

FINAL

Five Year Implementation Plan FY 2007/08–FY 2011/12

Prepared for:

El Cerrito Redevelopment Agency



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Seifel
CONSULTING INC.

221 Main Street
Suite 420
San Francisco CA
94105

415.618.0700
fax 415.618.0707
www.seifel.com

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Five Year Implementation Plan FY 2007/08–FY 2011/12

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I. Introduction

The California Community Redevelopment Law (CRL) requires each redevelopment Agency administering a redevelopment plan to prepare and adopt a five year Implementation Plan. The principal goal of the document is to guide an Agency in implementing its redevelopment programs. The affordable housing component of the Implementation Plan provides a mechanism for a redevelopment Agency to 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 an Agency for the next five years while providing flexibility so the Agency may adjust to changing circumstances and new opportunities.

A public hearing must be held on the Implementation Plan prior to its adoption by the Agency. In addition the CRL requires an agency to hold, between two and three years after the plan's adoption, a public hearing to review the Implementation Plan and evaluate the Agency's progress.

This document is the five year Implementation Plan for the El Cerrito Redevelopment Project Area (Project Area) administered by the El Cerrito Redevelopment Agency (Agency). It outlines the proposed program of revitalization, economic development and affordable housing activities of the Agency for the five year Implementation Plan period, FY 2007/08 through FY 2011/12. It includes goals, activities and estimates of expenditures and a description of how they will alleviate blight and meet affordable housing requirements.

The Affordable Housing Component, Chapter III of this document, includes the Affordable Housing Production Plan, which summarizes historical and projected housing production, the affordable housing obligation and the Agency's progress in meeting the obligation. Additionally, the Housing Component includes the status of the Housing Fund and estimated annual deposits into the Housing Fund over the next five years. The Housing Program estimates the Housing Fund expenditures and affordable housing units to be assisted by the Housing Fund in each of the five years in the Implementation Plan period.

This Implementation Plan is a multi-year planning document whose purpose is to describe the redevelopment program activities the Agency intends to undertake during the five year period to eliminate blight, stimulate economic development and produce affordable housing. 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 over the next five years. Therefore, the Agency intends to use and interpret this Implementation Plan as a flexible guide. The Agency understands that specific projects and activities as 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.

A. Organization

Generally, the Implementation Plan must contain the following information:

1. Goals and objectives for the next five years for both the housing and non-housing activities.
2. Programs and expenditures for the next five years for both housing and non-housing activities.
3. An explanation of how the goals, objectives, programs and expenditures will assist in the elimination of blight and in meeting affordable housing obligations.
4. Other information related to the provision of affordable housing.

Chapter I provides an overview of the CRL requirements, a description of the Project Area, and a summary of Agency accomplishments to date. Chapter II includes five year goals and objectives for the Project Area, the activities and related revenues and expenditures for the next five years, and a description of the blighting conditions and how they will be alleviated by the activities. Chapter III, the Housing Component, addresses affordable housing activities and expenditures, and charts the Agency's progress in meeting its affordable housing obligations. Chapter III also includes the Affordable Housing Production Plan.

1. Description of the El Cerrito Redevelopment Project Area

The 368-acre El Cerrito Redevelopment Project Area is mainly situated along the San Pablo Avenue through the length of the city. It also includes two small non-contiguous areas, as shown in Figure I-1. The San Pablo Avenue corridor contains commercial and mixed-use parcels and is in close proximity to residential areas. It is the focus of most economic activity in El Cerrito and an important regional transportation corridor. Thus, the redevelopment of the Project Area plays a central role in the development and vitality of the City as a whole.

The Redevelopment Plan was adopted in November 1977 and subsequently amended in 1980 to adjust the Project Area's boundaries. Since then, it has undergone a number of amendments to modify time and fiscal limits, the most recent of which occurred in 2006 and extended the Agency's eminent domain authority until 2018. Table I-1 summarizes time and fiscal limits and some key dates of the Redevelopment Plan.

Table I-1
Summary of Existing Time and Fiscal Limits
El Cerrito Redevelopment Project Area

Acres	368
Date Adopted	November 28, 1977
Plan Effectiveness Date	December 28, 1977
Base Year	FY 1977/78
Base Year Assessed Value	\$92,946,392
Time Limits	
Incurring Debt	Repealed
Eminent Domain ^a	November 6, 2018
Project Activities	November 28, 2020
Tax Increment Receipt	November 28, 2025
Financial Limits	
Tax Increment Cap	\$250,000,000
Outstanding Indebtedness Limit	\$80,000,000

a. The Agency extended its authority for initiating eminent domain over non-residential property and all property located in the Eastshore Triangle through Ordinance 2006-10 on 11/6/2006.

Source: El Cerrito Redevelopment Agency

2. Agency Accomplishments FY 2002/03–FY 2006/07

Over the past five year Implementation Plan period, the Agency’s investments in infrastructure improvements and development have resulted in the revitalization of the Project Area, as well as served as catalysts for other non-Agency assisted development. Moreover, these activities have resulted in the alleviation of blight in the Project Area and are the foundation for the Agency’s efforts for the next five years. Specifically, Agency efforts have been focused on the alleviation of blight through the following activities:

a. Public Improvements

- Completed design of the San Pablo Avenue streetscape and signage programs, with implementation commencing in FY 2007/08.
- Completed needs assessments for library and senior center and explored land acquisition options.
- Funded infrastructure site improvements for the Civic Center area, including improvements to Agency-owned land.
- Contributed funds to purchase, design and restore Cerrito and Baxter Creeks, including the creation of parks and bicycle trails.
- Funded street and traffic improvements in the Project Area, including Fairmount Avenue streetscape improvements.

- Completed conceptual design for Upper Fairmount commercial area streetscape improvements.

b. Facilitation of Private Investment

- Purchased Cerrito Theater and oversaw renovation effort through a Disposition, Development and Loan Agreement (DDLA) with Speakeasy Theaters. The project included renovation of the historic building and alleviation of blight in a high-visibility area. The Cerrito Speakeasy Theater opened its doors in November 2006.
- Completed Phases I and II of Economic Development Strategy and began implementation of Phase III, which includes development of marketing materials for use in business attraction efforts (see Business Recruitment and Retention section below).
- Funded portion of joint El Cerrito/Richmond San Pablo Avenue Specific Plan.
- Initiated engineering evaluation of unreinforced masonry buildings.
- Extended non-residential eminent domain authority over the Project Area and residential eminent domain authority over Eastshore Triangle, which consists of the property bordered by Eastshore Boulevard and San Pablo and Potrero Avenues.
- Began implementation of Geographic Information System to assist in Agency's economic development initiatives.

c. Business Recruitment and Retention

- Continued business retention efforts, including business visits, welcome letters, recognition awards, and workshops.
- Continued blight alleviation efforts in Project Area such as Graffiti Abatement Program.
- Completed marketing messages and developed tools needed for business recruitment, based on findings of Economic Development Strategy. Tools included economic development website and printed marketing brochures and materials.
- Initiated analysis of potential retail marketplace and identification of potential retail businesses for recruitment.
- Established collaboration between El Cerrito Chamber of Commerce and Agency on workshops and business events.

d. Affordable Housing Production

- Negotiated and approved a regulatory agreement with JMS Development for 24 moderate-income units in the Village at Town Center Project, which was completed and occupied in 2006.
- Explored development opportunities on several project sites with non-profit housing developers.
- As part of the Agency's 15 percent inclusionary housing policy within the Project Area, obtained condition of approval on the Creekside at El Cerrito Plaza, a 128-unit condominium development, including 22 low and moderate-income units. The project is fully entitled and the Agency anticipates that building permits to be pulled in 2008.
- Initiated dialogue with Contra Costa County Building Inspection Department with goal of increasing marketing of County's residential rehabilitation program in the City of El Cerrito and the Project Area.

