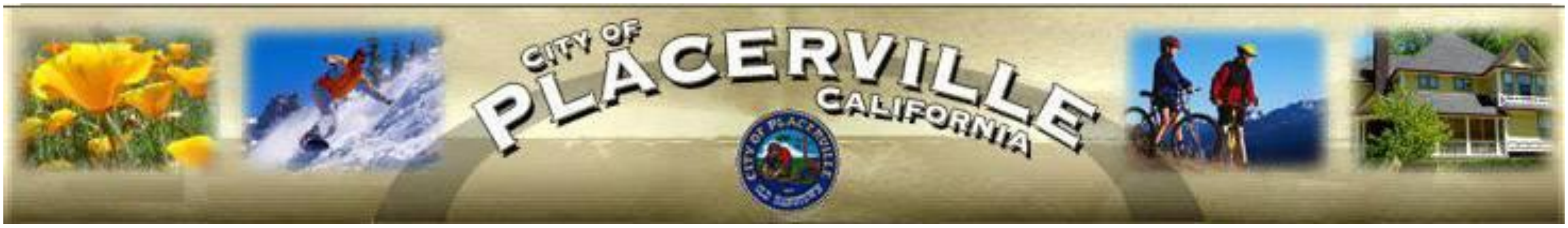

FIVE YEAR IMPLEMENTATION PLAN

REDEVELOPMENT AGENCY OF THE CITY OF PLACERVILLE

FISCAL YEARS 2011-12 THROUGH 2015-16

March 8, 2011

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INTRODUCTION

About This Implementation Plan

Every five years, redevelopment agencies are required to adopt implementation plans that establish five-year operational and financial work programs for carrying out the redevelopment and affordable housing responsibilities of the agencies. This is the first Five Year Implementation Plan ("Implementation Plan") for the Redevelopment Agency of the City of Placerville ("Agency"). It covers a five-year planning period for fiscal years 2011-12 through 2015-16 for the Placerville Redevelopment Project Area ("Project Area"). This Implementation Plan also contains the Agency's Ten-Year Housing Compliance Plan ("Housing Compliance Plan") for meeting the Agency's affordable housing requirements for their first 10-year compliance period (Fiscal Years 2011-12 to 2020-21), including obligations for producing, replacing, and expending funds for affordable housing.

This Implementation Plan builds a general framework to develop a more detailed redevelopment strategy for the Project Area in the future. The Agency intends to use this Implementation Plan as a catalyst for forming short and long term goals for the Project Area over the life of the Redevelopment Plan with the Redevelopment Advisory Committee after its adoption.

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 sweeping changes to state redevelopment law (Health and Safety Code §§33000 *et seq.*) ("CRL") in a major 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 their Project Area on or before December 31, 1994, and every five years thereafter. CRL Section 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 section 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 this required content, 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 an opportunity to thoughtfully craft a purposeful and deliberate strategy for the next five years.

PURPOSE OF THE IMPLEMENTATION PLAN

The Agency's intentions for this Implementation Plan are to:

- Establish focused redevelopment and housing strategies for the next five years that provide a roadmap for decision-making about resource allocation, budget, and community engagement.

- Create an administrative management tool for Agency staff that provides a measurable, track-able, and programmatic work plan for the execution of the Agency's operations.
- Provide educational and informative background about the role, powers, and tools of redevelopment agencies, and a historical overview of the Agency, its accomplishments, and the Project Area.
- Furnish data and information to fulfill the affordable housing compliance requirements of the CRL.

ORGANIZATION OF THE DOCUMENT

The contents of this Implementation Plan are organized into three distinct sections:

- **Section I: Overview and Background.** This section provides a narrative overview and background description of redevelopment in California, and a profile description of the Agency and the Project Area.
- **Section II: Implementation Plan.** This section outlines the Agency's strategic redevelopment plan for the next five years, including a comprehensive work program of projects and programs. The projects and programs contained in the work program represent the strategic priorities of the Agency. The future implementation of each project or program is subject to funding availability and approval by the Agency.[1]
- **Section III: Housing Compliance Plan.** This section contains the Agency's housing compliance plan for its first 10-year compliance period (Fiscal Years 2011-12 to 2020-21), including the production, replacement, and expenditure of funds for affordable housing. This section fulfills the requirements of CRL Sections 33413(b)(4) and 33490(a).

[1] CRL Section 33490(a)(1)(B) provides that the adoption of an implementation plan shall not constitute an approval of any specific program, project, or expenditure and shall not change the need to obtain any required approval of a specific program, project, or expenditure from the agency or community.

SECTION I: OVERVIEW & BACKGROUND

ABOUT REDEVELOPMENT IN CALIFORNIA

The Public Value & Benefit of Redevelopment

In 1952, California voters adopted Article XVI, Section 16 allowing the provision of tax increment financing for redevelopment of blighted communities. Californians recognized the need to provide a mechanism to reinvest in economically and physically blighted communities throughout California. The CRL was established as part of the Health and Safety Code (§§33000 *et seq.*) as a tool to assist local governments and to prescribe the powers of a redevelopment agency. A redevelopment agency prepares and carries out plans for the improvement, rehabilitation, and redevelopment of blighted areas through the assembly of land for development, utilization of tax increment, issuance of bonds, investment in infrastructure, and the creation of affordable housing opportunities. Redevelopment agencies throughout the State use redevelopment tools differently to address the unique problems within their communities. Redevelopment spurs new development, creates jobs, and generates tax revenues in declining urbanized areas by developing partnerships between local governments and private entities. Redevelopment is one of the most effective ways to revitalize an area plagued by social, physical, environmental, or economic conditions hindering private investment.

Redevelopment is a process created to assist local governments in eliminating physical and economic blight from a designated redevelopment project area. The goal of redevelopment is to create a safe, economically viable, and balanced community that provides all of the socially desirable attributes that communities take pride in: public and private improvements, good jobs, retail amenities, recreational opportunities, affordable housing, and increased property values. A redevelopment project area is established when an area exhibits conditions of both physical and economic blight (CRL §§33030 and 33031) as described below.

BLIGHT

The CRL emphasizes redevelopment's role in eliminating blighting conditions in communities and takes great lengths to define blight. As defined by the CRL, blight constitutes physical and economic liabilities that affect the health, safety, and general welfare of a community. CRL Section 33030

Redevelopment by the Numbers:

$40.79 billion. Redevelopment's economic contribution to California in 2006-2007.

$13. Every $1 of redevelopment agency spending generates nearly $13 in total economic activity.

303,946. Full and part time jobs created in just one year (2006-2007).

78,750 units of affordable housing built or rehabilitated since 1995 by redevelopment agencies.

18,522 units of low and moderate income housing expected to be built or refurbished over the next two years.

$2 billion. State and local taxes generated through redevelopment construction activities in 2006-2007.

