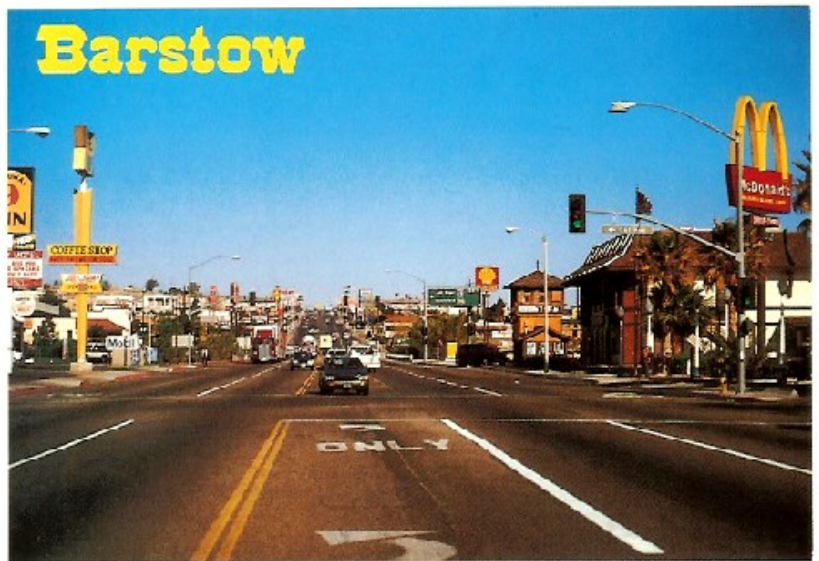


# FIVE YEAR IMPLEMENTATION PLAN 2009-10 THROUGH 2013-14

## REDEVELOPMENT AGENCY OF THE CITY OF BARSTOW



### Urban Futures Incorporated

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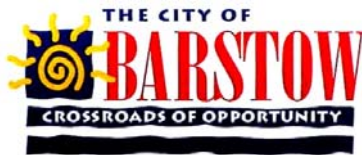
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**FIVE YEAR  
IMPLEMENTATION PLAN  
JULY 1, 2009 THROUGH JUNE 30, 2014  
and  
CCRL SECTION 33413(b) (4) HOUSING COMPLIANCE PLAN  
  
BARSTOW REDEVELOPMENT PROJECTS NO. 1 AND NO. 2**

*Prepared for the*



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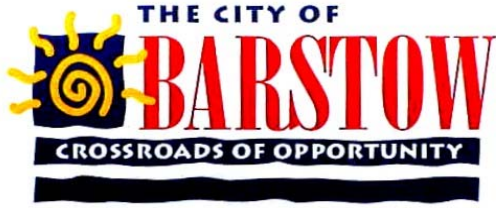
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May 3, 2010



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# Five Year Implementation Plan 2010 through 2014 for the Barstow Redevelopment Projects No. 1 and No. 2

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## CITY COUNCIL/ REDEVELOPMENT AGENCY BOARD MEMBERS

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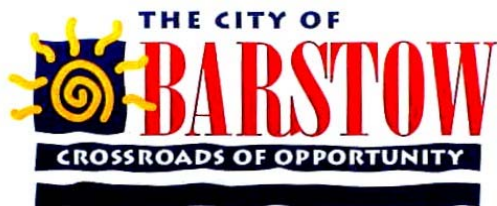
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# Five Year Implementation Plan 2010 through 2014 for the Barstow Redevelopment Projects No. 1 and No. 2

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## **PREFACE**

This Implementation Plan was prepared in compliance with Section 33490 et seq. of California Community Redevelopment Law (the “CCRL”) and applies to both redevelopment projects in the City of Barstow: Barstow Redevelopment Project No. 1 and Barstow Redevelopment Project No. 2. Redevelopment programs and project activities to be implemented by the Barstow Redevelopment Agency over the next five years will be identified, including housing activities targeted for individuals and families of very low-, low-, and moderate-income.

The Implementation Plan is presented in five sections, following an executive summary:

- 1.0 Introduction:** This section includes definitions of the terms used in the Implementation Plan, an overview of redevelopment law as it applies to the Implementation Plan, the public participation process, and project area locations, boundaries, and maps.
- 2.0 Review of Agency Activities:** This section presents an historic overview of plan adoptions and chronology, a discussion of recent CCRL legislation and the Agency’s compliance, and a summary of historic goals, objectives, and accomplishments.
- 3.0 Community Development Implementation Program:** This section discusses the Agency’s plan to eliminate blight in the project areas, presents the goals and objectives nexus to blight elimination, and projects revenues and expenditures for the Agency’s community development program.
- 4.0 Housing Compliance Plan and Implementation Program:** This section demonstrates the Agency’s compliance with inclusionary housing requirements and presents the housing programs and projects that the Agency anticipates implementing over the next five years by project area in correlation to projected revenues and expenditures.
- 5.0 Plan Administration:** This section describes the Implementation Plan process including a general description of financial resources that will be used to fund the housing and non-housing activities over the term of the Implementation Plan.



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## ***EXECUTIVE SUMMARY***

In 1994 the State legislature adopted Assembly Bill (AB)1290, which added Section 33490 to the California Community Redevelopment Law (CCRL; California Health and Safety Code section 33000 et seq.), and introduced the requirement of 5-year implementation plans. Implementation plans document an agency's success in eliminating the conditions of blight detailed upon establishment of the redevelopment plan and demonstrate an agency's strategy for meeting CCRL affordable housing program requirements.

The 2010-2014 Implementation Plan, prepared pursuant to CCRL Sections 33490(a)(1) and 33413(b)(4), contains the following:

- Agency accomplishments during the Preceding Implementation Plan term;
- Agency goals, objectives, programs, and projects for the next five years;
- Estimated revenue and expenditures to enable implementation of Agency programs and projects;
- An explanation of how the Agency's goals and objectives, programs, and expenditures will eliminate blight within the project areas;
- An Affordable Housing Production Plan that outlines how the Agency will meet its affordable housing obligations pursuant to CCRL requirements over the next five years; and
- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's 15 percent inclusionary housing requirements.

### **Agency Accomplishments through June 30, 2009**

Since adoption of the Redevelopment Plans, the Agency has, both unilaterally and through participation in joint public/private partnerships, facilitated a number of successful projects and programs aimed at economic revitalization, blight reduction, and affordable housing production. Key accomplishments include:

#### Project Area No. 1

- Finalized the acquisition and disposition of tax delinquent downtown properties to facilitate the construction of a parking lot to relieve inadequate parking in the commercial district and support downtown businesses.
- Enhanced marketability of the Agency-owned Barstow Business Park by raising the pads three feet to street grade.
- Facilitated construction of an alternate fueling station on one of the parcels in the Barstow Business Park.
- Completed the Gateway landscaping and beautification project at the Interstate 15 and Lenwood Road interchange.
- Provided infrastructure improvements to enable construction of Barstow Fire Protection

District Station 363.

- Continued to manage and lease Harvey House, a City-owned national register property.
- Funded the Nuisance Abatement Program that successfully cleared trash, debris, and abandoned vehicles from Project Area properties.
- Funded improvements to community parks and sports facilities.
- Established guidelines and regulations for the Commercial FACELIFT Program, a downtown façade improvement program. Due to funding limitations, the Program has not yet been initiated.

#### Project Area No. 2

- Completed the acquisition and disposition of the Barstow Country Club Golf Course to eliminate a blighting condition and provide an incentive for future residential development.
- Managed the Micro Loan Program for Industrial Development, although no new loans were issued due to the economic recession.
- Funded the Nuisance Abatement Program that successfully cleared trash, debris, and abandoned vehicles from Project Area properties.

#### Housing: Low and Moderate Income Housing Fund

- Administered the Mortgage Assistance Program (MAP): first time homebuyer assistance for low- and moderate – income families. Over 40 families annually were assisted through this program.
- Administered the Facelift Program: a minor exterior home repair program to enhance neighborhood pride. Over 40 families annually were assisted through this program.
- Supported New Hope Village, a 6-unit transitional housing shelter for families.
- Supported Desert Sanctuary, an emergency shelter for victims of domestic violence.
- Facilitated initiation of a rental housing information webpage on the city's website to assist residents in finding affordable and appropriate housing.

#### Support Services

- Contracted with the Chamber of Commerce for marketing, business support, and tourism services.
- Attended workshops, classes, and conferences to make and maintain business connections, market the City, increase staff knowledge, and ensure compliance with new federal, state, and regional regulations.
- Researched opportunities, and when appropriate coordinated programs, projects, and funding with other governmental agencies and other City departments.

### **Agency Blight Elimination and Housing Programs for 2010-2014**

The success of Agency programs and projects during the Implementation Plan term are largely dependent on the strength of the national, state, and regional economies. Tax increment revenue is estimated for purposes of this report at declining and neutral growth rates. Additionally, the state of California has passed legislation authorizing a taking of redevelopment

funds to balance the state budget. Although the legality of the taking has yet to be determined, it is prudent for redevelopment agencies to consider the impact of the Supplemental Revenue Educational Augmentation Fund (SERAF) payment when developing its 2010-2014 programs.

#### Business FACELIFT Program

The Business FACELIFT Program provides a percentage match to business owners in the Project Areas who make exterior improvements to their commercial facades. The intent of the Program is to encourage investment in commercial districts, remove physical blight, and reduce economic blight. The Program may be expanded to include architectural and design services.

#### Gateway Entry and Signage Project

In coordination with the Department of Transportation, the Agency intends to continue its successful Gateway Entry and Signage Project. The Agency previously installed landscaping and signage at the Interstate 15 and Lenwood Road interchange. Two additional I-15 interchanges will be targeted over the next five years for beautification. With a traffic count on the I-15 through Barstow of approximately 20 million cars annually, improving the visual attractiveness of Barstow will encourage travelers to exit the freeway for dining and shopping.

#### Property Purchase and Revitalization Program

In coordination with the Code Compliance Division, the Agency will identify substandard commercial buildings characterized by age, deterioration, deferred maintenance, and health and safety violations for purchase and demolition. The property will be prepared and sold for commercial or industrial revitalization. This program may be discontinued if the State prevails with the SERAF take.

#### Property Foreclosure and Abandonment Registration

The national recession has significantly impacted commercial and industrial businesses in Barstow resulting in a high number of empty and abandoned storefronts and buildings. The abandonment is causing health and safety concerns. The Agency will be working with the Code Compliance Division to identify property owners, establish a method of ensuring compliance with health and safety regulations, and mitigate blighting influences.

#### 2010 Five Year Redevelopment Strategy

In 2010, the City initiated preparation of a citywide Redevelopment Strategy. The purpose of the Strategy is to provide the City and the Agency with a guide for the retention, expansion and attraction of industrial/commercial businesses that will sustain and enhance the economic viability of the City in general and its redevelopment areas in particular. The target areas of the Strategy overlap, but do not directly correspond to the boundaries of the Project Areas. The Agency intends to implement projects and activities recommended in the Strategy that affect properties located within the Project Areas.

#### Barstow Business Park

The Agency owns this 34-acre, 7-parcel business park site. A liquefied natural gas (LNG) and Compressed Natural Gas (CNG) facility has operated on 1.25 acres since November 2005. The Agency will continue to market the park for sell or lease to qualified industrial users.

### Marketing and Promotional Activities

The Agency will continue its efforts to attract private sector investment to Barstow through marketing and promotional activities as funding permits. Examples include contracting with the Chamber of Commerce for the promotion of tourism and attending relevant conferences and events to market the City and establish business relationships.

### Infrastructure and Community Facilities

The Agency intends to participate in the construction of community facilities and public infrastructure improvements that facilitate commercial, industrial, and residential growth, and improve public safety. One project is a joint venture with the County of San Bernardino and a private developer to reconstruct a 2.5 mile section of Lenwood Road to facilitate development in the 1,200-acre Barstow Industrial Park.

### Mortgage Assistance Program (MAP)

The Mortgage Assistance Program (MAP) provides first time homebuyer assistance to qualifying low- and moderate-income families through deferred loans for closing costs and down payment assistance. A maximum \$20,000 loan is secured by a second deed of trust and forgiven at ten percent per year with conditions and restrictions. This popular program will continue as funding permits with an anticipated five year total of 200 loans.

### Residential FACELIFT Program

The FACELIFT Program is designed to enhance the aesthetics of the City's neighborhoods by assisting homeowners with the costs of minor exterior home improvements. A maximum \$10,000 loan is forgiven at twenty (20) percent per year over a five year period with conditions and restrictions. Eligible improvements include painting, window replacement, roof repair, stucco repair, fencing, and landscaping. The Program is anticipated to assist 210 households during the five year Implementation Plan term.

### Transitional Housing

The Agency intends to continue its support of two transitional housing programs in the City. New Hope Village is a 6-unit transitional housing shelter for families. Desert Sanctuary is an emergency shelter for victims of domestic violence. It is estimated that the Agency will be able to contribute \$20,000 per year per shelter for the 2010-14 Implementation Plan term.

### Senior Housing

The Agency is seeking a private developer to construct an 80-100 unit tax credit affordable senior housing facility in Project Area No. 1.

### Code Compliance Program

The objective of the Code Compliance Program is to identify and bring substandard housing units into compliance with City codes. Funding is allocated to provide a comprehensive building inspection/Code Compliance program in the Project Areas to improve public health and safety with a goal of inspecting 100 housing units over the five year Implementation Plan period.

## **Conclusions and Recommendations**

To date, the Agency has successfully implemented its programs and managed its budgets. However, the generally negative economic climate in the State of California has affected the Agency's revenue stream through reductions in tax increment growth rate. If the State prevails in lawsuits over the SERAF take, substantial budget modifications may be necessary to keep expenditures from exceeding revenues for the duration of the Implementation Plan term. The Agency's SERAF take for 2009-10 is \$1,341,883 and \$276,002 in 2010-11.

