

V. IMPLEMENTATION PLAN (JULY 1, 2004 THROUGH JUNE 30, 2009)

A. BACKGROUND

Sections 33490 and 33352(c) of the CRL require that a redevelopment agency adopting a redevelopment plan prepare and adopt a five year implementation plan for a project area. This chapter provides the Five Year Implementation Plan for the Bayshore Redevelopment Project. The purpose of this Implementation Plan is to describe:

- The specific goals and objectives of the Agency for the Project Area,
- The specific projects proposed by the Agency, including a program of both non-housing and housing actions and proposed expenditures within the first five years of the Redevelopment Plan.
- How the Agency's proposed objectives, projects, and expenditures will help to eliminate blight in the Project Area (as described in Section 33031) and implement the affordable housing requirements (as described in Sections 33334.2, 33334.4, 33334.6 and 33413).

This Implementation Plan is designed to guide the Agency's efforts in eliminating blighting conditions in the Project Area while meeting other Agency objectives as required by the CRL. In addition, the housing component of the Implementation Plan provides a mechanism for the Agency to monitor its progress in meeting its affordable housing obligations under the CRL. In effect, the Implementation Plan is a general plan of action for the first five years of the Redevelopment Project, providing the Agency with flexibility to adjust to changing circumstances and new opportunities. As required by Section 33413 of the CRL, this Implementation Plan also includes the Agency's Housing Production Plan, known as the AB 315 Plan.

The planning period specifically covered by this Implementation Plan starts on July 1, 2004 and ends on June 30, 2009. This period includes the second five years in which the Agency would be entitled to receive tax increment revenue from the Project Area. In addition, information for later years is provided in the housing component of this Implementation Plan as required by Section 33413. The affordable housing production plan contained in Section I covers the five year period from 2005 to 2009, the ten-year period through the end of 2009, and a third period from 2010 to the end of the Redevelopment Plan.

Because implementation plans are intended to be program level documents, the

implementation of specific projects and activities over the five year period may vary in timing, location, cost, expenditure, scope, and content from what is set forth in this document. As unforeseen constraints and opportunities will most likely arise while undertaking this program, the Agency will use this Implementation Plan as a flexible guide. The subsequent sections of this plan are summarized as follows:

- **Section B** - Description of the Redevelopment Project
- **Section C** - Objectives of the Redevelopment Plan
- **Section D** - Description of blighting conditions in the Project Area
- **Section E** - Summary of the five year action program for non-housing activities
- **Sections F through I** - Agency's housing obligations, production goals, activities, and proposed schedule of expenditures, and includes the Agency's Affordable Housing Production Plan (also known as the AB 315 Plan).

B. PROJECT DESCRIPTION

The proposed Project Area consists of approximately 384.5 acres located entirely within the Bayshore Planning Area of the City of Daly City, State of California. Figure I-1 and Figure I-2 in Chapter I show the location of the Project Area and a map of the Project Area's boundaries. One of 14 planning areas identified in the Land Use Element of the Daly City General Plan, the Bayshore area is the easternmost planning area in the City and is isolated from most of Daly City by other jurisdictions and topography.

Unlike other planning areas in Daly City, the Bayshore is only abutted by one Daly City neighborhood, the Southern Hills, which is adjacent to the area's western boundary. San Francisco's Visitation Valley lies immediately to the north, the City of Brisbane to the east, the lower ridge of San Bruno Mountain to the south, and the steep topography of San Bruno Mountain and Southern Hills to the west.

The Bayshore area is developed predominately with single family residences and is the only area of the City that includes industrial land uses. Geneva Avenue is the area's main commercial street, and some commercial areas wrap around side streets off Geneva Avenue into residential areas. Carter Street near Geneva Avenue and Bayshore Boulevard also contains pockets of commercial development. In addition, the Cow Palace occupies approximately 68 acres of land.

The area is characterized by dead end streets with no curbs, gutters or sidewalks, and a lack of easily developable land parcels. The area lacks commercial facilities normally found in residential neighborhoods, such as a full service grocery or drug store (a supermarket or drug store carrying a full range of products). The neighborhood had a small grocery store, but this store was under maintained and lacked sufficient inventory to meet local needs; it closed in 2001. There is also one drug store in the neighborhood which serves the most basic needs of the neighborhood; residents still need to go outside the area to get a broader variety of product choices similar to larger drug store chains. The area does not have banks or lending institutions.

In 2001, the Geneva Avenue Urban Design Plan was completed and approved. The Urban Design Plan is a vision statement for the Geneva Avenue corridor that distinguishes three defined districts and defines a potential development program for the entire Geneva Avenue / Bayshore area.

In 2002, preparation of the Cow Palace Area Masterplan commenced. Consistent with the Geneva Avenue Urban Design Plan, the Cow Palace Area Masterplan provides a potential development program and guidelines for the three significant and contiguous properties in the Masterplan Area: the "Carter-Martin Property", owned by the City of Daly City and consisting of 12.5 acres, the Syufy Theaters Property, (former Drive-In), and the Cow Palace property, comprising nearly 89 acres. The three sites together comprise slightly more than 100 acres. At the present time, there is uncertainty regarding the future of the Cow Palace facility, it may close, move or remain. The masterplan provides programs for either alternative that are internally consistent. Final approval of the Cow Palace Area Masterplan is expected in early 2005. A Request for Development Proposals for a mixed use commercial and residential project on a portion of this site is also expected to be distributed in 2005.

C. OBJECTIVES

Overview and Purpose:

The Bayshore Redevelopment Project will further several City goals and objectives. The land use goal of the City's General Plan is: "To create a balanced mixture of land uses that ensures equal opportunities for employment, housing, open space and services which adequately serve both personal needs of the citizens and the economic needs of the community." The General Plan identifies several constraints to improvement of the Bayshore neighborhood, including aging public utility systems, deteriorated physical infrastructure, and a lack of easily developable land. In summary, these objectives are anticipated to:

- Help to meet the economic needs of residents and businesses in the community.
- Support the efforts of the Daly City Redevelopment Agency to assemble contiguous parcels and manage the development of available land to maximize economic benefit.
- Provide for reinvestment in the Bayshore district by developing a core reinvestment area, targeting Geneva Avenue and Cow Palace Masterplan Area as areas of reinvestment.

Specific Objectives:

The order these objectives is not intended to indicate relative priority:

- Address and eliminate instances of physical and economic blight within the Project Area wherever possible by improving the area's economic base and preserving and enhancing residential areas.
- Facilitate the provision of certain basic services to area residents.
- Implement policies and objectives for the neighborhood, as defined in the City of Daly City's General Plan.
- Ensure the protection and preservation of the residential areas through rehabilitation efforts, and in doing so, enhance the character of the neighborhood.
- Promote commercial development in areas identified as suitable in the City's General Plan.
- Facilitate the installation of adequate and appropriate streetlighting, signage, landscaping and sidewalk improvements, along with other public infrastructure improvements.
- Consider other projects that will assist with implementation of the above goals.

D. PROJECT AREA BLIGHTING CONDITIONS AND ELIMINATION OF BLIGHT

The Implementation Plan is required to provide an explanation of how the objectives, programs and expenditures for the first five years will serve to eliminate blight in the Project Area. Chapter II of this Report to Council provides a comprehensive discussion of blighting conditions in the Project Area. In summary, all nine blighting conditions, as defined by the CRL, were found to exist in the Project Area:

1. Adverse Physical Conditions

- **Deficient or Deteriorated Buildings:** a relatively large number of aging, obsolescent, or physically deteriorated commercial and industrial buildings are located in the Project Area. These buildings show the effects of deferred maintenance, including outmoded signage, peeling paint, or more serious deterioration.
- **Factors that Inhibit Proper Use of Buildings or Lots:** these include unreinforced masonry buildings that are subject to earthquake damage, deteriorated buildings, underutilized properties, and utilities deficiencies.
- **Incompatible Uses:** examples of this condition include the area north of Macdonald Avenue which has industrial uses contiguous to low-density single family residential areas, residential dwellings along the western length of Rio Verde Avenue fronting on the Cow Palace property, and the PG&E electrical sub-station and storage yard adjoining the Midway Village Housing Complex.

