CITY OF SAN JUAN CAPISTRANO COMMUNITY REDEVELOPMENT AGENCY

San Juan Capistrano Community Redevelopment Agency

Established 1982

SAN JUAN CAPISTRANO CENTRAL REDEVELOPMENT PROJECT

IMPLEMENTATION PLAN

2005 – 2009

Adopted 11/16/2004

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FOR THE
SAN JUAN CAPISTRANO CENTRAL REDEVELOPMENT PROJECT

EXECUTIVE SUMMARY

A. INTRODUCTION

This Implementation Plan for the San Juan Capistrano Central Redevelopment Project ("Project Area" or "Project") describes the San Juan Capistrano Community Redevelopment Agency's ("Agency") proposed goals/objectives, activities, expenditures and relationship to blight elimination for the five-year period from 2005-2009. The Implementation Plan also includes a housing component (Housing Component), which describes how the Agency will fulfill its affordable housing requirements. Implementation Plans must be adopted every five years, reviewed and updated as necessary at least once during the five-year period at a public hearing. Additional Implementation Plan updates are permitted and may be necessary to reflect new activities that were not previously contemplated.

The original Implementation Plan for the Central Redevelopment Project (original Implementation Plan) was adopted in December 1994 by resolution No. 469 for the five-year term between 1995 and 1999. The first update was held on January 20, 1998. The second Five-Year Implementation Plan for 2000 though 2004 was adopted in April 2000. On January 7, 2003, the Agency held a public hearing to review the progress of the redevelopment in the Project Area and the status of the second Implementation Plan. This 2005-2009 Implementation Plan is the Agency's third Implementation Plan and is scheduled for adoption in November 2004.

There is one redevelopment project within the San Juan Capistrano ("City"): the San Juan Capistrano Central Redevelopment Project Area adopted on July 12, 1983, by Ordinance No. 488. The Project Area encompasses approximately 1,097 areas or 12.6 percent of the total acreage of the City and is subdivided into 429 parcels. The Project Area generally includes the Interstate 5 corridor from the City limits in the north to the City limits in the south. Major streets that traverse the Project Area include portions of State Route 74 (Ortega Highway), Rancho Viejo, Junipero Serra Road, Del Obispo, Camino Capistrano, and Paseo Adelanto. For planning purposes, the Implementation Plan references certain planning districts. All of the planning districts are within the Redevelopment Project Area. Certain development sites are outside of the Project Area which are identified for affordable housing development or which the development will be of significant benefit to the Project Area.

The City's Downtown district is bounded by La Zanja to the north, the Orange County Transportation Authority (OCTA) railroad tracks to the west, San Juan Creak Road on the south and Interstate 5 on the east. Within the Downtown district is the Historic Town Center district (also referred to as the HTC). The HTC district is bounded by Ortega Highway on the north, Camino Capistrano on the west, Del Obispo on the south and east. The Los Rios Historic District is adjacent to and borders the Downtown district to the west. The Los Rios Historic District is bounded by Mission Street on the north, the OCTA Railroad on the east, Del Obispo on the south and the Trabuco Creek on the west.

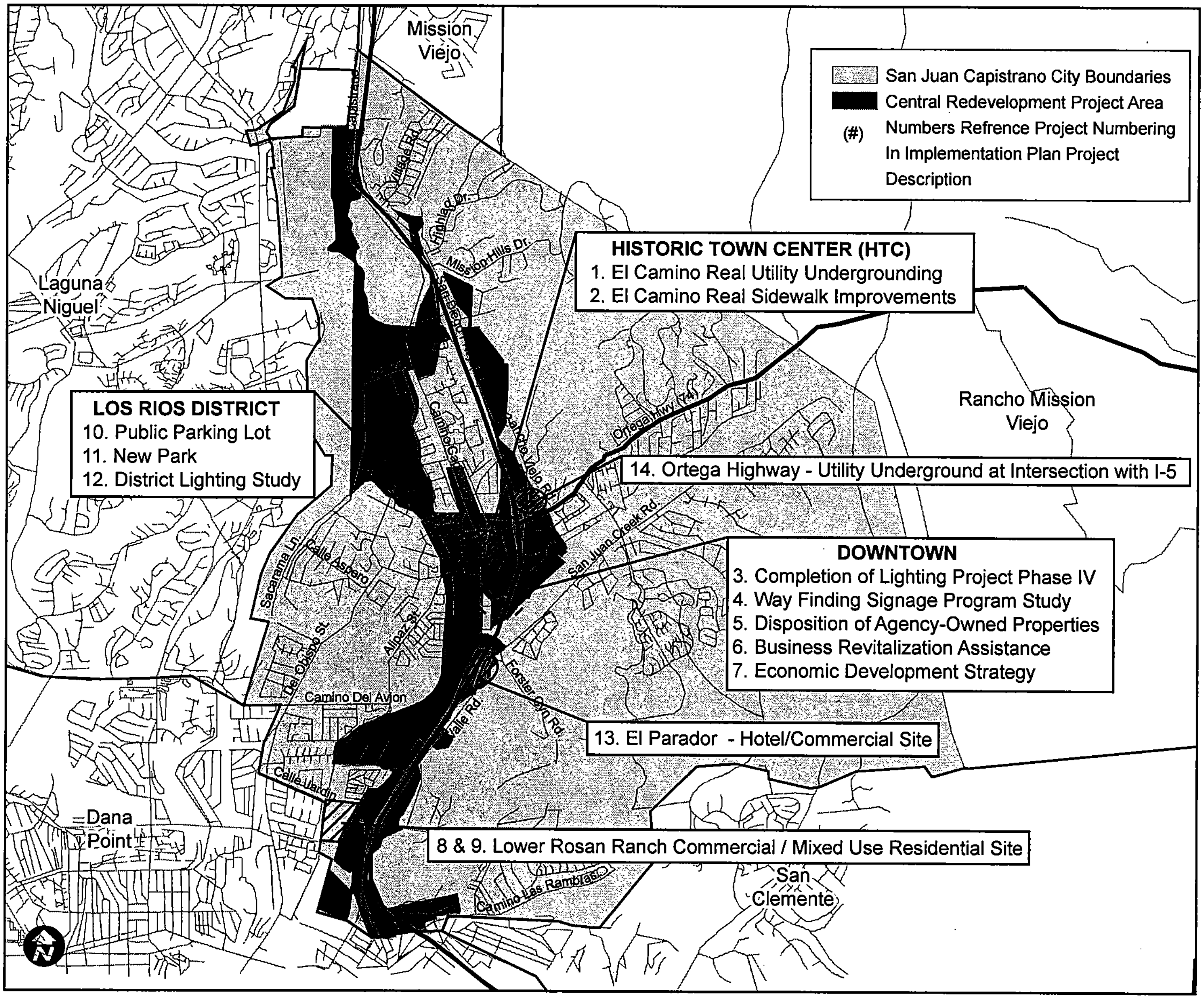
There are several potential development sites identified in the Implementation Plan. These sites are commonly referred to as Little Hollywood, which is a housing development in the northern end of the Los Rios Historic District; Honeyman Ranch on the east side of I-5 at the intersection of Ortega Highway, which is an office development site; El Parador also on the east side of I-5 at Valle Road, which is a hotel or commercial site; the Pitts Property, a residential site located at the terminus of Calle Rolando; and Lower Rosan Ranch bounded by Capistrano Valley Mobile Estates (CVME) to the north, the San Juan Creak to the west, the OCTA Railroad in the east and Stonehill Drive in the south, which is commercial or potentially mixed-use commercial/residential site. The redevelopment project sites are shown on Map 1, and the affordable housing sites are shown on Map 2 following this Executive Summary.

The following is a summary of the Agency's goals, objectives and proposed redevelopment projects and affordable housing activities contemplated in the Project Area during the Five-Year Implementation Plan period (ending in December 2009). The initiation of many of the projects will depend on developer interest. With few exceptions, there are no specific development proposals or requests for assistance; therefore, it is not possible to identify specific Agency expenditures related to future development assistance. However, estimates have been provided for anticipated public improvement projects.

B. GOALS, OBJECTIVES AND BLIGHT ELIMINATION

The Agency proposes to focus its activities on eliminating blighting conditions including impaired investments and public improvement deficiencies. Much of the impaired investment results from the high cost to prepare sites for development including off-site public improvements. The Agency will assist in these improvements to make the projects financially feasible. Currently there are several vacant and underutilized parcels in the Project Area some of which are Agency-owned. The Agency's objective is to assist in marketing these parcels and assisting in private sector development that will bring jobs to the Project Area and revenues to the Agency and City. The Agency's assistance may take the form of public improvements to improve the quality and attractiveness of the area, and provide necessary infrastructure capacity upgrades to attract development. In other instances, the Agency will assist existing owners to improve their properties. In summary the Agency goals and objectives for blight elimination are:

MAP 1 - REDEVELOPMENT PROJECTS



Prepared by: Keyser Marston Associates, Inc.
SJC Bdry Map.ai:10/29/04: NYM

- Provide for the redevelopment of blighted property in the Project Area by private enterprise and through public agency assistance;

- Assist in economic development projects through business attraction and developer assistance;

- Plan for the disposition and development of Agency-owned property;

- Eliminate public improvement deficiencies through the installation or construct public improvements including street and park improvements;

- Facilitate rehabilitation of business structures and improvements; and

- Facilitate rehabilitation, preservation, and construction of affordable housing.[1]

C. REDEVELOPMENT PROJECTS AND EXPENDITURES

Because Agency activities are largely dependent on development interest, the list of potential projects and future expenditures is difficult to determine and is subject to change. To assist in determining the development potential of the Project Area, the Agency will update its 1998 Economic Development Strategy. The Agency will also continue its efforts to eliminate building deterioration and substandard design conditions through assistance to business and property owners in building rehabilitation and expansion. To further market the existing businesses, the Agency will implement a way finding signage program. Finally, within the Downtown, the Agency will finish installation of the decorative pedestrian street lighting to provide necessary lighting while reinforcing the Downtown as a shopping and entertainment district.

Within the Historic Town Center district, the Agency will focus its efforts on improvements in and around the Historic Town Center Park. This will include underground utilities and constructing sidewalks, curbs and gutters. In the Los Rios Historic District, the Agency plans to complete development of a park and public parking lot. One of the public improvement deficiencies that has not been addressed is lighting. The Los Rios Historic District has the same "cobra head" lighting that was installed in the 1950's. The Agency plans to replace this lighting with pedestrian oriented lighting similar to what is found in the Downtown.

Outside of the Downtown, the Historic Town Center and Los Rios District, the Agency plans to continue marketing the development of the El Parador site. The Agency hopes to attract a hotel or other commercial uses to this site. The Agency also plans to facilitate the reuse of the former Shell site at the intersection of Ortega Highway and the I-5 northbound on-ramp. The Agency plans to reduce off-site development costs by undergrounding utilities. Finally, the Agency anticipates continued funding of wetlands mitigation related to the preparation of the Lower

[1] The Agency's housing activities are discussed separately in the Implementation Plan Housing Component.

Rosan Ranch site for commercial development. This site or a portion of the Lower Rosan Ranch may also be suitable for residential development. As discussed in the Housing Component of this Implementation Plan, the Agency will meet its affordable housing obligations by assisting the private sector in the construction and preservation of affordable housing throughout the City.

Based on current projections, the Agency will work toward the initiation of the projects summarized above and listed below during the Implementation Plan period (January 2005-December 2009).

