FIVE YEAR IMPLEMENTATION PLAN

CITY OF LA HABRA REDEVELOPMENT AGENCY

2010-2014

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INTRODUCTION

About this Implementation Plan

Every five years, redevelopment agencies are required to adopt an implementation plan for each redevelopment project area that establishes five-year operational and financial work programs for carrying out the redevelopment and affordable housing responsibilities of the agency. This Five Year Implementation Plan ("Implementation Plan") for the City of La Habra Redevelopment Agency ("Agency") covers the five-year planning period for fiscal years ("FY") 2010 through 2014 for the Merged Redevelopment Project Area and the Beta 2 Project Area ("Project Areas"). This Implementation Plan also contains an update to the Agency's Housing Compliance Plan ("Housing Compliance Plan") for meeting the Agency's affordable housing requirements for the 10-year compliance period (FY 2005 to 2014), including obligations for producing, replacing, and expending funds for affordable housing.

Legal Authority

In 1993, the Legislature passed Assembly Bill 1290 (Chapter 942, Statutes of 1993), which enacted the California Community Redevelopment Law Reform Act and made changes to state redevelopment law (Health and Safety Code §33000 et seq.) ("CRL") in an effort to increase both the effectiveness and accountability of redevelopment agencies. One notable statutory change was the addition of Article 16.5 (§33490 et seq.) to the CRL, which required redevelopment agencies to adopt five year implementation plans for all Project Areas on or before December 31, 1994, and every five years thereafter. CRL §33490(a) requires that the Implementation Plan contain:

- The Agency's goals and objectives, programs, and projects within the Project Area for the next five years, including estimated expenditures.
- An explanation of how the goals and objectives, programs, projects, and expenditures will eliminate blight and promote affordable housing within the Project Area.
- A specific location that addresses the Agency's housing responsibilities, including the Agency's Low and Moderate Income Housing Fund ("Housing Fund") and the Agency's requirements for producing and replacing affordable housing.

Given these required contents, the Implementation Plan can naturally serve as more than just a compliance document to adhere to the legal mandates of State law. The Implementation Plan provides the Agency with an opportunity to thoughtfully craft a purposeful and deliberate strategy for the next five years.

ABOUT THE PROJECT AREAS

Who, What, Where, When, and Why

The City of La Habra ("City") is located in Orange County's northernmost point. Just 20 miles southeast of downtown Los Angeles, La Habra offers convenient access to beaches, mountains, and a wide range of employment opportunities throughout the greater Los Angeles and Orange County areas. La Habra is 7.3 square miles, and home to almost 63,000 residents.

The name La Habra was passed down to the community through the 1839 land grant – Rancho Canada de la Habra, which means "pass through the hills". The area was used for agriculture and livestock during much of the 1800's, until about 1890 when settlers began to purchase parcels of the then-bankrupt ranch. By 1896, a U.S. Post Office had been established and the small community became known simply as La Habra. In the ensuing years, people flocked to the area to work in the oil, avocado, nut, and citrus industries that began to flourish in the early 20th century, leading to the City's incorporation in 1925. Like most of the country, La Habra's industries and once-rapid growth suffered during the Depression, but by the end of World War II, prosperity returned, and the city once again began to grow and attract residents.

In 1975 the City of La Habra Redevelopment Agency ("Agency") was created by Ordinance No. 922 to address conditions of physical and economic blight in selected portions of the city. Between 1975 and 1996, the City Council established several redevelopment project areas generally in nonresidential districts along Imperial Highway, Harbor Boulevard, La Habra Boulevard and other main corridors in the City.

Currently, the Agency implements redevelopment in two project areas, the 400-acre Consolidated Redevelopment Project Area consisting of eight pre-existing project areas amended and merged by Ordinance No. 1544 on December 3, 1998, and the separate 18-acre Beta 2 Redevelopment Project Area. Together, the two Project Areas contain a variety of industrial, retail and other uses totaling approximately 418 acres, or 8.9 percent of the total area of the City.

A map of the Project Areas is presented on the next page.

Consolidated Project Area

The Consolidated Project Area was formed from the following eight constituent areas merged in December 1998:

Alpha 1 (Downtown). Alpha 1 encompasses about 41 acres along the City's major commercial corridor La Habra Blvd, including the Civic Center, major retail centers, and some neighborhoods.

Alpha 2. This Project Area is one commercial center, about 5 acres in size, at the southwest corner of La Habra and Harbor Blvds.

Alpha 3. Only 2 acres in size, this Project Area is located on the southwest corner of Whittier Blvd. and Elm St., and is now senior housing.

Alpha 4. Alpha 4 is composed of 6 commercial, non-contiguous sub-areas throughout the city totaling about 167 acres.

Beta 1. Located at the southeast corner of Euclid and Second Sts, Beta 1 is over 23 acres of industrial land.