20% of property tax revenues generated from redevelopment activities must be used to increase supply of affordable housing.

2nd largest funder of affordable housing in California after the federal government.

Source: California Redevelopment Association, 2009.

describes a blighted area as being predominantly urbanized and substantially affected by the physical and economic properties of blight to such an extent that the community cannot reasonably be revived without redevelopment.

The CRL describes the physical and economic conditions that cause blight as follows:

Physical Conditions (CRL §33031(a))

- Buildings with serious code violations, dilapidation, or deterioration such that it is unsafe or unhealthy for a person to live or work.
- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots.
- Adjacent or nearby incompatible uses that prevent development.
- Existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes.

Economic Conditions (CRL §33031(b))

- Depreciated or stagnant property values.
- Impaired property values due to hazardous wastes.
- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings in an area developed for urban use and served by utilities.
- A serious lack of commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores and banks.
- Serious residential overcrowding.
- An excess of bars, liquor stores, or adult-oriented businesses that have led to problems of public safety and welfare.
- A high crime rate that constitutes a threat to the public safety and welfare.

In accordance with the CRL, the existence of blight has been established in the Project Area and requires the implementation of redevelopment tools within the projects and programs established in this Five Year Implementation Plan.

TAX INCREMENT FINANCING

Tax increment financing is the primary source of funding used to carry out redevelopment activities and undertake redevelopment projects in a redevelopment project area. When a redevelopment project area is adopted, the current assessed values of all the properties within its boundaries are designated as the base year value (CRL §33328). As assessed values increase in a project area above the base year assessed values generated, the increase in tax revenue, known as tax increment, is allocated to an agency for reinvestment

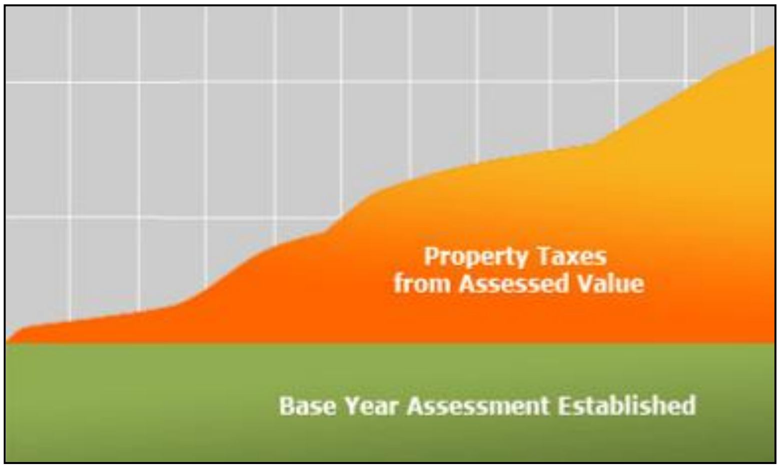


Figure 1 – Tax Increment Financing

back into a project area. Figure 1 is a graphical depiction of how tax increment is generated and distributed in a project area.

20 Percent Housing Set-Aside Fund

A portion of tax increment revenue received by a redevelopment agency must be used for the creation and preservation of affordable housing within its Project Area. The CRL requires that a minimum of 20 percent of tax increment revenue be set aside into a separate fund that is restricted for the purpose of creating low and moderate income housing (CRL §33334.2). Redevelopment agencies may use these funds for activities such as acquiring property, constructing on-site and off-site improvements related to affordable housing development, constructing or rehabilitating affordable housing units, providing subsidies to ensure affordability, and issuing bonds. Redevelopment agencies are one of the primary entities producing affordable housing throughout the State.

Pass-Through Payments

To ensure that the community's other service providers continue to receive funding for their critical activities, redevelopment agencies are required to remit payments to affected taxing agencies in the project area from the tax increment allocation (CRL §33607.5). Affected taxing agencies typically include school districts, community college districts, and the county. The CRL prescribes an allocation formula to calculate payments unless the Agency has negotiated pass-through agreements with the taxing agencies.

The remaining portion of the tax increment revenue, after the required 20 percent contribution to the Housing Fund and statutory payments to the affected taxing agencies, are then available for eligible redevelopment projects, such as infrastructure improvements, community facilities, development incentives, debt service, and general administration of the Agency. The revenues cannot be used to finance the ongoing operational and maintenance costs of public facilities.

WHAT IS A REDEVELOPMENT PLAN?

A redevelopment plan provides a legal framework for long-term planning and the implementation of revitalization activities in a redevelopment project area. It also establishes a financing method by authorizing the agency's use of financing tools to implement projects and policies. The redevelopment plan also sets the basic goals, powers, and limitations within which the redevelopment agency must conduct its activities over the life of the project area. It does not provide a detailed, rigid course of actions to achieve those goals but establishes how the agency intends to alleviate blight in the project area. For redevelopment Project Area established on or after 1994, the general framework of redevelopment plans includes the following items:

1. Time limit to establish loans, advances, and indebtedness to be paid with the proceeds of property taxes may not exceed 20 years from the adoption of the redevelopment plan (CRL §33333.2).
2. Loans, advances, or indebtedness may be repaid over a 45-year period from the adoption of the redevelopment plan.
3. The effectiveness of a redevelopment plan may not to exceed 30 years from the adoption of the redevelopment plan.

4. After the time limit on the effectiveness of the redevelopment plan has expired, an agency shall have no authority to act pursuant to the redevelopment plan, except to pay previously incurred indebtedness and to enforce existing covenants and contracts.
5. An agency may commence eminent domain proceedings to acquire property within the project area for a period not to exceed 12 years from the adoption of the redevelopment plan.
6. If a redevelopment plan authorizes the issuance of bonds, the redevelopment plan should include a limit on the amount of bonded indebtedness that can be outstanding at one time.

In some instances, these time and financial limitations may be extended or increased but only via an amendment to the redevelopment plan.

ABOUT THE PROJECT AREA

History and Profile

HISTORY

Placerville is named after the placer gold deposits found in its river beds and hills in the late 1840s during the California Gold Rush. It was originally known as Hangtown due to a giant white oak that was used to hang criminals who murdered and robbed for gold. The City of Placerville was incorporated in 1854, before it disbanded in 1873 and incorporated again in 1900. Today, Placerville is the seat of El Dorado County and is a hub of industry such as mining, lumber, agriculture, light manufacturing, tourism, and recreation.

The Redevelopment Agency ofthe City of Placerville ("Agency") was officially established by the City Council of the City of Placerville ("City Council") by City Council Ordinance No. 1319 on April 26, 1983. For the past 26 years, the Agency has been inactive. On August 24, 2010, the Agency was reactivated to address conditions of physical and economic blight within the City. The City Council adopted a Redevelopment Plan for the Placerville Redevelopment Project ("Redevelopment Plan") on May 10, 2011. It gives the Agency special administrative tools and financial resources to alleviate blighting conditions in the proposed Placerville Redevelopment Project Area ("Project Area"). Blighting conditions include unsafe and unhealthy buildings, conditions hindering viable use, depreciated property values, impaired property values to to hazardous waste, abnormally low lease rates, and a high crime rate.