- Executed Exclusive Negotiating Rights Agreement (ENRA) and negotiated Disposition and Development Agreement (DDA) with Olson Urban Housing for development of a transit-oriented mixed-use project on the Mayfair Block near the Del Norte BART Station, with 15 percent of its units to be affordable to low and moderate income households. Although the developer elected not to proceed due to economic conditions, the Agency will continue efforts to catalyze and assist the development of new affordable housing in the Project Area.

II. Redevelopment Program Goals, Projects and Activities

This chapter describes the five year Redevelopment Program, including the goals and objectives, project and activity descriptions, deficiencies to be corrected, and estimated costs. As they are implemented, these projects and activities may be modified over time to better serve the purposes of redevelopment. The cost estimates 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, and thus, related costs may not be incurred in the next five years.

A. Goals and Objectives

The CRL requires the Agency to establish goals and objectives for the Project Area for the five year Implementation Plan period. The FY 2007/08–2011/12 goals and objectives, intended to eliminate physical and economic blighting conditions and produce affordable housing, are based on the goals and objectives established when the Redevelopment Plan was adopted, as well as the El Cerrito General Plan, the 2006 Economic Development Strategy and the San Pablo Avenue Specific Plan. Together with zoning regulations, they will continue to guide the direction of all future development and activities within the Project Area over the next five years.

1. Redevelopment Plan Goals and Objectives

The 1977 Redevelopment Plan sets forth a series of general goals as well as specific objectives and activities. The goals and objectives of the Redevelopment Plan serve as a guide to the five year Redevelopment Program, and are summarized below:

a. General Goals of the Redevelopment Plan

- To establish the project area as the focus of the community in symbolic, functional and economic terms.
- To improve the human environment, thereby creating a cohesive community.
- To maximize opportunities wherever possible for the retention of existing property interests, for local investors as well as for the continuation, revitalization and expansion of existing commercial enterprises within the area.
- To accomplish these goals with a minimum displacement of any residential homeowner who may wish to remain within the project area.

b. Specific Objectives of the Redevelopment Plan

- To intensify and diversify the existing retail, service and entertainment area surrounding San Pablo Avenue throughout the length of El Cerrito, and to expand the City's employment base by encouraging new commercial and office development in the area along San Pablo Avenue with special emphasis on developing additional retail sales.
- To unify various segments of the project area so that they become functionally and visually one, interrelated focus for a variety of activities.

- To provide new opportunities for living close to BART and to jobs and to guide a major share of the City's future population growth in the mixed-use commercial area.
- To expand the City's employment base by encouraging new commercial development near the BART stations and El Cerrito Plaza.
- To improve the inadequate traffic circulation system throughout the Project Area, an obstacle to the Project Area's effective redevelopment.
- To locate public facilities in the Project Area whose character will enhance the commercial operations.

2. Other Five Year Goals and Objectives

As indicated above, the Redevelopment Plan for the Project Area represents a comprehensive economic development and infrastructure improvement approach to redevelopment based on a mix of public actions and private activities. Furthermore, this Implementation Plan's five year goals and objectives are also based on land use and development policies, design recommendations and capital improvements detailed in the El Cerrito General Plan, the 2006 Economic Development Strategy, the San Pablo Avenue Specific Plan, and the Redevelopment Plan.

In addition to the goals and objectives outlined in the Redevelopment Plan, the Agency plans to focus on the following goals and objectives over the next five year period:

a. Goals

- Facilitate public/private partnership opportunities to create commercial and residential development at the Del Norte and El Cerrito Plaza BART stations and areas defined in the San Pablo Avenue Specific Plan as priority areas.
- Capitalize on opportunities presented by BART, AC Transit and other transportation agencies to encourage transit-oriented development.
- Strengthen the City's economic base by increasing opportunities to purchase local goods, services, and entertainment as well as opportunities to satisfy the retail and service needs of neighboring communities.
- Provide a supportive environment for the business community, encouraging existing businesses and attracting new ones.
- Improve El Cerrito's image and strengthen the sense of community, while enhancing residential and commercial property values.
- Ensure a wide range of quality housing choices in El Cerrito, including mixed-use and affordable housing developments.
- Improve the physical and natural environment and maintain the City's long-term infrastructure investment.

b. Objectives

- Increase the range of retail choices.
- Increase and diversify tax revenues (sales, property, occupancy, etc.).
- Increase the number and diversity of businesses in the City.

- Create active pedestrian shopping and entertainment districts, including gateway projects for San Pablo Avenue.
- Leverage findings from the El Cerrito Economic Development Strategy process to improve the business environment on San Pablo Avenue and the area's ability to attract customers, including addressing concerns about crime and safety.
- Provide incentives for private sector investment in underutilized commercial areas such as land assembly, site preparation, DDAs, grants, and infrastructure improvements.
- Increase support of arts, cultural and entertainment venues.
- Create more and better public places and facilities.
- Minimize displacement of any residential homeowner who may wish to remain within the Project Area.
- Contribute to the City's efforts to meet its fair share of low and moderate-income housing.
- To the extent possible, encourage "green buildings" along San Pablo Avenue.

B. Redevelopment Program FY 2007/08–FY 2011/12

The Agency will undertake projects and activities in the Project Area over the next five years to alleviate blighting conditions and attain the Redevelopment Program goals. The Agency has significant resources to fund the program, including proceeds from a 2004 tax allocation bond issuance, annual increases in tax increment revenues, and a possible bond issuance for non-housing and housing activities in the latter part of the Implementation Plan period. These projects and activities can be categorized into four basic program categories:

- Facilitation of Private Investment
- Business Recruitment and Retention
- Public Improvements
- Affordable Housing

1. Facilitation of Private Investment

The primary focus of the Agency's efforts over the next five years will be to foster public/private partnerships and encourage private investment on key catalyst sites in the Project Area. Some of these sites are along San Pablo Avenue, the Del Norte BART area, the Eastshore Triangle, and the Civic Center area surrounding the new City Hall. The Agency will concentrate its efforts to make the City an attractive place in which to invest through partnerships with businesses, land assembly and investment in catalyst sites. Redevelopment activities may include but are not limited to the following:

- Create opportunities for the comprehensive redevelopment of the Del Norte BART Station development area through activities such as land assembly and site preparation, including abandoned public right of ways.
- Partner with BART on the comprehensive redevelopment of the Del Norte BART Station development area, taking advantage of the findings from the San Pablo Avenue Specific Plan.
- Pursue opportunities for redevelopment of the Eastshore Triangle and Mayfair block, where the Agency owns properties.

