

**STANFORD/ADELINE REDEVELOPMENT PROJECT
FIVE-YEAR IMPLEMENTATION PLAN
2004-2009**

I. BACKGROUND AND INTRODUCTION

The Stanford Adeline Redevelopment Project Area in North Oakland covers 16.7 acres and serves as a major gateway from the City of Berkeley to the City of Oakland. Adopted in 1973, it is one of Oakland's earliest redevelopment areas. Since inception, property values in the area have increased substantially resulting in tax increment revenue that has been used for economic development, infrastructure improvements and the development of affordable housing.

Major accomplishments since the inception of the Project Area include:

- The development of 23 single-family moderate income homes;
- Reconfiguration of land use for commercial, industrial and residential purposes;
- Improvement of the traffic circulation pattern where three major streets converged.

II. GOALS AND OBJECTIVES FOR THE PROJECT AREA

The initial planned work for the Project was completed in 1987. In order to continue to collect tax increment revenue in the future, the Agency recognized the need to incur debt for the Stanford/Adeline Area before the end of calendar year 2003. Therefore, in October 2003, the Agency purchased a two-unit residence in North Oakland from the City of Oakland for \$415,000. The Agency gave the City a promissory note for \$415,000 with interest at 6% per year in exchange for title to the property. The debt created allows the Agency to collect additional tax increments of about \$66,000 per year revenue for six years up to \$415,000 from the Project Area. Payments began at the end of June 2004.

The funds paid by the Agency's Debt Fund to the City will reimburse the Community Development Block Grant program for the costs incurred to acquire the property. The Agency can use the property as seems best, including selling it to raise funds for Agency use. Most likely, the funds will assist with development of affordable housing through the Agency's Low and Moderate Income Housing Fund.

III. PROJECTS AND EXPENDITURES PROPOSED FOR THE NEXT FIVE YEARS

The following table outlines the projected tax increment revenue for the Stanford/Adeline Redevelopment Project Area over the five-year period of this Implementation Plan. The figures assume a 2% average growth in tax increment revenue over the 2004 assessed property valuation within the project area. The revenues stated for the last four of the five years proposed, FY 2005-09, are projections *only* and are contingent upon specific Council authorizations at a later date.

Projection of Tax Increment Revenue

FY2004-09
(\$'000s)

	FISCAL YEAR					TOTAL
	2004-05	2005-06	2006-07	2007-08	2008-09	2004-09
Gross Tax Increment Revenue	96	98	100	102	104	500
Housing Set Aside Requirement	(25)	(25)	(26)	(26)	(27)	(129)
State Education Funds (ERAF)	(9)	(9)	0	0	0	(18)
AB 1290 Pass-Through	0	0	0	0	0	0
Debt Service	(74)	(74)	(74)	(74)	(74)	(370)
Personnel and Other O&M	0	0	0	0	0	0
Net Tax Increment Revenue	(12)	(10)	0	2	3	(17)

At the end of the six years, the Agency will most likely sell the property to raise funds for Agency use. Most likely the funds will go to assist with development of affordable housing via the Agency's Low and Moderate Income Housing Fund.

IV. HOW GOALS, OBJECTIVES, PROJECTS AND EXPENDITURES WILL ELIMINATE BLIGHT

The purchase of property to create debt allows the increased collection of tax increment revenues from the area. Eventually these funds will be used to expand assistance to community development programs and assist with the elimination of blight throughout the City.

V. HOW GOALS, OBJECTIVES, PROJECTS AND EXPENDITURES WILL FULFILL THE LOW/MODERATE INCOME HOUSING REQUIREMENTS

A. Implementation Plan Requirements

This Housing Component of the Implementation Plan is required by Article 16.5 of the California Redevelopment Law ("CRL") as contained in Sections 33000, *et seq.*, of the California Health and Safety Code. (All citations in this portion of the Implementation Plan are to the Health and Safety Code unless otherwise specified.)

