

FIVE YEAR IMPLEMENTATION PLAN

INDUSTRIAL AREA REDEVELOPMENT PROJECT

FY 2009-10 through 2013-14



INDUSTRIAL AREA REDEVELOPMENT PROJECT

Five Year Implementation Plan: FY 2009-10 through 2013-14

ABOUT THIS IMPLEMENTATION PLAN

In 1993, the State Legislature enacted Assembly Bill 1290 requiring all redevelopment agencies to adopt five year implementation plans and ten year housing compliance plans. In fulfillment of Article 16.5 of California Community Redevelopment Law, the Fountain Valley Agency for Community Development (“Agency”) has prepared this Implementation Plan for the Industrial Area Redevelopment Project Area. Included in this document are the Agency’s anticipated redevelopment and affordable housing programs for fiscal years 2009-10 through 2013-14.

This Implementation Plan conforms to the City’s General Plan and has been prepared according to guidelines established in the programs and goals outlined in the Housing Element of the General Plan.



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ABOUT THE PROJECT AREA

Who, What, When, Where, and Why

In November 16, 1976, the Fountain Valley City Council adopted the Industrial Area Redevelopment Project (“Project Area”). The Project Area is located on the eastern edge of the City of Fountain Valley (“City”) and is bound by Warner Avenue to the north, the Santa Ana River to the east, Ellis Avenue to the south, and Ward Street and Euclid Street to the west. The Project Area encompasses 498 acres and contains a mix of land uses, predominantly industrial and commercial. Approximately 42% of the Project Area is developed with industrial uses. Other uses within the Project Area include light manufacturing, research and development, retail, office, and other miscellaneous land uses.

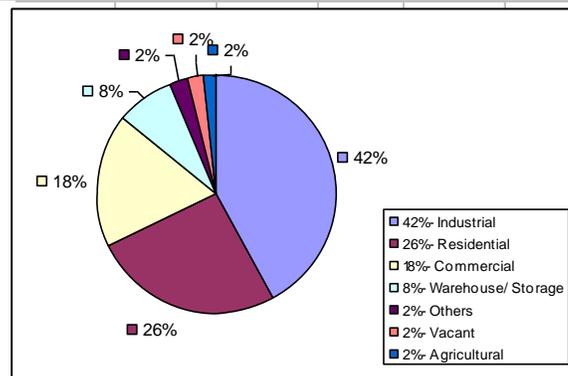
The City had a total of 54,978 residents according to the 2000 United States Census and currently has an estimated 55,516 residents according to the Census Bureau’s 2008 estimates. Using 1990 and 2000 Census data, ESRI Business Analyst Online estimates that there are 2,797 businesses located within the City boundaries and approximately 913 of these businesses are located within the Project Area. The Project Area was created to mitigate the Project Area’s susceptibility to flooding, address non-cohesive land uses, improve poorly maintained structures, and correct inadequate public improvements.

Long-term revitalization activities are guided by the 40-year Redevelopment Plan for the Project Area. Redevelopment projects in the project area have included improvements to public facilities and infrastructure, renovation and construction of affordable housing, and partnerships with private industries to create jobs and expand the local economy. This implementation plan focuses on specific redevelopment goals and programs sought for the next five years.

Notable Timeframes and Limitations

Redevelopment Plan	<i>Adopted</i>	November 16, 1976
	<i>Expires</i>	November 16, 2019
Incur Indebtedness ¹		Eliminated
Eminent Domain Authority ²		Expired
Collect Tax Increment		November 16, 2028

Land Uses



Notes:

1. In May 2004, the Agency adopted Ordinance 1263; eliminating the time limit to incur indebtedness. The original limit to incur debt was January, 1 1997
2. The Agency’s Eminent Domain Authority expired May, 2009

Source: Fountain Valley Redevelopment Documents; Metroscan Information Services June 2009

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FOUNTAIN VALLEY REDEVELOPMENT AGENCY

EXHIBIT 1

INDUSTRIAL AREA REDEVELOPMENT PROJECT MAP



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RECENT REDEVELOPMENT ACCOMPLISHMENTS

The Public Value & Benefit of Redevelopment

In the last five year period, the Agency has initiated and completed a number of projects and programs located within the Project Area, including the following:

Mile Square Recreation Park Expansion: The Agency funded the construction of new sports fields, playground areas, trails, and other amenities at the City’s Recreation Center at Mile Square Park. The first phase of the project which includes an additional 23-acre sport field, walking trails, and additional parking was completed in 2007.



