

**Five Year
Implementation Plan
2009-2010 through 2013-2014
for the
Shafter Community Development
Project No. 1 and Project No. 2**

Shafter Community Development Agency

October 2009



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Five Year Implementation Plan 2009-2010 through 2013-2014

CCRL SECTION 33413(b) (4) HOUSING COMPLIANCE PLAN

Prepared for the



Shafter Community Development
Project No. 1 and Project No. 2
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In Cooperation with the:

Shafter Community Development Agency

October 2009



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Five Year Implementation Plan 2009-2010 through 2013-2014 for the Shafter Community Development Project No. 1 and Project No. 2

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Five Year Implementation Plan 2009-2010 through 2013-2014 for the Shafter Community Development Project No. 1 and Project No. 2

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PREFACE

This Implementation Plan was prepared in compliance with section 33490 et. Seq. of California Redevelopment Law (the "CRL") and applies to Shafter Community Development Project No. 1 and Project No. 2. Redevelopment programs and project activities to be implemented by the Community Development Agency (the "Agency") over the next five years will be identified, including housing activities targeted for individuals and families of very-low, low, and moderate income.

The Implementation Plan is presented in five sections, plus an executive summary:

Executive Summary

1. ***Introduction:*** This section includes definitions of the terms used in the Implementation Plan, an overview of redevelopment law as it applies to the Implementation Plan, the public participation process, and project area locations, boundaries, and maps.
2. ***Review of Previous Agency Activities:*** This section presents an historic overview of plan adoptions and chronology, a discussion of recent CRL legislation and the Agency's compliance, a summary of blight conditions in the project areas, and a summary of historic goals, objectives, and accomplishments.
3. ***Community Development Implementation Program: 2010-2014:*** This section discusses the Agency's plan to eliminate blight in the project areas, presents the goals and objectives nexus to blight elimination, and projects revenues and expenditures.
4. ***Housing Compliance Plan and Implementation Program:*** This section presents the community development programs and projects that the Agency anticipates implementing over the next five years by project area in correlation to projected revenues and expenditures.
5. ***Plan Administration:*** This section describes the Implementation Plan process including a general description of financial resources that will be used to fund the housing and non-housing activities over the term of the Implementation Plan.



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EXECUTIVE SUMMARY

Introduction

Assembly Bill 1290 (AB 1290), entitled the Community Redevelopment Law Reform Act of 1993, took effect on January 1, 1994, and added CCRL Section 33490 to the Health and Safety Code. Section 33490 mandates that each redevelopment agency adopt a five-year implementation plan commencing with the initial plan for projects adopted prior to January 1, 1994; to be adopted that calendar year. CCRL Section 33490(b) allows one implementation plan for more than one project area. The Shafter Community Development Agency adopted its first Implementation Plan for Community Development Projects No. 1 and No. 2 on November 21, 1994, with a Midterm Review in 1997 as prescribed by redevelopment law. The second implementation plan for both project areas was adopted on November 9, 1999, with a Midterm Review approved on December 3, 2002. No implementation plan was prepared for 2004-2009, although the Agency continued to implement projects and programs that alleviated blight conditions and addressed housing needs in the project areas. This Implementation Plan is the Agency's third five-year implementation plan, which covers the period 2010-2014 and supersedes and replaces the 1999-2004 Implementation Plan.

The 2010-2014 Implementation Plan, prepared pursuant to CCRL Sections 33490(a)(1) and 33413(b)(4), contains the following:

- Agency accomplishments during the Preceding Implementation Plan term;
- Agency goals, objectives, programs, and projects for the next five years;
- Estimated revenue and expenditures to enable implementation of Agency programs and projects;
- An explanation of how the Agency's goals and objectives, programs, and expenditures will eliminate blight within the project areas;
- An Affordable Housing Production Plan that outlines how the Agency will meet its affordable housing obligations pursuant to CCRL requirements over the next five years; and
- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's 15% inclusionary housing requirements.

Agency Accomplishments through June 30, 2009

Since adoption of the Redevelopment Plans, the Agency has, both unilaterally and through participation in joint public/private partnerships, facilitated a number of successful projects and programs aimed at economic revitalization, blight reduction, and affordable housing production. Key accomplishments include:

- Completion of infrastructure improvements in Project Area 2 that facilitate the development of properties within the industrial park;



- Completion of infrastructure improvements to Lerdo Highway, Commerce Street, East Ash Street, and other industrial streets in Project Area 2;
- Participation in regional drainage improvement projects in Project Areas 1 and 2;
- Execution of reimbursement agreements with Elk Corporation and BMMC for improvements to industrial properties in Project Area 2;
- Installation of direction signs to facilitate access to commercial and industrial properties in Project Areas 1 and 2;
- Initiation of infrastructure improvements to Poso Street and Richland Drive in Project Area 1;
- Implementation of façade improvements, blight removal projects, historic preservation, and other revitalization programs and projects in Project Area 1; and
- Support of new affordable housing production and housing rehabilitation programs and projects in Project Area 1.

Agency Blight Elimination and Housing Programs for 2010-2014

The success of Agency programs and projects during the Implementation Plan term are largely dependent on the strength of the national, state, and regional economies. Tax increment revenue is estimated for purposes of this report at declining and neutral growth rates. Additionally, the state of California has passed legislation authorizing a taking of redevelopment funds to balance the state budget. Although the legality of the taking has yet been determined, it is prudent for redevelopment agencies to consider the impact of the Supplemental Revenue Augmentation Fund (SERF) payment when developing its 2010-2014 programs.

The Agency's 2010-2014 Community Development Program to eliminate blight includes:

- Support for private sector development projects that leverage new industrial and commercial development leading to an increase in local employment;
- Implementation of economic development programs such as marketing, business retention, façade improvement, and professional assistance;
- Implementation of business retention and recruitment programs that promote new and expanded commercial and industrial growth;
- Through the leveraged use of fiscal resources, coordination of improvements to public infrastructure including streets, traffic signals, water, sewer, and storm drains;
- Consideration of development site incentives such as land acquisition, off-site improvements, and improvement assistance; and
- Pursuit of collaborative economic development partnerships with other public and private entities.