The Housing Component presents those components of the Agency's intended program for the project area that deals with the expenditure of funds and activities relating to the production of housing at affordable housing cost to persons and families of low and moderate ("low-mod") income. Low income and moderate income are defined in the CRL by reference to Section 50093, which specifies the following income levels:

- Moderate income is defined as a household income from 80 percent to 120 percent of median income for the applicable household size (Section 50093);

- Low income is defined as an income from 50 percent to 80 percent of median income for the applicable household size (Section 50079.5); and
- Very low income is defined as an income less than 50 percent of median income for the applicable household size (Section 50105).

Affordable housing cost is defined in Section 50052.5 as shown in the following table. Housing cost for rental housing includes rent plus an allowance for tenant-paid utilities. Housing cost for owner-occupied housing includes principal, interest, insurance, taxes, utilities, homeowner association dues, and maintenance.

Definition of Affordable Housing Cost

Income Level	Rental Housing	Owner-Occupied Housing
Very Low Income	30% of 50% of AMI	30% of 50% of AMI
Low Income	30% of 60% of AMI	30% of 70% of AMI
Moderate Income	30% of 110% of AMI	35% of 110% of AMI, but no less than 28% of actual income

AMI = “Area Median Income,” which is the Median Family Income, adjusted for family size, for the metropolitan area (Alameda and Contra Costa Counties combined), as determined by the U.S. Department of Housing and Urban Development

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:

- The production and/or replacement of low-mod housing depending upon activities undertaken by an agency within its project areas;
- The set-aside and expenditure of specified amounts of tax increment revenue for the express and exclusive purpose of increasing and improving the community's supply of low-mod housing; and
- Preparing reports on how the agency has met, or preparing plans on how the agency will meet its responsibilities with regard to the first two items.

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 portion of an Implementation Plan address the applicable items presented in the list below:

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

- The requirement that, for certain project areas, at least 30 percent of all new and substantially rehabilitated dwelling units developed by a redevelopment agency over a 10-year period must be available at affordable housing cost to persons and families of low and moderate income, and must be occupied by these persons and families (Section 33413(b)(1)). At least 50 percent of these units must be available to very low income households.
- The requirement that, for certain project areas, at least 15 percent 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 over a 10-year period must be available at affordable housing cost to persons and families of low or moderate income, and must be occupied by these persons or families (Section 33413(b)(2)). At least 40 percent of these units must be available to very low income households.
- The requirement that, for certain project areas, at least 15 percent of all substantially rehabilitated units that have received agency assistance over a 10-year period must be available at affordable housing cost to persons and families of low or moderate income, and must be occupied by these persons or families (Section 33413(b)(2)(iii)). At least 40 percent of these units must be available to very low income households.
- The requirement that an agency must replace, on a one-for-one basis, all units destroyed or removed from the low and moderate income housing stock caused by agency activities in a project area, within four years of the destruction or removal (Section 33413(a)). Suitable locations must be identified for replacement housing units rehabilitated, developed or constructed pursuant to Section 33413(a), if the destruction or removal of low-mod units will result from a project contained in the Implementation Plan.

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

- The requirement to set-aside at least 20 percent of tax increment revenue into a Low and Moderate Income Housing Fund to increase, improve, and preserve the community's supply of low-mod housing at an affordable housing cost (Sections 33334.2 and 33334.6).
- The proportional expenditure of Low and Moderate Income Housing Funds on moderate, low, and very low income housing and family housing (Section 33334.4).
- 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.).

3. Additional Requirements:

- Estimates of the balances and deposits into the Low and Moderate Income Housing Fund.

- A housing program identifying expenditures from the Low and Moderate Income Housing Fund.
- An indication of housing activity that has occurred in the project area.
- Estimates of housing units that will be produced in the project area for each of the various income categories.

