

**CITY OF LAKEPORT
REDEVELOPMENT AGENCY**



**FIVE YEAR
IMPLEMENTATION
PLAN**

2009 TO 2014

Adopted March 3, 2009

INTRODUCTION

This document is the Five-Year Implementation Plan for the Lakeport Redevelopment Agency for the period 2009 through 2014. Implementation Plans are required under California Redevelopment Law and are intended to be broad conceptual plans that outline the steps that the Redevelopment Agency intends to take in implementing its Redevelopment Plan and identify how the Agency anticipates spending funds during the five-year cycle of the Plan.

Redevelopment funds can be spent on projects identified in the Implementation Plan. However, the Agency need not spend money on all of those proposed projects, and there is actually a great deal of flexibility available as to how the Redevelopment funds may actually be spent. All Implementation Plans must include goals and objectives related to both blight reduction (economic development) and mandatory housing activities for the life of the Plan.

The Five-Year Implementation Plan must also contain an outline of programs and planned expenditures for implementing those goals, including an explanation of how the goals, objectives, programs, and expenditures will assist in meeting the intent of the Community Redevelopment Law. The Implementation Plan must also include information about the City's affordable housing programs.

The Implementation Plan is a guide incorporating the goals, objectives, and potential programs of the Lakeport Redevelopment Agency over the next five years while providing flexibility so that the Agency may adjust to changing circumstances and new opportunities. The affordable housing component of the Plan provides a mechanism for the Agency to monitor its progress in meeting both the affordable housing obligations under the California Redevelopment Law and the affordable housing needs of the Lakeport community.

BACKGROUND

The Lakeport Redevelopment Agency was formed by the Lakeport City Council in 1986. The City Council formed the Agency, and the Council Members serve as the Redevelopment Board of Directors. The Agency was formed, in accordance with State law, to respond to blight conditions within the Project Area. The Redevelopment Plan was adopted in June of 1999.

The Project Area is the land in the City of Lakeport which is under the jurisdiction of the Redevelopment Agency and is subject to the provisions of the Redevelopment Plan. The Lakeport Redevelopment Project Area contains 612 acres and covers the downtown commercial area, land to the west, and land to the south. The following map shows the Lakeport Redevelopment Project Area.

