FULLERTON REDEVELOPMENT AGENCY

FIVE-YEAR IMPLEMENTATION PLAN 2010-2014
FOR THE
MERGED FULLERTON REDEVELOPMENT
PROJECT AREA

December 15, 2009

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Implementation Plan Requirements

California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) Section 33490 requires redevelopment agencies to adopt an implementation plan for its redevelopment project areas every five years. In 1994, the Fullerton Redevelopment Agency ("Agency") adopted its initial Implementation Plan for the period 1994-1999. Subsequently, implementation plans were adopted and updated in 1999 and 2002 for the 1999-2003 implementation plan, and in 2003 and 2007 for the 2004-2009 implementation plan. Fiscal year 2009-10 marks the start of the next five-year period. Therefore, this Five-Year Implementation Plan 2010-2014 ("Implementation Plan") has been prepared.

Pursuant to the Health and Safety Code (H&SC), an implementation plan is required to contain the following:

1. Specific goals and objectives of the Agency for its redevelopment project areas;
2. Specific programs, including potential projects, and estimated expenditures to be made during the next five years;
3. An explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project areas; and
4. A discussion of how these programs will implement the Agency's low and moderate income housing obligations.

This Implementation Plan is a policy statement rather than a specific course of action; in some cases, it does not identify specific project locations. It has been prepared to set priorities for redevelopment activities within redevelopment project areas over a five-year period and incorporate a program of activities to accomplish revitalization efforts within the constituent project areas. New opportunities and issues will almost assuredly be encountered during the course of administering the redevelopment plans during the five-year period. Therefore, this Implementation Plan will not precisely identify all activities or expenditures.

Redevelopment Project Areas

In December 2006, the Agency's four existing redevelopment project areas (Orangefair Redevelopment Project Area, Central Fullerton Redevelopment Project Area, East Fullerton Redevelopment Project Area and Redevelopment Project Area No. 4) were merged and amended into the Merged Fullerton Redevelopment Project Area ("Merged Project Area"). The merger amendment provided for greater efficiency in administering and financing the existing redevelopment plans, allowing the Agency to prioritize projects and expend tax increment revenues in any of the projects areas.

The four constituent redevelopment project areas are:

1. Orangefair (Project Area No. 1): Adopted in 1973, the Orangefair project area consists of commercial parcels adjacent to the intersection of Harbor Boulevard and Orangethorpe Avenue. The redevelopment plan will expire in 2016.

2. Central Fullerton (Project Area No. 2): Adopted in 1974, the Central Fullerton project area was created to revitalize the City's downtown. In addition to retail and restaurant uses, the downtown includes the Fullerton Transportation Center and civic uses. The redevelopment plan will expire in 2017.

3. East Fullerton (Project Area No. 3): Adopted in 1974, the East Fullerton project area was created for the purpose of providing a funding source for public improvements of community benefit for which other sources of financing were unavailable. The redevelopment plan will expire in 2017.

4. Project Area No. 4 (Non-Contiguous): Adopted in 1991, this project area was created to provide assistance for commercial development in six non-contiguous different sub-areas. Most of these areas are concentrated around existing auto dealerships. This project area expires in 2031 and does not generate any tax increment.

It should be noted that on July 14, 2009, the City Council, by Ordinance No. 3130, adopted Amendment No. 1 to the Merged Project Area ("Amendment No. 1"). The sole purpose of Amendment No. 1 was to add territory to the Merged Project Area totaling approximately 1,165 acres. As of the writing of this Five-Year Implementation Plan, lawsuits have been filed challenging the validity of Amendment No. 1. At this time it is unclear as to whether Amendment No. 1 will be implemented or if the ordinance will be rescinded; therefore, the inclusion or references of Amendment No. 1 are not included in this Five-Year Implementation Plan. A five-year implementation plan was prepared for Amendment No. 1 during the adoption process and is attached as Appendix B to this Implementation Plan. If the Agency is successful in defending the validity of Amendment No. 1 in court or settling with the plaintiffs, Amendment No. 1 will be included in the mid-term update of this Five-Year Implementation Plan scheduled for Agency consideration in Fall 2012.

Agency Goals and Objectives

The Agency implements various projects and programs throughout the four constituent redevelopment project areas by way of the following three program areas: redevelopment, economic development and affordable housing. The Agency's goals include: alleviate blight, stimulate private investment, support revenue-enhancing activities and projects, upgrade public facilities, improve the City's economic base, attract and retain businesses, respond to the needs of the local economy, and provide quality affordable housing in a variety of housing types by continuing to increase, improve, and preserve the City's affordable housing supply.

Agency Programs and Projects

The Agency carries out a number of programs and projects to achieve the goals and objectives of its four constituent redevelopment project areas. The following summaries provide an overview of the types of programs and projects that will be pursued within the five-year term of this Implementation Plan.

<u>Rehabilitation Programs</u>: Administration of Agency's Seismic Rehabilitation Loan Program, Commercial Rehabilitation Loan Program, and Tenant Improvement Loan Program to provide assistance to eligible property owners, businesses and tenants.

<u>Public Facilities</u>: Continued Agency support of improvements to parks and public facilities of a community-wide benefit.

<u>Public Improvements</u>: Various physical infrastructure projects providing repairs and enhancements to streets and highways; traffic signals; street lighting; curbs, sidewalks and gutters; handicapped accessibility; and water, sewer and drainage systems will continue to be a priority of the Agency.

<u>Affordable Housing</u>: Using not less than 20 percent of revenues received by the Agency, the Agency will continue the purposes of increasing, improving, and preserving the City's supply of affordable housing. Although home ownership continues to be a target of the Agency's affordable housing efforts it is expected that affordable rental housing will be constructed over the next five years. The Agency's efforts will continue to focus on improving and expanding the City's housing stock in order to provide quality affordable housing for residents.

<u>Development and Participation Agreements</u>: Agency will continue to pursue entering into development and participation agreements to provide developer assistance through the funding of appraisals, acquisitions and land and/or lease write-downs to assist in business retention and attraction.

<u>Debt Service and Reimbursement Obligations</u>: Payment of existing Agency obligations for various bond issues and reimbursement agreements which comprise about one-half of the Agency's annual tax increment revenues.

<u>Administration</u>: Funding for Agency staff and other City department staff to administer Agency programs and projects.

Agency Expenditures

The Agency anticipates expenditures in the categories described in the previous section. The following summary of estimated expenditures has been prepared to provide an overview of likely spending trends by major category. However, new issues and opportunities will be encountered during the course of administering the redevelopment plans and therefore, expenditures estimates are not precise.

Funding Year	Capital Improvement Projects[1]	Administration and Overhead	Debt Service & Obligations	Affordable Housing	Total
2009-2010	$ 28,682,966	$ 4,814,330	$ 9,257,462	$ 3,823,260	$ 46,578,018
2010-2011	$ 24,851,612	$ 4,840,610	$ 9,427,572	$ 3,895,342	$ 43,015,136
2011-2012	$ 19,646,586	$ 4,985,830	$ 9,537,964	$ 3,968,549	$ 38,138,929
2012-2013	$ 3,320,000	$ 5,135,400	$ 9,665,470	$ 4,043,220	$ 22,164,090
2013-2014	$ 3,520,000	$ 5,289,470	$ 9,833,751	$ 4,119,384	$ 22,762,605
TOTAL	**$ 80,021,164**	**$ 25,065,640**	**$ 47,722,219**	**$ 19,849,755**	**$ 172,658,778**

1 - Capital Improvement Projects include: Public Facilities, Public Improvements, Development & Participation Agreements and Rehabilitation Programs

Affordable Housing Component

In addition to the removal of blight, a major component of redevelopment is to increase, improve, and preserve the supply of low and moderate income housing in accordance with the California Community Redevelopment Law. The responsibilities of redevelopment agencies with respect to affordable housing include: the production and/or replacement of affordable housing; the set-aside and expenditure of a certain funds for the purpose of increasing, preserving and improving the supply of affordable housing; and reporting the performance of the redevelopment agencies in achieving these objectives. This housing component of the Five-Year Implementation Plan (included in this report) fulfills the responsibility of the required reporting and addresses a variety of topics including: affordable housing program goals and objectives, affordable housing projects and expenditures, discussion of any inclusionary housing obligations (if any), identification of the set-aside and expenditure of tax increment revenue for affordable housing programs, and estimates of housing units to be developed for each income category over the time horizon of this Implementation Plan.

This Implementation Plan includes in more detail the following sections:

Section I.

1. Introduction

2. Redevelopment Project Area Descriptions
3. Agency Goals and Objectives
4. Agency Programs and Projects
5. Agency Expenditures

Section II. - Affordable Housing Component

SECTION I

- INTRODUCTION
- REDEVELOPMENT PROJECT AREA DESCRIPTIONS
- AGENCY GOALS AND OBJECTIVES
- AGENCY PROGRAMS AND PROJECTS
- AGENCY EXPENDITURES

INTRODUCTION

Effective January 1, 1994, redevelopment agencies were required to adopt a Five-Year Implementation Plan that demonstrates that redevelopment activities, projects and programs are targeting blighting conditions resulting in the elimination or prevention of blight in redevelopment project areas. Every five years, a new Five-Year Implementation Plan must be adopted following a public hearing. This Five-Year Implementation Plan has been developed for the five-year period of 2009-2010 through 2013-2014.

This Five-Year Implementation Plan is required to address several requirements of redevelopment law. This Implementation Plan consists of:

1. The goals and objectives of the Fullerton Redevelopment Agency ("Agency") and the Agency's strategy to achieve these goals and objectives;

2. A presentation of the programs and projects, including potential expenditures that are proposed as a means to attain the Agency's goals and objectives; and

3. A description of how the goals and objectives, programs, and expenditures will eliminate blight within the project areas.

Additionally, redevelopment law requires an Implementation Plan to address two main components related to housing expenditures:

1. A presentation of how the Agency's goals and objectives for housing will be implemented; and

2. An explanation of how the statutory requirements for the housing set-aside funds and expenditure of tax increment for housing purposes will be met.

Given the fluid nature of external factors that impact Agency projects and programs, this Five-Year Implementation Plan is a policy statement rather than a specific course of action. It has been prepared to set priorities for redevelopment activities within project areas over a five-year period and incorporates a program of activities to accomplish revitalization efforts for the project areas. New issues and opportunities are likely to be encountered during the course of administering redevelopment programs and projects over the next five years. Therefore, this Five-Year Implementation Plan cannot reasonably identify expenditures associated with unforeseen project opportunities. This Implementation Plan does not change the need to obtain required approvals from the Agency or City Council on future projects.

As previously mentioned, in accordance H&SC Section 33490, prior to a redevelopment agency considering adoption of an implementation plan, it shall conduct a public hearing and hear all testimony of all interested parties on the proposed implementation plan. Such public hearing shall be noticed in accordance with Section 6063 of the California Government Code. Furthermore, at least once within the five-year term of the implementation plan, each agency must conduct a public hearing and hear all testimony of all interested parties for the purpose of reviewing the redevelopment plans and corresponding implementation plan for each redevelopment area within its jurisdiction and evaluate its redevelopment effort.

MERGED FULLERTON REDEVELOPMENT PROJECT AREA

The Fullerton Redevelopment Agency has four (4) constituent redevelopment project areas:

1. Orangefair (Project Area No. 1; Harbor and Orangethorpe)
2. Central Fullerton (Project Area No. 2; Downtown)
3. East Fullerton (Project Area No. 3; Cal State Fullerton)
4. Project Area No. 4 - (Non-Contiguous; six separate sub-areas located throughout City)

A map showing the location of the four constituent redevelopment project areas is included in Appendix A of this Implementation Plan.

In December 2006, the redevelopment plans for the Orangefair Redevelopment Project Area, Central Fullerton Redevelopment Project Area, East Fullerton Redevelopment Project Area and Redevelopment Project Area No. 4 were merged and amended. The merger amendment provided for greater efficiency in administering and financing the existing redevelopment plans, allowing the Agency to prioritize projects and expend tax increment revenues in any of the projects areas located in the Merged Project Area.

It should be noted that on July 14, 2009, the City Council, by Ordinance No. 3130, adopted Amendment No. 1 to the Merged Project Area. The sole purpose of Amendment No. 1 was to add territory to the Merged Project Area totaling approximately 1,165 acres. As of the writing of this Five-Year Implementation Plan, lawsuits have been filed challenging the validity of Amendment No. 1. At this time it is unclear as to whether Amendment No. 1 will be implemented or if the ordinance will be rescinded; therefore, the inclusion or references of Amendment No. 1 are not included in this Five-Year Implementation Plan. A five-year implementation plan was prepared for Amendment No. 1 during the adoption process and is included in this Implementation Plan as Appendix B. If the Agency is successful in defending the validity of Amendment No. 1 in court or settling with the plaintiffs, Amendment No. 1 will be included in the mid-term update of this Five-Year Implementation Plan scheduled for Agency consideration in Fall 2012.

At the time of adoption, specific blighting conditions were identified (generally described as deficient physical and economic conditions) affecting each project area. Redevelopment law contains requirements for findings related to blighting conditions. While the legal definition of blight has changed over the years, each project area's blight characteristics are based upon those conditions found at the time of project area adoption. Implementation plans must demonstrate a connection with the

Agency's goals and objectives, the Agency's programs and projects, and the elimination of blight. Typical blighting conditions found throughout the Agency's four project areas included:

- Unsafe / Unhealthy structures
- Structures or developments that are physically obsolete
- Incompatible adjacent uses
- Lots of irregular shapes and sizes, and in multiple ownerships
- Inadequate infrastructure, parking facilities and utilities
- Low property values
- High vacancies, high turnover, abandoned buildings or artificially low rents (economically obsolete)
- Residential overcrowding
- High crime rate

The Agency provides funding for programs and projects in all four of the constituent redevelopment project areas. However, no tax increment is collected for Project Area No. 4. These efforts are focused on eliminating deteriorating conditions by upgrading public facilities, entering into development agreements, generating employment opportunities, and encouraging private investment in the community. To date, the Agency's programs and projects have addressed the blighting conditions described above. Furthermore, proposed programs, activities and expenditures will demonstrate the connection with the Agency's goals and objectives, the Agency's programs and projects and the elimination of blight.

Redevelopment Project Area Description

The redevelopment areas encompass a significant proportion of the commercially zoned property in the City together with the area surrounding Cal State Fullerton (East Fullerton constituent project area). As previously stated, Appendix A contains a map of the redevelopment project areas. The Agency also supports the development of affordable housing in the community. The following narrative provides a more detailed description of each of the four constituent redevelopment project areas.

Orangefair (Project Area No. 1)

Orangefair Project Area was adopted on December 18, 1973 by Ordinance No. 1941 for the purpose of improving physically and economically blighted area surrounding the intersection of Harbor Boulevard and Orangethorpe Avenue, extending north on Harbor Boulevard toward the Downtown. The project area contains approximately 183 acres. At the time of adoption, the project area featured a mix of low end strip commercial businesses, non-conforming industrial uses, and agricultural uses. The various lot sizes and configurations and the multitude of diverse ownerships historically made the area unattractive for major new commercial developments.

Since 1973, the Redevelopment Plan for Project No. 1 has been amended seven (7) times. The purpose of each amendment is outlined in Table 1 of this Implementation Plan. The redevelopment plan will expire in 2016.

From the time Orangefair was adopted, the Agency had been active in assisting with consolidating properties, attracting new commercial uses, upgrading many existing properties, and providing for street and signalization improvements along Orangethorpe Ave. and Harbor Blvd. Partially as a result of these actions, the property values have increased substantially. The area is now characterized as a desirable regional shopping district with two major power centers featuring Target, Costco, Office Depot, Toy R' Us, and other national brand retailers.

