FIVE YEAR IMPLEMENTATION PLAN

REDEVELOPMENT AGENCY OF THE CITY OF ATWATER

FY 2009-10 THROUGH 2013-14

Adopted August 23, 2010
Resolution No. ARA 2010-3

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INTRODUCTION

About this Implementation Plan

Every five years, redevelopment agencies are required to adopt an implementation plan for each redevelopment project area that establishes five-year operational and financial work programs for carrying out the redevelopment and affordable housing responsibilities of the agency. This Five Year Implementation Plan ("Implementation Plan") for the Atwater Redevelopment Agency ("Agency") covers the five-year planning period for fiscal years 2009-10 through 2013-14 ("Planning Period") for the Atwater Redevelopment Project Area ("Project Area"). This Implementation Plan also contains an update to the Agency's Housing Compliance Plan ("Housing Compliance Plan") for meeting the Agency's affordable housing requirements for the ten-year compliance period (FY 2004-05 through 2013-14), including obligations for producing, replacing, and expending funds for affordable housing.

LEGAL AUTHORITY

In 1993, the Legislature passed Assembly Bill 1290 (Chapter 942, Statutes of 1993), which enacted the California Community Redevelopment Law Reform Act and made changes to state redevelopment law (Health and Safety Code §§33000 et seq.) ("CRL") in an effort to increase both the effectiveness and accountability of redevelopment agencies. One notable statutory change was the addition of Article 16.5 (§§33490 et seq.) to the CRL, which required redevelopment agencies to adopt five year implementation plans for all project areas on or before December 31, 1994, and every five years thereafter. CRL Section 33490(a) requires that the Implementation Plan contain:

- The Agency's goals and objectives, programs, and projects within the Project Area for the next five years, including estimated expenditures.
- An explanation of how the goals and objectives, programs, projects, and expenditures will eliminate blight and promote affordable housing within the Project Area.
- A specific section that addresses the Agency's housing responsibilities, including the Agency's Low and Moderate Income Housing Fund ("Housing Fund") and the Agency's requirements for producing and replacing affordable housing.

WHAT IS REDEVELOPMENT?

The Public Value & Benefits of Redevelopment

In 1952, California voters adopted Article XVI, Section 16 allowing the provision of tax increment financing for redevelopment of blighted communities. Californians recognized the need to provide a mechanism to reinvest in economically and physically blighted communities throughout California. The CRL was established as part of the Health and Safety Code (§§33000 et seq.) as a tool to assist local governments and to prescribe the powers of a redevelopment agency. A redevelopment agency prepares and carries out plans for the improvement, rehabilitation, and redevelopment of blighted areas through the assembly of land for development, utilization of tax increment, issuance of bonds, investment in infrastructure, and the creation of affordable housing opportunities. Redevelopment agencies throughout the State use redevelopment tools differently to address the unique problems within their communities. Redevelopment spurs new development, creates jobs, and generates tax revenues in declining urbanized areas by developing partnerships between local governments and private entities. Redevelopment is one of the most effective ways to revitalize an area plagued by social, physical, environmental, or economic conditions hindering private investment.

Redevelopment is a process created to assist local governments in eliminating physical and economic blight from a designated redevelopment project area. The goal of redevelopment is to create a safe, economically viable, and balanced community that provides all of the socially desirable attributes that communities take pride in: public and private improvements, good jobs, retail amenities, recreational opportunities, affordable housing, and increased property values. A redevelopment project area is established when an area exhibits conditions of both physical and economic blight (§§33030 and 33031) as described below.

BLIGHT

The CRL emphasizes redevelopment's role in eliminating blighting conditions in communities and takes great lengths to define blight. As defined by the CRL, blight constitutes physical and economic liabilities that affect the health, safety, and general welfare of a community. CRL Section 33030 describes a blighted area as being predominantly urbanized and substantially affected by the physical and economic properties of blight to such an extent that the community cannot reasonably be alleviated without redevelopment.

Redevelopment by the Numbers:

$40.79 billion. Redevelopment's economic contribution to California in 2006-2007.

$13. Every $1 of redevelopment agency spending generates nearly $13 in total economic activity.

303,946. Full and part time jobs created in just one year (2006-2007).

78,750 units of affordable housing built or rehabilitated since 1995 by redevelopment agencies.

18,522 units of low and moderate income housing expected to be built or refurbished over the next two years.

$2 billion. State and local taxes generated through redevelopment construction activities in 2006-2007.

20% of property tax revenues generated from redevelopment activities must be used to increase supply of affordable housing.

2nd largest funder of affordable housing in California after the federal government.

Source: California Redevelopment Association, 2009.

The CRL describes the physical and economic conditions that cause blight as follows:

Physical Conditions (CRL §33031(a))

- Buildings with serious code violations, dilapidation, or deterioration such that it is unsafe or unhealthy for a person to live or work.
- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots.
- Adjacent or nearby incompatible uses that prevent development.
- Existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes.

Economic Conditions (CRL §33031(b))

- Depreciated or stagnant property values.
- Impaired property values due to hazardous wastes.
- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings in an area developed for urban use and served by utilities.
- A serious lack of commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores and banks.
- Serious residential overcrowding.
- An excess of bars, liquor stores, or adult-oriented businesses that have led to problems of public safety and welfare.
- A high crime rate that constitutes a threat to the public safety and welfare.

In accordance with the CRL, the existence of blight has been established in the Project Area and requires the implementation of redevelopment tools within the projects and programs established in this Implementation Plan.

TAX INCREMENT FINANCING

Tax increment financing is the primary source of funding used to carry out redevelopment activities and undertake redevelopment projects in a community. Tax increment financing is based on the assumption that as an area is revitalized, more property taxes will be generated as a result of redevelopment. When a redevelopment project area is adopted, the current assessed values of all the properties within its boundaries are designated as the base year value (§33328). As assessed values increase in a project area, tax increment revenue is generated by capturing the amount of value added since the base year value was established. The increase in tax revenue, known as tax increment, is allocated to an agency for reinvestment back into a project area. Figure 1 is a graphical depiction of how tax increment is generated and distributed in a project area.

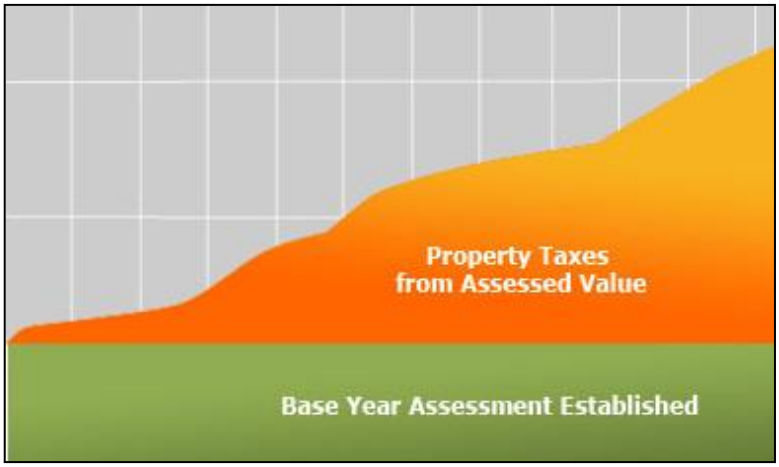


Figure 1 – Tax Increment Financing

20 PERCENT HOUSING SET-ASIDE FUND

A portion of tax increment revenue received by a redevelopment agency must be used for the creation and preservation of affordable housing within the project area. The CRL requires that a minimum of 20% of tax increment revenue be set aside into a separate fund that is restricted for the purpose of creating low and moderate income housing (§33334.2). Redevelopment agencies may use these funds for activities such as acquiring property, constructing on-site and off-site improvements related to affordable housing development, constructing or rehabilitating affordable housing units, providing subsidies to ensure affordability, and issuing bonds. Redevelopment agencies are one of the primary entities producing affordable housing throughout the State.