Project Description	Anticipated Budget
HISTORIC TOWN CENTER	
1. El Camino Real Utility Undergrounding	$30,000
2. El Camino Real Sidewalk Improvements	$89,000
DOWNTOWN	
3. Downtown Lighting Project Phase IV Completion	$285,750
4. Downtown Way Finding Signage Program	$30,000
5. Disposition of Agency-Owned Properties	Future expenditures will depend on the specific properties that are sold and developed and the timeframe for project approval.
6. Business Revitalization Assistance	Expenditures will depend upon activities proposed and the degree of Agency assistance required.
7. Economic Development Strategy	$60,000
LOWER ROSAN RANCH	
8. Lower Rosan Ranch	Undetermined until development plans are proposed and costs are identified.
9. Lower Rosan Ranch Wetlands Mitigation	$52,000 annually for three years or $156,000.
LOS RIOS DISTRICT	
10. Los Rios Parking Lot	$900,000
11. Los Rios Park	$30,000 to conduct a park study, $70,000 for design and engineering, and $1,500,000 for park construction. Total cost estimated at $1,600,000. Funding source for the Park construction is unidentified but redevelopment is being considered as the financing. Therefore, the anticipated redevelopment budget is $1,500,000.
12. Los Rios Historic District Lighting Study.	$40,000 for study preparation.
OTHER SITES	
13. El Parador	Expenditures will depend upon development proposed and the degree of Agency assistance required.
14. Ortega Highway Utility Undergrounding	$300,000
TOTAL COSTS FOR FIVE YEAR PERIOD	$3,390,750

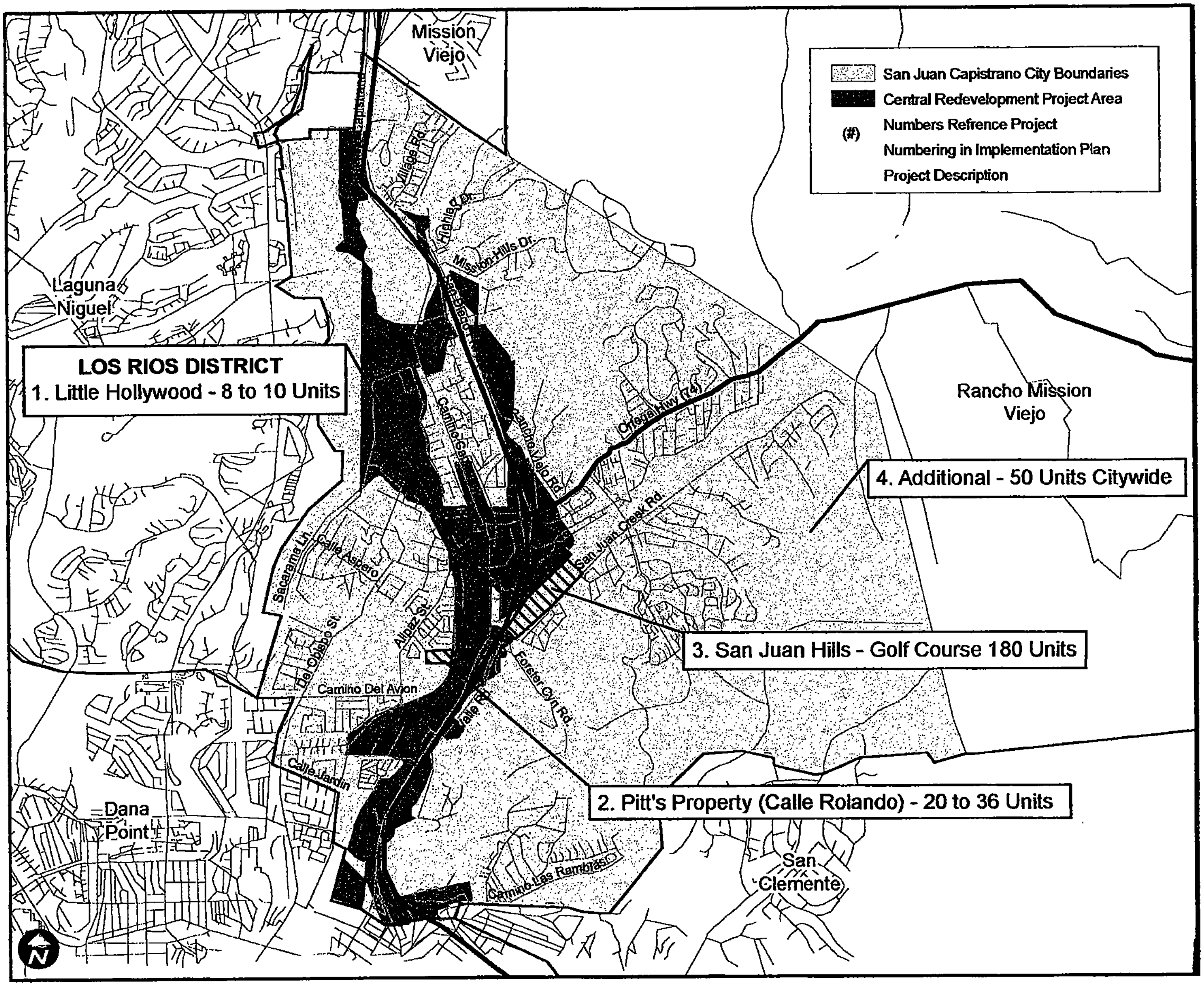
D. AFFORDABLE HOUSING PROJECTS AND EXPENDITURES

California Redevelopment Law (CRL) requires that the Agency spend 20 percent of its gross tax increment (Set-Aside) on affordable housing activities. In addition, the law requires the Agency to fulfill the replacement and inclusionary housing obligations imposed by Section 33413. The recently adopted AB 637 and SB 701, added the requirement that Set-Aside funds must be spent in proportion to the housing needs that have been determined for the community; that the proportion of funds spent on age restricted housing be limited to the proportion of the population within the City that is over 65 years of age; and that the projects funded with Set-Aside funds must utilize non-Agency funding sources to the extent possible. Affordable housing projects may be developed anywhere within the City. Map 2 shows the location of the affordable housing projects anticipated to be developed during the Implementation Plan term.

The projects that are proposed to be undertaken over the next 10 years to fulfill the CRL requirements include:

Project Description	**Anticipated Budget**
1. Eight to 10 Units – Little Hollywood Phase II – The remaining acre-and-a-half at the corner of Paseo Adelanto and Ramos Street. The Agency owns the development site.	$2.4 million
2. Twenty to 36 Units – Pitts Property – This 2.5-acre property is located at the terminus of Calle Rolando. The land was deeded to the Agency by Sun Cal Development to provide affordable housing.	$2.0 million
3. One Hundred-eighty (180) units – San Juan Hills Golf Course. The local public daily fee golf course is planning a clubhouse expansion. To fund this expansion, some holes and the driving range will be relocated to make way for senior citizen housing. The developer has indicated support for providing inclusionary housing production units.	$1.0 million
4. Fifty Units – To be determined (TBD).	The Agency anticipates spending $2.5 million to produce affordable housing units between 2009 and 2011.
TOTAL AFFORDABLE HOUSING EXPENDITURE	$7.9 million

MAP 2 - HOUSING PROJECTS



Prepared by: Keyser Marston Associates, Inc.
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I. INTRODUCTION

This document is the Five-Year Implementation Plan ("the Plan") for the San Juan Capistrano Central Redevelopment Project ("the Redevelopment Plan," "Project," or "Project Area"). This Implementation Plan was prepared by the San Juan Capistrano Community Redevelopment Agency (the "Agency") in compliance with Article 16.5 of the California Community Redevelopment Law (the "CRL" or "Law").

The original Implementation Plan for the Central Redevelopment Project (original Implementation Plan) was adopted in December 1994 by resolution No. 469 for the five-year term between 1995 and 1999. The first update was held on January 20, 1998. The second, Five-Year Implementation Plan for 2000 though 2004 was adopted in April 2002. On January 7, 2003, the Agency held a public hearing to review the progress of the redevelopment in the Project Area and the status of the second Implementation Plan. This third and current Implementation Plan is schedule for adoption in November of 2004.

This 2005-2009 Implementation Plan is composed of two separate components, a Redevelopment Component and a Housing Component. The Redevelopment Component revisits the goals and objectives identified when the Project was adopted, and defines the Agency's strategy to achieve these goals and objectives. As described in the Implementation Plan, the goals and objectives will be accomplished by the implementation of the projects, programs and related expenditures (other than those relating to low and moderate income housing) that have been developed as a means to eliminate blight within the Project Area. In addition, Article 16.5 requires that an Implementation Plan explain how the components of the Implementation Plan will implement various CRL requirements regarding low and moderate income housing. Generally, the goals, activities, and expenditures included in the Redevelopment Component do not implement the housing requirements of the CRL. The activities that do implement these requirements are contained in the Housing Component. The Housing Component shows how the Agency will meet the statutory requirements for the set-aside and expenditure of tax increment for housing purposes.

This Implementation Plan is a policy statement rather than an unalterable course of action. It has been prepared to set priorities for redevelopment activities within the Project Area for the five-year period covered by this Plan. The Implementation Plan incorporates currently known financial constraints of the Agency in developing a program of activities to accomplish revitalization efforts for the Project Area. However, new issues and opportunities may be encountered during the course of administering the Redevelopment Plan for the Project Area. Therefore, this Implementation Plan may be amended if necessary to effectuate its purposes.

The purpose of this Implementation Plan is to provide a clear and reasonable statement of the Agency's current intent regarding activities in the Project Area and to establish a nexus between Agency goals and objectives, program activities and the purpose of redevelopment, which is to eliminate blight and to develop and preserve affordable housing.

II. REDEVELOPMENT COMPONENT

A. HISTORY AND REASONS FOR ADOPTION OF THE PROJECT AREA

1. Setting

There is one redevelopment project within the San Juan Capistrano ("City"): the San Juan Capistrano Central Redevelopment Project Area adopted on July 12, 1983, by Ordinance No. 488. The area included in the Project Area encompasses approximately 1,097 areas or 12.6 percent of the total acreage of the City and is subdivided into 429 parcels. The Project Area is generally located in the Central Business District of the City adjoining Interstate 5 and includes portions of State Route 74 (Ortega Highway), Rancho Viejo, Junipero Serra Road, Del Obispo, Camino Capistrano, and Paseo Adelanto. Major public features within the Project Area include the Capistrano Depot train station, Mission San Juan, Trabuco and San Juan Creeks, and the Los Rios Historic District and the I-5 Freeway.

2. Reasons for Adoption of the Project Area

The Project Area was adopted to address the blighting conditions within the central district of the City which had resulted in the stagnation and decline of the area. The goal of the Agency was to assist the private sector in improving deteriorated and underutilized properties and facilitate the development of opportunity sites. Historic preservation and upgrading and construction of public improvements were major concerns for the Project Area.

3. Prior Amendments

As outlined in Table 1, the Redevelopment Plan has been amended three (3) times to add territory, increase the financial limits of the Plan, and add public improvements to the list of projects that the Agency proposes to undertake. In addition, the Redevelopment Plan limits were amended a fourth time as required by Assembly Bill 1290, which established new time limits for all redevelopment projects Statewide. Most recently, the City Council amended the Redevelopment Plan for the fifth time per SB 211 by adopting an ordinance repealing the debt establishment limit in July of 2003.

TABLE 1
REDEVELOPMENT PLAN AMENDMENT HISTORY

Amendment Number	Subject	Acres	Ordinance Number	Adoption Date
	Adoption of Project Area	904	488	7/12/1983
83-1	Increase tax increment limit from $84 to $432 million; increase bond debt limit from $25 to $100 million; extend Plan duration from 35 to 45 years, add to list of public improvements and made additional minor changes.	Na	509	5/15/1984
84-1	Add territory (east of Interstate 5); increase maximum allowable number of buildings and dwelling units; and add public improvement.	170	547	7/17/1985
86-1	Add territory (Great Western Property)	23	582	8/9/1986
N/A	AB1290 conformance ordinance (reduce the duration of the Plan from 45 to 40 years or July 12, 2023; reduce the period to establish debt from 25 to 20 years or July 12, 2003; establish a deadline for the repayment of debt which is 10 years following completion of redevelopment activity or July 12, 2033.	N/A	756	12/6/1994
N/A	SB 211 Ordinance repealing the July 12, 2005 debt establishment limit.	N/A	883	7/1/2003

4. Current Plan Limits

The Redevelopment Project is at the mid-point of its life. The Redevelopment Plan has been in existence for approximately 20 years (1984) and has another 20 years to implement redevelopment activities. Table 2 on the following page provided outlines the current Redevelopment Plan limits.

5. Goals and Objectives

"From its inception, the primary purpose and focus of the Agency has been the implementation of vital public improvement projects; the preservation of cultural resources and historic structures; the acquisition of parklands; the retention of public facilities for continued community use; enhancement of economic development; and a commitment to meet the community's low to moderate income housing requirements."[2]

During the near-term the Agency proposes to work towards achieving the above stated goals, through the construction of public improvements and utilities, and assisting the private sector in economic development projects. It is the Agency's hope and intent that the Implementation Plan as proposed, if fully implemented, will encourage further private sector investment in commercial designated areas of the Project Area, and in particular, infill development that will support the retail business and preserve the historic character of the Downtown and Historic Town Center. This could occur through the disposition and development of Agency-owned parcels within the Project Area. It is also the Agency's goal and objective to encourage commercial and office development on appropriate sites within the Project Area and develop and preserve affordable housing throughout the City.

