Murrieta
Redevelopment Agency

FIVE-YEAR

IMPLEMENTATION PLAN

2005-2009

(Including the CCRL Section 33413(b)(4) Housing Compliance Plan)

for the

MURRIETA REDEVELOPMENT PROJECT

DECEMBER 2004

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FIVE-YEAR IMPLEMENTATION PLAN 2005-2009
MURRIETA REDEVELOPMENT AGENCY

1.0 INTRODUCTION

This five-year Implementation Plan (the "Implementation Plan") is the second such plan to be adopted by the Murrieta Redevelopment Agency (the "Agency"). The requirement for implementation plans has been mandated since 1994 by the State legislature's adoption of AB 1290 which added Section 33490 to the California Community Redevelopment Law ("CCRL," being Section 33000 et seq. of the California Health and Safety Code).

In May 1999, pursuant to CCRL Section 33352(c), the Agency adopted its first implementation plan (the "1999 Implementation Plan"), which was included as Section IV of its report to the legislative body (the "Report to Council") prepared for the adoption of the redevelopment plan for the Murrieta Redevelopment Project (the "Redevelopment Plan" and "Project," respectively).

This Implementation Plan provides the Agency Board of Directors (the "Agency Board") and interested community residents with: i) a review of Agency activities up to the end of FY 2004[1] (Section 2); ii) a discussion of Agency goals and objectives for the next five years, derived, in part, from goals and objectives identified in the 1999 Implementation Plan and in part from discussions with Agency staff, (Section 3); iii) a description of the projects and programs the Agency intends to operate over the next five years to implement its non-housing goals and objectives (Section 4); iv) a description of how implementation of the projects and programs will eliminate blight within the Murrieta Redevelopment Project Area (the "Project Area") (Section 5); v) the CCRL Section 33413(b)(4) Compliance Plan (Section 6); vi) a description of the "ten-year" and "life-of-the-plan" requirements and how the Agency will meet these requirements (Section 7); vii) a discussion of the Implementation Plan's consistency with the City's General Plan (Section 8); and viii) a set of conclusionary statements (Section 9).

Pertinent portions of CCRL Section 33490 are provided in Appendix "A." These are provided for the convenience of the reader interested in understanding the legal requirements behind the need for this Implementation Plan and its contents. The full and complete text of CCRL Section 33490 can be found online at www.leginfo.ca.gov under Division 24, Community Development and Housing, Part 1, Community Redevelopment Law, Chapter 4, Redevelopment Procedures and Activities, Article 16.5, Adoption of Implementation Plans.

Historic information contained in the Implementation Plan is based on a review of Agency reports and budgets, the 1999 Implementation Plan, and discussion with Agency staff. Information for FY 2004-05 is based upon the Agency's FY 2004-05 Budget. Projections for FY 2005-06 through 2008-09 are based upon trends identified in the historic information, an understanding of anticipated Agency activities over the term of the Implementation Plan, discussion with Agency staff, and calculations and projections made by Urban Futures, Inc. (UFI), the Agency's Financial and Redevelopment Advisor.

[1] Even though historic references in the Implementation Plan technically date through December 2004 from a practical perspective it is impossible to provide meaningful description of events which take place after the Agency has closed its FY 2003-04 books on June 30, 2004.

2.0 REVIEW OF AGENCY ACTIVITIES THROUGH 2004

2.1 Historical Overview

The City Council of the City of Murrieta (the "City Council" and the "City" respectively) activated the Agency in 1992 for the primary purpose of eliminating blight and stimulating the City's economic base. Growth would occur primarily through the development of new public improvements, commercial and industrial projects, and new affordable housing projects. Table 1 shows the history of the Agency and the Redevelopment Plan for the Project.

TABLE 1
MURRIETA REDEVELOPMENT PROJECT AREA AND REDEVELOPMENT PLAN CHRONOLOGY

Agency Activation:	July 7,1992	Ordinance No. 59	
Plan Adoption Date : Murrieta Redevelopment Project	June 15, 1999	Ordinance No. 208	
Effectiveness of Plan:[1]	30 years	**Project Area Size:**	1,133 Acres
Base Year:[2] Murrieta Redevelopment Project	1998-99		
1999 Implementation Plan Adopted:	May 1999		

[1] Date taken from the Joint Public Hearing Binder for the May 1999 adoption.
[2] Refers to the base year for the purpose of allocating taxes received from the Project Area.
Compiled by Urban Futures, Inc. November 2004

The location and boundaries of the Project Area are shown in Figure 1. It has been the Agency's intent to focus on the remedy of the blighting conditions within the Project Area during implementation of the Redevelopment Plan. While the Agency's activities have addressed blighting conditions within the Project Area, many of the blighting conditions that existed at the time of adoption of the Redevelopment Plan still exist within the Project Area.

2.2 Summary of Blighting Conditions Existing in the Project Area

The blighting conditions existing in the Project Area include both physical and economic blight (as well as inadequate public improvements) as shown in Table 2 below:

Figure 1 Project Area Map

TABLE 2
BLIGHTING CONDITIONS REMAINING WITHIN THE PROJECT AREA

BLIGHT DEFINITION	
PHYSICAL **CCRL Section 33031(a)**	**ECONOMIC** **CCRL Section 33031(b)**
- Deterioration and Dilapidation (Unsafe/Unhealthy Buildings) - Defective Design or Physical Construction - Vacant and Abandoned Buildings - Flood Plain - Substandard Design and Inadequate Infrastructure	- Depreciated or Stagnant Property Values (Impaired Investments) - Abandoned Buildings and Deferred Investments
Inadequate Public Improvements (per CCRL Section 33030 (c))	
Source: Report to Council, pp 14 - 24.	

These conditions of blight are more specifically described in the Report to Council. This Report is on file with the City Clerk of the City and is incorporated herein by reference.

Other than for the Agency activities described in Section 2.3 below and activities on the part of private developers within the Project Area, conditions within the Project Area remain substantially the same as when the Redevelopment Plan was adopted in 1999. It is the Agency's intention to continue its focus on the remedy of the conditions of blight during the term of this Implementation Plan.

2.3 Summary of Historic Purposes, Goals and Objectives

The Redevelopment Plan is a long-term document and, accordingly, includes generalized purposes and objectives which are intended to remain germane over the term of its effectiveness. In summary, these purposes, found in Section 101 of the Redevelopment Plan, are "to eliminate the conditions of blight existing in the Project Area and to prevent the recurrence of blighting conditions in the Project Area." The Agency would eliminate these conditions by: 1) encouraging employment opportunities, 2) providing for the rehabilitation of commercial and residential structures, 3) providing for participation in the redevelopment of property in the Project Area by owners who agree to participate in conformity with the Redevelopment Plan, 4) providing for the management of property owned by the Agency, 5) providing relocation assistance as appropriate, 6) providing public infrastructure improvements and community facilities, 7) increasing and improving the community's supply of affordable housing, 8) acquiring real property, 9) disposing of real property, and 10) encouraging the redevelopment of the Project Area through the cooperation of private enterprise and public agencies.

The purposes and objectives set forth in the 1999 Implementation Plan adopted those set forth in the Redevelopment Plan. The Agency has been implementing these purposes and objectives since the Redevelopment Plan was adopted.

2.4 Summary of Historic Activities

As discussed above, the Agency formed the Project in 1999. As reflected in the 1999 Implementation Plan and due to the incremental nature of Agency funding, for the first several years of the Project's existence the Agency was underfunded and unable to complete any major projects.[2] During this early period the Agency spent most of it efforts planning for future activities relating to two major non-housing programs and working with a private housing developer to provide new affordable housing in the Project Area. The two major non-housing activities include the development of Town Square and the provision of infrastructure improvements to all portions of the Project Area.

The Murrieta of today, incorporated in 1991, is a relatively new phenomenon, growing from a small agriculture-based hamlet of some 2,255 people in 1980[3] to 77,619 people in 2004.[4] Not surprisingly, the original "Murrieta core area," which evolved to serve a fundamentally rural population, was not conducive to the needs and preferences of a population which today fills service, entertainment, government and industrial jobs. The need for new urban structures which acknowledge Murrieta's rural past but accommodates its existing and future projected population is a fundamental obligation assumed by the City Council and the Agency. To implement this program, the Agency has to date: i) commenced overall engineering and design studies for Town Square (a major component of Murrieta's central core) which will include civic facilities, offices, upper end restaurants and other entertainment venues and a central park; ii) completed design and commenced engineering drawings for the improvement of Flood Control Channel Line "E" adjacent to the Town Square which will eliminate flooding in the City's core area (approximately $422,000 spent to date); and iii) expended approximately $250,000 on engineering for the Town Square Park, a central feature of Town Square which will encourage community-building and provide a venue for public events year around.

The City's current public infrastructure cannot handle the existing and projected population increases in the community. Aware of this, the Agency has entered upon a program of infrastructure upgrades which to date includes the following: i) engineering and design for improvements (including at least street widening, signalization, curbs, street furniture and landscaping) to Jefferson Avenue adjacent to the Town Square at a cost of approximately $225,000 (this project will enhance the Town Square as well); ii) engineering and design for the Madison/Jefferson Avenues intersection at an approximate cost of $50,000 to date which improvements will encourage development in the industrial portions of the community (providing quality jobs and the potential for increased sales and property taxes); and iii) preliminary engineering and design for the Los Alamos Corridor (from the 15 Freeway to the 215 Freeway) at a cost of approximately $100,000.

Altogether the above listed projects, as well as other miscellaneous projects (including the development and distribution of marketing brochures advertising development opportunities within the City and Project Area) have cost approximately $1 million and represent a major commitment by the Agency to aggressively pursue the redevelopment of the Project Area and the elimination of blight within the Project Area given the limited resources available to the Agency up to the present.

Prior to 2004 the Agency implemented its affordable housing purposes and objectives by cooperating with a private housing developer, Affirmed Housing, to provide a 64-unit affordable housing development on a 3.5-acre parcel located near the intersection of Juniper Street and

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2 The Redevelopment Plan was adopted in FY 1999-00; however, first actual dollars due to the Agency were paid in approximately January, 2001.

3 Source: Murrieta Chamber of Commerce Web Site.

4 Source: State Department of Finnance Annual Estimates, 2004.

Jefferson Avenue. The Agency has expended approximately $1 million in funds from its LMI Fund to purchase land for ultimate disposition to Affirmed Housing; development is ongoing with completion estimated to be in FY 2004-05. Development of this one hundred percent "affordable" housing development represents a major success for the Agency, especially given that the Agency is still a relatively young entity with only five year's worth of tax increments available to it.

2.5 Description of how the Agency has Implemented its Historic Goals

Within the limitations placed upon it by its scant financial resources and the short time during which the Agency has been active, the Agency has successfully implemented its goals as set forth in the 1999 Implementation Plan. For instance, implementation of the Town Square project will eliminate conditions of blight in the Project Area, encourage employment opportunities and encourage the redevelopment of the Project Area through the cooperation of private enterprise and public agencies. Implementation of the Agency's infrastructure improvement program will also eliminate conditions of blight and encourage the redevelopment of the Project Area and will provide public infrastructure improvements and community facilities and other improvements which are necessary for the effective redevelopment of the Project Area. Use of LMI Fund monies to secure affordable housing covenants through assistance to the Affirmed Housing development implements the goal to increase the amount of affordable housing available in the community.

3.0 AGENCY FIVE-YEAR GOALS AND OBJECTIVES: 2005-2009

CCRL Section 33490(a)(1)(A) states that an implementation plan shall contain an Agency's specific goals and objectives for the project area. The Agency's currently adopted goals have been summarized in Section 2.3 above. Based upon conversations with Agency staff, it is proposed that the Agency's goals and objectives for the Implementation Plan be revised to read as follows:

GOAL 1: ENCOURAGE ECONOMIC DEVELOPMENT

OBJECTIVES

1.1 Develop all components of the Murrieta core area focusing especially on components of the Town Square.

1.2 Continue the design, production and implementation of marketing programs to provide comprehensive marketing including promotional materials for distribution at trade shows, conferences and direct mailings.

1.3 Provide incentives for new businesses and retention/expansion of existing businesses based on return on investment through tax revenue increase and job generation.

1.4 Provide assistance with land acquisition and relocation of existing uses to support public and private development.

1.5 Facilitate and streamline permitting processes for new and expanding business based on prioritization of projects with significant positive economic impact.

1.6 Assist small businesses by providing training, mentoring and counseling programs in cooperation with the Murrieta Chamber of Commerce.

GOAL 2: MAKE IMPROVEMENTS TO PROJECT AREA INFRASTRUCTURE AND THE LOCAL CIRCULATION SYSTEM

OBJECTIVES

2.1 Make improvements to the public infrastructure within and adjacent to the Murrieta core area and especially to Town Square.

2.2 Design, engineer and construct bridges across the I-15 and I-215 Freeways as appropriate locations.

2.3 Improve traffic flow in and serving the industrial portions of the Project Area by improving the circulation system and upgrading public infrastructure.

2.4 Establish and implement improvements to public facilities and rights-of-way at a standard that provides a model and incentive for private capital investment on private properties.

GOAL 3: INCREASE, IMPROVE AND PRESERVE THE QUALITY OF LOW/MODERATE HOUSING THROUGHOUT THE CITY.

OBJECTIVES

3.1 Provide funding and/or technical assistance for residential development and rehabilitation throughout the City including both single and multifamily units where appropriate.

3.2 Fund infrastructure improvements in residential neighborhoods which will promote development of affordable housing as necessary, and in accordance with available funding sources.

3.3 Implement a program of in-fill housing within targeted portions of the Project Area.

3.4 Promote and participate in public/private partnerships with non-profit and for-profit developers and or property owners to rehabilitate existing and construct new rental units for very-low and low-income households.

3.5 Facilitate loan and grant program(s) for owner-occupied low- and moderate-income households.

CCRL Section 33490(a)(1)(A) requires that each implementation plan prepared by an Agency contain an "...explanation of how the goals and objectives...will eliminate blight within the project area...." Table 3 on the following page shows the relationship between the Agency's specific five-year goals identified above to the eradication of remaining blight, as defined in CCRL Sections 33030 and 33031, located within the Project Area.