Traffic Improvements: The Agency recently completed the repaving of the Newhope-Talbert/Slater and Southpark-Euclid Intersections, as well as other traffic and circulation improvements. The Agency also added turn-lanes to the Slater/ Newhope intersection.

Single-Family Rehabilitation and First-Time Homebuyer Programs: The Agency continues to implement a multifaceted affordable housing program, including activities to rehabilitate deteriorated units throughout the City and provide subsidies to first-time homebuyers on existing units.

Property Acquisitions: The Agency purchased a 3.96-acre parcel using its Low and Moderate Income Housing Fund (“Housing Fund”) and will be seeking proposals from developers to construct affordable workforce housing for low and moderate income households.

ADA Sidewalk Construction: Completed in 2007, this project expanded sidewalks to improve disabled access along the south side of Talbert Avenue from Mt. Washington to Euclid and along Pacific Street and Ellis Avenue to Ward.

New Hope Street Ramp Expansion: The Agency completed the expansion of the ramp leading to the Interstate 405 to improve circulation and access to the freeway. This project involved the acquisition of commercial properties on both sides of Newhope Street (Furniture Row) between Euclid Street and Talbert Avenue.



Economic Development Incentives: The Agency has continued to invest in various economic development opportunities in the Project Area, including redevelopment of the old City Yard. Other economic development activities included business outreach and marketing.

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Los Caballeros Condominiums: Although no Agency assistance was provided, the Agency granted density bonuses, reduced parking requirements and rezoning incentives to the developer to facilitate addition of approximately 89 affordable condominiums to the sports club complex. Of the 89 units, 14 are affordable to very low income households.



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REDEVELOPMENT PLAN GOALS

Community Reinvestment and Revitalization

Section 100 of the Redevelopment Plan provides focus and direction for the Agency's efforts for revitalizing the Project Area. The following goals formulate the overall strategy for this Implementation Plan and will serve as a guide for the Agency's activities over the next five years.



CLEAN

Clean, Eliminate, and Prevent Blight: Alleviate and prevent the spread of conditions of blight including: underutilized properties and deteriorating buildings, incompatible and uneconomic land uses, deficient infrastructure and facilities, obsolete structures, and other economic deficiencies in order to create a more favorable environment for commercial, office, industrial, residential, and recreational development; improve public facilities and public infrastructure. Address parcels that are; of irregular form or shape, and are inadequately sized for proper usefulness and development; and/or are held in multiple ownership. Remove impediments to land disposition and land development through assembly of property into reasonably sized and shaped parcels served by improved infrastructure and public facilities.



INVEST

Protect Local Businesses: Encourage the cooperation and participation of residents, businesses, business persons, public agencies, and community organization in the redevelopment/revitalization of the Project Area.



GROW

Stimulate Economic Growth: Expand the commercial base of the Project Area. The retention and expansion of quality businesses by means available through redevelopment and rehabilitation activities, and by encouraging and assisting the cooperation and participation of owners, businesses, and public agencies in the revitalization of the Project Area.



GO

Provide Quality Design for Enjoyable Environments: Recycle and/ or develop underutilized parcels to accommodate higher and better economic uses.



WORK

Jobs for the Neighborhood. The creation and development of local job opportunities and the preservation of the area's existing employment base.



PRESERVE

Enrich with Community Facilities. Implement design and use standards to assure high aesthetic and environmental quality, and provide unity and integrity to developments within the Project Area.



