IMPLEMENTATION PLAN

2009-14

Desert Communities Project Area

Prepared by and for the
Redevelopment Agency for the County of Riverside

December 15, 2009

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I. INTRODUCTION

In 1985, the Redevelopment Agency for the County of Riverside (the "Agency") was established as a tool to do the following: 1) alleviate conditions of blight in identified communities throughout the County, 2) address the growing needs and services of its residents, and 3) ensure that the County's economic base would grow and remain healthy through the provision of new public improvements, commercial and industrial developments and affordable housing. Since its inception, the Agency has operated under the legislation established under the California Health and Safety Code ("Code") known as the California Community Redevelopment Law ("CRL"). The CRL is set forth under Sections 33000-34160 of the Code.

The Implementation Plans adopted for the 1994-1999 reporting period and the 1999-2004 reporting period were prepared as a single Agency document in which all project areas were evaluated. The third Implementation Plan cycle covered the 2004-2009 reporting period. Due to the growth of the project areas and the increase in redevelopment activity that occurred over the reporting period, the Agency, pursuant to the CRL, prepared a separate implementation plan for each project area for the 2004-2009 interval. The five Implementation Plans prepared for the 2004-2009 reporting cycle were adopted by the Board of Directors on December 21, 2004.

In addition, pursuant to Section 33490(c) of the CRL, the Agency prepared Mid-Term Review documents of the 2004-2009 Implementation Plans for each redevelopment project area. The purpose of the mid-term review of the implementation plan is to assess the extent to which an agency's actual activities conform to the activities described in the previously adopted implementation plan. The public hearing for the Mid-Term Review of the 2004-2009 Implementation Plans was held on July 31, 2007.

This Implementation Plan document has been prepared for Desert Communities Redevelopment Project Area ("DCPA"). The following sections will discuss the Agency's progress toward blight elimination that has occurred within the DCPA over the 2004-2009 reporting period, as well as projected implementation activities to occur within the project area for the period covering 2009-2014.

II. IMPLEMENTATION PLAN REQUIREMENTS

California first authorized cities and counties to create redevelopment agencies in 1945 as a vehicle for addressing blight and economic distress. Redevelopment law has changed throughout the years based to address the changes encountered by communities. Among a number of changes, the passage of the Community Redevelopment Reform Act of 1993 (AB 1290), as amended by SB 732 in 1994, added Section 33490 to the California Community Redevelopment Law (the "CRL"). In general, this section mandated that, for redevelopment plans approved prior to December 31, 1993, an implementation plan be adopted that presented specific goals, objectives, programs, potential projects and estimated expenditures to be made during a five-year planning cycle. In addition, subsequent implementation plans must be adopted every five years, and are required to look at a redevelopment agency's past performance and progress in eliminating blight as well as housing production performance within each redevelopment project area. The CRL has been modified in recent years to require future projections for the use of anticipated 20% housing set-aside ("Low-Mod") funds.

The five-year *Implementation Plan* is a multi-year planning document which enables redevelopment agencies to document the linkage between the elimination of blight within the Project Area and the Agency's proposed actions. The Implementation Plan is intended to guide execution of the Redevelopment Plan, while allowing the Agency some flexibility to respond to specific redevelopment opportunities as they arise.

A. Topics to Be Covered

Section 33490 of the CRL specifies that the following information be presented in the five-year Implementation Plan:

- Redevelopment goals and objectives for the next five years;
- Programs, projects and expenditures planned for the next five years;
- An explanation of how the goals, objectives and expenditures will eliminate blight; and,
- Specified information about the agency's affordable housing program, including plans for deposits to and expenditures from the twenty percent (20%) tax increment set-aside fund and means to achieve the agency's housing production (inclusionary affordable housing) obligations.

Legislation in 2001, 2002, and 2006 (AB 637, SB 701, and SB 527) added additional requirements for inclusion in implementation plans. Implementation plans must now also include sections that address the following:

- Identification of the total population of the community and the population less than 65 years of age as reported in the most recent United States Census;
- Identification of the number of housing units needed for very low-, low-, and moderate-income persons as those needs have been identified in the most recent regional needs allocation;
- The proposed amount of expenditures from the Housing Fund for each income group during each year of the implementation plan period;
- A detailed schedule of the actions the agency is undertaking or intends to undertake to ensure expenditure of Housing Funds; and,
- A description of the amounts of housing funds used to assist low- and moderate-income housing and the amounts used to assist housing units available to persons less than 65 years of age for the previous implementation plan period.

B. Public Participation in the Implementation Plan Process

Section 33490 of the CRL requires that an agency hold a noticed public hearing before adoption of an implementation plan. Notice of the public hearing must be posted in at least four (4) locations in an affected project area at least twenty-one (21) days prior to the hearing. In addition, notice of the public hearing must be published in an area newspaper of general circulation once a week for at least three (3) weeks, with the first publication occurring at least thirty-one (31) days before the hearing. SB 701, effective as of January 1, 2003, requires that agencies also mail notice of the public hearing, upon request, at least three (3) weeks in advance of the public hearing.

The public hearing for the 2009-2014 Agency Implementation Plans will be held on December 15, 2009.

Public participation for development of this *Implementation Plan* was solicited from a cross-section of people, including community members, County departmental staff members, and elected officials. Instruments used to obtain input included direct interview, surveys, public hearings and workshops.

III. OVERVIEW OF AGENCY EXPENDITURES

Redevelopment expenditures are typically divided into two general categories: 1) Housing Programs and Projects and 2) Non-Housing Programs and Projects. Since 1979, redevelopment agencies have been required to set aside at least 20% of their tax increment funds for low- and moderate-income housing. The use of RDA housing funds has become increasingly restricted and targeted over the years. In addition, agencies that extend projects beyond their original life are now required to place 30% of their tax increment in their housing set-aside fund.

Non-Housing redevelopment funds can generally only be used within redevelopment project areas in the portion of the project area within the unincorporated county in which they are generated. Housing set-aside funds, however, may be used anywhere within any project area or within the unincorporated county in which the redevelopment agency is located. In order to utilize the funds in these areas, the redevelopment agency needs to make a finding that providing affordable housing outside of the project area supports the project area. The Agency made this finding on December 20, 2005 through the adoption of Resolution No. RDA 2005-35.

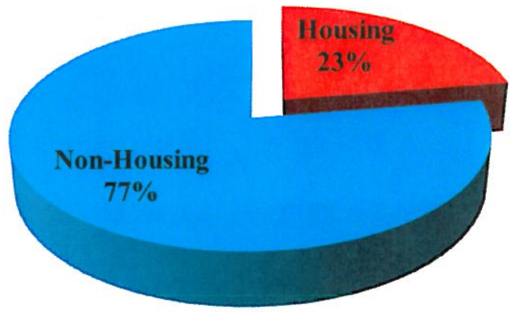
The Agency has engaged in a number of housing and capital improvement projects, as well as planning, business development and blight elimination activities, over the past five years. The expenditures over this reporting period to plan and implement these activities total approximately $378,559,583. Table 1 shows the breakdown of the expenditures over all of the Agency's project areas between the housing and non-housing activities.

TABLE 1
Agency Expenditures Over All Project Areas
Housing vs. Non-Housing Activity
2004-2009

Category	Expenditures
Housing	$85,214,368.25
Non-Housing	$293,345,214.99
AGENCY TOTAL EXPENDITURES	**$378,559,583.24**

Figure 1 shows the allocation of the expenditures based on housing versus non-housing activity, and shows that the Agency is meeting the requirement of expending at least 20% of redevelopment funds on housing projects and programs. Details on the various housing and non-housing activity within Project Area 1-1986 will be explained later in this report.

Figure 1
Agency Expenditures Over All Project Areas
FY 2004-2009



IV. OVERVIEW OF THE DCPA

The DCPA originally contained two separate project areas known as Project Area No. 4 (also known as 4-1986) and 4-1987. The Riverside County Board of Supervisors (the "Board") approved the original boundaries of Project Area No. 4 on December 23, 1986 via Ordinance No. 638. Project Area No. 4-1987 was approved by the Board on December 1, 1987 via Ordinance No. 647. The Airports-1988 project area was approved by the Board on December 19, 1988, via Ordinance No. 668 and consists of six general aviation airports. On July 20, 1999, the Board approved the merger of both project areas with the Airports-1988 project area.

The merged project area consists of nine sub-areas, encompassing approximately 27,590 acres. At the same time the merger was approved, the Board approved the addition of more land to the Thousand Palms sub-area, which included approximately 408 additional acres in the community of Thousand Palms. Both the amendment and merger were approved via Ordinances Nos. 794 and 795, respectively. On January 13, 2009, Amendment No. 2 to the DCPA was adopted via Ordinance No. 886, and added 1,975 acres in the 100 Palms, Oasis, Mecca and North Shore communities to the project area. The current project area includes a total of 29,565 acres. The general locations of the sub-areas are shown in Figure 2 and Figure 3 below.