According to the Redevelopment Plan, as amended, the specific objectives designed to eliminate blighting conditions within the Project Area are to:

- Eliminate the conditions of blight existing in the Project Area;
- Prevent the recurrence of blighting conditions in the Project Area;
- Improve and construct, or provide for the construction of, public facilities, roads, and other public improvements and to improve the quality of the environment in the Project Area to the benefit of the Project Area and the general public;
- Encourage and ensure the redevelopment of the Project Area in the manner set forth by the Redevelopment Plan; and

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[2] Agency's Annual Report for Fiscal Year 2001-02.

TABLE 2

REDEVELOPMENT PLAN
TIME AND FINANCIAL LIMITS
SAN JUAN CAPISTRANO CENTRAL REDEVELOPMENT PROJECT

Project Adoption Date	Debt Establishment	Plan Effectiveness	Debt Repayment (receipt of T.I.)	Tax Increment	Bond Debt	Eminent Domain
Pre –1994	20 years from adoption or 1/1/04 whichever is later plus 10 years with amendment (may repeal limit by ordinance)	40 years from adoption or 1/1/09 whichever is later + 10 year with significant remaining blight (AB1290)	10 years after Plan effectiveness + 10 year with significant remaining blight (AB1290)	Limit required No maximum	Limit required No maximum	12 years maximum
Original July 12, 1983 (904 acres)	Repealed	July 12, 2023	July 12, 2033	$432,000,000 (applies to all areas)	$100,000,000 (applies to all areas)	None
Added Area No. 1 July 17, 1985 (170 acres)	Repealed	July 12, 2023	July 12 2033			None
Added Area No. 2 August 19, 1986 (23 acres)	Repealed	July 12, 2023	July 12, 2033			None

- Encourage and foster the economic revitalization of the Project Area by protecting and promoting sound development and utilization of the Project Area and by the replanning, redesigning, and developing portions of the Project Area which are stagnant or improperly utilized because of the lack of adequate utilities and public improvements and because of other causes.

In addition to the goals and objectives identified in the Redevelopment Plan, this Implementation Plan identifies near-term goals and objectives designed to eliminate blight in the next five years. These goals are related to those conditions of blight considered a priority and within the capacity of the Agency to remove such conditions during the present term. They are to:

- Provide for the redevelopment of blighted property in the Project Area by private enterprise and through public agency assistance;

- Assist in economic development projects through business attraction and developer assistance;

- Plan for the disposition and development of Agency-owned property;

- Eliminate public improvement deficiencies through the installation or construct public improvements including street and park improvements;

- Facilitate rehabilitation of business structures and improvements; and

- Facilitate rehabilitation, preservation, and construction of affordable housing.

To ensure that the Agency meets its goals and objectives, the Agency plans to undertake a long-term planning for the Project Area to identify a vision for the area and develop a strategy to implement the vision within the remaining life of the Redevelopment Plan. The proposed updated and expanded Economic Development Strategy, which is an activity proposed during the proposed Five-Year Implementation Plan, is an example of one of the efforts that the Agency will undertake in the long-term planning process.

B. AGENCY ACCOMPLISHMENTS SINCE PROJECT ADOPTION

In the past 20 years since the Central Project Area was adopted and subsequently amended, the Agency's efforts have included revitalization through the relocation of incompatible uses, historic rehabilitation, development of a pedestrian arcade, landscaping, park improvements, improved parking and new street lighting. The Agency has also participated in several projects that have contributed to business retention and attraction, which has also created local jobs and increase revenues to the City. In addition, as discussed in detail later in this Implementation Plan, the Agency has contributed to the construction or preservation of 198 affordable housing units. The following is a description of the specific Agency assisted projects:

- **Sun Dried Tomato Restaurant.** The Agency reworked its existing parking lot lease to provide additional parking necessary for the Franciscan Plaza to attract this upscale eatery.

- **SOLAG Disposal Company.** The Agency purchased SOLAG Disposal Company site to relocate this incompatible solid waste hauling use from within the HTC.

- **HTC Pedestrian Arcade, Landscaping, Parking, Lighting in the HTC.** To reinforce the pedestrian environment and encourage patronage of the HTC, the Agency constructed a pedestrian arcade, parking lots and provided landscaping.

- **Capistrano Depot.** To ensure its preservation the Agency purchased the 100-year old depot. After seismic retrofitting, asbestos removal and other improvements the facility was sold. It continues to be used as a train depot and includes a restaurant and bar.

- **Chicos.** The Agency provided financial incentives resulted in public improvements to the parking lot at Mission Promenade contingent upon the property owner signing a lease with Chico.

- **Pacific Sales.** The Agency assisted is providing gap financing to attract Pacific Sales to the Calle Perfecto Business Park. The appliance store generates significant retail sale tax and the Agency anticipates being repaid for its assistance in 2004.

- **Fluidmasters.** The Agency attracted Fluidmaster to the Project Area by off-setting development costs, fees and taxes. Fluidmaster provides over 200 jobs and is a significant contributor to tax increment and the City's General Fund.

- **Capistrano Volkswagen.** The Agency provided financial assistance for the rehabilitation and expansion of Capistrano Volkswagen. The dealership has been located in the Project Area for over 35 years.

- **Serra Vista Office Project.** The Agency is providing assistance in financing off-site improvements for the development of a two-story 10,320 square foot office located on Camino Capistrano.

- **Franciscan Plaza, Promenade and Parking Structure.** The Agency provided developer assistance to bring the City's first indoor movie theatre and parking structure.

- **Los Rios Entry Plaza and South Metrolink Platform.** The Agency developed the Entry Plaza that provide a pedestrian link between the Downtown and the Los Rios Historic District.

- **Capistrano Depot.** In conjunction with the remodeling, the Agency undertook the seismic retrofit of the Capistrano Depot and facade easement. The Agency also conducted asbestos abatement in the non-historic portions of the Depot.

- **El Peon Complex.** The Agency initially acquired the property to facilitate the HTC redevelopment. The Agency made seismic retrofit improvements to the un-reinforced masonry units. During the property's redevelopment the Agency participated in sidewalk enhancements, and recorded a facade easement of the El Peon Complex now known as the "Mission Promenade" to preserve the buildings.

- **Area A.** The Capistrano Home Furnishings Center and Plaza Del Obispo Developments in Area "A" received assistance from the Agency with public improvements and clean-up cost in the removal of the Super 7 fueling station. Public improvements included street widening, traffic signal and storm drains.

- **Los Rios.** The Agency acquired four Los Rios properties to facilitate the goals of the Los Rios Precise Plan.

- **Little Hollywood Phase I.** The Agency purchased 13 units to preserve the character of the neighborhood and to provide for affordable rental opportunities, as well as, the development of additional new units. The Agency later replaced 11 of the units with new modular structures.

- **Camino Capistrano Bridge.** The Agency acquired the Kord property for the construction of the Camino Capistrano Bridge over San Juan Creek. The right-of-way acquisition facilitated the widening of Camino Capistrano consistent with the County Master Plan of Arterial Highways (MPAH).

- **Price Club Plaza.** The Agency assisted with the acquisition and infrastructure improvements for the Price Club Plaza.

- **Lincoln Mercury.** The Agency assisted the Lincoln Mercury Dealership (now Jaguar) with off-site public improvements, including street widening.

- **Utility Underground.** The Agency assisted the Toyota dealership with their utility undergrounding along Camino Capistrano.

- **Façade/Sidewalk Easement.** The Agency acquired a façade easement over the historically significant buildings and sidewalk easements for enhancements. This included façade easements for Lupe Combs, Ferris-Kelly and Provincial Buildings.

- **Capistrano Pointe Apartments.** The Agency assisted the William Lyon Co., with the development of the City's first apartment complex. The 284-unit complex also provided fifty-two (52) affordable housing units for ten (10) years. The Agency paid certain City fees for the developer.

- **Las Hadas Office Development.** The Agency assisted with the initial phase of the Paseo Adelanto extension, which is the primary circulation element of the Los Rios Specific Plan and a requirement for the Las Hadas office development.

- **San Juan Corporate Plaza.** The Agency provided assistance to the developer for off-site circulation improvements to the intersection of Junipero Serra and Rancho Viejo Road including street widening and a traffic signal.

- **CUSD Cooperative Agreement.** The Agency funded the construction of the gymnasium at the Capistrano Valley High School.

- **San Juan Saloon Master Lease.** The Agency acquired the San Juan Saloon's leasehold interest in order to change the use to a more compatible use with a family atmosphere created by the Franciscan Plaza development.

- **Decorative Arts Center.** The Agency purchased the property from Gep Duranburger to facilitate the Decorative Arts Center.

- **HTC.** The Agency conducted a majority of the Downtown's redevelopment efforts including improvements to the Historic Town Center. The Agency paid for the EIR, archeology work, the developer selection and assembly of a number of downtown properties.

C. PROJECT FINANCING

The goals and objectives and projects, programs and expenditures included in this Implementation Plan reflect the financial constraints of the Agency to implementing the Redevelopment Plan. The constraints are primarily the result of obligations that the Agency is contractually required to pay as a result of prior redevelopment activities.

1. Tax Increment Revenues

At the time a redevelopment plan is adopted for a project area, the taxes generated from taxable value of property in the area (often referred to as the base year value) continue to be distributed to each of the taxing entities which levy a property tax in the Project Area. The property taxes that occur due to growth in taxable value above the base year value are allocated to the redevelopment agency. This amount is commonly referred to as tax increment revenues.

The Project Area's taxable value has increased since the base year by $545,167,334 as of 2004/05. The rate of annual growth in taxable value has been increasing over the past six years at an annual average rate of nearly 14 percent per year. This increase can be attributed to transfer of ownership activities and the increasing market value of real estate. For purposes of this analysis, future annual growth in tax increment is conservatively estimated to increased two percent in 2005/06 and thereafter. The Project Area anticipates gross tax increment revenues of approximately $5.2 million for 2004/05. As described below, a portion of these monies are pledged to tax sharing obligations.

2. Existing Obligations

The Agency has incurred a number of significant financial obligations within the Central Project Area, including: a reimbursement agreement with the City of San Juan Capistrano, promissory notes, owner participation agreements, Tax Allocation Bonds, and Agency operating costs.

Payments on obligations incurred in the Project Area, particularly the City reimbursement, debt service on tax allocation bonds promissory note repayments and OPA obligations, commit a substantial portion of the Agency's primary funding source -- tax increment revenue. In fiscal year 2004-05, annual obligations equated to approximately 56 percent of the gross tax increment revenue that the Agency received. The Agency's existing obligations, are discussed below and outlined in Table 3.

On July 15, 2003, the Agency approved technical amendments to the redevelopment plan that eliminated the time limit for establishing debt. The Agency is required to allocate the statutory pass through to affected taxing entities commencing in 2004/05, which is the first fiscal year following the year in which the debt incurrent time limitation would have otherwise taken effect.

The statutory pass through allocation will be made to those taxing entities that do not have existing tax sharing agreements in effect, based upon the following formulas: (1) commencing in fiscal year (FY) 2004/05, 25 percent of the tax increment in excess of the FY 2003/04 adjusted base value are passed through to these other taxing entities (net of the 20% housing set-aside) and (2) commencing in FY 2014/15, an additional 21 percent of the tax increment in excess of the FY 2013/14 adjusted base value is passed through to these other taxing entities (net of the 20% housing set-aside). The Agency's existing obligation are discussed below and outlined in Table 3.

- **ERAF Payments** - The Project Area will make a payment to the State-established Educational Revenue Augmentation Fund (ERAF) for fiscal year 2004/05 totaling $330,000 and expects to make a 2005/06 payment totaling $330,000. The Agency is also obligated to make payments to Orange County, the Capistrano Unified School District, and the Saddleback Community College District pursuant to agreements entered into at the time of Redevelopment Plan adoption, which are projected to total $1,394,000 for 2004/05; $1,965,000 in 2005/06; $2,464,000 in 2006/07; $2,891,000 in 2007/08; and $1,036,000 in 2008/09.

- **Housing Set-Aside** - The CRL requires that all redevelopment agencies set-aside 20 percent of their gross tax increment revenues to facilitate the development of housing for persons with low and moderate incomes. Particulars regarding the anticipated use of the Housing Set-Aside funds are discussed in the Housing Component of this Implementation Plan.

- **Tax Sharing Agreement County of Orange** - Amended September 1987 - Agency agrees to make annual payments of tax increment revenue to the Orange County General Fund, the Orange County Structural Fire Fund and the Orange County Flood Control District in the amount of 17.1 percent of the annual gross tax increment revenues generated by the Project Area and allocated to the Agency. Commencing after the Agency has received $315 million in tax increment revenue, the Agency will make annual payments to the Orange County General Fund, the Orange County Structural Fire Fund, the Orange County Flood Control District, the Orange County Library Fund, and the Orange County Harbors, Beaches and Parks District Fund their full respective shares of the property tax increment.

