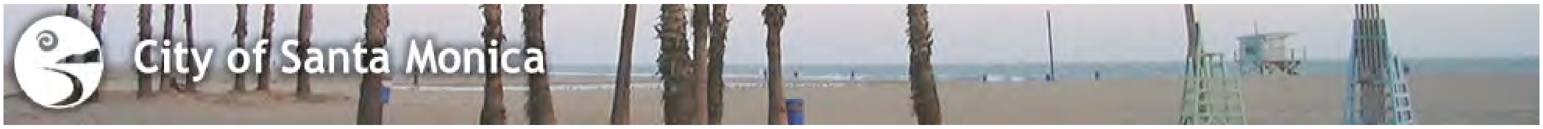

REPORT

Five-Year Implementation Plan

FY 2009-10 through FY 2013-14

Prepared for:

Santa Monica Redevelopment Agency

November 2009

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Executive Summary

Introduction

Since 1994, California Community Redevelopment Law (CRL) requires that all redevelopment agencies adopt a five-year implementation plan. This year, the Redevelopment Agency of the City of Santa Monica (Agency) is due to adopt its five-year Implementation Plan for FY 2009-10 through FY 2013-14. Together with the Agency's redevelopment consultant and legal counsel, staff has prepared this updated plan for Agency consideration on November 18, 2009. At this meeting, the Agency will conduct a public hearing on the FY 2009-10 through FY 2013-14 Implementation Plan and consider its adoption.

Five-Year Implementation Plan

Pursuant to Section 33409 of the Redevelopment Law, the FY 2009-10 through FY 2013-14 Implementation Plan delineates the Agency's goals and objectives for each of the four redevelopment Project Areas (Earthquake Recovery, Downtown, Ocean Park 1A and Ocean Park 1B). In addition, the Implementation Plan contains specific programs and related expenditures estimated to be made during the next five years, as well as a description of how the goals and objectives and programs will alleviate the impacts of the 1994 Northridge earthquake and eliminate adverse conditions in the Project Areas, as well as help achieve the City's affordable housing goals and objectives.

The CRL also requires the implementation plan to include a housing component detailing the agency's affordable housing goals, programs, activities and expenditures. The housing component must include the affordable housing production plan, the replacement housing plan and a description of the CRL-required low and moderate income housing fund (the Redevelopment Housing Trust Fund or Housing Fund). In addition to addressing the CRL reporting requirements, the Housing Component of this Implementation Plan describes expenditures of additional revenues the Agency devotes towards affordable housing production and preservation, known as supplemental funds for affordable housing (SFAH). These funds underscore the Agency's commitment to providing affordable housing opportunities as a central goal of its Redevelopment Program.

The purpose of the Implementation Plan is not to approve any specific program, expenditure or project at this time, but rather to provide a vision and guide for the Agency's anticipated activities within the next five years.

The Plan sets forth a series of programs for each of the Agency's four redevelopment Project Areas. These programs and estimated expenditures over the next five years are summarized below. Staff anticipates that the projects and programs implemented during the next five years would be funded with available tax increment and debt financing. It is assumed for this Implementation Plan that debt would be issued in FY 2011-12 and FY 2013-14.

- **Earthquake Recovery Project Area**[1]
  Over the next five years, the Agency anticipates $283 million to be available for distribution among five program categories.
  - **$56.4 million for Disaster Prevention and Mitigation Program**
    To implement the Downtown Parking Program, completion of the stabilization of the Palisades Bluff, improvements necessary for seismic safety, rehabilitation and adaptive reuse of the Civic Center Auditorium, and improvement or replacement of vulnerable or deteriorating public infrastructure or facilities.
  - **$10 million for the Commercial Revitalization**
    For programs that will promote business expansion and economic investment in the Project Area, preserve the area's existing employment base, implement sustainable land use principles, and support transit-oriented development through investment in light rail station areas.
  - **$115.9 million for Community Revitalization**
    To implement the Civic Center Specific Plan, including Civic Center Auditorium Districts Project, Palisades Garden Walk and Town Square, Early Childhood Education Center, Freeway Capping and parking enhancements; Memorial Park Master Plan and design; and undertaking capital improvement projects that serve or benefit the project area.
  - **$57 million for Institutional Revitalization**
    For joint use opportunities on the campus of Santa Monica High School and promote development of facilities and programs enhancing arts and culture.
  - **$43.6 million for Affordable Housing**
    To further increase, improve or preserve the supply of affordable housing within the City. These funds will be allocated as SFAH revenues in addition to the $70.5 million required to be deposited into the CRL-mandated Housing Fund.
- **Downtown Project Area**
  - **$4.6 million for Affordable Housing**
    Over the next five years, the new plan proposes to allocate all available funds (net of administrative expenses and debt obligations) to affordable housing outside of the Project Area.
    - $4.6 million would be used to increase, improve or preserve affordable housing as SFAH revenues in addition to the $1.9 million required to be deposited into the CRL-mandated Housing Fund.

[1] Because the Ocean Park 1A and 1B Project Areas were adopted prior to 1976 and the Downtown Project Area is designated exclusively for non-residential use, Earthquake Recovery is the only Project Area currently subject to the housing production requirement.

- **Ocean Park Projects 1A and 1B**
  - **$10.5 million for Affordable Housing**
    Over the next five years, the new plan proposes to allocate all available funds (net of administrative expenses and debt obligations) to affordable housing outside of the Project Area.
    - $10.5 million would be used to increase, improve or preserve affordable housing as SFAH revenues in addition to the $4.15 million required to be deposited into the CRL-mandated Housing Fund.

Affordable Housing Revenues

In summary, for all the Project Areas, approximately $160.9 million of CRL-mandated Redevelopment Housing Trust Fund monies, SFAH funds and Line of Credit proceeds would be allocated over the next five years to fund land acquisition, new construction, and acquisition and/or rehabilitation projects to provide affordable housing. These funds would further increase, improve or preserve the supply of affordable housing within the City and other activities consistent with the City's Housing Element, Consolidated Plan and California Redevelopment Law. Funds may be loaned or granted to eligible borrowers for these uses.

Housing Component

The Housing Component of the Implementation Plan summarizes the Agency's projected housing obligations pursuant to the legal requirements of the CRL and provides an overall framework for the Agency's Housing Program goals and expenditures. It sets forth the Agency's proposed program for ensuring that an appropriate number of very low, low, and moderate income dwelling units are produced in connection with any new construction or substantial rehabilitation within the Project Areas. In general, the CRL provides that in Project Areas adopted on or after January 1, 1976, at least 15 percent of all new or substantially rehabilitated units, developed by public or private entities other than the Agency, be available to very low, low and moderate income households. At least 6 percent must be available to very low income households.

In sum, the Housing Component demonstrates that the Agency has a projected affordable housing production obligation over the ten-year compliance period (FY 2004-05 through FY 2013-14) of 255 units affordable to very low, low or moderate income households, of which 103 must be affordable to very low income households After the first five years of the ten-year compliance period, the Agency is already exceeding its total projected affordable housing production obligation.

In addition to the obligation to produce affordable units, CRL requires that the Agency use Southern California Association of Governments (SCAG) 2006-2014 Regional Housing needs Allocation (RHNA) figures for determining its proportionate spending on housing for very low and low income groups in the community. In order to meet its targeting obligation, the Agency must target its expenditures over the next five years in the following proportions: at least 35 percent on very low income units, at least 52 percent on low income units, and no more than 13 percent on moderate income. The Agency anticipates it will meet its very low, low and moderate income targeting requirements for the ten-year compliance period ending on December 31, 2014.

Conclusion

Over the next five year period, the Agency will continue to work towards achieving its goals and objectives, which are focused on eliminating the impacts of the Northridge Earthquake and other physical and economic adverse conditions, as well as preserving and producing affordable housing. At the end of the next five-year period, the Agency anticipates that it will be in compliance with all CRL housing requirements. The Santa Monica Redevelopment Agency will continue its partnership with the community to improve and revitalize the Project Areas.

I. Introduction

The California Community Redevelopment Law (CRL) requires each redevelopment agency administering a redevelopment plan (or plans) to prepare and adopt a five-year Implementation Plan. The principal goal of the Implementation Plan is to guide an agency in implementing its redevelopment programs to alleviate or eliminate blighting influences and the adverse effects of disasters, such as the Northridge Earthquake. The affordable housing component of the Implementation Plan provides a mechanism for a redevelopment agency to plan and monitor its progress in meeting both the affordable housing requirements and obligations under the CRL and the affordable housing needs of the community. The Implementation Plan is a guide, incorporating the goals, objectives and programs of the Agency for the next five years while providing flexibility so the Agency may adjust to changing circumstances and new opportunities.

This document is the Five-Year Implementation Plan for FY 2009-10 through 2013-14 (Implementation Plan) for the project areas (Project Areas) administered by the Santa Monica Redevelopment Agency (Agency), including:[1]

- Earthquake Recovery Redevelopment Project Area (ERRPA) (adopted 1994, expires 2027);
- Downtown Redevelopment Project Area (adopted 1976, expires 2019);
- Ocean Park 1A Redevelopment Project Area (adopted 1960, expires 2012); and
- Ocean Park 1B Redevelopment Project Area (adopted 1961, expires 2012).

A. Organization

This Implementation Plan outlines the Agency's proposed program of disaster mitigation; commercial, community and institutional revitalization; and affordable housing activities for the five-year period. Generally, the Implementation Plan must contain the following information:

- Five-year goals and objectives for both housing and non-housing activities.
- Programs and expenditures for the five-year period for both housing and non-housing activities.
- An explanation of how the goals, objectives, programs and expenditures will assist in alleviating adverse conditions, and in meeting affordable housing obligations.
- Other information related to the provision of affordable housing.

The Implementation Plan is presented in three chapters:

Chapter I. Introduction

The introductory chapter provides an overview of the CRL requirements, descriptions of the Project Areas, and summaries of Agency accomplishments and expenditures over the previous five-year Implementation Plan period (FY 2004-05 through FY 2008-09).

[1] Pacific Ocean Park (adopted in 1971) is an inactive project area. No projects were established for the area and the area has not generated tax increment revenue. Therefore, no further reporting is required in this Implementation Plan.

Chapter II. Redevelopment Program Goals, Projects and Activities

This chapter includes the five-year goals and objectives for each of the Project Areas, as well as redevelopment activities and related revenues and expenditures. It also describes how the five-year Redevelopment Program will continue to alleviate the conditions of blight and the impacts of the Northridge Earthquake.

Chapter III. Housing Component

The Housing Component includes the Affordable Housing Production Plan, which summarizes historical and projected housing production, the affordable housing production obligation, and the Agency's progress in meeting the obligation. Additionally, the Housing Component includes the status of the Redevelopment Housing Trust Fund (Housing Fund) and estimated annual deposits into the fund over the next five years. The Housing Component also includes the Housing Program, which estimates Housing Fund expenditures and affordable housing units to be assisted by the Housing Fund in each of the five years of the Implementation Plan period. It also charts the Agency's progress in meeting the Housing Fund expenditure targeting requirements and other affordable housing obligations.

B. Implementation Plan as Guide

The Agency's resources and future implementation of the programs will be affected by the scale and timing of its issuance of debt instruments or use of other financial mechanisms to fund capital improvements the Agency expects to undertake during the next five years. The Agency expects that particular constraints and opportunities not fully predictable at this time will arise in the course of undertaking the projects and activities described in this Implementation Plan. Thus, the Agency understands that the specific projects and activities actually implemented over the next five years may vary in their precise timing, location, cost, expenditure, scope and content from those set forth in this document. Therefore, the Agency intends to use and interpret this Implementation Plan as a flexible guide.

1. State "Take Aways"

A major constraint that the Agency has faced in the past, and that it currently faces today, is the State "taking" of redevelopment funds. Faced with state budget deficits, the State Legislature passed, and the Governor signed, legislation requiring redevelopment agencies to contribute to the Educational Revenue Augmentation Fund (ERAF) by transferring local tax increment to fund State obligations in FY 2003-04, FY 2004-05, and FY 2005-06. The Agency was required to contribute $7.97 million over those three years.

Faced with a state budget gap in FY 2008-09, the State Legislature passed, and the Governor signed, legislation requiring redevelopment agencies to contribute to ERAF once again and transfer $350 million to fund State obligations. The Agency's portion of this transfer was determined to be $4.3 million. However, the Sacramento Superior Court found this provision to be unconstitutional and signed a judgment in May 2009, forbidding county auditor-controllers from taking any actions to carry out or enforce any of the ERAF payment requirements.

With a continuing major budget deficit in FY 2009-10 (and likely beyond), in late July 2009 the State Legislature approved and the Governor signed into law AB 26 4x. This law requires that redevelopment agencies contribute a statewide total of $1.7 billion in FY 2009-10 and an additional $350 million in FY 2010-11 to a new ERAF-related fund—called "Supplemental ERAF" or "SERAF"—to further relieve the State of its educational funding obligations. The impact of this latest budget legislation, if held constitutional, would be to require the Agency to contribute $20.9 million to the SERAF in FY 2009-10 and an additional $5.1 million in FY 2010-11. On October 20, 2009, the California Redevelopment Association (CRA) filed a lawsuit challenging the constitutionality of these additional State “take aways” from redevelopment agencies.

For Implementation Plan planning purposes, the analysis in this report assumes that the potential SERAF payments will not have to be made in FY 2009-10 and FY 2010-11. The Agency cannot predict whether the State Legislature will enact legislation requiring deposits into ERAF in future years or whether such deposits would be found to be unconstitutional. Therefore, the revenue projections for the following three fiscal years do not assume a continuation of State ERAF “take aways” either.

C. Description of Project Areas

The Project Areas consist of approximately 1,894 acres located within Santa Monica, which is located in Los Angeles County. The Agency’s Project Areas were adopted over a 34-year period, and have been amended over time. Figure I-1 shows the location of the Project Areas within the City of Santa Monica and Table I-1 summarizes the time and financial limits of each of the Project Areas.

1. Earthquake Recovery Redevelopment Project Area

The Earthquake Recovery Redevelopment Project Area (ERRPA), established in June 1994, is bounded on the east by Cloverfield Boulevard and 26th Street, on the west by the Pacific Coast Highway-Beach Promenade, on the south roughly by Pico Boulevard, and on the north by Montana Avenue. The City formed the 1,851-acre Project Area to alleviate the effects of the January 1994 Northridge Earthquake. Most damaged structures in the city—approximately 90 percent of all red-tagged and almost 80 percent of all yellow-tagged buildings—were included in the Project Area. The earthquake’s damage significantly affected the city’s affordable housing stock, as well as commercial and public properties. As a result of the Agency’s State-mandated contributions to ERAF in 2004 through 2006, the Council was able to extend by three years the Project Area’s time limits on plan activities (to 2027) and the tax increment collection (to 2042).

