



Draft

**Bayshore Redevelopment Project
Area
Implementation Plan**

**2010-2014
(July 1, 2009 through June 30, 2014)**

BAYSHORE REDEVELOPMENT PROJECT IMPLEMENTATION PLAN 2010-2014 (July 1, 2009 through June 30, 2013)

A. BACKGROUND

Every five years, the CRL (Sections 33490 and 33352(c)) requires redevelopment agencies to prepare a Five-Year Implementation Plan. 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, 2009 and ends on June 30, 2013. This period includes the third 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 2009 to 2013, 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, 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 was also one drug store in the neighborhood, which served the most basic needs of the neighborhood; however, this drug store closed in 2006 and residents 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 Master Plan commenced. Consistent with the Geneva Avenue Urban Design Plan, the Cow Palace Area Master Plan provides a potential development program and guidelines for the three significant and contiguous properties in the Master Plan Area: the Carter-Martin Property, owned by the Daly City Redevelopment Agency and consisting of 12.75 acres, the privately-owned Syufy Property, (former Drive-In), and the Cow Palace property, comprising nearly 69 acres. The three sites together comprise approximately 100 acres. At the present time, there is uncertainty regarding the future of the Cow Palace facility, it may close, move or remain. The Master Plan provides programs for either alternative that are internally consistent.

Since 2000, the Agency has been actively trying to get a commercial development, containing a supermarket, pharmacy and other neighborhood-serving uses to the neighborhood. In 2000, The Agency has awarded an Exclusive Right to Negotiate (ERN) to the Bridgecreek Development for the Agency's 12.75-acre parcel requiring the developer to assemble the adjacent privately-owned and Cow Palace 13-acre and upper parking lot parcels. This proposal proved to be unsuccessful due to the inability for Bridgecreek to secure the rights to develop the Cow Palace 13-acre parcel.

In 2004, the Agency approved the Master Plan for the 37-acre, Cow Palace/Carter Martin Area, with Agency Staff working directly with the Cow Palace to secure a development of these parcels. During 2005-2006, the Agency and Cow Palace Board of Directors discussed several mechanisms for jointly securing a successful development, which ended in the fall of 2007 in an unsuccessful negotiation of a long-term ground lease for the 13-acre upper parking lot.

As a result of many years of unsuccessful efforts to realize the needed neighborhood-serving commercial uses, the Daly City City Council contacted Senator Leland Yee to sponsor legislation to direct the State and Cow Palace to sell all or a part of the Cow Palace property in order for development and the provision of needed commercial neighborhood services to materialize. While the legislation was approved by both the Senate and the Assembly, the Governor vetoed the bill at the end of September 2008.

During this same period in 2008, the Cow Palace Board of Directors disseminated a Request for Proposals to ground lease the 13-acre Upper Parking Lot. Cypress Equities, a commercial real estate developer, was selected in August 2008 by the State and the Cow Palace to negotiate a long-term ground lease. Cypress Equities, which has reviewed with Agency Staff, preliminary conceptual plans to develop a shopping center with grocery store on the site is in their due diligence phase of negotiations with the State and Cow Palace. With the ultimate outcome of these negotiations uncertain, the Agency will continue to work towards realizing the development of a mixed-use project for the three parcels containing 37-acres, which will include a viable commercial neighborhood-serving development.

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 Master Plan 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, 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. The Bayshore Project Area has not been immune to the “sub-prime” mortgage / foreclosure crisis; there have been a number of distressed properties and declining property values during the period of 2006-2009.
- 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.
- Although the crime rate in this neighborhood is lower than other areas of the City, 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-1 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

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.

In February 2008, the City of Daly City conducted a citywide survey of residents and business owners as part of an extensive community outreach effort as an initial step towards the comprehensive update of the City's General Plan. Bayshore respondents comprised 4% of the total survey responses, while they are 5% of the total population. Although the overall response rate is low, the rate of response is proportionate to the population residing in that neighborhood. In that survey, the top three issues for Bayshore residents was the lack of shopping opportunities, the difficulties associated with public transit, and the perception of increasing crime.

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 and City, through the comprehensive General Plan update, 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.