- Substandard Lots near Carter / Martin Streets: over 20 acres of land, comprising approximately 10 percent of the Project Area, is vacant or underutilized along the western and northern boundaries of the Project Area. This land has been subdivided, but the steep topography of the area makes this land difficult to develop. Much of this vacant land is under multiple ownership, with many of the lots of substandard size or shape. Although the area is platted in City maps, the streets indicated therein are paper streets, and in most cases, the lot boundaries are indecipherable.

2. Adverse Economic Conditions

- Depreciated Values/Impaired Investments: this condition is demonstrated by stagnant or declining property values, high commercial vacancy, declining retail sales, underperforming lodging establishments and hazardous materials sites
- Deteriorated Buildings and underutilized land: Along Geneva Avenue there are buildings in disrepair and vacant as well as several underutilized parcels of land. As stated, there are large portions of vacant land along the western and southern portions of the Project Area that could be put to better use. There is a demonstrated lack of commercial facilities typically found in economically vibrant neighborhoods.
- Residential overcrowding and business failures: Project Area households were three times more likely to be overcrowded than households in San Mateo County in 1990. Likewise, the rate of business failures is high due to under capitalization, limited expertise and/or lack of market support for the product or service.
- A High Crime Rate: Per 1999 Survey, the Project Area has a higher crime rate than the City as a whole in all six types of major crimes. Residents, property and business owners continue to perceive crime as a top problem in the area.

As discussed in Section E below the Redevelopment Program for the Bayshore Project Area will alleviate the blighting conditions described in Chapter II. Section E describes the deficiencies to be corrected by projects proposed for the first five years of the Redevelopment Plan. The five year action program shown above will continue the process of improving the area and alleviating those blighting conditions. Table V-3 provides a matrix summarizing the relationship between proposed projects and how they will eliminate blight.

Table V-1 Relationship between Blighting Conditions and Public Improvement Projects Bayshore Redevelopment Project

Table V-1
Matrix Summarizing How Redevelopment Program Will Eliminate Blight
Bayshore Redevelopment Project

REDEVELOPMENT PROGRAM	<i>Planning</i>	<i>Economic Development</i>	<i>Building Rehabilitation</i>	<i>Circulation & Landscaping</i>	<i>Public Facilities</i>	<i>Site Preparation</i>	<i>Housing</i>
ADVERSE CONDITIONS	1	2	3	4	5	6	7
Deficient or Deteriorated Buildings	■	■	■				■
Uneconomic Use of Buildings and Lots	■	■	■	■	■	■	■
Incompatible Uses	■	■		■			
Substandard Lots	■	■					
Depreciated or Stagnant Values	■	■	■	■	■	■	■
Vacant and Underutilized Property	■	■		■	■	■	■
Residential Overcrowding	■						■
High Crime Rate	■				■		■
Deficient Public Improvements*	■	■		■	■	■	

* Although not considered physical or economic blight under the CRL, the existence of deficient public improvements is recognized as a deterrent to properties in the CRL.

E. FIVE-YEAR ACTION PROGRAM FOR NON-HOUSING REDEVELOPMENT ACTIVITIES

This section describes the proposed Non-Housing Redevelopment Program, including the deficiencies to be corrected, project descriptions, and the estimated project costs. As they are implemented, these projects may be modified over time to better serve the purposes of redevelopment. The cost estimates are preliminary and subject to refinement as the Redevelopment Program planning and implementation proceed. Some of these projects may not be completed within the first five years of the Redevelopment Program, and thus, related costs may not be incurred in the first five years. These activities are grouped in the following categories:

- Planning
- Economic Development
- Building Rehabilitation
- Circulation and Landscaping
- Public Facilities and Infrastructure
- Site Preparation and Development

1. Planning

a. Deficiencies to be Corrected

As described in Chapter III, the Project Area suffers from residential overcrowding and several incompatible uses, such as noise and land use patterns that detract from the area. . The Bayshore Design Charette, conducted on April 10, 1999 identified several key challenges for accomplishing beautification and improved urban design in the neighborhood. With the participation of community members and leaders, several architects created various and interesting visions of the neighborhood's future development. These community members reiterated their needs for neighborhood services, such as a Grocery Store, Drug Store, Bank, Post Office, Police Sub-Station and Community Center. Additional planning and design studies are needed in order to identify specific capital projects and building guidelines that will contribute to the visual improvement and economic revitalization of the Bayshore.

b. Description of Planning Activities

In 2001, the Geneva Avenue Urban Design Plan was completed and approved. The Urban Design Plan is a vision statement for the Geneva Avenue corridor that distinguishes three defined districts and defines a potential development program for the entire Geneva Avenue / Bayshore area.

As the Bayshore is revitalized, additional planning studies will be required. These might include design and streetscape guidelines for Geneva Avenue in order to ensure a coordinated aesthetic strategy along this main commercial thoroughfare. In addition, and in line with suggestions received at the April 10, 1999 Bayshore Design Charrette, the City will examine the impacts and benefits of alternate land use designations along certain lengths of Geneva Avenue.

In particular the Agency will consider a mixed-use Commercial and Residential District for specific areas along Geneva Avenue. This District could set building design standards, lot size, parking requirements and other parameters in such manner that would encourage development of land uses that are:

- desired by the community at large
- complementary to each other
- focused on the health and cultural benefit of the neighborhood
- of economic benefit in terms of increasing commerce on Geneva Avenue

Future street improvements and other infrastructure needs will also require predevelopment engineering and planning studies. Plans and studies are underway for an extension of Geneva Avenue to the Bayshore Freeway, in conjunction with intermodal transit improvements linking Caltrain and Muni-Metro. Additional studies may be needed to participate in and plan complimentary improvements and infrastructure.

The Allan Street area contains a number of older heavy industrial buildings. Many of these buildings are at the end of their useful economic life. While this area of the Bayshore is the only "Industrial District" in Daly City, market forces and pressures may encourage conversion to other uses. Planning and studies may be undertaken either to preserve or reuse space in this area.

The Geneva Avenue corridor, due to its proximity to the Cow Palace, has several lodging establishments. While some of the establishments have recently remodeled, others have semi-converted to full time residential use, or are at the end of their economic lives. Should the Cow Palace close or relocate, the viability of these establishments may diminish. Should the Cow Palace expand its' capacity, the need to enhance these facilities will increase. Planning studies may be undertaken to assist in preserving lodging uses, enhancing them, or finding alternative uses.

The total estimated cost for planning activities associated with Bayshore Redevelopment is approximately \$400,000. These costs could be funded with a combination of tax increment and other funding sources.

2. Economic Development

a. Deficiencies to be Corrected

The Project Area contains several underutilized properties. In addition, the area lacks necessary commercial facilities typically found in thriving neighborhoods, including grocery stores, drug stores and lending institutions. The area is characterized by stagnant property values, declining retail sales, and an underperforming lodging market compared to the surrounding region.

b. Description- Economic Development Activities

STRATEGIC SITE ASSEMBLY – Major Projects:

- Cow Palace & Adjacent Properties:
The Agency has been active in the creation of a specific development project of sufficient magnitude that will 1) bring needed services to the neighborhood, 2) assist in the revitalization of the Geneva Avenue commercial district and 3) act a major catalyst in the economic restructuring of the Bayshore community.