According to ESRI Business Analyst, the City's population in 2010 was 10,062, of which 930 resided in the Project Area. Approximately 83 percent are under the age of 65 (8,311 persons in the City and 768 persons in the Project Area).

LOCATION

The proposed Project Area encompasses approximately 1,077 acres (including public right-of-way) and includes properties from within the City and unincorporated portions of the County. Approximately 75 percent of the Project Area is within the City (810 acres) and 25 percent is within unincorporated County territory (267 acres). The Project Area can generally be described in four areas of focus:

Placerville Drive – The Placerville Drive area, by virtue of its geographic location, is a distinct commercial area in the City. Its entry and exit points are at each end of the length of Placerville Drive where it intersects Highway 50. Placerville Drive is dominated by regional, neighborhood, and strip retail commercial uses, and also includes the El Dorado County Fairgrounds and many El Dorado County offices and buildings. The buildings in the Placerville Drive area were constructed after the 1930s. The Placerville Drive area includes an additional area south of Highway 50, from the eastern end of Placerville Drive to the western end of Downtown, bordered by Forni Road on the south.

Downtown – The Downtown area is one of the most defined districts in the City by virtue of the clarity of its character. The Main Street segment of the downtown has an unusually rich complement of buildings built in the 1850s through 1930s. These buildings define the overall character of the downtown area, bounded on the north by Highway 50, on the south by Miner's Ridge, on the east by Cedar Ravine, and on the west by Sacramento Street. The Downtown area also includes area south of Highway 50 from Cedar Ravine to Mosquito Road, bordered by Main Street on the south.

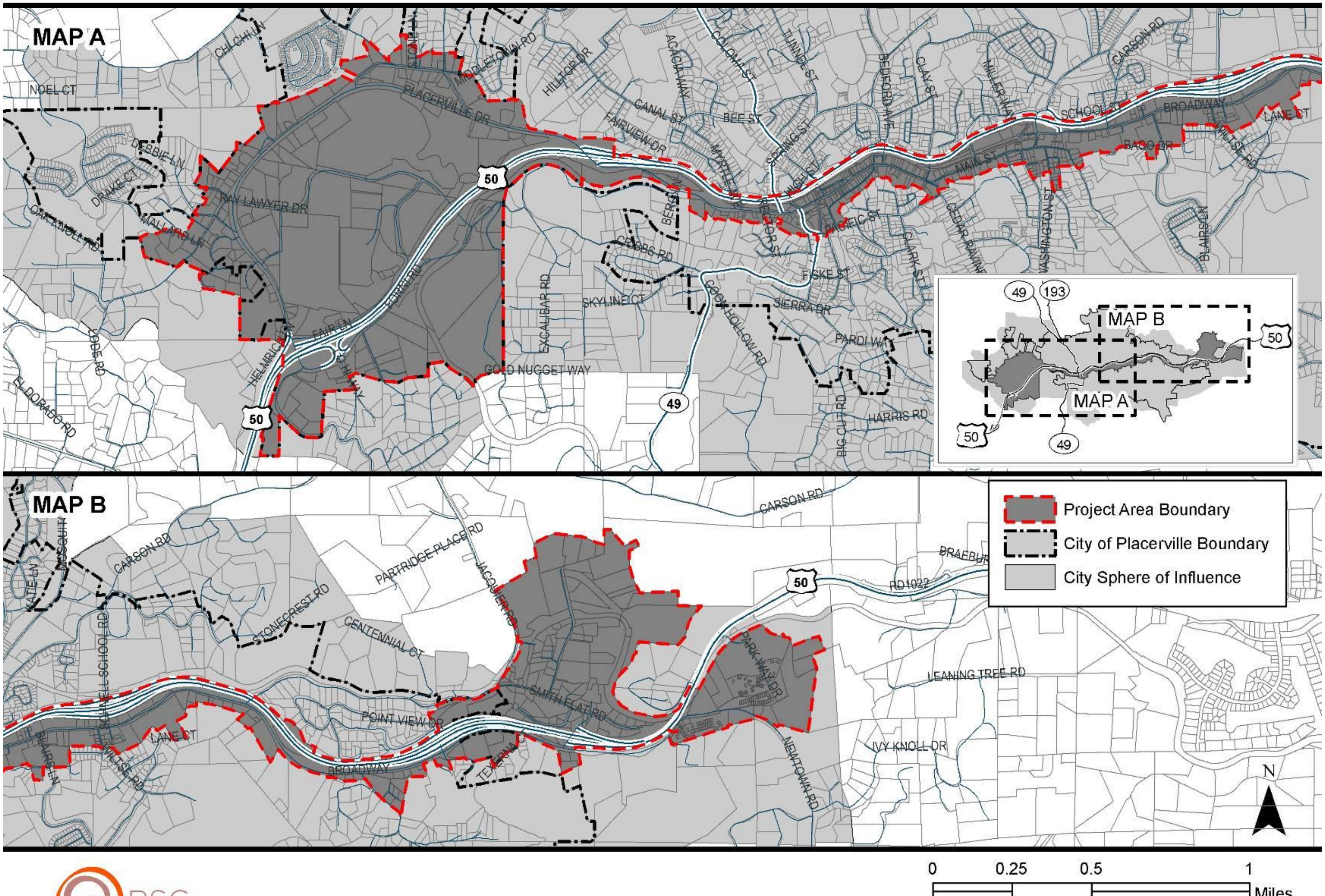
Broadway – The Broadway area runs in an east-west direction between Mosquito Road and Newtown Road, parallel to Highway 50 to the north. Although Broadway is a single street, it is frequently perceived as two sections, Upper Broadway and Lower Broadway, due to its different identities. Lower Broadway is largely a linear commercial strip characterized by fast food restaurants, gas stations and small cluster shopping centers. Upper Broadway includes scattered commercial enterprises including a few motels and other mixed professional and retail uses. The construction date of buildings in the Broadway area ranges from the 1880s to the 2000s.

Smith Flat/Motor City – The Smith Flat and Motor City areas are located within the unincorporated area of El Dorado County, within the City of Placerville's sphere of influence. Smith Flat is located generally to the north of Highway 50, immediately east of the City boundaries and includes commercial and single family residential uses. The former lumber mill is also located within the Smith Flat area. Motor City is separated from Smith Flat by Highway 50 and is located generally to the southeast of Highway 50. Mobile home parks are the primary uses in the Motor City area. Most of the existing buildings in the Smith Flat/Motor City area were built after the 1930s, however two were built between 1890 and 1930.