Central Fullerton (Project Area No. 2)

Central Fullerton Project Area was created in 1974 for the purpose of improving the central part of Fullerton, the Downtown core. Since 1974, the Redevelopment Plan for Project No. 2 has been amended seven (7) times. The purpose of each amendment is outlined in Table 2 of this Implementation Plan. The redevelopment plan will expire in 2017. In the 1990s, new commercial developments in other parts of town and in other surrounding cities had diminished the viability of the Downtown. Dilapidated buildings, marginal tenants and deteriorating public improvements were working against the ability of private enterprise to effect any noticeable positive changes.

Since the adoption of the project area, major structural and rehabilitation improvements have been made, thus resulting in a new interest in the downtown. Over the past 15 years, more than seventy (70) historic commercial buildings have been structurally and aesthetically improved with the help of the Agency, stimulating more than $15,000,000 in private investment followed by a surge in new retail tenants. In the Downtown, there are currently more than 45 restaurants/pubs, more than 350,000 square feet of retail space, and more than 275,000 square feet of office space.

Adding to the vitality of the downtown is the Fullerton Transportation Center (FTC), which serves over 400,000 train passengers per year. This multi-million dollar, award-winning facility accommodates both Metrolink and Amtrak trains, as well as freight trains. The 75+ year-old dept was restored and has been placed on the National Register of Historic Places. The Transportation center provides more than 600 free parking spaces for users. The Agency is in the final stages of planning the development of an approximately 800-space parking garage on the southwest corner of Harbor Blvd. and Santa Fe to serve transit riders. Construction is scheduled to begin in summer of 2010. In addition, the Agency is in the process of preparing a Specific Plan for the FTC area. This Specific Plan will focus on transit oriented development and will outline the future land uses within the FTC.

Table 1 - SUMMARY OF REDEVELOPMENT PLAN ADOPTION & AMENDMENTS FOR THE ORANGEFAIR REDEVELOPMENT PROJECT

Action	Date	Ord. No.	Purpose
Adoption	Dec. 18, 1973	1941	Adopt Project Area (consisting of 183 acres)
Amendment No. 1	Dec. 2, 1986	2596	▪ Added tax increment limit: after Dec. 17, 1986, the total amount of property taxes allocated to Agency shall be limited to $50,000,000. ▪ Added time limit for indebtedness: the Agency may establish loans, advances, and/or indebtedness to finance redevelopment projects for a period not to exceed forty-five (45) years from Dec. 18, 1973 (original plan adoption date). ▪ Eminent domain time limit: eminent domain proceedings to acquire property must be commenced on or before Nov. 18, 1998.
Amendment No. 2 (AB1290)	Oct. 18, 1994	2854	▪ Effectiveness of Plan until Dec. 18, 2013 ▪ Incur indebtedness until Jan. 1, 2004 ▪ Collect tax increment until Dec. 18, 2023
Amendment No. 3	Dec. 1, 1998	2943	▪ Eminent domain time limit: eminent domain proceedings to acquire property must be commenced on or before Dec. 1, 2010 ▪ General Plan conformance
Amendment No. 4 (SB 211 & H&S Code 33333.6(e)(2))	March 5, 2002	2997	Eliminated time limit on the establishment of loans, advances, and indebtedness.
Amendment No. 5	March 5, 2002	3000	After Dec. 17, 1986, the total amount of property taxes allocated to Agency shall be limited to $175,000,000.
Amendment No. 6	August 2, 2005	3063	To extend the time limit on the effectiveness of the redevelopment plan and the time limit on repayment of indebtedness for an additional three (3) years pursuant to SB 1045 and 1096 (ERAF extensions). New plan effectiveness date: December 18, 2016. New date to collect tax increment: December 18, 2026.
Amendment No. 7	Dec. 19, 2006	3082	Merger Amendment: Orangefair Project merged with the Central Fullerton, East Fullerton and Project No. 4 redevelopment areas.

Table 2 - SUMMARY OF REDEVELOPMENT PLAN ADOPTION & AMENDMENTS FOR THE CENTRAL FULLERTON REDEVELOPMENT PROJECT

Action	Date	Ord. No.	Purpose
Adoption	Dec. 17, 1974	2008	Adopt Project Area (consisting of 710 acres)
Amendment No. 1	Dec. 2, 1986	2597	▪ Added tax increment limit: after Dec. 17, 1986, the total amount of property taxes allocated to Agency shall be limited to $120,000,000. ▪ Added time limit for indebtedness: the Agency may establish loans, advances, and/or indebtedness to finance redevelopment projects for a period not to exceed forty-five (45) years from Dec. 17, 1974 (original plan adoption date). ▪ Eminent domain time limit: eminent domain proceedings to acquire property must be commenced on or before Nov. 18, 1998.
Amendment No. 2 (AB1290)	Oct. 18, 1994	2855	▪ Effectiveness of Plan until Dec. 17, 2014 ▪ Incur indebtedness until Jan. 1, 2004 ▪ Collect tax increment until Dec. 17, 2024
Amendment No. 3	Dec. 1, 1998	2944	▪ Eminent domain time limit: eminent domain proceedings to acquire property must be commenced on or before Dec. 1, 2010 ▪ General Plan conformance
Amendment No. 4 (SB 211/H&SC 33333.6(e)(2))	March 5, 2002	2998	Eliminated time limit on the establishment of loans, advances, and indebtedness.
Amendment No. 5	March 5, 2002	3001	After Dec. 17, 1986, the total amount of property taxes allocated to Agency shall be limited to $240,000,000.
Amendment No. 6	August 2, 2005	3064	To extend the time limit on the effectiveness of the redevelopment plan and the time limit on repayment of indebtedness for an additional three (3) years pursuant to SB 1045 and 1096 (ERAF extensions). New plan effectiveness date: December 17, 2017. New date to collect tax increment: December 17, 2027.
Amendment No. 7	Dec. 19, 2006	3082	Merger Amendment: Central Fullerton Redevelopment Project merged with the Orangefair, East Fullerton and Project No. 4 redevelopment areas.

The FTC Specific Plan will include increased densities, public open spaces, and provide a pedestrian and entertainment oriented area featuring restaurants, retail and office commercial, public plaza and market rate as well as affordable housing opportunities.

Other major downtown improvements completed by the Agency include the Police Department facility expansion (37,000 to 60,000 square feet), Highland Avenue underpass, the SOCO alley, street and signage improvements, Museum Plaza, Museum expansion and renovation, Fullerton Depot renovations, Lemon Avenue underpass landscape beautification, Fox Theatre acquisition and renovation, Plummer and Wilshire parking garages, Fire Department Headquarters renovations, and downtown street, lighting and alley improvements.

Project Area No. 3 - East Fullerton

The project area was created in 1974 for the purpose of providing a source of funding for public improvements of community benefit for which other sources of funding were unavailable. Since 1974, the Redevelopment Plan for Project No. 3 has been amended six (6) times. The purpose of each amendment is outlined in Table 3 of this Implementation Plan. The redevelopment plan will expire in 2017. At the time of adoption, the elements contributing to blighting conditions include a lack of public open space, substandard public infrastructure, increasing congestion and inadequate parking.

Completed projects include Vista Park, an eight-acre park located at Bastanchury and State College Blvd. It was developed in 1992 to provide open space for project area residents and the entire community, and is the site of a full service sit down restaurant (currently the Summit House) which ensures a source of funds for on-going park maintenance. The Agency financed the development of the Cal State University Fullerton Sports Complex, which serves as a multiple-sport facility for the region. The Marriott Hotel project provides support for university activities, as well as a source of revenue to repay Sports Complex costs. In addition, the Agency in partnership with Cal State Fullerton has recently been active in preparing a University Village Vision Plan. This plan will be instrumental in the long-term planning of the area directly south of Cal State Fullerton campus (between Chapman and Nutwood Avenues east of State College Blvd.) in order to provide a better mix of college-related retail and housing opportunities.

Project Area No. 4 - Non-Contiguous Sub-areas

This project area was created in 1991 to provide assistance for commercial development in six (6) separate areas. The majority of the non-contiguous areas were concentrated around existing automobile dealerships. The remaining non-contiguous areas were considered to be prime development sites for automobile dealerships or other sales tax-generating businesses. Since 1991, the Redevelopment Plan for Project No. 4 has been amended three (3) times. The purpose of each amendment is outlined in Table 4 of this Implementation Plan. The redevelopment plan will expire in 2031.

All of the existing automobile dealerships sites are constrained because of existing parcel sizes and adjacent multiple ownerships, making it a challenge to consolidate property for development. Many adjacent properties have shallow depths that are not adequate in size for modern commercial development. The ability to expand is severely restricted, and the dealerships are under constant pressure from the manufacturers to relocate out of the City to nearby freeway auto malls. Dealerships are single-use facilities and if the sites are vacated, it is very difficult to find appropriate replacement uses. Dealerships in the past have expressed concerns over their existing showrooms and service areas being too small to accommodate the needs of customers, and the inability to expand their facilities. The Agency has assisted two automobile dealerships in expansion efforts.

Table 3 - SUMMARY OF REDEVELOPMENT PLAN ADOPTION & AMENDMENTS FOR THE EAST FULLERTON REDEVELOPMENT PROJECT

Action	Date	Ord. No.	Purpose
Adoption	Dec. 3, 1974	2006	Adopt Project Area (consisting of 1,101 acres)
Amendment No. 1	Dec. 2, 1986	2598	▪ Added tax increment limit: after Dec. 17, 1986, the total amount of property taxes allocated to Agency shall be limited to \$135,000,000. ▪ Added time limit for indebtedness: the Agency may establish loans, advances, and/or indebtedness to finance redevelopment projects for a period not to exceed forty-five (45) years from Dec. 3, 1974 (original plan adoption date). ▪ Eminent domain time limit: eminent domain proceedings to acquire property must be commenced on or before Nov. 18, 1998.
Amendment No. 2 (AB1290)	Oct. 18, 1994	2856	▪ Effectiveness of Plan until Dec. 3, 2014 ▪ Incur indebtedness until Jan. 1, 2004 ▪ Collect tax increment until Dec. 3, 2024
Amendment No. 3 (SB 211 & H&S Code 33333.6(e)(2))	March 5, 2002	2999	Eliminated time limit on the establishment of loans, advances, and indebtedness.
Amendment No. 4	March 5, 2002	3002	▪ After Dec. 17, 1986, the total amount of property taxes allocated to Agency shall be limited to \$300,000,000. ▪ General Plan conformance
Amendment No. 5	August 2, 2005	3065	To extend the time limit on the effectiveness of the redevelopment plan and the time limit on repayment of indebtedness for an additional three (3) years pursuant to SB 1045 and 1096 (ERAF extensions). New plan effectiveness date: December 3, 2017. New date to collect tax increment: December 3, 2027.
Amendment No. 6	Dec. 19, 2006	3082	Merger Amendment: East Fullerton Redevelopment Project merged with the Orangefair, Central Fullerton and Project No. 4 redevelopment areas.

Table 4 - SUMMARY OF REDEVELOPMENT PLAN ADOPTION & AMENDMENTS FOR REDEVELOPMENT PROJECT NO. 4

Action	Date	Ord. No.	Purpose
Adoption	August 6, 1991	2776	Adopt Project Area (consisting of 198 acres)
Amendment No. 1 (AB1290)	Oct. 18, 1994	2857	Effectiveness of Plan until August 6, 2031
Amendment No. 2	July 1, 2003	3002	Eminent domain time limit: eminent domain proceedings to acquire property must be commenced on or before July 1, 2015.
Amendment No. 3	Dec. 19, 2006	3082	Merger Amendment: Redevelopment Project No. 4 merged with the Orangefair, Central Fullerton and East Fullerton redevelopment areas.

AGENCY GOALS AND OBJECTIVES

Goals

The Agency sponsors and supports programs, projects, and activities that contribute to maintaining or enhancing the economic vitality of the community and its quality of life. Within the Agency are three program areas to implement the programs, projects and activities of the Agency: redevelopment, economic development and affordable housing.

Redevelopment provides a funding source for capital improvement projects and private/public development projects in its project areas. These improvement and development projects serve to eliminate blighting conditions by upgrading public facilities, producing sales tax revenue and employment opportunities, increasing property tax increment revenue and encouraging private investment in the community. Through these efforts, Fullerton's quality of life is maintained and enhanced.

Economic development efforts are focused on promoting the Downtown, and business recruitment and retention throughout the City. These activities are primarily guided by the City's Economic Development Plan. Economic development efforts include protecting and enhancing employment opportunities and the City's revenue base. The Agency also strives to facilitate the business community's interface with City government.

The goal of affordable housing is to satisfy the State requirement that 20 percent of all Agency tax increment revenue be used (Housing Set-Aside Funds) to increase, improve, and preserve the supply of low and moderate income housing throughout the community. Furthermore, the Agency when possible should increase its efforts in securing other available financial resources to supplement the use of the Housing Set-Aside Funds.

In summary, the Agency's goals during this Five-Year Implementation Plan period include the following:

1. Improve and augment Fullerton's quality of life through the provision of public facilities and infrastructure.
2. Improve the City's sales tax base.
3. Alleviate physical, economic, and social blighting conditions within the Redevelopment Project Areas.
4. Encourage private investment.
5. Enhance the vitality of the downtown.
6. Support Fullerton's role as a mass transit hub and creation of transit oriented developments.
7. Continuing implementing business retention and attraction strategies.
8. Facilitate the business community's interaction with the City.

9. Support employment development.

10. Utilize housing set-aside funds and other available financial resources to increase, improve, and preserve affordable housing opportunities in the community.

Objectives

The Agency strives to achieve its goals through the attainment of the following objectives within each of the City's redevelopment project areas:

Project Area No.1 - Orangefair

1. Support efforts to enhance sales tax generation from the Harbor Boulevard and Orangethorpe Boulevard commercial developments.

Project Area No. 2 - Central Fullerton

1. Implement the Fullerton Downtown Strategy (adopted in 2005) including reviewing existing zoning ordinance, developing streetscape standards, ensuring that the Downtown Design Guidelines include standards for new construction that are consistent and compatible with the downtown's historic character, and improving pedestrian circulation and implementing appropriate improvements for traffic circulation, signing and lighting.
2. Continue to work with developers on transit-oriented mixed use residential/ commercial/parking projects planned within the Downtown area including Amerige Court and the Fullerton Transportation Center.
3. Continue to work toward increasing parking to address current and future parking needs in the Downtown and Transportation Center areas.
4. Complete and implement the Fullerton Transportation Center Specific Plan/Form Based Codes.
5. Support planning efforts for the redevelopment of the Fox Theatre block, including restoration of the Fox Theatre complex.
6. Conduct and support Downtown promotional efforts and events in order to maintain and enhance the vitality of the Downtown.
7. Implement the Arterial Streets Improvement Program by working with community representatives, the Engineering Department, and Maintenance Services Department to develop a plan for aesthetic improvements in compliance with the Fullerton Downtown Strategy.
8. Support the creation of a Downtown Specific Plan.
9. Support efforts to plan and implement the balanced growth of new market rate and affordable housing developments in the Project Area with consideration given to studying and evaluating the impacts of these new housing developments.