City of Santa Monica

Redevelopment Project Areas

(General Vicinity Map)

Figure I-1

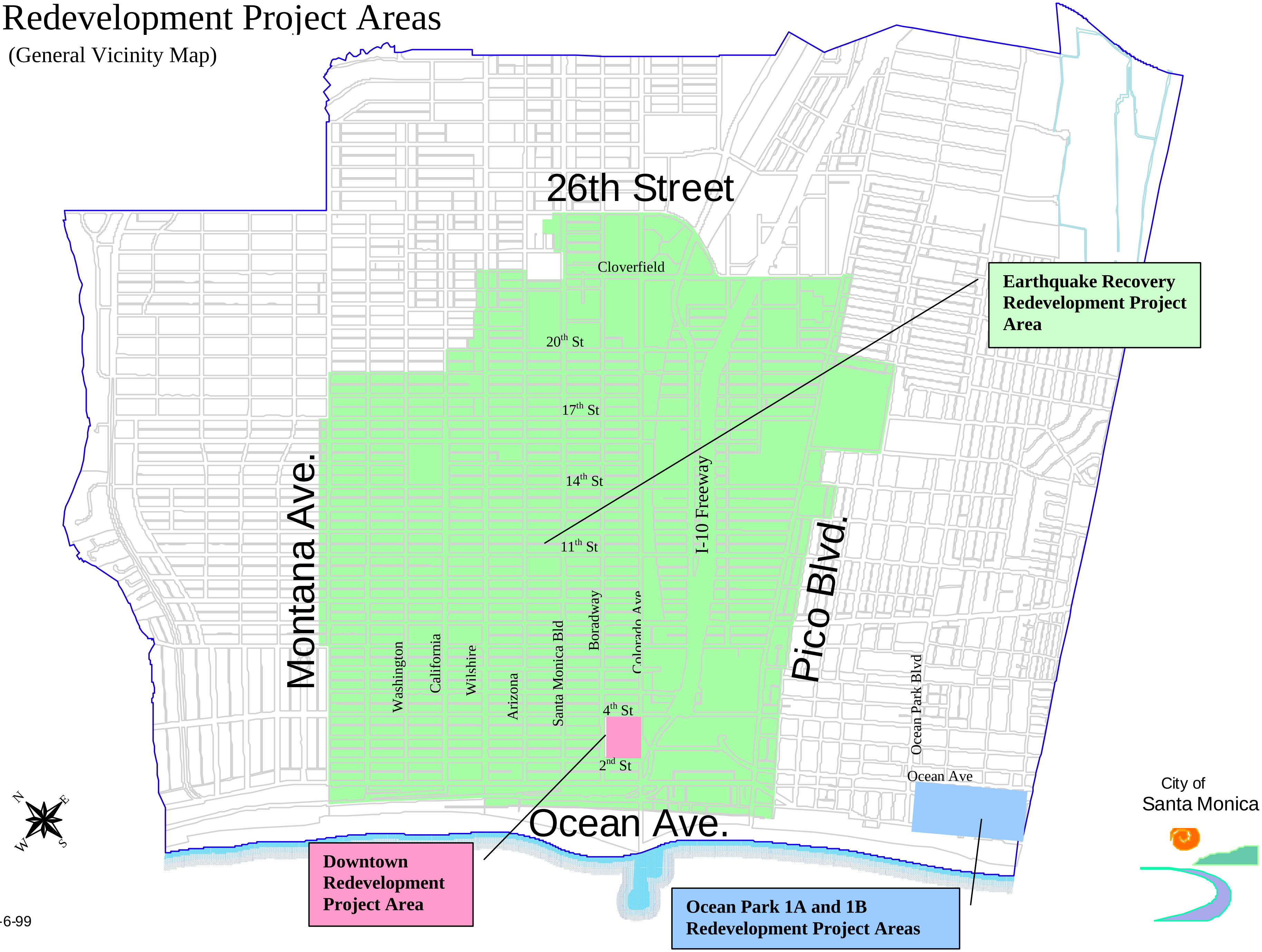

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Table I-1
Summary of Project Area Time Limits
Santa Monica Redevelopment Agency

PROJECT AREA	ADOPTED ON	AMENDMENTS	TAX INCREMENT LIMIT	EMINENT DOMAIN	AB1290 TIME LIMIT CHANGES (1/94)[a]		
					INCURRING NEW DEBT[b]	PLAN ACTIVITIES[c]	RECEIVING TAX INCREMENT & PAYING DEBT[d]
OCEAN PARK (1A)	6/30/60, Ord. 497	11/14/67, Ord. 757 ERAF Time Extension 1/13/04, Ord. 2110 (SB 1045 ERAF) 7/11/06, Ord. 2196 (SB 1096 ERAF)	$66,612,512	Expired 12.9.86	1.1.04	1.1.12	1.1.22
OCEAN PARK 1(B)	1/24/61, Ord. 516	1/26/65, Ord. 667 7/13/71, Ord. 873 9/12/72, Ord. 896 ERAF Time Extension 1/13/04, Ord. 2111 (SB 1045 ERAF) 7/11/06, Ord. 2195 (SB 1096 ERAF)	$24,637,500	Expired 12.9.86	1.1.04	1.1.12	1.1.22
DOWNTOWN	1/13/76, Ord. 1021	ERAF Time Extension 1/13/04, Ord. 2109 (SB 1045 ERAF) 7/11/06, Ord. 2194 (SB 1096 ERAF)	$125,300,000	Expired 12.9.86	None Eliminated by Ordinance 2107 1/13/04	1.13.19	1.13.29
EARTHQUAKE RECOVERY	6/21/94, Ord. 1747	ERAF Time Extension 1/13/04, Ord. 2108 (SB 1045 ERAF) 7/11/06, Ord. 2197 (SB 1096 ERAF)	$95,000,000[e] (bonded indebtedness)	not authorized	6.21.14	6.21.27	6.21.42
PACIFIC OCEAN PARK (effectively defunct; no TI generated; no projects ever established)	7/13/71, Ord. 874		N/A	N/A	N/A	N/A	N/A

Notes:

a. The required AB1290 changes were adopted by ordinance on 11/22/94.

b. Later of 20 years from the plan adoption date or 1/1/2004; Unless repealed through summary ordinance.

c. Later of 40 years from the plan adoption date or 1/1/2009; 30 years for plans adopted after 1/1/94; additional 3-yr. time extension due to ERAF.

d. Later of 50 years from plan adoption or 1/1/2010; 45 years for plans adopted after 1/1/94; additional 3-yr. time extension due to ERAF.

e. AB1290 eliminated the tax increment ceiling for plans adopted after 1/1/94; however the Earthquake Recovery Project Area includes a required limit on bonded indebtedness (excluding the 20% set-aside requirement).

Source: Santa Monica Redevelopment Agency

2. Downtown Redevelopment Project Area

The Downtown Redevelopment Project Area (Downtown Project Area) was established in January 1976 and encompasses about 9.9 acres located in the downtown core of Santa Monica. It is bounded by Broadway on the north, Fourth Street on the east, Colorado Avenue on the south, and Second Street on the west. The Agency eliminated its time limit on incurring debt in 2004. As a result of the Agency's state-mandated contributions to ERAF in 2004 through 2006, the Council was able to extend by three years the Project Area's time limits on plan activities (to 2019) and tax increment collection (to 2029).

3. Ocean Park Redevelopment Project Area 1A

The Ocean Park Redevelopment Project Area was the first project undertaken by the Santa Monica Redevelopment Agency. It was designated for study as a potential redevelopment project area in April 1958, when an application was submitted to the federal government for survey and planning funds. With these funds, the Agency commenced preparation of formal plans for the 33-acre area in the southwest corner of the city. In October 1959, as a result of a reduction in the availability of federal funds for the project, the City divided the proposed Ocean Park Project Area into two separate project areas so that at least one project could proceed with the funds available to the Agency at the time.

Ocean Park Redevelopment Project 1A (Ocean Park 1A), encompassing the northern 25 acres of the originally proposed 33-acre project, is bounded by Ocean Park Boulevard on the north, Neilson Way on the east, Ocean Park Project 1B on the south, and the State beach parking lots and beach on the west. The City Council approved the Redevelopment Plan for this Project Area in June 1960. Since then, Council has amended the plan to modify its permitted land uses, establish time and fiscal limits, and comply with new regulation. As a result of the Agency's state-mandated contributions to ERAF in 2004 through 2006, the Council was able to extend by three years the Project Area's time limits on plan activities (to 2012) and tax increment collection (to 2022).

4. Ocean Park Redevelopment Project Area 1B

Ocean Park Redevelopment Project 1B (Ocean Park 1B), encompassing the southern 8 acres of the originally proposed Project Area, is bounded by Ocean Park 1A on the north, Neilson Way on the east, the City limit on the south, and the State beach parking lots and beach on the west. The City Council approved the Redevelopment Plan for the Project in January 1961. Since then, the Council has amended the plan to modify its permitted land uses, establish fiscal limits and comply with new regulation. As a result of the Agency's contributions to the ERAF in 2004 through 2006, the Council was able to extend by three years the Project Area's time limit on plan activities (to 2012) and tax increment (to 2022).

D. FY 2004-05–FY 2008-09 Agency Accomplishments

The Agency has undertaken many projects and activities in the Project Areas over the previous five-year Implementation Plan period. Agency efforts have been focused on the alleviation of the impacts of the Northridge Earthquake and of blighting conditions through the following activities:

- **Disaster mitigation**
  Seismically retrofit or demolish and rebuild public parking structures, stabilize the bluffs and fund relevant studies to mitigate earthquake effects.
- **Commercial revitalization**
  Promote private sector investment and business expansion within ERRPA, to preserve the Area's existing employment base and restore local jobs.
- **Community revitalization**
  Enhance public parks, recreational facilities, parking and circulation in ERRPA and implement the Civic Center Specific Plan.
- **Institutional revitalization**
  Assist Santa Monica Community College District with the costs of repair and reconstruction of earthquake-damaged facilities.
- **Affordable housing activities**
  Increase, improve and preserve affordable housing opportunities and improve the City's housing stock.

The following subsections include a list of projects and activities accomplished over the last five years (FY 2004-05 through FY 2008-09) by Project Area.

1. Earthquake Recovery Redevelopment Project Area Accomplishments

The following activities have been the primary focus of the Agency during the last Implementation Plan period in ERRPA.

a. Disaster Mitigation Program

Downtown Parking Program

On February 28, 2006, Council certified the Downtown Parking Program Environmental Impact Report (EIR) and approved a Statement of Overriding Considerations for seismic retrofitting of two nine-story parking structures; tearing down and rebuilding three five-story parking structures; and adding up to two new parking structures in the Downtown area, with a total net increase of 1,712 parking spaces and approximately 59,000 square feet of ground-floor commercial space.

Staff was directed to proceed with the strategic plan to retrofit, rebuild and add parking resources in the downtown area over a ten-year period. Efforts include seismic retrofit work, acquisition of property to serve as a replacement perimeter parking resource, and design development for the structures slated to be demolished and rebuilt. The following summarizes the program activities for each of the parking structures.

Parking Structure 2

Structure 2 is located at 1235 Second Street and was built in 1969 with 633 parking spaces. On June 26, 2007, Council authorized the award of the seismic retrofit design work for Structure 2 and the work commenced in FY 2007-08. The construction work to strengthen the existing shear walls and foundations is anticipated to be under construction in winter 2010 and completed in FY 2010-2011.

Parking Structure 4

Structure 4 is located at 1321 2nd Street and was built in 1967 with 660 parking spaces. Council awarded a contract for design of seismic retrofit to Structure 4 in May 10, 2005. The seismic retrofit work and other improvements included design reconfigurations to relocate the storage area to Parking Structure 2, enlarge the trash enclosure area, accommodate additional service vehicles, and remodel the restrooms to provide additional options for the public. These improvements were completed in FY 2008-09.

Parking Structure 5

Structure 5 was constructed in 1969-70 and expanded in 1988 with a total capacity of 657 parking spaces. On February 8, 2005, Council awarded a construction contract for seismic retrofit of Structure 5. In addition to strengthening the existing sheer walls and foundations, redevelopment funds assisted with ADA upgrades. The improvements to Structure 5 were completed in 2005.

Parking Structures 1 and 6

On June 30, 2009, Council authorized a design-build contract for preconstruction services for the demolition and rebuilding of Parking Structures 1 and 6. The Downtown Parking Improvement Program recommended that Parking Structures 1 and 6 be demolished and rebuilt in the same locations to add spaces, with the EIR analysis addressing an envelope of three levels below ground and up to nine levels above ground. The rebuilding of each structure will result in a net increase of approximately 250 spaces per structure. The structures will include ground floor retail, rooftop solar panels, bicycle storage facilities, and public restrooms. The new structures will also create safe, efficient facilities for vehicles and pedestrians. The next step in the design-build process is to negotiate the contract terms for a Guaranteed Maximum Price (GMP) for design; anticipated to occur in winter 2010, followed by a GMP for construction in FY 2010-11.

Land Acquisitions

The City has been pursuing the acquisition of property within the area bounded by 4th Street, 5th Court, Wilshire Boulevard and Olympic Boulevard for future public projects that may include light rail transit, public parking, affordable housing or other public supportive commercial uses. Acquisitions of 430 Arizona, 1324 5th Street, 1320 5th Street, 1321 5th Street, 1334 5th Street, 1338-42 5th Street and 1632-36 5th Street were completed by FY 2008-09.

Palisades Bluff Stabilization

The Palisades Bluffs rise 30 to 150 feet above a 1.6-mile stretch of the Pacific Coast Highway from the McClure Tunnel to the northerly city limits. The slopes of the bluffs are steep and near vertical in certain areas, with deeply eroded gullies. After the January 17, 1994 Northridge earthquake, various sections of the bluffs were impacted by landslides, flows of debris and mud, and fractures. The damage was further exacerbated by sloughing from the disaster level storms of 1995 and 1998. Efforts to retrofit and stabilize the Palisades Bluffs commenced in 2004 with a geotechnical study prepared by URS Corporation to evaluate the soils condition and provide recommendations to mitigate existing damage and potential future deterioration. On April 26, 2005, Council approved a professional services agreement for design of the project, which involves the installation of horizontal drains to remove accumulation of groundwater behind the bluffs as a means to minimize landslides and slope erosion.

On February 24, 2006, Council approved a contract to perform the environmental analysis and on August 14, 2007, Council approved the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the project, satisfying CEQA. On October 9, 2008, the California Department of Transportation (Caltrans) issued a Categorical Exclusion determination for the project, satisfying NEPA. The project obtained Federal funding authorization (E-76) and approval to advertise for construction from Caltrans. In June 2009, City staff issued a notice inviting bids. Council awarded construction contracts for the project on 9/8/09. Construction is anticipated to begin in October 2009.

Phase II of the project will include stabilization of the bluff along the length of the California Incline. The extent of the project will be determined during the design process. The stabilization project consists of constructing a soil nail wall (small diameter rods with concrete grout). Construction is scheduled to begin the first quarter of 2011.

b. Commercial Revitalization

Downtown Parking Program

Façade Improvements to Parking Structures 1 through 6

On April 10, 2007, the Council approved design concepts to paint Downtown Parking Structures 1 through 6 and upgrade the facades of Parking Structures 2, 4 and 5. Council subsequently authorized a contract amendment to include artwork for Parking Structures 2, 4 and 5. In addition, Council authorized additional design services to include modification to the existing 'real-time' parking availability signs to make them compatible with the proposed parking structure painting and façade program, upgrade of exterior lighting, and enhancement of existing landscaped areas. The Architectural Review Board approved the design program on January 10, 2007. Painting of all six parking structures was completed in FY 2008-09. Installation of artwork and signage for Structures 2, 4 and 5 is anticipated to be finished in FY 2009-10.

Façade Improvements to Parking Structures 7 and 8

On June 26, 2007, drawing on the opportunity to coordinate work efforts and improvements with the other Downtown Parking structures and to complement the extensive remodeling of Santa Monica Place, Council authorized preparation of design concepts for facade improvements to Structures 7 and 8. On July 8, 2008, the Agency approved the proposed schematic designs and authorized staff to implement the proposed façade improvements including construction of exterior cladding, pedestrian oriented retail spaces, solar photovoltaic systems, attendant parking controls and bicycle parking facilities. On July 14, 2009, the Agency consented to phasing the improvements in two parts based on funding availability. Staff is working with the Macerich Company to oversee construction of the improvements on behalf of the City. The first phase of the project is anticipated to be complete by Summer 2010.

2nd and 4th Street Improvement Project

On August 14, 2007, the Agency authorized funding for improvements to 2nd and 4th Streets including installation of new trees, removal of some existing trees, pedestrian lighting to illuminate the sidewalks, enlargement of tree-wells and installation of decorative uplighting to enhance the six mid-block crosswalks on 2nd and 4th Streets. These improvements were identified as a third phase in the Downtown Urban Design Plan, adopted in 1997. The purpose of this project is to further enhance the pedestrian environment within the downtown area, encourage pedestrian circulation beyond the 3rd Street Promenade, and improve the pedestrian experience for the patrons of the many transit lines that run through downtown. The project is substantially complete with remaining work to be done by early 2010.

20th Street and Cloverfield Streetscape Improvement Project

On December 11, 2007, Council approved the concept design for 20th Street and Cloverfield Boulevard, between the Santa Monica Freeway (I-10) and Pico Boulevard, to address safety, traffic and aesthetic improvements on these major thoroughfares. The concept design includes planting of new trees and parkway landscaping, installation of pedestrian lighting, installation of colored concrete sidewalk sections, curb extensions on Cloverfield Boulevard, traffic signal modifications, and streetlight circuit upgrades. A final concept design will be presented to Council in Fall-Winter 2010, with construction completion anticipated in Summer 2011.

c. Community Revitalization

415 PCH - Annenberg Beach House

Through an Operating Agreement with the State of California, the City is responsible for the management and oversight of this five-acre beachfront property and its historical facilities. (The property has significance as the 1920s estate built by William Randolph Hearst for actress Marion Davies and designed by noted California architect Julia Morgan.) Over the past four decades other buildings were added to the estate, and at one time it was operated as a privately owned hotel before it was sold to the State of California. For a short time in the early 1990s, prior to the Northridge Earthquake, the City operated 415 PCH as a seasonal public beach facility. The main building and all ancillary buildings were red-tagged and unoccupied due to the severe damage caused by the 1994 earthquake. On January 23, 2007, the Council authorized the use of redevelopment funds to finance the rehabilitation and adaptive re-use of 415 PCH as a community beach house. Although the property is outside the Project Area, Council made a finding that the project benefits the Project Area, as it serves as a public recreational facility and helps to achieve Redevelopment Plan and Implementation Plan goals. This project was completed in FY 2008-09. The community celebrated its grand opening on April 25, 2009.

Main Library Project

The Santa Monica Main Library is located within the ERRPA. On January 28, 2003, Council approved the design-build construction contract for the new main library and the supplemental public parking project. Redevelopment funds helped finance the supplemental public parking project, which involved construction of two additional levels of subterranean public parking under the new facility to alleviate parking demands for parking in the downtown. This project was completed in FY 2005-06.