FIGURE 2

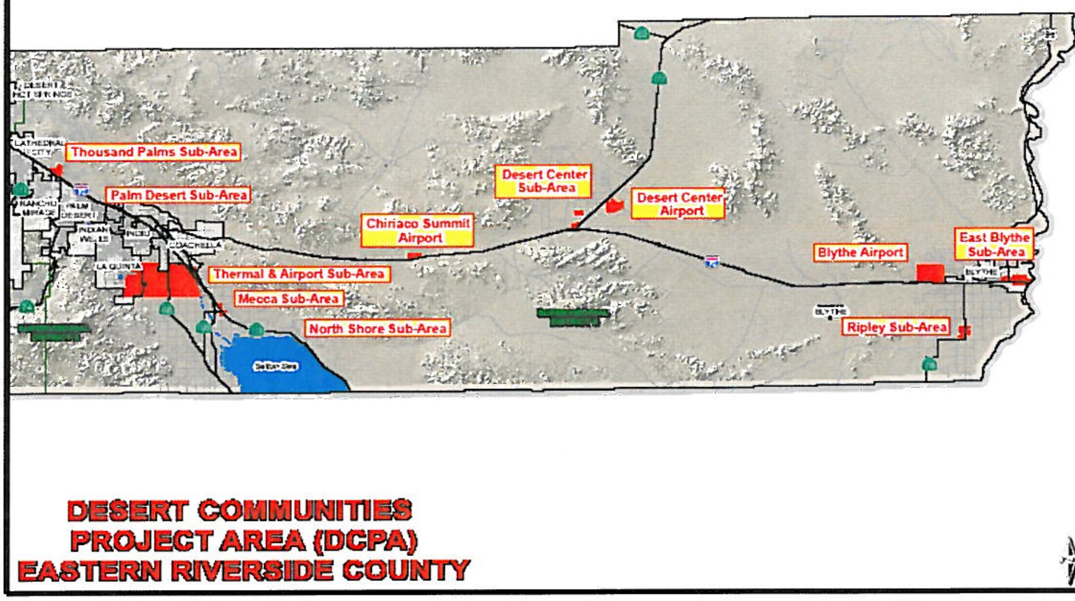
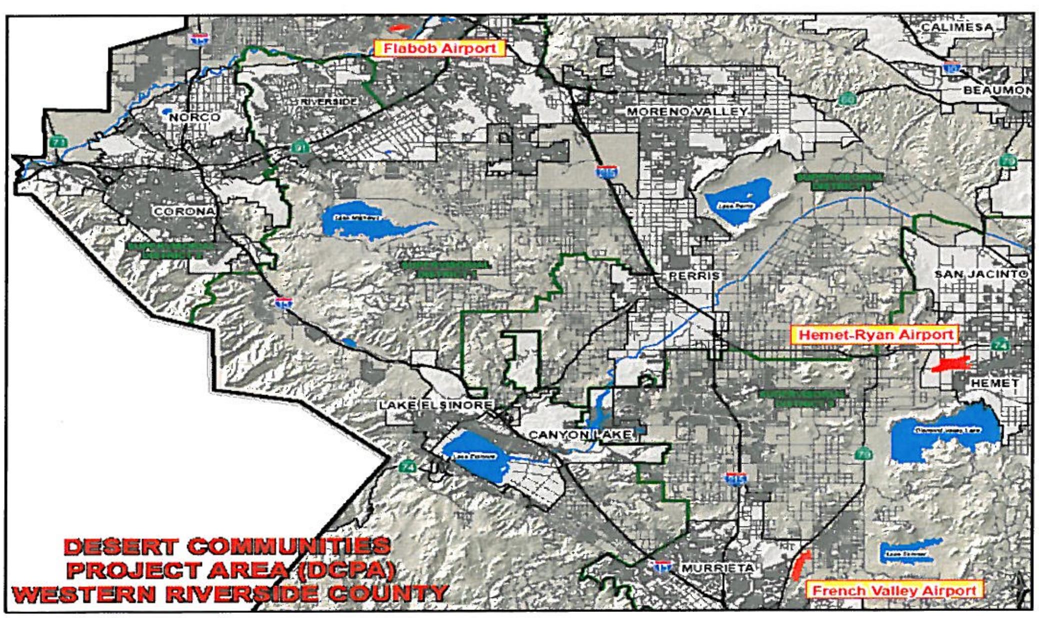


FIGURE 3



A. Redevelopment Plan Limitations

Table 2 below provides an overview of the DCPA, and details the key redevelopment plan limitations associated with each sub-area.

TABLE 2
DCPA
Key Redevelopment Plan Limitations

Project Area/ Amendment #	Sub-Areas	Total Acres	Base Year	TIME LIMITS					
				Eminent Domain	Tax Increment	Incur Debt	Bond Limit	Redevelopment Activities	Receipt of Tax Increment
Project Area 4-1986	East Blythe, Mecca, North Shore, Palm Desert, Ripley, Thermal, Thermal Airport	20,155	1986	12/23/98	$1,700,000,000	No limit – Ord. 865 prepared in 2006	$373,000,000	12/23/2027	12/23/2037
	1000 Palms Existing Area	285	1986	12/23/98	$250,000,000	No limit – Ord. 865 prepared in 2006	$45,000,000	12/23/2027	12/23/2037
Amendment #1	1000 Palms Amended Area	408	1998	7/20/2011	No limit per AB 1290	7/20/2019	$45,000,000	7/20/2030	7/20/2045
Project Area 4-1987	Desert Center	376	1987	12/22/99	$140,000,000	No limit – Ord. 865 prepared in 2006	$17,500,000	12/22/2028	12/22/2038
Airports-1988	Blythe, Chiriaco, Desert Center, Flabob, French Valley, Hemet Ryan	6,366	1988	Not Permitted	$360,000,000	No limit – Ord. 865 prepared in 2006	$95,000,000	12/19/2029	12/19/2039
Amendment #2	100 Palms, Oasis, Mecca, North Shore	1,975	2008	Not Permitted	No limit per AB 1290	1/13/2029	$73,000,000	1/13/2039	1/13/2054

The CRL requires that all pre-1994 redevelopment plans have a deadline on the incurrence of debt that does not exceed the later of twenty (20) years after the adoption of the plan or January 1, 2004. Pursuant to the CRL, the time limit can be extended once for an additional ten-year period through a major plan amendment process. Alternatively, the passage of

Senate Bill 211 ("SB 211") on January 1, 2002 amended the CRL to allow a redevelopment agency to eliminate time limits for incurring debt for pre-1994 redevelopment plans.

Riverside County Ordinance 865 was prepared pursuant to SB 211, and eliminates the time limits for incurring debt for sub-areas for which the previous time limit was in 2006, 2007, 2008, or 2009. Ordinance 865 was adopted by the Board of Supervisors on September 26, 2006, and eliminated the time limit to incur debt for the sub-areas as indicated in Table 2.

AB 1290 eliminated the requirement that plans adopted after 1994 contain a limit on tax increment allocation. However, for the sub-areas within the DCPA that were adopted prior to 1994, the tax increment limits and the bond limits were increased in January 2009, as part of Amendment No. 2. An amendment to increase the limit on the amount of tax increment that may be allocated to an agency must include the following:

- A description and identification of the remaining blight in the project area;
- An identification of any portion of the project area that is no longer blighted;
- An identification of the projects required to eradicate the remaining blight;
- An analysis of the relationship between the costs of those projects and the amount of increase in tax increment allocation capacity contained in the plan amendment; and,
- The plan amendment ordinance must contain findings that significant blight remains in the project area and that the blight cannot be eliminated without the proposed additional tax increment.

B. Sub-Area Descriptions

East Blythe

The East Blythe sub-area is comprised of 1,500 acres. A significant portion of the sub-area was annexed by the city of Blythe when it extended its city limits to the Colorado River.

Desert Center

The Desert Center sub-area contains approximately 375 acres in two non-contiguous areas located along Ragsdale and Kaiser Roads, adjacent to the Lake Tamarisk area. The Lake Tamarisk area is made up of residential and recreational uses. The community is within a Round II Rural Empowerment Zone. The sub-area is comprised of irregularly shaped areas, vacant and underutilized parcels. The southern sub-area is a combination of developed public and utility land.

Mecca

The Mecca sub-area is comprised of 350 acres and is located in the lower Coachella Valley. The area has a substantial migrant farm labor population within a Round II Rural Empowerment Zone. Agency activities have included the extension of water and sewer lines to the north of Mecca along Lincoln Street. These infrastructure extensions have allowed the development of new affordable single-family housing projects. The Agency is in the process of implementing an aggressive revitalization effort, including the development of a "downtown", in the Mecca sub-area. Additional acreage was added to the Mecca sub-area in January 2009.

North Shore

The North Shore sub-area is a small residential and retirement community located on the northern end of the Salton Sea and is comprised of 54 acres. This area consists primarily of vacant lots and mobile homes. The community of North Shore is within a Round II Rural Empowerment Zone. Additional acreage was added to the North Shore sub-area in January 2009.

Palm Desert Country Club

The Palm Desert Country Club is located adjacent to the city of Palm Desert and is primarily commercial and residential in nature. The sub-area is approximately 86 acres in size. Recent street improvements, traffic signalization and commercial and retail development in the sub-area should attract new housing and commercial development.

Ripley

The Ripley sub-area is comprised of 830 acres and is a small, rural community that has low household incomes and high rates of unemployment. The residents are predominately immigrant agricultural workers. The community's infrastructure (water and sewer) is antiquated and, in some cases, substandard, resulting in a lack of new residential and commercial development. The community of Ripley is within a Round II Rural Empowerment Zone.

Thermal

The Thermal sub-area is comprised of 17,250 acres located in the lower Coachella Valley. The sub-area includes the 2,000 acres Jacqueline Cochran Regional Airport (formerly Desert Resorts Regional Airport, and previous to that name, known as Thermal Airport), a general aviation facility. The majority of the community is within a State designated Enterprise Zone, which provides state tax credit incentives to businesses that locate in the area. Like the community of Mecca, Thermal is within a federally designated Round II Rural Empowerment Zone. The Agency is in various implementation stages for the following developments: a Sheriff's Station, forensic lab and evidence storage facility; a community park; library; senior center; post office; street improvements; a new water line along Airport Boulevard; community center; and, a façade improvement program for businesses.

Thousand Palms

The Thousand Palms sub-area was originally 285 acres in size. In July of 1999, the Board approved an amendment to allow for the addition of new territory to the sub-area. The total acreage of the sub-area is 693 acres. The sub-area is adjacent to Interstate 10 in the middle of the Coachella Valley. The Coachella Valley Enterprise Zone was extended into this area to encourage new businesses to the area through the provision of state tax credits. The Agency is in the process of developing a new library, fire station and street improvements along Varner Road and Monterey Avenue.

