

2010-2014 Implementation Plan Oceanside Downtown Redevelopment Project Area

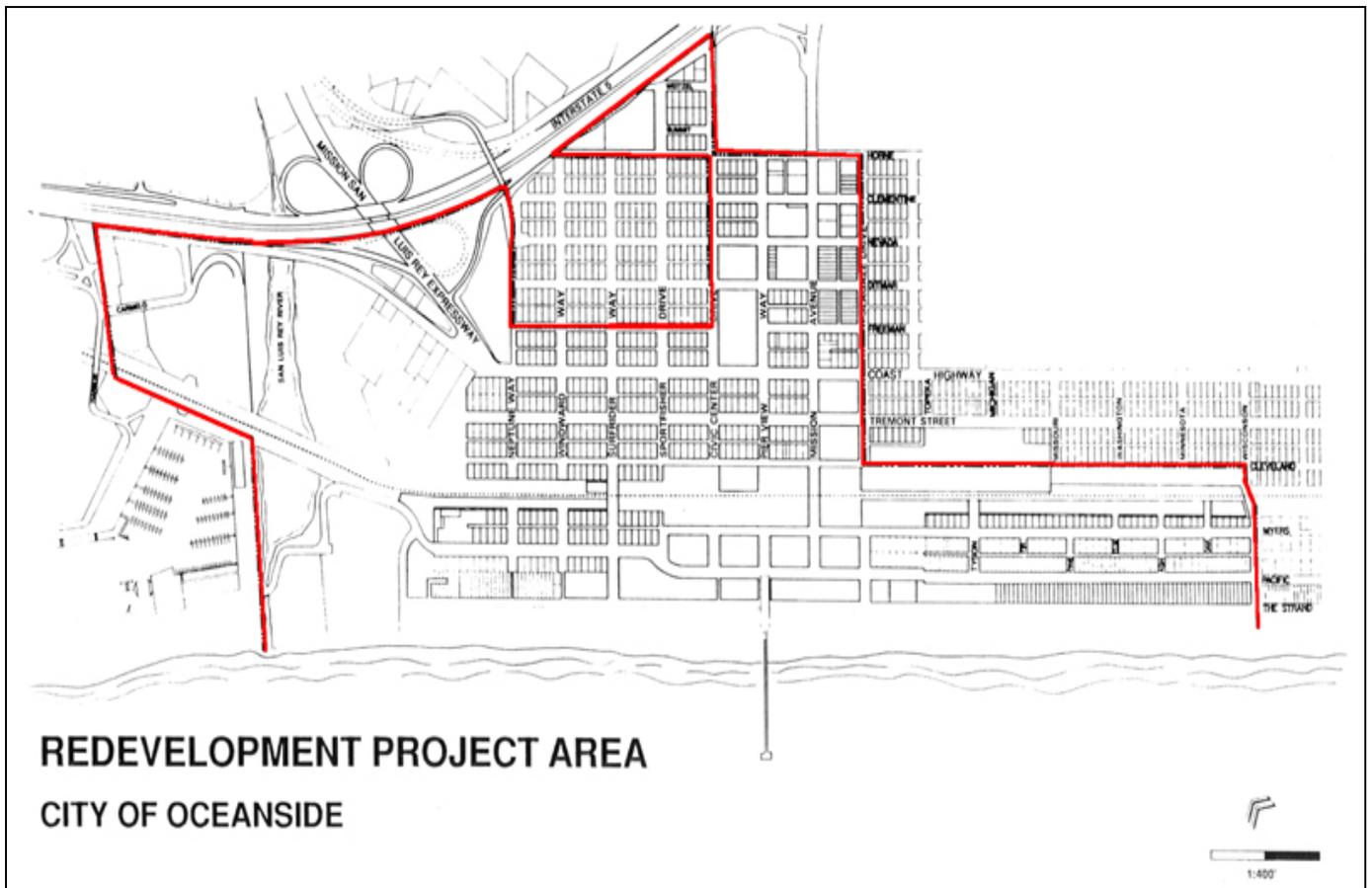


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**2010-2014 IMPLEMENTATION PLAN
OCEANSIDE DOWNTOWN REDEVELOPMENT PROJECT AREA
CITY OF OCEANSIDE**

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I. INTRODUCTION

This document contains the Five-Year Implementation Plan for the period of 2010 – 2014 for the Oceanside Downtown Redevelopment Project Area (Project Area), administered by the Oceanside Community Development Commission (Commission). The Implementation Plan is being prepared and adopted in accordance with California Health & Safety Code Section 33490, which outlines the purpose and requirements of the Implementation Plan as follows:

- Agencies were required to adopt their first five-year Implementation Plan for existing Project Areas by December 1994.
- Each Implementation Plan must state the Commission's goals and objectives for the Project Area, identify programs and expenditures over the next five years, and describe how these goals and objectives, programs, and expenditures will alleviate blight.
- The Implementation Plan must identify approaches to increase, improve, and preserve the supply of low and moderate-income housing. The Implementation Plan must further incorporate a plan to meet mandated housing production and affordability requirements.
- Each Implementation Plan can be adopted only after conducting a noticed public hearing.

II. THE ROLE OF REDEVELOPMENT

The Redevelopment Agency is a tool for the City to invest in an area in need of revitalization and create new opportunities. Redevelopment activities include infrastructure improvements, job creation, expanded opportunities for business, affordable housing opportunities, and general cleanup of environmentally-threatened and blighted areas. Through the investment in improvements to deteriorated areas, property values rise, resulting in an increase in property tax revenues. Redevelopment in turn can re-invest these funds back into the Project Area to purchase property, build public improvements and infrastructure and other programs to improve the conditions of the area. This in turn attracts private investment which stimulates the economic output of the area and generally benefits the community at large.