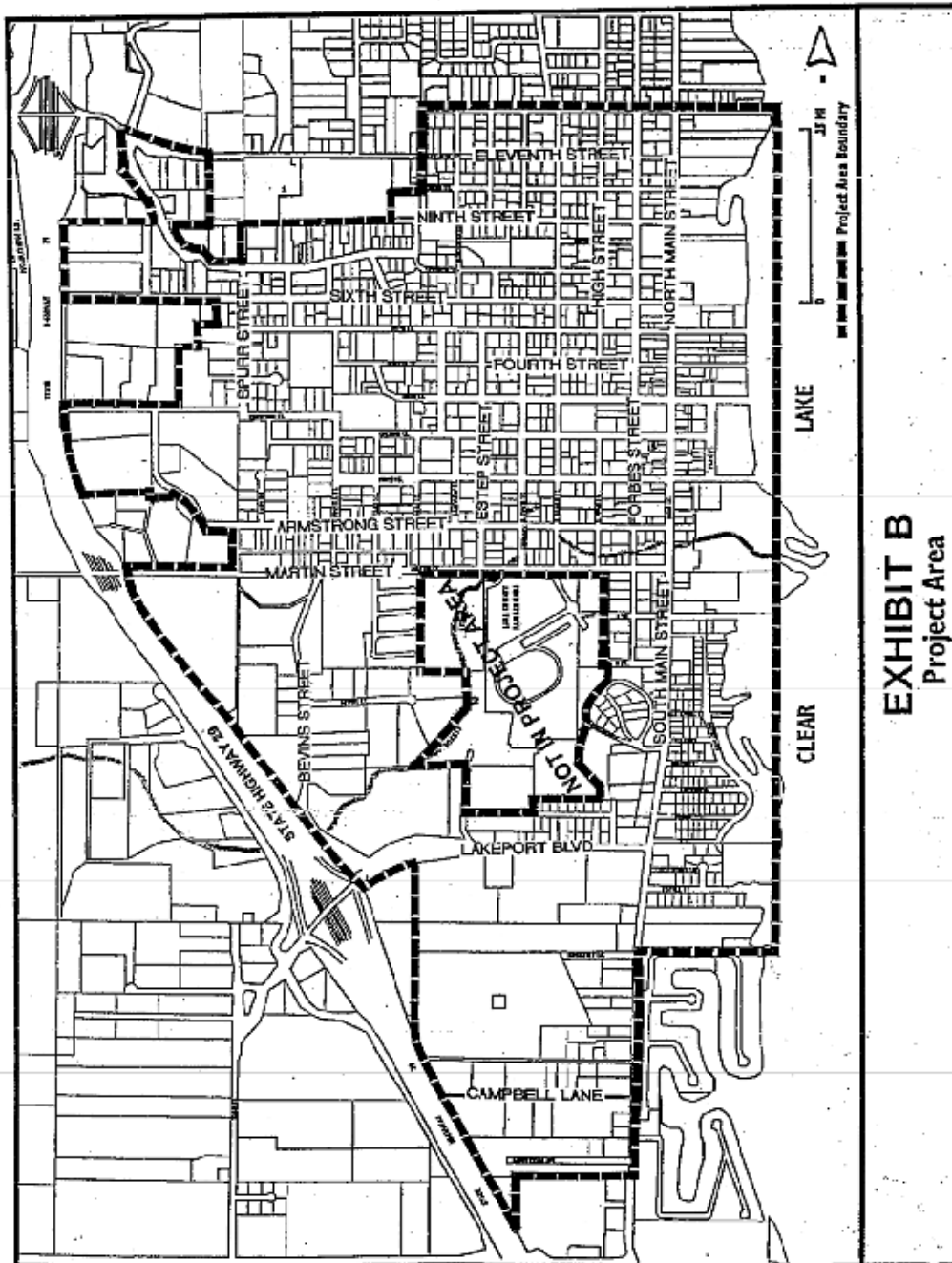


EXHIBIT B
Project Area

The Lakeport Redevelopment Plan goals are as follows:

1. The elimination of blight which, among other things, includes buildings that are unsafe or unhealthy for persons to live or work in, incompatible and uneconomic land uses, small and irregular lots, obsolete and aged building types, substandard alleys and inadequate or deteriorated public improvements, facilities, and utilities;
2. Facilitating the assembly of land, through conventional means without the use of eminent domain, into parcels suitable for modern development with improved pedestrian and vehicular circulation;
3. The replanning, redesign, and redevelopment of areas which are stagnant or improperly used;
4. The provision of opportunities for participation by owners and tenants in the revitalization of their properties;
5. The strengthening of retail and other commercial functions in the Project Area;
6. The strengthening of the economic base of the Project Area and the community by installing needed improvements to stimulate new residential, commercial, and industrial expansion; employment; and social and economic growth;
7. The provision of adequate land for parking and open spaces;
8. The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements which provide unity and integrity to the entire Project;
9. The expansion, improvement, and preservation of housing for low- and moderate-income persons; and
10. The installation of new, or the replacement of existing public improvements, facilities, and utilities in areas which are currently inadequately served.

WHAT IS REDEVELOPMENT?

The Community Redevelopment Law of the State of California (CRL) which is set forth in the Health and Safety Code Section 33000 et seq. grants redevelopment authority to cities and counties by giving them special powers to eliminate

deteriorating conditions within specific project areas. An area that contains economic, physical, social, and other blighted conditions can be designated as a redevelopment project area.

The CRL and the adoption of a Redevelopment Plan authorize the implementation of special powers, including tax increment financing, eminent domain, owner participation, and development and disposition agreements. The CRL empowers local governments to obtain and use the necessary financial resources to subsidize private development projects deemed to promote the public interest and to arrange private land ownership and property line patterns in order to stimulate development activity and eliminate blight within the Project Area. The CRL allows Redevelopment Agencies to go into troubled sectors of the community and assist in progressive development.

Redevelopment was initiated in California in the 1950s in response to the problems of physical decay and economic stagnation in California communities. Today Redevelopment serves as an affective tool to revitalize areas plagued by adverse physical and economic conditions that act as barriers to new investment by private and public enterprise. Through Redevelopment, a given Project Area receives focused attention and financial investment to revitalize the area, improve the overall business climate, and stimulate new economic development.

Redevelopment Agencies are separate and distinct legal entities from the cities in which they operate and have certain abilities that cities do not possess. California law allows Redevelopment Agencies to obtain funds through implementation of tax increment financing. When a Redevelopment Agency is adopted, the assessed value of all of the property within the Redevelopment Project Area is "frozen" at the base assessed value. As assessed property values as determined by the County Tax Assessor continue to increase within the Project Area as a result of property improvements and new development, the property tax that is collected on the increase over the base assessed value (tax increment revenue) is channeled back into the Project Area to fund improvements and development projects or to pay back the Agency's debt or investments in the area.

Redevelopment does not increase the amount of property taxes paid by property owners within the Project Area. Rather it is a reallocation of the normal property taxes that are assessed by the County. As properties are sold or developed and property values increase, the Agency receives a growing amount of tax increment revenue that can be used to pay for investments in the Project Area. Redevelopment Agencies will often pledge future tax increment revenues towards repayment of debt to enable larger up-front investments in the Project Area that are likely to spur further private investment.

The California Redevelopment Law grants various powers to Redevelopment Agencies to allow them to address blight. Blight reduction is the legal basis for Redevelopment, and there are many City activities that overlay with and benefit from the use of Redevelopment authority.

Redevelopment is an important tool for achieving public goals that are set forth in the General Plan. Redevelopment also fosters economic development activities and helps the City revitalize the community, encourage new development, create jobs, and generate greater tax revenues, including sales taxes, at no additional cost to property owners. Redevelopment directs more money overall to help finance public infrastructure and other community needs.