The Agency's 2010-2014 Affordable Housing Production Plan includes:

- Research the development of housing programs that will lead to the replacement and rehabilitation of low and moderate income housing units and off-site improvements;
- Identify, participate in, and monitor housing programs that meet the Agency's inclusionary and replacement housing requirements;
- Respond to miscellaneous neighborhood improvement needs; and
- Pursue the acquisition and recordation of covenants to ensure long term affordability of residential units.

Conclusions and Recommendations

To date, the Agency has successfully implemented its programs and managed its budgets. However, the generally negative economic climate in the state of California has affected the Agency's revenue stream through reductions in tax increment growth rate. Even if the state of California does not prevail with the SERAF take, without substantial budget modifications to planned projects and programs or an infusion of non-Agency funds, expenditures will exceed revenues in both project areas all five years of the Implementation Plan term.

Additionally, the Agency has been carrying excess surplus in its Low-and-Moderate Income (LMI) Housing Fund that it must eliminate during this Implementation Plan term or forfeit in accordance with CCRL law. Implementation of the Housing Production Plan would erase the surplus and ensure compliance with redevelopment law. In terms of inclusionary obligation for the provision of affordable housing units, the Agency is beginning the 2010-2014 term with a surplus of twelve units, of which two meet the requirements for Very Low income households and ten for Low-and-Moderate income households. With an estimated twenty new units to be built in Project Area 1 over the next five years, the Agency's inclusionary obligation will continue to be met; however, if new housing production exceeds twenty units, the Agency may drop to deficit status unless it builds new affordable units.

Recommended actions:

1. Process amendments to the redevelopment plans of both Project Areas 1 and 2 to extend the time of effectiveness of each plan and the Agency's ability to collect tax increment by one year in accordance with Senate Bill (SB) 1045.
2. Analyze the Agency's community development projects and programs to determine appropriate modifications and reductions in expenses.
3. Create an affordable housing database that describes all existing and substantially rehabilitated housing units that were assisted with LMI housing funds in accordance with Assembly Bill (AB) 987.



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1.0 INTRODUCTION

Assembly Bill 1290 (AB 1290), entitled the Community Redevelopment Law Reform Act of 1993, took effect on January 1, 1994, and added CCRL Section 33490 to the Health and Safety Code. Section 33490 mandates that each redevelopment agency adopt a five-year implementation plan commencing with the initial plan for projects adopted prior to January 1, 1994 to be adopted that calendar year. CCRL Section 33490(b) allows one implementation plan for more than one project area. The Agency adopted its first Implementation Plan for Community Development Projects No. 1 and No. 2 on November 21, 1994, with a Midterm Review in 1997 as prescribed by redevelopment law. The second implementation plan for both project areas was adopted on November 9, 1999, with a Midterm Review approved on December 3, 2002. No implementation plan was prepared for 2004-2009, although the Agency continued to implement projects and programs that alleviated blight conditions and addressed housing needs in the project areas. This Implementation Plan is the Agency's third five-year implementation plan, which covers the period 2009-2014 and supersedes and replaces the 1999-2004 Implementation Plan.

Historic information contained in this Implementation Plan is based on a review of Agency reports and budgets, the Preceding Implementation Plan, and discussions with Agency staff. Information for FY 2008-09 is based on the Agency's budget. Projections for FY 2009-10, FY 2010-11, FY 2011-12, FY 2012-13 and FY 2013-2014 are based upon discussions with Agency staff and UFI 's calculations and projections. The Implementation Plan acknowledges the 2009 State of California budget proposal to take redevelopment funds for State purposes; however, recognizes that a final determination may not occur until after the due date of Implementation Plan.

1.1 DEFINITIONS

The following **bold** terms shall have the following meanings unless the context in which they are used clearly requires otherwise:

"1994-99 Implementation Plan" means the Agency's first five-year implementation plan for the Shafter Community Development Projects No. 1 and No. 2, adopted on November 21, 1994.

"1999-04 Implementation Plan" means the Agency's five-year implementation plan for the Shafter Community Development Projects No. 1 and No. 2, adopted on November 9, 1999, by Resolution No. 85.

"Agency" means the Shafter Community Development Agency.

"Agency Board" means the Board of Directors of the Agency. The members of the Agency Board are also the members of the City Council.

"CCRL" means the California Community Redevelopment Law, Section 33000 et seq. of the Health and Safety Code as currently drafted or as it may be amended from time to time.

"City" means the City of Shafter.

"Community Development Project No. 1" means the Shafter Community Development Plan for Project No. 1, adopted June 26, 1989, by Ordinance No. 442.

"Community Development Project Area No. 1" means the area included within the boundaries of the Community Development Project No. 1.

"Community Development Project No. 2" means the Shafter Community Development Plan for Project No. 2, adopted July 20, 1993, by Ordinance No. 451.

"Community Development Project Area No. 2" means the area included within the boundaries of the Community Development Project No. 2.

"ERAF" means the 2008 Educational Revenue Augmentation Fund, which is the state property tax allocation system that shifts property taxes from local governments to local education agencies.

"Implementation Plan" means the 2010-2014 Implementation Plan for the Shafter Community Development Projects No. 1 and No. 2 covering the period July 1, 2009 through June 30, 2014.

"LMI Housing Fund" means the Low and Moderate Income Fund of the Agency established pursuant to CCRL Section 33334.3 as it presently exists and as it may be increased or decreased by future Agency actions.

"Preceding Implementation Plan" means the 1999-2004 Implementation Plan covering the period July 1, 1999, through June 30, 2004.