Civic Center Specific Plan

On May 13, 2008, the Civic Center Specific Plan was amended to include the community and design processes for the Village at the Civic Center project. The Specific Plan amendments provide development standards for the Village Special Use District including market rate units in the development; a Living Street and plaza; neighborhood-serving uses; reduction of setbacks, step backs and building heights to allow the construction of the required number of units within an acceptable building profile.

d. Institutional Revitalization Program

Santa Monica - Liberal Arts Building

In FY 2005-06, the Agency committed redevelopment funds to finance construction of a replacement building for the Liberal Arts program at Santa Monica College (SMC) as an advance of pass-through funds owed to SMC. The new facility replaces the original Liberal Arts Building, which was damaged beyond repair during the 1994 Northridge Earthquake. Construction of the replacement building was completed in June 2007, providing students and faculty with a three-level, 59,887 square foot educational facility with two subterranean levels of parking, including 35 spaces for faculty.

Affordable Housing

The preservation and production of affordable housing has been a top priority for Agency funds. At its April 22, 2008 meeting, the Agency authorized an agreement with Bank of America to obtain a $50 million line of credit for the purpose of accelerating affordable housing development, with an option to increase this line of credit by an additional $25 million. This leveraging of funds set aside for housing enhances the City’s ability to more immediately address the need for affordable housing and to avoid inflationary increases in land and construction costs. Historically, the Agency has provided more than 25 percent of its gross redevelopment tax increment and has devoted over 40 percent of net available redevelopment revenues to affordable housing activities.

Over the last five years, the Agency deposited 20 percent of the Project Area’s tax increment revenue in the Redevelopment Housing Trust Fund to provide financing for programs that provide housing to lower income households and has allocated additional resources beyond the required 20 percent housing set-aside whenever possible. Each year, after balancing its obligations, the Agency has determined the amount of non-housing funds to be committed to preserving and producing affordable housing units. These funds are referred to as supplemental funds for affordable housing (SFAH).

Refer to Chapter III for information on the Agency’s affordable housing accomplishments during FY 2004-05 through FY 2008-09.

2. Downtown Redevelopment Project Area Accomplishments

As ERRPA and the Downtown Project Area are geographically connected and have complementary goals, the Agency allocated funds from ERRPA to projects in the Downtown Project Area, including the seismic retrofit of two public parking structures over the last five years as described in subsection a below.

a. Commercial Revitalization

Santa Monica Place

In the mid-1970s, the Agency entered into a Disposition and Development Agreement for the creation of Santa Monica Place, an indoor mall. The mall opened in 1980, helping to rejuvenate Santa Monica’s struggling downtown. In 1990, the mall underwent remodeling and was acquired by the Macerich Company in 1999. Macerich announced its plans to remodel and adaptively re-use the mall in June 2006 and conducted extensive public outreach efforts for input on the

Mall's design. Objectives of the mall's renovation include updating and redesigning the enclosed mall into an outdoor shopping venue, establishing an open connection to the Third Street Promenade and to adjacent streets in order to better integrate the shopping center into Downtown, and providing an attractive shopping destination that will better appeal both to retailers and to the Santa Monica community.

On September 11, 2007, the Agency and Council approved the proposed remodeling of Santa Monica Place, adopted findings that the project is in conformance with the Downtown Redevelopment Plan, and adopted the resolution adopting the Mitigated Negative Declaration (MND) for the project. As part of the conditions of approval, the Agency negotiated that Macerich provide for certain improvements to the two public parking structures adjacent to the mall. In a separate project funded by the Agency, the two parking structures will undergo extensive façade improvements including the installation of public art and pedestrian oriented uses; Macerich will be contributing to half the costs related to the conversion of these parking structures with parking control systems and other improvements. Macerich closed Santa Monica Place on January 31, 2008 and commenced construction in June 2008. The two anchor department stores at Santa Monica Place will also undergo extensive remodeling, with significant improvements to address transparency, scale, materials and the pedestrian experience. The grand opening is anticipated for Summer 2010.

PS 7 & 8 Improvements Project

The two public parking structures adjacent to Santa Monica Place are owned by the Redevelopment Agency. Structures 7 and 8 were built in 1979, providing 1,968 spaces for the Downtown. Since receiving seismic upgrades in 2002 and 2003, no additional capital improvements have been made to these two parking facilities. Given the extensive remodeling at Santa Monica Place and the opportunity to coordinate proposed Parking Structure programs with both the remodeling project and the broader Downtown façade improvement program, on March 11, 2008, the Agency directed staff to move forward with capital improvements including exterior cladding, ground-level retail, bicycle parking, solar photovoltaic systems, public art and attendant parking systems in order to align the operations and pricing of Structures 7 and 8 with downtown parking Structures 1 through 6. On July 14, 2009, the Agency authorized staff to proceed with the project with available funds, moving forward with Phase I improvements. Construction of the proposed improvements is expected to commence in January 2010 and to be complete by Summer 2010, coinciding with the grand opening of the new Santa Monica Place.

b. Affordable Housing

The Agency has provided funding generated by the Downtown Project Area for the acquisition, rehabilitation and new construction of affordable housing within other Project Areas and elsewhere in the community as opportunities have arisen. Over the last five years, the Agency deposited 20 percent of the Downtown Project Area's tax increment revenue in the Redevelopment Housing Trust Fund to provide financing for programs that provide housing to lower income households. In addition, during the last Implementation Plan period, the Agency dedicated all of the Downtown Project Area's tax increment revenues net of the housing set aside, debt and administrative costs to increasing, improving and preserving the supply of affordable housing in the city. As discussed in Section 1.e. above, these funds are referred to as supplemental funds for affordable housing (SFAH). Refer to Chapter III for more information on the Agency's affordable housing accomplishments during the period from FY 2004-05 through FY 2008-09.

3. Ocean Park 1A and 1B Redevelopment Project Areas Accomplishments

The Agency has provided funding generated by the Ocean Park Project Areas for the acquisition, rehabilitation and new construction of affordable housing within other Project Areas and elsewhere in the community as opportunities have arisen. Over the last five years, the Agency deposited 20 percent of these Project Areas' tax increment revenue in the Redevelopment Housing Trust Fund to provide financing for programs that provide housing to lower income households. In addition, during the last Implementation Plan period, the Agency dedicated all of the Downtown Project Area's tax increment revenues net of the housing set aside, debt and administrative costs to increasing, improving and preserving the supply of affordable housing in the city. As discussed in Section 1.e. above, these funds are referred to as supplemental funds for affordable housing (SFAH). Refer to Chapter III for more information on the Agency's affordable housing accomplishments during the period from FY 2004-05 through FY 2008-09.

E. Agency Expenditures during FY 2004-05–FY 2008-09

Table I-2 summarizes the Agency's expenditures during the prior Implementation Plan period in each of the Project Areas. Over the last five years, the Agency expended and committed $176.9 million for the Redevelopment Program. Of this amount, $95.4 million (or 54%) was expended or committed to the Agency's Affordable Housing Program.

Table I-2
Agency Implementation Plan Expenditures and Additional Capital Improvement Project (CIP) Commitments
FY 2004/05 through FY 2008/09
Santa Monica Redevelopment Agency

	ERRPA	Downtown	Ocean Park 1A / 1B
Affordable Housing			
Actual Expenditures -20% Set Aside	56,967,893	2,424,502	3,323,802
Additional CIP Commitments - 20% Set Aside	15,866,959	258,666	895,839
Actual Expenditures -80% (SFAH)	4,512,197	2,713,804	5,908,865
Additional CIP Commitments - 80% (SFAH)	1,318,596	76,447	1,142,111
Subtotal	78,665,645	5,473,419	11,270,617
Disaster Prevention and Mitigation			
Actual Expenditures	21,399,701		
Additional CIP Commitment	2,315,648		
Subtotal	23,715,349		
Commercial Revitalization			
Actual Expenditures	40,971,235		
Additional CIP Commitment	750,570		
Subtotal	41,721,805		
Community Revitalization			
Actual Expenditures	4,533,215		
Additional CIP Commitment	1,359,764		
Subtotal	5,892,979		
Institutional Revitalization			
Actual Expenditures	10,206,823		
Additional CIP Commitment	-		
Subtotal	10,206,823		
Total	**160,202,601**	**5,473,419**	**11,270,617**
Total Actual Expenditures			152,962,037
Total Additional CIP Commitment			23,984,600
Total Actual Expenditures and CIP Commitment			**176,946,637**

Source: Santa Monica Redevelopment Agency

II. Redevelopment Program Goals, Projects and Activities

This chapter describes the Agency's five-year Redevelopment Program. In addition to providing a description of the goals and objectives for the next five years, including projects, activities, deficiencies to be addressed, and estimated expenditures, this chapter explains how the Redevelopment Program will alleviate the impacts of the Northridge Earthquake and other adverse conditions. As they are implemented, these projects and activities may be modified to better serve the purposes of redevelopment. The cost estimates included are preliminary and subject to refinement as redevelopment planning and implementation proceed. Some of these projects and activities may not be completed within the next five years, thus related costs may not be incurred during this period, as discussed in Chapter I.

Chapter III presents detailed information on the Agency's Housing Program, including projects, activities and estimated costs related to affordable housing.

A. Goals and Objectives

The CRL requires the Agency to establish goals and objectives for the Project Areas for the five-year Implementation Plan period. The Implementation Plan goals and objectives are intended to eliminate the impacts of the Northridge Earthquake and other physical and economic adverse conditions as well as to produce affordable housing. They are based on the goals and objectives established when the Redevelopment Plans were adopted and draw upon the Santa Monica General Plan, with a particular focus on its Housing Element and Land Use and Circulation Element (LUCE).[1] They also reflect the Civic Center and Bayside District Specific Plan. Together with zoning regulations, these goals and objectives will continue to guide the direction of all future development and activities within the Project Areas over the next five years.

The following sections describe the goals and objectives of each Project Area for the five-year Implementation Plan period, FY 2009-10 through FY 2013-14. These goals and objectives are consistent with the original Project Area goals and have been updated to reflect new developments and opportunities. The order of the goals and objectives is not intended to indicate the category's relative priority.

1. Earthquake Recovery Redevelopment Project Area (ERRPA)

The following categories of goals have guided the implementation of redevelopment activities in ERRPA since its adoption in 1994:

- Disaster Prevention and Mitigation
- Commercial Revitalization
- Community Revitalization

[1] The City is in the process of completing a comprehensive update of its LUCE. Adoption of the LUCE update is anticipated to occur in 2010. The Implementation Plan is consistent with the existing LUCE, and as it is proposed to be updated.

- Institutional Revitalization
- Affordable Housing

Redevelopment activities in ERRPA have been largely focused on repairing immediate physical damage caused by the Northridge Earthquake to residential and commercial structures, public improvements and infrastructure in ERRPA. Since the Plan's inception, many of the structures needing immediate attention (due to severe earthquake damage) were either repaired or demolished.

The following goals and objectives to be implemented over the next five years will allow the Agency to continue meeting its existing goals and objectives while improving the environment for Project Area residents and businesses.

Goal 1—Disaster Prevention and Mitigation

- Repair, replace, upgrade or reconstruct buildings, public facilities and utilities with remaining earthquake damage. Such improvements will alleviate the effects of the Northridge Earthquake.
- Implement the Downtown Parking Program, a comprehensive program to seismically retrofit, demolish and reconstruct, and acquire and build strategically placed parking structures throughout the downtown.

Goal 2—Commercial Revitalization

- Improve Santa Monica's commercial corridors and boulevards with a focus on streetscape improvements, parking, and transportation enhancements.
- Facilitate redevelopment activities that help to retain existing businesses while encouraging and assisting with the cooperation and participation of owners, businesses and public agencies in the redevelopment of the Project Area.
- Promote private sector investment and business expansion within the Project Area, with emphasis on promoting mixed-used developments and neighborhood-serving retail services and amenities which facilitate residents' ability to walk or bicycle to work.
- Preserve the area's existing employment base and promote the restoration of local jobs.
- Provide support for transit-oriented development and facilitate transit connections of the area to the City of Los Angeles and to other districts and redevelopment nodes within Santa Monica, such as the Mixed Use Creative district, the Bergamot Transit Village and the Memorial Park Activity Center, as envisioned by the LUCE.
- Promote facilities and programs enhancing arts and cultural facilities in the Civic Auditorium District and surrounding areas.
- Provide support for infrastructure improvements to facilitate Phase 2 of the Expo Light Rail, connecting downtown Santa Monica with the City of Los Angeles, in conformance with the LUCE.

Goal 3—Community Revitalization

- Acquire, upgrade and/or rehabilitate property for essential public facilities and park improvements in order to promote active gathering spaces and enhanced green and open space.

- Provide for adequate parking and street circulation in the Civic Center area, and encourage the upgrading of surrounding public areas.
- Improve, repair, rebuild or provide for public improvements, facilities and utilities, including off-street shared flex-car parking, when deficiencies in those improvements adversely affect the ERRPA.
- Facilitate the integration and expansion of mobility options within the Project Area and to other areas by potentially covering a part of the freeway, building more efficient access to bridges and reinvigorating the area's network of boulevards.
- Promote and assist in the development and/or expansion of community services such as on-site childcare centers, and cultural programs.
- Promote more mobility options by enhancing access to jobs, services and amenities for pedestrians and cyclists, as well as for current and potential users of public transportation and transit.
- Facilitate safe, efficient and, where appropriate, calm vehicular circulation throughout the area through proper lighting and traffic signal synchronization, and through improvements to paving, curbs/curb extensions and driveways.
- Achieve an environment reflecting a high level of concern for architectural, landscape, urban design and land use principles, consistent with the LUCE and appropriate for the attainment of the objectives of the Redevelopment Plan, with an emphasis on sustainability.
- Assist in the construction of a branch of the Santa Monica Public Library in the Pico neighborhood.

Goal 4—Institutional Revitalization

- Pursue joint use opportunities on the campus of the Santa Monica High School in alignment with the goals of the LUCE and the Civic Center Specific Plan.

Goal 5—Affordable Housing

- Continue to facilitate the acquisition, rehabilitation and construction of residential buildings to increase, improve, and preserve the supply of affordable housing.
- Continue to deposit 20 percent of tax increment into the Redevelopment Housing Trust Fund.
- Continue to use funds above the 20 percent housing set-aside requirement and net of administrative expenses and debt obligations for affordable housing through the Agency's supplemental funds for affordable housing (SFAH).
- Promote workforce housing near employment nodes and/or around transit.
- Preserve and enhance neighborhoods.

Chapter III describes the affordable housing goals in more detail and demonstrates how they will be achieved.

2. Downtown Redevelopment Project Area

When the Downtown Redevelopment Plan was adopted in 1976, the following goals were included in the Agency Report to City Council, and they have guided the implementation of redevelopment activities in the Downtown Project Area ever since:

- Revitalize-intensify the Central Business District.

- Develop a compact, coordinated and integrated business center.
- Redevelop underutilized properties.
- Increase economic vitality.
- Induce mass transit.
- Induce greater design quality.
- Increase employment.

Redevelopment activities in the Downtown Project Area have largely been focused on the remodeling of the Santa Monica Place shopping center and on the façade and associated parking improvements to the two adjoining parking structures, which are owned by the Agency. The following goal to be implemented over the next five years is consistent with the original Redevelopment Plan.

Goal 1— Commercial Revitalization

- Continue to increase the economic vitality of the Downtown Project Area by maintaining, repairing, improving and enhancing improvements at Parking Structures 7 and 8.
- Promoting multi modal modes in the project area, including bike parking facilities.

Goal 2—Affordable Housing

- Continue to provide funds for affordable housing outside the Project Area.[2]
- Continue to deposit 20 percent of tax increment into the Redevelopment Housing Trust Fund.
- Continue to use funds above the 20 percent housing set-aside requirement and net of administrative expenses and debt obligations for affordable housing through the Agency's supplemental funds for affordable housing (SFAH).

3. Ocean Park Redevelopment Project Areas 1A and 1B

At the time the Ocean Park 1A and 1B Redevelopment Plans were adopted, the goals that formulated the overall policy direction of the Project Areas were intended to accomplish the following:

- Eliminate blight.
- Eliminate causes of blight.
- Encourage owner and business participation in redevelopment activities.
- Encourage rehabilitation, redevelopment and development.
- Encourage economic revitalization.
- Provide owner/occupant relocation.
- Rebuild public facilities.

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[2] The Downtown Project Area is subject to the requirements of Section 33413 of the CRL (Inclusionary Housing Production obligation, which is described fully in the Housing Component section of the Plan). However, since no residential units are located within the Project Area, no historical or existing affordable housing production obligation applies. If new housing were to be built in the future, the production obligation would apply. The Agency must provide at least 20 percent of the gross tax increment from the Downtown Project Area to the Housing Fund, pursuant to Section 33334.6 of the CRL.

These original goals have been largely fulfilled with the completion of the Sea Colony condominiums, Santa Monica Shores apartment complex, Ocean View Park, Neilson Villas and Barnard Park Villas senior apartments. The effectiveness of the Ocean Park 1A and 1B Redevelopment Plans expires on January 1, 2012.[3] Thus, the Agency's goals for the remaining two and a half years of the Redevelopment Plans include:

Goal 1—Affordable Housing

- While increasing, improving and preserving the supply of affordable housing was not an original goal of the 1960 and 1961 Ocean Park Projects, it has been, and will continue to be a primary objective.[4]
- Continue to deposit 20 percent of tax increment into the Redevelopment Housing Trust Fund.
- Continue to use funds above the 20 percent housing set-aside requirement and net of administrative expenses and debt obligations for affordable housing through the Agency's SFAH.