Another strong community desire has been to revive pedestrian activity along this corridor. To assist with the effort, the City developed, with the assistance of Bayshore residents, the Geneva Avenue Streetscape Master Plan in 2002. The Master Plan outlines specific improvements along Geneva Avenue that will be necessary to improve pedestrian mobility, street friendliness, and encourage economic activity along the commercial strip. Unfortunately, the plan was not adopted due to the high costs of such improvements. Further studies and modifications to the plan should be considered that add vibrancy to this potential pedestrian corridor

In 2007, the Bayshore neighborhood was approved as a Priority Development Area through FOCUS program. FOCUS is a regional incentive-based development and conservation strategy for the Bay Area. FOCUS coordinates the efforts of four regional agencies—ABAG, MTC, the Air District, and the Bay Conservation and Development Commission (BCDC)—into a single program that encourages future growth in areas near transit and within the communities that surround the San Francisco Bay. Concentrating development in this area could offer housing and transportation choices for all residents, while helping to reduce traffic, protect the environment, and enhance existing neighborhoods.

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.

c. Estimated Program Costs

The total estimated cost for planning activities associated with Bayshore Redevelopment is approximately \$1,000,000. 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.

In 2002, preparation of the Cow Palace Area Master Plan commenced. Consistent with the Geneva Avenue Urban Design Plan, the Cow Palace Area Master Plan provides a potential development program and guidelines for the three significant and contiguous properties in the Master Plan Area: the Carter-Martin Property, owned by the Daly City Redevelopment Agency and consisting of 12.75 acres, the

privately-owned Syufy Property, (former Drive-In), and the Cow Palace property, comprising nearly 69 acres. The three sites together comprise approximately 100 acres. At the present time, there is uncertainty regarding the future of the Cow Palace facility, it may close, move or remain. The master plan provides programs for either alternative that are internally consistent.

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- 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 PG&E states their continued need for use of the building and property.

- West of Carter Street Hillside (Carter Canyon).

This multi-acre property saw an entitlement application in 2002 for a multi-family project of approximately 200 units. In 2008, an application for 16 single-family homes was submitted and as of the writing of this Plan, is currently in the planning entitlement process. Obstacles to development include topography and multiple ownerships. Staff and agency will work with property owners or interested developer(s) 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.

- Midway Village.

This public housing site, owned and operated by the County of San Mateo Housing Authority, has generated complaints of underground soil contamination for many years. Although there has been remediation, there is the possibility that in the future the public housing at Midway Village could be relocated or replaced elsewhere, creating a potential development site for a non-residential use, such as Office / Light Industrial. Such uses are being contemplated for the PG&E site, which is within City of Brisbane and is adjacent to the Midway Village.

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, including eleven (11) Below Market Rate units and ground floor retail commercial space. The project, “The Geneva” is currently under construction with completion anticipated in summer of 2009. The Agency has provided assistance with issues relating to the temporary relocation of PG&E primary transmission lines, which prohibited the

project from proceeding due to its near proximity to the new building. In addition, Agency staff has been working with the developer in referring potential retail tenants.

- Old Car Wash Site (Geneva Avenue between Pueblo and Calgary Streets):

This site, partially vacant, could accommodate a mixed-use development. As of mid-2009, this property is being marketed for sale. 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.

- Old Library and Lawson Hall:

These older public facilities have been re-purposed to serve Recreation and Police Department needs. Although there is no plan to redevelop these properties in the near future, study could occur in the future to combine these properties with adjacent sites, to create larger development sites.

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 ten 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 program. 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. Agency may encourage owners of functionally obsolescent operations to consider redevelopment and alternative uses.
- **Other vacant/underutilized properties:** The Agency will continue to enlist the support and participation of all landowners 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. Staff will coordinate with other authorities regarding infrastructure needs: San Francisco Water Department, North County Sanitation District, Cal Water, Bayshore Sanitary District, Guadalupe Valley Sanitary District.

c. Estimated Program Costs

The total costs for these additional economic development activities is approximately \$3,550,000. 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 next five years of the Project, the Agency will continue the 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. This Program provides 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.