"SERAF" means the 2009-2010 and 2010-2011 Supplemental Educational Revenue Augmentation Fund, which is the state property tax allocation system that shifts property taxes from local governments to local educational agencies.

"State" means the State of California.

"Tax Increment" means the funds allocated to the Agency from the Project Areas pursuant to CCRL Section 33670.

"UFI" means Urban Futures, Inc., redevelopment consultants, retained by the Agency to assist in preparing the Implementation Plan.

1.2 OVERVIEW OF REDEVELOPMENT LAW AS IT APPLIES TO THE IMPLEMENTATION PLAN

CCRL Section 33490, among other things, requires an implementation plan to contain:

- Specific goals and objectives of the agency for the project area(s) for the next five years;
- Specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years;
- An explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area(s);

- An explanation on how the Agency's goals, objectives and expenditures will implement its affordable housing obligations pursuant to CCRL requirements over the next five years;
- An explanation of how the LMI Housing Fund will be used annually over the term of the implementation plan, along with the amounts now available in the LMI Housing Fund, and projected deposits thereto. Also included shall be estimates of the number of units to be assisted in each of the five years;
- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's 15% inclusionary housing requirements, if applicable;
- An estimate of the number of units to be provided at the end of the Plan's effectiveness to meet the Agency's inclusionary housing requirements, if applicable;
- The number of qualifying very- low, low-, and moderate- income units that have been produced in the project area or outside then project area and the number of additional units that will be required to meet the inclusionary housing requirements;
- The number of units that will be developed by the Agency, if any, including the number of units that will be available for very- low, low, and moderate- income households; and
- The Project Area Affordable Housing Production Plan required by Health & Safety Code Section 33413 (b) (4).

Under current law, agencies that administer redevelopment project areas or portions of project areas established on or after January 1, 1976, have an obligation to ensure that specified percentages of new or substantially rehabilitated housing are available at affordable cost to very- low, low, and moderate-income households. In addition, under Section 33413.5 of the CCRL, whenever dwelling units housing persons of very-low, low- or moderate-incomes are destroyed or removed from the affordable housing inventory as part of a redevelopment project, the Agency is required to replace those units with an equal number of units within four years after the units were removed. The replacement dwelling units must have an equal or greater number of bedrooms as those units destroyed or removed and all must be affordable to very-low, low- or moderate-income households. In the event that suitable land cannot be found within a project area to build the replacement housing, the CCRL permits an Agency to count affordable housing units outside a project area towards the Agency's requirements on a two-for-one basis; that is, two affordable housing units will count the same towards the Agency's inclusionary housing requirements as one unit created inside the project area. Affordable housing developed outside of a project area can be of direct benefit to the redevelopment projects by accomplishing project objectives regarding affordable housing, thus redevelopment agencies adopt findings at the time of plan adoption that create this nexus for future implementation. Project Area 2 consists of industrially and commercially zoned land; therefore, the inclusionary housing requirements of CCRL Section 33413 *et seq* do not apply to Project Area 2.

Implementation Plans also address a number of financial issues as they apply to affordable housing per Section 33334 of the CCRL. Of particular importance in regards to the Implementation Plan are the following:

- Section 33334.2: establishes Agency obligation to use 20% of its tax increment revenue to increase, improve and preserve the community's supply of very- low, low- and moderate- income housing.
- Section 33334.4: specifies that housing assistance for very low and low income households generally must be in the same proportion as the assistance for senior housing.
- Section 33334.6: sets forth various requirements for management of the Low and Moderate Income (LMI) Housing Fund.

The financial section of the Plan must address the amount available in the LMI Housing Fund and the estimated amounts which will be deposited into the LMI Housing Fund during each of the next five years as well as estimates of the expenditures of monies from the LMI Housing Fund during each of the five years.

1.3 PUBLIC PARTICIPATION IN THE IMPLEMENTATION PLAN PROCESS

Pursuant to CCRL Section 33490, the adoption of an Implementation Plan must be preceded by a duly noticed public hearing. Notice of the public hearing was published in the Shafter Press with a minimum three week notice and posting in four places in each of the Project Areas completed not less than ten days prior to the public hearing.

In addition, CCRL Section 33490 (c) states that between two and three years after adoption of an implementation plan, an Agency must conduct a public hearing to review the redevelopment plan and implementation plan. The purpose of the mid-term review is to assess the extent to which an Agency's actual activities conform to the activities described in the preceding implementation plan. Therefore, the Agency will need to conduct a mid-term review of this Implementation Plan during 2011 or 2012.

1.4 PROJECT AREAS LOCATIONS AND BOUNDARIES

The location and boundaries of the Project Areas are shown in Figure 1 in relation to each other and the Shafter city limits. Figure 2 shows Project Area No. 1 and Figure 3 shows Project Area No. 2.

