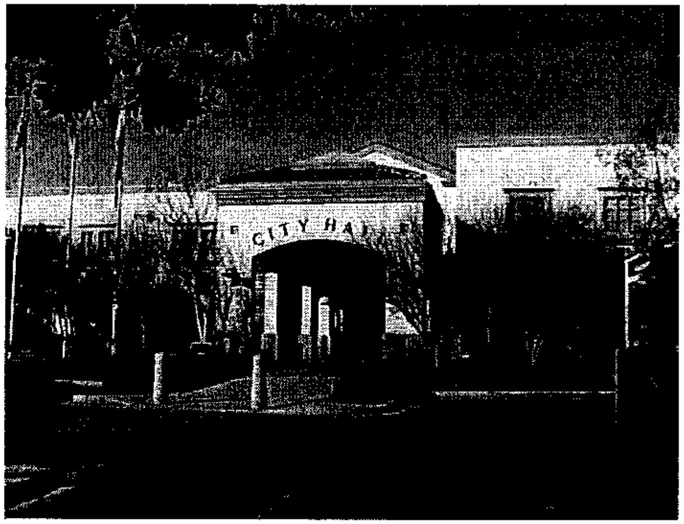

THIRD FIVE-YEAR IMPLEMENTATION PLAN FOR THE TOWN CENTER AND SOUTH CENTRAL REDEVELOPMENT PROJECT AREAS

(FY 2005-2006 to FY 2009-2010)

Tustin Community Redevelopment Agency

December, 2004

ACKNOWLEDGEMENTS

TUSTIN COMMUNITY REDEVELOPMENT AGENCY

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SUMMARY OF LEGAL REQUIREMENTS

California Community Redevelopment Law, Article 16.5, Section 33490

Section 33490(a) of the California Community Redevelopment Law requires each redevelopment agency to adopt an implementation plan every five years that includes:

- The Agency's specific goals and objectives for its redevelopment project areas.
- Specific programs, including potential projects, and estimated expenditures for the next five years (FY 2000-2001 through 2004-2005).
- An explanation of how these goals, objectives, projects, and expenditures will eliminate blight in the Project Areas.
- An explanation of how these specific goals, objectives, projects and expenditures will implement the low and moderate-income housing requirements mandated by law, including the following:

  1. An annual Housing Program for the five-year term that provides sufficient detail to measure performance of the Low and Moderate Income Housing Fund requirements.
  2. An enumeration of the number of housing units to be rehabilitated, assisted, price restricted, or destroyed during the term of the respective redevelopment plans for the Town Center and South/ Central redevelopment projects.
  3. An outline of the Agency's plan in using the Housing Trust Fund including annual deposits, transfer of funds, or accruals for special projects.
  4. An identification of programs and projects that will result in the destruction of existing affordable housing (if any) and the proposed locations for replacement housing.
  5. The Agency's Ten-Year Housing Affordability Compliance Plan as required by California Community Redevelopment Law, Sections 33413 and 33490 (a)(2).

This document has been prepared by the Tustin Community Redevelopment Agency ("Agency") pursuant to Article 16.5 of California Community Redevelopment Law ("CRL" or "State Law") (Figure I-1). It is the third Five-Year Implementation Plan ("Plan") for the Redevelopment Plans ("Redevelopment Plan(s)") for the Town Center and South Central Redevelopment Projects ("Project(s) " or "Project Areas") in the City of Tustin

Redevelopment agencies are required to adopt an Implementation Plan every five years. The Implementation Plan may include more than one project area. While the City Council adopted the MCAS-Tustin Redevelopment Plan in June 2004, an Implementation Plan for the MCAS Tustin Project Area was incorporated as Section VI to the Report to City Council and approved by the Agency at that time pursuant to Section 33342(c) of the CRL and is therefore not included in this Plan.

The purpose of the Plan is to revisit the redevelopment goals and objectives of each Project Area and provide an explanation of how proposed programs and expenditures will eliminate blight and provide for affordable housing. The elimination of blight, as defined in Figure I-2, is a fundamental purpose for redevelopment under the CRL and is discussed more fully in Section II of this Plan. The provision of affordable housing is another fundamental purpose under the CRL, which is addressed in Section III of this Plan. While identification of specific programs, including potential projects, and estimates of expenditures proposed to be made is required under State Law, the Implementation Plan should be viewed as a policy and program document. The intent is not to restrict the Agency's activities.

The Agency's Second Implementation Plan was adopted in 2000. A mid-term review and public hearing occurred in 2002, as required by State Law. This Third Five-Year Implementation Plan is intended to update information pertaining to the Agency's financial resources, planned programs, potential projects, and proposed expenditures. This Plan will also be subject to a mid-term review by the Agency Board of Directors.

A primary requirement of a Redevelopment Project and an Implementation Plan is to address the elimination of and the prevention of the spread of blight. Figure I-4 provides a summary of physical and economic blight conditions under the CRL. Some of the conditions continue to exist in the Town Center and South Central Project Areas and are addressed Section II of this Implementation Plan.

FIGURE I-2
PHYSICAL AND ECONOMIC BLIGHT DEFINED

California Community Redevelopment Law, Article 3, Sections 33030 and 33031

Sections 33030 and 33031 of the California Community Redevelopment Law define blight to include:

- Unsafe/Dilapidated/Deteriorated Buildings. 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 or deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.
- Physical Conditions that Limit the Economic Viability and Use of Lots and Buildings. Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This conditions can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.
- Incompatible Uses. Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area.
- Lots of Irregular Shape, Inadequate Size, and Under Multiple Ownership. The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.
- Inadequate Public Infrastructure/Facilities. The existence of inadequate public improvements, parking facilities, open space, or utilities. (1.)
- Depreciated/Stagnant Property Values; Impaired Investments. Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous waste that required the use of agency authority as specified in Article 12.5 (commencing with Section 33459).
- High Business Turnovers and Vacancies/Low Lease Rates/Abandoned Buildings/Vacant Lots. 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.
- Lack of Commercial Facilities. A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, banks, and other lending institutions.
- Residential Overcrowding/Excess Bars, Liquor Stores, Adult Businesses. Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults, that has led to problems of public safety and welfare.
- High Crime Rates. A high crime rate that constitutes a serious threat to the public safety and welfare.

(1.) At the time the Town Center and South Central Redevelopment Projects were adopted, Section 33032 of the Law (which was repealed in 1994) provided that a blighted area was one which was characterized by, among other things:
The existence of inadequate public improvements, public facilities, open spaces, and utilities which cannot be remedied by private or governmental action without redevelopment, and
A blighted area is currently defined as one that exhibits both physical and economic blight, and is characterized by the existence of inadequate public improvements, parking facilities, or both.

This Five-Year Implementation Plan presents summary information for the Agency's Town Center and South/Central Project Areas including a review of proposed programs, potential projects and estimated expenditures, and an explanation of how these will eliminate blight within the Project Areas and implement the low and moderate-income housing requirements.

This Plan is composed of two major components; a Five-Year Implementation Plan for Redevelopment Activities and a Five-Year Implementation Plan for Housing Activities.

The Five-Year Implementation Plan for Redevelopment Activities:

- revisits the goals and objectives of each Redevelopment Plan;
- defines the Agency's strategy to achieve the goals and objectives of each Redevelopment Plan;
- presents the programs, potential projects and estimated expenditures (other than those relating to low and moderate-income housing) that are proposed to attain the goals and objectives; and
- describes how the goals and objectives, programs and expenditures will eliminate blight within each of the Project Areas.

The Five-Year Implementation Plan for Housing Activities:

- shows how the statutory requirements for the set-aside and expenditure of tax increment for housing purposes will be met; and
- shows how residential development will be implemented in the Project Areas per the Agency's established goals and in compliance with the requirements of the CRL.

The intent of this Implementation Plan is not to restrict the Agency activities to the goals and objectives, programs, projects and expenditures that are described herein, since conditions, values, expectations, resources, and needs of the Projects may change from time to time. Rather, this Plan outlines the current expectations of the Agency for the next five years. The boundaries for the Town Center and South Central Redevelopment Project Areas are shown in Figures I-3 and I-4 respectively.

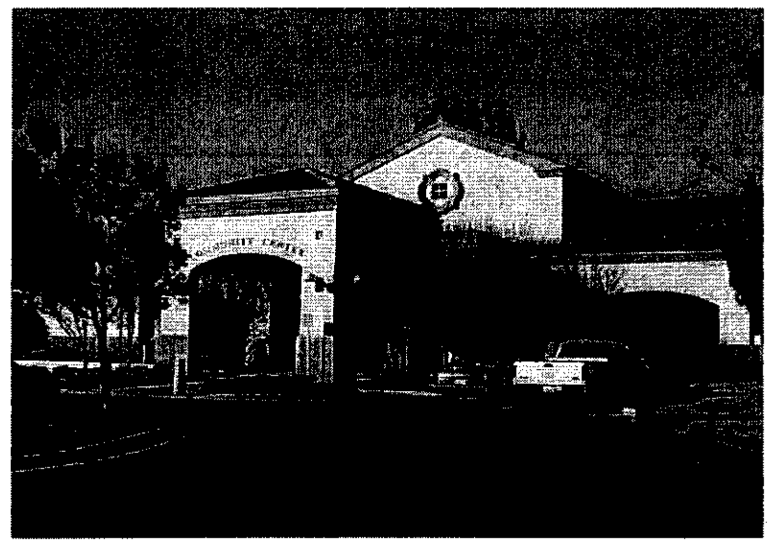


FIGURE I-3
TOWN CENTER REDEVELOPMENT PROJECT AREA

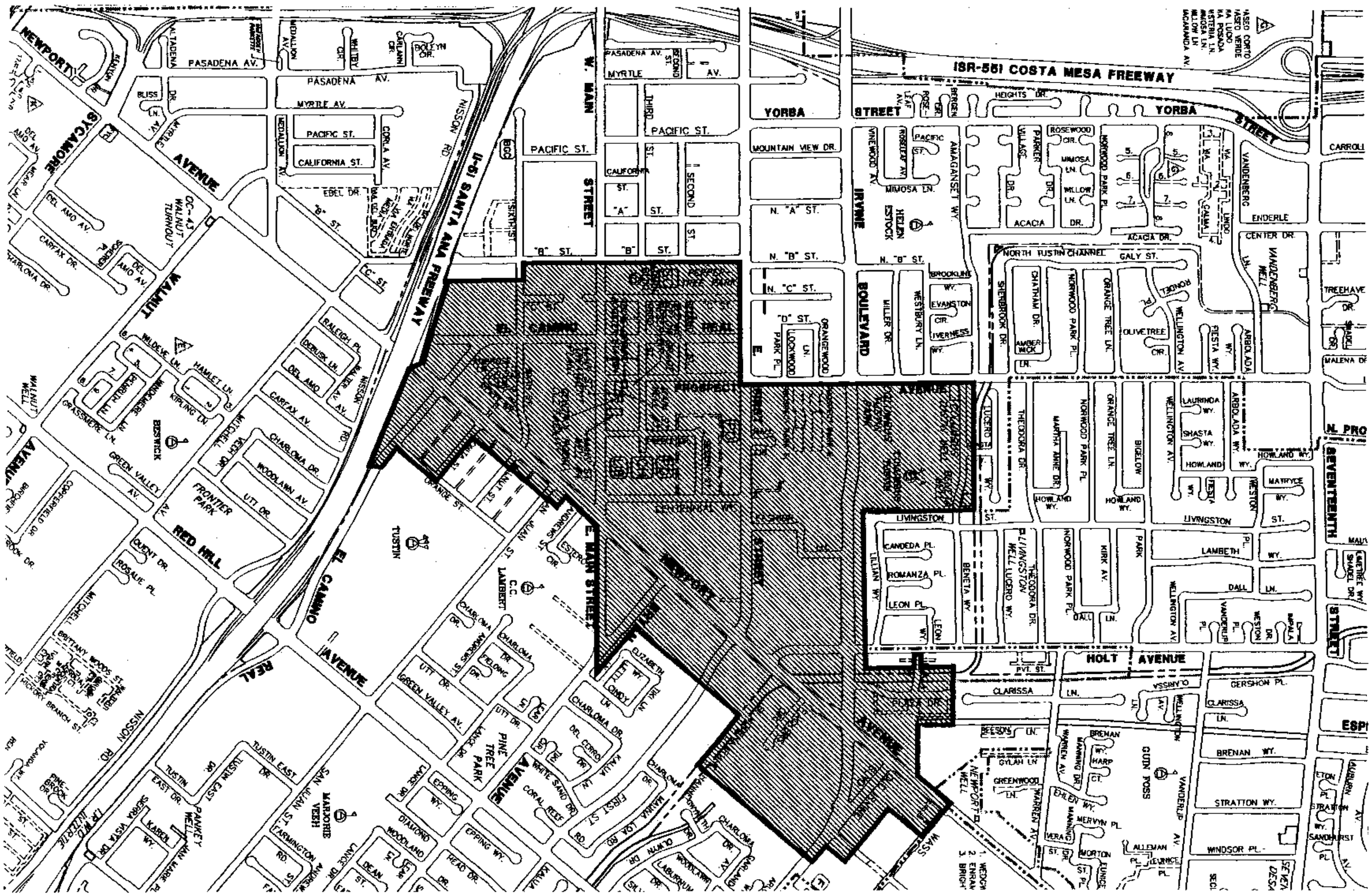
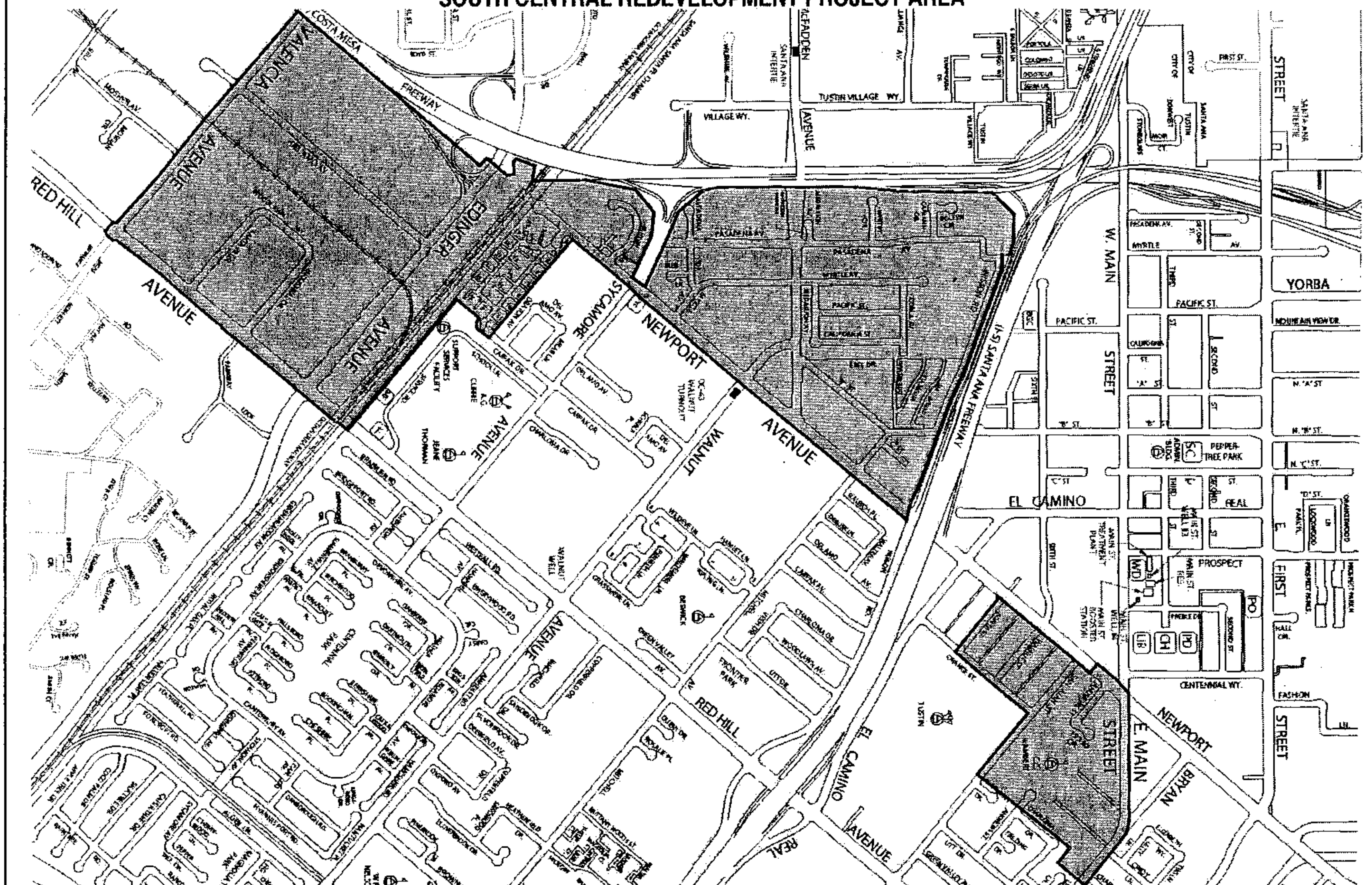