During 2003-2004, the Cow Palace Masterplan was developed. The lack of retail services, including a Grocery Store has been a long-time concern of local residents. A market research study further identified the magnitude of this unmet need and showed market demand to easily support a community shopping center of 100,000 to 300,000 s.f. The Masterplan delineates an area of land located at Carter and Martin Streets and adjacent to the Cow Palace facility that is under three ownerships (the City of Daly City, Syufy Enterprises and the State of California). The Master Plan proposed land uses include a Community Commercial Center or a Mixed-Use Neighborhood Commercial Center along with Residential development of varying densities. In either plan, the project would feature a Grocery Store and neighborhood serving businesses. The Agency will coordinate the Request for Proposals (RFP) Process, assist in negotiations and participate in the development of this project. The Masterplan, and RFP, are expected to be approved in 2005. The marketing of this project is anticipated to commence soon after.

- PG&E Property:
This approximately 4 acre property contains a historic unreinforced masonry building dating from the turn of the century. The site could be redeveloped with a variety of uses. Although Toxic remediation may be a development hurdle, the Agency will coordinate with the City of Brisbane to explore alternatives for this site.
- West of Carter Street hillside.
This multi-acre property saw an entitlement application in 2002 for a multi-family project of approximately 200 units. Obstacles to development include topography and multiple ownerships. Staff and agency will work with property owners or interested developer in assembling a feasible development site.
- Industrial area near MacDonald Avenue. While this area provides much needed light industrial space, much of the building stock is older, in dilapidated condition, at the end of functional life, often providing “cold storage” space. These industrial uses

are incompatible with nearby residential and retail uses. Staff and Agency will explore possible alternative uses for these properties.

SITE ASSEMBLY – Infill projects:

The Agency is active in working with private property owners to assist their effort in consolidating smaller parcels along Geneva Avenue. Many of these parcels are underutilized and site assembly is necessary to promote modern commercial and mixed-use projects. Some examples of infill projects are:

- “El Rancho Market Site” 2665 Geneva Avenue: During 2004, the owners of this property entitled it for a mixed use development, including single family residential, senior housing and ground floor retail. In 2005, the senior component was replaced with market rate condominiums and townhouses. A development agreement has been approved and construction may commence in late 2005. Staff will continue to work with property owners, particularly to market the commercial space component of the project.
- Old Car Wash Site (Geneva Avenue between Pueblo and Calgary Streets): This site, partially vacant, could accommodate a mixed-use development. Staff will continue to work with property owners and interested developers.
- Old Fire Station Site (Geneva Avenue @ Schwerin Street) During 2004, the old Bayshore Fire Station was demolished. This parcel could be combined with a neighboring parcel for a mixed-use development. Staff will continue to work with property owners and interested developers.

SITE ACQUISITION

The Agency will acquire blighted properties in and outside the Redevelopment area for the purposes of site assembly, habitat preservation, toxic remediation, affordable housing, commercial revitalization, creation of new public facilities and to meet other future needs.

BUSINESS ENHANCEMENT:

In order to address the conditions of economic blight described in Chapter II, the Agency must undertake activities to support, attract and retain Bayshore businesses. During the first five years of the Redevelopment Project, the Agency has worked with individual businesses in the Bayshore by providing focused technical assistance. This on-going program is facilitated by the City's Enterprise Center. Technical assistance in the areas of business planning, finance, international trade, accounting and marketing will be offered. The Agency will also work with lenders to develop loan programs that specifically meet the needs of Bayshore business owners.

In addition to economic development activities that benefit individual businesses, the Agency will undertake activities that offer a collective benefit. The Agency will work with

Bayshore businesses to evaluate the potential of a business organization in the Bayshore, and facilitate its implementation, if desired. The Agency will assist the business organization with creation and implementation of a marketing and promotion program for Bayshore businesses.

Businesses Attraction and Additional Economic Development Activities:

Another important economic development activity is attraction of badly needed retail service providers. The City will undertake outreach efforts to encourage the location of compatible, neighborhood-serving businesses to the Project Area. In conjunction with marketing to specific businesses, the Agency will continue identify and market various development opportunities in the Bayshore by maintaining a data base of available properties and maintaining on ongoing dialogue with potential developers.

Additional economic development efforts , beyond those projects previously mentioned, include:

- Lodging establishments: The Agency will work with property owners to renovate dilapidated facilities and work with developers to attract more quality lodging facilities as supported by the market.
- Other vacant/underutilized properties: The Agency will continue to enlist the support and participation of all land owners in the redevelopment process and offer assistance in soliciting development interests and technical assistance for project feasibility.
- Coordination with City of Brisbane, City of San Francisco and Regional Transit Agencies: Staff will continue discussion of possible inter-jurisdictional cooperation and coordination of new and nearby development within these two cities, with a focus on the “UPC Baylands Site” in Brisbane, and the Visitacion Valley neighborhood, including the Leland Avenue shopping district and Schlage Lock Company Site on Bayshore Boulevard. City staff will also continue dialogue on the issue of regional transit needs with the San Francisco Municipal Railway (MUNI), Caltrain, BART, Samtrans and Southern Pacific Railway.

c. Estimated Program Costs

The total costs for these additional economic development activities is approximately \$2,210,000. The City will consider a variety of funding sources, including bonding.

3. Building Rehabilitation, Facade Improvements and Historic Preservation

a. Deficiencies to be Corrected

About 31 percent of the buildings in the Project Area have significant physical deficiencies. The Bayshore neighborhood generated a proportionately higher number of complaints concerning building code violations than other city neighborhoods. The area has a history of serious code violation problems, including sub-standard building conditions, the accumulation of weeds and rubbish, commercial code violations and various public nuisance complaints.

b. Description

The Agency intends to promote rehabilitation and preservation of existing non-residential buildings. During the first five years of the Project the Agency will implement a Façade Improvement Program that provides free architectural assistance and rebates to owners and tenants of non-residential buildings on Geneva Avenue. The goal of the program is to remove blight and improve the appearance of storefronts along Geneva Avenue and, in process, reduce retail vacancies. funding to building owners who wish to rehabilitate their building. Other assistance may include structural rehabilitation, modernization of interiors, façade improvement and seismic strengthening.

c. Estimated Program Costs

The estimated cost to the Agency for building rehabilitation activities over the five-year period is \$250,000.

4. Circulation and Landscaping

a. Deficiencies to be Corrected

The Project Area's streets and sidewalks suffer from neglect and decline. The commercial areas could be made more attractive by street and gateway improvements. Residential areas could be enhanced by improvements to slow traffic on residential streets. Deficiencies will be corrected per the adopted Urban Design Plan.

b. Description

A top priority for this category is beautification of Geneva Street. Based upon the recommendations of the urban design plan described in the above, the Agency will implement the initial phase of a streetscape program for Geneva Street. The program might include paving, curbs, gutters, sidewalks, lighting, trees, landscaping, signage and street furniture. It is possible that tax increment revenues may or could be used to complete a small piece of the overall streetscape improvement.

c. Estimated Program Costs

The estimated total cost to the Agency for the proposed streetscape program over the five-year period is \$2,000,000.

5. Public Facilities and Infrastructure

a. Deficiencies to be Corrected

Construction of the Bayshore Community Center, including new Library commenced in 2003. However, the Bayshore neighborhood does not possess a police station or substation. Also lacking in the Project Area are a newspaper-distribution service, post-office and a neighborhood health-care/medical facility. It is possible that some of these services could be provided at the new shopping center required by the Cow Palace Area Masterplan. The Masterplan, and Request For Proposals, is expected to be approved by the three property owners of the Cow Palace Area: City of Daly City, Syufy Theaters and the State of California, in 2005. Construction of the project could occur by the end of 2009.

b. Description

The most critical public facility need in the Bayshore is development of a community center. As envisioned the community center will provide a recreation center for all residents, particularly youth and include space for a police substation and library. Completion of the facility is expected by the end of 2005. The Agency will provide partial funding for furnishing of the Community Center.

A number of older public facilities in the neighborhood may be in need of Seismic Retrofit.

Other Public Facility and Infrastructure Needs include, Water System, Utility Undergrouding and Street Resurfacing.

c. Estimated Program Costs

The estimated total cost to the Agency for the Public Facilities and Infrastructure over the five-year period is \$1,400,000. A number of sources may be utilized, including bonding.