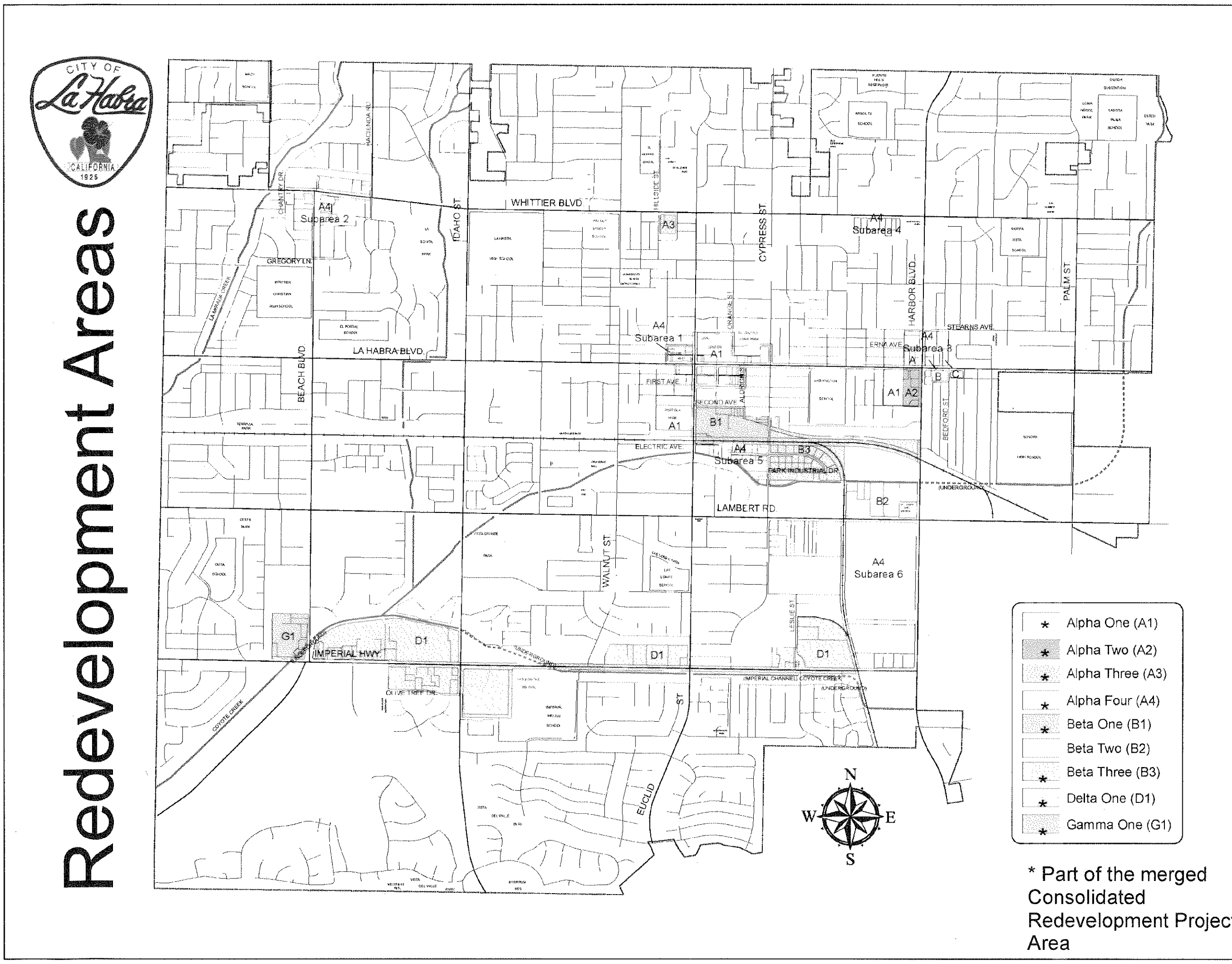
Beta 3. Just southeast of Cypress St., Beta 3 is comprised of 33 acres of industrial property.

Delta 1. This Project Area is 115 acres of commercial and industrial land, located along Imperial Hwy.

Gamma 1. Gamma 1 includes 11 acres of commercial land at the northeast corner of Beach Blvd. and Imperial Hwy.

Beta 2 Project Area

This Project Area includes 18 acres of industrial land at the northeast corner of Lambert Rd and



The Redevelopment Plans as amended for each Project Area set forth time limitations with regard to collecting tax increment revenue and plan effectiveness. Table 1 presents the current time limits contained in the Redevelopment Plans.

TABLE 1- LA HABRA REDEVELOPMENT PROJECT AREA LIMITATIONS					
Project Areas			**Plan Limits**		
	Date Adopted	Incur Indebtedness [1]	Effectiveness Date [1]	Receive Tax Increment [1]	Eminent Domain Authority
Consolidated Project Area					
Alpha 1	10/28/1975	Eliminated	10/29/2018	10/15/2028	12/31/1998
Alpha 2	3/1/1983	Eliminated	3/1/2026	3/1/2036	3/1/1995
Alpha 3	3/1/1983	Eliminated	3/1/2026	3/1/2036	12/31/1998
Alpha 4	7/18/1996	Eliminated	7/18/2028	7/18/2043	7/18/2020
Beta 1	12/28/1982	Eliminated	12/28/2025	12/28/2035	12/28/1994
Beta 3	3/1/1983	Eliminated	3/1/2026	3/1/2036	3/1/1995
Gamma 1	11/22/1983	Eliminated	11/22/2026	11/22/2036	11/22/1995
Delta 1	7/5/1988	Eliminated	7/5/2029	7/5/2039	7/5/2012
Beta 2	12/28/1982	1/1/2014	12/28/2022	12/28/2032	Waived

[1] Limits subject to adoption of proposed resolutions amending the Consolidated Redevelopment Plan for ERAF payments previously made, and to eliminate the time limit to incur debt as allowed by Senate Bill 211.
Sources: Redevelopment Plans, Report to Council Merger Amendment, Report to Council Alpha 4 Amendment, 1389 Report

REDEVELOPMENT ACCOMPLISHMENTS

The Public Value & Benefit of Redevelopment

Redevelopment has been a part of the City's community development program since 1975, facilitating the development of new public infrastructure, preservation and expansion of La Habra's supply of affordable housing, and stimulating economic development. Some recent accomplishments include the following:

Consolidated Redevelopment Project Area

Amendment No. 3 to Beta One: In May 2007, the City Council and Agency amended the land use provisions of the Beta One Constituent Redevelopment Plan to facilitate the redevelopment of closed citrus-packing houses and other industrial uses for market-rate housing. This is the site of the 91-unit Brio single family development which is expected to complete construction within the next two years.

Amendment No. 2 to Alpha Four: In June 2008, the City Council adopted the second amendment to the Alpha Four Constituent Redevelopment Plan, reinstating for 12 years the Agency's authority to use eminent domain to acquire property within this particular constituent area of the Consolidated Project Area. Although the Agency expects eminent domain to be used only as a last resort, it may be needed to complete the redevelopment of some portions of the Alpha Four area.