FIGURE I-4
SOUTH CENTRAL REDEVELOPMENT PROJECT AREA



FIVE YEAR IMPLEMENTATION PLAN

FOR

REDEVELOPMENT ACTIVITIES

TOWN CENTER REDEVELOPMENT PLAN

The Town Center Redevelopment Project Area is located in central Tustin and incorporates the historic "Old Town" and civic center and a majority of the commercial properties within the central portion of the City. The Town Center Project Area contains many of the City's retail and office jobs, and provides goods and services which serve the greater Tustin area. The Project Area is comprised of primarily commercial uses (approximately 90% of the Project Area land use). Relatively few residential uses exist in the Project Area.

The Redevelopment Plan for the Town Center Redevelopment Project Area was adopted on November 22, 1976 (Ord.No. 701). The Redevelopment Plan has been amended three times including: September 8, 1981 for the purpose of increasing the financial limitations, which were determined to be inadequate (Ord.No. 855); March 20, 1989 to revise and update the list of public improvements to include additional and previously unforeseen public improvements needed to further the goals and objectives of the Redevelopment Plan, extend the time limit on eminent domain, and further increase the financial limitations (Ord.No. 1021); and on November 21, 1994 to extend the time limits of the Redevelopment Plan pursuant to the provisions of California Assembly Bill 1290 (Ord.No. 1141).

The Redevelopment Plan for the Town Center Redevelopment Project Area lists six goals and objectives described in Figure II-1. Major elements of the Redevelopment Plan are summarized in Figure II-3.

FIGURE II-1

REDEVELOPMENT GOALS AND OBJECTIVES
TOWN CENTER PROJECT AREA

- To create a mixed use Town Center area that combines commercial, office, residential, and public uses, which will serve the needs of the community as well as encourage the healthy growth of the area.
- To encourage residential development by actively seeking private development in the redevelopment area.
- To increase the level of capital improvements such as the development of the Columbus-Tustin Park, parking facilities, sidewalk and street landscaping, street improvements, and related public improvement projects.
- To improve controlled development of the area to aid in harmonious and efficient development of the redevelopment area.
- To improve traffic circulation and access in the Town Center area as a means of reducing congestion, encouraging business development, attracting new customers to the area, alleviating pass-through traffic congestion and conflict, and improving safety.
- To revitalize and develop amenities in the Project Area, both publicly and privately financed, as a means of aiding the revitalization of the El Camino Real section of the Old Town district in particular.

SOUTH CENTRAL REDEVELOPMENT PLAN

The South Central Redevelopment Project Area is located adjacent to and south of the Town Center Project Area and is comprised of the original area and the added area. The Project Area contains residential uses, neighborhood-serving commercial uses, industrial/business park uses, and vacant land.

The Redevelopment Plan for the South Central Redevelopment Project Area was adopted on August 1, 1983 (Ord.No. 890) in response to the need for basic public improvements, concern for deteriorating conditions of the residential neighborhoods, and the circulation deficiencies in the Project Area. On July 15, 1985, the City Council amended the Redevelopment Plan to add the adjacent industrial area south of the AT&SF railroad right-of-way to Valencia Avenue (Ord.No. 939). The added area ("Amended Area") was included because development of the property was constrained until the proposed public improvements for the South Central Redevelopment Project Area, particularly the Newport Avenue extension and a new on/off ramp at Edinger Avenue and State Route 55 freeway were funded and completed. The Redevelopment Plan has been amended two additional times including: November 21, 1994 to extend the time limits of the Redevelopment Plan pursuant to the provisions of California Assembly Bill 1290 (Ord.No. 1142); and November 1, 1999 to re-establish the Agency's authority for eminent domain for a twelve-year period (Ord.No. 1223).

The Redevelopment Plan as amended for the South Central Redevelopment Project Area lists seven goals and objectives described in Figure II-2. Major elements of the Redevelopment Plan are summarized in Figure II-3.

FIGURE II-2

REDEVELOPMENT GOALS AND OBJECTIVES
SOUTH CENTRAL PROJECT AREA

- To acquire funds for housing assistance to low income families.
- To eliminate blight, due to the disuse of the land within the Project Area caused by inadequate public improvements, and the construction of major traffic circulation improvements that could not reasonably be expected to be made by private enterprise acting alone.
- To provide better emergency services to the Project Area with the construction of a grade separation for Newport Avenue and the AT&SF Railroad.
- To provide for development of land areas that cannot be developed due to the inadequacy of public improvements related to traffic circulation and storm drainage.
- To provide increased traffic capacity for Red Hill Avenue and Edinger Avenue and by providing an alternative north/south arterial.
- To extend Newport Avenue to relieve congestion at freeway interchanges and reduce the traffic demand on Red Hill Avenue.
- To redevelop and place abandoned industrial sites back into productive use, thereby creating employment opportunities and increased property values.

FIGURE II-3
PROJECT AREA DATA SUMMARY

	Town Center Redevelopment Project Area		South Central Redevelopment Project Area	
Project Area Size, Location and Characteristics	Approximately 360 acres encompassing the central area of Tustin comprised of residential and commercial uses, including the City's civic center and historic "Old Town" area.		Approximately 398 acres south of the Town Center Project Area encompassing of the original "Central" area comprised of commercial and residential uses, and the added "South" area comprised of light industrial and commercial uses.	
Redevelopment Plan Elements	**Date**	**Ordinance No.**	**Date**	**Ordinance No**
Redevelopment Plan Adopted (Ordinance Number)	November 22, 1976	Ord. No. 701	August 1, 1983	Ord. No. 890
Redevelopment Plan Amended	September 8, 1981 March 20, 1989 November 21, 1994 (AB 1290)	Ord. No. 855 Ord. No. 1021 Ord. No. 1141	August 5, 1985 November 21, 1994 (AB 1290) November 1, 1999 (AB 912)	Ord. No. 939 Ord. No. 1142 Ord. No. 1223
Redevelopment Plan Limits			**Original Area**	**Added Area**
• Last Date to Incur Project Area Indebtedness	January 1, 2004		January 1, 2004	July 15, 2005
• Redevelopment Plan Expiration Date *	November 22, 2016		July 15, 2015	July 15, 2015
• Last Date to Receive Project Area Tax Increment*	November 22, 2024		July 15, 2025	July 15, 2025
• Expiration Date for Eminent Domain Authority	April 20, 2001		December 1, 2011	December 1, 2011
• Total Amount of Permitted Bonded Debt	$35,000,000		$20,000,000	
• Maximum Amount of Tax Increment	$90,000,000 (80% funds) Exclusive of 20% set-aside		$2,500,000/annually	

Note: Redevelopment Plans Expiration Dates and Last Dates to Receive Project Area Tax Increment may be extended for one year for each year ERAF Payment is made to State pursuant to Health & Safety Code Section 33333.6 (revised per SB1045).

TOWN CENTER PROJECT AREA ACCOMPLISHMENTS

Since the Town Center Redevelopment Plan was adopted, the Agency has provided private development assistance for the rehabilitation of substandard and deteriorating structures and for the development of new commercial uses in the Project Area. The Agency has completed vital improvements to upgrade substandard public infrastructure and to provide needed public facilities to serve the surrounding community. The Agency has also provided expenditures for business assistance and outreach programs to support the retention of existing businesses and attraction of new businesses in the Project Area. In addition, the Agency, working with the private sector, has assisted in development of new retail commercial centers, offices, and new residential units in the Project Area. The Agency has also provided first time homebuyer loans to low and moderate-income households.

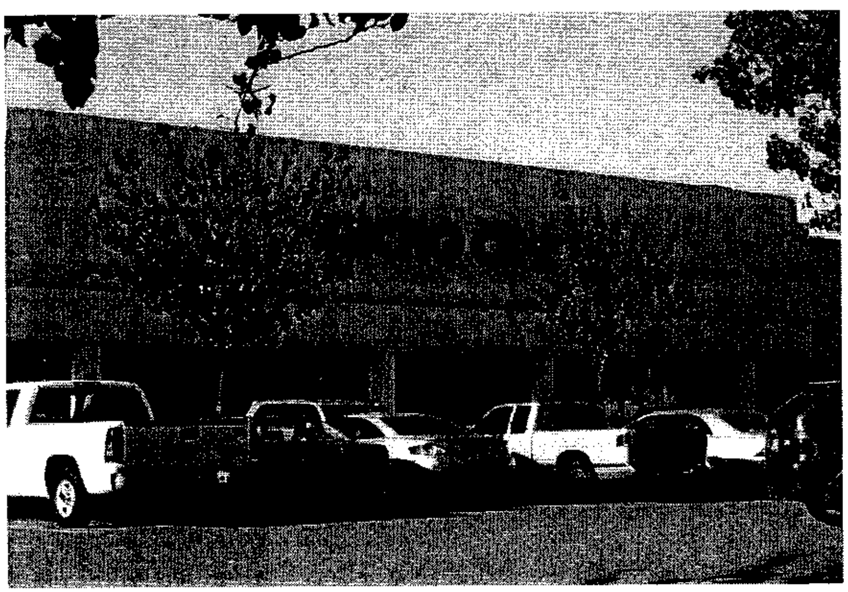
During the last five-year period the Agency participated with private property owners to rehabilitate commercial properties in the Project Area by providing financial assistance through the Commercial Rehabilitation Loan and Grant Program, and the development of 36 new construction single family residential units by providing financial assistance through the Agency's Low and Moderate-Income Housing Fund. The Agency also completed a major streetscape improvement project in the Old Town Tustin commercial district, including the installation of bump-out planters, landscaping, decorative paving, street lighting, accent lighting, street furnishings, signage, and alleyway improvements to further stimulate economic revitalization in the area.

The Agency completed the planning and disposition of the Prospect Village Project (the former Utt Juice property) for development of an approximately 40,200 square feet mixed-use retail, professional office and llive-work residential units, which is anticipated to break ground in Spring 2005 and provide a gateway to the Tustin Old Town commercial district. Preliminary planning and grant applications were also completed for the proposed Tustin Library project, as well as most of the related land acquisitions for the project.