In terms of inclusionary obligation for the provision of affordable housing units, the Agency is beginning the 2010-2014 implementation plan period with a surplus of 155 units in Project Area No. 1 and a deficit of one unit in Project Area No. 2. Additionally, the Agency is in the process of identifying a developer to coordinate construction of an 80-100 unit tax credit affordable senior housing project in Project Area No. 1. The Agency has surpassed its inclusionary obligation in Project No. 1.

There are several actions that the Agency may consider to bolster the success of its programs and ensure continued compliance with California Community Redevelopment Law. Several of these recommendations require an approved Housing Element prior to initiation.

1. Process an ordinance pursuant to Senate Bill 1096 to extend the effectiveness deadline of the 1A and 1B Plan of Project No. 1 by two years. SB 1096 required every redevelopment agency to make an ERAF payment to the county auditor for two (2) consecutive fiscal years, 2004-2005 and 2005-2006. Recognizing that ERAF payments are a financial burden on redevelopment agencies, SB 1096 authorizes agencies to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan by one (1) year for each year of the ERAF payments if there is less than ten years remaining on the Plan. The 1A and 1B Plan of Project No. 1 is eligible for a two year extension.
2. Process an ordinance pursuant to SB 211 to extend the expiration of the 1A and 1B Plan of Project No. 1 for ten additional years during the year prior to Plan expiration. The 1A and 1B Plan of Project No. 1 expires in 2014; if an SB 1096 extension is approved, the expiration date is revised to 2016. The Plan is eligible for an extension under SB 211 that would enable an additional decade of plan effectiveness and tax increment revenue.
3. Consider merging Project No. 1 and Project No. 2 to increase efficiency in program delivery, eliminate project area inconsistencies in revenue generation and expenditures, eliminate the inclusionary housing deficit in Project Area No. 2, and ensure appropriate debt in both project areas.
4. Create, maintain, and make available to the public an affordable housing database of all projects for which the Agency holds covenants and is counting towards its inclusionary housing obligation.
5. Establish a Covenant Conversion Program to facilitate the execution of affordability covenants on existing residential units citywide. The purpose of the Program is to preserve affordable housing options for Barstow residents and ensure compliance with inclusionary housing obligations.

6. Implement the Community Development Program and Affordable Housing Production Program outlined in the 2010-2014 Implementation Plan, including implementation of appropriate recommendations in the 2010 Five Year Redevelopment Strategy.
7. To prepare for a SERAF take in the event it is upheld in the courts, prioritize programs, projects, and administrative budget items for possible reductions.

## **1.0 INTRODUCTION**

In 1994 the State legislature adopted Assembly Bill (AB)1290, which added Section 33490 to the California Community Redevelopment Law (CCRL; California Health and Safety Code section 33000 et seq.), and introduced the requirement of 5-year implementation plans. Implementation plans document an agency's success in eliminating the conditions of blight detailed upon establishment of the redevelopment plan and demonstrate an agency's strategy for meeting CCRL affordable housing program requirements.

Historic information contained in this Implementation Plan is based on a review of Agency reports and budgets, the 2006-2010 Implementation Plan, and discussions with City of Barstow Agency (the "Agency") and City (the "City") staff. Projections for Fiscal Years (FY) 2009-10 through 2013-14 are based upon trends identified in the historic information, an understanding of anticipated Agency activities over the term of the Implementation Plan, Agency budget projections, and calculations and projections made by Urban Futures, Inc. (UFI), Agency advisors. The Implementation Plan acknowledges the 2009 State of California budget proposal to take redevelopment funds for State purposes; however, recognizes that a final determination may not occur until after the due date of Implementation Plan.

### **1.1 DEFINITIONS**

The following **bold** terms shall have the following meanings unless the context in which they are used clearly requires otherwise:

**"1A and 1B Area"** means the Original Project Area of Project No. 1, which was adopted on December 10, 1973 and consists of 1,100 acres in two non-contiguous areas, 1A and 1B.

**"Agency"** means the Barstow Redevelopment Agency that was established on October 1, 1970 by Ordinance 326.

**"Agency Board"** means the Board of Directors of the Agency. The members of the Agency Board are also the members of the City Council.

**"CCRL"** means the California Community Redevelopment Law, Section 33000 et seq. of the Health and Safety Code as currently drafted or as it may be amended from time to time.

**"City"** means the City of Barstow.

**"ERAF"** means the Education Revenue Augmentation Fund, which is the name used in various statutes to shift property taxes away from local governments nominally to local education agencies, but with the actual effect being a net transfer to the State with no funding for local education agencies.

**"HCD"** means the Housing and Community Development Department of the State of California. HCD monitors the Agency's Housing Compliance Plan and LMI fund expenditures for compliance with State redevelopment law.

**"Implementation Plan"** means this document, the 2010-2014 Implementation Plan for the Barstow Redevelopment Project No. 1 and the Barstow Redevelopment Project No. 2. The Plan covers the time period July 1, 2009 through June 30, 2014.

**"LMI Housing Fund"** means the Low- and Moderate Income Housing Fund of the Agency established pursuant to CCRL Section 33334.3 as it presently exists and as it may be increased or decreased by future Agency actions.

**"Preceding Implementation Plan"** means the 2004-2009 Implementation Plan covering the period July 1, 2004 through June 30, 2009, which was adopted by Agency Resolution No. 182-2005 on December 19, 2005.

**"Projects" or "Project Areas"** means the combined Project No. 1 and Project No. 2 or the combined Project Area No. 1 and Project Area No. 2.

**"Redevelopment Project No. 1" or "Project No. 1"** means the Barstow Redevelopment Plan adopted by City Council Ordinance 389-73 on December 10, 1973, and amended by Ordinance 709-94 on December 19, 1994 and Ordinance 714-95 on July 17, 1995.

**"Redevelopment Project Area No. 1" or "Project Area No. 1"** means the area included within the boundaries of Redevelopment Project No.1, as amended. The Original Project Area was comprised of 1,100 acres in two non-contiguous areas, 1A and 1B, and is referred to as the 1A and 1B Area. Amendment No. 1 added 3,663 acres on December 19, 1994 by Ordinance 709-94. Amendment No. 2 added 2,051 acres on July 17, 1995 by Ordinance 714-95.

**"Redevelopment Project No. 2" or "Project No. 2"** means the Barstow Redevelopment Plan adopted by City Council Ordinance 668-91 on October 7, 1991, and amended by Ordinance 710-94 on December 19, 1994.

**"Redevelopment Project Area No. 2" or "Project Area No. 2"** means the area included within the boundaries of Redevelopment Project No.2, as amended. The Original Project Area was comprised of 43 acres. Amendment No. 1 added 890 acres on December 19, 1994 by Ordinance 710-94.

**"SERAF"** means the FY 2009-2010 and FY 2010-2011 Supplemental Educational Revenue Augmentation Fund created under AB 26 4x (Chapter 21, Statutes of 2009) that shifts property taxes away from local governments nominally to local education agencies, but with the actual effect being a net transfer to the State with no funding for local education agencies. The Agency's SERAF take for 2009-10 is \$1,341,883 and \$276,002 in 2010-11.

**"Tax Increment"** means the funds allocated to the Agency from Project Areas No. 1 and No. 2 pursuant to CCRL Section 33670(b).

**"UFI"** means Urban Futures, Inc., redevelopment consultants, retained by the Agency to assist it to complete the adoption of the Implementation Plan.

## **1.2 OVERVIEW OF REDEVELOPMENT LAW AS IT APPLIES TO THE IMPLEMENTATION PLAN**

CCRL Section 33490, among other things, requires an implementation plan to contain:

- Specific goals and objectives of the agency for the project area(s) for the next five years;

- Specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years;
- An explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area(s);
- An explanation on how the Agency's goals, objectives and expenditures will implement its affordable housing obligations pursuant to CCRL requirements over the next five years;
- An explanation of how the LMI Housing Fund will be used annually over the term of the implementation plan, along with the amounts now available in the LMI Housing Fund, and projected deposits thereto. Also included shall be estimates of the number of units to be assisted in each of the five years;
- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's 15 percent inclusionary housing requirements, if applicable;
- An estimate of the number of units to be provided at the end of the Plan's effectiveness to meet the Agency's inclusionary housing requirements, if applicable;
- The number of qualifying very low-, low-, and moderate-income units that have been produced inside the project area or outside the project area, and the number of additional units that will be required to meet the inclusionary housing requirements;
- The number of units that will be developed by the Agency, if any, including the number of units that will be available for very low-, low-, and moderate-income households; and
- The Project Area Affordable Housing Production Plan required by Health & Safety Code Section 33413(b)(4).

Under current law, agencies that administer redevelopment project areas or portions of project areas established on or after January 1, 1976, have an obligation to ensure that specified percentages of new or substantially rehabilitated housing are available at affordable cost to very low-, low-, and moderate-income households. The CCRL permits an Agency to count covenanted affordable housing units outside a project area towards the Agency's requirements on a two-for-one basis; that is, two affordable housing units will count the same towards the Agency's inclusionary housing requirements as one unit created inside the project area. Affordable housing developed outside of a project area can be of direct benefit to the redevelopment projects by accomplishing project objectives regarding affordable housing thus redevelopment agencies adopt findings at the time of plan adoption that create this nexus for future implementation.

In addition, whenever dwelling units housing persons of low- or moderate-incomes are destroyed or removed from the affordable housing inventory as part of a redevelopment project with direct Agency involvement, the Agency is required to replace those units with an equal number of units within four years after the units were removed. The

replacement dwelling units must have an equal or greater number of bedrooms as those units destroyed or removed and all must be affordable to very low, low or moderate income households.

Implementation Plans also address a number of financial issues as they apply to affordable housing per Section 33334 of the CCRL. Of particular importance in regards to the Implementation Plan:

- Section 33334.2: establishes Agency obligation to use not less than twenty percent of its tax increment revenue to increase, improve and preserve the community's supply of very low-, low-, and moderate-income housing.
- Section 33334.4: provides that the amount of money that can be spent from the Agency's twenty percent tax increment set-aside for senior housing is limited to the same proportion that low income senior households bear to the number of low income households in the City of Barstow.
- Section 33334.6: sets forth various requirements for management of the Low and Moderate Income (LMI) Housing Fund.

The financial section of the Plan must address the amount available in the LMI Housing Fund and the estimated amounts which will be deposited into the LMI Housing Fund during each of the next five years as well as estimates of the expenditures of monies from the LMI Housing Fund during each of the five years.

Historic information contained in this Implementation Plan is based on a review of Agency reports and budgets, the Preceding Implementation Plan, and discussions with Agency staff. Projections for FYs 2009-10, 2010-2011, 2011-12, 2012-13, and 2013-2014 are based upon the 2009-10 Agency budget, discussions with Agency staff, and UFI 's calculations and projections.

### **1.3 PUBLIC PARTICIPATION IN THE IMPLEMENTATION PLAN PROCESS**

Pursuant to CCRL Section 33490, the adoption of an Implementation Plan must be preceded by a duly noticed public hearing. Notice of the public hearing was published in the local paper with a minimum three week notice and posted in four places in each of the Project Areas, with publication and noticing being completed not less than ten days prior to the public hearing.

In addition, CCRL Section 33490(c) states that between two and three years after adoption of an implementation plan, an Agency must conduct a public hearing to review the redevelopment plan and implementation plan. The purpose of the mid-term review is to assess the extent to which an Agency's actual activities conform to the activities described in the preceding implementation plan. Therefore, the Agency will need to conduct a mid-term review of this Implementation Plan during 2012 or 2013.

## **1.4 PROJECT AREAS LOCATION AND BOUNDARIES**

The City of Barstow is located on the western edge of the Mojave Desert in San Bernardino County, midway between Los Angeles and Las Vegas. Once a small mining center and railroad town, it later became known as stop along Route 66, and now has become a major transportation hub for the region sitting at the junction of three major highways. Interstate 15 bisects the City providing access from the north and south; I-40 connects the City to Arizona and other desert communities to the east; and State Route 58 links Barstow to the Antelope Valley and Bakersfield to the west.