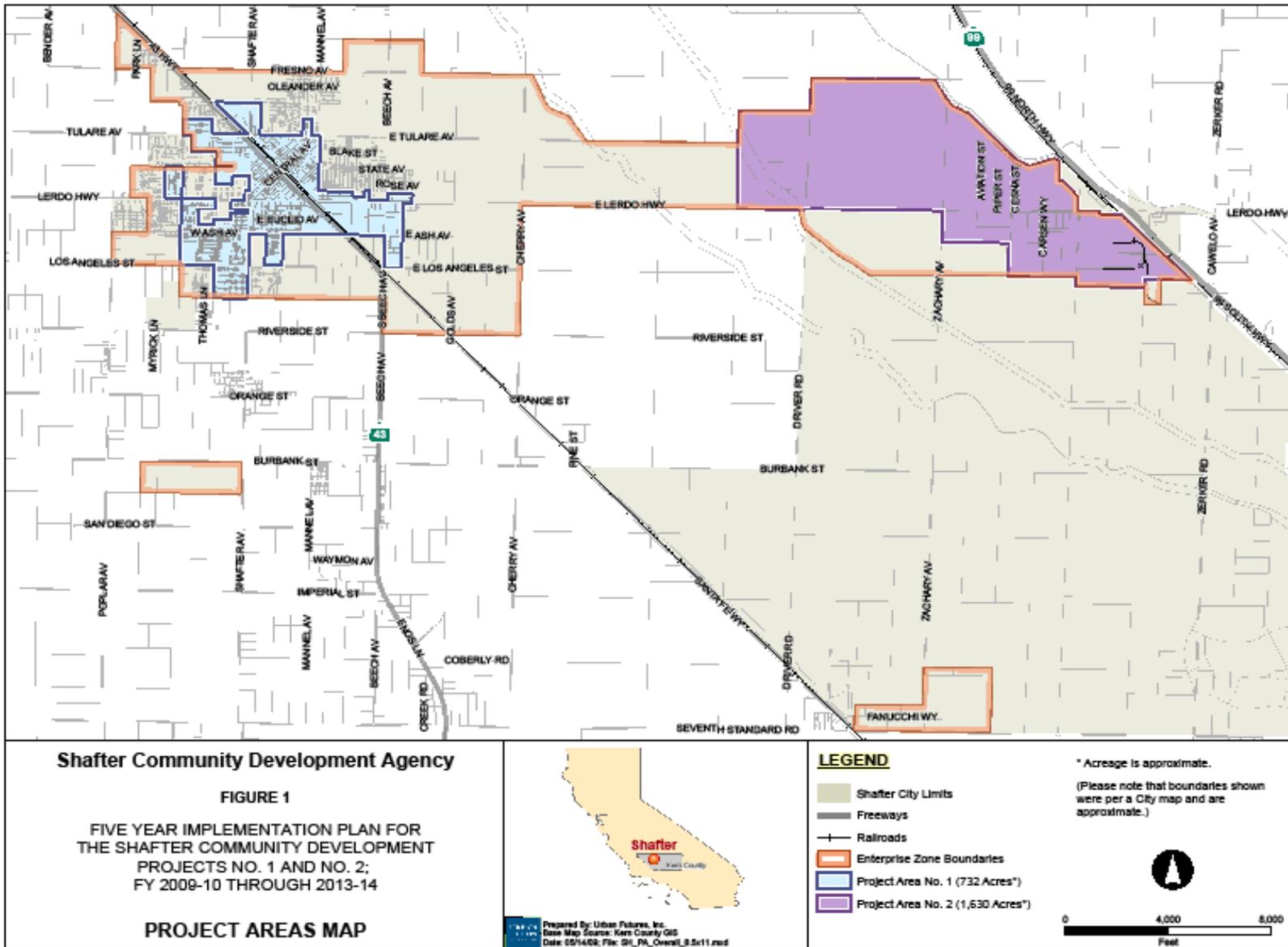
Project Area 1 is located in the aging center of the City and consists primarily of residential and commercial properties. There are over 400 housing units in the Project Area, most of them over twenty years old. Its redevelopment plan, which was adopted on February 12, 1989, identified several conditions of blight: inadequate street access and traffic circulation, lack of utilities to the project area, the uneconomic nature and unproductive use of land, obsolete and dilapidated buildings, and excessive vacant land. Additionally, the 1997 Implementation Plan Mid-Term Review documented substandard housing units in the Project Area, particularly in older travel trailer parks that are regulated by state of California, not the City of Shafter. These conditions continue to exist.

Project Area 2 is solely industrial and commercial land. There are no residentially zoned parcels; therefore, no inclusionary housing requirement. The primary blight conditions in Project Area 2 are primarily inadequate infrastructure such as poor street access and inadequate water, sewer, and drainage lines. The Project Area contains a local airport and underutilized land partially due to poor access and infrastructure. Additionally, there are aging, deteriorating, and poorly designed buildings and sites. The Project Area has potential for industrial parks, warehousing, and manufacturing uses.



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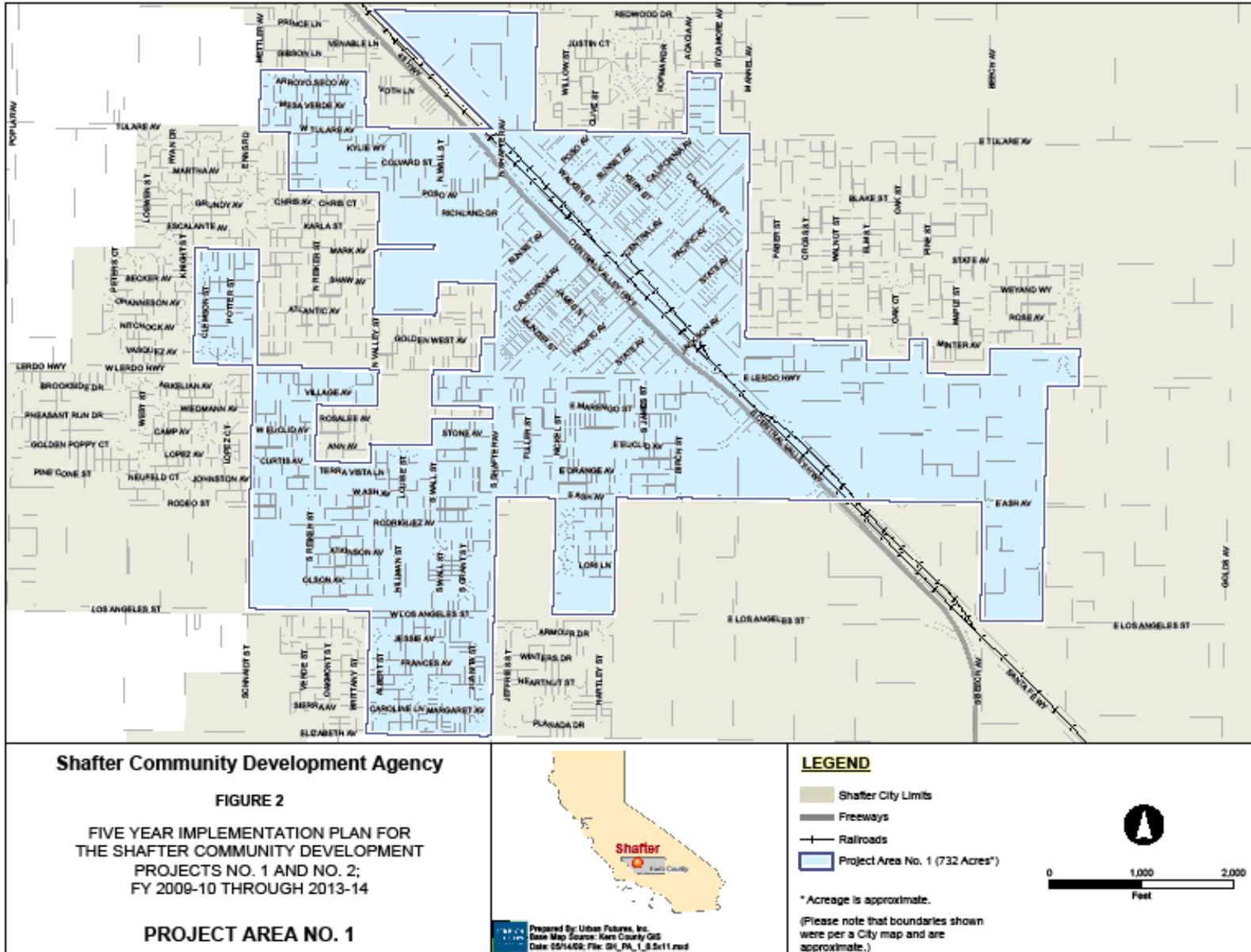