Project Area No. 3 – East Fullerton

1. Cooperate with Cal State Fullerton in efforts to enhance the Arboretum and in university district planning.

Project Area No. 4

1. Support and respond to auto dealer attraction/retention opportunities.

Affordable Housing

1. Continue to support the development/rehabilitation of housing units for very-low, low and moderate income persons and families.
2. Continue and complete the affordable housing projects in the Richman Park specifically the Habitat for Humanity and West Avenue (Olson Co.) developments.
3. Continue and complete the acquisition of necessary properties in the Richman Park area for the development of very-low and low income rental housing.
4. Explore and pursue outside funding sources in addition to the 20% housing set-aside funds to support the development of affordable housing such as the use of federal tax credits and Proposition 1C funds.
5. Explore the issuance of housing bonds to implement projects in the Richman Park area and other parts of the City.
6. Explore, plan and implement affordable housing projects outside of the Richman Park area.
7. Ensure all Agency-supported projects are in compliance with development and loan agreement terms and conditions.
8. The Agency's objectives for affordable housing also encompass the policy actions outlined in the Housing Element of the General Plan. The specific policy actions outlined in the Housing Element include:
    a. Expedite development processing for extremely-low, very-low, low and moderate income housing developments. (Housing Element Policy Action 1.3)
    b. Facilitate infill development and encourage the construction of residential development affordable to extremely-low, very-low, low and moderate income households. (Housing Element Policy Action 1.4)
    c. Encourage development of housing for extremely-low income households. (Housing Element Policy Action 1.6)
    d. Encourage development of appropriately sized rental and for-sale housing for families to reduce incidences of overcrowding. (Housing Element Policy Action 1.7)
    e. Encourage the development of senior housing (Housing Element Policy Action 1.8)

f. Use Redevelopment Agency set-aside funds to facilitate the development of affordable rental and homeownership housing. (Housing Element Policy Action 1.10)

g. Encourage the use of surplus City-owned land for affordable housing opportunities. (Housing Element Policy Action 1.11)

h. Support Community Housing Development Organization (CHDO) projects. (Housing Element Policy Action 1.12)

i. Encourage the acquisition, rehabilitation, conversion, and accessibility of existing market-rate units to affordable units. (Housing Element Policy Action 2.3)

General Objectives

1. Expedite and coordinate the processing of business expansion and relocation projects through weekly and on-call meetings of the Economic Development Action Team (EDAT).
2. Increase business and community awareness of Agency economic development activities and services by publicizing in newspapers and newsletters, attending meetings with various community organizations including the Chamber of Commerce, and proactively visiting businesses.

The Agency's goals and objectives provide the basis for the development of more specific programs and projects. Table 5 contains a matrix demonstrating the relationship of the Agency's goals and objectives to blighting conditions. The specific programs and projects of the Agency are categorized into seven main project categories, described in further detail in the following section.

TABLE 5 - RELATIONSHIP OF GOALS/OBJECTIVES TO ELIMINATION OF BLIGHTING CONDITIONS

Blighting Conditions	# 1	# 2	# 3	# 4	# 5	# 6	# 7	# 8	# 9	# 10
Unsafe/Unhealthy buildings		X	X	X	X		X	X		X
Buildings or developments that are physically obsolete		X	X	X	X		X		X	X
Incompatible adjacent uses		X	X	X	X	X	X		X	X
Lots of irregular shapes and sizes and in multiple ownership		X	X	X	X					X
Inadequate infrastructure, parking facilities and utilities	X		X		X	X	X			X
Depreciated/stagnant property values		X	X	X	X	X	X			
Impaired property values due to hazardous waste			X							
High vacancies, low lease rates, abandoned buildings		X	X	X	X		X	X	X	
Lack of commercial businesses		X	X	X	X	X	X			
Residential overcrowding		X	X	X						X
Excess of bars, liquor stores, adult-oriented businesses			X							
High crime rate			X		X			X		

General Goals/Objectives:

1. Improve and augment Fullerton's quality of life through the provision of public facilities and infrastructure
2. Improve the City's sales tax base
3. Alleviate physical, economic, and social blighting conditions within the Redevelopment Project Areas
4. Encourage private investment
5. Enhance the vitality of the downtown
6. Support Fullerton's role as a mass transit hub and creation of transit oriented developments
7. Continue implementing the business retention and attraction strategies
8. Facilitate the business community's interaction with the City
9. Support employment development
10. Utilize housing set-aside funds and other available financial resources to increase, improve, and preserve affordable housing opportunities in the community

AGENCY PROGRAMS AND PROJECTS

The Agency provides funding for programs and projects in all four constituent redevelopment project areas. These efforts are focused on eliminating deteriorating conditions by entering into development agreements, upgrading public facilities, increasing tax revenues, generating employment opportunities, and encouraging private investment in the community. To date, the Agency's programs and projects have addressed alleviating blighting conditions. Furthermore, proposed programs, activities and expenditures demonstrate the connection with the Agency's goals and objectives, the Agency's programs and projects and the elimination of blight. The following narrative describes the proposed programs and projects to be undertaken by the Agency and the relationship to the removal and/or reduction of blighting conditions throughout the four project areas. Table 7 at the end of this chapter provides a matrix demonstrating the relationship of proposed programs and projects to blighting conditions.

Rehabilitation Programs

The Agency currently offers four (4) commercial rehabilitation loan programs as follows:

- Seismic Rehabilitation Loan (available for seismically deficient buildings in any redevelopment project area)
- Property Owner Rehabilitation Loan (currently available only in Orangefair and Central Fullerton project areas)
- Tenant Improvement Loan (available in all of the redevelopment project areas)
- Code Compliance Loan Program (Central Fullerton project area only)

The Agency has offered the above, no-interest loans for many years and they have been used to assist downtown property owners in efforts to seismically reinforce historic buildings, encourage façade enhancements, and other elective tenant improvement investments.

The Seismic Rehabilitation Loan addresses the unreinforced masonry buildings in Downtown Fullerton which consist of structures in which there is no steel reinforcing within a masonry wall. These types of buildings are considered to be the most unsafe building types in earthquake zones. Earthquake damage to unreinforced masonry structures can be severe and hazardous. The lack of reinforcement coupled with poor mortar and inadequate roof-to-wall ties can result in substantial damage to the building as a whole as well as to specific sections of it and endangers occupants. In the past, the Agency has pursued an aggressive Seismic Rehabilitation Loan Program to strengthen unreinforced masonry buildings. A majority of the unreinforced masonry buildings were upgraded in previous years, but the Agency's Seismic Rehabilitation Loan Program remains available to address the safety deficiencies of the remaining unreinforced buildings, such as the Fox Theater. In fact, in September

2006, the Agency approved a $1.25 million seismic rehabilitation loan to the Fullerton Historic Theatre Foundation to retrofit the Fox Theatre Complex. In addition, in August 2009, the Agency approved an increase of the initial $1.25 million loan to the Fullerton Historic Theatre Foundation to $6.0 million for the renovation of the adjacent Tea Room and Firestone Building and seismic stabilization of the Fox Theatre.

The Agency also funds the Property Owner Rehabilitation Loan Program, targeting the Orangefair and Central Fullerton project areas. The Property Owner Rehabilitation Loan Program is an incentive to property/business owners to upgrade building exteriors and interiors in order to visually enhance and improve the image of a business. The maximum loan amount is $100,000 or 50 percent of the total improvement costs (whichever is lower).

The Tenant Improvement Loan Program is designed to attract revenue generating businesses to retail spaces by providing assistance to complete tenant improvements. The maximum loan amount is $50,000 or 50 percent of the total improvement costs (whichever is lower). In April 2008, the Agency approved $50,000 tenant improvement loans for the Tranquil Tea Lounge located along Wilshire Avenue just west of Harbor Boulevard.

In September 2008, the City Council and Agency approved the formation of the Code Compliance Loan Program to encourage business owners to reinvest in existing buildings and help finance alterations and improvements necessary for compliance with building and fire codes. Providing fire sprinklers and satisfying current building and fire codes, increases the safety of building occupants. As of December 2009, the Agency has approved three loans related to this program. A $50,000 loan was approved for the Wilshire Court building located at 140 W. Wilshire Avenue and loans of $37,509 and $38,009 were approved for Roscoes Deli building (and expansion area) located at 116 and 118 W. Commonwealth Avenue.

The Agency will budget $495,000 annually during this Implementation period to fund the Property Owner Rehabilitation Loan, Tenant Improvement Loan and Code Compliance Loan programs.

<u>Blighting conditions addressed</u>: The Agency's rehabilitation programs will accomplish the following:

- Further reduce the number of structurally unsafe buildings in the Orangefair and Central Fullerton project areas;
- Reduce the number of buildings that are physically obsolete;
- Reduce vacancies as improved properties are able to attract more tenants and businesses; and
- Generate revenue, increase property values and rents.

Public Facilities

The condition of public facilities can affect the physical and economic environment of the surrounding community. Well-maintained public facilities present a healthy environment and the ability to provide needed services to residents and businesses. The supply of parks, recreation facilities, open spaces and other amenities contributes to the community's quality of life and reduces the likelihood of blighting conditions throughout the surrounding community. The City has identified the need for new, expanded or improved public facilities. The following is a list of Agency-assisted public facilities projects indentified in the Capital Improvement Program (CIP) along with additional projects/programs identified by staff not included within the CIP that are within the existing redevelopment project areas and that will be funded by Agency revenues:

IDENTIFIED CAPITAL IMPROVEMENT PROGRAM PROJECTS		
Project	**Description**	**Cost 2010-2014 (Agency Contribution)**
Downtown Specific Plan	Develop a specific plan for Downtown Fullerton to guide its growth, development and management.	$ 300,000
Fullerton Community Center	Study, design, and construction of a community center in Amerige Park.	$ 20,900,000
Transportation Center Parking Structure Elevator	Installation of a four-stop elevator in existing elevator shaft in parking structure	$ 350,000
Transportation Center Pedestrian Overpass Elevators	Installation of a second set of elevators to cross main tracks at Transportation Center and installation of security cameras	$ 630,000
Hillcrest Park Rehabilitation	Project to restore, rehabilitate, and upgrade the park facilities in accordance with Hillcrest Park Master Plan.	$ 5,500,000
Transportation Center Parking Expansion	Demolition of existing structures, design completion, and construction of a new multi-level parking structure (800 spaces)	$ 700,000 (includes $200,000 carry-over from FY 2008-09)
Transportation Center Master Plan	Develop a master plan for the Transportation Center to guide its growth, development and management. Study in progress.	$ 250,000 (carry-over from FY 2008-09)
Main Library Expansion & Remodel	Construction of new addition and remodel of existing library building include façade modifications, and on-site and off-site improvements.	$ 8,600,000 (includes $ 7,000,000 carry-over from FY 2008-09)
Maintenance Services Parking Addition	Design and construction of additional equipment and employee parking and CNG fueling facility for Basque Yard.	$ 450,000
Lemon Park	Improvements to the Lemon Park facility. Design in progress.	$ 670,000 (carry-over from FY 2008-09)
Gilman Park	Renovation of the Gilman Park facility.	$ 50,000 (carry-over from FY 2008-09)

Independence Park - Phase II	Prepare a master plan for the Independence Park facility. Study in progress.	$ 100,000 (carry-over from FY 2008-09)
Union Pacific Trail - Phase II	Environmental review in progress.	$ 30,000 (carry-over from FY 2008-09)
Lions Field Improvements	Renovation of the park including the athletics fields. Construction in progress.	$11,771,000 (carry-over from FY 2008-09)
Downtown Plaza Safety Improvements	Renovation and safety improvements to the Downtown Plaza. Scope under review.	$ 40,000 (carry-over from FY 2008-09)
Vista Park	Landscape improvements to Vista Park.	$ 46,000 (carry-over from FY 2008-09)
Downtown Parking Study	Prepare a parking study for the Downtown Fullerton area.	$20,000 (carry-over from 2008-09)

Note: The cost listed above for each project is not the total cost to construct the project but only the amount the Agency will contribute to the project as there may be other revenue resources involved.

As shown above, the Agency is planning on expending approximately $50,407,000 on public facility projects as identified in the CIP during this five-year period. A year-by-year breakdown of expenditures by project is shown in Table 6 at the end of this chapter. The implementation of these public facility projects will assist in the alleviation of blighting conditions found in the existing redevelopment project areas.

<u>Blighting conditions addressed</u>: The Agency's public facilities projects will accomplish the following:

- Address deteriorating facilities;
- Develop new parking facilities;
- Reduce the number of buildings that are physically obsolete;
- Reduces the high crime rate; and
- Improve property values in the surrounding areas.

Public Improvements

Unlike public facilities, which are comprised of structures or facilities, public improvements are items that constitute the City's physical infrastructure. Examples of public improvements include streets, traffic signals, lighting, alleys, curbs and gutters, handicapped accessibility, sidewalks, water, sewer and drainage systems, and public art displays. If these systems are in a state of deterioration, or if their development proceeds at a rate slower than adjacent private development, then property values may be adversely affected. Inadequately sized streets resulting in congestion is a prime example of a blighting influence in both residential and commercial areas. All of the project areas suffer from a variety of public improvement deficiencies to some degree. The Agency continues to make public improvements a priority. The following is a list of public improvement projects indentified in the CIP along with additional projects/programs identified by staff not included within the CIP that are within the existing redevelopment project areas and that will be funded by Agency revenues:

IDENTIFIED CAPITAL IMPROVEMENT PROGRAM PROJECTS		
Project	**Description**	**Cost 2010-2014 (Agency Contribution)**
State College Grade Separation	Right-of-way acquisition and construction of a grade separation at the BSNF Railroad tracks between Commonwealth Avenue and Kimberly Avenue.	$ 5,400,000 (includes $500,000 carry-over from FY 2008-09)
Arterial Street Reconstruction, Rehabilitation, and Repair	A multi-year program to reconstruct and resurface the City's arterial streets.	$ 1,560,000 (includes $ 60,000 carry-over from FY 2008-09)
Commonwealth Avenue Street Tree Lights	Purchase and installation of decorative tree lights on proposed streetscape improvements along Commonwealth Avenue between Lemon Street and Highland Avenue.	$ 75,000
Downtown Public Art	A multi-year program to provide for the design and construction of public art.	$ 125,000
Directional signing program	Development of a directional wayfinding signage program; design in progress	$ 250,000 (carry-over from FY 2008-09)
Harbor Boulevard Reconstruction	Reconstruction of Harbor Boulevard from Chapman Avenue to Berkeley Avenue; construction in progress	$1,100,000 (carry-over from FY 2008-09)
Lemon Street Reconstruction	Reconstruction of Lemon Street from Berkeley Avenue to Brea Boulevard; construction in progress	$ 600,000 (carry-over from FY 2008-09)
Placentia Avenue Reconstruction	Reconstruction of Placentia Avenue from Quartz Lane to Madison Avenue; construction in progress	$ 700,000 (carry-over from FY 2008-09)
Arterial Street Beautification	Design for arterial street beautification enhancements. Design in progress.	$ 50,000 (carry-over from FY 2008-09)
Arterial Street Beautification - North Harbor Boulevard	Design for street beautification enhancements along North Harbor Boulevard. Design in progress.	$ 40,000 (carry-over from FY 2008-09)
Traffic Signal - Harbor Boulevard / Houston Avenue	Installation of a traffic signal at this intersection.	$ 100,000 (carry-over from FY 2008-09)
Wi-Fi System	Upgrade and expand the existing Wi-Fi system.	$ 23,000 (carry-over from FY 2008-09)
ADDITIONAL PLANNED PROJECTS (NOT IDENTIFIED IN CIP)		
Project	**Description**	**Cost 2010-2014 (Agency Contribution)**
Alley Improvements	Alley improvements on the west side of Harbor Boulevard from Amerige Avenue to Wilshire Avenue.	$ 500,000
Water line improvements	Water line improvements in the alleys east and west of Harbor Boulevard	$ 400,000
Curb, gutter and sidewalk reconstruction - Area 1	Curb, gutter and sidewalk repairs or replacements in various locations in Project Area 1	$ 50,000

Curb, gutter and sidewalk reconstruction - Area 2	Curb, gutter and sidewalk repairs or replacements in various locations in Project Area 2	$ 50,000
Curb, gutter and sidewalk reconstruction - Area 3	Curb, gutter and sidewalk repairs or replacements in various locations in Project Area 3	$ 50,000

Note: The cost listed above for each project is not the total cost to construct the project but only the amount the Agency will contribute to the project as there may be other revenue resources involved.

