

AGENDA ITEM
CITY COUNCIL/REDEVELOPMENT AGENCY

TUESDAY, OCTOBER 2, 2007 ITEM No. IV

SPECIAL PRESENTATION

- B. Redevelopment Agency 5-year Implementation Plan



CITY OF EAST PALO ALTO

OFFICE OF THE CITY MANAGER

REDEVELOPMENT AGENCY

2415 University Avenue • East Palo Alto, CA 94303

TO: Honorable Chairperson and Board Members

VIA: Alvin D. James, Executive Director

FROM: Sean Charpentier, Redevelopment Project Coordinator II
Carlos Martínez, Redevelopment Manager

SUBJECT: **5 Year Implementation Plan (2007-2012)**

DATE: **October 2, 2007**

RECOMMENDATION

Recommend that the Redevelopment Agency Board of Directors receive a presentation on the proposed 5 Year Implementation Plan (Plan) and provide input on the Plan.

Summary

The California Community Redevelopment Law (CRL) requires each redevelopment agency to prepare and adopt a five year implementation plan. The previous Implementation Plan expired in January 2007. This Implementation Plan (Plan) outlines the proposed program of revitalization, economic development and affordable housing activities of the East Palo Alto Redevelopment Agency for the required five year planning period, which includes fiscal years 2007/08 through 2011/12. The Plan is for East Palo Alto's three Project Areas: the University Circle Project Area (UCI), the Gateway/101 Corridor Project Area (G101), and the Ravenswood Project Area (RBD).

The principal goal of an implementation plan is to guide an agency's redevelopment programs to eliminate blighting influences. In addition, the affordable housing component of an implementation plan provides a mechanism for a redevelopment agency to monitor its progress in meeting both its affordable housing obligations under the CRL and the affordable housing needs of the community. The Plan is a guide, incorporating the goals, objectives and potential programs of an agency for the next five years, while providing flexibility so the agency may adjust to changing circumstances and new opportunities.

The requirements of an implementation plan fall under two broad categories of redevelopment activities, housing and economic revitalization. This Plan is intended to provide general guidance for the implementation of the Agency's programs and activities. If circumstances change, mid-course modifications in programs and this Implementation Plan may be required. In particular, the Housing

Services Department and the Planning Division will begin the update of the Housing Element in 2008. Additional affordable housing programs and sites may be identified as part of the Housing Element update. The Plan can be amended to incorporate any programs or policy changes resulting from the adoption of the updated Housing Element to be adopted by June 2009.

The section below describes the 2002-2006 accomplishments, some of the goals for the next 5 years (2007-2012), and the estimated financial resources for both the 80% Non Housing Fund and the 20% Affordable Housing Fund.

2002-2006 Accomplishments

The previous 5 years have brought significant positive changes to East Palo Alto. The Agency has successfully developed the University Circle commercial center, which has 400,000 square feet of Class A office space and a 200 room 4 Seasons Hotel; completed the IKEA project; approved the University Palms Office project; and approved the Cummings Park project. There are approximately 895 jobs in the G101 Retail Center, and 291 jobs at the Four Seasons Hotel. The Agency has implemented the City of East Palo Alto's First Source Hiring Policy to ensure that a minimum of 30% of the jobs are held by East Palo Alto residents. Of the total 1186 jobs at the Gateway 101 and the Four Season Hotel, 431 jobs (36%) were held by East Palo Alto residents.

In the last 5 years, the Agency, through the Housing Division, has exceeded its affordable housing obligation and replacement housing obligation. The Agency assisted in the development of a total of 109 affordable units at the Nugent Square and Courtyard Housing Projects. Eighty nine (89) of the 109 units assisted with Agency funds are affordable for very low income households (50% AMI and below). In addition, another 28 affordable inclusionary units are either under construction or approved as part of the Cummings Park, Olson, and Byrd Brock DKB projects. The housing totals above are only for the affordable housing developed in the Redevelopment Project Areas as an inclusionary obligation or with Agency financial assistance.

In addition, the city's Below Market Rate affordable housing policy, which has one of the highest affordability requirements in the County, has generated significant numbers of affordable inclusionary units outside of Redevelopment Project Areas in projects such as Maple Lane and Woodland Creek.

The update of the Housing Element in 2009 will provide a comprehensive overview of all the affordable units provided throughout the city, the housing goals over the next 7 years, and the policies and programs to accomplish those goals.

Despite of the major economic development and affordable housing successes, East Palo Alto still faces many challenges. There is a persistent structural deficit. East Palo Alto's per capita sales tax is the second lowest in the County. East Palo Alto's unemployment rate is often two to three times that of the County. As of July 2007, the unemployment rate in East Palo Alto was 10%, while that of the County was 4%. Although significant progress has been made in eliminating blight in the UCI and G101 project areas, blight still exists. There has been modest progress towards eliminating blight in the RBD, but most of the RBD is still blighted because of underutilized parcels, the lack of infrastructure, and real or perceived contamination. Some of the projects and programs intended to

address these challenges are outlined below. The Plan has detailed descriptions of the proposed projects and programs for each project area.

80% Non Housing Summary

In the next 5 years, the Redevelopment Agency (Agency) will pursue several major goals, including the fiscal merger of the 3 Redevelopment Project Areas, the completion of the RBD EIR, the formation of a special financing district for infrastructure in the RBD, infrastructure improvements throughout all three project areas, the issuance of RFPs for key development sites such as the Manhattan site and Pulgas Panhandle site, the implementation of University Palms project, the expansion of the First Source Hiring program to provide placement follow up and job retention training and support, to improve our FSH performance, especially at the Four Seasons Hotel, and the attraction of uses and projects that generate employment, additional sales tax, and transient occupancy tax (TOT).

The financial summary for the 80% Non Housing funds projects approximately \$10.6 million in net funds between 2007-2012 for the goals outlined above. This estimate does not assume the issuance of debt. It is anticipated that wherever possible, the Agency will leverage other funds in connection with its redevelopment efforts. The Agency will use its annual budget process to establish funding priorities.

20% Affordable Housing Summary

The housing section addresses the replacement, production, and income targeting obligations. In terms of replacement housing, the Plan projects a replacement obligation of 6 bedrooms for the University Palms project and 12 bedrooms for the Pulgas Panhandle. If projects not yet identified trigger a replacement housing obligation, the Agency will comply with all applicable CRL replacement housing laws. The Plan recommends the continuation of the policy of replacing the replacement units with 100% of the bedrooms instead of 100% of the units because of the need for affordable large family units. A hypothetical example would be if the Agency were to meet its replacement obligation for three 1 bedroom units (3 units with a total of 3 bedrooms) with one 3 bedroom unit (1 unit with a total of 3 bedrooms). Affordable family housing is important because the average household size in East Palo Alto is 4.2 persons, and it is difficult to find affordable 3 bedroom apartments.

The financial summary for the 20% Housing Funds projects approximately \$8.8 million in net funds for programs and projects over the next 5 years. This estimate does not assume the issuance of debt. The Agency anticipates using the majority of these funds to support 3 general affordable housing themes.

First, the Agency will continue to support the development of affordable rental and ownership housing by assisting projects that meet the Agency's targeting requirements, replacement housing requirements, and the community's needs.

Second, the Agency will support increasing opportunities for affordable home ownership. These activities may include a First Time Home Buyer program and revolving loan fund, a pre and post purchase education program, a downpayment and closing costs assistance program, and a financial literacy program.

Third, the Agency will support preserving affordable rental (income restricted) and affordable ownership housing. These activities may include rehabilitation programs for qualified low income homeowners and rental properties.

The Housing Services Department and the Planning Division will include updating the Housing Element in their 2008 workprograms. Additional affordable housing programs and sites may be identified as part of the Housing Element update. The Plan can be amended to incorporate any programs or policies identified in the the updated Housing Element that will be completed by June 2009.

Public Notification

Pursuant to CRL, the adoption of the Plan has significant notification requirements that include formal adoption at a Public Hearing, the publication of notices of the public hearing in a newspaper for at least 3 weeks, and the posting of the notice at 4 locations in each Project Area. The Agency has exceeded the public notification process by scheduling a Special Presentation two weeks before the Public Hearing; and by posting the notice, in English and Spanish, in 7 places in the RBD Project Area, 5 places in the UCI Project Area, 6 places in the G101 Project Area, and 3 other locations outside of the project areas. The notice will be published at least 4 times in the Palo Alto Weekly paper. Also, the Plan and the notices are available on the RDA's website at: <http://www.ci.east-palo-alto.ca.us/economicdev/planandinfrast.html>

Fiscal Impact

There is no fiscal impact. The previous 5 Year Implementation Plan expired in January 2007. There are several potential consequences for a late plan, including the possibility of having a negative audit finding in the Annual Audit and the Annual Report. However, the timely approval of the Plan will reduce the likelihood of any penalties.

Next Steps

Agency staff will update the Plan with the direction provided by the Agency Board, and bring back the Plan for consideration at a Public Hearing at the regular Agency meeting on October 16, 2007.

Attachments:

1. 5 Year Implementation Plan
2. Appendix B
3. Notice in English and Spanish

Attachment 1: 5 Year Implementation
Plan



East Palo Alto Redevelopment
Agency Bay 5 Year
Implementation Plan
September 14, 2007

Questions and Comments

If you have comments or questions, or if you would like to be notified of public meetings regarding the 5 Year Implementation Plan, please contact:

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CHAPTER 1: INTRODUCTION/EXECUTIVE SUMMARY

I. Introduction

The California Community Redevelopment Law (the “CRL”) requires each redevelopment agency administering a redevelopment plan to prepare and adopt a five year implementation plan. The principal goal of an implementation plan is to guide an agency’s redevelopment programs to help eliminate blighting influences. In addition, the affordable housing component of an implementation plan provides a mechanism for a redevelopment agency to monitor its progress in meeting both its affordable housing obligations under the CRL and the affordable housing needs of the community. In effect, the implementation plan is a guide, incorporating the goals, objectives and potential programs of an agency for the next five years, while providing flexibility so the agency may adjust to changing circumstances and new opportunities. This document constitutes the Implementation Plan for East Palo Alto’s three Project Areas:

1. University Circle Project Area,
2. Gateway/101 Corridor Project Area, and
3. Ravenswood Project Area.

In 1999, the Agency approved a fiscal merger of the University Circle and Gateway 101 Redevelopment Project Areas. This Implementation Plan outlines the proposed program of revitalization, economic development and affordable housing activities of the East Palo Alto Redevelopment Agency for the required five year planning period, which includes fiscal years 2007/08 through 2011/12. In addition, information for earlier or later years is also provided where it is required.

A. Organization

Generally, the Implementation Plan must contain the following information:

- Specific goals and objectives for the next five years for both housing and economic revitalization activities.
- Specific programs and planned expenditures for the next five years for both housing and economic revitalization activities.
- An explanation of how the goals, objectives, programs and expenditures will assist in the elimination of blight and in meeting affordable housing obligations.
- Other information related to the provision of affordable housing, as discussed in **Chapter 5**.

The requirements of an Implementation Plan listed above fall under two broad categories of redevelopment activities, housing and economic revitalization. Consequently, the remainder of this Implementation Plan is organized into two principal parts. **Chapters 2, 3 and 4** set forth the requirements for general, economic revitalization activities and related expenditures for each Project Area. **Chapter 5** addresses affordable housing

activities and expenditures and charts Agency progress in meeting its affordable housing obligations. **Chapter 5** also includes the Affordable Housing Production Plan (also known as the AB 315 Plan).

B. Interpretation

This Implementation Plan is intended to provide general guidance for the implementation of the Agency's programs and activities. The Agency expects that particular constraints and opportunities, not fully predictable at this time, will arise in the course of undertaking the programs and activities described in this Implementation Plan. Therefore, this Implementation Plan should serve as a flexible guide. The Agency acknowledges that specific programs and activities implemented over the next five years may vary in their precise timing, location, cost, expenditure, scope and content from that set forth in this document. The programs and expenditures contained in this Implementation Plan are in part based on certain assumptions made by the Agency relating to revenues, market conditions, community needs and priorities, and developer interests, among others. Consequently, should Agency assumptions not be realized or unforeseen circumstances arise, mid-course modifications in programs and this Implementation Plan may be required. In particular, the Housing Services Department and the Planning Division will begin updating the Housing Element in 2007/2008. Additional affordable housing programs and sites may be identified as part of the Housing Element update. The 5 Year Implementation Plan can be amended to incorporate the updated Housing Element that will be completed by June 2009.

The section below describes the 2002-2006 accomplishments, the goals for the next 5 years (2007-2012), and the estimated financial resources for both the 80% Non Housing Fund and the 20% Affordable Housing Fund.

80% Non Housing Funds Summary

In the last 5 years, the Agency has successfully developed the University Circle commercial center, which has 400,000 square feet of Class A office space and a 200 room 4 Seasons Hotel; completed the IKEA project; approved the University Palms Office project; and approved the Cummings Park project.

In the next 5 years, the Redevelopment Agency (Agency) will pursue several major goals, including the merger of the 3 Redevelopment Project Areas, the completion of the RBD EIR, the formation of a special financing district for infrastructure in the RBD, infrastructure improvements throughout all three project areas, issuing RFPs for key development sites such as the Manhattan site and Pulgas Panhandle site, the implementation of University Palms project, the expansion of the First Source Hiring program, and the attraction of uses and projects that generate employment, as well as additional sales tax, and transient occupancy tax (TOT).

The financial summary for the 80% Non Housing Funds projects approximately \$10.6 million in net funds being available for programs.

Table 1: Summary 80% Non Housing Funds 2007-2012

Financial Summary 80% Non Housing Funds	
80% Non Housing Funds	
FY 06/07 Balance	\$2,151,509
80% Gross Increment	\$39,790,135
Pass Thru 15% of Gross 80% TI	(\$5,968,520)
Stage 2A Loan Repayment	(\$3,315,379)
Debt Service TAB Series 1999	(\$7,083,617)
Administrative Expenses	(\$11,522,240)
Repay a Portion of the General Fund Loan	(\$3,379,062)
Subtotal Debt and Expenses	(\$31,268,817)
NET 80% Tax Increment For Programs	\$10,672,826

The financial summary for the 80% Non Housing funds indicates approximately \$10.6 million in net funds for the 2007-2012 goals outlined above and described in **Tables 4, 9, 14A, and 14B**. The Agency will use its annual budget process to establish funding priorities. This estimate does not assume the issuance of debt. The tax increment projections are conservative and intended only as preliminary estimates, which are based upon the best available information; actual tax increments may be higher or lower. The Plan assumes that new tax increment will be generated from projects that have already received their development entitlements such as University Palms, Cummings Park, the Olson project, and the Byrd Brock DKB mixed use project.

In May 1999, the Redevelopment Agency amended the University Circle and Gateway 101 Redevelopment Plans to fiscally merge the two project areas. This 5 Year Implementation Plan includes as a goal the merger of the merged UCI and Gateway/101 Corridor Project areas with the Ravenswood Business District Project Area. If the merger occurs, it will be possible to use the combined resources from the merged project areas throughout all three Redevelopment Project Areas.

It is anticipated that wherever possible, the Agency will leverage other funds in connection with its redevelopment efforts. As permitted by law, funds can come from government grants and assistance programs, as well as from private sector sources. As necessary, the Agency will attempt to procure funds from developer contributions, special financing districts such as assessment districts, and other state and federal programs, including but not limited to Federally-based EDI, BEDI, EDA, and other funding programs.

The cost estimates are for planning purposes and do not represent commitments by the Agency. Some of these projects may not be completed within the five years of the Implementation Plan Program, and thus, related costs may not be incurred in five years. These activities are for the five year planning period only.

20% Affordable Housing

In the last 5 years, the Housing Division has assisted in the development of 109 affordable units at the Nugent Square and Courtyard Housing Projects. Eighty nine (89) of the 109 units assisted with Agency funds are affordable for very low income households (50% AMI and below). In addition, another 28 affordable units are either under construction or approved as part of the Cummings Park, Olson, and Byrd Brock DKB projects. The housing totals above are only for the affordable housing developed in the Redevelopment Project Areas or with Agency financial assistance.