Vons (Smiths Food & Drug Centers, Inc.) Owner Participation Agreement: Pursuant to a March 17, 1992 OPA, the Agency continued to reimburse the owner for lease repurchase and public improvement costs for this completed project. The Agency's reimbursement obligations continue until the Owner is paid $2.17 million or until March 17, 2017, whichever is later.

Kmart Corporation/FF Properties, L.P. Owner Participation Agreement: The Agency continued to meet its reimbursement obligations to the owner for property acquisition, public improvements, construction of public improvements and land dedication as required by this June 29, 1993 OPA. The Agency's reimbursement obligations continue through the third quarter of 2014.

La Habra Marketplace Owner Participation Agreement: This OPA was originally executed on November 7, 1989 and subsequently amended to for a second phase on August 10, 1995. For Phase I, the Agency continues to remit reimbursement payments for parking and other public improvements to this project. Phase II obligations involve the reimbursement of asbestos abatement, which continued to be reimbursed by the Agency over the past five years.

Burch Ford Owner Participation Agreement: On January 31, 2000, the Agency and Burch Ford entered into an OPA to provide the owners a $485,000 loan for improvements to a new car dealership that subsequently ceased operations approximately eight years later. The Agency was reimbursed for the remaining amortized amount in 2009 per the agreement.

Acquisition of 1001 E. Imperial Highway: On September 11, 2007, the Agency acquired a 1.1-acre parcel near the intersection of Imperial Highway and Harbor Boulevard in the Alpha 4 constituent area of the Consolidated Project Area for the purposes of redeveloping the parcels into higher performing commercial uses.

Acquisition of 215 N. Euclid Street: In March 2009, the Agency exchanged a previously owned parcel located at 205 W. La Habra Boulevard for a 0.31 acre parcel located on the west side of Euclid Street between Francis Avenue and La Habra Boulevard. The appraised value of the land to be acquired was $922,500. The Agency intends to lease back the property to the La Habra Child Development agency for administrative and children's day care uses.

Maintenance of Other Agency-Owned Properties: In addition to the two parcels acquired in the past five years, the Agency continued to own and maintain nine other parcels:

Address	Parcel	Current Use	Acres	Purchased
North side of Imperial Highway, east of Beach Boulevard	018-381-64	Vacant/parking	2.84	6/27/1990
127 E. La Habra Boulevard	022-075-09	Vacant/parking	0.07	5/15/2003
111 E. La Habra Boulevard	022-075-10	Vacant/parking	0.06	5/15/2003
101 E. La Habra Boulevard	022-075-27	Vacant/parking	0.18	5/15/2003
SWC La Habra Boulevard & McPherson Street	022-201-01	Housing Site	0.16	3/21/2003
522 E. La Habra Boulevard	022-201-26	Housing Site	0.16	3/21/2003
520 E. La Habra Boulevard	022-201-27	Housing Site	0.16	3/21/2003
601 E. La Habra Boulevard[1]	303-125-16	Housing Site	0.15	9/22/1998
601 E. La Habra Boulevard	303-125-17	Housing Site	0.45	9/22/1998

Beta Two Redevelopment Project Area

The Agency did not undertake any redevelopment activities in the Beta Two Redevelopment Project Area in the past five years.

Affordable Housing

Casa Nicolina (Willowbrook Advisors Owner Participation Agreement): On May 21, 2007, the Agency and Willowbrook Advisors entered into an OPA for the rehabilitation of a 22-unit multifamily rental project located at 1510 W. La Habra Boulevard, formerly called Tiki Gardens. The Agency funded a $900,000 residual receipts loan to defray part of the costs of interior and exterior renovations to the project. The Agency obtained 55-year covenants to ensure that all 22 units would be restricted to low and moderate income households, consisting of 10 low income units and 12 very low income units.

SERAF Losses

On May 10, 2010, the Agency was forced to turn over $892,557 to the Orange County Auditor, a required payment resulting from the State's decision to raid $2.05 billion in local redevelopment funds as part of the 2009-10 State Budget. The payment was made in accordance with a ruling by Sacramento Superior Court Judge Lloyd Connelly which instructed local redevelopment agencies to abide by the provisions of ABX4-26 passed last year as part of the state budget. The bill allows the state to take $2.05 billion in redevelopment funding to use for state obligations.

[1] KDF Housing holds a long term lease on the 601 E. La Habra Boulevard property.

The California Redevelopment Association (CRA) is appealing the Superior Court ruling to the Court of Appeal.

Another $183,584 is due to the County in May 2011, for a total of nearly $1.1 million. Instead of going to fund local job creation, economic growth and revitalization projects, this money has been siphoned off to help pay the State's obligations.

IMPLEMENTATION PLAN GOALS

Community Reinvestment and Revitalization

The Redevelopment Plans for the Project Areas establish a variety of goals for redevelopment of each constituent Project Area. These goals frame the near term redevelopment objectives for the Implementation Plan period. For the purposes of this Implementation Plan, the Redevelopment Plan goals for the Consolidated Project Area are consolidated and summarized below.

CLEAN

Eliminate Blight. Eliminate and prevent the spread of blight, deterioration of buildings, incompatible and uneconomic land uses, and other environmental, economic and social deficiencies; improve the overall appearance and function of buildings, streets, and other public facilities, and assure that all buildings are safe for people and businesses to occupy.

GROW

Use Land Wisely. Encourage land assembly into parcels suitable for integrated development in the Project Areas, including mixed use. Allow for intensified commercial uses, where appropriate, for efficient use of land and provision of more local jobs. Guide the redevelopment of undeveloped areas which are stagnant or improperly utilized.

PRESERVE

Preserve and Enhance Community Character. Encourage a physical environment reflecting architectural principles valued by the community. Preserve viable and structurally sound buildings for reuse and assist in the revitalization of the City's commercial areas to encourage community identity and enhance economic viability.