Redevelopment Plan: Oceanside Downtown Redevelopment Project Area:

The 375 acre Downtown Redevelopment Project Area was adopted in November 1975. The Project Area is located in the original urban center of the city adjacent to the rail corridor and the Pacific Ocean. The purpose of the Redevelopment Plan was to provide the Commission with the powers, duties, and obligations to implement and further the Redevelopment Plan for the redevelopment, rehabilitation, and revitalization of the Project Area.

The Plan's purpose was not to detail and present a specific plan or specify future projects for the revitalization of the area, nor did it attempt to solve all the concerns of

the community relating to the Project Area. Rather, the Redevelopment Plan presented a process and framework within which specific projects could be established, specific solutions proposed, and by which tools would be provided to the Commission to implement the program.

Since the adoption of the Redevelopment Plan in 1975, there have been nine Redevelopment Plan amendments. The amendments were usually the result of new State legislation that required Oceanside to adopt Plan Amendments to change the last date the plan would be effective, adopt or describe the eminent domain process or to change the time limit date to incur debt. Exhibit 1 is a comprehensive list of the amendments.

Affordable Housing:

Through redevelopment tools, Redevelopment agencies play a vital role in the funding and production of affordable housing. Within the adopted project area as property taxes increase, the Agency tax increment increases. The state requires 20 percent of the tax increment collected to be set aside for the development of affordable housing. Historically the Agency has given the Neighborhood Services Department the 20 percent funds to fulfill this obligation. In the last five years these funds have been used for the acquisition of land for the development of future affordable units and rehabilitation of existing projects.

Implementation Plan:

The Agency adopted the first Implementation Plan for the Redevelopment Project Area in December 1994. This Implementation Plan will be the third plan to be adopted. The purpose and the intent of the Five-Year Implementation Plan is to provide a document that defines the Agency's goals, objectives and programs for redevelopment. In addition, the State requires Agency's to perform a midterm update halfway through the five years.

III. BLIGHTING CONDITIONS

When the Project Area was created there were multiple blighting conditions cited for the establishment of the Project Area. Blight can be identified in two categories, physical blight and economic blight.

Physical blight can be defined by:

- Buildings in which it is unsafe or unhealthy due to building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.
- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.

- Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.
- The existence of lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

Examples of specific physical blighting conditions previously identified within the Project Area were related to vacant or underutilized land, a mixture of industrial uses adjacent to residential uses, seismic and structural reinforcement, toxic contamination, access for the disabled, building code violations, age and obsolescence of improvements, and lack of off-street parking.

In addition, the Project Area had some infrastructure deficiencies that required street reconstruction, storm drain and sewer improvements, water capacity improvements, underground utility projects, public parking improvements, and improvements to the pier and beach area.

Economic blight can be defined by:

- Depreciated or stagnant property values.
- Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459).
- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.
- A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, banks and other lending institutions.
- Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, “overcrowding” means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of Regulations.
- An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.
- A high crime rate that constitutes a serious threat to the public safety and welfare.

The previously identified economically blighted conditions in the Project Area were characterized by a historic lack of commercial investment by property owners and businesses in the area; a high commercial vacancy factor; lack of a permanent residential base capable of supporting a viable commercial district; the presence of

numerous bars and adult-oriented businesses; and the lack of tourist amenities and accommodations.

The Redevelopment Plan was developed to correct existing deficiencies and to capitalize on the Project Area's assets. Since the adoption of the Redevelopment Plan the Commission has worked aggressively toward reversing the effects of blight and preventing the continued deterioration of the Project Area. The Commission has completed many projects and continues to participate in ongoing projects and programs to mitigate specific blight conditions identified in the original Report to Council and within the Redevelopment Plan.

IV. GOALS AND OBJECTIVES

The goals of the Commission are the continued elimination and prevention of blight, to continue to revitalize the area to create new opportunities, improve infrastructure, create jobs and expand business opportunities within the Project Area.

The specific goals and objectives of the Commission over the next five years include the following:

Goals:

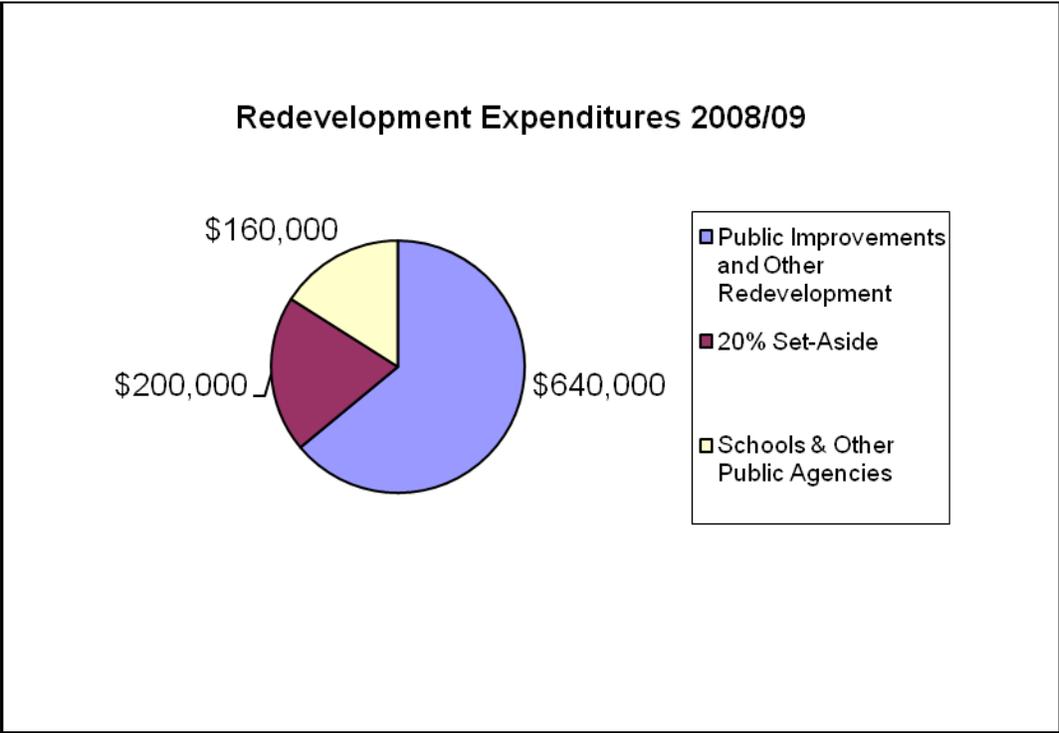
1. To continue to eliminate blight and to capitalize on the area's assets and redevelop the Project area in accordance with the Redevelopment plan.
2. To stimulate economic growth by attracting, expanding and retaining desirable businesses which increase employment opportunities for the community and enhance the tax base.
3. To provide necessary public improvements to infrastructure, public venues and facilities that serve the Project Area, the community and the visitor serving population.
4. To increase, improve and preserve the community's supply of affordable housing for very low, low-and moderate-income households that benefit the City and the Project Area.
5. To promote compatible development of residential and commercial development which positively relate to adjacent land uses.
6. To provide quality design, land use plans and redevelopment policies to facilitate future redevelopment activities and projects.
7. To market and promote the downtown as a regional destination for the community and the tourism population.