- **Tax Sharing Agreement Capistrano Unified School District** - Amended May 1997 – Agency agrees to make annual payments to the School District equal to the annual tax increment revenues generated by the Project Area in excess of $3 million, but in no event shall the District be allocated more than $5 million in any consecutive five-year period.

- **Tax Sharing Agreement Saddleback Community College District** - Dated October 1983 – Agency agrees to make payments to the Community College District equal to the tax increment revenues generated by the original portion of the Project Area in excess of $15 million aggregated for a consecutive five-year period, but in no event shall the District be allocated more than $5 million in any such period.

- **AB1290 Statutory Pass Through - Dated On July 15, 2003** - The Agency approved technical amendments to the Redevelopment Plan that eliminated the time limit for establishing debt. The Agency is required to allocate the statutory pass through to affected taxing entities commencing in 2004/05, which is the first fiscal year following the year in which the debt incurrent time limitation would have otherwise taken effect.

- **1998 Tax Allocation Refunding Bonds** - Dated June 1998 – Agency issued $6,315,000 Tax Allocation Refunding Bonds to advance refund the 1991 Bonds. Additional background information regarding the Bonds is shown on Table 3.

- **1997 Subordinated Tax Allocation Housing Bonds** - Dated May 1997 – Agency issued $1,800,000 Subordinated Taxable Tax Allocation Housing Bonds to finance certain redevelopment housing programs. Additional background information regarding the Bonds is shown on Table 3.

- **City Advances** - The Agency entered into various borrowing agreements with the City, for the purpose of financing various redevelopment activities in the Project Area. The various City Advances, as identified in the Agency's financial audit for fiscal year ending June 30, 2004, are summarized on Table 3.

- **Contracts Payable – Capistrano Valley Water District** - The Agency entered into a cooperation agreement with the Capistrano Valley Water District (CVWD) whereby the CVWD agreed to defer receipt of its receipt of fees for site development from developers in the Project Area and instead requested that such developers pay the Agency the fees instead. The Contracts Payable, as identified in the Agency's financial audit for fiscal year ending June 30, 2004, is included on Table 3.

- **Notes Payable – Cappello and Kinoshita** - The Agency entered into various borrowing agreements with developers and other property owners to finance property acquisitions to be subsequently sold, leased or retained for agricultural preservation and cultural heritage. The Notes Payable, as identified in the Agency's financial audit for fiscal year ending June 30, 2004, are included on Table 3.

- **Owner Participation Agreements – Various** - The Agency has entered into various Owner Participation Agreements to facilitate new development activities in the Project Area. The Agency agrees to reimburse the property owners annual tax increment revenues pursuant to the provisions of the respective agreements. The Owner Participation Agreements, as identified in the Agency's financial audit for fiscal year ending June 30, 2004, are included on Table 3.

- **Administration** - The CRL provides that the Agency has general authority to hire staff, execute contracts and/or purchase or rent space, equipment and supplies. In order to implement the Redevelopment Plan, the projects and programs of this Implementation Plan, the Agency has and will continue to incur administrative expenses and obligations. Such administrative expenses reflect the costs for staff salaries and benefits, technical assistance, operating services, purchase of equipment or supplies and other ancillary expenses associated with the administration of the Project Area.

TABLE 3
OUTSTANDING DEBT SUMMARY[3]

Name of Debt	Reasons	Maturity Date	Rate	Balance Owed as of FY 2003-04
1998 Tax Allocation Refunding Bonds	Refunding of 1991 Bonds	August 2016	4.50% - 4.875%	$5,035,000
1997 Subordinated Tax Allocation Housing Bonds	Low and Moderate Income Housing Acquisition	August 2022	7.15% - 7.75%	$1,550,000
City Advance #1	Economic Development Land Acquisition Borrowing in 1989-90	On Demand	9%	$4,870,329
City Advance #2	City's Deferral of Development Fees	On Demand	9%	$2,715,531
City Advance #4	Trullis Promissory Note for Property Acquisition in 1998-99	On Demand	City Return on Investment	$475,785
City Advance #5	Administrative Loan in 2003-04	On Demand	LAIF Rate	$540,000
Contracts Payable – Capistrano Valley Water District	DVWD Deferral of Development Fees	On Demand	LAIF Rate	$105,752

[3] Sources: San Juan Capistrano Redevelopment Agency Annual Report FY 2003-04; Annual Financial Report for FY 2003-04 and Agency staff updates.

Table 3 continue
Outstanding Debt Summary

Name of Debt	Reasons	Maturity Date	Rate	Balance Owed as of June 30, 2002
Notes Payable - Cappello	Right of Way Public Improvements	October 2006	4.7%	$76,441
Notes Payable - Kinoshita	Agricultural Preservation and Cultural Heritage	March 2011	7%	$9,250,000
Owner Participation Agreement – Fluidmaster, Inc.	Corporate Headquarters and Manufacturing Plant Construction	June 2017	0%	$594,760
Owner Participation Agreement – Pacific Sales	Retail Sales and Showroom	July 2008	0%	$89,698
Owner Participation Agreement –Capistrano Volkswagen	Business Retention and Expansion of Auto Sales Business	June 2023	0%	$465,000

- **Capital Improvements** - The Agency's Capital Improvement Program anticipates continued funding of the Lower Rosan Ranch wetlands mitigation and permitting requirements; Mission Promenade Parking lot improvements; Los Rios Parking lot and signage improvements; Los Rios Park design and engineering, funding for the utility undergrounding district; Downtown sidewalk improvements. Additional projects, programs and expenditures for future capital improvements may be funded at the discretion of the Agency and are discussed in the subsequent section of this Implementation Plan.

3. Potential Bonding Capacity

The CRL provides authority to the Agency to create indebtedness, issue bonds, borrow funds or obtain advances in implementing and carrying out the specific intents of a redevelopment plan. The Agency is authorized to fund the principal and interest on the indebtedness, bond issues, borrowed funds or advances from tax increment revenue and any other funds available to the Agency. To the extent that it is able to do so, the City may also supply additional assistance through City loans or grants for various public facilities or other project costs.

Potential sources of funds to fund project costs include, but are not limited to, tax increment revenues, bond proceeds, interest earnings, and the issuance of tax allocation bonds. The Agency issued two tax allocation bonds as follows: $1,715,000 Housing Bonds issued in 1997 to be retired August 2022 and $6,105,000 Tax Allocation Refunding Bonds issued in 1998 to be retired August 2016. The amount of indebtedness that can be outstanding at any time is $100,000,000 per the current Redevelopment Plan.

The Agency may elect to pledge future tax increment revenues to secure the principal and interest payments of a tax allocation bond issued to finance blight eliminating program and project costs. The issuance of tax-exempt bonds and the use of said proceeds are subject to federal tax restrictions. Based upon the projected tax increment revenues forecast over the next five years, it is projected that up $8 million in net bond proceeds could be leveraged from near-term tax increment revenues anticipated for the Project Area.

The net bond proceed amount was based upon a six percent tax-exempt interest rate, 1.25 times coverage requirement, debt repayment term of 25 years and 12 percent cost of issuance and bond reserve factor.

D. PROPOSED PROJECTS, PROGRAMS AND EXPENDITURES

The projects, programs and expenditures listed below are based on estimated future tax increment revenues and financial obligations. The implementation of these projects, programs and the over the five-year period will satisfy the Implementation Plan Goals and Objectives, and in turn, the redevelopment actions identified at Redevelopment Plan adoption.

HISTORIC TOWN CENTER

- **El Camino Real Utility Undergrounding -** Underground overhead utilities on El Camino Real adjacent to Historic Town Center Park and north of Spring Street.

  Anticipated Budget: $30,000.

- **El Camino Real Sidewalk Improvements -** Construction of sidewalk, curb and gutter, and drainage along the street frontage of Historic Town Center Park.

  Anticipated Budget: $89,000.

DOWNTOWN

- **Downtown Lighting Project Phase IV Completion -** Construct final phase of decorative pedestrian lighting.

  Anticipated Budget: $285,750.

- **Downtown Way Finding Signage Program -** Develop a directional signage program for the Downtown area.

  Anticipated Budget: $30,000.

- **Disposition of Agency-Owned Properties -** The Agency owns various properties within the Downtown area. As opportunities arise these properties may be leased or sold to private developers. This could include the development of a Civic Center on Agency-owned property. The funding for the City Hall would come from City funding sources other than the Agency. However, the Agency may partner with the City to develop an oversize parking structure for the Civic Center, which would serve the Downtown area.

  Anticipated Budget: Future expenditures will depend on the specific properties that are sold and developed and the timeframe for project approval.

- **Business Revitalization Assistance -** As requests are made and opportunities arise the Agency will assist in rehabilitation, expansion, and business attraction. This may take the form of low interest loans, reduction in development fees, façade and landscaping improvements and other incentives to be determined on a case by case basis.

  Anticipated Budget: Expenditures will depend upon activities proposed and the degree of Agency assistance required.

- **Economic Development Strategy -** The City undertook an economic development strategy in 1998. The study included a market analysis and economic development plan for selected sites. This study needs to be updated to reflect current economic conditions and regional changes that have occurred over the past six years. Also, the Agency would like to expand the scope of the study to include and overview of all commercial and industrial areas rather than limiting the analysis to identified target sites.

  Anticipated Budget: $60,000.

LOWER ROSAN RANCH

- **Lower Rosan Ranch –** This 12+ acre infill property was acquired to facilitate the relocation of the waste hauler from the Los Rios Historic District. The Agency proposes to dispose of this property and put it back into private sector for productive use. One possible alternative is the development of the site or a portion of the site with affordable housing.

  Anticipated Budget: Undetermined until development plans are proposed and costs are identified.

- **Lower Rosan Ranch Wetlands Mitigation -** Provision of environmental enhancement requirements to mitigate the removal of 1.6 acres of wetlands that were infilled to make the Lower Rosan Ranch development site. The restoration site is not within Lower Rosan Ranch but rather within the City's northwest open space and is referred to as the Arroyo Trabuco Conservation. The on-going restoration improvements include non-native plant eradication and the planting of native species. The Agency will be starting the third year of a five-year maintenance obligation.

  Anticipated Budget: $52,000 annually for three years or $156,000.

LOS RIOS DISTRICT

- **Los Rios Parking Lot** – Design and construction of public parking in the Los Rios District.

  Anticipated Budget: $900,000.

- **Los Rios Park** – The Los Rios Specific Plan calls for a passive park as a backdrop to the Historic Town Center's significant structures. Design and engineering of the passive park is anticipated during the Implementation Plan term. Funds for the park study and design and engineering are projected to be funded from the Parks and Recreation Department. One funding alternative is to develop a portion of the site with a commercial use in order to assist in paying the cost of the park improvements. The actual timing of park construction is contingent upon securing funds.

Anticipated Budget: $30,000 to conduct a park study, $70,000 for design and engineering, and $1,500,000 for park construction. Total cost estimated at $1,600,000. Funding source for the Park construction is unidentified but redevelopment is being considered as the financing. Therefore, the anticipated redevelopment budget is $1,500,000.

- **Los Rios Historic District Lighting Study -** The District continues to be illuminated by the same cobra-head street light installed in the 1950's. A study is proposed to evaluate current illumination levels and deficiencies. The study will examine the light quality and uniformity in the District. Recommendations for appropriate luminaries mounting height, spacing and fixture selection are the anticipated work product.

  Anticipated Budget: $40,000 for study preparation.

OTHER SITES

- **El Parador** – Promote development of the eight-acre El Parador site through assistance with infrastructure improvements. At one time, the site was approved for a 300-room hotel known as El Parador. The project was abandoned for what was perceived to be sites in more tourist oriented communities. Although the project did not materialize, the site is still considered for potential hotel development or alternative commercial development. Significant corrective grading will be required for a suitable building pad.

  Anticipated Budget: Expenditures will depend upon development proposed and the degree of Agency assistance required.

- **Ortega Highway Utility Undergrounding -** Facilitate the under grounding of utilities in front of the former Shell fueling station on Ortega Highway and the I-5 northbound on-ramp.

  Anticipated Budget: $300,000.

  TOTAL COSTS FOR FIVE-YEAR PERIOD = $3,390,750

E. BLIGHT ELIMINATION

The achievement of the goals and objectives will eliminate blighting conditions within the Project Area. The following is a list of blighting characteristics that are present in the Project Area as defined in the CRL (at the time of Redevelopment Plan adoption), with a description of how the proposed Agency activities will address these blighting conditions.