PASS-THROUGH PAYMENTS

To ensure that the community's other service providers continue to receive funding for their critical activities, redevelopment agencies are required to remit payments to affected taxing agencies in the project area from the tax increment allocation (§33607.7). Affected taxing agencies typically include school districts, community college districts, and the county. The CRL prescribes an allocation formula to calculate payments unless the Agency has negotiated pass-through agreements with the taxing agencies, which it does not have any negotiated pass-through agreements.

The remaining portion of the tax increment revenue, after the required 20% contribution to the Housing Fund and statutory payments to the affected taxing agencies, are then available for eligible redevelopment projects, such as infrastructure improvements, community facilities, development incentives, debt service, and general administration of the Agency. The revenues cannot be used to finance the ongoing operational and maintenance costs of public facilities.

WHAT IS A REDEVELOPMENT PLAN?

A redevelopment plan provides a legal framework for long-term planning and the implementation of revitalization activities in a redevelopment project area. It also establishes a financing method by authorizing the agency's use of financing tools to implement projects and policies. The redevelopment plan also sets the basic goals, powers, and limitations within which the redevelopment agency must conduct its activities over the life of the project area. It does not provide a detailed, rigid course of actions to achieve those goals but establishes how the agency intends to alleviate blight in the project area. The CRL has been amended many times and the required limitations of a redevelopment plan have evolved over time. For redevelopment project areas established on or after 1994, the general framework of redevelopment plans includes the following items:

1. Time limit to establish loans, advances, and indebtedness to be paid with the proceeds of property taxes may not exceed 20 years from the adoption of the redevelopment plan (§33333.2).
2. Loans, advances, or indebtedness may be repaid over a 45-year period from the adoption of the redevelopment plan.
3. The effectiveness of a redevelopment plan may not to exceed 30 years from the adoption of the redevelopment plan.
4. After the time limit on the effectiveness of the redevelopment plan has expired, an agency shall have no authority to act pursuant to the redevelopment plan, except to pay previously incurred indebtedness and to enforce existing covenants and contracts.
5. An agency may commence eminent domain proceedings to acquire property within the project area for a period not to exceed 12 years from the adoption of the redevelopment plan.
6. If a redevelopment plan authorizes the issuance of bonds, the redevelopment plan should include a limit on the amount of bonded indebtedness that can be outstanding at one time. These time and financial limitations may be extended or increased only via an amendment to the redevelopment plan.

ABOUT THE ATWATER REDEVELOPMENT AGENCY

History and Profile

MISSION

"The Atwater Redevelopment Agency's mission is to eliminate blight, encourage economic development, maintain an attractive and viable downtown commercial center and ensure decent housing for all income levels."

HISTORY

The Redevelopment Plan for the Atwater Downtown Redevelopment Project ("Redevelopment Plan") was adopted on July 19, 1976 by Ordinance No. 16-76. The Redevelopment Plan provides a tool to assist in the elimination of blight within the Project Area and to ensure that the City's economic base would grow and remain healthy through the provision of new public improvements, commercial and industrial development and affordable housing. The Redevelopment Plan was first amended in 1991 to establish a $100 million cumulative tax increment cap on the amount of tax increment revenue the Agency may collect. The Redevelopment Plan originally expired in 2011, after a duration of 35 years, and was amended in December of 1999 to extend the time limit for an additional five years as authorized by AB 1342. The most recent amendment to the Redevelopment Plan occurred in October 2006 to extend the Redevelopment Plan expiration date and time limit to repay debt by an additional year as authorized by SB 1045 and to eliminate the Redevelopment Plan's time limit to incur debt. Table 1 presents the current time and financial limits contained in the Redevelopment Plan.

Redevelopment Plan Limits	Table 1
Atwater Redevelopment Agency	
Time Limits	
Incur Indebtedness [1,2]	Eliminated
Redevelopment Plan Effectiveness [2,3]	July 19, 2017
Receive Tax Increment [3]	July 19, 2027
Eminent Domain Authority[4]	Expired
Financial Limits	
Bonded Indebtedness [5]	N/A
Tax Increment [6]	$100,000,000

[1] On October 23, 2006 the City Council adopted Ordinance No.CS 874 pursuant to Senate Bill 211 eliminating the Agency's time limit to incur debt.

[2] Assembly Bill 1290 amended Section 33333.6 of the California Community Redevelopment Law allowing redevelopment agencies to impose new time limitations upon redevelopment plans adopted prior to December 31, 1993. The timeframe for redevelopment agencies to adopt an ordinance establishing or amending time limits was one year. Assembly Bill No. 1342, which became effective in January of 1999 gave redevelopment agencies another chance to adopt an ordinance extended the time limits in their redevelopment plans. The City Council adopted Ordinance No. CS 779, pursuant to Assembly Bill 1342, approving a five year extension to the Redevelopment Plan on November 22, 1999.

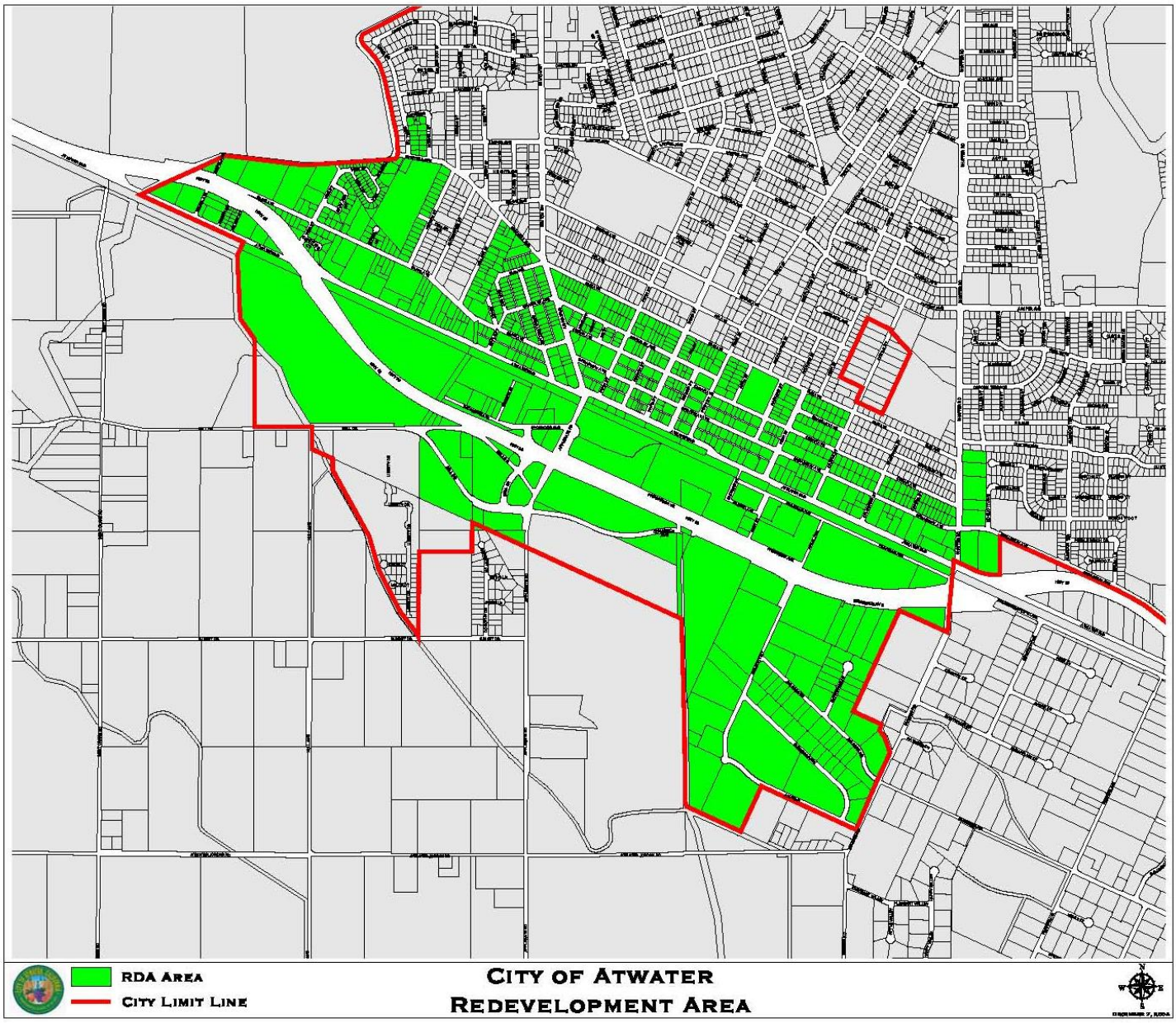
[3] On October 23, 2006 the City Council adopted Ordinance No.CS 875 pursuant to Senate Bill 1045 extending the Redevelopment Plan's effectiveness and receipt of tax increment time limit by one year.