- Consider purchasing catalyst sites throughout the Project Area that can be leveraged to facilitate private investment in the near term.
- Maintain the site currently occupied by the Target store as a high performing sales tax generator for the City.
- Leverage the partnership with the City of Richmond built during the San Pablo Avenue Specific Plan process into other development opportunities on sites that straddle the common boundary between the two cities.
- Study the feasibility of providing assistance and incentives for owners to address structural issues in buildings, based on Agency's unreinforced masonry (URM) building inventory. Given that URM buildings may also need façade improvements, the feasibility study will investigate the possibility of implementing a program that addresses both safety and aesthetic improvements.
- Leverage the success of the Cerrito Theater rehabilitation into further local economic development opportunities.
- Complete the parking study for the area surrounding the Cerrito Theater, which will complement the San Pablo Avenue Specific Plan.
- Implement a Geographic Information System (GIS), in conjunction with Public Works, which will allow the City to map data to be used in its marketing and development efforts.

2. Business Recruitment and Retention

The goal of economic development activities is to develop and promote programs that address the needs of the existing business community and enhance the City's ability to attract new businesses. Business attraction activities will focus on strengthening the San Pablo Avenue corridor, particularly the areas adjacent to the BART stations and the nodes at key arterial intersections such as Potrero, Midtown and Central Avenue. Economic development activities may include, but are not limited, to the following:

- Seek to strengthen and retain the existing business community through activities such as business visits, newsletters, workshops, and marketing efforts such as the *Shop El Cerrito* marketing campaign and website.
- Implement Phase III of the El Cerrito Economic Development Strategy, which includes the development of branding and key marketing messages for the City, as well as a marketing plan, brochures, and a website targeted at developers and businesses, particularly retailers.
- Continue to partner and collaborate with business organizations such as the El Cerrito Chamber of Commerce on events, publications and marketing activities that promote existing El Cerrito businesses.
- Continue developing communications tools, such as the Development Opportunity Sites book and demographics flyers, for marketing purposes.
- Continue ongoing outreach and marketing efforts to developers, brokers and businesses targeted for recruitment.

3. Public Improvements

The public improvements to be assisted by the Agency include current and planned projects to revitalize the San Pablo Avenue corridor, expand the City's recreational facilities and enhance civic facilities, such as the library and senior center. Possible public improvements may include, but are not limited to the following:

- Improve the transportation and economic development environment of San Pablo Avenue through streetscaping, safety enhancements, gateway features, signage, and transit stop enhancements, as outlined in the El Cerrito Economic Development Strategy.
- Build a new library, consistent with the recent needs assessment, to serve West Contra Costa County. The library facility will meet service levels through the year 2030.
- Build a new senior center that will include a new multi-purpose building to serve the diverse senior population of El Cerrito.
- Carry out streetscape improvements to the Upper Fairmount commercial area.
- Complete infrastructure site improvements at the new Civic Center Plaza.
- Contribute to future potential improvements to the Ohlone Greenway, particularly those related to the restoration of the trail to be completed after BART's Earthquake Safety Project.
- Assist the City in replacement of existing lighting standards along the entire 2.6-mile length of San Pablo Avenue within the City's boundaries with new standards that include both roadway and pedestrian lighting.

4. Affordable Housing

The Agency will continue to expand affordable housing options to very low, low and moderate-income families in El Cerrito. The Agency dedicates 20 percent of its tax increment revenues towards the production or rehabilitation of affordable units and expects to issue tax allocation bonds for housing projects during the Implementation Plan period.

- Develop an affordable housing strategy for how to best use Agency resources for increasing the supply of affordable housing in the community.
- Pursue housing programs and affordable housing development through partnerships with non-profit and for-profit housing developers.
- Continue to implement the Agency's 15 percent inclusionary housing policy within the Project Area to generate needed low and moderate-income housing opportunities for El Cerrito residents.

C. Linkage Between Program and Elimination of Blighting Influences

The CRL requires that the Implementation Plan provide an explanation of how the goals, objectives, programs and expenditures for the next five years will serve to eliminate blight in a project area. The five year Redevelopment Program will continue the process of improving the Project Area and alleviating blighting conditions. This section describes how deficiencies will be corrected by the projects and activities proposed for the five year period.

1. Blighting Conditions in the Project Area

The following sections summarize the blighting conditions remaining in the Project Area. Although substantial progress has been made towards the elimination of physical and economic blight and towards the redevelopment of the Project Area, blighting conditions remain. Many existing commercial and other uses that have not yet been redeveloped continue to be marginal and are unlikely to have the resources required to make the necessary upgrades to modernize and become competitive. Without redevelopment assistance, neither the private sector alone, the public sector alone, nor the private and public sectors working together, can financially support the substantial costs of the Redevelopment Program.

In reviewing the remaining blighting conditions of the Project Area, it is clear that redevelopment continues to present the most realistic long-term financing vehicle for removing blighting conditions.

The remaining blighting conditions in the Project Area include:

- Deficient or deteriorated buildings in which it is unsafe or unhealthy for persons to live or work, including unreinforced masonry (URM) buildings.
- Obsolete buildings.
- Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots.
- Substandard lots of irregular form, size and shape for proper development in multiple ownership.
- Depreciated values and impaired investments.
- Economic indicators of distressed buildings or lots.
- Inadequate public improvements and utilities.

2. How the Agency's Proposed Goals, Objectives, Programs and Expenditures Will Eliminate Blighting Influences

The Agency's proposed goals, objectives, programs and expenditures, as outlined in Sections A and B of this chapter, will help eliminate blighting influences in the Project Area. Table II-1 provides a matrix summarizing the relationship between proposed projects and activities and how they will eliminate blight.

Redevelopment is a vital tool in the City's toolbox for economic and neighborhood development. During the FY 2007/08–FY 2011/12 Implementation Plan period, the Agency will continue to focus on a number of economic development projects within the Project Area, with a particular focus on activities that will generate sales tax revenues for the City and tax increment that the Agency can reinvest in projects that help to eliminate blight.

The Agency's economic development efforts will continue to encourage private sector investment within the Project Area and enhance the City's ability to attract new businesses and visitors. The Agency will seek to facilitate private investment in the Project Area through site preparation and development activities, such as property acquisition and site assembly. Property acquisition and site assembly activities may be particularly effective for mixed-use projects oriented towards the

BART stations, including the development of market rate and affordable housing units. Currently, areas that present the best opportunities for site preparation and development include the Mayfair block, the Eastshore Triangle and the site currently occupied by the Target store.

The Agency will also seek to build upon recent successful projects, such as the renovation and opening of the Cerrito Theater by Speakeasy Theaters in order to improve the overall economic vitality of the Project Area. These investments will help to meet broader community goals as outlined in other planning processes, such as the El Cerrito Economic Development Strategy.

The Agency will continue to focus its efforts in the San Pablo Avenue corridor and the two BART stations located in the Project Area. The projects will focus on pedestrian and vehicular circulation improvements, new civic and recreational facilities, marketing initiatives, and other efforts to further establish this important regional corridor as a catalyst for blight elimination throughout the City. These projects are prioritized, not only because they eliminate physical blighting conditions but because they also promote economic development opportunities and facilitate private investment in the Project Area.