- **Stagnant Property Values and Impair Investments.** To facilitate development, the Agency may purchase, assemble and re-sell land to private entities at fair reuse value. The Agency may also assist in on-site improvements to prepare a site for development, such as grading and acquisition.

- **Factors that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots.** To reduce unusually high site preparation costs and attract development to underutilized and blighted areas, the Agency may assist in land assembly and providing site improvements such as grading or provide off-site improvements including extension of utilities.

- **The Existence of Inadequate Public Facilities Which Cannot be Remedied by Private or Governmental Action Without Redevelopment.** The Agency may undertake public improvement projects including street and signage improvements to attract patronage to the Downtown and HTC.

F. SUMMARY OF THE REDEVELOPMENT COMPONENT

The Redevelopment Component of the Implementation Plan provides the framework for Agency activities during the term of the Implementation Plan. Effort has been taken to demonstrate that the Agency's goals and objectives to eliminate blight are based upon the proposed redevelopment actions identified for the Project Area. The projects and programs actually accomplished during the five-year period of the Implementation Plan may differ from those identified in this Implementation Plan due to development opportunities that may arise and unforeseen changes in the annual Redevelopment Agency budget, but the basic goals and objectives will remain the same.

In summary, the Agency proposes to focus its activities on eliminating physical and economic blight conditions through the construction of public improvements and assisting the private sector in developing vacant and/or underutilized properties. It is the Agency's hope and intent that the Redevelopment Implementation Plan as proposed, if fully implemented, will encourage further private sector investment.

TABLE 4
ELEMENTAL RELATIONSHIP OF THE IMPLEMENTATION PLAN

IMPLEMENTATION PLAN GOALS AND OBLIGATIONS	PROJECTS AND PROGRAMS (TO SATISFY GOALS AND OBJECTIVES)	BLIGHTING CONDITIONS (THAT WILL BE REDUCED OR ELIMINATED)
Install, construct, or reconstruct streets, utilities, and other public improvements.	**El Camino Real Utility Undergrounding** – Underground overhead utilities on El Camino Real adjacent to Historic Town Center Park.	The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment.
Install, construct, or reconstruct streets, utilities, and other public improvements.	**El Camino Real Sidewalk Improvements** – Construction of sidewalks, curbs, and gutters and drainage along the frontage of Historic Town Center Park.	The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment.
Install, construct, or reconstruct streets, utilities, and other public improvements.	**Downtown Lighting Project Phase IV Completion** – Construct final phase of decorative pedestrian lighting.	The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment.
Install, construct, or reconstruct streets, utilities, and other public improvements. Assist in economic development projects through business attraction and developer assistance.	**Downtown Way Finding Signage** - Develop a directional signage program for the downtown area.	The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment. A prevalence of depreciated values and impaired investments.
Plan for the disposition and development of Agency-owned properties.	**Disposition of Agency-owned Properties** - The Agency owns various properties within the downtown area. As opportunities arise, these properties may be leased or sold to private developers. This could include the development of a Civic Center on Agency-owned property. The Agency may partner with the City to develop an oversize parking structure for the Civic Center and for businesses in the downtown area.	Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots including lack of parking. The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment.

Table 4 continued

REDEVELOPMENT GOALS	PROJECTS AND PROGRAMS (TO SATISFY GOALS AND OBJECTIVES)	BLIGHTING CONDITIONS (THAT WILL BE REDUCED OR ELIMINATED)
Provide for the redevelopment of blighted property in the Project Area by private enterprise and through public agency assistance. Facilitate rehabilitation of business structure and improvements.	**Business Revitalization -** As requests are made and opportunities arise the Agency will assist in rehabilitation, expansion, and business attraction. This may take the form of low interest loans, reduction in development fees, façade and landscaping improvements and other incentives.	Factors that prevent or substantially hinder the economically viable use or capacity of buildings and lots. Depreciated or stagnant property values or impaired investments including but not limited to properties containing hazardous wastes.
Facilitate rehabilitation of business structure and improvements.	**Economic Development Strategy –** The Agency needs to update a 1998 study to reflect current conditions in the economy and regional changes that have occurred over the past six years. Also, the Agency would like to expand the scope of the study to include and overview of all commercial and industrial areas rather than the previously identified target sites.	As stated the purpose of the Implementation Plan is to identify the Agency's near-term goals and objectives. To ensure that the Agency meets all of its goals and objectives, the Agency plans to undertake a long-term vision planning for the Project Area to identify a vision for the area and develop a strategy to implement the vision within the remaining life of the Redevelopment Plan. The proposed updated and expanded Economic Development Strategy will be one of the efforts that the Agency will undertake in the long-term planning process.
Provide for the redevelopment of blighted property in the Project Area by private enterprise and public agencies. Install, construct, or reconstruct streets, utilities, and other public improvements.	**Lower Rosan Ranch** – This 12+ acre infill property was acquired to facilitate the relocation of the waste hauler from the Los Rios Historic District. The Agency now proposes to dispose of this property and put it back into private sector for productive use. One possible alternative is the development of the site or a portion of the site with affordable housing.	The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment. A prevalence of depreciated values and impaired investments.
Provide for the redevelopment of blighted property in the Project Area by private enterprise and through public agency assistance. Eliminate public improvement deficiencies through the installation or construct public improvements including street and park improvements.	**Lower Rosan Ranch Wetlands Mitigation** - Provision of environmental enhancement improvements to mitigate the removal of 1.6 acres of wetlands related to the development of Lower Rosan Ranch. The on-going restoration improvements include non-native plant eradication and the planting of native species.	Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots.

Table 4 continued

REDEVELOPMENT GOALS	PROJECTS AND PROGRAMS (TO SATISFY GOALS AND OBJECTIVES)	BLIGHTING CONDITIONS (THAT WILL BE REDUCED OR ELIMINATED)
Install, construct, or reconstruct streets, utilities, and other public improvements.	**Los Rios Parking Lot** - Design and construction of public parking in the Los Rios District.	The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment.
Install, construct, or reconstruct streets, utilities, and other public improvements.	**Los Rios Park Site** - The Los Rios Specific Plan calls for a passive park as a backdrop to the Historic Town Center 's significant structures. Design and engineering of the passive park is anticipated during the Implementation Plan term. One funding alternative for park construction is to develop a portion of the site with a commercial use in order to assist in funding the park improvements. The actual timing of park construction is contingent upon securing funds.	The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment.
Install, construct, or reconstruct streets, utilities, and other public improvements.	**Los Rios Historic District Lighting Study** – The study will examine the light quality and uniformity in the District. Recommendations for appropriate luminaries mounting height, spacing and fixture selection are the anticipated work product.	The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment.
Provide for the redevelopment of blighted property in the Project Area by private enterprise and public agencies. Assist in economic development projects through business attraction and developer assistance. Install, construct, or reconstruct streets, utilities, and other public improvements.	**El Parador** – Promote the development of the 8-acre El Parador site through assistance with infrastructure improvements. At one time the site was approved for a 300 room hotel know as El Parador. The project was abandoned for what was perceived to be sites in more tourist oriented communities. Although the project did not materialize the site is still considered for potential hotel development or alternative commercial development. Significant corrective grading will be required for a suitable building pad.	The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment. Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots.
Install, construct, or reconstruct streets, utilities, and other public improvements.	**Ortega Highway Utility Undergrounding** – Facilitate the undergrounding of utilities in front of the former Shell fueling station on Ortega Highway and the I-5 northbound on-ramp.	The existence of inadequate public facilities which cannot be remedied by private or governmental action without redevelopment.

III. HOUSING COMPONENT

A. IMPLEMENTATION PLAN REQUIREMENTS

This Housing Component of the Implementation Plan for the Project Area is the complement to the Redevelopment Component. Together, the two components constitute the implementation plan required by Article 16.5 of the "CRL" consist of Sections 33000 *et seq.* of the California Health and Safety Code.

This Housing Component of the Implementation Plan presents those components of the Agency's intended program for the Project Area that deal with the expenditure of funds and activities relating to the production of housing affordable to persons and families of low and moderate ("low-mod") income. Low-mod income is defined in the CRL and is set annually by the California Housing and Community Development Department (HCD). The income levels are published annually by HCD, and are defined as follows:

- Moderate income: 80 percent to 120 percent of median income for the applicable household size, (Section 50093);[4]
- Low income: 50 percent to 80 percent of median income for the applicable household size (Section 50079.5); and
- Very-low income: Less than 50 percent of median income for the applicable household size (Section 50105).

The CRL provides that, in addition to the removal of blight, a fundamental purpose of redevelopment is to expand the supply of low-mod housing (Section 33071). To accomplish this purpose, the CRL contains numerous provisions to guide redevelopment agency activities with regard to low-mod housing. These provisions divide a redevelopment agency's housing responsibilities into three major categories:

1. The production and/or replacement of low-mod housing;
2. The set-aside and expenditure of specified amounts of tax increment revenue for the express and exclusive purpose of increasing preserving and improving a community's supply of low-mod housing; and
3. Preparing reports on how the agency has met, or on how the Agency will meet its responsibilities with regard to the first two items.

[4] All referenced sections are found in the California Health and Safety Code.

This Housing Component is part of the Agency's responsibilities under the third major category. Its contents address how the Agency's plans for the Project Area will achieve many of the housing responsibilities contained in the first and second major categories of Agency housing activities. Article 16.5 requires that the Housing Component of the Implementation Plan address the applicable items presented in the list below.

1. Production of Housing Based on Activities in the Project Area:

    a. At least thirty percent (30%) of all new and substantially rehabilitated dwelling units developed by an agency shall be available at affordable housing cost to persons and families of low and moderate income and shall be occupied by these persons and families (Section 33413(b)(1));

    b. At least fifteen percent (15%) of all new residential units dwelling units developed within a project area under the jurisdiction of an agency by public or private entities or persons other than the Agency shall be available at affordable housing cost to persons and families of low or moderate income and shall be occupied by these persons or families (Section 33413(b)(2));

    c. At least fifteen percent (15%) of all substantially rehabilitated units that have received agency assistance shall be available at affordable housing cost to persons and families of low or moderate income and shall be occupied by these persons or families (Section 33413(b)(2)(iii); and

    d. Suitable locations must be identified for replacement housing units rehabilitated, developed or constructed pursuant to Section 33413(a), if the destruction of removal of low-mod units will result from a project contained in the Implementation Plan (Section 33490(a)(3)).

2. Set-Aside and Expenditure of Tax Increment for Housing Purposes:

    a. The "Set-Aside" of twenty percent (20%) of tax increment in projects adopted on or after January 1, 1977 (Section 33334.2);

    b. The proportional expenditure of housing funds on low and very-low income housing (Section 33334.4); and

    c. The transfer of housing funds to other public entities producing housing in the community (a possible outcome of the provisions of Sections 33334.12 et seq.).

Article 16.5 also requires:

1. Estimates of the balances and deposits into the Housing Fund created to hold the Set-Aside of tax increment;

2. A housing program identifying anticipated expenditures from the Housing Fund;

3. An indication of housing activity that has occurred in the Project Area; and

4. Estimates of housing units that will be produced for each of the various income categories.

All the information required by Article 16.5 is provided in the following sections of this Implementation Plan.