Both Agency and private sector redevelopment activities have contributed to reducing the prevalence of blighting conditions in the Project Area, and to increase, improve and preserve the community's supply of affordable housing during the period of the Redevelopment Plan. Figure II-4 lists private development completed in the Town Center Project Area assisted by the Agency and Figure II-6 lists the public infrastructure projects completed by the Agency.

SOUTH CENTRAL PROJECT AREA ACCOMPLISHMENTS

Since the South Central Redevelopment Plan was adopted and amended, the Agency's efforts have been primarily centered on planning for redevelopment and addressing immediate needs for improving basic infrastructure in the Project Area. The Agency has completed numerous street, alley, lighting and landscaping improvements, and constructed public facilities to serve the surrounding community. Working with private sector developers, the Agency has assisted in developing new retail commercial and offices in the Project Area and has independently constructed community facilities benefiting the Project Area. The Agency also assisted private sector developers in the construction of new for-sale housing units in the Project Area, including units made available for purchase and occupancy by low and moderate households. In addition, the Agency has provided First Time Homebuyer Loans to assist low and moderate-income homebuyers to purchase residential units, and assistance to owners of single family homes and of multifamily rental units to rehabilitate structures through the Agency's Residential Rehabilitation Programs.



During the last five-year period, public improvement plans were completed for major roadway expansion projects and related utilities improvements in the Pacific Center East Specific Plan area, including the Edinger Avenue widening project, the Newport Avenue northbound State Route 55 freeway onramp reconfiguration, and the Newport Avenue north of Edinger extension, and property acquisitions related to the roadway projects were completed. The Agency also assisted in the development of a new construction 54-unit senior citizen rental housing project and a new construction 63-unit for sale family housing project adjacent to the Project Area, and continued assisting in the rehabilitation of family rental units in the Project Area.

These Agency redevelopment activities along with private sector development have served to reduce the prevalence of blighting conditions in the Project Area such as the disuse of land, substandard infrastructure, and inadequate public facilities.

Figure II-5 lists specific private development project completed in the South Central Project Area and assisted by the Agency and Figure II-6 identifies the public infrastructure projects completed by the Agency.

FIGURE II-4

SUMMARY OF MAJOR ACCOMPLISHMENTS TOWN CENTER REDEVELOPMEMT PROJECT AREA

TUSTIN COMMUNITY REDEVELOPMENT AGENCY
A SUMMARY OF MAJOR PROJECTS COMPLETED

TOWN CENTER PROJECT AREA

PROJECT	PROJECT ADDRESS	UNITS OR SQ. FT APPROX	BUILDING PERMIT VALUATION	AGENCY/ PUBLIC ASSISTANCE	RATIO PUBLIC/ PRIVATE INVESTMENT	ESTIMATED PERMANENT JOBS CREATED	ESTIMATED ANNUAL SALES TAX OR OTHER
Tustin Plaza	13681–91 Newport			$439,000	18.5/1		$93,000
Commercial		85,500	$4,859,002			244	
Office		46,500	$2,965,383			186	
Restaurant		5,000	$324,175			20	
Plaza La Fayette	13011–051 Irvine			$1,816,000	1.7/1		$61,000
Commercial		44,000	$2,459,928			125	
Restaurant		6,807	$610,241			20	
Larwin Square							$26,000
Retail Addition	494 E. First	5,000	$80,000	$0	1/0	14	
Office	225 Centennial	15,000	$341,700	$0	1/0	60	
Burger King	13421 Newport	3,030	$155,000	$0	1/0	9	
Von's Expansion & Remodel				$0	1/0		
Steven's Square							N/A
Office	210–50 Main	6,038	$1,900,400	$50,000	38/1	24	
Parking Struc.	445 "C"	246 Spaces	$880,000	$600,000	1.46/1		
Tustin Village Center							$14,500
Commercial	1081– 91 Main	25,546	$608,000	$0	1/0	73	
Restaurant	13612 Newport	3,994	$109,400	$0	1/0	12	
Tustin Courtyard							$221,000
Mervyns	18182 Irvine	72,000	$1,680,000	$0	1/0	206	
Sav-On	671 E. First	25,000	$600,000	$0	1/0	72	
Commercial	Holt/First	30,000	$694,500	$0	1/0	86	
Remodel	14901–14945 Newport	-	$995,000				
Tustin Heights Center	1096–1212 Irvine		$937,000	$0	1/0	104	$130,000
Ralph's Expansion & Remodel	1114–1212	364,000	$249,200	$0	1/0	-	
Lone Star Steak House	1222 Irvine		$600,000	$0	1/0		
Tustin Tire	135 S. Prospect	N/A	$91,407	$0	1/0	-	Confidential
SUBTOTAL			$21,140,336	$2,905,000		1255	$545,500

Tustin Community Redevelopment Agency
Major Projects - Town Center Project Area
Page 2

PROJECT	PROJECT ADDRESS	UNITS OR SQ. FT APPROX	BUILDING PERMIT VALUATION	AGENCY/ PUBLIC ASSISTANCE	RATIO OF PRIVATE PUBLIC INVESTMENT	ESTIMATED PERMANENT JOBS CREATED	ESTIMATED ANNUAL SALES TAX OR OTHER
Home Savings	18356 Irvine Blvd.	12,200	$641,000	$0	1/0	41	N/A
Tustin Plaza Auto Wash	22240 E. First St.	4,866	$325,240	$0	1/0	17	Confidential
Marshall's Center	600–712 El Camino Real	31,141	$285,000	$0	1/0	89	$93,000
Commercial	600 El Camino Real	4,000	$120,000	$0	1/0	12	N/A
Cerniche Office	730 El Camino Real	15,450	$1,249,000	$0	1/0	60	N/A
Tustin Motor Lodge	750 El Camino Real	4,000	$281,350	$0	1/0	5	Confidential
Retail Shops	220 El Camino Real	4,720	$160,000	$0	1/0	14	Confidential
Office	250 El Camino Real	23,376	$393,820	$0	1/0	94	N\A
Retail/Office	100 W. First St.	5,928	$107,890	$0	1/0	20	Confidential
Burnett-Ehline							$2,400
Office	18231 Irvine	18,600	$558,000	$0	1/0	75	
Office	18302 Irvine	47,244	$1,750,000	$0	1/0	189	
Lewis Properties	14772 Plaza	10,500	$493,000	$0	1/0	42	$600
Commercial Center	18331 Irvine	6,000	$145,000	$0	1/0	17	$5,400
Craddock	18301 Irvine	6,605	$275,000	$0	1/0	26	N/A
Commercial/Office	14251–71 Plaza	32,879	$768,500	$0	1/0	109	N/A
Office	161 Fashion Lane	53,000	$314,100	$0	1/0	212	$1,000
Clock Towers	14742 Plaza	11,000	$489,810	$0	1/0	44	N/A
Wellington Plaza	505–15 First St.	26,800	$865,190	$0	1/0	76	$3,500
Hummel Bldg.	13732 Newport Ave.	4,286	$131,150	$0	1/0	17	N/A
Prime Construction	150 El Camino Real	43,056	$1,300,000	$0	1/0	123	N/A
SUBTOTAL			$10,653,050	0		1282	$105,900

Tustin Community Redevelopment Agency
Major Projects - Town Center Project Area
Page 3

PROJECT	PROJECT ADDRESS	UNITS OR SQ. FT. APPROX.	BUILDING PERMIT VALUATION	AGENCY/ PUBLIC ASSISTANCE	RATIO OF PRIVATE PUBLIC INVESTMENT	ESTIMATED PERMANENT JOBS CREATED	ESTIMATED ANNUAL SALES TAX OR
Spirit Development	145 Main	5,035	$205,000	$0	1/0	20	$1,500
O'Connor	160–190 Prospect	15,000	$600,000	$0	1/0	60	N/A
La Mancha	450 E. First	5,000	$126,995	$0	1/0	14	N/A
Klages	181–85 El Camino Real	3,421	$172,000	$0	1/0	14	$2,300
Office	185–95 El Camino Real	9,000	$425,000	$0	1/0	36	N/A
Office	175 "C"	8,400	$341,360	$0	1/0	34	N/A
Restaurant Remodels							$23,000
China Palace	13444 Newport	7,000	$150,000	$0	1/0	20	
Faraday's	13102 Newport	5,400	$198,180	$0	1/0	15	
Don Jose's	14882 Holt	7,000	$200,000	$0	1/0	20	
Rafi's Cuban Café	425 El Camino	0	$82,790	$0	1/0	–	–
Packer's Square	13112–32 Newport	23,662	$1,305,300	$0	1/0	94	$14,000
FHP/Talbert Remodel	13132–52 Newport	0	$532,943	$0	1/1	–	
Townhouses	1042 Walnut	13 Units	$687,075	$0	1/0	–	N/A
Apartments	545 S. "B"	5 Units	$188,600	$0	1/0	–	N/A
Ambrose Lane Single Family Homes	Tract No. 15707 Sixth Street	36 units 8 Units Restricted	$9,603,500	$1,665,500	5.8 / 1		
Ford Retail Center Retail Rehabilitation	715-765 El Camino Real	8,611	$258,650	$190,000	1 / 2.7	5	
Old Town Plaza Retail Rehabilitation	301-307 El Camino Real	7,000	$123,750	$87,500	1 / 2.4	7	
Dr. Helm Chiropractic	215-217 El Camino Real	2,700	$500,000	$0	1 / 0	6	
Abertson / Savon Drug	13270 Newport Avenue	54,153	$2,826,785	$0	1 / 0	42	
Armstrong Garden Center	505 El Camino Real	6,400	$500,000	$0	1 / 0	12	
Office Rehabilitation							
	535 E. First Street	9,000	$1,530,000	$0	1 / 0	24	
	161 Fashion Lane	16,800	$400,000	$0	1 / 0	38	
SUBTOTAL			$20,957,928	0		327	$40,800
TOTAL			$52,751,314	$2,905,000		2864	$712,900

FIGURE II-5

SUMMARY OF MAJOR ACCOMPLISHMENTS SOUTH CENTRAL REDEVELOPMENT PROJECT AREA

TUSTIN COMMUNITY REDEVELOPEMTN AGENCY
A SUMMARY OF MAJOR PROJECTS COMPLETED

SOUTH CENTRAL PROJECT AREA

PROJECT	PROJECT ADDRESS	UNITS OR SQ. FT APPROX	BUILDING PERMIT VALUATION	AGENCY/ PUBLIC ASSISTANCE	RATIO OF PRIVATE TO PUBLIC INVESTMENT	ESTIMATED PERMANENT JOBS CREATED	ESTIMATED ANNUAL SALES TAX OR OTHER
Primrose	13882 Newport	8,000	$193,000	$0	1/0	27	$1,500
La Mancha Apartments	13842 Newport	9,750	$275,000	$0	1/0	33	$8,800
Colco	13812 Newport	9,600	$456,000	$0	1/0	27	$5,900
Tustin Royale Senior Apts	1262 Bryan	58 Units	$2,754,000	$0	1/0	15	N/A
Tustin Village Apartments	275 Sixth	140 Units	$232,000	$0	1/0	N/A	N/A
Pasadena Apartments	15642 Pasadena	11 Units	$945,708	$0	1/0	N/A	N/A
Newpoint Apartments	14901 Newport	144 units	$5,699,000	$0	1/0	N/A	N/A
Condominiums	15582-92 "B"	6 Units	$67,000	$0	1/0	N/A	N/A
Sand Dollar Apartments	15712-22 "B"	24 Units	$915,000	$0	1/0	N/A	N/A
Pacific Center East							
MicroCenter (Retail)	1100 Edinger	45,600	$1,120,000	$638,000	1.8/1	200	Confidential
Pacific Bell (R&D)	1252-1472 Edinger	224,500	$10,572,000	$0	1/0	748	$33,000
Norden (R&D)	15222 Del Amo	61,190	$2,710,000	$0	1/0	204	$10,600
Scantron (R&D)	1361 Valencia	75,900	$1,760,000	$0	1/0	253	$18,500
Resco	1421-81 Edinger			$250,000	8.4/1		$38,500
R & D		62,100	$1,722,000			207	
Restaurant		5,470	$391,000			16	
Solmar	1302 Industrial	12,000	$828,000	$0	1/0	40	$0
Tustin Freeway Center							
Retail	14051-61 Newport	31,947	$1,309,632	$0	1/0	106	$6,400
Carl's Jr.	14041 Newport	3,156	$235,009	$0	1/0	11	$11,000
SUBTOTAL			$32,184,349	$888,000		1887	$134,200

Tustin Community Redevelopment Agency
Major Projects - South Central Project Area
Page 2

PROJECT	PROJECT ADDRESS	UNITS OR .) SQ. FT (APPROX	BUILDING PERMIT VALUATION	AGENCY/ PUBLIC ASSISTANCE	RATIO OF PRIVATE PUBLIC INVESTMENT	ESTIMATED PERMANENT JOBS CREATED	ESTIMATED ANNUAL SALES TAX OR OTHER
Music Plus Plaza		18,200	$1,216,500	$0	1/0	61	$18,500
Tustin Grove Single Family Homes	Tract No.14934 Newport Avenue	145 Units (36 Units Income Restricted)	$17,154,603	$1,041,337	16.5/1	N/A	N/A
El Camino/Newport Center				$6,277	11.2/1	20	$15,732
Rally's	13982 Newport	1,294	$67,590				
Retail	13942–62 Newport	17,479	$786,455				
Sycamore Gardens Condo Conversion	14831 Newport	116 Units	$175,000	$0	1/0	N/A	N/A
Newport North Apartments Substantial Rehabilitation	15811 Pasadena			$0	1/0	N/A	N/A
Heritage Place Tustin Affordable Senior Apartments	Tract No. 1101 Sycamore Ave.	54 Units (53 Units Income Restricted)	$6,779,859	$350,000	19.4/1		
SUBTOTAL			$18,183,648	$1,047,614		20	$15,732
TOTAL			$50,367,997	$1,935,614		1907	$749,932

FIGURE II-6
PUBLIC INFRASTRUCTURE PROJECTS

<u>TOWN CENTER</u>:

- General street widening.
- Holt Avenue/State Route 55 storm drain improvements.
- Irvine Blvd. intersection improvements.
- Main St. banner pole Project.
- Restriping of Irvine Blvd.
- Street rehabilitation of Newport and Prospect Avenues.
- Traffic control improvements (i.e. increased lighting, signalization, traffic signs and left turn phasing lanes).
- Traffic signal installation at 1st and B Streets.
- Undergrounding of utilities.
- Tustin Water Yard Improvements
- Old Town Commercial District Streetscape Enhancement Project (street lighting, decorative paving, landscaping, furnishings, and signage).
- Street widening acquisitions and construction documents preparation for Irvine Boulevard and Newport Avenue intersection widening improvements.