As shown above, the Agency is planning on expending approximately $10,023,000 on public improvement projects as identified in the CIP during this five-year period. In addition, the Agency has identified additional public facility projects that are not identified in the CIP and total approximately $1,050,000. A year-by-year breakdown of expenditures by project is shown in Table 6 at the end of this chapter. The implementation of these public improvement projects will assist in the alleviation of blighting conditions found in the existing redevelopment project areas.

Blighting conditions addressed: The Agency's public improvement projects will accomplish the following:

- Address deteriorating and dilapidating infrastructure; and
- Improve property values in the surrounding community due to enhanced infrastructure.

Affordable Housing

State law mandates that 20 percent of the Agency's tax increment revenue be set aside in a Low and Moderate Income Housing Fund ("Affordable Housing Fund") in order to increase, improve, and preserve affordable housing opportunities within the City. With appropriate findings, the law allows affordable housing projects to be built anywhere in the City, thereby allowing maximum opportunity to place housing in a variety of locations. Most redevelopment agencies are required to deposit 20 percent of the tax increment revenue in the Affordable Housing Fund. State law provides specific requirements for the expenditure of the Affordable Housing Fund, with particular focus on 1) the affordability level at which the fund must be targeted and 2) the amount of time that a redevelopment agency is allowed to expend funds once they are deposited. In the case of Fullerton Redevelopment Agency, the affordability level that the funds must be targeted is more stringent than that which is required by State law. The more stringent requirements arise from the stipulated judgment entered into by the Agency/City in 1992. The stipulated judgment requires the Agency to target its assistance of affordable housing units in accordance with the following:

- 50 percent of all assisted units must be below 45 percent of the median income; of those, 33 percent must be below35 percent of the median income.

- An additional 15 percent of the assisted units must be below 60 percent of the median income, if rentals, and 70 percent of the median income, if ownership units.
- The remaining 35 percent of assisted units can be up to 120 percent of the median income (moderate income). If these units are rentals, they must be moderate income families who cannot afford market rates. All ownership units must be affordable at 70 percent of the median income.

Primary targets of the Agency's affordable housing efforts during this Implementation Plan period include:

- Acquisition and assemblage of properties for rental housing development projects for extremely low, very low and low income families;
- Continue to pursue outside funding sources (i.e., Proposition 1C, tax credits) to supplement the 20 percent housing set-aside funds;
- Continue to pursue and implement the development of moderate income housing (i.e., West Avenue-Olson Co.)
- Explore the issuance of bonds in order to expedite the development of affordable housing opportunities;
- Explore potential activity areas outside of the Richman/Valencia/West neighborhood; and
- Continue to reduce overcrowding of units and addressing neighborhoods with projects deficient or lacking on-site management.

From an economic perspective, a more stable community results from owner-occupied housing, and thus this model has been a major target for use of the Affordable Housing Fund resources in previous years (i.e., Habitat for Humanity). However, since the cost to assist and restrict lower income units has become a significant financial expense to the Agency it is likely that most of the units the Agency produces during this Implementation Plan period will consist of rental units. A complete update of the Agency's affordable housing program is discussed later in the document.

<u>Blighting conditions addressed</u>: The Agency's Affordable Housing Program will accomplish the following:

- The Affordable Housing Program addresses the City-wide need for affordable housing as outline in the regional Housing Needs assessment (RHNA);
- Eliminate unsafe and unhealthy deteriorated structures which are occupied by very low and low income households;
- Reduce the number of buildings that are physically obsolete;
- Increases the property values in the neighborhood;
- Addresses residential overcrowding; and
- Reduces the high crime rate.

Development and Participation Agreements

This category includes various developer assistance programs that focus on business retention and attraction. Funding of appraisals, acquisitions and land and/or lease write-downs are tools that are typically used. The types of projects supported are usually revenue-generating, involve parcel consolidation, or are focused on eliminating physical and economic obsolescence, incompatible uses, and deteriorating structures and public facilities. Historically, most of these types of assistance programs have been concentrated in the Orangefair and Central Fullerton Project Areas. At this time, the Agency envisions entering into additional Development and Participation Agreements within the Project Areas during this Implementation Plan period. The Agency has several existing development agreements for various projects that will be implemented during this Implementation Plan period including the following:

Fullerton Fox Theater In October 2004, the Agency approved a Disposition and Development Agreement (DDA) with the Fullerton Historic Theater Foundation ("Foundation") for the historic renovation and reuse of the 1920's era Fox Theater located at 510 N. Harbor Boulevard. As previously stated under Rehabilitation Programs, the Agency on January 17, 2006 approved a $1.25 million rehabilitation loan to the Fullerton Historic Theatre Foundation for seismic retrofit of the Fox Theatre. Subsequently, the Agency approved the First Amendment to the DDA on September 19, 2006 to modify the completion dates for certain phases of the original Schedule of Performance and waived the condition of the California Cultural and Historical Endowment grant in lieu of a matching fund requirement and approved loaning the Foundation $256,000 from the $1.25 million rehabilitation loan. On August 4, 2009, the Agency approved the Second Amendment to the DDA to increase the $1.25 million rehabilitation loan to the Foundation to a maximum of $6.0 million (minus the initial $256,000 disbursement) for the renovation of the adjacent Tea Room and Firestone Building and seismic stabilization of the Fox Theatre. Currently, a Tentative Tract Map for Condominium purposes is being processed and a request for proposal for a construction manager/owners representative is being drafted. The RFP is scheduled to be released in early 2010.

Fox Block In conjunction with the Fox Theatre restoration above, in September 2008, the Agency entered into an Exclusive Negotiation Agreement (ENA) with ARTECO/ Genton Barth Real Estate to plan and develop the Fox Block (generally bounded by Harbor, Chapman, Pomona and Ellis) with a mixed-use development. Objectives of the redevelopment of the Fox Block include restoration of the Fox Theatre, obtaining preferred uses such as a theatre and commercial film exhibition, with secondary uses such as destination commercial, hotel, retail/entertainment and restaurant/hospitality. Conceptual designs are currently being prepared and total Agency assistance is unknown. The planning/development of the Fox Block also required the Agency to provide assistance in relocating the existing McDonald's and constructing a new restaurant facility with modern amenities.

In April 2009, the Agency entered into a Property Conveyance and Relocation Agreement with the McDonald's Corporation and its Franchisee to relocate the existing McDonald's located along Chapman Avenue mid-block between Harbor Boulevard and Pomona Avenue to the corner of Pomona and Chapman Avenue. The Agency had previously acquired the site at Pomona and Chapman and the agreement would require the Agency to pay for construction of a new structure. In turn, the Agency would receive the existing McDonald's site and include it within the Fox Block development discussed above. The total cost of construction of the McDonald's at the new site is approximately $3.3 million. Although the site plan/entitlements were rejected by the City Council in July 2009, the Agency is working with McDonald's to incorporate their restaurant in a design and site plan that will meet the approval of the City Council.

<u>Fullerton Transportation Center</u> In March 2006, the Agency entered into an Exclusive Negotiation Agreement (ENA) with JMI Realty to plan and develop the Fullerton Transportation Center (FTC) with a parcel-level plan for the mixed-use development of the FTC with the following uses: public parking, residential, commercial, office and public open space. In July 2006, the First Amendment to the ENA added The Morgan Group, Inc. as a developer partner. Subsequently in September 2007, September 2008, and August 2009, the Agency, JMI Realty and The Morgan Group executed the Second, Third and Fourth Amendment to the ENA to extend the length of the initial negotiation period for additional time to work with the Fullerton Railway Plaza Association to analyze the feasibility of a railroad museum. After 18 months of discussions and studies, the proposed railroad museum was rejected by the City Council on December 2, 2008. Subsequently, additional time has been granted to prepare the Specific Plan documents including the required environmental impact report, and negotiate a Disposition and Development Agreement.

<u>Amerige Court</u> In February 2006, a Disposition and Development Agreement between the Agency and Pelican-Laing Fullerton, LLC was approved. The DDA provides for the development of 175,000 square feet of for-sale residential and 25,000 square of commercial space and the construction of a multi-level parking structure. In July 2006, an Amendment to the DDA extended performance dates, modified the scope of development to identify the number of public parking spaces, modified the business mitigation fund and increased the Mello Roos Bond proceeds. A Second Amendment to the DDA was approved in June 2007 which provided reimbursements in the amount of $190,000 for design/consultation fees and purchase options on certain properties. A Third Amendment to the DDA was approved in March 2008 which terminated the Agency's obligation pursuant to the Second Amendment to reimburse $190,000 to the Developer; however, it required the Agency to pay a one-time purchase option payment of $100,000 to those certain property owners. The project and entitlements were approved in August 2008; however, due to the current economic crisis it is not anticipated that construction of Amerige Court will begin before 2012.

Habitat for Humanity A Disposition and Development Agreement (DDA) was approved in August 2006 between the Agency and Habitat for Humanity that provides for the development of nine workforce housing units to be occupied by very low income households. Amendment No. 1 to the DDA, approved in April 2007, allowed for the construction of two units to begin. Amendment No. 2 to the DDA, approved in November 2007 provided for the substitution of property, permission for Habit for Humanity to acquire and develop the project in three phases, increase the total unit count from nine to eleven units and designate three of the eleven units as low income units. Amendment No. 3 to the DDA, approved in November 2008, permitted Habitat for Humanity to sell the notes on the units to the California Housing Financing Authority (or other reputable lender) to expedite the completion of Phases II and III. As outlined in the DDA, Agency assistance consists of the land, site preparation (relocation/demolition), and $442,035 for public improvements. During this Implementation Plan period it is anticipated that the remaining seven (7) units (2 low income, 5 very low income) will be completed and Agency assistance will amount to $216,164.

West Avenue A Disposition and Development Agreement (DDA) between the Agency and a housing developer was approved in March 2008. The Agency has acquired thirteen properties along West Avenue (twelve of the thirteen properties contain four-unit apartments for a total of forty-eight units on the existing site, with the remaining property vacant). The Agency has relocated tenants and demolished the deteriorated buildings. The development will consist of thirty-four (34) detached single family units to be occupied by moderate income households. As outlined in the DDA, Agency assistance consists of the land and $550,000 to fund the financial gap between the construction costs and the affordable sales prices. Groundbreaking of the site is anticipated for January 2010.

Debt Service and Reimbursement Obligations

This category is comprised of previous projects that have been funded by bonds or reimbursement agreements. Various bond issues and reimbursement obligations require about half of the Agency's annual tax increment revenues. All of the projects included in this category have met the test of addressing various blighting influences and conditions. The category is included within the Agency Programs and Projects section of this Implementation Plan in an effort to provide a thorough understanding of the Agency's expenditures. This category has seen a significant increase in recent years because of the Agency's emphasis on upgrading public facilities and public improvements through bonded indebtedness.

In December 2005, the Agency issued $77,600,000 in Tax Allocation Revenue Bonds, secured by the Agency's tax increment, to make loans to the Agency to finance the Orangefair Redevelopment Project, the Central Fullerton Redevelopment Project and the East Fullerton Redevelopment Project. The repayment of these bonds is an on-going obligation of the Agency until 2026.

Administration

As with the previous category, administrative costs are presented in order to provide a thorough picture of the Agency's expenditures. With a redevelopment staff consisting of five professional and three clerical positions (including an intern), it is commonplace for all other City departments to become involved at some point in implementing Agency programs and projects, and therefore participates in the efforts to eliminate blighting conditions. The Agency pays for portions of other City staff for assisting with projects and programs. In FY 2009-10, the Agency contributed to approximately 40 staff member salaries.

Summary of Agency Expenditures

The Agency anticipates expenditures in the categories described in the previous section. The following summary of estimated expenditures has been prepared to provide an overview of likely spending trends by major category. A year-by-year breakdown of expenditures by project is shown in Table 6. However, new issues and opportunities will be encountered during the course of administering the redevelopment plans and therefore, expenditures estimates are not precise.

Funding Year	Capital Improvement Projects[1]	Administration and Overhead	Debt Service & Obligations	Affordable Housing	Total
2009-2010	$ 28,682,966	$ 4,814,330	$ 9,257,462	$ 3,823,260	$ 46,578,018
2010-2011	$ 24,851,612	$ 4,840,610	$ 9,427,572	$ 3,895,342	$ 43,015,136
2011-2012	$ 19,646,586	$ 4,985,830	$ 9,537,964	$ 3,968,549	$ 38,138,929
2012-2013	$ 3,320,000	$ 5,135,400	$ 9,665,470	$ 4,043,220	$ 22,164,090
2013-2014	$ 3,520,000	$ 5,289,470	$ 9,833,751	$ 4,119,384	$ 22,762,605
TOTAL	**$ 80,021,164**	**$ 25,065,640**	**$ 47,722,219**	**$ 19,849,755**	**$ 172,658,778**

[1] - Capital Improvement Projects include: Public Facilities, Public Improvements, Development & Participation Agreements and Rehabilitation Programs

It should be noted that in July 2009 the California State Senate and Assembly passed budget bill ABX4-26 as part of the 2009 State budget which authorizes $2.05 billion to be diverted from redevelopment agencies to be deposited in the Supplemental Education Revenue Augmentation Fund (SERAF) for fiscal years 2009-10 and 2010-11. Subsequent to the Governor approving ABX4-26, the California Redevelopment Association (CRA) and two member redevelopment agencies (Union City and Fountain Valley) filed a lawsuit in October 2009 challenging the constitutionality of the State taking of redevelopment funds. If the CRA is unsuccessful in their lawsuit against the State, the Agency would be obligated to pay into SERAF approximately $6.7 million in FY 2009-10 and $1.4 million in FY 2010-11. These payments would be made by using non-housing fund revenues available to the Agency. However, the use of non-housing revenue funds will prevent the Agency from implementing and completing some of the capital improvement projects detailed in Table 6. The elimination, reduction or long-term delay of certain projects and programs outlined in Table 6 due to the diversion of $8.1 million of Agency revenues to SERAF in FY 2009-10 and 2010-11 will have a negative impact upon the Agency's ability to achieve its goals and objectives. Capital improvement projects such Lions Field, Fullerton Main Library, and Fullerton Community Center will create construction jobs. Private development partnerships for the Fox Theatre, Fox Block and Fullerton Transportation Center will create construction jobs and other long-term employment opportunities in commercial retail, office and related uses.