Objectives:

- A. Create plans, policies and programs that support redevelopment activities and provide direction to derive the greatest public benefit, by establishing land use objectives and policies, development standards and design guidelines.
- B. Create concept plans to provide viable housing options that benefit within and outside the Project Area, span a range of incomes and promote affordable housing.
- C. To utilize tax increment generated by new development to finance and build additional public improvements, and amenities that benefit the Project Area and the City.
- D. Facilitate the construction of the Oceanside Beach Resort project to stimulate the urban core of the Project Area.
- E. Continue to abate incompatible, nonconforming uses and signs.
- F. Improve existing public infrastructure (e.g. streets, parking, sidewalks, parkways, lighting, landscaping, and signage) in the public right of way.
- G. Facilitate in the acquisition and redevelopment of nonconforming uses.
- H. Continue to process entitlements efficiently and timely to meet the Redevelopment Plan goals.
- I. Develop and implement a program to create a more pedestrian-friendly downtown.

Tax Increment Spending:

All tax increment monies generated in the adopted redevelopment project area are allocated among three basic public uses; 1) affordable housing, 2) schools and other public agencies, and 3) public improvements and other redevelopment activities. The pie chart below provides an example of how \$1 million of tax increment revenues would be allocated among the three uses. The schools and other public agencies include; City of Oceanside, Oceanside Unified School District, Mira Costa College, County of San Diego, Tri-City Medical Center, San Diego County Water Authority, and the Metropolitan Water District.



V. PAST ACCOMPLISHMENTS

The Commission has completed numerous projects in the Project Area since the Redevelopment Plan was adopted in 1975. These have included both financial assistance toward private development activities and the installation and improvement of public infrastructure, investment in City/Agency buildings, establishing programs and financing and creation of affordable housing.

The downtown has seen major changes since 1975 and these successes have been key to recreating the downtown in a modern image. A more comprehensive list of the Agency’s redevelopment and housing activities is provided in Exhibit 2.

TABLE 1 Completed Projects 1975 – 2004	
Projects	Description
Relocation of the Railroad Switching Yards	Through the combined efforts of the City of Oceanside Redevelopment Agency, the United States Marine Corps and the Atchison Topeka and Santa Fe Railway, the railroad switching yards were relocated from downtown Oceanside to the Camp Pendleton Marine Corps Base in 1985. This freed up 25 acres of land in the downtown for development and provided the linkage between downtown and the ocean front.

TABLE 1	Completed Projects 1975 – 2004
Projects	Description
Pacific Street Linear Park Extension & Development of the Beach Parks	In 1987 landscape improvements along the bluff; development along the beach included children's playground equipment, picnic areas and public restrooms; and a handicapped accessible ramp leading down into the park from Pacific Street.
Strand Restoration and Pier Improvements	The pier and the area improvements to the community center, the pier structure, the amphitheatre, and the beach parking lots – complete in 1987.
Pier Restoration	A \$3.5 million restoration of the Oceanside Municipal Pier was completed in 1987.
Sea Village Condominiums	50-unit condominium project adjacent to the railroad tracks, completed in 1985, was the first major residential community to be developed downtown in more than a decade.
San Miguel Condominiums	This is a 243-unit Mediterranean style beach condominium project completed in phases – 1987-1992.
Beach Parking Lots	The acquisition of land for the construction of new parking lots and improvements to existing parking lots. The construction of 9 new parking lots for an addition of 1,071 parking spaces.
Mission Avenue Extension	Extension of Mission Avenue provided a much needed and crucial crossing for vehicles over the railroad tracks in 1989.
OceanPlace Entertainment Center	A 16-screen theater complex with 3,068 square feet of retail space, 9,629 square feet of restaurant space and 6,462 square feet of food court space opened in 1998.
Purchase of the PlayGirl Club	Agency purchased and closed a nude bar in 2002.
Pacific Street Realignment	The realignment of Pacific Street between Civic Center Drive and Surfrider Way was completed in 1988.
Façade Improvement Program	In 1988, the Redevelopment Agency adopted a Commercial Façade Improvement Program that was designed to help downtown property owners and merchants to rehabilitate the exteriors of their buildings