LIVE

Housing for All Families. The increase, improvement to, and preservation of the City's supply of housing (inside or outside of the Project Area), including opportunities for very low, low, and moderate income households.



ACCESS

Prudently Invest in Public Infrastructure. Improve and/or provide electric, gas, telephone, and wastewater infrastructure to both developed and undeveloped properties within the Project Area; improve inadequate drainage infrastructure.

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PROPOSED REDEVELOPMENT PROJECTS AND PROGRAMS

Five Year Work Program for Reinvestment & Revitalization

Over the next five years, the Agency plans to implement the following redevelopment projects and programs using available non-housing redevelopment funds. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved¹.

Project / Description	Project Cost Estimates	Goals Achieved
<p>Talbert-Ward/ Santa Ana River Traffic Improvements</p> <p>This project involves street improvements to enhance traffic flow in the City by alleviating traffic congestion and improving access.</p> <p>Completion of this project would address the blighting condition of inadequate public improvements.</p> <p><i>Timeframe</i>.....<i>To be completed in 2009-10</i></p>	<p>\$850,000</p>	 CLEAN  GO  ACCESS
<p>Economic Development Incentives</p> <p>This project involves the build-out of portions through out the Project Area with uses consistent with the specific plan including implementation of agreements with developers. Specific projects planned include relocation, re-use and acquisition activities, facades improvement and signage construction.</p> <p>Targeted areas for economic development include but are not limited to the following:</p> <ol style="list-style-type: none"> 1. Southpark: Owner Participation Agreement for Infrastructure 2. Kalama River/ Mt Shea areas 3. Areas adjacent to Northbound and Southbound I-405 4. Underdeveloped properties along Newhope St between Warner Ave and Slater Ave <p>Completion of these projects would address the blighting condition of inadequate public improvements and utilities and hindering economically viable uses.</p> <p><i>Timeframe</i>.....<i>2009-10 through 2011-12</i></p>	<p>\$7,417,000</p>	 CLEAN  GO  INVEST  GROW

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

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Project / Description	Project Cost Estimates	Goals Achieved
<p>Euclid/Slater Traffic Improvements</p> <p>This project involves intersection improvements and widening of the northbound approach to the Euclid/Slater intersection.</p> <p>Completion of this project would address the blighting condition of inadequate public improvements and utilities.</p> <p><i>Timeframe.....2009-10 through 2010-11</i></p>	<p>\$102,400</p>	 CLEAN  GO  ACCESS
<p>Slater-Euclid/ Santa Ana River Traffic Improvements</p> <p>This project involves repaving the Slater/Euclid intersection as well as replacement of damaged and non-compliant curb ramps and driveways. New traffic signal detection loops will also be installed.</p> <p>Completion of this project would address the blighting condition of inadequate public improvements and utilities.</p> <p><i>Timeframe.....2009-10 through 2010-11</i></p>	<p>\$500,000</p>	 CLEAN  ACCESS  GO
<p>Ward-Garfield/ Warner Traffic Improvements</p> <p>This project involves street improvements to enhance traffic flow in the City.</p> <p>Completion of this project would address the blighting condition of inadequate public improvements and utilities.</p> <p><i>Timeframe.....2009-10 through 2010-11</i></p>	<p>\$350,000</p>	 CLEAN  GO
<p>Ellis Street Sidewalk Rehabilitation</p> <p>This project involves street improvements to expand the sidewalk and promote easier pedestrian traffic.</p> <p>Completion of this project would address the blighting condition of inadequate public improvements and utilities.</p>	<p>\$100,000</p>	 CLEAN  ACCESS

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Timeframe.....2009-10 through 2011-12