B. Applicable Low and Moderate Income Housing Requirements

1. Applicable Housing Production Requirements

The date of adoption of the redevelopment plan, the existence of low-mod housing units, and the potential for residential development are the primary determinants of the legal and practical applicability of the various housing provisions of the CRL. Only the low-mod housing provisions applicable to the Stanford/Adeline Project Area are discussed below.

a. Replacement Housing Obligation

The Agency does not anticipate undertaking or assisting any actions that would result in the demolition or removal from the market of low and moderate income housing. Therefore there is no replacement housing obligation presently projected.

b. Housing Production Obligation

Because the Redevelopment Plan was adopted prior to 1976, the Agency is not required to comply with the housing unit production requirement of Section 33413(b).

2. Applicable Provisions Regarding Low and Moderate Income Housing Set-Aside

a. Set-Aside of Tax Increment

The Agency must comply with the Section 33334.2 and 33334.6 requirement to allocate at least 20 percent of the gross tax increment to affordable housing activities. The set-aside is required to be deposited into a Low and Moderate Income Housing Fund created to hold the monies until expended.

However, the Redevelopment Agency has adopted a policy by resolution that 25 percent of all tax increment revenue from each project area be allocated to the Low and Moderate Income Housing Fund, if certain conditions are met. The projections of deposits into the Low and Moderate Income Housing Fund from the Stanford/Adeline Project Area that are included in the following section assume that the full 25 percent set-aside will be deposited into the Low and Moderate Income Housing Fund in each of the years covered by this Implementation Plan.

b. Proportional Expenditures of Housing Fund Monies

The Stanford/Adeline Project Area is subject to the Section 33334.4 requirement that the Agency expend Low and Moderate Income Housing Fund monies in accordance with an income proportionality test and an age restriction proportionality test. These proportionality tests must be met every ten years through the termination of the Project Area life. These tests do not have to be met on an annual basis.

1.) Very Low and Low Income Housing Expenditures

The income proportionality test requires the Agency to expend Low and Moderate Income Housing 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 Regional Housing Needs Assessment (RHNA) prepared by the Association of Bay Area Governments. Based on the 2000 RHNA for the City of Oakland, the Agency’s minimum required allocation for very low and low income expenditures, and maximum moderate income housing expenditures are:

Category	RHNA	Threshold
Very Low Income	2,238	At least 43%
Low Income	969	At least 19%
Moderate Income	1,959	No more than 38%
Total	5,166	

Section 33334.4 requires that at least 43 percent of the Low and Moderate Income Housing Fund monies from the Stanford/Adeline Project Area dedicated to projects and programs be spent on housing for very low income households. In addition, at least 19 percent of these funds must be spent on housing for low income households, and no more than 38 percent of the funds can be spent on moderate income households. However, the Agency is entitled to expend a disproportionate amount of the funds for very low income households, and to subtract a commensurate amount from the low and/or moderate income thresholds. Similarly, the Agency can provide a disproportionate amount of funding for low income housing by reducing the amount of funds allocated to moderate income households. In no event can the expenditures targeted to moderate income households exceed the established threshold amount.

The Agency will allocate Stanford/Adeline Low and Moderate Income Housing Funds in such a way that these percentages are met over the ten-year period from 2004 through 2014. In addition, the City and other entities may provide assistance for the construction of units affordable to very low and low income households that may also be counted toward meeting the requirements of Section 33334.4.

2.) 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 89.5 percent of the City's population is under 65 years of age. As such, at least 89.5 percent of the Agency expenditures on affordable housing projects from Low and Moderate Income Housing Fund monies from the Stanford/Adeline Project Area must be spent to assist projects that do not impose age restrictions on the residents. The following summarizes the allocation of Low and Moderate Income Housing Fund monies.

Age Category	Percentage of Funds
Senior	10.5% Maximum
Unrestricted	89.5%
Total	

The Agency will ensure that over the ten-year period from 2004 through 2014, not more than 10.5 percent of its expenditures on affordable housing projects from Low and Moderate Income Housing Fund monies from the Stanford/Adeline Project Area are for projects that exclusively serve seniors.

c. Transfer of Housing Funds to Other Providers

The Project Area is subject to the CRL provisions requiring the transfer of housing funds to other housing producers in the Oakland area in certain circumstances. Such transfers could possibly occur if the Low and Moderate Income Housing Fund contains "excess surplus." Excess surplus means any unexpended and unencumbered amount in a project area's Low and Moderate Income Housing Fund that exceeds the greater of \$1,000,000 or the aggregate amount deposited into the Low and Moderate Income Housing Fund during the project's preceding four fiscal years.

