Redevelopment Plan contains the following statement regarding its purpose:

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

6. Redevelopment agencies are formed to bring about: (1) the creation of physical, social, economic, and environmental conditions to remove and prevent the recurrence of blight; (2) the creation of jobs and low and moderate income housing; and (3) the attraction of private investment toward these ends.
7. At its meeting of December 5, 2007, the Redevelopment Project Area Committee (PAC) reviewed the Redevelopment Plan and the Implementation Plan and recommended that the Agency receive and file the status report as presented. PAC's motion and action included a recommendation that the Redevelopment Agency consider that too much LMIH funds are being spent on administration and require that only those administrative expenses that are strongly-related to the provision of low and moderate income housing be covered by LMIH funds. This recommendation will be discussed in the Analysis and Conclusion and Fiscal Impact sections below.

Analysis &
Conclusion:

Redevelopment Plan

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

Implementation Plan

The heart of the Implementation Plan is divided into Chapters IV and V, which address 5 year objectives and programs for both the Redevelopment Fund and the LMIH Fund, respectively. Attachment #1 is a review of the progress made toward attaining the objectives set forth in Chapter IV of the Implementation Plan. The non-housing projects listed in this review were initiated and/or completed with non-redevelopment funds.

Regular Redevelopment Funds: Chapter IV of the Implementation Plan includes a projection of LMIH funds over the 5 year period between January 1, 2005 and December 31, 2009 and indicates that, during this period, redevelopment funds would be used primarily for debt service to the City incurred for existing projects and that, outside of a new bond issue, no new major projects were expected to be undertaken.

As part of its discussions in June 2007 for the Fiscal Year 2007/2008 Budget and Four-Year Financial Plan, the City Council indicated that the Redevelopment Agency would consider using regular redevelopment funds to accomplish important capital improvement projects of benefit to the Redevelopment Project Area instead of debt service to the City. (The Agency is currently retiring debt on the City Hall/Library so that the City can build a fund to construct a new City Hall. This arrangement was established prior to current State Law prohibitions on such use of redevelopment funds.) The Redevelopment Agency will take up such discussions in 2008. It should be noted that any changes in priorities for use of redevelopment funds will require an amendment to the Implementation Plan.

Low and Moderate Income Housing (LMIH) Funds: Attachment #1 lists three very low income housing projects that have been completed since 2004 and which were assisted with LMIH Funds. Attachment #2 is status report on the LMIH Fund. The Agency has committed \$1.2 million in LMIH funds (the major part of its \$1.745 million in assistance) to the Oak Park Senior Housing project to repay the principal on a loan from the California Housing Finance Agency. The Participation Agreement provides that the \$1.2 million is to be disbursed in increments of \$300,000 over 4 years.

During the remainder of the present Implementation Plan (i.e., until December 2009), there is little capacity in the LMIH fund to assist other eligible housing projects. However, there are several potential projects on the horizon that can be expected to compete for funds that will become available beginning in 2009. Among these would be:

- Redevelopment of Oak Park Public Housing to replace the existing 148 units and add more units;
- Redevelopment of Marie Bauer School Site should it be declared surplus property by the School District to be housing for teachers and staff;
- Assistance for affordable housing in the Olsen-Beechwood, Uptown, and Town Centre areas;
- Assistance for housing to serve Cuesta College students and staff;
- Assistance for privately-developed affordable housing elsewhere.

The first three bulleted items are affected by the Uptown and Town Centre Plans, and any assistance for such projects should be postponed until those plans have been completed. The next (last) two bulleted items are potential requests that may be made. (From time to time, the City receives informal inquiries from affordable housing developers about availability of sites and assistance for potential projects.)

In 2009, both the Housing Element and the Implementation Plan must be updated. In the time leading up to these updates, it would be prudent for the Agency to begin to review the Implementation Plan's priorities for use of LMIH Funds and, in doing so, to consider the objectives of the Economic Strategy and the conclusions and recommendations from the Olsen-Beechwood, Uptown, and Town Centre Plans.

Attachment #3 lists the present priorities listed in the Implementation Plan for use of LMIH funds. The format of those priorities has worked in the past, when requests for LMIH assistance were submitted on an infrequent basis such that there was no real competition for these limited resources. However, it appears that in the next 2-3 years, as the Agency considers competing requests for LMIH funds, the Implementation Plan will likely need to be more precise in the setting of its priorities.