B. HISTORICAL AFFORDABLE HOUSING ACTIVITIES

The Central Project Area was adopted in 1983. Between 1983 and 2004, the Agency completed the following affordable housing activities:

Project Name	Year Built	Project Type	Number of Units	Number of Affordable Units	Covenant Period
Capistrano Point Apartments	1984	Rental	274	52	10 years
Little Hollywood – Phase I	1985	Rental	3	3	Pending
Little Hollywood – Phase I	1996	Rental	1	1	Pending
Little Hollywood – Phase I	1999	Rental	10	10	Pending
Community Enhancement Neighborhood Program	1996	Ownership	14	14	None
Season's Apartments	1997	Rental	112	92	55-years
Villa Paloma Apartments	2003	Rental	84	26	55-years
Totals			498	198	

C. APPLICABLE LOW AND MODERATE INCOME HOUSING REQUIREMENTS

1. Replacement Housing Obligation

The low-mod housing requirements imposed on the Project Area can be summarized as follows:

The Agency is required to meet replacement-housing obligations pursuant to Section 33413(a). This Section requires the Agency to replace, on a one-for-one basis, all units removed from the inventory that are occupied by low-mod income households. In addition to matching the income levels of the removed units, the Agency must also replace an equal or greater number of bedrooms. Article 16.5 requires that if an implementation plan contains projects that could result in the removal of low-mod housing units, the plan must identify locations suitable for the replacement of such housing.

a. Past Removal of Low and Moderate Income Units

According to Agency staff, and detailed in Table 5, the following summarizes the low and moderate income housing units have been removed from the Project Area's housing stock since the Project Area was adopted in 1983:

Project Name	Year Removed	Units Removed
Historic Town Center	1996	2
Little Hollywood – Phase I	1999	9
Totals		11

b. Future Removal of Low and Moderate Income Units

This Implementation Plan does not include projects or programs that would result in the removal of housing units from the low-mod income housing stock. Therefore, there is no requirement to identify locations for replacement housing units.

c. Replacement Housing Obligation

The Agency's replacement housing obligation must be calculated based on the number of bedrooms included in the units that are removed from the inventory. The outstanding obligation is detailed in Table 5, and is summarized in the following table:

	Very Low Income		Low Income		Moderate Income		Total	
Unit Type	Units	Bdrms	Units	Bdrms	Units	Bdrms	Units	Bdrms
One-bdrm	2	2	0	0	1	1	3	3
Two-bdrms	2	4	4	8	1	2	7	14
Three-bdrms	1	3	0	0	0	0	1	3
Totals	5	9	4	8	2	3	11	20

TABLE 5

REPLACEMENT HOUSING OBLIGATION ANALYSIS
IMPLEMENTATION PLAN
SAN JUAN CAPISTRANO, CALIFORNIA

I. Project	Units Removed	Year	Very-Low Income Households	Low Income Households	Moderate Income Households
Historic Town Center [1]					
One-bedroom Units	2	1990	2	-	-
Little Hollywood					
One-bedroom Units	1	1999	-	-	1
Two-bedroom Units	7	1999	2	4	1
Three-bedroom Units	1	1999	1	-	-
II. Total Replacement Housing Obligation	**11**		**5**	**4**	**2**

III. Replacement Housing Obligation by Bedroom Count Calculated on the Basis of Bedrooms Removed from Inventory	Bedrooms Removed	Very-Low Income Bedrooms	Low Income Bedrooms	Moderate Income Bedrooms
One-bedroom Units	3	2	-	1
Two-bedroom Units	14	4	8	2
Three-bedroom Units	3	3	-	-
IV. Total Replacement Housing Obligation by Bedroom Count	**20**	**9**	**8**	**3**

[1] A third unit, Love House, was relocated to the Los Rios Historic District. The household incomes of the relocated tenants in the other two units are not available. Therefore, KMA conservatively assumed that both of the residents were very-low income households.

Prepared by: Keyser Marston Associates, Inc.
Filename: Implementation Plan 11 01 04; Table 5; jlr; 11/2/2004

d. Replacement Housing Fulfillment

To fulfill the existing replacement housing obligation, the Agency plans to place 55-year affordability covenants on 11 Little Hollywood units in 2005. The detailed breakdown is provided in Table 6, and the results can be summarized as follows:

	Very Low Income		Low Income		Moderate Income		Total	
Unit Type	Units	Bdrms	Units	Bdrms	Units	Bdrms	Units	Bdrms
One-bdrm	3	3	0	0	0	0	3	3
Two-bdrms	3	6	4	8	0	0	7	14
Three-bdrms	1	3	0	0	0	0	1	3
Totals	7	12	4	8	0	0	11	20

The following summarizes the replacement housing surplus/(deficit) calculated on the basis of number of bedrooms for the life of the Project Area:

	Very Low Income		Low Income		Moderate Income		Total	
	Units	Bdrms	Units	Bdrms	Units	Bdrms	Units	Bdrms
Fulfillment	7	12	4	8	0	0	11	20
Obligation	5	9	4	8	2	3	11	20
Surplus/Deficit	2	3	0	0	(2)	(3)	11	20

As can be seen in the preceding table, the Agency will be providing two surplus very-low income units to fulfill the two unit deficit in moderate income units. As a result, the Agency will have fulfilled the 20 bedroom replacement housing obligation in 2005.

TABLE 6

REPLACEMENT HOUSING PRODUCTION ANALYSIS
IMPLEMENTATION PLAN
SAN JUAN CAPISTRANO, CALIFORNIA

I. Replacement Housing Fulfillment Projects	Year	Total Countable Units	Very-Low Income Units	Low Income Units	Moderate Income Units
Little Hollywood - Phase I [1]					
One-bedroom Units	2005	3	3	-	-
Two-bedroom Units	2005	7	3	4	-
Three-bedroom Units	2005	1	1	-	-
Total Replacement Housing Fulfillment		**11**	**7**	**4**	**-**
% of Total		**100%**	**64%**	**36%**	**0%**

II. Replacement Housing Fulfillment Projects Calculated by Bedroom Count	Year	Total Countable Bedrooms	Very-Low Income Units	Low Income Units	Moderate Income Units
Little Hollywood - Phase I [1]					
One-bedroom Units	2005	3	3	0	0
Two-bedroom Units	2005	14	6	8	0
Three-bedroom Units	2005	3	3	0	0
Total Replacement Housing Fulfillment		**20**	**12**	**8**	**-**
% of Total		**100%**	**60%**	**40%**	**0%**

III. Replacement Housing Surplus / (Deficit)	Total Countable Bedrooms	Very-Low Income Units	Low Income Units	Moderate Income Units
Total Replacement Housing Fulfillment	20	12	8	-
(Less) Replacement Housing Obligation [2]	(20)	(9)	(8)	(3)
Replacement Housing Surplus / (Deficit)	**-**	**3**	**-**	**(3)**

1 The units are already built; however, the appropriate income and affordability covenants will not be placed on the units until 2005.
2 See TABLE 5.
3 The excess very-low income units can be used to fulfill the outstanding obligation for moderate income units.

2. Inclusionary Housing Obligation

The Agency is required to comply with the affordable housing unit production requirements imposed by Section 33413(b):

1. Subparagraph (1) of the Section requires that 30 percent of all housing units developed by the Agency be to low-mod housing subject to long-term income and affordability covenants.[5] Of these low-mod units, 50 percent must be affordable to persons and families of very-low income.

2. Subparagraph (2) of Section 33413(b) requires that 15 percent of all housing developed in the Project Area be low-mod housing subject to long-term income and affordability covenants. Of these low-mod units, 40 percent must be affordable to persons and families of very-low income.

To determine the number of units that must be developed in order to comply with this requirement, and to identify how much of this requirement will be satisfied by the activities included in this Implementation Plan, a brief review of past and anticipated housing development activity in the Project Area is presented below.

a. Past Development of Housing in the Project Area (1983 – 2004)

As detailed in Table 7, a total of 609 units have been developed or substantially rehabilitated in the Project Area between the Project Area's inception and 2004. Of the total units developed, 14 units were developed by the Agency.

b. Current and Future Housing Construction Activity in Project Area

Based on discussions with the Agency staff, the residentially zoned land within the Project Area is essentially built-out. However, the Agency plans to add 10 units on the Little Hollywood site (Phase II) in 2005.

[5] The definition of Agency developed units are those units produced entirely by the Agency.

TABLE 7

HOUSING PRODUCTION ANALYSIS
IMPLEMENTATION PLAN
SAN JUAN CAPISTRANO, CALIFORNIA

I. Project	Type	Units Built in Project Area	Completion Year
Capistrano Point Apartments [1]	New Construction	274	1984
Forster Victorian House [2]	Rehabilitated	1	1993
Chou	New Construction	1	1993
Palmer	New Construction	1	1993
Little Hollywood Phase I [3]	Rehabilitated	3	1995
Paseo Carolina [4]	Rehabilitated	2	1995
Capistrano Villas [4]	Rehabilitated	12	1995
Little Hollywood Phase I/Quezada House [3]	New Construction	1	1996
Season's Senior Apartments	New Construction	96	1996
Season's Senior Apartments	New Construction	16	1997
Marbella Ridge [5]	New Construction	17	1998
Little Hollywood Phase I [3]	New Construction	10	1999
Pepperwood Estates	New Construction	10	1999
Pepperwood Estates	New Construction	21	2000
Summer Walk	New Construction	14	2000
Summer Walk	New Construction	11	2001
SDG&E Houses [6]	Rehabilitated	2	2003
Villa Paloma Senior Apartments	New Construction	84	2003
Casa de Amma	New Construction	33	2003
Little Hollywood Phase II [3]	New Construction	10	2005
Total Housing Production Units		**619**	

II. Completion Year	Agency Owned Units	Other Units	Total Units
1984 - 1994	-	277	277
1995	3	14	17
1996	1	96	97
1997	-	16	16
1998	-	17	17
1999	10	10	20
2000	-	35	35
2001	-	11	11
2002	-	-	-
2003	-	119	119
2004	-	-	-
2005 - 2024	10	-	10
Total Units	**24**	**595**	**619**

1 Includes 222 market rate units and 52 affordable units. The covenant terms imposed on the units do not comply with the Section 33413(b) housing production requirements.

2 Existing house was moved into the Project Area by a private party.

3 Agency owned units.

4 Part of the Agency's Community Enhancement Neighborhood Program.

5 There are 44 units in the project; 27 of the units are located outside of the Project Area.

6 Existing houses that were moved into the Project Area from elsewhere in the City with Agency assistance.

Prepared by: Keyser Marston Associates, Inc.
Implementation Plan 11 01 04; Table 7; jlr; 11/2/2004

c. Inclusionary Housing Obligation

As illustrated in Table 8, the Section 33413(b) inclusionary housing requirements triggered by the historical and projected development in the Project Area from 1983 through the build-out in 2015 is as follows:

	Very-Low Income Units	Low / Moderate Income Units	Total Units
1983 – 2004	17	25	42
2005 – 2015	31	29	60
Totals	48	54	102

TABLE 8

INCLUSIONARY HOUSING OBLIGATION
IMPLEMENTATION PLAN
SAN JUAN CAPISTRANO, CALIFORNIA

	Total Obligation			Very-Low Income Obligation			Low/Mod Income Obligation		
I. Year	Agency Owned Units [1]	Other Units [2]	Totals	Agency Owned Units [1]	Other Units [2]	Totals	Agency Owned Units [1]	Other Units [2]	Totals
2004	-	42	42	-	17	17	-	25	25
2005	1	3	4	1	2	3	-	1	1
2006	1	15	16	1	6	7	-	9	9
2007	-	3	3	-	2	2	-	1	1
2008	-	3	3	-	2	2	-	1	1
2009	3	2	5	2	1	3	1	1	2
2010	-	6	6	-	3	3	-	3	3
2011	-	2	2	-	1	1	-	1	1
2012	-	-	-	-	-	-	-	-	-
2013	-	18	18	-	8	8	-	10	10
2014	-	-	-	-	-	-	-	-	-
2015	3	-	3	2	-	2	1	-	1
II. Totals									
1984 - 2004	-	42	42	-	17	17	-	25	25
2005 - 2015	8	52	60	6	25	31	2	27	29
Grand Totals	**8**	**94**	**102**	**6**	**42**	**48**	**2**	**52**	**54**

[1] See Table 3: At least 30% of the Agency owned units must be restricted as affordable units with at least 50% of the units restricted to very-low income units, and the balance restricted to low and moderate income units.

[2] See Table 3: At least 15% of the Agency owned units must be restricted as affordable units with at least 40% of the units restricted to very-low income units, and the balance restricted to low and moderate income units.

Prepared by: Keyser Marston Associates, Inc.
Filename: Implementation Plan 11 01 04; Table 8; jlr; 11/2/2004

d. Inclusionary Housing Production

As shown in Table 9, the inclusionary housing production requirement as of 2004 was fulfilled by the following projects:

Unit Type	Year Built	Total Units Produced	Very-low Income Units	Low / Moderate Income Units	Total Countable Units
Season's Apartments	1996/97	92	18	74	92
Villa Paloma Apartments	2003	26	9	17	26
Totals		118	27	91	118

As of 2004, the Agency has a 76-unit surplus of inclusionary housing production units, of which 10 of the surplus units are restricted to very-low income households and the remaining 66 units are restricted to low and moderate income households. The following inclusionary housing production units are anticipated to be completed by 2010:

	Year Built	Total Units Produced	Very-low Income Units	Low / Moderate Income Units	Total Countable Units
Inside Project Area:					
Little Hollywood – Phase I[6]	1996/97	14.0	3.0	0.0	3.0
Little Hollywood – Phase II	2005	10.0	10.0	0.0	10.0
Outside Project Area:					
Pitt Property	2006	20.0	0.0	10.0	10.0
San Juan Hills	2008	180.0	33.0	57.0	90.0
Project X	2010	50.0	9.5	6.5	25.0
Totals		274.0	55.5	82.5	138.0

The identified projects provide 274 total affordable units, which are anticipated to be developed by 2010. However, the countable inclusionary housing production units total 138 units.[7] As illustrated in Table 9, by the end of the Project Area's life, the Agency is expected to have a 154-unit surplus of inclusionary housing production units. Of the total surplus, 34.5 of the units will be restricted to very-low income households and 119.5 units will be low and moderate income units. Thus, the Agency is anticipated to exceed the low-mod housing production requirements imposed by Section 33413(b).