TABLE 1	Completed Projects 1975 – 2004
Projects	Description
Civic Center Construction	The Redevelopment Agency acquired property that formerly housed businesses such as adult theaters and empty rundown commercial buildings to make way for the new Civic Center Complex. The Library opened to the public in December 1989 and the City administrative buildings in March 1990.
Sixth Street Turnaround	In 1998, a vehicular “turnaround” was constructed at the end of Surfrider Way (previously known as Sixth Street). This “turnaround” enables motorists to drive down to the beach on Surfrider Way and drop off beach goers and then come back up Surfrider Way.
Undergrounding of Utilities & Streetscape Improvements	The removal of old power and utility poles located mainly in the commercial area of the downtown have been replaced by relocating the utility lines underground. Streetscape and sidewalk improvements included the 200 block of North Coast Highway, areas of Mission Avenue and Tremont Street and Surfrider Way.
Corporation Yard Relocation	In 1991, the City's corporation yard was located downtown at the northeast corner of Civic Center Drive and North Cleveland Street and housed the City's maintenance garage. The site of the corporation yard and Parks and Recreation yard are now home to 37 single-family row homes.
Farmers' Market	In May of 1992, the Redevelopment Agency opened a Certified Farmers' Market on Pier View Way between North Coast Highway and Ditmar Street.
California Surf Museum	The California Surf Museum was relocated to 223 North Coast Highway in 1996.
Oceanside Museum of Art	The Museum of Art was located to 704 Pier View Way in 2007.
Sunshine Brooks Theater	The City has rehabilitated this 1940's movie house for use as a community theater.

TABLE 1	Completed Projects 1975 – 2004
Projects	Description
Pier View Way Pedestrian Under Crossing	Construction of a Pedestrian Under Crossing, at grade-separated pedestrian and bicycle access was completed in 2002.
Trendwest Timeshare Project	A 140-unit point based vacation resort located east of the harbor area opened in November 2001.
Pacific Village Homes	In 2002, 54 homes reminiscent of the brownstone row houses built during the turn of the century were completed.

VI. COMPLETED PROJECTS AND CONTRIBUTION TO BLIGHT ALLEVIATION 2004 - 2009

The 2004-2009 Implementation Plan identified a number of goals which included the continuation of the elimination of blight; establishing the downtown as a business and visitor center for recreation, tourist, entertainment and residential uses; public improvements; the attraction of a beach destination resort; reducing the incidence of crime and providing housing opportunities. All of the goals the Agency identified have been accomplished over the past five years. These projects are briefly described below and a more comprehensive list of projects is listed in Exhibit 3.

Private Projects: The Commission has actively pursued and facilitated a number of private development projects. The Agency took over all of the entitlement and planning process, which has significantly expedited the approval process. Some of the more significant projects completed within the last five years include; La Quinta, Motel 6, Summit Village, Coastal Town Lofts, the Pac Bell reuse project, Oceanside Terraces (Parcel B), Pier Resort Hotel (Wyndham Resort), Holiday Inn, Sea Cliff, Crystal Sands, 400 South Strand, and Montego. Within the above mentioned projects several new retail and restaurant establishments have opened such as; 333 Pacific, Sea Breeze Café, Fashion Identity, Ensemble, Harney Sushi, Red Cup Yogurt, and Maui Wowi Coffee.

Due to the new developments and the City's investment, the Project Area has had several new commercial and restaurant operators open within the downtown which include, but are not limited to; Skirt, Ocean Shine, Vigilucci's, Pier View Coffee, Lone Star BBQ, Breakwater Brewery, Beachside Grill and Davina's Cabo Grill.

As a result of the above mentioned projects and private investments, the Project Area has an additional 413 residential units, approximately 26,000 square feet of commercial-retail, over 10,000 square feet of office, 136 timeshares and 300 hotel rooms. It is estimated that these projects have generated over 700 jobs and over \$700,000 in transient occupancy tax for the general fund and an increase in over

\$4,000,000 in tax increment. In addition, the increase in tax increment has resulted in an increase to the 20% set aside funds for affordable housing by \$900,000.

Tables 2, 3, and 4 identify the specific goals and objectives achieved with the implementation of each project.

TABLE 2 Private Projects 2004 - 2009		
Projects	Description	Goal/Objective
Motel 6	106 hotel rooms	1,2,5,7
La Quinta	38 hotel rooms	1,2,5,7
Summit Village	29 condominium units	1,5,6
Coastal Town Lofts	28 condominium units	1,5,6
Neptune Villas II	12 row homes	1,5,6
Windward Villas	14 row homes	1,5,6
Ten Ten Lofts	Former PacBell office building converted into 32 live/work lofts	1,2,5,6, H
Pier Resort	Wyndham Resort 136 timeshares, 32 hotel units, and over 10,000 sq. ft. commercial	1,2,3,5,6,7, H
Nevada Manor	15 condominiums	1,5,6,H
Oceanside Terraces	38 condominium units, 6,650 sq.ft. of retail and 16,610 sq. ft. of office	1,2,3,5,6,E,H
Ocean Village	33 condominiums, 2 row homes and 10,000 sq. ft. commercial	1,2,3,5,6,E,H
Renaissance Terraces	Sea Cliff, a 96 unit residential project	1,5,6
Crystal Sands	9 condominium units	1,5,6,H
400 South Strand	8 condominium units, including public access to the beach	1,5,6,H
Holiday Inn Carmelo	110 hotel rooms	1,2,3,5,6,7,H

Over the past several years the Agency has acquired land and consolidated a number of smaller lots in the core downtown for the development of the Oceanside Beach Resort Project, which otherwise would not have been feasible. Within the last five years the Agency entered into a Development Agreement and Lease Agreement with a developer to build the Oceanside Beach Resort.