The ongoing improvement of public facilities and infrastructure will address the lack of adequate public facilities, such as a library, senior center, and outdoor areas and plaza surrounding the new City Hall. Public improvement projects such as streetscaping, pedestrian amenities and gateway elements along the San Pablo Avenue corridor may also help to improve commercial activity in the Project Area and are consistent with recommendations from the El Cerrito Economic Development Strategy. Improved public facilities and infrastructure will have a significant positive impact on the residents and businesses of the Project Area.

**Table II-1
How the Redevelopment Program Activities will Alleviate Blighting Conditions
El Cerrito Redevelopment Agency**

Blighting Condition	Public Improvements	Facilitation of Private Investment	Business Recruitment and Retention	Affordable Housing
Deficient or deteriorated buildings		■	■	■
Factors that inhibit proper use of buildings or lots	■	■	■	■
Substandard lots in multiple ownership	■	■	■	■
Depreciated values and impaired investments	■	■	■	■
Economic indicators of distressed buildings or lots		■	■	
Inadequate Public Improvements	■	■	■	■

Source: El Cerrito Redevelopment Agency; Seifel Consulting Inc.

D. Five Year Implementation Plan Expenditures

Table II-2 summarizes estimated non-housing program expenditures during the five year Implementation Plan period, FY 2007/08 through FY 2011/12.¹ The nature and scope of the activities and expenditures have been shaped primarily by the Agency goals and objectives for the Project Area, available revenues for funding projects and activities, and blighting conditions to be eliminated within the Project Area. The projected expenditures on Agency non-housing projects and activities included in Table II-2 represent an estimate based on reasonable assumptions regarding potential tax increment revenues over the five years and is organized by the Redevelopment Program activities.²

Table II-2
Summary of Projected Five Year Non-Housing
Redevelopment Program Expenditures
FY 2007/08–FY 2011/12
El Cerrito Redevelopment Agency

Programs and Projects	Projected Expenditures ^a
Facilitation of Private Investment	\$9,297,000
Business Recruitment and Retention	\$500,000
Public Improvements ^b	\$3,250,000
Total	\$13,047,000

a. Includes expenditures reflected in the Agency's 10-year budget to be adopted for FY 2008/09, as well as other projected expenditures for the programs and projects reflected in the Implementation Plan.

b. Does not include prior-year appropriations towards public improvements.

Note: Projected non-housing expenditures rounded to the nearest thousand.

Source: El Cerrito Redevelopment Agency.

E. Five Year Implementation Plan Revenues

Over the next five years, the Agency will undertake those activities that can be financially supported by its revenue stream. The Agency has three basic revenue sources:

- Annual tax increment revenues,
- Bond issuance proceeds, and

¹ All historical and projected revenues and expenditures in this document are expressed in future value dollars, also referred to as nominal dollars.

² FY 2007/08-FY 2011/12 revenues and expenditures do not include prior year appropriations, but show the FY 2006/07 year end balance.

- Other Agency and Non-Agency financial resources.

1. Projected Funds for Non-Housing Program

One of the main sources of revenue available to the Agency for its programs and projects has been and will continue to be property tax increment. Property tax increment is that portion of the total amount of property tax revenues collected annually from all the properties in the Project Area above the amount collected at the time the Project Area was adopted.

The Agency projects that approximately \$13.0 million in funds will be available during the five year Implementation Plan period for non-housing projects and activities. The two primary sources of funding for Agency non-housing projects and activities are tax increment revenues and bond proceeds. Table II-3 summarizes the Agency resources available for non-housing projects during the next five years of the Redevelopment Program. Table II-4 presents the supporting detailed projections for the next five years.

Table II-3
Summary of Projected Funds for
Non-Housing Redevelopment Program
FY 2007/08–FY 2011/12
El Cerrito Redevelopment Agency

Fiscal Year	Revenues
Starting Fund Balance	\$2,843,000
2007/08	\$3,275,000
2008/09	\$268,000
2009/10	\$9,732,000
2010/11	(\$118,000)
2011/12	(\$111,000)
Total	\$13,047,000

Source: El Cerrito Redevelopment Agency.

As indicated on Table II-4, the Agency is projected to receive approximately \$29.0 million in gross tax increment revenues and \$13.6 million from the FY 2006/07 fund balance, bond proceeds and other revenues. After deducting obligations including the Housing Fund deposits, pass-through payments, County administration, debt service payments, and other obligations, the Agency has approximately \$13.0 million in net funds available for non-housing expenditures.

The Agency will continue to have various administration and operational requirements associated with carrying out projects and activities. These will include program staff, planning functions and legal and other technical assistance.

As required by the CRL, the Agency must invest its property tax increment revenue in the Project Area to revitalize the Project Area and eliminate blight. By encouraging and expanding local commercial, retail, industrial and residential opportunities, the Agency will achieve the greatest return on its investment while creating local jobs, enhancing sales tax generation, and increasing property values. Property values increase when the Agency maximizes the investment and leverage of tax increment revenue. Increased property values translate to increased tax increment revenues to the Agency, which can then be reinvested in the Project Area.

2. Bond Issuance Proceeds

Bond proceeds are expected to be an essential supplement to the tax increment revenues needed to accomplish the Agency's Redevelopment Program activities over the five year period. The Agency has a maximum outstanding bonded indebtedness fiscal limit for the Project Area of \$80 million.

The assessed property values in the Project Area are increasing at a level that is likely to support the issuance of another bond in the next few years to assist in financing the five year goals and objectives, and to implement the programs and projects described in this Implementation Plan. The Agency anticipates issuing a non-housing tax allocation bond (TAB) within the five year Implementation Plan period. Preliminary financial analysis indicates that a bond of approximately \$9.7 million could potentially be issued by the Agency two to three years into the five year Implementation Plan period.

3. Other Agency and Non-Agency Financial Resources

Wherever possible, the Agency will continue to leverage other Agency and non-Agency funds in connection with its redevelopment efforts. If more funds are received, the Agency could potentially undertake additional activities. To assist with financing eligible projects, the Agency has targeted local, state and federal funding sources, including the City of El Cerrito and other local entities, Contra Costa County, BART, the State of California, and the federal government. Revenues from Measure A to fund street improvements, developer fees, and PG&E's Rule 20A funds for undergrounding utilities will also provide financial resources for Agency programs and activities.

Table II-4
Projected Revenues Available for Non-Housing Redevelopment Program
 FY 2007/08 to FY 2011/12
 El Cerrito Redevelopment Agency