4.0 AGENCY'S PLAN TO IMPLEMENT ITS FIVE-YEAR NON-HOUSING GOALS

The Agency's two non-housing goals provide for it to encourage economic development and improve the Project Area's public infrastructure. The discussion below describes projected Agency programs and projects which will implement these goals and shows, in Table 4 found in section 4.2, how these programs and projects are projected to be funded through the completion of the Implementation Plan planning cycle.

4.1 Projected Agency General Redevelopment Fund Programs and Related Expenditures (2005 to 2009)

CCRL Section 33490(a)(1)(A) requires that the implementation plan prepared and adopted by each redevelopment agency contain "...the specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years...."

TABLE 3 GOALS' NEXUS TO BLIGHT ELIMINATION (POST-AB 1290)[1]							
PHYSICAL CONDITIONS					ECONOMIC CONDITIONS		INFRA-STRUCTURE
GOALS[2]	DETERIORATION & DILAPIDATION (Unsafe/Unhealthy Buildings)	DEFECTIVE DESIGN OR PHYSICAL CONSTRUCTION	VACANT & ABANDONED BUILDINGS	DRAINAGE, SUBSTANDARD DESIGN	DEPRECIATED OR STAGNANT PROPERTY VALUES	ABANDONED BUILDINGS & DEFERRED INVESTMENTS	INADEQUATE PUBLIC IMPROVE-MENTS
ENCOURAGE ECONOMIC DEVELOPMENT	●	●	●	●	●	●	●
IMPROVE INFRASTRUC-TURE & LOCAL CIRCULA-TION		●	●	●	●	●	●
INCREASE, IMPROVE & PRESERVE THE SUPPLY OF VERY LOW, LOW-, AND MODERATE-INCOME HOUSING OPPORTUNITIES[3]	●		●		●		

1 Complies with CCRL Section 33490(a)(1)(A).
2 Objectives are not shown here. For purposes of this table, attainment of Agency goals assumes realization of each of the objectives previously defined in Section 3.0 of this Implementation Plan.
3 May include removal of obsolete residential structures pursuant to appropriate provisions of the CCRL.

The Agency has determined to continue implementation of its two major programs (creation of and improvements to the Murrieta core area and public infrastructure improvements throughout the Project Area) during the planning cycle of the Implementation Plan. Please note these are only General Redevelopment Fund programs and projects; programs and projects to be funded from the LMI Fund are found in Section 6 of this Implementation Plan.

4.1.1 Improvements to Murrieta Core Area

As identified in the two specific projects listed below, total improvements to the Murrieta core area are budgeted and projected to be approximately $3.2 million and to be completed by FY 2006-07. Note that infrastructure projects are identified in Section 4.1.2.

<u>Town Square Park</u>

The Agency will fund the completion of Phase I of this Project (CIP 8349) at a total cost of $1,841,022 during FY 2004-05, FY 2005-06, and FY 2006-07. This amount includes approximately $600,000 to be expended in FY 2004-05 for site work. Completion of the park will provide a focal point for further private investment in Town Square and the ultimate completion of the entire Murrieta core area development program.

<u>Other Town Square Improvements</u>

The Agency is projected to expend $ 1.4 million during FY 2005-06 and FY 2006-07 completing its improvements to portions of Town Square (CIP 8325) which ultimately will be developed for civic and office uses focusing on those uses which provide meaningful jobs in the community.

4.1.2 Infrastructure Improvements

As identified in the three specific projects listed below, total improvements to the City's infrastructure are budgeted and projected to be approximately $21.8 million and to be completed in stages throughout the planning cycle of the Implementation Plan.

Improvements in Support of Town Square

The Agency will construct a number of public improvements in or adjacent to the Town Square in order to provide access to this major urban feature. Currently budgeted projects include: i) traffic signals at Jefferson and Juniper (CIP 8020) and at Jefferson and Ivy (CIP 8216) ($224,500 in FY 2004-05), ii) improvements to the intersection of Madison and Jefferson (CIP 8026) ($1,452,380 in FY 2004-05 and FY 2005-06), and iii)improvements to the "Line E" channel (CIP 8202) ($453,280 in FY 2004-05). Finally, the Agency is projecting improvements to the Jefferson/Kalmia intersection in the amount of $2.3 million in FY 2006-07 as well as an additional $100,000 contingency which has been included in the FY 2006-07 infrastructure costs.

Infrastructure Improvements to the Los Alamos Corridor

The Agency has identified a need to provide through east/west access among all parts of the northern portion of the City and has selected the Los Alamos Corridor to provide this access. Development of the Corridor will include improvements to Los Alamos itself an overcrossing at the Los Alamos/I-15 intersection and complete reconstruction of the Los Alamos/I-215 interchange. Implementation of the entire project will include a signal at Los Alamos and Lincoln (CIP 8022) ($111,500 in FY 2004-05), improvements to Los Alamos from the I-15 to Parkcrest (CIP 8226) ($783,340 in FY 2004-05 and FY 2005-06), planning and design for the Los Alamos/I-15 overcrossing (CIP 8311) ($1.4 million in FY 2005-06), and construction of the I-215 interchange and I-15 overcrossing at Los Alamos (CIP 8311 and 8148) ($9 million in FY 2006-07 through FY 2008-09). Note that current Agency projections anticipate a total cost of $10.4 million for this program ($1.4 million for preliminary engineering and $9 million for construction). Given the fact that: i) such large-scale public works programs have been known to go over budget, and ii) to accommodate inflationary factors since the program is scheduled to be completed as late as FY 2008-09, it is standard City practice to include a ten percent contingency ($1,040,000).

Other Infrastructure Improvements

The Agency has budgeted and is projected to expend additional monies on infrastructure improvements within the Project Area as follows: improvements to Jefferson from Murrieta Hot Springs Road to Juniper (CIP 8223) ($2,275,790 in FY 2004-05, FY 2005-06, and FY 2006-07), improvements to Monroe Street for a "Precise Alignment" (CIP 8258) ($72,378 in FY 2004-05), and improvements to Monroe Street from Symphony Avenue to Los Alamos (CIP 8051) ($2.5 million in FY 2006-07). Agency staff has provided a $100,000 contingency for such infrastructure improvements which UFI has assigned by FY 2006-07.

4.2 Projected Income and Expenditures in the General Redevelopment Fund: FY 2004-05 through FY 2008-09.

As shown in Table 4 and based upon its review of the Agency's FY 2004-05 Budget,[5] this Implementation Plan projects that the Agency will begin the five-year cycle of the Implementation Plan with a Beginning Balance of $1,466,886. The Agency will issue a tax allocation bond during FY 2004-05 (in February, 2005) which, when added to tax increment and interest income will generate a "Total Available" in FY 2004-05 of $11.8 million. The Agency is projected to issue another tax allocation bond in FY 2006-07 which would net the General Redevelopment Fund $9 million. UFI has projected tax increments to the Redevelopment General Fund through the term of the Implementation Plan of some $17.4 million. Additionally, the Agency is projected to receive a total of $657,940 in interest income over the term of the Implementation Plan (based upon a projected two percent annual interest rate on each year's Beginning Balance).

On the expenditure side, and as more specifically identified above, the Agency has committed to an aggressive program of expenditures for programs and projects which, over the term of the Implementation Plan, are projected to provide the community with a little over $25 million worth of improvements to the Murrieta core area and to the Project Area's public infrastructure. The bulk of these funds are projected to be expended for improvements to the Los Alamos Corridor ($11,440,000, which includes a ten percent contingency) which will link all portions of the community across two freeways.

As shown in Table 4, "Personnel" and "Operations and Maintenance" costs are extremely reasonable, costing a total of only $850,864 over the term of this Implementation Plan. Debt Service expenditures are mandated by the requirements of outstanding and projected indebtedness. The Educational Relief Augmentation Fund (ERAF) has been established by the state legislature to assist the state in balancing its current and projected budget deficits. ERAF expenditures are projected to conclude in FY 2005-06. Table 4 shows the Agency with a little over $1 million at the end of the current planning cycle.

The expenditures projected in this Implementation Plan provide for a very aggressive spending plan and the community should see the positive results of successful implementation over the next five years. As described elsewhere in this Implementation Plan, the Agency will hold a mid-term hearing some time in FY 2006-07, at which time it will review projected and budgeted revenues and expenditures for the period of time FY 2004-05 through FY 2006-07 with *actual* revenues and expenditures. Based upon that review, the Agency will modify projections for the next two fiscal years as appropriate.

[5] UFI used the FY 2004-05 Budget to provide Beginning Balance receipts and expenditures for FY 2004-05. Revenues and expenditures from FY 2005-06 onwards are based upon UFI projections.

TABLE 4
PROJECTED GENERAL REDEVELOPMENT FUND PROGRAM RECEIPTS AND EXPENDITURES FOR THE PROJECT AREA
FY 2004-05 THROUGH FY 2008-9[1]

PROGRAM CATEGORY	FISCAL YEAR					TOTAL
	2004-05	2005-06	2006-7	2007-8	2008-09	
BEGINNING BALANCE (GENERAL FUNDS)	$1,466,886	$8,369,264	$4,658,828	$6,826,036	$5,542,858	
Estimated Receipts						
A. Tax Increment[2]	$3,150,513	$3,355,116	$3,484,016	$3,616,783	$3,753,533	$17,359,961
B. Interest Income[3]	$150,000	$167,385	$93,177	$136,521	$110,857	$657,940
C. Bond Proceeds	$7,000,000	$0	$9,000,000	$0	$0	$16,000,000
TOTAL AVAILABLE	$11,767,399	$11,891,766	$17,236,021	$10,579,339	$9,407,248	
Estimated Expenditures						
A. Murrieta Core Area	$600,000	$2,112,818	$528,204	$0	$0	$3,241,022
B. Infrastructure	$1,480,468	$5,027,542	$7,605,158	$2,200,000	$5,500,000	$21,813,168
C. Personnel[4]	$144,764	$149,107	$153,580	$158,188	$162,933	$768,572
D. Operations and Maintenance[4]	$15,500	$15,965	$16,444	$16,937	$17,445	$82,292
E. Debt Service[5]	$958,000	$1,200,000	$19,368,000	$1,938,000	$1,938,000	$7,972,000
F. ERAF[6]	$169,300	$169,300	$0	$0	$0	$338,600
G. Pass Throughs[7]	$630,103	$671,023	$696,803	$723,357	$750,707	$3,471,992
TOTAL PROJECTED EXPENDITURES	$3,398,135	$7,232,937	$10,409,985	$5,036,481	$8,369,085	
YEARLY ENDING BALANCE	$8,369,264	$4,658,828	$6,826,036	$5,542,858	$1,038,163	

1 Complies with CCRL § 33490(a)(1)(A)
2 Tax increment revenues are based on the actual assessed value for FY 2004-05 as provided by the Riverside County Auditor Controller Future Growth in assessed value is projected to increase by 5% in FY 2005-06 and 3% annually thereafter.
3 Interest Income in FY 2004-05 is as per Agency Budget for 2004-05 and a 2% interest rate is assumed thereafter.
4 Personnel and Operations and Maintenance expenditures for 2004-05 are based on the 2004-05 Agency Budget with a 3% annual increase thereafter.
5 Debt service payments are based on 80% of annual payments for the Agency's Tax Allocation Bond issue of 2002, approximately 60% of the annual payments for the Bond Issue of 2005, and 100% of the annual payments for the Bond Issue of 2007.
6 ERAF payments are estimated by the California Redevelopment Association, using historic data from the State Controller's Office – Division of Accounting and Reporting. ERAF payments are mandated only for FY 2004-05 and FY 2005-06.
7 Pass through expenditures are calculated per post AB1290 rules.

Source: Urban Futures, Inc. and Agency Staff.

5.0 STATEMENT THAT PROGRAMS AND EXPENDITURES WILL ELIMINATE BLIGHT WITHIN THE PROJECT AREA

CCRL Section 33490(a)(1)(A) requires that the implementation plan prepared by each agency provide an explanation of how the programs and expenditures will eliminate blight within the project area. Table 5 shows the relationship of the proposed projects/programs categories to the eradication of remaining blight, as defined in CCRL Sections 33031 of the CCRL, within the Project Area.

TABLE 5
PROGRAM AND EXPENDITURES' NEXUS TO BLIGHT ELIMINATION[1]

	PHYSICAL CONDITIONS				ECONOMIC CONDITIONS		INFRA-STRUCTURE
PROGRAMS & EXPENDITURES	DETERIORATION & DILAPIDATION (Unsafe/Unhealthy Buildings)	DEFECTIVE DESIGN OR PHYSICAL CONSTRUCTION	VACANT & ABANDONED BUILDINGS	DRAINAGE, SUBSTANDARD DESIGN	DEPRECIATED OR STAGNANT PROPERTY VALUES	ABANDONED BUILDINGS & DEFERRED INVESTMENTS	INADEQUATE PUBLIC IMPROVE-MENTS
IMPROVEMENTS TO THE MURRIETA CORE AREA	●	●		●	●		●
IMPROVEMENTS INFRASTRUCTURE		●		●	●		●

[1] Complies with CCRL Section 33490(a)(1)(A).

6.0 CCRL SECTION 33413(b)(4) HOUSING COMPLIANCE PLAN AND EVIDENCE OF AGENCY COMPLIANCE WITH CCRL SECTION 33334.4

CCRL Section 33414(b)(4) requires each redevelopment agency to adopt a compliance plan as part of the implementation plan required by CCRL Section 33490 indicating how the agency will comply with the requirements set forth in CCRL Section 33414(b). This Section 6 of the Implementation Plan complies with this requirement and is the Agency's Housing Compliance Plan. Further, this Section 6 describes how the Agency intends to expend monies in the LMI Fund consistent with the provisions of CCRL Section 33334.4 as amended by Assembly Bill 637 and made effective on January 1, 2002.

6.1 Compliance Requirements

One of the fundamental goals of redevelopment in California is the production, improvement and preservation of the supply of housing affordable to very low-, low-, and moderate-income households. This goal is accomplished, in part, through the execution of four different, but interrelated requirements imposed on redevelopment agencies by the CCRL. These requirements are:

- An agency must use at least 20 percent of its tax increment revenue to increase, improve and preserve the supply of very low-, low-, and moderate-income housing in the community (CCRL Section 33334.2);
- An agency must replace, in equal or greater number, very low-, low-, and moderate-income housing units and bedrooms which are destroyed or removed as a result of a redevelopment project (the "replacement rule," CCRL Section 33413(a));

- An agency must ensure that a fixed percentage of all new or substantially rehabilitated dwelling units developed by the agency are affordable to very low-, low-, and moderate-income persons and families (the "inclusionary rule," CCRL Section 33413(b)(1)); and
- An agency must ensure that a fixed percentage of all new and substantially rehabilitated dwelling units developed within the project area by public or private entities or persons other than the Agency are affordable to very low-, low-, and moderate-income persons (the "inclusionary rule," CCRL Section 33413(b)(2)).