The Agency does not anticipate having an excess surplus during the current Implementation Plan cycle or throughout the subsequent remaining Stanford/Adeline Project life.

3. 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 Implementation Plan 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 expenditures, and preservation and production requirements, be attained during five and ten year increments. The housing production requirement, if applicable, must be met every 10 years, while the proportionality tests must be achieved over the next 10 years, and then again through the end of the Project life. It is the Agency's goal and objective for this Implementation Plan to accomplish sufficient activity and expenditures over the Implementation Plan term, and through the remaining term of the Project, to comply with the applicable requirements.

4. Estimated Housing Fund Revenues and Expenditures

The following table presents the projected future deposits into the Low and Moderate Income Housing Fund from the Stanford/Adeline Project Area. As shown below, \$129,000 in revenues are projected to be available over the five-year term of this Implementation Plan.

Estimate Housing Set-Aside Revenue 2004-2009

Plan Year	Fiscal Year	Housing Set Aside
1	2004-05	\$25,000
2	2005-06	\$25,000
3	2006-07	\$26,000
4	2007-08	\$26,000
5	2008-09	\$27,000
Total		\$129,000

5. Anticipated Housing Program Activities

The Agency may assist in a variety of programs to increase, improve and preserve affordable housing in the Project Area or the City of Oakland, such as the following:

a. Production

The Agency can make loans and grants from the Low and Moderate Income Housing Fund to non-profit and for-profit developers for the new construction or rehabilitation of affordable housing. Loans can be made on a deferred payment and/or below market interest rate basis.

The Agency can also participate in land acquisition, land cost write-down, developer recruitment, credit enhancement, and other participation to cause affordable housing to be developed. This is normally accomplished after identification of a housing site, development of a housing concept, and issuance of a Request for Proposals for development of housing. Such affordable housing could be rental or ownership housing. The Agency may also acquire land and directly build housing.

b. Rehabilitation

The Agency may offer low-interest or no-interest loans or grants to assist low- and moderate income homeowners in making repairs to existing residences. Such repairs could consist of correcting health and safety violations, re-landscaping, and re-painting. This preserves the affordability of the housing and extends its lifespan, as well as improving the neighborhood. Additionally, such programs can be extended to owners of rentals properties to make repairs to affordable rental housing. In either

case, covenants must be recorded to keep these properties affordable for the time period required by the CRL.

c. Affordability Assistance

The Agency may provide direct subsidies to lower the cost of producing housing or first-time homebuyer programs to assist very-low to moderate income families with mortgage assistance for the purchase of a home. The latter can take the form of a deferred loan with a low interest rate and equity sharing provisions. When the home is sold, the loan and equity share would be used to help another first-time homebuyer.

d. Preservation of Existing Affordable Housing

The Agency may offer loans, grants or other forms of investment to assist in the preservation of existing assisted housing that is otherwise threatened with conversion to market rate. Such assistance would be coupled with affordability restrictions of 55 years for rental housing and 45 years for owner-occupied housing.

6. Allocation of Housing Funds over Previous Implementation Period

While Agency housing set-aside funds are tracked individually for each project area, the funds from all of the Agency's project areas are combined into a single Low and Moderate Income Housing Fund. The Agency has made findings that affordable housing activities in any part of the City of Oakland are of benefit to all of the redevelopment project areas. As a result, Low and Moderate Income Housing Funds from the Stanford/Adeline Project Area may be used both inside and outside the Project Area. In addition, the City of Oakland also provides assistance from its own funds for the development, improvement and preservation of affordable housing.