<u>SOUTH CENTRAL</u>:

- Alley pavement improvements for alleys between Newport and Orange Avenues, south of San Juan St. and Newport and Bonita Avenues.
- C Street reconstruction.
- Edinger Ave. widening between SR-55 and Red Hill Ave.
- Engineering and environmental assessment of widening Valencia Ave.
- Extend Newport Ave. to Edinger, and eventually, Valencia Ave.
- General lighting improvements.
- Improvements to Del Amo Ave. in conjunction with the new off-ramp from SR-55 at Newport Ave.
- Installation of traffic signals at McFadden and Walnut Avenues.
- Mitchell Ave. pavement and right-of-way improvements.
- Newport Ave. road improvements from Sycamore to McFadden Avenues.
- Red Hill Ave. grade separation at the AT&SF railroad tracks.
- Street improvements coordinated with housing rehabilitation programs to fund off-site improvements (i.e. alley and right-of-way improvements).
- Studies, plans, engineering, and construction of a new off-ramp from SR-55 at Newport Ave.
- Widening, pavement improvements, and reconstruction of San Juan Street from Newport Ave. to Orange Ave.
- Street widening acquisitions and construction documents preparation for Edinger Avenue "Smart Street" project from SR-55 to Red Hill.
- Right-of-way acquisitions and construction documents preparation for Northbound Ramp SR-55 and roadway improvements.

The projects, programs and expenditures to be implemented over the next five years will depend on the level of financial resources available to the Agency. Available financial resources will include tax increment, after the Agency's 20% deposit to the low and moderate income housing set-aside fund, and revenue from bond proceeds, land sales, prior loan repayments, interest earnings, and new loans to the Agency.

Figure II-7 presents a summary of the estimated non-housing tax increment that may be available to the Agency over the next five years. The estimated available funds reflect the estimated non-housing tax increment minus estimated debt service payments.

An illustrative five year cash flow for non-housing activities is provided in Figure II-8, which includes the proposed programs and projects expenditures that are identified in the following section detailing the five year implementation activities.

For the Town Center Project, as of June 30, 2005 the estimated beginning Capital Projects fund balance is approximately $1.2 million. It is anticipated that approximately $6.2 million additional net tax increment will be generated resulting in approximately $7.4 million available to fund non-housing projects, programs and expenditures over the Implementation Plan's 5-year time period.

For the South Central Project, it is estimated that as of June 30, 2005 there will be a starting Capital Projects fund balance of approximately $3.0 million. It is anticipated that an additional $12.1 million in net non-housing tax increment will be generated over the next five years resulting in approximately $15.1 million available to fund non-housing projects and programs and expenditures over the Plan's time frame.

The Agency's funding for affordable housing activities from the set-aside fund is discussed in the housing activities section of this Plan.

FIGURE II-7

ESTIMATED NON-HOUSING TAX INCREMENT REVENUE

Estimated Available Resources	*Beginning Fund Balances*	*FY 05-06*	*FY 06-07*	*FY 07-08*	*FY 08-09*	*FY 09-10*	*TOTALS*
Town Center Project Area	$ 3,055,953*	$2,721,289	$2,802,928	$2,887,016	$2,973,626	$3,062,835	$14,447,693
Less Estimated Debt Payments:	*$ 1,820,880**	*$1,647,680*	*$1,642,030*	*$1,649,357*	*1,652,365*	*41,647,180*	*$ 8,238,612*
Estimated Available Funds:	$ 1,235,073*	$1,073,609	$1,160,898	$1,237,659	$1,321,261	$1,415,655	$ 6,209,081
South Central Project Area	$ 4,485,321 *	$ 2,332,147	$2,402,111	$2,474,175	$2,548,400	$2,624,852	$12,281,685
Less Estimated Debt Payments:	*$ 1,455,258 **	*$ 48,600*	*$ 48,600*	*$ 48,600*	*$ 48,600*	*$ 48,600*	*$ 243,000*
Estimated Available Funds:	$ 3,030,573 *	$2,283,547	$2,353,511	$2,425,575	$2,499,800	$2,576,252	$ 12,138,685

** Estimated beginning fund balances based on June 30, 2004 balances plus FY 04-05 fund deposits, minus FY 04-05 debt service and encumbrances (see Figure II-8).*

*** Estimated Non-Housing Tax Increment Revenues based on FY 03-04 deposits estimated to increase at 3% per year and adjusted for debt service.*

FIGURE II-8

FIVE YEAR NON-HOUSING ACTIVITIES ILLUSTRATIVE CASH FLOW

ESTIMATED REVENUES AND EXPENDITURES

South Central Project Area	Fund Balances	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	TOTALS:
Beginning Fund Balance *		$2,221,611	$3,030,573	$5,184,120	$1,357,631	$3,503,206	$5,823,006	
Estimated Non Housing Fund Deposits **		$2,264,220	$2,332,147	$2,402,111	$2,474,175	$2,548,400	$2,624,852	$12,381,685
Available Funds	$2,221,611	$4,485,831	$5,362,720	$7,586,231	$3,831,806	$6,051,606	$8,447,858	
Less: Annual Obligations:								
Debt Payments		$48,600	$48,600	$48,600	$48,600	$48,600	$48,600	$243,000
Estimated Admin. & Indirect Expenses		$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$450,000
Programs and Projects Expenditures ***		$1,316,658	$40,000	$6,090,000	$190,000	$90,000	$40,000	$6,450,000
Remaining Balance	$2,221,611	$3,030,573	$5,184,120	$1,357,631	$3,503,206	$5,823,006	$8,269,258	

Town Center Project Area	Fund Balances	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	TOTALS:
Beginning Fund Balance *		($441,075)	$1,235,073	$1,513,357	$863,255	$40,913	$1,112,174	
Estimated Non Housing Fund Deposits **		$3,497,028	$2,721,289	$2,802,928	$2,887,016	$2,973,626	$3,062,835	$14,447,693
Available Funds	($441,075)	$3,055,953	$3,956,362	$4,316,285	$3,750,270	$3,014,539	$4,175,009	
Less: Annual Obligations:								
Debt Payments		$1,647,680	$1,647,680	$1,642,030	$1,649,357	$1,652,365	$1,647,180	$8,238,612
Estimated Admin & Indirect Expenses		$80,000	$150,000	$150,000	$150,000	$150,000	$150,000	$750,000
Programs and Projects Expenditures ***		$93,200	$645,325	$1,661,000	$1,910,000	$100,000	$100,000	$4,416,325
Remaining Balance	($441,075)	$1,235,073	$1,513,357	$863,255	$40,913	$1,112,174	$2,277,829	

* FY 05-96 Beginning Fund Balance reflects the ending available funds balance as shown in the June 20,2004 audit that include the Capital Fund's Cash & Investments Assets, minus Account Payable and Accrued Liabilities, which is adjusted to reflect estimated FY 04-05 fund deposits and expenditures.

** Estimated Annual Deposits based on FY 03-04 deposits estimated to increase at 3% per year during the five-year period.

*** Programs and Projects Expenditures including administration and indirect expenses as discussed in the subsection for Implementation Activities.

The existing financial obligations for the Town Center and South Central Project Areas are described as follows:

TOWN CENTER EXISTING OBLIGATIONS

- **Bond Debt Service.**

On July 1, 1998, the Agency issued $20,805,000 Tax Allocation Refunding Bonds to refund the Agency's Town Center Area Refunding Bonds, Series 1987 and the Agency's Town Center Subordinate Tax Allocation Bonds, Series 1991. Net proceeds were used to purchase Government Securities for the Series 1987 and Series 1991 Bonds which were deposited in an irrevocable trust to provide for all future payments when the Series 1987 and 1999 Bond are called for redemption. According to the Agency's Finance Director, as of June 30, 2004, the long-term debt Balance on the 1998 Tax Allocation Refunding Bonds was $21,356,766. The annual debt payments including principal and interest will be approximately $1,648,000 and total $8,238,612 during the Plan's five year period.

- **Set-Aside for Low and Moderate-Income Housing Purposes.**

The CRL requires that all redevelopment agencies set aside not less than 20 percent of their annual gross tax increment revenues that must be deposited into a separate fund to facilitate the development of housing for persons with low and moderate incomes. Particulars regarding the estimated amount and planned usage of the set-aside funds are described in the Housing Section of this Implementation Plan.

- **Town Center Low and Moderate-Income Housing Set-Aside Deferral.**

Between fiscal years 1985-86 and 1991-92, the Agency deferred a total of $2,776,042 from its Low and Moderate-Income Housing Set-Aside Fund in order to pay existing obligation including bond debt service described above. Particulars regarding the deferral and the plan for payment from non-housing resources to eliminate the Set-Aside Fund deficit are described in the Housing Section of this Implementation Plan.

SOUTH CENTRAL EXISTING OBLIGATIONS

- **Set-Aside for Low and Moderate-Income Housing Purposes.**

The CRL requires that all redevelopment agencies set aside not less than 20 percent of their tax increment revenues to facilitate the development of housing for persons with low and moderate incomes. Particulars regarding the estimated amount and planned usage of the set-aside funds are described in the Housing Section of this Implementation Plan.

- **City Loan Repayment**

The City of Tustin has advanced a total of $3,000,000 to the Agency for administrative costs, which is a debt of the Agency requiring interest paid annually from available non-housing resources and principal to be paid prior to the last date to receive tax increment (July 15, 2025) under the South Central Redevelopment Plan.

Non-housing implementation activities for both Project Areas will be generally associated with the following major areas:

- Economic Development
- Community Facilities
- Public Infrastructure/Street Improvements

These programs must often coincide and be overlayed to produce a successful project. Infrastructure and community facility improvements may work in concert with a private development project to ensure the desired economic development objective is achieved. Traffic flow improvements can be used to protect and enhance neighborhoods while at the same time serve to stimulate private investment and economic expansion. Projects may vary dramatically during the next five years in reaction to market conditions and private development interest, but the three main programs will remain the focus of the Agency.

To support the major focus areas of the Implementation Plan, direct administration program support costs, as well as, indirect costs including planning, professional consulting and legal expenses will also be incurred.

The Agency's five-year implementation activities are based on the availability of funding from existing fund balances, bond proceeds and estimated future tax increment revenues not previously committed to existing financial obligations. In addition, financial resources from other City, State and Federal programs, including but not limited to, Community Development Block Grant (CDBG), economic development funds and capital improvement project funds may be used, if available, to assist in implementing the Agency's projects and programs.

The proposed projects, programs and the corresponding expenditures over the five-year period are designed to achieve the Goals and Objectives of this Third Implementation Plan and the elimination of blighting conditions. They are identified by Project Area in priority order as determined by the Agency. **However, financial resources are expected to be insufficient to complete implementation activities within the five-year time period.**

The CRL requires a five-year implementation plan regardless of economic conditions during the future five-year period. It should, however, be understood that the funding of identified programs is greatly influenced by economic conditions and the ability of the private sector to respond to Agency initiatives. Projects and expenditures rely on the private sector's ability to obtain funding, as well as the Agency's ability to maintain and increase tax increment revenues. If the Agency's revenues are depleted because of higher than projected expenditures or new requirements imposed by the State, it is unlikely that all of the projects and/or programs listed will be implemented.

Achievement of the Implementation Plan Goals and Objectives, and the implementation of the projects, programs and expenditures outlined in this Third Implementation Plan will assist in eliminating blight within the Town Center and South Central Redevelopment Project Areas. The relationship between the Goals and Objectives of the Implementation Plan, projects, programs and expenditures of the Implementation Plan, and the blight that will be eliminated is described in Figures II-10 and II-11. Private sector activities will additionally contribute to the removal of blight within the Project Areas and the the revitalization of the Project Areas

The Agency's housing activities are discussed in Section III of this Plan.

TOWN CENTER REDEVELOPMENT PROJECT AREA

The Agency's focus during the next five-year period for the Town Center Redevelopment Project Area is to concentrate on economic development, community facilities, and public infrastructure/street improvement programs identified below.

Implementation Plan Goals and Objectives

- Provide business assistance for rehabilitation, expansion and retention of existing and new businesses in the Project Area.
- Rehabilitate substandard and deteriorating structures to improve building conditions, increase functionality and desirability, and to integrate area-wide design characteristics with the aim to create a cohesive commercial district .
- Provide development assistance for new retail commercial uses to expand the community serving commercial core in the Project Area.
- Upgrade substandard public infrastructure systems and public facilities, and provide for the installation and construction of new public improvements to meet the requirements of existing and new development in the Project Area.