[4] On August 26, 1991 the City Council adopted Ordinance No. CS 675 setting an expiration date on the use of eminent domain in the Project Area as September 4, 2003.

[5] Section 33334.1 requires that a limitation on the amount of bonded indebtedness shall be established on all redevelopment plans adopted on or after October 1, 1976. This requirement does not apply to the Agency since the Redevelopment Plan was adopted prior to October 1, 1976.

[6] On August 26, 1991 the City Council adopted Ordinance No. CS 675 setting a not to exceed cumulative tax increment total of $100 million commencing with fiscal year 1986-87.

The Project Area consists of a downtown commercial core, the Applegate Business Park, the Atwater Business Park, two public parks and several residential neighborhoods. The Project Area is approximately 806 total acres. The Project Area includes the oldest residential sections of the city as well as the newest business parks.



RECENT REDEVELOPMENT ACCOMPLISHMENTS

The Public Value & Benefit of Redevelopment

In the last five years, the Agency has championed many successful projects and programs in the Project Area:

Downtown Street and Façade Improvements. This was the original redevelopment project for the City, which included construction of covered canopies and facades along Broadway Avenue in downtown Atwater. The project also included landscaping, streetscape improvements such as trash receptacles and benches, and decorative street lighting. Prior to completion of this project, downtown Atwater had very high vacancy rates approaching 15%. With the improvements to downtown, the overall vacancy rate of the area dropped to 2%. This area is still a very active employment area and often works as a business incubator for small business start-ups.

First Time Homebuyer's Program and Housing Rehabilitation Program. The First Time Homebuyer's Program and Housing Rehabilitation Program have a variety of funding sources aimed at providing low- and very low-income residents the opportunity to purchase their first home or make necessary repairs to their homes. Community Development Block Grant (CDBG), Home Partnerships (HOME), and CalHOME have provided the City of Atwater with funding to underwrite quality loans that meet the homeowner's financing needs without imposing excessive financial burdens. Local residents who qualify financially can apply for a zero interest, deferred payment loan for gap financing or to make repairs such as building code and safety issues, plumbing or electrical repairs, roof replacement or repair, installation of central heating and/or air, interior and exterior painting, and installation of vinyl floor or carpet. The term of the loans are 30 years unless the home is sold, transferred, or the resident no longer resides in the home. The current funding sources in 2009-2010 are: $800,000 in HOME funds and $600,000 in CalHOME funds awarded in 2008 by the California Department of Housing and Community Development.

Atwater Business Park

In the mid 1990's, the City undertook redevelopment of the municipal airport for the development of a business park through the use of redevelopment bonds. After the closure of Castle Air Force Base it was determined that the City no longer needed the airport. The Agency provided funding to install roadway construction, sewer mains, water mains, natural gas, phone, electrical, and storm drainage to convert the area into productive uses. The area now is home to many of the largest employers in the City including NCI Building System, West Mark, G&G Construction, Kings View, MB Sport Boats, Certified Stainless Steel, Wake Craft Boats, and many others

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Grant Procurement

The Agency was able to complete reuse studies for properties in the Project Area by securing various grant funds. The Agency recently completed the Downtown Revitalization Strategy, Affordable Housing Feasibility Study, Community Center Master Plan Feasibility Study, and the Business Incubator Feasibility Study. These studies identify areas that need redevelopment and describe the type of improvements needed to stimulate economic development and promote affordable housing development.

REDEVELOPMENT PLAN GOALS

Community Reinvestment and Revitalization

Adopted in 1976, the Redevelopment Plan establishes five primary goals for redevelopment of the Project Area which frame the near term redevelopment objectives for the Implementation Plan period. The Redevelopment Plan goals are listed below:

Private and Public Sector Investment. Encourage the redevelopment of the Project Area subject to and consistent with the City's General Plan and/or Specific Development Plans as may be adopted from time to time through the cooperation of private enterprise and public agencies.

Rehabilitate Properties. Stimulate and provide new investment opportunities by revitalizing property characterized by deterioration or blight. To encourage continued investment in older residential areas of the City and remedy, remove and prevent blight and economic obsolescence in residential, commercial and industrial areas.

Invest in Public Infrastructure. Provide public infrastructure improvements and community facilities, such as the installation, construction, and/or reconstruction of streets, utilities, public buildings and facilities (such as facilities for pedestrian circulation and parking facilities), storm drains, utility undergrounding, or structures, street lighting, landscaping and other improvements which are necessary for the effective redevelopment of the Project Area.

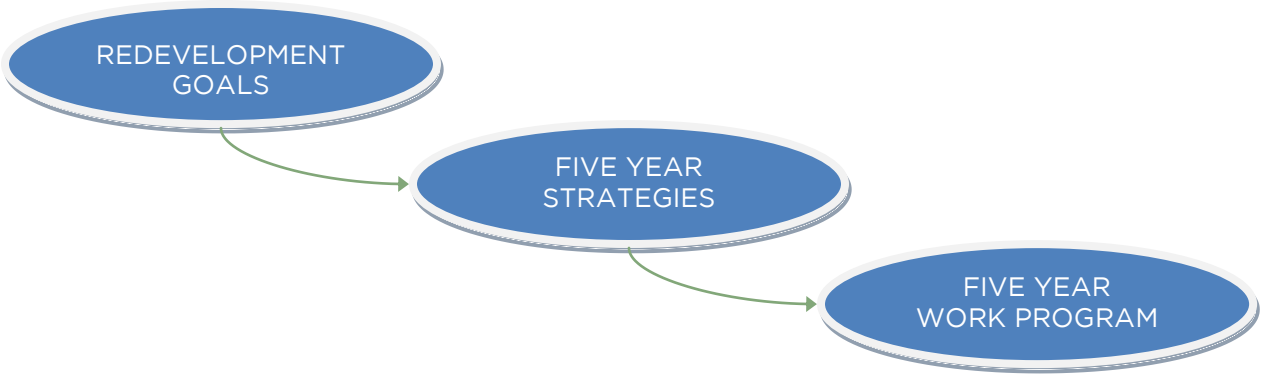
Together as a Team. Encourage joint efforts and cooperative efforts among property owners, tenants, businesses and public agencies to achieve desirable economic development goals and programs and to reduce or eliminate existing blighting conditions.

Housing for All. Facilitate provision of a range of housing by location, type, and price to meet the growth needs of the City. Promote affordable housing opportunities in compliance with the CRL and promote rehabilitation of existing housing stock where appropriate.

FIVE YEAR REDEVELOPMENT STRATEGIES

Purposeful and Deliberate

To implement the redevelopment goals of the Agency, this Implementation Plan establishes a set of core redevelopment strategies for the next five years, creating a foundation for a five year action plan of projects and programs.