6. Site Preparation and Development

a. Deficiencies to be Corrected

The Project Area includes about 72 acres of vacant land as well as two major underutilized properties. 15 sites in the Project Area appear on a variety of

environmental monitoring databases. Four properties in the Project Area contain leaky underground storage tanks, and three other sites have active underground storage tanks.

b. Description

Chapter III describes the need for property acquisition and site assembly in order to create marketable parcels for new development. The Agency's primary role during the implementation plan period will be to provide staff to evaluate, negotiate and administer real estate transactions. The primary costs for these activities will be for site specific studies such as appraisals and environmental studies.

c. Estimated Program Costs

The estimated total cost to the Agency for site preparation and development over the five-year period is \$300,000.

7. Estimate of Agency Expenditures

Table V-2 summarizes estimated Agency expenditures during 2005-2009 by program category. The nature and scope of the projects and expenditures have been shaped primarily by Agency objectives for the Project Area, available revenues for funding projects and activities, and blighting factors to be eliminated within the Project Area. Refer to Chapter III of this report for a more complete description of the Redevelopment Program and estimated costs.

The estimated Agency expenditures included in Table V-2 represent an estimate based on reasonable assumptions regarding potential tax increment revenues over the first five years of the Redevelopment Plan, described below.

**Table V-2
Non-Housing Program Expenditures: 2005 to 2009
Bayshore Redevelopment Project**

Proposed Redevelopment Program	Agency Share	Total Cost	Other Sources	Net Cost To Agency
1. Planning	95%	\$400,000	\$20,000	\$380,000
2. Economic Development	98%	\$2,210,000	\$60,000	\$2,150,000
3. Building Rehabilitation, Facade Improvement	90%	\$250,000	\$25,000	\$225,000
4. Circulation and Landscaping Improvements	90%	2,000,000	\$200,000	\$1,800,000
5. Public Facilities and Infrastructure	90%	1,400,000	\$140,000	\$1,260,000
6. Site Preparation and Development	80%	300,000	\$60,000	\$240,000
Subtotal Non-Housing Project Costs		\$6,560,000	505,000	\$6,055,000
7. Administration	100%	\$875,000	\$0	\$875,000
Subtotal Non-Housing Costs		\$7,435,000	\$505,000	\$6,930,000
8. Housing Program	67%	\$3,605,000	1,500,000	\$2,105,000
TOTAL COSTS		\$5,378,745	\$2,005,000	\$9,035,000

Source: Daly City Redevelopment Agency

8. Five Year Implementation Plan Revenues

Based on the tax increment projections presented in Chapter IV and Appendix F of this Report to Council, the Agency is projected to receive over \$5 million in tax increment revenues for non-housing activities and administration during the five year Implementation Plan period (2005 to 2009).¹

Table V-3 shows projected annual tax increment revenues available for non-housing projects and administration for the first five years of the Redevelopment Plan.

Table V-3
Projected Tax Increment Revenues
For Non-Housing Activities and Administration
First Five Years (2005 through 2009)
(In Constant 2005 Dollars)
Bayshore Project Area

Fiscal Year	Gross Tax Inc. Revenue	Non Housing & Admin
2004/5	\$1,674,939	\$1,250,073
2005/6	\$1,708,438	\$1,366,750
2006/7	\$1,742,607	\$1,394,086
2007/8	\$1,777,459	\$1,421,967
2008/9	\$1,813,008	\$1,450,406
Total	\$8,716,450	\$6,883,282

Source: Tax Increment Projections, Daly City Redevelopment Agency.

As indicated above, the Agency estimates expenditures of approximately \$6.9 million for non-housing activities and administration during the first five years and is projected to receive approximately \$6.9 million in tax increment revenues (this number excludes Housing Set-Aside funds). Thus, tax increment revenues are projected to be sufficient to cover the Agency's planned expenditures for non-housing projects over the first five years of the Redevelopment Plan.

¹ See Chapter IV for a detailed description of projected revenues and expenditures. Agency administration related to non-housing projects will also be paid out of tax increment revenues.

F. HOUSING COMPONENT OVERVIEW

Sections F through K of this chapter comprise the housing component of the Implementation Plan for the Bayshore Redevelopment Project, and summarize the Agency's housing obligations pursuant to CRL Sections 33334.2, 33334.4, 33334.6, and 33341.3. These sections also provide an overall framework for the Agency's housing goals, policies and programs.

Section G describes statutory housing requirements. Building upon CRL requirements and background analysis, Section H outlines the Agency's proposed Housing Program over the five year Implementation Plan period as well as into the future. Section I describes the current five year program of housing goals and activities. Section J addresses estimated Housing Set-Aside Fund revenues and expenditures. Lastly, Section K reviews how the Agency performed in comparison to the first Implementation Plan for the Bayshore.

1. Requirements for Agency Housing Activities

The housing portion of an Implementation Plan sets forth specific goals and objectives in enough detail to measure performance. The CRL requires that an Implementation Plan include the following affordable housing planning components:²

- The total number of housing units projected to be developed, rehabilitated, price-restricted, assisted, or destroyed for three time periods: 1) on an annual basis for the next five years, 2) in aggregate for the second five years, and 3) in aggregate for until the end of the Plan.
- A Housing Production Plan for the Project Area (the "AB 315 Plan").
- Identification of proposed locations for replacement housing, which the Agency would be required to produce if a planned project would result in the destruction of existing affordable housing.
- An explanation of how the goals, objectives, programs, and expenditures set forth in the Implementation Plan will implement the housing requirements of the CRL, including a housing program for each of the five years of the Implementation Plan.
- Estimates of deposits into the Housing Set-Aside Fund during the next five years and the Agency's plans for utilizing annual deposits to the Housing Set-Aside Fund.

² Affordable housing is used in this chapter to define housing which is affordable to households earning at or below 120 percent of median income for San Mateo County, assuming generally that 30 percent of household income is spent on housing. For 2004, 120% of median income for a 4-person family in SMC is \$114,000

2. Agency Approach to Meeting Housing Requirements

The Agency intends to implement relevant goals, objectives, policies, strategies and programs from the General Plan Housing Element and Consolidated Plan in the Project Area.³ The major goals of the Housing Program of the Bayshore Redevelopment Project are:

- Encourage mixed commercial/residential use where appropriate.
- Expend housing funds in accordance with the CRL.
- Provide opportunities for affordable and market rate residential development, based on the CRL requirements for affordable housing.

From a regional perspective, the City has a shortage of housing and long waiting lists for below market rate units. The Agency will promote the rehabilitation and new construction of market rate and BMR housing both within the Project Area and other parts of Daly City, in order to enhance the vitality of the area, and provide much needed housing.

One purpose of the residential development will be to implement a key provision of the CRL: the enhancement of housing opportunities for households earning at or below 120 percent of median income which is \$114,000 for a family of four in 2004 for Daly City . The Agency will utilize at least 20 percent of all tax increment revenue allocated to the Agency to increase, improve and preserve Daly City's supply of housing available to such families.

The Agency plans to establish a range of housing programs which seek to enhance project design and leverage federal, state, local, and private funding sources to develop high quality, attractive, and affordable housing serving a diverse population. The funds directed toward this project will be used in a flexible manner in order to respond to favorable development opportunities.

The type of financial assistance to be provided may include cost write-down and gap financing to allow design enhancements, property acquisition, construction costs, predevelopment costs, and permit fees. Appropriate uses of these funds include new affordable rental and ownership housing construction, and assistance to homebuyers with acquiring affordable housing.

The most likely sites for construction of new housing in the Bayshore include (1) vacant and underutilized parcels along Geneva Avenue and (2) land located within the Cow Palace/Carter Martin Master Plan Area.

³ The Housing Element of the General Plan was last updated in 2004. It identified the city's general housing needs, and the objectives and priorities to guide planning decisions and policies. The Five Year Consolidated Plan was approved by the City Council in April 2003. It established housing, community developments, and emergency shelter goals for the City.