B. Five-Year Implementation Plan Revenues

Over the next five years, the Agency will undertake those activities for the Redevelopment Program that can be financially supported by its revenue stream. As discussed above, affordable housing activities have been historically funded and will continue to be funded from additional tax increment revenues beyond the 20 percent housing set-aside funds (through SFAH).

The Agency has four basic revenue sources for the Redevelopment Program:

- Uncommitted fund balances through FY 2008-09.
- Annual tax increment revenues, net of the Agency's annual obligations including County property tax administration costs, pass-through payments to affected taxing entities, Agency administrative expenses, outstanding debt obligations, and the 20 percent Housing Set-Aside Fund.
- Additional revenues from future debt issued over the next five years.
- Local, state and federal funding sources that could potentially be leveraged with Agency resources.

Tables II-1, II-2 and II-3 summarize the Agency's projections of anticipated revenues over the next five years from ERRPA and from the Downtown and Ocean Park Project Areas, respectively. Each table shows the anticipated year-end fund balance as of the beginning of FY 2009-10. This fund balance is the amount of funds remaining after the Agency met all of its obligations through FY 2008-09, including all prior budget commitments the Agency has made to redevelopment projects that constitute the Non-Housing Program. This uncommitted fund balance is divided between funds available for non-housing projects and those carried over from

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[3] The Ocean Park 1A and 1B Project Areas will continue to generate tax increment from the Ocean Park Project Area for another ten years after the Redevelopment Plans' effectiveness expires (i.e., until January 1, 2022).

[4] Funding of affordable housing with tax increment generated by the Ocean Park Project Areas was not required by the CRL until 1986.

prior years for affordable housing preservation and production activities. Overall, the Agency anticipates Non-Housing Program revenues of $298.1 million.

The tables then show the projected tax increment revenues to the Agency over the next five years after deductions for the Agency's annual obligations, inclusive of additional proceeds from future debt, in order to project the funds available for the Agency's Redevelopment Program.[5] The funds are then distributed among non-housing projects and affordable housing preservation and production projects and activities funded through SFAH.

As required by the CRL, the Agency must invest its property tax increment revenue in eliminating blight, mitigating the effects of the Northridge Earthquake, and revitalizing the Project Areas. The Agency will invest in public improvements to foster an environment in which property values can flourish in the Project Areas. Increased property values translate to a greater tax base within the Project Areas, and Agency revenues, which can then be reinvested in the Project Areas.

[5] The tax increment projections are intended only as estimates that are based on the best available information at the present time. Actual tax increments may be higher or lower than indicated in the projections. The projections in this report are not intended to predict future tax increment growth resulting from the increase in assessed value.

Table II-1
Projected Revenues Available for Non Housing Programs
Earthquake Project Recovery Area FY 2009-10 through FY 2013-14
Santa Monica Redevelopment Agency

1	2	3	4	5	6	7	8	9	10	11
								Non-Housing Program Funds		
Year	Tax Increment Revenues To Agency[a]	Less: Pass-through Payments/ Agency Admin./ County Admin.[b]	Less: Redevelopment Housing Trust Fund Deposits	Less: Non-Housing Debt Obligations[c]	Net Tax Increment[d]	Other Agency Income[e]	Additional Revenue From Future Debt[f]	Non-Housing Projects	Supplemental Funds for Affordable Housing (SFAH)	Grand Total
FY 2008-09 Year-End Fund Balance								$26,872,000	$1,319,000	$28,191,000
FY 2009-10	$66,744,000	$25,617,000	$13,349,000	$3,560,000	$24,218,000	$1,560,000	$0	$22,097,000	$3,681,000	$25,778,000
FY 2010-11	$68,619,000	$26,477,000	$13,724,000	$3,557,000	$24,861,000	$1,560,000	$0	$26,421,000	$0	$26,421,000
FY 2011-12	$70,527,000	$27,343,000	$14,105,000	$10,157,000	$18,922,000	$1,560,000	$86,778,000	$68,660,000	$38,600,000	$107,260,000
FY 2012-13	$72,460,000	$28,225,000	$14,492,000	$10,157,000	$19,586,000	$1,560,000	$0	$21,146,000	$0	$21,146,000
FY 2013-14	$74,574,000	$29,167,000	$14,915,000	$14,459,000	$16,033,000	$1,560,000	$56,611,000	$74,204,000	$0	$74,204,000
Total	$352,924,000	$136,829,000	$70,585,000	$41,890,000	$103,620,000	$7,800,000	$143,389,000	$239,400,000	$43,600,000	$283,000,000

a. Equals the amount remitted to the Agency, which is gross tax revenues less Section 33676 Base Year Adjustment Values.
b. Equals the sum of pass-through payments, Agency admin costs, payments into the Property Based Assessment District (PBAD), and County admin costs.
c. Includes promissory note payments and debt service for Series 1999 and estimated increases for additional debt obligations that are anticipated to begin on FY 2011-12.
d. Equals net tax increment revenues to Agency less pass-through payments, Agency and County admin, Redevelopment Housing Trust Fund deposits and non-housing debt obligations.
e. Includes property revenue and regular interest.
f. Assumes new debt issued in FY 2011-12 and FY 2013-14.

Source: Santa Monica Redevelopment Agency.

Table II-2
Projected Revenues Available for Non-Housing Programs
Downtown Redevelopment Project FY 2009-10 through FY 2013-14
Santa Monica Redevelopment Agency

1	2	3	4	5	6	7	8	9	10	11
								Non-Housing Program Funds		
Year	Tax Increment Revenues To Agency[a]	Less: Pass-through Payments/ Agency Admin./ County Admin.[b]	Less: Redevelopment Housing Trust Fund Deposits	Less: Non-Housing Debt Obligations	Net Tax Increment[c]	Other Agency Income[d]	Additional Revenue From Future Debt	Non-Housing Projects	Supplemental Funds for Affordable Housing (SFAH)[e]	Grand Total
FY 2008-09 Year-End Fund Balance								$0	$716,000	$716,000
FY 2009-10	$1,228,000	$443,000	$246,000	$230,000	$309,000	$58,000	$0	$0	$367,000	$367,000
FY 2010-11	$1,809,000	$502,000	$362,000	$230,000	$715,000	$58,000	$0	$0	$773,000	$773,000
FY 2011-12	$2,116,000	$594,000	$423,000	$230,000	$869,000	$58,000	$0	$0	$927,000	$927,000
FY 2012-13	$2,159,000	$627,000	$432,000	$230,000	$870,000	$58,000	$0	$0	$928,000	$928,000
FY 2013-14	$2,203,000	$662,000	$441,000	$230,000	$870,000	$58,000	$0	$0	$928,000	$928,000
Total	$9,515,000	$2,828,000	$1,904,000	$1,150,000	$3,633,000	$290,000	$0	$0	$4,639,000	$4,639,000

a. Equals the amount remitted to the Agency, which is gross tax revenues less Section 33676 Base Year Adjustment Values.
b. Equals the sum of pass-through payments, Agency admin costs and County admin costs.
c. Equals net tax increment revenues to Agency less pass-through payments, Agency and County admin, Redevelopment Housing Trust Fund deposits and non-housing debt obligations.
d. Other Agency income includes interest payments.
e. To the extent that such non-housing program funds are not utilized for the repayment of existing debt service.

Source: Santa Monica Redevelopment Agency.

Table II-3
Projected Revenues Available for Non-Housing Programs
Ocean Park Redevelopment Project 1A and 1B FY 2009-10 through FY 2013-14
Santa Monica Redevelopment Agency

1	2	3	4	5	6	7	8	9	10	11
								Non-Housing Program Funds		
Year	Tax Increment Revenues To Agency[a]	Less: Agency Admin./ County Admin.[b]	Less: Redevelopment Housing Trust Fund Deposits	Less: Non-Housing Debt Obligations[c]	Net Tax Increment[d]	Other Agency Income[e]	Additional Revenue From Future Debt	Non-Housing Projects	Supplemental Funds for Affordable Housing (SFAH)[f]	Grand Total
FY 2008-09 Year-End Fund Balance								$0	$2,049,000	$2,049,000
FY 2009-10	$3,987,000	$352,000	$798,000	$1,399,000	$1,438,000	$155,000	$0	$0	$1,593,000	$1,593,000
FY 2010-11	$4,066,000	$372,000	$813,000	$1,398,000	$1,483,000	$155,000	$0	$0	$1,638,000	$1,638,000
FY 2011-12	$4,148,000	$384,000	$829,000	$1,398,000	$1,537,000	$155,000	$0	$0	$1,692,000	$1,692,000
FY 2012-13	$4,233,000	$399,000	$846,000	$1,399,000	$1,589,000	$155,000	$0	$0	$1,744,000	$1,744,000
FY 2013-14	$4,320,000	$412,000	$864,000	$1,397,000	$1,647,000	$155,000	$0	$0	$1,802,000	$1,802,000
Total	$20,754,000	$1,919,000	$4,150,000	$6,991,000	$7,694,000	$775,000	$0	$0	$10,518,000	$10,518,000

a. Equals the amount remitted to the Agency, which is gross tax revenues less Section 33676 Base Year Adjustment Values.
b. Equals the sum of Agency admin costs and County admin costs. Ocean Park 1A & 1B do not pay pass through payments.
c. Includes debt service payments for Series 2002OP.
d. Equals net tax increment revenues to Agency less Agency and County admin, Redevelopment Housing Trust Fund deposits and non-housing debt obligations.
e. Includes interest income only.
f. To the extent that such non-housing program funds are not utilized for the repayment of existing debt service.

Source: Santa Monica Redevelopment Agency.

C. Five-Year Projects, Activities and Expenditures

The Agency will undertake projects and activities in the Project Areas over the next five years to alleviate the impacts of the Northridge Earthquake and other adverse conditions and to achieve the redevelopment goals described in this Implementation Plan. These projects and activities constitute the Agency's Non-Housing Program. Chapter III describes the affordable housing projects and activities funded through both the Redevelopment Housing Trust Fund (Housing Fund) and through the Agency's supplemental funds for affordable housing (SFAH).

The Agency anticipates that over the five-year period, projects and activities will be funded with available tax increment revenue and through a series of debt financing structures. It is assumed that the Agency will increase its debt obligations by leveraging its increment and incurring new debt during this five-year Implementation Plan period.

The Agency anticipates expenditures and commitments during the FY 2009-10 to FY 2013-14 period of approximately $298.1 million based on the Agency's financial plans as described above.[6] These estimated expenditures and commitments are generally described below and assume new debt of $143.4 million. The following sections outline the estimated expenditures and commitments by specific goal and program area. The expenditures discussed are only estimates of anticipated costs, which may change as actual funding obligations are made through budgetary approvals or appropriations by the Agency over the next five years.

Tables II-4 and II-5 summarizes estimated expenditures during the five-year Implementation Plan period, FY 2009-10 through FY 2013-14.[7] The nature and scope of the activities and expenditures have been shaped by Agency goals and objectives for the Project Areas, available revenues for funding projects and activities, and the impacts of the Northridge Earthquake and other blighting factors to be eliminated within the Project Areas. The projected expenditures on Agency projects and activities included in Tables II-4 and II-5 represent an estimate based on reasonable assumptions regarding potential tax increment revenues over the next five years and is organized by the Redevelopment Program activities.[8]

1. ERRPA Programs for FY 2009-10 through FY 2013-14

Over the next five years, the Agency anticipates $283 million to be available for distribution among five program categories that reflect the goals and objectives. Of this amount, $239.4 million is available for non-housing projects and activities and $43.6 million in SFAH for housing.

Section 33490 requires that the Implementation Plan include an explanation of how the goals and objectives, programs and expenditures will eliminate blight within the Project Area. Although the primary purposes of the ERRPA are to alleviate the impacts of the Northridge Earthquake by

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[6] This amount includes $58.7 million for SFAH, but does not include the $70.5 million in housing set aside to be deposited into the Housing Fund.

[7] All historical and projected revenues and expenditures in this document are expressed in future value dollars, also referred to as nominal dollars.

[8] FY 2008-09 through FY 2013-14 revenues and expenditures do not include prior year appropriations, but show the FY 2007-08 year-end balance.

assisting in the reconstruction of buildings and stimulation of local economic activity, programs will alleviate additional blighting conditions, as identified under each program category below. The Agency anticipates undertaking the following activities and allocating the following amounts to each major program:

Disaster Prevention and Mitigation

ERRPA funds will continue to assist in the seismic upgrade of essential or vulnerable public facilities and structures within the Project Area that are vital to the health and safety or commercial revitalization of the Project Area. The Agency anticipates undertaking the following categories of programs:

- Implement the Downtown Parking Program providing for (1) the seismic retrofit of one more parking structure and (2) the demolition and rebuilding of two parking structures in the downtown area, (3) general improvements to six parking structures, and (4) the acquisition of sites for and construction of additional parking structures in the downtown.
- Complete the stabilization of the Palisades Bluff area and any improvements necessary for seismic safety.
- Rehabilitate and adaptive reuse the Civic Center Auditorium.
- Improvement or replacement of vulnerable or deteriorating public infrastructure, such as bridges and piers, drainage and sewage systems, water and wastewater mains, pier utility hangers, fire protection systems and traffic signal systems.

In addition to alleviating the impacts of the Northridge Earthquake by assisting in the reconstruction of buildings and stimulation of local economic activity, implementation of this program would also alleviate the following conditions of blight: (1) unsafe, dilapidated or deteriorated buildings caused by the earthquake; and (2) inadequate public improvements, infrastructure and facilities.

Estimated Five-Year Program Expenditure: $56.4 million

Commercial Revitalization

ERRPA funds will be used for programs that will promote business expansion and economic investment in the Project Area, preserve the area's existing employment base, implement sustainable land use principles, as set forth in LUCE, and support transit-oriented development, as follows.

- Improve the area's streetscapes, including lighting, curbs, landscaping, crosswalks, traffic signals and paving to enhance the consumer and business experience.
- Promote transit and transit-oriented development.
- Infrastructure improvements to facilitate Phase 2 of the Expo Light Rail, connecting downtown Santa Monica with the City of Los Angeles, in conformance with the LUCE.

Implementation of this program would alleviate the following additional conditions of blight: (1) inadequate public improvements, infrastructure and facilities and (2) depreciated or stagnant property values or impaired investment.

Estimated Five-Year Program Expenditure: $10 million

Community Revitalization

ERRPA funds will be used to implement the community revitalization goals through funding of the following activities:

- Implement the Civic Center Specific Plan, including Civic Center Auditorium Districts Project, Palisades Garden Walk and Town Square, Early Childhood Education Center, Freeway Capping, and parking enhancements.
- Promote the development of facilities and programs enhancing arts and culture.
- Formulate and implement the Memorial Park Master Plan.
- Undertake capital improvement projects and architectural or engineering studies for projects that serve or benefit the Project Area. Such projects may include the following: circulation; water, sewer or electrical system improvements; facilities to improve and enhance safety in the Project Area; off-street, flex or shared parking; Expo green streets and pathways, including streetscape improvements; Pico Neighborhood Branch Library and other public facilities and park improvements, such as those associated with the Civic Center Specific Plan.
- Improve and upgrade buildings with community-serving purposes.
- Supporting developments with public benefits and community-serving projects.
- Facilitate alternate forms of transportation.

Implementation of this program would alleviate the following additional conditions of blight: (1) factors preventing the economically viable use of buildings-lots; and (2) inadequate public improvements, infrastructure and facilities.

Estimated Five-Year Program Expenditure $115.9 million

Institutional Revitalization

ERRPA funds will be used to implement the community revitalization goals through funding of the following activities:

- Undertake joint use opportunities on the campus of the Santa Monica High School, such as creating a new Michigan Avenue bicycle and pedestrian path connecting 7th and 4th Streets and various recreational, athletic and cultural facilities.

Implementation of this program would alleviate the additional condition of blight: inadequate public improvements, infrastructure and facilities.

Estimated Five-Year Program Expenditure: $57 million

Affordable Housing

The Agency proposes to allocate funds over the next five years to provide affordable housing for very low, low and moderate-income households. Pursuant to the Agency's affordable housing objectives delineated in Chapter III, the funds will be used for land acquisition, new construction, and acquisition and rehabilitation projects to increase, improve or preserve the supply of affordable housing within the city. Other activities consistent with the City's Housing Element, Consolidated Plan, and the CRL may also be considered. Funds may be loaned or granted to eligible borrowers for these uses. Refer to Chapter III for the Agency's Affordable Housing Program.

Estimated Five-Year Program Expenditure: $43.6 million (SFAH)

2. Downtown Programs for FY 2009-10 through FY 2013-14

Over the next five years, the Agency proposes to allocate all available funds generated by the Project Area (net of administrative expenses and debt obligations) to affordable housing outside of the Project Area. Refer to Chapter III for the Agency's Affordable Housing Program.