TABLE 6 - SUMMARY OF EXPENDITURES BY PROGRAM / PROJECT CATEGORIES

PROJECT CATEGORY Specific Project	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
REHABILITATION PROGRAMS					
Commercial/Selsmic/Rehabilitation Loans	$ 495,000	$ 495,000	$ 495,000	$ 495,000	$ 495,000
TOTAL - REHABILITATION LOANS	**$ 495,000**	**$ 495,000**	**$ 495,000**	**$ 495,000**	**$ 495,000**
PUBLIC FACILITIES					
Downtown Specific Plan	$ 100,000	$ 100,000	$ 100,000		
Fullerton Community Center	$ 500,000	$ 10,200,000	$ 10,200,000		
Transpotation Center Parking Structure Elevator	$ 350,000				
Transpotation Center Pedestrian Overpass Elev.	$ 630,000				
Hillcrest Park Rehabilitation	$ 250,000	$ 2,250,000	$ 3,000,000		
Transportation Center Parking Expansion	$ 700,000				
Transportation Center Master Plan	$ 250,000				
Main Library Expansion & Remodel	$ 7,000,000	$ 1,600,000			
Maintenance Services Parking Addition	$ 250,000	$ 200,000			
Lemon Park	$ 670,000				
Gilman Park	$ 50,000				
Independence Park - Phase II	$ 100,000				
Union Pacific Trail - Phase II	$ 30,000				
Lions Field Improvements	$ 11,771,000				
Downtown Plaza Safety Improvements	$ 40,000				
Vista Park	$ 46,000				
Downtown Parking Study	$ 20,000				
TOTAL - PUBLIC FACILITIES	**$ 22,757,000**	**$14,350,000**	**$13,300,000**	**$ -**	**$ -**
PUBLIC IMPROVEMENTS					
State College Grade Separation	$ 1,000,000	$ 400,000	$ 500,000	$ 500,000	$ 3,000,000
Arterial Street Reconstruction, Rehab, Repair	$ 60,000	$ 500,000	$ 1,000,000		
Commonwealth Avenue Street Tree Lights		$ 75,000			
Downtown Public Art	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
Directional Signing Program	$ 250,000				
Harbor Boulevard Reconstruction	$ 1,100,000				
Lemon Street Reconstruction	$ 600,000				
Placentia Avenue Reconstruction	$ 700,000				
Arterial Street Beautification	$ 50,000				
Arterial Street Beautification - N. Harbor Blvd.	$ 40,000				
Traffic Signal - Harbor/Houston	$ 100,000				
Wi-Fi System	$ 23,000				
Alley Improvements	$ 500,000				
Water Line Improvements	$ 400,000				
Curb, Gutter, & Sidewalk Reconstruction - Area 1			$ 50,000		
Curb, Gutter, & Sidewalk Reconstruction - Area 2		$ 50,000			
Curb, Gutter, & Sidewalk Reconstruction - Area 3	$ 50,000				
TOTAL - PUBLIC IMPROVEMENTS	**$ 4,898,000**	**$ 1,050,000**	**$ 1,575,000**	**$ 525,000**	**$ 3,025,000**

TABLE 6 - SUMMARY OF EXPENDITURES BY PROGRAM / PROJECT CATEGORIES (CONT.)

PROJECT CATEGORY Specific Project	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
AFFORDABLE HOUSING					
Housing Program Funds - Area 1	$ 588,060	$ 600,138	$ 612,141	$ 624,384	$ 636,871
Housing Program Funds - Area 2	$ 1,386,000	$ 1,413,720	$ 1,441,994	$ 1,470,834	$ 1,500,251
Housing Program Funds - Area 3	$ 1,564,200	$ 1,595,484	$ 1,627,394	$ 1,659,942	$ 1,693,140
Other Available Funds	$ 285,000	$ 286,000	$ 287,020	$ 288,060	$ 289,122
TOTAL - AFFORDABLE HOUSING	**$ 3,823,260**	**$ 3,895,342**	**$ 3,968,549**	**$ 4,043,220**	**$ 4,119,384**
DEVELOPMENT & PARTICIPATION AGMTS					
Fox Block		$ 3,000,000	$ 4,000,000	$ 2,300,000	
Fox Theatre	$ 500,000	$ 5,500,000			
West Avenue Housing		$ 383,333	$ 166,667		
Habitat For Humanity	$ 32,966	$ 73,279	$ 109,919		
Fullerton Transportation Center		TBD	TBD		
Amerige Court				TBD	TBD
TOTAL - DEVEL. & PARTICIPATION AGMTS	**$ 532,966**	**$ 8,956,612**	**$ 4,276,586**	**$ 2,300,000**	
DEBT SERVICE & REIMB OBLIGATIONS					
Outstanding Bond Issues Principal & Interest	$ 7,369,377	$ 7,337,162	$ 7,293,819	$ 7,251,520	$ 7,232,321
Administrative Fees	$ 21,100	$ 21,100	$ 21,100	$ 21,100	$ 21,100
Taxing Entity Pass-Through Payments	$ 1,390,565	$ 1,599,150	$ 1,759,065	$ 1,934,970	$ 2,128,470
Debt Service - Support Departments (Project 3)	$ 476,420	$ 470,160	$ 463,980	$ 457,880	$ 451,860
TOTAL - DEBT SERVICE & REIMB OBLIG.	**$ 9,257,462**	**$ 9,427,572**	**$ 9,537,964**	**$ 9,665,470**	**$ 9,833,751**
ADMINISTRATION AND OVERHEAD					
Administrative Expenses (RDA staff & other City staff)	$ 4,486,150	$ 4,502,843	$ 4,637,997	$ 4,776,997	$ 4,919,969
Contributions to Fullerton Arboretum	$ 191,740	$ 201,327	$ 211,393	$ 221,963	$ 233,061
Miller Lease	$ 136,440	$ 136,440	$ 136,440	$ 136,440	$ 136,440
TOTAL - ADMINISTRATION AND OVERHEAD	**$ 4,814,330**	**$ 4,840,610**	**$ 4,985,830**	**$ 5,135,400**	**$ 5,289,470**
TOTAL - ALL EXPENDITURES	**$ 46,578,018**	**$43,015,136**	**$38,138,929**	**$22,164,090**	**$ 22,762,605**

TBD - To be determined at a later date.

TABLE 7 - RELATIONSHIP OF PROPOSED PROGRAMS TO THE ELIMINATION OF BLIGHTING CONDITIONS

Blighting Conditions	Rehabilitation Programs	Public Facilities	Public Improvements	Affordable Housing	Development/ Participation Agreements	Debt Service/ Reimbursement Obligations	Administration
Unsafe/Unhealthy buildings	X	X	X	X	X	X	X
Buildings or developments that are physically obsolete	X	X			X	X	X
Incompatible adjacent uses	X			X	X	X	X
Lots of irregular shapes and sizes in multiple ownership				X	X	X	X
Inadequate infrastructure, parking facilities, utilities		X	X		X		X
Depreciated/stagnant property values	X	X	X	X	X	X	X
Impaired property values due to hazardous waste	X	X	X			X	X
High vacancies, low lease rates, abandoned buildings	X				X	X	X
Lack of commercial businesses	X				X	X	X
Residential overcrowding				X	X		X
Excess of bars, liquor stores, adult-oriented businesses							X
High crime rate	X	X	X	X	X		X

SECTION II

AFFORDABLE HOUSING COMPONENT

II. AFFORDABLE HOUSING COMPONENT

A. PAST ACTIVITIES AND ACCOMPLISHMENTS

The following summarizes the past affordable housing activities with Agency involvement:

1. The Agency assisted nine apartment projects with a total of 435 units since 1992. A total of 414 of the units have long-term income and affordability restrictions, or which 167 units are restricted to special very-low income households, 187 units are restricted to very-low income households and 60 units are restricted to low income households.

2. Through FY 2009, the Agency has assembled 30 properties in the Richman/Valencia/West neighborhood. The breakdown of the properties is as follows:

    a. Thirteen (13) properties along the south side of West Avenue were assembled for a 34 unit Olson Company affordable housing project.

    b. Four (4) properties along Valencia Drive were assembled for a development of 11 very-low and low income ownership units to be developed by Habitat for Humanity. Two properties were conveyed to Habitat for Humanity in FY 2007 and FY 2008.

    c. Thirteen (13) properties on Valencia Drive, West Avenue, Highland Avenue and Truslow Avenue were assembled for future housing projects that have not yet been determined.

3. Through FY 2009, the Agency adopted relocation and replacement housing plans in relation to the removal of 108 units occupied by very-low, low and moderate income households.

4. The Agency entered into an agreement with Habitat for Humanity in relation to the development of 11 units located in the Richman/Valencia/West neighborhood to be restricted to eight very-low income households and three low income households. Four units have been completed with the remaining seven units expected to be completed by December 2011.

5. The Agency entered into a disposition and development agreement (DDA) in March 2008 with the Olson Company to develop 34 moderate income ownership units on West Avenue. The ground breaking for the project is expected to occur in January 2010 and the three phases completed by December 2011.

6. The Agency sent a Request for Qualifications (RFQ) to over 200 housing developers in order to pre-qualify the firms as development partners for future affordable housing projects. A total of 28 developers met the conditions imposed by the Agency.

7. The Agency actively pursued outside funding sources including applying for Proposition 1C funds. However, the Agency has not been awarded any funds.

8. The Agency began exploring potential affordable housing activity areas outside of the Richman/Valencia/West neighborhood.

9. The Agency explored the issuance of a housing bond to be used for future property acquisition and affordable housing projects.

CRL Requirements
For the previous Implementation Plan period, Section 33490(a)(2)(C)(iv) of the CRL requires the following to be disclosed:

1. The amount of Housing Funds used to assist extremely-low, very-low and low income units:

	FY 2005 – FY 2009
Extremely-Low Income Units	$0
Very-Low Income Units	1,101,000
Low Income Units	395,000
Total Assistance	**$1,496,000**

2. The amount of Housing Funds used to assist families with children: $1,496,000

3. Identify the family units assisted (location, number of units, affordability level and assistance amount):

    a. 430 West Valencia – Two very-low income units; and

    b. 413 West Valencia – One very-low income unit and three low income units.

4. Identify the extremely-low, very-low and low income units, restricted with 55-year (rental) or 45-year (ownership) affordability restrictions, produced with local subsidy other than Affordable Housing Funds: None.

B. GOALS AND OBJECTIVES

The CRL requires that certain housing requirements be fulfilled during five- and 10-year increments; and over the remaining project area life. Specifically, the inclusionary housing production requirement must be met every ten years, and over the life of the Project Area. Comparatively, the proportionality tests must be achieved between January 1, 2002 and December 31, 2014, and then again in 10-year increments throughout the Project Area life.

The Agency's primary goal is to comply with the affordable housing requirements imposed by the CRL in a responsible manner. The affordable housing activities identified in the Implementation Plan will be undertaken over the duration of the Redevelopment Plan for the Project Areas, and will explicitly assist in accomplishing the intent of the CRL in regards to the provision of low and moderate income housing.

C. PROPOSED PROJECTS AND PROGRAMS

The following summarizes the proposed housing activities for the Implementation Plan period:

1. The Agency will relocate existing tenants that reside in 28 units in certain portions of the Richman / Valencia / West neighborhood that will be removed during the Implementation Plan period.

2. The Agency plans to continue to acquire land as it comes available in the Richman / Valencia / West neighborhood.

3. The Agency will continue to explore potential affordable housing activity areas such as the north side of West Avenue, Euclid Avenue, Valencia Drive, Iris Court and along Commonwealth Avenue.

4. The Agency will issue an RFP to the approved affordable housing developers for approximately 250 affordable housing units.

5. Project Assistance:

    a. Habitat for Humanity – Approximately $216,000 will be disbursed for the remaining five very-low income units in Phase III.

    b. Olson Company – A total of $550,000 will be disbursed for the development of 34 moderate income single-family units along West Avenue.

6. The Agency plans to issue a taxable bond secured with Housing Set-Aside funds in FY 2011.

D. APPLICABLE AFFORDABLE HOUSING REQUIREMENTS

1. California Redevelopment Law Requirements

A California redevelopment agency has three primary responsibilities relative to affordable housing:

- To deposit and expend a percentage of tax increment revenue for the provision of affordable housing (Housing Set-Aside Requirement) into a separate fund (Housing Fund).

- To cause specified percentages of new or rehabilitated housing units in a project area to be available at affordable housing cost (Inclusionary Housing Production Requirement)

- To replace affordable housing units removed from the housing stock as a result of redevelopment activities (Replacement Housing Requirement).

A five-year implementation plan must address the redevelopment agency's performance relative to each of these responsibilities in enough detail to evaluate the agency's performance for each of the five years. This includes the following:

- Plans for using annual deposits into the Housing Set-Aside Fund.
  - Housing Funds must be spent on very-low, low and moderate income housing projects in proportion to the unmet need for housing as defined in Government Code Section 65584 (Income Targeting Requirement)
  - A cap is applied to the amount of Housing Funds that can be spent on housing that is subject to age restrictions (Age Restriction Requirement)

- Identification of planned projects that will result in the destruction of existing affordable housing and identification of proposed locations for housing to replace units removed for project activities (Replacement Housing Requirement).

- Estimates of new housing units to be constructed within the project area if adopted after 1975 and both a five-year and a 10-year plan to produce affordable housing in response to new housing production (Inclusionary Housing Production Requirement).

- An explanation of housing of how the goals, objectives, projects and expenditures will implement the low and moderate income housing set-aside and housing production requirements.

2. Definitions

Very-Low Income Household (Section 50105)
Households whose gross income is 50% or less of the area median income (Median).

Low Income Household (Section 50079.5)
Households whose gross income is greater than 50% but not greater than 80% of the Median.

Moderate Income Household (Section 50105)
Households whose gross income is greater than 80% but not greater than 120% of the Median.

Affordable Owner-Occupied Housing Cost (Section 50052.5)
For any owner-occupied housing, affordable housing costs shall not exceed the following:

- For very-low income households the product of 30% times 50% of the Median adjusted for family size appropriate for the unit.

- For lower income households whose gross incomes exceed the maximum income for very-low income households and do not exceed 70% of the Median adjusted for family size, the product of 30% times 70% of the Median adjusted for family size. In addition, for any lower income household that has a gross income that equals or exceeds 70% of the Median adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 30% of the gross income of the household.

- For moderate income households whose gross incomes exceed the maximum income for lower income households and do not exceed 110% of the Median adjusted for family size, the product of 35% times 110% of the Median adjusted for family size. In addition, for any moderate income household that has a gross income that equals or exceeds 110% of the Median adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 35% of the gross income of the household.

Affordable Renter-Occupied Housing Cost (Section 50053)
For any rental housing development, affordable rent, including a reasonable utility allowance, shall not exceed:

- For very-low income households, the product of 30% times 50% of the Median adjusted for family size appropriate for the unit.

- For lower income households whose gross incomes exceed the maximum income for very-low income households, the product of 30% times 60% of the Median adjusted for family size. In addition, for those lower income households with gross incomes that exceed 60% of the Median adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30% of gross income of the household.

- For moderate income households, the product of 30% times 110% of the Median adjusted for family size. In addition, for those moderate income households with gross incomes that exceed 110% of the Median adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30% of gross income of the household.

Developed by the Agency
"Developed by the Agency" means the Agency has contracted directly with a building contractor for the construction or rehabilitation of dwelling units.

New Dwelling Units
"New dwelling units" means dwelling units for which the final certificate of occupancy was issued during the year indicated.

Substantial Rehabilitation
"Substantial rehabilitation" means rehabilitation, the value of which constitutes at least 25% of the after rehabilitation value of the dwelling inclusive of the land value.

Substantial Rehabilitation Dwelling Units
Prior to January 1, 2002, "substantially rehabilitated dwelling units" means all substantially rehabilitated multi-family dwelling units with three or more units regardless of agency assistance or substantially rehabilitated single-family dwelling units with one or two units with agency assistance.

Since January 1, 2002, "substantially rehabilitated dwelling units" means all units substantially rehabilitated with agency assistance.

E. HOUSING FUND STATUS

The Project Area is subject to the Section 33334.2 requirement to allocate 20% of the gross property tax increment to affordable housing activities. The projections of the required deposits into the Affordable Housing Fund are discussed in the following sections of the Implementation Plan.

1. Affordable Housing Fund Deposits

The Affordable Housing Fund revenues shown in Table H-1 include the following:

- Twenty percent (20%) of the estimated gross property tax increment generated within the Project Areas.
- Interest income from balances in the Affordable Housing Fund.
- Repayments on existing residual receipts and individual loans.
- Land sale proceeds from the sale of properties purchased with Housing Fund revenues.
- The Agency plans to issue Housing Bonds in FY 2011. Based on an estimate provided by Wedbush Morgan Securities, the net proceeds are projected to equal $22.61 million.