With respect to Geneva Avenue parcels, the Agency has identified mixed-use development as the preferred development type. This would include projects featuring commercial uses on the ground floor, with residential units above.

In 2004, the City approved a Master Plan for approximately 37 acres of land consisting of three separately-owned parcels adjoining the Cow Palace within the Bayshore Redevelopment Area. The Plan provides a preliminary blueprint for development of these lands that meets the Agency objectives relating to neighborhood beautification, provision of services and economic revitalization.

G. STATUTORY REQUIREMENTS FOR HOUSING

1. This section summarizes the Agency’s housing requirements under the CRL, and provides background information and analysis regarding housing needs and conditions in the Project Area and the overall community. The major statutory requirements for affordable housing imposed on redevelopment agencies by the CRL may be categorized generally as:

- Inclusionary Housing Requirement (Section 33413). Agencies must make available specified minimum percentages of new or substantially rehabilitated housing units in a Project Area at a legally defined affordable housing cost.⁴
- Housing Fund Requirement (Section 33334.2). Agencies are required to expend specified percentages of tax increment revenue for the provision of affordable housing.
- Replacement Housing Requirement (Section 33413). Agencies must replace within four years, housing units removed from the housing stock as a result of redevelopment activities.

2. These three requirements are described in greater detail in the following three sections. Relevant section references to the CRL are included in parentheses.

1. Inclusionary Housing Requirement

As part of the Implementation Plan, the Agency must adopt a plan showing how it intends to meet its housing production requirement (the “Housing Production Plan”). The plan must be consistent with the community’s housing element (in Daly City known as the Housing Element), and must cover the following time periods:

⁴ The CRL defines “substantially rehabilitated” as rehabilitation of any multifamily rental unit or any single family Agency-assisted housing unit which has increased in value by at least 25 percent of the after-rehabilitation value of the dwelling (values include the value of the land).

- Production over the next five years.
- Production over the next ten years.
- Production through the life of the Plan.

The plan must include estimates of the number of residential units, which will be developed or substantially rehabilitated within a Project Area, and the number of affordable housing units at any location in the City, which will be developed in order to meet the requirements of the CRL. Additionally, the plan must include estimates of the number of units the Agency itself will develop during the time period of the plan, including the number of affordable housing units. The plan must be reviewed every five years in conjunction with the update of a community's housing element or with the Implementation Plan cycle. Section I of this chapter contains the

Agency's Housing Production Plan for the Bayshore Redevelopment Project Area. (Section 33413.(b)).

a. Agency Developed Housing

The CRL affordable housing inclusionary production obligation requires that the equivalent of at least 30 percent of all new or substantially rehabilitated dwelling units developed directly by an agency must be available at affordable housing cost to persons and families of very low, low, or moderate income. Of those units, at least 50 percent must be affordable to very low income households. The 50 percent requirement translates to 15 percent of the total number of units developed or rehabilitated by an agency (50 percent of 30 percent equals 15 percent). This requirement applies only to units developed by an agency and does not apply to units developed by housing developers pursuant to agreements with an agency. (Section 33413.(b)(1).) This production requirement should not apply to the Bayshore Project Area because the Agency does not anticipate directly developing units in the Project Area.

b. Housing Not Developed by the Agency

When dwelling units are developed or substantially rehabilitated in a Project Area by public or private entities other than a redevelopment agency, including entities receiving agency assistance, at least 15 percent of these units must be affordable to very low, low, or moderate income households. Six percent of the total number of units developed or substantially rehabilitated must be available to very low income households. Below are listed current qualifying income limits for a four person family in these categories. The Agency anticipates that at least 6% of the substantially rehabilitated units within the Project Area will be occupied by families qualifying for agency assistance under these income limits.

3. Housing Fund Requirement

The CRL requires an agency to set aside in a separate Low and Moderate Income Housing Fund (the “Housing Set-Aside Fund”) at least 20 percent of all tax increment revenue generated from its Project Areas. The funds must be used for the purpose of increasing, improving, and preserving the community’s supply of affordable housing. Such housing must be available at affordable housing cost to persons and families of very low, low, or moderate income. These funds may be applied towards low/moderate income housing developed at any location within city limits. (Sections 33334.2 and 33334.3)

a. Fund Targeting: Income Levels and Affordable Housing Cost

Housing Fund moneys must be targeted to the following specific income levels:⁵

**Table V-4
2004 Daly City Income Definitions**

Income Category	Definition	Maximum Income
Very Low	Incomes up to 50 percent of area median income, adjusted for family size.	\$56,550
Low	Incomes typically from 50 percent up to 80 percent of area median income, adjusted for family size. ⁶	\$90,500
Moderate	Incomes typically from 80 percent up to 120 percent of area median income, adjusted for family size. ⁷	\$114,000

Table V-5 shows the maximum income limits for each income level by household size for 2004 in Daly City and San Mateo County. These income limits were published by the State of California Department of Housing and Community Development (HCD) utilizing income limits prepared by the U.S. Department of Housing and Urban Development (HUD).

⁵ The Health and Safety Code defines low and moderate income in Section 50093, low income in Section 50079.5, and very low income in Section 50105.

⁶ In any given year the definition can be different; income limits are published by California’s Department of Housing and Community Development based on data published by the U.S. Department of Housing and Urban Development (HUD) pursuant to Health and Safety Code 50079.5.

⁷ In any given year the definition can be different; income limits are published by the state’s Department of Housing and Community Development based on data published by the U.S. Department of Housing and Urban Development (HUD) pursuant to Health and Safety Code 50093.

**Table V-5
2004 Daly City Maximum Incomes
by Income Category and Household Size**

Income Category	Household Size							
	1	2	3	4	5	6	7	8
1. Very Low	\$39,600	\$45,250	\$50,900	\$56,550	\$61,050	\$65,600	\$70,100	\$74,650
2. Lower	\$63,350	\$72,400	\$81,450	\$90,500	\$97,700	\$104,950	\$112,200	\$119,450
3. Median	\$66,500	\$76,000	\$85,500	\$95,000	\$102,600	\$110,200	\$117,800	\$125,400
4. Moderate	\$79,800	\$91,200	\$102,600	\$114,000	\$123,100	\$132,250	\$141,350	\$150,500

Source: State of California, Department of HCD, February 2004

Housing assisted by Housing Set-Aside Fund moneys must be available at an affordable housing cost in accordance with the CRL.⁸ Table V-6 shows the affordable housing cost definitions by income level and tenure. Table V-7 shows the affordable monthly housing cost corresponding to each income level applicable to the Bayshore Project Area.

**Table V-6
Affordable Housing Cost**

Income Level	Rental Housing ⁹		Ownership Housing	
	% Income Spent on Housing	% of Area Median Income	% Income Spent on Housing	% of Area Median Income
Very Low	30 percent	50 percent	30 percent	50 percent
Low	30 percent	60 percent	30 percent	70 percent
Moderate	30 percent	110 percent	35 percent ¹⁰	110 percent

Source: California Health and Safety Code, Section 50052.5.

**Table V-7
2004 Income Limits and
Corresponding Affordable Monthly Housing Cost for Typical Units
Daly City**

⁸ Health and Safety Code Section 50052.5 includes the definition of affordable housing cost.

⁹ Rental housing costs include utility costs. Affordable housing costs are adjusted by family size.

¹⁰ But not less than 28 percent of actual income.

Income Level	Annual Income		Affordable Monthly Housing Cost*	
	2BR	3BR	2BR	3BR
	Family of 3	Family of 4	Family of 3	Family of 4
Very Low	\$50,900	\$56,550	\$1,273	\$1,414
Lower	\$81,450	\$90,500	\$2,036	\$2,263
Median	\$85,500	\$95,000	\$2,138	\$2,375
Moderate	\$102,600	\$114,000	\$2,565	\$2,850

* California Redevelopment Law states that affordable monthly rental housing cost cannot exceed 30% of annual income distributed over 12 months, (35% for certain owner-occupied lower income units.)