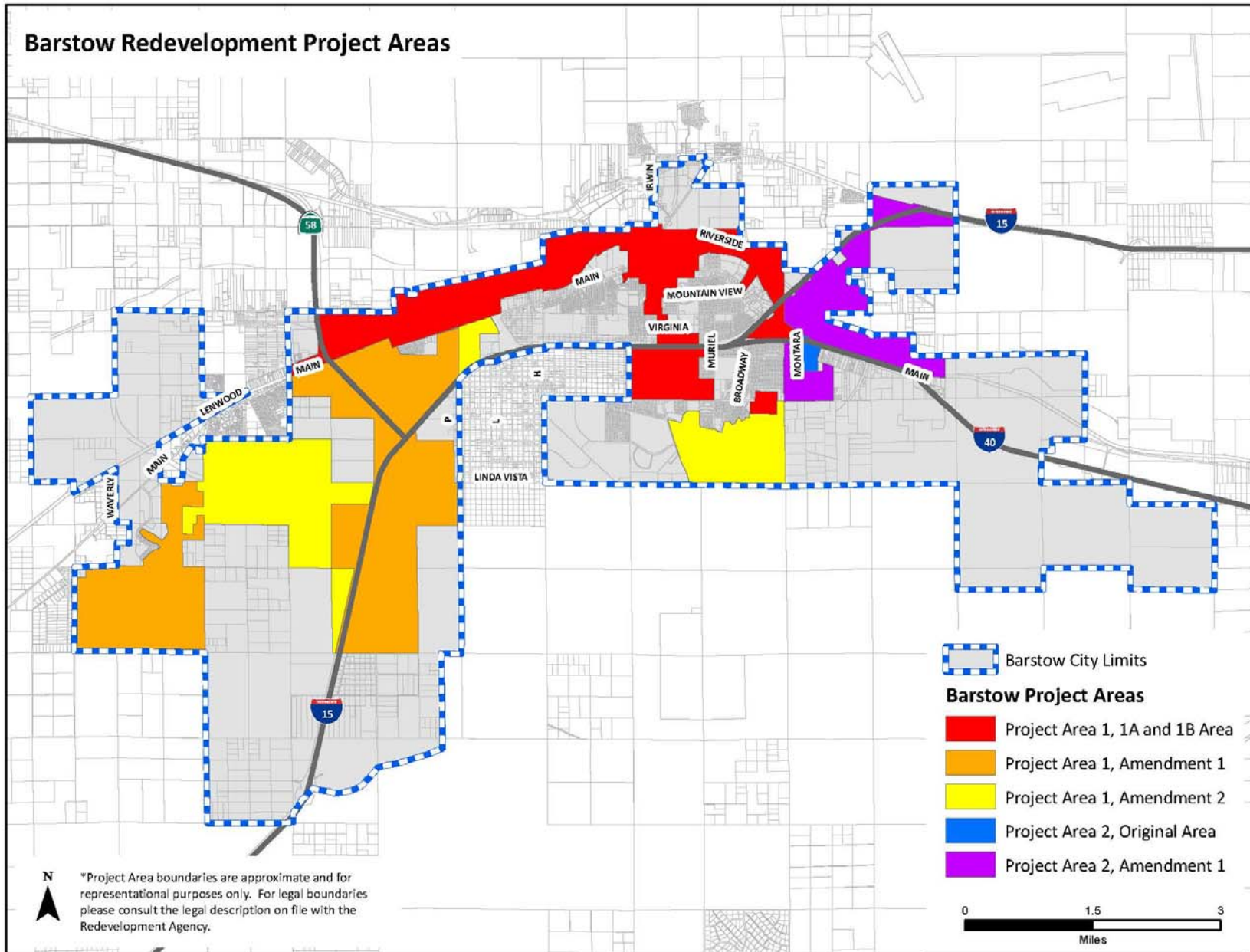
Nearby points of interest include the U.S. Army National Training Center, Marine Corps Logistics Base, NASA's Goldstone Deep Space Network, Burlington Northern-Santa Fe Railroad Yards, Rainbow Basin and Owl Canyon Campground, Afton Canyon, Kelso Dunes, Calico Early Man Site, historic Harvey House Depot, a restored silver mining town named Calico Ghost Town, and the world-class water park complex at Lake Dolores.

The City encompasses 40 square miles and is completely surrounded by unincorporated county land. The location and boundaries of the Project Areas are shown in Figure 1. Project Area No. 1 consists of approximately 6,814 acres, with 1,100 acres in the 1A and 1B Area, 3,663 acres in the Amendment No. 1 area, and 2,051 acres in the Amendment No. 2 area. Project Area 2 consists of approximately 933 acres with 43 acres in the Original Area and 890 acres in the Amendment No. 1 area.



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## **2.0 REVIEW OF AGENCY ACTIVITIES**

### **2.1 HISTORICAL OVERVIEW**

The City of Barstow established its Redevelopment Agency for the primary purpose of eliminating blight and stimulating the City's economic base. Establishment of a redevelopment plan authorizes the collection of tax increment funds for the purpose of financing programs that eliminate physical blight and to establish a Low- and Moderate-Income Housing Fund that finances affordable housing production. Table 1 shows the history of the Agency, the Plans, and certain time limits associated with the Plans.

Table 1 Barstow Redevelopment Plans Chronology and Key Data					
	Project No 1			Project No. 2	
	1A and 1B Area	Amendment 1	Amendment 2	Original Area	Amendment 1
<b>Plan Adoption</b>					
Date of Adoption	12/10/1973	12/19/1994	07/17/1995	10/07/1991	12/19/1994
Ordinance Number	389-73	709-94	714-95	668-91	710-94
Number of Years Plan is Effective <sup>2</sup>	41 years	31 years	31 years	41 years	31 years
Base Year of Plan	1973-74	1994-95	1995-96	1991-92	1994-95
Project Area Size	1,100 acres	3,663 acres	2,051 acres	43 acres	890 acres
Project Area Size	6,814 acres			933 acres	
<b>Time Limits</b>					
Commencement of Eminent Domain <sup>1</sup>	12/09/1985 expired	12/19/2006 expired	07/17/2007 expired	10/07/2003 expired	12/19/2006 expired
For Establishment of Indebtedness <sup>2</sup>	01/01/2004	12/19/2014	07/17/2015	10/07/2011	12/19/2014
For Effectiveness of Plan <sup>3,4</sup>	12/10/2014	12/19/2025	07/17/2026	10/07/2032	12/19/2025
For Repayment of Indebtedness	12/10/2024	12/19/2040	07/17/2041	10/07/2042	12/19/2040
<b>Financial Limits</b>					
Maximum Lifetime Tax Increment <sup>4</sup>	\$75 million	No limit	No limit	No limit	No limit
Maximum Bonded Debt Outstanding	NA	\$368 million	\$161 million	No Limit	\$110 Million
Notes:					
<sup>1</sup> The Agency has initiated the process to reinstate eminent domain authority.					
<sup>2</sup> Ordinance 709-94 established 1A and 1B Area indebtedness and effectiveness limits as well as annexed the Amendment No. 1 area.					
<sup>3</sup> Ordinance 792-03, in response to SB 1045, extended time limits of plan effectiveness and indebtedness repayment by one year.					
<sup>4</sup> The 1A and 1B Area was amended by Ordinance 554 on August 18, 1986 to establish the tax allocation limit.					

## 2.2 RECENT STATE LEGISLATION AFFECTING REDEVELOPMENT AGENCIES

Subsequent to the preparation of the preceding Redevelopment Plan, several legislative measures affecting redevelopment plans were enacted. These new laws and the manner in which the Agency has chosen to respond are briefly described below.

### 2.2.1 Requirements

#### **SB 53 (Kehoe) effective January 1, 2007**

Senate Bill 53 requires all redevelopment agencies with a redevelopment plan adopted prior to December 31, 2006, to adopt an ordinance setting forth the agency's authority to use eminent domain and its program for eminent domain activities, even if it no longer has the authority under its redevelopment plan.

**Agency Compliance:** Ordinance No. 831-2007 adopted on June 18, 2007, affirmed the provisions of the Redevelopment Plans that authorized the use of eminent domain with restrictions in Project Area No. 1 and Project No. 2. However, the authority for commencement of eminent domain proceedings has expired in all project areas. An amendment to extend eminent domain authority was initiated in 2009 and scheduled for consideration at the May 3, 2010 City Council meeting subsequent to preparation of this Plan.

#### **SB 1809 (Machado) effective January 1, 2007**

Senate Bill 1809 requires that all new and existing redevelopment plans that authorize the agency to acquire property by eminent domain to record a statement with the county recorder, which contains the following:

- The project area description; and
- A prominent heading in boldface type noting that the property that is the subject of the statement is located within a redevelopment project area; and
- A general description of the provisions of the redevelopment plan that authorize the use of eminent domain by the agency; and
- A general description of any limitation on the use of eminent domain contained in the redevelopment plan and the time limit required by CCRL Section 33333.2.

**Agency Compliance:** Resolution 186-2007 approved on September 17, 2007 authorized staff to execute and record a revised statement of proceedings for both Redevelopment Plans with the San Bernardino County Recorder.

#### **AB 987 (Jones) effective January 1, 2008**

Assembly Bill 987 requires all redevelopment agencies to create, maintain, and make available to the public on the internet an affordable housing database that describes existing and substantially rehabilitated housing units that were developed or otherwise assisted with Low and Moderate Income Housing Funds

including inclusionary and replacement housing units. The database must be updated annually and include the following data:

1. The address and parcel number of the property
2. The number of units with number of bedrooms per unit
3. The year of construction completion
4. The date the affordability covenant or restriction was recorded
5. The document number of the recording
6. The expiration date of the covenant or restriction
7. The date and document number of any covenants or notices that may be recorded when an ownership unit is sold

***Agency Compliance:*** *The database is in the process of compilation.*

**AB 1389 (Assembly Budget Committee) effective October 1, 2008**

Assembly Bill 1389 requires all redevelopment agencies to submit to the county auditor on or before October 1, 2008, the statutory pass-through payments made by the agency pursuant to Health and Safety Code sections 33607.5 through 33607.7 between July 1, 2003 and June 30, 2008. If concurrence is not achieved between the agency and the county auditor by February 9, 2009 on the amounts that are owed to local educational agencies, the agency may, after a specified procedure, be subject to severe restrictions on its activities, including a prohibition on encumbering funds, incurring new debt, adding or expanding a project area, or be required to reduce its monthly administrative costs.

***Agency Compliance:*** *Concurrence with Santa Bernardino County has been achieved.*

*2.2.2 Discretionary Opportunities*

**SB 211 (Torlakson) effective January 1, 2002**

Senate Bill 211 states that redevelopment agencies may repeal the timeline for incurring debt on redevelopment plans adopted prior to January 1, 1994, without complying with normal amendment procedures. It also allows for the extension of the time limits for plan expiration and for receiving tax increment revenues up to ten (10) additional years if the agency can make the following findings:

1. Significant blight remains;
2. The local Housing Element is adopted and certified by the State;
3. There are no major redevelopment violations; and
4. The Agency is not in a state of "Excess Surplus" with its LMI housing fund.

Communities that choose to adopt an ordinance authorizing the SB 211 provisions, would also be required to pay statutory pass-through payments to all affected tax entities that currently do not have contractual fiscal agreements.

**Agency Action:** *At the November 17, 2003 Board Meeting, the Agency considered processing a SB 211 amendment that would repeal the time line for incurring debt in the 1A and 1B Area of Project Area No. 1. The Agency chose to not process a SB 211 amendment; however, since the 1A and 1B Area effectiveness expires during the term on this Implementation Plan (or the next if a SB 1096 extension is processed), the Agency may wish to reconsider the action.*

**SB 1045 (Committee on Budget and Fiscal Review) effective October 31, 2003**

Senate Bill 1045 authorizes redevelopment agencies that made ERAF payments in fiscal year 2003-2004 to recover the ERAF payments by amending their redevelopment plans by ordinance to extend by one (1) year the time of effectiveness of the plan and the agency's ability to collect tax increment. Modifications to statutory pass-through payments are not triggered by the bill.

**Agency Action:** *Ordinance No.792-03 adopted on December 1, 2003, extended the time limits of plan effectiveness and repayment of indebtedness with tax increment revenue by one year.*

**SB 1096 (Committee on Budget and Fiscal Review) effective August 5, 2004**

Senate Bill 1096 required every redevelopment agency to make an ERAF payment to the county auditor for two (2) consecutive fiscal years, 2004-2005 and 2005-2006. Recognizing that ERAF payments are a financial burden on redevelopment agencies, SB 1096 authorizes agencies to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan by one (1) year for each year of the ERAF payments. The extension can be made if the existing time limit has no more than ten (10) years remaining with no other requirements, or if the existing time limit is between ten (10) years and twenty (20) years, provided that the agency can make the following findings:

1. Agency is in compliance with Housing Fund requirements;
2. Agency has an adopted Implementation Plan;
3. Agency is in compliance with applicable replacement housing production requirements;
4. Agency is not subject to sanctions for LMI Housing Fund excess surplus.

**Agency Action:** *The Agency has not processed a SB 1096 amendment; however, the 1A and 1B Area of Project Area No. 1 is eligible for a two year extension.*

## **2.3 SUMMARY OF HISTORIC IMPLEMENTATION PLAN GOALS AND OBJECTIVES**

Redevelopment plans are long-term documents and, accordingly, include generalized goals and objectives over the term of their effectiveness. The purpose and objective of the Redevelopment Plan and the Amendments was to eliminate the conditions of blight that exist in the Project Area and to prevent the recurrence of blighting conditions.

As described above, implementation plans span a period of five years; consequently, the goals and objectives set forth in these "short-term" implementation plans are more specific and are intended to be modified over time as they are met and/or events require their modification. The goals contained in the Preceding Implementation Plan:

### GOALS OF THE 2006-2010 IMPLEMENTATION PLAN

- |            |  |
|------------|--|
| GOAL NO. 1 | Assist in eliminating and preventing the spread of blight including vacant land and deteriorating buildings, incompatible and uneconomic land uses, obsolete structures in order to create a more favorable environment for shopping, working, and recreation. |
| GOAL NO. 2 | Stimulate commercial and industrial development and upgrade and enhance commercial buildings and offices, and encourage residential rehabilitation within the Project Areas.   |
| GOAL NO. 3 | Develop, preserve and enhance the Project Areas to encourage commercial and residential development in the City and to provide employment opportunities.   |
| GOAL NO. 4 | Provide low-and moderate-income housing as is required to satisfy the needs and desires of the various age and income groups of the community, maximizing the opportunity for individual choice, and meeting the requirements of State Law.                    |

## **2.4 DESCRIPTION OF HOW THE AGENCY HAS IMPLEMENTED THE GOALS OF THE PRECEDING IMPLEMENTATION PLAN**

To accomplish its goals, the Agency has worked diligently with community leaders, private sector businesses, and other governmental agencies. The economic downturn that began in late 2006 negatively impacted the Agency's ability to execute its economic development program. Nonetheless, the Agency continued to actively promote its economic development programs. Key achievements of the Preceding Implementation Plan period are highlighted in Table 2 along with which goals were addressed by the Agency's programs and projects, and how the Agency participated.