In the last five years, the Agency took over the planning and entitlement processing functions for the Project Area and the projects within the downtown were able to be expedited and processed more efficiently. The most significant projects entitled over the past five years are the Oceanside Beach Resort and the CityMark developments. Both projects have been entitled; however, due to the economic conditions are currently not moving forward. It is estimated that once these projects are completed they will generate approximately 1,000 jobs, \$3,400,000 in transient occupancy tax for the general fund, over \$2,500,000 in tax increment and \$400,000 in sales tax. The following is a list of some of the projects entitled within the last five years. A more comprehensive list is included in Exhibit 4.

TABLE 3 Projects Entitled 2004 - 2009		
Projects	Description	Goal/Objective
Montego	11 unit condominium project	1,5,6,H
Belvedere	Mixed use project with 65 condominium units, live-work lofts and commercial retail	1,2,3,5,6,E
Portola	Five story mixed use project, 15 condominiums, 7 live-work lofts	1,2,5,6,E
Pacific Blue	Site that had been a health and safety issue for the City was cleared and approved for 24 condominium units	1,5,6,E
Oceanside Beach Resort	289 hotel rooms, 47 boutique hotel rooms, 48 timeshare units, and 19,000 sq. ft. of visitor serving commercial	1,2,3,5,6,7 C,D,F,H
CityMark	231 condominium units, 124 hotel rooms/office and 48,000 sq. ft. visitor serving commercial	1,2,3,5,6,H

Public Improvements: To benefit the Project Area and to attract new private investment and development, the Commission has provided extensive public improvements. The Agency's projects have included participation in the construction of a parking structure; several street improvements and upgrades; undergrounding of utilities; improved street lighting; landscaping; façade enhancement; signage and art element; the installation of 32 bike racks; the creation of over 50 additional parking spaces within the existing street grid; and improvements to the pier.

The proposed Beach Resort site had a few older dilapidated buildings which were being vandalized and contributed to the blight of the downtown. The Agency had the site cleaned of all debris, overgrown vegetation and all structures, with the exception of a historic building that is being retained within the project.

To assist the existing businesses within the downtown the Agency operated a commercial façade improvement program which has assisted smaller commercial developments with financial assistance toward façade improvements. This program has greatly enhanced the appearance of several older buildings within the downtown. From the inception of this program the Agency has assisted over 110 properties.

In addition, the Agency financially contributed to the expansion of the Oceanside Museum of Art and the relocation of the California Surf Museum. The Agency also performed several upgrades and improvements to facilitate the creation of a Sunset Market. The Sunset Market has been a tremendous economic stimulus to the downtown

The Agency has purchased numerous banners and holiday decorations for the street lights in the downtown to help promote activities and events throughout the year. These activities contribute to the alleviation of inadequate public improvements and enhance the potential for new private development.

Staff has processed all the entitlements for projects in Redevelopment as well as several amendments to the Redevelopment Zoning Ordinance and Local Coastal Plan to establish new and improved land use definitions, and to create a more user-friendly document to assist and facilitate business to locate within the Project Area.

In February 2008, the North County Transit District started its Sprinter line, which is a new light rail that runs 22 miles from Oceanside to Escondido. The Project Area has seen a great influx of people utilizing this train for transportation to school, work, recreation, and the beach. The following is a list of Public projects completed within the last five years.

TABLE 4 – Completed Public Projects 2004 - 2009		
Projects	Description	Goal/Objective
North Coast Highway Beautification	This program included new landscaping and signage on Coast Highway from Harbor Drive to Highway 78.	3,6,F,I
Undergrounding of Utilities	Undergrounding of electrical lines adjacent to the Oceanside Terraces project.	1,3, C,F
Downtown Parking Structure	Construction of a 450 space public parking structure adjacent to the transit center.	1,3,6,C,F

TABLE 4	Completed Public Projects 2004	
Projects	Description	Goal/Objective
Sunset Market	Upgrading of the electrical system and new decorative street lights to accommodate festival lights, banners and hanging baskets.	3,7, A,C,F,H,I
Oceanside Museum of Art	The expansion of the museum in February 2008 helped to enhance and expand the cultural resources in downtown.	2,3,7,C
California Surf Museum	Upgrades to a nude club to accommodate the relocation of the California Surf Museum into a 5,100 sq. ft. facility.	2,3,7,C
Directional Sign & Art Component	Replacement of an old dilapidated directional sign for advertising businesses and City events, and an "urban" art tree at the new Wyndham Resort.	1,3,7 C,E,F,I
Site Preparation (Hotel)	City had several old abandoned structures and vegetation removed from the proposed Beach Resort Site.	1,3,5,C,D
Downtown Promotions	Financially assisted the MainStreet Oceanside Association for downtown promotions, events, marketing, advertising and promotions in addition to numerous banners and holiday decorations for the downtown.	3,7,A,I
Commercial Façade Improvement Program	Agency financially assisted private property owners in enhancing the exterior of their businesses.	1,6,
Local Coastal Plan Amendments & Zoning Ordinance Revisions	New and improved land use definitions, creation of a more user-friendly Zoning Ordinance.	1,2,6,A,D,H
Oceanside Beach Resort Development Agreement and Lease	Agency entered into a Development Agreement and long term lease with a financial commitment of \$27.6 million, for the assistance in construction of the parking structure and offsite improvements.	1,2,7,C,D,G

Oceanside Pier	Repair and maintenance to the pier and underbracing.	3,7,C
Housing Projects	2004 - 2009	
Vintage Point II	186 new senior apartments	4,5,B
Old Grove	56 new family apartments	4,5,B
Shadow Way	acquisition and rehabilitation 144 units of family housing	4,5,B

VII. AFFORDABLE HOUSING

Introduction

Redevelopment agencies are required to include a housing production plan in each five-year Implementation Plan. The housing plan must specify the Commission's intended approaches to increase, improve, and preserve the supply of low- and moderate-income housing.