For reference, these explanations have been included herein in Appendix "B." Additionally, Appendix B provides information on the definitions of "affordable" housing, descriptions of how long such housing must remain affordable, and discussion of how LMI fund monies may be legally spent, both inside and outside the Project Area.

It should be noted that the City has initiated a comprehensive program whereby all "[n]ew residential development proposed in a redevelopment project area shall include affordable housing consistent with the requirements set forth in [CCRL] Section 33413...."[6] The City has recognized that the paucity of land available for residential development in the Project Area which is not already either entitled or in the entitlement process would make it virtually impossible for the Agency to provide any such housing which was not already a part of existing proposed housing developments. Other traditional methods of providing such affordable housing are not germane to Murrieta. For instance, the lack of unencumbered developable, residentially zoned land makes the imposition of "in lieu" fees moot since no reasonable amount of money can produce housing without land; while the use of traditional "public/private" partnerships to construct multi-family, rental units goes against current and projected market forces in Murrieta which encourage the development and sale of single family housing.

6.2 Tabulations Showing Existing Replacement and Inclusionary Housing Obligations (FY 1999-00 through FY 2003-04)

The information provided on Tables 6 through 10 presents an analysis of the Agency's compliance with CCRL affordable housing mandates through the end of FY 2003-04. The information contained in these tables, in concert with the other parts of this Implementation Plan, ensures compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4. The tables and discussion presented below and in subsequent sections of this Implementation Plan represent what is required by law regarding affordability, replacement and inclusionary housing requirements established in the CCRL. It should be noted that replacement and inclusionary obligations are calculated and identified to the nearest tenth while units which count toward fulfillment of these obligations are, of course, counted in whole numbers. While this results in some rounding issues and complication, it most effectively enumerates the Agency's obligations without exacerbating these obligations due to rounding within the calculation regime.

Table 6:

As shown in Table 6, as of June 30, 2004, the Agency had not removed any housing units from within the Project Area.

Table 7:

---

[6] Source is Section 16.20.070 of the City's Municipal Code.

As shown in Table 7, as of June 30, 2004, no affordable housing units had been developed or substantially rehabilitated inside the Project Area by the Agency.

Table 8:

As shown in Table 8, as of June 30, 2004, the Agency had not substantially rehabilitated or constructed any residential units outside the Project Area.

Table 9:

As shown on Table 9, only one residential unit was constructed within the Project Area (in FY 2001-02). This lack of development is due in large part to the fact that there was no single family, detached residentially zoned land within the Project Area and the real estate market was not such that there was a demand for multi-family or single family attached (i.e., condominium) units. This one unit was not income restricted and so the Agency ended the term of the 1999 Implementation Plan with a deficit of 0.1 low- or moderate-income unit and 0.1 very low-income unit.

Table 10:

Table 10 summarizes the inclusionary information provided in the previous tables and provides appropriate "adjustments" to final numbers to allow the Agency to understand its current situation with reference to its inclusionary housing obligations. Information provided on the "Totals" row shows total housing production within and outside the Project Area and Agency obligation generated as a result of this production. Housing production and Agency inclusionary obligations within the Project Area are calculated on a "one for one" basis and, therefore, will remain correct over time. In this case, within the Project Area the Agency has a deficit of 0.1 unit in each of the low- and moderate-income categories and 0.1 unit in the very low-income category.

TABLE 6
TOTAL DWELLING UNITS DESTROYED OR REMOVED BY THE AGENCY INSIDE THE PROJECT AREA INCLUDING AN INVENTORY OF REPLACEMENT UNITS PROVIDED[1]
REDEVELOPMENT PLAN ADOPTION THROUGH JUNE 30, 2004

FISCAL YEAR	NO. OF UNITS DESTROYED OR REMOVED AFFECTING					NO. OF UNITS REHABILITATED, DEVELOPED, OR CONSTRUCTED[9,10,11]					CUMULATIVE REMOVAL/REPLACEMENT DIFFERENCE (DEFICIT[-])/(SURPLUS[+])			
	a	b	c	d	e	f	g	h	i	j	k	l	m	n
	VERY LOW INCOME[3]	LOWER INCOME[4]	LOW-MOD INCOME[5]	TOTAL UNITS DESTROYED OR REMOVED[6,7,8]	TOTAL NO. BEDROOMS DESTROYED OR REMOVED	VERY LOW INCOME	LOWER INCOME	LOW-MOD INCOME	TOTAL UNITS PROVIDED	TOTAL NO. BEDROOMS PROVIDED[12]	VERY LOW INCOME (f - a + previous year balance)	LOWER INCOME (g - b + previous year balance)	LOW-MOD INCOME (h - c + previous year balance)	TOTAL NO. BEDROOMS[12] (j - e + previous year balance)
BALANCE FORWARD[2]														
1999-2000						NO ACTIVITY								
2000-01														
2001-02														
2002-03														
2003-04														
TOTALS														

[1] Complies with CCRL Section 33413(a), (c), (d)(1), and 33334.5. The agency shall require that the aggregate number of replacement units remain available at affordable housing costs to, and occupied by, persons and families of low-, moderate-, and very low-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units, except as provided for in CCRL Section 33413(c)(1)(2).
[2] Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 1999.
[3] As defined by Health & Safety Code Section 50105.
[4] As defined by Health & Safety Code Section 50079.5.
[5] As defined by Health & Safety Code Section 50093.
[6] Removed from low- or moderate-income housing market, as part of a redevelopment project. When units are planned for destruction or removal, locations for suitable replacement units must be identified (CCRL Section 33413.5).
[7] Replacement units must be provided within four years of removal or destruction (CCRL Section 33413(a)).
[8] Total units destroyed or removed housing persons and families of low or moderate income from the low- and moderate-income housing market as part of redevelopment project that is subject to a written agreement with the agency or where financial assistance has been provided by the agency (CCRL Section 33413(a)).
[9] Within territorial jurisdiction of agency; must be an equal number of replacement units as those destroyed or removed provided within 4 years of removal (CCRL Section 33413(a)).
[10] When units are destroyed or removed after September 1, 1989, 75 percent of the replacement units shall replace dwelling units available at affordable housing cost to persons in the same or lower income category (very low, low, or moderate) as the persons displaced from those destroyed or removed units; effective January 1, 2002, this requirement was increased to 100 percent (CCRL Section 33413(a)).
[11] Reference CCRL Section 33413(c) for applicable covenants.
[12] Must be an equal or greater number of bedrooms as those removed or destroyed (CCRL Section 33413(f)).

TABLE 7
DWELLING UNITS DEVELOPED AND SUBSTANTIALLY REHABILITATED BY THE AGENCY INSIDE THE PROJECT AREA[1]
REDEVELOPMENT PLAN ADOPTION THROUGH JUNE 30, 2004

FISCAL YEAR	TYPE OF CONSTRUCTION				UNITS MADE AVAILABLE AT AFFORDABLE HOUSING COST					PROJECT AREA STATUS					
	1	2		3	TOTAL 4	LOW - MODERATE[4] 5a	5b	VERY LOW[5] 6a	6b	ANNUAL DEFICIT (IF 5a > 5b or 6a >6b)		ANNUAL SURPLUS (IF 5b > 5a or 6b > 6a)		CUMULATIVE DIFFERENCE[6,7] (DEFICIT [-])/(SURPLUS [+])	
	NEW CONSTRUCTION	SUBSTANTIAL REHAB[3] MULTI-FAMILY	SINGLE FAMILY	TOTAL	REQUIRED TO BE AT LEAST 30% OF COLUMN 3[8]	REQUIRED TO BE NOT MORE THAN 50% of COLUMN 4[8]	ACTUAL UNITS RESTRICTED	REQUIRED TO BE NOT LESS THAN 50% OF COLUMN 4[8]	ACTUAL UNITS RESTRICTED	7a LOW-MOD (5b - 5a)	7b VERY LOW (6b - 6a)	8a LOW-MOD (5b - 5a)	8b VERY LOW (6b - 6a)	9a LOW-MOD	9b VERY LOW
BALANCE FORWARD[2]															
1999-2000						NO ACTIVITY									
2000-01															
2001-02															
2002-03															
2003-04															
TOTALS															

[1] Compliance with Sections 33413(b)(1), (c), (d)(1), and 33490(a)(2)(A)(ii). The agency shall require that the aggregate number of replacement units remain available at affordable housing costs to, and occupied by, persons and families of low-, moderate-, and very low-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units, except as provided for in CCRL Section 33413(c)(1)(2). New and/or substantially rehabilitated units may be aggregated in one or more Project Areas, subsequent to findings pursuant to CCRL Section 33413(b)(2)(A)(v).
[2] Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 1999.
[3] Substantial Rehabilitation means rehabilitation, the value of which constitutes 25% of the after rehabilitation value of the dwelling, inclusive of the land (CCRL Section 33413 (b)(2)(iv)). On or after January 1, 2002, the inclusionary obligation applies to dwelling units that are substantially rehabilitated using agency assistance. Prior to January 1, 2002, the inclusionary obligation applied to substantially rehabilitated dwelling units with three or more units regardless of whether or not there was agency assistance, and to substantially rehabilitated, with agency assistance, single family dwelling units with one or two units (CCRL Section 33413 (b)(2)(iii)).
[4] As defined by Health & Safety Code Section 50093.
[5] As defined by Health & Safety Code Section 50105.
[6] Calculated on a cumulative year-to-year basis.
[7] See Table 16 for projection of LMI Fund expenditures (CCRL Sections 33413(b)(1) and (2) and 33334.2 and/or 33334.6).
[8] In accordance with CCRL Section 33413(b)(1).

TABLE 8
DWELLING UNITS DEVELOPED AND SUBSTANTIALLY REHABILITATED BY THE AGENCY OUTSIDE THE PROJECT AREA[1]
REDEVELOPMENT PLAN ADOPTION THROUGH JUNE 30, 2004

FISCAL YEAR	TYPE OF CONSTRUCTION				UNITS MADE AVAILABLE AT AFFORDABLE HOUSING COST					PROJECT AREA STATUS					
					TOTAL	LOW - MODERATE[4]		VERY LOW[5]		ANNUAL DEFICIT (IF 5a > 5b or 6a >6b)		ANNUAL SURPLUS (IF 5b > 5a or 6b > 6a)		CUMULATIVE DIFFERENCE[6,7] (DEFICIT [-])/(SURPLUS [+])	
	1	2		3	4	5a	5b	6a	6b						
	NEW CONSTRUCTION	SUBSTANTIAL REHAB[3]		TOTAL	REQUIRED TO BE AT LEAST 30% OF COLUMN 3[8]	REQUIRED TO BE NOT MORE THAN 50% of COLUMN 4[8]	ACTUAL UNITS RESTRICTED	REQUIRED TO BE NOT LESS THAN 50% OF COLUMN 4[8]	ACTUAL UNITS RESTRICTED	7a	7b	8a	8b	9a	9b
		MULTI-FAMILY	SINGLE FAMILY							LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD	VERY LOW
BALANCE FORWARD[2]															
1999-2000															
2000-01						NO ACTIVITY									
2001-02															
2002-03															
2003-04															
TOTALS															

1 Compliance with Sections 33413(b)(2), (c), (d)(1), and 33490(a)(2)(A)(ii). The agency shall require that the aggregate number of replacement units remain available at affordable housing costs to, and occupied by, persons and families of low-, moderate-, and very low-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units, except as provided for in CCRL Section 33413(c)(1)(2). New and/or substantially rehabilitated units may be aggregated in one or more Project Areas, subsequent to findings pursuant to CCRL Section 33413(b)(2)(A)(v). Agency must have made findings pursuant to CCRL Section 33334.2(g) to develop units outside the Project Area. The agency may cause, by agreement or regulation, to be available, at affordable housing cost, and occupied by, persons and families of low-, moderate-, or very low-income households, two units outside the Project Area for each unit that otherwise would have had to be available inside the Project Area (CCRL Section 33413(b)(2)(A)(ii).

2 Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 1999.

3 Substantial Rehabilitation means rehabilitation, the value of which constitutes 25% of the after rehabilitation value of the dwelling, inclusive of the land (CCRL Section 33413 (b)(2)(iv)). On or after January 1, 2002, the inclusionary obligation applies to dwelling units that are substantially rehabilitated using agency assistance. Prior to January 1, 2002, the inclusionary obligation applied to substantially rehabilitated dwelling units with three or more units regardless of whether or not there was agency assistance, and to substantially rehabilitated, with agency assistance, single family dwelling units with one or two units (CCRL Section 33413 (b)(2)(iii)).