Redevelopment Agencies have two key tools at their disposal. One is tax increment financing as described above. Redevelopment Agencies can also help make a private project viable by subsidizing certain components of a project such as land acquisition or project infrastructure. The other key tool enabled by Redevelopment is land assembly. There are various approaches that an Agency can take to assemble land thereby making development projects more viable. The preferred approach is working with property owners in mutually beneficial negotiation. Eminent domain, the ability to compel a property owner to sell his property for the fair market value, is another approach, and it is becoming less frequently used. The current Lakeport Redevelopment Plan does not provide for (allow) the use of eminent domain. There are a number of other approaches to land assembly that do not involve eminent domain, some of which can be much more beneficial to the property owner.

The nature of these two powers sometimes leads to confusion about the purpose of Redevelopment. Redevelopment is not about providing unnecessary subsidies or taking land. If a private project within the Redevelopment Project Area has market support and is consistent with the community goals as set forth in the General Plan, there is no reason that a Redevelopment Agency should provide a subsidy. However, if there is a need for Redevelopment Agency assistance in order to further a beneficial project, this authority is available. The proper use of Redevelopment is a way to fill the gap between what the community wants and what the real estate market tends to support.

REDEVELOPMENT IN LAKEPORT

Lakeport adopted its Redevelopment Plan in June of 1999. The adoption date, Plan effectiveness, Plan expiration, and bonding debt cap are set below:

Plan adoption	Plan effectiveness	Plan expiration	Bond debt cap
June 1999	June 2029	June 2044	\$249 million

The Lakeport Redevelopment Project Area is 612 acres which represents 35% of the Lakeport City limits. The Project Area is the heart of the community and covers the oldest developed parts of the City, including the downtown core, and numerous late 19th and early 20th century residential subdivisions.

The downtown area of Lakeport is a key part of the Lakeport Redevelopment Project Area. Downtown Lakeport is the historic commercial core of the community and has a traditional late 19th century appearance and feel. Main Street, which used to serve as a state highway, is the key north/south surface street through Lakeport and extends through the center of downtown Lakeport just two blocks west of the Clear Lake shoreline. Downtown Lakeport is closely linked to Clear Lake and there is an intent to strengthen and improve this area through the use of enhanced land use patterns, pedestrian circulation, landscaping, lighting, architectural design, quality open spaces, and other urban design techniques. Changes in height limits, zoning, land use designations, allowable uses, sign codes, and other regulatory approaches will likely be necessary to help implement the Redevelopment Plan for the downtown and lakefront area.

There are many retail, service, office, and related business operations existing along Main Street which is a primary arterial street carrying 12,000 to 14,000 vehicles per day. Lakeport Boulevard is the community's main commercial spine and transportation corridor.

Other important streets within the Project Area including Lakeport Boulevard, Forbes Street, Eleventh Street, Martin Street, and Clearlake Avenue.

ECONOMIC DEVELOPMENT

Elimination of blight through economic development activity is an important concern of the Redevelopment Agency. Lakeport is a small community which relies on sales tax and property tax revenue as its primary sources of operating capital. The Project Area contains vacant or underutilized land which has potential for accommodating both large scale and specialty retail, office development, housing, tourist accommodations, and public gathering places. Careful coordination of Redevelopment Agency actions with the City's broader economic development policies is important and desirable.

DEMOGRAPHICS

There are a number of key features of Lakeport that have a bearing on the City's economic development possibilities.

Some of the figures cited below are applicable City-wide, but in the case of the commercial information, they are representative of the Redevelopment Project Area given that most of the commercial activity, except for a few areas, is within the Lakeport Redevelopment Project Area.

Lakeport is a small community in a rural county. The City's 2008 population, according to the California Department of Finance, was 5,100 people. Lakeport's population growth has been relatively stable over the last several years, increasing by only one percent annually, and the population growth is projected to be moderate over the life of the draft General Plan.

Lakeport's population is older than most communities of its size. The median age is 42.7 according to the California Department of Finance. Household size is stable at 2.36 people per household.

The most significant changes in Lakeport's population has been in age group distribution with a drop off in the number of children under five years of age and increases in the numbers of people in the 25 to 54 age groups.

The ethnic makeup of the community has changed slightly from 1990 to 2000 with the white majority decreasing from 93.7 to 88.7, and the Hispanic population increasing from 7% to 11.5%.

The total number of households in Lakeport has increased slightly from 1990 (1,824) to 2000 (1,967). Much of the existing housing stock is over 30 years old.

RETAIL SALES

Sales tax is a significant revenue source for the City which provides \$1.1 million to \$1.4 million of general fund revenue annually. Much but not all of this revenue is generated from retail activity occurring within the Lakeport Redevelopment Project Area.

Lakeport residents have good retail choices in some of the categories such as general merchandise and auto sales, but a limited selection in others, which means that residents tend to go to other cities for clothing, entertainment, and special retail. The City developed a Business Recruitment and Retention Strategy in 2003

and determined that there was significant leakage going out to communities such as Ukiah and Santa Rosa.

Retail sales as evidenced by taxable sales have shown good growth since 1990 (except in 2002 when there was a slight downturn).