The tables on the following page provides information for the period 1999-2004 regarding:

- the amounts of Low and Moderate Income Housing Fund monies utilized to assist units affordable to, and occupied by, extremely low income households, very low income households, and low income households, including units available to families with children; and
- the number, the location, and the level of affordability of units newly constructed with other locally-controlled government assistance and without Agency housing fund assistance and that are required to be affordable to, and occupied by, persons of low, very low, or extremely low income for at least 55 years for rental housing or 45 years for homeownership housing.

Redevelopment Agency Assisted Housing Activities Completed or Underway, 1999 - 2004

Project Name	Type	Year Built	Project Area	Number of Units at Each Affordability Level (2)				Agency Funding (1)
				Very Low	Low	Moderate	Above Moderate	
10211 Byron	Families	Underway	Central City East	TBD	TBD	TBD	TBD	\$ 386,550
1574-1590 7th Street	Families	Underway	West Oakland	TBD	TBD	TBD	TBD	\$ 136,846
2001 Linden Street	TBD	Underway	West Oakland	TBD	TBD	TBD	TBD	\$ 148,500
3701 MLK Jr.	Families	Underway	West Oakland	TBD	TBD	TBD	TBD	\$ 109,510
5825 Foothill	Homeownership	Underway	Central City East	TBD	TBD	TBD	TBD	\$ 701,000
Adeline Lofts	Families	2002	West Oakland	31	6			\$ 70,179
Allen Temple Gardens	Seniors	2001	Coliseum	49			1	\$ 1,951,000
Altenheim Phase I	Senior	Underway	None	66			1	\$ 1,778,560
Calaveras Townhomes	Homeownership	Underway	None				28	\$ 3,858,500
Casa Velasco	Seniors	2003	Central City East	20				\$ 908,000
Chestnut Court Ownership	Homeownership	2003	Oak Center and none		15			\$ 1,727,000
Chestnut Court Rental	Families	2003	Oak Center		71		1	\$ 2,976,000
Coliseum Gardens Phase I	Families	Underway	Coliseum	91	22		2	\$ 1,500,000
Courtyards at Acorn	Families	2000	Acorn		87			\$ 604,500
CURA-North	Disabled or HIV/AIDS	2001	None	8				\$ 587,876
Drachma	Families	2003	West Oakland	19				\$ 1,712,000
Eastmont Court	Disabled or HIV/AIDS	Underway	Central City East	18			1	\$ 1,427,000
Edes Avenue Homes	Homeownership	Underway	Coliseum		26			\$ 2,075,000
Effie's House	Families	1999	None	4	16			\$ 225,000
Faith Housing	Families	Underway	West Oakland	TBD	TBD	TBD	TBD	\$ 689,598
Habitat Fruitvale Homes	Homeownership	2003	None		4			\$ 112,000
Habitat Village	Homeownership	2001	Coliseum		40			\$ 981,048
Horizon Townhomes	Homeownership	Underway	Central City East		4	10		\$ 1,767,000
Irene Cooper Terrace	Seniors	2000	Central City East	39			1	\$ 560,000
Lake Merritt Apartments	Senior	2004	Central City East	11	43		1	\$ 1,900,000
Leola Terrace II	Homeownership	Underway	Central City East		8			\$ 200,000
Lincoln Court	Senior	Underway	None	24	57			\$ 2,000,000
Linden Court Rental	Families	2003	West Oakland		78		1	\$ 3,224,000
Madison Lofts	Families	Underway	Central District	TBD	TBD	TBD	TBD	\$ 1,498,000
Mandela Gateway Ownership	Homeownership	Underway	West Oakland		8	6		\$ 1,146,100
Mandela Gateway Rental	Families	Underway	West Oakland	95	71		2	\$ 2,500,000
MLK MacArthur BART Sr.	Senior	Underway	Broadway/ MacArthur/ San Pablo	32			1	\$ 2,080,850
MLK Plaza Homes	Homeownership	2002	None		6	5		\$ 1,287,175
Mortgage Assistance Program	Homeownership	multiple	Citywide	51	225	11		\$11,000,000
Northgate Apartments	Families	2003	None	21	20		1	\$ 349,229
Oak Park Homes	Families	Underway	Central City East	16	18		1	\$ 3,419,000
Oak Street Terrace Senior	Senior	Underway	Central District	21	17		1	\$ 2,072,000
Oakland Point Limited Partnership	Families	2002	West Oakland	31				\$ 1,451,606
Palm Court	Homeownership	Underway	Acorn		12			\$ 855,400
Palm Villa	Homeownership	2003	None		78			\$ 6,725,000
Percy Abrams Jr. Senior	Senior	Underway	None	43			1	\$ 1,000,000