The projected revenue streams for the Housing Fund can be summarized as follows:

Table H-1
Projected Housing Fund Revenues (in $000s)
FY 2010 – FY 2014

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Totals
Set-Aside Funds	$3,538	$3,609	$3,682	$3,755	$3,830	$18,415
Interest Income	50	51	52	53	54	260
Loan Repayments	235	235	235	235	235	1,175
Land Sale Proceeds	0	0	0	0	0	0
Bond Proceeds	0	22,613	0	0	0	22,613
Total Revenues	**$3,823**	**$26,508**	**$3,969**	**$4,043**	**$4,119**	**$42,462**

2. Use of Affordable Housing Fund Deposits

The Agency is projected to incur the following costs during the Implementation Plan period:

Administrative Expenses:
Costs such as salaries; overhead; consultant and legal fees; and supplies will be incurred to implement the Affordable Housing Program. The actual expenditures must be determined each year, and found to be necessary to implement the Housing Program. However, the cash flow projection includes estimates for each year of the remaining Project Area life.

Projects:
The Agency will provide financial assistance to the Habitat for Humanity and West Avenue/Olson projects. The Agency anticipates assisting in a number of yet to be determined sites for rental low and very-low income housing in order to meet RHNA goals. The Agency will also continue to relocate tenants that occupy units on land acquired by the Agency as well as seek developers to provide affordable housing projects on these sites.

Land Acquisition:
The Agency plans to continue to acquire property in the target neighborhoods as the sites come available.

Programs:
The Agency does not plan to fund the First Time Home Buyer and Rehabilitation programs at this time.

Annual Debt Service:
The annual debt service on an 18 year $25.89 million (net $22.61 million) Housing Bond is estimated to be approximately $2.83 million as projected by Wedbush Morgan Securities.

The projected Housing Fund expenditures can be summarized as follows:

Table H-2
Projected Housing Fund Expenditures (in $000s)
FY 2010 – FY 2014

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Totals
Administration	$924	$924	$942	$924	$905	$4,619
Housing Expenditures	3,783	5,491	5,167	5,000	10,000	29,441
Debt Service	0	960	2,830	2,827	2,830	9,447
Total Expenditures	**$4,707**	**$7,375**	**$8,939**	**$8,751**	**$13,736**	**$43,508**

3. Housing Fund Cash Flow Analysis

This Implementation Plan provides an illustrative example of how the Housing Program could be financed on an annual basis over the remaining term of the Project Area. However, the timing and specific amounts of the expenditures may be adjusted over time. Specific decisions on each of these items will be made as part of the Agency's annual budget process. The cash flow projected to be generated by the Housing Fund is summarized in the following table:

Table H-3
Projected Housing Fund Cash Flow
FY 2010 – FY 2014

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Beginning Balance	$5,450,000	$4,566,000	$23,699,000	$18,729,000	$14,026,000
Total Revenues	3,823,000	26,508,000	3,968,000	4,043,000	4,119,000
(Less) Expenditures	(4,707,000)	(7,375,000)	(8,939,000)	(8,751,000)	(13,736,000)
Ending Balance	**$4,566,000**	**$23,699,000**	**$18,729,000**	**$14,021,000**	**$4,404,000**

4. Proportional Expenditures of Housing Funds

A project area is subject to the Section 33334.4 requirement that a redevelopment agency expend Housing Funds in accordance with an income proportionality test and an age restriction proportionality test. These proportionality tests must be met between January 1, 2002 and December 31, 2014, and then again through the termination of the project area. The results of the proportionality test are described in the following sections.

<u>Income Targeting Proportionality Test</u>
The income targeting proportionality test requires a redevelopment agency to expend Housing Funds in proportion to the unmet housing needs that have been identified for

the community pursuant to Government Code Section 65584. The proportionality test used in this report is based on the 2006 - 2014 Regional Housing Needs Assessment (RHNA) figure prepared by the Southern California Association of Governments (SCAG), which covers the time period of this Implementation Plan.

The RHNA established the following unmet need for affordable housing in the City of Fullerton.

Income Category	Total Units	% of Total	Expenditure Proportionality
Very-Low Income	398	36%	At Least 36%
Low Income	329	30%	At Least 30%
Moderate Income	376	34%	At Most 34%
Totals	**1,103**	**100%**	

To comply with the Section 33334.4 requirements, the Agency must spend at least 36% of the Housing Funds on projects and programs dedicated to very-low income households, and no more than 34% of the Housing Funds on projects and programs dedicated to moderate income households. Section 33334.4 provides the Agency with the flexibility to allocate Housing Funds in any way that complies with the defined minimum for very-low income expenditures and the defined cap for moderate income expenditures.

Section 33334.4 allows the Agency to expend a disproportionate amount of the Housing Funds for very-low income households, and to subtract a commensurate amount from the low and/or moderate income thresholds. Similarly, the Agency can provide a disproportionate amount of funding for low income housing by reducing the amount of funds allocated to moderate income households. In no case can the expenditures for moderate income households exceed the established threshold.

The following summarizes the actual expenditures incurred by the Agency between January 1, 2002 and FY 2009:

Table H-4
Actual Expenditures by Income Category
January 1, 2002 – June 30, 2009

Income Category	Projected Expenditures	% of Total Expenditures
Very-Low Income	$4,151,000	19%
Low Income	2,106,000	9%
Moderate Income	15,963,000	72%
Totals	**$22,220,000**	**100%**

The following summarizes the income category allocations of the proposed expenditures for FY 2010 through December 31, 2014:

Table H-5
Projected Expenditures by Income Category
July 1, 2009 – December 31, 2014

	Very-Low Income	Low Income	Moderate Income	Total Expenditures
FY 2010	$1,892,000	$1,891,000	$0	$3,783,000
FY 2011	2,554,000	2,554,000	383,000	5,491,000
FY 2012	2,500,000	2,500,000	167,000	5,167,000
FY 2013	2,500,000	2,500,000	0	5,000,000
FY 2014	5,000,000	5,000,000	0	10,000,000
July 1 – December 31, 2014	1,000,000	1,000,000	0	2,000,000
Total Expenditures	**$15,446,000**	**$15,445,000**	**$550,000**	**$31,441,000**
% of Total Expenditures	**49%**	**49%**	**2%**	**100%**

By the end of the obligation period it is anticipated that the Agency expenditures will have allocated 37% of the Housing Fund's project and program expenditures to very-low income households, 33% of the funds to low income households and 31% of the funds to moderate income households, summarized below:

Table H-6
Projected Expenditures by Income Category
January 1, 2002 – December 31, 2014

Income Category	Projected Expenditures	% of Total Expenditures
Very-Low Income	$19,596,000	37%
Low Income	17,552,000	33%
Moderate Income	16,513,000	31%
Totals	**$53,661,000**	**100%**

The Agency will have assisted one moderate income project during the 12 year compliance period. The moderate income expenditures were initially budgeted to be within the income targeting requirements. However, the relocation costs associated with the Project were higher than expected. Therefore, these expenditures are not expected to match the current proportionality requirements, and thus, the Agency is not anticipated to meet the income targeting standards imposed by Section 33334.4. The Agency plans to expend Affordable Housing Funds on very-low and low income projects only during the Plan period and through the next Plan period.

Age-Restricted Proportionality Test

Section 33334.4 also requires redevelopment agencies to cap assistance for age-restricted housing based on the percentage of very-low and low income senior citizens within the very-low and low income households in the community. In the City of Fullerton, very-low and low income senior citizens account for 10% of the City's total very-low and low income population. Therefore, the following summarizes the maximum amount of Housing Fund expenditures that can be spent on age restricted projects.

Project Type	% of Total Expenditures
Age Restricted	At Most 10%
Non-Age Restricted	At Least 90%

The following summarizes the actual expenditures incurred by the Agency between January 1, 2002 and FY 2009:

Table H-7
Actual Expenditures by Project Type
January 1, 2002 – June 30, 2009

Project Type	Projected Expenditures	% of Total Expenditures
Age Restricted	$0	0%
Non-Age Restricted	$22,220,000	100%
Total	**$22,220,000**	**100%**

The following summarizes the income category allocations of the proposed expenditures for FY 2010 through December 31, 2014:

Table H-8
Projected Expenditures by Project Type
July 1, 2009 – December 31, 2014

	Age Restricted	Non-Age Restricted	Total Expenditures
FY 2010	$0	$3,783,000	$3,783,000
FY 2011	0	5,491,000	5,491,000
FY 2012	0	5167,000	5167,000
FY 2013	0	5,000,000	5,000,000
FY 2014	0	10,000,000	10,000,000
July 1 – December 31, 2014	0	2,000,000	2,000,000
Total Expenditures	**$0**	**$31,441,000**	**$31,441,000**
% of Total Expenditures	**0%**	**100%**	**100%**

By the end of the obligation period it is anticipated that the Agency expenditures will have allocated 0% of the Housing Fund's project and program expenditures to age restrict projects and 100% of the funds to non-age restricted projects, summarized below:

Table H-9
Projected Expenditures by Project Type
January 1, 2002 – December 31, 2014

Project Type	Projected Expenditures	% of Total Expenditures
Age Restricted	$0	0%
Non-Age Restricted	53,661,000	100%
Total	**$53,661,000**	**100%**

These expenditures match the current proportionality requirements, and thus, the Agency is anticipated to meet the age restricted targeting standards imposed by Section 33334.4.

5. Excess Surplus Calculation

The Affordable Housing Fund is subject to the "excess surplus" requirements imposed by Section 33334.12. Excess surplus is defined as any unexpended and unencumbered funds in the Housing Fund that exceeds the greater of $1 million or the aggregate amount deposited into the Housing Fund during the project area's preceding four fiscal years. Based on the Section 33334.12 requirements, the Agency has three years to encumber any excess surplus funds.

The Agency does not currently have an excess surplus balance. Moreover, it is expected that the Housing Fund will not have an excess surplus over the Implementation Plan period as illustrated below:

Table H-10
Excess Surplus Analysis
FY 2010 – FY 2014

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Ending Balance	$4,566,000	$23,699,000	$18,729,000	$14,021,000	$4,404,000
(Less) Bond Proceeds	0	(22,613,000)	(22,613,000)	(22,613,000)	(22,613,000)
(Less) Encumbered Funds	0	0	0	0	0
Adjusted Ending Balance	$4,566,000	$1,086,000	$0	$0	$0
Max. Allowable Fund Balance	$14,137,000	$14,423,000	$14,507,000	$14,584,000	$14,876,000
Excess Surplus	**$0**	**$0**	**$0**	**$0**	**$0**

F. INCLUSIONARY HOUSING PRODUCTION STATUS

1. Legal Requirements

For the purposes of this Implementation Plan, inclusionary housing production refers to a redevelopment agency's obligation to cause a specified percentage of new or rehabilitated housing produced in a project area to be available at affordable housing cost. It does not matter whether the housing is market rate or cost restricted, nor does it matter if the housing is privately or publicly produced.

2. Applicability of Inclusionary Housing Production Requirements

The Orangefair, Central Fullerton and East Fullerton project areas were adopted by the Agency prior to 1976. In addition, while the Project Area No. 4 was adopted post 1976, the project area does not contain any residential zoned parcels. Therefore, Section 33413(b) is not applicable to the four project areas.

G. STIPULATED JUDGMENT OBLIGATIONS

The Agency is subject to the affordable housing requirements imposed by the Stipulated Judgment dated August 6, 1991 (Stipulated Judgment). The requirements that apply to the Agency are summarized as follows:

1. Any off-site improvements financed with Housing Funds must be directly related to a specific housing development which is financed with Housing Funds and which will be subject to the terms and conditions of the Stipulated Judgment.

2. All housing units, in aggregate, developed, acquired and/or rehabilitated with Housing Funds must be restricted as follows:

	Household Income Ranges (% of Median Income)		% of Total Agency Assisted Units
	Rental Units	**Ownership Units**	
Special Very-Low Income	0% - 35%	NA	Not less than 16%
Very-Low Income	35% - 45%	0% - 50%	Not less than 34%
Low Income	45% - 60%	50% - 70%	Not less than 15%
Moderate Income	60% - 120%	70% - 120%	At most 35%

3. The Stipulated Judgment does not require all or any particular number or percentage of units in a project to be available to any particular income category as long as all of the Housing Funds assist exclusively the units for very-low, low or moderate income households.

The Agency has been involved in producing 414 rental affordable units with $7.70 million in Housing Funds since 1992.[1] All of these units are restricted to low and very-low income households. The Agency has also provided $18.73 million in assisting 45 ownership units, which are restricted to low and moderate income households. The Agency also plans to expend Housing Funds on approximately 250 very-low and low income rental units during the Implementation Plan period. The Agency assisted units have been restricted, in perpetuity, as follows:

Table H-11
Stipulated Judgment Analysis
FY 1992 – FY 2014

	# of Units	% of Total Units	Judgment Requirements
Very-Low Income Units			
Special Very-Low Income	167	24%	Not less than 16%
Very-Low Income	366	52%	Not Less than 34%
Low Income Units	142	20%	Not less than 15%
Moderate Income Units	34	4%	At most 35%
Totals	**709**	**100%**	

Therefore, the Agency has produced a surplus of very-low and low income units and is below the moderate income maximum. As such, the Agency is currently and anticipates being in compliance with the Stipulated Judgment during the Implementation Plan period.

H. REPLACEMENT HOUSING STATUS

1. Legal Requirements

The Agency is required to meet replacement housing obligations pursuant to Section 33413(a). This Section requires the Agency to replace, on a one-for-one basis, all units removed from the inventory as a result of Agency actions that are occupied by low and moderate income households. In addition to matching the income levels of the removed units, the Agency must also replace an equal or greater number of bedrooms.

The homes that are removed from the inventory may be replaced with fewer units as long as an equal or greater number of bedrooms are provided in the replacement units. Replacement housing units do not have to match tenure (i.e., rental vs. ownership, family vs. senior housing) as the units removed from inventory. Also, replacement units can be developed anywhere within the City limits. Article 16.5 requires that if an

[1] Based on information provided in the Agency's 2004-2009 Midterm Update.

implementation plan contains projects that could result in the removal of low and moderate income housing units, the plan must identify locations suitable for the replacement of such housing.

Tables H-12, H-13 and H-14 provide the details of the Agency's replacement housing activities.

Past Removal of Low and Moderate Income Units
According to Agency staff, and detailed in Table H-12, a total of 135 units have been removed from the Project Areas' housing stock since the first Project Area was adopted in 1973.[2] However, these units have been replaced by the 414 units in the nine completed projects, as illustrated in Table H-13. Thus, the Agency has fulfilled the past 135 unit replacement housing obligation as shown in Table H-14.

Future Removal of Low and Moderate Income Units
The Agency anticipates removing an additional 64 residential units as listed in Table H-12 during the FY 2010 to FY 2014 period. The income levels of the existing tenants are not known at this time. Therefore, it is conservatively assumed that all of these two bedroom units are occupied with very-low income households. Based on the surplus replacement housing units plus 295 new units added to the replacement housing inventory, as shown in Table H-13, the Agency will be able to meet the 64 unit replacement housing obligation as shown in Table H-14.

[2] The detailed Replacement Housing Plans are on file at the Agency.