In addition, the city's Below Market Rate affordable housing policy, which has one of the highest affordability requirements in the County, has generated significant numbers of affordable inclusionary units that are not in Redevelopment Project Areas. The update of the Housing Element will provide a comprehensive overview of all the affordable units provided throughout the city.

In the next 5 years, the Housing Services Department will continue to support the development of affordable rental and ownership housing, as well as a First Time Home Buyer program and revolving loan fund, a home buyer pre and post purchase education program, a rehabilitation program for low income homeowners, a down payment and closing cost assistance program, and a financial literacy education program to preserve ownership and improve access to home ownership.

The financial summary for the 20% Housing Funds projects an availability of approximately \$8.8 million in net funds for programs. See **Table 2** below.

Table 2: Financial Summary 20% Housing Funds 2007-2012

Financial Summary 20% Housing Funds	
20% Funds	
FY 06/07 Balance	\$2,707,224
20% Gross Increment	\$10,053,450
Debt Service TARB 03B	(\$1,332,644)
Debt Service TARB 03A	(\$1,320,850)
Loan Payments	(\$300,000)
Housing Department Expense	(\$989,565)
Subtotal Debt and Expenses	(\$3,943,059)
NET 20% Tax Increment For Programs	\$8,817,614

The financial summary for the 20% Housing Funds indicates approximately \$8.8 million in net funds for programs for the 2007-2012 goals outlined above and **Chapter 5**. This estimate does not assume the issuance of debt.

CHAPTER 2: UNIVERSITY CIRCLE PROJECT AREA

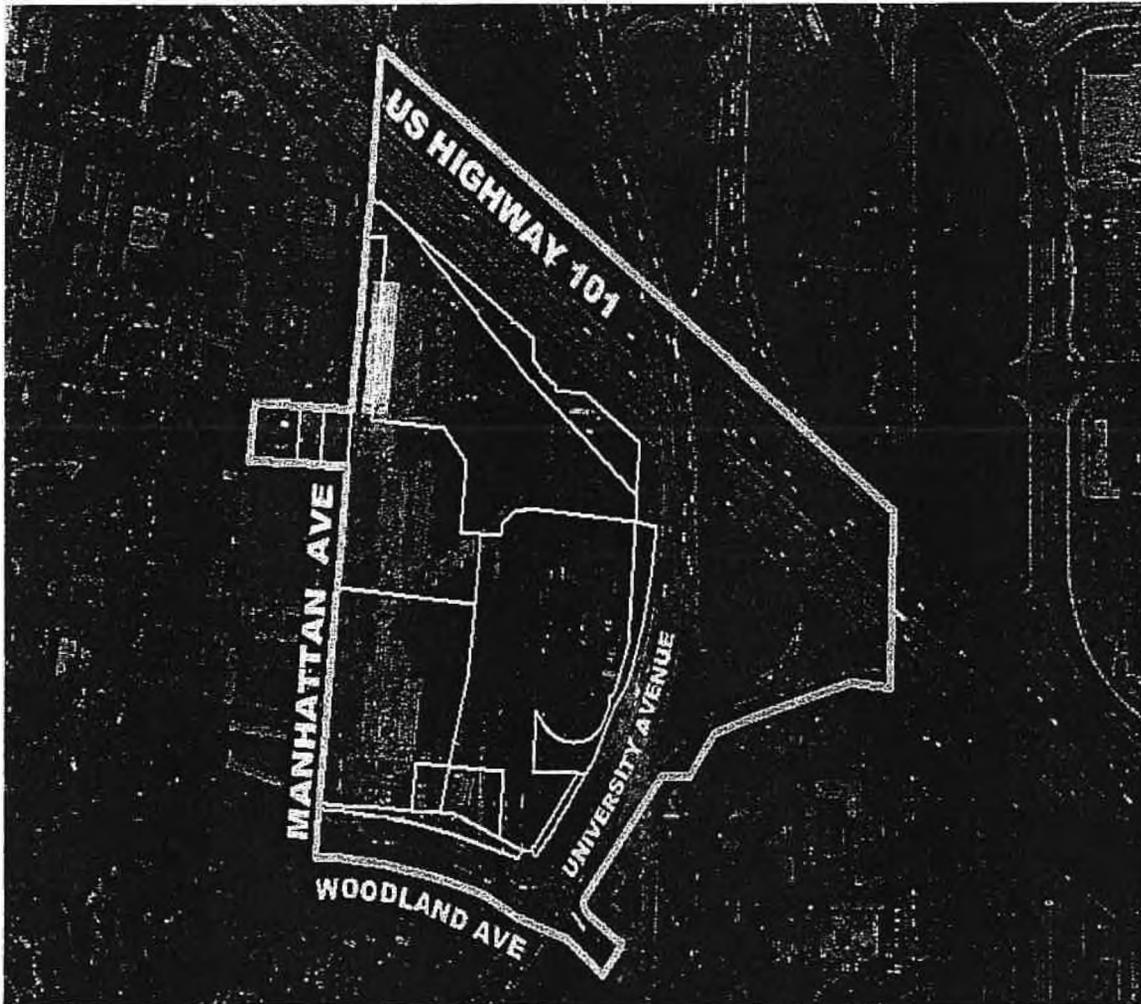
A. Description of Project Area

The University Circle Project Area (UCI Project Area) consists of 22.8 acres of predominantly urbanized areas within the City of East Palo Alto. The UCI Project Area also contains portions of the Bayshore Freeway (Highway 101) and the University Avenue Overpass. The Project Area is bounded by the University Avenue Overpass to the east, Manhattan Avenue to the west, the Bayshore Freeway to the north, and Woodland Avenue to the south. The University Circle office development marks a prominent entrance to the City of East Palo Alto.

The Redevelopment Plan for the Project Area was adopted by the City Council in Ordinance No. 102, dated December 5, 1988. The Agency is responsible for implementation of the Redevelopment Plan.

Table 3
Summary Description of Project Area
University Circle Project Area

Acres	22.8
Adopted	December 5, 1988
Base Assessed Value	\$7,316,127
Time Limits Under AB 1290	
Eminent Domain	2011
Incurring Debt	2008
Project Activities	2028
Tax Increment Receipt	2038
Financial Limits	
Tax Increment Cap	\$127,000,000
Bond Limit	\$40,000,000

Figure 1: Map of University Circle Redevelopment Project Area**Project Area Goals, Objectives and Programs**

The Implementation Plan provisions of the CRL require the Agency to establish goals and objectives for the Project Area for the five year planning period. Following is a summary of the major goals and objectives to be pursued by the Agency, as originally set forth in the Redevelopment Plan in 1988 and the Redevelopment Plan Amendment in 1999.

1. Goals and Objectives

Adopted in 1988, the University Circle Redevelopment Plan was designed to address a series of interrelated physical and economic blighting conditions, including economic dislocation and disuse, environmental deficiencies, deteriorated building stock, neglect, value stagnation, high crime rate, and inadequate public improvements. The goals adopted in 1988 were as follows:

- The elimination and prevention of the spread of blight and deterioration and the redevelopment of the Project Area in accordance with the General Plan, specific plans, the Redevelopment Plan and local codes and ordinances.
- The elimination or amelioration of certain environmental deficiencies, including substandard vehicular circulation systems and other similar public improvements, facilities and utilities deficiencies adversely affecting the Project Area.
- The achievement of an environment reflecting a high level of concern for architectural, landscape, urban design and land use principles appropriate for attainment of the objectives of the Redevelopment Plan.
- The enhancement of major thoroughfares to provide a quality design identity and smooth, safe circulation.
- The replanning, redesign and development of undeveloped/vacant, underutilized and underdeveloped areas that are stagnant or improperly utilized.
- The encouragement of investment by the private sector in the development and redevelopment of the Project Area by eliminating impediments to such development and redevelopment.
- The provision for increased sale, business license, hotel occupancy and other fees, taxes and revenues to the City and other taxing bodies.
- The expansion and upgrading of the community's supply of housing, including opportunities for low and moderate income households.
- The establishment and implementation of performance criteria to assure high standards for site design, environmental quality and other design elements which provide unity and integrity to the entire Project Area.
- The promotion and creation of local business development opportunities.
- The promotion and creation of new local employment opportunities.
- The encouragement of uniform and consistent land use patterns.
- The provision of a pedestrian and vehicular circulation system that is coordinated with land uses and densities and adequate to accommodate projected traffic volumes.
- The provision of adequate off-street parking to serve current and future uses within the Project Area.

Housing funds would serve to improve and expand the community's supply of affordable housing, in addition to financing the replacement of housing units in the Project Area. The Plan Amendment was adopted in 1999 to facilitate the development of a mixed-use office/retail complex, in conformance with the City of East Palo Alto's General Plan land use and economic policies, the City's Specific Plan for the Area, and adjudicated settlement agreements with the City of Palo Alto, the City of Menlo Park, and the Community United for the Betterment of East Palo Alto (CUBE).

The Redevelopment Plan objectives for the Project Area are to:

- Create a single, unified development that will serve to revitalize the Project Area.
- Create jobs for city residents.
- Improve the city's jobs/housing imbalance.
- Stimulate the job-producing economy of East Palo Alto.
- Provide for increased revenues (transient occupancy tax from the hotel and increased sales taxes) to the City and other taxing entities.
- Establish a high profile project that highly impacts and benefits the City's image.
- Create a major unified development that will serve to revitalize the Project Area and develop a significant project at the corner of Manhattan Avenue and O'Connor Street.

2. Programs

The original plan outlined the following five basic programs in the Project Area to alleviate blighting conditions and attain these goals:

1. **Economic Development.** Provide incentives for development and investment in the Project Area, and design and implement activities and programs to attract and retain new businesses that will provide quality jobs. Implement the First Source Hiring and Local Business Enterprise (LBE) programs that will entice local business activity, alleviate unemployment among residents by placing a strong emphasis on improving their educational and technical skills. Support local small businesses and entrepreneurs.
2. **Infrastructure and Circulation.** Improve, construct and reconstruct major public infrastructure such as streets, roads and parking, and systems for utilities, water, sewage and storm drainage, to alleviate and improve current infrastructure and circulation problems.

3. **Site Assembly and Preparation.** Facilitate the purchase, improvement, occupant relocation and environmental clean up of property to promote and support East Palo Alto's redevelopment efforts.
4. **Planning and Project Administration.** Complete master planning, environmental testing and documentation, and implementation of design standards and guidelines to prepare for development.
5. **Affordable Housing.** Complete replacement and relocation activities and expenditure of affordable housing funds to provide affordable housing development throughout the City.

These program activities are described in **Table 4**. **Table 5** correlates these project activities to the redevelopment goals stated above.

C. Historical Activities and Agency Accomplishments-2002-2006

Through Fiscal Year 2006/2007, the University Circle Redevelopment Project generated about \$8.3 million in gross tax increment revenue since the Project's adoption. To date, the Agency has undertaken the following activities:

Economic Development

- Completed the development of University Circle Office Development Phases I and II, 460,000 square feet of office and 15,000 square feet of retail space.
- Tracked completion of tenant improvements in UCI.
- Provided guidance regarding new business licensing at UCI and LBE specific to East Palo Alto.
- Negotiated an amendment to the Master Developer DDA with the University Circle Four Seasons developer for the Four Seasons hotel, entitled the project, and monitored the development of the project. The Four Seasons opened in early 2006.
- Negotiated a Transient Occupancy Tax grant to Four Seasons as construction incentive. Negotiated and completed settlement of TOT grant dispute.
- Implemented First Source Hiring and Local Business Enterprise (LBE) programs to employ residents and attract businesses to East Palo Alto. Conducted resume writing, personal presentation skills, customer service workshops and job fairs for East Palo Alto residents to implement the First Source Hiring (FSH) ordinance related to the opening of the Four Seasons. Trained management staff for FSH implementation.

- Provided workshops and followed up to implement Local Business Enterprise (LBE) and FSH ordinances during the construction of tenant improvements and opening of retail establishments.

Infrastructure and Circulation

- Upgraded street lights on University Avenue (from Woodland Road to Kavanaugh Drive/Notre Dame). Coordinated the operations of traffic signals at the intersections of University Avenue and Donohoe Street, University Avenue and Woodland Road, and Capitol Avenue and Donohoe Street. Installed new signals at East Bayshore Road and Donohoe Street.
- Completed median landscaping and underground irrigation on University Avenue, from Woodland Road to Kavanaugh Drive/Notre Dame.
- Purchased shuttle vehicles, to be operated by UCI, for use by customers, employees and residents.
- Upgraded water capacity lines within and serving the Project Area.
- Upgraded sewage capacity lines within and serving the Project Area.
- Completed storm drainage improvements on University Avenue, from O'Connor to Woodland Road.
- Completed Stage 1A improvements and began design and engineering work on Stage 2A improvements and the University Avenue Overpass improvements.
- Obtained \$2 million Federal grant for pedestrian improvements to the University Overpass.

Site Assembly

- Pursued the Manhattan Ave. project through an RFP. A mixed use project was entitled and the entitlements expired.

Planning and Project Administration

- Implemented Relocation Plan for commercial, non profit, and residential owners and tenants to People's Plaza in the RBD and Peninsula Park Apartments.
- Finalized the East Palo Alto Gateway Design Guidelines with the Cannon Design Group.

Over the next five years, the Agency will continue to work to alleviate blight. Activities may include, but are not limited to, the activities described in **Table 4**. **Table 4** describes the potential activities in 2007-2012.

**Table 4 –
Projected Economic Revitalization Program Activities- University Circle Project
Area- Program Activities Description- 2007-2012**

Program Activities	Description
Planning and Project Administration	
Master Planning	Coordinate the General Plan Amendment to incorporate the East Palo Alto Bay Access Master Plan
Environmental Testing And Documentation	Complete all necessary environmental impact studies and reports needed for development in the Project Area.
Implement Design Standard and Guidelines	Implement the East Palo Alto Gateway Design Guidelines by the Cannon Design Group.
Infrastructure and Circulation	
Road Improvements Stage 2A	Complete Phase II of 101/University overpass and off-ramp improvements.
Road Improvements	Complete pedestrian and bicycle improvements to Hwy. 101 overpass
Street Landscaping	Improve landscaping and work with 4 Seasons to implement an Adopt a Highway Program.
Parking and Public Transportation, Sewage, Storm Drainage Systems, Utilities	Ensure adequate facilities in the Project Area to support envisioned development.
Water/Flood Prevention	Continue working with the San Francisquito Creek JPA to minimize the risk of flooding and implement flood control and recreational improvements along the San Francisquito Corridor.
Assist with Site Assembly	
Assist with Site Assembly	Issue a Request for Proposals (RFP) to develop remaining parcels along Manhattan Ave., (University Circle Office Development Phase III). Prepare Manhattan Avenue project parcels for development, on which exists a Laundromat and a closed market. Possibly add a neighboring parcel, on which exists a triplex, located just outside the Project Area. Prepare and implement a relocation plan study for the Manhattan Avenue project, if necessary.
Assist with Site Assembly	Assist private developers in acquiring properties.
Demolition and Site Preparation	Complete all necessary demolition and site preparation for new development.
Economic Development	
First Source Hiring Program (FSH) and Local Business Enterprise (LBE) Policy	Improve FSH/LBE policy. Provide job fairs and training focused on securing employment, retaining employment, and advancing up a career ladder. Provide job readiness training.
Provide additional job readiness training to meet the 30% FSH goal at the Four Seasons Hotel.	Coordinate with the Four Seasons to develop a training program that will generate qualified candidates to fill available positions.
Small Business and Local Entrepreneur Support	Support local small businesses and entrepreneurs by connecting them to information and resources. Implement and monitor projects and benefits as defined in the development agreements and OPAs to ensure that local businesses receive the benefits. Coordinate and support Local Business Enterprise (LBE) opportunities and objectives associated with planned public improvements.