4 As defined by Health & Safety Code Section 50093.

5 As defined by Health & Safety Code Section 50105.

6 Calculated on a cumulative year-to-year basis.

7 See Table 16 for projection of LMI Fund expenditures (CCRL Sections 33413(b)(1) and (2) and 33334.2 and/or 33334.6).

8 In accordance with CCRL Section 33413(b)(1).

TABLE 9
DWELLING UNITS DEVELOPED AND SUBSTANTIALLY REHABILITATED BY PUBLIC OR PRIVATE ENTITIES OR PERSONS OTHER THAN THE AGENCY INSIDE THE PROJECT AREA[1]
REDEVELOPMENT PLAN ADOPTION THROUGH JUNE 30, 2004

FISCAL YEAR	TYPE OF CONSTRUCTION				UNITS MADE AVAILABLE AT AFFORDABLE HOUSING COST					PROJECT AREA STATUS					
					TOTAL	LOW - MODERATE[4]		VERY LOW[5]		ANNUAL DEFICIT (IF 5a > 5b or 6a >6b)		ANNUAL SURPLUS (IF 5b > 5a or 6b > 6a)		CUMULATIVE DIFFERENCE[6,7] (DEFICIT [-])/(SURPLUS [+])	
	1	2		3	4	5a	5b	6a	6b	7a	7b	8a	8b	9a	9b
	NEW CONSTRUCTION	SUBSTANTIAL REHAB[3] MULTI-FAMILY	SUBSTANTIAL REHAB[3] SINGLE FAMILY	TOTAL	REQUIRED TO BE AT LEAST 15% OF COLUMN 3[8]	REQUIRED TO BE NOT MORE THAN 60% of COLUMN 4[8]	ACTUAL UNITS RESTRICTED	REQUIRED TO BE NOT LESS THAN 40% OF COLUMN 4[8]	ACTUAL UNITS RESTRICTED	LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD	VERY LOW
BALANCE FORWARD[2]	-	-	-	-	-	-	-	-	-					0.0	0.0
1999-2000														0.0	0.0
2000-01														0.0	0.0
2001-02	1			1	0.2	0.1		0.1		-0.1	-0.1			(0.1)	(0.1)
2002-03														(0.1)	(0.1)
2003-04														(0.1)	(0.1)
TOTALS	1	0	0	1	0.2	0.1	0	0.1	0.0					(0.1)	(0.1)

[1] Compliance with Section 33413(b)(2), (c), and (d)(1). The agency shall require that the aggregate number of replacement units remain available at affordable housing costs to, and occupied by, persons and families of low-, moderate-, and very low-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units, except as provided for in CCRL Section 33413(c)(1)(2). New and/or substantially rehabilitated units may be aggregated in one or more Project Areas, subsequent to findings pursuant to CCRL Section 33413(b)(2)(A)(v).

[2] Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 1999.

[3] Substantial Rehabilitation means rehabilitation, the value of which constitutes 25% of the after rehabilitation value of the dwelling, inclusive of the land (CCRL Section 33413 (b)(2)(iv)). On or after January 1, 2002, the inclusionary obligation applies to dwelling units that are substantially rehabilitated using agency assistance. Prior to January 1, 2002, the inclusionary obligation applied to substantially rehabilitated dwelling units with three or more units regardless of whether or not there was agency assistance, and to substantially rehabilitated, with agency assistance, single family dwelling units with one or two units (CCRL Section 33413 (b)(2)(iii)).

[4] As defined by Health & Safety Code Section 50093.

[5] As defined by Health & Safety Code Section 50105.

[6] Calculated on a cumulative year-to-year basis.

[7] See Table 16 for projection of LMI Fund expenditures (CCRL Sections 33413(b)(1) and (2) and 33334.2 and/or 33334.6).

[8] In accordance with CCRL Section 33413(b)(1).

[8] One (1) unit located at 40780 Vista Murrieta.

TABLE 10
SUMMARY OF DWELLING UNITS DEVELOPED AND SUBSTANTIALLY REHABILITATED BY THE AGENCY AND OTHERS
INCLUDING AN INVENTORY OF THE AGENCY'S INCLUSIONARY UNIT OBLIGATION[1]
REDEVELOPMENT PLAN ADOPTION THROUGH JUNE 30, 2004

FISCAL YEAR	PRICE RESTRICTED (NEW CONST[3] AND SUB REHAB[4])				PRICE RESTRICTED (PURCHASE/ ACQUISITION OF EXISTING UNITS)[5]				NEW CONSTRUCTION[6]		SUBSTANTIAL REHABILITATION[4,7]		REHABED[8]	BOND FINANCED	OTHER	CUMULATIVE INCLUSIONARY UNITS EARNED/OWED [+]/[-][9]			
	LOW-MOD[10]		VERY LOW[11]		LOW-MOD		VERY LOW									LOW-MOD		VERY LOW	
	1a*	1b**	1c*	1d**	2a*	2b**	2c*	2d**	3a*	3b**	4a*	4b**	5	6	7	8a*,12	8b**,13	8c*,14	8d**,15
BALANCE FORWARD[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0
1999-2000																0.0	0.0	0.0	0.0
2000-01																0.0	0.0	0.0	0.0
2001-02									1							(0.1)	0.0	(0.1)	0.0
2002-03																(0.1)	0.0	(0.1)	0.0
2003-04																(0.1)	0.0	(0.1)	0.0
TOTALS	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	(0.1)	0.0	(0.1)	0.0
ADJUSTMENTS																			
CALCULATION TO TRANSFER CREDITS BETWEEN PROJECT AREA AND OUTSIDE PROJECT AREA (IF NEEDED)[16]																-	-	-	-
SUBSTITUTE SURPLUS VERY LOW FOR LOW-MOD (IF NEEDED)																-	-	-	-
TOTAL ADJUSTED INCLUSIONARY UNITS DEFICIT/SURPLUS																(0.1)	0.0	(0.1)	0.0

* Inside the Project Area.
** Outside the Project Area.
1 Complies with CCRL Sections 33334.2(a), 33490(a)(2)(A).
2 Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 1999.
3 Pursuant to CCRL Sections 33413(b)(1), (2), and 33413(c).
4 Substantial Rehabilitation as defined in CCRL Section 33413(b)(2)(A)(iv). After 1/1/02 inclusionary obligation applies to substantially rehabilitated units using agency assistance. Prior to 1/1/02, inclusionary obligation applied to substantially rehabilitated structures: i) with one or two units using agency assistance; and, ii) with 3 or more units regardless of status of agency assistance (CCRL Section 33413 (b)(2)(iii)).
5 Not more than 50% of the units made available, pursuant to CCRL Sections 33413(b)(1) and (2)(A), may be assisted through the purchase or acquisition of long-term affordability covenants pursuant to CCRL Section 33413(b)(2)(B); therefore, the amounts entered in Column 2 cannot be more than 50% of the combined totals of Columns 1 and 2.
6 The sum of Columns 3a and 3b equal the sum of Column 1 from Tables 7, 8, and 9 for each fiscal year.
7 The sum of Columns 4a and 4b equal the sum of Column 2 from Tables 7, 8, and 9 for each fiscal year.
8 Does not include units that are defined as substantially rehabilitated, pursuant to CCRL Sections 33413(b)(2)(A)(iii) and (iv).
9 Units included in columns 1 and 2 count for inclusionary credits, pursuant to CCRL Section 33413(b)(1) and (2). Columns 3 and 4 represent the total number of units constructed or substantially rehabilitated. See Tables 7, 8, and 9. Units included in Columns 5 through 8 do not qualify for inclusionary credit.
10 The sum of Columns 1a and 1b equal the sum of Column 5b from Tables 7, 8, and 9 for each fiscal year.
11 The sum of Columns 1c and 1d equal the sum of Column 6b from Tables 7, 8, and 9 for each fiscal year.
12 Equals the sum of Columns 1a and 2a minus the sum of Column 5a from Tables 7 and 9 for each fiscal year. Calculated on a cumulative year-to-year basis.
13 Equals the sum of Columns 1b and 2b minus the sum of Column 6a from Tables 7 and 9 for each fiscal year. Calculated on a cumulative year-to-year basis.
14 Equals the sum of Columns 1c and 2c minus the sum of Column 5a from Table 8 for each fiscal year. Calculated on a cumulative year-to-year basis.
15 Equals the sum of Columns 1d and 2d minus the sum of Column 6a from Table 8 for each fiscal year. Calculated on a cumulative year-to-year basis.
16 The agency may cause, by agreement or regulation, to be available, at affordable housing cost, and occupied by, persons and families of low-, moderate-, or very low-income households, two units outside the Project Area for each unit that otherwise would have had to be available inside the Project Area (CCRL Section 33413(b)(2)(A)(ii)).

6.3 Affordable Housing Goal and Objectives

The Agency's housing goal and objectives have been identified in Section 3.0 of the Implementation Plan and are copied here for the convenience of the reader and to provide for a complete housing compliance plan.

GOAL 3: INCREASE, IMPROVE AND PRESERVE THE QUALITY OF LOW/MODERATE HOUSING THROUGHOUT THE CITY.

OBJECTIVES

3.1 Provide funding and/or technical assistance for residential development and rehabilitation throughout the City including both single and multifamily units where appropriate.

3.2 Fund infrastructure improvements in residential neighborhoods which will promote development of affordable housing as necessary, and in accordance with available funding sources.

3.3 Implement a program of in-fill housing within targeted portions of the Project Area.

3.4 Promote and participate in public/private partnerships with non-profit and for-profit developers and or property owners to rehabilitate existing and construct new rental units for very-low and low-income households.

3.5 Facilitate loan and grant program(s) for owner-occupied low- and moderate-income households.

6.4 Projected Agency LMI Fund Programs and Related Expenditures (2005 to 2009)

As identified in the two specific projects listed below, total expenditures from the LMI Fund for programs and projects are budgeted and projected to be approximately two and a quarter million dollars and are to be completed in stages throughout the planning cycle of the Implementation Plan. Please note that the City has actively partnered with Riverside County to provide down payment assistance for first time home buyers throughout the Murrieta community. The City will continue these efforts exterior to the programs identified below which will be implemented by the Agency.

Enhanced Home Repair Program

This program would use monies from the LMI Fund expended pursuant to CCRL Section 33334.2 to assist very low- and low-income residents in a maintenance program for their homes. The program will be planned during FY 2005-06 and implemented during the balance of the term of the Implementation Plan. Expenditures under the program could include such items as repainting walls, roof repair, yard cleanup (to the extent the trash and debris in the yard constitutes a health and safety issue) and other maintenance or repair items on or in the structure which resolve problems endangering the health or safety of residents. It is anticipated that the total cost of such assistance will not exceed 25 percent of the after value of the property (including the land value). Otherwise, under current law, the rehabilitation would be considered to be a "substantial rehabilitation" and would require the Agency to secure an "affordability" covenant from the owner occupant.[7] The Agency anticipates that total expenditures would not exceed $15,000 per unit. During the first year of the planning cycle (i.e., during FY 2005-06), Agency staff will plan and advertise the program at a cost of approximately $30,000. Implementation should cost approximately $60,000 per year for the balance of the planning cycle (assuming four units per year).

Assistance for New Housing Units (May Include Senior Housing)

Based upon its activities in support of the Affirmed Housing project, the Agency has the experience to assist in the provision of additional new construction of affordable housing units. Such units would be aimed primarily at very low-income residents and would complete the Agency's commitment to provide housing affordable to all segments of the "affordable" class of residents. The Agency already owns a ten-acre parcel which could be made available to a qualified housing developer for such new construction. However, as will be discussed in Section 6.5 below and based upon the City's policy of demanding that housing developers reserve 15 percent of their product for disposition to very low-, and low- and moderate-income households at no cost to the Agency, the Agency is not projected to have any major "inclusionary" deficit by the end of the planning cycle of this Implementation Plan.

Based upon the above discussion, this Implementation Plan sets aside $1.75 million for potential assistance to a housing developer to provide "affordable" housing on the Agency's parcel to be expended in FY 2007-08.[8] This date was selected because it is *after* the date which the Agency will have to update this Implementation Plan during its "mid-term review." At that time the Agency should have a better idea of the magnitude and timing of any actual residential development it might be able to assist. In short, the $1.75 million amount is a "marker" to remind Agency staff and the Agency Board to reserve substantial funds for a new residential development during the first three years of the term of the Implementation Plan. Obviously, any Agency assistance would be predicated upon the private developer providing enforceable covenants against the development for very low-income households.

It is probable that this program will be used in concert with the City's policy of requiring that new housing developments in the Project Area "set aside" at least 15 percent of housing for sale or rental to very low-, low- or moderate-income households.

[7] The need to secure an affordability covenant becomes problematic since it involves a substantial amount of paperwork and restricts the owner's ability to sell his or her property at market value for up to 45 years (assuming the property is owner occupied). It has been UFI's experience that such restrictions are not well received by homeowners.

[8] While the Agency may use its LMI Fund monies for senior housing, CCRL Section 33334.4 (discussed in Section 6.7.3 of this Implementation Plan), mandates that no more than approximately $257,000 could be budgeted from the LMI Fund during the Implementation Plan planning cycle to be used exclusively for the provision of such senior housing.

6.5 Tabulations Showing Projected Replacement and Inclusionary Housing Obligations (FY 2004-05 through FY 2008-09)

Tables 11 through 15 present an analysis of the Agency's housing assistance obligations projected to occur within the next five years. The information contained in these tables, in concert with the other parts of this Implementation Plan, ensure compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4. The tables and discussion presented below and in subsequent sections of this Implementation Plan represent what is required by law regarding affordability, replacement and inclusionary requirements established in the CCRL. It should be noted that replacement and inclusionary obligations are calculated and identified to the nearest tenth while units which count toward fulfillment of these obligations are, of course, counted in whole numbers. While this results in some rounding issues and complication, it most effectively enumerates the Agency's obligations without exacerbating these obligations due to rounding within the calculation regime.

Table 11:

As shown in Table 11, it is anticipated that during the planning cycle the Agency will not participate in the destruction or removal of any units within the Project Area.

Table 12:

Table 12 shows that the Agency does not project developing any new or substantially rehabilitating any existing units within the Project Area during the planning cycle.

Table 13:

Table 13 shows that the Agency does not project developing any new or substantially rehabilitating any existing units outside the Project Area during the planning cycle.

Table 14:

Table 14 describes projected housing development in the Project Area by all private and/or public entities, other than the Agency, including housing developed with and without any Agency assistance. Since much of this development is not under the control of the Agency, and is directly related to the health of the economy, it is difficult to project actual numbers. Planning Department staff has provided estimates of projected housing starts in the Project Area through the term of this Implementation Plan.

Based on City Planning staff projections, it is projected that a total of 1,380 units will be built in the Project Area during the term of this Implementation Plan. Sixty-four of these units will be completed in FY 2004-05 and are the units currently being developed by Affirmed Housing discussed above. All 64 units will be income restricted and will provide the Agency with a surplus of 52.2 low- and moderate-income units and 2.1 very low-income units in FY 2004-05. As discussed above, the City has implemented a program whereby housing developers are required to set aside at least 15 percent of all new housing for very low-, low- and moderate-income households. Therefore, by the end of the term of the Implementation Plan this Table 14 shows the Agency as having a projected moderate deficit of 6.3 low- and moderate-income units and a larger deficit of 37.9 very low-income units. Note that Table 15 adjusts these numbers somewhat to accommodate additional information which is not shown on Table 14.

