

ATTACHMENT 1

Agoura Hills Redevelopment Agency

Midterm Review
Five-Year Implementation Plan for the
Agoura Hills Redevelopment Plan
(FY 2004-05 through FY 2008-09)

Adopted December ____, 2007
Resolution No. _____



RSG

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INTRODUCTION

Background

The City Council of the City of Agoura Hills ("City Council") adopted the Redevelopment Plan for the Agoura Hills Redevelopment Project in July 1992 and amended the Plan in November 9, 1994 (Ordinance No. 94-248) to comply with the provisions of AB 1290. Over the past twelve years, the Redevelopment Agency of the City of Agoura Hills ("Agency") has initiated numerous redevelopment programs and projects to revitalize properties within the Agoura Hills Redevelopment Project Area ("Project Area"). The Agency continues to pursue the revitalization of the Project Area by invoking the tools, mechanisms, and powers provided by California Health and Safety Code Sections 33000, et seq. (California Redevelopment Law (the "CRL")).

On January 12, 2005, the Agency adopted the Five-Year Implementation Plan for the period 2004-05 through 2008-09. The Implementation Plan provides focus and direction for the Agency's efforts for revitalizing the Project Area and serves as a guide for the Agency's activities during the five-year period of the Implementation Plan based on the following goals:

- Elimination and prevention of blight;
- Encourage economic development;
- Provide adequate infrastructure; and
- Ensure decent housing for all income levels.

Midterm Review

Section 33490(c) of the CRL requires that at least once within the five-year term of the Implementation Plan, the Agency shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the Redevelopment Plan and the corresponding Implementation Plan and evaluating the progress of the redevelopment project. The midterm review must occur no earlier than two years and no later than three years following the adoption of the Implementation Plan.

This report summarizes the actions and activities that have taken place since the Implementation Plan was adopted, and identifies new programs and proposed projects that the Agency staff recommends be added. In addition, revisions to Redevelopment Law, if any, since the adoption of the current Five-Year Implementation Plan will be identified and addressed in this midterm review.

As a part of the Midterm Review, the Agency will also review and update, if necessary, the Implementation Plan's Ten-Year Housing Compliance Plan to discuss affordable housing production, replacement housing and proportional expenditure obligations, as required by Section 33490 of CRL.

Redevelopment Agency Goals and Objectives

The primary reason for the establishment of the Project Area is the need to eliminate blight within the Project Area boundaries, including problems related to circulation, inadequate community infrastructure, and to assist the private sector in providing the type of development that will maximize the development of property within the Project Area boundaries and prevent the recurrence of the blighting conditions. The following represent the goals and objectives of the Redevelopment Agency as stated in the Plan:

- 1) The elimination and prevention of the spread of blight and deterioration and the conservation, rehabilitation and redevelopment of the Project Area in accord with the General Plan, specific plans, the Redevelopment Plan and local codes and ordinances, all as may be amended from time to time.
- 2) The promotion of new continuing private sector investment within the Project Area to prevent the loss of, and to facilitate commercial sales activity.
- 3) The achievement of an environment reflecting a high level of concern for architectural, landscape, urban design, and land use principles appropriate for attainment of the objectives of the Redevelopment Plan.
- 4) The retention and expansion of as many existing businesses as possible by means of redevelopment and rehabilitation activities, and by encouraging and assisting the cooperation and participation of owners, businesses and public agencies in the revitalization of the Project Area.
- 5) The enhancement of sales, business license, and other fees, taxes and revenues to the City of Agoura Hills.
- 6) The creation and development of local job opportunities and the preservation of the area's existing employment base.
- 7) The re-planning, redesign and development of areas which are stagnant or improperly utilized.
- 8) The increasing, improvement to and preservation of the city's supply of housing (inside or outside the Project Area), including opportunities for very low-, low- and moderate-income households.
- 9) The provision of adequate infrastructure and other public improvements.

CHANGES TO CALIFORNIA REDEVELOPMENT LAW

Among the changes to the CRL to be addressed in this midterm review is the requirement that implementation plans must include a detailed description of the Redevelopment Plan's regulatory limits, as well as changes to limitations on proportional expenditures (Section 33334.4(b)). The Implementation Plan currently reflects the detailed description of the Redevelopment Plan's regulatory limits. Other changes are discussed below.