The Project Area contains the majority of the City's commercial and industrial businesses, as well as less than 10 percent of the City's single- and multi-family residential properties. Exhibit A provides a map of the Project Area.

PLACERVILLE REDEVELOPMENT PROJECT AREA

EXHIBIT A



Sources: City of Placerville GIS

RSG

PLAN LIMITS

The Redevelopment Plan for the Project Area sets forth limitations with regard to the effectiveness of the Redevelopment Plan, collecting tax increment revenue, incurring bonded indebtedness, and the use of eminent domain. Table 1 presents the time and financial limitations for the Project Area.

Redevelopment Plan Limits **TABLE 1**

Limit	Expires	
Plan Duration	2041	30 years
Receive Tax Increment/Repay Indebtedness	2056	45 years
Establish Indebtedness	2031	20 years
Eminent Domain[1]	2023	12 years
Amount of Bonded Indebtedness	$70,000,000	
Amount of Tax Increment	No limit	

[1] The Agency shall not use the power of eminent domain to acquire real property that is occupied as a residence.

SECTION II: IMPLEMENTATION PLAN

REDEVELOPMENT PLAN GOALS

Community Reinvestment and Revitalization

The Redevelopment Plan's goals and objectives emphasize eliminating physical and economic blight that interferes with the successful revitalization of commercial areas and the enhancement and conservation of residential neighborhoods within the Project Area. The Agency will continue to pursue the comprehensive Redevelopment Plan goals, objectives and strategies as appropriate. The goals of the Agency for the next five years are as follows:

CLEAN

Eliminate Blight. Eliminate blighting influences, correct environmental deficiencies, and conserve, rehabilite, and redevelop the Project Area.

ACCESS

Improve Public Infrastructure and Facilities. Provide needed improvements to streets, curbs, gutters, water and sewer utilities and other public utilities and facilities within the Project Area. Provide needed improvements to the community's recreational, cultural, and other community facilities to better serve the Project Area. Provide adequate land for parking and open spaces.

INVEST

Strengthen Economic Base. Enhance and renovate businesses within the Project Area to promote their economic viability, and strengthen the overall economic base of the Project Area and community.

GROW

Ensure Quality Design and Development. Attain an environment reflecting a high level of concern for architectural, landscape, and urban design principles.

PRESERVE

Preserve Historic and Cultural Resources. Conserve and preserve buildings and structures of architectural or other historic significance to the community.

COLLABORATE

Coordinate Stakeholder Participation. Encourage the cooperation of and participation by property owners, business owners, public agencies and community organizations in the redevelopment and revitalization of the Project Area.

LIVE

Housing for All. Provide affordable housing that serves the needs and desires of the various age and income groups of the community.

The next section of this Plan lists potential activities that the Agency may pursue over the next five years to achieve the goals outlined above.

REDEVELOPMENT WORK PROGRAM

Five Year Work Program for Reinvestment & Revitalization in the Project Area

Table 2 below describes the proposed redevelopment projects and programs to be implemented by the Agency in the Project Area over the next five years. It lists the goals and strategies that would be achieved, implementation tools that may be used, projected timeframe, estimated costs[2], and the blighting conditions that would be alleviated in the Project Area by each project and program. The available fund balance will be used to fund projects with undetermined costs. The Agency will prioritize project expenditures based on readiness, marketability and other pertinent factors.

Proposed Redevelopment Programs 2011-12 through 2015-16			**TABLE 2**
Project/Description	**Goals Achieved**	**Projected Timeframe**	**Blighting Conditions Alleviated**
Infrastructure Improvements. The Agency will make significant infrastructure improvements throughout the Project Area to enhance vehicular, bicycle, and pedestrian accessibility and safety, increase fire safety, improve the City's water and sewer system, and support new development. Additional projects and programs may be pursued based on future opportunities and needs. An estimated $500,000 will be spent on this program over the next five years.			
☐ **Fire Flow Safety Improvements.** Improvements will be made to meet adequate fire flow standards in the City water system's Main Service Zone, which serves the Project Area along Main Street and Broadway between Schnell School Road and Placerville Drive. Improvements include merging the lower pressure zone of the Schnell School Service Zone with the Main Service Zone and replacing pipelines to improve water pressure in areas that currently have inadequate fire flow.	ACCESS CLEAN	2012-13 to 2015-16	Unsafe and unhealthy buildings Inadequate public improvements

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

Proposed Redevelopment Programs 2011-12 through 2015-16 **TABLE 2**

Project/Description	Goals Achieved	Projected Timeframe	Blighting Conditions Alleviated
☐ **Trunk Sewer System Improvements**. The City's Trunk Sewer System conveys wastewater from throughout the City to the Hangtown Creek Wastewater Treatment plant. The Agency will relocate and replace pipelines to mitigate bottlenecks that lead to surcharges, where water rises above the top of the pipe and connecting manholes and creates safety hazards.	ACCESS CLEAN	2012-13 to 2017-18	Unsafe and unhealthy buildings Inadequate public improvements
☐ **Implementation of Multi-Modal Transportation Studies**. The Agency will begin to implement the Broadway Village Corridor Multi-Modal Transportation Plan and the Placerville Drive Multi-Modal Corridor Mobility Study to improve vehicular, bicycle, and pedestrian circulation, reduce traffic, promote use of public transportation, and encourage new development and revitalization of the Project Area.	ACCESS CLEAN INVEST	2013-14 and Ongoing	Inadequate public improvements
☐ **Main Street Streetscape Design and Development Plan**. Portions of the Main Street Streetscape Design and Development Plan will be implemented to preserve and enhance the historical character and assets of Downtown and improve the pedestrian shopping experience. Implementation of the plan will encourage people to patronize Downtown and strengthen its economic viability.	ACCESS CLEAN INVEST	2013-14 and Ongoing	Inadequate public improvements

Proposed Redevelopment Programs 2011-12 through 2015-16 — TABLE 2

Project/Description	Goals Achieved	Projected Timeframe	Blighting Conditions Alleviated
Beautification & Historic Preservation. A primary goal of redevelopment is to eliminate physical blight. The following programs aim to eliminate dilapidation and deterioration, make buildings safer, preserve and rehabilitate historic resources, and enhance the visual appearance of the Project Area. Beautifation will make the Project Area a more desirable place to live, work, and shop, leading to increased economic activity and development. Additional projects and programs may be pursued based on opportunities in the local market. An estimated $200,000 will be spent on this program over the next five years.			
☐ **Historic Building Preservation & Restoration.** The Agency may assist property owners with the preservation and restoration of historic buildings to preserve valuable cultural resources in the Project Area.	CLEAN GROW PRESERVE	Ongoing	Unsafe and unhealthy buildings Depreciated property values Abnormally low lease rates
☐ **Commercial Building Rehabilitation Program.** The Agency may provide loans or grants to assist commercial property owners with building rehabilitation. Potential activities include the installation of sprinkler systems, safety improvements to unreinforced masonry buildings, Americans with Disability Act ("ADA") Accessibility Guidelines improvements, and façade improvements.	CLEAN INVEST GROW PRESERVE COLLABORATE	Ongoing	Unsafe and unhealthy buildings Depreciated property values Abnormally low lease rates
☐ **Blighted Property Acquisition.** The Agency may acquire blighted and vacant properties to encourage revitalization of the Project Area.	CLEAN INVEST GROW	Ongoing	Unsafe and unhealthy buildings Depreciated property values Abnormally low lease rates

FINANCIAL RESOURCES

The level of funding for specific projects will vary based on future property tax values. The Agency's ability to fund projects will also be impacted by the potential termination of redevelopment agencies to help balance the State's budget in fiscal year 2011-12. Agency staff will be following this issue closely to plan accordingly for the future.