Table 2 Keys Goals Achievement July 1, 2004 through June 30, 2009		
AGENCY PARTICIPATION KEY A – funding B – planning or professional assistance	GOAL KEY 1 – Eliminate Blight 2 – Stimulate Commercial, Industrial, and Residential Development 3 – Preserve and Enhance Commercial and Residential Uses 4 – Increase, Preserve, Enhance Affordable Housing	
Programs/Projects	Agency Participation	Goal Satisfaction
<b>Project Area No. 1</b>		
Nuisance Abatement Program: successfully cleared trash, debris, and abandoned automobiles from Project Area properties.	A	1, 3
Community Parks Facilities: the Agency continued to support improvements to community parks and sports facilities.	A	1
Downtown land acquisition and disposition: the Agency purchased two tax delinquent properties in the downtown and subsequently sold them for use as a parking lot to help relieve inadequate parking conditions in the downtown commercial district.	A	3
Barstow Business Park: this 34-acre Agency-owned site is subdivided into seven parcels that the Agency would like to sell. To enhance marketability, the Agency raised the pads by 3-feet to street grade.	A	2
Completed construction of an alternate fueling station on one of the parcels located in the Barstow Business Park. The fueling station offers compressed natural gas and liquefied natural gas.	A	2
Harvey House Restoration and Lease: this City-owned restored National Register property is managed by the Agency. Currently there are three non-profit corporations leasing portions of the facility with four additional suites available for lease.	B	3
FACELIFT Program: established guidelines and regulations for this downtown façade improvement program. Due to funding limitations, the program has not yet been initiated.	A	1, 3
Completed the Gateway landscaping and beautification project at the Interstate 15 and Lenwood Road interchange.	A	1, 2, 3
Provided infrastructure improvements to facilitate construction of Barstow Fire Protection District Fire Station 363.	A	2
<b>Project Area No. 2</b>		
Barstow County Club Golf Course: the Agency purchased and subsequently sold a tax delinquent golf course to eliminate a blighting condition and provide an incentive for future residential development.	A	1, 2
Micro Loan Program for Industrial Development: no new loans were issued for this time period.	B	2
<b>Housing: Low and Moderate Income Housing Fund</b>		
Mortgage Assistance Program (MAP): first time homebuyer assistance for low- and moderate- income families. Over 40 families annually were assisted through this Program.	A, B	4
Facelift Program: a minor exterior home repair program to enhance neighborhood pride. Over 40 families annually were assisted through this program.	A, B	4

Table 2 Keys Goals Achievement July 1, 2004 through June 30, 2009		
<b>AGENCY PARTICIPATION KEY</b> A – funding B – planning or professional assistance	<b>GOAL KEY</b> 1 – Eliminate Blight 2 – Stimulate Commercial, Industrial, and Residential Development 3 – Preserve and Enhance Commercial and Residential Uses 4 – Increase, Preserve, Enhance Affordable Housing	
Programs/Projects	Agency Participation	Goal Satisfaction
Supported New Hope Village, a 6-unit transitional housing shelter for families.	A	4
Supported Desert Sanctuary, an emergency shelter for victims of domestic violence.	A	4
Facilitated initiation of a rental housing information webpage on the city's website to assist residents in finding affordable and appropriate housing.	B	4
<b>Administration Activities</b>		
Contract with the Chamber of Commerce for marketing, business support, and tourism services.	A	1, 2, 3
Attended workshops, classes, and conferences to make and maintain connections, market the city, increase staff knowledge, and ensure compliance with new federal, state, and regional regulations.	B	1, 2, 3, 4
Researched opportunities and when appropriate coordinated programs, projects, and funding with other government agencies and with other City departments.	B	1, 2, 3, 4
<i>Source: Agency staff..</i>		

As shown above, the Agency has focused on goals and objectives as set forth in the 2005-2009 Implementation Plan which relates directly to the provision, improvement, and rehabilitation of public infrastructure to lessen conditions of blight and to improve the overall economic and physical condition of the Project Areas. However, while the Agency has spent substantial numbers of dollars on blight remediation, the projects identified above have not been able to fully ameliorate the conditions of blight described in CCRL Sections 33031(a), 33031(b), and 33030(c) and conditions of blight continue to detract from more positive aspects of the Project Areas. Available Agency resources will continue to play an integral role in the City's ability to remedy negative physical and economic conditions still affecting the Project Areas.



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### **3.0 COMMUNITY DEVELOPMENT IMPLEMENTATION PLAN**

#### **3.1 GOALS AND OBJECTIVES: FISCAL YEARS 2010 - 2014**

CCRL Section 33490(a)(1)(A) states that an implementation plan shall contain an Agency's specific goals and objectives for the project areas. These goals and objectives are divided into two distinct categories: programs related to the provision or replacement of affordable housing, and all other non-housing programs that the Agency may pursue under the adopted redevelopment plan. This chapter focuses specifically on the Agency's potential non-housing activities during the ensuing five-year period. The chapter will describe specific projects and expenditures and explain how said projects and expenditures will address conditions of blight in the Project Area. Potential housing activities are discussed in Chapter 4.

The five-year community development goals and objectives of the Implementation Plan for Project Area 1 and Project Area 2 are identical. The programs and projects that will be implemented in each project area are discussed below.

#### COMMUNITY DEVELOPMENT GOALS AND OBJECTIVES FOR PROJECT AREA NO. 1 AND PROJECT AREA NO. 2

GOAL 1: ENHANCE ECONOMIC STABILITY AND FACILITATE ECONOMIC DEVELOPMENT TO PRESERVE AND CREATE JOBS WITHIN THE COMMUNITY AND ALLEVIATE BLIGHT WITHIN THE PROJECT AREAS

#### OBJECTIVES

- 1.1 Promote and facilitate private sector investment in commercial and industrial development by assembling land, preparing land, improving land and signage, facilitating infrastructure improvements, supporting marketing efforts, or otherwise providing business and development support.
- 1.2 Address physical and economic blighting conditions in the project areas through commercial rehabilitation and the recycling of deteriorated or neglected buildings or lots that impair property values or are unsafe or unhealthy for persons to live or work.
- 1.3 Implement the recommendations of the 2010 Five-Year Redevelopment Strategy.
- 1.4 Carry out any other economic development project or program that is consistent with the CCRL and the respective Redevelopment Plans.

**GOAL 2: SPONSOR NEEDED PUBLIC INFRASTRUCTURE IMPROVEMENTS TO ELIMINATE BLIGHT AND PROMOTE PUBLIC SAFETY**

**OBJECTIVES**

- 2.1 Participate in the construction of community facilities and public infrastructure improvements that facilitate commercial, industrial, and residential growth, and improve public safety.
- 2.2 Carry-out any other capital improvement or public facilities project that is consistent with the CCRL and the respective Redevelopment Plans.

**3.2 ECONOMIC AND COMMUNITY DEVELOPMENT PROJECTS AND PROGRAMS**

The Agency's non-housing projects and programs are designed to meet its goal of removing blight, highly leveraging the use of Agency funds, and improving the visual attractiveness of the Project Areas. However, expectations for the successful completion of economic development projects and programs are conservative due to the current recessionary economic climate and financial crisis that the nation is experiencing. Tax increment is dependent upon the taxable value of land or improvements in the Project Areas. It is anticipated that revenue flows may diminish or not increase at the previous rate because of events not controlled by the Agency. Nonetheless, the Agency will continue to follow its goals and objectives as funding permits. Projects and programs proposed for 2010-2014 include:

**Business FACELIFT Program**

The Business FACELIFT Program provides a percentage match to business owners in the Project Areas who make exterior improvements to their commercial facades. The intent of the Program is to encourage investment in commercial districts, remove physical blight, and reduce economic blight. The Program may be expanded to include architectural and design services.

**Gateway Entry and Signage Project**

In coordination with the Department of Transportation, the Agency intends to continue its successful Gateway Entry and Signage Project. The Agency previously installed landscaping and signage at the Interstate 15 and Lenwood Road interchange. Two additional I-15 interchanges will be targeted over the next five years for beautification. With a traffic count on the I-15 through Barstow of approximately 20 million cars annually, improving the visual attractiveness of Barstow will encourage travelers to exit the freeway for dining and shopping.

**Property Purchase and Revitalization Program**

In coordination with the Code Compliance Division, the Agency will identify substandard commercial buildings characterized by age, deterioration, deferred maintenance, and health and safety violations for purchase and demolition. The property will be prepared

and sold for commercial or industrial revitalization. This program is subject to funding and may be discontinued if the State prevails with the ERAF take.

#### 2010 Five Year Redevelopment Strategy

In 2010, the Agency initiated preparation of a citywide Redevelopment Strategy. The purpose of the Strategy is to provide the City and the Agency with a guide for the retention, expansion and attraction of industrial/commercial businesses that will sustain and enhance the economic viability of the City in general and its redevelopment areas in particular. The target areas of the Strategy overlap, but do not directly correspond to the boundaries of the Project Areas. The Agency intends to implement projects and activities recommended in the Strategy that affect properties located within the Project Areas.

The Strategy will measure the fiscal capacity of the City and the Agency to engage in economic development, assess the capability of the City's backbone infrastructure to serve its economic development needs and identify practical goals, objectives and tactics, including specific projects and programs, for identifying, facilitating and incentivizing investment by industrial/commercial businesses and developers that are either complementary with or fill an existing economic gap within the current marketplace niche and emphasize practical and feasible ways to create jobs and to increase tax-ratables within the City.

The Strategy will include practical methods for carrying-out a comprehensive four-pronged economic development program consisting of:

- i) Business recruitment;
- ii) Business retention;
- iii) Business expansion; and
- iv) Entrepreneurial development initiatives.

The Strategy will not only include realistic short-term, intermediate-term and long-term objectives, it will include detailed tactics regarding how best to approach the accomplishment of each objective

#### Property Foreclosure and Abandonment Registration

The national recession has significantly impacted commercial and industrial businesses in Barstow resulting in a high number of empty and abandoned storefronts and buildings. The abandonment is causing health and safety concerns. The Agency will be working with the Code Compliance Division to identify property owners, establish a method of ensuring compliance with health and safety regulations, and mitigate blighting influences.

#### Barstow Business Park

The Agency owns this 34-acre, 7-parcel business park site. A liquefied natural gas (LNG) and Compressed Natural Gas (CNG) facility has operated on 1.25 acres since November 2005. The Agency will continue to market the park for sell or lease to qualified industrial users.

Marketing and Promotional Activities

The Agency will continue its efforts to attract private sector investment to Barstow through marketing and promotional activities as funding permits. Examples include contracting with the Chamber of Commerce for the promotion of tourism and attending relevant conferences and events to market the City and establish business relationships.

Infrastructure and Community Facilities

The Agency intends to participate in the construction of community facilities and public infrastructure improvements that facilitate commercial, industrial, and residential growth, and improve public safety. Examples include 1) extending new street and utility infrastructure into vacant and blighted areas within the project areas to stimulate new capital investment, focusing on key areas that fall within the Barstow Enterprise Zone; and 2) entering into a joint venture with the County of San Bernardino and a private developer to reconstruct a 2.5 mile section of Lenwood Road to facilitate development in the 1,200-acre Barstow Industrial Park.

**3.3 GOALS AND OBJECTIVES NEXUS WITH BLIGHT ELIMINATION**

CCRL Section 33490(a)(1)(A) requires that each implementation plan contain an "...explanation of how the goals and objectives...will eliminate blight within the project area...". Table 3 shows the relationship of the Agency's specific five-year objectives to the eradication of remaining blight in the Project Areas, as defined in CCRL Sections 33030 and 33031. Although the current definition of blight for consistency with state law which has changed since the preparation of the Preceding Implementation Plan, the physical and economic conditions addressed by the previous plan remain accurate.

Blight Conditions:

Physical: CCRL Section 33031(a)

1. Unsafe buildings
2. Substandard, defective or obsolete design or construction
3. Incompatible land uses
4. Irregular and inadequate lots under multiple ownership

Economic: CCRL Section 33031(b)

5. Depreciated or stagnant property values
6. Impaired property values due to hazardous waste
7. Abnormally high business vacancies, low lease rates, or high number of abandoned buildings
8. Serious lack of commercial facilities
9. Serious residential overcrowding
10. Excess bars, liquor stores or adult-oriented businesses
11. High crime rate

Public Infrastructure: CCRL 33030(C)

- 12. Inadequate public improvements
- 13. Inadequate water or sewer facilities

Table 3 shows the relationship of the Agency's specific five-year work program to its objectives and to the eradication of remaining blight, as defined in CCRL Sections 33030 and 33031 for the Project Area.

<b>Table 3 Goals' Nexus to Blight Elimination</b>			
Program/Project	Project Area	Satisfies Objective Number <sup>1</sup>	Addresses Blight Condition Number <sup>2</sup>
Business FACELIFT Program	1 and 2	1.2	1, 2
Gateway Entry and Signage Project	1	1.1	5, 7, 8
Property Purchase and Revitalization Program	1 and 2	1.1, 1.2	1, 2, 3, 5, 7
5-year Redevelopment Strategy	1 and 2 (partial)	1.3	5, 7, 8
Property Foreclosure and Abandonment Registration	1 and 2	1.2	5, 7, 11
Barstow Business Park	1	1.1	5, 8
Marketing and Promotional Activities	1 and 2	1.1	5, 8
Infrastructure and Community Facilities	1 and 2	2.1	2, 5, 12, 13
<sup>1</sup> Refer to Section 3.1			
<sup>2</sup> Refer to Section 3.3			

### **3.4 PROGRAM AMENDMENTS**

The Agency has identified the projects and programs shown herein as the most probable implementation activities for the term of this Implementation Plan. Since other public and private projects, not foreseen today, may be deemed feasible and preferential in eliminating blight, it may be necessary from time to time for the Agency to make changes to programs and activities.

Whether or not listed herein, specific projects and programs may be constructed or funded by the Agency during the period covered by this Implementation Plan, if the Agency finds that:

- 1. The goals and objectives of the Redevelopment Plan are furthered;
- 2. Specific conditions of physical or economic blight within the Project Area will be mitigated in whole or in part through implementation of the project; and
- 3. Specific conditions relative to a development project, including the financial feasibility thereof, require that the public improvement project be constructed at the time in question.

### **3.5 PROJECTED AGENCY GENERAL REDEVELOPMENT FUND INCOME AND EXPENDITURES**

Although the Agency is continuing to implement its community development and economic development goals, the success of its programs and projects is largely dependent on the strength of the national, state, and regional economies. Assessed property values in the City have dropped and are expected to recover slowly. For purposes of this report, tax increment revenue is projected at a two percent growth rate.