[6] Eleven (11) units are designated as replacement housing fulfillment units, and are not being counted as inclusionary housing production units.

[7] The 136 unit difference is attributable to the units being allocated to replacement housing and the units being produced outside the Project Area. The units produced outside the Project Area must be counted on a 2:1 basis.

TABLE 9

INCLUSIONARY HOUSING FULFILLMENT ANALYSIS
IMPLEMENTATION PLAN
SAN JUAN CAPISTRANO, CALIFORNIA

I. Inclusionary Housing Fulfillment Projects	Year	Total Units Produced	Total Countable Units [1]	Very-Low Income Units	Low Income Units	Moderate Income Units
			Inside Project Area			
Season's Senior Apartments	1996/1997	92.0	92.0	18.0	74.0	0.0
Villa Paloma Senior Apartments	2003	26.0	26.0	9.0	17.0	0.0
Little Hollywood Phase I [2]	1999	14.0	3.0	3.0	0.0	0.0
Little Hollywood Phase II	2005	10.0	10.0	10.0	0.0	0.0
			Outside Project Area			
Pitt Property	2006	20.0	10.0	-	-	10.0
San Juan Hills	2008	180.0	90.0	33.0	57.0	-
Unidentified Property	2010	50.0	25.0	9.5	6.5	9.0
Total Inclusionary Housing Fulfillment		**392.0**	**256.0**	**82.5**	**154.5**	**19.0**

II. Current Inclusionary Housing Surplus / (Deficit)	Total Countable Units	Very-Low Income Units	Low/Mod Income Units
Total Inclusionary Housing Fulfillment [1]	118.0	27.0	91.0
(Less) Inclusionary Housing Obligation	(42.0)	(17.0)	(25.0)
Inclusionary Housing Surplus / (Deficit)	**76.0**	**10.0**	**66.0**

III. 10 Years and Life of Plan Inclusionary Housing Surplus / (Deficit)	Total Countable Units	Very-Low Income Units	Low/Mod Income Units
Total Inclusionary Housing Fulfillment [1]	256.0	82.5	173.5
(Less) Inclusionary Housing Obligation	(102.0)	(48.0)	(54.0)
Inclusionary Housing Surplus / (Deficit)	**154.0**	**34.5**	**119.5**

1 Units constructed outside of the Project Area are counted on a 1 for 2 basis.

2 The units are already built; however, the appropriate income and affordability covenants will not be placed on the units until 2005. Also, 11 of the units will be counted against the Agency's replacement housing obligation.

Prepared by: Keyser Marston Associates, Inc.
Filename: Implementation Plan 11 01 04; Table 9; jlr; 11/2/2004

D. APPLICABLE DEPOSIT AND EXPENDITURE PROVISIONS

1. Set-Aside of Tax Increment

The Project Area is subject to the Section 33334.2 requirement to allocate 20 percent of the gross tax increment (Set-Aside) to affordable housing activities. The Set-Aside is required to be deposited into a Housing Fund created to hold the monies until expended. The projections of deposits into the Housing Fund are discussed in the following section of Implementation Plan.

2. Proportional Expenditures of Housing Fund Monies

The Project Area is subject to the Section 33334.4 requirement that the Agency expend Housing Fund monies in accordance with an income proportionality test and an age restriction proportionality test. These proportionality tests must be met between January 1, 2002 and December 31, 2014, and then again at 10-year intervals throughout the remaining life of the Project Area. These tests do not have to be met on an annual basis.

a. Very-Low and Low Income Housing Expenditures

The income proportionality test requires the Agency to expend Set-Aside funds in proportion to the housing needs that have been determined for the community pursuant to Section 65584 of the Government Code. The proportionality test used in this Implementation Plan is based on the 2000 RHNA prepared by SCAG. Based on the 2000 RHNA, the City's minimum required allocation for very-low and low income expenditures, and maximum moderate income housing expenditures are:

Category	Threshold
Very-Low Income:	At least 37%
Low Income:	At least 26%
Moderate Income:	No more than 37%

It should be noted that the Agency is entitled to expend a disproportionate amount of the funds for very-low income households, and to subtract a commensurate amount from the low and/or moderate income thresholds. Similarly, the Agency can provide a disproportionate amount of funding for low income housing by reducing the amount of funds allocated to moderate income households. In no event can the expenditures targeted to moderate income households exceed the established threshold amount.

As shown in Table 10, $7.89 million of Set-Aside funds are projected to be deposited into the Housing Fund between January 1, 2002 and December 31, 2014. These funds must comply with the following distribution formulas:

Maximum Expenditure on Moderate Income Units @ 37%	$2,921,000
Minimum Expenditure on Very-Low Income Units @ 37%	2,921,000
Estimated Expenditure on Very-Low Income Units[8]	2,053,000

This Implementation Plan allocates 47 percent of the Housing Fund project and program expenditures to very-low income households, 16 percent of the funds to low income households and 37 percent of the funds to moderate income households.[9] Thus, the Agency is anticipated to meet the income targeting standards imposed by Section 33334.4.

b. Age Restricted Housing Expenditures

Section 33334.4 also requires that the Agency assist housing that is available to all persons, regardless of age, in at least the same proportion as the population under age 65 bears to the City's total population as reported in the most recent census of the United States Census Bureau. The 2000 Census indicates that 87 percent of the City's population is under 65 years of age. As such, at least 87 percent of the Agency expenditures on affordable housing projects must be spent to assist projects that do not impose age restrictions on the residents.

As also shown in Table 10, this Implementation Plan allocates the maximum 13 percent of the $7.89 million in Housing Fund monies to one age-restricted project, which totals $1.03 million. Thus, it is anticipated that the Agency will fulfill the age restricted housing expenditures test imposed by Section 33334.4.

[8] The actual expenditure amount will depend on whether the Agency ultimately allocates more than the minimum amount to very-low income units and/or less than the maximum amount to moderate income units.

[9] The Agency did not make any expenditures that effect the proportionality calculation between January 1, 2002 and July 1, 2004.

TABLE 10

FUTURE HOUSING SET-ASIDE FUND EXPENDITURES PROJECTION (FY 2001/02 - FY 2013/14)
IMPLEMENTATION PLAN
SAN JUAN CAPISTRANO, CALIFORNIA

	Property Tax Increment [2]	(Less) Admin. Costs [3]	(Less) Existing Debt Service [3]	Net Tax Increment
I. Implementation Plan Term [1]				
FY 2001/02	$906,590 [3]	($72,000)	($279,000)	$555,590
FY 2002/03	881,064 [3]	(99,000)	(279,000)	503,064
FY 2003/04	981,711 [3]	(160,000)	(280,000)	541,711
FY 2004/05	1,047,000	(207,000)	(280,000)	560,000
FY 2005/06	1,068,000	(213,000)	(281,000)	574,000
FY 2006/07	1,089,000	(220,000)	(281,000)	588,000
FY 2007/08	1,111,000	(226,000)	(280,000)	605,000
FY 2008/09	1,133,000	(233,000)	(281,000)	619,000
FY 2009/10	1,156,000	(240,000)	(279,000)	637,000
FY 2010/11	1,179,000	(247,000)	(277,000)	655,000
FY 2011/12	1,202,000	(255,000)	(280,000)	667,000
FY 2012/13	1,226,000	(262,000)	(278,000)	686,000
FY 2013/14	1,251,000	(270,000)	(278,000)	703,000
Totals	**$14,231,365**	**($2,704,000)**	**($3,633,000)**	**$7,894,365**

II. Maximum Expenditures on Age Restricted Projects [4]	13.0%	of Net Tax Increment	**$1,026,000**
III. Income Targeting Expenditures [5]			
Maximum Expenditures on Moderate Income Households	37.0%	of Net Tax Increment	**$2,921,000**
Minimum Expenditures on Low Income Households	26.0%	of Net Tax Increment	**$2,053,000**
Minimum Expenditures on Very-Low Income Households	37.0%	of Net Tax Increment	**$2,921,000**

IV. Expenditure Projections	**Very-Low**	**Low**	**Moderate**	**Age Restricted**
Little Hollywood Rehabilitation - Phase II	$2,381,000	$0	$0	$0
Pitt Property	-	-	2,000,000	-
San Juan Hills	376,000	650,000	-	1,026,000
Unidentified Project	945,000	647,000	896,000	-
Total Expenditures	**$3,702,000**	**$1,297,000**	**$2,896,000**	**$1,026,000**
Of Total Expenditures	**47%**	**16%**	**37%**	**13%**

1 Includes the remaining years of the current Implementation Plan plus two 5 year Implementation Plan terms.
2 Based on the KMA Revenue Projection and Cash Flow analysis.
3 Per Agency estimates.
4 Per the 2000 United States Census.
5 Per the Regional Housing Needs Assessment estimates provided in the City's current Housing Element.

Prepared by: Keyser Marston Associates, Inc.
Filename: Implementation Plan 11 01 04; Table 10; jlr; 11/2/2004

3. Excess Surplus Calculation

The Project Area is subject to the "excess surplus" requirements imposed by Section 33334.12. Excess surplus is defined as any unexpended and unencumbered amount in a Project Area's Housing Fund that exceeds the greater of one million dollars ($1,000,000) or the aggregate amount deposited into the Housing Fund during the project's preceding four fiscal years. Based on the Section 33334.12 requirements, the Agency has three years to encumber any excess surplus funds.

As illustrated in Table 11, an analysis of the deposits and balances in the Housing Fund indicates that as of 2004, an excess surplus of $778,000 exists. However, based on the anticipated expenditures, this excess surplus is eliminated by 2005, and no excess surplus is projected to exist from 2005 through 2014. The construction of the currently proposed housing projects is anticipated to eliminate the potential for excess surplus during the current Implementation Plan cycle.

TABLE 11

HOUSING SET-ASIDE FUND ANALYSIS (FY 2004/05 - FY 2013/14)[1]
IMPLEMENTATION PLAN
SAN JUAN CAPISTRANO, CALIFORNIA

		Projected 2004/05	Projected 2005/06	Projected 2006/07	Projected 2007/08	Projected 2008/09	Projected 2009/10	Projected 2010/11	Projected 2011/12	Projected 2012/13	Projected 2013/14
	Fiscal Year										
I.	**Beginning Cash Balance**	**$4,150,000**	**$4,595,000**	**$3,920,500**	**$1,282,000**	**$842,000**	**$1,461,000**	**$0**	**$247,000**	**$896,000**	**$1,558,000**
II.	**Revenues**										
	Property Tax Increment	$1,047,000	$1,068,000	$1,089,000	$1,111,000	$1,133,000	$1,156,000	$1,179,000	$1,202,000	$1,226,000	$1,251,000
	OC Property Tax Appeals	-	-	-	-	-	-	-	-	-	-
	Interest Income	57,000	119,000	146,000	169,000	194,000	194,000	194,000	194,000	194,000	194,000
	Other	-	-	-	-	-	-	-	-	-	-
	Total Revenues	**$1,104,000**	**$1,187,000**	**$1,235,000**	**$1,280,000**	**$1,327,000**	**$1,350,000**	**$1,373,000**	**$1,396,000**	**$1,420,000**	**$1,445,000**
III.	**Expenditures**										
	Administrative Costs	$207,000	$213,000	$220,000	$226,000	$233,000	$240,000	$247,000	$255,000	$262,000	$270,000
	Projects										
	Little Hollywood Rehabilitation - Phase II	$0	$1,190,500	$1,190,500	$0	$0	$0	$0	$0	$0	$0
	Pitt Property	-	-	2,000,000	-	-	-	-	-	-	-
	San Juan Hills	-	-	-	1,026,000	-	-	-	-	-	-
	Unidentified Project	-	-	-	-	-	2,092,000	396,000	-	-	-
	Subtotal Project Costs	$0	$1,190,500	$3,190,500	$1,026,000	$0	$2,092,000	$396,000	$0	$0	$0
	Programs										
	HOPE Program	$172,000	$177,000	$182,000	$188,000	$194,000	$200,000	$206,000	$212,000	$218,000	$225,000
	Other	-	-	-	-	-	-	-	-	-	-
	Subtotal Program Costs	$172,000	$177,000	$182,000	$188,000	$194,000	$200,000	$206,000	$212,000	$218,000	$225,000
	Bond Debt Service	$280,000	$281,000	$281,000	$280,000	$281,000	$279,000	$277,000	$280,000	$278,000	$278,000
	Total Expenditures	$659,000	$1,861,500	$3,873,500	$1,720,000	$708,000	$2,811,000	$1,126,000	$747,000	$758,000	$773,000
IV.	**Net Income/(Loss)**	**$445,000**	**($674,500)**	**($2,638,500)**	**($440,000)**	**$619,000**	**($1,461,000)**	**$247,000**	**$649,000**	**$662,000**	**$672,000**
V.	**Ending Cash Balance**	**$4,595,000**	**$3,920,500**	**$1,282,000**	**$842,000**	**$1,461,000**	**$0**	**$247,000**	**$896,000**	**$1,558,000**	**$2,230,000**
VI.	**Excess Surplus Analysis**										
	Maximum Allowable Fund Balance	$3,817,000	$3,978,000	$4,186,000	$4,315,000	$4,401,000	$4,489,000	$4,579,000	$4,670,000	$4,763,000	$4,858,000
	Excess Surplus	$778,000	$0	$0	$0	$0	$0	$0	$0	$0	$0