The following cash flow presents the revenues (excluding Housing Fund revenues) the Agency may have available after administrative expenses for the next five years to fund the implementation plan activities described previously. The projections are based on a two percent annual growth rate in assessed values over the five year period (see footnotes in Table 3 for more details). Outlined in the cash flow are projected tax increment receipts, taxing agency statutory payments, and projected Agency administration costs. Funds available to implement future programs are identified as the remaining funds net of these operation and debt service obligations.

As shown on Table 3, it is estimated that $1.2 million in new tax increment will be generated over the next five years, of which $625,630 will be needed to pay obligations such as deposits into the Housing Fund, taxing agency statutory payments, and administration. It is estimated that $575,000 will be allocated to non-housing redevelopment projects and programs. The Project Area is not expected to begin collecting tax increment revenue until fiscal year 2012-13.

Non-Housing Redevelopment Tax Increment Cash Flow Projection 2011-12 to 2015-16 **TABLE 3**

	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Beginning Fund Balance	**$ -**	**$ -**	**$ 1,064**	**$ 854**	**$ 2,419**	
Revenue						
Tax Increment Revenue[1]	-	95,967	145,395	242,845	718,927	1,203,134
Total Revenue	-	95,967	145,395	242,845	718,927	1,203,134
Expenses / Encumbrances						
LMIHF Transfers[2]	-	19,193	29,079	48,569	143,785	240,627
Taxing Agency Payments[3]	-	19,193	29,079	48,569	143,785	240,627
County Admin Fee[4]	-	1,919	2,908	4,857	14,379	24,063
Admin, Operations, Planning[5]	-	9,597	14,539	24,285	71,893	120,313
Total Expenses	-	49,903	75,605	126,280	373,842	**625,630**
Net Cash Flow	**-**	**46,064**	**70,854**	**117,419**	**347,504**	**581,841**
Planned Projects & Programs[6]		45,000	70,000	115,000	345,000	575,000
Ending Balance Available for New Projects/Programs	**$ -**	**$ 1,064**	**$ 854**	**$ 2,419**	**$ 2,504**	

1 Tax Increment based upon 2010-11 base year value provided in the County Fiscal Officer's report. Projections assume a 2% growth rate in assessed value. Tax increment is assumed to be one percent of the incremental value (the assessed value minus the base year value).

2 LMIHF Transfers equal 20% of gross tax increment revenue.

3 Calculated pursuant to CRL Section 33607.5.

4 Estimated to be 2% of gross tax increment.

5 Admin and Planning expenses estimated to be 10% of gross tax increment revenue.

6 Does not include costs for all proposed projects and programs. Costs for several projects and programs are to be determined based on market opportunities and the available fund balance in the Agency budget.

Notes:

a. Total revenues do not reflect potential for future bond issues.

b. Developer participation may supplement revenues needed to fund redevelopment project

c. All ongoing/planned projects and programs will be prioritized based upon available revenues.

SECTION III: HOUSING COMPLIANCE PLAN

INTRODUCTION

Overview of the Housing Compliance Plan

The CRL requires agencies to adopt an affordable housing compliance plan that identifies how the redevelopment agency will achieve the affordable housing production requirements for a project area. The 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 addresses specific requirements in the CRL with respect to the anticipated housing program for the Agency's first ten-year planning period (fiscal years 2011-12 through 2020-21) ("Compliance Period"). The Housing Compliance Plan details the Agency's Housing Goals and proposed work program during the Compliance Period. Furthermore, the Housing Compliance Plan evaluates the Agency's affordable housing requirements for the next ten years (fiscal years 2011-12 through 2020-21) and the life of the Redevelopment Plan.

The Agency is required to allocate 20 percent of the tax increment revenue it receives from the Project Area to increase and improve housing affordable to very low, low, and moderate income households. A Housing Fund has been established for this revenue. The Agency has the authority to expend the Housing Fund either inside or outside the Project Area.

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

- Housing Production – Based on the number of housing units constructed or substantially rehabilitated over a ten-year period, a redevelopment agency is to ensure that a percentage of these units are affordable to low and moderate income households.
- Replacement Housing – Another legal obligation for redevelopment agencies is to ensure that any housing units destroyed or removed as a result of an agency redevelopment project are replaced within four years.
- Expenditures by Household Types – There are specific requirements on the amount of Housing 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 in proportion to the demographics of the community.

AFFORDABLE HOUSING WORK PROGRAM

The list below describes the proposed affordable housing projects and programs in the Project Area over the next five years. It lists the goals and strategies that would be achieved, projected timeframe, and estimated costs[3] of each project and program. The cost for most projects and programs will be determined based on market opportunities and availability of the Agency budget.

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

Proposed Affordable Housing Programs 2011-12 through 2015-16		**TABLE 4**
Project/Description	**Goals Achieved**	**Projected Timeframe**
Affordable Housing Program. The Agency strives to provide and maintain quality affordable housing throughout the Project Area. Activities include, but are not limited to, rental subsidies and rehabilitation assistance. An estimated $275,000 will be spent on this program over the next five years.		
☐ **Preservation of Affordable Units**. According to the City's 2008-2013 Housing Element, there are 232 units at six apartment complexes that are at risk of becoming market rate by 2023. The Agency may provide rental subsidies to preserve the affordable housing units within the City.	LIVE	Ongoing
☐ **Residential Rehabilitation Program**. The Agency may assist low and moderate income homeowners with rehabilitation of dilapidated and deteriorated properties in the Project Area. Approximately four very low to moderate income persons will be assisted over the next five years.	CLEAN LIVE	Ongoing

AFFORDABLE HOUSING COMPLIANCE

BLUEPRINT FOR AGENCY HOUSING ACTIVITIES

The Housing Compliance Plan serves as a blueprint for Agency activities within the Project Area and outlines how it will meet its low and moderate income housing responsibilities and eliminate blight. This Housing Compliance Plan presents a summary of the Agency's inclusionary and replacement housing programs as mandated by Sections 33413(b)(4) and 33490(a)(2) and (3) of CRL Section 33000 *et. seq.* Specifically, it presents a forecast of the number of affordable housing units that may be required over the ten-year Compliance Period, and assesses the Agency's plans to facilitate the creation of the required number of affordable housing units within this timeframe.