Housing Element:

The City of Oceanside 2005-2010 Housing Element has been adopted and certified by the State. The Housing Element presents information on City demographic and housing characteristics, identifies principal housing needs in the community, assesses opportunities and constraints to meeting housing needs, and identifies specific housing goals, policies, and programs. The 2005-2010 Housing Element identified four objectives to address Oceanside's Comprehensive Housing Goal of ensuring that decent, safe, and sanitary housing is available to all current and future residents of Oceanside at a cost that is within the reach of the diverse economic segments that comprise the City.

The four objectives identified in the Housing Element are as follows: (1) The City shall strive to produce opportunities for decent and affordable housing for all Oceanside citizens; (2) The City shall promote equal opportunity for all residents to reside in the housing of their choice; (3) The City shall encourage development of a variety of housing opportunities, with special emphasis on providing: a) a broad range of housing types, with varied levels of amenities and number of bedrooms; b) sufficient rental stock for all segments of the community, including families with children; and c) housing which meets the special needs of the elderly and the handicapped; (4) The City shall protect, encourage, and provide housing opportunities for persons of low and moderate income.

The adoption of this Implementation Plan is expected to occur prior to the update of the 2010-2015 Housing Element. Therefore, calculations regarding how housing set-aside funds should be targeted are based upon housing needs identified in the City's 2005-2010 Housing Element.

The Commission will amend and/or update the Implementation Plan during the mandatory Mid-Term update process to reflect outcomes of the Housing Element update and the Affordable Housing Development Strategy.

Housing Set-Aside Strategy:

State Redevelopment Law requires that 20% of the tax increment generated in each Project Area be used for the purposes of increasing or improving the community's supply of very low, low, and moderate-income housing. One exception to this requirement pertains to Redevelopment Plans adopted before 1977, where those Project Areas were allowed to defer housing set-aside deposits until 1996-1997 to fund existing project, programs, and activities.

The Commission did not have revenues available to satisfy the Net Housing Set-Aside Requirement because of pre-existing Redevelopment debt obligations and pre-existing programs, projects, and activities. Based upon these pre-existing conditions, a reduction in the required annual deposits to the Housing Fund continued through fiscal year 1988-89. This resulted in a cumulative deficit in the Housing Fund of approximately \$4.5 million. Per the provisions of the Low and Moderate Income Housing Deficit Reduction Plan (adopted October 1989) an annual payment is made by the Commission according to an amortization schedule. The first payment on the Housing Fund Loan was made in fiscal year 2003-2004 and continues annually in accordance with the debt service schedule until paid off in 2016-2017.

Housing Fund Targeting:

Under California Health and Safety Code Section 33334.4, the Commission must expend 20% funds in accordance with an income proportionality test and an age proportionality test. These proportionality tests must be met between January 1, 2002 and December 31, 2014, and then again through the termination of the project area. The results of the proportionality test are described in the following sections.

Income Proportionality Test:

The income targeting proportionality test requires a redevelopment agency to expend 20% funds in proportion to the unmet housing needs that have been identified for the community pursuant to Government Code Section 65584. The proportionality test used in this report is based on the 2005-2010 Regional Housing Needs Assessment (RHNA) figure prepared by the San Diego Association of Governments (SANDAG). The RHNA established the following unmet needs for affordable housing in the City of Oceanside.

TABLE 5			
Regional Housing Needs Assessment Unit Obligations			
Income Category	Total Units	% of Total	Expenditure Proportionality
Very-Low Income	1,454	39%	At Least 39%
Low Income	1,042	28%	At Least 28%
Moderate Income	1,215	33%	At Most 33%
Totals	3,711	100%	

To comply with the Section 33334.4 requirements, the Commission must spend at least 39% of the Commission's 20% fund on projects and programs dedicated to very low income households, and no more than 33% on projects and programs dedicated to moderate income households.

The following summarizes the actual income from January 1, 2002 through FY 2009. This policy is not to be implemented until January which is why the entire fiscal year is not included. Also shown are projected expenditures by income category between FY 2010 to December 31, 2014. As shown, by the end of the obligation period it is anticipated that the Commission will have allocated 51% of the Commission's 20% fund to very-low income households and 49% to low income households. As such, the Commission will meet the housing fund targeting requirements.

TABLE 6				
Expenditures by Income Category January 1, 2002 – December 31, 2014				
Year	Very Low	Low	Moderate	Total
Actual: 1/1/02 – FY 2009	\$8,952,000	\$9,899,000	\$0	\$18,851,000
Projected: 2010 – 2014	\$12,600,000	\$10,500,000	\$0	\$23,100,000
Total	\$21,552,000	\$20,399,000	\$0	\$41,951,000
% of Total	51%	49%	0%	100%
Proportionality Limit	39%	28%	33%	100%

Age-Restricted Proportionality Test:

Section 33334.4 also requires redevelopment agencies to cap assistance for age-restricted housing. The age proportionality test is a percentage that is based on how many of the low and very low income residents are 65 or older compared to the total very low and low income population in Oceanside. As shown below, based on the 2000 United States Census data, the very low and low income senior citizen population represents 32% of the very low and low income population in Oceanside.

TABLE 7		
Age Restricted Proportionality Test		
Income and Age	Population	Expenditure Proportionality
Very Low/Low Income Under 65 Years Old	15,294	68%
Very Low/Low Income 65 Years and Older	7,202	32%
Total	22,496	100%

The following summarizes the actual expenditures from January 1, 2002 through FY 2009 and projected expenditures from FY 2010 and December 31, 2014. The table below demonstrates that by the end of the obligation period it is anticipated that the Commission will have allocated 23% of the Commission's Low-Mod Housing fund to age-restricted housing and 77% of funds to non-restricted housing. As such, it is anticipated that the Commission will meet the housing fund targeting requirements.