Estimated Five-Year Program Expenditure: $4.6 million (SFAH)

3. Ocean Park 1A and 1B Programs for 2009-10 through January 1, 2012

Over the next five years, the new plan proposes to allocate all available funds (net of administrative expenses and debt obligations) to affordable housing. Refer to Chapter III for the Agency's Affordable Housing Program.

Estimated Five-Year Program Expenditure: $10.5 million (SFAH)

Table II-4
Projected ERRPA Non Housing Program Expenditures
FY 2009-10 through FY 2013-14
Santa Monica Redevelopment Agency

	Estimated Program Expenditures
Disaster Prevention and Mitigation	
Civic Auditorium Renovation	$25,000,000
Downtown Parking Program	$27,000,000
Traffic Signal Master Plan	$4,400,000
Subtotal Disaster Prevention and Mitigation	**$56,400,000**
Commercial Revitalization	
Exposition Light Rail Station Enhancements	$10,000,000
Subtotal Commercial Revitalization	**$10,000,000**
Community Revitalization	
Civic Auditorium Districts Project	$21,000,000
Civic Center Parks and Public Facilities Planning and Design	$2,500,000
Palisades Garden Walk and Town Square	$25,000,000
Early Childhood Education Center	$4,400,000
Freeway Capping	$2,000,000
Expo Green Streets and Pathways	$20,900,000
Shared Parking	$25,000,000
Pico Neighborhood Branch Library	$12,800,000
Memorial Park Expansion	$2,300,000
Subtotal Community Revitalization	**$115,900,000**
Institutional Revitalization	
School District Joint Use Master Plan	$57,000,000
Subtotal Institutional Revitalization	**$57,000,000**
Affordable Housing	**$43,600,000**
TOTAL	**$283,000,000**

Source: Santa Monica Redevelopment Agency

Table II-5
Projected Five Year Non-Housing Program Expenditures
FY 2009-10 through FY 2013-14
Santa Monica Redevelopment Agency

Project Area	Estimated Program Expenditures 2009-10–2013-14
Earthquake Recovery	
Disaster Prevention and Mitigation	$56,400,000
Commercial Revitalization	$10,000,000
Community Revitalization	$115,900,000
Institutional Revitalization	$57,000,000
Affordable Housing	$43,600,000
Total for Earthquake Recovery	**$283,000,000**
Downtown	
Affordable Housing[a]	$4,639,000
Total for Downtown	**$4,639,000**
Ocean Park 1A/1B	
Affordable Housing[a]	$10,518,000
Total for Ocean Park 1A/1B	**$10,518,000**
Total Expenditures	**$298,157,000**

a. Includes a combined total of $6.7 million of SFAH funds which may be reduced to pay existing debt service.

Source: Santa Monica Redevelopment Agency

III. Housing Component

This chapter comprises the housing component of the Implementation Plan. The housing component summarizes the Agency's housing obligations pursuant to the legal requirements of the CRL and provides an overall framework for the Agency's Housing Program goals and expenditures. Pursuant to state law, the Agency is guided by the City's adopted and certified General Plan Housing Element and its Consolidated Plan.[1] The Agency intends to implement all relevant goals, policies, strategies, and programs from the Housing Element and Consolidated Plan, as generally described in this chapter.

The housing portion of the Implementation Plan is required to set forth housing goals and objectives for the five-year Implementation Plan period (FY 2009-10 through FY 2013-14), present estimates of deposits into the Redevelopment Housing Trust Fund (also referred to as the Housing Fund), describe potential projects and estimated expenditures planned for the five-year Implementation Plan period, and explain how the stated goals, objectives, deposits, programs, projects, and expenditures will produce affordable housing units to meet these obligations.

This chapter includes all affordable housing planning components required by the CRL for an implementation plan. It is organized as follows:

- **Section A:** The Housing Production Plan, including the total number of housing units estimated to be produced and the number of affordable housing units to be produced for two time periods:
  - For the current compliance period
  - Over the life of the Redevelopment Plan
- **Section B:** Identification of proposed locations for replacement housing that the Agency would be required to produce if a planned project will result in the destruction of existing affordable housing.
- **Section C:** The amount available for affordable housing activities, including estimates of annual deposits into the Housing Fund, Line of Credit Proceeds and supplemental funds for affordable housing (SFAH) during the five-year Implementation Plan period, and the Agency's plans for using the funds; and estimated expenditures for each of the five years.
- **Section D:** The Affordable Housing Program with estimates of the number of new, rehabilitated or price-restricted affordable housing units to be assisted by the Housing Fund during each of the five years and a description of how the Affordable Housing Program will implement the Housing Fund expenditure targeting based on income, non age-restricted housing, and other requirements.
- **Section E:** A description of the Agency's Affordable Housing Activities over the previous five-year Implementation Plan period that meets CRL reporting requirements.
- **Section F:** A description of how the Agency will meet its housing obligations for the Ocean Park 1A and 1B Project Areas, which are within six years of completion of project activities.

[1] The City's Housing Element was certified by the State of California Department of Housing and Community Development (HCD) in February 2009. The current Consolidated Plan is in effect until June 30, 2010. The City will begin to update its Consolidated Plan in the beginning of 2010.

A. Affordable Housing Obligations and Housing Production Plan

This section constitutes the Housing Production Plan and includes descriptions of the Agency's affordable housing obligations over the current ten-year compliance period and over the life of the Redevelopment Plans. It includes estimates of housing production subject to the affordable housing production requirements and the Agency's strategy for meeting its affordable housing production obligations.

1. CRL Affordable Housing Obligations

Redevelopment agencies administering project areas created by redevelopment plans adopted on or after January 1, 1976 must meet an affordable housing production requirement. Since the Ocean Park 1A and 1B Project Areas were adopted prior to 1976 and the Downtown Project Area is designated exclusively for non-residential use, ERRPA is the only Project Area subject to the housing production requirement.

As part of an implementation plan, an agency must adopt the Housing Production Plan, a plan showing how the agency intends to meet its affordable housing production requirements. The plan must be consistent with the community's housing element and must cover the following time periods:

- Production over the ten year compliance period (FY 2004-05 through FY 2013-14).
- Production through the life of the ERRPA Redevelopment Plan (through FY 2024-25).

The Housing Production Plan must include estimates of the number of residential units to be produced within project areas. It also must include the number of units to be developed or substantially rehabilitated at an affordable housing cost to very low, low and moderate-income households in order to meet the affordable housing obligation (CRL Section 33413).

Additionally, the Plan must include estimates of the number of units the agency itself will produce or will provide assistance to produce during the time period of the Plan, including the number of units available at an affordable housing cost to very low, low and moderate-income households, generally defined as those with:

- Very Low Income: up to 50 percent of area median income, adjusted for household size.
- Low Income: from 50 percent up to 80 percent of area median income, adjusted for household size.
- Moderate Income: from 80 percent up to 120 percent of area median income, adjusted for household size.

a. Affordable Housing Cost and County's Maximum Income Limits

Affordable housing cost is defined with regard to proportion of household income spent on housing and to Area Median Income figures published by HCD. These definitions are shown below in Table III-1.

Table III-1
Affordable Housing Cost
Santa Monica Redevelopment Agency

Income Level	Rental Housing[a]		Ownership Housing	
	% Income Spent on Housing	% of Area Median Income[b]	% Income Spent on Housing	% of Area Median Income[b]
Very Low	30%	50%	30%	50%
Low	30%	60%	30%[c]	70%[c]
Moderate	30%	110%	35%[c]	110%

a. Rental housing costs include rent and utility allowance. Affordable housing costs are adjusted by number of persons in household.
b. The CRL requires HCD median income figures published by HCD, and not HUD, to be utilized. In many instances, this causes CRL-restricted rents to be lower than HOME rents and low-income housing tax credit rents. In the instance a project receives Housing Fund and HOME or tax credit assistance, the project must meet all applicable CRL requirements and the CRL-restricted rents must prevail in order to meet the Agency's obligations.
c. With optional higher housing cost linked to actual income at upper end of income category.

Source: CRL Sections 50052.5 and 50053(b).

Table III-2, below, shows the maximum income limits for each income level by household size, published in 2009 by the State of California Department of Housing and Community Development (HCD) utilizing income limits prepared by the U.S. Department of Housing and Urban Development (HUD) for Los Angeles County.

Table III-2
2009 Los Angeles County Maximum Incomes by Income Category and Household Size
Santa Monica Redevelopment Agency

Income Category	Persons per Household							
	1	2	3	4	5	6	7	8
Very Low Income	27,750	31,700	35,700	39,650	42,800	46,000	49,150	52,350
Lower Income	44,400	50,750	57,100	63,450	68,550	73,600	78,700	83,750
Median Income	43,450	49,700	55,900	62,100	67,050	72,050	77,000	81,950
Moderate Income	52,150	59,600	67,050	74,500	80,450	86,400	92,400	98,350

Source: California Department of Housing and Community Development, 2008.

The subsections below describe the Agency's affordable housing production requirements in detail, including Agency developed housing, housing not developed by the Agency, required affordability covenants, Agency ability to acquire affordability covenants, aggregation of affordable housing units, and fulfillment of the Agency's housing production obligations.

b. Inclusionary Obligation

Housing Developed by the Agency

For housing units directly developed by the Agency, the CRL inclusionary housing obligation requires at least 30 percent of the units to be affordable to persons and families of very low, low or moderate-income. Of those units, at least 50 percent must be affordable to very low income households. As shown in Table III-3 below, the 50 percent requirement translates to 15 percent of the total number of units developed or rehabilitated by an agency (50 percent of 30 percent equals 15 percent). This requirement applies only to units developed by an agency and does not apply to units developed by housing developers pursuant to agreements with an agency (Section 33413(b)(1)). This production requirement is not anticipated to apply because the Agency has not directly developed housing and does not anticipate directly developing dwelling units.

Housing Not Developed by the Agency

When new dwelling units are developed in a project area by public or private entities other than the agency or when housing is substantially rehabilitated in a project area by public or private entities with agency assistance, at least 15 percent of these units must be affordable to very low, low or moderate income-households.[2] Of those units, at least 40 percent must be affordable to very low income households. As shown below in Table III-3, this 40 percent requirement for very low income households translates to 6 percent of the total number of units (40 percent of 15 percent equals 6 percent) (Section 33413(b)(2)). This affordable housing production requirement applies to the ERRPA.

Table III-3
CRL Inclusionary Housing Production Obligations
Santa Monica Redevelopment Agency

Income Level	Agency Developed[b]	Not Agency Developed
Very Low	15%	6%
Low/Moderate	15%	9%
Total	30%	15%

a. Requirement expressed as percentage of all units developed.
b. The Agency has not developed, nor does it expect to develop, any housing units within the Project Areas.
Source: CRL Sections 33413.(b)(1) and 33413.(b)(2)(A)(i).

[2] Prior to 1994, the rehabilitation of any unit, whether substantial or not, triggered affordable housing production requirements. After 1993 and until January 1, 2002, housing production requirements were triggered by (a) the substantial rehabilitation of a multifamily residential project with three or more units regardless of whether an agency provided financial assistance and (b) the substantial rehabilitation of a one or two unit residential project if the project received agency assistance. Legislation effective January 1, 2002, impose the affordable housing production requirement on substantial rehabilitation projects that receive agency assistance regardless of the number of units.

c. Covenant Requirements

Duration and Enforceability of Affordability Covenants

As of January 1, 2002, affordable housing units must be subject to affordability covenants of the longest feasible time, but not less than 55 years for rental units and 45 for owner occupied units to meet the affordable housing production requirement (Section 33413(c)(1)).[3] An agency may permit sales of owner-occupied units prior to the expiration of the 45-year period for a sales price in excess of affordable cost pursuant to a program that protects the agency's investment of Housing Fund monies, including, but not limited to, an equity sharing program that establishes a schedule of equity sharing that permits retention by the seller of a portion of the excess proceeds, based on the length of occupancy. The remainder of the excess proceeds of the sale must be allocated to the agency and deposited in the Housing Fund. Within three years from the sale of the units, the agency must expend 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 count towards the agency's affordable housing replacement and production obligations (Section (33413(c)(2)).

An agency must require the recording of affordability covenants or restrictions for each parcel or unit with the office of the county recorder of covenants or restrictions. Covenants and restrictions are enforceable by the agency or community (Section 33413(c)(3)).

Agency Acquisition of Affordability Covenants

To satisfy the affordable housing production requirements, an agency may purchase or otherwise acquire affordability covenants on existing multifamily housing units that are not presently available at affordable housing cost, or are affordable to households of low or very low incomes but are units that the agency finds, based upon substantial evidence after a public hearing, cannot reasonably be expected to remain affordable to the same group of persons or families. Affordable units made available by an agency's acquisition of long-term affordability covenants may count towards the agency's affordable housing obligation. The covenants must be for 55 years for rental units and 45 years for owner occupied units. However, no more than 50 percent of an agency's affordable housing production obligation can consist of units made available by the acquisition of long term affordability covenants, and not less than 50 percent of units made available by the acquisition of long term affordability covenants shall be available at an affordable housing cost to, and occupied by, very low income households (Sections 33413(b)(2)(B) and (C)).

d. Compliance with Production Requirements

Aggregation of Units

The CRL permits an agency with more than one project area to meet its affordable housing production requirements in the aggregate in one or more of those project areas if the agency finds, based on substantial evidence, after a public hearing, that the aggregation will not cause or exacerbate racial, ethnic, or economic segregation (Section 33413(b)(2)(A)(v)).

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[3] Prior to January 1, 2002, in order for units to count towards fulfilling affordable housing production requirements, units had to be subject to affordability covenants of at least the duration of the redevelopment plan's land use controls.

Units Produced Outside of Project Areas

The Agency may also count affordable units built outside of the Project Areas towards its production obligation. For every two units built within the community and outside of the Project Areas, the Agency receives credit for one unit towards its affordable housing production requirement (Section 33413(b)(2)(a)(ii)).

Fulfillment of Housing Production Obligation

The affordable housing production obligation must be fulfilled prior to the time limit on a redevelopment plan's effectiveness. Alternatively, a redevelopment plan may be extended until the Agency's housing obligations are met. Under the CRL, a redevelopment project cannot be terminated if the agency has not met its affordable housing production requirements. Refer to Section E, which discusses the Ocean Park 1A and 1B Project Areas, for further detail.

2. Historical Housing Production, Obligation and Compliance (Through FY 2003-04)

The Agency reports that 2,825 units were produced in the ERRPA through FY 2003-04, of which 2,298 units were newly constructed and 527 were substantially rehabilitated, as shown in Table III-4, below. This level of production resulted in a housing production obligation of 424 affordable units (15 percent), of which 170 units (40 percent) were required to be affordable to very low income households.

The Agency met its affordable housing production requirements through the first ten year compliance period (FY 1994-95 through FY 2003-04). Through 2003-04, 1,154 affordable units count towards the Agency's affordable housing production obligation, of which 496 are affordable to very low income households.[4] The Agency exceeded the requirements for the production of units affordable to very low income households and units available to very low, low and moderate income households. These units, along with the requirements described in the preceding paragraph, are displayed in Table III-4, below.

[4] Units produced outside Project Areas have been included on a one for two basis.

Table III-4
Housing Production and Affordable Housing Obligation
Earthquake Recovery Redevelopment Project Area
Santa Monica Redevelopment Agency

	Through FY 2003-04	FY 2004-05 - FY 2008-09	FY 2009-10 - FY 2013-14	FY 2004-05 - FY 2013-14[a]	FY 2014-15 - Life of Plan[b]	Total over Life of Plan[c]	Percent over Life of Plan
Housing Production in ERRPA[d]							
Newly Constructed Units	2,298	707	946	1,653	1,910	5,861	
Substantially Rehabilitated Units	527	46	0	46	0	573	
Total	**2,825**	**753**	**946**	**1,699**	**1,910**	**6,434**	
CRL Affordable Housing Obligation[e]							
Very Low	170	46	57	103	115	388	6%
Total Very Low, Low or Moderate	**424**	**113**	**142**	**255**	**287**	**966**	**15%**
Affordable Housing Production[f]							
Very Low	496	165	137	302	115	913	16%
Total Very Low, Low or Moderate	**1,154**	**380**	**323**	**703**	**287**	**2,144**	**33%**
Affordable Production Surplus (Deficit)[g]							
Very Low	326	119	80	199	0	525	
Total Very Low, Low or Moderate	**730**	**267**	**181**	**448**	**0**	**1,178**	

Note: Totals may not add exactly due to rounding. CRL affordable housing production requirements are rounded up to the nearest whole unit for each time period. The total obligation for the ten year and overall compliance period may be less than the total of the individual years.

a. As required by CRL, total units over ten year compliance period (Section 33490(a)(2)(B)).

b. Total units produced in the ERRPA from FY 2014-15 through the life of the redevelopment plan. This estimate is based on Appendix E (Suitable Sites Analysis) of the 2008 - 2014 Santa Monica Housing Element and assumes that 80% of all units to be built in the City will be built within the ERRPA.

c. As required by the CRL, total units over the life of the Redevelopment Plan (Section 33490(a)(2)(B)).

d. Total units produced in the ERRPA during the specified time period. (ERRPA is the only Project area with a production obligation.)

e. Number of affordable units required based on total housing production. Affordable housing production obligation for non-Agency developed housing requires 15% of total units to be available at affordable cost. Of those units, at least 40% must be affordable to very low income households (6% of the total units). Agency developed housing has higher inclusionary requirements. The Agency has not, and does not anticipate, directly developing units (Section 33413(b)(2)).

f. Number of units satisfying CRL affordable housing production obligation, including affordable units located outside the ERRPA. Affordable units produced outside the ERRPA count on a one for two basis. The number of very low, low or moderate income units for FY 2009-10 – FY 2013-14 equals the number of affordable units identified in Appendix D (Affordable Housing in Current Projects) of the Santa Monica Housing Element to be built inside the ERRPA, plus 50% of the units expected to be built outside of the ERRPA. For the period from FY 2014-15 – Life of Plan, this table assumes that the Agency will meet the minimum CRL production requirements for very low, low and moderate income units. Proposition R, approved by Santa Monica voters in 1990, requires that 30% of all units built within the City be made affordable to very low, low and moderate income households. Thus, the Agency is expected to far exceed its housing production requirement for the current ten year compliance period and over the life of the ERRPA Redevelopment Plan.

g. Remaining affordable surplus or obligation at the end of the specified period.