TOWN CENTER FIVE YEAR PROJECTS, PROGRAMS & EXPENDITURES

Economic Development Programs (\$350,000)

- Developer/Property Owner Assistance Program to support revitalization of the City's historic Old Town and adjacent areas within the Town Center Project Area. The type of assistance may include, but not be limited to land assembly and resale to private developers, land preparation, off-site improvements, fee payments, design and engineering assistance, development loans (as may be allowed under the law), development of parking facilities.
- Owner Assistance/Commercial Rehabilitation Program to provide financial assistance in the form of loans and grants for historic preservation, building and code compliance, building renovation and façade improvements.
- Business Assistance and Outreach Program to support the retention of existing businesses and attraction of new businesses. Expenditures would include, but not be limited to such items as brochures, and marketing materials.

Community Facilities Programs (\$4,00,000)

- Tustin Library - expansion and/or renovation of the facilities if supported by a State Library Bond Act Grant, developer contributions, and potential Tustin Legacy project contributions.
- Stevens Square Parking Structure - provision of additional pedestrian access.
- 420 El Camino Real Property Improvement – installation of street front landscape improvements.

Public Infrastructure/Street Improvement Programs *($67,000)*
)

- East Alley (Prospect Lane) Enhancement Project - implementation streetscape/pedestrian improvements in historic Old Town area including street planting and lighting improvements supported by CDBG funding.
- Old Town Signage Program – installation of way finding signs throughout commercial district.
- Prospect Avenue Enhancement Project - implementation of roadway and pedestrian improvements between Main Street and 3rd Street supported by CDBG funding.
- Irvine Boulevard Storm Drain Projects - improvements between El Modena-Irvine Channel and State Route 55.
- Lighting and Traffic Control Projects - general improvements as determined needed to upgrade existing street lighting, traffic signal synchronization or phasing and/or new traffic control installation, also includes lighting and pavement improvements to private and public alleys.
- Utilities Improvement Program - underground utilities in the City's historic area.

Agency Administrative Program Support and Indirect Costs Incurred by City *($750,000)*

The Agency may also make payments to reduce the Low and Moderate Income Housing deficit, if additional tax increment funds are available during the Plan's five year period.

Proposed Projects, Programs and Expenditures Relationship to Blight

The CRL requires an explanation of the relationship between proposed projects, programs and expenditures to the elimination of blight with the project area during the period of the Plan. At the time the Town Center Redevelopment Plan was adopted, the plan spoke to health and safety conditions of buildings, and the factors that characterize economic dislocation, deterioration or disuse. Briefly, a blighted area is one that contains specific conditions and factors resulting in the lack of proper utilization of the area that constituted a serious burden on the community and that could not be alleviated by private enterprise acting alone.

The Implementation Plan Goals and Objectives represent the Agency's near-term direction to continue the elimination of blight by providing assistance to strengthen the business environment of the Town Center Project Area. Specifically, the Implementation Plan Goals and Objectives will help the revitalize the building stock by improving deteriorated building conditions and correcting deficiencies among aged buildings. Goals and Objectives to upgrade and install public improvements and facilities, and to provide assistance to existing businesses, new businesses, and new development will help foster economic growth and correct or prevent conditions that may result in depreciated values, impaired investments and economic maladjustment, while facilitating the construction of necessary public infrastructure.

Although both Agency assisted and private sector redevelopment activities have made major contributions to an improvement in the building stock in the project area and to an improvement to the prevalence of depreciated values, impaired investments and economic maladjustment in the Project Area, some of the conditions still remain to be addressed under this Third Implementation Plan.

The following is a list of major blighting characteristics identified in the Town Center Redevelopment Plan and how the proposed Agency activities during the next five-year period will eliminate or prevent the spread of these blighting conditions within the Project Area:

- ***Deterioration, Age and Obsolescence.*** Several buildings and retail centers in the Project Area remain characterized by deterioration, age and obsolescence. These properties do not appear to meet the changing needs of the commercial/retail sector and are no longer economically competitive in today's markets. The Economic Development program is proposed to correct these conditions and eliminate this blighting condition in the Project Area.

- ***The Existence of Inadequate Public Improvements and Utilities Which Cannot be Remedied by Private or Governmental Action Without Redevelopment.*** Targeted areas in need of public improvements upgrades or new construction remain in the Project Area. Public parks serving the surrounding community are in need of upgrades and renovation, while traffic control and circulation measures continue to be needed. The Agency wishes to maintain its level of commitment to improving the public infrastructure serving the Project Area by continuing a Community Facilities Program and Public Infrastructure and Street Improvement Programs.

- ***A Prevalence of Depreciated Values, Impaired Investments and Economic Maladjustment.*** Although conditions have slowly improved because of redevelopment activity in the Project Area, some problems including the lack of parking, vacant land, outdated building conditions, underperforming property values, and a lack of investment still remain. All of the Programs and Expenditures proposed under this Third Implementation Plan will address these blighting conditions.

The matrix provided in Figure II-9 summarizes the relationship between the Implementation Plan's goals and objectives and the Plan's proposed projects, programs and expenditures to the remaining blighting conditions.

FIGURE II-9
TOWN CENTER PROJECT AREA
BLIGHT ELIMINATION RELATIONSHIP TABLE

GOALS & OBJECTIVES	Deterioration, Age & Obsolescence	Inadequate Public Improvements & Utilities	Depreciated Values, Impaired Investments & Economic Maladjustment
Provide business assistance for rehabilitation, expansion and retention of existing and new businesses.	X		X
Rehabilitate substandard and deteriorated structures to improve building conditions, increase functionality and desirability, and to integrate design characteristics.	X		
Upgrade substandard public infrastructure systems and public facilities, and provide for the installation and construction of new public improvements to meet the needs of the Project Area.		X	
Provide direct assistance for the development of new commercial uses.	X		X
PROGRAMS & EXPENDITURES			
Economic Development Programs	X	X	X
Community Facilities Programs		X	
Public Infrastructure/Street Improvement Programs		X	X

Note: Administrative program support and indirect costs incurred by the City in administering Redevelopment Agency project areas support all programs and expenditures.

SOUTH CENTRAL REDEVELOPMENT PROJECT AREA

The Agency intends to concentrate its redevelopment efforts in the South Central Project Area during the next five-year period on economic development, public infrastructure/street improvement and community facilities programs. These programs will allow funding to alleviate substandard infrastructure in the Pacific Center East Specific Plan Area and to alleviate traffic congestion throughout the Project Area. The Specific Plan is the primary devise for implementing the land use and infrastructure provisions of the Redevelopment Plan for the amended area of the South Central Project Area. While concentrating efforts within the Pacific Center East Specific Plan Area, the Agency also wishes to continue its public improvement program in the remainder of the Project Area.

Implementation Plan Goals and Objectives

- Provide direct assistance to support and facilitate development, to preserve the City's employment base, and to provide for an integrated business park environment which capitalizes on market opportunities and which is compatible with adjacent land uses.

- Provide assistance to the private sector through the construction of circulation improvements designed to facilitate access to underutilized sites.

- Upgrade substandard public infrastructure systems and public facilities, and provide for the installation and construction of new public improvements to meet the requirements of existing and new development in the Project Area.

South Central Five Year Projects, Programs and Expenditures

Economic Development Programs *($200,000)*

- Developer/Property Owner Assistance Program to support development and revitalization within the South Central Project Area. The type of assistance may include, but not be limited to land assembly and resale to private developers, land preparation, off-site improvements, fee payments, design and engineering assistance, development loans (as may be allowed under the law), development of parking facilities.
- Business Assistance and Outreach Program to support the retention of existing businesses and attraction of new businesses.
- Expenditures would include, but not be limited to such items as brochures and marketing materials.
- Augmentation of CDBG funding for City's graffiti removal program.

Community Facilities Programs *($200,000)*

- Recreational Facilities Program - improvements for existing facilities and the construction of recreational open space to serve the surrounding community.
- Tustin Family and Youth Center Expansion - additional land acquisition.
- Tustin Family and Youth Center Playground Improvements – installation of additional playground equipment.

Public Infrastructure/Street Improvement Programs *($6,050,000)*

- Newport Avenue/State Route 55 Northbound Ramp Reconfiguration - relocation of existing ramps including construction of new ramps, demolition of existing ramps, construction of Newport Avenue between Edinger and Valencia, and realignment and construction of Del Amo, between Edinger and the newly constructed ramp.

Public Infrastructure/Street Improvement Programs (continued)

- Newport Avenue Extension North of Edinger Avenue - extension from existing Newport Avenue terminus south to Edinger Avenue.
- Edinger Avenue Widening - widening to major arterial smart street standards between State Route 55 and 1,400 feet east of Red Hill Avenue with intersection enhancements and traffic control improvements.
- Valencia Avenue Widening - widening of right-of-way and intersection improvements per the Pacific Center East Specific Plan and traffic control improvements.
- Red Hill Avenue Widening - widening of right-of-way and intersection improvements between Edinger Avenue and Valencia Avenue per the Pacific Center East Specific Plan.
- Lighting and Traffic Control Projects - general improvements as determined needed to upgrade existing street lighting, traffic signal synchronization or phasing and/or new traffic control installation, also includes lighting and pavement improvements to private and public alleys.

Agency Administrative Program Support and Indirect Costs Incurred by City ($450,000)

Proposed Projects, Programs and Expenditures Relationship to Blight

The CRL requires an explanation of the relationship between proposed projects, programs and expenditures to the elimination of blight with the project area during the period of the Plan. At the time the South Central Redevelopment Plan was adopted, the plan spoke to health and safety conditions of buildings, and the factors that characterize economic dislocation, deterioration or disuse. Briefly, a blighted area is one that contains specific conditions and factors resulting in the lack of proper utilization of the area that constituted a serious burden on the community and that could not be alleviated by private enterprise acting alone.

The Implementation Plan Goals and Objectives represent the Agency's near-term direction to continue the elimination of blight by providing support to the industrial sector of the South Central Project Area, thus expanding the industrial base of the City and increasing employment opportunities. Specifically, these Implementation Plan Goals and Objectives will help to facilitate private sector development by assisting existing and new businesses. New development will also foster new economic growth and correct conditions of depreciated values, impaired investments and economic maladjustment by returning the land to proper utilization.

Although the Agency has undertaken an extensive public improvement program within the Project Area which has corrected several deficiencies, targeted areas in need of public improvement upgrades or new construction remain.

The following is a list of major blighting characteristics found in the South Central Project Area and how the proposed Agency activities during the next five-year period will reduce the prevalence of these blighting conditions.

- **The Existence of Inadequate Public Improvements and Utilities which cannot be Remedied by Private or Governmental Action Without Redevelopment.** Access between the northern portion and the southern portion of the Project Area is restricted because of the lack of through streets. While Red Hill provides the only north-south access route in the surrounding area, it does not provide direct access between the south (essentially the 1985 Amendment Area) and the central area of the Project Area. In addition, further development within the Pacific Center East Specific Plan area is restricted because of a lack of necessary public improvements, particularly circulation improvements to provide access to various sites. The Agency intends to facilitate development within this area and to eliminate the lack of proper utilization and prevalence of vacant sites within this area through the Public Infrastructure/Street Improvement Program.

- **A Prevalence of Depreciated Values, Impaired Investments and Economic Maladjustment.** The Amendment Area will continue to suffer from a lack of proper utilization because an inadequate infrastructure system. Extraordinary high costs are required to correct these deficiencies. The Agency is proposing to contribute to the construction of off-site circulation system improvements, freeway ramp improvements, and street improvements to provide better access to and within the Amended Area. The Agency is also proposing to continue the Economic Development Programs to foster economic vitality in the South Central Project Area.

- **The Existence of Inadequate Public Infrastructure/Facilities.** While the Agency has made contributions to constructing recreational facilities for elementary and middle school age children, young adults and families in the Project Area, target areas remain to be adequately served and in need of improvements or new construction. The Agency proposes to maintain its level of commitment to improving the public infrastructure and facilities in the Project Area by continuing the Community Facilities Program.

The matrix provided in Figure II-10 summarizes the relationship between the Implementation Plan's goals and objectives and the Plan's proposed projects, programs and expenditures to the remaining blighting conditions.

FIGURE II-10

SOUTH CENTRAL PROJECT AREA
BLIGHT ELIMINATION RELATIONSHIP TABLE

GOALS & OBJECTIVES	Deterioration, Age & Obsolescence	Inadequate Public Improvements & Utilities	Depreciated Values, Impaired Investments & Economic Maladjustment
Provide direct assistance to support and facilitate development, to preserve the City's employment base, and to .provide for an integrated business park environment which capitalizes on market opportunities and which is compatible with adjacent land uses.	X		X
Provide assistance to the private sector through the construction of circulation improvements designed to facilitate access to underutilized sites.		X	X
Upgrade substandard public infrastructure systems and public facilities, and provide for the installation and construction of new public improvements to meet the needs of the Project Area.	X	X	X
PROGRAMS & EXPENDITURES			
Economic Development Programs	X	X	X
Community Facilities Programs		X	
Public Infrastructure/Street Improvement Programs		X	X

Note: Administrative program support and indirect costs incurred by the Redevelopment Agency project areas support all programs and expenditures.