The Lakeport trade area represents about half of the western portion of the County, and is considered to be small - in the 30,000 people range. Regional retail is concentrated in larger cities with good transportation access such as Ukiah, Santa Rosa, and beyond. The performance of Lakeport's retail sector is relatively strong and has been bolstered by improvements and expansion at the Eleventh Street Shopping Center and Bruno's Shopping Center.

Every geographic areas of California experienced declines in sales tax revenues during the year ending 1st Quarter of 2008. Several key factors influenced this situation, including higher fuel costs, housing market troubles, decreased auto sales, and declining consumer spending on general retail. Net cash sales tax receipts were down 12% between 2007 and 2008 indicating a recession condition which has extended into 2009. Overall business activity declined 2.5% in Northern California (2007-2008).

Employment:

In 2003 over 90% of the County's labor force was employed. Lakeport had 2,320 people employed during this period. Unemployment in Lakeport is relatively stable averaging about 200 people or 9% to 10% of the workforce.

Real estate market and development:

In 2003 - 2006 there was a significant increase in development activity in Lakeport with numerous subdivisions, parcel maps, and retail projects proposed. The Parkside Subdivision and Victorian Village projects alone added almost 200 new lots to the City's inventory. New commercial expansion has included the Schall Industrial Park (49,000 square feet), the Safeway expansion and remodel (6,640 square feet), the Bruno's expansion (7,666 square feet), and the Plaza Paint retail store (2,639 square feet).

Existing physical conditions within the Project Area:

The Project Area includes approximately 612 acres and covers all of the downtown and land to the west, north, and south. The Project Area contains much of the oldest developed land area within the City, including the downtown commercial core,

lakefront motels, mobilehome parks, Main Street commercial areas north and south of downtown, and the office and residential areas to the west. Much of the early land development activity within the Project Area took place in the late 1800s through the 1980s. The areas near the lake along Main and Forbes Streets and on the east/west streets near downtown were the first to develop. There are many older buildings in the Project Area that require repair and revitalization, and there is a need to upgrade public facilities and infrastructure as well.

Several motels in the North Main Street area are 50+ years old. Special use mobilehome parks (Lucky 4 and Will-O-Point) have provided a mix of low-cost permanent housing, seasonal housing, RV and camping spaces, and cabins for decades. There are numerous deteriorated sewer and water lines, undersized and non-standard storm drainage facilities, and similar substandard infrastructure issues in the Project Area. Some of the current land uses in the Project Area, such as auto body and auto repair shops, are dated or are obsolete.

City policy is to enhance the vitality of downtown. In order to achieve the goals for improving this area, adopted downtown design policies emphasize a public/private program to promote this area as the economic and cultural center of the community. Downtown design plans call for a friendly and safe environment which is inviting to pedestrians, with special lighting, new landscaping, street furniture, and pedestrian paths. City policy also calls for strengthening the relationship of downtown to the Clear Lake waterfront by protecting scenic views, improving access to the lake, and providing additional public amenities.

Past Redevelopment Projects:

Since adoption of the Lakeport Redevelopment Plan in 1999, administration of the Agency had been handled by the City Manager and Community Development Departments. Because of other priorities in these departments, Redevelopment has often taken on a lesser imperative. There have, however, been several projects that have been carried out by the Agency or where the Agency has participated, including:

1. Construction of infrastructure for the Downtown Memorial Street Lighting Projects.
2. Owner Participation Agreement with the Lake County Arts Council involving a \$200,000 loan for remodel - renovation efforts at the Soper Reese Theater.
3. Design and implementation of the Welcome to Lakeport sign projects at Lakeport Boulevard and Eleventh Street.

4. Design and construction of the Third Street, City Hall parking lot, and alley improvement project.
5. Development of and implementation of the Downtown Facade Enhancement Program, including execution of a contract for architectural services and funding of several façade design projects.
6. Implementation of the Right-of-Way Improvement Loan Program.
7. Engineering for the right-of-way improvements at 562 South Main Street.
8. Negotiation of a draft Owner Participation Agreement for an office project at Second and Forbes Streets.
9. Downtown events promotion program.
10. MOU with the Lakeport Main Street Association for revitalization efforts.
11. Production of a vacant retail space marketing document and purchase of Retail Lease Trac for retail recruitment purposes.
12. Sale of 2008 Redevelopment Tax Anticipation Bonds for a generation of available cash for project implementation.

Agency Administration, Staffing, and Financial Position:

In 2008, the City and the Lakeport Redevelopment Agency staff assignments were reorganized by the Lakeport City Manager. The Lakeport Redevelopment Agency, economic development functions, and housing programs which were previously under the auspices of the Community Development Department and the Community Development Director were separated and function as a distinct department. Redevelopment and Housing staff have moved to the Carnegie Library (National Register) and are now operating the Redevelopment, economic development, and housing functions.

This reorganization has led to a focused administrative approach. The Agency is actively engaged in discussions with several developers and property owners about new development projects, including hotel, office, retail, and mixed uses.

In early 2008, the Agency sold approximately \$3 million in tax anticipation bonds. These funds combined with prior bond proceeds and tax increment revenue has put

the Agency in a solid financial position. There is capital available for both public and private development projects and there are active projects underway, including the Soper Reese Community Theater, the Third Street and City Hall parking lot improvement, and the Façade Grant Program.