SHOP

Create a Stronger Local Economy. Strengthen the City's economic base by attracting retailers and other revenue-generating uses to vacant commercial properties where feasible in order to ensure the long-term sustainability of the community and Project Area, while providing resources critical to the preservation and enhancement of local services.

INVEST

Maximize Public Investment. Stimulate broad private investment in the Project Area by strategically focusing redevelopment assistance in areas that yield the greatest return on public investment in infrastructure and private property improvements.

WORK

Increase Employment Opportunities for Residents. Improve the jobs-housing balance for La Habra by attracting a diverse range of industries and businesses for blue- and white-collar employees to the Project Area.

LIVE

Housing for All Families. Protect the health and general welfare of low and moderate income persons by preserving, increasing, or improving the community's supply of affordable housing. Provide for a range of residential types that meet the needs of La Habra residents.

ANTICIPATED CASH FLOW – CONSOLIDATED PROJECT AREA

Funds Projected to be Available to Finance Redevelopment

As of June 30, 2009 the Agency's non-housing fund balance was approximately $2.4 million. The Agency will receive about $15.8 million in tax increment revenues during this five year planning period, and an estimated $1.6 million in other revenues including revenue collected to repay a Community Financing District Bond.

TABLE 2 - CONSOLIDATED PROJECT AREA NON-HOUSING CASH FLOW PROJECTION

	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total
Beginning Fund Cash Balance	$ 2,446,284	$ 2,144,600	$ 2,496,000	$ 3,046,200	$ 3,673,400	
Revenue						
Total Tax Increment	2,895,421	3,020,471	3,159,043	3,301,773	3,448,785	15,825,494
Interest Income	87,200	21,446	24,960	30,462	36,734	200,802
Miscellaneous/Reimbursables	26,100	-	-	-	-	26,100
CFD Tax	277,911	275,000	275,000	275,000	275,000	1,377,911
Less: LMIHF Deposits	(577,187)	(604,094)	(631,809)	(660,355)	(689,757)	(3,163,201)
Less: Tax Sharing Payments	(432,268)	(466,433)	(503,747)	(542,486)	(585,061)	(2,529,995)
Net Revenue for Debt Service and Operations	$ 2,277,177	$ 2,246,389	$ 2,323,448	$ 2,404,395	$ 2,485,702	$ 11,737,111
Expenditures						
Debt Service CFD	270,468	272,140	272,850	272,650	271,850	1,359,958
Debt Service 2000 TAB	528,995	546,935	602,450	600,860	603,510	2,882,750
OPA Payment	611,500	611,500	611,500	611,500	611,500	3,057,500
State ERAF Payments	892,557	183,584				1,076,141
Administrative and Planning	169,737	173,132	176,594	180,126	183,729	883,318
Professional Services	105,575	107,687	109,840	112,037	114,278	549,417
Projects and Programs [1]	-	-	-	-	-	-
Total Expenditures [2]	$ 2,578,832	$ 1,894,977	$ 1,773,235	$ 1,777,173	$ 1,784,867	$ 9,809,083
Ending Fund Balance	**$ 2,144,600**	**$ 2,496,000**	**$ 3,046,200**	**$ 3,673,400**	**$ 4,374,200**	

[1] *Costs of Projects and Programs unknown at this time*

[2] *One expenditure not included: Agency owes the City money for paying the "B&C Agreement" on behalf of the Agency, payments are approximately $500,000 per year*

Source: HCD Reports, City Budget, RSG Estimates

The Agency will set aside approximately $3.2 million to the Housing Fund, and make $2.5 million in payments to taxing agencies. Debt service payments and owner participation agreements will require approximately $7.3 million. Another $1.1 million will be spent on SERAF payments, and administrative/professional service expenditures are projected to total $1.4 million. Thus, the Agency is anticipated to have just under $4.4 million in tax increment revenues to spend on projects and programs.

The Agency's Housing Fund has a starting balance of nearly $2 million in 2009-10. A total of $3.3 million in revenues are projected. Revenues may be spent on programs and projects. Currently, about $1.4 million is projected to be spent on administration and professional services, leaving approximately $3.9 million to fund projects and programs described later in this Plan.

TABLE 3 - CONSOLIDATED PROJECT AREA HOUSING FUND CASH FLOW PROJECTION	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total
Beginning Fund Cash Balance[1]	$ 1,982,410	$ 2,317,600	$ 2,667,400	$ 3,042,900	$ 3,445,000	
Revenue						
Total Tax Increment	577,187	604,094	631,809	660,355	689,757	3,163,201
Interest Income	30,000	23,176	26,674	30,429	34,450	144,729
Other Income	-	-	-	-	-	-
Net Revenue for Debt Service and Operations	607,187	627,270	658,483	690,784	724,207	3,307,930
Expenditures by Type						
Administrative and Planning	215,519	219,829	224,226	228,710	233,285	1,121,570
Professional Services	56,475	57,605	58,757	59,932	61,130	293,898
Transfers Out	-	-	-	-	-	-
Projects and Programs [1]	-	-	-	-	-	-
Total Expenditures	271,994	277,434	282,983	288,642	294,415	1,415,468
Ending Fund Balance	**$ 2,317,600**	**$ 2,667,400**	**$ 3,042,900**	**$ 3,445,000**	**$ 3,874,800**	

[1] *Costs of Projects and Programs unknown at this time*
Source: HCD Reports, City Budget, RSG Estimates

PROPOSED REDEVELOPMENT PROGRAM

Consolidated Redevelopment Project Area

Over the next five years, the Agency plans to implement the following redevelopment projects and programs. The list below describes the projects proposed, what blighted conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved[2].