Table 15:

Table 15 summarizes the inclusionary information provided in the previous tables and provides appropriate "adjustments" to final numbers to allow the Agency to understand its projected situation with reference to its inclusionary housing obligations. Information provided on the "Totals" row shows total projected housing production within the Project Area and Agency obligation which would derive from this production were it actually to occur. It is anticipated that the Agency will be able to record affordability covenants against 146 units built outside the Project Area in FY 2006-07 (see Column 3b). A review of Columns 8a and 8c in the "Totals" row in Table 15 shows the information presented in Columns 9a and 9b on the "Totals" row in Table 14. However, Table 15 also shows the effects of Agency activities outside the Project Area. In this case, the 146 units built in FY 2006-07 (Column 3b) outside the Project Area are shown in Columns 8b (87.0 such units built outside the Project Area) and 8d (59.0 such units built outside the Project Area).

The CCRL allows a redevelopment agency to "count" one unit against its inclusionary deficit for every two units built and income restricted outside a redevelopment project area. Therefore, Column 8b in the "Adjustments" row shows the 87 low- and moderate-income units built outside the Project Area and Column 8a in the "Adjustments" row shows these 87 units "halved" to equal 43.5 units which are credited to the Agency. When these 43.5 units are credited against the 6.3-unit deficit, the Agency is projected to end the term of the Implementation Plan with a 37.2 low and moderate income housing unit surplus. Similarly, the computations for very low-income housing reduces the Agency's 37.9 unit deficit shown in Table 14 to a more manageable projected 8.4 unit deficit.

In short, the Agency is projected to have a moderate surplus in its low- and moderate-income category and a slight deficit in its very low-income category.

TABLE 11
TOTAL DWELLING UNITS PROJECTED TO BE DESTROYED OR REMOVED BY THE AGENCY INSIDE THE PROJECT AREA
INCLUDING AN INVENTORY OF REPLACEMENT UNITS PROVIDED[1]
REDEVELOPMENT PLAN ADOPTION THROUGH JUNE 30, 2009

FISCAL YEAR	NO. OF UNITS DESTROYED OR REMOVED AFFECTING					NO. OF UNITS REHABILITATED, DEVELOPED, OR CONSTRUCTED[9,10,11]					CUMULATIVE REMOVAL/REPLACEMENT DIFFERENCE (DEFICIT[-])/(SURPLUS[+])			
	a	b	c	d	e	f	g	h	i	j	k	l	m	n
	VERY LOW INCOME[3]	LOWER INCOME[4]	LOW-MOD INCOME[5]	TOTAL UNITS DESTROYED OR REMOVED[6,7,8]	TOTAL NO. BEDROOMS DESTROYED OR REMOVED	VERY LOW INCOME	LOWER INCOME	LOW-MOD INCOME	TOTAL UNITS PROVIDED	TOTAL NO. BEDROOMS PROVIDED[12]	VERY LOW INCOME (f - a + previous year balance)	LOWER INCOME (g - b + previous year balance)	LOW-MOD INCOME (h - c + previous year balance)	TOTAL NO. BEDROOMS[12] (j - e + previous year balance)
BALANCE FORWARD[2]														
2004-05						NO ACTIVITY								
2005-06														
2006-07														
2007-08														
2008-09														
TOTALS														

1 Complies with CCRL Section 33413(a), (c), (d)(1), and 33334.5. The agency shall require that the aggregate number of replacement units remain available at affordable housing costs to, and occupied by, persons and families of low-, moderate-, and very low-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units, except as provided for in CCRL Section 33413(c)(1)(2).
2 Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 2004.
3 As defined by Health & Safety Code Section 50105.
4 As defined by Health & Safety Code Section 50079.5.
5 As defined by Health & Safety Code Section 50093.
6 Removed from low- or moderate-income housing market, as part of a redevelopment project. When units are planned for destruction or removal, locations for suitable replacement units must be identified (CCRL Section 33413.5).
7 Replacement units must be provided within four years of removal or destruction (CCRL Section 33413(a)).
8 Total units destroyed or removed housing persons and families of low or moderate income from the low- and moderate-income housing market as part of redevelopment project that is subject to a written agreement with the agency or where financial assistance has been provided by the agency (CCRL Section 33413(a)).
9 Within territorial jurisdiction of agency; must be an equal number of replacement units as those destroyed or removed provided within 4 years of removal (CCRL Section 33413(a)).
10 When units are destroyed or removed after September 1, 1989, 75 percent of the replacement units shall replace dwelling units available at affordable housing cost to persons in the same or lower income category (very low, low, or moderate) as the persons displaced from those destroyed or removed units; effective January 1, 2002, this requirement was increased to 100 percent (CCRL Section 33413(a)).
11 Reference CCRL Section 33413(c) for applicable covenants.
12 Must be an equal or greater number of bedrooms as those removed or destroyed (CCRL Section 33413(f)).

TABLE 12
DWELLING UNITS PROJECTED TO BE DEVELOPED AND SUBSTANTIALLY REHABILITATED BY THE AGENCY INSIDE THE PROJECT AREA[1]
REDEVELOPMENT PLAN ADOPTION THROUGH JUNE 30, 2009

FISCAL YEAR	TYPE OF CONSTRUCTION				UNITS MADE AVAILABLE AT AFFORDABLE HOUSING COST					PROJECT AREA STATUS					
					TOTAL	LOW - MODERATE[4]		VERY LOW[5]		ANNUAL DEFICIT (IF 5a > 5b or 6a >6b)		ANNUAL SURPLUS (IF 5b > 5a or 6b > 6a)		CUMULATIVE DIFFERENCE[6,7] (DEFICIT [-])/(SURPLUS [+])	
	1	2		3	4	5a	5b	6a	6b	7a	7b	8a	8b	9a	9b
	NEW CONSTRUCTION	SUBSTANTIAL REHAB[3] MULTI-FAMILY	SUBSTANTIAL REHAB[3] SINGLE FAMILY	TOTAL	REQUIRED TO BE AT LEAST 30% OF COLUMN 3[8]	REQUIRED TO BE NOT MORE THAN 50% of COLUMN 4[8]	ACTUAL UNITS RESTRICTED	REQUIRED TO BE NOT LESS THAN 50% OF COLUMN 4[8]	ACTUAL UNITS RESTRICTED	LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD	VERY LOW
BALANCE FORWARD[2]															
2004-05															
2005-06						NO ACTIVITY									
2006-07															
2007-08															
2008-09															
TOTALS															

[1] Compliance with Sections 33413(b)(1), (c), (d)(1), and 33490(a)(2)(A)(ii). The agency shall require that the aggregate number of replacement units remain available at affordable housing costs to, and occupied by, persons and families of low-, moderate-, and very low-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units, except as provided for in CCRL Section 33413(c)(1)(2). New and/or substantially rehabilitated units may be aggregated in one or more Project Areas, subsequent to findings pursuant to CCRL Section 33413(b)(2)(A)(v).

[2] Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 2004.

[3] Substantial Rehabilitation means rehabilitation, the value of which constitutes 25% of the after rehabilitation value of the dwelling, inclusive of the land (CCRL Section 33413 (b)(2)(iv)). On or after January 1, 2002, the inclusionary obligation applies to dwelling units that are substantially rehabilitated using agency assistance. Prior to January 1, 2002, the inclusionary obligation applied to substantially rehabilitated dwelling units with three or more units regardless of whether or not there was agency assistance, and to substantially rehabilitated, with agency assistance, single family dwelling units with one or two units (CCRL Section 33413 (b)(2)(iii)). Effective January 1, 2006, the term "substantial rehabilitation" as used in CCRL section 33413(b) will be changed to simply rehabilitated.

[4] As defined by Health & Safety Code Section 50093.

[5] As defined by Health & Safety Code Section 50105.

[6] Calculated on a cumulative year-to-year basis.

[7] See Table 16 for projection of LMI Fund expenditures (CCRL Sections 33413(b)(1) and (2) and 33334.2 and/or 33334.6).

[8] In accordance with CCRL Section 33413(b)(1).

TABLE 13
DWELLING UNITS PROJECTED TO BE DEVELOPED AND SUBSTANTIALLY REHABILITATED BY THE AGENCY OUTSIDE THE PROJECT AREA[1]
REDEVELOPMENT PLAN ADOPTION THROUGH JUNE 30, 2009

FISCAL YEAR	TYPE OF CONSTRUCTION				UNITS MADE AVAILABLE AT AFFORDABLE HOUSING COST					PROJECT AREA STATUS					
					TOTAL	LOW - MODERATE[4]		VERY LOW[5]		ANNUAL DEFICIT (IF 5a > 5b or 6a >6b)		ANNUAL SURPLUS (IF 5b > 5a or 6b > 6a)		CUMULATIVE DIFFERENCE[6,7] (DEFICIT [-])/(SURPLUS [+])	
	1	2		3	4	5a	5b	6a	6b	7a	7b	8a	8b	9a	9b
	NEW CONSTRUCTION	SUBSTANTIAL REHAB[3] MULTI-FAMILY	SINGLE FAMILY	TOTAL	REQUIRED TO BE AT LEAST 30% OF COLUMN 3[8]	REQUIRED TO BE NOT MORE THAN 50% of COLUMN 4[8]	ACTUAL UNITS RESTRICTED	REQUIRED TO BE NOT LESS THAN 50% OF COLUMN 4[8]	ACTUAL UNITS RESTRICTED	LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD	VERY LOW
BALANCE FORWARD[2]															
2004-05						NO ACTIVITY									
2005-06															
2006-07															
2007-08															
2008-09															
TOTALS															

[1] Compliance with Sections 33413(b)(2), (c), (d)(1), and 33490(a)(2)(A)(ii). The agency shall require that the aggregate number of replacement units remain available at affordable housing costs to, and occupied by, persons and families of low-, moderate-, and very low-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units, except as provided for in CCRL Section 33413(c)(1)(2). New and/or substantially rehabilitated units may be aggregated in one or more Project Areas, subsequent to findings pursuant to CCRL Section 33413(b)(2)(A)(v). Agency must have made findings pursuant to CCRL Section 33334.2(g) to develop units outside the Project Area. The agency may cause, by agreement or regulation, to be available, at affordable housing cost, and occupied by, persons and families of low-, moderate-, or very low-income households, two units outside the Project Area for each unit that otherwise would have had to be available inside the Project Area (CCRL Section 33413(b)(2)(A)(ii).

[2] Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 2004.

[3] Substantial Rehabilitation means rehabilitation, the value of which constitutes 25% of the after rehabilitation value of the dwelling, inclusive of the land (CCRL Section 33413 (b)(2)(iv)). On or after January 1, 2002, the inclusionary obligation applies to dwelling units that are substantially rehabilitated using agency assistance. Prior to January 1, 2002, the inclusionary obligation applied to substantially rehabilitated dwelling units with three or more units regardless of whether or not there was agency assistance, and to substantially rehabilitated, with agency assistance, single family dwelling units with one or two units (CCRL Section 33413 (b)(2)(iii)). Effective January 1, 2006, the term "substantial rehabilitation" as used in CCRL section 33413(b) will be changed to simply rehabilitated.

[4] As defined by Health & Safety Code Section 50093.

[5] As defined by Health & Safety Code Section 50105.

[6] Calculated on a cumulative year-to-year basis.

[7] See Table 16 for projection of LMI Fund expenditures (CCRL Sections 33413(b)(1) and (2) and 33334.2 and/or 33334.6).

[8] In accordance with CCRL Section 33413(b)(1).

TABLE 14
DWELLING UNITS PROJECTED TO BE DEVELOPED AND SUBSTANTIALLY REHABILITATED BY PUBLIC OR PRIVATE ENTITIES OR PERSONS OTHER THAN THE AGENCY INSIDE THE PROJECT AREA[1]
REDEVELOPMENT PLAN ADOPTION THROUGH JUNE 30, 2009

FISCAL YEAR	TYPE OF CONSTRUCTION				UNITS MADE AVAILABLE AT AFFORDABLE HOUSING COST					PROJECT AREA STATUS					
					TOTAL	LOW - MODERATE[4]		VERY LOW[5]		ANNUAL DEFICIT (IF 5a > 5b or 6a >6b)		ANNUAL SURPLUS (IF 5b > 5a or 6b > 6a)		CUMULATIVE DIFFERENCE[6,7] (DEFICIT [-])/(SURPLUS [+])	
	1	2		3	4	5a	5b	6a	6b	7a	7b	8a	8b	9.a	9b
	NEW CONSTRUCTION	SUBSTANTIAL REHAB[3]		TOTAL	REQUIRED TO BE AT LEAST 15% OF COLUMN 3[8]	REQUIRED TO BE NOT MORE THAN 60% of COLUMN 4[8]	ACTUAL UNITS RESTRICTED	REQUIRED TO BE NOT LESS THAN 40% OF COLUMN 4[8]	ACTUAL UNITS RESTRICTED	LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD	VERY LOW
		MULTI-FAMILY	SINGLE FAMILY												
BALANCE FORWARD[2]	1	0	0	1	0.2	0.1	0	0.1	0					(0.1)	(0.1)
2004-05	64[9]			64	9.6	5.8	58[9]	3.8	6[9]			+52.2	+2.2	52.2	2.1
2005-06	248[10]			248	37.6	22.3	22[10]	14.9	15[10]	-0.3			+0.1	51.8	2.2
2006-07	744[11]			744	111.6	67.0	9[11]	44.6	5[11]	-45.4	-31.2			(6.1)	(37.4)
2007-08	324[12]			324	48.6	29.2	29[12]	19.4	19[12]	-0.2	-0.4			(6.3)	(37.9)
2008-09														(6.3)	(37.9)
TOTALS	1,381	0	0	1,381	207.2	124.3	118	82.9	45					(6.3)	(37.9)

1 Compliance with Section 33413(b)(2), (c), and (d)(1). The agency shall require that the aggregate number of replacement units remain available at affordable housing costs to, and occupied by, persons and families of low-, moderate-, and very low-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units, except as provided for in CCRL Section 33413(c)(1)(2). New and/or substantially rehabilitated units may be aggregated in one or more Project Areas, subsequent to findings pursuant to CCRL Section 33413(b)(2)(A)(v).
2 Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 2004.
3 Substantial Rehabilitation means rehabilitation, the value of which constitutes 25% of the after rehabilitation value of the dwelling, inclusive of the land (CCRL Section 33413 (b)(2)(iv)). On or after January 1, 2002, the inclusionary obligation applies to dwelling units that are substantially rehabilitated using agency assistance. Prior to January 1, 2002, the inclusionary obligation applied to substantially rehabilitated dwelling units with three or more units regardless of whether or not there was agency assistance, and to substantially rehabilitated, with agency assistance, single family dwelling units with one or two units (CCRL Section 33413 (b)(2)(iii)). Effective January 1, 2006, the term "substantial rehabilitation" as used in CCRL section 33413(b) will be changed to simply rehabilitated.
4 As defined by Health & Safety Code Section 50093.
5 As defined by Health & Safety Code Section 50105.
6 Calculated on a cumulative year-to-year basis.
7 See Table 12 for projection of LMI Fund expenditures (CCRL Sections 33413(b)(1) and (2) and 33334.2 and/or 33334.6).
8 In accordance with CCRL Section 33413(b)(1).
9 Affirmed Housing Apartments, 64 units total: 58 low- and 6 very low-income restricted.
10 Reserves at Madison Park, 248 units total: 22 low- and 15 very low-income restricted.
11 Amberwalk II, 93 units total: 9 low- and 5very low-income restricted. Adams Avenue development, 159 units total: none restricted. Cameo Homes – Victor Mahony development, 492 units, none restricted; however, 146 additional units projected to be constructed outside the Project Area and made affordable to low- (87 units) and very low- (59) income households (see Table 12).
12 MJ Winer – Bart Buchalter development, 324 units total: 29 low- and 19 very low-income restricted.