Source: East Palo Alto Redevelopment Agency

Table 5
Crosswalk between Redevelopment Goals and Program Activities
University Circle Project Area

Redevelopment Plan Amendment Goals	PROJECT ACTIVITIES				
	Economic Development	Infrastructure and Circulation	Site Assembly and Preparation	Planning and Project Administration	Affordable Housing
Create a single, unified development that will serve to revitalize the Project Area	X			X	X
Create jobs for city residents and improve job readiness skills.	X				
Improve the city's jobs/housing imbalance	X				X
Stimulate the job-producing economy of East Palo Alto	X	X	X	X	X
Provide for increased revenues (transient occupancy tax, sales tax, etc)	X				X
Establish a high profile project that highly impacts the City's image	X				
Create a significant project at the corner of Manhattan Avenue and O'Connor Street.	X		X	X	X

Five Year Planning Period Revenues

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

- Annual tax increment revenues,
- Debt issuance, and
- Non-Agency financial resources.

1. Annual Tax Increment Revenues

Tax increment revenues generated in the Project Area and cash on hand during the five year planning period are projected by the Agency to contribute approximately \$6.7 million towards economic revitalization and improvement project costs.

Table 6
Projection of Tax Increment Funds Available for Economic Revitalization Projects
Over the Five Year Planning Period
University Circle Project Area

Year	Net TI after Obligations (1)
2007-2012	
FY 2007/08	\$2,389,358
FY 2008/09	\$1,137,237
FY 2009/10	\$1,113,124
FY 2010/11	\$1,086,324
FY 2011/12	\$1,054,295
Total	\$6,780,339

(1) The tax increment projections are conservative and intended only as preliminary estimates, which are based upon the best available information, and actual tax increments may be higher or lower.

E. Proposed Five Year Program Expenditures

The estimated revenue and expenditures are presented in **Table 7**.

Table 7
Five Year (2007-2012)
Operating and Debt Expenditures
University Circle Project Area

Pass Thrus 15% of Gross 80% TI	(\$3,177,549)
Stage 2A Loan Repayment	(\$3,315,379)
Debt Service TAB Series 1999	(\$3,541,809)
Administrative Expenses	(\$4,085,253)
Repay a Portion of the General Fund Loan	(\$1,689,531)
Subtotal Debt and Expenses	(\$15,809,520)
Gross 80% Tax Increment	\$21,183,658
FY06/07 Balance	\$1,406,201
NET 80% Tax Increment	\$6,780,339

There is an estimated \$6.7 million balance available to be used for the economic development activities in **Table 4**. Agency staff currently anticipates that the funds necessary to support key elements of the proposed five year program of economic revitalization activities will be available. The Agency will use its annual budget process to establish funding priorities. The 1999 fiscal merger of the UCI and G101 Project Areas permits funds to be used on G101 Project Area activities described in **Table 9**. In addition, once the RBD project area is merged with the UCI/G101 merged project areas, the funds can be used for the RBD Project Area activities described in **Table 14A and 14B**. It should be noted, however, that some of these projects may not be completed

within the five years of the Implementation Plan Program, and thus, related costs may not be incurred in five years.

Linkage Between Programs and Elimination of Blighting Influences

1. Blighting Conditions in the Project Area

Despite the Agency's progress, blighting influences remain within the boundaries of the Project Area. The University Circle Project Area continues to suffer from some characteristics defined by the CRL as physical blighting conditions. These conditions include:

- Factors that prevent the economically viable use of lots,
- Underutilized properties,
- Incompatible uses, and
- Parcels of irregular shape, inadequate size and poor configuration.

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

The Agency's program of redevelopment activities is designed to systematically address the blighting conditions within the Project Area. The alleviation of blighting influences in the Project Area will create an investment environment in which private developers and property owners have the incentive and the means to redevelop their properties. The Agency's programs will continue to alleviate blight in the following areas:

a. Economic Development

The elimination of excess vacant property, deteriorated and obsolete improvements and irregular parcel sizes can be accomplished through the development of the Manhattan Avenue project. The implementation of the First Source Hiring and Local Business Enterprise (LBE) programs, including the job training workshops and fairs, will encourage local business activity, alleviate unemployment among residents, and improve residents' economic viability, education, and technical skills.

b. Infrastructure and Circulation

Substandard, deficient and deteriorated public improvements in the Project Area negatively impact property values and investment potential, including the lack of modern storm drainage, water and sewer systems. The upgrading of sewer, water and storm drainage systems will help to alleviate these negative impacts. Transportation projects are proposed to improve circulation. Road, traffic signalization, public access, and public transportation improvements will serve to mitigate circulation problems.

c. Site Assembly and Preparation

The Project Area will eliminate blighting conditions through development of the Manhattan Avenue project.

d. Planning and Project Administration

The Project Area has suffered from blighting conditions that impede efficient and economically feasible development. Planning efforts, possibly including a revision or

amendment to the General Plan and/or Zoning Ordinance, master planning and environmental testing, and environmental compliance (CEQA) might help prepare for development. In addition, implementation of the East Palo Alto Bay Access Master Plan will provide improved access to open space and recreational uses along the San Francisquito Creek corridor.

CHAPTER 3: GATEWAY 101 PROJECT AREA

Description of the Project Area

The Gateway/101 Corridor Project Area (Project Area) consists of 146 contiguous acres of predominantly urbanized land. At the time of Plan adoption, the Project Area included a mixture of residential, commercial, and institutional uses, including 47 acres that were used for existing or former school uses, including the defunct Ravenswood High School. In general, land in the Project Area was underutilized. The combination of undeveloped parcels, the defunct high school, commercial nursery sites and single-family residences on large lots resulted in a relatively low intensity of development over much of the Project Area. The Project Area is generally bounded by Highway 101 and East Bayshore Road on the south, Pulgas Avenue on the east, Donohoe and Bell Streets on the north, and University and Capitol Avenues on the west. The Redevelopment Plan for the Project Area was originally adopted by the City Council in Ordinance Number 159 on December 20, 1993. The Agency is responsible for the implementation of the Redevelopment Plan.

Table 8
Summary Description of Project Area
Gateway 101 Project Area

Acres	146
Adopted	December 20, 1993
Base Assessed Value	\$17,599,135
Time Limits Under AB 1290	
Eminent Domain	2006
Incurring Debt	2013
Project Activities	2033
Tax Increment Receipt	2043
Financial Limits	
Tax Increment Cap	\$250,000,000
Bond Limit	\$150,000,000

Figure 2: Map of Gateway 101 Redevelopment Project Area

Project Area Goals and Objectives

The Implementation Plan provisions of the CRL require the Agency to establish goals and objectives for the Project Area for the five year planning period. Following is a summary of the major goals and objectives to be pursued by the Agency, as originally set forth in the Redevelopment Plan in 1993 and the Redevelopment Plan Amendment in 1999.

1. Goals and Objectives

The goals of the Gateway/101 Corridor Redevelopment Program, adopted in 1993 and amended in 1999, are:

- The elimination and prevention of the spread of blight, non-conforming uses and deterioration and conservation, rehabilitation and redevelopment of the Project Area in accordance with the General Plan, future specific plans, the

Redevelopment Plan and local codes and ordinances, as they now exist or may be amended.

- The elimination or amelioration of existing substandard conditions, including substandard vehicular circulation and parking systems, inadequate infrastructure, inadequate public improvements, insufficient off-street parking, and other similarly inadequate public improvements and facilities adversely affecting the Project Area.
- The creation and development of local job opportunities to preserve and improve the city's existing employment base, so as to attract new businesses, stimulate economic revitalization and provide business assistance within the Project Area and the city.
- The provision of ongoing revenues to the City to support operation and capital projects, and increase revenues from property, sales, business license and other fees, taxes and revenues received by the City and other taxing entities.
- The replacement of any low and moderate income housing units destroyed as a result of the Plan as expeditiously as possible by leveraging tax increment revenue with available local, state, federal and private revenue.
- The construction of replacement housing on already vacant sites both within and outside the Project Area and development of replacement housing on infill sites throughout the community.
- The relocation of any persons or households displaced as a result of the Agency's activities within the city to the extent feasible and in accordance with individual desires.
- The utilization of the City's land ownership resources, such as the former Ravenswood High School site, to obtain the greatest overall economic benefit to the community for the value of the land.
- The creation of an attractive gateway into the city from Highway 101 and other regional thoroughfares entering into and passing through the city.
- The provision of a pedestrian and vehicular circulation system that is coordinated with land uses and densities and that is adequate to accommodate projected traffic volumes.
- The provision of assistance to finance residential and commercial redevelopment in the Project Area to make the development economically feasible.
- The development of a spectrum of housing types affordable to various segments of the community in a manner consistent with the Housing Element of the

General Plan and the provisions of the California Redevelopment Law, as they now exist or may hereafter be amended.

- The promotion of new and continuing private sector investment within the Project Area to prevent the loss of, and to facilitate an increase in commercial sales activity.
- The development, construction, reconstruction or rehabilitation of park and recreational facilities.
- The alleviation of toxic contaminants in the Project Area.
- Planning, replanning, redesign, development, reconstruction or rehabilitation of undeveloped, vacant and/or underdeveloped areas to facilitate a better utilization of the lands within the Project Area.
- The achievement of an environment reflecting a higher level of concern for architectural, landscape, urban design and land use principles appropriate for attainment of the objectives of the Plan and the General Plan, as they now exist or may hereafter be amended.
- The control of unplanned growth by guiding revitalization, rehabilitation and new development in such fashion as to meet the needs of the Project, the City and its citizens.
- The reduction of the City's annual costs for the provision of local services to, and within, the Project Area. The Plan Amendment provides additional tax increment funds for redevelopment projects that are needed to alleviate blighting conditions in the Project Area by pooling the tax increment from the adjacent University Circle Project Area with the Gateway/101 Corridor Project Area:

The Agency's objectives for the Project Area are:

- Eliminate many of the local blight characteristics detrimental to the health, safety, or welfare of Project Area residents.
- Increase employment opportunities in the Project Area.
- Pursue opportunities to generate additional sales tax revenue.
- Improve housing conditions for low and moderate-income households and families living in the area.
- Create a better living and working environment in the Project Area.

2. Programs

The Plan outlined six basic programs the Agency will undertake in the Project Area to alleviate blighting conditions and attain these goals:

- **Economic Development.** Provide incentives for development and investment in the Project Area, and design and implement activities and programs to attract new businesses that will provide quality jobs. Implement the First Source Hiring and Local Business Enterprise (LBE) programs that will entice local business activity, alleviate unemployment among residents, and improve their education and technical skills. Support local small businesses and entrepreneurs.
- **Infrastructure and Circulation.** Improve, construct and reconstruct major public infrastructure such as streets, roads and parking, and systems for utility, water, sewage and storm drainage, to alleviate and improve current infrastructure and circulation problems.
- **Community and Public Facilities.** Repair, rehabilitate, install, acquire and improve parks, open space, playgrounds, libraries and other public buildings and structures that will adequately serve East Palo Alto residents.
- **Site Assembly and Preparation.** Facilitate the purchase, improvement, occupant relocation and environmental clean up of property to promote and support East Palo Alto's redevelopment efforts.
- **Planning and Project Administration.** Complete master planning, environmental testing and documentation, and implementation of design standards and guidelines to prepare for development.
- **Affordable Housing.** Complete replacement and relocation activities and expenditure of affordable housing funds to provide affordable housing development throughout the city and correct housing deficiencies in the Project Area.

These program activities are described in **Table 9**. **Table 10** correlates these program activities to the economic revitalization redevelopment goals stated above.

C. Historical Activities and Agency Accomplishments

Through Fiscal Year 2006/2007, the Gateway Redevelopment Project has generated \$13.3 million in gross tax increment revenue since the Project's adoption. To date, the Agency has undertaken the following activities:

2. Historical Activities 2002-2007

- Completed land assembly to facilitate commercial and residential development in the Gateway Project Area.

- Completed site clean up of the Ravenswood High School site. Complete clean up activities for the remainder of the Project Area per EIR.
- Completed DDA for Phase II (IKEA) development.
- Completed IKEA EIR.
- Completed EIR work for Phase IV development.
- Implemented the IKEA housing relocation plan.
- Completed construction of IKEA by 2003.
- Implement FSH/LBE programs. Approximately 30-40% of the jobs at Gateway 101 are held by East Palo Alto residents.
- University Square housing community developed 217 new single family homes, including 22 low and moderate income units.
- Peninsula Park apartments developed 129 apartment units, including 65 for low and very low income households.
- The developer of University Square developed the 2 acre Joel Davis Memorial Park.
- Development of Gateway 101 Retail Center with 300,000 square feet of regional retail including Home Depot, Office Depot, Best Buy, and Circuit City.
- Facilitated the Cummings Park project, a 30 unit condo project with 16,000 square feet of retail that is under construction.
- Phase IV, Univ. Palms, received its entitlements and was transferred to a development consortium consisting of TMG and the McFarlane Group. Univ. Palms consists of approximately 180,000 sqft of Office/Commercial space and 20,000 sqft of retail on the corner of Univ. Ave. and Donohoe Ave.
- Pad D, an Agency-owned, 20,000 square foot parcel between Home Depot and highway 101 is being actively marketed by a commercial real estate broker.
- Created a single property manager program for 2007 for the Gateway 101 Retail Center. Managed the preparation of the scope of work, the selection process, and the start up phase.
- Developed replacement housing at Peninsula Park apartments.

Infrastructure and Circulation

- Reconstructed Cooley Avenue and Donohoe Street intersection from the existing four-leg intersection at East Bayshore to a three-leg intersection with the new East Bayshore alignment. Provided clear lane markings and striping on all roadways and at all intersections within the Project Area. Constructed new roadways to serve the Project Area.
- Upgraded traffic signals for the area, including at East Bayshore Road/Shopping Center Driveway.
- Created additional parking and shuttle vehicles for use by customers, employees and residents. Added parking structures to Phases 2 and 4.
- Completed the construction of 12-inch water lines around commercial development to adequately serve the needs of the Project Area.
- Upgraded sewer capacity lines within and serving the Project Area.
- Completed and implemented a storm drainage improvement plan for the Project Area, which will serve new development. Completed installation of storm drain improvements.
- Completed the undergrounding of utilities in the Project Area.

Community and Public Facilities

- Facilitated the development of the new 2 acre Joel Davis Memorial Park as part of the University Square development project.

Planning and Project Administration

Over the next five years, the Agency will continue to work to alleviate blight. Activities may include, but are not limited to, the activities described in Table 9. **Table 9** describes the potential activities between 2007-2012.

**Table 9-
Projected Economic Revitalization Program Activities 2007-2012- Gateway/101
Corridor Project Area -Program Activities Description**

Program Activities	Description
Planning and Project Administration	
Implement Design Standard and Guidelines	Work with the Planning Commission and City Council to revisit the East Palo Alto Gateway Design Guidelines by the Cannon Design Group and the design guidelines in the Freedom, Tung, and Bottomly study along University Ave. Implement design standards outlined plans.
Infrastructure and Circulation	
Street Landscaping	Require development and Capital Improvement projects to provide adequate landscaping to eliminate blight and generate economic growth. Encourage community-based initiatives such as Tree Canopy initiatives.
Parking, Sewer, Water, Road Improvements, Storm Drainage. Utilities, Traffic and Signalization Improvements	Ensure adequate facilities in the Project Area to support envisioned development.
Community and Public Facilities	
Parks and Open Space Playgrounds Public Facilities	Monitor Univ. Palms improvements to ensure consistency with development agreements and the G101 Plan. Ensure adequate facilities in the Project Area.
Site Assembly	
Assist with Site Assembly	Assist private developers in acquiring properties.
Site Occupant Relocation	Monitor the University Palms relocation of both retail and residential tenants, and the provision of replacement housing.
Demolition and Site Preparation	Complete all necessary demolition and site preparation for new development.
Economic Development	
Commercial Development	Complete retail/office development (Univ. Palms-Phase IV) at the intersection of University Avenue and Donohoe Street.
	Improve G101 Retail Center's administrative management and physical structure. Form a property management association. Attract a Major retailer for empty Expo site. Explore options for expanding the gross leasable area, including potential parking structures. Explore the creation of a new signage program, including highway signs on Hwy 101.
	Complete groundlease and development of Pad D with appropriate retail use that generates revenue and employment.
	Monitor and manage the implementation of University Palms' OPA requirements.
	Explore development potential of other sites within G101 Redevelopment Area, in particular sites that would generate significant sales tax or TOT revenue or employment opportunities for residents.
Small Business and Local Entrepreneur Support	Support local small businesses and entrepreneurs by connecting them to information and resources. Implement and monitor projects and benefits as defined in the development agreements and OPAs to ensure that local businesses receive the benefits.
First Source Hiring Program (FSH) and Local Business Enterprise (LBE) Policy	Implement First Source Hiring and Local Business Enterprise (LBE) program of employing residents and businesses of East Palo Alto. Continue to work with the retailers to create employment opportunities for residents. Improve FSH/LBE policy with job fairs and training focused on securing employment, retaining employment, and advancing up a career ladder. Coordinate and support Local Business Enterprise (LBE) opportunities and objectives associated with planned public improvements.
Residential and Other Development	Issue RFP for Pulgas Panhandle and other opportunity sites.