TABLE 8			
Expenditures by Project Type			
January 1, 2002 – December 31, 2014			
Year	Age Restricted	No Age Restriction	Total
Actual: 1/1/02 – FY 2009	\$9,699,000	\$9,152,000	\$18,851,000
Projected: FY 2010 – 12/31/2014	\$0	\$23,100,000	\$23,100,000
Total	\$9,699,000	\$32,252,000	\$41,951,000
% of Total	23%	77%	100%
Proportionality Limit	32%	68%	100%

Replacement Obligation:

State law also requires the replacement of low- and moderate-income housing when an agency causes the removal of such housing as part of its redevelopment activities. Redevelopment agencies are required to cause the development of replacement dwelling units, for low- or moderate-income households, in numbers equal to those eliminated within four years of removal.

The Commission does not anticipate the displacement of any housing units during the plan years.

Inclusionary Housing:

The inclusionary housing production requirement does not apply to Redevelopment Plans adopted before 1976. The Oceanside Downtown Redevelopment Project Area, adopted in 1975, is therefore exempt from this obligation.

VIII. Proposed Housing Program

The State law has specific requirements for agencies to outline proposed housing activities at varying levels of detail for five years, ten years, and the life of the Redevelopment Plan. Currently the life of the Redevelopment Plan would end in 2018, unless further extended. Accordingly, this section addresses the Commission's housing goal, and identifies planned housing production, and affordable for all three time periods.

Commission Goals:

The Commission has identified one key housing goal for its Project Area: To provide housing opportunities that benefit the Project Area, for all economic segments of the community including development of projects inside and outside the Project Area that benefit the Project Area.

Housing Funds and Expenditures:

Agencies are required to identify: (1) available balances in Low/Moderate Income Housing Funds(s); (2) estimated annual deposits to the Housing Fund over the next five years; and (3) estimated annual Housing Fund expenditures over the same period.

The current balance of the Commission's 20% fund is \$2,898,000. The Commission deposited \$2,200,000 into the 20% fund last year from tax increment. Since 20% funds are a function of property tax revenues, the actual amount of future deposits will depend on factors such as market conditions, the timing of new taxable developments, and the number of properties that receive a reduction in the tax rate through the County Tax Assessor. An estimate of the amount of 20% funds that will be available for projects over the next five-years was formulated based on years 2009-10 remaining flat year 2010-11, declining in years three (2011-12) through five (2014-15), and then having a projected annual increase of 2%. Using this assumption, the Commission can expect a total of about \$11,300,000 into its Housing Funds over the next five years. In

combination with the existing balance, the Commission would therefore, have an estimated total of \$14,197,798 in 20% funds available.

Housing Program:

The Neighborhood Services Department implements City policies and programs that provide housing assistance for low and moderate income households. The Commission intends to concentrate its efforts on improving and preserving low-and moderate-income rental housing stock, and eliminating serious health and safety hazards in rental units affordable to low- and very-low income families, including areas within and outside the Project Area that benefit the Project Area. Subject to availability, Commission funds will be targeted to new construction and rehabilitation projects both inside and outside of the redevelopment project area as described below.

- Affordable Housing Site Property Acquisition - The approved Affordable Housing Strategy places a priority on land banking available property for future affordable housing development. Oceanside continues to explore sites for potential projects and continues to work with affordable housing developers to explore the purchase of available parcels or multi-unit complexes for acquisition/ rehabilitation projects.
- New Construction Program – Approximately \$14.0 million toward the construction of nearly 500 units of multi-family rental complexes targeted to very-low and low-income seniors and families through the construction of Lil Jackson Senior Apartments and the Mission Avenue development.
- Acquisition and Rehabilitation Program – The approved Affordable Housing Strategy also places a priority on acquiring existing rental properties and rehabilitating them for low and very-low income seniors and families. Oceanside continues to explore sites for potential projects and continues to work with affordable housing developers to explore the acquisition and rehabilitation of existing units. Recently completed project includes Shadow Way Apartments.

Exhibit 7 forecasts the total number of units likely to be assisted by the Commission from 2010 through 2014. As shown, the Commission's five-year program calls for the development of over 500 units of affordable housing with the majority of the funding coming from the Commission's set aside fund.

Exhibit 8 illustrates the number of affordable housing units to be developed over the life of the plan. The Commission proposes to use its housing funds in an expedient and cost-efficient manner for development of affordable housing. The actual timing and expenditure for these funds will depend on the subsidy requirements for specific development proposals, the level of developer interest, and the availability of other funding sources.

- Low-Mod Housing Fund

Exhibit 9 presents an illustrative example of how the Commission's affordable housing program will be financed on an annual basis over the next five years. Timing the specific amounts of the expenditures may need to be adjusted over time. Specific decisions on each of the line items will be made as part of the Commission's annual budget process. These estimates are summarized as follows:

TABLE 9	
Projected Low Mod Fund Revenue / Expenditures	
5 year plan 2010-2014	
Beginning Balance	\$2,898,000
Revenues	\$44,655,000
Expenditures	<u>(\$42,063,000)</u>
Ending Balance	\$5,490,000

IX. REDEVELOPMENT PROPOSED WORK PROGRAMS

This section identifies programs and possible projects for the Project Area for the next five years. Explanation is also provided as to how these goals, programs, and projects will alleviate blight.

Agency activities are divided into two sets of activities: (1) projects designed to assist private development throughout the Project Area; and (2) public infrastructure and facilities identified as Project Area-wide activities.

Private Projects:

The Commission plans a combination of new private development and rehabilitation on various sites in the Project Area. Potential programs and projects include:

- Facilitating construction of the Oceanside Beach Resort.
- Processing all Project Area planning approval and entitlements, Ordinance changes, Zone Amendments and Local Coastal Plan Amendments.
- Provide funding to support the goal of low-and moderate-income housing programs and rehabilitation assistance to provide housing opportunities, including projects within and outside the Project Area, that benefit the Project Area.