#### *3.5.1 State of California Proposed SERAF Take*

In 2008, the state attempted to force local redevelopment agencies to make a unilateral Educational Revenue Augmentation Fund (ERAF) payment to the state of California for FY2008-2009 in the amount of \$350 million statewide. The California Redevelopment Association (CRA) filed a lawsuit to stop the ERAF payments. On April 30, 2009, the courts ruled in CRA's favor, and found unconstitutional a provision in the current state budget that would have required redevelopment agencies statewide to transfer monies to fund state obligations.

In July 2009, as part of an effort to balance the State's budget, the State legislature and the Governor agreed to a taking of redevelopment funds. The State budget added a Supplemental Educational Revenue Augmentation Fund (SERAF) payment of \$1.7 billion statewide in 2009-2010 and re-instated the \$350 million for payment in 2010-2011. The Agency's SERAF take for 2009-10 is \$1,341,883 and \$276,002 in 2010-11.

At the time this Implementation Plan was prepared, the final determination of the legality of the SERAF takings had not yet been finalized. Nonetheless, the Agency has identified potential programs and projects that it will be forced to de-obligate if the State prevails. The Agency will fund the SERAF payment from existing fund balances and adjust the expenditures accordingly.

#### *3.5.2 Funding Sources*

The Agency has identified several major sources of funds for the programs and activities planned over the next five years. These funding sources may include, but are not limited to:

- Sale of tax allocation bonds supported by tax increment revenues from the project area.
- Tax increment revenues over and above the amounts required to cover debt service on the tax allocation bonds.
- Proceeds from land sales to private developers for purposes of implementing specific redevelopment projects.
- Community Development Block Grant (CDBG) funds, which are only to be used to provide community facilities, services, and residential rehabilitation programs in low-and moderate-income areas.

- San Bernardino County programs and projects.
- Other Federal and State grants and loan programs.
- Loans and advances from the City of Barstow.

### *3.5.3 Summary of Projected Income and Expenditures*

Table 4 summarizes the anticipated revenues and expenditures for the 2010 – 2014 General Redevelopment Fund for Project No. 1 and Table 4 for Project No. 2. These numbers are not to be used for bonding purposes; they are solely intended to reflect general trends and assumptions.

Tax increment is the primary source of revenue in both Projects. There are two types of expenditures shown: fixed and discretionary. Fixed expenditures include the twenty percent set-aside to the Low- and Moderate-Income (LMI) housing fund, debt service payments, and pass-through payments. Discretionary expenditures fund the Agency's commercial activities and economic development programs (Professional Services), infrastructure and community facility projects (Project Improvements), and administrative expenses (RDA Administration).

#### Project No. 1

Project Area No. 1 is expected to generate approximately \$4 million annually in tax increment revenue. Fixed expenses for debt service, LMI housing fund, loan repayments, and pass-through payments consume almost 70 percent of annual revenue. Approximately \$750,000 annually is available for the projects and programs outlined in Section 3.2 of this report, including Project Improvements. The Agency has the financial capacity to continue its Community Development agenda, although the scale of the enterprise may have to be reduced commensurate with revenue.

#### Project No. 2

Tax increment revenue in Project Area No. 2 is anticipated to average approximately \$590,000 annually. There are no debt service payments, but pass-through payments and LMI fund set-aside payments are approximately \$250,000 annually. Therefore, funds are available to implement the Agency program outlined in Section 3.2 of this report on a modest scale.

If the State prevails in its SERAF take, the Agency plans to make the payment with reserve amounts in the Project No. 2 fund. Planned projects and programs shown in the budget will not be significantly affected because the potential impact of SERAF has been taken into account. Additional projects and programs that have been postponed due to the potential SERAF take may be reconsidered if the state does not prevail.

<b>Table 4 General Redevelopment Fund - Project No. 1 Projected Revenues and Expenditures</b>						
<b>Fund Activity</b>	<b>Fiscal Year</b>					<b>Totals</b>
	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	
Yearly Beginning Balances (1)	(155,769)	145,986	232,254	261,317	334,922	(155,769)
<b>Revenues</b>						
A. Tax Increment (2)	3,946,028	3,946,028	4,051,928	4,159,946	4,270,124	20,374,054
B. Interest Income (3)	108,000	2,920	4,645	5,226	6,698	127,490
C. Bond/Note Proceeds						0
D. Rental Income						0
E. Sales of Real Estate						0
F. Bond Administration Fees						0
G. Other Income (4)	3,100	3,100	3,100	3,100	3,100	15,500
H. Transfers In	50,000					50,000
<b>Total Revenues</b>	<b>4,107,128</b>	<b>3,952,048</b>	<b>4,059,673</b>	<b>4,168,272</b>	<b>4,279,922</b>	<b>20,567,044</b>
<b>Total Available</b>	<b>3,951,359</b>	<b>4,098,034</b>	<b>4,291,927</b>	<b>4,429,590</b>	<b>4,614,845</b>	<b>20,411,275</b>
<b>Expenditures/Uses</b>						
A. LMI Housing Fund Set-Aside	789,206	789,206	810,386	831,989	854,025	4,074,811
B. RDA Administration (5)	702,020	716,060	730,382	744,989	759,889	3,653,340
C. Professional Services (5)	394,600	402,492	410,542	418,753	427,128	2,053,514
D. Planning & Design						0
E. Real Estate Purchases						0
F. Operation of Acquired Prop.						0
G. Relocation Expenses						0
H. Site Clearance						0
I. Project Improvements (4)	35,000	75,000	75,000	75,000	75,000	335,000
J. Rehabilitation Expense/grants						0
K. Bond Debt Service	860,180	858,655	860,905	861,130	859,930	4,300,800
L. Pass-throughs (6)	452,367	452,367	471,396	490,806	510,604	2,377,540
M. Pool Loan Repayment (7)	472,000	472,000	572,000	572,000	572,000	2,660,000
N. Prior LMI Repayment	100,000	100,000	100,000	100,000	100,000	500,000
<b>Total Expenditures</b>	<b>3,805,373</b>	<b>3,865,780</b>	<b>4,030,610</b>	<b>4,094,667</b>	<b>4,158,576</b>	<b>19,955,005</b>
Revenues in Excess of Expenditures	301,755	86,268	29,063	73,605	121,347	456,269
Other Financing Sources/Uses	0					0
Prior Period Adjustments	0					0
<b>Yearly Ending Balances</b>	<b>145,986</b>	<b>232,254</b>	<b>261,317</b>	<b>334,922</b>	<b>456,269</b>	

- (1) Est. beginning working capital balance from FY 2009-10 Budget for Debt Service and Capital Projects funds.
- (2) Projected tax increment from Urban Futures, Inc.
- (3) Based on FY 09-10 Budget, with subsequent years based on 2% earnings on Yearly Beg. Balances.
- (4) Based on RDA Budget for FY 09-10, with estimated amounts thereafter.
- (5) Based on RDA Budget for FY 09-10, with projected 2% annual increases thereafter.
- (6) Pass Throughs estimated by Urban Futures, Inc.
- (7) Per Agreement between Agency and City.

<b>Table 5 General Redevelopment Fund - Project No. 2 Projected Revenues and Expenditures</b>						
<b>Fund Activity</b>	<b>Fiscal Year</b>					<b>Totals</b>
	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	
Yearly Beginning Balances (1)	1,079,889	1,378,505	1,429,970	1,489,452	1,557,183	6,934,998
<b>Revenues</b>						
A. Tax Increment (2)	571,052	571,052	586,003	601,252	616,807	2,946,166
B. Interest Income (3)	36,000	14,199	14,729	15,341	16,039	96,308
C. Bond/Note Proceeds						0
D. Rental Income						0
E. Sales of Real Estate						0
F. Bond Administration Fees						0
G. Other Income (4)	2,300	2,300	2,300	2,300	2,300	11,500
H. Transfers In						0
<b>Total Revenues</b>	<b>609,352</b>	<b>587,551</b>	<b>603,032</b>	<b>618,893</b>	<b>635,146</b>	<b>3,053,974</b>
<b>Total Available</b>	<b>1,689,241</b>	<b>1,966,055</b>	<b>2,033,001</b>	<b>2,108,345</b>	<b>2,192,329</b>	<b>9,988,972</b>
<b>Expenditures/Uses</b>						
A. LMI Housing Fund Set-Aside	114,210	114,210	117,201	120,250	123,361	589,233
B. RDA Administration (5)	2,600	2,652	2,705	2,759	2,814	13,531
C. Professional Services (5)	14,850	15,147	15,450	15,759	16,074	77,280
D. Planning & Design						0
E. Real Estate Purchases						0
F. Acquisition Expense						0
G. Operation of Acquired Prop.						0
H. Relocation Expenses						0
I. Site Clearance						0
J. Project Improvements		275,000	275,000	275,000	275,000	1,100,000
K. Rehabilitation Expense/grants						0
L. Debt Service						0
M. Pass-throughs (6)	129,076	129,076	133,194	137,394	141,678	670,418
N. Other Expenses (4)	50,000					50,000
<b>Total Expenditures</b>	<b>310,736</b>	<b>536,085</b>	<b>543,550</b>	<b>551,162</b>	<b>558,928</b>	<b>2,500,462</b>
Revenues in Excess of Expenditures	298,616	51,465	59,482	67,731	76,218	553,512
Other Financing Sources/Uses	0					0
Prior Period Adjustments	0					0
<b>Yearly Ending Balances</b>	<b>1,378,505</b>	<b>1,429,970</b>	<b>1,489,452</b>	<b>1,557,183</b>	<b>1,633,401</b>	

- (1) Est. beginning working capital balance from FY 2009-10 Budget for Debt Service and Capital Projects funds.
- (2) Projected tax increment from Urban Futures, Inc.
- (3) Based on FY 09-10 Budget, with subsequent years based on 2% earnings on Yearly Beg. Balances.
- (4) Based on RDA Budget for FY 09-10, with estimated amounts thereafter.
- (5) Based on RDA Budget for FY 09-10, with projected 2% annual increases thereafter.
- (6) Pass Throughs estimated by Urban Futures, Inc.



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## **4.0 HOUSING COMPLIANCE PLAN**

CCRL Section 33413(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 33413(b). This section of the Implementation Plan complies with this requirement and is the Agency's Housing Compliance Plan. It describes how the Agency intends to expend monies in the LMI Housing Fund consistent with the provisions of CCRL Section 33334.4 as amended by Assembly Bill 637 and made effective on January 1, 2002, and Senate Bill 701 (Torlakson) effective January 1, 2003. These bills clarified and added housing compliance plan requirements. Since a redevelopment agency may expend funds from its LMI Housing Fund anywhere in the community, it is not necessary to segregate LMI Housing Fund monies generated from within each Project Area.

This Compliance Plan update takes into account all residential construction or substantial rehabilitation that has occurred within the Project Area since adoption of the Compliance Plan, in order to determine whether the Agency is still meeting its affordable housing production needs. New construction and substantial rehabilitation statistics was obtained via a review of the City's building permits, previously prepared documents, and discussions with City staff.

The CCRL defines and limits assisted income categories as follows (the CCRL does not separate the extremely low- and very-low income categories; the federal housing programs do make a distinction)

**Very Low Income** – persons or households whose gross income does not exceed 50% of the area's median income;

**Low Income** – persons or households whose gross income is greater than 50%, but does not exceed 80% of the area's median income; and

**Moderate Income** – persons or households whose gross income is greater than 80%, but does not exceed 120% of the area's median income.

*Affordable housing cost is defined as:*

**Very Low Income** – Not more than 30% of 50% of the County median household income;

**Low Income** – Not more than 30% of 70% (or 60% for rental projects) of the County median household income; and

**Moderate Income** – Not more than 35% of 110% (or 30% of 120% for rental projects) of the County median household income.

### **4.1 HOUSING PRODUCTION 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 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 are affordable to very low-, low-, and moderate-income persons and families (the "inclusionary rule," CCRL Section 33413(b)(1))
  - At least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency must be available to persons or families of low- or moderate-income. Of these, 50 percent must be available to very low-income households. This requirement would apply to housing developed directly by the Agency, but not to housing projects developed by a private party under an agreement with the Agency.
  - At least 15 percent of all new dwelling units developed by parties other than the Agency or substantially rehabilitated dwelling units developed with Agency assistance shall be available at affordable costs to persons or families of low- or moderate-income. Of these, 40 percent must be available at affordable costs to very low-income households. This requirement applies in the aggregate, and not to each individual housing development project. These low- and moderate-income dwelling units may be provided outside the Project Area, but will only be counted on a two-for-one basis. In other words, if the Agency has an inclusionary housing need of 10 units inside the Project Area, then 20 units outside the Project Area would satisfy the overall requirement on a two-for-one basis.
  - Only low- and moderate-income housing units whose affordability is guaranteed on an on-going basis over the long term may be counted in meeting these requirements. For the purposes of this plan, long-term affordability is defined as not less than 55 years for rental units and 45 years for home ownership, or as otherwise defined in CCRL Section 33413(c).
- The inclusionary rule of CCRL Section 33413(b)(1) only applies to redevelopment projects for which a redevelopment plan was adopted on or after January 1, 1976 per CCRL Section 33413(d)(1). The 1A and 1B Area Plan in Project Area No. 1 was adopted on December 10, 1973, therefore, is not subject to the inclusionary rule.

This section presents an analysis of the Agency's compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4 regarding the Agency's housing production program for Preceding Implementation Plan time period. The information provided through Fiscal Year 2008/09 is factual, based upon the annual Agency reports to HCD of housing activity, the preceding implementation plan, the Housing Element, and other empirical data. Subsequent data is estimated by Agency and UFI staff.

## **4.2 PAST HOUSING PRODUCTION**

Inclusionary units are those units in which the Agency holds or manages the affordability covenants. Affordable units located within the Project Area, but with covenants held or managed by another party are not credited towards the Agency's inclusionary requirement. The 1A and 1B Area Plan in Project Area No. 1 was adopted on December 10, 1973, therefore, is not subject to the inclusionary rule.