Adoption of a Housing Compliance Plan does not constitute approval of any specific project, program, or expenditure; and it does not change the need to obtain any required approval of a specific program, project, or expenditure from the Agency or community. The Housing Compliance Plan is a general statement of direction rather than an unalterable course of action. As such, in order to effectuate its purposes due to unknown circumstances or new opportunities that arise from time to time, the Agency may amend the Housing Compliance Plan during the five-year term of the Implementation Plan at any point, including but not limited to the mid-term opportunity as required by CRL.

HOUSING PRODUCTION

Since 1976, redevelopment agencies have been required to assure that at least 30 percent of all new or substantially rehabilitated units developed by an agency are available at affordable costs to households of very low, low, or moderate income. Of this 30 percent, not less than 50 percent are required to be available at affordable costs to very low income households. Further, for all units developed in the project area by entities other than an agency, the CRL requires that at least 15 percent of all new or substantially rehabilitated dwelling units within the project area be made available at affordable costs to low or moderate income households. Of these, not less than 40 percent of the dwelling units are required to be available at affordable costs to very low income households. These requirements are applicable to housing units as aggregated, and not on a project-by-project basis to each dwelling unit created or substantially rehabilitated unless so required by an agency. Appendix 2 provides a glossary of terms related to affordable housing covenants, affordability limits, and inclusionary unit satisfaction.

The Inclusionary Housing Obligations table on the following page summarizes the production goals over various time periods as required by the CRL. The number of affordable units required is based on statutory thresholds prescribed by the CRL, and the Agency is responsible for ensuring that the appropriate number of affordable units is created during the Compliance Period.

To estimate the number of housing units that need to be affordable to low and moderate income households, the Agency estimated the total number units to be constructed or substantial rehabilitated in the Project Area and applied formulas established in the CRL. The following inclusionary housing analysis includes projections for the number of dwelling units to be constructed or substantially rehabilitated during the Compliance Period, the next ten years, and over the life of the Redevelopment Plan.

Inclusionary Housing Obligation **TABLE 5**

Time Period	Total Units Produced (Market & Affordable)	Total Affordable Units Required	Very Low Income Units
First Compliance Period			
2011-12 through 2020-21			
Total Units	78	12	5
Second Compliance Period			
2020-21 through 2029-30			
Total Units	58	9	4
Remaining Plan Duration			
2030-31 through 2040-41			
Total Units	114	17	7
Total Redevelopment Plan Duration			
Total Units[1]	250	38	16

[1] Unit production predicted based on an inventory of vacant residential land in the Project Area.

Note: Numbers may not appear to add correctly due to rounded decimals

Residential development projected throughout the next ten years is estimated to generate a need for 12 affordable income restricted units, including 5 very low income units. The estimated need throughout the duration of the Redevelopment Plan is 38 affordable income restricted units, including 16 very low income units. The inclusionary housing obligation is estimated based on the potential build out of land zoned for residential use in the Project Area. The inclusionary housing obligation may change based on the level of development actually achieved in future years. The Agency will monitor Project Area development and adjust its inclusionary unit production obligation in future years as necessary.

Table 6 shows the number of affordable housing units the Agency anticipates to produce through the end of the Compliance Period (fiscal year 2020-21) to meet its inclusionary housing obligation. The table also shows the anticipated number of units the Agency will need to produce through the remaining life of the Redevelopment Plan in order to meet its predicted inclusionary housing obligation.

Inclusionary Housing Fulfillment **TABLE 6**

Time Period	Total	Very Low
First Compliance Period (2011-12 through 2020-21)		
Total Units Required	12	5
Total Units Produced	15	5
Remaining Surplus/(Deficit)	3	-
Second Compliance Period (2020-21 through 2029-30)		
Total Units Required	9	4
Total Units Produced	10	4
Cumulative Remaining Surplus/(Deficit)	5	-
Remaining Plan Duration (2030-31 through 2040-41)		
Total Units Required	17	7
Total Units Produced	15	7
Cumulative Remaining Surplus/(Deficit)	3	-
Total Redevelopment Plan Duration (2011 through 2041)		
Total Units Required	38	16
Total Units Produced	40	16
Ending Surplus	2	-

Note: Numbers may not appear to add correctly due to rounded decimals.

As Table 6 shows, development that is projected to occur in the Project Area over the next ten years will generate the need for 12 affordable units, 5 of which must be restricted to very low income households. During the same time period, the Agency will strive to produce 15 affordable units, including 5 very low income units. This would generate a total surplus of 3 affordable units as of June 30, 2020.

Residential development projected throughout the entire duration of the Redevelopment Plan is estimated to generate a need for 38 affordable income restricted units, including 16 very low income units. The Agency will strive to produce 40 affordable units, including 16 very low income units, throughout the duration of the Redevelopment Plan to meet its inclusionary housing requirements.

The Agency does not anticipate being the direct developer of any affordable housing units throughout the Compliance Period.

REPLACEMENT HOUSING

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

The Agency does not anticipate that any housing units will be destroyed as a result of Agency activity during the Compliance Period, thus there is no need for replacement housing at this time.

HOUSING PROGRAM CASH FLOW ANALYSIS

The Agency's primary source of funding for housing projects and programs is the annual deposit of 20 percent of its tax increment revenue into the Housing Fund. The CRL requires that these funds be used to increase, improve, and preserve the community's supply of housing available, at affordable housing cost, to persons and families of very low, low, and moderate incomes. Other sources of Housing Fund revenues include interest earnings, bond proceeds, loan repayments, and other miscellaneous revenue. The following table presents the Agency's Housing Fund projected cash flow over the next ten years.

As shown on Table 7, it is estimated $1.8 million will be deposited into the Housing Fund over the next ten years, of which $175,000 will be needed to pay obligations such as administration and operating costs. It is estimated that $212,000 will be allocated to affordable housing projects and programs over the next five years as described earlier in Table 4. An estimated $1.6 million will be allocated to affordable housing projects and programs over the entire ten-year Compliance Period.