Changes to Section 33334.4(b), serve to modify the previous limitation that each agency expend over the duration of each implementation plan, the monies in its Low and Moderate Income Housing Fund "in at least the same proportion as the low-income population under age 65 bears to the total low-income population of the community as reflected in the most recent census". The new language provides a higher level of specificity as follows: "in at least the same proportion as the number of low-income households with a member under age 65 years bears to the total number of low-income households of the community as reported in the most recent census". The potential impact of the change is difficult to assess in that the census bureau does not provide a data set that reflects the new requirement leaving the burden on local jurisdictions to determine. As a practical matter, the prior language may continue to be used since the available data set for seniors age 65 and over could arguably reflect only households comprised of such seniors.

In addition, AB 987 expanded the monitoring and notification requirements in CRL Section 33418(c) to require the agencies compile and maintain annually a database of all existing new and substantially rehabilitated units assisted by the Agency or otherwise counted toward fulfilling the Agency's affordable housing production obligations. Accordingly, the Agoura Hills Redevelopment Agency will ensure compliance with the provisions of AB 987 no later than December 31, 2008.

NON HOUSING REDEVELOPMENT ACTIVITIES

The following provides a description of non housing redevelopment activities in the Project Area, including a review of the programs and proposed projects identified in the Implementation Plan and any related activities to date.

Available Funds

The Implementation Plan identified the non housing gross cumulative tax increment of \$14.3 million during the five-year period. The Plan's cash flow projection estimated tax increment growing to about \$2.1 million in 2005-06, while the Agency's actual gross tax increment increased to over \$3.5 million in FY 05-06 reflecting a 70% increase above the projected income. Assuming a nominal 5% per year increase through FY08-09, as reflected in Table 1 below, the gross cumulative non housing tax increment will likely exceed \$18.2 million reflecting a 23% increase. The net non housing tax increment, however is significantly less after pass-through payments to other taxing agencies, low income housing set-aside deposits and other administrative expenses.

Table 1 - Non Housing Redevelopment Tax Increment Cash Flow Projection

	Actual		Estimated			Total
	2004-05	2005-06	2006-07	2007-08	2008-09	
Available Cash Balance	\$ 475,920	329,068	417,905	650,015	907,226	
Revenue						
Total	2,190,094	3,586,452	3,963,268	4,166,711	4,380,665	\$18,287,189
Expenses						
Total	2,336,946	3,497,614	3,731,158	3,909,500	4,096,513	\$17,571,731
Net Cash Flow	(146,852)	88,837	232,110	257,211	284,152	
Ending Available Balance	\$329,068	\$417,905	\$650,015	\$907,226	\$1,191,378	

Expenses include payments to other taxing agencies and LMHF deposits.

Non Housing Programs and Projects Review

The Implementation Plan identified two major projects the Agency proposed to implement during the planning period, which include:

Kanan Interchange Improvements

Goal/Objectives: The Kanan Road Interchange Project is one of the largest infrastructure projects in the City's history. The main goal of the improved interchange is to reduce traffic congestion by increasing the number of lanes in exit ramps, relocating traffic signals, and eliminating left hand turns onto Highway 101.

Accomplishments/Proposed Actions: Construction is near completion and expected to be done by the end of fiscal year 2007-08.

Reyes Adobe Bridge Widening

Goal/Objectives: The Reyes Adobe Road Interchange project will expand the existing three lane bridge to six lanes. Improvements will also include sidewalks and bike lanes. The goals of this project include alleviating traffic congestion, increasing pedestrian safety, and improving access along the Highway 101 corridor.

Accomplishments/Proposed Actions: Approximately \$400,000 has been spent during this period for design. Another \$900,000 is anticipated to be used for construction starting in 2007-08.

Kanan/Agoura Road Roundabout

Goal/Objectives: The current signalized intersection is proposed to be improved to a roundabout, per the Agoura Village Specific Plan. The goal is to accommodate future traffic volumes, particularly from build out of Agoura Village, as well as surrounding future anticipated traffic volumes.