The Bi-County Transportation Study is a multi-agency study that aims to evaluate potential transportation improvements needed to address the significant current and anticipated land use growth on both sides of the county line. Multiple land use projects throughout the study area may result in as many as 18,000 new housing units and 15 million square feet of new commercial office space along the county line. Through the participation of several agencies, the Study will identify the highest-priority

transportation projects that complement this dramatic growth while also providing existing neighborhoods with transportation improvements.

b. Description

A Geneva Avenue Streetscape Master Plan was developed in 2002. The Master Plan outlines specific improvements along Geneva Avenue that will be necessary to improve pedestrian mobility, street friendliness, and encourage economic activity along the commercial strip. Unfortunately, due to the high costs of such improvements, the plan was not adopted. Further studies and modifications to the plan that are the more financially feasible should be considered that add vibrancy to this potential pedestrian corridor. Additionally, the Agency should actively pursue any grant opportunities available.

c. Estimated Program Costs

The estimated total cost to the Agency for the proposed streetscape program over the five-year period is \$1,050,000.

5. Public Facilities and Infrastructure

a. Deficiencies to be Corrected

Construction of the Bayshore Community Center, including new Library, was completed in 2006. However, the Bayshore neighborhood does not possess a police station or substation. Also lacking in the Project Area are a 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 Master Plan.

The water capacity to accommodate future growth of the Bayshore neighborhood has been Inadequate. In 2008, the Daly City Water Utility began construction of a new 2.5 million gallon water reservoir to address capacity issues, particularly relating to adequate water pressure and volume for fire suppression. The Agency has financially assisted this project.

The Bayshore District is currently served by the Bayshore Sanitary District. It has not been determined whether the existing capacity of the district can accommodate potential future development as described in the Cow Palace Area Master Plan. A Study will be required to determine what needs the District may have, whether its contractual arrangement with City of San Francisco's Southeast Treatment might allow Bayshore Sanitary to increase flows. In 1996, San Mateo County LAFCO performed a study regarding the consolidation of Bayshore Sanitary into two adjacent districts, Guadalupe Valley Sanitary District (primarily serving Brisbane) and North San Mateo County Sanitary District (primarily serving Daly City). This idea was soundly rejected by Bayshore District residents. Consolidation could be revisited; however, private funding

of needed capacity improvements, by development proponents, would be the most likely financial source, possibly in concert with some public participation.

Geneva Avenue has overhead utilities, including three primary transmission lines of PG&E serving San Francisco to the North. The close proximity of these primary electrical transmission lines to property lines prohibits building within six (6) feet. Without their removal, this essentially Inhibits any new development over two (2) stories along the Geneva Avenue corridor. Daly City has established an under grounding district, which will allow PG&E to design and put their power lines, along with telephone and cable lines underground. Design started In Spring of 2009 and construction is scheduled to start in 2010.

b. Description

The most critical public facility needs in the include Streetscape Improvements, improving capacity of Water and Wastewater Systems, Utility Undergrouding and Street Resurfacing. Costs for these improvements may be shared by future development proponents and public sources.

c. Estimated Program Costs

The estimated total cost to the Agency for the Public Facilities and Infrastructure over the five-year period is \$2,075,000 (in constant 2005 dollars).

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. Fifteen sites in the Project Area appear on a variety of environmental monitoring databases. Four properties in the Project Area contain or formerly contained 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 \$750,000.

7. Estimate of Agency Expenditures

Table V-2 summarizes estimated Agency expenditures during 2010-2014 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: 2010 to 2014
Bayshore Redevelopment Project**

Proposed Redevelopment Program	Agency Share	Total Cost	Other Sources	Net Cost To Agency
1. Planning	95%	1,000,000	50,000	950,000
2. Economic Development	99%	3,550,000	50,000	3,500,000
3. Building Rehabilitation, Facade Improvement	90%	250,000	25,000	225,000
4. Circulation and Landscaping Improvements	95%	1,050,000	50,000	1,000,000
5. Public Facilities and Infrastructure	96%	2,075,000	75,000	2,000,000
6. Site Preparation and Development	100%	750,000	0	750,000
Subtotal Non-Housing Project Costs		8,675,000	250,000	8,425,000
7. Administration	100%	3,000,000	0	3,000,000
Subtotal Non-Housing Costs		11,675,000	250,000	11,425,000
8. Housing Program	34%	10,500,000	7,000,000	3,500,000
TOTAL COSTS		22,175,000	7,250,000	14,925,000