Housing Fund Cash Flow Projections 2011-12 to 2020-21

TABLE 7

	2011-12	2012-13	2013-14	2014-15	2015-16	Cum. 5-Year
Beginning Fund Balance	**$ -**	**$ -**	**$ 274**	**$ 1,445**	**$ 157**	
Revenue						
LMIHF Deposit[1]	-	19,193	29,079	48,569	143,785	240,627
Total Revenue	-	19,193	29,079	48,569	143,785	240,627
Expenses / Encumbrances						
Admin, Operations, Planning[2]	-	1,919	2,908	4,857	14,379	24,063
Total Expenditures	-	1,919	2,908	4,857	14,379	24,063
Net Cash Flow	**-**	**17,274**	**26,445**	**45,157**	**129,564**	**218,440**
Planned Projects & Programs[3]		17,000	25,000	45,000	125,000	212,000
Ending Balance Available for New Projects/Program:	**$ -**	**$ 274**	**$ 1,445**	**$ 157**	**$ 4,564**	

Housing Fund Cash Flow Projections 2016-17 to 2020-21

	2016-17	2017-18	2018-19	2019-20	2020-21	Cum. 10-Year
Beginning Fund Balance	**$ 4,564**	**$ 5,198**	**$ 3,083**	**$ 4,264**	**$ 558**	
Revenue						
LMIHF Deposit[1]	200,704	258,761	317,979	345,883	386,051	1,750,004
Total Revenue	200,704	258,761	317,979	345,883	386,051	1,750,004
Expenses / Encumbrances						
Admin, Operations & Planning[2]	20,070	25,876	31,798	34,588	38,605	175,000
Total Expenditure	20,070	25,876	31,798	34,588	38,605	175,000
Net Cash Flow	**185,198**	**238,083**	**289,264**	**315,558**	**348,004**	**1,594,547**
Planned Projects & Programs[3]	180,000	235,000	285,000	315,000	345,000	1,572,000
Ending Balance Available for New Projects/Program:	**$ 5,198**	**$ 3,083**	**$ 4,264**	**$ 558**	**$ 3,004**	

[1] Equals 20% of gross tax increment revenue, assuming a 3% growth rate in assessed value. Tax increment is assumed to be one percent of the incremental value (the assessed value minus the base year value).
[2] Admin and Planning expenses estimated to be 10% of gross tax increment revenue.
[3] Does not include costs for all proposed projects and programs. Costs for several projects and programs are to be determined based on market opportunities and the available fund balance in the Agency budget.
Notes:

a. Total revenues do not reflect potential for future bond issues.
b. Developer participation may supplement revenues needed to fund redevelopment project
c. All ongoing/planned projects and programs will be prioritized based upon available revenues.

EXPENDITURES BY HOUSEHOLD TYPES

Effective January 2002, expenditure of Housing Fund revenues is subject to certain legal requirements. At a minimum, the Agency's 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.

The community's proportionate need is based on statistics from the Sacramento Area Council of Governments, used by local government to meet state requirement for affordable housing by category, and the United States Department of Housing and Urban Development Comprehensive Housing Affordability Strategy ('CHAS") allocation numbers. However, as data relating to low income person under the Age of 65 is not readily available from the US Census, the metric that closest approximates it is from the CHAS database which represents data of low income households below the age of 62.

Table 8 shows the minimum Housing Fund expenditure thresholds for very low and low income persons as well as the maximum housing expenditure thresholds for households over 65 years of age required over the term of the Compliance Period. The Agency has projected $1.6 million of Housing Fund expenditures for projects and programs implemented over the Compliance Period. The Agency will strive to spend future Housing Fund expenditures in the proportions detailed in Table 8 in order to meet the minimum proportion of expenditures required for very low and low income households and not exceed the maximum proportion of expenditures permitted for moderate income/unrestricted households.

Estimated Proportional Expenditure Allocation, 2011-12 through 2020-21 **TABLE 8**

Income Level	RHNA Allocation 2006-2013 (Units)[1]	Targeting Requirement (% of Total)	2011-12 to 2015-16		2016-17 to 2020-21		2011-12 to 2020-21	
			Expenditure	%	Expenditure	%	Expenditure	%
Very Low (min)	50	28%	$63,600	30%	$408,000	30%	$471,600	30%
Low (min)	56	31%	$65,720	31%	$421,600	31%	$487,320	31%
Moderate/Unrestricted (max)	75	41%	$82,680	39%	$530,400	39%	$613,080	39%
	181	100%	$212,000	100%	$1,360,000	100%	$1,572,000	100%

Age Category	CHAS Allocation (Households)[2]	Targeting Requirement (% of Total)	2011-12 to 2015-16		2016-17 to 2020-21		2011-12 to 2020-21	
			Expenditure	%	Expenditure	%	Expenditure	%
Non-Age Restricted (min)	2,603	79%	$169,600	80%	$1,088,000	80%	$1,257,600	80%
Age-Restricted (max)[3]	695	21%	$42,400	20%	$272,000	20%	$314,400	20%
	3,298	100%	$212,000	100%	$1,360,000	100%	$1,572,000	100%

[1] Sacramento Area Council of Governments

[2] Data of low income households under the age of 65 is not readily available from the Census. The nearest metric for such Census data represents households under the age of 62 (available via the Comprehensive Housing Affordability Strategy at http://socds.huduser.org/chas/index.htm).

[3] Age-restricted means any housing unit that is not available to all persons regardless of age.

APPENDIX 1: GLOSSARY OF HOUSING TERMS

APPENDIX 1

Glossary of Housing Terms

There are many ways in which the Agency may create inclusionary units that satisfy the requirements outlined in CRL Section 33413 including new construction of for-sale and rental housing, substantial rehabilitation, and the purchase of covenants on multifamily rental housing.

New Construction & Substantial Rehabilitation: For-sale (affordable) inclusionary units or inclusionary multifamily rental housing may be created by assisting new construction or providing financing for purchasers of new housing, and by substantially rehabilitating such units per the CRL's definition. To be counted toward the Agency inclusionary unit need, for sale units must be covered by a 45-year affordability covenant and rental units by a 55-year affordability covenant.

Purchase of Covenants: The Agency may use the Housing Fund to subsidize multifamily units that are not substantially rehabilitated or newly constructed, by the purchase of an affordability covenant. The affordability covenants on multifamily units would restrict such units for a period of 55 years. Such units must be occupied by and affordable to very low and low income households. The Agency may only meet up to 50 percent of their required inclusionary unit need in this manner. Furthermore, 50 percent of the covenants purchased must be affordable to very low and low income households. Inclusionary units secured by the Agency through the purchase of covenants, substantial rehabilitation, and new construction that are located within the Project Area boundaries can be counted on a one-for-one basis. If the units are located outside of the Project Area they only receive one-half (½) credit (counted on a two-for-one basis). Mutual self-help housing units receive a 1/3 credit towards satisfying inclusionary unit production requirements.

Mutual Self-help Housing: Mutual self-help housing refers to very low or low income, owner-occupied housing units where residents have contributed at least 500 hours of work on the unit to ensure safe and sanitary housing. Mutual self-help housing units must be deed restricted for at least 15 years. Each housing production unit must have a covenant recorded with the county pursuant to CRL Section 33334.3 in order to be counted.