Table 10
Crosswalk between Redevelopment Goals and Program Activities
Gateway/101 Corridor Project Area

Redevelopment Plan Amendment Goals	PROJECT ACTIVITIES				
	Economic Development	Infrastructure and Circulation	Site Assembly and Preparation	Planning and Project Administration	Affordable Housing
Eliminate blight	X				
Increase employment opportunities in the Project Area	X	X	X	X	
Pursue opportunities to generate additional sales tax revenue.	X	X	X	X	
Improve housing conditions for low and moderate-income households and families living in the area.	X				X
Create a better living and working environment in the Project Area.	X	X	X	X	X

D. Five Year Planning Period Revenues

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

1. Annual tax increment revenues,
2. Debt issuance, and
3. Non-Agency financial resources.

1. Annual Tax Increment Revenues

Tax increment revenues generated in the Project Area and cash on hand during the five year planning period are projected by the Agency to contribute approximately \$3.8 million towards economic revitalization improvement project costs. This Plan does not assume the issuance of additional bonds. The issuance of bonds would increase the funding available.

As noted previously, these tax increment projections were prepared based on best available data and assumptions available to the Agency and its consultants at this time and are considered conservative estimates of potential revenue.

Table 11
Projection of Tax Increment Funds Available for Economic Revitalization Projects
Over the Five Year Planning Period
Gateway 101 Project Area

Year	Net TI after Obligations (1)
FY 2007/08	\$1,126,205
FY 2008/09	\$540,932
FY 2009/10	\$523,793
FY 2010/11	\$858,651
FY 2011/12	\$842,906
Total	\$3,892,487

(1) The tax increment projections are conservative and intended only as preliminary estimates, which are based upon the best available information, and actual tax increments may be higher or lower.

E. Proposed Five Year Program Expenditures

Programs and Expenditures – Five Year Period

The estimated revenue and expenditures are presented in **Table 12**.

Table 12
Five Year (2007-2012)
Operating and Debt Expenditures
Gateway/101 Corridor Project Area

	Five Year Projected Costs
Pass Thrus 15% of Gross 80% TI	(\$2,199,489)
Debt Service TAB Series 1999	(\$3,541,809)
Administrative Expenses	(\$4,085,253)
Repay a Portion of the General Fund Loan	(\$1,689,531)
Subtotal Debt and Expenses	(\$11,516,081)
Gross 80% Tax Increment	\$14,663,260
FY06/07 Balance	\$745,308
NET 80% Tax Increment	\$3,892,487

There is an estimated \$3.8 million balance available to be used for the economic development activities in **Table 9**. The Agency will use its annual budget process to establish funding priorities. Agency staff currently anticipates that the funds necessary to

support key elements of the proposed five year program of economic revitalization activities will be available. The 1999 fiscal merger of the UCI and G101 Project Areas permits funds to be used on the UCI Project Area activities described in **Table 4**. In addition, once the RBD project area is merged with the UCI/G101 merged project areas, some of the funds can be used for the RBD Project Area activities described in **Table 14A and Table 14B**. It should be noted, however, that some of these projects may not be completed within the five years of the Implementation Plan Program, and thus, related costs may not be incurred in five years. These activities are for the five year planning period only.

F. Linkage between Programs and Elimination of Blighting Influences

1. Blighting Conditions in the Project Area

Despite the Agency's progress, blighting influences remain within the boundaries of the Gateway/101 Corridor Project Area. The Project Area continues to suffer from characteristics defined by the CRL as physical blighting conditions. These conditions include:

- Aging and deteriorating residential and commercial buildings,
- Factors that prevent or hinder the economically viable use of building or lots,
- Incompatible uses, and
- Parcels of irregular shape, inadequate size and poor configuration.

This Project Area also continues to suffer from characteristics defined by the CRL as economic blighting conditions. These conditions include:

- Depreciated/stagnant property values or impaired investments;
- Business vacancies, low lease rates, abandoned buildings, or excessive vacant lots;
- Lack of commercial facilities normally found in neighborhoods;
- Residential overcrowding or problem businesses; and
- A high crime rate.

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

The Agency's program of redevelopment activities is designed to systematically address the blighting conditions within the Project Area. The alleviation of blighting influences in the Project Area will create an investment environment in which private developers and

property owners have the incentive and the means to redevelop their properties. The Agency's programs will continue to be active in alleviating blight in the following areas:

1. **Economic Development.** The elimination of excess vacant property, deteriorated and obsolete improvements, and irregular parcel sizes have been and will continue to be accomplished through the development of the Gateway Phase IV development projects. The implementation of the First Source Hiring and Local Business Enterprise (LBE) program will entice local business activity, reduce unemployment among residents, and improve residents' education and technical skills. The Agency will continue to explore opportunities to expand employment and sales tax generation in the Project Area.
2. **Infrastructure and Circulation.** Improve, construct, and reconstruct major public infrastructure such as streets, roads, and parking, and systems for utility, water, sewage, and storm drainage, to alleviate an improve current infrastructure and circulation problems.
3. **Community and Public Facilities.** The City of East Palo Alto does not have sufficient acreage of parks to serve its residents. Providing neighborhood parks in a location accessible to community residents will improve the Project Area's environment for the social and psychological growth and well being of its residents. Repair, rehabilitate, install, acquire, and improve parks, playgrounds, libraries, and other public buildings and structures that will adequately serve East Palo Alto residents.
4. **Site Assembly and Preparation.** Facilitate the purchase, improvement, and occupant relocation and environmental clean up of property to promote and support East Palo Alto's redevelopment efforts. The Project Area suffers from environmental problems related to hazardous materials that will inhibit private development until they are addressed. The Project Area still has substandard and deteriorated buildings. The Agency will attempt to alleviate conditions by issuing an RFP for the Pulgas Panhandle area.
5. **Planning and Project Administration.** The Project Area suffers from blighting conditions that impede efficient and economically feasible development. Substantial planning costs, including master planning and environmental testing and documentation will help prepare for development.
6. **Affordable Housing.** Complete replacement and relocation activities and expenditure of affordable housing funds to provide affordable housing development throughout the city and correct housing deficiencies in the Project Area.

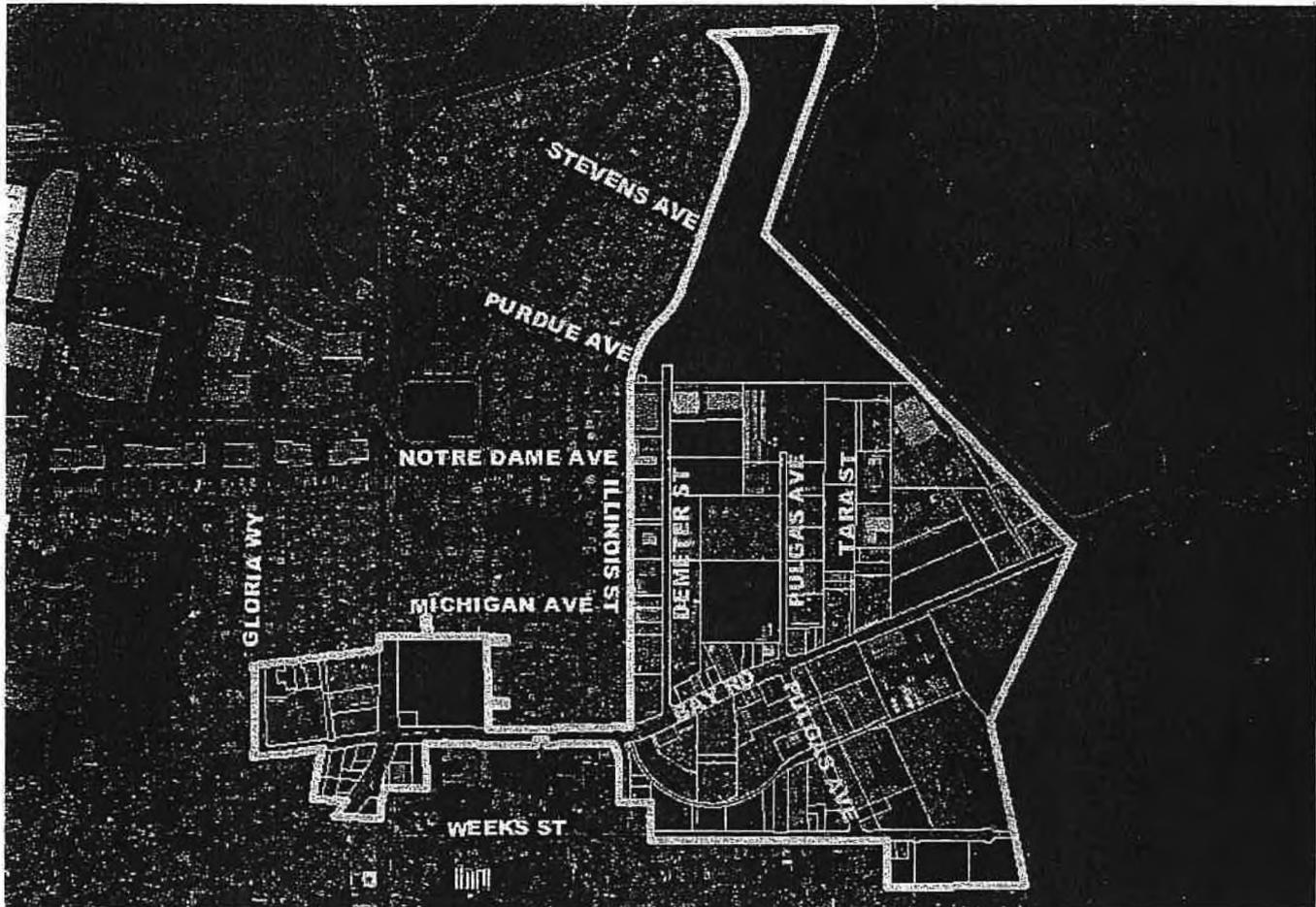
CHAPTER 4: RAVENSWOOD PROJECT AREA

A. Description of Ravenswood Project Area

The Ravenswood Project Area (Project Area) consists of 186 acres of predominantly urbanized areas within the City of East Palo Alto. The Project Area consists of 142 parcels of industrial, commercial, residential, open space and public uses. The average parcel is less than two acres in size. The Redevelopment Plan for the Project Area was adopted by the City Council in Ordinance No. 121, dated July 16, 1990. The Agency is responsible for the implementation of the Redevelopment Plan. **Table 13** briefly summarizes the characteristics of the Project Area. **Figure 3** shows the Project Area boundaries.

Table 13
Summary Description of Project Area
Ravenswood Redevelopment Project

Acres	186
Adopted	July 16, 1990
Base Assessed Value	\$36,679,945
Time Limits Under AB 1290	
Eminent Domain	2002
Incurring Debt	2010
Project Activities	2020
Tax Increment Receipt	2030
Financial Limits	
Tax Increment Cap	\$522,500,000
Bond Limit	\$176,000,000

Figure 3: Map of Ravenswood Redevelopment Project Area

B. Project Area Goals, Objectives and Programs

1. Goals and Objectives

The Implementation Plan provisions of the CRL require the Agency to establish goals and objectives for the Project Area for the five year planning period. Following are the major goals and objectives to be pursued by the Agency, as originally set forth in the 1990 Redevelopment Plan.

- The elimination and prevention of the spread of blight and promotion of redevelopment of the Project Area in accordance with the General Plan, specific plans, the Redevelopment Plan and local codes and ordinances.
- The remediation of toxic contaminants in the Project Area and promotion of new development that best serves the residents of the city.
- The promotion of new and continuing private sector investment within the Project Area to facilitate industrial and commercial activity.

- The achievement of an environment reflecting a high level of concern for architectural, landscape, urban design and land use principles appropriate for attainment of the objectives of the Redevelopment Plan.
- The creation and development of local job opportunities and preservation and expansion of the area's existing employment base.
- An increase in City revenues from property and sales taxes.

These goals and objectives continue to be the relevant goals and objectives of the Agency.

2. Programs

The Ravenswood Project Area is divided into two distinct areas, the Four Corners and the Industrial sections, that will yield different forms of development. All activities that the Agency will undertake in the Project Area to alleviate blighting conditions and attain these goals can be categorized into six basic program activities:

- **Economic Development.** Provide incentives for development and investment in East Palo Alto's commercial and industrial areas, and design and implement activities and programs to attract new businesses that will provide quality jobs. Implement the First Source Hiring and Local Business Enterprise (LBE) programs that will entice local business activity, alleviate unemployment among residents, and improve their education and technical skills. Support local small businesses and entrepreneurs.
- **Infrastructure and Circulation.** Improve, construct and reconstruct major public infrastructure such as streets, roads, and systems for water, sewage and storm drainage, and underground utilities.
- **Community and Public Facilities.** Repair, rehabilitate, install, acquire and improve parks, open space, playgrounds, libraries, transit facilities and other public buildings and structures that will adequately serve East Palo Alto residents.
- **Site Assembly and Preparation.** Purchase, demolish or improve buildings, and assist in the environmental remediation of contaminated properties and support East Palo Alto's redevelopment efforts.
- **Planning and Project Administration.** Complete master planning, environmental testing and documentation, and implementation of design standards and guidelines to prepare for development.
- **Affordable Housing.** Complete replacement and relocation activities and expenditure of affordable housing funds to provide affordable housing

development throughout the city and correct housing deficiencies in the Project Area.

These program activities are described in **Table 14A and Table 14B**. **Table 15** correlates these project activities to the economic revitalization redevelopment goals stated above.

C. Historical Activities and Agency Accomplishments 2002-2007

Through Fiscal Year 2006/2007, the Ravenswood Redevelopment Project has generated \$2.5 million in gross tax increment revenue since the Project's adoption. To date, the Agency has undertaken the following activities.

- Tara Rd Industrial Condos: Issued RFP for 50,000 sq ft of industrial condos at end of Tara Rd. Entered into an OPA with the owner/developer. Managed project through the entitlement process.
- Bay-Clark-Weeks-Pulgas (BCWP) visioning process: RDA staff initiated and completed a planning visioning process to create consensus regarding the community's desired land uses within the BCWP block. As a result of this process, a plan was produced and an RFP issued soliciting development proposals consistent with the BCWP Plan.
- Byrd Brock DKB Project- Managed 78 residential units and 50,000 square feet of industrial project through the OPA and entitlement process.
- Olson Project- Managed 55 unit residential project through the OPA and entitlement process.
- J&R Project- Adopted an OPA with land owner for 90,000 square feet of industrial space.
- 2555 Pulgas Project- Adopted an OPA with developer for 75 live work units.
- Promoted the development of a supermarket serving the community.
- Town Center at Four Corners:
 - Explored and developed development program including retail and office.
 - Office market collapse made project concept financially unfeasible.
- Supermarket Project at Four-Corners:
 - Issued an RFP for a mixed use development at the Four-Corners.
 - Selected developer to develop a project program.
 - Develop mixed use development concept including 50,000 square foot full service supermarket, 26,000 square feet of inline retail space, and up to approximately 216 residential units.