Source: State of California, Department of HCD, February 2004.

a. Provision of Housing According to Need

Over the life of a redevelopment plan, agency financial assistance that is not being provided by other governmental programs must be provided at minimum in proportion to housing need by income level. The proportion is calculated based on the number of housing units needed for very low income, low and moderate income households divided by the total number of units needed for all three income levels. (Section 33334.4).

The Association of Bay Area Governments (ABAG) sets forth the affordable housing need for the City in the City's regional fair share allocation. Table V-8 shows the fair share allocation and the targeting objective currently applicable to the Daly City Redevelopment Agency for housing affordable to persons at or below 120 percent of median income. The Agency will use the Housing Set-Aside Fund to meet these needs where feasible.

Table V-8
ABAG Regional Fair Share Allocations
Affordable Housing Need by Income Category
Daly City

Income Category	Units Needed	% Share
Very Low	282	34.7%
Low	139	17.1%
Moderate	392	48.2%
Subtotal	813	100%
Above Moderate	578	
Total	1,391	

Sources: ABAG Regional Housing Needs Allocation for Daly City, Draft City Housing Element (updated in 2004) for housing production from 1999-2000, City Munibase Final Permits for housing units from 2001 to October 19, 2004.

The Agency will provide financial assistance in proportion to the need, based on “fair share” units needed shown in the second column of Table V-8. In other words, at least 35 percent of funds will be spent on units affordable to very low income households, at least 17 percent will be spent on units affordable to low or very low income households, and no more than 48 percent will be spent on units affordable to households with moderate incomes.

a. Duration of Affordability

The CRL requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted by Housing Set-Aside Fund moneys. These controls on assisted housing units require that the units remain affordable for the longest feasible time, but not less than certain minimum time periods. The minimum periods of affordability are 55 years for rental housing and 45 years for owner-occupied housing, with a shorter duration permitted if an agency recoups its Housing Set-Aside Fund investment when an assisted owner-occupied unit is sold at a non-affordable price or to a non-qualifying buyer. (Section 33334.3)

4. Replacement Housing Requirement

The Bayshore Redevelopment Project does not anticipate the destruction or removal of any housing. However, CRL (Section XXX) requires that the report contain a section outlining a replacement housing requirement for the Agency. When residential units sheltering households earning at or below 120 percent of median income are destroyed or removed, or are no longer affordable due to agency action, an agency must replace within four years those units with an equal number of replacement units which have an equal or greater number of bedrooms. (Section 33413.) At least thirty days prior to acquiring property or adopting an agreement that will lead to the destruction or removal of low and moderate income housing units, an agency must adopt by resolution a replacement housing plan that generally describes the location, timing, and method by which replacement housing will be provided. (Section 33413.5)

Replacement units may be located anywhere within the territorial jurisdiction of the agency (Section 33413[a]). An agency may either construct replacement housing, or cause housing to be constructed through agreements with housing developers. The

basic income and affordability standards for replacement housing are the same as those for use of Housing Fund moneys (described below). The units must be available at affordable housing cost to households of low and moderate income. In addition, the CRL requires that 100 percent of the replacement units be available at affordable housing cost to the same income level of households as were displaced from the units removed or destroyed (Section 33413[a]).

Replacement housing must remain affordable for the longest feasible duration, and for at least as long as the land use controls of the redevelopment plan remain in effect (Section 33413[c]). The affordability controls on such units must be made enforceable by recorded covenants or restrictions.

H. HOUSING PRODUCTION PLAN

In summary, the Agency plans to meet its housing production requirement through new construction and acquisition/rehabilitation of rental units. According to Table V-9, the Agency anticipates that 150 housing units will be built or substantially rehabilitated in the Project Area between 2005 and 2009, which will generate a housing production requirement of 23 affordable units. Of these, 9 will be occupied by households with very low incomes (see Category 1 in Table V-5) and 14 will be occupied by households with very low, low and moderate incomes (see Categories 2, 3 and 4 in Table V-5).

It is further anticipated that the City will assist in the development of about 50 housing units outside of the Project Area during the next 5 years. These 50 units will be affordable to households with very low and low incomes (see Categories 1 and 2 in Table V-5). The CRL allows the Agency to count half of these, or 25, toward the Bayshore Project Area's housing production obligation.

Finally, the Agency intends to substantially rehabilitate approximately 2 units per year in the Bayshore over the next ten years.

Thus, through housing development activities inside (23 units) and outside (25 units) the project area and through housing rehabilitation activities, the Agency will exceed its affordable housing production obligation (23 units) the Bayshore in the next five years of the Plan.

The Project Area will generate approximately \$1.8 million for the Housing Set-Aside Fund in the next five years of the Plan. The Agency will provide **about \$300,000** to assist in the rehabilitation of about 10 Bayshore homes affordable to low income households and **about \$1.5 million** to subsidize the construction of new affordable dwelling units.

1. Housing Production (2000 Through End of Redevelopment Plan)

The Agency projects that a total of 625 new or substantially rehabilitated housing units will be developed in the Bayshore Project Area over the next 40 years (see Table V-9) .

Production (2005 through 2009)

Over the next five years, the Agency anticipates that approximately 150 new housing units could be developed and about 10 units may be substantially rehabilitated in the Project Area.

Production (2010 through 2014)

Over the following five year period, the Agency anticipates that approximately 625 new housing units could be developed and about 10 units could be substantially rehabilitated in the Project Area.

2015 to End

The Agency projects that approximately 100 additional market-rate housing units could potentially be developed and 20 units could be substantially rehabilitated in the Project Area through the end of the Project.

2. Housing Production Obligation (2005 through 2014)

J. New and Substantial Rehabilitation Unit Obligation

Based upon the forecasted 625 new and substantially rehabilitated housing units in the Project Area between 2005 and 2014 in Table V-9, the Agency would have an obligation to ensure that a total of 94 new affordable units are developed. Of these, 38 units must be made available at affordable housing cost to very low income households and 56 units must be affordable to low to moderate income households . This housing obligation would be met by new construction as well as acquisition and rehabilitation of existing housing both inside and outside of the project area.

K. Replacement Obligation

The Agency has no plans to remove or destroy any housing units in the Project Area, and therefore it will not incur a replacement housing obligation.

1. Meeting the Housing Production Requirement

The production requirement can also be met by developing affordable housing outside of the Project Area, however, the requirement is doubled to 30 percent. For the Bayshore Redevelopment Project, if 40 affordable units were developed outside of the Project Area, a total of 20 units would be counted towards the housing obligation between the years 2005 and 2014. Acquisition and rehabilitation of rental housing for

low and moderate income households is already a priority housing activity in Daly City, as documented in the City's Five-Year HUD Consolidated Plan (adopted April 2003). Apartment buildings that are suitable for acquisition and rehabilitation are generally located in areas of the City outside of the Bayshore neighborhood. Therefore, the Agency intends to meet a portion of the housing production requirement for the Bayshore Redevelopment Project by working with non-profit housing organizations to acquire, rehabilitate and operate affordable housing in areas primarily outside of the Bayshore.

It is expected that approximately 70 units of affordable housing will be developed using this method between the years 2005 and 2014. Therefore, thirty-five (35) of these units would count towards meeting the Agency's housing production obligation. Within the Project Area, housing production will be accomplished with the creation of units affordable to units affordable to households with incomes within the following 2004 moderate income limits for Daly City:

	1	2	3	4	5
Moderate Income Limits	\$79,800	\$91,200	\$102,600	\$114,000	\$123,100

Table V-9 shows how the Agency anticipates meeting its housing production requirement over the life of the Plan.