Project / Description	Project Cost Estimates	Goals Achieved
<p>Newhope-Euclid/ Talbert Development</p> <p>The Agency will finalize the Development and Disposition Agreement with the Developer and assist with securing viable tenants at the project site.</p> <p>Completion of this project would eliminate factors hindering economically viable use and improve public infrastructure</p> <p><i>Timeframe</i>.....2010-11 through 2011-12</p>	\$10,000,000	 CLEAN  GO  GROW
<p>Euclid-Ellis/ Warner Traffic Improvements</p> <p>This project involves repaving roads and street improvements to enhance traffic flow within the City.</p> <p>Completion of this project would address the blighting condition of inadequate public improvements and utilities.</p> <p><i>Timeframe</i>.....2012-13 through 2013-14</p>	\$1,000,000	 CLEAN  GO  ACCESS
<p>Water Rehabilitation</p> <p>This project involves the rehabilitation of engines and seismic retrofitting at Reservoir #1 as well as the replacement of the security fencing. The project is currently underway and is expected to be complete in fiscal year 2013-14.</p> <p>Completion of this project would address the blighting condition of inadequate public improvements and utilities.</p> <p><i>Timeframe</i>.....2009-10 through 2013-14</p>	\$875,000	 CLEAN  GO  ACCESS
Total Preliminary Cost Estimate	\$21,194,400	

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PROPOSED HOUSING PROJECTS AND PROGRAMS

Five Year Work Program for Building Community Assets

Over the next five years, the Agency plans to implement the following affordable housing projects and programs. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved.

Project / Description	Project Cost Estimates	Goals Achieved
<p>First-Time Homebuyer Program</p> <p>The Agency has adopted a First-Time Homebuyer Assistance Program (“FTHP”) to assist qualified households in the purchase of a home by providing down payment assistance funds. The program is available to low and moderate income households pursuant to the redevelopment law. The average FTHP loan amount is approximately \$100,000.</p> <p>Completion of this project would help to eliminate the blighting condition of a prevalence of depreciated values, impaired investments, and economic maladjustment in the Project Area.</p> <p><i>Timeframe.....2009-10 through 2013-14</i></p>	<p>\$2,134,641</p>	 LIVE  CLEAN  PRESERVE
<p>Home Rehabilitation Loan Program</p> <p>This program has been designed to utilize 20% set-aside funds from the Agency’s Housing Fund. The program allows for a wide variety of residential repairs and improvements. This program will provide financial assistance to homeowners allowing them to make improvements to their properties and living conditions. It is estimated that the program will issue approximately \$50,000 per loan. Qualified home owners earning 80% or less of the County median income are also allowed to receive 0% interest loan up to \$25,000 for energy efficient improvements to homes through the Green Building Program.</p> <p>Completion of this project would help to eliminate the blighting condition of a prevalence of depreciated values, impaired investments, and economic maladjustment in the Project Area.</p> <p><i>Timeframe.....2009-10 through 2013-14</i></p>	<p>\$4,226,686</p>	 LIVE  GO  CLEAN

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Project / Description	Project Cost Estimates	Goals Achieved
<p>New Affordable Housing Project</p> <p>The Agency recently purchased a 3.9 acre site in the Project Area using Housing Fund revenues for construction of affordable workforce housing units. This project is anticipated to produce 100 units which will be 100% affordable to very low, low or moderate income households. An RFP will be distributed in 2009 to solicit developer interest. The agency has spent about \$3,934,380 in 2008-09 in property acquisition and preparation costs.</p> <p>Completion of this project would eliminate factors hindering economically viable use.</p> <p><i>Timeframe.....2009-10 through 2013-14</i></p>	<p>\$2,565,620</p>	 
<p>Total Preliminary Cost Estimate</p>	<p>\$8,926,947</p>	

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AFFORDABLE HOUSING PROGRAM COMPLIANCE OBJECTIVES

Ten Year Outlook of Affordable Housing

The CRL requires all redevelopment agencies to prepare and adopt affordable housing compliance plans for successive ten year cycles, and include updates corresponding with adoption of their five year implementation plans.

This section of the Implementation Plan addresses specific requirements in the CRL with respect to prior affordable housing activities and the anticipated housing program for the current Ten-year Compliance Period from fiscal years 2004-05 through 2013-14 (“Ten Year Planning Period”). Additionally, this section evaluates the Agency’s affordable housing requirements for the life of the Redevelopment Plan.