CONSOLIDATED REDEVELOPMENT PROJECT AREA Project/Program Description	Preliminary Cost Estimates	Goals Achieved
1001 E Imperial Highway Redevelopment The Agency owns a former adult business property at the intersection of Imperial Highway and Beach Boulevard in the Alpha Four constituent area and is exploring redevelopment opportunities with adjacent parcels in the area. The goal of this project would be to develop retail commercial or other revenue generating uses for the City, as well as eliminate blight in the area. Implementation of the project would result in the elimination of high vacancy rates, factors hindering viable use and other blighting conditions. *Timeframe 2010-2014*	Not Known at this Time	CLEAN GROW PRESERVE INVEST

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

CONSOLIDATED REDEVELOPMENT PROJECT AREA Project/Program Description	Preliminary Cost Estimates	Goals Achieved

1781/1801 Whittier Boulevard Revitalization

Preliminary Cost Estimates: Not Known at this Time

Located in the Alpha Four constituent area, the Agency is pursuing the acquisition and/or redevelopment of a car wash facility on the north side of Whittier Boulevard, where it intersects with Beach Boulevard. The objective of this project is to renovate or redevelop the existing use with a more viable and compatible project at this location.

Implementation of the project would result in the elimination of dilapidation/deterioration, factors hindering viable use and other blighting conditions.

Timeframe *2010-2014*

Goals Achieved: CLEAN, GROW, PRESERVE, INVEST, SHOP

Facilitate Business Recruitment and Retention

Preliminary Cost Estimates: Not Known at this Time

The Project Area has several large redevelopment opportunity sites as a result in the recent economic downturn, including the former Burch Ford dealership and the former Circuit City building.

In concert with the planned Economic Development Element of the City's ongoing General Plan update, the Agency intends to continue working closely with the business community, local brokers, and other stakeholders to facilitate absorption of these and other opportunity sites by users that are compatible with the community and bring local investment to the Project Areas. Staff may assist with marketing available sites to potential tenants, or help property owners attract developers through request for proposals processes or networking opportunities such as the International Council of Shopping Centers. The Agency will further interact with property owners to encourage improvements that eliminate blight and make properties more appealing to the private market. Business retention activities will focus on retaining businesses looking to expand or seeking a new location.

Implementation of the program would result in the elimination of high vacancy rates, factors hindering viable use and other blighting conditions.

Timeframe *2010-2014*

Goals Achieved: CLEAN, SHOP, INVEST, WORK

CONSOLIDATED REDEVELOPMENT PROJECT AREA **Project/Program Description**	**Preliminary Cost Estimates**	Goals Achieved
Infrastructure Improvements The improvement of public facilities has been one of the Agency's goals since the adoption of Alpha 1 in 1975, and upgrades and improvements have been ongoing since that time. When feasible, the Agency may leverage redevelopment funds in combination with Measure M and gas tax revenues to continue improvements to infrastructure, particularly streets and sidewalks. Implementation of the program would result in the elimination of inadequate public infrastructure, factors hindering viable use and other blighting conditions. *Timeframe* *2010-2014*	Not Known at this Time	CLEAN INVEST
Total Preliminary Cost Estimate	**Not Known at this Time**	

PROPOSED REDEVELOPMENT PROGRAM

Beta Two Redevelopment Project Area

The only area not part of the 1998 merger, the Beta Two Redevelopment Project Area contains about 18 acres of light industrial, public utility and service commercial uses located at the northwest corner of Lambert Road and Harbor Boulevard. In 1992-93, the Project Area reached its cumulative $400,000 tax increment limit and therefore no longer receives tax increment revenue under the Redevelopment Plan. Although no projects are being implemented at this time, the Redevelopment Plan remains in effect until December 28, 2022, unless the City Council chooses to terminate the Redevelopment Plan earlier.

Five Year Work Program for Balanced Communities

Over the next five years, the Agency plans to implement the following affordable housing projects and programs. These activities compliment those undertaken by the City of La Habra Housing Authority, which owns and operates two mobile home parks and implements other affordable housing programs in the community.

The list below describes the projects proposed, what blighted conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved.

AFFORDABLE HOUSING PROGRAM **Project/Description**	**Preliminary Cost Estimates**	**Goals Achieved**
Hillpointe Senior Apartments (400 N. Walnut Street) The Agency is considering a request from Vesta Development Corporation to participate in the land purchase and development of 37 multifamily units restricted to very low income seniors. The project site is located at 400 North Walnut Street, outside the Project Areas. The primary funding source for this project is proposed to be 9% tax credit financing from the California Tax Credit Allocation Committee; the amount of Agency assistance needed is pending a feasibility study. *Timeframe 2010-2014*	Not Known at this Time	LIVE
La Habra Boulevard/McPherson Site In March 2003, the Agency acquired three parcels (approximately 0.48 acres) on the south side of La Habra Boulevard, immediately west of McPherson School for the purposes of developing affordable housing. Though outside the Project Areas, the site is conveniently located near parks, schools, and retail. During the implementation plan period, the Agency plans to enter into negotiations with a non-profit or private developer to create approximately seven (7) affordable units, potentially as a for-sale product restricted to very low income households. It is anticipated the project could be completed within the next five years. *Timeframe 2010-2014*	Not Known at this Time	LIVE

AFFORDABLE HOUSING PROGRAM **Project/Description**	**Preliminary Cost Estimates**	**Goals Achieved**
Purchase/Rehabilitation of Housing Units The City of La Habra Housing Authority owns and maintains two mobile home parks in the city. Funds generated by these parks are used to maintain and improve the parks, as well as to pay debt service on the associated loans. However, a recent refinance of the debt service will produce approximately $650,000 in surplus revenues that may be spent, in conjunction with the Agency's Housing Fund, to purchase and substantially rehabilitate affordable units in the city once capital improvements to the parks are completed by 2012. *Timeframe 2012-2014*	$1,950,000	LIVE
Facilitate Infill Development for Affordable Housing The Agency will coordinate with the City's Planning Division to identify infill sites for affordable housing developments both inside and outside of the Project Areas. Staff will then work with local and non-profit developers, property owners, and other stakeholders to facilitate site acquisition and creation of new affordable units with easy access to goods, services, and public transportation. *Timeframe 2010-2014*	Not Known at this Time	LIVE
Affordable Housing Studies An ongoing General Plan Update will create more opportunities for residential uses within the City's land use designations, and allow for the potential of mixed use development. The Agency may provide additional support to this effort through staff time or funding for studies that will help to facilitate the creation of new affordable housing units, preservation of existing units, or the reuse of structures to provide for affordable housing opportunities. *Timeframe 2010-2014*	Not Known at this Time	LIVE
Total Preliminary Cost Estimate	**$1,950,000**	