- Initiated discussions and public planning process with new property owner/developer to present a project alternative for Agency consideration.
- La Parrilla Grill: Facilitated business licensing and tenant improvements
- Southeast corner of Bay and University RFP: Developed a mixed use retail and housing development concept, issued RFP, and selected developer. Currently refining proposal for Agency consideration of an OPA.
- Facilitated city acquisition of 10,000 square foot parcel located on the northeastern corner of Bay Rd. and University Ave. to ensure appropriate development related to the adjacent parcel and the Phase I Bay Road Capital Project.
- Completed the code enforcement abatement of 1925 Tara Road, and various other code enforcement issues at 1802, 1847, 1849 and 1851 Bay Road.
- Updated the Redevelopment Agency website with recent programs, projects, and properties on the market.
- Continued to work on the Draft EIR with the Planning Division. Reviewed and provided comments on a second Administrative Draft.
- Continued to work on the formation of an Assessment District. Amended contract with Engineering firm to continue and update engineering assessment work, working with a financial advisor to guide the financing aspects
- Implemented FSH/LBE programs to employ residents and attract businesses to East Palo Alto.
- Created a youth shuttle program.
- Facilitated the development of a non-profit and healthcare center near the corner of Bay Road and Clarke Ave.
- Developed a City of EPA Public Works Corporation Yard on Tara Road.
- Acquired ownership of UP rail spur between Bay Road and Pulgas Road. Negotiated an easement with Byrd Brock DKB and Olson projects to develop a public trail.
- Developed the East Palo Alto Bay Access Master Plan to create a vision for how East Palo Alto wants to access the Bay in the RBD.
- Identified site and assisted in leasing negotiations and development of site improvements for a new police facility at 151 Demeter Street.

Over the next five years, the Agency will continue to work to alleviate blight. Activities may include, but are not limited to, the activities described in **Tables 14A** and **14B**.

Table 14A
Projected Economic Revitalization Program Activities 2007-2012-RBD Project
Area-Program Activities Description

Program Activities	Description
Planning and Project Administration	
Master Planning	Refine, finalize and implement Revitalization Plan.
Master Planning , Environmental Testing And Documentation	Complete RBD Program EIR.
Open Space and Recreation Planning	Coordinate the General Plan Amendment to incorporate the East Palo Alto Bay Access Master Plan
Implement Design Standard and Guidelines	Implement design standards outlined in the Draft East Palo Alto Urban Design Study.
Infrastructure and Circulation	
Infrastructure	Create an Assessment District or other financing mechanism to fund necessary infrastructure improvements.
Road Improvements	Complete Bay Road Improvements, a pedestrian/street network, Purdue Avenue/Fordham extension as well as creation of new roads to improve circulation in the area. Complete second design of University Avenue improvements. Ensure adequate internal circulation within the RBD. Where appropriate, incorporate efforts with the Circulation Element and the updated Pavement Management Plan. Upgrade infrastructure as necessary.
Traffic and Signalization Improvements	Install new signals on Bay Road, University Avenue and as needed in the Ravenswood Business District. Upgrade infrastructure as necessary.
Street Landscaping	Complete median landscaping and underground irrigation on University Avenue, from Woodland Road to Kavanaugh Drive/Notre Dame. Upgrade infrastructure as necessary.
Parking and Public Transportation	Complete Bay Road Project Phase I from University Ave. to Clarke Rd. Upgrade infrastructure as necessary.
Water, Sewage	Upgrade capacity lines within and serving the Project Area and provide other necessary facilities. Coordinate activities with the East Palo Alto Sanitation District, the Interagency Water Resources Management Plan, and other relevant plans and agencies.
Storm Drainage Systems	Upgrade capacity lines within and serving the Project Area and provide other necessary facilities. Improve Runnymede Storm Drain. Where appropriate, incorporate efforts with the Circulation Element and the updated Storm Drain Master Plan.
Utilities	Implement Ravenswood Business District utility infrastructure augmentation. Upgrade and improve as necessary.

**Table 14B
Projected Economic Revitalization Program Activities 2007-2012-RBD Project
Area-Program Activities Description**

Program Activities	Description
Site Assembly	
Assist with Site Assembly	Assist private developers in acquiring properties.
Demolition and Site Preparation	Complete all necessary demolition and site preparation for new development.
Code Enforcement	Use proactive code enforcement program to eliminate blighting influences.
Wetlands and Archaeological Mitigation	Complete all necessary wetlands mitigation in preparation for development and according to law.
Financing	Work with property owners, who have formed an LLC, to create an Assessment District, or other appropriate financing mechanism, to fund the necessary infrastructure improvements.
Toxics Remediation	Complete remediation of Torres Property, People's Plaza site, Rhone-Poulenc, rail spur and any other site that requires remediation.
Economic Development	
Four Corners	Facilitate development of a Town Center Plaza, including a commercial center anchored by a supermarket, housing, and ground floor retail. Facilitate development of 4 Corners project on southeastern corner. Facilitate development of signature gateway projects at the intersection of Univ. and Bay Rd.
RBD	Encourage the development of office/R&D, residential, and appropriate industrial uses in the Ravenswood Business District as well as residential uses.
First Source Hiring Program (FSH) and Local Business Enterprise (LBE) Policy	Implement the FSH/LBE policies to create employment and business opportunities for residents. Improve FSH/LBE policy with job fairs and training focused on securing employment, retaining employment, and advancing up a career ladder.
Commercial Development	Explore issuing RFP's for other sites in the Ravenswood and Four Corners area.
Supermarket	Promote the development of a supermarket serving the community.
Marketing	Market the Ravenswood to raise awareness and overcome the potential stigma of real and perceived contamination.
Small Business and Local Entrepreneur Support	Support local small businesses and entrepreneurs by connecting them to information and resources. Implement and monitor projects and benefits as defined in the development agreements and OPAs to ensure that local businesses receive the benefits. Coordinate and support Local Business Enterprise (LBE) opportunities and objectives associated with planned public improvements.
Community and Public Facilities	
Health Care	Explore development of permanent health center on Bay Rd.
Parks and Open Space	Implement East Palo Alto Bay Access Master Plan. Improve open space in wetlands fronting the Bay.
Public Facilities	Explore development of permanent Corporation Yard and Police Station in the Ravenswood.

**Table 15
Crosswalk between Redevelopment Goals and Program Activities
Ravenswood Redevelopment Project Area**

Redevelopment Plan Amendment Goals	PROJECT ACTIVITIES				
	Economic Development	Infrastructure and Circulation	Site Assembly and Preparation	Planning and Project Administration	Affordable Housing
The elimination and prevention of the spread of blight	X				X
The remediation of toxic contaminants	X	X	X		
The promotion of new and continuing private sector investment	X	X	X	X	
The achievement of an environment reflecting a high level of design standards	X	X	X		
The creation and preservation of local job opportunities	X	X	X		
An increase in City revenues from property and sales taxes.	X	X	X	X	
Expanding Housing, market rate and affordable.					X

D. Five Year Planning Period Revenues

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

- Annual tax increment revenues and
- Non-Agency financial resources, such as various HUD Economic Development Initiative Grant grants, and a potential assessment district.
- Debt issuance

1. Annual Tax Increment Revenues

In addition to the funds generated within the RBD, the merger of the project areas will allow some of the surplus funds from the UCI and Gateway 101 Corridor project areas to be used in the RBD.

Table 16
Projection of Tax Increment Funds Available for Economic Revitalization Projects
Over the Five Year Planning Period
Ravenswood Project Area

RBD	ORIGINAL
Year	Net TI after Obligations (1)
FY 2007/08	\$0
FY 2008/09	\$0
FY 2009/10	\$0
FY 2010/11	\$0
FY 2011/12	\$0
Total	\$0

Source: East Palo Alto Redevelopment Agency

(1) The tax increment projections are conservative and intended only as preliminary estimates, which are based upon the best available information, and actual tax increments may be higher or lower. The estimate does not assume the issuance of debt.

E. Proposed Five Year Program Expenditures

The estimated revenue and expenditures are presented in **Table 17**.

Table 17
Five Year (2007-2012)
Operating and Debt Expenditures
Ravenswood Redevelopment Project Area

Program Activities	
Pass Thrus 15% of Gross 80% TI	(\$591,482)
Administrative Expenses	(\$3,351,734)
Subtotal Debt and Expenses	(\$3,943,216)
Gross 80% Tax Increment	\$3,943,216
FY06/07 Balance	\$0
NET 80% Tax Increment	\$0

Currently, the RBD does not generate sufficient tax increment to support economic development activities. See **Table 17**. The merger of the three redevelopment project areas will allow the Agency to potentially use some of the excess tax increment generated from the UCI and Gateway 101 Project Areas to alleviate shortfalls in the Ravenswood Area and continue with blight elimination activities. Agency staff currently anticipates that some of the funds necessary to support key elements of the proposed five year program of economic revitalization activities might be available. The Agency will use its

annual budget process to establish funding priorities. It should be noted, however, that some of these projects may not be completed within the five years of the Implementation Plan Program, and thus, related costs may not be incurred in five years.

Linkage between Programs and Elimination of Blighting Influences

1. Blighting Conditions in the Project Area

Blighting influences remain within the boundaries of the Ravenswood Project Area. The Area continues to suffer from characteristics defined by the CRL as physical blighting conditions. These conditions include:

- Aging and deteriorating residential and commercial buildings,
- Factors that prevent or hinder the economically viable use of building or lots, and
- Parcels of irregular shape, inadequate size and poor configuration.

This Project Area also continues to suffer from characteristics defined by the CRL as economic blighting conditions. These conditions include:

- Depreciated/stagnant property values or impaired investments;
- Business vacancies, low lease rates, abandoned buildings, or excessive vacant lots;
- Presence of hazardous materials; and
- A high crime rate.

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

The Agency's program of redevelopment activities is designed to systematically address the blighting conditions within the Project Area. The alleviation of blighting influences in the Project Area will create an investment environment in which private developers and property owners have the incentive and the means to redevelop their properties. The Agency's programs will continue to be active in alleviating blight in the following areas:

a. Planning and Project Administration

The Project Area suffers from blighting conditions that impede efficient and economically feasible development. Substantial planning costs, including master planning and environmental testing and documentation will help prepare for development.

b. Infrastructure and Circulation

Substandard, deficient and deteriorated public improvements in the Project Area negatively impact property values and investment potential, including the lack of modern storm drainage, water and sewer systems. The upgrading of sewer, water and storm drainage systems will help to alleviate these negative impacts. The Project Area has a number of circulation problems. Numerous projects are proposed to alleviate these problems and improve circulation. Road and traffic signalization improvements will serve to mitigate these circulation problems.

c. Site Assembly and Preparation

The Project Area suffers from environmental problems related to hazardous materials that will inhibit private development until they are addressed. The Project Area has a relatively high proportion of contaminated sites. The Agency's environmental mitigation programs will help remediate such sites and prepare them for development.

d. Economic Development

Elimination of excess vacant property, deteriorated and obsolete improvements and irregular parcel sizes can be accomplished through the development of Four Corners and Ravenswood Business District development projects. Implement a First Source Hiring and Local Business Enterprise (LBE) program that will entice local business activity, cure unemployment among residents, and improve residents' education and technical skills.

e. Community and Public Facilities

The City of East Palo Alto does not have sufficient acreage of parks to serve its residents. Providing neighborhood parks in a location accessible to community residents will improve the Project Area's environment for the social and psychological growth and well being of its residents.

CHAPTER 5: AFFORDABLE HOUSING ACTIVITIES

A. Implementation Plan Requirements: Housing Activities

The housing portion of the Implementation Plan is required to set forth specific goals and objectives in enough detail to measure performance. The Plan must include the following affordable housing planning components:

- The number of housing units projected to be rehabilitated, price-restricted, assisted or destroyed.
- The Agency's Affordable Housing Production Plan (AB 315 Plan, as described below).
- Identification of proposed locations for replacement housing, which the Agency will be required to produce pursuant to Community Redevelopment Law (CRL) Section 33413, if a planned redevelopment project will result in the destruction of existing affordable housing. (Units developed for replacement housing are included as part of the Agency's Affordable Housing Production Plan.)
- The amount available in the Low and Moderate Income Housing Fund, estimates of deposits into the Housing Fund during the next five years, and the Agency's plans for using annual deposits to the Housing Fund.
- An explanation of how the goals, objectives, programs and expenditures set forth in the Implementation Plan will implement the affordable housing requirements of Community Redevelopment Law (CRL), including a housing program for each of the five years of the Implementation Plan.

B. Major Statutory Provisions of CRL for Affordable Housing

The major statutory affordable housing requirements imposed on redevelopment agencies by the CRL may be categorized generally as:

- **Housing Production Requirement** – Specified minimum percentages of new or rehabilitated housing units in a project area are to be made available at a specified affordable housing cost and income levels.
- **Replacement Housing Requirement** – Agencies must replace housing units (or bedrooms) removed from the housing stock as a result of redevelopment activities.
- **Housing Fund Requirement** – Redevelopment agencies are required to expend specified percentages of tax increment revenue for provision of affordable housing.

- Goals, Objectives and Programs Requirement – Agencies must explain how its goals and objectives will implement the affordable housing requirements of the CRL, including a program for each five years of the Implementation Plan.

These four requirements are described in greater detail as follows:

1. Housing Production Requirement and Housing Production Plan

Project areas created by redevelopment plans adopted on or after January 1, 1976, and territory newly added to project areas by amendments adopted on or after January 1, 1976, must meet an affordable housing inclusionary production obligation (the “Housing Production Requirement”). The CRL requires that when housing is developed or substantially rehabilitated in a project area by public or private entities other than an agency, including entities receiving agency assistance, 15 percent of the total number of units must be affordable to low and moderate income households. Of those units, 40 percent must be affordable to very low income households. The 40 percent very low income requirement translates to 6 percent of the total units developed and substantially rehabilitated in a project area (40 percent of 15 percent equals 6 percent).

The CRL also requires that 30 percent of all housing developed or substantially rehabilitated by an agency must be available at affordable housing cost to low and moderate income households. Of those units, 50 percent must be affordable to very low income households. The 50 percent very low income requirement translates to 15 percent of the total units developed or rehabilitated by the agency (50 percent of 30 percent equals 15 percent). This requirement applies only to units developed directly by an agency and does not apply to units developed by housing developers pursuant to agreements with an agency.

The East Palo Alto Redevelopment Agency has not developed housing directly, but has provided funds to both for-profit and non-profit agencies for the development and preservation of low and moderate income housing.

The CRL requires agencies to report on historical production and adopt a plan for each project area showing how the agency intends to meet its Housing Production Requirement (the “Housing Production Plan”) for the following time periods:

- Historical production from the adoption of the Plan through 2004
- Historical production from 2004 through 2006.
- Annual production over the next five years (2007 to 2011)
- Production over the next ten years (2007 to 2016)
- Production through the life of the Plan (2016 to the end of the Plan)

The plan must include estimates of the number of new or rehabilitated residential units to be developed within the project area and the number of units for very low income households and low and moderate income households which will be developed in order to meet the requirements of Section 33413. Additionally, the plan must include estimates

of the number of units the agency itself will develop during the time period of the plan, including the number of very low, low and moderate income units. The plan is to be reviewed every five years in conjunction with updating the housing element.

All three of the City's Redevelopment Plans were adopted after January 1, 1976 and are subject to the CRL housing production requirement. **Section C** sets forth the Housing Production Plan for the Agency in the University Circle Project Area. The Housing Production Plan for the Agency in the Gateway 101 Project Area is set forth in **Section D**. Finally, **Section E** sets forth the Housing Production Plan for the Agency in the Ravenswood Project Area.