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

- Housing Production – Based on the number of housing units constructed or substantially rehabilitated over a ten year period, a redevelopment agency must ensure that a percentage of these units are affordable to low and moderate income households.
- Replacement Housing – Another legal obligation for redevelopment agencies is to ensure that any housing units destroyed or removed as a result of an Agency redevelopment project are replaced within four years.
- Expenditures by Household Types – The law establishes specific requirements on the amount of housing set-aside funds an agency must spend over the Ten Year Planning Period on housing affordable to very low income households, low income households, and housing for residents under the age of 65.

The housing program goals are described in this report.

HOUSING PRODUCTION

Estimated Production Needs

This section of the Implementation Plan identifies all new residential construction or substantial rehabilitation that has occurred within the Project Area since adoption of the Plan in order to determine affordable housing production needs. It accounts for past residential construction and substantial rehabilitation, and includes projections of new dwelling units that may be constructed or substantially rehabilitated during the current ten year planning period which extends through June 30, 2014.

The Agency did not directly develop or substantially rehabilitate housing units. However, per Section 33413(b) of the CRL, not less than 15 percent of the units produced by persons or entities other than the Agency must be affordable to low and moderate income households. In addition, not less than 40 percent of the required affordable units must be available to very low income households at an affordable housing cost. In addition, to satisfy the Agency's production requirements, new or substantially rehabilitated units must have recorded 45-year income restrictions or covenants for rental units and 55-year income restrictions or covenants for owner occupied units. The affordable housing units may be constructed inside or outside the Project Area, but units outside the Project Area may only be counted on a 2-for-1 basis. The Agency may also purchase affordability covenants on very-low or low-income multifamily units.

The Housing Production Needs table (Table 1) below summarizes the housing production activities within the Project Area, including the first five years of the Ten Year Planning Period, and identifies the projected production requirements for FY 2009-10 through 2013-14 of the planning period and over the life of the Redevelopment Plan. Historical construction and substantial rehabilitation statistics were provided by the Agency. The number of affordable units required is based on statutory thresholds, and the Agency is responsible for ensuring that the appropriate number of affordable units is created during a ten year period.

It should be noted that neither the existing housing units nor projections for future dwelling units include any units to be developed by the Agency. However, the Agency will continue to cooperate with and provide assistance and incentives to private developers, in order to fulfill the Agency's affordable housing production requirements

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Table 1: Actual and Projected Housing Production Needs by Time Period

Time Period	Actual/ Assumed Housing Units Constructed and Substantially Rehabilitated in Project Area	Required Affordable Units ^{1/}	
		Total	Very Low
1976-77 to 2003-04 ^{2/}	788	118	47
Ten Year Planning Period	189	28	11
2004-05 to 2008-09 (Actual) ^{3/}	89	13	5
2009-10 to 2013-14 (Forecast) ^{4/}	100	15	6
2014-15 to 2018-19	0	0	0
Redevelopment Plan Duration (1976 to 2019) ^{5/}	977	147	59

Notes:

^{1/} All required units based on 15 percent of actual/assumed units developed by entities other than the Agency. No units developed by the Agency

^{2/} Includes 332 units at the Los Caballeros Sports Complex and 456 units at Palm Island

^{3/} Total units produced within the Project Area based on actual units per City planning department by Agency Staff. Units produced include 89 units at Los Caballeros Projects

^{4/} Affordable Units Produced based on actual or estimated affordable units produced (or covenants purchased) during each planning period inside or outside the Project Area. Included projected units at 3.9 Acre site off Mt Hope

^{5/} The surplus affordable units in a 10-year period may be applied against the unit production requirements during the following ten-year compliance period, while any deficit affordable units must be first produced during the following ten-year compliance period.