Use of LMIH Funds for Housing Programs Administration

The PAC noted that the \$268,400 projected for Fiscal Year 07/08 was 45 percent of the projected \$600,400 to be deposited into the LMIH Fund in the same year. (These figures are shown in the 10 year projection on the lower half Attachment #2.) PAC questioned whether there was a strong relationship between all expenses charged to Housing Programs and the provision of low and moderate income housing. The \$268,400 projected for FY 07/08 would include \$67,000 in Community Development Block Grant (CDBG) funds (which should have been removed from the projected administrative expense, since they are not LMIH Funds). The \$268,400 projected includes the City Planner's salary and benefits, 1/3 of the Community Development Director's salary and benefits, and a variety of overhead expenses for Housing Programs.

The salary and benefits and overhead costs are real costs. Should the Agency, and ultimately the City Council, decide that the amount of LMIH funds being used for Housing Programs are excessive and/or not reasonably-related to providing low and moderate income housing, the costs would have to be shifted to the General Fund.

Policy

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

Fiscal

Impacts: The Implementation Plan itself is a plan for expenditure of Redevelopment funds, including the Redevelopment LMIH Fund. Presently, it calls for redevelopment funds (not including LMIH funds) to be used for debt service to the City to build a fund for a new City Hall. If this is changed in 2008 in the manner discussed in June 2007, redevelopment funds would be used to accomplish important capital improvement projects of benefit to the Redevelopment Project Area, which might otherwise be accomplished with General Funds, but over a longer period of time.

The City is presently projecting that the projected deposits into the General Fund for FY 07/08 will be substantially less than originally budgeted. This would be a result of the slowdown in the housing market, which would flatten assessed values and property tax revenues, and the slowdown in the retail economy, which would flatten sales tax revenues. Further, it is expected that the State may attempt to balance its budget using property tax monies that would otherwise flow to the Redevelopment Agency. Any reduction of LMIH funds used for Housing Programs administration would further exacerbate this problem.

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

- a. Receive and file this report on the Implementation Plan.
- b. Direct that the Implementation Plan be amended prior to December 2009 to address matters of importance to the Redevelopment Agency.
- c. Amend, modify, or reject the above options.

Prepared by: Ed Gallagher, City Planner

Attachments:

1. Review of 2004 Redevelopment Implementation Plan
2. Status of the LMIH Fund
3. Redevelopment Implementation Plan's Priorities for Use of LMIH Funds
4. Copy of Newspaper/Posted Notice

ED\REDEV\IMPLEMENTATION PLAN\07 REVIEW\121807 RDA REPORT

REVIEW OF 2004 REDEVELOPMENT IMPLEMENTATION PLAN

Chapter IV of the 2004 Redevelopment Implementation Plan lists 5 objectives to be accomplished in the five year period beginning January 1, 2005 and ending December 31, 2009. Briefly summarized, these objectives are as follows:

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

Activities undertaken since 2004 to implement the above objectives are listed below.

1. Transportation Systems Improvement

13th Street/Creston Road Improvements: This project consisted of widening the 13th Street Bridge and making widening and lane reconfiguration improvements to sections of Creston, River, and Union Roads leading to this bridge. In 2006, this project was completed and the 13th Street Bridge was renamed to and dedicated as the Robert Rader Memorial Bridge. The project greatly improves traffic flow in the 13th Street corridor and helps relieve congestion in the downtown. No redevelopment funds were used for this project. Measure D98 funds were used to construct these improvements and acquire necessary property.

Highway 46E/Highway 101 Offramps Project: This project proposes to improve the offramps at the intersection of Highways 46E and 101 and to construct a new southbound onramp to Highway 101 at 16th Street. This project will be critical to relieving congestion at the intersection of Highways 46E and 101 and in the downtown by offering an alternative access to southbound Highway 101. In 2007 the project entered the design phase. It is being funded with State Highway funds; no Redevelopment funds will be used in this project.

2. Downtown Revitalization

Seismic Structural Design Study Program: Following the December 2003 San Simeon Earthquake, the City updated its seismic safety code for commercial unreinforced masonry (URM) buildings and set a February 2007 deadlines for completion of retrofit work. Most commercial URM buildings are located in the downtown. To help URM building owners complete the necessary retrofit work, \$185,500 in CDBG funds were allocated for grants to reimburse owners for the expense of preparing engineering design studies and construction plans.