Oasis

The Oasis sub-area is located fairly close to the Salton Sea, and the area is also adjacent to Tribal lands, and can be characterized by sporadic commercial and residential development, as well as vacant land.

100 Palms
The 100 Palms sub-area is located adjacent to the existing Thermal sub-area and Tribal lands. Land uses are represented by sporadic commercial and residential development, and vacant land.

Airports
The Airports sub-area consists of six general aviation airports. The following is a brief description of each of the airports. All of the airports with the exception of Flabob Airport are owned by the County. It should be noted that the Jacqueline Cochran Regional Airport (formerly Thermal Airport) is within the boundaries of the Thermal sub-area; the description of the airport can be found under the sub-area Thermal (see above).

Blythe Airport is located in the Colorado River Valley in the easternmost part of the County. It is seven miles west of the city of Blythe along Interstate 10. The airport is owned by the County and it is leased to and operated by the city of Blythe. The airport is within a Round II Rural Empowerment Zone.

Chiraco Summit Airport is located in the Coachella Valley and is immediately adjacent to Interstate 10. To the south of the airport are the Orocopia and Chocolate Mountains and the Salton Sea. To the north are the San Bernardino Mountains, Joshua Tree National Park and Eagle Mountain. The airport is within a Round II Rural Empowerment Zone.

Desert Center Airport is located north of Interstate 10 and east of State Highway 177. It is near the unincorporated communities of Desert Center and Lake Tamarisk. The airport is within a Round II Rural Empowerment Zone.

Flabob Airport is located near the community of Rubidoux in the northwestern portion of the County. The airport is privately owned and operated.

French Valley Airport is located in the southwest portion of the County, adjacent to the communities of Temecula, Murrieta and Winchester. The airport is located adjacent to Highway 79 and is only minutes away from Interstates 15 and 215.

Hemet-Ryan Airport is located in the San Jacinto Valley of the County and provides convenient access to the mid-County region, including the cities of Hemet and San Jacinto. Highways 74 and 79 provide easy access to the airport

C. Updated Assessment of Blighting Conditions

Another significant change as a result of the adoption of AB 1290 was a revision to the definition of blight for redevelopment project areas adopted on or after January 1, 1994. Although some of the Agency's project areas were adopted prior to this date under previous definitions, the new definition was primarily relied upon to identify existing blighting conditions in all project sub-areas for the purposes of this *Implementation Plan*.

Definition of Blight

Section 33030 and 33031 of the CRL describe the conditions which define a blighted area. Since one of the primary purposes of this *Implementation Plan* is to link the actions of the Agency to the elimination of blight, the entire CRL sections defining blight are presented rather than being incorporated by reference.

Section 33030

a) It is found and declared that there exist in many communities blighted areas which constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety and general welfare of the people of these communities and of the state.

b) A blighted area is one that contains both of the following:

- **(1) An area that is predominantly urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.**
- **(2) An area that is characterized by either of the following:**
  - **(A) One or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.**
  - **(B) The condition described in paragraph (4) of subdivision (a) of Section 33031.**
  - **(C) A blighted area also may be one that contains the conditions described in subdivision (b) and is, in addition, characterized by the existence of inadequate public improvements, parking facilities, or utilities.**

Section 33031

a) This subdivision describes <u>physical</u> conditions that cause blight:

- **(1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.**
- **(2) Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.**
- **(3) Adjacent or nearby uses that are incompatible with each other and which prevents the economic development of those parcels or other portions of the project area.**
- **(4) The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.**

b) This subsection describes <u>economic</u> conditions that cause blight:

- **(1) Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of agency authority specified in Article 12.5 (commencing with Section 33459).**
- **(2) Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.**
- **(3) A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.**
- **(4) Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults, which has led to problems of public safety and welfare.**
- **(5) A high crime rate that constitutes a serious threat to the public safety and welfare.**

<u>Progress Toward Blight Elimination in the DCPA</u>

Each redevelopment project area is required to have a *Redevelopment Plan* that contains the goals, objectives, projects and their priorities designed to alleviate the conditions of blight in each of the respective project areas.

The following redevelopment plans were prepared for the sub-areas in the DCPA:

- East Blythe, Mecca, North Shore, Palm Desert, Ripley, Thermal, Thermal Airport, Thousand Palms: *Redevelopment Plan for Redevelopment Project 4-1986,* Adopted on December 23, 1986;
- Desert Center: *Redevelopment Plan for Redevelopment Project 4-1987;* Adopted on December 22, 1987;
- Airports: *Redevelopment Plan for Redevelopment Project Airports-1988;* Adopted on December 19, 1988;
- Thousand Palms Amended Area: *Redevelopment Plan Amendment No. 1 and Merger for the Desert Communities Project Area,* Adopted on July 20, 1999; and,
- 100 Palms, Oasis, Mecca, North Shore: *Redevelopment Plan Amendment No. 2 for the Desert Communities Project Area,* Adopted on January 13, 2009.

At the time each *Redevelopment Plan* was adopted by the Board of Supervisors, a detailed assessment of blighting conditions was provided in a document called *The Report to the Board of Supervisors*. This assessment detailed in each plan included an evaluation of both physical deterioration of structures and infrastructure, as well as issues relating to economic dislocation. Broadly stated, the conditions of physical and economic blight include the following:

- Large percentages of deteriorated and dilapidated structures, both public and private;
- Inadequate public improvements and facilities that are essential to the health and safety of local residents and businesses;
- Areas of incompatible land uses;
- Lots of irregular form and shape and of inadequate size for proper development;
- Parcels suffering from depreciated or stagnant values and impaired investments;
- Lack of adequate neighborhood shopping facilities; and,
- High crime rates.

The Agency has made significant progress toward implementation of projects which have contributed toward the elimination of blight within the DCPA in this implementation plan reporting cycle. Attachment "A" shows the projects towards which funds have been expended over the five-year reporting cycle. The projects reported are in various stages of implementation – some have simply initiated the planning and design stage, whereas others have been completed. While progress has been made toward blight elimination within the project area, certain conditions of physical deterioration, crime and unemployment, as assessed in the section below, still remain.

1. ***Physical Conditions of Blight***

Inadequate Public Improvements. All County redevelopment project areas have some major infrastructure deficiencies and lack various types of public facilities. Historically, these deficiencies have included the need for major street construction or reconstruction, storm drain and sewer improvements, water capacity and distribution improvements, underground utility projects, and the construction of parks, community centers, sheriff and fire stations. The aforementioned public improvements and facilities are essential to the health, safety and welfare of local residents and businesses. The lack of adequate infrastructure continues to be a source of blight, and hinders both the attraction of new development as well as the improvement of existing commercial and residential areas. Of major importance in the DCPA is the lack of adequate flood control infrastructure, street improvements, sidewalks and street lighting.

Unsafe Buildings. Section 33031(a)(1) of the CRL identifies buildings that are unsafe or unhealthy for persons to live or work in as being indicative of blight. All redevelopment project areas contain numerous residential, commercial and industrial buildings, which are in need of some degree of maintenance. Some structures have been considered unsafe or unhealthy to live or work in, necessitating a large amount of code enforcement oversight. The types of health and safety problems observed on building exteriors include, but are not necessary limited to, the following: deteriorating and unsafe roofing, extensive wall damage, broken and/or boarded up windows, unpermitted room additions and garage conversions, and use of inadequate building materials. In addition, a number of buildings do not meet current public safety codes and exhibit defects such as the lack of fire sprinkling, faulty wiring, hazardous materials, unsafe construction methods, un-reinforced masonry or indicate evidence of illegal occupancy.

Areas of Incompatible Land Uses. Section 33031(a)(3) of the CRL identifies one of the physical blight characteristics as adjacent or nearby uses that are incompatible with each other and prevent economic development. All redevelopment project areas have incompatible land uses, often where residential uses are interspersed with commercial and industrial uses. Such land uses are incompatible because of the potential for conflicting traffic patterns, noise impacts, odors, or other nuisances that have attendant health and safety concerns. Most incompatible land uses do not have adequate buffers in place to protect residents from noise, light, fumes, or other associated negative conditions. Incompatible and non-conforming land uses can also create visual blight that potentially impedes private investment and negatively affects property values.

Irregular Lots. Section 33031(a)(4) of the CRL identifies lots that are subdivided into irregular shapes or sizes and held under multiple ownerships as a blighting characteristic. Irregular parcels exist throughout all redevelopment project areas and take the form of odd-shaped parcels, parcels of inadequate size and shape for their present or intended use, and parcels that cannot be legally accessed. Irregular lots are detrimental to the local economy. Efforts to redevelop such lots are problematic due to difficulties encountered in meeting current development standards while at the same time trying to create a project that is financially viable.

2. ***Economic Conditions of Blight***

Depreciated or Stagnant Property Values. Riverside County, like much of the State of California, and even the United States, is currently undergoing a similar economic scenario as that of the early 1990s. Many property owners during the previous decade in County redevelopment project areas filed for property tax reassessments due to declining property values created by the recession of the early 1990s, and this situation is occurring once again. The real estate market in California experienced a rebound from the 2004-2007 years due to an overall reduction in long-term interest rates. However, since 2008, the country has experienced a severe economic crisis and recessionary tendencies due to banks offering sub-prime loans and allowing low down payments as collateral for home mortgage loans. These risky financial practices have resulted in the housing bubble bursting, and Riverside County is one of the leading areas in the country that is experiencing high foreclosure rates and bankruptcies. This residential situation has filtered into the commercial area, and has resulted in a high percentage of commercial vacancies as a result of business closures, the over-building of commercial projects, and/or company downsizing in some instances. In addition, the problem of substandard structures remains an issue in County redevelopment project areas where real estate values are expected to recover slower than built-out areas.

Lack of Necessary Commercial Facilities. CRL Section 33031(b)(3) specifies that one condition of blight is a lack of commercial facilities normally found in a neighborhood, such as grocery stores, pharmacies, and banks or other financial institutions. Historically, field investigations and survey responses from community residents indicate that a number of sub-areas lack grocery stores (other than mini-markets/liquor stores), pharmacies, banks or other desired commercial amenities in their communities.