AFFORDABLE HOUSING PROGRAM COMPLIANCE OBJECTIVES

Ten Year Outlook of Affordable Housing

The CRL requires all redevelopment agencies to prepare and adopt affordable housing compliance plans on a ten year cycle, with updates corresponding with adoption of their five year implementation plans. The housing compliance plan must identify how a redevelopment agency will achieve the affordable housing production requirements for its redevelopment project area. The housing compliance plan must be consistent with the jurisdiction's housing element and must also be reviewed and, if necessary amended at least every five years in conjunction with the cyclical preparation of the housing element or the agency's five-year implementation plan.

This section of the Implementation Plan, referred to as the "Housing Compliance Plan", addresses specific requirements in the CRL with respect to prior affordable housing activities and the anticipated housing program for the current ten-year period (FY 2004-05 to 2013-14) ("Compliance Period"). The Housing Compliance Plan amends the Affordable Housing Compliance Plan adopted in 2007 and presents an updated affordable housing plan through the duration of the Compliance Period. Additionally, the Housing Compliance Plan evaluates the Agency's affordable housing requirements for the life of the Redevelopment Plans.

Affordable housing production statistics here have been aggregated from the Consolidated Project Area. Section 33413(b)(2)(A)(v) of the CRL permits an agency to aggregate affordable housing production needs among project areas, if the Agency conducts a public hearing and finds that such aggregation will not exacerbate racial, ethnic, or economic segregation.

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

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

Housing Production

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

Pursuant to Section 33413(b) of the CRL, not less than 15 percent of the units produced or substantially rehabilitated by persons or entities other than the Agency must be affordable to low and moderate income households. Not less than 40 percent of the required affordable units must be restricted for very low income households. Housing developed by a redevelopment agency is subject to somewhat higher standards: 30 percent must be affordable to low and moderate income households and 50 percent of that share must be affordable to very low income households.

To satisfy the Agency's production requirements, new or substantially rehabilitated units must have recorded 55-year income restrictions or covenants for rental units and 45-year income restrictions or covenants for owner-occupied units. The affordable housing units may be constructed inside or outside of the Project Areas, but units outside the Project Areas may only be counted on a 2-for-1 basis. The Agency may also purchase affordability covenants on very-low or low-income multifamily units.

Alpha One – Housing Production

Redevelopment project areas adopted or merged since January 1, 1976 are subject to the requirements that a certain percentage of aggregate number of housing units developed or substantially rehabilitated have long term affordability covenants to restrict their occupancy to low and moderate income households.

Prior to its merger on December 3, 1998, the Alpha One constituent Project Area was not subject to these requirements because it was adopted on October 28, 1975. Thus, the 123 units constructed In Alpha One before 1998 do not trigger inclusionary production needs. Since the merger, any production within that Project Area, or any other Project Area, is subject to these requirements.

These obligations apply independently by Project Area. So, prior to the 1998 merger that formed the Consolidated Project Area, the Agency would need to fulfill production within each project area on a 1-for-1 unit basis prior to the merger, and a 2-for-1 unit basis outside a project area, even if in another project area. While the CRL does permit the Agency to aggregate fulfillment of production requirements to result in inter-project area fulfillment to be counted on a 1-for-1 unit basis, in this case, only one of the Agency's project areas has produced any affordable housing to date (Alpha Four), so aggregation has not been necessary to date. Since the merger in 1998 effectively aggregated production among all but the Beta Two Project Area, aggregation is not anticipated to be necessary in the future since there are no plans to build any housing in Beta Two.

Production Needs

Since both the Consolidated Project Area and the Beta Two Project Areas are predominantly non-residential in nature, production needs in the Project Areas are very limited as shown in Table 4. In fact, no housing has been or is anticipated to be produced in Beta Two, and only two projects are anticipated within the Consolidated Project Area, as described below:

- **Alpha Four/La Habra Inn (1996 SRO Conversion):** Since 1976, only one project area has experienced any new construction or substantial rehabilitation triggering production needs. Production need was generated by the La Habra Inn project located at 700 N. Beach Boulevard in the Alpha Four Project Area. The project was converted from a motel to a 70-unit single-room occupancy project in 1996 by the City's Housing Authority, who has a leasehold interest in the project that runs until April 1, 2016, at which point the owner has the right to turn the project to market rate housing or demolish the housing entirely.

- **Beta One/Brio Single Family Development (Ongoing Development):** A second housing development within the Beta One constituent area began in 2008, but stalled due to market conditions. Initially developed by John Laing Homes, the 91-unit Brio single family housing development located at the former citrus packing facility site off Euclid Street. A different homebuilder is anticipated to complete this project when market conditions support new construction. So far, three model homes were erected, but since they are not used for housing yet, have not been counted as housing until the rest of the project resumes construction (presumably in the next two years).

Aside from these two projects, no other housing projects are projected to be developed or substantially rehabilitated in either Project Area.

TABLE 4 - DEVELOPMENTS CREATING AFFORDABLE HOUSING PRODUCTION NEEDS

				Affordable Units Required	
Planning Period	Project	Project Area	Total Units Produced	Total Affordable Units	Affordable to Very Low Income Only
Pre-1995			0	0	0
1995-2004	La Habra Inn	Alpha 4	70	11	5
2005-2014	Brio (2011) [2]	Beta 1	91	14	6
2015-Life of Plans			0	0	0
			Total	24	11

[1] *Estimate only, actual construction date unknown.*
Note: All figures rounded

As shown in Table 4 above, the Project Areas, only the La Habra Inn project in the Alpha Four constituent Project Area has created any need for the production of affordable housing to date. During the first 10 year compliance planning period (1995-2004), the Agency was obligated to ensure that 11 units would be restricted to low and moderate income households, including 5 very low income units. These required units were produced as described in the next section.