In the current Ten Year Planning Period, the Agency projects it will need to meet inclusionary requirements for 28 affordable units, including 11 units restricted to very low households. There were two residential developments within the Los Caballeros project in the Project Area with a combined total of 89 housing units, and resulting in inclusionary housing requirements of 13 affordable housing units during the five year implementation plan cycle of fiscal years 2004-05 through 2008-09. The Agency also projects that the proposed development of the 3.9 acre site will produce 100 housing units and create an inclusionary housing need for 15 units.

According to actual and projected development information supplied by Agency staff, there were 788 housing units built in the Project Area between 1976 and 2004; creating the inclusionary housing need for 118 affordable housing units of which 47 units are required to be restricted to very low income households. After the completion of the 2009-10 through 2013-14 planning period for this Compliance Plan, it is expected that there will be no additional housing units produced within the Project Area. Over the duration of the Redevelopment Plan, the Agency estimates that 147 affordable units may be needed, including 59 very low income units.

Housing Production Fulfillment

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The Housing Production Fulfillment table below (Table 2) summarizes the Agency's past production activities, including the first five years of the Ten Year Planning Period, and identifies the anticipated plans to meet identified production requirements for the 2009-10 through 2013-14 planning period and over the life of the Redevelopment Plan.

Table 2: Fulfillment of Affordable Housing Production Requirements by Time Period

Time Period	Units Required		Units Produced		Additional Units Required		Net Surplus Units Produced	
	(from Table 1)		Total	Very Low	Total	Very Low	Total	Very Low
1976-77 to 2003-04 ¹	118	47	158	73	0	0	40	26
<i>Guadalupe Manor</i>			35	35				
<i>Heil Park</i>			12	0				
<i>Center Point</i>			7	0				
<i>Founders Village (for Sale)</i>			27	0				
<i>Founders Village (Rental)</i>			77	38				
10 Year Planning Period	28	11	114	55	0	0	86	44
2004-05 to 2008-09(Actual) ²	13	5						
<i>Los Caballeros</i>			14	6				
2009-10 to 2013-14(Projected)	15	6						
<i>3.9 Acre Site</i>			100	49				
2014-15 to 2018-19	0	0	0	0				
Redevelopment Plan Duration (1976-2019) ³	147	59	272	128	0	0	125	69

Notes:

¹ Includes units produced outside the Project Area, credited to production goals on a 2-for-1 basis. Actual units produced were: Guadalupe Manor (71), Heil Park (24), Center Point (15), Founders Village for sale(54)and Founders Village for rent (56)

² Affordable Units Required based on actual or estimated Total Units Produced during each planning period within the Project Area pursuant to CRL Section 33413 (b).

³ The surplus affordable units in a 10-year period may be applied against the unit production requirements during the following ten-year compliance period, while any deficit affordable units must be first produced during the following ten-year compliance period.

The Agency has actively worked to produce the required number of inclusionary units over the current Ten Year Planning Period. Based on the Agency's actual and planned developments, the Agency will produce affordable housing in excess of the units required at the end of the same period. Two residential projects within the Los Caballeros produced 14 affordable units including 8 units restricted to very low income households. The Agency also projects that the proposed development of the 3.9 acre site will produce 100 affordable housing units, including 49 very low income units. The Agency anticipates that a surplus of 86 affordable units, including 44 units for very low households would be produced in the Project Area at the end of the Ten Year Planning Period.

As detailed in the Table 2 above, in addition to the surplus units to be produced by the Agency in this Ten Year Planning Period, the Agency had a prior period² surplus of 40 affordable housing units produced within the Project Area, including a surplus of 26 units restricted for very low income households. There were 158 inclusionary housing units produced in the Project Area prior to the current compliance period including 73

² Prior period refers to all housing production requirements and fulfillment that occurred between 1976-77 and 2003-04.

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units restricted to very low-income households. All of these units were developed outside of the Project Area and have been counted on a 2-for-1 basis.

By the expiration of the Redevelopment Plan in November 2019, the Agency estimates that the aggregate number of affordable housing units produced over the duration of the Plan would equal 272 units, or 125 units more than the 147 units required for the Project Area. This includes a surplus of 69 very low income units. Thus, the Agency anticipates that additional affordable housing production may not be needed to fulfill future Project Area needs, and that the Agency's affordable housing resources may be used to fund other housing needs of the Agency and City, including but not limited to fulfill other needs as identified in the City's Housing Element.