High Crime Rate. According to the Riverside County Sheriff's Office, a number of redevelopment project sub-areas generate higher requests for sheriff services. The most common calls involve crimes of domestic violence, petty theft, disturbing the peace, burglaries, and shoplifting. A number of sub-areas are harder to patrol compared to nearby communities primarily due to narrow or unpaved streets and the lack of street lighting. Some sub-areas have a large number of alcohol-related accidents or incidents as a result of the prevalence of liquor stores and bars.

As has been previously stated, the Agency identified the need to amend the DCPA by adding territory several times. A careful analysis of existing physical and economic blighting conditions was performed for each area before the amendments were adopted; and the conditions were significant enough that the establishment of a redevelopment project area was determined to be beneficial.

The amendment process provided updated assessments of blighting conditions in the DCPA. At the time each amended project area was approved, an *Implementation Plan* was prepared and adopted, as required by the CRL. The *Implementation Plan(s)* and blighting assessment information can be found in the *Report(s) to the Board of Supervisors*, which are available for review at the Agency's office.

V. EXPENDITURES AND DESCRIPTION OF CATEGORIES (FY 2004-2009)

The Agency generally provides funds for the following types of projects: planning and development efforts, construction of public infrastructure improvements, construction of capital facilities, business incentive programs to assist commercial and industrial development within its redevelopment project areas, general blight elimination activities such as graffiti abatement and community clean-up activities, and use of housing set-aside funds to improve or increase the low- and moderate-income housing stock throughout all redevelopment project areas. Significant progress has been made over the course of the implementation plan cycle. Between July 1, 2004 and June 30, 2009, the Agency has initiated and completed numerous projects in the DCPA for an approximate total expenditure, including housing expenditures, of $104,483,340. Figure 4 below illustrates the percentage contribution each of the aforementioned categories contributed to the total project area expenditures over the 2004-2009 reporting cycle.

Figure 4
Percentage of Expenditures by Category
DCPA
FY 2004-2009

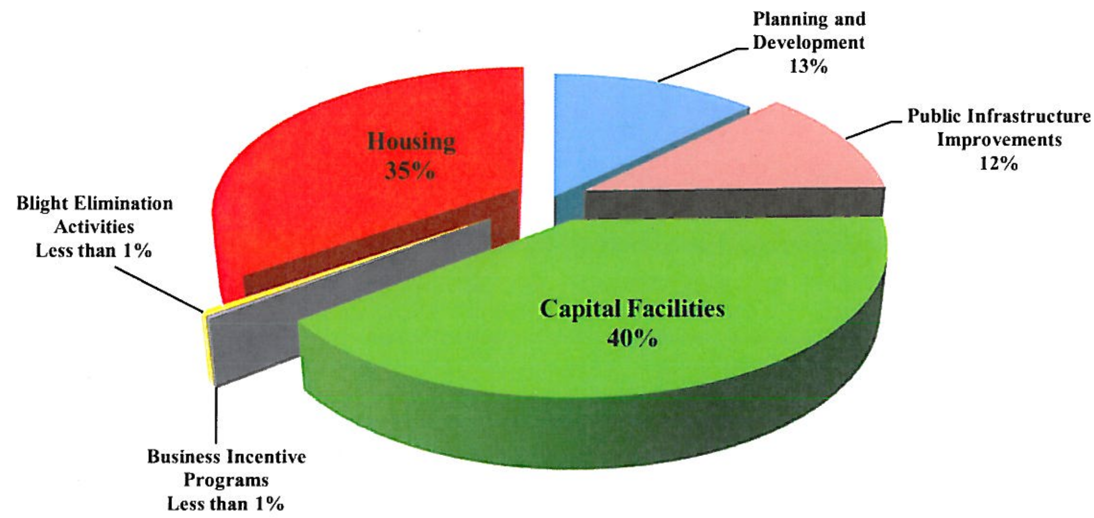


Table 3 details the expended funds for each of the categories described above.

TABLE 3 Expenditures by Category DCPA FY 2004-2009	
Program	**Amount Expended**
Planning & Development	$13,188,040.51
Public Infrastructure Improvements	$12,527,933.32
Capital Facilities	$41,791,082.71
Business Incentive Programs	$242,217.69
Blight Elimination Activities	$514,325.32
Housing Set-Aside Funds	$ 36,219,740.49
PROJECT AREA TOTAL:	**$104,483,340.04**

A. Description of Categories and Expenditure Breakdown

As previously discussed, the Agency tracks redevelopment expenditures in the following categories:

- Planning and Development activities;
- Construction of Public Infrastructure Improvements;
- Construction of Capital Facilities;
- Funding for Business Incentive Programs;
- Blight Elimination Activities; and,
- Housing Projects and Programs.

The following sections describe each of these categories in detail, and gives examples of the types of projects and programs that the Agency has initiated and implemented in each category. Attachment A provides a list of the major projects, with associated expenditures, that are currently in progress, or have been completed in the DCPA over the reporting period. Additional details of the projects shown in Attachment A can be found in the Agency's Annual Budget Reports.

Planning and Development

The primary purpose of the Agency's Planning and Development activities is to effectuate the comprehensive planning, redesign, replanning, reconstruction and/or rehabilitation of project areas in such a manner as to facilitate a higher and better utilization of land uses in accordance with the Riverside County General Plan. Planning and Development activities conducted by the Agency over the past year spanned the areas of planning for and development of mixed use development, road beautification and street improvements (landscaping, medians, sidewalks, etc.), infrastructure (sewers and water lines), public facilities (parks, libraries, fire stations, sheriff stations), and planning documents (feasibility studies, redevelopment plans, etc). Major projects that are in progress, or have been completed, within this category include the development of a redevelopment plan amendment to add territory to the DCPA and Mecca and Thermal design guidelines.

Public Infrastructure Improvements

Infrastructure is generally defined as the construction of roads, sewers, water mains, electricity lines and sidewalks in residential or commercial properties, and is usually characterized as "off-site" improvements. Once infrastructure improvements have been constructed, redevelopment project areas can commence with the construction of facilities, buildings and housing. The Agency's public infrastructure improvements during this reporting period have consisted of the aforementioned activities, as well as road beautification and street improvement projects (construction of medians, landscaping, etc.). Infrastructure projects have included the Mecca Roundabout project and the Thousand Palms Beautification project.

Capital Facilities

In general, capital facilities include the new construction, preservation, restoration and renovation of public facilities that are necessary to support the "build-up" of a community. This category includes, but is not limited to, the construction of community centers, parks, sheriff stations and fire stations. Projects that have completed construction in this category include the Thousand Palms Library, the Mecca Social Services Center, and Mecca Library.

Business Incentive Programs

Business incentive programs were implemented during the reporting period for the purpose of reconstructing, upgrading and expanding commercial areas in conformance with the Comprehensive General Plan. Methods used by the Agency to foster business growth and development within redevelopment project areas include the implementation of an ongoing economic development and business promotion program to expand existing businesses and attract new ones and the provision of incentives for development of new or existing commercial and industrial facilities to encourage employment and investment in project areas. In addition, the Agency has expanded the scope of a Façade Improvement Program for existing businesses in communities located within a redevelopment project area.

The Facade Improvement Program is a discretionary incentive program designed to improve the exterior elements of existing businesses located within the County's Redevelopment Project Areas. Eligible business owners can apply for a forgivable loan of up to $25,000 for design services, and a grant of up to $100,000 for construction costs. In return for this assistance, the property owner must agree to maintain the improvements for a period of ten years. The Façade Improvement Program is designed to stimulate private investment in high-quality building improvements that contribute to the overall strength of communities and "main streets" within redevelopment project areas. Through the program, the Agency promotes community investment for the purpose of complementing and enhancing revitalization efforts.

Blight Elimination Activities

As discussed in previous sections, blight consists of the physical and economic conditions within an area that cause a reduction of, or lack of, proper utilization of an area. Some physical and economic conditions of blight include: unsafe building conditions; incompatible adjacent or nearby uses of land parcels that hinder economic activity; small and irregularly shaped lots under multiple ownership that are vacant or underutilized; vacant and underutilized land or buildings; and depreciated or stagnant property values.

The Agency has initiated and expanded upon a variety of programs geared specifically toward the amelioration and elimination of blight. The GraffitiBusters graffiti abatement program, the demolition grant program, Agency-owned property maintenance, and other activities are classified under this category.

Housing Projects and Programs

Since 1979, redevelopment agencies have been required to set aside at least 20% of their tax increment funds for low- and moderate-income housing. The use of RDA housing funds has become increasingly restricted and targeted over the years. In addition, agencies that extend projects beyond their original life are now required to place 30% of their tax increment in their housing set-aside fund.

Redevelopment funds can generally only be used within redevelopment project areas in the city or unincorporated county in which they are generated. Housing set-aside funds, however, may be used anywhere within the city or unincorporated county in which the redevelopment agency is located. In order to utilize the funds in these areas, the redevelopment agency needs to make a finding that providing affordable housing outside of the project area supports the project area.

For the 2004-2009 years, approximately $36,219,740 was expended on housing activity in the project area. The funds were utilized for the construction of both infill and other new housing projects as well as for housing programs designed to rehabilitate existing or increase the supply of affordable housing within the unincorporated communities of Riverside County. Housing programs implemented by the Agency included the Senior Home Repair and Housing Rehabilitation Programs.

1. Implementation of Affordable Housing Programs

The *Implementation Plan*, pursuant to Sections 33334.2, 33334.4, 33334.6 and 33413 of the CRL lays out the requirements for fulfilling the Agency's goal of increasing, improving and preserving the supply of housing affordable to very low, low, and moderate-income households in redevelopment projects areas using the Agency 20% Housing Set-Aside Fund ("Low-Mod Fund"). These sections referred to the Agency's responsibility as well as its obligation to meet the CRL requirements.