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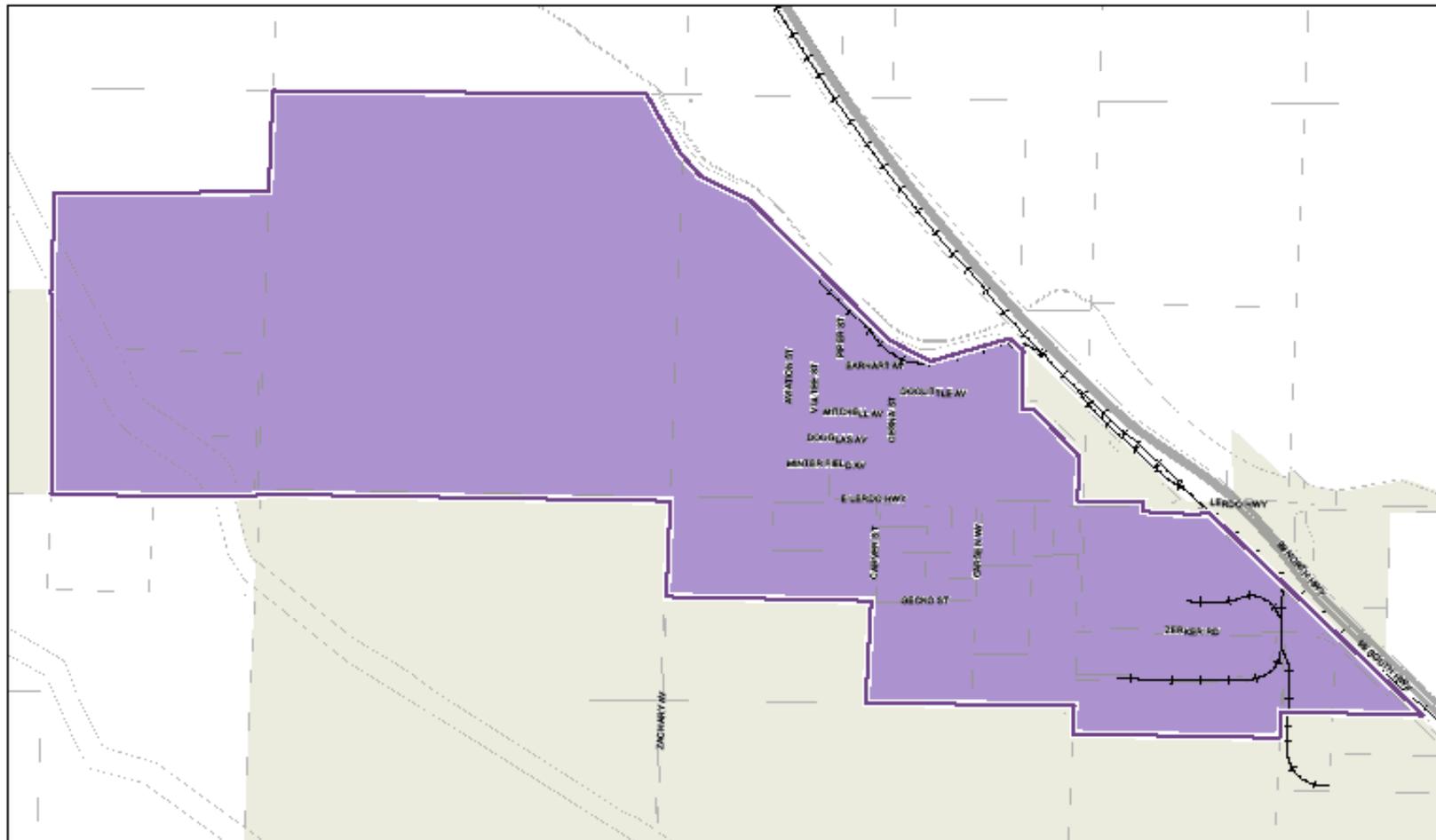






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Shafter Community Development Agency

FIGURE 3

FIVE YEAR IMPLEMENTATION PLAN FOR
 THE SHAFTER COMMUNITY DEVELOPMENT
 PROJECTS NO. 1 AND NO. 2;
 FY 2009-10 THROUGH 2013-14

PROJECT AREA NO. 2



Prepared By: Urban Futures, Inc.
 Base Map Source: Kern County GIS
 Date: 05/14/09; File: SH_PA_2_8.5x11.mxd

LEGEND

- Shafter City Limits
- Freeways
- Railroads
- Project Area No. 2 (1,630 Acres*)

* Acreage is approximate.