**Table V-9
Housing Production Obligation
5-Year, 10-Year & Life of Plan
(2005 to 2009, 2009 to 2014 and 2015 to End)
Bayshore Redevelopment Project Area**

	2000-04 *	2005-09	2010-14	2015-44	Total	%
1. Housing Production Obligation						
<i>New Units</i>	3	150	475	100	728	
<i>Substantial Rehab</i>	0	10	10	20	40	
<i>Subtotal</i>	3	160	485	120	768	
2. CRL Housing Production Requirement						
<i>Very Low</i>	1	10	29	7	47	6%
<i>Very Low, Low or Mod</i>	0	14	43	11	68	9%
<i>Subtotal</i>	1	24	72	18	115	15%
3. Proposed Units in Redevelopment Area Meeting CRL Requirements						
<i>Very Low</i>	0	10	29	7	46	8.8%
<i>Very Low, Low or Mod</i>	0	14	43	11	68	12.8%
<i>Subtotal</i>	0	24	72	18	114	21.6%
4. Actual Housing Production in Redevelopment Area Meeting CRL Requirements						
<i>Very Low</i>	0	NA	NA	NA	0	0%
<i>Very Low, Low or Mod</i>	0	NA	NA	NA	0	0%
<i>Subtotal</i>	0	0	0	0	0	0%
5. Proposed Units Outside of Redevelopment Area Meeting CRL Requirements						
<i>Very Low</i>	0	51	10	25	60	
<i>Very Low, Low or Mod</i>	0	51	10	25	60	
<i>Subtotal</i>	0	51	20	50	120	
6. Actual Housing Production Outside of Redevelopment Area Meeting CRL Requirements						
<i>Very Low</i>	0	0	NA	NA	0	
<i>Very Low, Low or Mod</i>	0	0	NA	NA	0	
<i>Subtotal</i>	0	0	0	0	0	
7. Total Remaining Obligation (Surplus)						
<i>Very Low</i>	.18	NA	NA	NA	0	
<i>Very Low, Low or Mod</i>	.27	NA	NA	NA	0	
<i>Subtotal</i>	.45	NA	NA	NA	0	

I. I. HOUSING OBJECTIVES AND PROGRAMS

1. Housing Activity Goals and Objectives

In addition to discussion of an agency's progress in meeting its specific affordable housing obligations under the CRL, an Implementation Plan must set forth the agency's goals and objectives for affordable housing every five years. (Section 33490.(a))

During the next five years of the Redevelopment Plan from 2005 through 2009, the Agency will concentrate on achieving those goals that are most applicable to the Agency's affordable housing activities, as well as the objectives articulated by the Housing Element of the City's General Plan and the Consolidated Plan.

The Agency is committed to assisting the City in achieving the single goals and objectives presented in the Housing Element. The single goal of the Housing Element states: "It is vitally important that locally responsible government institutions give priority attention to preserving and enhancing Daly City's stable residential environment, so persons of all ages, races, and incomes can choose to live here in safe, attractive and affordable housing." In addition, the Agency will further the individual objectives of housing rehabilitation, housing conservation, and new construction.

2. Housing Program

The Agency's Housing Program complies with Housing Element goal and objectives set forth above. The Agency will refine these housing programs to assist in providing high quality, attractive, affordable housing serving a diverse population.

The Agency's funds will be used in a flexible manner to respond to favorable development opportunities. The type of financial assistance to be provided may include cost write-down and gap financing for projects utilizing federal and state funds, as well as loans for property acquisition, development renovation, on- and off-site improvements, predevelopment costs, and development fees. In carrying out its purpose to increase the housing supply, the Agency may use the following:

- Acquire land or building sites.
- Improve land or building sites with on-site or off-site improvements.
- Donate land to private or public persons or entities.
- Finance insurance premiums pursuant to CRL Section 33136.
- Construct buildings or structures.
- Provide subsidies to, or for the benefit of, persons or families of very low, low, or moderate income.
- Develop plans, pay principal and interest on bonds, loans, advances or other indebtedness, or pay financing or carrying charges.

- Require the integration of affordable housing units with units developed for market rate housing.
- Assist the development of housing by developers.

1. Proposed Annual Housing Activities - Current Five Year Period (2005-2009)

The Agency recognizes the important role of housing programs and activities in its Redevelopment Program. Consequently, the proposed Housing Program should not be viewed simply as an implementation procedure for the Agency's stated goals and objectives related to affordable housing, but as a key element in its overall revitalization efforts. Through the annual budgeting process, the Agency will translate the housing objectives and programs described in this chapter into specific budget expenditures using the limited Housing Set-Aside Fund deposits that are expected during the current five year Implementation Plan period from 2005 through 2009.

Schedule for Annual Unit Production

The CRL requires that the Agency formulate annual housing production goals over the current five year period. The annual production goals are targets that the Agency has established. The Agency expects to take advantage of various opportunities as they are presented and to initiate actions as necessary, consistent with the CRL and the City's Housing Element, to preserve and facilitate the development of affordable housing for households whose basic needs are not met by the private housing market. The Housing Program for the Bayshore Redevelopment Project Area will focus on new construction, rehabilitation of existing housing and implementation of a first time homebuyer program.

New Construction

The Agency and City will work with developers, both for-profit and nonprofit, to identify underutilized properties in the Bayshore. During this five year planning period (2005-2009), it is estimated that 150 new housing units could be developed in the Bayshore Redevelopment Project Area. At least 15 percent of new units will be made available to low and moderate income households. Housing set-aside funds will be used to ensure financial feasibility of affordable units and might be offered in the form of developer subsidies or downpayment assistance to lower income first time homebuyers. The Agency will implement homebuyer education activities in conjunction with all developments that provide ownership units for lower income households.

Housing Rehabilitation Program

During 2005 through 2009, the Agency will emphasize housing rehabilitation by offering a housing rehabilitation loans for an estimated 10 Bayshore homes as well as for rental housing that is occupied by households with incomes within the limit specified in Table V-5. Utilizing Housing Set-Aside Funds, this program will provide low interest loans for housing rehabilitation activities such as roofing, floor coverings, painting, termite repairs,

electrical upgrades, plumbing, heating and general property clean-up. Agency staff will be available to assist program participants in all phases of the rehabilitation process including property inspection, development of work specifications, contractor selection, construction administration and contractor payment.

First-Time Homebuyer Program

The Agency will assist low and moderate income first-time homebuyers to purchase homes in the Project Area through the use of Housing Set-Aside Funds. The Agency will accomplish this goal by offering incentives to developers of new housing to include affordable units in the development.

Acquisition and Rehabilitation Program

Housing Set-Aside funds are not an anticipated funding source for implementing the acquisition/rehabilitation program. The acquisition and rehab of 20 housing units will require approximately \$2.5 million in subsidies which could be funded with CDBG funds, HOME funds and tax credit equity.

At this time, based on information and opportunities known to date, the Agency plans to achieve the following annual housing goals within the Project Area.

Through the Year 2009

- Plan and implement a residential rehabilitation program, with a goal of assisting up to 10 homes in the Bayshore Project Area between 2005 through 2009. An average of two homes will be rehabilitated each year at a cost of approximately \$40,000 each.
- Implement First-Time Homebuyer Program with a goal of assisting up to 5 households in the Bayshore Project Area between 2005 through 2009 (serving moderate income households). An average of one household will be assisted each year at a cost of approximately \$50,000 each.
- Construct 150 units in the Project Area with at least 15% for low and very low income households. The City estimates that it will be able to provide financial assistance to subsidize the construction of approximately 20 units within the project area and approximately 20 units outside of the project year between 2005 and 2009.
- Implement Acquisition/Rehabilitation Program with a target of assisting 10 qualifying units in the next five years by utilizing RDA, Federal and other funding sources.

2004-05

- Provide assistance for two (2) housing rehabilitation loans for income eligible homeowners

2005-06

- Provide assistance for two (2) housing rehabilitation loans for income eligible homeowners.
- Provide assistance to two (2) income eligible first-time homebuyer.

2006-07

- Provide assistance for two (2) housing rehabilitation loans for income eligible homeowners.
- Provide assistance to one (1) income eligible first-time homebuyer.