An additional 91 units are projected to be constructed in the Beta One constituent Project Area within the current 10 year compliance planning period (2005-2014) as a part of the proposed Brio single family development. This creates a need for 14 additional low and moderate income units, including 6 very low income units.

Both projects trigger production responsibilities for the Agency in the Consolidated Project Area on a 1-for-1 unit basis, or, 2-for-1 if produced outside the Project Area Together, the total need for production housing over the life of the Consolidated Redevelopment Plan is 24 low and moderate income units and 11 very low income units.

No production housing is needed for the non-residential Beta Two Redevelopment Project Area.

Fulfillment

The Agency's fulfillment of affordable housing production requirements are indicated in Table 5.

TABLE 5 - AFFORDABLE UNIT PRODUCTION				
Planning Period		Inside/Outside Project Areas	Total Affordable Units	Very Low Units Only
Existing Units				
1995-2004	Cypress Villas	Outside	71	71
2005-2014	Casa Nicolina	Outside	22	12
Existing Unit Total			93	83
Project Area Credit at 2-for-1			*47*	*42*
Planned Units				
2005-2014	McPhearson Site	Outside	7	0
2005-2014	Hillpointe	Outside	37	37
Planned Unit Total			44	37
Project Area Credit at 2-for-1			22	*19*
		Grand Total Credited	**69**	**61**

Note: All figures rounded

Table 5 also identifies the inclusionary housing projects the Agency may undertake in this planning period. As very little residential land uses exist in the Project Areas, all future development of affordable units is likely to be outside, so covenanted units will be credited on a 2-for-1 basis.

Replacement Housing Needs

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

According to previous documentation, two units have been destroyed by Agency activities. These units were replaced through production at Cypress Villas at levels affordable to very low income households. No additional units are expected to be destroyed or removed as a part of an Agency project during the planning period or over the life of the Redevelopment Plans. Should this occur, the Agency will replace the units as required by the CRL.

Planning and Compliance Period Production Needs

The following Table 6 identifies the projected production requirements for the current ten year Compliance Period as required by the CRL. It itemizes those units with covenants that may be counted to meet the Agency's production requirements from the first five years of the Compliance Period, and identifies the projected production requirements for the remaining five years, as well as over the life of the Redevelopment Plans. The number of affordable units required is based on statutory thresholds described above, and the Agency is responsible for ensuring that the appropriate number of affordable units is created during a ten year period.

TABLE 6 - AFFORDABLE UNIT DEMAND AND FULFILLMENT

Planning Period	Project Name	Inside/Outside Project Areas	Units Required (From Table 4) Total Affordable Units	Units Required (From Table 4) Very Low Units Only	Units Credited (From Table 5) Total Affordable Units	Units Credited (From Table 5) Very Low Units Only	Cumulative Surplus/(Deficit) Total Affordable Units	Cumulative Surplus/(Deficit) Very Low Units Only
Pre-1995								
	No Projects	N/A	-	-	-	-		
							-	-
1995-2004								
	La Habra Inn	Alpha 1	11	5	-	-		
	Cypress Villas	Outside	-	-	36	36		
		Totals [1]	*11*	*5*	*36*	*36*	23	29
2005-2014								
	Casa Nicolina	Outside	-	-	11	6		
	Brio	Alpha 4	14	6	-	-		
	McPhearson Site	Outside	-	-	4	-		
	Hillpointe	Outside	-	-	19	19		
		Totals	*14*	*6*	*34*	*25*	43	48
2015-Life of Plans								
	No Projects Proposed	N/A	-	-	-	-		
							43	48
			Total Estimated Surplus/(Deficit) for Life of Project Areas [2]				**43**	**48**

[1] Two units have been removed from the cumulative surplus counts to account for replacement units from those destroyed.

[2] Estimated Surplus/(Deficit) based upon total production of affordable units for the life of the Project Areas (70) less total affordable requirement (25), less two replacement units. Of those units required, 11 must be affordable to very low income, and 61 units were credited creating a surplus of 50 (less two replacement units) units affordable to very low income only.

Note: All figures rounded

From the formation of the first Project Area through 2003-04, a total of 70 units[3] were developed within the Project Areas, generating a requirement for 11 total affordable units, at least 5 of which must be available to very low-income households. Additionally, two affordable units were destroyed by the Agency, which must be replaced on a one-for-one basis as discussed in the previous section. By the end of 2003-04, the Agency had exceeded the requirements for total affordable unit production by 23 units[4]. As the Project Areas include primarily commercial land uses, very little new housing is expected to be developed over the remaining life of the Project Areas, with the notable exception of the Brio development in Beta 1 which will construct approximately 88 new units during the current planning period, 3 have already been completed for use as model homes. With the completion of the anticipated projects on the McPherson Site and the Hillpointe development, the Agency should exceed total production requirements by 43 units by the time the Redevelopment Plans expire.

Low and Moderate Income Housing Fund

The Agency's primary source of funding for housing projects and programs is the annual deposit of the 20 percent of its tax increment revenue into the Low and Moderate Income Housing Fund ("Housing Fund"). The CRL requires that these funds be used to increase, improve, and preserve the community's supply of affordable housing available to persons and families of very low, low, and moderate incomes.

Beginning July 1, 2009, the Agency had a Housing Fund balance of approximately $1,982,000[5]. Projected annual housing set aside deposits from both Project Areas are anticipated to total approximately $3.2 million over the next five years, exclusive of existing obligations and potential losses due to the State's proposed taking of redevelopment funds in the 2009-10 and 2010-11 fiscal years.

[3] Units were produced in Alpha 1 in the late 1970's following adoption of the Project Area. However, as Alpha 1 was adopted prior to 1976, inclusionary requirements were not triggered by the production of these units. Units produced in Alpha 1 after the 1998 consolidation would require inclusionary units to be produced.