FIVE YEAR IMPLEMENTATION PLAN

FOR

HOUSING ACTIVITIES

HOUSING ACTIVITIES INTRODUCTION

The housing component of the Implementation Plan is a complement to the Implementation Plan. The Plan presents the Agency's explanation of how specific goal and objectives, and proposed projects, programs and expenditures will implement the low and moderate income housing requirements mandated by law, including the following:

1. An annual Housing Program for the five-year term that provides sufficient detail to measure performance of the Low and Moderate Income Housing Fund requirements.

2. An enumeration of the number of new, rehabilitated, assisted, price restricted, or destroyed housing units during the term of the respective redevelopment plans for the Town Center and South Central Redevelopment Project Areas.

2. An outline of the Agency's plan in using the Affordable Housing Set-Aside Fund including annual deposits, transfer of funds, or accruals for special projects.

4. An identification of programs, and projects that will result in the destruction or removal of existing affordable housing, if any, and the proposed locations for replacement housing.

5. The Agency's Ten-Year Housing Affordability Compliance Plan as Required by California Community Redevelopment Law (CRL) Sections 33413 and 33490(a)(2).

Much of the information, including components of the Agency's housing implementation plan are based on the City and Agency's Comprehensive Affordability Strategy for fiscal years 2000-2001 through 2009-2010, and the City's Housing Element adopted November, 2002. Implementation of the Plan will ensure consistency with and achievement of the goals and objectives of the City's Housing Element and other housing related requirements contained in the CRL.

An agency's major housing responsibilities generally fall under four broad categories including: 1) the set-aside of 20 percent of gross tax increment revenue for low and moderate income housing (Sections 33334.2 and 33334.6); 2) the creation of housing affordable to low and moderate-income persons and families based on the production of all new or substantially rehabilitated dwelling units (Section 33413); 3) the replacement of low and moderate income dwelling units removed as a result of Agency activity (Section 33413); and 4) the proportional expenditure from the 20 percent set-aside fund on housing for low and very low income persons based on community need (Section 33334.4).

A discussion of each of the four categories is provided in this Housing Activities component of the Implementation Plan.

Section 33334.2 of the CRL requires, for every redevelopment plan adopted or amended to add territory on or after January 1, 1977, no less than 20 percent of the tax increment received by the agency from a redevelopment project (or area added by amendment) be set aside for increasing, improving and preserving the community's supply of low and moderate income housing. The revenues may be expended inside or outside of a project area. If expended outside the project area, a resolution must be adopted stating that outside expenditures are of benefit to the project area. The set-aside funds are to be held in a separate Low and Moderate Income Housing Fund until used. Any unexpended amount in the Low and Moderate Income Housing Fund that exceeds the greater of one million dollars or the aggregate amount deposited during the preceding four fiscal years (beginning in 1989-1990) becomes excess surplus.

For redevelopment plans adopted before January 1, 1988, the 20 percent set-aside was required beginning in the 1985-1986 fiscal year pursuant to Section 3334.6 of the CRL. However, an agency could reduce and defer its low and moderate income housing deposit requirement in any fiscal year if it found that the reduction was necessary to make payments on "existing obligations" (i.e., indebtedness incurred prior to January 1, 1986), and for fiscal years 1995-1996 only to fund "public and private projects, program or activities" approved by the agency prior to January 1, 1985 (Section 33334.6). If such a reduction was made, a statement of Existing Programs, or a Statement of Existing Obligations, or both had to be adopted by September 1, 1986 and filed with the Department of Housing and Community Development. The 20 percent set-aside or a portion of it could be only deferred until July 1, 1996, at which time full deposits had to be made. A deficit elimination plan was also required to be prepared to outline the agency intentions on expending the amount equal to the difference between the required 20 percent tax increment set-aside and the actual amount deposited, if any, for each year a deposit was reduced.

DEFERRALS WITHIN THE TOWN CENTER PROJECT AREA

The Town Center Redevelopment Project Area is subject to Section 33334.6 of the CRL, which applied the low/moderate housing set-aside requirement to pre-1977 projects. Section 33334.2 of the CRL also enabled the elimination or reduction of the annual housing fund deposit if the agency made findings regarding the lack of need for low/moderate housing in Tustin or the sufficiency of less than 20% of the Project Area's tax increment to meet the need that does exist. In addition, if a project had obligations that were incurred prior to the set-aside requirement, the agency could also defer the annual set-aside deposit as necessary to meet its earlier obligations. The Agency adopted such a Statement of Obligations for the Town Center Project and in fiscal years 1985-1986 through 1991-92 deferred the deposit of approximately $2.8 million into the Housing Fund.

In accordance with CRL requirements, the Agency adopted an amended Deficit Reduction Plan in May 2000 for elimination of the deficit caused by the deferral., Per the Amended Plan, commencing in FY 2005-2006 the Agency will deposit to the Housing Fund an amount equal to 20% of the net tax increment available in any year the that the tax increment equals at least 125% of the non-housing activities annual obligations.

DEFERRALS WITHIN THE SOUTH CENTRAL PROJECT AREA

Because the Redevelopment Plan for the South Central Redevelopment Project Area was adopted after January 1, 1977 the provisions of Section 33334.2 regarding the set-aside of 20% of tax increment for low/moderate housing purposes apply. The requirement for the South Central Project Area provide the same options for reducing or eliminating the set-aside deposit in a given year as discussed above. The Agency has not deferred any deposits in the South Central Housing Fund.

Housing Funds Available

Figure III-1 summarizes the estimated amount of beginning balances in the Housing Fund and the projected tax increment deposits into the Housing Funds for the Town Center and South Central Project Areas during the Implementation Plan's five-year period. While the projected set-aside tax increment revenues shown are based on the amounts deposited in FY 03-04 and estimated to increased at 3 percent per year, the actual housing set-aside deposits could be more or less than the amounts shown.

FIGURE III-1
SUMMARY OF HOUSING SET-ASIDE FUNDS

	Town Center	South Central
Estimated Beginning Fund Balance *	$ 554,000	$ 4,726,300
Estimated Tax Increment Deposits **	$ 3,611,900	$ 3,095,400
Five-Year Totals:	$ 4,165,900	$ 7,821,700
Combined Fund Amount :		**$11,987,600**
Interest Earnings * :**		**$ 400,000**
TOTAL AVAILABLE FUNDS (Over Next Five-Year Period)		**$ 12,387,600**

* Balance as of June 30, 2004 , adjusted to reflect encumbrances and obligations.
** Set-Aside Fund Tax Increment Deposits estimated to increase 3% per year.
*** Interest Earning estimated at 2.5% based on 50% of outstanding balance at any time..

The Agency anticipates funding the available housing set-aside resources for affordable housing activities within the five-year Implementation Plan time frame. The Agency also may also use Home Funds and federal CDBG Funds, if needed, to accomplish the goals and objectives of the Implementation Plan.

Housing Fund Programs, Projects and Expenditures

A description of the projects and program expenditures comprising the Agency's housing activities during the next five and ten-year periods is provided in the following:

1. *Low & Moderate Income Homebuyer Program* ($2,375,000)

The Homebuyers Program is comprised of three major components:

- Homebuyer Assistance Loans which consists of the provision of deferred payment loans secured by second deeds of trust to fund the "gap" between the affordable housing cost and the fair market value of a unit to reduce the overall mortgage cost of a home to levels supportable to low-mod buyers. Homebuyer Assistance Loans may be made for properties located city-wide.
- Low Interest Mortgage Loans consists of referring potential homebuyers to banks and other lenders that offer below market down payment requirements to qualified buyers.
- Mortgage Credit Certificate Program (MCCP) administered by the County of Orange, the program provides federal income tax credits as a form of assistance to homebuyers. During the last reporting period, the County of Orange has funded the administrative costs of the MCC program.

2. *Preservation of Existing Housing* ($750,000)

- Preservation of the Tustin Gardens Apartments, a 101-unit Section 221(d)(4) senior project with a Section 8 contract that expired but has been extended on an annual basis. The units are defined as "at risk" under CRL and will require Agency assistance if the owner elects not to renew its annual contract at any time.

3. *Rehabilitation of Existing Housing Stock* ($3,450,000)

- Owner Occupied (1 to 2 units) Rehabilitation Loans and Grants to continue to provide rehabilitation loans and grants for owner-occupied single family properties within certain specified target areas for households at or below 120% of the median income, adjusted for family size.
- Rental Rehabilitation Loans and Grants to owners rental properties in need of moderate rehabilitation where at least 51% of the tenants are at or below 120% of medium income and remain within the Fair Market Rent (FMR) levels for a period not less than the period of land use controls established in the respective Redevelopment Plan.
- Multifamily Acquisition, Rehabilitation and Conversion to Ownership Housing for smaller apartment projects containing two to eight units each which could be acquired, rehabilitated, converted to condominiums and sold to qualified homebuyers with resale restrictions which limit the use of the property and limit the extent to which home prices may increase.
- Multifamily Acquisition, Rehabilitation and Rental to facilitate the purchase from absentee landlords and substantial rehabilitation of apartments that could be retained in non-profit ownership and rented to qualifying low and moderate income tenants for the longest period feasible, but for not less than the period of land use controls as established in the respective Redevelopment Plans.

4. *New Housing Construction* ($5,000,000)

- New Owner Housing Construction would provide land acquisition assistance to private developers for construction of new owner housing to mitigate the amount of the affordability gap for qualified potential homebuyers.

5. *Support and Ancillary Services* *(non-local resource))*

- Homeless Housing Partnership to provide assistance through federal programs to provided transitional housing for persons and families that are at or below 50% of the medium income level, adjusted for family size.
- Existing Section 8 Rental Assistance for very low and low income persons and families through the Section 8 Rental Assistance certificate program of the Orange County Housing Authority.

6. *Administrative Support Expenditures ($465,000)*

Administrative Support costs incurred and directly related to implementing the housing program including salaries, overhead, consultant and legal expenses, supplies, etc. The Agency's administrative program support expenditures from Housing Set-Aside Funds must be determined each year and found to be necessary to implement the housing program.

Figure III-2 provides an illustrative example of how the combined housing programs could be financed on an annual basis over a five-year period. Actual timing and specific amounts may be adjusted over time, and specific decisions are made as a part of the Agency's annual budget process. The CRL identifies that beginning fund balance in any year which exceed the higher of $1 million or the sum of the prior 4 years deposits are considered "Excess Surplus" and such funds must be expended within one year; the Agency's 4-year deposits sum is currently over $6 million.

FIGURE III-2
FIVE-YEAR COMBINED HOUSING PROGRAM ILLUSTRATIVE CASH FLOW

	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	TOTALS
Resources						
Combined Beginning Fund Balance	$5,280,300 (1.)	$3,005,659	$ 168,919	$ 971,217	$1,813,723	
CDBG Rehabilitation Funds	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
South Central Fund Deposits	$ 583,037	$ 600,528	$ 618,544	$ 637,100	$ 656,213	$ 3,095,421
Town Center Fund Deposits	$ 680,322	$ 700,732	$ 721,754	$ 743,406	$ 765,708	$ 3,611,921
Investment Interest	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 400,000
Estimated Total Resources :	$6,623,659	$4,386,919	$1,589,217	$2,431,723	$3,315,637	$7,107,337
Expenditures (2.)						
Homebuyer Assistance Program	$ 475,000	$ 475,000	$ 475,000	$ 475,000	$ 475,000	$ 2,375,000
Preservation of At-Risk Units	$ 0	$ 0	$ 0	$ 0	$ 750,000	$ 750,000
Rehabilitation of Existing Housing	$ 50,000	$1,650,000	$ 50,000	$ 50,000	$1,650,000	$ 3,450,000
New Housing Construction	$3,000,000	$2,000,000	$ 0	$ 0	$ 0	$ 5,000,000
Administrative & Indirect Expenses	$ 93,000	$ 93,000	$ 93,000	$ 93,000	$ 93,000	$ 465,000
Estimated Total Expenditures :	$3,618,000	$4,218,000	$ 618,000	$ 618,000	$2,968,000	$12,040,000
Balance Available	$3.005,659	$ 168,919	$ 971,217	$1,813,723	$ 347,637	

Notes:
1. Estimated as of June 30, 2004, adjusted to reflect obligations and encumbrances.

Given the successful implementation of the Housing Program, the annual distribution of the units for each major program category is provided in Figure III-3.

FIGURE III-3
ESTIMATE ANNUAL DISTRIBUTION OF ASSISTED UNITS

	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	Totals
1. Homebuyer Assistance Program						
a. Down Payment 2nd Mortgage Loans	5	5	5	5	5	25
2. Preservation of At-Risk Units						
a. Tustin Gardens Senior	0	0	0	0	100	100
3. Rehabilitation of Existing Housing Stock						
a. Owner Occupied (1-2 units) Loans	4	4	4	4	4	20
b. Rental Rehabilitation Loans	4	4	4	4	4	20
c. Multifamily Acq/Rehab/Conversion Number of Units	0	0	0	0	0	0
d. Multifamily Acq/Rehab/Ren Number of Units	0	37	0	0	12	49
4. New Housing Construction						
a. New Owner Housing Number of Units	14	0	0	0	0	14
b. New Senior Rental Number of Units	0	0	0	0	0	0
Total Number of New, Rehabilitated or Price Restricted Units	27	50	13	13	125	228

Proportional Expenditure of Housing Fund Moneys

Section 33334.4 (a) of the CRL requires expenditures of moneys in the Low and Moderate Income Housing Fund during a 10–year period to be made to assist housing for persons of low-income and housing for persons of very low income in at least the same proportion as the total number of units needed for of those income groups bears to the total number of units needed within the community. The proportion is to be determined for each community on the basis of the unmet need for housing among the income categories, as reflected by the City's share of the regional housing needs identified pursuant to Section 65584 of the California Government Code. The agency may adjust the proportion by subtracting from the need identified for each income category, the number of units for persons of that income category that are newly constructed over the duration of the implementation plan with other locally controlled assistance and without agency assistance. In addition, Section 33334.4 (b) provides that each agency shall expend the moneys in the Housing Fund in at least the same proportion as the population under age 65 years bears to the total population o f the community.