1 Per Agency estimates.

Prepared by: Keyser Marston Associates, Inc.
Filename: Implementation Plan 11 01 04; Table 11; jlr; 11/2/2004

E. HOUSING GOALS AND OBJECTIVES OF THE IMPLEMENTATION PLAN

The primary goal of the Agency is to comply with the affordable housing requirements imposed by the CRL in a responsible manner. The affordable housing activities identified in this proposed Implementation Plan will be undertaken over the duration of the Redevelopment Plan for the Project Area, and will explicitly assist in accomplishing the intent of the CRL in regards to the provision of low-mod housing.

The CRL establishes that certain housing requirements be attained during five and 10-year increments; and over the remaining Project Area life. Specifically, the inclusionary housing production requirement must be met every 10 years, and over the life of Project Area life. Comparatively, the proportionality tests must be achieved between January 1, 2002 and December 31, 2014, and then again in 10-year increments throughout the Project Area life. It is the Agency's goal and objective for this Implementation Plan to accomplish sufficient activity and expenditures to comply with the applicable requirements.

1. Housing Fund Resources and the Housing Program

This section of the Housing Component will discuss housing activities planned for the Five-Year Implementation Plan period. Table 12 projects the Housing Fund deposits and expenditures anticipated to occur during each year of the five-year plan period. These expenditures are then tied to estimates of the number of new, rehabilitated, and price restricted units to be assisted by the Agency.

a. Housing Fund Revenues

Table 12 presents the estimated beginning balances in the Housing Fund and the projected future deposits into the Housing Fund. The projected deposits are based on a tax increment projection prepared by KMA. The Set-Aside revenue includes the following:

1. Twenty percent (20%) of the estimated gross tax increment for the Project Area.

2. Interest income, as estimated by the Agency.

As shown on Table 12, the Housing Fund had a $4.15 million beginning balance of 20 percent Set-Aside in fiscal year 2004/5. In addition, $6.13 million in revenues are projected to be available over the five years of this Implementation Plan.

TABLE 12

HOUSING SET-ASIDE FUND ANALYSIS (IMPLEMENTATION PLAN PERIOD)[1]
IMPLEMENTATION PLAN
SAN JUAN CAPISTRANO, CALIFORNIA

	Fiscal Year	Projected 2004/05	Projected 2005/06	Projected 2006/07	Projected 2007/08	Projected 2008/09
I.	**Beginning Cash Balance**	**$4,150,000**	**$4,595,000**	**$3,920,500**	**$1,282,000**	**$842,000**
II.	**Revenues**					
	Property Tax Increment	$1,047,000	$1,068,000	$1,089,000	$1,111,000	$1,133,000
	OC Property Tax Appeals	-	-	-	-	-
	Interest Income	57,000	119,000	146,000	169,000	194,000
	Other	-	-	-	-	-
	Total Revenues	**$1,104,000**	**$1,187,000**	**$1,235,000**	**$1,280,000**	**$1,327,000**
III.	**Expenditures**					
	Administrative Costs	$207,000	$213,000	$220,000	$226,000	$233,000
	Projects					
	Little Hollywood Rehabilitation - Phase II	$0	$1,190,500	$1,190,500	$0	$0
	Pitt Property	-	-	2,000,000	-	-
	San Juan Hills	-	-	-	1,026,000	-
	Unidentified Project	-	-	-	-	-
	Subtotal Project Costs	$0	$1,190,500	$3,190,500	$1,026,000	$0
	Programs					
	HOPE Program	$172,000	$177,000	$182,000	$188,000	$194,000
	Other	-	-	-	-	-
	Subtotal Program Costs	$172,000	$177,000	$182,000	$188,000	$194,000
	Bond Debt Service	$280,000	$281,000	$281,000	$280,000	$281,000
	Total Expenditures	**$659,000**	**$1,861,500**	**$3,873,500**	**$1,720,000**	**$708,000**
IV.	**Net Income/(Loss)**	**$445,000**	**($674,500)**	**($2,638,500)**	**($440,000)**	**$619,000**
V.	**Ending Cash Balance**	**$4,595,000**	**$3,920,500**	**$1,282,000**	**$842,000**	**$1,461,000**
VI.	**Excess Surplus Analysis**					
	Maximum Allowable Fund Balance	$3,817,000	$3,978,000	$4,186,000	$4,315,000	$4,401,000
	Excess Surplus	$778,000	$0	$0	$0	$0

1 Per Agency estimates.

Prepared by: Keyser Marston Associates, Inc.
Filename: Implementation Plan 11 01 04; Table 12; jlr; 11/2/2004

b. The Housing Program and Housing Fund Expenditures

The projects and programs proposed to be implemented by the Agency over the Five-Year Implementation Plan period are:

	Fiscal Year(s) of Expenditure	Total Expenditures
Little Hollywood – Phase II	2005/06 – 2006/07	$2,381,000
Pitt Property	2006/07	2,000,000
San Juan Hills	2007/08	1,026,000
HOPE Program	2004/05 – 2008/09	913,000
Total		$6,320,000

The Agency is also projected to incur the following costs throughout the Five-Year Implementation Plan period.

- Administrative Expenses:

Administrative costs such as salaries; overhead; consultant and legal expenses; supplies; etc. will be incurred to implement the Housing Program. The actual expenditures must be determined each year and found to be necessary to implement the housing program, but for the purposes of this Implementation Plan, the Agency has provided estimates of these costs. Based on current projections, approximately $1.10 million will be spent on administrative expenses throughout the Implementation Plan term.

- Annual Debt Service:

The Housing Fund is responsible for approximately $280,000 per year in debt service payments, which totals $1.40 million over the five-year period.

c. Revenue and Cost Reconciliation

The project and program related costs are estimated at $6.32 million, the administrative costs are projected at $1.10 million and the debt service costs are estimated at $1.40 million. This brings the total expenditures to $8.82 million.

Table 12 provides an illustrative example of how the Housing Program could be financed on an annual basis over the Five-Year Implementation Plan term. Based on this projection, the Housing Fund will have an ending cash balance of $1.46 million at the end of the Five-Year Implementation Plan term. However, the timing and specific amounts of the expenditures may be adjusted over time. Specific decisions on each of these items will be made as part of the Agency's annual budget process.

2. Summary of Planned Housing Activity

Given the successful implementation of the proposed housing program, the Agency will have accomplished the following by December 31, 2014:

- The Agency will have met the inclusionary housing production obligation for the life of the Project Area.
- The Agency will have replaced the 11 units that had previously been removed from the Project Area's housing inventory.
- The affordable housing production will have occurred:

Total Units Produced Through 12/31/2014	260
Senior vs Non-Senior Units	
Age Restricted Units	80
Non-Age Restricted Units	180
Total	260
Household Income Distribution	
Very-Low Income	95
Low/Moderate Income	165
Total	260
Housing Tenure	
Rental Units	240
Ownership Units	20
Total	260

- The Agency will have spent the Housing Funds as follows:

	Housing Fund Expenditures
Very-low Income Units	$3,702,000
Low Income Units	1,297,000
Moderate Income Units	2,896,000
Total Expenditures	$7,895,000
Non-Age Restricted Units	$6,869,000
Age Restricted Units	1,026,000
Total Expenditures	$7,895,000

IV. CONCLUSION

The preceding plan fulfills the CRL Section 33490 requirements for the preparation and execution of the required Implementation Plan elements.

A. REDEVELOPMENT PROJECTS AND PROGRAMS

The Agency will meet its Implementation Plan goals for blight elimination through the implementation of 10 projects and programs including:

- El Camino Real Utility Undergrounding
- El Camino Real Sidewalk Improvements
- Downtown Lighting Project Phase IV Completion
- Downtown Way Finding Signage Program
- Disposition of Agency-Owned Properties*
- Business Revitalization Assistance*
- Economic Development Strategy Update
- Lower Rosan Ranch Commercial or Mixed Use Development*
- Lower Rosan Ranch Wetlands Mitigation
- Los Rios Parking Lot Development
- Los Rios Park Development
- Los Rios Historic District Lighting Study
- El Parador Site Marketing*
- Ortega Highway Utility Undergrounding.

In total, the Agency intends to spend $4.4 million on identified projects. Additional expenditures are possible depending if any of the asterisked projects indicated above are implemented including the disposition and development of Agency-owned properties by the private sector (likely with Agency assistance); the number of businesses that seek Agency assistance and private sector interest in the development of the Lower Rosan Ranch and El Parador sites.

B. AFFORDABLE HOUSING

The Agency will meet its affordable housing responsibilities by:

- Meeting its inclusionary housing production obligations for the life of the Project Area;

- Providing the requisite number of replacement housing units to fulfill the Agency's outstanding obligations;

- Fulfilling the age restriction and income distribution tests imposed between January 1, 2002 and December 31, 2014; and

- Eliminating any excess surplus balance in the Housing Fund.

It is anticipated that Agency housing assistance to projects will total $7.89 million between January 1, 2002 and December 31, 2014. The projects are currently proposed to include 260 units subject to long-term income and affordability restrictions.

C. CONSIDERATIONS

The Agency currently has an excess surplus of $778,000. Based on the proposed expenditures, this surplus will be eliminated by 2005, and the Housing Fund will not experience excess surplus again within the Implementation Plan period. However, it is essential that the Agency adhere to its housing production goals identified in the Implementation Plan to be in conformance with State law.

Over the next five years, the Agency will pay $ 28.7 million in existing obligations which includes paying tax sharing agreements, retiring existing debt funding Agency administrative and capital project costs, and making ERAF payments. The Agency has a current non-housing balance of $1.7 million, and is projected to received $21.8 million in net tax increment (net of Housing Set-Aside) over the next five years. In total, over the next five years, the Agency could have approximately $1 million in discretionary funds available if a tax allocation bond is <u>not</u> financed by the Agency. As identified above, the Agency has identified $4.4 million in project costs, which is likely to be a conservative estimate. To ensure sufficient future revenues for the five-year term and beyond, the Agency may consider issuing a tax allocation bond. Based upon current projections, the Agency could leverage approximately $8 million in net bond proceeds during the next five years.[10]

The Redevelopment Plan is almost at the mid-point of its life with Plan duration on July 12, 2023. Although approximately 17 years away, plans need to be made for the disposition of Agency-owned property and attainment of the Agency's goals and the vision for the ultimate build out of the Project Area. This requires the identification of specific projects to be implemented to achieve this vision. Similarly, the Agency needs to consider how and where affordable housing will be built. The production of affordable housing is not an option, but rather a requirement for Plan termination. To that end, the Agency may want to consider combining its affordable housing production with its redevelopment objectives. For example, a housing project, which includes a market rate and affordable housing component, could provide revenues (from the non-affordable housing component) to pay for other improvements such as a park or park improvements. The Implementation Plan should be used as a tool to meet the CRL requirements, and plan for the attainment of the community's vision for the Project Area, which as its center piece, is the downtown area.

[10] Bond signing assumes a tax-exempt bond issue based on a 6% interest rate, 25-year term, 1.25 times coverage requirement and a 12% reserve and cost of issuance factor.