REPLACEMENT HOUSING NEEDS

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

According to Agency staff, no units have been destroyed by Agency activity. Additionally, no units are expected to be destroyed or removed as a part of an Agency project during the planning period or over the life of the Redevelopment Plan.

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LOW AND MODERATE INCOME HOUSING FUND

The Agency's primary source of funding for housing program implementation is the annual set-aside deposits of 20% of the Agency's total tax increment in the Low and Moderate Income Housing Fund ("Housing Fund"). Other funding sources for the Agency's housing activities include the Community Development Building Grant Funds ("CBDG"). The CRL requires that not less than 20% of all tax increment revenue allocated to the Agency must be used to increase, improve, and preserve the community's supply of housing available, at affordable housing cost, to persons and families of very low, low, and moderate incomes.

Beginning July 1, 2009, the Agency had a Housing Fund balance of approximately \$11,470,053³. After expenditures for budgeted administrative and planning costs, bond debt service, and future housing programs and projects, the Agency is projected to have a balance of approximately \$9,512,231³ in the Housing Fund by the end of this planning period in 2014.

**Table 3:
Estimated Deposits of Housing Funds**

Year Ending	Estimated Deposit Amount ¹
20 10	\$1,824,529
20 11	\$1,862,716
20 12	\$1,901,667
20 13	\$1,941,397
20 14	\$1,981,921
Total	\$9,512,231

1 Estimated Housing Set Aside Deposits based on RSG Tax Increment Revenue Projections for the Project Area

Targeting of Housing Fund Expenditures

Effective January 2002, expenditure of housing set-aside revenues is subject to certain legal requirements. At a minimum, the Agency's low and moderate income housing set-aside revenue is to be expended in proportion to the community's need for very low and low income housing, as well as the proportion of the low income population under the age of 65. New legal requirements took effect in 2006 that modified the previous limitation of spending Housing Fund monies on households under the age of 65. Section 33334.4(b) of Redevelopment Law formerly required that an agency spend its Housing Fund monies "in at least the same proportion as the low-income population under age 65 bears to the most recent census." The new statute provides a higher level of specificity to spend monies "in at least the same proportion as the number of low-income households with a member under age 65 bears to the total number of low-income households of the community as reported in the most recent census."

³ Per Agency Balance Sheets as of June 30, 2009.

³ Estimated Housing Set Aside Numbers based on 20% of Agency's Tax Increment Revenue. Projections assume annual 2% percent growth in assessed values within the Project Area.

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The percentage of very low and low income household expenditure requirements are based on Southern California Association of Governments (“SCAG”) Regional Housing Needs Assessment (“RHNA”) requirements for the City of Fountain Valley for the planning period of January 1, 2006 through June 30, 2014. The percentage of low income households under the age of 65 is based on Comprehensive Housing Affordability Strategy (“CHAS”) reports of 2000 Census data as required by SB 527 adopted in 2005. Data relating to low income households under the age of 65 is not readily available from the Census. However, CHAS uses an extrapolation of Census data to calculate the number of low income households under the age of 62; which is the data that may be closest to that which is required by the CRL and used in this Plan.

Table 5 below presents the Agency’s requirements over the Ten Year Planning Period for Housing Fund expenditures, from 2008-09 to 2013-14,

Table 4: Housing Expenditure Targeting Requirements

Household Type	Census/ RHNA Allocation (Household)	Minimum Percentage of Housing Set-Aside Expenditures over Implementation Plan
Total Population of the City	54,978	
Total Population Under Age 65 ¹	48,742	89%
Low Income Households Under Age 62 ²		67%
Very Low Income Households	103	37%
Low Income Households	83	30%
Moderate Income Households	92	33%
Total Affordable Households Needed	278	100%

1/ Percentage of total households under the age of 65 based on the 2000 census data (www.census.gov)

2/ Percentage of expenditures for housing to households under the age of 65 is not readily available from the Census data. The nearest metric of such data represents households under the age of 62 available through the Comprehensive Housing Affordability Strategy (<http://socds.org/chas/index.htm>)

3/ Percentage of households in each income-level based on the City of Fountain Valley Regional Housing Needs Assessment for 2007 through 2014

4/ Expenditures after 2006 subject to new RHNA numbers as shown. Targeting requirements prior to 2006 based on prior RHNA Housing Needs Allocation (35% for Very low-income and 25% for Low-income Housing Units).