Redevelopment Objectives, Programs, Projects, and Expenditures:

The Agency has determined that the following projects, programs, and activities are likely to be engaged in over the next five years. It should be noted, however, that the Agency may undertake additional or different activities depending upon the economic climate, the amount of tax increment the Agency actually receives, and the potential for development opportunities to arise that are currently unforeseeable. A list of potential projects and activities over the life of the Redevelopment Plan follows. This Plan is designed to provide a blueprint for the Agency's actions over the new five years. However, it does not prohibit the Agency from participating in currently unanticipated projects, activities, or development opportunities.

It is the objective of the Agency to undertake activities that will improve the framework and infrastructure and to support projects in the Redevelopment Project Area, thereby enabling the private investment needed to meet the Agency's blight reduction and economic development goals. These projects will include new waterfront developments, land acquisition, street and streetscape improvements, enhancement and provision of public gathering places such as paseos and lakefront promenades, walkways and other public open space integrated with surrounding commercial and residential development, construction of storm drainage facilities, underground utilities, enhanced transportation and traffic facilities, development of gateway identification and signage, creek restoration, conversion of under-utilized public land to higher uses, development of parking, and other similar improvements.

1. Downtown Improvement Projects:

The Agency will continue to consider funding public area improvements in the downtown Lakeport area consistent with the Lakeport General Plan and the Downtown Improvement Plan. Streetscape improvements will be extended on Park Street, First and Second Streets, and Main Street from First to Third Streets. The Agency will also consider improving other streets and funding and installing infrastructure for new street lights, as well as other public improvements.

2. Façade Enhancement Program:

The Agency will continue to consider funding private improvement of building facades in the downtown and Main Street corridor areas of the Project Area.

3. Lakeport Boulevard / South Main Street and Other Key Intersection Improvements:

The Agency and City will issue a joint proposal with the City to hire an engineering firm to review intersection design options. Improvement of the Lakeport Boulevard / South Main Street intersection is a key Redevelopment project as it is a gateway location. Similar intersection projects will also be developed at other locations.

4. Land Assembly and Acquisition for Redevelopment Projects:

There are areas of the Project Area that are developed with under-performing land uses. The downtown area and the Lakeport Boulevard / South Main Street intersection area is one such area. The Agency will work with property owners and developers to assemble and acquire land into appropriate parcel sizes and configuration to facilitate the development of high-quality retail, office, mixed use hotel or residential uses.

5. Hotel Development:

The Agency will pursue activities to encourage and find hotel developers who may be interested in a hotel development project in the Redevelopment Project Area. The Agency has identified several potential hotel development sites. Once a developer(s) is selected, the Agency will enter into negotiations and develop a strategy for moving forward on a hotel project(s). The Agency will also participate financially in the project in a manner to be determined and negotiated.

6. Waterfront Planning and Development:

The Agency will continue its efforts in the preparation of a Waterfront Development Plan for the area north of Third Street to Clear Lake Avenue, and from Third Street south to "C" Street. Consultants will be hired to work with the Agency, the general public, property owners, and interested parties in the waterfront plan development. The Agency will engage in activities and programs to implement and construct the waterfront improvements.

7. Project Area Infrastructure:

The Agency will fund public sewer, water, storm drainage, right-of-way improvements including bike lanes, and undergrounding of overhead utilities in conjunction with waterfront and other Redevelopment projects in the Project Area.

8. New / Relocated Parking Facility Construction:

The Agency will fund the construction of new or relocated parking facilities within the Project Area. Parking facilities may include surface lots or parking structures.

9. Shovel Ready Development Project:

The Agency will work with a landowner(s) in the Project Area (South Main Street - Campbell Hill area) to plan, assemble land, obtain entitlements, and assist in development of job producing facilities and buildings.

10. Redevelopment Plan Amendment:

The Redevelopment Agency will consider the amendment of the Redevelopment Plan to add land, extend the Plan time frames, or other amendments.

11. Business Recruitment and Retention:

The Lakeport Redevelopment Agency will provide business assistance and business recruitment and retention activities to support the goal of enhancing the local business and climate and environment. These activities will include business recruitment, technical assistance such as business incubators, and marketing efforts. Agency staff will survey local businesses regarding the need for assistance programs and enhancement of existing programs.

12. Facilitate new development and redevelopment:

The Agency will continue to undertake activities to facilitate new development and redevelopment within the Project Area. New development and redevelopment will include but not be limited to retail centers, office space, residential, mixed use projects, and new tourism facilities such as a hotel or hotels. The Agency will utilize land assembly and other traditional redevelopment approaches and participation to encourage new development and redevelopment. The following areas will be considered for new

development and redevelopment. These are listed roughly in priority based on proximity to Agency-owned property, anticipated development proposals, or the opportunity to significantly upgrade a property. Lower priority projects may not occur within the planning period.