The Implementation Plan reviews the previous 5 years (2004-2009 fiscal years) in order to determine allocation of Low-Mod Funds and production of units. In addition, it is a projection of the next 5 years (2009-2014 fiscal years) showing the Agency's plans to increase, improve and preserve the supply of housing. This provides a framework for future planning and improvement of affordable housing.

All programs listed are used to increase, improve and preserve the affordable housing stock. Some programs are specifically designed to improve and preserve housing units that require minor repairs, while others are designed for major repairs. In addition, some programs are designed specifically to increase the housing stock by producing newly constructed units or assisting in the purchasing of a unit. It is important to remember that some programs may be used together or separately and in some cases some projects may not fall into a certain category, but may be unique in its conception or dilemma.

a) Housing Programs

The Agency has created a number of programs to preserve, improve and increase the supply of housing affordable to low and moderate-income households. It is the Agency's intention to pursue its affordable housing goals through the continued implementation of its housing programs. In addition, the Agency may and will implement new programs as it deems necessary to preserve, improve and increase the supply of housing.

The following is a list of housing programs the Agency expects to continue implementing for the next five years.

1. Programs to Preserve and Improve the Existing Housing Stock

Agricultural Housing Facility Loan (AGHL) Fund: AGHL improves the housing conditions of low-income farm worker households who are tenants of substandard and unpermitted mobile home parks in the unincorporated areas of the Coachella Valley in the County of Riverside. The improved housing conditions are achieved by providing financing for the rehabilitation of these agricultural housing facilities, typically 12-spaces or less, operating throughout unincorporated areas of the Coachella Valley.

Emergency Housing Response Program (EHRP): The EHRP was created to assist income qualified households displaced by emergencies, such as the Esperanza Fire, with temporary tenant based rental assistance. Limited to unincorporated areas of the County, the Housing Authority for the County of Riverside administers the program with an initial funding allocation of $1,250,000 to provide families displaced by natural disaster or government action with a maximum of 24 month of rental assistance. In addition, in June of 2008, rental assistance has been provided to families that have been displaced as a result of Code Enforcement inspections. It is expected that Code Enforcement displacements will continue to take place and as a result of the increase in the number of participants, the Agency has amended the initial contract to extend the agreement term until December 31, 2010 and an increase funding amount of $200,000.

Enhanced Home Repair (EHR) Program: The EHR Program provides one-time grants up to $6,000 to extremely low-income and very low-income households for home repair or enhancements to address health and safety issues. The program is available to all homeowners regardless of age and it does not require a specific disability.

Housing Rehabilitation Program (HRP): The HRP provides one-time grants of up to $20,000 to qualified low-income homeowners to repair and/or improve the quality of their home. The grant allows homeowners to address both interior and exterior health and safety issues, housing quality standards (HQS), and handicapped accessibility improvements. All HRP-assisted units are restricted to low-income households for a period of 10 years.

Home Improvement Program (HIP): The HIP is an auxiliary program to the HRP. The primary purpose of HIP is to improve the living conditions of low-income homeowners. HIP provides 0% interest loans for essential repairs to low-, very low-, and extremely low-income owner-occupants of single-family homes whose scope of work goes beyond a non-substantial rehabilitation. All HIP assisted units are restricted to low-income households for a period of 45 years.

Senior Home Repair (SHR) Program: The SHR Program provides one-time grants of up to $6,000 to qualified extremely low-income and very low-income senior homeowners (62 years or older) or extremely low-income and very low-income disabled person of any age to repair or improve their homes. The grant requires that repairs and/or enhancements address health and safety issues and handicapped accessibility improvements exclusively.

Manufactured Home Replacement Program (MHRP): MHRP provides financial assistance to manufactured homeowners for dwelling units that have been identified or declared substandard. The MHRP provides assistance to low-, very low- and extremely low-income households for the replacement and ancillary infrastructure improvements of existing substandard owner occupied mobile homes located in the unincorporated areas of the County or within the County's redevelopment project areas. Assisted units are restricted by a 45 year affordability covenant.

Mobile Home Tenant Loan Program (MHTL): The MHTL provides a loan of up to $40,000 for the purchase of a new mobile home. Requirements include previous ownership of a substandard unit that is located in an unpermitted mobile home park. In order to qualify, household income must not exceed 50 percent of the County median income. The program is used in the unincorporated County only and utilizes the Agency's financing as well as funding from the U.S. Department of Agriculture Farm Workers Housing Grant. The MHTL requires a 45-year ownership covenant. The loan is forgiven if the household remains in the unit for the 45-year term. In general, affordability requirements are recorded against the unit. In cases where the unit is placed on a permanent foundation, the covenant is recorded against the grant deed.

Tenant-Occupied Home Rehabilitation Program (THRP): The THRP provides assistance to tenant-occupied single-family residents. Assistance is in the form of a completely deferred loan to the property owner with a maximum assistance of 25% of the after rehabilitation value of the home. The loan has a term of 10 years and annual interest rate of zero percent (0%). The affordability covenant also requires control of the rents to remain affordable to low-income tenants. The THRP addresses both interior and exterior of the home for health and safety issues and allows property owner to enhance the exterior appearance of tenant occupied properties.

2. ***Programs to Increase the Supply of Affordable Housing***

Mortgage Credit Certificate Program (MCC): The MCC Program was authorized by Congress in the 1984 Tax Reform Act as a means of providing housing assistance to families of low- and moderate-income. The MCC Program offers qualified applicants with incomes up to 115% of the State median income to take an annual credit against their federal income taxes of up to 15% of the annual interest paid on the applicant's mortgage. Through the tax credit, the homeowner's taxes are being reduced by the amount of the credit therefore increasing their disposable income allowing the homeowner's to afford higher housing costs given their income.

Redevelopment Homeownership Program (RHP): The Agency has been implementing the RHP program since 2008. This program assists low to moderate-income households, who have not owned a home within a three-year period, by providing 20% of the purchase price of the home with a 45 year affordability period as a silent "second" loan. The program is available for households with annual income that is no greater than 120% of the area median income as published by the Department of Housing and Community Development (HCD). RHP can be used in unincorporated areas of the County, Agency Project Areas (PAs) and cooperating cities.

New Construction (RDA): The Agency solicits proposals from developers, for-profits and non-profits, to expand affordable housing opportunities for low-income and special needs households. Housing projects can consists of new construction or substantial rehabilitation, which provides home ownership or rental opportunities with a 45 year or 55 year affordability covenant. Additional funds from the CDBG, HOME, NSP Programs and other sources are also used to assist housing project. Agency funds are used in the unincorporated County and redevelopment project areas. New construction or substantial rehabilitation projects may consists of an individual type of project or a mixture such as: multi-family, single-family, seniors, farmworkers, or other special needs groups as deemed necessary or needed.

Infill Housing Program (IHP): The Infill Housing Program, "Build 2005", is also part of new construction and is designed to promote the development of affordable single-family housing on previously vacant or blighted lots. The program requires new homes to be sold as affordable owner-occupied housing to low-income households. Developments are funded with and are restricted to the unincorporated areas of the County with emphasis within the County's redevelopment project areas. As the IHP is part of new construction, it will be grouped together with New Construction.

b) Amended Regulations

On October 14, 2007, Assembly Bill No. 987 concerning the Low and Moderate Income Housing Fund amended Sections 33334.3, 33413, and 33418 of the Health and Safety Code. Specifically the affordability covenants and restrictions were amended to include the following:

1. The covenants and restriction are enforceable by any person or family of low or moderate income, and other specified persons, against any owner who violates a covenant or restriction and each successor in interest who continues the violation.

2. The requirement to record a separate document, called "Notice of Affordability Restrictions on Transfer of Property (Notice of Affordability)," for all new or substantially rehabilitated units developed or otherwise assisted with moneys from the Low and Moderate Income Housing Fund on or after January 1, 2008. As such, projects consisting of new or substantially rehabilitated units prior to January 1, 2008 will not have a Notice of Affordability, but those completed after the required date will have one.

3. The Agency will also need to compile and maintain a database of existing, new and substantially rehabilitated, housing units developed or otherwise assisted with money from the Low and Moderate Income Housing Fund, include certain information in the database, make the database available to the public on the Internet, and update it on an annual basis. Any property used to confidentially house victims of domestic violence will be omitted from the database. The Agency's database can be found at:

   http://www.rivcoeda.org/Departments/Housing/tabid/57/Default.aspx

c) Previous 2004-2009 and Projected 2009-2014 Housing Performance and Uses of the Low-Mod Funds

The following tables and attachments look at the previous 2004-2009 (fiscal years beginning in July and ending in June) and projected 2009-2014 Housing Performances and the housing programs Low-Mod Funds were expended on. Some projects may utilize one or more of the programs listed below. New projects may be considered and developed in the future along with new programs and related infrastructure projects, in lieu of, or in addition to those indicated in this plan.

1. Low- and Moderate-Income Housing Fund Deposits and Projections

Table 4 shows the amount deposited in to the Low-Mod Fund for the last five years and the estimated amounts which will be deposited during each of the next five years.

For the 2004-2009 years, a total of $20,347,038 was deposited in the Low-Mod Fund for the project area. The Agency anticipates that approximately $18,312,335 will be deposited in the Low-Mod Fund during the life of the current 2009-2014 Implementation Plan for this project area. Due to the current economic condition, the Agency projected a 10% decrease in projected funds. The funds deposited and projections do not include interests or other incomes which may also be added in. Actual future tax increment and availability of Low-Mod Fund may vary from the projections shown.

TABLE 4			
Deposited Low-Mod Fund		**Projected Low-Mod Fund**	
2004-2009		**2009-2014**	
2004-2005	$1,781,563	2009-2010	$3,662,467
2005-2006	$3,161,216	2010-2011	$3,662,467
2006-2007	$4,661,241	2011-2012	$3,662,467
2007-2008	$5,450,001	2012-2013	$3,662,467
2008-2009	$5,293,017	2013-2014	$3,662,467
Total	**$20,347,038**	**Total**	**$18,312,335**

In addition, Attachment B shows the total amount deposited into the Low-Mod Fund for all project areas and the projected amount for each project area. Overall, there was a total of $76,446,796 deposited for the 2004-2009 years. For the 2009-2014 years, a total of $68,801,630 is projected to be deposited.