(Please note that boundaries shown
 were per a City map and are
 approximate.)





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2.0 REVIEW OF AGENCY ACTIVITIES

2.1 HISTORICAL OVERVIEW

On February 14, 1983, the City of Shafter passed Ordinance 298 establishing and activating the Community Development Agency of the City of Shafter. The primary purpose of the Agency was to eliminate blight and stimulate the City's economic base, primarily through the development of new public improvements, commercial and industrial projects, and new affordable housing projects within the project area(s), which could not be achieved without public participation and assistance. The Agency presently has two project areas: Project Area 1 and Project Area 2. Project Area 1 consists of residential, commercial, and industrial properties. Project Area 2 consists of industrial and commercially zoned land; therefore, the inclusionary housing requirements of CCRL Section 33413 et seq do not apply to Project Area 2. Table 1 shows the history of the Agency, the Plans, and the Preceding Implementation Plans for the Projects, and certain time limits associated with the Plans.

Table 1 Community Development Plans Chronology		
Agency Activation: February 14, 1983		Ordinance No. 298
Plans Adoption Dates:		
Original Redevelopment Plan: Project Area 1		June 26, 1989
Original Redevelopment Plan: Project Area 2		July 20, 1993
Effectiveness of Plans:		Project Areas Size:
1989 Plan: Project Area 1.....	40 years	Project Area 1 732 acres
1993 Plan: Project Area 2.....	40 years	Project Area 2 1,630 acres
Implementation Plans Adoption Dates:		
1994-1999 Implementation Plan.....		November 21, 1994
Midterm Review.....		October 28, 1997
1999-2004 Implementation Plan		November 9, 1999
Midterm Review		December 3, 2003
Time Limits:	1989 Plan: Project Area 1	1993 Plan: Project Area 2
For Commencement of Eminent Domain	June 26, 2001 ¹	July 20, 2005 ²
For Establishment of Indebtedness	No Deadline ³	No Deadline ⁴
For Effectiveness of the Plan	June 26, 2029	July 20, 2033
To Repay Indebtedness	June 26, 2039	July 20, 2043

¹ Pursuant to Ordinance 07-601 adopted on June 19, 2007, in accordance with the provisions of SB 53.

² Pursuant to Ordinance 07-602 adopted on June 19, 2007, in accordance with the provisions of SB 53.

³ Pursuant to Ordinance 06-589 adopted on December 5, 2006, in accordance with the provisions of SB 211.

⁴ Pursuant to Ordinance 06-590 adopted on December 5, 2006, in accordance with the provisions of SB 211.

2.2 STATE LEGISLATION

Subsequent to the preparation of the Preceding Implementation Plan and its mid-term review, several state laws affecting redevelopment plans were signed into law. These new laws and how the Agency has chosen to comply are briefly described below.

2.2.1 Mandatory Regulations

SB 53 (Kehoe) effective January 1, 2007

Senate Bill 53 requires all redevelopment agencies with a redevelopment plan adopted prior to December 31, 2006, to adopt an ordinance setting forth the agency's authority to use eminent domain and its program for eminent domain activities, even if it no longer has the authority under its redevelopment plan.

Agency Compliance: The Agency approved ordinances for each project area on June 19, 2007, that included an acknowledgement the Agency's authority to acquire property in the project area has expired.

Project Area 1: Ordinance 07-601 acknowledged expiration on June 26, 2001.

Project Area 2: Ordinance 07-602 acknowledged expiration on July 20, 2005.

SB 1809 (Machado) effective January 1, 2007

Senate Bill 1809 requires that all new and existing redevelopment plans that authorize the agency to acquire property by eminent domain to record a statement with the county recorder that contains the following:

- A prominent heading in boldface type noting that the property that is the subject of the statement is located within a redevelopment project area; and
- A general description of the provisions of the redevelopment plan that authorize the use of eminent domain by the agency; and
- A general description of any limitation on the use of eminent domain contained in the redevelopment plan and the time limit required by CCRL Section 33333.2.

Agency Compliance: Not applicable. The Agency's eminent domain authority has expired in both project areas.

AB 987 (Jones) effective January 1, 2008

Assembly Bill 987 requires all redevelopment agencies to create, maintain, and make available to the public on the internet an affordable housing database that describes existing and substantially rehabilitated housing units that were developed or otherwise assisted with Low and Moderate Income Housing Funds including inclusionary and replacement housing units. The database must be updated annually and include the following data:

- The address and parcel number of the property
- The number of units with number of bedrooms per unit
- The year of construction completion
- The date the affordability covenant or restriction was recorded
- The document number of the recording
- The expiration date of the covenant or restriction
- The date and document number of any covenants or notices that may be recorded when an ownership unit is sold

Agency Compliance: The Agency is in the process of preparing the list for publication.

AB 1389 (Assembly Budget Committee) effective October 1, 2008

Assembly Bill 1389 requires all redevelopment agencies to submit to the county auditor on or before October 1, 2008, the statutory pass-through payments made by the agency pursuant to Health and Safety Code sections 33607.5 through 33607.7 between July 1, 2003, and June 30, 2008. If concurrence is not achieved between the agency and the county auditor by February 9, 2009, on the amounts that are owed to local educational agencies, the agency may, after a specified procedure, be subject to severe restrictions on its activities, including a prohibition on encumbering funds, incurring new debt, adding or expanding a project area, or be required to reduce its monthly administrative costs.