Source: Santa Monica Redevelopment Agency, 2008-2014 Santa Monica Housing Element, Seifel Consulting Inc.

3. Ten Year Housing Production, Obligation and Compliance (FY 2004-05 through FY 2013-14)

In the first five years of the ten-year compliance period (FY 2004-05 through FY 2008-09), the Agency reports that 753 units have been produced in the ERRPA through FY 2008-09, of which 707 units have been newly constructed and 46 have been substantially rehabilitated. In total, 380 units are available to very low, low and/or moderate income households, of which 165 are available to very low income households.

Based on building permit data and known future projects as listed in the 2008 Housing Element, the Agency estimates that 946 total housing units will be produced in the ERRPA between FY 2009-10 and FY 2013-14, the second half of the ten year compliance period.[5] Based upon this forecast, the Agency will have an obligation to ensure at least 142 additional units (15 percent) are affordable to very low, low and moderate income households. Of these, at least 57 units (40 percent) must be available at affordable housing cost to very low income households.

Combining actual production in the first five years and projected production in the second five years, a total of 1,699 units are estimated to be produced in the current ten-year compliance period. This projection would create an obligation over the entire ten-year compliance period to produce 255 units affordable to very low, low and/or moderate income households, of which 103 must be affordable to very low income households. After the first five years, the Agency is already exceeding its projected affordable housing production obligation for the ten-year compliance period.

The Agency estimates that 703 units affordable to very low, low and/or moderate income households would count towards the Agency's affordable housing production obligation. Of these, 302 units affordable to very low income households would count towards the Agency's obligation. Thus, the Agency expects to produce more than twice the number of affordable housing units required by the CRL.

Historical production, projected production, the Agency's resulting affordable housing obligations, and the Agency's compliance are all displayed in Table III-4, above.

4. Production, Obligation and Compliance over the Life of the Redevelopment Plan

Following the ten-year compliance period from FY 2004-05 through FY 2013-14, the Agency estimates that 1,910 additional new units will be produced between FY 2014-15 and the date of plan expiration, based on Housing Element forecasts.[6] For these years, the CRL requires that 287 units be made affordable, with at least 115 of these units affordable to very low income households. Table III-4 assumes that the Agency will meet this affordable housing production obligation. However, as Proposition R, approved by Santa Monica voters in 1990, provides that the City Council by ordinance shall require not less than 30 percent of all housing units be made

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[5] The 946-unit estimate for FY 2009-10 through FY 2013-14 was based on an analysis of housing developments in the entitlement "pipeline" listed in Santa Monica's Housing Element.

[6] This estimate assumes that 80 percent of all units that the Housing Element forecasts to be built within the City will be developed within the ERRPA.

affordable, half of which should be made affordable to very low income households, it is more than likely that the amount of affordable housing actually produced in this period will exceed 287 units.

Based on the above, along with historical and projected substantial rehabilitation, the Agency projects that a total of 6,434 housing units will be produced in the ERRPA over the life of the Redevelopment Plan. Under this estimate, the Agency will have an obligation to ensure that at least 966 units (15 percent) are affordable to very low, low and moderate income households. Of these, at least 388 units (40 percent) must be available at affordable housing cost to very low income households.

The Agency anticipates that 2,144 housing units affordable to very low, low and moderate income households would count towards the Agency's affordable housing production obligation over the life of the Redevelopment Plan. Of these, 913 units affordable to very low income households would count towards the obligation.[7] Thus, the Agency anticipates that it will far exceed the affordable housing production obligations over the life of the Redevelopment Plan. Table III-4, shown above, summarizes the Agency's historical and project production, along with its production obligations, by time period.

5. Agency's Plan to Meet Its Affordable Housing Obligation

The Agency has provided assistance, and plans to continue to provide assistance for the development of affordable housing both inside and outside the ERRPA. The Agency has exceeded, and expects to exceed, its obligation through Agency assistance for affordable housing development and substantial rehabilitation.

The Agency itself has not directly developed any housing in the past, nor does it have plans to do so in the future. The Agency has found it more cost effective and administratively efficient to provide financial assistance, as necessary, to private developers (both for-profit and nonprofit) to construct and rehabilitate affordable housing, than to act as a housing developer.

B. Replacement Housing Obligation and Program

When residential units occupied by very low, low and moderate-income households are destroyed, removed, or are no longer affordable due to agency action or assistance, an agency must cause the replacement of those units within four years.[8] The Agency may fulfill this obligation with fewer units if an equal or greater number of bedrooms are provided than the amount removed (Section 33413). At least thirty days prior to acquiring property or adopting an agreement that will lead to the destruction or removal of low and moderate income housing units, an agency must adopt by resolution a replacement housing plan that generally describes the location, timing and method by which replacement housing will be provided (Section 33413.5).

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[7] Units produced outside Project Areas have been included on a one for two basis. Therefore the total number of units that count towards the Agency's affordable housing production obligation does not equal the total number of affordable units produced inside and outside the ERRPA.

[8] The replacement housing requirement applies to project areas adopted after 1975. Thus, this requirement applies to the ERRPA. Although the Downtown Project Area was adopted after 1975, the Project Area does not contain residential uses. The requirement does not apply to the Ocean Park Projects Areas, which were adopted prior to 1975.

Replacement units may be located anywhere within the territorial jurisdiction of the agency (Section 33413(a)). An agency may either construct replacement housing itself, or assist with the development of replacement housing through agreements with housing developers.

1. Income and Affordability Requirements

The basic income and affordability standards for replacement housing are the same as those described above in Table III-1. The units must be available at affordable housing cost to households of very low, low and moderate income. As of January 1, 2002, the CRL requires 100 percent of replacement units to be available at affordable housing cost to the same or lower income level of households as the households displaced.[9] Replacement units do not have to match the tenure (rental versus ownership) or tenancy (age restricted or non-age restricted) of the units that were destroyed or removed from the market.

2. Duration and Enforceability of Affordability Covenants

The affordability duration and enforceability requirements for replacement housing are the same as those required for affordable housing production (Section 33413(c)). Refer to Subsection 1.c. above for a description of the requirements.

3. Priority Households

An agency must give priority in renting or buying housing developed as part of a redevelopment project to households displaced by an agency regardless of whether the units are inside or outside of a project area. As of January 1, 2002, an agency must maintain a list of displaced households that are to be given priority. An agency may establish rules to determine priority.

4. Agency Replacement Housing Obligations FY 2004-05 through FY 2008-09

During the previous five-year Implementation Plan period (FY 2004-05 through FY 2008-09), the Agency participated in redevelopment activities that require replacement housing obligations. As Table III-5 shows, 33 bedrooms in units affordable to very low income households and 3 bedrooms in moderate income units were removed from the affordable housing market. The removed bedrooms were replaced with 33 very low income and 3 low income bedrooms in units built in the 2411 Centinela (Tahiti) development. Thus, the Agency fulfilled its replacement housing obligation within the previous five-year Implementation Plan period.

[9] For dwelling units destroyed or removed after September 1, 1989 and before January 1, 2002, the CRL required that 75 percent of the replacement units be available at affordable housing cost to the same income level of households (very low, low or moderate income) as were displaced from the units removed or destroyed (Section 33413(a)).

Table III-5
Replacement Housing Obligation FY 2004-05 through FY 2008-09
Santa Monica Redevelopment Agency

	Very Low	Low	Moderate[a]	Total
Bedrooms Removed				
High Place East (FY 2008-09)	11	0	3	14
2411 Centinela (FY 2005-06)	22	0	0	22
Total Bedrooms Removed	*33*	*0*	*3*	*36*
Replacement Bedrooms Built				
2411 Centinela (FY 2005-06)	33	3	0	36
Total Replacement Bedrooms	*33*	*3*	*0*	*36*
Remaining Obligation	**0**	**0**	**0**	**0**

a. Replacement bedrooms must be at the same or lower income category as the bedrooms removed. Thus, bedrooms in units affordable to moderate income households may be replaced with bedrooms in units with low income households.
Source: Santa Monica Redevelopment Agency.

5. Agency Replacement Housing Obligations FY 2009-10 through FY 2013-14

During the current five-year Implementation Plan period (FY 2009-10 through FY 2013-14), the Agency anticipates that 22 bedrooms in units affordable to very low income households will be removed from the affordable housing market by two different developments, as shown in Table III-6, below. The Agency's replacement housing plan requires that the units removed by these projects be provided onsite in the new developments within four years, thus fulfilling the Agency's replacement housing obligation.

Table III-6
Replacement Housing Obligation FY 2009-10 through FY 2013-14
Santa Monica Redevelopment Agency

	Very Low	Low	Moderate	Total
Bedrooms Removed				
430 Pico	10	0	0	10
FAME	12	0	0	12
Total Bedrooms Removed	*22*	*0*	*0*	*22*
Replacement Bedrooms to Be Built				0
430 Pico	10	0	0	10
FAME	12	0	0	12
Total Replacement Bedrooms	*22*	*0*	*0*	*22*
Remaining Obligation	**0**	**0**	**0**	**0**

Source: Santa Monica Redevelopment Agency.

C. Agency Housing Resources

This section describes the resources available for the Agency's affordable housing activities during the five-year Implementation Plan period. These sources include the CRL required housing fund, which consists of the CRL-required 20 percent housing set-aside of annual tax increment revenue; debt issuance proceeds; and interest income. Agency housing resources also include supplemental funds for affordable housing (SFAH), which are non-housing tax increment funds used for affordable housing activities. The Agency uses these funds to leverage other funding sources such as CDBG and HOME.

The Agency has considered affordable housing, along with alleviating the impacts of the Northridge Earthquake, the two top priorities for the use of tax increment funds. As part of the adoption of the Agency's 1999 Five Year Implementation Plan, the Santa Monica Redevelopment Agency Board set policy by directing Agency staff to identify ways to accelerate the generation of housing revenues and target tax increment not needed for critical seismic work to affordable housing. Specifically, the Agency Board directed staff to direct uncommitted funds and funds not legally mandated for affordable housing from three of its Redevelopment Project Areas to be allocated to affordable housing. This policy was continued in 2004, and will be continued over the next five years.

Each year, after balancing its obligations, the Agency determines the amount of non-housing funds to be committed to preserving and producing affordable housing units. These SFAH revenues complement Housing Fund monies and underscore the Agency's decision to prioritize affordable housing production as a major redevelopment activity. The Agency has more flexibility in expending SFAH than Housing Fund revenues. Therefore, SFAH is a critical tool for the Agency to meet the affordable housing needs of the ERRPA and the community as a whole.

1. Agency's Housing Resources (FY 2009-10 through FY 2013-14)

Table III-7 below presents the Agency's resources available for affordable housing activities for FY 2009-10 through FY2013-14. Approximately $160.9 million will be available over the five-year period, including $102.1 million from the CRL-required 20% housing set-aside and $58.7 million through SFAH.

a. Deposits to Redevelopment Housing Trust Fund (Housing Fund)

The Agency has made deposits to the Housing Fund and/or direct expenditures in an amount not less than 20 percent of the cumulative tax increment revenue allocated to the Agency from each Project Area. The Housing Fund balance of uncommitted funds through FY 2008-09 was $2.6 million, as shown below in Table III-7.

The Agency plans to continue to deposit funds from its Project Areas into the Redevelopment Housing Trust Fund. Based on the Agency's projections, the Agency estimates that the total five-year deposit into the Housing Fund will be $76.6 million. After deducting debt obligations and adding interest income and net proceeds from the issuance of debt instruments, the Agency will have approximately $102.1 million available in the Housing Fund for its Housing Program, as shown in Table III-7 below. The Agency plans to use all of its available Housing Fund revenue in the next five years.

Table III-7
Agency Resources Available for Affordable Housing Activities, FY 2009-10 through FY 2013-14
Santa Monica Redevelopment Agency

1	2	3	4	5	6	7	8	9	10
							Housing Resources		
Fiscal Year	Redevelopment Housing Trust Fund Deposits	Less: Agency Admin[a]	Less: Housing Share of Debt Obligations[b]	Net Redevelopment Housing Trust Fund Deposits[c]	Interest Income From Redevelopment Housing Trust Fund[d]	Net Line of Credit Proceeds	Redevelopment Housing Trust Funds[e]	Supplemental Funds for Affordable Housing (SFAH)[f]	Total Combined Housing Resources
Carryover Funds from FY 2008-09							$2,648,000	$4,084,000	$6,732,000
FY 2009-10	$14,393,000	$0	$2,777,000	$11,616,000	$374,000	$31,244,000	$43,234,000	$5,641,000	$48,875,000
FY 2010-11	$14,899,000	$0	$7,022,000	$7,877,000	$374,000	$25,000,000	$33,251,000	$2,411,000	$35,662,000
FY 2011-12	$15,357,000	$0	$9,014,000	$6,343,000	$374,000	$0	$6,717,000	$41,219,000	$47,936,000
FY 2012-13	$15,770,000	$0	$8,474,000	$7,296,000	$374,000	$0	$7,670,000	$2,672,000	$10,342,000
FY 2013-14	$16,220,000	$0	$7,970,000	$8,250,000	$374,000	$0	$8,624,000	$2,730,000	$11,354,000
Total	$76,639,000	$0	$35,257,000	$41,382,000	$1,870,000	$56,244,000	$102,144,000	$58,757,000	$160,901,000

a. The Redevelopment Housing Trust Fund does not contribute to Agency housing admin costs. Non-housing revenues cover Agency housing admin costs.
b. Includes debt service payments for 2005 Earthquake Bonds, 2002 Ocean Park Bonds and Bank of America line of credit.
c. Equals Redevelopment Housing Trust Fund deposits less housing share of debt obligations.
d. Includes interest income from Redevelopment Housing Trust Fund.
e. Equals the sum of net Redevelopment Housing Trust Fund deposits, interest from Redevelopment Housing Trust Fund, net line of credit proceeds and uncommitted fund balance through FY 2008-2009. These funds are subject to California Redevelopment Law (CRL) requirements.
f. Includes non-housing tax increment revenues allocated as Supplemental Funds for Affordable Housing (SFAH), as shown on Tables II-1, II-2 and II-3. Over the next five-year Implementation Plan period, SFAH include approximately $43.6 million from the ERRPA, $4.6 million from the Downtown Project Area and $10.5 million from the Ocean Park 1A and 1B Project Areas.

Source: Santa Monica Redevelopment Agency.

b. Supplemental Funds for Affordable Housing (SFAH)

SFAH includes all non-housing tax increment from the Ocean Park 1A and 1B and Downtown Project Areas net of administrative costs and debt repayment obligations, as well as a portion of non-housing tax increment funds from the ERRPA. Through FY 2008-09, the SFAH balance was $4.1 million. During this five-year Implementation Plan period, all tax increment revenue from the Ocean Park 1A and 1B and Downtown Project Areas net of administrative costs, debt repayment obligations, and Housing Fund deposits will be dedicated to SFAH. Additionally, approximately $43.6 million of non-housing funds from the ERRPA will be designated as SFAH. Thus, approximately $58.7 million of SFAH will be available for housing projects and activities, as shown in Table III-7 above.

2. CRL Housing Fund Requirements

The CRL requires an agency to set aside in a separate low and moderate income housing fund (called the Redevelopment Housing Trust Fund or Housing Fund in Santa Monica) at least 20 percent of all tax increment revenue generated from its project areas. The funds must be used for the purpose of increasing, improving and preserving the community's supply of affordable housing. Such housing must be available at affordable housing cost and occupied by households of very low, low or moderate income (Sections 33334.2 and 33334.3).

Housing assisted by Housing Fund monies must be available to very low, low and moderate income households at an affordable housing cost in accordance with the CRL.[10] For housing assisted by Housing Fund monies after January 1, 1991, the affordable housing cost definitions presented above in Table III-1 apply. For housing assisted by Housing Fund monies prior to January 1, 1991, affordable housing cost is defined as rent or cost for rental or ownership housing that does not exceed 25 percent of the household's gross income.