Downtown Parking and Circulation: In 2002, the City completed a study which recommended a range of improvements to add parking in, and improve circulation through, the Downtown. The City Council approved implementation of a first phase of minor improvements. In 2007, the City hired a consultant to

prepare a study to focus on the costs and benefits of instituting timed parking restrictions in the downtown. No redevelopment funds were used for this study.

3. Affordable and Safe Housing

Creekside Gardens Senior Housing: In 2005, this 29 unit apartment complex for very low income seniors, located at 401 Oak Hill Road, was completed. This project was developed by Peoples' Self-Help Housing Corp. and was assisted with \$635,000 in Low and Moderate Income Housing (LMIH) funds.

Canyon Creek Apartments: In 2006, this 68 unit apartment complex for very low income families, located at 400 Oak Hill Road, was completed. This project was developed by Peoples' Self-Help Housing Corp. and was assisted with \$559,000 in LMIH funds.

Oak Park Senior Housing: In 2007, this 40 unit apartment complex for very low income seniors, located at 801 – 28th Street, was completed. This project was developed by the Paso Robles nonprofit Housing Corp. and was assisted with \$1.745 million in LMIH funds.

4. Beautification and Maintenance

Carnegie Library: In December 2003, the San Simeon Earthquake damaged the Carnegie Library to the extent that the building had to be vacated. In 2007, the City completed plans for repair, rehabilitation, and seismic retrofitting of this historic building. The work will be accomplished using Federal funds; no redevelopment funds will be used for this project.

5. Public Infrastructure and Utilities

Municipal Pool Improvements: In 2002, the using \$45,000 in CDBG funds. The municipal pool serves the aquatic recreational needs of the project area. No redevelopment funds were used in this project.

Children's Museum: In 2007, the historic Fire Station No. 1 building at 611 - 13th Street was rehabilitated to house the Children's Museum, which will be operated by a non-profit corporation. The museum will offer an outstanding opportunity to preserve a historic building and provide cultural and recreational services to the community. Private and federal funds were used to accomplish this project. No redevelopment funds were used in this project.

Riverside Avenue/24th Street Sidewalks and Related Improvements: In 2007, the City began the design of a package of improvements to Riverside Avenue and 24th Street adjacent to the Paso Robles Event Center (PREC). The PREC's 24th Street frontage and its parking lot's Riverside Avenue frontage do not have sidewalks. Related improvements will include: curb and gutter (where they do not exist), decorative street lights, street trees, landscaping, fencing and retaining walls, LED-lighted crosswalks across 21st Street at the two entrances to the PREC, undergrounding of overhead utility lines, solar-powered parking lot lights, and parking lot drainage improvements. In addition to the California Mid-State Fair, the PREC hosts year-round events and will play a major role in attracting tourism to the City. The accessibility and quality of the streetscape adjacent to this facility is of critical importance in supporting this effort. The design and the first phase of improvements will be accomplished with State Workforce Housing Reward Grant Funds and CDBG Funds

**PASO ROBLES REDEVELOPMENT AGENCY
STATUS OF AVAILABLE LMIH FUNDS**

November 2007

Estimated Fund Balance and Commitments Through June 30, 2008

Activity	Amount	Notes
LMIH Fund balance as of 6/30/07	766,500	1
FY 06/07 Admin Expenses	-259,300	2
Estimated Investment Income as of 6/30/06	0	3
Balance	507,200	

Commitments for Future Fiscal Years

Fiscal Year	Amount	Purpose	Notes
07/08	29,900	Oak Park Senior Housing Fee Offset Carry-Over	4
07/08	300,000	Payment on CalHFA Loan for Oak Park Senior Housing	5
08/09	300,000	Payment on CalHFA Loan for Oak Park Senior Housing	5
09/10	300,000	Payment on CalHFA Loan for Oak Park Senior Housing	5
10/11	300,000	Payment on CalHFA Loan for Oak Park Senior Housing	5

Notes:

1. Mike Compton's 08/29/07 presentation to PAC; does not include FY 06/07 Admin expenses; figures rounded to nearest \$100.
2. \$329,149 spent for Program 211 in FY 06/07 minus \$69,800 in CDBG; rounded to nearest \$100.
3. Not provided in Mike Compton's 08/29/07 presentation to PAC
4. Approved via Ordinance 852 N.S. and Resolution RA 03-02.
5. Approved via Ordinance 921 N.S. and Resolution RA 05-03.