Revenues	FY 2007/2008	FY 2008/2009	FY 2009/2010	FY 2010/2011	FY 2011/2012	Total
FY 2006/07 Year End Fund Balance	\$2,843,000					
Gross Tax Increment	\$5,337,000	\$5,444,000	\$5,740,000	\$6,122,000	\$6,405,000	\$29,047,000
Proceeds from Bond	\$0	\$0	\$9,680,000	\$0	\$0	\$9,680,000
Other & Non-Agency Revenue Sources ^a	\$234,000	\$200,000	\$129,000	\$248,000	\$258,000	\$1,069,000
Subtotal Revenues	\$8,414,000	\$5,644,000	\$15,548,000	\$6,370,000	\$6,663,000	\$42,639,000
Agency Obligations						
Less: Housing Set-Aside ^b	\$1,067,000	\$1,089,000	\$1,148,000	\$1,224,000	\$1,281,000	\$5,809,000
Less: Pass-through Payments	\$1,041,000	\$1,169,000	\$1,253,000	\$1,341,000	\$1,432,000	\$6,235,000
Less: County Administration Charge ^c	\$32,000	\$34,000	\$35,000	\$37,000	\$39,000	\$177,000
Less: Agency Administration Costs	\$1,715,000	\$1,764,000	\$1,817,000	\$1,872,000	\$1,928,000	\$5,192,000
Less: Existing Debt Service ^d	\$1,284,000	\$1,320,000	\$1,363,000	\$1,405,000	\$1,448,000	\$6,819,000
Less: Estimated New Debt Service ^e	\$0	\$0	\$200,000	\$609,000	\$647,000	\$1,457,000
Subtotal Agency Obligations	\$5,139,000	\$5,375,000	\$5,817,000	\$6,488,000	\$6,774,000	\$29,592,000
Net Funds for Non-Housing Projects and Activities	\$3,275,000	\$268,000	\$9,732,000	(\$118,000)	(\$111,000)	\$13,047,000
Cumulative Funds for Non-Housing Programs	\$3,275,000	\$3,543,000	\$13,275,000	\$13,157,000	\$13,047,000	\$13,047,000

a. Other sources of income include leasing of Agency-owned property and interest earnings.

b. Housing Set-Aside payment equals 20 percent of gross tax increment.

c. County administration charge estimated at approximately 0.8 percent of projected non-housing tax increment to Agency.

d. Debt service includes existing debt service obligations for the 1997 and 2004 tax allocation bonds and annual payments for the loan agreement with Target.

e. Estimated new debt service is based on the tax allocation bond planned for FY 2009/10.

Note: Numbers rounded to the nearest thousand. May not add up precisely due to rounding.

Source: El Cerrito Redevelopment Agency.

III. Housing Component

This chapter comprises the housing component of the Implementation Plan, summarizing the Agency's housing obligations pursuant to the legal requirements of the CRL and providing 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. The Agency intends to implement all relevant goals, policies, strategies and programs from the Housing Element, as generally described in this chapter.

This chapter is organized as follows:

- Section A includes the Housing Production Plan.
- Section B describes the Replacement Housing Plan.
- Section C details the Housing Fund deposits and expenditures for five years.
- Section D includes the Agency's Affordable Housing Program.
- Section E describes the completion of housing obligations.

The housing portion of the Implementation Plan is required to set forth housing goals and objectives for the five year Implementation Plan period (FY 2007/08 through FY 2011/12); present estimates of Housing Fund deposits, 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. The CRL requires an implementation plan to include the following affordable housing planning components:

- 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 10-year compliance period (FY 2004/05 through FY 2013/2014), and
 - Over the life of the Redevelopment Plan (through December 2020).
- 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.
- Amount available in the Housing Fund, estimates of annual deposits into the Housing Fund during the five year Implementation Plan period, and the Agency's plans for using the annual deposits to the Housing Fund, including estimated expenditures of moneys from the Housing Fund during each of the five years.
- 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.
- A description of how the Affordable Housing Program will implement the Housing Fund expenditure targeting and other requirements.

In order to make the affordable housing production obligations and Housing Fund deposit requirements consistent with the 10-year compliance period mandated by the CRL, the housing component of this Implementation Plan covers a seven year period from FY 2007/08 through FY 2013/14.

A. Housing Production Plan and Affordable Housing Obligation

This section constitutes the Housing Production Plan for the Agency's 10-year housing compliance period and over the life of the Project Area. It includes estimates of housing production subject to the affordable housing production requirement and the Agency's strategy for meeting its affordable housing production obligation.

The Project Area was established after 1976 and is therefore subject to the affordable housing production requirement. For Agency produced housing units, the CRL inclusionary housing obligation requires at least 30 percent of all new or substantially rehabilitated housing units to be available at affordable housing cost to persons and families of very low, low or moderate income.³ Of those units, at least 50 percent must be affordable to very low-income households. 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. The Agency has not directly developed housing in the past, nor does it have plans to do so in the future. Therefore, the Agency does not have an affordable housing production requirement of 30 percent with respect to Agency-developed housing.

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, the CRL requires that at least 15 percent of these units must be affordable to very low, low or moderate income households. Of those units, at least 40 percent must be affordable to very low-income households. This affordable housing production requirement applies to the Project Area, as discussed below.

Units produced toward the Agency's affordable housing production obligation are also required by the CRL to meet the length of affordability covenant standards. Currently, affordability covenants are to be no less than 55 years for rental units and 45 years for owner occupied units to meet CRL housing production requirements. Over the life of the Agency, the duration requirements for affordability covenants have changed. The Agency housing production units and regulatory agreements reflect these changes to state law.

The Agency's affordable housing production requirement must be satisfied in the aggregate for each successive ten-year period during the life of the Redevelopment Plan, as well as over the life of the Redevelopment Plan. Consequently, the Housing Production Plan is organized to meet CRL requirements for each 10-year compliance period as well as over the life of the Plan. The Housing Production Plan compliance periods for the Agency are the following:

- From inception of the Redevelopment Plan in 1977 through FY 2003/04 (covering the initial 10-year compliance period of 1994/95 through 2003/04);
- FY 2004/05 through FY 2013/14;

³ As of January 1, 2002, the CRL defined substantially rehabilitated units as all units substantially rehabilitated with Agency assistance. Substantial rehabilitation means rehabilitation, the value of which constitutes at least 25 percent of the after-rehabilitation value of the housing unit, inclusive of land value.

- FY 2014/14 through 2019/20;⁴ and
- Over the life of the Redevelopment Plan through December 2020.

1. Historical Housing Production and Obligation (through FY 2003/04)

The Agency reports that 612 housing units were developed or substantially rehabilitated in the Project Area through FY 2003/04, as shown in Table III-1. Housing obligations, as defined by the CRL, requires that of the 612 housing units produced through FY 2003/04, 92 be affordable units (15 percent), of which 37 units (40 percent) must be affordable to very low-income households, as shown in Table III-2.

As of FY 2003/04, 133 affordable units have been developed, of which 118 are affordable to very low-income households. Thus, the Agency has a production surplus of 42 affordable housing units.⁵

The Agency has actively pursued affordable housing activities including assistance to affordable housing developers with funding, site selection, land assemblage, and infrastructure improvements.

Table III-1
Summary of Historical and Projected Housing Production
El Cerrito Redevelopment Agency

Years	New	Substantially Rehabilitated^a	Total
Historical through FY 2003/04	583	29	612
FY 2004/05–FY 2013/14	640	0	640
FY 2014/15–FY 2019/20	120	0	120
Total Ten Year Compliance Period (FY 2004/05–FY 2013/14)	640	0	640
Total over Life of Plan	1,343	29	1,372

a. Reflects the CRL definition of substantially rehabilitated units as of January 1, 2002
Source: El Cerrito Redevelopment Agency.

2. Ten-Year Production and Obligation (FY 2004/05 through FY 2013/14)

During the current compliance period, the Agency estimates 640 housing units will be developed or substantially rehabilitated in the Project Area. Based upon the forecast of 640 housing units to be developed in the Project Area between FY 2004/05 and FY 2013/14, the Agency will have an obligation to ensure 96 units (15 percent) are affordable to very low, low and moderate income

⁴ The third and final affordable housing compliance period is only six years rather than ten because Plan activities end in FY 2019/20.