The CRL imposes Housing Fund expenditure requirements based on the proportion of unmet need for housing affordable to households of very low, low and moderate incomes (Section 33334.4(a)). It also requires that a minimum percentage of Housing Fund expenditures be spent on non-age restricted housing (Section 33334.4). The CRL also places other limits on the use of Housing Fund monies, as described below in Section D.

a. Housing Fund Leveraging

The CRL prohibits agencies from using Housing Fund monies to the extent that other reasonable means of private or commercial financing for new or substantially rehabilitated units at the same level of affordability and quantity are reasonably available (Section 33334.3(j)). When more than 50 percent of an affordable housing development's funding is provided from the Housing Fund, an agency must make a finding that no other private or commercial means of financing the units at the same level of affordability and quantity could be reasonably obtained.

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[10] CRL Section 50052.5 includes the definition of affordable housing cost. AB 637 added the words "occupied by" to all references in the CRL that refer to the requirement that housing units be "affordable to" very low, low and moderate income households in order to clarify the existing law that the units required to be "available" at affordable housing cost to qualifying households are also required to be "occupied by" such households.

The Agency will use Housing Fund to leverage other funding sources devoted to the provision of affordable housing to maximize the number of affordable units that can be developed, substantially rehabilitated, or acquired. These other funding sources include CDBG and HOME Investment Partnership funds from HUD, CalHFA, HCD, Low Income Housing Tax Credit equity funds, and other City Housing Trust funds. Any other loans, grants or financial assistance from any other public or private source may be utilized if available.

By combining various funding sources, and partnering and collaborating with other entities dedicated to the preservation and development of affordable housing, the Agency is confident it will be able to meet its affordable housing production obligations and expenditure requirements within the ten-year compliance period, as well as over the life of the Redevelopment Plans.

b. Other Limitations on Use of Housing Fund Monies

The CRL imposes limits on the use of Housing Fund monies for the construction of infrastructure and public improvements (Section 33334.2(e)(2)). The conditions under which Housing Fund monies may be used to fund these costs are:

- The improvements must be a reasonable and fundamental component of the new construction or rehabilitation of income restricted housing units that are directly benefited by the improvements.
- A 55-year affordability control must be imposed on rental units, and a 45-year affordability control must be imposed on owner occupied units. Covenant and deed restrictions must be recorded with the redevelopment agency.[11]
- If the newly constructed or rehabilitated affordable units are part of a larger project such as a mixed income or mixed use project, Housing Fund monies may only be utilized for a pro rata share of the cost of the improvements. For mixed income residential developments, the maximum amount is based on the ratio of the number of affordable units to the total number of housing units. For mixed use projects, the maximum is based on the ratio of total cost of the affordable units to the total cost of the project.

c. Use of Funds outside of Project Area

An agency can use funds outside a project area upon resolution by the agency and legislative body that the use will be of benefit to the project (Section 33334.2(g)). If an agency has more than one project area, it can spend housing funds from one project area in other areas, pursuant to a resolution by the agency and legislative body that such use of the funds will benefit the project (Section 33334.2(g)(1)). The Agency must meet these legal requirements with respect to the expenditure of Housing Funds. Section F describes the Agency's compliance with meeting the expenditure requirements. The City Council and Agency have approved resolutions determining that the use of Housing Fund monies to assist housing activities located outside the Project Areas is of benefit to the Redevelopment Programs. Thus, Housing Fund monies have been, and will be spent both inside and outside the Project Areas.

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[11] As of January 1, 2008, the Agency must prepare for units developed with Housing Fund assistance, a document for each price-restricted unit entitled "Notice of Affordability Restrictions on Transfer of Property" containing a recitation of the affordability covenants or restrictions; the date the covenants or restrictions expire; the street address, assessor's parcel number and legal description of the property; and record the unit with the County recorder pursuant Section 33334.4(f)(3)(B).

d. Housing Fund Expenditure Targeting

Housing Fund monies must be used to assist housing for persons of very low and low income in at least the same proportion as the total number of housing units needed for each of these income groups in the community bears to the total number of units needed for very low, low, and moderate income groups within the community. The Agency plans to target its Housing Fund expenditures for specific income groups as required by the CRL.

D. Affordable Housing Program

Agencies are required to prepare a Housing Program with estimates of the number of new, rehabilitated, or price restricted affordable housing units to be assisted during each of the five years in the Implementation Plan period. The Housing Program must also include estimates of expenditures of monies from the Housing Fund during each of the five years. Finally, it must include a description of how it will implement the expenditure requirements over the ten year compliance period.

1. Goals and Objectives

During the five-year Implementation Plan period, the Agency will concentrate on housing activities that are most applicable to the Agency's goals and objectives. In developing its affordable Housing Program, the Agency has been guided by the goals and objectives of the City's Housing Element and the Consolidated Plan, both of which are incorporated into this Implementation Plan by this reference. Through its affordable housing activities, the Agency will support and advance the overall Housing Element programs as well as contribute to the implementation of the policies and strategies identified in the City's Consolidated Plan.[12] The Agency is committed to assisting the City in achieving the goals and objectives and policies presented in the Housing Element and the City's Consolidated Plan, including:

- Promote the construction of new housing within the City's regulatory framework.
- Encourage the production of housing for all income categories including housing for the community's workforce.
- Protect the existing supply of affordable housing.
- Promote the rehabilitation and continued maintenance of existing housing.
- Provide housing assistance and supportive services to very low, low and moderate income households and households with special needs including homeless.
- Eliminate discrimination in the rental or sale or housing on the basis of race, religion, national origin, sex, sexual orientation, age, disability, family status, AIDS, or other such characteristics.
- Promote quality housing and neighborhoods.
- Promote the participation of citizens, community groups, and governmental agencies in housing and community development activities.

[12] The parts of the Implementation Plan that address the affordable housing requirements must be adopted every five years either in conjunction with the community's housing element cycle or the implementation plan cycle (Section 33490(a)(1)(A)).

As discussed above, the Agency has been guided by the Housing Element's goals and objectives in developing its affordable Housing Program. Therefore, the Agency will use redevelopment funds for housing developments and activities to assist in the production of housing affordable to very low, low and moderate income households. The goal of the Housing Program is to increase and improve the supply of affordable housing to very low, low and moderate income households, and preserve the existing stock of affordable housing in the ERRPA and the City as a whole.

The Agency recognizes the important role of the Housing Program and its activities in its overall Redevelopment Program. Consequently, the proposed Housing Program should be viewed not simply as the means of implementing the Agency's stated goals and objectives related to affordable housing, but as a key element in its overall blight alleviation and revitalization efforts.

2. Agency Financial and Technical Assistance

The Agency intends to implement its Housing Program through the provision of financial and technical assistance for housing that may include, but will not be limited to, new construction of rental and ownership housing, and substantial rehabilitation of affordable housing units. Private and nonprofit developers may be assisted with land write-downs, predevelopment loans, development subsidies or land leases. Affordability will be enforced through deed restrictions and language incorporated into loan and lease documents.

The Agency's housing resources will be used in a flexible manner to respond to favorable opportunities for development, substantial rehabilitation and affordability covenant acquisition. The type of financial assistance to be provided may include cost write-down and gap financing for projects utilizing federal and state funds, as well as loans for property acquisition, development, renovation, on- and off-site improvements, predevelopment costs and development fees. In carrying out its purpose to preserve, improve and increase the affordable housing supply, the Agency may use the following methods:

- Acquire land or building sites.
- Improve land or building sites with on-site or off-site improvements.
- Donate land to private or public persons or entities.
- Finance insurance premiums pursuant to CRL Section 33136.
- Construct buildings or structures.
- Provide subsidies to, or for the benefit of, persons or families of very low, low, or moderate income.
- Develop plans, pay principal and interest on bonds, loans, advances or other indebtedness, or pay financing or carrying charges.
- Require the integration of affordable housing sites with sites developed for market rate housing.
- Assist the development of housing by developers.

3. Specific Housing Activities FY 2009-10 through FY 2013-14

Over the five-year period, the Agency expects to fund a number of new construction developments aimed at very low, low or moderate income homeowners and renters as well as acquisition/rehabilitation projects. Some examples of future projects that will likely receive Housing Fund assistance over the next five years are discussed below.

a. Agency Assistance to New Construction of Affordable Units

The Agency anticipates that it will provide assistance for the following newly constructed affordable housing developments:

430 Pico Boulevard: Approximately 32 units, available to low income households. The Agency provided a $3.7 million acquisition/predevelopment loan to support this project. The full extent of Agency assistance will not be determined until the design and financial planning are complete. Construction estimated to start fall 2010, with completion in summer 2012.

1458 14th Street: Agency assistance of $5.2 million to fund the construction of 19 one-bedroom units available to senior households. Affordability levels: 2 units are targeted to extremely low, 2 to very-low, and 15 to low income. The project is anticipated to be completed by December 2009.

1700 Main Street, (Civic Center Village): On June 10, 2008, the Agency approved the Disposition and Development Agreement with the Related Companies for the development of the Civic Center Village, a mixed-use housing development on approximately 3.7 acres, in the heart of the city's Civic Center. The Village project will enhance the Civic Center area with 325 residences, of which 160 will be affordable to low income households, including families and artists; public open space; an extension of Olympic Drive; public art and sustainable design. The project is scheduled to commence construction in summer 2010. The Agency will contribute $23.8 million toward the affordable housing portion of this mixed-use development. Of the total Agency contribution, $4.8 million will be revenues from the Housing Fund to assist the development of 58 very low income and 100 moderate income rental units.

1924 & 1930 Euclid, 1753 18th St & 1754 19th Street (FAME Development): Agency assistance of $6.7 million to fund the acquisition and new construction of approximately 25 units targeted to very low and 24 units targeted to low income. Units will be available to senior households. The development will create much-needed senior efficiencies and help support Housing Element goals (2g) to facilitate development and maintenance of special needs housing. Developer proposes to obtain tax credits and bank financing, complete architectural design, and undergo plan check over the course of the next 12 months. The target construction start date is April 2010.

1943-59 High Place East: The Agency expects to contribute $14.5 million of Housing Fund revenues to this development, which will include 45 ownership units affordable to moderate income households. (Agency provided $3.1 million in assistance in prior five-year period.)

2602 Broadway: Agency assistance for this development of approximately 33 units targeted to very low and low income households includes $6.6 million acquisition/predevelopment loan. The extent of the Agency's full assistance will not be determined until the design and financing plans are complete. Land was acquired in January 2009, and construction is estimated to start in fall 2010, with completion in summer 2012.

2802 Pico Boulevard: Land was acquired for the construction of 2802 Pico Boulevard in February 2009 with the help of a $5.6 million loan from the Agency for the property purchase, holding costs and design of the project. The total amount of Agency assistance will not be determined until project planning is more advanced. Construction of the approximately 33 units affordable to very low and low income households is estimated to start fall 2010, with completion in summer 2012.

b. Agency Assisted for Acquisition and Rehabilitation of Affordable Housing

The Agency anticipates that it may provide assistance for the acquisition and rehabilitation of existing housing if opportunities arise.

c. Other Agency Assistance

In addition to assistance for new developments and the acquisition and rehabilitation of existing developments, the Agency will provide the following assistance:

1930 Stewart (Mountain View Mobile Home Park): Mountain View was built in the early 1950s as a mobile home park. In FY 2000-01, the Agency provided partial funding for the City to purchase Mountain View and 36 mobile homes to preserve the property for affordable housing as part of a legal settlement with the prior owner. In FY 2006-07, the City initiated efforts to address needs for new sewer and water lines, new concrete slab, new framing of structural members and bearing walls, new electrical, new drywall and flooring, and new bathrooms that will meet Americans with Disabilities Act (ADA) requirements, as well as reconfiguration of the existing 105 unit mobile home park, establishment of lots lines for individual spaces as part of a repair-replacement plan for on-site utilities, and installation of 8 mobile home units. Construction bids and selection of contractor was completed in FY 2007-08. Construction commenced in Spring 2008 and is anticipated to be completed by Fall 2009.

Senior Homeless Prevention and Rental Assistance Program: Beginning in the FY 2006-07 Budget, Council authorized an allocation of $1.34 million from the Housing Fund, with annual deposits in following fiscal years, to fund rental assistance for very-low income homeless seniors, 55 years old and older, who have participated, for a minimum of one year, in a case management program, including the Chronic Homeless Program. The Senior Homeless Prevention and Rental Assistance Program provides one-time $2,000 homelessness prevention grants to Santa Monica households headed by someone 55 years old and older, which are in imminent danger of becoming homeless. Participants are required to receive case management services in order to be eligible for the program. The program will continue to utilize inter-agency and inter-divisional resources in the Chronic Homeless Program to refer applicants for services. Since its inception, 71 senior households have been assisted by this program, receiving RDA senior rental assistance.

175 Ocean Park Boulevard: The Agency continues to fulfill its lease payment obligations to maintain 22 housing units for very low income senior and family households. The lease payment is made by the Agency on behalf of the 175 Ocean Park Boulevard public housing development operated by the County of Los Angeles. This has been an ongoing activity of the Redevelopment Agency for many years.

4. Estimated Housing Fund Expenditures FY 2009-10 through 2013-14

Table III-8 presents the Agency's estimated Housing Fund expenditures for each of the five years in the Implementation Plan period. The Agency estimates Housing Fund expenditures of approximately $102.1 million for housing activities during the next five years. Projected revenues will be sufficient to cover the Agency's planned expenditures for housing projects and activities over the next five years.

The Agency plans to target its Housing Fund for specific income groups and non-age restricted housing as required by the CRL. These targeting requirements are discussed below. The Agency will make every effort to encourage the development of housing affordable to a variety of income levels and needs. By combining various funding sources, and in partnership and collaboration with others dedicated to the development of affordable housing, the Agency is confident it will be able to meet its housing production obligations over the life of the Redevelopment Plan.

It should be noted, however, that several factors may result in expenditures and unit production for given years being either less than or greater than what is projected. These factors include the timing of the development process, the levels of Housing Fund revenue and other public assistance, the need to amass sufficient funds for an efficiently sized development, and development opportunities.

a. Housing Fund Income Targeting

Housing Fund monies must be used to assist housing for persons of very low and low income in at least the same proportion as the total number of housing units needed for each of these income groups in the community bears to the total number of units needed for very low, low, and moderate income groups within the community. The CRL requires that the Agency use Southern California Association of Governments (SCAG) 2006-2014 Regional Housing Needs Allocation (RHNA) figures for determining its proportionate spending on housing for very low, and low income groups in the community. Therefore, the proportion of Agency expenditures required for very low and low income housing units is determined by dividing the number of housing units needed for very low income and low income households, respectively, (as calculated by SCAG) by the total number of units needed for very low, low and moderate income households within the community (as calculated by SCAG) (Section 33334.4). The Agency's proportionate income targeting obligation must be met over the ten year compliance period. However, the initial period for meeting this requirement will be January 1, 2002, the date the targeting requirements became effective, through the ten-year compliance period ending on December 31, 2014 (Section 33490(a)(2)(A)(iii)).

Under the CRL, an agency is allowed to reduce its income targeting requirement if other locally controlled funds are used to produce newly constructed housing for the targeted incomes, as long as such units are produced without any agency assistance and their continued affordability is ensured through long term affordability covenants (45 years for owner occupied and 55 years for rental). An agency may adjust the income targeting proportion by subtracting from the need identified for each income category, the number of units for persons of that income category that are newly constructed with other locally controlled government assistance over the duration of the implementation plan. However, an agency cannot subtract units developed pursuant to a replacement-housing obligation under federal or state law (Section 33334.4(a)). Locally controlled means government assistance where the local government entity has discretion and authority to determine the recipient and the amount of assistance (Section 33334.4). Examples of such funding are CDBG, HOME Investment Partnership Program, and fees received by a city pursuant to a city-authorized program. Pursuant to these requirements, Table III-8, below, shows the Agency's proportionate spending requirements for housing affordable to persons at or below 120 percent of median income, including the adjustment for units produced with locally controlled funds. Table III-14, below, displays housing units produced with locally controlled funds by income level. As described above, these developments allow for reductions in the Agency's targeting.