Agency Compliance: Concurrence between the Agency and Kern County has been achieved.

2.2.2 Discretionary Regulations

SB 211 (Torlakson) effective January 1, 2002

Senate Bill 211 states that redevelopment agencies may repeal the timeline for incurring debt on redevelopment plans adopted prior to January 1, 1994 and may extend the time limits for plan expiration and for receiving tax increment revenues up to ten (10) additional years if specified conditions are met without complying with normal amendment procedures. Agencies that chose to adopt a ordinance authorizing the SB 211 provisions, would also be required to pay statutory pass-through payments to all affected tax entities that currently do not have contractual fiscal agreements.

Agency Action: The Agency approved ordinances for each project area on December 5, 2006, that eliminated the debt incurrence deadline.

Project Area 1: Ordinance 06-589

Project Area 2: Ordinance 06-590

SB 1045 (Committee on Budget and Fiscal Review) effective October 31, 2003

Senate Bill 1045 authorizes redevelopment agencies that made ERAF payments in fiscal year 2003-2004 to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan and the agency's ability to collect tax increment by one (1) year. Modifications to statutory pass-through payments are not triggered by the bill.

Agency Action: The Agency is in the process of amending the plans of each project area to extend their effectiveness dates and their ability to collect tax increment by one year.

SB 1096 (Committee on Budget and Fiscal Review) effective August 5, 2004

Senate Bill 1096 required every redevelopment agency to make an ERAF payment to the county auditor for two (2) consecutive fiscal years, 2004-2005 and 2005-2006. Recognizing that ERAF payments were a financial burden to redevelopment agencies, SB 1096 authorizes agencies to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan by one (1) year for each year of the ERAF payments. The extension can be made if the existing time limit has no more than ten (10) years remaining with no other requirements, or if the existing time limit is between ten (10) years and twenty (20) years provided that the agency can make the following findings:

1. Agency is in compliance with Housing Fund requirements;
2. Agency has an adopted Implementation Plan;
3. Agency is in compliance with applicable replacement housing production requirements; and
4. Agency is not subject to sanctions for Housing Fund excess surplus.

Senate Bill 1045 authorizes redevelopment agencies that made ERAF payments in fiscal year 2003-2004 to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan and the agency's ability to collect tax increment by one (1) year. Modifications to statutory pass-through payments are not triggered by the bill.

Agency Action: The existing time limits on each plan exceed twenty years from the dates that the 2004-2005 and 2005-2006 ERAF payments were made; therefore, neither project area is eligible for SB 1096 provisions.



2.3 SUMMARY OF BLIGHTING CONDITIONS EXISTING IN THE PROJECT AREAS

The blighting conditions existing in the Project Areas include both physical and economic blight as well as inadequate public improvements as shown in Table 2. Table 2 is reflective of the CCRL's current definition of blighting conditions. Notwithstanding the fact that the CCRL's definition of blight has changed over time, for the purpose of consistency with the current law, this report uses the CCRL's current definition of blighting conditions throughout its text. The specific conditions of blight are described in the Reports to the City Council required by CCRL Section 33352 for the adoption of the Redevelopment Plan for Project Area 1 in 1989 and the adoption of the Redevelopment Plan for Project Area 2 in 1993. These Reports are on file with the City Clerk of the City of Shafter and are incorporated herein by reference.

Other than for the Agency activities described in Section 2.4 below and activities on the part of private developers within the Project Areas, conditions within the Project Areas remain substantially the same as when the Plans were adopted. It is the Agency's intention to continue its focus on the remedy of the remaining conditions of blight during the term of this Implementation Plan.

Table 2 Blighting Conditions Remaining Within The Project Areas		
Condition	PA-1	PA-2
Physical: CCRL Section 33031(a)		
Deterioration, dislocation, or disuse of buildings (unsafe or unhealthy buildings)	•	•
Substandard, defective or obsolete design or construction	•	•
Incompatible land uses	•	
Irregular and inadequate lots under multiple ownership	•	•
Economic: CCRL Section 33031(b)		
Depreciated or stagnant property values	•	•
Impaired property values due to hazardous waste		
Abnormally high business vacancies, low lease rates or high number of abandoned buildings	•	•
Serious lack of commercial facilities	•	
Serious residential overcrowding	•	
Excess bars, liquor stores or adult-oriented businesses	•	
Public Infrastructure: CCRL Section 33030(C)		
Inadequate public improvements	•	•
Inadequate water or sewer facilities		•

2.4 SUMMARY OF HISTORIC IMPLEMENTATION PLAN GOALS AND OBJECTIVES

The Plans are long-term documents and, accordingly, include generalized goals and objectives over the term of their effectiveness. The goals of the each Redevelopment Project are contained in their respective Plans. The purpose and objective of each Redevelopment Plan is to eliminate the conditions of blight that exist in each respective Project Area and to prevent the recurrence of blighting conditions.

As described above, implementation plans span a period of five years; consequently, the goals and objectives set forth in these "short-term" implementation plans are more specific and are intended to be modified over time as they are met and/or events require their modification. The goals contained in the Preceding Implementation Plan are as follows:

1999-2004 Implementation Plan Goals⁵

Project Area 1

In 1999, the project area suffered from several conditions of blight which were identified as: 1) inadequate street access and traffic circulation; 2) lack of utilities to the project area; 3) the uneconomic nature and unproductive use of land; 4) obsolete and dilapidated buildings; and 5) excessive vacant land. Specific goals outlined in the Redevelopment Plan and supplemented in the Midterm Update are:

1. Provide for adequate street access throughout the project area.
2. Better urban design and community beautification.
3. Provide utilities throughout the project area.
4. Control unplanned growth.
5. Increase land values depreciated by lack of access and utilities.
6. Recapture commercial sales activity.
7. Encourage a proper utilization of land in accordance with the general plan so as to end the current stagnation and unproductive conditions.
8. Housing rehabilitation and new housing construction.
9. Downtown revitalization.
10. Westside Regional Park.