The intent under the CRL is that redevelopment agencies direct Low and Moderate-Income Housing Fund expenditures so that the moneys are distributed in a measurable proportion between that spent on low and very low income housing to that spent on moderate income housing, and in proportion between that spent on affordable family housing to that for affordable senior citizen housing.

The City's 2002 Housing Element (Table H-17) provides a summary of the total quantified objectives for the City in relation the to the City's fair share of the regional housing needs. Figure III-4 identifies the community's allocation goal adjusted to reflect the subtraction of units to be newly constructed at Tustin Legacy that will be developed pursuant to the MCAS-Tustin Specific Plan under local control and without Agency assistance.

FIGURE III-4
ADJUSTED AFFORDABLE HOUSING ALLOCATION GOALS

Income	Units	Percent
Very Low	254	15.8%
Low	274	17.0%
Moderate	1,080	67.2%
TOTAL	**1,608**	**100%**

Source : City of Tustin 2002 Housing Element

Based on the Housing Element objectives, as adjusted pursuant to Section 3334.4 (a) of the CRL, it will be the goal of the Agency to tailor expenditures from the Housing Fund to provide approximately 16% on housing for persons and families of very low income, 17% on low income housing, and 67% on moderate income housing. This target goal is intended over the life of the redevelopment projects and not strictly on an annual basis. It will also be to goal of the Agency to expend 95% of the moneys in the Housing Fund for non-senior affordable housing activities to reflect the proportion of persons under 65 years of age in the community per the 2000 census. The Agency will monitor its expenditures of Housing Fund money to comply with legal requirements over the life of the two projects.

Both of the Agency's Project Areas were adopted after January 1, 1976. As a result, housing development in the Project Areas is subject to the housing requirements of Section 33413 of the CRL. These requirements mandate that certain percentages of all housing developed in the project area be affordable to low to moderate income persons and families as follows:

- At least 30% of the housing developed or substantially rehabilitated by an agency itself in a project area must be available at an affordable housing cost to, and occupied by persons or families of low or moderate income. Of those units, 50% must be affordable to very low income households. This translates to a very low income requirement of 15% of the total project area units developed or substantially rehabilitated by the agency. This requirement applies only to units developed directly by the agency and would not apply to units developed by housing developers pursuant to agreements with or assistance from and agency; and

- At least 15% of the units developed or substantially rehabilitated in a project area by public or private entities other than the agency (including such entities receiving agency assistance) must be available at an affordable housing cost to, and occupied by persons or families of low or moderate income. Of those units, not less than 40% must be affordable to very low income households. This translates to a very low income requirement of 6% of the total units developed in the project area.

Per Section 33413(b)(2)(A)(iii) of the CRL, substantially rehabilitated dwelling units means all substantially rehabilitated multifamily rented dwelling units with three or more units, or substantially rehabilitated, with agency assistance, single-family dwelling units with one or two units." Section 33413(b)(2((A) (iv) of the CRL, defines substantial rehabilitation as ".... rehabilitation, the value of which constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value."

Effective January, 2004, long-term affordability covenants must be recorded on dwelling units produced pursuant to Section 33413 of the CRL, requiring that the units be maintained at an affordable housing cost to, and occupied by, persons and families of low or very low income, for the longest feasible time but not less than 55 years for rental units and 45 years for owner-occupied units. The affordability controls on such units must be made enforceable by recorded covenants or restrictions in the same manner as required for units assisted by the Redevelopment 20% Housing Set-Aside Fund.

Section 33413(b)(4) of the CRL also requires that he Agency's Implementation Plan for housing activities be consistent with the community's housing element and that the agency's housing production requirement be met every ten years (previously, the Agency only had to meet this obligation over the life of the redevelopment plan). If more than the required percentage of low and moderate income units are developed in a ten-year period, the affordable units in excess of the required percentage may be counted towards the agency's requirements for the next ten year period. If fewer than the required percentage of units are developed at the end of the ten-year period, the agency must meet its production goals on an annual basis until the requirements for the ten-year period are met. The agency may cause the required inclusionary housing units to be produced inside or outside the redevelopment project area, but shall for units developed or substantially rehabilitated by the private sector, require two units outside a project area for each unit that otherwise would have had to be available inside a project area.

Past Production of Affordable Units in Project Areas

To date, the Tustin Community Redevelopment Agency has not itself developed or rehabilitated housing in either the Town Center or South Central Project Areas. However, new private housing construction and substantial rehabilitation of price-restricted units has occurred in both project areas and outside the project areas since the adoption of the redevelopment plans. None of these units were developed by the Agency.

A summary of the total number of units which have been developed pursuant to the CRL for the Town Center and South Central Project Areas are shown in Figure III-5, along with the affordable housing obligations as assigned to the very low, low and moderate income categories. While the CRL identifies the minimum percentage of the units produced at the very low-income level, the minimum percent is not specified between the low-income and the moderate income categories which are thus combined for analysis purposes in Figure II-5. The Appendix A Table provides the unit calculation information in more detail by project name, location, number of units, year built and number of restricted unit made available by enforceable covenants or restrictions.

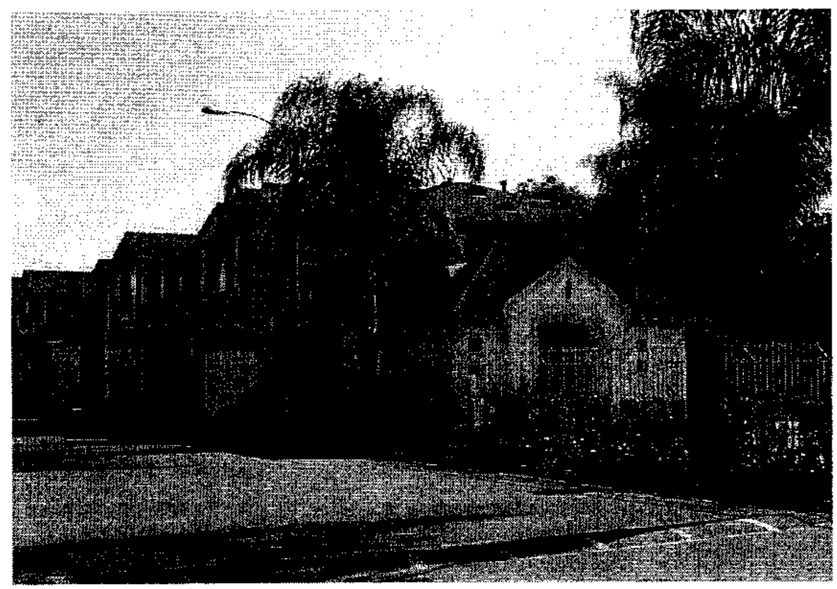
Based on the information shown in figure III-5, the Agency is meeting and exceeding the housing production requirements under the CRL. To meet its potential housing production requirements over the next ten-year period and life of both Redevelopment Plans, the Agency will apply its surplus balance of affordable housing production units, as permitted under the law. In addition, the Agency has taken steps to price restrict units in new residential development projects that are within the boundaries of the Project Areas, and will secure affordability covenants on substantially rehabilitated units located within and outside the boundaries of the Project Areas

FIGURE III-5
SUMMARY OF AFFORDABLE UNITS PRODUCED
(Redevelopment Plan Approval to FY 2005-2006)

Total Units Produced :	*Very Low Income*	*Low Income*	*Moderate Income*	*Non-Restricted*	*TOTAL*
Inside Project Areas	123	6	15	384	528
Outside Project Areas**	9	215	0	412	636
Affordable Units Required :	33	>	47*	n.a.	78
Affordable Units Produced :	132	221**	15	n.a.	368
Affordable Units Balance :	99	>	189 *	n.a.	288

* Reflects the combined low and moderate income category (Section 33413 (b)(2).

** Reflects inclusion of 224 units (50%) of the total restricted units substantially rehabilitated outside the project areas (Section 33413 (b)(2)(A)(ii) .



Housing Units to be Developed (Future Production)

Because the residential areas of both the Town Center and South Central Project Areas are essentially built-out, the majority of new construction in the Project Areas will be in-fill redevelopment and substantial rehabilitation of existing housing units by the private sector.

Based on recent substantial increases in property prices, the private sector housing activities will necessitate Agency financial assistance to meet the affordability obligations and objectives in the Redevelopment Project Areas.

The successful implementation of projects, programs and expenditures identified previously in the housing portion of the Implementation Plan, would be anticipated to create new and substantially rehabilitated price-restricted units over the next five-year period as shown in Figure III-6. The estimated number of units produced do not include certain units assisted by the Agency, including the "at risk" senior project and single family and rental units assisted under the Residential Rehabilitation Programs since these units have previously been counted or do not require long-term affordability restrictions.

Based on the proposed projects, programs and expenditures, the Agency does not anticipate any problem in meeting its required housing affordability obligations under State law.

FIGURE III-6
ESTIMATE OF RESTRICTED UNITS TO BE DEVELOPED
(FY 2005/2006 - FY 2009/2010)

	Very Low Income	*Low Income*	*Moderate Income*	*Non-Restricted*	*Total*
Total Units Produced:	19	19	92	79	209
Affordable Units Produced:	17	17	64	n.a.	98*
Affordable Units Required:	6	>	9 **	n.a.	
Affordable Unit Balance:	11	>	72 **	n.a.	

* Reflects 100% of units produced inside and 50% of restricted units provided outside the project areas.
** Reflects the combined low and moderate income category.

Section 33413 (a) of the CRL requires, for the Town Center and South Central Redevelopment Plans, 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 (involving Agency participation), the Agency shall, within four years of such destruction or removal, rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed for rental or sale to persons and families of low or moderate income an equal number of units that have an equal or greater number of bedrooms as those destroyed or removed at affordable housing costs within the territorial jurisdiction of the Agency. When dwelling units are destroyed or removed after January 1, 2002, 100 percent (previously 75%) of the replacement units shall be available at affordable housing cost to persons in the same or lower income category (very low, low or moderate), as the persons displaced from those destroyed or removed units.

In addition, dwelling units can not be removed from the low and moderate income housing market until the Agency has prepared a replacement housing plan which includes, among other requirements, the general location for replacement housing and an explanation of adequate means of financing the replacement units. The Agency has no replacement housing obligations for units removed by the private sector acting alone.

The Agency has assisted in two redevelopment projects that resulted in the destruction or removal of 79 affordable housing units (56 units under the 75% rule and 23 units under the 100% rule). The units removed were located in the Town Center Project area and consisted of: 21 one bedroom units and 36 two bedroom units occupied by very low households, 13 two bedroom units occupied by low income households; 10 two bedroom units occupied by moderate income households; and one unit occupied by an above-moderate income household. This resulted in the need to provide a minimum of 46 units (72 bedrooms) of very low income, 10 units (22 bedrooms) of low income, 8 units (15 bedrooms) of moderate income housing.

The Agency's replacement housing obligation was satisfied by construction of new units on the same site as those units removed, and its inventory of income-restricted affordable housing units produced in the Project Areas. As shown in Figure III-7, it is projected that ending fiscal year 2004-2005 there is a replacement housing unit excess or "surplus" balance, which can be applied to potential obligations over the next ten years in accordance with Section 33413 of the CRL. Appendix B provides more detail regarding the bedrooms of the units destroyed or removed and the bedrooms provided in the replacement units.

New construction, demolition, and/or rehabilitation are anticipated to continue at the same pace over the life of both Redevelopment Projects. To meet potential future replacement housing requirements, the Agency will apply its excess affordable unit production balance. In addition, the Agency will restrict units, as needed, in the new residential development projects that are within the Project Areas or under agreement with the Agency outside the Project Areas, and will secure affordability covenants on units substantially rehabilitated located within and outside of the Project Areas.