Accomplishments/Proposed Actions: The City has just begun preparation of a Request for Proposals to design the roundabout. Design is expected to commence by the end of fiscal year 2007-08. At this time, no Agency funds are expected to be utilized.

Palo Comado Canyon Bridge Overpass

Goal/Objectives: This overpass is to be widened primarily to accommodate a project approved by the County of Los Angeles that would take access from, and significantly impact, City roadways.

Accomplishments/Proposed Actions: The City has initiated the Caltrans' required Project Study Report ("PSR"), which is the preliminary stage of design. The PSR is expected to be completed by the middle of 2008-09. Approximately \$450,000 is anticipated to be used during 2007-08 for design.

HOUSING COMPLIANCE REVIEW

The housing compliance portion of the Implementation Plan identified the Agency's estimated deposits to the Low and Moderate Income Housing Fund ("LMIHF") and a projection of the Agency's housing production requirements during the ten-year compliance period, as well as

proposed affordable housing programs, projects, and estimated expenditures to fulfill the Agency's obligations under the CRL.

Available Funds

As of July 1, 2004, the Agency had a beginning balance of approximately \$1,341,994 in the LMIHF. Tables 2 and 3 below identify the Agency's updated funding resources, reflecting the actual deposit amounts in the LMIHF for the preceding years and updated estimates of future deposits for the remaining compliance period years. The beginning fund balance as of July 1, 2007 was \$2,312,839.

Based on actual deposits to June 30, 2007, it is estimated that the Agoura Hills Project Area will deposit \$3,949,123 in 20% housing set-aside revenues over the Plan's five-year period to 2008-2009, reflecting an increase of about 48% over the Implementation Plan's projected revenues. The LMIHF deposits are estimated to grow to about \$9,690,621 over the ten-year housing compliance period to June 30, 2014. When coupled with the FY 04-05 beginning fund balance, the total gross LMIHF revenues are about \$5.3 million during the initial five-year period and grown to about \$11.0 million during the ten-year housing compliance period.

Table 2 - Housing Fund Cash Flow Projections

	Actual			Estimated		Total
	2004-05	2005-06	2006-07	2007-08	2008-09	
Available Cash Balance	\$1,341,994	\$1,667,330	\$2,312,839	\$3,471,060	\$3,982,605	
Revenue						
Total	431,262	718,338	910,493	916,869	971,162	\$3,948,123
Expenditures						
Total	331,826	72,829	175,072	405,325	635,734	\$1,620,786
Net Cash Flow	99,436	645,509	735,420	511,544	335,428	
Ending Available Balance	\$1,441,430	\$2,312,839	\$3,471,060	\$3,982,605	\$4,318,032	

NOTE: Only actual budgeted expenses shown; available balance will likely be used to fund programs.

¹ Interest earnings based on an estimated 2.5% rate.

Table 3 - Housing Fund Cash Flow Projections

	Estimated					Cum. 10-Year
	2009-10	2010-11	2011-12	2012-13	2013-14	
Available Cash Balance	\$4,318,032	\$4,874,853	\$5,458,115	\$6,067,843	\$6,703,900	
Revenue						
Total	1,023,127	1,082,807	1,145,435	1,211,127	1,280,000	\$9,690,621
Expenditures						
Total	466,306	499,546	535,707	575,071	617,944	\$4,315,360
Net Cash Flow	556,821	583,261	609,728	636,057	662,056	
Ending Available Balance	\$4,874,853	\$5,458,115	\$6,067,843	\$6,703,900	\$7,365,956	

NOTE: Only actual budgeted expenses shown; available balance will likely be used to fund programs.

¹ Interest earnings based on an estimated 2.5% rate.

Proportional Expenditure Obligations

Per CRL Section 33334.4 (a), during the 10-year housing compliance period the Agency is obligated to expend monies from its LMIHF for very-low and low-income households in at least the same proportion as the need identified for very low- and low-income household units in the City, as reflected in the City's Regional Housing Needs Allocation (RHNA). The City's 2006

RHNA and Agency's proportional expenditure obligations and limitations under CRL Section 334334.4 are summarized in Table 4. Per the CRL, expenditures over the ten-year period for very low- and low-income households must not be less than percentages identified below, while expenditures for moderate-income and low income senior housing for persons age 65 and above may not exceed the percentage identified.