Table H-12
Historical and Future Removed Units
1973 - 2014

	Removal Date	Very-Low Income Units 0/1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm	Low Income Units 0/1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm	Moderate Income Units 0/1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm	VL	L	M
Civic Center Barrio																
413 W. Valencia	2002	4	0	0	0	0	0	0	0	0	0	0	0	4	0	0
401 S. Highland	2002	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0
312 W. Truslow	2002	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0
Police Dept. Expansion																
221 W. Amerige	2003	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0
221 ½ W. Amerige	2003	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0
223 W. Amerige	2003	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0
McDonald's Relocation[3]	2004	3	2	1	0	1	1	1	0	0	0	0	0	6	3	0
Richman Park (Habitat) [4]	2004	0	15	0	0	0	3	0	0	0	0	0	0	15	3	0
Mid-Block Expansion	2006	0	5	0	0	0	2	0	0	0	1	0	0	5	2	1
Richman/Valencia	2006	0	18	0	0	0	4	0	0	0	2	0	0	18	4	2
Richman/Valencia	2007	0	24	0	0	0	9	0	0	0	2	0	0	24	9	2
Richman/Valencia	2008	0	29	0	0	0	3	0	0	0	0	0	0	29	3	0
Richman/Valencia	2010	0	28	0	0	0	0	0	0	0	0	0	0	28	0	0
Richman/Valencia	2011	0	20	0	0	0	0	0	0	0	0	0	0	20	0	0
Richman/Valencia	2012	0	8	0	0	0	0	0	0	0	0	0	0	8	0	0
Richman/Valencia	2013	0	8	0	0	0	0	0	0	0	0	0	0	8	0	0
Total Units Removed		**7**	**160**	**2**	**0**	**1**	**23**	**1**	**0**	**0**	**5**	**0**	**0**	**169**	**25**	**5**
Total Bdrms Removed		**7**	**320**	**6**	**0**	**1**	**46**	**3**	**0**	**0**	**10**	**0**	**0**	**333**	**50**	**10**

[3] The properties that were removed include the following: 141-147 E. Chapman and 501-515 N. Pomona.
[4] The properties that were removed include the following: 425, 430 and 431 W. Valencia Drive and 524 S. Richman Avenue.

Table H-13
Historical and Future Fulfillment Projects
1973 - 2014

	Completion Date	Very-Low Income Units				Low Income Units				Moderate Income Units						
		0/1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm	0/1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm	0/1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm	VL	L	M
Allen Hotel	1992	16	0	0	0	0	0	0	0	0	0	0	0	16	0	0
Casa Maria Del Rio	1997	21	4	0	0	0	0	0	0	0	0	0	0	25	0	0
E. Fullerton Villas	1994	0	17	8	2	0	0	0	0	0	0	0	0	27	0	0
Fullerton City Lights	1999	116	0	0	0	0	0	0	0	0	0	0	0	116	0	0
Courtyard Apts.	1996	0	26	27	0	0	34	17	4	0	0	0	0	53	55	0
Garnet Apts. A	1995	0	18	0	0	2	0	0	0	0	0	0	0	18	2	0
Harbor View Terrace	1997	21	4	0	0	0	0	0	0	0	0	0	0	25	0	0
Klimpel Manor	1994	58	1	0	0	0	0	0	0	0	0	0	0	59	0	0
Garnet Apts. B	1996	0	11	4	0	0	0	3	0	0	0	0	0	15	3	0
Richman Park	2010	0	0	8	0	0	0	0	0	0	0	0	0	8	0	0
Richman Park	2011	0	0	0	0	0	0	3	0	0	0	0	0	0	3	0
West Avenue (Olson)	2010	0	0	0	0	0	0	0	0	0	0	22	12	0	0	34
Unidentified Projects	2014	0	200	0	0	0	50	0	0	0	0	0	0	200	50	0
Total Units		**232**	**281**	**47**	**2**	**2**	**84**	**23**	**4**	**0**	**0**	**22**	**12**	**562**	**113**	**34**
Total Bedrooms		**232**	**562**	**141**	**8**	**2**	**168**	**69**	**16**	**0**	**0**	**66**	**48**	**943**	**255**	**114**

Table H-14
Replacement Housing Surplus / (Deficit)
1973 - 2014

	Very-Low Income Units				Low Income Units				Moderate Income Units						
For the Period 1973 - 2009	**0/1-Bdrm**	**2-Bdrm**	**3-Bdrm**	**4-Bdrm**	**0/1-Bdrm**	**2-Bdrm**	**3-Bdrm**	**4-Bdrm**	**0/1-Bdrm**	**2-Bdrm**	**3-Bdrm**	**4-Bdrm**	**VL**	**L**	**M**
Total Fulfillment Units	232	81	39	2	2	34	20	4	0	0	0	0	354	60	0
Adjustments	0	15	(15)	0	0	(5)	0	0	0	5	0	0	0	(5)	5
(Less) Obligation Units	(7)	(96)	(2)	0	(1)	(23)	(1)	0	0	(5)	0	0	(105)	(25)	(5)
Unit Surplus / (Deficit)	**225**	**0**	**22**	**2**	**1**	**6**	**19**	**4**	**0**	**0**	**0**	**0**	**249**	**30**	**0**
Bedroom Surplus / (Deficit)	**225**	**15**	**66**	**8**	**1**	**12**	**57**	**16**	**0**	**0**	**0**	**0**	**314**	**86**	**0**

	Very-Low Income Units				Low Income Units				Moderate Income Units						
For the Period 1973 – 2014	**0/1-Bdrm**	**2-Bdrm**	**3-Bdrm**	**4-Bdrm**	**0/1-Bdrm**	**2-Bdrm**	**3-Bdrm**	**4-Bdrm**	**0/1-Bdrm**	**2-Bdrm**	**3-Bdrm**	**4-Bdrm**	**VL**	**L**	**M**
Surplus / (Deficit)	225	0	22	2	1	6	19	4	0	0	0	0	249	30	0
Total Fulfillment Units	0	200	8	0	0	50	3	0	0	0	22	12	208	53	34
(Less) Obligation Units	0	(64)	0	0	0	0	0	0	0	0	0	0	(64)	0	0
Unit Surplus / (Deficit)	**225**	**136**	**30**	**2**	**1**	**56**	**22**	**4**	**0**	**0**	**22**	**12**	**393**	**83**	**34**
Bedroom Surplus / (Deficit)	**225**	**272**	**90**	**8**	**1**	**112**	**66**	**16**	**0**	**0**	**66**	**48**	**595**	**195**	**114**

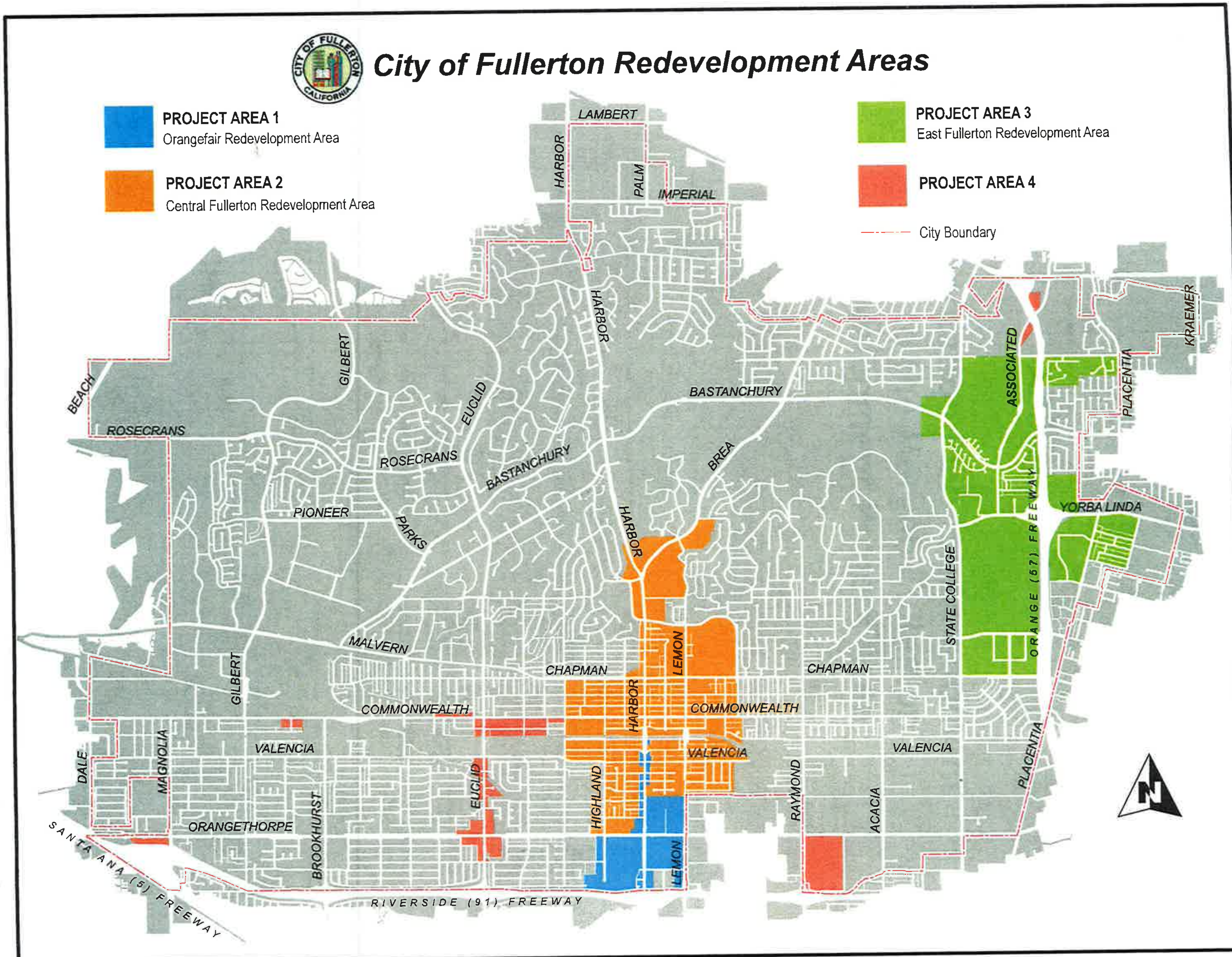
I. ABILITY TO COMPLY WITH OBLIGATIONS PRIOR TO TIME LIMIT OF EFFECTIVENESS OF REDEVELOPMENT PLAN

Section 33490(a)(4) of the CRL requires a project area that is within six year of the time limit of effectiveness of the Redevelopment Plan to explain how the Agency will meet the housing obligations. Given that none of the Agency's projects areas will be expiring within six years, this section is not applicable.

APPENDIX A

Map of the Merged Project Area

City of Fullerton Redevelopment Areas



APPENDIX B

Implementation Plan for Amendment No. 1 to the Merged Fullerton Redevelopment Project Area

URBAN FUTURES INCORPORATED UFI / GRC

16.0 IMPLEMENTATION PLAN

This Implementation Plan is prepared in compliance with CRL Section 33490 *et seq.*, which requires the adoption of an implementation plan every five years for each redevelopment project area in a redevelopment agency's jurisdiction. This Implementation Plan is the first plan for the proposed Amendment Area. As such, it is part of this Report to City Council.

A five-year implementation plan for the existing Amendment Area was adopted in December 2004. This document is called *Fullerton Redevelopment Agency Five-Year Implementation Plan 2004-2009.* Subsequent Implementation Plans for the proposed Amendment Area will be prepared at the same time as the five-year implementation plan for the Agency's existing redevelopment project areas. As such, the following Implementation Plan will be updated and combined with the existing implementation plan in 2009.

It is important to remember that the Redevelopment Plan for the proposed Amendment Area does not dictate on a parcel-by-parcel basis future redevelopment or revitalization activities. Rather, it authorizes a variety of tools that the Agency may employ to revitalize the proposed Amendment Area following the generalized blueprint for area land uses set out by the Fullerton General Plan. Additionally, actual redevelopment activities and the timing therefore often hinge on the plans and resources of the many tenants, property owners, or business owners in the proposed Amendment Area, because Redevelopment Law affords these individuals certain rights and opportunities for participation.

Within the goals and activities authorized by the Amended Redevelopment Plan, the Agency may undertake a wide variety of activities aimed at stemming blight and economic decline. Such activities include, but are not limited to:

1. Entering into contractual agreements with existing owners or tenants where the Agency provides financial or other assistance for building repairs or replacement on privately-owned land
2. Developing comprehensive strategies or preparing studies to assist private developers to respond to local economic opportunities that result in local investment and job creation
3. Financing and constructing needed public facilities and improvements.

In accordance with Redevelopment Law, the Agency is also vested with the responsibility for increasing, preserving, or improving the number of housing units for very-low, low- and moderate-income individuals and families. The Agency is required to set aside a portion of its tax increment revenues for this purpose.

This Implementation Plan addresses implementation activities in the proposed Amendment Area and identifies Agency-related programs and potential projects scheduled for the next five years in the proposed Amendment Area.

16.1 GOALS AND OBJECTIVES

The goal of the Plan is to eliminate blight in the Amendment Area. Also among the fundamental purposes of the Plan are: to expand the supply of low- and moderate-income housing, to expand job opportunities for jobless, underemployed and low-income persons, and to provide an environment for the social, economic and psychological growth and well-being of all citizens. More specifically, the plan is intended to protect and promote the sound development of the Amendment Area and the general welfare of the inhabitants of the Amendment Area and of Fullerton by remedying the blighting conditions identified in this Plan through the employment of all appropriate means as outlined in this Plan and the Law.

The fundamental purpose of the proposed Amendment is to eliminate blight from the proposed Amendment Area by:

1. Encouraging the redevelopment of the Amendment 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.

2. Enhancing the long term economic well-being of the community by promoting and facilitating expansion and development of new, and the retention of existing, commerce and businesses to, among other benefits, improve employment opportunities and economic growth within the Amendment Area specifically and the City in general.
3. Providing for the rehabilitation of commercial and industrial structures and residential dwelling units, especially, the multi-family dwelling units located in the western portion of the Amendment Area.
4. Providing 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, street lighting, landscaping and other improvements which are necessary for the effective redevelopment of the Amendment Area.
5. Assisting in upgrading and improving Fullerton Airport and the surrounding uses so that this area will continue to serve as a community asset.
6. Providing for participation in the redevelopment of property in the Amendment Area, where feasible, by owners who agree to so participate in conformity with the Amended Redevelopment Plan.
7. Encouraging joint and cooperative efforts among property owners, businesses and public agencies to achieve desirable economic development goals and programs and to reduce or eliminate deteriorating conditions.
8. Increasing, improving and preserving the community's supply of affordable housing.
9. Acquiring real property.
10. Providing for the minimum displacement of residential homeowners and providing relocation assistance where Agency activities result in displacement.

These goals may be refined, expanded upon, or otherwise modified as part of the adoption process.

Portions of the proposed Amendment Area are located within designated Focus Areas of the City, as identified in the Land Use Element of the City's General Plan. Focus

Areas, which were identified and developed through an extensive process of analysis and review by City staff, decision makers and interested community members, receive specialized treatment and customized policies that are not generally applicable elsewhere in the City. The following Focus Areas, and associated policies, are found within the proposed Amendment Area:

Focus Area 7 (Commonwealth and Chapman Corridors):

F. Improve aesthetics and economic vitality

G. Develop regulations and guidelines for mini-malls and strip commercial development. Work with property owners at existing centers to address recurrent problems.

H. Develop incentives for combining lots.

I. Consider selective office-preservation zoning which encourages adaptive re-use in order to preserve historically significant residential properties located in commercial zones.

J. Conduct a separate corridor study/plan to determine future uses and design considerations.

Focus Area 8 (Airport Industrial):

E. Capitalize on economic benefits of Airport.

F. Identify and seek complementary uses.

G. Build in potential for multi-modal transportation.

H. Emphasize higher density employment generating uses.

Focus Area 12 (Former Palm Stationers Site):

C. Work with property owners to capitalize on the economic development opportunity provided by this site's proximity to the freeway.