Much of the Agency's success depends on its ability to time projects to market opportunities, anticipate and respond quickly to the needs of investors, and build bonding capacity to support new development and public improvements. The Agency's five year strategies are designed to maximize the Agency's responsiveness to market opportunities, manage public and private risk, and facilitate the creation of public improvements and affordable housing.

STRATEGY I: Agency Planning and Financial Oversight

I.A Explore funding opportunities that can be matched with redevelopment monies for infrastructure, economic development, affordable housing, open space, and other community needs in the Project Area.

I.B Retain a grant writer to assist the Agency and the City with grant preparation and exploring grant opportunities.

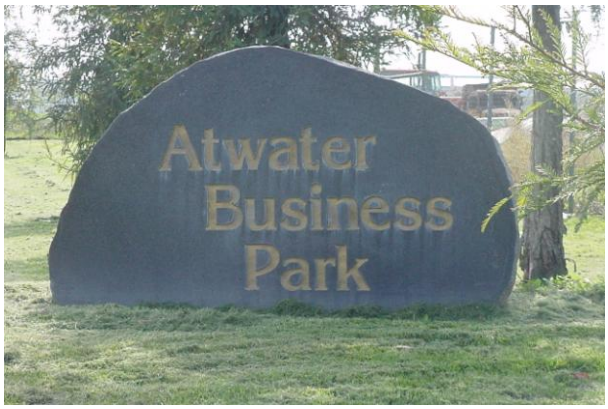
I.C Examine and recommend strategies to the Agency's financial and planning constraints stemming from the Redevelopment Plan financial and time limitations.

STRATEGY II: Encourage and Aid Economic Development in the Project Area

II.A Encourage business retention, expansion, and recruitment by collaborating with the Economic Development Department to promote development and growth of new and existing businesses, industries, and jobs.

II.B Assist with the revitalization of downtown Atwater by upgrading existing commercial properties and assisting growth of small businesses in the Project Area.

STRATEGY III: Improve and Develop Project Area Infrastructure, Eliminate Dangerous and Hazardous Buildings, and Improve and Develop Commercial Centers



III.A Implement infrastructure improvements to develop business parks and commercial projects in the Project Area.

III.B Team with the Code Enforcement Department to identify and eliminate blighted buildings in the Project Area.

III.C Facilitate infrastructure improvements to encourage private development in the Project Area.

REDEVELOPMENT WORK PROGRAM

Five Year Work Program for Reinvestment & Revitalization

Over the next five years, the Agency plans to implement the following redevelopment projects and programs. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved[1]. Preliminary cost estimates represent the total project cost and not the total non-housing fund contribution. Non-housing fund contributions will be allocated as funds become available and combined with other financing sources.

Project/Description	Preliminary Cost Estimates	Goals Achieved
Atwater Boulevard – Winton Way Applegate Improvement Project This improvement project will improve levels of service and pedestrian safety at the major intersection located at Atwater Boulevard and Winton Way. The project will add dedicated turn lanes and additional travel lanes and improve the timing and synchronization of the intersection signal light. The intersection is the primary connection between the Downtown Core and the newest commercial and industrial areas on the south side of Highway 99. The project will also include a gateway enhancement at the southeast corner of Atwater Boulevard and Winton Way, signifying the entrance into the City and Downtown Core. The total project cost is anticipated to be $2.0 million with approximately $1.6 million funded by Agency Bonds and about $400,000 funded by Prop 1B transportation funds. Completion of this project would improve public infrastructure, encourage economic development leading to increased lease rates and decreased vacancy rates, and increase public safety. *Timeframe.....2009-2014*	$2,000,000	INVEST ACCESS

[1] Costs are subject to change, and completion of these projects may require future action by the Agency.

Project/Description	Preliminary Cost Estimates	Goals Achieved
Downtown Core Revitalization Downtown Atwater is an underutilized portion of the city and revitalization is needed to breathe new life into the area. In 2007, the Agency was awarded a Community Development Block Grant for the preparation of a Revitalization Strategy focusing on Broadway Ave – the Core Downtown Area. This plan identified the need to develop and implement a new Streetscape Plan. In 2009, the City and Agency applied for and received an additional Planning and Technical Assistance Grant from the Community Development Block Grant Program to develop the concept into a more formal design. The streetscape concept addresses landscaping, lack of open and public spaces, new lighting, pedestrian safety, selection of new benches and trash receptacles as well as water drinking fountains, street trees, and entry monuments at Broadway Avenue and Winton Way. The Agency will provide infrastructure improvements to eliminate deterrents to and encourage private investment in the downtown. The project is anticipated to cost $1.75 million and will be funded by $1.0 million of redevelopment bonds and the remainder from other financing sources (CDBG, USDA, ARRA, and ISTEA). Completion of this project would improve public infrastructure, encourage economic development leading to increased lease rates and decreased vacancy rates, and create public space. *Timeframe.....2009-2014*	$1,750,000	INVEST PRESERVE ACCESS
Creamery Building Reuse – Teen Center The former Creamery Building site located along Broadway Avenue and Atwater Boulevard has been out of operation for many years. The Agency will acquire the 2.4 acre site and redevelop into a Teen Center. The Teen Center will include amenities such as a city park, open space, and recreational facilities that may be utilized by the community. The total project cost is anticipated to be $12.0 million, with $100,000 funded through tax increment financing. The Agency will combine redevelopment tax increment monies with grants (Prop 84, Prop 40, Community Development Block Grant, Economic Development Administration, and United States Department of Agriculture grants) to fund the project. Completion of this project will remove hazardous waste, demolish unsafe buildings, and provide a community facility. *Timeframe.....2009-2014*	$12,000,000	INVEST COLLABORATE

Project/Description	Preliminary Cost Estimates	Goals Achieved
Olive Avenue to Atwater Boulevard Roadway Transition Project Access into downtown Atwater from Highway 99 is difficult and deters vehicles from stopping to shop and dine in the area. The Agency will facilitate a new interchange at Bellevue Road and West Side Boulevard providing a direct connection from Highway 99 into downtown Atwater. This project will also alleviate traffic congestion along the residential portion of Olive Avenue, currently used as a bypass road for traffic in and out of downtown. A new traffic signal at Olive Avenue and Winton Way will be installed to increase vehicular safety and improve traffic congestion. The Agency will couple redevelopment tax increment monies with other funding sources (CALTRANS, local transportation funds, and development impact fees) to fund the project. The total Agency investment is anticipated to be $100,000 for planning and engineering studies. Completion of this project will improve infrastructure deficiencies, improve circulation, and boost the local economy by providing easy access to the area. *Timeframe.....2009-2014*	$4,000,000	ACCESS INVEST
Atwater Boulevard Streetscape and City Entrance Monuments In 2004, the Agency and the City completed the City Entrances – Atwater Boulevard Streetscape Revitalization Plan. The purpose of the Plan is to establish a strategy defining the entrance to Atwater and setting it apart from other areas. The Plan provides conceptual designs, identifies infrastructure deficiencies, and estimates project costs. The project will include adding city entrance enhancements such as signage and landscaping at the Business 99 – Atwater Boulevard Exits. Along Atwater Boulevard key intersections will have raised medians with landscaping which will help improve vehicular safety by providing a dedicated turn pocket and pedestrian landings. The project will also include street tree planting easements and street trees in center medians to create a boulevard corridor effect and help screen overhead utilities. This project will be completed in phases in conjunction with funding availability. The total project will cost approximately $1.0 million with approximately $250,000 funded by tax increment funds and the remainder coming from other funding sources such as ISTEA. Completion of this project would improve public infrastructure, encourage economic development leading to increased lease rates and decreased vacancy rates, and increase public safety. *Timeframe.....Ongoing*	$1,000,000	INVEST COLLABORATE

Project/Description	Preliminary Cost Estimates	Goals Achieved
Bell Drive Park The Agency will facilitate the development of recreational open space on a 4.09 acre agency owned property. The site has been earmarked for the expansion of Highway 99 as part of rechanneling the highway and building the Applegate Interchange. A portion of the site may be used for entry monument signifying arrival into the community. The Agency anticipates contributing $25,000 into the project. The remainder of the project will be funded through Prop 84, Prop 40, and other financing sources. Completion of this project will provide public facilities. *Timeframe.....2009- 2014*	$1,000,000	INVEST COLLABORATE
Total Preliminary Cost Estimate	**$21,750,000**	

AFFORDABLE HOUSING PROGRAM

Five Year Work Program for Balanced Communities

Over the next five years, the Agency plans to implement the following affordable housing projects and programs. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the achieved Redevelopment Plan goals. Preliminary cost estimates represent the total project cost and not the total housing fund contribution. Housing fund contributions will be allocated as funds become available and combined with other financing sources.