Source: Daly City Redevelopment Agency

8. Five Year Implementation Plan Revenues

The Agency is projected to receive approximately \$16.9 million in tax increment revenue during the five-year implementation plan period (2010-2014). Of this, a total of \$3.8 million will be passed through to the following taxing entities pursuant to AB 1290,

legislation passed in 1993 that attempts to alleviate the loss of revenue to affected taxing entities that may occur because of the adoption of a redevelopment plan:

- Bayshore Elementary School District
- Bay Area Air Quality Management District
- Bayshore Sanitary District
- Jefferson Union High School District
- San Mateo County community College District
- San Mateo county Office of Education
- San Mateo County Harbor Distinct
- San Mateo County
- City of Daly City

In addition, 20 percent, or \$3.4 million of the total tax increment revenue will be set-aside for affordable housing activities to meet the requirements of the California Redevelopment Law (Section 33334.2). The Law stipulates that an agency is required to set aside at least 20 percent of all tax increment revenue for the purpose of “increasing, improving and preserving the community’s supply of low- and moderate-income housing”.

After pass through and set-asides, a total of approximately \$9.7 million will remain available for Non-Housing Avidities and Agency administration. Table V-3 summarizes projected annual tax increment revenues available for non-housing projects and administration or the next five years of the Redevelopment plan. Including existing reserves, tax increment revenues are projected to be sufficient to cover the Agency’s planned expenditures.

**Table V-3
Projected Tax Increment Revenue
(2010 -2014)**

Fiscal Year	Gross Tax Inc. Revenue	Pass Through Payments	Housing Fund	Non Housing & Admin
2009-10	3,340,539	761,643	668,108	1,910,789
2010-11	3,340,539	761,643	668,108	1,910,789
2011-12	3,340,539	761,643	668,108	1,910,789
2012-13	3,407,350	776,876	681,470	1,949,004
2013-14	3,475,497	792,413	695,099	1,987,984
Totals	16,904,465	3,854,218	3,380,893	9,669,354

Source: Tax Increment Projections, Daly City Redevelopment Agency

Note 2: It should be noted that the County of San Mateo Is In the process of analyzing the assessed values of single-family residential parcels throughout the County as a result of the economic recession and dramatic housing values decline. The actually affect of this voluntary reassessment will not known until after June 30, 2009 and may affect the estimated tax Increment revenues stated within this report.

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 Production Plan over the five-year Implementation Plan period as well as into the future. Section I describes the Agency's housing objectives and programs in the Bayshore Project Area for the years 2010 through 2014. 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:¹

- 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 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.

¹ Affordable housing is used in this chapter to define housing that 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 2009, 120% of median income for a 4-person family in SMC is \$114,000

- 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. 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.² 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 2009 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, housing rehabilitation loans and assistance to homebuyers with acquiring affordable housing.

² 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 2008. It established housing, community developments, and emergency shelter goals for the City.

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.

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

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.³
- 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.

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

1. Inclusionary Housing Requirement

³ 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).

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 and must cover the following time periods:

- 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. Table V-5 lists current qualifying income limits for households of various sizes in these income 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.

2. 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:⁴

**Table V-4
2009 Daly City Income Definitions**

Income Category	Definition
Very Low	Incomes up to 50 percent of area median income, adjusted for family size.
Low	Incomes typically from 50 percent up to 80 percent of area median income, adjusted for family size. ⁵
Moderate	Incomes typically from 80 percent up to 120 percent of area median income, adjusted for family size. ⁶

⁴ 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.

⁵ 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.

⁶ 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 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).

**Table V-5
2009 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	\$132,200	\$141,400	\$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.⁷ 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 ⁸		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 ⁹	110 percent

Source: California Health and Safety Code, Section 50052.5.

⁷ Health and Safety Code Section 50052.5 includes the definition of affordable housing cost.

⁸ Rental housing costs include utility costs. Affordable housing costs are adjusted by family size.

⁹ But not less than 28 percent of actual income.

**Table V-7
2009 Income Limits and
Corresponding Affordable Monthly Housing Cost for Typical Units
Daly City**

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 2009.

b. 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	% of Total Allocated Units	% of Affordable Units
Very Low	241	20%	35%
Low	121	10%	17%
Moderate	338	28%	48%
Subtotal	700	60%	
Above Moderate	507		
Total	1207		

Sources: ABAG Regional Housing Needs Allocation for Daly City, Draft City Housing Element (updated in 2009) for housing production from 2009-2014,

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.