High priority sites:

- A. Downtown Lakeport
- B. The lakefront areas between "C" Street and Clearlake Avenue
- C. Main Street between Lakeport Boulevard and Sixth Streets
- D. Dutch Harbor and the Main Street School site
- E. North Main Street between Seventh and Clear Lake Avenue
- F. Lakeport Boulevard and South Main Street area
- G. Indian Prayer or Campbell Hill area
- H. Vista Point Shopping Center

13. Planning and Project Administration:

Agency administration, as well as planning efforts, include development of design guidelines, Zoning Ordinance amendments, General Plan amendments, specific and master planning projects, environmental review, and related projects will help prepare for development. Some specific studies that the Agency may conduct to facilitate this process include:

Evaluation of development opportunities: The Agency may fund a study by a real estate economist to evaluate development opportunity sites within the Project Area. The study could look at several key development nodes within the community to determine the market demand for new uses, traffic implications, and parking strategies. The study may include an assessment as to what types of new development would be appropriate on these sites, and how, if at all, the City's sales tax base would be impacted, and would include an estimate of projected property tax revenues that could be generated with the various development scenarios. Such a study could focus on specific sites that the Agency may identify. The ultimate result of these efforts would be the

issuance of a request for qualifications or proposals for properties within this area.

14. Public Safety Facility Construction:

The Redevelopment Agency may participate in the construction of new Public Safety Buildings on Larrecou Lane. Buildings will house the Lakeport Fire Protection District's main fire station and the Lakeport Police Department.

15. Superior Court Construction:

Participation in the construction of a new Superior Court building in the Project Area.

2009 - 2014 REDEVELOPMENT PROJECTS

	Project	Estimated Expenditure	Priority
1.	Downtown Improvement	\$3,000,000	High
2.	Façade Enhancement Program	500,000	High
3.	Intersection Improvements	500,000	High
4.	Land Assembly and Acquisition for Redevelopment Projects	2,500,000	High
5.	Hotel Development	2,000,000	High
6.	Waterfront Planning and Development	200,000	High
7.	Project Area Infrastructure	1,000,000	High
8.	New / Relocated Parking Facilities Construction	2,000,000	High
9.	Shovel Ready Development Project	500,000	High
10.	Redevelopment Plan Amendment	50,000	Medium
11.	Business Recruitment and Retention	1,250,000	High
12.	Facilitate New Development and Redevelopment	10,000,000	High
13.	Planning and Project Administration	1,000,000	High
14.	Public Safety Facility Construction	1,000,000	Medium
15.	Superior Court Construction	2,500,000	High
	ESTIMATED TOTAL	\$28,000,000.00	

FINANCIAL RESOURCES

The Lakeport Redevelopment Agency has various financial resources for Redevelopment activities, but the main source of revenue is tax increment revenue.

Description of tax increment revenue:

Assessed valuation in the Project Area has been moderately increasing since inception of the Redevelopment Plan in 1999. Projected tax increment revenues for the Project Area are set forth below. These projections assume a conservative three percent to five percent annual growth in assessed values, in addition to growth from major development projects.

Fiscal Year	Tax Increment
2008	\$ 905,000
2009	945,000
2010	1,024,000
2011	1,066,000
2012	1,108,000
2013	1,151,000
2014	1,195,000
2015	1,240,000
2016	1,286,000
2017	1,332,000
2018	1,380,000
2019	1,428,000
2020	1,478,000
2021	1,528,000
2022	1,580,000
2023	1,632,000

Fiscal Year	Tax Increment
2024	1,686,000
2025	1,741,000
2026	1,796,000
2027	1,853,000
2028	1,911,000
2029	1,970,000
2030	2,031,000
2031	2,092,000
2032	2,155,000
2033	2,219,000
2034	2,284,000
2035	2,351,000
2036	2,419,000
2037	2,488,000
2038	2,559,000
TOTAL	\$51,833,000

Funds available for projects could be reduced by an on-going shift of tax increment revenues to the State in the form of ERAF payments in order to help balance the State budget. Based on these shifts that are being considered by the legislature, the Agency would have sufficient revenue to cover its share but might lose the ability to do projects on a cash basis.

Other revenues:

Federal and State funds such as ISETEA, STIP, and gas tax can be utilized for street improvements. The Agency can leverage these funds with the City as appropriate. The Agency may seek out funds from developers or non-profits to assist in financing projects.

Cash versus debt financing:

The Agency in its pursuit of economic development activities could operate on a pay-as-you-go basis. However, debt financing has been issued in 2008.

Description of debt financing:

Two basic requirements must be met before a Redevelopment Agency can receive tax increment funds. The first is that the Redevelopment Plan must expressly provide for tax increment financing. The second is that a Redevelopment Agency must incur loans, advances, or other indebtedness (bonds) when carrying out the Redevelopment Plan.

A Redevelopment Agency may enter into a variety of different types of indebtedness. Among those currently used, the following five categories are most prevalent in California:

- Direct bonded debt - tax allocation bonds
- Repayment debt - contracts
- Reimbursement debt - obligations an Agency incurs under Section 33445
- Expenses an Agency incurs for operation, administration, and overhead
- Contingent or contractual obligations

HOUSING ACTIVITIES AND BUDGETING

INTRODUCTION

State law requires Redevelopment Agencies to prepare plans specifying how they will assist in the production of low and moderate income housing. This section of the Implementation Plan provides an overview of the requirements related to the production of affordable housing and the Agency's specific obligation relating to these requirements. It should be noted that the Implementation Plan is required to cover a five-year period.