2. Replacement Housing Requirement

When residential units housing low and moderate-income households are destroyed as part of a redevelopment project, an agency must replace those units with new or newly rehabilitated low and moderate income units within four years. The Agency must replace 100 percent of the units or 100 percent of the bedrooms removed at the same income level as those households that were displaced. At least thirty days prior to acquiring property or adopting an agreement that will lead to the destruction or removal of low and moderate income housing units, an agency must adopt by resolution a replacement housing plan. A replacement housing plan generally must include:

- The general location of housing to be rehabilitated, developed or constructed to meet the particular Replacement Housing Requirement.
- An adequate means of financing such rehabilitation, development, or construction.
- A finding that the replacement housing does not require the approval of the voters pursuant to Article XXXIV of the California Constitution or that such approval has been obtained.
- The number of dwelling units housing persons and families of low or moderate income planned for construction or rehabilitation.
- The timetable for meeting the plan's relocation, rehabilitation and replacement housing objectives.

The Replacement Housing Requirement applies to project areas established by redevelopment plans (or areas added by amendments) adopted on or after January 1, 1976, and merged project areas regardless of the date of establishment of the individual project areas subsequently merged.

Replacement units may be located anywhere within the territorial jurisdiction of the agency (CRL Section 33413[a]). An agency may construct replacement housing itself or cause that housing to be developed through agreements with housing developers.

The basic income and affordability standards for replacement housing are the same as those for use of Housing Fund money. The units must be available at affordable housing cost to households of low and moderate income. In accordance with the CRL, the legal requirements for replacement housing are as follows:

- CRL Section 33000 et seq., the replacement housing units are to replace any low and moderate income units removed from the project area within four years.
- CRL Section 33413(a) provides that of those replacement housing units built must be available at the same income level as the households displaced from those destroyed or removed units.
- CRL Section 33413(f) provides that the Agency may replace the removed dwelling units with fewer units if the new units include the total number of bedrooms removed and 100 percent of the new units are affordable to the same income level of households as the removed units.

Since, in East Palo Alto, smaller units have been removed and there is a demand for units with multiple bedrooms, the Agency has elected to meet its replacement housing requirements based on 100 percent of bedrooms removed. Replacement housing must remain affordable for 55 years for rental housing and 45 years for ownership housing. The affordability controls on such units must be made enforceable by recorded covenants or restrictions.

In East Palo Alto, from 2002 to 2006, Agency actions have resulted in the removal of 155 bedrooms in the University Circle and Gateway/101 Corridor Project Areas. The Agency has replaced them with new units, with a total of 385 bedrooms, within four years of removal. **See Tables 32-34.** The Ravenswood Project Area has not had any residential units removed. In 2007, the Agency had a surplus of replacement bedrooms of 137 very low income bedrooms and 83 low bedrooms. **See Tables 32-34.** The Agency can replace moderate income units with either low or very low income units, so the replacement obligation has been met. The Agency will continue its practice of pursuing affordable housing projects.

Housing Fund Requirement

The CRL requires an agency to set aside at least 20 percent of all tax increment revenue generated from its project areas in a separate segregated Low and Moderate Income Housing Fund (the "Housing Fund"). This revenue will be used for the purpose of increasing, improving and preserving the community's supply of low and moderate income housing, as well as meeting the Agency's obligations under the CRL. In the City of East Palo Alto, all Project Areas deposit 20 percent of their tax increment revenue to the Housing Fund. The Agency's deposits from all three project areas to the Housing Fund are described in **Section G** below. The Agency has successfully leveraged these housing funds with other public and private funding sources to create and preserve affordable housing units.

a. Housing Fund Targeting

Under the CRL, Housing Fund money must be targeted to specific income levels. Agencies are specifically required to expend their Housing Funds to assist very low, low and moderate-income households, generally defined as: Very Low Income, incomes at or below 50 percent of area median income, adjusted for family size; Low Income, incomes between 51 percent and 80 percent of area median income, adjusted for family size; Moderate Income, incomes between 81 percent and 120 percent of area median income, adjusted for family size. The income limits that apply in East Palo Alto for 2007 are summarized in **Table 18**.

Table 18
2007 San Mateo County Income Limits
by Income Category and Household Size

Household Size	1	2	3	4	5	6	7	8
Very Low (<50% AMI)	\$33,250	\$38,000	\$42,750	\$47,500	\$51,300	\$55,100	\$58,900	\$62,700
Low (51-80% AMI)	\$53,200	\$60,800	\$68,400	\$76,000	\$82,080	\$88,160	\$94,240	\$100,320
Median	\$66,500	\$76,000	\$85,500	\$95,000	\$102,600	\$110,200	\$117,800	\$125,400
Moderate (81-120% AMI)	\$79,800	\$91,200	\$102,600	\$114,000	\$123,120	\$132,240	\$141,360	\$150,480

Source: Office of Housing and Urban Development (HUD 2007)

Agencies are required to expend the monies in the Housing Fund to assist very low and lower income households. Expenditures must be made in at least the proportion as the total number of housing units needed in the community for those two income categories that are not being provided by other governmental programs.

For example, if the Housing Element of a community's General Plan identifies a need for 200 units of housing for very low income households, 200 units for low income households, and 200 units for moderate income households, and no other governmental programs are providing units for very low and lower income households, at least one-third of the Agency's expenditures from the housing fund must be used for very low income units and at least one-third must be used for low income units.

The remaining one-third of assisted units may be for very low, lower or moderate income households. If another government program provides very low or lower income units, then the redevelopment agency's very low or lower income obligation would be reduced accordingly. The "targeted assistance" requirement must be met every 10 years.

East Palo Alto's Housing Element sets out the affordable housing need for the City as identified by the Association of Bay Area Governments (ABAG) in its regional "fair share" allocation. The Housing Services Department, in collaboration with the Planning Division, will begin updating the Housing Element in 2007/2008. The update of the Housing Element will be completed by June 2009. Additional affordable housing

programs and sites will be identified as part of the Housing Element update. The 5 Year Implementation Plan can be amended to incorporate the updated Housing Element. The City, ABAG, and the State of California are working on new Regional Housing Needs Allocations for 2007-2014. The table immediately following shows the current draft "fair share" allocation and the targeting objective currently applicable to the Agency.

Table 19
Affordable Housing Need (Regional Fair Share) by Income Category
Income Level Fair Share Allocation
Need Met Remaining Need Remaining Need by
Income Level

Income Level	Fair Share Allocation	% Share
Very Low Income	145	40%
Low Income	101	28%
Moderate Income	120	33%
Subtotal	365	100%
Above Moderate	265	
Total	630	

Source: ABAG and City of East Palo Alto, 2007.

The cities within San Mateo County worked collaboratively to reach RHNA numbers for the County and all cities with the County. Due to the collaborative local process, it is reasonable to assume that the number will not change during the ABAG and State of California Housing and Community Development (HCD) approval processes. HCD will accept the final RHNA numbers by the fall of 2008. After HCD accepts the RHNA, East Palo Alto will begin updating its Housing Element. The Housing Element must be updated by June 30, 2009. The 5 Year Plan can be amended if there are significant changes to the housing targets, goals and policies, and available sites for housing.

As **Table 19** indicates, to meet its targeting requirements for expenditure of the Housing Fund, the Agency will need to spend at least 40 percent of its Housing Fund for very low income units and at least 28 percent for low income units. The remaining 33 percent of the Housing Fund may be used to assist any of the three income categories up to 120 percent of the area median income.

Table 20
Proportion of Senior Population

Age	%
0-64 Years of Age	94.9%
65 Years and over	5.1%
Total	100.0%

Source: 2000 Census

CRL Section 33334.4 specifies that the goals for compliance with this section must be taken from the 2000 United States Census Data regarding the percentage of the population over 65 years of age. Approximately 5.1% of the population is over the age of 65. See **Table 20**. The City Housing Department cannot spend more than 5.1% of the funds from the 20% Fund on age-restricted affordable housing units.

b. Affordable Housing Cost and Duration of Affordability

As is true with other affordable housing funding sources, housing assisted with Housing Fund money must be available at an affordable cost. For housing assisted by Housing Funds after January 1, 1991, households occupying affordable units pay the following costs, shown as a percentage of the Area Median Income (AMI):

Table 21: Affordable Housing Cost (1)

<u>Income Level</u>	<u>Rental Housing</u>	<u>Ownership Housing</u>
Very Low Income	30% of 50% of AMI	30% of 50% of AMI
Low Income	30% of 60% of AMI	30% of 70% of AMI
Moderate Income	30% of 110% of AMI	35% of 110% of AMI

(1) First percentage is the percent of income that can be spent on housing costs.

For example, a Very Low Income Household at 50% of AMI cannot spend more than 30% of its income on housing. The CRL also requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted with Housing Fund money. In the case of new or substantially rehabilitated rental housing, controls must be placed on the assisted housing units requiring them to remain affordable for 55 years. For owner-occupied housing, the units must remain affordable for 45 years, although a shorter duration is permitted if the Agency recoups its Housing Fund investment when an assisted owner-occupied unit is sold at a non-affordable price or to a non-qualifying buyer.

4. Goals, Objectives and Programs Requirement

The CRL requires the Agency to provide an explanation of how the goals, objectives, programs, and expenditures set forth in the Implementation Plan will implement the affordable housing requirements, including a housing program for each of the five years of the Implementation Plan. These goals, objectives and programs will be discussed in Section H.

C. Affordable Housing Production (Inclusionary) Obligations - University Circle Project Area

This section constitutes the Housing Production Plan of the East Palo Alto Redevelopment Agency's Implementation Plan for the University Circle Project Area. The Agency expects to meet its legal housing production obligations under the CRL. The tables documenting historical and projected residential units have been amended for this report based on actual conditions and revised projections for potential housing

development in the University Circle Project Area. The housing production numbers used in this report represent the best available information to date.

Redevelopment Agency and City staff have analyzed Building and Planning Department and Agency records to prepare these projections.

The first part of this section describes historical housing production within the Project Area from the adoption of the Redevelopment Plan in 1988 through 2006. The second part discusses future housing production within the Project Area as follows:

- Annual production goals for the next five years (2007 to 2012)
- Projected production over the next ten year period (2007 to 2016)
- Projected production through the life of the Project (2007 to 2039).

The third part discusses affordable housing production in the Project Area and the Agency's strategy for meeting its inclusionary obligation. The fourth part discusses the Agency's strategy for meeting its replacement housing obligation.

1. Historical Housing Production in Project Area

From 1988 through 1999, no housing has been developed in the University Circle Project Area. Thus, no production requirement exists for this Project Area.

2. Projected Future Housing Production and Agency Obligations

The Agency has carefully evaluated the potential for future housing unit production in the Project Area to the end of the University Circle Plan. The current development plans for the University Circle Project Area may include the development of new housing, if market conditions do not support office development for the Manhattan RFP. Thus, a production requirement might be expected for this Project Area. If housing is proposed for the Project Area through private development, the Agency would fulfill any production obligation created.

3. Affordable (Inclusionary) Housing Production

The Agency itself has not served as a developer for any housing in the community in the past, nor does it have plans to do so at any time in the future. The Agency has contributed housing funds towards the private development of housing outside of the Project Area.

In the University Circle Project Area, no housing was constructed between 1988 and 2007, and no housing is expected to be constructed in the future. Therefore, there was and is no affordable (inclusionary) housing production requirement. If housing were to be proposed through private development, the Agency would meet any affordable housing requirement created through the City's 20% inclusionary requirement.

4. Replacement Obligation

In 1999, 103 units comprising 107 bedrooms were removed in the University Circle Project Area. No units were removed between 1999 and 2007. **Table 22** shows the Agency's replacement obligation in the University Circle Project Area. Also see **Table 33**. The Agency has met this replacement obligation. In 2007, the Agency had a surplus of replacement bedrooms of 137 very low income and 83 low income bedrooms. The Agency also had a deficit of 8 moderate income units that need to be replaced. The Agency can replace moderate income units with the surplus of either low or very low income units, so the replacement obligation has been met.

Table 22
Replacement Housing Obligation
University Circle Project Area
East Palo Alto Redevelopment Agency

Years	Bedrooms Removed			
	V. Low	Low	Mod.	Total
Historical				
1986-1999	84	16	7	107
2000-2006	0	0	0	0
Subtotal	84	16	7	107
Projected				
2007-2011	0	0	0	0
2012-2017	0	0	0	0
Subtotal	0	0	0	0
Total (through 2017)	84	16	7	107

Source: East Palo Alto Redevelopment Agency.

D. Affordable Housing Production (Inclusionary) Obligations - Gateway/101 Corridor Project Area

This section constitutes the Housing Production Plan of the East Palo Alto Redevelopment Agency's Implementation Plan for the Gateway/101 Corridor Project Area. The Agency expects to meet its legal housing production obligations under the CRL. The tables documenting historical and projected residential units have been amended for this report based on actual conditions and revised projections for potential housing development in the Gateway/101 Corridor Project Area.

The housing production numbers used in this report represent the best available information to date. Redevelopment Agency and City staff have analyzed Building and Planning Department and Agency records to prepare these projections. The first part of this section describes historical housing production within the Project Area from the adoption of the Redevelopment Plan in 1993 through 2006. The second part discusses future housing production within the Project Area as follows:

- Annual production goals for the next five years (2007 to 2012)
- Projected production over the next ten year period (2007 to 2016)
- Projected production through the life of the Project (2016 to 2039)

The third part discusses affordable housing production in the Project Area and the Agency’s strategy for meeting its inclusionary obligation. The fourth part discusses the Agency’s strategy for meeting its replacement housing obligation.

1. Historical Housing Production in the Project Area

From 2000 and through 2006, 346 housing units were completed in the Gateway/101 Corridor Project Area. See **Table 23**.

2. Projected Future Housing Production and Agency Obligations

The Agency has evaluated the potential for future housing unit production in the Project Area to the end of the Gateway/101 Plan. Based on an analysis of the potential for new development on existing vacant residential parcels, the Agency has developed a projection for the number of units likely to be built in the Gateway/101 Project Area over the life of the Plan. **Table 24** summarizes the future housing production within the Project Area over the life of the Project.

**Table 24
Housing Production Summary
Historical and Projected
Gateway/101 Corridor**

Year	Total Units Produced		
	New	Rehab	Total
Historical			
1993-2006	346	0	346
Subtotal	346	0	346
Projected			
2007-2011	70	0	70
2012-2017	0	0	0
2017-2039	0	0	0
Subtotal	70	0	70
Total (through 2039)	416	0	416

Source: East Palo Alto Building Department and Housing Services Department.

3. Affordable (Inclusionary) Housing Production

The Agency itself has not served as a developer for any housing in the community, nor does it have plans to do so at any time in the future. The Agency has contributed housing funds towards the private development housing.

In the Gateway/101 Project Area, no housing was constructed between 1993 and 1999. Therefore, there was no affordable (inclusionary) housing production requirement in this timeframe. From 2000 to 2006, 346 units were produced in the Project Area. The Agency exceeded its production obligation of 53 units with the production of 87 affordable units, which included 35 units for very low income households. There are 30 condominiums under construction at the Cummings Park project at the G101, including 6 affordable units. Over the next 5 years, it is anticipated that an additional 40 units, including 8 affordable units, will be developed at the Pulgas Panhandle. See **Table 24**.

In the Gateway/101 Corridor Project Area, the Agency expects to exceed its affordable housing production requirements over the next ten years and through the remaining life of the Project. **Table 25** shows historical and projected housing production from 1993 through 2039 and the inclusionary obligation incurred by the Agency.

4. Replacement Housing Obligation

Between 1999 and 2006, 248 bedrooms were removed for Gateway 101 Phases II, III, and IV. See **Table 24**. The replacement obligations were met. **Table 24** shows the Agency's replacement obligation in the Gateway/101 Corridor Project Area. See **Appendix A** for tables summarizing the Agency's strategy for meeting its replacement housing obligation. In 2007, the Agency had a surplus of replacement bedrooms of 137 very low income and 83 low income bedrooms. The Agency also had a deficit of 8 moderate income units that need to be replaced. The Agency can replace moderate income units with the surplus of either low or very low income units, so the replacement obligation has been met. See **Tables 32-34**. The Agency will continue its practice of pursuing affordable housing projects.