⁵ Affordable units developed inside the Project Area count on a 1 for 1 basis; affordable units developed outside the Project Area count on a 2 for 1 basis. Of the 30 affordable units developed outside the Project Area, 15 units were counted toward the Agency's affordable housing production requirement.

households. Of these, 38 units (40 percent) must be available at affordable housing cost to very low-income households, as shown in Table III-2.

During the current 10-year compliance period, the Agency estimates that 148 housing units affordable to very low, low and moderate-income households will be produced. Of these, 29 units are anticipated to be affordable to very low-income households.

3. Production and Obligation over the Life of the Redevelopment Plan

The Agency has evaluated the potential for future housing production in the Project Area through the end of the Redevelopment Plan. Based on the Agency's analysis of the potential for new development on existing vacant residential parcels, the opportunity for substantial rehabilitation with Agency assistance, the possibility for federal and state funding, and the anticipated date of development, the Agency has developed a projection for the number of units likely to be produced in the Project Area over the life of the Redevelopment Plan.

Based on historical production and an analysis of remaining developable residential land, the potential for substantial rehabilitation with Agency assistance, and other opportunities, the Agency projects that a total of 1,372 units could potentially be developed or substantially rehabilitated within the Project Area over the life of the Redevelopment Plan. Table III-1 summarizes the units projected to be produced through the end of the Redevelopment Plan.

Based upon the projection of 1,372 housing units, the Agency will have an obligation to ensure 206 units (15 percent) are affordable to very low, low and moderate income households. Of these, 82 units (40 percent) must be available at affordable housing cost to very low-income households, as shown in Table III-2.

The Agency anticipates that over the life of the Redevelopment Plan, 313 housing units affordable to very low, low and moderate income households will be developed, and of these 177 units will be affordable to very low-income households. Thus, the Agency expects that it will exceed its affordable housing production obligations over the life of the Redevelopment Plan.

Table III-2 shows the Agency's housing production, the affordable housing obligation and progress toward meeting the obligation. Appendix A shows a list of affordable housing developments counted towards the Agency's affordable housing production requirement.

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

The Agency has supported, and plans to continue to support, the development of affordable housing both inside and outside its Project Area. The Agency plans to meet its obligation through Agency assistance for affordable housing development and substantial rehabilitation. Anticipated future projects will continue the Agency's compliance over the current 10-year compliance period and through the remaining life of the Redevelopment Plan. The Agency will continue to provide assistance to units outside of the Project Area as well as units within the Project Area.

Table III-2
Housing Production and Affordable Housing Obligation
El Cerrito Redevelopment Project Area

	Through FY 2003/04	FY 2004/05 - FY 2013/14 ^a	FY 2014/15 - FY 2019/20 ^b	Total over Life of Plan ^c	Percent
Housing Production^d					
New Units	583	640	120	1,343	
Substantial Rehabilitation	29	0	0	29	
Total	612	640	120	1,372	
CRL Affordable Housing Obligation^e					
Very Low	37	38	7	82	6%
Very Low, Low or Moderate	92	96	18	206	15%
Affordable Housing Production^f					
Very Low	118	29	30	177	
Very Low, Low or Moderate	133	148	32	313	
Affordable Production Surplus (Deficit)^g					
Very Low	82	(9)	23	95	
Very Low, Low or Moderate	42	52	14	108	
Cumulative Affordable Production Surplus (Deficit)^h					
Very Low	82	72	95	95	
Very Low, Low or Moderate	42	94	108	108	

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

b. Third and final affordable housing compliance period is only 6 years instead of 10 because Plan activities end in FY 2019/20.

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

d. Total units produced in the Project Area during the specified time period. For FY 2004/05 - FY 2013/14, total units include all residential development that has been either completed, entitled or that has submitted a planning application as of the date of this report.

e. Number of affordable units required based on units produced. 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).

f. Agency developed housing has higher inclusionary requirements. The Agency has not, and does not anticipate, directly developing units.

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

h. Remaining affordable production surplus or obligation at the end of the period accounting for surplus (or obligation) carried over from previous period(s). Note: Numbers may not add exactly due to rounding. CRL affordable housing production requirements are rounded up to the nearest whole unit.

Source: El Cerrito Redevelopment Agency, Seifel Consulting Inc.

B. Replacement Housing

Historically, the Agency has not destroyed or removed any residential units. Over the next five years, the Agency expects minimal displacement of residential units. In the event the Agency were to undertake projects that could result in the displacement of households in the next 10 years, the Agency would plan for and undertake replacement of any units and would follow all state requirements for replacement housing and relocation.

C. Low and Moderate-Income Housing Fund

The CRL requires an agency to set aside 20 percent of its annual tax increment revenues into the Low and Moderate Income Housing Fund (Housing Fund) for the purpose of increasing, improving and preserving the community's supply of affordable housing.⁶ The primary funding source for the Agency's affordable housing activities during the Implementation Plan period will be the 20 percent portion of annual tax increment revenue deposited by the Agency into its Housing Fund.

The Agency will also seek to combine its Housing Fund revenue with other funding sources devoted to the provision of affordable housing to maximize the number of affordable units that can be developed or rehabilitated with available Housing Funds. Federal funding sources include the Community Development Block Grants (CDBG) and HOME Investment Partnership funds from the U.S. Department of Housing and Urban Development (on a project-specific basis). Statewide sources of funding include revenues from the 2006 Proposition 1C, targeting spending on affordable housing production near public transportation nodes. The Agency's nonprofit partnerships allow the City to leverage local funds with outside sources such as California Housing Finance Commission (CalHFA), Department of Housing and Community Development (HCD) program funds, the Low-Income Housing Tax Credit program, bond proceeds, and private investments.

The history, status and estimated future level of deposits to the Housing Fund are described below.

1. Income Levels and Affordable Housing Costs

Agencies are specifically required to expend their Housing Fund moneys to assist very low, low and moderate income households, generally defined as:

- Very Low-Incomes up to 50 percent of area median-income, adjusted for household size;
- Low-Incomes from 50 percent up to 80 percent of area median-income, adjusted for household size; and

⁶ The CRL requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted by Housing Fund moneys. As of January 1, 2002, the controls are as follow: for rental housing, the assisted housing must remain affordable for 55 years, and for owner occupied housing, the units must remain affordable for 45 years.

- Moderate-Incomes from 80 percent up to 120 percent of area median-income, adjusted for household size.

Table III-3 shows the maximum income limits for each income level by household size, published in 2008 by the HCD utilizing income limits prepared by HUD for Contra Costa County.

Table III-3
2008 Contra Costa County Maximum Incomes
By Income Category and Household Size
El Cerrito Redevelopment Agency

Income Category	Persons per Household							
	1	2	3	4	5	6	7	8
Extremely Low Income	18,100	20,700	23,250	25,850	27,900	30,000	32,050	34,100
Very Low Income	30,150	34,450	38,750	43,050	46,500	49,950	53,400	56,850
Lower Income	46,350	53,000	59,600	66,250	71,550	76,850	82,150	87,450
Median Income	60,300	68,900	77,500	86,100	93,000	99,900	106,800	113,700
Moderate Income	72,300	82,600	93,000	103,300	111,600	119,800	128,100	136,400

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

Housing assisted by the Housing Fund must be available to, and occupied by low and moderate- income households at an affordable housing cost in accordance with the CRL. The affordable housing cost definitions presented in Table III-4 apply.