Table 4 - City of Agoura Hills Regional Housing Needs

Income Group	Number		5-Yr	Cum 10-Yr
	Units	Percent	Expenditures	Expenditures
Very Low (0-50% of MFI)	12	43.9%	\$2,322,362	\$4,843,318
Low (51 - 80% of MFI)	8	27.3%	\$1,444,202	\$3,011,904
Moderate (81-120% of MFI)	14	28.8%	\$1,523,554	\$3,177,393
TOTAL	34	100%	\$5,290,117	\$11,032,615
Low Income Senior Housing		9%	\$338,991	\$706,970

Source: Southern California Associations of Government 2006 Regional Housing Needs Allocation
 Note: Totals includes July 1, 2004 LMIHF beginning fund balance.

Replacement and Inclusionary Housing Requirements

The Ten-Year Housing Compliance Plan summarizes housing program and proposed projects the Agency plans to undertake to fulfill its obligations under the CRL. CRL Section 33413 requires that whenever dwelling units housing persons of low or moderate income are destroyed or removed from the low and moderate income housing market, the Agency must replace the units within four years after the destruction or removal of the units. Since adopting the Implementation Plan, the Agency's redevelopment activities have not displaced any low or moderate income households resulting in the need for no replacement housing units.

In addition, CRL Section 33413(b)(1) requires that at least 30% of any Agency-developed units be available at an affordable housing cost to, and for occupancy by, persons and families of low or moderate income, of which not less than 40% are required to be available at an affordable cost to, and occupied by, very low-income households. CRL Section 33413(b)(2) requires that at least 15% of all housing units developed by private entities or persons other than the Agency are available at an affordable housing cost to, and for occupancy by, persons and families of low or moderate income, of which not less than 40% are required to be available at an affordable cost to, and occupied by, very low-income households. These affordable housing production requirements should be met during the ten-year housing compliance period, which extends through June 30, 2014.

Based upon the inventory of affordable housing projects completed to date and a forecast of future housing construction in the Project Area, Table 4 reflects the computation of the Agency's estimated affordable housing production requirements for the planning period, as well as the duration of the Redevelopment Plan. Table 4 reflects an existing requirement for 51 inclusionary housing units growing to a total of 100 units, including 41 very low-income units by the end of the current housing compliance period in 2014. While the proportional expenditure limits identified in Table 4 above reflected about \$11.0 million in gross LMIHF deposits, the cash flow projection in Table 3 reflects an estimated \$4.3 million in expenses leaving about \$6.7 million available for project activities. This results in about \$67,172 per unit available to assist in producing the estimated 100 affordable housing units during the ten-year housing compliance period.

Table 4 - Inclusionary Housing Production

	Developed by Agency/Private	Total Units Produced	Total VL, Low & Mod Income Units Required	Very Low Income Units	Low & Mod. Income Units
Built from date of adoption (1992) through 6/30/94	Private	0	0	0	0
Built from 7/1/94 through 6/30/04	Private	0	0	0	0
CUM TOTAL through 6/30/04		0	0	0	0
Built 7/1/04 through 6/30/07	Private	336	51	21	30
CUM TOTAL REQUIRED TO DATE		336	51	21	30
Affordable Units Built To-Date		0	0	0	0
Affordable Units Surplus (Deficit)			(51)	(21)	(30)
Estimated 7/1/07 through 6/30/2014	Private	325	49	20	29
TOTAL through 6/30/2014		661	100	41	59
Estimated Over Remaining Project Term	Private	0	0	0	0
TOTAL REMAINING OVER TERM OF PLAN		0	100	41	59

Housing Programs and Projects Review

The Implementation Plan's Ten-Year Housing Compliance Plan to 2014, identified four major programs and proposed projects reflecting a total estimated Agency investment of approximately \$6.0 million. The programs and proposed projects are reviewed below.