[4] As discussed, two very-low income units were counted towards replacement of units destroyed.

[5] Finance department staff.

Due to the State's effort to balance the FY 2009-10 State Budget, the legislators and the Governor approved budget bill ABX4-26 which authorizes $2.05 billion from local redevelopment funds, including $1.7 billion in FY 2009-10 and $350 million FY 2010-11 to be paid to the County Supplemental Educational Revenue Augmentation Funds ("SERAF"). The Agency is required to make a payment of approximately $1.08 million, with $892,600 by May 10, 2010 and $183,600 by May 10, 2011. ABX4-26 provides that an agency may use certain funds allocable to the Housing Fund to make such payments, however those amounts are required to be repaid by the end of the fifth fiscal year in which the borrowing occurs or be subject to a 30 percent housing set-aside mandate for the remaining life of the Redevelopment Plans. The Agency may utilize these provisions of ABX4-26 in making any required payments. The Agency anticipates the 2011 SERAF payment will be made utilizing Housing Funds, but repaid within the five year time limit as allowed by the legislation.

Targeting of Housing Fund Expenditures

Effective January 2002, expenditure of housing set-aside revenues is subject to certain legal requirements. At a minimum, the Agency's low and moderate income housing set-aside ("Housing Fund") revenue is to be expended in proportion to the community's need for very low and low income housing, as well as the proportion of the low income population under the age of 65. New legal requirements took effect on January 1, 2006 that modified the previous limitations of spending Housing Fund monies on households under the age of 65. Section 33334.4(b) of the CRL used to require that an agency spend its Housing Fund monies "in at least the same proportion as the low-income population under age 65 bears to the total population in the most recent census." The new language provides a higher level of specificity to spend "in at least the same proportion as the number of low-income households with a member under age 65 bears to the total number of low-income households of the community as reported in the most recent census."

TABLE 7 - ESTIMATED HOUSING FUND DEPOSITS

Project Area	2009-10	2010-11	2011-12	2012-13	2013-14
Consolidated	$ 577,187	$ 604,094	$ 631,809	$ 660,355	$ 689,757
Beta Two	$ -	$ -	$ -	$ -	$ -
				5 Year Total	**3,163,201**

The percentage of very low and low income household expenditure requirements are based on Southern California Association of Governments ("SCAG") Regional Housing Needs Assessment ("RHNA") requirements for the City of La Habra for the planning period of January 1, 2006 through June 30, 2014. The percentage of low income households under the age of 65 is based on Comprehensive Housing Affordability Strategy ("CHAS") reports of 2000 Census data as required by SB 527 adopted in 2005. Table 8 presents the Agency's requirements from January 1, 2002 to June 30, 2014, based on the requirements from the two time periods.

TABLE 8 - HOUSING EXPENDITURE MINIMUM REQUIREMENTS	
Household Type	Minimum Percentage of Housing Fund Expenditures
Very Low Income Households [1]	36%
Low Income Households [1]	30%
Households Under Age 65 [2]	73%

[1] The City's Regional Housing Needs Assessment fair share goals included a total of 147 units, 53 which must be affordable to very low income households and 44 to low income households.

[2] Effective January 1, 2006, AB 527 enacted a change as to how expenditure targets to households under age 65 should be determined, specifically to limit the percentage to low income households in the community. However, such data is not available directly from the Census, thus common practice is to use data for households under the age of 65 as reported in the Comprehensive Housing Affordability Strategy ("CHAS"). CHAS data shows that 2,376 of the total low and very low income households are occupied by those age 62 and older.

Housing Set-Aside Expenditures

The proportionality requirements affect expenditures over a ten year period, although the law permits the compliance initially for a period beginning in January 2002 and ending in December 2014. The table below documents the amount of low and moderate income housing fund revenue used since January 2002 for these income categories and households under age 65:

TABLE 9 - ACTUAL AND PLANNED EXPENDITURES				
	Total	Very Low Income	Low Income	Households Under Age 65
Expenditure Targeting Summary				
Actuals (2001-02 through 2008-09)	$ 899,058	$ 577,968	$ 321,090	$ 899,058
Planned (2009-10 through 2013-14) [1]				
Planning Period Projected Totals		64%	36%	100%
Planning Period Minimum Targets		36%	30%	73%

[1] Planned expenditures based on projects listed in 2009-10 implementation plan and are subject to change.
Source: City of La Habra financial statements and estimated housing fund expenditures

As Table 9 demonstrates, the Agency has met its minimum expenditure targets to date for very low and low income housing expenditure during the current planning period. The Agency will continue to monitor and focus its expenditures to ensure full compliance at the end of the current planning period in 2014.

Family Units Assisted by Housing Set-Aside Fund

State law also requires a recap of affordable housing projects for families (households under the age of 65) assisted by the housing set-aside fund over the past implementation plan period. Table 10 summarizes these statistics by project from FY 2001-02 through 2008-09. As compared to the planning period requirement that at least 73 percent of the Agency expenditures benefit non-senior (family) housing projects, the Agency is currently on track to comply with this requirement.

TABLE 10 - HOUSING EXPENDITURES ON SENIOR AND FAMILY HOUSING

Project/Location	Housing Set-Aside Expenditures	Units Assisted by Housing Set-Aside Fund (FY 2001-02 through 2008-09)				
		Extr. Low	Very Low	Low	Moderate	Total
Family Projects	**$ 899,061** **100%**	**-**	**12**	**10**	**-**	**22**
Casa Nicolina	$ 899,061		12	10	-	22
Senior Projects	**$ -** **0%**	**-**	**-**	**-**	**-**	**-**
Totals	**$ 899,061** **100%**	**-**	**12**	**10**	**-**	**22**

Housing Units Constructed During Prior Implementation Plan Without Housing Set-Aside Funds.

No new affordable units have been constructed in the Project Areas during the last implementation plan period.

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