2. Increasing, Improving and Preserving Affordable Housing 2004-2009

According to Section 33334.3 of the CRL, the Low-Mod Fund is to be used for the purposes of increasing, improving and preserving the community's supply of low- and moderate-income housing. Therefore, Table 5 shows all programs that has increased, improved and preserved the community's supply of low- and moderate-income housing, the number of households assisted, their income level, and the amount of funds expended within the project area during the 2004-2009 Implementation Plan cycle, while Table 6 breaks down the assisted households by year and income level. In addition, Table 7 shows all households assisted outside of all the project areas by year and income level.

TABLE 5										
All Households Assisted from the Low-Mod Fund 2004-2009										
	Households					**Low-Mod Fund Expended**				
Program	**EL**	**VL**	**L**	**M**	**Total**	**EL**	**VL**	**L**	**M**	**Total**
MHTL	6	9	-	-	**15**	$224,894	$341,318	-	-	**$566,212**
RDA	75	-	-	-	**75**	$8,700,000	-	-	-	**$8,700,000**
Total	**81**	**9**	**-**	**-**	**90**	**$8,924,894**	**$341,318**	**-**	**-**	**$9,266,212**

TABLE 6					
All Households Assisted from the Low-Mod Fund 2004-2009					
	EL	VL	L	M	Total
2004-2005	-	-	-	-	-
2005-2006	2	1	-	-	3
2006-2007	1	3	-	-	4
2007-2008	-	1	-	-	1
2008-2009	79	5	-	-	84
Total	**82**	**10**	**-**	**-**	**92**

TABLE 7				
All Households Assisted from Low-Mod Fund				
Outside All Project Areas				
EL	**VL**	**L**	**M**	**Total**
300	**504**	**268**	**16**	**1088**

It is important to remember that these programs are being implemented in other project areas as well. Attachment C will show a detailed program and income category breakdown of all projects inside and outside of the project areas and their comparison to each other. In addition, Attachment D will show the year and income level breakdown of all Agency assisted units located inside and outside of the project areas.

In addition, it is important to note that the Low-Mod Fund is not the only funding source used to assist in increasing, improving and preserving affordable housing. Other funding sources such as Community Development Block Grants (CDBG) and HOME funds are also used. Table 8 shows all affordable housing units assisted with CDBG, HOME, or other funds within the project area for the 2004-2009 Implementation Plan year.

Table 8

All Households Assisted with CDBG/HOME/Other Funds 2004-2009

Program	EL	VL	L	M	Total
HRP	1	1		-	**2**
RHP	-	-	1	-	**1**
SHR	-	2	-	-	**2**
Total	**1**	**3**	**1**	**-**	**5**

Attachment E shows an overview of all project areas including the outside that was assisted with CDBG, HOME, or Other funding sources. As shown, there were a total of 1,583 households assisted.

3. *Demolished and Replacement Housing (2004-2009)*

Section 33413 of the CRL requires that whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low- and moderate income housing market as part of a redevelopment project, the Agency shall within four years of the destruction or removal, rehabilitate, develop, or construct an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the Agency.

Table 9 looks at the number of bedrooms that have been lost as the result of Agency property acquisition, demolition and construction activities between July 1, 2004 and June 30, 2009.

The bedroom count was divided into Very Low Income (VL), Low Income (L) and Moderate Income (M). It is important to note that, if any units are destroyed or demolished then the replacement units must be identified.

For the 2004-2009 Implementation Plan cycle there were a total of 75 bedrooms lost within the project. The production units shown, new construction or substantially rehabilitated units, were completed within the project area and does not include bedrooms from other project areas or from outside of the project area. The demolished bedrooms were replaced with 58 bedrooms from the Huerta de Mecca, new construction, and 17 bedrooms from MHTL projects. Therefore all units demolished were replaced with new units within the same project area.

TABLE 9												
	Bedrooms Demolished				**New Construction or Substantially Rehabilitated Bedrooms**				**Replacement Bedrooms**			
	VL	L	M	Total	VL	L	M	Total	VL	L	M	Total
2004-2005	-	-	-	-	-	-	-	-	-	-	-	-
2005-2006	-	-	-	-	10	-	-	10	-	-	-	-
2006-2007	10	5	2	17	8	-	-	8	17	-	-	17
2007-2008	2	56	-	58	4	-	-	4	58	-	-	58
2008-2009	-	-	-	-	140	-	-	140	-	-	-	-
Total	12	61	2	75	162	-	-	162	75	-	-	75

Attachment F, however, will give an overview of all demolished units within all project areas, including those that are located outside of the project areas for the 2004-2009 years. As shown, the project areas with the most units demolished are located in the Desert Communities Project Area (DCPA) and the Jurupa Valley Project Area (JVPA). Do note that all units demolished outside of a project area are not required to be replaced.

Demolished projects located outside of the project areas were Middleton, Date Palm, and 100 Palms. For the 2007-2008 fiscal year, Middleton had 4 units totaling 7 bedrooms demolished and Date Palm had 43 units totaling 89 bedrooms demolished. The demolished bedrooms were replaced by 98 lower-income bedrooms from Huerta de Mecca, a new construction project. For the 2008-2009 fiscal year, Middleton had an additional 3 units totaling 5 bedrooms demolished, Date Palm had an additional 15 units totaling 32 bedrooms demolished and 100 Palms had 36 units totaling 56 bedrooms demolished. The demolished bedrooms were replaced by 94 lower-income bedrooms from Clinton Family Apartments, a new construction project. Attachment F provides an overview for all projects demolished, newly constructed or substantially rehabilitated and replaced.

4. Housing Production: New Construction and Substantial Rehabilitation

Only newly constructed units or substantially rehabilitated units can be used to meet the requirements of paragraph (2) of subdivision (b) of Section 33413 in the

CRL, also known as the Inclusionary Requirement. It requires that at least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency shall be available at affordable housing costs to, and occupied by, persons and families of low or moderate income. Of the 30 percent, no less than 50 percent shall be available to and occupied by very low income households. It is important to note that if there is a shortage of units to meet the Inclusionary Requirement, units from outside of the project area can be used at a 2:1 ratio.

Table 10 shows all new construction and substantially rehabilitated units that were produced within the project area for 2004-2009. As shown, there were a total of 90 units produced. Units that fall into the Extremely Low category have been combined with Very Low.

TABLE 10			
New Construction/ Substantial Rehabilitation with Low-Mod Fund			
Program	**Very Low**	**Low**	**Moderate**
MHTL	6	9	-
RDA	75	-	-
TOTAL	**81**	**9**	**-**

Attachment G however, will give an overview of all new construction and substantial rehabilitated units that were produced within all project areas and outside of them. As shown there were a total of 304 units produced within all project areas and a total of 509 units produced outside of the project areas. Altogether there were a total of 813 newly constructed and substantially rehabilitated units produced for the 2004-2009 year.

Do note that of all households assisted with CDBG, HOME, or Other funds, Table 11 shows all new construction or substantially rehabilitated units that were derived from it. As shown there were no units produced within the project area.

TABLE 11			
New Construction/ Substantial Rehabilitation with CDBG/HOME/Other Funds			
Program	**Very Low**	**Low**	**Moderate**
New Construction	-	-	-
TOTAL	**-**	**-**	**-**

Attachment H will show the overall new construction and substantially rehabilitated units produced within all project areas and outside project areas using CDBG, HOME, or Other Funds. As shown a total of 118 units were produced within all project areas, while an additional 467 units were produced outside of the project areas, giving it an overall total of 585 units.

Table 12 shows the number of Agency produced units (new construction and substantial rehabilitation) and the Inclusionary Requirement. As shown, there were 90 Very Low units produced. Of those units, 13 were required for Low-Mod and 14 were required for Very Low. Since there were no Low-Mod units produced, Very Low units were used to meet the shortage. This has led to Inclusionary Requirements being met for this project area and 63 units that exceeded the requirement. It is important to note that Very Low units can be used to meet shortages of Low-Mod units; however, Low-Mod units cannot be used to meet the shortages of Very Low units.

TABLE 12

Agency Assisted Units the Under 30% Inclusionary Requirement

	Low-Moderate	**Very Low**	**Total**
Produced	-	90	90
Required	13	14	27
Requirement Met	13	14	27
Exceeded	-	63	63

Attachment I, however, will give an overview of all Inclusionary Requirements for each project area concerning Agency produced units and Non-Agency produced units. Attachment I-1 will show the units produced were allocated for each project area including those outside of the project areas, if necessary, and any units left over that exceeded the requirements. Columns labeled, "Inside" and "Outside" are mean to show if inside units were used or outside units were used to meet the requirements. The outside units have already been reduced from their 2:1 ratio (509:168).

In addition to the Inclusionary Requirement regarding Agency developed units, Section 33413(b)(2)(A)(i) of the CRL, also requires that at least 15 percent of all non-Agency assisted market rate units developed within the project area shall be available at affordable housing cost to, and occupied by, persons and families of low or moderate income. Of the 15 percent, no less than 40 percent of the dwelling units must be available at affordable housing costs to, and occupied by, persons and families of very low income households. Market rate units are those that have been assisted by non-profits and/or the private sector other than the Agency.

Table 13 shows all market rate units developed within the project area that the Agency did not assist with the Low-Mod Fund. Of the 166 market rate units constructed, 15 units were required for Low-Mod and 10 units were required for Very Low. Since there were 63 units left over after meeting the Agency produced Inclusionary Requirement, 15 very low units from there were used to meet the Low-Mod requirement and 10 very low were used to meet the Very Low requirement. For this project area, the Agency has met its Inclusionary Requirement regarding market rate units. A breakdown of all market rate units completed within each project area can be seen in Attachment I.