Housing Rehabilitation Loan Program

Goal/Objectives: This program is designed to utilize both CDBG funds and 20% set-aside funds. The program allows for a wide variety of residential repairs and improvements ranging from new paint to new roofing. The program requires that the property be owner-occupied, in need of repair, and that applicants comply with the 80% of area median income limitation. Assistance provided under the program is in the form of a grant of up to \$5,000 and a loan of up to \$20,000. The 20% housing set-aside funded portion of the program does not provide for the grant but the same \$20,000 deferred loan amount per property is provided. However, the income eligibility criterion is based on 120% of median income, which allows access to a greater number of households than through the CDBG funded program.

Accomplishments/Proposed Actions: The amount provided in grants and loans during this period has been \$228,420. Starting in FY 2006-07, the program consists only of loans with a maximum loan amount of \$25,000.

Estimated Budget: \$1,000,000

First-Time Homebuyer Program

Goal/Objectives: The Agency has adopted a First Time Homebuyer Program ("FTHP") to assist qualified households in the purchase of a home by providing down payment assistance funds. The City's contribution is generally in the form of a deferred second mortgage loan, which does not require monthly payment, and is principal and interest deferred. The Agency's assistance monies are combined with the buyer's funds, including first mortgage loans, to provide for a residential purchase, which must meet the affordable monthly housing cost criteria under the

CRL. The program is available to first time homebuyers who do not exceed the moderate-income levels (120% of median income) for the County of Los Angeles.

Accomplishments/Proposed Actions: The FTHP loan amounts range from \$80,000 to \$100,000. The City Council approved a change to the FTHP to focus on the loans on the purchase of new construction condominiums in the Project Area, especially for Agoura Village. This new approach is the most viable and cost effective means for fulfilling the City's affordable workforce housing needs.

Estimated Budget: \$1,000,000

Construction of New Affordable Housing Units:

Goal/Objectives: The Agency is seeking to assist housing developers with the construction of new affordable housing that achieves long-term income restricted covenants. The best and most immediate opportunity for new construction of affordable housing units is development in the Agoura Village Specific Plan Area, which is located within the Project Area. The Agoura Village Specific Plan calls for a mix of commercial and residential uses. It was anticipated that a total of 571 units would be produced in the Project Area, of which Agoura Village is a part, during the five-year planning period.

Accomplishments/Proposed Actions: A new construction market-rate multifamily rental project of 336 units was completed since adoption of the Implementation plan. While no income-restricted units have been constructed to date, the Agency is reviewing proposed developments in the Project Area to provide for the on-site construction of affordable housing units to satisfy the requirements of Section 33413.(b)(2). The additional 235 units in Agoura Village that were expected to be constructed during this period have not yet been built.

Estimated Budget: \$1,000,000

Achieving the Agency's Inclusionary Housing Requirements:

Goal/Objectives: Table 4 indicates the need to produce a total of 100 income-restricted units over the ten-year housing compliance period, of which 40 must be restricted to households of very low-income. To achieve the inclusionary housing requirement, the Agency will work with and assist developers in the Agoura Village Specific Plan area, and other areas, in return for long-term affordability deed restrictions.

Accomplishments/Proposed Actions: Since no income-restricted units have been produced, the Agency has a current requirement to produce 51 affordable units including, 21 very low-income units and 30 low and moderate-income units. To correct the current production deficit, the Agency is pursuing a more restrictive policy of on-site production of affordable housing units as discussed above, as well as a proactive effort to acquire income restrictions for existing rental units as discussed below. In addition, the Agency will ensure that its expenditures of LMIHF monies to assist in the production of income-restricted units are made in accordance with its proportional expenditure obligations, as identified in Table 3.

Estimated Budget: TBD based on related activities.

NEW PROJECTS/ PROGRAM PROPOSALS

Pursuant to the recently completed Affordable Housing Implementation Strategy, Staff is recommending the Agency pursue the purchase of affordability restrictions for very low- and low-income rental apartments, particularly units located in the Project Area, as a means for fulfilling a portion of its inclusionary housing production requirements.

Proposed Actions: Outreach to owners of existing rental units in the Project Area to negotiate the acquisition of long-term (55-year) income restrictions for approximately 20 very low-income units.

Estimated Budget: \$3,000,000

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