Project/Description	Preliminary Cost Estimates	Goals Achieved
Affordable Housing New Construction The Agency will explore opportunities to assist housing developers with the construction of new affordable multifamily rental housing units which achieve long-term income restricted covenants. The Agency may provide assistance which can be leveraged with other public funding resources. Completion of this project will create affordable housing. *Timeframe.....2014*	$200,000	LIVE INVEST
Rehabilitation Program The Agency may work in connection with property owners to rehabilitate multi-family residential properties. These properties would be rehabilitated and affordability restrictions would be established to make the units available to low income families for a period of 55 years. This project will alleviate blighting conditions including old and deteriorating structures.	$1,000,000	LIVE PRESERVE
Infill Housing Program The Agency is actively seeking locations to develop infill housing projects. The Agency is aggressively trying to meet affordable housing mandates and unit production in the Project Area. Completion of this project would create affordable housing. *Timeframe.....Ongoing*	To Be Determined - As Funds Become Available	LIVE PRESERVE
Total Preliminary Cost Estimate	**$1,200,000**	

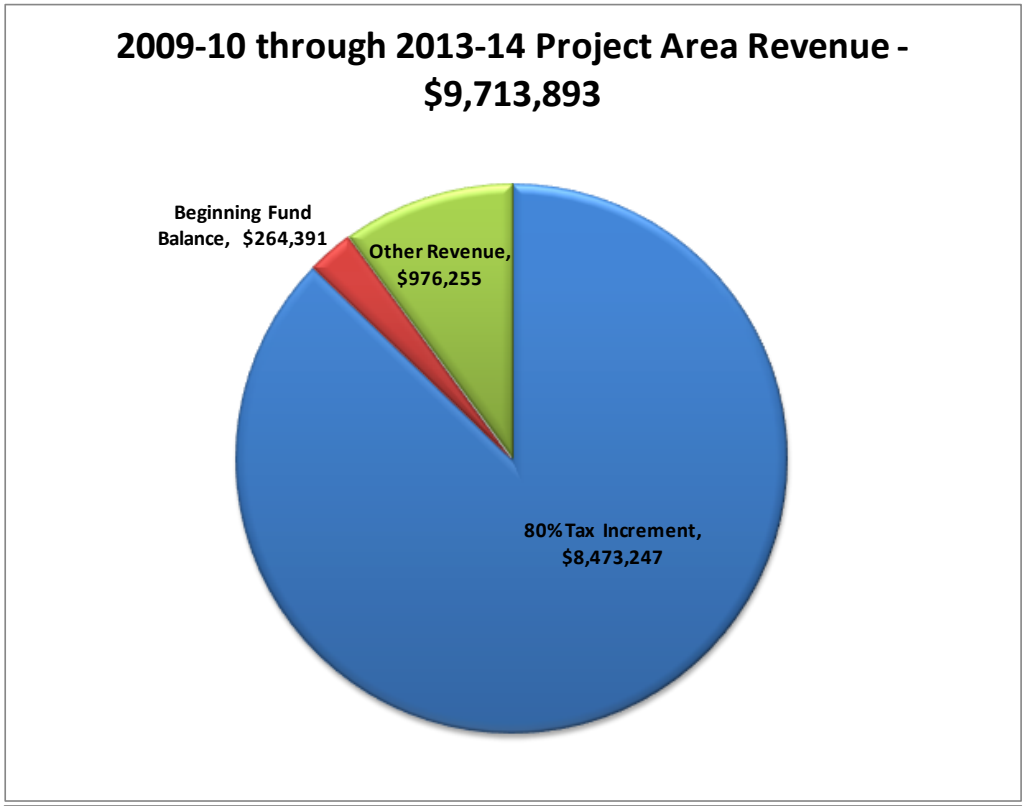
NON-HOUSING FUND

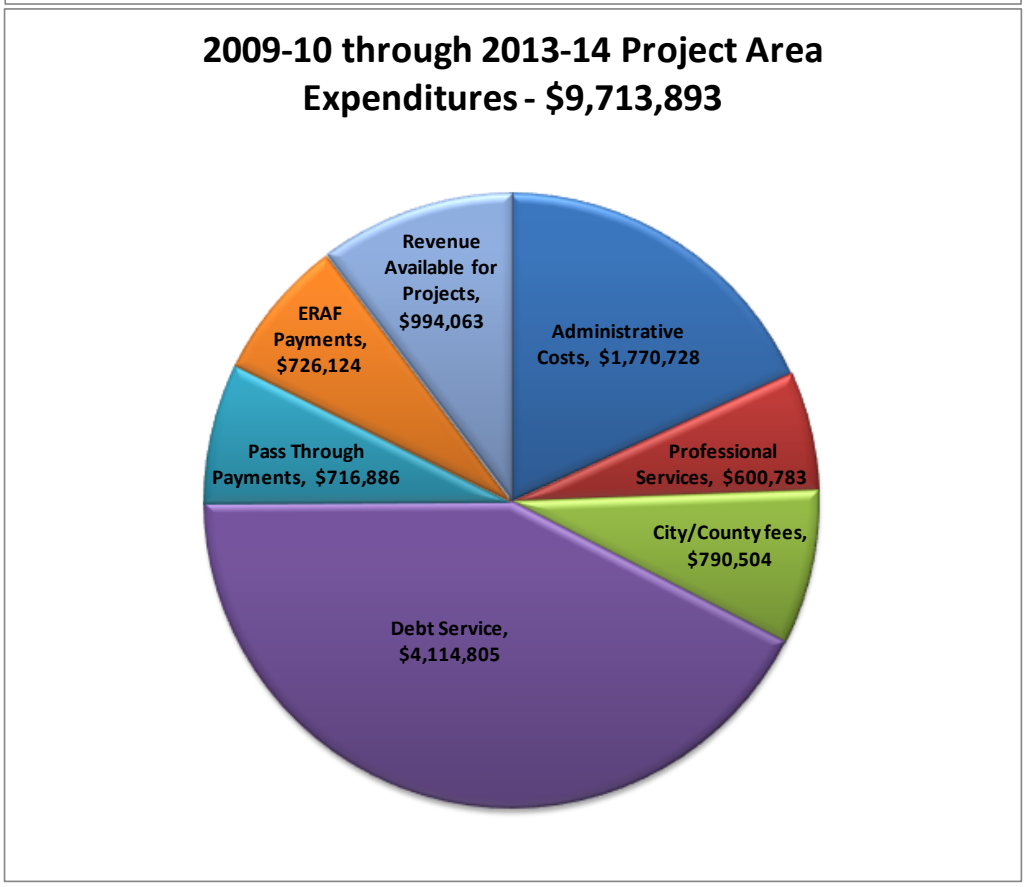
Five Year Projection

The charts on the following page present the Agency Non-Housing Fund's five-year projected revenues and expenditures for redevelopment activities during the Planning Period. Tax increment revenue projections were based on a 2% growth rate, reflective of the current market conditions. Other sources of revenue include loan repayments, rental/lease income, and various fees. Expenses include bond debt service payments, administrative expenses, Supplemental Educational Revenue Augmentation Fund ("SERAF") payments, statutory pass-through payments, and other debt obligations. The cash flow analysis indicates the Agency will have a little less than $1 million to support all proposed projects and programs during the Planning Period. The proposed projects and programs total $21.8 million and the Agency will seek additional funding sources to support costs. The Agency will look at other funding sources to help fund projects and programs. The Agency will not expend funds that are not available.