Projections for the Next 10 Years (not including investment income)

Fiscal Year	Estimated Deposits into LMIH Fund	Estimated Administrative Expense	Commitments	Estimated LMIH Fund Balance *
06/07				507,200
07/08	600,400	268,400	329,900	509,000
08/09	654,700	277,800	300,000	586,000
09/10	712,700	287,500	300,000	711,000
10/11	774,500	297,600	300,000	888,000
11/12	840,500	308,000		1,421,000
12/13	910,900	318,800		2,013,000
13/14	985,900	330,000		2,669,000
14/15	1,066,000	341,600		3,393,000
15/16	1,151,400	353,600		4,191,000
16/17	1,242,400	366,000		5,067,000
17/18	1,339,400	378,800		6,028,000

* Figures rounded to nearest \$100.

Estimated Deposits provided by Jennifer Sorensen on 10/04/07; all figures rounded to nearest \$100.

Estimated administrative expense assumes 3.5% inflation rate starting with \$259,300 for FY 06/07

REDEVELOPMENT IMPLEMENTATION PLAN'S PRIORITIES FOR USE OF LMIH FUNDS

1. New Multi-Family Housing: Promote the development of rental units throughout the City, but particularly in the Redevelopment Project Area, the mixed use and senior housing overlays, the Chandler Ranch, Olsen and Beechwood Annexation areas, and in areas with easy access (e.g. via public transportation) to Cuesta College. Towards this effort, the Agency may enter into participation agreements with housing developers to provide LMIH funds as grants or loans for such expenses as land acquisition, payment of City fees, construction of off-site improvements, and/or housing construction costs.
2. First-Time Home Buyers Assistance:
 - a. Provide deferred payment, below market rate interest, second trust deed loans to low and moderate income buyers. Loan proceeds could be used to close the affordability gap, for a down payment, and/or for closing costs. Resale price restrictions and equity sharing provisions would be incorporated into such loans.
 - b. Use LMIH funds to supplement other sources of first-time homebuyers loan funds, such as CalHome funds, to offset the costs of loan administration.
3. Preservation of Subsidized Housing: Should one or more of the five existing subsidized apartment complexes in the City become eligible for conversion to market rate, their subsidy contracts require the owners to first offer the complex for purchase by a non-profit housing corporation. Non-profits may need assistance for the costs of purchasing and rehabilitating the units.
4. Housing Rehabilitation Assistance: Provide grants or loans of LMIH funds to low income owners of housing to enable them to make necessary repairs to maintain their homes in viable condition and prevent the possible loss of existing affordable housing. LMIH funds would also need to be used to hire contracted assistance in administering such a program.
- 5.* Other: It should be noted that there are numerous other eligible uses of LMIH funds for assisting affordable housing projects. It is possible that an opportunity to assist a project that conforms to Housing Element priorities, yet is not described in the above Implementation Plan priorities, may be presented to the City and Agency within the period of this Plan. In such a case, the Agency may, after obtaining a review and recommendation from the Project Area Committee, chose to allocate LMIH funds to such a proposal without amending this Implementation Plan.

* Priority #5 is not "numbered" in the Implementation Plan. It is a paragraph that follows the numbered priorities to provide flexibility for using LMIH funds for assisting important projects that may arise from time to time.

PROOF OF PUBLICATION

LEGAL NEWSPAPER NOTICES

REDEVELOPMENT AGENCY PROJECT NOTICING

Newspaper: Tribune

Dates of Publication: November 21 & 28 and December 5, 2007

Project: Status Report on Redevelopment Plan and Redevelopment Implementation Plan

Date: November 28, 2007

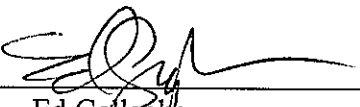
I, Ed Gallagher, employee of the Community

Development Department, Planning Division, of the

City of El Paso de Robles, do hereby certify that this

notice is a true copy of a published legal newspaper

notice for the above named project.

Signed: 
Ed Gallagher

ED\REDEVIMPLEMENTATION PLAN\07 REVIEW\NEWSPAPER AFFIDAVIT

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of Paso Robles will hold a Public Hearing to accept public comments on the status of the Redevelopment Plan and the corresponding 2004 Implementation Plan. The purpose of the Implementation Plan is to provide a documented link between activities undertaken by the Redevelopment Agency and the elimination of blight within the Redevelopment Project Area. The Implementation Plan covers a five year period.