Source: ESRI Business online, SCAG; State of Cities Data System

Between 2002 through 2006, the Agency’s expenditures on non-senior housing were expected to be proportional to the prior requirement of 89 percent. However, for expenditures after 2006, including this implementation plan period, the minimum non-senior housing requirement is 67 percent of total Housing Fund expenditures. Over the next five years of the compliance planning period available Housing Fund revenue need to be allocated based on these RHNA-based ratios.

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Housing Set-Aside Expenditures since January 2002

The proportionality requirements affect expenditures over a ten year period, although the law permits the compliance initially for a period beginning January 2002 and ending December 2014. Table 5 below documents the amount of Housing Fund revenues used since January 2002 for these income categories. The Agency is required to fulfill its target requirements by FY 2013-14.

Table 5: Housing Expenditures and Proportionality since 2001-02 ¹

Time Period	Household Income Category						Total Expenditures
	Very Low		Low		Moderate		
FY 2001-02 through 2003-04	\$3,169,833	44%	\$257,088	4%	\$3,703,877	52%	\$7,130,798
FY 2004-05	\$1,020,800	49%	\$109,668	5%	\$953,879	46%	\$2,084,347
FY 2005-06	\$81,263	28%	\$76,696	26%	\$131,867	45%	\$289,826
FY 2006-07	\$55,871	22%	\$60,571	24%	\$139,150	54%	\$255,592
FY 2007-08	\$115,799	27%	\$93,455	22%	\$223,408	52%	\$432,662
FY 2008-09	\$62,758	12%	\$137,744	26%	\$334,821	63%	\$535,323
Total FY 2002-03 through 2008-09	\$4,506,324	42%	\$735,222	7%	\$5,487,002	51%	\$10,728,548

¹ Based on City of Fountain Valley Housing Department; Housing Data

Family Units Assisted by the Housing Fund

State law also requires a recap of the affordable housing projects for families (households under the age of 65) assisted by the Housing Fund over the past implementation plan period. Table 6 below summarizes these statistics by project from July 2005 through June 2009.

INDUSTRIAL AREA REDEVELOPMENT PROJECT

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Table 6: Housing Expenditures on Non-Senior Family Projects

Project/Location	Housing Set-Aside Expenditures	Units Assisted by Housing Set-Aside Fund (FY 2005-06 through 2008-09)				
		Ext. Low	Very Low	Low	Moderate	Total
Family Projects	\$ 1,412,326 93%	3	1	5	2	11
First Time Homebuyer	341,860	0	0	1	0	1
Single Family Rehab Loan Program	606,213	3	1	4	2	10
Code Enforcement	464,253	0	0	0	0	0
Senior Projects	\$ 101,076 7%	0	7	2	0	9
Founders Village	\$101,076	0	7	2	0	9
Totals	\$ 1,513,402 100%	3	8	7	2	20

¹ Based on City of Fountain Valley Housing Department; Housing Data

Housing Units Constructed During Prior Implementation Plan without Housing Funds

During the prior implementation plan period, the Los Caballeros project constructed 89 units of housing within the Project Area without Agency assistance. However, the Agency secured 14 long-term covenant restricted units (affordable units with covenants of at least 55 years for rental housing). The Agency secured restricted covenants by providing density bonus, rezoning, reduced parking requirements and open space incentives to the developer. No other funding source was used by the agency to construct affordable units featuring long-term covenant restriction units.