Due to the State's continued effort to take redevelopment funds to balance the State Budget, the Agency is mandated to make an additional SERAF payment of $602,252 during 2009-10 and $123,872 in 2010-11. The California Redevelopment Association filed a lawsuit on behalf of all redevelopment agencies asserting that the take from redevelopment is unconstitutional based on the CRL. Within the budget there is a provision by which the Agency has the option to use housing set-aside contributions in order to assist the SERAF shift, however, the loan will need to be repaid by June 30, 2015. The loan could potentially delay housing programs and projects anticipated over the next five year period.

While the California Redevelopment Association believes this shift of tax increment from redevelopment falls under the same circumstances as the previous attempt by the State in 2008-09, the Agency could potentially lose up to $726,124 to SERAF shifts over the next two years. These shifts of dollars from redevelopment will impact the Agency's ability to complete projects both committed and anticipated over the next five year period.


2009-10 through 2013-14 Project Area Revenue - $9,713,893
Beginning Fund Balance, $264,391
Other Revenue, $976,255
80% Tax Increment, $8,473,247


2009-10 through 2013-14 Project Area Expenditures - $9,713,893
Revenue Available for Projects, $994,063
ERAF Payments, $726,124
Administrative Costs, $1,770,728
Pass Through Payments, $716,886
Professional Services, $600,783
City/County fees, $790,504
Debt Service, $4,114,805

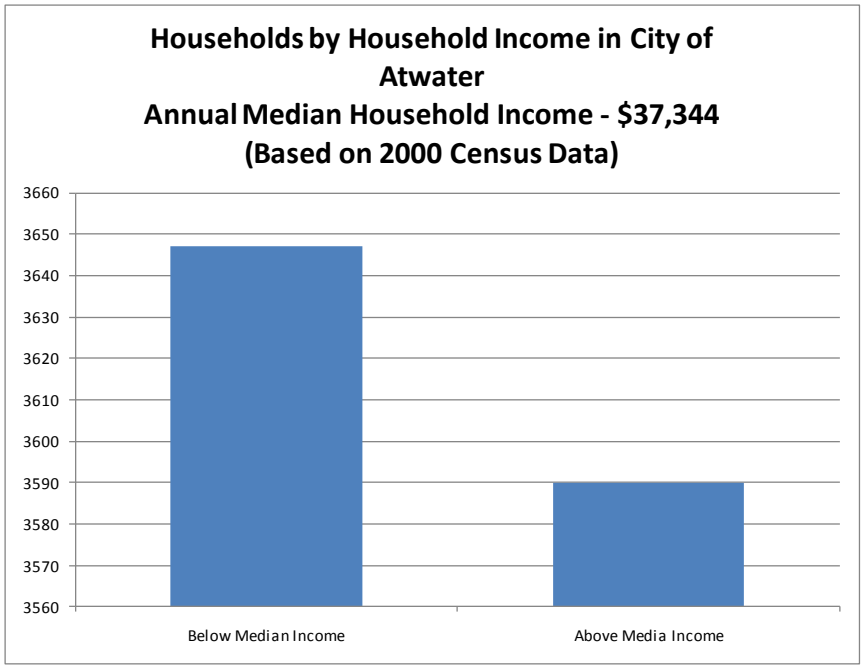
AFFORDABLE HOUSING COMPLIANCE PLAN UPDATE

FY 2004-05 THROUGH 2013-14

HOUSING PROGRAM COMPLIANCE OBJECTIVES

Creating Balanced Communities

The CRL requires all redevelopment agencies to prepare and adopt affordable housing compliance plans on a ten year cycle, with updates corresponding with adoption of their five year implementation plans. The housing compliance plan must identify how a redevelopment agency will achieve the affordable housing production requirements for its redevelopment project area. The housing compliance plan must be consistent with the jurisdiction's housing element and must also be reviewed and, if necessary, amended at least every five years in conjunction with the cyclical preparation of the housing element or the agency's five year implementation plan. This section of the Implementation Plan, referred to as the "Housing Compliance Plan", addresses specific requirements in the CRL with respect to prior affordable housing activities and the anticipated housing program for the current ten-year planning period (fiscal years 2004-05 to 2013-14) ("Compliance Period"). This Housing Compliance Plan amends the Affordable Housing Compliance Plan adopted July 9, 2007 and presents an updated affordable housing plan through the duration of the Compliance Period. Additionally, the Housing Compliance Plan evaluates the Agency's affordable housing requirements for the next nine years (FY 2009-10 through 2017-18) through the remaining life of the Redevelopment Plan.



The Agency is required to set aside 20% of the tax increment revenue it receives from the Project Area into a special fund for housing ("Housing Fund") to be utilized to increase and improve the community's supply of affordable housing to targeted income groups pursuant to the CRL. The Agency has the authority to expend Housing Fund dollars either inside or outside the Project Area to more effectively meet housing program objectives. Section 33413(b)(2)(A)(ii) of the CRL provides that the Agency's obligations under Section 33413 may be met by providing affordable housing outside the Project Area on a two-for-one basis. During the adoption process of the Project Area, the Agency adopted the appropriate resolution to allow the Agency to expend its 20% housing set-aside money outside the Project Area. Based on 2000 Census data, over half of the community's population earns less than the median annual income. This illustrates the need for affordable housing production both inside and outside the Project Area.

Redevelopment agencies use implementation plans to establish ten-year objectives to achieve compliance with the CRL in its affordable housing programs. These generally fall into three categories:

- Housing Production – Based on the number of housing units constructed or substantially rehabilitated over a ten-year period and the effectiveness (term) of a redevelopment project area. A redevelopment agency is required to ensure that a percentage of these units are made available and affordable to low and moderate income households. These required affordable units are typically referred to as "Inclusionary Units".

- Replacement Housing – Another legal obligation for redevelopment agencies to ensure that any housing units occupied by low or moderate income persons destroyed or removed as a result of an agency redevelopment project are replaced within four years.
- Expenditures by Household Types – Specific requirements on the amount of housing set-aside an agency must spend over a ten-year period on housing affordable to very low income households, low income households, and housing for residents under the age of 65.

HOUSING PRODUCTION

Since 1976, redevelopment agencies have been required to assure that at least 30% of all new or substantially rehabilitated units developed by an agency are available at affordable costs to households of very low, low, or moderate income. Of this 30%, not less than 50% are required to be available at affordable costs to very low income households. Further, for all units developed in the project area by entities other than an agency, the CRL requires that at least 15% of all new or substantially rehabilitated dwelling units within the project area be made available at affordable costs to low or moderate income households. Of these, not less than 40% of the dwelling units are required to be available at affordable costs to very low-income households. These requirements are applicable to housing units as aggregated, and not on a project-by-project basis to each dwelling unit created or substantially rehabilitated unless so required by an agency.

To estimate the number of housing units that need to be affordable to low and moderate income households, the Agency estimated the total number units to be constructed or substantially rehabilitated in the Project Area and applied formulas established in the CRL. The following inclusionary housing analysis takes into account all residential construction or substantial rehabilitation that occurred within the Project Area since the Project Area's adoption to determine affordable housing production needs. It includes figures for existing residential construction and substantial rehabilitation and makes projections for the number of additional dwelling units to be constructed or substantially rehabilitated during the Compliance Period, the next ten years, and over the life of the Redevelopment Plan.