Public Improvement Program:

The Agency plans several public improvements for the Project Area over the next five years. Proposed programs include:

- Enhancing the public right-of-ways in the downtown through new paving, lighting, landscaping, sidewalks, street furniture and signage.
- Improving the traffic circulation in the area and creating a more walkable and pedestrian area through “bump outs”, evaluation of one-way couplets, and other programs.
- Addressing illegal and non-conforming uses through a comprehensive code enforcement program.

- The exploration development opportunities on a City-owned block to provide office development and additional parking opportunities.

These programs and potential projects are identified in this Implementation Plan in Exhibit 5. This work program is based on available resources and perceived market opportunities. These programs are identified as near term opportunities to capitalize on the Project Area's assets and to assist in the elimination of blight. However, over the term of the plan, economic conditions and market trends may require new implementation programs or an adjustment to priorities.

X. PROPOSED EXPENDITURES

Redevelopment agencies are required to identify their proposed expenditures over the next five years for purposes of alleviating blight. Commission expenditures for the programs identified in this five-year plan will be derived from the following key sources:

- (1) Sale of tax allocation bonds supported by Project Area tax increment revenues.
- (2) Tax increment revenues over and above the amounts required to cover debt service on any tax allocation bonds.
- (3) Revenues from other sources
- (4) Housing set-aside funds must be used for low and moderate-income housing. The status of the Agency's Housing Funds, possible housing developments, and potential expenditures are reviewed in the next section.
- (5) Proceeds from land sales to private developers for purposes of implementing specific redevelopment projects.

Tax revenues are expected to represent the major funding source for Agency programs. The 2008-2009 annual revenues from the Project Area were \$11 million; however, a substantial share of this figure is encumbered by existing obligations, such as debt service on outstanding bond issues, the 20% housing set-aside, pass-through payments to other agencies and administrative payments to the County.

As noted in the table below, ending balance for fiscal year 2008-2009 was approximately \$1,057,600. Ending balance is the amount available for new programs out of the tax increment received after subtracting administrative costs and debt service payments.

TABLE 10 Ending Balance Available for New Programs	
Gross Tax Increment	\$11,157,000
Add: Interest Income	\$ 734,600
Add: Lease Income	\$ 1,100
Add: Other Revenue	<u>\$ 61,000</u>
Total Revenues	\$11,953,700
(Less) Low and Moderate Income Housing Fund 20%	(\$2,231,400)
(Less) Pass Through Payments	(\$1,115,700)
(Less) Debt Service	(\$5,015,000)
(Less) Administration/Professional Services/Planning	(\$1,366,000)
(Less) Redevelopment Activity	<u>(\$1,168,000)</u>
Total Remaining	\$1,057,600

A revenue and expense projection for the Commission is presented in Exhibit 6 that shows fiscal years 2009-10 through 2014-15. The projected income calculations have been estimated to remain flat in fiscal year 2009-10, decreasing slightly in 2010-11, then increasing about 2% annually for the following years.

At this time, the Commission can expect to receive revenues less all obligations of the Agency of approximately \$1.2 million over the next five years. However, with the volatile economy and property tax appeals, these projections may need to be adjusted downward.

In addition to the revenues noted above, the Commission has approximately \$15.2 million in bond proceeds available as of July 1, 2009, which are reserved for the following agency activities:

TABLE 11 Bond Proceeds	
Mission Avenue Improvements	\$1,915,000
Downtown Drainage Improvements	\$2,309,300
Tyson/Wisconsin Parking Lot	\$ 962,100
Waterfront Improvements	\$4,380,700
Beach Resort Public Improvements	\$5,100,000
Lot 23 Project	<u>\$ 550,000</u>
Total	\$15,217,000

The actual amounts and timing of Commission expenditures will depend on the total actual cost of each project and availability of funding. The Commission will continue to leverage its limited financial resources with other funding sources in order to implement its redevelopment programs. These sources may include, among others, advances or payments from developers and property owners, bonding on future tax increment, receiving grants from State, Federal or local agencies, low-income housing tax credits and financial participation by other public agencies.

State Budget Legislation

Due to the magnitude of the State's ongoing budget deficit, the State has taken legislative actions in the past four fiscal years that has impacted available property tax revenues for California redevelopment agencies. The State adopted Assembly Bill 26 4x (AB 26 4x) to shift approximately \$2.05 billion, \$1.7 billion in FY 2009-10 and \$350 million in FY 2010-11 in property tax revenues from California redevelopment agencies, which will be deposited in county "Supplement Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligation to schools.

XI. SUMMARY

This Implementation Plan for the Oceanside Downtown Redevelopment Project Area sets forth specific projects and activities planned over the next five years. The Commission has selected projects and activities subject to two criteria:

- 1) They will assist in the alleviation of existing blighting conditions.
- 2) They can reasonably be achieved with the funding resources that are anticipated to be available.

The Commission's redevelopment and housing programs include: financing of public improvements and infrastructure; developer solicitation and financial participation in new private developments; rehabilitation assistance to property owners; and subsidies for low-and moderate-income housing projects through the 20% set aside, including areas within and outside the Project Area that benefit the Project Area.

The activities and programs described in this plan have been selected in order to alleviate conditions of blight, encourage desired private development, establish downtown Oceanside as a business and tourist destination, and improve housing opportunities for Oceanside residents.

During the five-year term of this Implementation Plan, other public and private programs may be judged both feasible and worthwhile. It is particularly likely that new development opportunities will arise once the economic climate increases. It will be necessary for the Commission to respond quickly to evaluate such opportunities and, if appropriate, to incorporate them into the overall program. The Commission may elect to amend this Plan at any time following a noticed public hearing. In addition, the Commission will hold a public hearing on the Plan and its implementation, between the second and third year of the Plan.