TABLE 15
SUMMARY OF DWELLING UNITS PROJECTED TO BE DEVELOPED AND SUBSTANTIALLY REHABILITATED BY THE AGENCY AND OTHERS INCLUDING AN INVENTORY OF THE AGENCY'S INCLUSIONARY UNIT OBLIGATION[1]
REDEVELOPMENT PLAN THROUGH JUNE 30, 2009

FISCAL YEAR	PRICE RESTRICTED (NEW CONST[3] AND SUB REHAB[4])				PRICE RESTRICTED (PURCHASE/ ACQUISITION OF EXISTING UNITS)[5]				NEW CONSTRUCTION[6]		SUBSTANTIAL REHABILITATION[4,7]		REHABED[8]	BOND FINANCED	OTHER	CUMULATIVE INCLUSIONARY UNITS EARNED/OWED [+]/[-][9]			
	LOW-MOD[10]		VERY LOW[11]		LOW-MOD		VERY LOW									LOW-MOD		VERY LOW	
	1a*	1b**	1c*	1d**	2a*	2b**	2c*	2d**	3a*	3b**	4a*	4b**	5	6	7	8a*,[12]	8b**,[13]	8c*,[14]	8d**,[15]
BALANCE FORWARD[2]	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	(0.1)	0.0	(0.1)	0.0
2004-05	58		6						64							52.2	0.0	2.1	0.0
2005-06	22		15						248							51.8	0.0	2.2	0.0
2006-07	9	87[17]	5	59[17]					744	146						(6.1)	87.0	(37.4)	59.0
2007-08	29		19						324							(6.3)	87.0	(37.9)	59.0
2008-09																(6.3)	87.0	(37.9)	59.0
TOTALS	118	87	45	59	0	0	0	0	1,381	146						(6.3)	87.0	(37.9)	59.0
ADJUSTMENTS																			
TRANSFERABLE INCLUSIONARY CREDIT (IF NEEDED)[16]																+43.5	-87.0	+29.5	-59.0
SUBSTITUTE SURPLUS VERY LOW FOR LOW-MOD (IF NEEDED)																-	-	-	-
TOTAL ADJUSTED INCLUSIONARY UNITS DEFICIT/SURPLUS																37.2	0.0	(8.4)	0.0

* Inside the Project Area.
** Outside the Project Area.
1 Compliance with CCRL Sections 33334.2(a), 33490(a)(2)(A). Includes agency assisted units inside and outside the Project Area and all non-agency assisted units inside the Project Area.
2 Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 2004.
3 Pursuant to CCRL Sections 33413(b)(1), (2), and 33413(c).
4 Substantial Rehabilitation means rehabilitation, the value of which constitutes 25% of the after rehabilitation value of the dwelling, inclusive of the land (CCRL Section 33413 (b)(2)(iv)). On or after January 1, 2002, the inclusionary obligation applies to dwelling units that are substantially rehabilitated using agency assistance. Prior to January 1, 2002, the inclusionary obligation applied to substantially rehabilitated dwelling units with three or more units regardless of whether or not there was agency assistance, and to substantially rehabilitated, with agency assistance, single family dwelling units with one or two units (CCRL Section 33413 (b)(2)(iii)). Effective January 1, 2006, the term "substantial rehabilitation" as used in CCRL section 33413(b) will be changed to simply rehabilitated.
5 Not more than 50% of the units made available, pursuant to CCRL Sections 33413(b)(1) and (2)(A), may be assisted through the purchase or acquisition of long-term affordability covenants pursuant to CCRL Section 33413(b)(2)(B); therefore, the amounts entered in Column 2 cannot be more than 50% of the combined totals of Columns 1 and 2.
6 The sum of Columns 3a and 3b equal the sum of Column 1 from Tables 12, 13, and 14 for each fiscal year.
7 The sum of Columns 4a and 4b equal the sum of Column 2 from Tables 12, 13, and 14 for each fiscal year.
8 Does not include units that are defined as substantially rehabilitated, pursuant to CCRL Sections 33413(b)(2)(A)(iii) and (iv). Effective January 1, 2006, the term "substantial rehabilitation" as used in CCRL section 33413(b) will be changed to simply rehabilitated; therefore, rehabilitated units will be counted in Column 1 thereafter.
9 Units included in columns 1 and 2 count for inclusionary credits, pursuant to CCRL Section 33413(b)(1) and (2). Columns 3 and 4 represent the total number of units constructed or substantially rehabilitated. See Tables 12, 13, and 14. Units included in Columns 5 through 8 do not qualify for inclusionary credit.
10 The sum of Columns 1a and 1b equal the sum of Column 5b from Tables 12, 13, and 14 for each fiscal year.
11 The sum of Columns 1c and 1d equal the sum of Column 6b from Tables 12, 13, and 14 for each fiscal year.
12 Equals the sum of Columns 1a and 2a minus the sum of Column 5a from Tables 12 and 14 for each fiscal year. Calculated on a cumulative year-to-year basis.
13 Equals the sum of Columns 1b and 2b minus the sum of Column 6a from Tables 12 and 14 for each fiscal year. Calculated on a cumulative year-to-year basis.
14 Equals the sum of Columns 1c and 2c minus the sum of Column 5a from Table 13 for each fiscal year. Calculated on a cumulative year-to-year basis.
15 Equals the sum of Columns 1d and 2d minus the sum of Column 6a from Table 13 for each fiscal year. Calculated on a cumulative year-to-year basis.
16 The agency may cause, by agreement or regulation, to be available, at affordable housing cost, and occupied by, persons and families of low-, moderate-, or very low-income households, two units outside the Project Area for each unit that otherwise would have had to be available inside the Project Area (CCRL Section 33413(b)(2)(A)(ii).
17 Cameo Homes – Victor Mahony development, 146 units total: 87 low- and 59 very low- income restricted.

6.6 Low- and Moderate-Income Housing Fund

CCRL Section 33490(a)(2)(A)(i) requires that each agency show the amount of money available in its LMI Fund and the estimated amounts which will be deposited into its LMI Fund during each of the five years in the planning cycle. The Agency’s LMI Fund was established subsequent to the adoption of the Downtown Redevelopment Plan; the Agency has been making the required contribution of 20 percent of tax increment generated from within the Project Area into the LMI Fund. Estimated tax increment deposits are equal to 20 percent of the projected gross tax increment for the Project Area, based on a three percent annual increase in assessed valuations. CCRL Section 33490(a)(2)(A)(ii) requires that an agency provide an estimate of the expenditures of monies from the LMI Fund during each of the five years in the planning cycle. Table 16 is included herein for the purpose of providing the required information.

Table 16 shows a beginning balance in the LMI Fund of $1,468,649. Table 16 identifies projected tax increment income and projected Interest Income (two percent of the Beginning Balance for each fiscal year) of $642,103 in FY 2004-05 increasing steading during the term of the Implementation Plan to $753,270 in FY 2008-09. Total tax increment income over the term of the Implementation Plan equals almost $3.5 million. The Agency's tax allocation bond issue due to be sold in February 2005 is projected to "net" the LMI Fund $3.9 million as shown in the FY 2004-05 column. "Total Available" in FY 2004-05 is shown to be approximately $6.0 million.

Estimated expenditures reflect the projects and programs identified in Section 6.4 above for the planning cycle. "Personnel" and "Operations & Maintenance" costs reflect the Agency's adopted budget for FY 2004-05 increased by two percent per year commencing in FY 2005-06. Debt service payments have been estimated by UFI based upon a 20 percent share of all debt service payments to be made from the LMI Fund. The Agency has already purchased the ten-acre parcel of land discussed above at a cost of slightly less than $4 million. Since the Agency did not have funds available at the time of purchase, the City advanced funds to the Agency which, with its issuance of a tax allocation bond in February 2005 it will be in the position to repay during FY 2004-05. Total repayment to the City is shown in FY 2004-05 at $3.87 million. It is anticipated that the Agency will offer this parcel to one or more private developers for the development of affordable housing over the term of this Implementation Plan.

Table 16 shows the LMI Fund enjoying a projected $312,682 surplus for the final Yearly Ending Balance in FY 2008-09. This amount should be sufficient to propel the Agency into the next planning cycle without loss of momentum in its affordable housing programs.

TABLE 16
PROJECTED AGENCY LMI FUND RECEIPTS AND EXPENDITURES
FY 2004-05 THROUGH FY 2008-09[1]

PROGRAM CATEGORY	FISCAL YEAR					TOTAL
	2004-05	2005-06	2006-07	2007-08	2008-09	
BEGINNING BALANCE	$1,468,649	$1,336,796	$1,513,513	$1,683,813	$128,169	
Estimated Receipts						
A. Tax Increment[2]	$630,103	$671,023	$696,803	$723,357	$750,707	$3,471,992
B. Interest Income[3]	$12,000	$26,736	$30,270	$33,676	$2,563	$105,246
C. Bond Proceeds	$3,870,000	$0	$0	$0	$0	$3,870,000
TOTAL AVAILABLE	$5,980,752	$2,034,555	$2,240,586	$2,440,846	$881,439	
Estimated Expenditures						
A. Housing Programs and Projects	$290,110	$30,000	$60,000	$1,810,000	$60,000	$2,250,110
B. Personnel[4]	$28,953	$29,822	$30,716	$31,638	$32,587	$153,715
C. Operations and Maintenance[4]	$156,525	$161,221	$166,057	$171,039	$176,170	$831,012
D. Debt Service[5]	$298,368	$300,000	$300,000	$300,000	$300,000	$1,498,368
E. Repay Debt to City[6]	$3,870,000	$0	$0	$0	$0	$3,870,000
TOTAL PROJECTED EXPENDITURES	$4,643,956	$521,042	$556,774	$2,312,677	$568,757	
YEARLY ENDING BALANCE	$1,336,796	$1,513,513	$1,683,813	$128,169	$312,682	

1 Complies with CCRL § 33490(a)(1)(A)
2 Tax increment revenues are based on the actual assessed value for FY 2004-05 as provided by the Riverside County Auditor Controller. Future growth in assessed value is projected to increase by 5% in FY 2005-06 and 3% annually thereafter.
3 Interest Income in FY 2004-05 is as per Agency Budget for 2004-05 and 2% of annual Beginning Balance.
4 Personnel and Operations and Maintenance expenditures for 2004-05 are based on the 2004-05 Agency Budget with a 3% annual increase thereafter.
5 Debt service payments are based on UFI estimates and include payment of debt service on Series 2004 Bond.
6 Repays City for purchase of land to be used for affordable housing.

Source: Urban Futures, Inc. and Agency Staff.

6.7 Evidence of Agency Compliance with CCRL Section 33334.4

Recent changes to affordable housing requirements, which were approved by the legislature and were made effective on January 1, 2002, will affect the way in which the Agency implements its Goal No. 3, and may also affect the City's General Plan Housing Element. These changes are discussed below.

6.7.1 Unmet Affordable Housing Need

Effective January 1, 2002, CCRL Section 33334.4(a) requires that an agency must expend its LMI Fund moneys towards assisting housing for persons of very low- and low-income in at least the same proportion as the total number of housing units needed for each of these income groups bears to the total number of units needed for very low-, low-, and moderate-income households within the community, as those needs have been determined by the most recent Regional Housing Needs Assessment (RHNA). This requirement must be met over the same 10-year implementation plan period as the requirements of CCRL Section 33413(b).

In carrying out these requirements over the duration of each implementation plan, pursuant to CCRL Section 33334.4(b), an agency is required to expend LMI Fund moneys to assist housing that is available to all persons regardless of age in at least the same proportion as the population under the age of 65 bears to the total population of the community as identified by the most recent census. Therefore, the 2000 Census will be used to identify the percentage of residents 65 years of age and older in the community, which will be the maximum percentage allowed for allocation of LMI Fund moneys towards assisting housing restricted to seniors. The remaining LMI Fund moneys must be used towards assisting other non-senior household types. According to Census 2000 Summary File 1 Data (Table P 12) the City population equaled 44,282 persons of whom 39,219 were under 65 years of age. Accordingly, 11.4 percent (5,063) of the total population of the City was 65 years of age or older; therefore, in carrying out the requirements of CCRL Section 33334.4(a), no more than 11.4 percent of LMI Fund expenditures can be allocated towards assisting senior headed households.

6.7.2 Regional Housing Needs Assessment

The state legislature adopted Assembly Bill 2853 in 1980[9] requiring all councils of government to develop regional allocations of housing needs (new and existing) for all income categories (fair share of housing) based on regional housing needs. Working with the Western Riverside Council of Governments (WRCG) the Southern California Association of Governments (SCAG) has determined the housing needs for Murrieta. Table 17 identifies the City's estimated 1998-2005 housing need by income limits for very low-, low-, and moderate-income households within the community. Based on the housing needs information provided by the RHNA, as extrapolated in Table 17 in accordance with CCRL Section 33334.4(a), at least 35.6 percent of all LMI Fund expenditures must be made towards assisting very low-income headed households, and no more than 39.2 percent can be made towards assisting moderate-income households.

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[9] Codified in California Government Code Sections 65580 through 65589.8.