The previous AB315 Compliance Plan completed in 1994 identified that the Agency was meeting inclusionary housing requirements. The Agency was unable to locate any documentation or affordability covenants ensuring that the information presented in the previous plan was correct. This Housing Compliance Plan does not account for the inclusionary units presented in the AB315 Compliance Plan to ensure that units counted have affordability restrictions compliant with the CRL. As a result, the Agency's affordable housing obligations for the prior planning period were not satisfied. Inclusionary housing obligations incurred prior to 1994 must be satisfied by the end of the Redevelopment Plan effectiveness (July 2017) and obligations incurred in the 1994-2003 ten year period must be satisfied prior to meeting the requirements of the current Compliance Period.

Table 2 presents the affordable housing production needs from the inception of the Project Area through fiscal year 2003-04, from fiscal years 2004-05 through 2013-14, and for the remaining life of the Redevelopment Plan. Thus far in the Compliance Period, the Agency has incurred an inclusionary housing need of four affordable units of which one must be affordable to very low income households. Over the remaining five years of the Compliance Period, the Agency is anticipated to incur an additional need of 31 units of which 12 units are affordable to very low income households. The total inclusionary housing need during the planning period totals 35 affordable units with 14 units affordable to very low income households. Over the life of the Redevelopment Plan, the Agency is anticipated to incur a total inclusionary housing need of 108 affordable units of which 43 units must be affordable to very low income households.

Housing Production Needs by Time Period			Table 2
Atwater Redevelopment Agency			
Time Period	Units Produced or Substantially Rehabilitated[1]	Affordable Housing Requirement[2]	
		Total	Very Low Income
1976 - 1993	402	60	24
1994- 2003	24	4	1
2004-2014	231	35	14
2004-2009	*26*	*4*	*2*
2010-2014	*205*	*31*	*12*
2015 - 2017	63	9	4
Total Units	720	108	43

[1] Based off of building permit data, Metroscan data and staff estimates.

[2] Based on 15% of assumed units developed by entities other than the Agency and 40% of those units must be very low. The Agency has not directly developed affrodable housing units in the Project Area.

Table 3 summarizes the production goals over various time periods as required by the CRL. The number of affordable units required is based on statutory thresholds, and the Agency is responsible for ensuring that the appropriate number of affordable units is created during the Compliance Period.

- From inception through fiscal year 1993-94, the Agency was required to generate 60 affordable units of which 24 needed to be affordable to very low income households. During this period no units were produced in the Project Area, resulting in a unit deficit of 60 low and moderate income units and 24 very low income units. These units were incurred prior to the requirement to satisfy affordable housing obligations in a ten year planning period and must be satisfied by the end of the Redevelopment Plan effectiveness in July 2017.
- From fiscal year 1994-95 through fiscal year 2003-04, the Agency was required to generate four affordable units of which one needed to be affordable to very low income households. During this period no affordable units were produced in the Project Area, resulting in a deficit of units. However, since this period the Agency has satisfied one low and moderate income affordable housing covenant reducing the deficit to three affordable units and one very low income unit.
- During the first five years of the Compliance Period (fiscal year 2004-05 through 2008-09), the Agency was required to generate four affordable units of which two needed to be affordable very low income households. During the Compliance Period, one affordable housing covenant was acquired outside of the Project Area (half credit) and one was applied to the 1994-95 through 2003-04 planning period deficit.[2] The remaining deficit in the Compliance Period is four affordable units and two very low income units.

[2] Inclusionary housing units outside of the Project Area may be counted on a 2-for-1 basis (half credit).

During the remaining Compliance Period (fiscal year 2009-10 through 2013-14), the Agency is estimated to incur an affordable housing requirement of 31 affordable housing units of which 12 need to be affordable to very low income households. During this period the Agency anticipates the construction of the Gateway Terrace project and the Cedar Avenue and 1st Street project which would create 100 affordable units.

- During the last two years of the Redevelopment Plan's effectiveness (fiscal year 2014-15 through 2016-17) the Agency is estimated to incur an affordable housing requirement of nine affordable housing units of which four need to be affordable to very low income households.

Fulfillment of Housing Production Needs by Time Period — Table 3

Atwater Redevelopment Agency

	Required Affordable Units		Units Produced and/or Applied to Period[2]		Remaining Balance Surplus/(Deficit)	
Time Period	Total	Very Low	Total	Very Low	Total	Very Low
1976 - 1993[1]	60	24	0	0	(60)	(24)
1994 - 2003	4	1	0.5	0	(3)	(1)
2004 - 2014	35	*14*	0	0	(35)	(14)
2004-2009	*4*	*2*	*0*	*0*	*(4)*	*(2)*
2010-2014	*31*	*12*	*0*	*0*	*(31)*	*(12)*
2015 - 2017	9	4	0	0	(9)	(4)
Total Requirement	108	43	0.5	0	(108)	(43)

[1] Units required during this period to satisfy AB 315 provisions must be met by 2017.

[2] The Agency began acquiring covenanted units on affordable housing projects in 2004 and the four required units in the 1994-2003 period must be satisfied first.

REPLACEMENT HOUSING

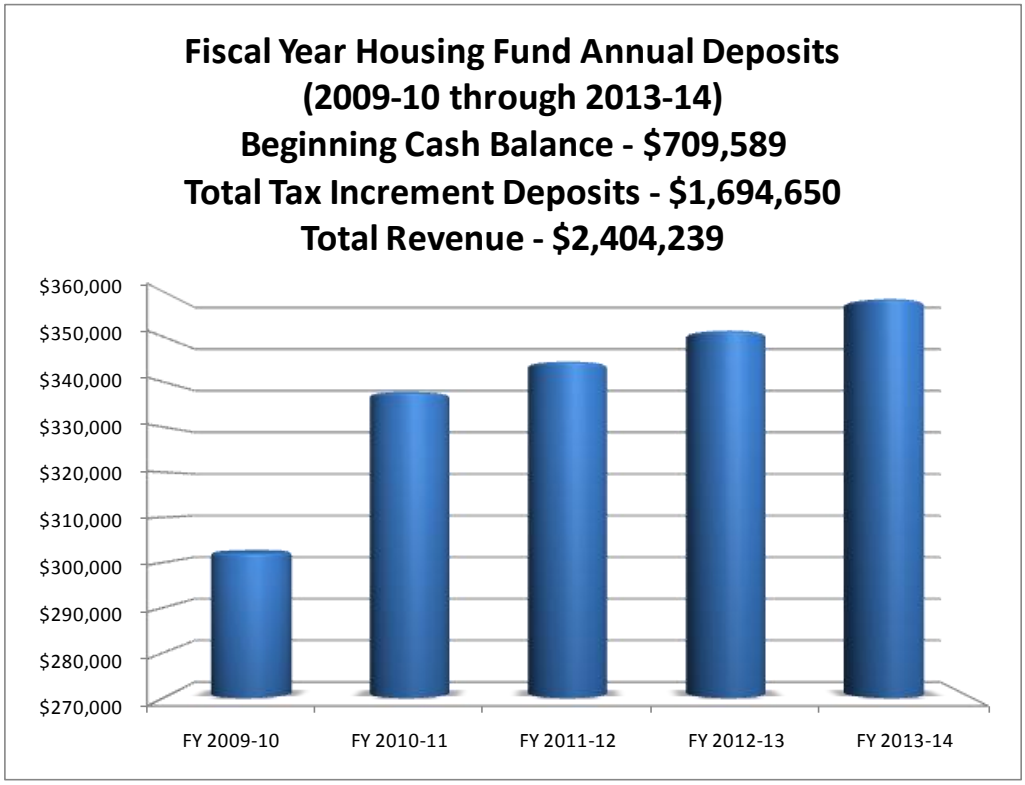
The CRL requires that whenever housing occupied by low and moderate income persons or households are destroyed as part of an Agency project, the Agency is responsible for ensuring that an equivalent number of replacement units are constructed or substantially rehabilitated. These units must provide at least the same number of bedrooms destroyed, and 100% of the replacement units must be affordable to the same income categories (i.e. very low, low, and moderate) as those removed. The Agency receives a full credit for replacement units created inside or outside the Project Area.[3]

During the Compliance Period, the Agency does not anticipate that any Agency-assisted projects will result in the displacement or removal of housing units. Consequently, the Agency does not anticipate that any housing will need to be replaced at this time.