Table 24
Replacement Housing Obligation
Gateway/101 Corridor Project Area
East Palo Alto Redevelopment Agency

Years	Bedrooms Removed			
	V. Low	Low	Mod.	Total
Historical				
1986-1999	134	45	21	200
2000-2006	25	18	5	48
Subtotal	159	63	26	248
Projected				
2007-2011	18	0	0	18
2012-2017	0	0	0	0
Subtotal	18	0	0	18
Total (through 2017)	177	63	26	266

**Table 25
Housing Production & Affordable Obligation
Historical and Projected
Gateway/101 Corridor Project Area**

Year	Total Units (1)	Affordable Obligation (2)			Affordable Production			Surplus (Deficit) Production		
		Very Low	Low & Moderate	Total	Very Low	Low & Moderate	Total	Very Low	Low & Moderate	Total
Historical										
1993-1999	0	0	0	0	0	0	0	0	0	0
2000-2006	346	21	32	53	35	52	87	14	20	34
Subtotal	346	21	32	53	35	52	87	14	20	34
Percent		6.1%	9.2%	15.3%	10.1%	15.0%	25.1%			
Projected										
2007-2011	70	5	7	12	5	9	14	0	2	2
2012-2039	0	0	0	0	0	0	0	0	0	0
Total 2007-2011	70	5	7	12	5	9	14	0	2	2
Percent		7%	10%	17%	7%	13%	20%			
Total 2007-2039	70	5	7	12	5	9	14	0	2	2
Percent		7%	10%	17%	7%	13%	20%			

(1) Total Units include new and substantially rehabilitated units in the Project Area at all income levels: very low, low, moderate and market rate.

(2) The CRL requires that at least 15% of total units are affordable to very low, low, or moderate income households; and that at least 40% of the 15% are affordable to very low income households.

Source: East Palo Alto Redevelopment Agency.

E. Affordable Housing Production (Inclusionary) Obligations - Ravenswood Industrial Project Area

This section constitutes the Housing Production Plan of the East Palo Alto Redevelopment Agency's Implementation Plan for the Ravenswood Project Area. The Agency expects to meet its legal housing production obligations under the CRL. The tables documenting historical and projected residential units have been amended for this report based on actual conditions and revised projections for potential housing

development in the Ravenswood Project Area. The housing production numbers used in this report represent the best available information to date.

The Redevelopment Agency and City have analyzed Building and Planning Department and Agency records to prepare these projections. The first part of this section describes historical housing production within the Project Area from the adoption of the Redevelopment Plan in 1990 through 2006. The second part discusses future housing production within the Project Area as follows:

- Annual production goals for the next five years (2007 to 2012)
- Projected production over the next ten year period (2007 to 2016)
- Projected production through the life of the Project (2016 to 2030)

The third part discusses affordable housing production in the Project Area and the Agency's strategy for meeting its inclusionary obligation. The fourth part discusses the Agency's strategy for meeting its replacement housing requirement.

1. Historical Housing Production in Project Area

From the adoption of the Plan in 1990 through 2007, 62 affordable housing units were developed in the Ravenswood Project Area. Two multifamily housing developments were constructed in the RBD in 1997. The Bay Oaks Habitat for Humanity project provided 24 units of for-sale housing, with 17 affordable to low income and 7 affordable to moderate income households. The Bay Oaks Mid Peninsula development provided 38 units of rental housing affordable to very low income households. In addition, 109 affordable units were developed adjacent to the RBD project area. The Nugent Square project developed 32 affordable units and the Courtyard project developed 77 affordable units of family housing.

Affordable Housing Production (Inclusionary) Obligations - Ravenswood Project Area

2. Projected Future Housing Production and Agency Obligations

The Agency has evaluated the potential for future housing unit production in the Project Area to the end of the Ravenswood Plan. Based on an analysis of the potential for new development on existing vacant residential parcels, the Agency has developed a projection for the number of units likely to be built in the Ravenswood Project Area over the life of the Plan. **Table 26** summarizes the future housing production within the Project Area over the life of the Project.

Table 26
Housing Production Summary
Historical and Projected
Ravenswood Industrial Project Area

Year	Total Units Produced		
	New	Rehab	Total
Historical			
1990-1994	0	0	0
1995-1999	62	0	62
2000-2006	0	0	0
Subtotal	62	0	62
Projected			
2007-2011	499	0	499
2012-2017	0	0	0
Subtotal	499	0	499
Total (through 2017)	561	0	561

Source: East Palo Alto Building Department and Housing Services Department.

3. Affordable (Inclusionary) Housing Production

The Agency itself has not served as a developer for any housing in the community in the past, nor does it have plans to do so at any time in the future. The Agency has contributed housing funds towards the private development of housing.

In the Ravenswood Project Area, the Agency has met its 15 percent affordable housing production (inclusionary) requirements for the historical period 1990 to 2007. (Please note that the City adopted a 20% inclusionary affordable housing requirement for all housing produced throughout the City.) The Bay Oaks Habitat for Humanity project and the Bay Oaks Mid Peninsula affordable rental project provide a total of 62 affordable units. Of the 62 units constructed, all were affordable to very low, low, or moderate income households.

In the Ravenswood Project Area, the Agency expects to exceed its affordable production obligation over the next ten years and through the life of the Project. **Table 27** shows historical and projected housing production from 1990 through 2039 and the inclusionary obligation incurred by the Agency.

Table 27
Housing Production & Affordable Obligation
Historical and Projected
Ravenswood Industrial Project Area

Year	Total Units (1)	Affordable Obligation (2)			Affordable Production			Surplus (Deficit) Production		
		Very Low	Low & Moderate	Total	Very Low	Low & Moderate	Total	Very Low	Low & Moderate	Total
Historical										
1990-1999	62	4	6	10	38	24	62	34	18	52
2000-2006				0			0	0	0	0
Subtotal	62	4	6	10	38	24	62	34	18	52
Percent	100%	6%	10%	16%	61%	39%	100%			
Projected										
2007-2011	499	30	45	75	31	71	102	1	26	27
2012-2039	689	42	63	105	49	90	139	7	27	34
Total 2007-2012	499	30	45	75	31	71	102	1	26	27
Percent	100%	6%	9%	15%	6%	14%	20%			
Total 2007-2039	1188	72	107	180	80	161	241	8	54	61
Percent		6%	9%	15%	7%	14%	20%			

4. Replacement Obligation

The Agency has not removed any housing units in the Project Area. Currently, the Agency does not anticipate the removal of housing units. If removal of housing units becomes necessary to eliminate blight, the Agency will adhere to standard relocation laws and practices.

In 2007, the Agency had a surplus of replacement bedrooms of 137 very low income and 83 low income bedrooms. See **Table 35**. The Agency also had a deficit of 8 moderate income units that need to be replaced. The Agency can replace moderate income units with the surplus of either low or very low income units, so the replacement obligation has been met. See **Tables 32-35**. The Agency will continue its practice of pursuing affordable housing projects.

F. Potential Opportunities for Housing Production in the Project Areas

The following text summarizes potential housing production opportunities in the Project Areas. These potential opportunities are based on certain assumptions made by the Agency relating to revenues, market conditions, public policy such as the Housing Element, community needs and priorities, and developer interests. Consequently, should assumptions not be realized or unforeseen circumstances arise, modifications to the proposed development options may be required.

Please note that simply adding potential projects or programs to the Implementation Plan is not considered an approval of the project; nor is environmental review required until the actual time of approval. These opportunities are presented as potential developments to provide the Agency with existing information and background data to facilitate future development decisions. See **Appendix B**, the Residential Site Inventory Map from the current Housing Element for residential development sites and an updated Site Inventory legend. The Map in Appendix B is from the current (2001) Housing Element, and will be updated as part of the Housing Element update. The updated Site Inventory legend is from January 2007. The section below describes the estimated numbers of units by project area and by project. The unit counts are estimates, and the actual counts can vary.

University Circle Project Area

There might be a residential project in the University Circle Project Area if market conditions do not support office development at the Manhattan site.

Gateway/101 Corridor Project Area

Projected near-term developments include the Pulgas Panhandle with up to 40 units.

Ravenswood Project Area

Projected near-term developments include projects that have been approved (the 51 unit Olson project with 51 units and the Byrd Brock DKB mixed use project with 55 units); projects with adopted Owner Participation Agreements (the 4 Corners project with 115 units and the 2555 Pulgas project with 78 units); and a project that is still in the conceptual phase (the Heart of the City residential and grocery store project with an estimated 200 units).

G. Housing Set-Aside Fund

The primary funding source for the Agency's affordable housing activities during the Implementation Plan period is the 20 percent portion of annual tax increment revenue deposited by the Agency into its Housing Fund. The history, status and estimated future level of deposits in the Housing Fund are described below.

1. History and Status

The Agency first deposited money into its Housing Set-Aside Fund in FY 1988/89. In succeeding years, the Agency has made deposits to the Housing Fund and/or direct expenditures in an amount not less than 20 percent of the gross tax increment revenue allocated to the Agency during that period. On June 30, 2007, the Agency's Housing Fund did not have an excess surplus for FY 2006/07. The unencumbered balance in the Housing Fund at the end of FY 2006/2007 was \$881,903. See **Table 28**.

State law requires that funds be committed within three years of becoming "excess surplus," which is defined as an unencumbered balance that exceeds the greater of \$1,000,000 or the total of the previous four years' 20 percent deposits to the Fund. The law allows an Agency to offset the "excess surplus" with the previous year's expenditures and encumbrances.

Table 28
Housing Fund Excess Surplus (1)

Fiscal Year	End of Fiscal Year Unencumbered Balance	Excess Surplus
2000/2001	\$498,371	\$0
2001/2002	\$282,956	\$0
2002/2003	(\$538,055)	\$0
2003/2004	\$868,237	\$0
2004/2005	\$1,330,960	\$0
2005/2006	\$1,694,737	\$0

(1) Figures are from audited financials. 2006/2007 audit is in progress.

Source: East Palo Alto Redevelopment Agency

2. Deposits during the Next Five Years

The Agency will deposit 20 percent of annual deposits to the tax increment revenue from all three Project Areas into the Housing Fund. A summary of actual and projected annual revenues available for direct program expenditures during the Implementation Plan period is shown in **Table 29**. The projected available revenues and proposed expenditures over the next five years are preliminary estimates that will be refined by the Agency.

Table 29
Housing Set-Aside Balance

Financial Summary 20% Low/Mod Funds	
20% Funds	
FY 06/07 Balance	\$2,707,224
20% Gross Increment	\$10,053,450
Debt Service TARB 03B	(\$1,332,644)
Debt Service TARB 03A	(\$1,320,850)
Loan Payments	(\$300,000)
Housing Department Expense	(\$989,565)
Subtotal Debt and Expenses	(\$3,943,059)
NET 20% Tax Increment For Programs	\$8,817,614

Source: East Palo Alto Redevelopment Agency, 2007

The financial summary for the 20% Housing Funds projects approximately \$8.8 million in net funds for programs over the next 5 years. This estimate does not assume the issuance of debt. The Agency anticipates using the majority of these funds to support 3 general affordable housing themes.

First, the Agency will continue to support the development of affordable rental and ownership housing through assisting projects that meet the Agency's targeting requirements and the community's needs.

Second, the Agency will support increasing opportunities for affordable home ownership. These activities may include a First Time Home Buyer program and revolving loan fund, an pre and post purchase education program, a downpayment and closing costs assistance program, and a financial literacy program.

Third, the Agency will support preserving affordable rental (income restricted) and affordable ownership housing. These activities may include rehabilitation programs for qualified low income homeowners and rental properties.

The Housing Services Department and the Planning Division will begin updating the Housing Element in 2007/2008. The update must be completed in 2009. Additional affordable housing programs and sites may be identified as part of the Housing Element. The 5 Year Implementation Plan can be amended to incorporate the updated Housing Element.

The Agency will seek to leverage its Housing Fund revenue with other funding sources devoted to the provision of affordable housing to maximize the number of affordable units that can be developed or rehabilitated with the available Housing Funds. These other funding source include Community Development Block Grants (CDBG) and Home Investment Partnership funds from the U.S. Department of Housing and Urban Development, California Housing Finance Agency (CHFA) and Department of Housing and Community Development (HCD) program funds at the state level, and low income housing tax credit equity funds.

3. Targeting of the Housing Fund

As required by the CRL, the Agency plans to target its 20% Housing Fund to benefit specific income groups based on its fair share of regional housing needs as determined by the Association of Bay Area Governments (ABAG). Consequently, over the life of the Plan, at least 39 percent of the 20% Housing Fund money must be expended on very low income households, and at least 12 percent for low income households to supply its regional fair share of housing as determined by ABAG. The remaining units assisted by means of the 20% Housing Fund may be affordable to any of the three income categories.

Table 30
Units Assisted with Housing Funds and Proportion by Income Category
Historical and Projected
All Project Areas

Assisted Units Produced	Very Low		Low/Moderate		Moderate		Total Affordable	
	Units	%	Units	%	Units	%	Units	%
Gateway 101 Corridor Project Area								
Historical 2000-2008	0	0%	0	0%	0	0%	0	0%
Projected 2007-2011 (1)	0	0%	0	0%	0	0%	0	0%
SubTotal	0	0%	0	0%	0	0%	0	0%
Ravenswood Project Area								
Historical 2000-2006								
Nugent Square*	31	97%	0	0%	1	3%	32	29%
Courtyard *	57	74%	19	25%	1	1%	77	71%
Historical 2000-2006	88	81%	19	17%	2	2%	109	100%
Projected 2007-2011 (1)	0	0%	0	0%	0	0%	0	0%
SubTotal	88	81%	19	17%	2	2%	109	100%
UCI Project Area								
Historical 2000-2006	0	0%	0	0%	0	0%	0	0%
Projected 2007-2011 (1)	0	0%	0	0%	0	0%	0	0%
SubTotal	0	0%	0	0%	0	0%	0	0%
Combined Project Areas								
Historical 2000-2006	88	81%	19	17%	2	2%	109	100%
Projected 2007-2011	0	0%	0	0%	0	0%	0	0%
TOTAL	88	81%	19	17%	2	2%	109	100%

* Not in RDA project area.

(1) These numbers might change as the after the Housing Element is updated.

The Housing Services Department and the Planning Division will begin updating the Housing Element in 2007/2008. The update must be completed in 2009. Additional affordable housing programs and sites may be identified as part of the Housing Element. The 5 Year Implementation Plan can be amended to incorporate the updated Housing Element.

The Agency recognizes the important role of housing programs and activities in its redevelopment program. Consequently, the proposed affordable housing programs should be viewed not simply as the means of implementing the Agency's stated goals and objectives related to affordable housing but as key elements in its overall revitalization efforts. Over the next ten years, the Redevelopment Agency will continue to concentrate on achieving those goals that are most applicable to the Agency and City's affordable housing activities.

H. Goals, Objectives and Programs

This section summarizes the housing goals and programs that relate to meeting the housing production and set aside requirements. In addition to goals and objectives set forth in the Redevelopment Plans for each Project Area, East Palo Alto's Housing Element outlines specific housing policies that affect housing activities in the Project Areas. Both redevelopment housing goals and the Housing Element goals are relevant to the Agency's current planning efforts.

1. University Circle Goals

Housing-related goals set forth for the University Circle Project Area in 1988 and amended in 1999 are as follows:

- Expand and upgrade the community's supply of housing, including opportunities for low and moderate income households.
- Improve and expand the community's supply of affordable housing, in addition to financing the replacement of housing units in the Project Area.
- Improve the city's jobs/housing imbalance.

2. Gateway/101 Goals

Housing-related goals set forth for the Gateway/101 Project Area in 1993 and amended in 1999 are as follows:

- Replace any low and moderate income housing units destroyed as a result of the Plan as expeditiously as possible by leveraging tax increment revenue with available local, state, federal and private revenue.
- Construct replacement housing on already vacant sites both within and outside the Project Area and develop replacement housing on infill sites throughout the community.
- Relocate any persons or households displaced as a result of the Agency's activities within the city to the extent feasible and in accordance with individual desires.
- Provide assistance to finance residential and commercial redevelopment in the Project Area to make the development economically feasible.
- Develop a spectrum of housing types affordable to various segments of the community in a manner consistent with the Housing Element of the General Plan and the provisions of the California Redevelopment Law, as they now exist or may hereafter be amended.
- Improve housing conditions for low and moderate-income households and families living in the area; and,

- Create a better living and working environment in the Project Area.