As outlined above, housing production requirements are based upon replacement housing and inclusionary housing requirements. To determine whether an Agency has met those requirements, each category must be reviewed.

### **Replacement Housing**

From July 1, 2004, though June 30, 2009, the Agency did not destroy or remove any housing units from within the Project Area.

### **Inclusionary Housing in the Project Area: Agency Developed**

From July 1, 2004 though June 30, 2009, the Agency did not build any affordable housing units inside of the Project Area.

### **Inclusionary Housing Outside the Project Area: Agency Developed**

From July 1, 2004, though June 30, 2009, the Agency did not build any affordable housing units outside the Project Area.

### **Inclusionary Housing Inside the Project Area: Non-Agency Developed**

According to Agency annual reports, there were 37 non-agency new units built in the Amendment areas of Project Area No. 1 and in Project Area 2 between July 1, 2004 and June 30, 2009. The inclusionary requirement for non-agency built housing is 15 percent of the units produced, with forty percent of those units made available to very-low income household. Therefore, the inclusionary obligation accrued for this time period is 6 units, with 2 of the units reserved for very-low income households. The cumulative inclusionary requirement is shown in Table 5 as Non-Agency Developed housing.

During this same time period, the Agency obtained affordability covenants on 80 units located in the Suncrest Apartments and initiated the process to obtain affordability covenants on 80 additional units located in the Riverview Apartments. The Agency recently discovered that an affordability agreement was not executed for the Riverview Apartments and intends to finalize affordability covenants for the 80-unit complex during the 2010-2014 Implementation Plan period. Both Suncrest and Riverview are within the 1A and 1B Area of Project Area No. 1, for which there is no inclusionary requirements. Of the 160 units, 72 units are restricted to persons or families of Very Low-income and 88 units to Low-and Moderate-income persons or families. These units are credited toward the Agency's inclusionary requirement.

**Summary of Inclusionary Obligation**

Agency records indicate that eight housing units were built in the Project Areas between 1994 and 2000. It is assumed that these units were built in the 1A and 1B Area of Project Area No. 1. An additional four units were built between 2000 and 2004; again it is assumed these units were built in Project Area No. 1: 1A and 1B Area. During the term of the Preceding Implementation Plan, the City experienced the Inland Empire housing growth phenomena of the mid-2000s with 275 units built in the Project Areas. Of these, 267 were built in Project Area No. 1 and of those, 238 were built in the 1A and 1B Area, which does not have an inclusionary housing requirement because the project area was formed prior to 1976. This leaves a net of 37 units for inclusionary housing purposes. None of the units were built by the Agency and none of the units serve as replacement housing. The unit count of the Preceding Implementation Plan by year is shown in Table 6.

Table 6 Housing Units Built Within the Project Areas: July 1,2004 through June 30, 2009					
Fiscal Year	Project Area No. 1			Project Area No. 2	
	1A and 1B Area	Amendment 1	Amendment 1	Original Area	Amendment 1
2004-05	35	0	0	0	0
2005-06 <sup>1</sup>	81	0	4	3	0
2006-07 <sup>2</sup>	105	0	5	5	0
2007-08	7	0	17	0	0
2008-09	10	0	3	0	0
<b>TOTAL</b>	<b>238</b>	<b>0</b>	<b>29</b>	<b>8</b>	<b>0</b>
TOTAL	267			8	
TOTAL	275				
<sup>1</sup> Estimate based upon construction of the Suncrest Apartments in the 1A and 1B Area. <sup>2</sup> The 1A and 1B Area count includes the Riverview Apartments for which the Agency intends to finalize affordability covenants that demonstrate compliance with the CCRL.					

The analysis of the Agency's cumulative inclusionary is determined by project area. Based upon data provided in the Preceding Implementation Plan, in Project Area No. 1 the Agency began 2004-2005 with an inclusionary obligation deficit of one affordable unit: a Low- and Moderate-income unit. During the course of the 2005-2009 Implementation Plan time period, an additional 267 units were produced; however, 238 of those units were located in the 1A and 1B Area, which does not have an inclusionary obligation. Therefore, the 15 percent inclusionary obligation applies only to the 29 units built in the Amendment 2 area, adding an obligation of 4 units for a total obligation of 5 units. During this same time period, the Suncrest and the Riverview Apartments were constructed providing 160 affordable units of which 72 are Very Low-income units and 88 are Low-and Moderate-income units. The Agency executed an affordability agreement with Suncrest Apartments and initiated an agreement with Riverview Apartments. However, it was recently discovered that the agreement with Riverview Apartments was never finalized. Therefore, the Agency will be initiating a covenant conversion program to finalize the affordability agreement with Riverview Apartments and to be prepared for other conversion opportunities citywide.

Through June 30, 2009, Project Area 1 demonstrates a surplus of 155 affordable units: 70 Very Low-income units and 85 Low-and Moderate-income units. Table 6 outlines the cumulative obligation and production totals.

Based upon data provided in the Preceding Implementation Plan, Project Area No.2 began 2004-2005 without an inclusionary obligation. Eight units were built within the Project Area between 2005 and 2009 adding an obligation of one Low-and Moderate-income units. No affordable units were constructed during the Preceding Implementation Plan period in Project Area No. 2 resulting in a cumulative deficit of one unit as shown in Table 7.

The cumulative surplus of 155 units in Project Area No.1 and the cumulative deficit of one unit in Project Area No. 2 will become the beginning balance for the 2010-2014 Implementation Plan term.

<b>Table 7 Cumulative Inclusionary Housing Obligation and Production by Project Area<sup>1</sup> Non-Agency Developed Housing Project Area Adoption Through June 30, 2009</b>									
	Dwelling Units Produced	Units Made Affordable at Affordable Housing Cost					Project Area Status		
		TOTAL Inclusionary Obligation <sup>3</sup>	VeryLow <sup>5</sup>		Low-Moderate <sup>6</sup>		Cumulative Deficit or Surplus		
			Inclusionary Obligation	Actual Number of Units Restricted	Inclusionary Obligation	Actual Number of Units Restricted	Very Low	Low - Moderate	TOTAL
<b>Project Area No. 1</b>									
Balance Forward <sup>2</sup>	8	1	0	0	1	0	0	-1	-1
1A and 1B Area <sup>4</sup>	238	0	0	72	0	88	72	88	160
Amendment No. 1	0	0	0	0	0	0	0	0	0
Amendment No. 2	29	4	2	0	2	0	-2	-2	-4
<b>New Balance Forward: Project Area No. 1</b>	<b>275</b>	<b>5</b>	<b>2</b>	<b>72</b>	<b>3</b>	<b>88</b>	<b>70</b>	<b>85</b>	<b>155</b>
<b>Project Area No. 2</b>									
Balance Forward <sup>2</sup>	0	0	0	0	0	0	0	0	0
Original Area	8	1	0	0	1	0	0	-1	-1
Amendment No. 1	0	0	0	0	0	0	0	0	0
<b>New Balance Forward: Project Area No.2</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-1</b>
<sup>1</sup> Compliance with Sections 33413(b)(1),(c),(d)(1), and 33490(a)92(A)(ii). <sup>2</sup> Per Preceding Implementation Plan: from Project Area adoption through June 30, 2004. It is assumed all units were built in the 1A and 1B Area. <sup>4</sup> The 1A and 1B Area was established prior to January 1, 1976, therefore, is not subject to inclusionary housing regulations per CCRL Section 33413(d)(1). <sup>3</sup> Inclusionary obligation is 15 percent of units produced with 40 percent allocated to Very-Low Income households. <sup>5</sup> As defined by Health and Safety Code 50105 <sup>6</sup> As defined by Health and Safety Code 50093									

### **4.3 PROJECTED HOUSING PRODUCTION**

The same analysis applies to projected housing production for the current Implementation Plan to anticipate the Agency's continued compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4. The data is estimated based upon Staff discussions, the Housing Element, and other empirical data.

#### **Replacement Housing**

The Agency is not anticipating destroying or removing any housing units from within the Project Area.

#### **Inclusionary Housing in the Project Area: Agency Developed**

The Agency does not anticipate directly producing affordable units inside of the Project Area. It will contract with private developers to produce affordable units within the Project Area.

#### **Inclusionary Housing Outside the Project Area: Agency Developed**

The Agency does not anticipate directly producing units or contracting with private developers to produce affordable units outside of the Project Area.

#### **Inclusionary Housing Inside the Project Area: Non-Agency Developed**

Given the national uncertainty in the housing market, it is difficult to predict the number of residential units to be built in the Project Areas. The housing market in Barstow, as in many other Inland Empire cities, is dependent upon factors outside of local control. The Agency does not anticipate housing growth to return to an economically healthy level for several years. For purposes of this report, anticipated new construction for the next five years is estimated at the 2009 level. The numbers will be reviewed and analyzed at the Midterm Update and revised as necessary.

#### **Summary of Inclusionary Obligation**

As shown in Table 8, in Project Area 1, the Agency will begin the current Implementation Plan period with an inclusionary obligation surplus of 155 affordable units, of which 70 are very low-income units and 85 are low- and moderate-income units. Applying the 2009 new construction totals, during the 2010-2014 Implementation Plan term, an additional 65 non-Agency units are expected to be constructed in the Project Area; however, 50 of these are expected to be constructed in the 1A and 1B Area, which is not subject to inclusionary housing regulations. The inclusionary obligation applies to the 15 new units anticipated in the Amendment No. 2 area. This would add an inclusionary obligation of 2 units, of which 1 must be restricted for Very Low-Income housing.

Table 8 shows the projected inclusionary obligation and production for the Agency over the next five years. With the assumptions made in this report, the Agency will end the Implementation Plan period with a surplus of 69 very low-income units and 84 low- and moderate-income units.

By 2012 or 2013 when the Implementation Plan is updated for the Midterm Review, the housing market will hopefully be stabilized and projections for housing construction will be re-analyzed. Additionally, the Agency is working on securing a developer to construct an affordable senior housing complex in Project Area No. 1, which would increase the Agency's surplus of affordable units.

**Table 8**  
**Estimated Cumulative Inclusionary Housing Obligation and Production by Project Area<sup>1</sup> Non-Agency Developed Housing Project Area Adoption Through June 30, 2014**

	Dwelling Units Produced	Units Made Affordable at Affordable Housing Cost					Project Area Status		
		TOTAL Inclusionary Obligation <sup>3</sup>	VeryLow <sup>5</sup>		Low-Moderate <sup>6</sup>		Cumulative Deficit or Surplus		
			Inclusionary Obligation	Actual Number of Units Restricted	Inclusionary Obligation	Actual Number of Units Restricted	Very Low	Low - Moderate	TOTAL
<b>Project Area No. 1</b>									
Balance Forward <sup>2</sup>	275	5	2	72	3	88	70	85	155
1A and 1B Area <sup>4</sup>	50	0	0	0	0	0	0	0	0
Amendment No. 1	0	0	0	0	0	0	0	0	0
Amendment No. 2	15	2	1	0	1	0	-1	-1	-2
<b>New Balance Forward: Project Area No. 1</b>	<b>340</b>	<b>7</b>	<b>3</b>	<b>72</b>	<b>4</b>	<b>88</b>	<b>69</b>	<b>84</b>	<b>153</b>
<b>Project Area No. 2</b>									
Balance Forward <sup>2</sup>	8	1	0	0	1	0	0	-1	-1
Original Area	0	0	0	0	0	0	0	0	0
Amendment No. 1	0	0	0	0	0	0	0	0	0
<b>New Balance Forward: Project Area No.2</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-1</b>

<sup>1</sup> Compliance with Sections 33413(b)(1),(c),(d)(1), and 33490(a)92(A)(ii).  
<sup>2</sup> Refer to Table 6 of this Implementation Plan..  
<sup>4</sup> The 1A and 1B Area was established prior to January 1, 1976, therefore, is not subject to inclusionary housing regulations per CCRL Section 33413(d)(1).  
<sup>3</sup> Inclusionary obligation is 15 percent of units produced with 40 percent allocated to Very-Low Income households.  
<sup>5</sup> As defined by Health and Safety Code 50105  
<sup>6</sup> As defined by Health and Safety Code 50093

#### 4.4 LOW AND MODERATE INCOME HOUSING GOALS

The Agency has the same affordable housing goal for Project Area No. 1 and No. 2. It is labeled Goal 3 because Goals 1 and 2 are community development and economic development goals discussed in Chapter 3 of this report. Any housing objectives specific to a project area clearly identified.

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

OBJECTIVES

- 3.1 Work with a private sector developer to construct an affordable senior housing apartment complex in Project Area No. 1.
- 3.2 Continue the Mortgage Assistance Program for first-time homebuyers in Project Area No. 1 and Project Area No. 2.
- 3.3 Continue the neighborhood beautification FACELIFT Program in Project Area No. 1 and Project Area No. 2
- 3.4 Establish a Covenant Conversion Program to enable the Agency to secure long-term covenants on existing affordable housing units that create and preserve affordable housing options.
- 3.5 Implement the programs and projects listed in the 2006-2014 Housing Element that pertain to the Agency as opportunity and funding permits.
- 3.6 Carry-out any other affordable housing oriented project or program consistent with the CCRL and the Redevelopment Plan.

**4.5 PROJECTED HOUSING NEEDS**

CCRL Section 33334.4(a) requires that an agency expend its LMI Housing Fund monies in assisting housing for persons of very low-, low-, and moderate-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). CCRL Section 33334.4(b), requires an Agency to expend LMI Housing Fund monies in at least the same proportion as senior low-income households bear to the total low-income households in the community, as determined in the most recent U.S. Census.