Attachment I shows the overall Market Rate Inclusionary Requirement for all project areas and Attachment I-1 will show the allocation of units.

TABLE 13			
Inclusionary Requirement for Non-Agency Assisted Market Rate Produced Units			
Market Rate Units	**Total Inclusionary Required**	**Low-Moderate Required**	**Very Low Required**
166	25	15	10
Inside Replacement Units		15	10
Outside Replacement Units		-	-
Units Exceeding Requirements		-	38

5. *Proportional Allocation of Low-Mod Fund According to Age and Income*

Per Section 33334.4(b) of the CRL, the Agency is required to expend from the Low-Mod Fund to assist housing that is available to all persons regardless of age in at least the same proportion as the number of low-income households with a member under the age 65 years to the total number of low-income households of the community.

Table 14 below provides a breakdown of the population of the unincorporated portion of Riverside County. The numbers used are based on U.S. Census (2000) data in order to determine proportional allocation and the proportion of the population who are under 65 years of age and those that are over 65 years of age. As can be seen, 90% of the population is under 65 years of age, while 10% are over 65 years old.

TABLE 14				
Estimated Population of Riverside County: Unincorporated				
Total Population	**Total Population Under 65**	**Percentage**	**Total Population Over 65**	**Percentage**
429,029	367,820	90%	61,209	10%
Source: 2000 United States Census				

Table 15, shows the funding expended according to age for all project areas. Those over 65 years of age accounted for only 10% of the population; however of the total $17,797,106 expended within all project areas, $7,200,905 (40%) was expended on those over the age of 66. The reason this was a high percentage was due to an apartment complex project, which was built specifically for seniors.

TABLE 15			
Proportional Allocation			
Total Population Less than 65	**Percentage**	**Total Population More than 65**	**Percentage**
$10,597,201	**60%**	**$7,200,905**	**40%**

Attachment J will show a breakdown by all project areas and outside of the funds expended for the portion of the population who are over 65 years of age.

Section 33490(a)(1)(C)(i) requires the Agency to show the number of housing units needed for very low income persons, low-income persons, and moderate-income persons as each of those needs have been identified in the most recent determination pursuant to Section 65584 of the Government Code, and the proposed amount of expenditures from the Low-Mod Fund for each income group.

Table 16 is an overview of the allocation of housing need in the project area. The determination of "need" is based on the Regional Housing Needs Assessment (RHNA) numbers that are part of the Riverside County Integrated Project. The RHNA numbers are housing production goals the Agency needs to meet in order to satisfy the requirements of Section 33490(a)(1)(C)(i). In addition to the 90 units produced used to meet the Very Low income requirement, 77 units from the outside were needed for Very Low income, 116 units from the outside were also used for Low income, and 7 units from the outside were used for Moderate income. Even though Very Low and Low income categories were met, the Moderate income category was still short 123 units.

TABLE 16			
Adjusted RHNA Goals 2004-2009			
	Very Low	**Low**	**Moderate**
Unincorporated County RHNA Goal	13,343	9,267	10,428
Project Area RHNA Goal	167	116	130
Units Produced Inside	90	-	-
Units Produced Outside	77	116	7
Shortages	-	-	123

The base RHNA goal for the project was determined by using a formula that divided the total RHNA goal per income category (very low, low, and moderate-income) for the unincorporated County by the number of buildable acres in the unincorporated County in order to determine a "units-per-acre" figure for each income category. The units-per-acre figure was then multiplied by the number of acres in the project area, which in this case was 16,600 acres, to establish a RHNA goal for each income category.

Very Low-Income

(13,343 unincorporated County units) = 0.00561 dwelling units per acre
(2,376,581 unincorporated County acres)

Low-Income

(9,267 unincorporated County units) = 0.00389 dwelling units per acre
(2,376,581 unincorporated County acres)

Moderate-Income

(10,428 unincorporated County units) = 0.00438 dwelling units per acre
(2,376,581 unincorporated County acres)

V. GOALS FOR FUTURE IMPLEMENTATION REPORTING PERIOD (2009-2014)

Section 33490 (a)(1) states that the *Implementation Plan* shall contain specific goals and objectives of the Agency for its project areas. The goals and objectives for this *Implementation Plan* are based upon the *Redevelopment Plan* for the DCPA. In eliminating conditions of blight in the project area, the *Implementation Plan* is intended to achieve the following goals and actions:

A. GOAL: Construction of Public Infrastructure and Capital Facilities - To eliminate and prevent the acceleration of physical blight and to encourage the better utilization of real property and new private enterprise investment, the Agency will:

1. **ACTION:** Assist in the improvement of public infrastructure. Such improvements could include the construction or reconstruction of roads, curbs and gutters, and sidewalks; providing signalization; installing landscaping, sidewalks, multi-use trails, lighting and street furniture; and the construction or reconstruction of water storage and distribution facilities, drainage and flood control measures, and sewerage systems.

2. **ACTION:** Assist in the development of public facilities and utilities, such as the construction or rehabilitation of fire and sheriff stations, community centers, school facilities, libraries, parks, multi-use trails, and utility improvements.

3. **ACTION:** Assist in the rehabilitation of residential properties (see Goal D below).

4. **ACTION:** Assist in reducing crime through such activities as crime watch and patrol programs, refurbishment or construction of sheriff's facilities, and youth and senior facilities and programs.

5. **ACTION:** Expand sustained and on-going code enforcement activities.

6. **ACTION:** Establish a weed abatement program.

7. **ACTION:** Continue to implement a graffiti abatement program.

B. GOAL: To effectuate the comprehensive planning, redesign, reconstruction and/or rehabilitation of project areas in such a manner as to facilitate a higher and better utilization of land uses in accordance with the General Plan, the Agency will:

1. **ACTION:** Assist in future updates of the Housing Element, as necessary.

2. **ACTION:** Eliminate non-conforming uses as appropriate and necessary.

3. **ACTION:** Buffer residential neighborhoods from the intrusion of incompatible land uses.

4. **ACTION:** Provide incentives for the development of underutilized parcels.

5. **ACTION:** Remove economic impediments to land assembly and infill development in areas that are not properly subdivided for development or redevelopment.

6. **ACTION**: Continue to offer the volunteer demolition grant program to remove unsafe structures that pose a public health and safety hazards.

7. **ACTION:** Actively engage in community outreach for land use planning and project area activities by coordinating community meetings.

C. GOAL: To reconstruct, upgrade and expand commercial areas in conformance with the General Plan, the Agency will:

1. **ACTION:** Implement an ongoing economic development and business promotion program to expand existing businesses and attract new ones.

2. **ACTION:** Continue to offer small business commercial rehabilitation programs to rehabilitate deteriorated commercial buildings.

3. **ACTION:** Provide incentives for development of new or existing commercial and industrial facilities to encourage employment and investment in project areas.

D. GOAL: To develop and implement programs and projects which meet the Agency's inclusionary and replacement housing needs, increase, improve and preserve the County's existing and future affordable housing stock. Provide decent, safe and sanitary housing and living environments to low to moderate households and to ensure that building and safety standards are met by providing homeowners and investors with technical, financial and other related assistance. To eliminate substandard housing through the rehabilitation of deteriorated residential units, the Agency will:

1. **ACTION:** Continue the use of rehabilitation programs, which include the AGHL, EHR, HRP, HIP, SHR, MHRP, MHTL and THRP to help address the need for non-substantial and substantial rehabilitation in the redevelopment project area.

2. **ACTION:** Where deterioration makes rehabilitation infeasible the Agency will continue to demolish and replace dwelling units on a one-for-one, bedroom lost, bedroom replaced, basis at a cost affordable to or lower than the existing occupying household.

    a. **ACTION:** Increase homeownership opportunities for low and very low-income large family households through increased marketing of the RHP using 20% Low-Mod Funds.

    b. **ACTION:** Increase the supply of new rental housing for very low and low-income households in the unincorporated County through exploration of new and utilization of existing partnerships with both the non-profit and private sectors.

c. **ACTION:** Continue to monitor all Agency assisted housing projects to ensure compliance with affordability and maintenance requirements pursuant to existing covenants and agreements.

d. **ACTION:** Continue to implement and expand where feasible and possible the IHP in project areas to address underutilized and blighted parcels and increase homeownership among very low, low and moderate-income households.

E. Proposed Actions and Expenditures to Eliminate Blighting Conditions

The above section outlined the Agency's principal goals and actions over the next five years. These actions include public improvements as well as Agency-assisted private development and rehabilitation.

The Agency plans to continue to undertake a number of public improvement projects in the DCPA during the next five years. A number of these projects are currently underway and include street and drainage improvements and the construction of public facilities including a new community center and fire station. Additional public improvements are expected throughout the DCPA and consist primarily of circulation improvements and flood control and drainage infrastructure.

The Agency also plans to assist the private sector over the next five years in the DCPA. This assistance includes possible loans or grants to facilitate the rehabilitation of blighted commercial buildings and loans to help facilitate industrial development. Furthermore, these programs are also expected to contribute to the alleviation of blight by addressing conditions that lead to crime, deteriorated structures, underutilized land, incompatible land uses, the lack of adequate shopping, business out-migration and unemployment.

The Agency's efforts to enhance the commercial and/or industrial sectors of each of its redevelopment project areas consist of a variety of programs designed to address the needs of existing businesses and attract new businesses. Some of these programs have historically and will continue to include marketing campaigns, fast track permitting assistance, and job training and employment assistance.

Programs to increase, improve and preserve the supply of affordable housing will also be continued. High priority affordable housing projects are also assisted in the Agency's redevelopment project areas with fast track development review services and fee waivers.

The activities described above and in Attachment "A," are programs and projects the Agency believes represent important opportunities to alleviate blight in all redevelopment project areas, including the DCPA. During the five-year term of this *Implementation Plan*, other public and private programs may be judged both feasible and worthwhile. It is very likely that new development opportunities will arise once the proposed actions begin to have a positive effect on the individual communities located in the project area.