The CRL also requires that the Agency spend its Housing Fund over each ten-year compliance period of the housing production plan to assist housing available to persons regardless of age in at least the same proportion as the numbers of low-income households in the community with a member under age 65 bears to the total number of low-income households in the community, as reported in the most recent census. Housing available to persons regardless of age means housing that is not restricted to seniors. As of the 2000 census, the total of persons over the age of 65 in Daly City was 12,486 or 12 percent of the total population.

c. 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)

3. Replacement Housing Requirement

The Bayshore Redevelopment Project does not anticipate the destruction or removal of any housing. However, CRL (Section 33490 (a)(3)) 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 120 housing units will be built or substantially rehabilitated in the Project Area between 2010 and 2014, which will generate a housing production requirement of 18 affordable units. Of these, 7.2 must be occupied by households with very low incomes (see Category 1 in Table V-5) and 18 must be occupied by households with very low, low and moderate incomes (see Categories 1 and 2 in Table V-5).

It is anticipated that a total of 11 units affordable to low (80% AMI) income households will be completed inside of the project area within the next five years.

It is further anticipated that the City will assist in the development of about 80 affordable housing units outside of the Project Area during the next 5 years (new construction and

acquisition/rehab). These 80 units will be affordable to households with very low and low incomes (see Category 5 in Table V-5). The CRL allows the Agency to count half of these, or 40, toward the Bayshore Project Area's housing production obligation.

Finally, the Agency intends to substantially rehabilitate approximately two units in the Bayshore over the next five years.

Thus, through housing development activities inside (11 units) and outside (10 qualifying units) the project area and through housing rehabilitation activities (5 units), the Agency will exceed its affordable housing production obligation (18 units) the Bayshore in the next five years of the Plan.

The Project Area will generate approximately \$3.4 million for the Housing Set-Aside Fund in the next five years of the Plan. The Agency will utilize these funds to subsidize the construction of new affordable dwelling units and to undertake acquisition /rehabilitation of affordable dwelling units.

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

The Agency projects that 587 new or substantially rehabilitated housing units will be developed in the Bayshore Project Area over the next 19 years (see Table V-9).

Production (2010 through 2014)

Over the next five years, the Agency anticipates that approximately 118 new housing units could be developed and about two units may be substantially rehabilitated in the Project Area.

Production (2014 through 2019)

Over the following five-year period, the Agency anticipates that approximately 150 new housing units could be developed and about two units could be substantially rehabilitated in the Project Area.

2020 to End

The Agency projects that approximately 300 additional market-rate housing units could potentially be developed and 15 units could be substantially rehabilitated in the Project Area through the end of the Project.

2. Housing Production Obligation (2010 through 2019)

a. New and Substantial Rehabilitation Unit Obligation

Based upon the forecasted 272 new and substantially rehabilitated housing units in the Project Area between 2010 and 2019 in Table V-9, the Agency would have an obligation to ensure that a total of 41 new affordable units are developed. Of these, 16 units must be made available at affordable housing cost to very low-income households and 41

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.

b. 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.

3. 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 2010 and 2019. Ongoing development of new affordable housing outside of the project area will create approximately 120 new units of affordable housing, of which 60 can be counted toward the Bayshore Redevelopment Project production requirements.

In addition, 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 2008). 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 new construction and acquisition/rehab will create approximately 40 units of affordable housing between the years 2010 and 2019. Therefore, twenty (20) 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 2009 moderate-income limits for San Mateo County:

	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
(2009 to 2014, 2015 to 2019 and 2020 to End)
Bayshore Redevelopment Project Area**