As required by Section 33490 of the State Health and Safety Code, the Redevelopment Agency must conduct a public hearing on the Implementation Plan within 3 years of its adoption.

This hearing will take place in the Library Conference Center at Library/City Hall, 1000 Spring Street, Paso Robles, California, at the hour of 7:30 PM on Tuesday, December 18, 2007, at which time all interested parties may appear and be heard.

Copies of the Redevelopment Plan and the 2004 Implementation Plan are presently available for review in the City's Community Development Department, at the City Library, and on the City's web site at the address indicated below. (Copies of the plan may be purchased at the City's Community Development Department, 1000 Spring Street, Paso Robles, CA 93446, for the cost of reproduction).

<http://www.prcity.com/government/citycouncil/redevelopment.asp>

Comments on the Redevelopment Plan and 2004 Implementation Plan may be mailed to the Community Development Department, 1000 Spring Street, Paso Robles, CA 93446 or emailed to ed@prcity.com provided that such comments are received prior to the time of the hearing.

If you challenge the Implementation Plan in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Redevelopment Agency at, or prior to, the public hearing.

Ed Gallagher, City Planner
November 21, 28; Dec. 5, 2007

6663699

TO: File for 2007 Redevelopment Implementation Plan Review
FROM: Ed Gallagher, Housing Programs Manager
SUBJECT: Posted Notices
DATE: November 21, 2007

Health and Safety Code Section 33490(d) requires that notice of the public hearing conducted pursuant to this section shall be posted in at least four permanent places within the project area for a period of three weeks.

Notices were posted in the locations and on the dates noted below.

1. Library/City Hall Bulletin Board, 1000 Spring StreetNovember 21, 2007
2. Main Street Kiosk at northeast corner of 12th and Park StreetsNovember 21, 2007
3. Paso Robles Housing Authority Office, 3201 Pine StreetNovember 21, 2007
4. Albertson's Grocery Bulletin Board, 189 Niblick Road.....November 21, 2007

ED\REDEV\IMPLEMENTATION PLAN\07 REVIEW\FILE MEMO RE POSTED NOTICES

**NOTICE OF PUBLIC HEARING
ON
REDEVELOPMENT PLAN AND IMPLEMENTATION PLAN**

WHAT: The Redevelopment Agency of the City of El Paso De Robles will hold a Public Hearing to consider review of the 1987 Redevelopment Plan and the 2004 Redevelopment Implementation Plan prepared in accordance with Section 33490 of the State Health and Safety Code.

WHERE: Large Conference Room of the Library/City Hall Building, 1000 Spring Street, Paso Robles, California.

WHEN: Tuesday, December 18, 2007, 7:30 pm

ALL INTERESTED PARTIES MAY APPEAR AND BE HEARD.

The Purpose of the 1987 Redevelopment Plan is to establish the Redevelopment Project Area and the powers and responsibilities of the Redevelopment Agency. The purpose of the 2004 Implementation Plan is to provide a documented link between activities undertaken by the Redevelopment Agency and the elimination of blight within the Redevelopment Project Area for a five year period.

The Redevelopment Project Area is mostly located on the west side of the Salinas River, generally between 1st and 38th Streets, and between the River and Vine Street. On the east side of the River, the Woodland Plaza I and II Centers and the Villa del Rio Apartments (behind/north of Albertson's) are located in the Redevelopment Project Area.

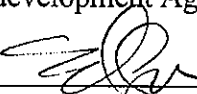
Copies of the Redevelopment Plan and the Implementation Plan, both of which include a map of the Redevelopment Project Area, may be reviewed at the City's Community Development Department and at the City Library, both of which are located at 1000 Spring Street, Paso Robles, CA 93446. Copies of these plans are also available on the City's web site at the link below.

<http://www.prcity.com/government/citycouncil/redevelopment.asp>

A copy of the staff report on the review of the Redevelopment Plan and the Implementation Plan will also be posted on the City's web site at the same link, above.

Comments on the Implementation Plan may be mailed to the Community Development Department, 1000 Spring Street, Paso Robles, CA 93446 or emailed to ed@prcity.com provided that such comments are received prior to the time of the hearing.

If you challenge the Implementation Plan in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Redevelopment Agency at, or prior to, the public hearing.



Ed Gallagher, City Planner