The Agency has identified the funding sources for the activities planned in the DCPA over the next five years. These funding sources, which are estimated to total about $139,933,002, include proceeds from the sale of tax allocation bonds supported by tax increment from the project areas and tax increment revenues over and above the amounts required to cover debt service on tax allocation bonds.

As specified in the CRL, the linkage of the Agency's ongoing and proposed programs to the alleviation of blighting conditions in the DCPA is identified in Attachment "B". The matrix in Attachment "C" details the Agency's proposed expenditures as they relate to the actions described in the above two sections. It should be noted that cost estimates are based on historical Agency expenditures, adjusted in each redevelopment project area for individual project area needs. Changes to the estimates for the DCPA will not require amendments to this *Implementation Plan*.

F. Estimated Affordable Housing Projections 2009-2014

Table 17 shows the projection of all households assisted by programs using the Low-Mod Fund within the project area. As shown, an estimated total of $14,525,000 will be expended within the project area.

TABLE 17										
All Households Assisted by Programs and Expenditures 2009-2014										
	Households					**Low-Mod Fund Expended**				
	EL	VL	L	M	Total	EL	VL	L	M	Total
EHR	2	2	1	-	5	$12,000	$12,000	$6,000	-	$30,000
HIP	2	2	1	-	5	$200,000	$200,000	$100,000	-	$500,000
MHRP	1	1	1	-	3	$180,000	$180,000	$180,000	-	$540,000
MHTL	4	4	4	3	15	$160,000	$160,000	$160,000	$120,000	$600,000
RDA	200	200	100	67	567	$4,523,800	$4,523,800	$2,261,900	$1,515,500	$12,825,000
SHR	3	2	-	-	5	$18,000	$12,000	-	-	$30,000
Total	212	211	107	70	600	$5,093,800	$5,087,800	$2,707,900	$1,635,500	$14,525,000

Attachment N provides an overview of all projections for all project areas and estimated expenditures.

Of all households assisted, Table 18 shows the projection of New Construction and Substantially Rehabilitated units. Programs under New Construction include development of single-family homes, multi-family complexes and mobile home parks. Programs under Substantially Rehabilitated include all programs that deal with substantial rehabilitation and may also include projects that do not fall under any of the programs. All programs and projects involving new construction and substantial rehabilitation include a 45-year or 55-year affordability covenants, depending on the project.

As shown, it is projected that a total of 582 units will be produced totaling $13,425,000 in the project area.

TABLE 19				
New Construction and Substantial Rehabilitation Projections 2009-2014				
	New Construction		Substantial Rehabilitation	
	Units	Low-Mod Funds	Units	Low-Mod Funds
RDA	567	$12,825,000	-	-
MHTL	15	$600,000		
Total	582	$13,425,000	-	-

Attachment O provides an overall view of all new construction and substantial rehabilitation to be completed within all project areas including estimated expenditures. Attachment P provides a breakdown of new construction and substantial rehabilitation units falling under the RDA housing program by project areas and includes housing projects located outside of the project areas.

Table 20 below shows the projected housing units broken down by income levels.

TABLE 20			
New Construction and Substantial Rehabilitation Projections by Income 2009-2014			
VL	**L**	**M**	**Total**
215	233	80	**582**

Table 21 is a projection of the inclusionary requirement for Agency assisted units. Actual housing production figures in the project areas may exceed or not meet the estimated figures during the period covered by this Implementation Plan based on the actual amount of Low-Mod Funds available and other circumstances that may arise. The figures below are only estimated projections.

TABLE 21			
Projected Agency Assisted Units for the Inclusionary Requirement			
	Total Required	**Low-Mod**	**Very Low**
Inclusionary Housing Requirement	175	87	88

G. Housing Conclusion

The Agency has been able to increase, improve and preserve the supply of housing affordable to very low, low and moderate-income households in the redevelopment project areas using the Agency Low-Mod Fund according to CRL Section 33334.2, 33334.4, 33334.6 and 33413. In addition, the Agency has met its replacement obligations and inclusionary requirements. Even though RHNA numbers were not met for the 2004-2009 years, the Agency will strive to meet those numbers for the 2009-2014 years.

It is the intent of the Agency to continue increasing, improving and preserving the supply of housing affordable to very low, low and moderate-income households. Its future projection of projects may increase or decrease as there may be unforeseen circumstances. However as the population of the County continues to increase there will continue to be a need to assist very low, low, and moderate-income households using the Low-Mod Funds.

VII. PLANNING AND ADMINISTRATIVE COSTS

Section 33334.3(d) of the CRL states that the Low-Mod Income Housing Fund be used to the maximum extent possible to defray the costs of production, improvement, and preservation of low- and moderate-income housing and that the amount of money spent for planning and general administrative activities associated with the development, improvement, and preservation of that housing not be disproportionate to the amount actually spent for the costs of production, improvement, or preservation of that housing. The Agency makes an annual finding that the use Low-Mod Housing Set-Aside Funds for planning and administrative costs is necessary due to the following conditions:

- Over 56,000 low and moderate-income households reside within the unincorporated area of Riverside County, and extensive neighborhood upgrades are necessary to improve the quality of life and eliminate health and safety threats that affect these residents.

- The Agency is actively involved in improving housing for low and moderate-income residents of the unincorporated county by providing rehabilitation loans and grants, and increasing the supply of housing by assisting in the construction of new housing that is affordable to persons of low and moderate-income.

- The Agency's efforts to meet the needs of low and moderate-income residents require extensive planning and program development efforts, and include numerous reporting requirements. In addition, public outreach is important to developing and implementing programs to meet the needs of these residents.

- The Agency's housing activities constitute a significant portion of the Agency's total activities.

Therefore, the Agency has determined that Low-Mod funds are necessary for the actual costs of administering the Agency's housing programs and implementing specific projects, and for the proportionate share of Agency planning and administrative costs. For the FY 2009-2014 Implementation Plan reporting cycle, planning and administrative costs paid from Low-Mod funds have averaged approximately 15% of planning costs; general Agency administration shall be proportionally paid from these funds as well, including the full cost of staff time to develop, implement and monitor housing projects.

VIII. CONCLUSION

Pursuant to Section 33490(a)(1)(A) of the CRL, this *Implementation Plan* for the DCPA, as detailed above, describes the specific goals and objectives of the Agency, as well as the specific programs, including potential projects, and estimated expenditures that will assist in the elimination of blight within the project area over the FY 2009-2014 reporting cycle. The Plan also describes the progress the activities the Agency has undertaken and the progress toward blight elimination within over the 2004-2009 reporting period. As stated in Section 33490(a)(1)(B), adoption of an implementation plan shall not constitute an approval of any specific program, project, or expenditure and shall not change the need to obtain any required approval of a specific program, project, or expenditure from the Agency or community.

Redevelopment, however, is a very fluid process that is subject to a myriad of changing issues and the forces of market dynamics. For these reasons, a provision for review and amendment to the *Implementation Plan* is included in Section 33490(c) of the CRL. This section states that, every agency, at least once within the five-year term of the plan, 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 for each redevelopment project within the jurisdiction and evaluating the process of the redevelopment plan. Pursuant to the code, the public hearing must take place no earlier than two years and no later than three years after the adoption of the implementation plan. In addition to the mandated review, the Agency may review and amend the goals, actions, and programs and their expenditures (following a noticed public hearing) at any time conditions require such an amendment.

ATTACHMENT A

Major Projects

Desert Communities Project Area (DCPA)

Project Name		July 2004 through June 2009 Expenditures
42nd Avenue Improvement Project	$	578,496.84
Art Sampson Library	$	2,291,888.42
Bermuda Dunes Community Service Center	$	133,427.55
Bermuda Dunes Park Planning	$	14,997.70
Bermuda Dunes Public Safety Office	$	191,423.73
Christian School of the Desert Project	$	5,292,142.50
DCPA Redevelopment Plan Amendment	$	99,566.97
Demolition Program	$	372,746.00
Desert Center Airport Acquisition	$	1,512,442.50
French Valley Airport Projects	$	219,570.70
Hemet Airport Master Plan	$	172,974.86
Hemet Ryan Airport Project	$	446,000.00
Irrigation Line Relocation	$	131,101.00
Jacqueline Cochran Airport Studies	$	301,392.20
Mecca Boys and Girls Club	$	715,178.89
Mecca Design Guidelines	$	111,912.90
Mecca Downtown Revitalization	$	312,979.37
Mecca Drainage Master Plan	$	98,066.58
Mecca Fire Station	$	4,257,780.92
Mecca Library	$	5,734,277.55
Mecca Roundabout	$	517,961.10
Mecca Senior Center	$	2,441,215.67
Mecca Social Services Facility	$	965,632.26
Mecca Street Improvements	$	1,134,820.55
Mecca and Thermal Playground Improvements	$	113,592.00
North Shore Community Center	$	586,943.03
North Shore Public Facilities Project	$	205,271.30
Ripley Community Park	$	699,330.17
Ripley Water System Improvements	$	333,357.00
Thermal Aviation Education Center	$	2,320,840.44
Thermal Design Guidelines	$	75,000.00
Thermal Fire Station	$	361,066.29
Thermal Irrigation Project	$	179,111.50
Thermal Revitalization Plan	$	975,358.40
Thermal Sheriff Station	$	9,471,058.29
Thermal Street Improvements	$	907,599.63
Thermal Water System	$	713,010.21
Thousand Palms Beautification	$	6,221,472.13
Thousand Palms Community Center Playground	$	866,445.69
Thousand Palms Fire Station	$	8,734,679.53
Varner Road and Monterey Avenue Project	$	2,130,781.19
Whitewater River Basin Improvements	$	2,065,243.00
TOTAL PROJECT AREA EXPENDITURES	**$**	**65,008,156.56**