3. Ravenswood Goals

Housing-related goals set forth for the Ravenswood Project Area in 1990 are as follows:

- Expand the community's supply of housing (within the Four Corners section and outside the Project Area, as appropriate), including opportunities for low and moderate-income households.

4. Housing Element Goals

The Agency will also assist the City in achieving its goals, policies and programs presented in the City's adopted 2001 Housing Element. The City has seven goals with respect to housing:

Housing Goal 1:

Provide housing to meet the present and future needs of residents in the City of East Palo Alto, and to aim at providing a fair share of the market area housing needs, within identified governmental, market, economic and natural constraints.

Housing Goal 2:

Provide housing to meet the needs of all income groups in the City, and to provide the fair share allocations by income category within the identified governmental, market, economic and natural constraints.

Housing Goal 3:

Promote adequate maintenance, and where needed, the improvement of the City's housing stock.

Housing Goal 4:

Address the housing needs of senior citizens, the physically disabled, homeless, large families, and female headed households.

Housing Goal 5:

Adhere to or exceed the housing requirements of the state redevelopment law in implementing the City's University Circle, Gateway 101 Corridor and Ravenswood Redevelopment Plans.

Housing Goal 6:

Ensure decent, safe living environments for the City's residents regardless of age, sex, family composition, race, ethnicity, religion, physical or mental disability, or income.

Housing Goal 7:

Ensure the implementation of all housing policies and promote broad participation in the programs. The Agency will continue to assist the City in achieving these goals. Over the next ten years, the Agency intends to undertake housing rehabilitation activities that will assist the City in achieving Goals 3, 4 and 6. The Agency will promote housing opportunities for all persons in its programs, meeting Goals 4, 6 and 7. The housing programs undertaken in the Project Areas by Agency and non-Agency developers will address all of the goals and policies set forth in the Redevelopment Plans and the Housing Element.

APPENDIX A

Table 31: Replacement Obligation Univ. Palms

	1 BR Units	2 BR Units	3 BR Units	4 BR Units	Total Units	Total Bedrooms
Rental						
Very Low Income	6	0	0	0	6	6
Low Income	0	0	0	0	0	0
Moderate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	6	0	0	0	6	6
Total						
Very Low Income	6	0	0	0	6	6
Low Income	0	0	0	0	0	0
Moderate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	6	0	0	0	6	6

Table 32: Replacement Obligation Pulgas Panhandle

	1 BR Units	2 BR Units	3 BR Units	4 BR Units	Total Units	Total Bedrooms
Owner Occupied						
Very Low Income	0	1	2	1	4	12
Low Income	0	0	0	0	0	0
Moderate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	0	1	2	1	4	12
Total						
Very Low Income	0	1	2	1	4	12
Low Income	0	0	0	0	0	0
Moderate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	0	1	2	1	4	12

TABLE 33: REPLACEMENT HOUSING SUMMARY 1999-2001

G101 Phase I Replacement Obligation -Deadline 2000							
PROJECT	RDA Area	Year	Status	Bedrooms			
				Total	Very Low <50%	Low <80%	Moderate <120%
BEDROOMS REMOVED							
G101 Phase I	G101	1996		200	134	45	21
Subtotal Removed				200	134	45	21
BEDROOMS REPLACED							
Bay Oaks	RBD	1997	Completed	51	51		
Gloria Way Habitat	RBD	1997	Completed	73	61	12	
University Square	G101	2000	Completed	66	0	42	24
Myrtle Ct	?????	2000	Completed	3	3		
Peninsula Park	G101	2001	Completed	128	70	58	
Subtotal Replaced				321	185	112	24
SURPLUS/(DEFICIT)				121	51	67	3

TABLE 34: REPLACEMENT HOUSING SUMMARY 2002-2006

Replacement Obligation 2001-2007							
PROJECT	RDA Area	Year	Status	Bedrooms			
				Total	Very Low <50%	Low <80%	Moderate <120%
BEDROOMS REMOVED							
UCI	UCI	1999		107	84	16	7
IKEA	G101	2001		48	25	18	5
Subtotal Removed				155	109	34	12
BEDROOMS REPLACED							
Surplus/(Deficit) from 1996-2001				121	51	67	3
Nugent Square		2002	Completed	82	82		
Courtyard		2006	Completed	182	131	50	1
Subtotal Replaced				385	264	117	4
SURPLUS/(DEFICIT)				230	155	83	(8)

TABLE 35: REPLACEMENT HOUSING SUMMARY 2007-2012

Replacement Obligation 2007-2012							
PROJECT	RDA Area	Year	Status	Bedrooms			
				Total	Very Low <50%	Low <80%	Moderate <120%
BEDROOMS REMOVED							
Univ Palms	G101	2007-2012		6	6		
Pugas Panhandle	G101	2007-2012		12	12		
Subtotal Removed				18	18	0	0
BEDROOMS REPLACED							
Surplus/(Deficit) from 2002-2006				230	155	83	(8)
Subtotal Replaced				230	155	83	(8)
SURPLUS/(DEFICIT)				212	137	83	(8)

Attachment 2: 5 Year Implementation
Plan Appendix B

Appendix B

1. Residential Site Inventory Map from
Current 2001 Housing Element
2. Updated Site Inventory Legend

City of East Palo Alto

Sub-Regional Housing Needs Allocation Site Inventory

Site No.	Area in Acres	No. of Parcels	Current Zoning	Status	Min. Total Units	Max Total Units
15	3.94	4	R-1-5000	AVAILABLE	NA	32
10	0.39	1	R-1-5000	AVAILABLE	2	3
12A	3.64	3	IZO:MUT	AVAILABLE	109	200
16	0.14	1	R-1-5000	AVAILABLE	1	1
17	1.66	2	R-1-5000	AVAILABLE	8	13
31	2.25	4	R-1-5000	AVAILABLE	11	18
34B	1.80	1	R-1-5000	AVAILABLE	9	14
34C	0.72	1	R-1-5000	AVAILABLE	4	6
46	0.29	2	C-1	AVAILABLE	NA	5
13A	8	1	IZO:RT	AVAILABLE	240	440
36	0.60	1	R-M-2000	AVAILABLE	5	10
38A	2.25	4	R-M-2000	AVAILABLE	20	38
38C	0.50	1	R-M-2000	AVAILABLE	5	9
E	0.80	1	R-1-5000	AVAILABLE	4	6
H	1.20	4	R-M-2000	AVAILABLE	22	48
I	0.25	2	C-1	AVAILABLE	NA	4
4	1.34	2	IZO:MUT	AVAILABLE	40	74
13B	10.00	17	IZO:MUT	AVAILABLE	300	550
13C	3.00	6	IZO:MUT	DEVELOPER SELECTED FOR SITE	90	165
	42.77	58				1636

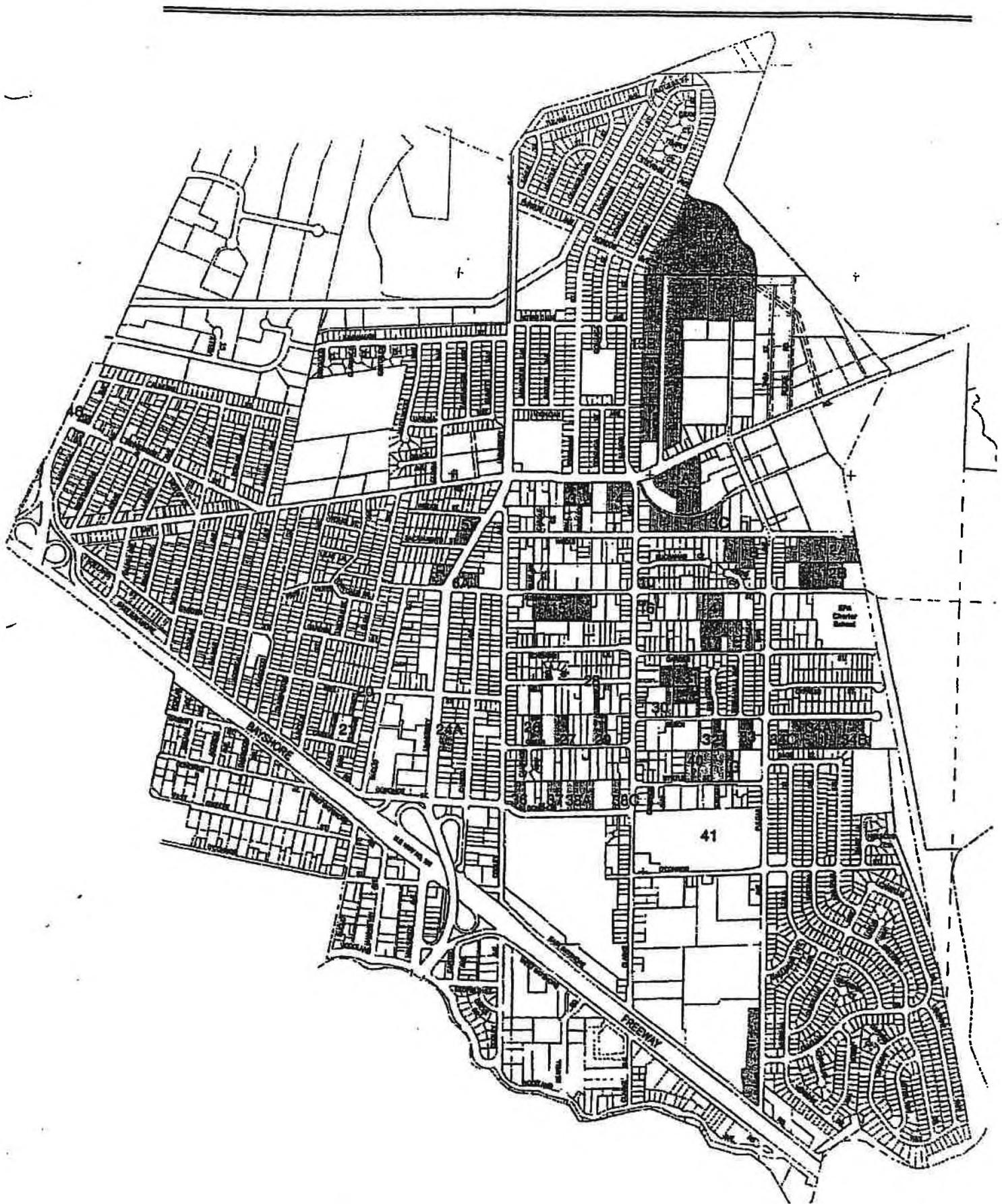
Total No. of Potential Sites = 19

Total No. of Acres = 42.77

Total No. of Parcels = 58

Max No. of Units = 1636





Attachment 3: Notice in English and Spanish

LEGAL NOTICE
PUBLIC HEARING

REDEVELOPMENT AGENCY OF THE CITY OF EAST PALO ALTO
NEW FIVE-YEAR IMPLEMENTATION PLAN

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of East Palo Alto will hold a Special Presentation on Tuesday, October 2, 2007 at 7:30 p.m. at the City Council Chambers located at 2415 University Avenue, East Palo Alto, California. The purpose of the Special Presentation is to present the Implementation Plan and to receive input from the Redevelopment Agency Board of Directors.

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of East Palo Alto will hold a **public hearing** on Tuesday, October 16, 2007, at 7:30 p.m. at the City Council Chambers located at 2415 University Avenue, East Palo Alto, California. The hearing may be continued from time to time until completed. Any person desiring the opportunity to be heard will be afforded an opportunity to do so.

The purpose of the public hearing is to consider an Implementation Plan prepared pursuant to Health & Safety Code Section 33490 for the Gateway/101 Corridor Redevelopment Project Area, the University Circle Redevelopment Project Area and the Ravenswood Industrial Area Redevelopment Project Area (the "Project Areas"). The Implementation Plan sets forth the specific goals and objectives for the Project Areas, the specific programs (including potential projects) and estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the Project Areas and implement the affordable housing requirements of the California Community Redevelopment Law.

Any and all persons having any objections to the Implementation Plan, or who deny the regularity of this proceeding or wish to speak on any issue raised by the Implementation Plan, may appear at the hearing and will be afforded an opportunity to state their objections.

If any person desires to challenge in court the adoption of the Implementation Plan, or any proceedings in connection therewith, they may be limited to raising only those issues that they or someone else raised at the hearing described in this notice, or in written correspondence delivered to the Redevelopment Agency at, or prior to, the hearing.

Copies of the draft Implementation Plan will be available prior to the public hearing for public inspection and copying at a cost not to exceed the cost of duplication at the offices of the Redevelopment Agency of the City of East Palo Alto located at 1960 Tate Ave., East Palo Alto, California. For further information regarding this hearing or the Plan, please contact Sean Charpentier, Redevelopment Project Coordinator II, at City of East Palo Alto Redevelopment Agency, 1960 Tate St., (650) 853-5906, scharpentier@cityofepa.org.

NOTICIA LEGAL
AUDIENCIA PÚBLICA

AGENCIA DE REURBANIZACIÓN DE LA CIUDAD DE EAST PALO ALTO
NUEVO PLAN DE IMPLEMENTACIÓN DE CINCO AÑOS

NOTICIA ES DADA AQUÍ que la Agencia de Reurbanización del la Ciudad de East Palo Alto tendrá una Presentación Especial el día Martes, Octubre 2, 2007 a las 7:30 p.m. en la Cámara del Concilio ubicada en el 2415 de la Avenida University, en East Palo Alto, California. El propósito de esta presentación especial es el presentar el Plan de Implementación de cinco años y recibir comentarios de los Directores de la Agencia de Reurbanización y del público.

NOTICIA ES DADA AQUÍ que la Agencia de Reurbanización del la Ciudad de East Palo Alto tendrá una **audiencia pública** el día Martes, Octubre 16, 2007 a las 7:30 p.m. en la Cámara del Concilio ubicada en el 2415 de la Avenida University, en East Palo Alto, California. La audiencia podría ser continuada de tiempo a tiempo hasta que se complete. Cualquier persona que desee la oportunidad de ser escuchada se le dará la oportunidad de hablar.

El propósito de la audiencia pública es el considerar un Plan de Implementación para las siguientes áreas de reurbanización: Corredor Gateway/101, University Circle, y el área Industrial de Ravenswood (las "Áreas de Proyecto"). El plan de implementación fija las metas y objetivos específicos de las "Áreas de Proyecto", los programas específicos (incluyendo proyectos potenciales) y gastos estimados propuestos a hacer durante los próximos cinco años, y una explicación de como las metas y objetivos, programas y gastos eliminarán el deterioro dentro de las "Áreas de Proyecto" e implementarán los requisitos de construcción de vivienda para gente de bajos recursos de acuerdo a la Ley de Reurbanización de California.

Cualquiera y todas las personas que tengan objeciones al Plan de Implementación, o que nieguen la regularidad de este proceso o desee hablar acerca de cualquier asunto incluido en el Plan de Implementación, pueden venir a la audiencia y se les dará la oportunidad de expresar sus objeciones.

Si una persona desea desafiar en corte la adopción del Plan de Implementación, o cualquier proceso en conexión con esto, ellos podrían ser limitados a discutir solo esos asuntos que ellos o algún otro hayan expresado durante la audiencia pública descrita en esta noticia, o en correspondencia escrita entregada a la Agencia de Reurbanización durante ó antes de la audiencia.

Copias del borrador del Plan de Implementación estarán disponibles antes de la audiencia pública para inspección pública y copias a un costo que no excederá el costo de duplicación de las oficinas de la Agencia de Reurbanización de la Ciudad de East Palo Alto en el 1960 de la Calle Tate, East Palo Alto, California. Para mayor información acerca de la audiencia pública o este Plan, por favor contacte a Sean Charpentier, Coordinador de Proyectos de Reurbanización, 1960 Tate St. (650)853-5906, scharpentier@cityofepa.org