DURATION OF AFFORDABILITY COVENANTS

Prior to January 1, 2002: for no less than the period of land use controls established in the redevelopment plan.

After January 1, 2002*:* for the longest feasible time, but not less than 55 years for rental housing and 45 years for owner occupied housing.

Under Section 33413, rental housing units may be replaced prior to the expiration of the 55-year period with equally affordable and comparable rental units in another location within the City if (i) the replacement units are available for occupancy prior to the displacement of any persons residing in the subject units and (ii) the comparable replacement units are not developed using moneys in the Housing Fund.

Under Section 33413, owner-occupied units may be sold prior to the expiration of the 45-year period for a price in excess of what would otherwise be allowed if the units are subject to an equity sharing agreement or some other program that protects the Agency's investment of Housing Fund moneys. The Agency must deposit the excess proceeds in the Housing Fund and within three years from the date of the sale of the units, spend funds to make affordable an equal number of units at the same income level as the units sold. Only the units originally assisted by the Agency can be counted towards the Agency's obligations under Section 33413.

AFFORDABILITY INCOME AND COST LEVELS

Section 50052.5 of Health and Safety Code defines affordable housing cost as:

- Extremely Low – Not more than 30% of 30% of the County median household income.
- Very Low - Not more than 30% of 50% of the County median household income.
- Low - Not more than 30% of 70% (or 30% of 60% for rental projects) of the County median household income.
- Moderate - Not more than 35% of 110% (or 30% of 120% for rental projects) of the County median household income.

The following tables detail income limits and affordable housing costs for rental and ownership units in Placerville based on the 2010 El Dorado County Area Median Income.

EL DORADO COUNTY
2010 Affordable Income Limits

(Income figures based on Department of Housing and Community Development Income Limits dated June 17, 2010)

1 Person Household		2 Person Household		3 Person Household		4 Person Household	
Median Income:	**$51,150**	**Median Income:**	**$58,500**	**Median Income:**	**$65,800**	**Median Income:**	**$73,100**
Income Category	Annual Income [(1)]	Income Category	Annual Income	Income Category	Annual Income	Income Category	Annual Income
Very Low	$25,600	Very Low	$29,250	Very Low	$32,900	Very Low	$36,550
Low	$40,950	Low	$46,800	Low	$52,650	Low	$58,500
Moderate	$61,400	Moderate	$70,150	Moderate	$78,950	Moderate	$87,700

5 Person Household		6 Person Household		7 Person Household		8 Person Household	
Median Income:	**$78,950**	**Median Income:**	**$84,800**	**Median Income:**	**$90,650**	**Median Income:**	**$96,500**
Income Category	Annual Income	Income Category	Annual Income	Income Category	Annual Income	Income Category	Annual Income
Very Low	$39,500	Very Low	$42,400	Very Low	$45,350	Very Low	$48,250
Low	$63,200	Low	$67,900	Low	$72,550	Low	$77,250
Moderate	$94,700	Moderate	$101,750	Moderate	$108,750	Moderate	$115,750

DEFINITIONS

1. Annual Income: Gross income from all sources for all members of the household.

EL DORADO COUNTY
2010 Affordable Rent Limits

(Income figures based on Department of Housing and Community Development Income Limits dated June 17, 2010)

Studio		**1 Bedroom**		**2 Bedroom**		**3 Bedroom**	
Median Income:	**$51,150**	**Median Income:**	**$58,500**	**Median Income:**	**$65,800**	**Median Income:**	**$73,100**
Income Category	Monthly Affordable Rent [(1)]	Income Category	Monthly Affordable Rent	Income Category	Monthly Affordable Rent	Income Category	Monthly Affordable Rent
Very Low	$639	Very Low	$731	Very Low	$823	Very Low	$914
Low	$767	Low	$878	Low	$987	Low	$1,097
Moderate	$1,407	Moderate	$1,609	Moderate	$1,810	Moderate	$2,010

4 Bedroom		**5 Bedroom**		**6 Bedroom**		**7 Bedroom**	
Median Income:	**$78,950**	**Median Income:**	**$84,800**	**Median Income:**	**$90,650**	**Median Income:**	**$96,500**
Income Category	Monthly Affordable Rent	Income Category	Monthly Affordable Rent	Income Category	Monthly Affordable Rent	Income Category	Monthly Affordable Rent
Very Low	$987	Very Low	$1,060	Very Low	$1,133	Very Low	$1,206
Low	$1,184	Low	$1,272	Low	$1,360	Low	$1,448
Moderate	$2,171	Moderate	$2,332	Moderate	$2,493	Moderate	$2,654

DEFINITIONS

1. Affordable Rent: Monthly rent amount would be adjusted for a reasonable utility allowance.

EL DORADO COUNTY
2010 Affordable Income Limits

(Income figures based on Department of Housing and Community Development Income Limits dated June 17, 2010)

Studio		**1 Bedroom**		**2 Bedroom**		**3 Bedroom**	
Median Income:	**$51,150**	**Median Income:**	**$58,500**	**Median Income:**	**$65,800**	**Median Income:**	**$73,100**
Income Category	Monthly Affordable Housing Cost (1)	Income Category	Monthly Affordable Housing Cost	Income Category	Monthly Affordable Housing Cost	Income Category	Monthly Affordable Housing Cost
Very Low	$639	Very Low	$731	Very Low	$823	Very Low	$914
Low (2)	$895	Low	$1,024	Low	$1,152	Low	$1,279
Moderate (3)	$1,641	Moderate	$1,877	Moderate	$2,111	Moderate	$2,345

4 Bedroom		**5 Bedroom**		**6 Bedroom**		**7 Bedroom**	
Median Income:	**$78,950**	**Median Income:**	**$84,800**	**Median Income:**	**$90,650**	**Median Income:**	**$96,500**
Income Category	Monthly Affordable Housing Cost	Income Category	Monthly Affordable Housing Cost	Income Category	Monthly Affordable Housing Cost	Income Category	Monthly Affordable Housing Cost
Very Low	$987	Very Low	$1,060	Very Low	$1,133	Very Low	$1,206
Low	$1,382	Low	$1,484	Low	$1,586	Low	$1,689
Moderate	$2,533	Moderate	$2,721	Moderate	$2,908	Moderate	$3,096

DEFINITIONS

1. Monthly Housing Costs: Amount of mortgage payment principal and interest, mortgage insurance, property taxes, and property insurance. and reasonable utility allowance
2. Low Income Affordable Housing Costs: Assumes affordable housing costs computed at 30% of 70% of median income.
3. Moderate Income Affordable Housing Costs: Assumes affordable housing costs computed at 35% of 110% of median income; may not be less than 28% of household's gross income.

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Adopted ______________________

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