2007-08

- Provide assistance for two (2) housing rehabilitation loans for income eligible homeowners.
- Provide assistance to one (1) income eligible first-time homebuyer.
- Construct twenty (20) new units for very low or low income households.
- Acquisition/Rehab of 10 units targeted to very low income households

2008-09

- Provide assistance for two (2) housing rehabilitation loans for income eligible homeowners.
- Provide assistance to one (1) income eligible first-time homebuyer.
- Construct twenty (20) new units for very low or low income households.

J. HOUSING PROGRAM REVENUES AND EXPENDITURES

1. Housing Set-Aside Fund

The primary funding source for the Agency’s housing activities will be the 20 percent portion of annual tax increment revenue deposited by the Agency into its Housing Set-Aside Fund. Table V-10 shows the estimated deposits into the Housing Set-Aside Fund. The Agency projects that it will deposit approximately \$2,117,000 into the Housing Set-Aside Fund in the next five years.

Table V-10

**Deposits to Housing Set-Aside Fund
2005 to 2009
Bayshore Project Area**

Fiscal Year	Dollars
2004/05	\$424,866
2005/06	\$341,688
2006/07	\$348,521
2007/08	\$355,492
2008/09	\$362,602
Total	\$1,833,168

Source: Daly City Redevelopment Agency.

1. Estimated Housing Set-Aside Fund Expenditures 2005-2009

Table V-11 shows estimated Agency expenditures of approximately \$2,115,000 during the next five years and approximately \$1.8 million in tax increment revenues, leaving a small net fund balance in 2009. Thus, tax increment revenues are projected to be sufficient to cover the Agency's planned expenditures for housing projects over the next five years of the Redevelopment Plan.

**Table V-11
Estimated Housing Fund Deposits and Expenditures
2005 to 2009
Bayshore Project Area**

Year	Deposits to Housing Set-Aside Fund	Total Planned Expenditures
2004-05	\$424,866	\$80,000
2005-06	\$341,688	\$180,000
2006-07	\$348,521	\$130,000
2007-08	\$355,492	\$860,000
2008-09	\$362,602	\$855,000
Five Year Total	\$1,833,168	\$2,105,000

The Agency plans to target its Housing Set-Aside Fund for specific income groups as required by the CRL. The Agency will make every effort to encourage the development of housing affordable to a variety of income levels, with special emphasis on very low and low income households. By combining various funding sources, and in partnership and collaboration with others dedicated to the development of affordable housing, the

Agency is confident it will be able to meet its housing production obligations within the next ten ten years.

The Agency will provide financial assistance inside the Project Area in proportion to the need based on percentage shares shown in the last column of Table V-12. In other words, at least 35 percent of funds will be spent on housing affordable to very low income households, at least 17 percent will be spent on housing affordable to low income households, and 48 percent will be spend on housing affordable to moderate income households.

Table V-12
Housing Set-Aside Fund Distribution by Income Category
Five Year Period (2005 to 2009)
Bayshore Project Area

	Required Share ¹	Proposed Share	Proposed Tax Increment Funds
Very Low	35%	45%	\$947,250
Low	17%	35%	\$736,750
Moderate	48%	20%	\$421,000
Total	100%	100%	\$2,105,000

(1) Proportional share required under CRL3334.4 and consistent with regional housing needs as documented in City of Daly Housing Element.

Table V-13 shows Housing Fund expenditures by income category over the next five years and the approximate number of households that will be assisted in each income category. The table shows that a total of 45 units can be assisted in the next five years on a pay-as-you go basis.

Table V-13
Number of Households Assisted by Income Category
Housing Set-Aside Fund Expenditures
Bayshore Project Area

Income Category	Set-Aside Expenditures	Households Assisted
Very Low	\$947,250	20
Low	\$736,750	15
Moderate	\$421,000	10
	\$2,105,000	45

The Agency will combine the Housing Set-Aside Fund revenue from the Redevelopment Project Area with other funding sources devoted to the provision of affordable housing. These other funding sources include, but are not limited to, Housing Set-Aside funds from other Project Areas, Community Development Block Grant (CDBG) funds, Home Investment Partnership (HOME) funds, California Housing Finance Agency (CalHFA) assistance, the State's Department of Housing and Community Development (HCD) programs, low income housing tax credit equity funds, and other creative financing options such as private sector or foundation contributions.

In conclusion, the Agency's goals stated above will meet its CRL affordable housing production requirements in the next five years of the Implementation Plan. The housing production requirements will be met by affordable units assisted outside the Project Area through the City's Acquisition and Rehab Program and inclusionary housing within the Project Area. Furthermore, in accordance with CRL, the Agency is proposing to assist in the development of units and spend Housing Set-Aside Funds by income category in accordance with need from 2005 to 2009. The Housing Set-Aside Funds will be spent entirely within the Project Area.

J. REVIEW OF PREVIOUS IMPLEMENTATION PLAN

In 1999, the Agency adopted the Bayshore Redevelopment Project, including the original Implementation Plan. In accordance with Section 33490.2(C)(iv), the Agency shall report on the following topics regarding the previous Implementation Plan:

- 1) amount of Housing Set-Aside Funds utilized to assist units affordable to, and occupied by, extremely low, very low, and low income households
- 2) number, location, level of affordability of units newly constructed with other locally controlled government assistance and without Agency assistance and that are required to be affordable to, and occupied by, persons of extremely low, very low, or low income for at least 55 years for rental housing or 45 years for homeownership housing
- 3) amount of of Housing Set-Aside Funds utilized to assist housing units available to families with children, and the number, location and level of affordability of those units.

Table V-14 below describes how the Agency utilized its Housing Set-Aside Funds for affordable housing by income levels for the previous five year Implementation Plan period covering 2000 through 2004. The Agency allocated the \$162,177 in FY 02-03 for Peninsula Habitat for Humanity (PHH), a nonprofit developer, to build 7 ownership units on Third Avenue for very low income families. In FY 03-04, the Agency awarded PHH \$140,000 to build 4 ownership units across from the Daly City BART Station for very low

income families. Both PHH projects have 45-year affordability periods. In addition, both projects are available to families with children.

**Table V-14
Housing Set-Aside Revenues and Expenditures (2000-04)**

FY	Housing Set-Aside Revenue	Housing Funds Expended
00-01	\$70,499	
01-02	\$167,546	
02-03	\$289,387	\$162,177 ¹
03-04	\$357,252	\$140,000 ²
TOTAL	\$884,684	\$302,177

- 1) Refers to \$162,000 expenditure for Habitat for Humanity Third Avenue construction subsidy.
- 2) Refers to \$140,000 expenditure for Habitat for Humanity De Long construction subsidy.

Table V-15 shows annual housing set aside fund expenditures for 2000-2004 by income category.

Table V-15
Housing Set-Aside Expenditures by Income Category
(2000-2004)

Year	Income Category			
	Extremely Low	Very Low	Low	Moderate
99-00				
00-01				
01-02				
02-03		\$162,177		
03-04		\$140,000		
Total		\$302,177		

Table V-16 shows percentage of housing set-aside funds expended by income category and demonstrates that the Agency exceeded its proportional share funding goal by spending 100 percent of its housing set-aside funds on projects serving very low income households. The 2000-2004 Implementation Plan had set a target of 33 percent for the percentage of housing funds to be spent on housing activities benefiting very low income households.

Table V-15
Housing Set-Aside Distribution by Income Category (2000-04)
Target vs. Actual

	Target %	Expended	Actual % of Expended Funds
Very Low	33%	\$302,177	100%
Low	29%	\$0	0%
Moderate	38%	\$0	0%
TOTAL HOUSING SET-ASIDE FUNDS 2000-04 = \$884,684			

Between 2000 and 2004, there were no newly constructed units funded with other locally controlled government assistance (e.g. CDBG, HOME) and without Agency assistance and that were required to be affordable.