Project Name	Type	Year Built	Project Area	Number of Units at Each Affordability Level (2)				Agency Funding (1)
				Very Low	Low	Moderate	Above Moderate	
San Pablo Gateway	Homeownership	2000	Broadway/ MacArthur/ San Pablo		7	10		\$ 1,473,792
Santana	Families	2004	Central City East	30				\$ 713,000
Sausal Creek	Homeownership	Underway	None		9	8		\$ 2,329,000
Seven Directions	Families	Underway	Coliseum	24	13		1	\$ 3,289,000
Southlake Towers	Senior		Central District	26	103		1	\$ 445,300
Sylvester Rutledge Manor (North Oakland Senior)	Seniors	2003	West Oakland	64			1	\$ 2,551,750
Town Center at Acorn	Families	2000	Acorn	102	104			\$ 250,000
UniDev	Families	Underway	Citywide	TBD	TBD	TBD	TBD	\$ 25,000

(1) Agency Funding includes all funding provided from Low and Moderate Income Housing Fund over the life of the project. Some funding may have been provided prior to 1999.

(2) TBD = "to be determined" – specific affordability levels have not yet been established.

**Housing Units Newly Constructed in Redevelopment Project Areas,
Assisted With Locally-Controlled Government Assistance and
No Redevelopment Agency Housing Financing, 1999 – 2004**

Project Name	Type	Year Built	Project Area	Number of Units at Each Affordability Level (1)			
				Very Low	Low	Moderate	Above Moderate
Allen Temple Manor	Disabled or HIV/AIDS	2001	Coliseum	23			1
Bayporte Village	Homeownership	1999	Acorn		69	2	
Bishop Nichols Senior Housing (Downs)	Seniors	2003	Stanford/Adeline	16			1
Coliseum Gardens Phase II	Families	TBD	Coliseum	39	90		
Coliseum Gardens Phase III	Families	TBD	Coliseum	32	74		
Fruitvale Transit Village	Families	2004	Coliseum	3	7		34
Habitat for Humanity	Homeownership	2001	Coliseum		3		
International Blvd Family Housing	Families	2002	Coliseum and none	4	25		1
NCLT Homeownership Program	Homeownership	2003	West Oakland		4		
Paul Wang (2003 DDA)	Homeownership	2004	Coliseum		1		
Paul Wang II	Homeownership	TBD	Broadway/MacArthur				2
Paul Wang II	Homeownership	2004	Coliseum		2		
Paul Wang II	Homeownership	2004	Coliseum		1		
Paul Wang II	Homeownership	2004	Coliseum				1
Paul Wang II	Homeownership	2004	West Oakland		1		
Paul Wang II	Homeownership	TBD	West Oakland		1		
Paul Wang II	Homeownership	TBD	West Oakland				1
Pukatch Infill Project	Homeownership	TBD	West Oakland				4
RFP Site	Homeownership	TBD	West Oakland	TBD	TBD	TBD	TBD
RFP Site	Homeownership	TBD	West Oakland	TBD	TBD	TBD	TBD
Stanley Avenue Apartments	Families	2003	Coliseum	23			
Swans Market Housing	Families	1999	Central District		18		

(1) TBD = "to be determined" – specific affordability levels have not yet been established.