TABLE 17
FAIR SHARE HOUSING ALLOCATION

INCOME GROUP	NO. OF UNITS	% OF TOTAL
Very low (0 - 50% County Median Income)	1,942	35.6%
Low (50 - 80% County Median Income)	1,370	25.1%
Moderate (80 - 120% County Median Income)	2,139	39.2%
TOTAL UNITS	5,451	100%

Source: WRCG and SCAG, November 2000.

6.7.3 Projected LMI Fund Expenditures by Age and Income

Table 18 on the following page is an annual breakdown of affordable housing programs funded from monies in the LMI Fund for the planning cycle of the Implementation Plan period (expenditure amounts taken from Table 16, "Housing Programs"). In compliance with CCRL Section 33334.4, Table 18 allocates projected LMI Fund expenditures according to the City's Unmet Need as outlined in the proceeding paragraphs of this section.

6.8 Excess Surplus

As of July 31, 2004, there was $1,468,649 in the LMI Fund. Further, Table 16 projects Beginning Balances in the LMI Fund in excess of $1.3 million for all fiscal years except FY 2008-09. An "excess surplus" exists in the LMI Fund when the unexpended and unencumbered amount in the LMI Fund exceeds the greater of $1 million and the total amount deposited in the LMI Fund during the preceding four years; however, note that proceeds of bonds need not be counted when determining whether or not there is an "excess surplus." During the four fiscal years preceding FY 2004-05, the Agency received a total of $1,652,663 in tax increments, an amount higher than the $1,466,796 which this Implementation Plan projects to be the LMI Fund's "Yearly Ending Balance" for FY 2004-05; therefore the Agency is not projected to have an "excess surplus" in FY 2004-05. Since tax increments are projected to increase each year (and consequently each "four-year" will also increase), the Agency is not projected to have an "excess surplus" in any other fiscal year during the term of the Implementation Plan. Therefore, assuming the Agency expends monies from the LMI Fund generally as projected in Table 16, the Agency is not projected to have an "excess surplus" in its LMI Fund during the planning cycle for the Implementation Plan.

6.9 Monitoring

Redevelopment agencies must monitor, on an ongoing basis, the continuing availability of housing affordable to persons and families of low- or moderate-income developed or otherwise made available pursuant to CCRL provisions. As part of this monitoring, an agency shall require owners or managers of the housing to submit annual reports to the agency. The annual reports must include for each rental unit, the rental rate and the income and family size of the occupants, and for each owner-occupied unit, whether there was a change in ownership from the prior year and, if so, the income and family size of the new owners.

TABLE 18
PROJECTED AGENCY LMI FUND EXPENDITURES AND ANALYSIS OF FUTURE UNMET NEED[1]
JULY 1, 2004 THROUGH JUNE 30, 2009

FISCAL YEAR	PROJECTED ANNUAL LMI FUND EXPENDITURES							REQUIRED ANNUAL LMI FUND EXPENDITURES[5]		CUMULATIVE UNMET NEED DEFICIT/SURPLUS		CUMULATIVE SENIOR HOUSING LMI FUND EXPENDITURES[8]		
	LOW INCOME[3]		VERY LOW INCOME[4]		MODERATE INCOME[4]		TOTAL	LOW INCOME	VERY LOW INCOME	LOW INCOME	VERY LOW INCOME	FUNDS EXPENDED[9]	MAXIMUM ALLOWED	DEFICIT/ SURPLUS
	Expenditures	% of Total (a ÷g)	Expenditures	% of Total (c ÷ g)	Expenditures	% of Total (e ÷g)	Expenditures (a + c + e)	25.1% of Unmet Need (.251 * g)[6]	35.6% of Unmet Need (.356* g)[7]	Total (h - a + previous year)	Total (i - c + previous year)	Annual Total	11.4% of Annual Total (.114 * g)[10]	Total (m - l + previous year)
	a	b	c	d	e	f	g	h	i	j	k	l	m	n
BALANCE FORWARD[2]	-	-	-	-	-	-	-			-	-			
2004-05	$73,000	25.2%	$104,000	35.8%	$113,110	39.0%	$290,110	$72,913	$103,356	$87	$644	$33,000	$33,170	$170
2005-06	$8,000	26.7%	$11,000	36.7%	$11,000	36.7%	$30,000	$7,540	$10,688	$547	$956	$3,500	$3,430	$100
2006-07	$15,000	25.0%	$21,000	35.0%	$24,000	40.0%	$60,000	$15,080	$21,376	$467	$580	$6,500	$6,860	$460
2007-08	$455,000	25.1%	$645,000	35.6%	$710,000	39.2%	$1,810,000	$454,907	$644,839	$560	$741	$207,000	$206,947	$407
2008-09	$15,000	25.0%	$21,000	35.0%	$24,000	40.0%	$60,000	$15,080	$21,376	$480	$365	$7,000	$6,860	$267
TOTALS	$566,000	25.2%	$802,000	35.6%	$882,110	39.2%	$2,250,110	$565,520	$801,635	$480	$365	$257,000	$257,267	$267

1 Compliance with Section 33334.4(a) and (b), and 33490(a)(2)(A), (B), and (c). CCRL Section 33490(a)(2)(A)(iv) requires that a description of how the housing program will implement CCRL Section 33334.4 in the implementation plan be included in implementation plans adopted on or after December 31, 2002.

2 Total from Redevelopment Plan adoption or December 31, 2002 (CCRL Section 33490(a)(2)(A)(iii)), whichever is later. Pursuant to CCRL Section 33334.4(b), deficits/surpluses of LMI Fund expenditures to assist very low, low, and moderate income persons in proportion to age are not carried forward from previous redevelopment implementation plans. Deficits/surpluses of LMI Fund expenditures to assist very low and low income persons in proportion to the number of housing units needed, as described by the methodology set forth in CCRL Section 33334.4(a), are carried forward from previous implementation plans over each 10-year period of the Implementation Plan, currently July 1, 2004, through June 30, 2014.

3 As defined by Health & Safety Code Section 50105.

4 As defined by Health & Safety Code Section 50093.

5 Each agency shall expend over each 10-year period of the implementation plan the moneys in the LMI Fund to assist housing for persons of low income and housing for persons of very low income in at least the same proportion as the total number of housing units needed for each of those income groups bears to the total number of units needed for persons of moderate, low, and very low income within the community, as those needs have been determined for the community pursuant to Section 65584 of the Government Code (CCRL Section 33334.4(a)).

6 Calculated on year-to-year basis. Percentage based on the proportion of the total number of low income housing units needed in relationship to the total number of units needed for persons of moderate, low, and very low income within the community as identified by the most recent (2000) Regional Housing Needs Assessment, pursuant to CCRL Section 33334.4(a) and Section 65584 of the California Government Code. The current proportion of unmet need for low income housing units in the City of Murrieta is 25.1 percent (see table 17 of this Implementation Plan).

7 Calculated on year-to-year basis. Percentage based on the proportion of the total number of very low income housing units needed in relationship to the total number of units needed for persons of moderate, low, and very low income within the community as identified by the most recent (2000) Regional Housing Needs Assessment, pursuant to CCRL Section 33334.4(a) and Section 65584 of the California Government Code. The current proportion of unmet need for very low income housing units in the City of Murrieta is 35.6 percent (see table 17 of this Implementation Plan).

8 Each agency shall expend over the duration of each redevelopment implementation plan, the moneys in the LMI Fund to assist housing that is available to all persons regardless of age in at least the same proportion as the population under age 65 years bears to the total population of the community as reported in the most recent census of the United States Census Bureau (CCRL Section 33334.4(b)).

9 Of the total funds expended in column g, the amount expended to assist housing restricted to persons 65 and over.

10 Calculated on year-to-year basis. Percentage based on the proportion of the population 65 years of age and over in relationship to the total population of the community as reported in the United States Census 2000. According to Summary File 1, Table P 12 for the City of Murrieta, the current percentage of the community 65 years of age and over is 11.4 percent.

This information is to be obtained by the agency from owners and managers of the subject housing, and current data is to be included in any reports required by law to be submitted to HUD, the State Department of Housing and Community Development (HCD) or the State Controller. The information on income and family size that is required to be reported by the owner or manager shall be supplied by the tenant and shall be the only information on income or family size that the owner or manager shall be required to submit on his or her annual report to the agency.

Redevelopment agencies must adequately fund monitoring activities as needed to insure compliance with applicable laws and agreements which enforceably restrict affordable housing units. For purposes of defraying the cost of complying with monitoring requirements, the CCRL permits, but does not require, agencies to establish and impose fees upon owners of affected properties.

The Agency will need to comply with all components of this annual reporting procedure.

7.0 TEN-YEAR AND LIFE-OF-THE-PLAN HOUSING REQUIREMENTS

CCRL Section 33490(a)(2)(B) requires that the implementation plan provide certain "Ten-Year" and "Life-of-the-Plan" housing production and inclusionary information (see Appendix A for the text or CCRL Section 33490(a)(2)(B)).

If existing vacant or underutilized parcels within the Project Area designated for residential uses in the City General Plan were built out to maximum permissible densities, a projected 2,100 additional units could be accommodated within the Project Area. Assuming that 1,380 of these units will have been constructed in the next five years (1,380 units; see Table 14, Column 1) and another, say, 250 units were built in the five year period from FY 2009-10 through FY 2013-14, then the Agency could experience the construction of 1,630 residential units in the Project Area during the next ten years. Were this to happen, the Agency could experience the construction of 470 residential units from FY 2014-15 through the remaining term of the Redevelopment Plan.

Assuming that none of the projected 2,100 residential units projected to be developed within the Project Area during the term of the Redevelopment Plan were "developed" by the Agency, then the Agency would experience an inclusionary obligation of 207 "affordable" housing units during the planning cycle of the Implementation Plan (15 percent of 1,380 new units). Additionally, the Agency would experience an additional inclusionary obligation of 37.5 "affordable" housing units during the five year planning cycle from FY 2009-10 through FY 2013-14 (15 percent of 250 units), and an additional inclusionary obligation of 70.5 "affordable" housing units throughout the balance of the life of the Redevelopment Plan (15 percent of 470 units). Total projected inclusionary obligations would equal 108 units. No more than 60 percent of this amount (64 units) could be developed for low- or moderate-income housing; the balance (44 units) would be developed for very low-income housing. A review of Table 15 will show that the Agency is projected to enjoy surplus in its inclusionary obligation in the low- and moderate-income housing category (37.2 units) while at the same time creating a small deficit in its very low-income inclusionary housing obligation (8.4 units). Therefore, if the projected housing development occurs in the Project Area over the life of the Redevelopment Plan, the Agency would be responsible for reserving an additional projected 27 low- and moderate-income housing units and an additional projected 53 very low-income housing units above those projected to be so reserved by the end of FY 2008-09.

This projected obligation is substantial, but not onerous. However, if the Agency could not achieve production of these units during the period of the effectiveness of the Redevelopment Plan, current CCRL provisions would permit the Agency to extend the effectiveness of its Redevelopment Plan for the purpose of completing its CCRL Section 33413 housing obligations. The Agency's ability to achieve production of these 80 affordable, income-restricted units will depend upon a number of factors including the amount of tax increment and other funds it receives, and the cost of housing in future years.

Compliance with CCRL inclusionary housing obligations should be monitored on a yearly basis by the Agency beginning immediately to ensure that the expenditures and programs projected to be spent and implemented over the planning cycle of the Implementation Plan are continued over the next ten years and for the remaining life-of-the-Plan. This will require that Agency, planning and building department staff all work together to ensure that Agency mandates are met.

8.0 CONSISTENCY WITH CITY'S GENERAL PLAN HOUSING ELEMENT

CCRL Section 33413(b)(4) requires that each agency, "...as part of the implementation plan required by Section 33490, shall adopt a [Housing Production] plan...." Section 33413 (b)(4) requires that "[t]he plan shall be consistent with...the community's housing element." Additionally, "[t]he plan shall be reviewed and, if necessary, [be] amended at least every five years in conjunction with either the housing element cycle or the plan implementation cycle."

Chapter 9 of the State's General Plan Guidelines 2003 (the "Guidelines") states the California Attorney General has opined that "the term 'consistent with' is used interchangeably with 'conformity with.'" The general rule of consistency outlined in the Guidelines is that "[a]n action, program, or project is consistent with the general plan if, considering all its aspects, it will further the objectives and policies of the general plan and not obstruct their attainment."

The following Goal Statements are contained within the City's General Plan Housing Element:

GOAL H-1: DIVERSIFIED HOUSING STOCK.

> Develop a diversified housing stock in terms of housing type, density, price, and tenure that meets the future needs of all socioeconomic groups within Murrieta.

GOAL H-2: PRESERVE AND MAINTAIN EXISTING AFFORDABLE HOUSING

> Preserve, maintain, and improve the existing housing stock with special attention to existing affordable housing.

GOAL H-3: REMOVE GOVERNMENTAL CONSTRAINTS

> Remove or minimize governmental constraints on the development, preservation, or improvement of the housing stock.

GOAL H-4: PROVIDE HOUSING OPPORTUNITIES TO EVERYONE

> Housing opportunities for all households regardless of race, color, religion, sex, family size, marital status, national origin, ancestry, age, or disability.

In compliance with CCRL Section 33490, the Agency has developed, and included in Section 6 of this Implementation Plan, a goal statement and related objectives specific to the development and implementation of Agency sponsored affordable housing programs in the City.

Inasmuch as, i) the Agency is working to provide affordable housing for all income levels and most specifically housing for persons of very low-, low-, and moderate-incomes; ii) the Agency is required to spend no less than 20 percent of all tax increment monies on affordable housing programs; and iii) the Agency has identified in this Implementation Plan those housing projects and programs and the number of dwelling units that it projects to develop, rehabilitate or assist development of; the

Agency hereby determines that the housing goal included in this Implementation Plan and related objectives, ongoing activities, and housing production plan, as outlined in this Implementation Plan, are consistent with the housing element of the City's General Plan.

9.0 CONCLUSION

Among other things, this Implementation Plan has discussed general redevelopment fund and LMI Fund goals and objectives, and generally described the projects and programs which are proposed to be undertaken by the Agency during the next five years in order to, in part, help alleviate blighting conditions existing in the Project Area, and to increase the community's supply of affordable housing.