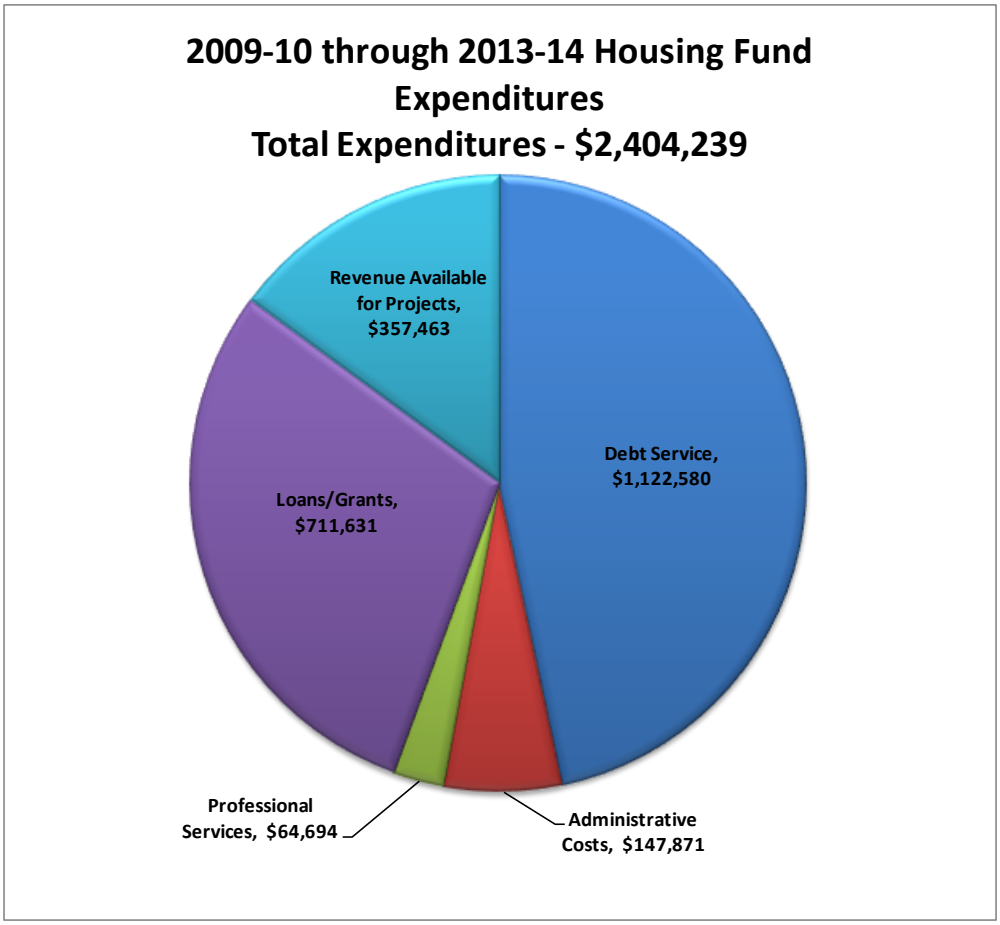
[3] Prior to January 1, 2002, 75% of all replacement units must be of the same income category or a lower income category as those persons or households displaced.

HOUSING FUND

The Agency's primary source of funding for housing projects and programs is the annual deposit of 20% of its tax increment revenue into the Housing Fund. The CRL requires that these funds be used to increase, improve, and preserve the community's supply of affordable housing available, to persons and families of very low, low, and moderate incomes. The following chart illustrates the annual tax increment deposits into the Housing Fund over the next five-years. Tax increment revenue projections were based off a 2% annual growth rate, reflective of current market conditions. Expenses include bond debt service payments, administrative fees, and projected project/program costs.



The following chart illustrates the Agency's Housing Fund expenditures over the next five years. Expenditures include debt service and administrative costs. After required expenditures, the Agency has $357,463 available for housing projects during the Compliance Period. The Agency will not use the Housing Fund to make SERAF payments.



EXPENDITURES BY HOUSEHOLD TYPES

At a minimum, the Agency's low and moderate income housing set aside revenue is to be expended in proportion to the community's need for very low and low income housing, as well as the proportion of the low income population under the age of 65.

The community's proportionate need is based on statistics from Merced County Association of Governments ("MCAGOV"), used by local government to meet state requirement for affordable housing by category, and the United States Department of Housing and Urban Development Comprehensive Housing Affordability Strategy ("CHAS") allocation numbers. The following chart represents the minimum Housing Fund expenditure thresholds for very low and low income households and households under age 65, and the maximum Housing Fund expenditure thresholds for moderate income households and households over age 65 required over the term of the Compliance Period. The table details the Agency's Housing Fund expenditures during the first five years of the Compliance Period and the annual projected expenditures during the remainder of the Compliance Period.

2004-05 Through 2013-14 Proportional Expenditure — Table 4

Atwater Redevelopment Agency

Income Category	2007-2014 RHNA Allocation	Targeting Requirement	2004-2005 through 2008-2009	2009-2010 through 2013-2014	Compliance Period Expenditure	Compliance Period %
Very Low	517	37%	$38,353	$156,306	$194,659	37%
Low	402	29%	$130,289	$22,281	$152,570	29%
Moderate	488	34%	$0	$178,876	$178,876	34%
Total	1,407	100%	$168,642	$357,463	$526,105	100%

Income Category	CHAS Allocation	Targeting Requiremnt	2004-2005 through 2008-2009	2009-2010 through 2013-2014	Compliance Period Expenditure	Compliance Period %
Non-Senior	2,258	81%	$139,517	$286,628	$426,145	81%
Senior	539	19%	$29,125	$70,835	$99,960	19%
Total	2,797	100%	168,642	357,463	526,105	100%

[1]Data of low income households under the age of 65 is not readily available from the Census. The nearest metric for such Census data represents households under the age of 62 (available via the Comprehensive Housing Affordability Strategy at http://socds.huduser.org/chas/index.htm

Source: MCAGOV, City of Atwater, HUD

FAMILY UNITS ASSISTED BY HOUSING SET-ASIDE FUND

The CRL requires that the Compliance Plan provide a recap of the number of the projects assisted by the Housing Fund to create extremely low, very low, and low income units over the past implementation plan period (2004-05 through 2008-09). The CRL also requires a recap of the number, location, level of affordability and the amount of Housing Funds expended on multi-family units. The following summarizes these statistics:

Units Assisted by the Housing Fund Since 2004							Table 5
Atwater Redevelopment Agency							
	Housing Set Aside Expenditures	Units Assisted by Housing Set Aside Fund					
Project/Location		Ext. Low	Very Low	Low	Moderate	Multi-Family	Senior
Affordable Housing Rehabilitation - First Time Homebuyer Assistance Program	$168,642	0	2	3	0	3	2
Total Expenditure	**$168,642** **100%**	**$0** **0%**	**$38,353** **23%**	**$130,289** **77%**	**$0** **0%**	**$139,517** **83%**	**$29,125** **17%**

HOUSING UNITS CONSTRUCTED DURING PRIOR IMPLEMENTATION PLAN WITHOUT HOUSING SET-ASIDE FUNDS

No newly constructed affordable housing units featuring long term covenant restrictions (affordable units with covenants of at least 45 years for ownership housing or 55 years for rental housing) were constructed in the Project Area during the first half of the Compliance Period (FY2004-05 to FY2008-09) using other locally controlled government assistance and without the assistance of the Agency.

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RSG
INTELLIGENT COMMUNITY DEVELOPMENT