FIGURE III-7
SUMMARY OF REPLACEMENT HOUSING OBLIATIONS
(Plan Adoption - FY 2004-2005)

	Very Low Income	Low Income	Moderate Income	Non-Restricted	Total
Units Removed	55	13	10	1	79
Replacement Units Required	46	10	8	n.a.	64
Replacement Units Available	107	388	15	n.a.	510
Replacement Units Balance / (Deficit)	61	378	7	n.a.	446

APPENDIX

APPENDIX A AFFORDABLE HOUSING PRODUCTION

AFFORDABLE HOUSING ACTIVITY SUMMARY

Project Name		No. Units	Production Units Required		Number Production Units Provided *			Number Replacement Units Provided		
			LV	L/M	VL	Low	Mod	VL	Low	Mod
Town Center Project Area										
Ambrose Lane		38	2	3			8			8
	Bdrms						*24*			*24*
Tustin Gardens		100	6	9	99			99		
	Bdrms				*99*			*99*		
	Subtotal Units	138	8	12	99	0	8	99	0	8
	Bdrms				*99*	*0*	*24*	*99*	*0*	*24*
South Central Project Area										
Newpointe Apartments		160	10	14	0	0	0	0	0	0
	Bdrms									
Tustin Royale		85	6	7	16			16		
	Bdrms				*16*			*16*		
Tustin Grove		145	9	13	8	6	7	8	6	7
	Bdrms				*24*	*18*	*21*	*24*	*18*	*21*
	Subtotal Units	390	24	34	24	6	7	24	6	7
	Bdrms				*40*	*18*	*21*	*40*	*18*	*21*
Outside of Project Area										
Flanders Point **		82	0	0		17			33	
	Bdrms	*90*				*19*			*38*	
Hampton Square **		350	0	0		105			210	
	Bdrms	*494*				*120*			*240*	
Heritage Place Tustin		54	0	0	9	18		17	36	
	Bdrms	*66*			*11*	*22*		*21*	*43*	
Orange Gardens **		150	0	0		75			150	
	Bdrms	*322*				*166*			*332*	
	Subtotal Units	636	0	0	9	215	0	17	429	0
	Bdrms	*972*			*11*	*327*	*0*	*21*	*653*	*0*
	TOTAL UNITS :	1,164	33	47	132	221	15	140	435	15
	Bdrms				*150*	*345*	*45*	*160*	*671*	*45*

* *Unit Production Credit 2:1 Outside Project Area (Section 33413(b)(2)(a)(ii)).*
** *Substantial Rehab/Restrictions Acquired (Section 33413(b)(2)(A)(iii) & (B)).*

REPLACEMENT HOUSING OBLIGATONS:

	VL	Low	Mod
Units Destroyed or Removed :	55	13	10
Replacement Units Required :	*46*	*10*	*8*
** Net Units Available For Replacement Housing :*	107	388	15
Net Bedrooms Available :	*122*	*606*	*45*
Replecement Housing Unit Surplus/(Deficit) :	61	378	7
Total Number of Bedrooms :	*70*	*590*	*21*

* *Reflects Total less units applied to Production Obligation (Section 33413 (b)(3)).*

Pre 1995 Affordable Housing Unit Production

Project	Units Constructed/Restricted Required				
	very low	low	moderate	no restrict	TOTAL
***Newpointe Apts** (South Central)*					
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	160	160
Total Bedrooms					
Restricted Units Required	10		14		24
***Tustin Gardens** (Town Center)*					
1 Bedroom Units	100			1	101
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	100	0	0	1	101
Total Bedrooms	100				
Restricted Units Required	6		9		15
Tustin Royale/Others					
1 Bedroom Units	16			69	85
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	16	0	0	69	85
Total Bedrooms					
Restricted Units Required	6		9		15
Total Constructed Units	116	0	0	230	346
Total Restricted Provided	116	0	0	n.a.	116
Total Restricted Required	22		32	n.a.	54
Production Surplus/(Deficit)	94		(32)	n.a.	62

Project	Units Rehabilitated and/or Convenant Restricted *				
	very low	low	moderate	no restrict	TOTAL
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					
Restricted Units Provided (@2:1 Requirement)	0		0		0
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					
Restricted Units Provided (@2:1 Requirement)	0		0		0
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					
Restricted Units Provided (@2:1 Requirement)	0		0		0
Total Rehabilitated Units	0	0	0	0	0
Total Restricted Provided	0	0	0	n.a.	0
Total Restricted Provided	0		0	n.a.	0
Production Surplus/(Deficit)	0		0	n.a.	0

* *Affordability Covenant Restricted per CRL Section 33334.6(b)(2)(B)(i)*

95/96-99/00 Affordable Housing Unit Production

PROJECT	Units Constructed/Restricted Required				
	very low	low	moderate	no restrict	TOTAL
***Tustin Grove** (South Central)*					
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units	8	6	7	124	145
Total Units Produced	8	6	7	124	145
Total Bedrooms					
Restricted Units Required	9		13		22
***Ambrose Lane** (Town Center)*					
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units			8	30	38
Total Units Produced	0	0	8	30	38
Total Bedrooms					
Restricted Units Required	2		4		6
Others					
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					
Restricted Units Required	0		0		0
Total Constructed Units	8	6	15	154	183
Total Restricted Provided	8	6	15	n.a.	29
Total Restricted Required	11	0	17	n.a.	28
Production Surplus/(Deficit)	*(3)*		*4*	*n.a.*	*1*

Project	Units Rehabilitated and/or Covenant Restricted *				
	very low	low	moderate	no restrict	TOTAL
***Orange Gardens** (Outside)*					
1 Bedroom Units		17			17
2 Bedroom Units		93			93
3 Bedroom Units		40			40
Total Units Produced	0	150	0	0	150
Total Bedrooms					
Restricted Units Provided (@2:1 Requirement)	0		75		75
***Hampton Square** (Outside)*					
1 Bedroom Units		124		82	206
2 Bedroom Units		86		58	144
3 Bedroom Units					0
Total Units Produced	0	210	0	140	350
Total Bedrooms					
Restricted Units Provided (@2:1 Requirement)	0		105		105
***Flanders Pointe** (Outside)*					
1 Bedroom Units		42		27	69
2 Bedroom Units		7		6	13
3 Bedroom Units					
Total Units Produced	0	49	0	33	82
Total Bedrooms					
Restricted Units Provided (@2:1 Requirement)	0		24		24
Total Units	0	409	0	173	582
Total Restricted Provided	0	0	204	n.a.	204
Total Restricted Required	0	0	0	n.a.	0
Production Surplus/(Deficit)	*0*		*205*	*n.a*	*205*

* *Affordability Covenant Restriction per CRL Section 33334.6(b)(2)(B)(i)*

00/01-04/05 Affordable Housing Unit Production

PROJECT	Units Constructed/Restricted Required				
	very low	low	moderate	no restrict	TOTAL
***Heritage Place** (outside)*					
1 Bedroom Units	13	29			42
2 Bedroom Units	4	7	1		12
3 Bedroom Units					
Total Units Produced	9	18	1	0	27
Total Bedrooms	11	22	1	0	33
(@2:1 Requirement)					
Restricted Units Required	0		0		0
***Olson/Tustin Block** (Outside)*					
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units	4		6	44	54
Total Units Produced	2	0	3	44	49
Total Bedrooms	6				
(@2:1 Requirement)					
Restricted Units Required	0	0	0	0	0
***Others/FTHB** (outside)*					
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units		1	6		7
Total Units Produced	0	1	3	0	4
Total Bedrooms					
Restricted Units Required	0	0	0	0	0
Total Constructed Units	21	37	10	44	112
Total Restricted Provided	11	19	7	n.a.	37
Total Restricted Required	0	0	0	n.a.	0
Production Surplus/(Deficit)	*11*		*26*	*n.a.*	*37*

Project	Units Rehabilitated and/or Covenant Restricted *				
	very low	low	moderate	no restrict	TOTAL
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					0
Restricted Units Provided	0	0	0	0	0
(@2:1 Requirement)					
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					
Restricted Units Provided	0	0	0	0	0
(@2:1 Requirement)					
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					
Restricted Units Provided	0	0	0	0	0
(@2:1 Requirement)					
Total Units	0	0	0	0	0
Total Restricted Provided	0	0	0	n.a.	0
Total Restricted Required	0	0	0	n.a.	0
Production Surplus/(Deficit)	*0*		*0*	*n.a*	*0*

* *Affordability Covenant Restriction per CRL Section 33334.6(b)(2)(B)(i)*

05/06-09/10 Estimated Affordable Housing Unit Production

PROJECT	Units Constructed/Restricted Required				
	very low	low	moderate	no restrict	TOTAL
***The Cottages** (outside)*					
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units	4	4	6	79	93
Total Units Produced	4	4	6	79	93
Total Bedrooms	12	12	18	237	279
Restricted Units Required	0		0		0
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					
Restricted Units Required	0	0	0	0	0
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					
Restricted Units Required	0	0	0	0	0
Total Constructed Units	4	4	6	79	93
Total Restricted Provided	2	2	3	n.a.	7
Total Restricted Required	0	0	0	n.a.	0
Production Surplus/(Deficit)	*2*		*5*	*n.a.*	*7*

PROJECT	Units Rehabilitated and/or Covenant Restricted *				
	very low	low	moderate	no restrict	TOTAL
***Altadena Drive** (South Central)*					
1 Bedroom Units					
2 Bedroom Units	6	6	25	0	37
3 Bedroom Units					
Total Units Produced	6	6	25	0	37
Total Bedrooms	12	12	50	0	74
Restricted Units Provided (@2:1 Requirement)	6	6	25	n.a.	37
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					
Restricted Units Provided (@2:1 Requirement)	0	0	0	0	0
1 Bedroom Units					
2 Bedroom Units					
3 Bedroom Units					
Total Units Produced	0	0	0	0	0
Total Bedrooms					
Restricted Units Provided (@2:1 Requirement)	0	0	0	0	0
Total Units	6	6	25	0	37
Total Restricted Provided	6	6	25	n.a.	37
Total Restricted Required	0		0	n.a.	0
Production Surplus/(Deficit)	*0*		*31*	*n.a*	*31*

* *Affordability Covenant Restriction per CRL Section 33334.6(b)(2)(B)(i)*

Summary Affordable Housing Replacement & Production Calculation

REPLACEMENT HOUSING	Units Destroyed/Replacement Required				
	very low	low	moderate	no restrict	TOTAL
Pre - 1995					
*Replacement Required**	0	0	0	0	0
FY 95/96 - 99/00					
units	34	11	10	1	56
bedrooms	68	22	20	2	112
*Replacement Required**					
units @75%	25	8	8	15	56
bedrooms	51	16	15	30	112
(see detail sheet 2)					
FY 00/01 - 04/05					
units	21	2	0	n.a.	23
bedrooms	21	6	0	n.a.	27
*Replacement Required**					
units @100%	21	2	0	n.a.	23
bedrooms	21	6	0	0	27
Cum. FY 95/96 - 04/05					
Units Removed	55	13	10	1	79
Total Replacement Required	46	10	8	n.a.	64
*(@ 75% for low/mod) ***Bedrooms***	72	22	15	n.a.	109
Total Replacement Available **	**107**	**388**	**15**	**n.a.**	**510**
Total Replacement Bdrms	**122**	**606**	**45**	***n.a.***	**773**

** Replacement Units less Production Unit Obligation

Cum. FY 95/96 - 04/05	very low	low	moderate	no restrict	TOTAL
Replacement Unit Balance	*61*	*378*	*7*	*n.a.*	*446*
Replacement Bdrm. Balance	*71*	*590*	*30*	*n.a.*	*691*

Estimated FY 05/06 - 09/10	very low	low	moderate	no restrict	TOTAL
Cum. Replacement Required	6	3	0	n.a.	9
*(@ 75% for low/mod) ***Bedrooms***	12	6	0	n.a.	18
Cum. Replacement Available	**69**	**386**	**35**	**n.a.**	**490**
Cum. Replacement Bdrms	**95**	**614**	**114**	**n.a.**	**823**
Replacement Unit Balance	**63**	**383**	**35**	***n.a.***	**481**
Replacement Bdrm. Balance	**83**	**608**	**114**	***n.a.***	**805**

Estimated FY 10/11 - 14/15	very low	low	moderate	no restrict	TOTAL
Total Replacement Required	0	0	0	0	0
*(@ 75% for low/mod) *Bedrooms*	0	0	0	0	0
Total Replacement Available	71	391	60	n.a.	522
Total Replacement Bdrms	99	624	164	n.a.	887
Replacement Balance/(Deficit)	*71*	*391*	*60*	*n.a.*	*522*

* *(Bedrooms)*

AFFORDABLE HOUSING	Units Produced/Restricted Required				
	very low	low & moderate		no restrict	TOTAL
Pre - 1995					
Total Units Produced	116	0	0	230	346
Restricted Units Provided	116	0	0	n.a.	116
Restricted Units Required	22		32	n.a.	54
Production Surplus/(Deficit)	94		(32)	n.a.	62
FY 95/96 - 99/00					
Total Units Produced	8	415	15	327	765
Restricted Units Provided	8	6	219	n.a.	233
Restricted Units Required	11		17	n.a.	28
Production Surplus/(Deficit)	(3)		209	n.a.	206
FY 00/01 - 04/05					
Total Units Produced	21	37	10	44	112
Restricted Units Provided	11	19	7	n.a.	37
Restricted Units Required	0		0	n.a.	0
Production Surplus/(Deficit)	11		26	n.a.	37
* *(Units include Olson Co Tustin Block development)*					
Estimated FY 05/06 - 09/10					
Total Units Produced	10	10	31	79	130
Restricted Units Provided	8	8	28	n.a.	44
Restricted Units Required	0	0	0	n.a.	0
Production Surplus/(Deficit)	8		36	n.a.	44

CUMULATIVE AFFORDABLE HOUSING PRODUCTION

	Units Produced/Restricted Required				
	very low	low & moderate		no restrict	TOTAL
FY 95/96 - 04/05					
Cum. Units Produced	**145**	**452**	**25**	**601**	**1,223**
Cum. Restricted Units Provided	**135**	**25**	**226**	**n.a.**	**386**
Cum. Restricted Units Required	**33**	**0**	**49**	**n.a.**	**82**
* *(Units include Olson Co Tustin Block development)*					
Cum. Restricted Balance/(Deficit)	*102*		*201*	*n.a.*	*303*
Estimated FY 05/06 - 09/10					
Cum. Units Produced	**155**	**462**	**56**	**680**	**1353**
Cum. Restricted Units Provided	**143**	**33**	**254**	**n.a.**	**430**
Cum. Restricted Units Required	**33**	**0**	**49**	**n.a.**	**82**
Cum. Restricted Balance/(Deficit)	*110*		*237*	*n.a.*	*347*
* *(Units)*					
Estimateded FY 10/11 - 14/15					
Total Units Produced	8	8	25	13	54
Restricted Units Provided	8	8	25	n.a.	41
Restricted Units Required	4	0	9	n.a.	0
Cum. Production Surplus/(Deficit)	114		261	n.a.	375