This Implementation Plan recognizes two important facts which impact the Agency's ability to alleviate blight in the Project Area. The Agency, and the City, have put in place programs and projects which successfully overcome these two issues. In the first place, the Agency has been able to embark upon its program of blight removal only in the last five years. The Redevelopment Plan was only finally adopted in 1999, yet as evidenced by the Agency's work on the Town Square and Murrieta core areas, it has initiated a multi-faceted program of public works, public/private investments, and infrastructure developments which will bear fruit sooner rather than later. The Agency and the City have boldly purchased land for the Town Square and are actively inducing urban development in an area where the private development community would be more likely to provide a less dense suburban style development. Secondly, the Project Area has relatively little unencumbered residential land. While not unique, this situation is not common among redevelopment project areas where land uses include far more residentially zoned land. This lack of residential land has the potential to seriously hinder the Agency's commitment to provide housing affordable to all income segments of the Murrieta community. The City and Agency are overcoming this handicap through the City's program of requiring that all housing developed in the Project Area restrict no less than 15 percent of units to persons and families of low and moderate income.

The Agency has recently issued a tax allocation bond to partially fund its projected programs and projects. Judicious use of these funds generally in compliance with this Implementation Plan over the next five years will generate substantial development activities in the Project Area which should become obvious to the community.

The Implementation Plan shows that the Agency currently has no affordable housing inclusionary deficits. However, even with strict adherence to the “15 percent” rule for new housing development within the Project Area, the Agency is projected to have a slight deficit in its very low-income housing category at the end of the planning cycle of this Implementation Plan. This points up the absolute need to enforce the requirements of the City’s Affordable Housing Requirements over the next five years and to seek additional opportunities to participate, as appropriate and as possible, with multi-family developers to help reduce the projected very low-income housing deficit.

The Agency will expend its LMI Funds as required by law. In this regard, the Agency essentially has two principal responsibilities: i) to continue to set aside and appropriately spend 20 percent of its total tax increment funds for “affordable housing”; and ii) to increase, improve and preserve the community’s supply of affordable housing, as defined, at affordable housing costs. In this regard the Agency is projected to implement its “Enhanced Home Repair Program” and to provide assistance for new housing units as identified in this Implementation Plan. Successful implementation of these programs will directly increase the living standard of many residents and will indirectly improve neighborhoods within the Project Area and the community as a whole so that all Murrieta residents will either directly or indirectly benefit.

The CCRL requires that the Implementation Plan be the subject of periodic public review. This review must be held in a noticed public hearing at least once during the five-year period, no earlier than two years and no later than three years after adoption of the plan. In addition to the mandated review, the Agency may review and amend the plans, goals, objectives, and programs and expenditures (following a notice public hearing) at any time conditions may require such an amendment.

The Agency Board can look forward to the next five years with confidence that it is compliant with state law and has an excellent “springboard” from which to launch its redevelopment efforts over the term of this Implementation Plan.

APPENDIX A

Below are excerpts from CCRL: Section 33490.

"33490(a)(1)(A). On or before December 31, 1994, and each five years thereafter, each agency that has adopted a redevelopment plan prior to December 31, 1993, shall adopt, after a public hearing, an implementation plan that shall contain the specific goals and objectives of the agency for the project area, the specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area and implement the requirements of [CCRL] Section 33333.10, if applicable, and [CCRL] Sections 33334.2, 33334.4, 33334.6, and 33413. After adoption of the first implementation plan, the parts of the implementation plan that address [CCRL] Section 33333.10, if applicable, and [CCRL] Sections 33334.2, 33334.4, 33334.6, and 33413 shall be adopted every five years either in conjunction with the housing element cycle or the implementation plan cycle. The agency may amend the implementation plan after conducting a public hearing on the proposed amendment.... Subsequent implementation plans required pursuant to this section shall be adopted pursuant to the terms of this section, and as if the first implementation plan had been adopted on or before December 31, 1994.

"(B) Adoption of an implementation plan shall not constitute an approval of any specific program, project, or expenditure and shall not change the need to obtain any required approval of a specific program, project, or expenditure from the agency or community. The adoption of an implementation plan shall not constitute a project within the meaning of Section 21000 of the Public Resources Code.... In addition, the inclusion of programs, potential projects, and expenditures in an implementation plan shall not eliminate review pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), at the time of the approval of the program, project, or expenditure, to the extent that it would be otherwise required.

"(2) (A) A portion of the implementation plan shall address the agency housing responsibilities and shall contain a section addressing [CCRL] Section 33333.10, if applicable, and [CCRL] Sections 33334.2, 33334.4, and 33334.6, the Low and Moderate Income Housing Fund, and, if subdivision (b) of [CCRL] Section 33413 applies, a section addressing agency-developed and project area housing. The section addressing the Low and Moderate Income Housing Fund shall contain:

"(i) The amount available in the Low and Moderate Income Housing Fund and the estimated amounts which will be deposited in the Low and Moderate Income Housing Fund during each of the next five years.

"(ii) A housing program with estimates of the number of new, rehabilitated, or price-restricted units to be assisted during each of the five years and estimates of the expenditures of moneys from the Low and Moderate Income Housing Fund during each of the five years.

"(iii) A description of how the housing program will implement the requirement for expenditures of moneys in the Low and Moderate Income Housing Fund over a 10-year period for various groups as required by [CCRL] Section 33334.4....

"(iv) This requirement to include a description of how the housing program will implement [CCRL] Section 33334.4 in the implementation plan shall apply to implementation plans adopted pursuant to subdivision (a) on or after December 31, 2002.

"(B) For each project area to which subdivision (b) of [CCRL] Section 33413 applies, the section addressing the agency developed and project area housing shall contain:

"(i) Estimates of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within one or more project areas, both over the life of the plan and during the next 10 years.

"(ii) Estimates of the number of units of very low, low-, and moderate-income households required to be developed within one or more project areas in order to meet the requirements of paragraph (2) of subdivision (b) of [CCRL] Section 33413, both over the life of the plan and during the next 10 years.

"(iii) The number of units of very low, low-, and moderate-income households which have been developed within one or more project areas which meet the requirements of paragraph (2) of subdivision (b) of [CCRL] Section 33413.

"(iv) Estimates of the number of agency developed residential units which will be developed during the next five years, if any, which will be governed by paragraph (1) of subdivision (b) of [CCRL] Section 33413.

"(v) Estimates of the number of agency developed units for very low, low-, and moderate-income households which will be developed by the agency during the next five years to meet the requirements of paragraph (1) of subdivision (b) of [CCRL] Section 33413.

"(C) The section addressing [CCRL] Section 33333.10, if applicable, and [CCRL] Section 33334.4 shall contain all of the following:

"(i) The number of housing units needed for very low income persons, low-income persons, and moderate-income persons as each of those needs have been identified in the most recent determination pursuant to Section 65584 of the Government Code, and the proposed amount of expenditures from the Low and Moderate Income Housing Fund for each income group during each year of the implementation plan period.

"(ii) The total population of the community and the population under 65 years of age as reported in the most recent census of the United States Census Bureau.

"(iii) A housing program that provides a detailed schedule of actions the agency is undertaking or intends to undertake to ensure expenditure of the Low and Moderate Income Housing Fund in the proportions required by [CCRL] Section 33333.10, if applicable, and [CCRL] Section 33334.4.

"(iv) For the previous implementation plan period, the amounts of Low and Moderate Income Housing Fund moneys utilized to assist units affordable to, and occupied by, extremely low income households, very low income households, and low-income households; the number, the location, and level of affordability of units newly constructed with other locally controlled government assistance and without agency assistance and that are required to be affordable to, and occupied by, persons of low, very low, or extremely low income for at least 55 years for rental housing or 45 years for homeownership housing, and the amount of Low and Moderate Income Housing Fund moneys utilized to assist housing units available to families with children, and the number, location, and level of affordability of those units.

"(3) If the implementation plan contains a project that will result in the destruction or removal of dwelling units that will have to be replaced pursuant to subdivision (a) of [CCRL] Section 33413, the implementation plan shall identify proposed locations suitable for those replacement dwelling units.

"(4) For a project area that is within six years of the time limit on the effectiveness of the redevelopment plan established pursuant to [CCRL] Section 33333.2, 33333.6, 33333.7, or 33333.10, the portion of the implementation plan addressing the housing responsibilities shall specifically address the ability of the agency to comply, prior to the time limit on the effectiveness of the redevelopment plan, with subdivision (a) of [CCRL] Section 33333.8, subdivision (a) of [CCRL] Section 33413 with respect to replacement dwelling units, subdivision (b) of [CCRL] Section 33413 with respect to project area housing, and the disposition of the remaining moneys in the Low and Moderate Income Housing Fund....

"(c) Every agency, at least once within the five-year term of the plan, shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the redevelopment plan and the corresponding implementation plan for each redevelopment project within the jurisdiction and evaluating the progress of the redevelopment project. The hearing required by this subdivision shall take place no earlier than two years and no later than three years after the adoption of the implementation plan... An agency may hold one hearing for two or more project areas if those project areas are included within the same implementation plan.

"(d) Notice of public hearings conducted pursuant to this section shall be published pursuant to Section 6063 of the Government Code, mailed at least three weeks in advance to all persons and agencies that have requested notice, and posted in at least four permanent places within the project area for a period of three weeks. Publication, mailing, and posting shall be completed not less than 10 days prior to the date set for hearing."

APPENDIX B

Section 33413(b)(4) of the CCRL requires that, as part of the Implementation Plan, an agency adopt a plan to comply with the requirements of the inclusionary rule. In addition, CCRL Sections 33413.5 and 33334.5 require replacement housing plans for compliance with the replacement rule.

THE "REPLACEMENT RULE"

Section 33413(a) of the CCRL requires that whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the very low-, low-, and moderate-income housing market as part of a redevelopment project subject to a written agreement with the agency or having been provided financial assistance by an agency, the agency shall, within four (4) years of the removal of the dwelling units, cause to be developed an equal number of replacement dwelling units which have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency.

For affordable units removed prior to September 1, 1989, replacement units must be available at an affordable housing cost[10] to persons and families of low- and moderate-income (very low-income levels excluded therein) without regard to the specific income of the person or family originally occupying the removed dwelling unit. However, for units removed after September 1, 1989, California law requires that 75 percent of the replacement units must be affordable to the same income groups, inclusive of very low-income levels, that occupied the units removed or destroyed.

THE "INCLUSIONARY RULE"[11]

Section 33413(b)(1) of the CCRL requires that at least 30 percent of all dwelling units actually developed by a redevelopment agency shall be available at affordable housing cost to persons and families of low- or moderate-income, and not less than 50 percent of the units shall be available at affordable housing to very low-income households.

Section 33413(b)(2) of the CCRL requires that at least 15 percent of all dwelling units developed within a project area by public or private entities or persons other than the redevelopment agency shall be available at affordable housing cost to persons and families of low- or moderate-income, and not less than 40 percent of the affordable units shall be available at affordable housing cost to very low-income households. To illustrate the inclusionary rule in terms of numbers, of every 100 dwelling units developed or rehabilitated by entities other than the agency, 15 shall be affordable, with nine affordable to persons of low-or moderate-income, and six available to persons of very low-income.

To satisfy this requirement an agency may cause, by agreement or regulation, to be available at affordable housing costs to persons and families of low-or moderate-income, or to very low-income households, two units outside a project area for each unit that otherwise would have had to be available inside a project area.

10 As defined in Health and Safety Code Sections 50052.5 and 50053.

11 This legislation, as currently written, will expire January 1, 2001 unless re-enacted.

TERMS OF AFFORDABILITY

Section 33413(c) of the CCRL requires that replacement and inclusionary units shall remain available at affordable housing cost to the income levels indicated for the longest feasible time, which includes but is not limited to unlimited duration. CCRL Section 33334.3(f) states that when new or substantially rehabilitated housing units are developed or assisted with money from an agency's 20 percent affordable housing set-aside fund, the agency shall require that those housing units remain affordable for the longest feasible time, but for not less than 15 years for rental units or 10 years for owner-occupied units.

DEFINITION OF AFFORDABLE HOUSING

Most governmental programs define housing as affordable when the household is paying no more than 30 percent of household income for housing. In addition, a median income based on household size, is assessed for each county within the state. Since governmental programs are intended to provide affordable housing for specific income groups, target groups of very low (less than 50 percent of County median income), low (between 50 and 80 percent of County median income) and moderate (between 80 and 120 percent of County median income) are also calculated.

INCLUSIONARY HOUSING PLAN REQUIREMENT

Section 33413(b)(4) of the CCRL, added in 1991, requires each redevelopment agency to adopt a compliance plan to be included as part of the implementation plan required by Section 33490, indicating how the agency will comply with the requirements of the inclusionary rule; the compliance plan must be consistent with the Housing Element of the City's General Plan. The compliance plan shall be reviewed and amended at least every five years, in conjunction with either the Housing Element cycle or the plan implementation cycle. The compliance plan must ensure that the requirements of 33413(b) are met every ten years.

Section 33490(a)(2)(B) requires that for each project area to which subdivision (b) of Section 33413 applies, the Section addressing the agency-developed and project area housing shall contain:

(i) *Estimates of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within one or more project areas, both over the life-of-the-Plan and during the next ten years.*

(ii) *Estimates of the number of units of very low-, low-, and moderate-income households required to be developed within one or more project areas in order to meet the requirements of paragraph (2) of subdivision (b) of Section 33413, both over the life-of-the-Plan and during the next ten years.*

(iii) *The number of units of very low-, low-, and moderate-income households which have been developed within one or more project areas which meet the requirements of paragraph (2) of subdivision (b) of Section 33413.*

(iv) *Estimates of the number of agency developed residential units which will be developed during the next five years, if any, which will be governed by paragraph (1) of subdivision (b) of Section 33413.*

(v) *Estimates of the number of agency developed units for very low-, low-, and moderate-income households which will be developed by the agency during the next five years to meet the requirements of paragraph (1) of subdivision (b) of Section 33413.*

USE OF FUND MONIES OUTSIDE OF THE PROJECT AREA

CCRL Section 33334.2(g) makes provision for redevelopment agencies to use their LMI Fund monies outside of a redevelopment project area if the redevelopment agency and the city council find that use of these funds outside the project area will be of benefit to the project. The Agency and City Council have adopted the prerequisite resolutions which enable the Agency to use its Fund monies outside of the Project Areas.