D. Opportunity for commercial and/or office uses.

Focus Area 15 (Southeast Industrial Areas):

E. Intensify economic use of land/maximize employment opportunities.

F. Build in potential for multi-modal transportation.

G. Consider mixed use opportunities, such as home-work and lofts, in warehouse-dominated areas.

H. Establish pedestrian and bicycle links to transit centers/stops.

16.2 REDEVELOPMENT ACTIVITIES

The primary purpose of the Amended Redevelopment Plan is to alleviate conditions of blight in the proposed Amendment Area. The Agency is planning to, but is not limited to, accomplish this task through the implementation of the following programs:

PUBLIC IMPROVEMENTS

A lack of adequate public improvements is a significant factor in causing both economic and physical blight, because this lack of improvements reduces the usability of the land and its structures for the purposes for which they are intended. Furthermore, the lack of adequate infrastructure adds significantly to improvement costs. These additional costs could ultimately make the land economically infeasible to develop without direct or indirect assistance from the Authority through, amongst other things, the provision of public facilities and infrastructure.

In other words, land without adequate services may be rendered economically infeasible due to the high cost of providing, among other things, new sewer or water lines. The Agency could help make the land more attractive to private investment by financing the construction of public facilities serving the proposed Amendment Area. The new private investment would then generate additional property tax revenues, which ultimately would be recycled into further Agency investment in the proposed Amendment Area.

The Agency may, with the consent and cooperation of the City Council and adoption of certain findings specified in CRL Section 33445 (and 33679 as necessary), pay all or part of the value of the land for, and the cost of the installation and construction of, any buildings, facilities, structures or other improvements which are publicly owned, including school facilities, either outside or inside the proposed Amendment Area.

Without limiting its general authority, the Agency is specifically authorized to provide or participate in providing the improvements described in Section 344 of the Redevelopment Plan

DEVELOPMENT ASSISTANCE

In order to ensure the financial feasibility of development and rehabilitation projects in the proposed Amendment Area, the Agency may find it necessary to directly reduce the cost of development or rehabilitation activities. One tool commonly used by redevelopment agencies is the provision of tax exempt financing, which serves to reduce the financing cost of a project. Such incentives may take the form of certificates of participation, lease revenue bonds, industrial development bonds, and various forms of tax-exempt notes at various terms.

Another tool available to the Agency is to acquire property in the proposed Amendment Area and to "write down" the cost of the land when it is sold to a developer or owner participant. Such land write-downs would only occur in accordance with an executed development agreement, which would provide appropriate assurances that the developer or owner-participant would complete the project. In addition, any Agency commitment to reduce the cost of land it has purchased would be based on a detailed analysis of the developer's cost and revenue pro forma for the proposed project. The sales price may be no less than the fair market value at its highest and best use or the fair reuse value of the land with the covenants and conditions of the development. The purpose of such analysis would be to show that the contribution of tax increment funds to the project through the land write-down process does not simply result in extra profit for the owner participant or project developer. Where a contribution of tax increment funds to a specific development project is determined to be necessary, the Agency may take an equity or income position in the project in order to recoup all or a portion of those tax increment funds to support other Authority activities.

In assisting with rehabilitation activities, the Agency may establish rehabilitation loan programs, which provide financial assistance at favorable interest rates or with other favorable terms. In some instances, Agency grants may be used to induce rehabilitation activities. Agency loans or grants may also be used to assist with the clean up of hazardous materials.

As with land price inducements, Agency rehabilitation assistance would be provided only to the extent needed, and then only pursuant to an agreement with the property owner or developer to ensure that the rehabilitation work would be completed and maintained in accordance with Agency standards.

The types of Agency assistance described above may be the primary tools used to carry out generalized reinvestment activities, such as commercial expansion, industrial renewal, neighborhood improvement, and various types of rehabilitation activities. These activities are needed throughout the proposed Amendment Area and will be used as necessary in conjunction with owner participation and developer agreements.

HOUSING ASSISTANCE

CRL requires that the Agency set aside not less than 20% of the tax increment revenues it receives for the purpose of increasing, preserving, or improving low- and moderate-income housing. Additionally, the CRL requires the Agency to provide replacement housing on a unit for unit basis if any low- or moderate-income housing units are removed from the housing market as a result of the reinvestment program.

Because the housing units that could be replaced cannot be specifically identified, it is not possible to determine which ones are occupied by low- or moderate-income persons. Nevertheless, given the overall condition of housing units in the proposed Amendment Area, and the economic profile of the area, it is very likely that a high proportion of the units, if not all, would fall into the low- and moderate-income category.

The Agency expects the amount of tax increment funds set aside for low- and moderate-income housing to be used for new construction and housing rehabilitation. In addition, because of the vast needs in the proposed Amendment Area, this assistance will likely be provided within the boundaries of the proposed Amendment Area, although such assistance could occur outside of the proposed Amendment Area.

RELOCATION ASSISTANCE

The CRL and the Relocation Guidelines of the State of California require that relocation assistance be provided to persons, businesses, and other entities displaced as a result of redevelopment activities. Relocation assistance must include relocation advisory assistance, as well as financial assistance to offset moving expenses and to otherwise assist displaced persons or businesses in locating suitable replacement facilities.

Business and industrial relocation expenses are limited to the expenses involved in moving the business to another location, as well as certain re-establishment costs. These costs may be substantial depending upon the particular circumstance.

Over the life of the Project, relocation expenses may be incurred for residential and commercial uses if dilapidated buildings, nonconforming uses, and other hazards are removed from the proposed Amendment Area for purposes of redevelopment. In such cases, the Agency will meet its legal obligations to provide relocation assistance and benefits to relocatees.

PROPERTY ACQUISITION AND ASSEMBLAGE

The Redevelopment Plan authorizes the Agency to purchase land through any legal means including by eminent domain. Land acquired by the Agency may subsequently be assembled and disposed of in any legal means, such as land write-downs or other techniques, to facilitate development in the proposed Amendment Area in conformance with the General Plan.

FINANCING

The Agency will begin to receive tax increment for the first time from the proposed Amendment Area in FY2009-10. It is estimated that tax increment in the first year will be $768,000. The revenues will be used to finance one or more of the projects described in this Report; to pay the administrative costs of the Agency; and to make the statutory payments to the taxing entities.

16.3 FIVE YEAR PHASING PROGRAM

CRL Section 33352 requires a program of actions and expenditures, which are proposed within the first five years of the plan. This section contains preliminary capital improvement priorities based in part on identified needs and in part on potential tax increment revenues for the Plan's first five years. The following program also sets forth general program goals for the development assistance, housing assistance, relocation assistance, and property acquisition elements for the Redevelopment Plan. Note that goals for these non-capital programs cannot be quantified, and that the precise extent to which they are used may depend on specific and unforeseeable circumstances beyond the control of the Agency.

As with any redevelopment project, it takes many years to accumulate a tax increment stream sufficient to undertake significant improvement projects. Therefore, the activities earmarked for the first five years for the proposed Amendment Area are modest.

Based on tax increment projections for the proposed Amendment Area (see Table 15, Chapter 15.3), it is anticipated that the Agency will have received roughly $5.5 million in tax increment revenues by Year Five. Of this, $2.0 million will be available for non-housing activities after administration fees, housing set-aside, and pass-through payments are considered.

With that in mind, the anticipated projects and expenditures for the first five years of the redevelopment program in the proposed Amendment Area would be constrained to limited public infrastructure improvement projects, primarily including street improvements and beautification.

However, at this time, the Agency cannot commit to funding any particular project, or to the level of funding, because the exact amounts of tax increment revenues available to the Agency at this point is not known. It may be possible to increase the above amounts through borrowing against future years' increment. Subsequent to the adoption of the Redevelopment Plan, these funding priorities will be reviewed as a part of the implementation plan update required for the proposed Amendment Area pursuant to CRL Section 33490, and also as a part of the Agency's budget process.

To the extent feasible, the priority criteria in Table 16 will be used to evaluate projects for Agency assistance.

PUBLIC IMPROVEMENTS PROGRAM

During the initial five years of the Redevelopment Plan, public projects listed earlier in this chapter, which are in or serve the proposed Amendment Area, and which meet the criteria outlined in Table 16 shall receive the highest priority for funding by the Agency.

TABLE 16
PROJECT EVALUATION CRITERIA

NO.	CRITERIA (not in order of priority)
1.	Results in the implementation of the Fullerton General Plan and is consistent therewith.
2.	Protects and preserves Fullerton's residential neighborhoods.
3.	Promotes revitalization of all neighborhoods located within or around the Amendment Area.
4.	Provides incentives for development of under-utilized parcels.
5.	Maximizes business and employment opportunities for local residents.
6.	Provides better lighting, streetscape, traffic, and other public improvements.
7.	Encourages community involvement and enhances community identity.
8.	Represents a sound investment for the Agency and promotes a healthy local economy.
9.	Bolsters and supports the Amendment Area's marketability.
10.	Help improve the visual quality and distinctiveness of Fullerton's residential, commercial, and industrial areas.

From time-to-time other programs or projects will require Agency assistance, but may not meet all the above criteria. Whether or not specifically listed in this chapter, additional public improvements or other activities may be constructed or funded by the Agency during the period covered by this implementation plan, if the Agency finds that:

1. The goals and objectives of the Redevelopment Plan are furthered, or
2. Specific conditions of physical or economic blight within the proposed Amendment Area will be mitigated in whole or in part through implementation of the project, or

3. Specific conditions relative to a development project, including the financial feasibility thereof, require that the public improvement project be constructed at the time in question.

DEVELOPMENT ASSISTANCE

The Agency may provide financial and other assistance as authorized by the CRL and the Redevelopment Plan to individual projects on an as-needed basis, and depending on the availability of Agency funds or other resources. To the extent feasible, such projects will be prioritized using the criteria outlined in Table 16. Occasionally, other development efforts will require Agency assistance, but may not meet all the above criteria. Such other projects may be funded by the Agency if the Agency finds that:

1. The goals and objectives of the Redevelopment Plan are furthered, or
2. Specific conditions of physical or economic blight within the proposed Amendment Area will be mitigated in whole or in part through construction of the project, or
3. Specific conditions relative to a development project, including the financial feasibility thereof, require that public assistance be given.

HOUSING ASSISTANCE

During the period of this implementation program, housing assistance funds from the Low- and Moderate-Income Housing Fund may be used to improve, preserve, or increase the supply of low- and moderate-income housing throughout the City as appropriate and consistent with the General Plan. These activities could include assistance in providing moderate or lower income housing in the proposed Amendment Area, as appropriate. Housing assistance will be provided in accordance with the Fullerton General Plan housing element.

It is anticipated that during the first five years of the Redevelopment Plan, the Agency will have set aside an estimated $705,000 for low- and moderate-income housing activities.

Given the newness of the proposed Amendment Area, and the resultant low financial capacity of the low- and moderate-income housing fund, it is expected that the housing program will be very modest during the initial five years. A detailed housing program has not been established at this time, although one may be prepared by the Agency at any time.

Through year 45, when the Redevelopment Plan's authority to collect tax increment expires, the Agency will receive approximately $86.2 million in housing funds, $32.4 million when inflation is accounted for. At an average of $75,000 per unit, the fund could help improve up to 432 units through rehabilitation, first-time homebuyers programs, and other affordability subsidies.

The CRL also requires the Agency to ensure that at least 15% of all new or significantly rehabilitated housing units (assisted with Agency funds) are reserved for low- or moderate-income households. Based on current housing development projections for the proposed Amendment Area of up to 200 new units (including units replacing existing dwellings) based on current General Plan designations, this means that the Agency will need to set aside 30 units over the lifetime of the project to meet these inclusionary housing requirements.

From time-to-time, and as conditions warrant, replacement housing for low- and moderate-income households with severe health and safety concerns may be provided through the Low- and Moderate-Income Housing Fund in a manner consistent with the Redevelopment Plan.

RELOCATION ASSISTANCE

During the period of this implementation program, relocation assistance may be provided to businesses and residents voluntarily displaced through direct Agency actions required by law.

16.4 ALLEVIATION OF BLIGHTING CONDITIONS

As documented in this Report, there are detrimental physical and economic conditions in the proposed Amendment Area. The Agency proposes to alleviate these conditions by undertaking the comprehensive program of public improvements and development incentives described in this Chapter and in Chapter 13.0. Together, these programs will stimulate new development and rehabilitation activities in the proposed Amendment Area, beginning in the next five years and continuing throughout the lifetime of the Redevelopment Plan.

Successful implementation of the Project will result in increased economic activity in the proposed Amendment Area and in the surrounding portions of the community. Such activity will increase the number of local employment and shopping opportunities, expand the City's tax base for the support of essential services, and reduce the costs to the City and other public agencies of providing some services. This, in turn, will spark additional investment in the community.

In addition, Project implementation is expected to alleviate detrimental physical conditions through tools such as replacement or rehabilitation of deteriorating land uses, and provisions for needed public improvements. Project implementation is also anticipated to provide for the rehabilitation of dwelling units available to low- and moderate-income residents in those areas with residential deterioration.

Improvement activities listed earlier in this chapter will address blighting conditions in a number of ways:

1. The number of health and safety risks that Fullerton citizens will be exposed to will be reduced through undertaking residential and commercial rehabilitation programs. Such improvements could take the form of repairing structural damage, abating asbestos-containing materials, or other factors that may be discovered. These activities would result in a cleaner, healthier, and safer quality of life for residents. Property values would also likely increase, which protects homeowners' investments.
2. Various street improvements will enhance circulation through and within the proposed Amendment Area, thus reducing traffic congestion and easing access to parcels. Improvements to traffic flows will help attract customers to the proposed Amendment Area, while also helping to attract new businesses. Roadway improvements also help attract new investment by signaling to the financial and commercial communities that the City of Fullerton and the Agency are willing to provide the services necessary to help ensure the success of investments. Improvements to water, sewer and drainage systems would provide similar results.
3. Landscaping and other aesthetic enhancements improve the visual quality of various residential and commercial neighborhoods. This, in turn, has the effect of helping to induce new investment or reinvestment. An

improved visual image often attracts more customers to local stores, which increases local sales. These improved sales increase the value of previously impaired investments, and help make more capital available for reinvestment in local businesses. Additional sales volume improves sales tax receipts to the City, which in turn may be used for increased local public facilities and economic development programs. Improved neighborhood image also has the effect of increasing local pride. Increased local pride often induces improved maintenance and enhances the willingness of residents and businesses to be more protective of their surroundings. This often results in a patrol effect that helps to reduce local crime, especially crimes against property.

4. Recreational and community facility improvements listed in this chapter will help reduce blight by improving the image of the proposed Amendment Area, attracting new customers, and improving the living environment for existing and future residents. Various new recreational and community attractions serving the proposed Amendment Area will help economically strapped businesses by bringing in new customers. This will increase sales, which then will result in improved investments, and ultimately more capital available for reinvestment in the local community. At the same time, improved recreational and community facilities opportunities in the proposed Amendment Area will enhance the living environment for local residents. This improved quality of the environment will result in improved property values and greater neighborhood pride. This will result in significantly increased reinvestment in the proposed Amendment Area's residential neighborhoods.

5. Business retention programs are intended to reduce blight by helping existing businesses to market themselves, to expand, and to improve their competitiveness by attracting new customers into the proposed Amendment Area. Business expansions also create new jobs, which will help improve local employment opportunities. This in part will have the result of reducing local crime, while improving disposable incomes and local sales.

6. New business development programs are intended to help reduce blight by attracting new businesses to the proposed Amendment Area on currently vacant or underutilized parcels through recruitment programs,

site acquisition assistance and/or site development aid. These new investments will help existing businesses, while improving overall property values and sales tax receipts. New and expanded investments will also create new jobs, which will help improve local employment opportunities. This will have the result of reducing local crime, while improving disposable incomes and local sales.