*4.5.1 Regional Housing Needs Assessment*

Table 9 identifies the City's estimated housing need by income limits for very low, low-, and moderate-income households within the community by percentage of total housing units as determined by the RHNA. Per CCRL Section 33334.4(a), these percentages are to be applied to Agency LMI Housing Fund spending. The Southern California Association of Governments (SCAG) Regional Housing Needs Assessment (RHNA) states that the fair share allocation of affordable units for period ending June 30, 2014 is 4,479 units.

Based on the RHNA allocation, at least 39.4 percent of all LMI Housing Fund expenditures must be made towards assisting very low-income households and a maximum of 60.6 percent may be used to assist low- and moderate-income households.

Table 9 Housing Need Apportionment by RHNA Allocation		
Income Distribution	Fair Share Allocation	Percentage of Units
Very Low Income	1,018	39.4
Low Income	728	28.1
Moderate Income	842	32.5
<b>Subtotal: Affordable Units</b>	<b>2,588</b>	<b>100.0</b>
Above Moderate	1,891	
<b>TOTAL</b>	<b>4,479</b>	

#### 4.5.2 Senior Housing Need Assessment

CCRL Section 33334.4(b) limits the amount of money an agency can utilize from its LMI Housing Fund per the term of the Implementation Plan to assist senior, affordable housing. An agency must spend LMI Funds in the same proportion as senior low-income households bear to the total low-income households in the community, as determined in the most recent U.S. Census<sup>1</sup>. Prior to 2005, the agency limitation was based on the proportion that the senior population represented in the entire community. In 2005, SB 527 shifted the emphasis to low income households due to the fact that in many communities, the senior population has a greater proportion of low-income earners and, therefore, a greater need for housing assistance than the general population. For example, seniors could represent only ten percent of the overall population of a community, but constitute 25 percent of the low-income population of the community. In such a circumstance, SB 527 allows an agency to provide assistance to a greater proportion of senior housing than the previous law allowed.

In order to compute the ratio of low income senior households, 2000 Census data is used. Table 10 summarizes the calculation for Barstow's LMI Housing Fund.

Table 10 Distribution of Low Income Senior Households <sup>(1) (2)</sup>	
Total Number of Low-Income Households	3,597
Number of Low-Income Senior Households	887
Ratio of Senior Households to Total	24.7%
<sup>1</sup> Source: U.S. Census Bureau - 2000 Census, Comprehensive Housing Affordability Strategy (CHAS) data	
<sup>2</sup> Includes both renters and owners	

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<sup>1</sup> It should be noted that the Census data considers age 62 and over to be "senior" whereas the CCRL utilizes age 65 and over. Also, the income levels in the Census are based on "Median Family Income" rather than the "Area Median Income" specified in the CCRL. These discrepancies are not addressed in 33334.4 and no case law currently exists to provide clarity. The approach used to compute the ratio of senior households reflects best industry practices.

According to the 2000 Census, 24.7 percent of the City's low income households (887) were occupied by low-income seniors. Therefore, in carrying out the requirements of CCRL Section 33334.4(a), no more than 24.7 percent of LMI Housing Fund expenditures may be allocated towards exclusively assisting senior restricted housing in the 2010-2014 Implementation Plan term.

#### **4.6 LOW- AND MODERATE-INCOME HOUSING PROGRAM**

To address the housing needs noted above, the Agency intends to implement an ambitious housing program. As noted previously, the national financial crisis has significantly impacted both the private and the public sector's ability to construct decent and affordable housing. Nonetheless, the Agency intends to pursue implementation of the several programs and projects during the term of this Implementation Plan, subject to funding availability. Affordable housing programs that the Agency plans to continue or initiate are the same in Project Area No. 1 and Project Area No. 2:

##### Mortgage Assistance Program (MAP)

The Mortgage Assistance Program (MAP) provides first time homebuyer assistance to qualifying low- and moderate-income families through deferred loans for closing costs and down payment assistance. A maximum \$20,000 loan is secured by a second deed of trust and forgiven at ten percent per year with conditions and restrictions. This popular program will continue as funding permits with an anticipated five year total of 200 loans.

##### Residential FACELIFT Program

The FACELIFT Program is designed to enhance the aesthetics of the City's neighborhoods by assisting homebuyers with the costs of minor exterior home improvements. A maximum \$10,000 loan is forgiven at twenty (20) percent per year over a five year period with conditions and restrictions. Eligible improvements include painting, window replacement, roof repair, stucco repair, fencing, and landscaping. The Program is anticipated to assist 210 households during the five year Implementation Plan term.

##### Transitional Housing

The Agency intends to continue its support of two transitional housing programs in the City. New Hope Village is a 6-unit transitional housing shelter for families. Desert Sanctuary is an emergency shelter for victims of domestic violence. It is estimated that the Agency will be able to contribute \$20,000 per year per shelter for the 2010-14 Implementation Plan term.

##### Senior Housing

The Agency is seeking a private developer to construct an 80-100 unit affordable senior housing facility in Project Area No. 1.

### Covenant Conversion Program

The Agency intends to create a program to facilitate the execution of affordability covenants on existing residential units citywide. The purpose of the program is to preserve affordable housing options for Barstow residents. The Riverview Apartments in the 1A and 1B Area for Project Area No. 1 will be the first project to be considered for the Covenant Conversion Program.

### Code Compliance Program

The objective of the Code Compliance Program is to identify and bring substandard housing units into compliance with City codes. Funding is allocated to provide a comprehensive building inspection/Code Compliance program in the Project Areas to improve public health and safety with a goal of inspecting 100 housing units over the five year Implementation Plan period.

## **4.7 LOW- AND MODERATE-INCOME HOUSING FUND**

Funding for the Agency's housing programs comes from several sources, however, the purpose of the Implementation Plan is document compliance with state redevelopment law; therefore, this report only analyzes tax increment financing and its relationship to housing plan compliance.

### *4.7.1 Tax Increment "Set-Aside" Financing*

As required by redevelopment law, the Agency will set aside twenty percent of its gross tax increment toward increasing, improving, and preserving affordable housing in the City. The Low- and Moderate-Income (LMI) Housing Fund reflects set-aside payments and affordable housing programs for both Project Area No. 1 and Project Area No. 2. Table 11 summarizes the anticipated revenues and expenditures in Project No. 1 and Table 12 reflects the budget for Project No. 2. The numbers should not be used for bonding purposes; they are solely intended to reflect general trends and assumptions

#### Project No. 1

The set-aside revenue allocation ranges from \$789,000 annually in 2009 to \$850,000 in 2014. Other sources of revenue are interest income on the fund's cash balance and deferral repayment. Planned expenditures reflect the programs and project described in Section 4.6 of this report. The LMI Housing Fund is sufficiently healthy. The Agency has the resources to implement its proposed housing program in Project Area No. 1.

#### Project No. 2

The set-aside revenue allocation in Project Area No. 2 ranges from \$114,000 annually in 2009 to \$123,000 in 2014. There is no other significant source of revenue. Planned expenditures are intended for the same projects and programs identified for Project Area No. 1 and discussed in Section 4.6. The LMI Housing Fund is sufficient to cover expenses for the proposed program, but

annual expenses exceed annual revenues reducing the fund balance by \$20,000 over the five year Implementation Plan term.

#### *4.7.2 Excess Surplus*

Excess Surplus is defined and calculated based on provisions in Health & Safety Code Section 33334.12. Excess Surplus is determined on the first day of each fiscal year. The calculation requires comparing the sum of property tax increment deposited over the previous four fiscal years against the agency's adjusted beginning balance (prior year's ending adjusted unencumbered balance) to determine which amount is greater. Agencies are allowed to adjust their unencumbered balance to exclude the amount of unspent proceeds from the sale of bonds and the difference between the price of land sold during the reporting period compared to the land's fair market value. By statutory definition, Excess Surplus exists when the adjusted unencumbered balance exceeds the greater of: (1) \$1 million or (2) the combined amount of property tax increment revenue deposited over the preceding four fiscal years.

If the Agency continues at its current rate of expenditure, it is not expected to realize excess surplus in its LMI Housing Funds. The excess surplus calculation is shown in Table 11 for Project No. 1 and Project No. 2, combined.

*Barstow Redevelopment Projects No. 1 and No. 2  
Implementation Plan 2010-2014*

<b>TABLE 11 - Project No. 1 LOW AND MODERATE INCOME HOUSING FUND PROJECTED INCOME AND EXPENDITURES</b>						
Fund Activity	Fiscal Year					Totals
	2009-10	2010-11	2011-12	2012-13	2013-14	
Yearly Beginning Balances (1)	452,481	240,585	218,283	214,739	230,711	452,481
<b>Revenues</b>						
A. Tax Increment Set-Aside (2)	789,206	789,206	810,386	831,989	854,025	4,074,812
B. Interest Income (3)	30,000	4,812	4,366	4,295	4,614	48,086
C. Bond/Note Proceeds						0
D. Rental Income						0
E. Sales of Real Estate						0
F. Deferral Repayment (4)	100,000	100,000	100,000	100,000	100,000	500,000
G. Other Income (5)	7,500	7,500	7,500	7,500	7,500	37,500
Total Revenues	926,706	901,518	922,252	943,784	966,139	4,660,398
Total Available Resources	1,379,187	1,142,103	1,140,535	1,158,522	1,196,850	5,112,879
<b>Expenditures/Uses</b>						
A. RDA Housing Administration (6)	76,932	78,471	80,040	81,641	83,274	400,357
B. Services (6)	19,950	20,349	20,756	21,171	21,595	103,821
C. MAP / First Time Homebuyer Prog. (5)	675,000	325,000	325,000	325,000	325,000	1,975,000
D. New Hope Village (5)	20,000					20,000
E. Desert Sanctuary Housing Agreement (5)	20,000					20,000
F. Project Facelift (5)	325,000	500,000	500,000	500,000	500,000	2,325,000
G. Other Expenses (4)	1,720					1,720
H. Rehab. Expense/grants (4)						0
Total Expenditures	1,138,602	923,820	925,796	927,812	929,868	4,845,898
Revenues in Excess of Expenditures	(211,896)	(22,302)	(3,544)	15,972	36,271	(185,499)
Other Financing Sources/Uses						
Prior Period Adjustments						0
Yearly Ending Balances	240,585	218,283	214,739	230,711	266,982	266,982
<b>Excess Surplus Analysis (Combined Proj. 1 and 2)</b>						
A. Maximum Allowable Fund Balance (7)	3,354,394	3,562,581	3,671,036	3,692,533	3,686,658	
B. Yearly Adjusted Beginning Fund Balance (8)	3,044,716	2,832,820	2,810,518	2,806,974	2,822,946	
C. Less: Bond Proceeds Held by Fiscal Agent						
D. Adjusted Ending Balance	3,044,716	2,832,820	2,810,518	2,806,974	2,822,946	
E. Excess surplus	0	0	0	0	0	

- (1) Est. beginning working capital balance from FY 2009-10 Budget.  
(2) Based on 20% of projected tax increment from Urban Futures, Inc.  
(3) Based on FY 09-10 Budget, with subsequent years based on 2% earnings on Yearly Beg. Balances.  
(4) Repayment of prior set-aside amounts.  
(5) Based on RDA Budget for FY 09-10, with estimated amounts thereafter.  
(6) Based on RDA Budget for FY 09-10, with projected 2% annual increases thereafter.  
(7) Prior four years' aggregate tax increment set-aside deposits.  
(8) From HCD Report filed by Agency for FY 2008-09.



### 4.7.3 Other Funding Programs

Table 13 outlines other funding that may be available to the City and the Agency to further implement its Housing Production Plan.

<b>Table 13 Financial Resources Available for Housing Activities</b>			
<b>Program Type</b>	<b>Program Name</b>	<b>Description</b>	<b>Eligible Activities</b>
<b>1. Federal Programs</b>	Community Development Block Grant (CDBG)	Annual grants awarded to the City on a formula basis for housing & community development activities. Administered by HUD.	<ul style="list-style-type: none"> <li>• Acquisition</li> <li>• Rehabilitation</li> <li>• Homebuyer assistance</li> <li>• Homeless assistance</li> <li>• Public services</li> </ul>
	Home Investment Partnership Act (HOME)	Formula grants to States and localities that communities use-often in partnership with local nonprofit groups-to fund a wide range of activities to low-income people.	<ul style="list-style-type: none"> <li>• New construction</li> <li>• Acquisition</li> <li>• Rehabilitation</li> <li>• Tenant-based rental assistance</li> </ul>
	Section 8 Rental Assistance Program	Rental assistance payments to owners of private market rate units on behalf of very low-income tenants. Administered by HUD.	<ul style="list-style-type: none"> <li>• Rental assistance</li> </ul>
	Section 202	Grants to non-profit developers of supportive housing for the elderly. Administered by HUD.	<ul style="list-style-type: none"> <li>• Acquisition</li> <li>• Rehabilitation</li> <li>• New construction</li> <li>• Rental assistance</li> <li>• Support services</li> </ul>
	<b>2. State Programs</b>	California Housing Finance Agency (CHFA) Home Mortgage Purchase Program	CHFA sells tax exempt bonds for below market rate loans to first-time homebuyers. Program operates through participating lenders who originate loans for CHFA purchase.
	California Housing Finance Agency (CHFA) Multiple Rental Housing Programs	Below market rate financing offered to builders & developers of multi-family and elderly rental housing. Tax exempt bonds provide below-market mortgage money.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Rehabilitation</li> <li>• Acquisition</li> </ul>
	Low-Income Housing Tax Credit (LIHTC)	Tax credits available to individuals & corporations that invest in low-income rental housing. Tax credits sold to people with high tax liability, & proceeds are used to create housing.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Rehabilitation</li> <li>• Acquisition of properties from 20 to 150 units</li> </ul>
	Multi-Family Housing	Deferred payment loans for	