**Table III-4
Affordable Housing Cost
El Cerrito 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 owner must comply with all applicable legal requirements and the lower CRL- restricted rents will prevail.
- c. With optional higher housing cost linked to actual income at upper end of income category.

Source: CRL Sections 50052.5 and 50053(b).

2. History and Status

The Agency has made deposits to the Housing Fund in an amount not less than 20 percent of the cumulative tax increment revenue allocated to the Agency. The Housing Fund balance, less notes receivable, is estimated to be \$6.4 million at the end of FY 2006/07.

3. Estimated Revenues During the Implementation Plan Period

The Agency plans to continue to deposit funds from its Project Area into the Housing Fund. Based on the Agency's projections, the Agency estimates that the cumulative deposit of tax increment revenue into the Housing Fund between FY 2007/08 and FY 2013/14, will be \$8.6 million as shown in Table III-5. Additionally, the Agency anticipates another \$9.8 million from bond proceeds, interest income and the FY 2006/07 fund balance. After subtracting out Agency obligations, such as county and Agency administration costs and debt service, the Agency will have approximately \$9.0 million available for its Housing Program through FY 2013/14.

4. Estimated Expenditures During the Implementation Plan Period

To carry out the Agency's Affordable Housing Program, described in Section D, the Agency estimates expenditures for housing activities of approximately \$8.8 million as shown in Table III-6. Projected tax increment revenues over the next five years, the current Housing Fund balance, and an anticipated \$2.7 million bond issuance in FY 2009/10 will be sufficient to cover the Agency's planned expenditures for housing projects and activities during the Implementation Plan period as well as to cover estimated administrative expenses.

The Agency plans to spend its Housing Fund to target specific income groups and non-age restricted housing as required by the CRL and as described in Section D 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 expenditure obligations.

Table III-5
 Projected Revenues Available for Housing Program
 FY 2007/08 to FY 2013/14
 El Cerrito Redevelopment Agency

	FY 2007/2008	FY 2008/2009	FY 2009/2010	FY 2010/2011	FY 2011/2012	FY 2012/13	FY 2013/14	Total
Revenues								
FY 2006/07 Year End Fund Balance	\$6,428,000							
Housing Fund Deposits ^a	\$1,067,000	\$1,089,000	\$1,148,000	\$1,224,000	\$1,281,000	\$1,340,000	\$1,401,000	\$8,550,000
Bond Proceeds	\$0	\$0	\$2,700,000	\$0	\$0	\$0	\$0	\$2,700,000
Interest Earnings	\$257,000	\$106,000	\$1,000	\$94,000	\$86,000	\$79,000	\$77,000	\$700,000
Subtotal Revenues	\$7,752,000	\$1,195,000	\$3,848,000	\$1,318,000	\$1,367,000	\$1,419,000	\$1,478,000	\$18,377,000
Agency Obligations								
Less: County Administration Charge	\$8,000	\$8,000	\$9,000	\$9,000	\$10,000	\$10,000	\$11,000	\$65,000
Less: Agency Housing Administration Costs	\$415,000	\$531,000	\$516,000	\$532,000	\$548,000	\$564,000	\$581,000	\$3,687,000
Less: Existing Debt Service	\$593,000	\$604,000	\$598,000	\$602,000	\$601,000	\$592,000	\$604,000	\$4,194,000
Less: Estimated New Debt Service	\$0	\$0	\$286,000	\$282,000	\$284,000	\$292,000	\$280,000	\$1,424,000
Subtotal Agency Obligations	\$1,016,000	\$1,143,000	\$1,409,000	\$1,425,000	\$1,441,000	\$1,458,000	\$1,476,000	\$9,368,000
Net Funds for Affordable Housing Program	\$6,736,000	\$52,000	\$2,439,000	(\$107,000)	(\$74,000)	(\$39,000)	\$2,000	\$9,009,000
Cumulative Funds for Housing Program	\$6,736,000	\$6,788,000	\$9,227,000	\$9,120,000	\$9,046,000	\$9,007,000	\$9,009,000	\$9,009,000

a. Housing Fund deposit equals 20 percent of gross tax increment to Agency.

Note: Numbers rounded to the nearest thousand. May not add up precisely due to rounding.

Source: El Cerrito Redevelopment Agency.

Table III-6
 Projected Housing Program Expenditures
 FY 2007/08–FY 2013/14
 El Cerrito Redevelopment Agency

	Number of Units by Targeting		Housing Fund Expenditures								Total
	Affordable	Age Restricted	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14		
Affordable Housing Opportunity Sites - Production of New Affordable Housing	122	60	\$4,050,000	\$2,700,000	\$2,000,000						\$8,750,000
Total	122	60	\$4,050,000	\$2,700,000	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$8,750,000

a. The total number of housing units assisted with Housing Fund monies, as shown in this table, differs from the number of housing units counted toward the affordable housing production requirement, as shown in Tables III-1 and III-2, which include affordable housing produced with and without Housing Fund assistance. Table III-6 shows units not necessarily completed. All of the Housing Fund assisted units must have affordability covenants of at least 45 years for ownership and 55 years for rental units.

Source: El Cerrito Redevelopment Agency.

D. Affordable Housing Program

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, policies and programs of the City's State-certified Housing Element. The City's Housing Element is incorporated into this Implementation Plan by this reference. The goals stated in the City's Housing Element are:

- Conserve and improve El Cerrito's existing housing supply.
- Facilitate and encourage the development of the housing to meet regional housing needs allocations established by the Association of Bay Area Governments (ABAG).
- Expand housing opportunities for the elderly, the handicapped, households with very low to moderate income, and persons with special housing needs.
- To prohibit discrimination in the provision of housing based on race, color, religion, sex, age, marital status, national origin, ancestry, familial status, disability, or sexual orientation, and to promote equal housing opportunities.
- Adopt and implement a Housing Element that is in compliance with State law and the requirements of the State Department of Housing and Community Development.

The Agency is committed to creating affordable housing that assists the City in achieving the goals presented in the Housing Element, as permitted under the CRL.

1. Affordable Housing Program Components

The Agency recognizes the important role of the Affordable Housing Program and its activities in its overall Redevelopment Program. Consequently, the proposed Affordable 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. The Agency's Affordable Housing Program has two primary components, development of an affordable housing strategy and its implementation.⁷

a. Development of an Affordable Housing Strategy

The Agency plans to develop a housing strategy for how to best use Agency resources for increasing the supply of affordable housing in the community. The housing strategy will include specific programs aimed to address the community's housing needs. Programs to be considered may include Agency-assisted multifamily senior rental housing, affordable housing agreements with developers, a rental rehabilitation loan program, and a homebuyer assistance program. Staff will return to the Agency Board with a detailed housing strategy.

⁷ City of El Cerrito, Fiscal Year 2007/08 Adopted Operating Budget.

b. New Projects and Programs

Based on the affordable housing strategy, the Agency will pursue housing programs and development projects through partnerships with non-profit housing agencies and developers.