	2000-04 *	2005-09	2010-14	2015-19	2020-2029-	Total	%
1. Housing Production							
<i>New Units</i>	157	8	118	150	300	721	
<i>Substantial Rehab</i>	0	0	2	2	15	19	
<i>Subtotal</i>	3	8	120	152	315	743	
2. CRL Housing Production Requirement							
<i>Very Low</i>	9.4	.5	7.2	9	19	44.58	6%
<i>Very Low, Low or Mod</i>	14.1	.7	10.8	14	28	66.87	9%
<i>Subtotal</i>	23.5	1.2	18	23	47	111.45	15%
3. Proposed Units in Redevelopment Area Meeting CRL Requirements							
<i>Very Low</i>	N/A	N/A	0	25	80	105	14%
<i>Very Low, Low or Mod</i>	N/A	N/A	13	10	20	41	5.5%
<i>Subtotal</i>	N/A	N/A	13	35	100	146	19.6%
4. Actual Housing Production in Redevelopment Area Meeting CRL Requirements¹⁰							
<i>Very Low</i>	0	0	NA	NA		0	0%
<i>Very Low, Low or Mod</i>	0	0	NA	NA		0	0%
<i>Subtotal</i>	0	0	N/A	N/A		0	0%
5. Proposed Units Outside of Redevelopment Area Meeting CRL Requirements							
<i>Very Low</i>	n/a	n/a	30	30	40	170	
<i>Very Low, Low or Mod</i>	n/a	n/a	10	10	20	111	
<i>Subtotal</i>	n/a	n/a	40 ¹¹	40 ¹²	60	281	
6. Actual Housing Production Outside of Project Area Meeting CRL Requirements							
<i>Very Low</i>	3.5 ¹³	21.5 ¹⁴	NA	NA		0	
<i>Very Low, Low or Mod</i>	0	0	NA	NA		0	
<i>Subtotal</i>	3.5	21.5	0	0		0	
7. Total Remaining Obligation (Surplus)							
<i>Very Low</i>	5.9	(21)	(22)	(46)	(101)	(184)	
<i>Very Low, Low or Mod</i>	20	(20.3)	(35)	(52)	(113)	(200)	

¹⁰ Refers to 1/2 of the actual number of units produced outside of the project area.

¹¹ Includes 30 units of new construction, 10 units of acquisition/rehab.

¹² Includes 30 units of new construction, 10 units of acquisition/rehab.

¹³ Habitat Way (7 units)

¹⁴ De Long(4 Units), Hillcrest Senior Housing (39 unit)

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 2010 through 2014, 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: "Daly City will include well-designed housing choices for a variety of household incomes, life stages and its diverse population with a good balance between ownership and rental units. Mission Street and Geneva Avenue will be urban corridors with unique mixed-use developments and public improvement projects that add to vibrancy to these streets." 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.

3. Proposed Annual Housing Activities - Current Five Year Period (2010-2014)

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 2010 through 2014.

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 (2010-2014), it is estimated that 118 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.

Acquisition and Rehabilitation Program

Acquisition and rehabilitation of existing housing units is an effective way to create affordable housing while addressing blight conditions it is estimated that 10 units of affordable housing could be created using this method between 2010 and 2014. The acquisition and rehab of 10 housing units will require approximately \$1.2 million in subsidies, which could be funded with DCRA Housing Set-Aside funds, 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 for the Bayshore Redevelopment project.

Through the Year 2014

- Plan and implement a residential rehabilitation program, with a goal of assisting up to ten homes in the Bayshore Project Area between 2010 through 2014. An average of two homes will be rehabilitated each year at a cost of approximately \$40,000 each.
- Construct 118 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 10 units within the project area and approximately 60 units outside of the project year between 2010 and 2014.
- Implement Acquisition/Rehabilitation Program with a target of assisting 20 qualifying units in the next five years by utilizing RDA, Federal and other funding sources.

2009-10.

- Identify sites and pursue development of 25 units of new housing affordable to households at or below 80 percent of Area Median

2010-11

- Provide assistance for one (1) housing rehabilitation loan for income eligible homeowner.

2011-12

- Provide assistance for one (1) housing rehabilitation loan for income eligible homeowner.

2012-13

- Construct twenty (30) new units for very low or low-income households.
- Acquisition/Rehab of 10 units targeted to very low income households

2013-14

- Complete construction of thirty (30) new units for very low or low-income households.
- Complete acquisition /rehabilitation of 20 units targeted to 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 \$3,381,000 into the Housing Set-Aside Fund in the next five years.