<b>Table 13 Financial Resources Available for Housing Activities</b>			
<b>Program Type</b>	<b>Program Name</b>	<b>Description</b>	<b>Eligible Activities</b>
	Program (MHP)	new construction, rehabilitation & preservation of rental housing. Administered by HCD.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Rehabilitation</li> <li>• Preservation</li> </ul>
<b>3. Local/County Program</b>	Redevelopment Housing Set-Aside Funds	20 percent of Agency tax increment funds are set-aside for affordable housing activities.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Rehabilitation</li> <li>• Acquisition</li> </ul>
	Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time home buyers for the purchase of new or existing single-family housing. Eligible participating city's or unincorporated areas.	<ul style="list-style-type: none"> <li>• Homebuyer Assistance</li> </ul>
	Mortgage Assistance Program (MAP)	Deferred payment down payment assistance loan. Subject to availability by county for participating cities and unincorporated areas of a county.	<ul style="list-style-type: none"> <li>• Homebuyer Assistance</li> </ul>
<b>4. Private Resources/ Financing Programs</b>	Federal National Mortgage Association (Fannie Mae)	Loan applicants apply to participating lenders for the following programs: fixed rate mortgages issued by private mortgage insurers; And related foreclosure prevention programs in underserved low-income & minority communities.	<ul style="list-style-type: none"> <li>• Homebuyer assistance</li> <li>• Refinancing</li> <li>• Loan Modification</li> <li>• Foreclosure Prevention</li> </ul>
	California Community Reinvestment Corporation (CCRC)	Non-profit mortgage banking consortium designed to provide tax-exempt private placement bond program financing for affordable multi-family & senior rental housing.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Rehabilitation</li> <li>• Acquisition</li> <li>• Permanent Financing</li> </ul>
	Federal Home Loan Bank Affordable Housing Program	Provides grants and subsidized loans to support affordable rental housing and homeownership opportunities. Grants are awarded on a competitive basis.	<ul style="list-style-type: none"> <li>• New Construction</li> </ul>
	Low-Income Housing Fund (LIHF)	Non-profit lender offering below market interest, short term loans for affordable housing in both urban & rural areas. Eligible applicants include non-profits & government agencies. Grant opportunities are also	<ul style="list-style-type: none"> <li>• Redevelopment costs</li> <li>• Site acquisition</li> <li>• Construction</li> <li>• Rehabilitation</li> <li>• Planning grants</li> <li>• Energy Efficiency Grants</li> <li>• Child Care Centers</li> <li>• Quality Improvement Grants</li> <li>• Expansion Grants</li> </ul>

Table 13 Financial Resources Available for Housing Activities			
Program Type	Program Name	Description	Eligible Activities
		available.	<ul style="list-style-type: none"> <li>• Renovation &amp; Repair Grants</li> <li>• Technical Assistance Grants</li> </ul>
	Private Lenders	The Community Reinvestment Act (CRA) requires certain regulated financial institutions to achieve goals for lending in low- & moderate-income neighborhoods. As a result, most of the larger private lenders offer one or more affordable housing programs, including first-time homebuyer, housing rehabilitation, or new construction assistance.	<ul style="list-style-type: none"> <li>• Varies, depending on individual program offered by bank</li> </ul>

#### **4.8 TEN YEAR INCLUSIONARY 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. The Agency currently demonstrates a surplus of 154 units. Housing construction in the Project Areas over the next ten years is estimated to be minimal, thereby, not increasing the Agency's inclusionary obligation significantly. Additionally, the Agency is working on constructing an 80-100 unit affordable senior housing complex in Project Area No. 1 within the next ten years. The Agency is surpassing its inclusionary housing obligation.

#### **4.9 CONSISTENCY WITH GENERAL PLAN**

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 of 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 Goals and Policies are contained within the City's Draft 2006-2014 Housing Element:

**GOAL 1: PROVIDE A RANGE OF HOUSING BY LOCATION, TYPE AND PRICE TO MEET THE GROWTH NEEDS OF THE CITY.**

POLICY 1.1: Provide a variety of residential development opportunities in the City, ranging from large lot rural living, to single-family neighborhoods, to moderate density apartments as designated in the Land Use Policy Map.

POLICY 1.2: Continue to support the development of upper-end housing to provide opportunities for moderate- and upper-income employees in the City to reside in Barstow.

POLICY 1.3: Promote the use of favorable home purchasing techniques, including the City's Mortgage Assistance Program and preferential financing available through private lending institutions.

POLICY 1.4: Encourage residential development in the area north of downtown Barstow through the use of development incentives in the Residential Incentive Overlay.

POLICY 1.5: Encourage the development of rental housing units with three or more bedrooms to accommodate large families and address unit overcrowding in Barstow, particularly in the northern area of the City.

POLICY 1.6: Encourage the development of housing for the elderly by offering incentives such as land write-downs on City-owned property and flexible development standards.

POLICY 1.7: Promote the development of residential units which are accessible to disabled persons or are adaptable for conversion to residential use by disabled persons through the enforcement of current State housing accessibility requirements under California Code of Regulations, Title 24, Part 2, Chapter 11A. Rehabilitation Program for accessibility improvements for disabled owners of single-family housing.

POLICY 1.9: Allow for the development of second units in single-family zones subject to the availability of adequate infrastructure.

POLICY 1.10: Permit the development of manufactured housing in all residential zones, pursuant to the City's manufactured housing ordinance.

POLICY 1.11: Encourage the construction of planned residential developments in the City.

POLICY 1.12: Encourage the provision of quality and affordable housing by working with private for-profit and non-profit developers and through the use of various regulatory and financial incentives, including the use of Redevelopment Agency funds.

POLICY 1.13: Continue to support implementation of the Section 8 program by the County of San Bernardino which provides rent subsidies to very low income households who overpay for housing.

POLICY 1.14: Continue to provide density bonuses, in accordance with provisions of the California Government Code, through the processing of Conditional Use Permits for multi-family projects providing affordable housing units.

POLICY 1.15: The City will review and amend its zoning code as required by State Law to ensure adequate provisions relating to housing opportunities. This will clarify the City's requirements relating to the identification and allowing second units on appropriate sites, and to principally permit emergency shelters in at least one zoning district and to allow transitional and supportive housing in all residential zones subject only to those restrictions that apply to other residential dwellings of the same type in the same zone, in accordance with Section 65583 of the California Government Code.

**GOAL 2: CONSERVE AND IMPROVE THE CONDITION OF THE CITY'S EXISTING HOUSING STOCK.**

POLICY 2.1: Utilize the City's Code Compliance program as the primary tool for bringing substandard units into compliance with City codes and for improving overall housing conditions in Barstow.

POLICY 2.2: Pursue the removal of abandoned substandard housing units in the City's flood prone areas.

POLICY 2.3: Encourage vigorous enforcement of the City's nuisance ordinance, along with other applicable codes, to promote property maintenance.

POLICY 2.4: Actively market single-family rehabilitation programs available through the City and County which provide financial assistance to lower income property owners.

POLICY 2.5: Provide information on County multi-family rehabilitation programs to owners of deteriorated apartment buildings.

**GOAL 3: PRESERVE AND ENHANCE THE QUALITY OF RESIDENTIAL NEIGHBORHOODS IN BARSTOW AND ENSURE THAT NEW HOUSING IS SENSITIVE TO THE EXISTING NATURAL AND BUILT ENVIRONMENT.**

POLICY 3.1: Ensure that multi-family development is compatible in design with single-family residential areas and is consistent with the low scale character of Barstow.

POLICY 3.2: Regularly examine new residential construction methods and materials and upgrade the City's residential building standards as appropriate.

POLICY 3.3: Prohibit new residential development to front on major arterial highways without adequate setbacks and buffering.

POLICY 3.4: Ensure higher quality development standards in new mobile home developments as specified in the City's Mobile Home Subdivision zone, including compatibility with adjacent single-family neighborhoods.

POLICY 3.5: Require that housing constructed expressly for low and moderate-income households not be concentrated in any single area of Barstow.

POLICY 3.6: Locate higher density residential development in close proximity to public transportation, services and recreation.

POLICY 3.7: Prohibit housing development in areas subject to significant geologic, flooding, blowing sand, noise and fire hazards.

POLICY 3.8: Accommodate new residential development which is coordinated with the provision of infrastructure and public services.

POLICY 3.9: Encourage the use of energy conservation devices and passive design concepts which make use of the natural climate to increase energy efficiency and reduce housing costs.

**GOAL 4: PROMOTE EQUAL OPPORTUNITY FOR ALL RESIDENTS TO RESIDE IN THE HOUSING OF THEIR CHOICE.**

POLICY 4.1: Make efforts to assure that unrestricted access to housing choice is available to the community.

POLICY 4.2: Prohibit practices which restrict housing choice by arbitrarily directing prospective buyers and renters to certain neighborhoods or types of housing.

POLICY 4.3: Continue active support and participation with the Inland Fair Housing and Mediation Board to further spatial deconcentration and to promote housing practices and address the resolution of landlord/tenant issues.

In compliance with CCRL Section 33490, the Agency has developed, and included in Section 4 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. These goals are consistent with the goals contained in the City's Draft 2006-2014 Housing Element. It has established the projects and programs that it intends to implement to meet its housing goals and its housing production plan for consistency with the Draft 2006-2014 Housing Element.

The Agency, therefore, 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.

## **5.0 PLAN ADMINISTRATION**

The Agency shall be responsible for administering the Implementation Plan and for monitoring redevelopment activities or programs undertaken pursuant to it.

### **5.1 PLAN REVIEW**

At least once within the five year Implementation Plan term, the Agency shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the adopted Redevelopment Plans, the Implementation Plan, and evaluating the progress of the Projects. The public hearing shall be held no earlier than two years and no later than three years after the date of adoption of this Plan.

Notice of public hearing to review the Redevelopment Plans and Implementation Plan shall be published pursuant to Section 6063 of the Government Code and posted in at least four permanent places within each Project Area for a period of at least three weeks. Publication and posting must be completed not less than ten days prior to the date set for hearing.

### **5.2 PLAN AMENDMENT**

Pursuant to CCRL 33490, the Implementation Plan may be amended from time to time after holding a public hearing.

### **5.3 FINANCIAL COMMITMENTS SUBJECT TO AVAILABLE FUNDS**

The Agency is authorized to utilize a wide variety of funding sources for implementing the Redevelopment Plans. Such funding sources include, but are not limited to, financial assistance from the City, State of California, federal government, property tax increment, interest income, Agency bonds secured by tax increment or other revenues or other legally available revenue source. Although the sources of revenue used by the Agency are generally deemed to be reliable from year to year, such funds are subject to legislative, program, or policy changes that could reduce the amount or the availability of the funding sources upon which the Agency relies.

In addition, with regard to the Agency's primary revenue source, tax increment revenues, it must be noted that revenue flows are subject to diminution caused by events not controlled by the Agency, which reduce the taxable value of land or improvements in the Project Area. Moreover, the formulas governing the amount or percentage of tax increment revenues payable to the Agency may be subject to legislative changes that directly or indirectly reduce the tax increment revenues available to the Agency.

Due to the above-described uncertainties in Agency funding, the projects described herein and the funding amounts estimated to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

### **5.4 REDEVELOPMENT PLAN CONTROLS**

If there is a conflict between the Implementation Plan and the Redevelopment Plans or any other City or Agency plan or policy, the Redevelopment Plans shall control.

## **5.5 CONCLUSION AND RECOMMENDATION**

To date, the Agency has successfully implemented its programs and managed its budgets. However, the generally negative economic climate in the State of California has affected the Agency's revenue stream through reductions in tax increment growth rate. If the State prevails in lawsuits over the SERAF take, substantial budget modifications may be necessary to keep expenditures from exceeding revenues for the duration of the Implementation Plan term. The Agency's SERAF take for 2009-10 is \$1,341,883 and \$276,002 in 2010-11.

In terms of inclusionary obligation for the provision of affordable housing units, the Agency is beginning the 2010-2014 implementation plan period with a surplus of 155 units in Project Area No. 1 and a deficit of one unit in Project Area No. 2. Additionally, the Agency is in the process of identifying a developer to coordinate construction of an 80-100 unit tax credit affordable senior housing project in Project Area No. 1. The Agency has surpassed its inclusionary obligation in Project No. 1.

There are several actions that the Agency may consider to bolster the success of its programs and ensure continued compliance with California Community Redevelopment Law. Several of these recommendations require an approved Housing Element prior to initiation.

1. Process an ordinance pursuant to Senate Bill 1096 to extend the effectiveness deadline of the 1A and 1B Area Plan of Project No. 1 by two years. SB 1096 required every redevelopment agency to make an ERAF payment to the county auditor for two (2) consecutive fiscal years, 2004-2005 and 2005-2006. Recognizing that ERAF payments are a financial burden on redevelopment agencies, SB 1096 authorizes agencies to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan by one (1) year for each year of the ERAF payments if there is less than ten years remaining on the Plan. The 1A and 1B Area is eligible for a two year extension.
2. Process an ordinance pursuant to SB 211 to extend the expiration of the 1A and 1B Area Plan of Project No. 1 for ten additional years during the year prior to Plan expiration. The 1A and 1B Area Plan of Project No. 1 expires in 2014; if an SB 1096 extension is approved, the expiration date is revised to 2016. The Plan is eligible for an extension under SB 211 that would enable an additional decade of plan effectiveness and tax increment revenue.
3. Consider merging Project No. 1 and Project No. 2 to increase efficiency in program delivery, eliminate project area inconsistencies in revenue generation and expenditures, eliminate the inclusionary housing deficit in Project Area No. 2, and ensure appropriate debt in both project areas.
4. Create, maintain, and make available to the public an affordable housing database of all projects for which the Agency holds covenants and is counting towards its inclusionary housing obligation.
5. Establish a Covenant Conversion Program to facilitate the execution of affordability covenants on existing residential units citywide. The purpose of the Program is to preserve affordable housing options for Barstow residents.

6. Implement the Community Development Program and Affordable Housing Production Program outlined in the 2010-2014 Implementation Plan, including implementation of appropriate recommendations in the 2010 Five Year Redevelopment Strategy.
7. To prepare for a SERAF take in the event it is upheld in the courts, prioritize programs, projects, and administrative budget items for possible reductions.