Implementation Plan requirements - housing activities:

The housing portion of the Plan is required to set forth specific goals and objectives and outline specific programs and estimated expenditures for the five-year period. Other planning components contained in an Implementation Plan include:

- The proportion of Housing Funds to be targeted in relation to the percentage of low- and very low-income households in the community and the percentage of the community's population under age 65.
- The number of housing units projected to be rehabilitated, price-restricted, assisted, or destroyed.
- A specific plan for using annual deposits to the Low and Moderate Income Housing Fund.
- An identification of proposed locations for replacement housing, if units are projected to be removed.
- The Project Area's Affordable Housing Production Plan ("AB 315 Plan").
- An explanation of how the goals, objectives, projects, and expenditures set forth in the Implementation Plan will implement the affordable housing requirements of the CRL, including a housing program for each of the five years of the Implementation Plan.

The CRL requires the Agency to set aside in a separate Low and Moderate Income Housing Fund (the "Housing Fund") at least 20 percent of all tax increment revenue generated from its Project Areas for the purpose of increasing, improving, and preserving the community's supply of low- and moderate-income housing.

Under the CRL, Housing Fund monies must be targeted to specific income levels. Agencies are specifically required to expend their Housing Funds to assist very low, low-, and moderate-income households, generally defined as:

- Very Low Income: incomes at or below 50 percent of area median income, adjusted for family size.
- Low Income: incomes between 51 percent and 80 percent of area median income, adjusted for family size.
- Moderate Income: incomes between 81 percent and 120 percent of area median income, adjusted for family size.

Over the life of the Redevelopment Plan, the assistance must be provided in at least the same proportion that the number of housing units needed for the very low and low-income categories (not being provided by other governmental programs) bears to the total number of units needed for all three income categories within the City.

Lakeport's Housing Element establishes the affordable housing need for the City as identified by the Lake County / City Area Planning Council in its regional "fair share" allocation. The "fair share" allocation and the targeting objective currently applicable to the Agency are as follows:

Income Category	Units Needed (Fair Share)
Very low	195
Low	138
Moderate	29
Above Moderate	68
Total	430

Housing assisted with Redevelopment Housing Fund monies must be "available at an affordable housing cost" to the occupants of the units. For housing assisted by Housing Funds, the following affordable housing cost definitions apply when determining who may occupy the units:

Affordable Housing Cost		
Income Level	Rental Housing	Ownership Housing
Very Low Income	30% of 50% of median	30% of 50% of median
Low Income	30% of 60% of median	30% of 70% of median
Moderate Income	30% of 100% of median	35% of 110% of median but no less than 28% of actual income

Note: The first percentage means the percent of income that can be spent on housing costs. The second percentage means the percent of area median income.

The CRL also requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted with Housing Fund monies. In the case of new or substantially rehabilitated rental housing, controls must be placed on the assisted housing units requiring them to remain affordable for the longest feasible time but not less than 55 years. For owner-occupied housing, the units must remain affordable for the longest feasible time, but not less than 45 years. According to the statutory definition, the "longest feasible time" requirement includes, but is not limited to, a period of unlimited duration.

The Agency has provided limited assistance in the production of affordable housing units and has preliminarily pledged assistance to 18 units through Housing Fund expenditure. If authorized, these units will be available at affordable housing cost to the occupants, as defined above, and restricted in accordance with the requirements of the CRL.

Redevelopment Agencies are also required to target their Housing Funds to all persons regardless of age in at least the same proportion as the community's population under 65 relative to the community's total population, according to the most recent census. In the 2000 Census, Lakeport's total population was 4,820, and the population of persons age 65 and over was 1,013. Thus, 21 percent of the population of Lakeport was age 65 or older. Therefore, the Agency is required to spend at least 79 percent of its Housing Funds to assist housing for persons regardless of age, not limiting it to persons age 65 or older.

AFFORDABLE HOUSING PRODUCTION REQUIREMENT:

Redevelopment Agencies like Lakeport that are administering Project Areas created by Redevelopment Plans adopted on or after January 1, 1976 and territory added to Project Areas by amendments adopted on or after January 1, 1976 must meet an affordable housing production obligation (the "Affordable Housing Production Requirement") and produce a plan showing how the requirement will be met. The affordable housing production requirement mandates that 30 percent of housing units produced by the Redevelopment Agency (as developer) anywhere in the community, and 15 percent of housing units produced by the Agency or by entities other than the Redevelopment Agency in a Project Area must be available at affordable housing cost to households in the three income categories described above. Of affordable units produced, 40 percent must be affordable to very low-income households. The Lakeport Redevelopment Agency has not acted and does not plan to act as a housing developer and is therefore subject to the 30 percent minimum affordable housing production requirement.

During the life of the Redevelopment project (since 1999) no privately financed or Agency-supported affordable housing has been constructed in the Project Area.