Table III-8
Affordable Housing to be Assisted with Housing Fund Revenues
FY 2009-10 through FY 2013-14
Santa Monica Redevelopment Agency

	Number of Units[a]					Housing Fund Expenditures					
	Very Low	**Low**	**Moderate**	**Total**	**Age Restricted**	**FY 2009-10**	**FY 2010-11**	**FY 2011-12**	**FY 2012-13**	**FY 2013-14**	**Total**
New Construction – Ownership											
1943-59 High Place East	0	0	45	45	0	$0	$0	$0	$0	$14,544,000	$14,544,000
Subtotal	*0*	*0*	*45*	*45*	*0*	*$0*	*$0*	*$0*	*$0*	*$14,544,000*	*$14,544,000*
New Construction – Rental											
2602 Broadway	0	33	0	33	0	$0	$5,313,803	$0	$0	$0	$5,313,803
1924 & 1930 Euclid, 1573 18th, & 1754 19th (FAME Project)	25	24	0	49	49	$2,283,696	$0	$0	$0	$0	$2,283,696
1700 Main (Civic Center Village Project)	58	0	100	158	0	$0	$0	$4,764,600	$0	$0	$4,764,600
430 Pico	4	28	0	32	0	$0	$0	$10,000,000	$0	$0	$10,000,000
2802 Pico	0	33	0	33		$0	$0	$0	$10,156,902	$0	$10,156,902
Subtotal	*87*	*118*	*100*	*305*	*49*	*$2,283,696*	*$5,313,803*	*$14,764,600*	*$10,156,902*	*$0*	*$32,519,001*
Total Committed Funds	**87**	**118**	**145**	**350**	**49**	**$2,283,696**	**$5,313,803**	**$14,764,600**	**$10,156,902**	**$14,544,000**	**$47,063,001**
Future Affordable Housing Developments and Activities[b]	75%	25%	0%	100%	0%						$55,080,999
Grand Total											**$102,144,000**

a. The total number of housing units assisted with Housing Fund revenues, as shown in this table, differs from the number of housing units counted toward the affordable housing production requirement shown in Table III-4. Table III-4 includes affordable housing produced with and without Housing Fund assistance, and also includes affordable housing produced outside of the ERRPA on a 1 for 2 basis.

b. Affordable housing developments and activities receiving Housing Fund assistance over the next five-year Implementation Plan period that have not yet been identified. Expenditures will be made such that the Agency meets CRL income and age targeting requirements (75 percent of $55.1 million to be expended on very low income housing, and 25 percent to be expended on low income housing).

Source: Santa Monica Redevelopment Agency, Seifel Consulting Inc.

Table III-9
Redevelopment Housing Trust Fund Expenditure
Percentage Targeting by Income Category
Santa Monica Redevelopment Agency

Income Group	Housing Units Needed[a]	Expenditure Percentage Targeting by Income Level	Unit Adjustment for Locally Controlled Funds[b]	Adjusted Housing Units Needed[c]	Adjusted Expenditure Percentage Targeting by Income Level
Very Low (0–50% AMI)	164	At least 43%	60	104	At least 35%
Low (51–80% AMI)	106	At least 28%	31	75	At least 26%
Moderate (81–120% AMI)	114	No more than 30%	0	114	No more than 39%
Total	**384**	**100%**		**293**	**100%**

a. Based on SCAG's 2006-2014 Regional Housing Needs Assessment.
b. Based on number of units produced in the ERRPA using locally-controlled funds and without Agency assistance.
c. According to CRL Section 33334.4, the Agency may adjust its Housing Fund targeting obligations to account for housing units built using locally-controlled funds and without Agency assistance.

Source: Santa Monica Redevelopment Agency; SCAG Adopted Regional Housing Needs Assessment, 2006-2014; Seifel Consulting Inc.

Table III-9 outlines the Agency's income targeting obligations based on Santa Monica's RHNA allocation, adjusted for the number of newly constructed very low and low income housing units produced with locally controlled funds and without Agency assistance. The adjustment reduces the number of very low and low income units used to calculate the income targeting percentages by 60 very low income units and 31 low income units, based on two projects completed with locally controlled funds and without Agency assistance listed on Table III-14.

With the adjustment to the RHNA numbers, the Agency is required to expend Housing Fund monies in the following proportions: at least 35 percent for units affordable to very low income households, at least 26 percent for units affordable to very low and low income households, and no more than 39 percent on housing affordable to moderate income households. However, the Agency is entitled to expend a disproportionate amount of the funds for very low income households, and to subtract a commensurate amount from the low and/or moderate income thresholds, as long as it spends the minimum amount required for very low income households and no more than the maximum amount allowed for moderate income households.

The Agency plans to target its Housing Fund monies to specific income groups in the proportions shown in Table III-9. As shown in Table III-10 below, from January 1, 2002 through June 30, 2009 the Agency has spent 26 percent of its Housing Fund revenues on very low income units, 68 percent on low income units and 6 percent on moderate income units. In order to meet its targeting obligation described above, the Agency must target its expenditures over the next five years in the following proportions: at least 44 percent on very low income units and no more than 56 percent on low and moderate income units combined. The Agency will monitor its Housing Fund expenditures with reference to the relative percentages of need demonstrated by each income category, will conduct periodic reviews of expenditures, and will consider adjustments to expenditures as needed. The Agency anticipates it will meet its very low, low and moderate income targeting requirements for the ten-year compliance period ending on December 31, 2014.

Table III-10
Low and Moderate Income Housing Fund Expenditures
Expenditure Targeted by Income 1/1/2002-12/31/2014
Santa Monica Redevelopment Agency

	1/1/2002–6/30/2009 (Actual)		7/1/2009–12/31/2014 (Expected)		Over Compliance Period[c]	
Income Targeting	LMIHF Expenditures[a]	Percent Targeted	LMIHF Expenditures[b]	Percent Targeted	LMIHF Expenditures	Percent Targeted
Very Low	$24,218,000	26%	$45,278,000	44%	$69,496,000	35%
Low	$64,079,000	68%	$39,306,000	38%	$103,385,000	53%
Moderate	$5,351,000	6%	$17,560,000	17%	$22,911,000	12%
Total	**$93,648,000**	**100%**	**$102,144,000**	**100%**	**$195,792,000**	**100%**

a. Agency expenditures detailed in Table III-13 plus $1.34 million expended in FY 2006-07 for Senior Homeless Prevention and Rental Assistance Program to assist very low income seniors.
b. Projected Agency expenditures detailed in Table III-8.
c. January 1, 2002 to December 31, 2014 is the first compliance period for meeting Housing Fund expenditure targeting obligations, as required by CRL Section 33334.4
Note: Numbers rounded to the nearest thousand.

Source: Santa Monica Redevelopment Agency, Seifel Consulting Inc.

b. Housing Fund Assistance for Non-Age Restricted Housing

In addition to the requirement outlined above, as of January 1, 2002, a defined minimum percentage of Housing Fund moneys must be spent on housing available to all persons regardless of age. In 2005, the state legislature amended the method of determining the minimum percentage of Housing Fund moneys spent on non age-restricted housing. This minimum is equal to the percentage of Santa Monica's low income households with a member under age 65, as reported in the most recent US Census. The 2000 Census indicates that 76 percent of the City's low income households have a householder under 65 years of age as shown in Table III-11.[13] Thus, the Agency must expend at least 76 percent of its funds on housing that does not impose age restrictions on residents. This requirement must be achieved over the period between January 1, 2002 and the compliance period ending on December 31, 2014 and over the life of the Redevelopment Plan.

[13] The Census does not report low income household information according to the age of household members, but rather identifies households by the age of the householder. Therefore, this will be used as a proxy for low income households with a member under age 65.

Table III-11
Housing Fund Expenditure Requirement
Non Age-Restricted Housing
Santa Monica Redevelopment Agency

Age Targeting[a]	Low Income Households[b]	Expenditure Percentage
With Householder under 65	17,872	76% minimum expenditures
With Householder 65 and over	5,696	24% maximum expenditures
Total	**23,568**	**100%**

a. Based on Census data showing low-income households by householder age.
Data is not available for low-income households by household members' ages.
b. Three-person households with incomes of less than $45,200
(HCD limit published in 2000 defined as "lower income").

Source: 2000 US Census, HCD Income Limits 2000, Seifel Consulting Inc.

The Agency plans to target Housing Fund expenditures to provide affordable housing that is not restricted by age. Specifically, at least 91 percent of Housing Fund monies is planned to be spent on non-age restricted housing over the period between January 1, 2002 and the compliance period ending on December 31, 2014, as shown below in Table III-12. The Agency will continue to monitor Housing Fund expenditures in order to comply with the requirement for minimum Housing Fund expenditures on non-age restricted housing.

Table III-12
Low and Moderate Income Housing Fund Expenditures
Targeted Non Age-Restricted Housing 1/1/2002-6/30/2014
Santa Monica Redevelopment Agency

	1/1/2002–6/30/2009 (Actual)[a]		7/1/2009–12/31/2014 (Expected)[b]		Over Compliance Period[c]	
Age Targeting	LMIHF Expenditures	Percent Targeted	LMIHF Expenditures	Percent Targeted	LMIHF Expenditures	Percent Targeted
Non-age restricted housing	$80,392,000	86%	$99,860,000	98%	$180,252,000	92%
Age-restricted housing	$ 13,256,000	14%	$2,284,000	2%	$15,540,000	8%
Total	**$93,648,000**	**100%**	**$102,144,000**	**100%**	**$195,792,000**	**100%**

a. Agency expenditures detailed in Table III-13 plus $1.34 million expended in FY 2006-07 for Senior Homeless Prevention and Rental Assistance Program to assist very low income seniors.
b. Projected Agency expenditures detailed in Table III-8.
c. January 1, 2002 to December 31, 2014 is the first compliance period for meeting Housing Fund expenditure targeting obligations, as required by CRL Section 33334.4
Note: Numbers rounded to the nearest thousand.

Source: Santa Monica Redevelopment Agency, Seifel Consulting Inc.

E. Agency Affordable Housing Activities over the Previous Implementation Plan Period

This section discusses the Agency's affordable housing activities over the previous five-year Implementation Plan period, including descriptions of housing projects assisted with Agency resources are described. The CRL requires that the Agency report certain expenditures and details of affordable housing produced during the previous five-year Implementation Plan period. These requirements are described and addressed below.

1. Housing Program Accomplishments

During the previous Implementation Plan period, the Agency used Housing Fund and other resources to assist in the development of both rental and ownership affordable housing for a variety of household with a range of different sizes and needs, along with a spectrum of affordability. Some examples of projects developed with Agency assistance include:

a. Acquisition and Rehabilitation of Affordable Rental Housing

Rehabilitation improvements typically include repair or replacement of roofs, gutters, doors, windows, handrails/guardrails, signs, cabinets, floorings, water heaters, plumbing and electrical upgrades, termite damage, and new paint. Collectively, these properties now represent 122 affordable units for low and moderate income households preserved for a minimum of 55 years.

2211 4th St: At 2211 4th St, the Agency provided funding for the acquisition and rehabilitation of 22 (2 two-bedroom and 20 one-bedroom) units restricted to households earning 60% or less of AMI in FY 2006-07. This project was completed in FY 2008-09.

2900 4th St: Funding for the acquisition and rehabilitation of this project was authorized by Agency in FY 2006-07. Rehabilitation work was completed in FY 2007-08. This project provides 19 (2 three-bedroom, 9 two-bedroom, and 8 one-bedroom) units affordable to low income households.

1944 20th Street: Agency provided funding for the acquisition and rehabilitation of 8 three-bedroom units suitable for large families at very-low and low income levels in FY 2005-06.

2624 Santa Monica Blvd: Redevelopment funds were provided in FY 2007-08 to fund acquisition costs and a portion of rehabilitation costs. The property is a two-story motel containing 7 single-room units and a one-bedroom manager's unit. This project was completed in FY 2008-09. The non-profit organization Step Up on Second operates the units as permanent supportive housing for very low income young adults who are experiencing their first episodes of mental illness.

b. Agency Assisted - New Construction Affordable Units

New construction of affordable units is critical to both the expansion of housing opportunity and the maintenance of the community's supply of affordable housing. Collectively, these properties will ultimately house 497 affordable units for low and moderate income households, preserved for a minimum of 55 years.

1548 5th Street: The Agency provided assistance in FY 2004-05 for acquisition and predevelopment costs, the permanent loan closed in FY 2007-08. The project, completed in FY 2008-09, provides 44 single room occupancy (SRO) units affordable to very-low income households and available to mentally disabled and homeless persons.

1458 14th Street: In FY 2006-07, the Agency assisted with the acquisition of this property and in FY 2007-08 provided funds to help with its construction. The project will add approximately 19 one-bedroom apartment units to the community, affordable to very-low and low- income senior citizen households. Construction commenced in FY 2008-09 and will be completed in FY 2009-10.

1349 26th Street-2601 Santa Monica Boulevard: Agency provided assistance in FY 2002-03 for acquisition and additional funds for construction. This project was completed in FY 2006-07 and fully leased in August 2007, providing 44 units affordable to households of very-low and low income (15 units are three-bedroom and 29 are two-bedroom).

1424 Broadway (1512 15th Street): The Agency supported this project by providing funds in FY 2002-03 for acquisition. Completed in FY 2006-07, this project provides 25 two-bedroom and 16 three-bedroom units for households at very-low and low income.

2411-23 Centinela Avenue: In FY 2006-07, loan and conditional grant documents were executed for the construction and permanent financing of 36 rental units affordable to very-low and low income households. This project was completed in FY 2008-09.

1751 Cloverfield Boulevard: The Agency assisted this adaptive re-use project by providing funding to Ocean Park Community Center (OPCC) to acquire the property in FY 2003-04; OPCC conveyed title to the property to the Agency and upon conveyance, the Agency leased the property to OPCC for a term of 55 years. In exchange for providing a 55-year lease, OPCC has executed a covenant to use the property solely for affordable housing. Ocean Park Community Center ("OPCC") opened its new Cloverfield Services Center in November 2006, providing housing to 55 homeless men and women.

2. Compliance Requirements in CRL Section 33490(a)(2)(C)(iv)

CRL Section 33490(a)(2)(C)(iv) requires agencies report the amounts of Low and Moderate Income Housing Fund moneys utilized to assist units affordable to, and occupied by, extremely low income, very low income and low income households during the previous Implementation Plan period. In addition, agencies must indicate the number, location and level of affordability of units newly constructed with other locally controlled governmental assistance (but without Agency assistance). Finally, agencies must also report on the amount of Housing Fund moneys utilized to assist housing units not restricted to seniors (non-age restricted housing), and the number, location, and level of affordability of those units.

During the previous Implementation Plan period the Agency did not spend any revenues from the Housing Fund to support housing for extremely low income households, and spent $24.2 million for very low income households and $64.1 million for low income households, as shown above in Table III-10. The number, location and level of affordability of units constructed with Housing Fund assistance during the previous Implementation Period are shown in Table III-13.
Table III-14 shows the number of affordable housing units constructed with other (non-Agency) locally controlled governmental assistance and without Agency assistance during the previous

Implementation Plan period. Roughly $80.4 million was spent during the previous Implementation Plan period to support non age restricted housing, as shown in Table III-12 and the number, location, and level of affordability of those units are shown in Table III-13.

Table III-13
Affordable Housing Assisted with Housing Fund Revenues
1/1/2002 - 12/31/2009
Santa Monica Redevelopment Agency

Location	Number of Units[a]						Project Completed	Housing Fund Expenditures
	Extremely Low[a]	Very Low	Low	Moderate	Total	Non Age-Restricted[a]		
New Construction								
1751 Cloverfield	0	55	0	0	55	55	x	$4,703,405
1424 Broadway	0	34	7	0	41	41	x	$2,900,000
1548 5th Street	0	44	0	2	46	46	x	$5,870,000
1349 26th Street	0	36	8	0	44	44	x	$1,450,000
2411-23 Centinela Ave	0	18	18	0	36	36	x	$3,417,145
1943-59 High Place East	0	0	0	45	45	45		$3,095,000
1458 14th	0	14	5	0	19	0		$5,207,314
2602 Broadway	0	0	33	0	33	33		$5,313,803
1924 & 1930 Euclid, 1573 18th, & 1754 19th (FAME Project)	0	25	24	0	49	0		$6,708,407
430 Pico	0	0	32	0	32	32		$3,720,204
2802 Pico	0	0	33	0	33	33		$5,595,897
Subtotal	*0*	*226*	*160*	*47*	*433*	*365*		*$47,981,175*
Significant Rehabilitation								
914 4th	0	0	16	0	16	16	x	$6,478,726
2211 4th	0	0	22	0	22	22	x	$6,782,455
2900 4th	0	0	19	0	19	19	x	$5,867,993
2418 5th	0	0	6	0	6	6	x	$1,818,818
1944 20th	0	0	8	0	8	8	x	$3,010,789
2029-31 20th	0	0	12	0	12	12	x	$4,517,723
1438 25th	0	0	12	0	12	12	x	$4,656,654
2320 34th	0	0	6	0	6	6	x	$1,301,217
1513 Centinela	0	0	8	0	8	8	x	$3,112,089
844 Linconln	0	0	10	0	10	10		$3,673,362
750-752 Marine	0	0	0	8	8	8	x	$2,000,800
1930 Stewart	0	0	105	0	105	105	x	$1,106,059
Subtotal	*0*	*0*	*224*	*8*	*232*	*232*		*$44,326,685*
Total	**0**	**226**	**384**	**55**	**665**	**597**		**$92,307,860**

a. The units reported in this table serve to meet the reporting requirements for Implementation Plans pursuant CRL Section 33490(a)(2)(C)(iv). The number of non age-restricted housing units serves as a proxy for "housing units available to families with children." The reporting requirement is for the previous Implementation Plan period, but since the expenditure requirements extend back to January 1, 2002 for the first 10-year compliance period, this table shows the expenditures since that date.

Source: Santa Monica Redevelopment Agency, Seifel Consulting Inc.