Table V-10
Deposits to Housing Set-Aside Fund
2010-2014
Bayshore Project Area

Fiscal Year	Dollars
2009/10	\$668,108
2010/11	\$668,108
2011/12	\$668,108
2012/13	\$681,470
2013/14	\$695,099
Total	\$3,380,893

Source: Daly City Redevelopment Agency

2. Estimated Housing Set-Aside Fund Expenditures 2010-2014

Table V-11 shows estimated Agency expenditures of approximately \$3,400,000 million during the next five years and approximately \$3,380,000 million in tax increment revenues. 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
2010 to 2014
Bayshore Project Area

Year	Deposits to Housing Set-Aside Fund	Total Planned Expenditures
2009/10	\$668,108	\$ 100,000
2010/11	\$668,108	\$ 100,000
2011/12	\$668,108	\$1,500,000
2012/13	\$681,470	\$1,000,000
2013/14	\$695,099	\$ 700,000
Five Year Total	\$3,380,893	\$3,400,000

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 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 (2010 to 2014)
Bayshore Project Area

	Required Share ¹	Proposed Share	Proposed Tax Increment Funds
Very Low	35%	73%	\$2,500,000
Low	17%	15%	\$ 500,000
Moderate	48%	12%	\$ 400,000
Total	100%	100%	\$3,400,000

(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	\$2,500,000	30
Low	\$ 500,000	15
Moderate	\$ 400,000	5
	\$3,400,000	50

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 2010 to 2014. The Housing Set-Aside Funds will be spent entirely within the Project Area.

K. REVIEW OF PREVIOUS IMPLEMENTATION PLAN

In 1999, the Agency adopted the Bayshore Redevelopment Project, including the original Implementation Plan. An updated implementation plan for the years 2005-2009 was adopted in 2005. 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 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.

The Agency spent \$162,177 in FY 04-05 to support the development of seven ownership units for very low-income families on Third Avenue developed by Peninsula Habitat for Humanity (PHH). In FY 03-04, the Agency provided PHH \$140,000 to build four 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.

In 2007-08, the Agency utilized Housing Set-Aside funds to develop Hillcrest Senior Housing, a 40-unit apartment development for very low-income seniors. Hillcrest Senior Housing has a 55-year affordability restriction. The Agency also provided funding in 2007-08 for utility relocation required to construct condominium units located at 2665 Geneva Avenue (eleven of these units will be affordable to low income households, including households with children). The affordable units at 2665 Geneva will have a 45-year affordability restriction. In 2007-08 and 2008-09, the Agency provided funding to acquire real property located on Mission and Miriam Streets. The Agency is working to identify a redevelopment strategy for the site that will include a significant affordable housing component.

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 2005 through 2009. Table V-15 shows annual housing set aside fund expenditures for 2005 through 2009 by income category. 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 42 percent of its housing set-aside funds on projects serving very low-income households. The 2005-09 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-14
Housing Set-Aside Revenues and Expenditures (2005-09)**

FY	Housing Set-Aside Revenue	Housing Funds Expended
04-05	\$430,179	162,177 ¹
05-06	\$577,610	140,000 ²
06-07	\$700,446	\$0
07-08	785,771	1,421,460 ³
08-09	\$700,000	\$136,404 ⁴
TOTAL	\$3,194,006	\$1,860,041

- 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.
- 3) Refers to \$480,000 for Hillcrest Senior Housing, \$27,982 for PG&E improvements associated with 2665 Geneva and \$913,478 for Mission/Miriam acquisition.
- 4) Mission/Miriam acquisition.

**Table V-15
Housing Set-Aside Expenditures by Income Category
(2005-09)**

Year	Income Category			
	Extremely Low	Very Low	Low	Moderate
04-05		162,177		
05-06		140,000		
06-07		0		
07-08		480,000	941,460	
08-09		\$0	136,404	
Total		\$782,177	\$1,077,864	

**Table V-16
Housing Set-Aside Distribution by Income Category (2005-09)
Target vs. Actual**

	Target %	Expended	Actual % of Expended Funds
Very Low	33%	\$782,177	42%
Low	29%	\$1,077,865	58%
Moderate	38%	\$0	0%
TOTAL HOUSING SET-ASIDE FUNDS EXPENDED 2005-09 = \$1,860,041			

Between 2005 and 2009, 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.