Historical Housing Production, Redevelopment Project Area 1999-2008					
Historical Units	Year	Total Units	Income Levels		
			Very Low	Low/Mod	Market
None					

Until 2008, the Lakeport Redevelopment Agency was not active in the financing of affordable housing either within the Project Area or the City limits. Although an affordable multi-family housing project was proposed in 2006, and in 2007 a proposal to participate in that project was brought forward to the Agency but was rejected. In 2008, a proposed affordable housing project consisting of 18 units has been preliminarily approved for negotiation purposes.

When residential units housing low- and moderate-income persons are destroyed or taken out of the low- and moderate-income market as part of a Redevelopment project, the Agency must replace those units within a specified time in accordance with a plan adopted by the Agency following public review.

The Agency does not currently have an existing replacement housing obligation, since no units have been removed from the market as a result of a Redevelopment project.

Based on an analysis of the capacity of the development sites in the 2004 Housing Element, and the historic construction records of new residential units in the City, the Agency has developed a projection for the number of units that are likely to be built in the Project Area in the ten-year planning periods of the Agency's Housing Plan (as required by AB 1290), as well as those that are likely to be built thereafter. Affordable housing units may be a component of development projects not outlined here. The Agency will evaluate development proposals for the opportunity to produce affordable housing units, whether assisted by the Agency or negotiated with the developer.

New Units 2009-2019 = 150

New Units 2020-2030 = 150

New Units 2030 and beyond = 500+

The Agency's projected housing production is summarized below:

Housing Production and Affordable Obligation							
Years	Total Units	Obligation		Production		Surplus (Deficit)	
		Very Low	Affordable	Very Low	Affordable	Very Low	Affordable
2009	15	1	2				
2010	15	1	2				
2011	15	1	2				
2012	15	1	2				
2013	15	1	2				
2014	15	1	2				
2015	15	1	2				

AFFORDABLE HOUSING PRODUCTION STRATEGY

The Agency will consider active participation in housing construction if private development within the Project Area makes such participation necessary.

The Agency must be prepared to meet its obligations to ensure that an average of 15 percent of any new residential development within the Project Area is affordable to very low-, low-, and moderate-income residents. The Agency has funds available for affordable housing projects.

The Agency will negotiate on a case-by-case basis with developers constructing housing in the Project Area to ensure that a minimum percentage of new units built meet affordability standards.

The Agency and City will propose instituting an inclusionary housing ordinance requiring that all large housing projects include 15 percent affordable units.

The Agency will negotiate with developers to ensure minimum percentage of new units are affordable with or without an Agency contribution rather than allowing development to occur that results in a reduction of the Agency's production credit.

REVENUE AND EXPENSE PROJECTIONS

The table below provides projections of tax increment revenue, expected housing set-asides and expenses, and the projected balance in the Housing Fund.

Housing Fund Revenues, Expenses, and Balances					
Fiscal Year	Housing Set-Aside	Other Revenue	Debt Service	Expenditures	Fund Balance (carry over \$600,000)
2009	\$189,000	--	--	\$500,000	\$289,000
2010	204,000	--	--	400,000	93,000
2011	213,200	--	--	200,000	106,200
2012	221,600	--	--	200,000	127,800
2013	230,200	--	--	200,000	158,000
2014	239,000	--	--	200,000	197,000
2015	248,000	--	--	200,000	245,000

HOUSING ELEMENT COMPLIANCE

The Agency is committed to supporting the goals, policies, and programs presented in the City's adopted Housing Element. However, these goals do not constitute an Agency requirement, and are presented here as context and background information only. The City has four main goals with respect to housing:

- Goal 1: Conserve and improve Lakeport's existing housing supply.
- Goal 2: Facilitate and encourage development of housing to meet the Regional Housing Needs Allocations.
- Goal 3: Expand housing opportunities for the elderly, the handicapped, households with very-low to moderate incomes and for persons with special housing needs.
- Goal 4: Promote housing opportunities for all persons regardless of race, age, marital status, ancestry, national origin, sexual orientation, or color.

**LAKEPORT
REDEVELOPMENT AGENCY HOUSING PROGRAMS**

1. Financing of new affordable housing construction.
2. Financing of the acquisition of land for affordable housing projects.
3. Financing public infrastructure in support of affordable housing projects.
4. Financing of purchases of existing affordable housing, including a First Time Homebuyer's Program.
5. Financing owner or renter housing rehabilitation.
6. Financing of owner or renter emergency housing needs, including health and safety items
7. Financing of owner sewer and water expansion fee payments.
8. Financing other owner or renter or special affordable housing needs as determined on a case by case basis.
9. Financing replacement of older mobilehomes on lots and in parks.
10. Financial participation in the development of a new mobilehome park.

The Redevelopment Agency will work to implement the following housing projects:

1. Adoption of an inclusionary housing ordinance.
2. Participation in Project Area mixed-use commercial - residential projects, including a transit-oriented development.
3. Work with developers on affordable housing projects and with individual property owners to produce affordable units - one at a time - for resale or for rental units.
4. Update of the Lakeport Housing Element.