2. Proposed Affordable Housing Activities

The Agency plans to target its Housing Fund to provide affordable housing units for the changing needs of the community. The Housing Fund will be utilized in conjunction with other funding sources to serve very low, low and moderate income households based on the community's fair share of regional housing needs as determined by the Association of Bay Area Governments and the Agency's determination and prioritization of the community's housing needs.

The Agency staff has begun to identify sites for development of affordable housing. They will continue to work with nonprofit developers regarding the most feasible ways to develop affordable housing and will continue to leveraging Agency funds to the greatest extent possible.

Affordable housing developments proposed for the next five years include the Creekside at El Cerrito Plaza, a 128-unit project for which the Agency negotiated a condition of approval requiring 15 percent of all units to be restricted to low and moderate-income families. In addition, the Agency is exploring options to develop affordable senior and multifamily housing units in the Project Area.

The Agency will make every effort to encourage the preservation and development of housing affordable to a variety of income levels by combining various funding sources. Leveraging other funding sources devoted to the provision of affordable housing will maximize the number of affordable units that can be developed or substantially rehabilitated. By partnering and collaborating with other entities dedicated to the preservation and development of affordable housing, the Agency is confident that it will be able to meet its affordable housing production obligations and expenditure requirements within the compliance period ending in FY 2013/14, as well as over the life of the Redevelopment Plan.

It should be noted, however, that several factors may result in estimated expenditures and unit production being either less than or greater than what is projected for any given year. These factors include the timing of the development process, the levels of Housing Fund revenue and other public assistance, development opportunities, land availability, cost of construction material and labor, cost of financing, neighborhood acceptance, environmental, and other issues.

3. Affordable Housing Assisted by Housing Fund

The Agency expects to take advantage of various opportunities as they are presented and to initiate actions as necessary, consistent with the CRL and the City's Housing Element, to preserve and facilitate the development of housing affordable to households whose basic needs are not met by the private housing market.

The Agency expects to meet its legal housing production and expenditure obligations under the CRL. The Agency will utilize its Housing Fund as well as other local, state and federal funding sources to assist nonprofit developers to create and preserve affordable housing within the community as well as to meet the CRL's housing production and expenditure requirements.

Table III-6 presents the housing units to be assisted by the Housing Fund over the Implementation Plan period, as well as through the CRL production compliance period ending in FY 2013/14. In summary, from FY 2007/08 through FY 2013/14, the Agency plans to assist in the production of 122 affordable housing units.

Please note the number of affordable housing units in Table III-6 does not correspond to the number of affordable housing units in Table III-2, which presents affordable housing units produced with and without Agency assistance. Affordable units produced outside the Project Area are counted on a one for two basis for purposes of calculating the affordable housing produced to meet the affordable housing production obligations presented in Table III-2.

4. Housing Fund Targeting Requirement

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. It also limits the percentage of Housing Fund expenditures that can be spent on age restricted housing. The Housing Fund expenditure requirements must be met over the duration of the 10-year compliance periods. Compliance with targeting requirements is measured based on dollars expended over the current compliance period, which spans from January 1, 2002 through December 31, 2014. The following sections describe in greater detail the Agency's requirements to target the Housing Fund expenditures by income need and non-age restricted housing.

a. Targeting According to Income Need

Agencies must target the use of Housing Fund moneys to specific income levels. Funds must be spent to assist low and moderate income households in at least the same proportion as the ratio of (1) the total number of housing units needed for each of these income groups in the community to (2) the number of units needed for very low, low and moderate income groups within the community. This income-targeting obligation must be met over the 10-year compliance period. However, the initial period for meeting this requirement is January 1, 2002, the date the targeting requirement became effective, through the 10-year compliance period ending in December 31, 2014.

The regional fair share housing need allocation must be used to determine the targeting obligation. The Association of Bay Area Governments (ABAG) has determined the affordable housing need for the City of El Cerrito in its regional fair share allocation for 2007 through 2014. Table III-7 shows the fair share allocation applicable to the Agency for housing affordable to persons at or below 120 percent of median income.

Table III-7
ABAG Regional Fair Share Allocations 2007–2014
Affordable Housing Need by Income Category
City of El Cerrito

Income Group	Total Housing Units Needed	Expenditure Percentage need by Income Level
Very Low (0-50% AMI)	93	At least 40.1%
Low (51-80% AMI)	59	At least 25.4%
Moderate (81-120% AMI)	80	No more than 34.5%
Total	232	100%

Source: ABAG Regional Housing Allocation, 2007-2014.

As Table III-7 indicates, the Agency is required to expend Housing Fund moneys in the following proportions: at least 40.1 percent for units affordable to very low-income households, at least 25.4 percent for units affordable to low-income households, and no more than 34.5 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. Similarly, the Agency can provide a disproportionate amount of funding for low-income housing by reducing the amount of funds allocated to housing affordable to moderate income households. In no event can the expenditures targeted to housing affordable to moderate income households exceed the threshold amount (34.5 percent).

The Agency plans to meet its income targeting requirements based on its fair share of regional housing needs as determined by the ABAG in the proportions described above, from January 1, 2002 through the end of the compliance period in 2014.

b. Targeting to 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 El Cerrito’s low-income households with a member under age 65, as reported in the most recent U.S. Census. The 2000 Census indicates that 57 percent of the City’s low-income households have a householder under 65 years of age.⁸ (Refer to Table III-8.) Thus, the Agency must expend at least 57 percent of its funds on housing that does not impose age restrictions on residents. This targeting obligation must be met over the compliance period.

⁸ 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.

**Table III-8
Housing Fund Expenditures Requirement
Non-Age Restricted Housing
City of El Cerrito**

Age Targeting^a	Low Income Households^b	Expenditure Percentage
With Householder under 65	2,248	57% minimum expenditures
With Householder 65 and over	1,690	43% maximum expenditures
Total	3,938	100% Total Expenditures

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. 4-member households earning 80 percent or less of AMI (\$50,200) based on limits published by HCD in 2000.

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

The Agency will monitor Housing Fund expenditures in order ensure compliance with the expenditure requirements through the end of the compliance period in 2014 on non-age restricted housing.

E. Completion of Housing Obligations

The CRL requires that the Agency comply with and fulfill its affordable housing responsibilities, including housing fund, replacement housing, and affordable housing production responsibilities, over the 10-year compliance periods and prior to the expiration of the time limit on redevelopment plan effectiveness. The law further requires that for a redevelopment project that is within six years of reaching its limit on plan effectiveness, an implementation plan needs to address the ability of the Agency to comply with its housing responsibilities.

The Agency's Project Area will not reach its time limit on plan effectiveness prior to the expiration of this Implementation Plan and is not within six years of reaching this time limit.

Appendix A:
El Cerrito Affordable Housing Developments

Appendix Table 1
Affordable Housing Developments Located in El Cerrito
El Cerrito Redevelopment Agency

Project Name	Date of Occupancy (FY)	Tenure (Rental or Ownership)	Total # of Units in Project
Hazel Shirley Manor	1985	Rental	63
El Cerrito Royale	1987	Rental	102
Del Norte Place	1992	Rental	137
Idaho Apartments	2000	Rental	29
Village at Town Center	2006	Rental	158

Source: El Cerrito Redevelopment Agency