Project Area 2

In 1999, much of the project area suffered from inadequate street access and water/sewer lines and facilities. Specific goals outlined in the Redevelopment Plan are:

⁵ Source: 1999-2004 Implementation Plan

1. Revitalize downtown through new industrial and commercial development.
2. Sewer main extensions to service the project area.
3. Water system improvements including reservoirs, main extensions, and hydrants.
4. Streets and underground improvements to provide access to properties within the area.
5. Assistance to private developers.

1999-2004 Implementation Plan Strategy⁶

The 1999-2004 Plan was structured to eliminate constraints to private investment and encourage continued industrial, commercial, and residential development. Acknowledging that the Agency would undertake specific projects and/public improvements to achieve its goals, it determined that projects would be selected on the following priority basis:

1. Projects that directly and immediately leverage new industrial and commercial development leading to the increase in local employment.
2. Housing projects that leverage additional private investment and that may leverage additional public funds for housing programs.
3. Projects, housing and non-housing, that provide future program income and generate Agency capacity to fund additional projects.
4. Public improvement projects that directly result in new private investment.
5. Housing programs to meet the following needs:
 - a. Inclusionary housing
 - b. Replacement housing needs
 - c. Homeownership
 - d. Neighborhood residential conservation
 - e. Mobile Home Park development to replace substandard travel trailers
6. Projects which have a tangible payback, including loan repayments and tax increments, of five (5) years or less.

⁶ Source: 1999-2004 Implementation Plan

7. Projects which have a tangible payback of more than five (5) years where a finding can be made that there are substantial additional community benefits.

1999-2004 Implementation Plan Program⁷

The Agency established in its implementation plan, a program of projects that met the criteria and strategy outlined above:

1. Installation of improvements in the industrial park to expedite the development of industrial properties.
2. Improvements to Beech and Lerdo Highway.
3. Improvement of Commerce Street, East Ash, and other industrial streets.
4. Participation in regional drainage improvements.
5. Reimbursement agreement with Elk Corporation associated with improvements to the industrial area.
6. Economic development promotional efforts and administrative support.
7. Revitalization of the downtown, industry façade rehabilitation, historic preservation projects, and blight removal.

Future projects under consideration include:

8. Relocation of substandard travel trailers in conjunction with the development of replacement housing.
9. Neighborhood Conservation Program, including assistance with painting and minor repairs.
10. Housing rehabilitation and reconstruction program for units which are dilapidated or in need of substantial rehabilitation.

2.5 IMPLEMENTATION OF NON-HOUSING GOALS

Although the Agency did not prepare a Fiscal Year 2004-2009 Implementation Plan, it has been continuing to implement those programs and projects identified in the Preceding Implementation Plan and updated by the Midterm Review in 2002. The current status of the Preceding (1999-2004) Implementation Plan non-housing goals are shown in Table 3.

⁷ Source: 1999-2004 Implementation Plan



Table 3 Non-Housing Accomplishments FY 1999/2000 through FY 2007/08		
PROJECT AREA	GOAL	CURRENT STATUS
2	Installation of improvements in the industrial park to expedite the development of industrial properties.	Completed: <ul style="list-style-type: none"> • Sewer collection line to 7th Standard Road • Airport entrance realignment • Property purchase for development
2	Improvements to Beech Avenue and Lerdo Highway	Completed Lerdo Highway improvements: <ul style="list-style-type: none"> • South of Lerdo Hwy completed • Traffic signal at NB Highway 99 • Traffic signal at Carver Street • Highway medians and Gateway at Minter Field Airport
2	Construction of various infrastructure improvement projects, including the new water storage facility at Minter Field Airport	Completed.
2	Improvements of Commerce Street, East Ash, and other industrial streets.	Substantially completed
2	Participation in regional drainage improvements.	In progress
2	Reimbursement agreements with Elk Corporation and BMMC associated with improvements to the industrial areas.	Completed.
1, 2	Economic development promotional efforts and administrative support.	Installed directional signs to facilitate access to commercial and industrial uses
1	Street improvements to Poso and Richland.	In progress
1	Revitalization of the downtown, industrial façade rehabilitation programs, historic preservation projects, and blight removal.	<ul style="list-style-type: none"> • Implemented a Downtown Façade Grant Program • Implemented a blight removal program consisting of landscape improvements for vacant downtown properties • Budgeted for East Shafter water tank to improve service to downtown businesses and residents

As shown above, the Agency has focused on goals and objectives as set forth in the 1999-2004 Implementation Plan that relate directly to the provision, improvement, and rehabilitation of public infrastructure to lessen conditions of blight and to improve the overall economic and physical condition of the Project Areas. However, while the Agency has spent substantial numbers of dollars on blight remediation, the projects identified above have not fully ameliorated the conditions of blight described in Table 3 above, and conditions of blight continue to detract from more positive aspects of the Project Areas. Available Agency resources will continue to play an integral role in the City's ability to remedy negative physical and economic conditions still affecting the Project Areas.



2.6 IMPLEMENTATION OF HOUSING GOALS

Although the Agency did not prepare a Fiscal Year 2004-2009 Implementation Plan, it has been continuing to implement the housing programs and projects identified in the Preceding Implementation Plan and to provide for affordable housing production and retention. These housing programs are shown in Table 4.

Table 4 Housing Accomplishments FY 1999/2000 through FY 2007/08		
PROJECT AREA	GOAL	CURRENT STATUS
2	Transfer low and moderate income set-aside funds (20 percent of tax increment) generated in Project Area 2 to Project Area 1 for use in the production and preservation of affordable housing.	On-going.
1	Neighborhood Conservation Program, including assistance with painting and minor repairs.	Not achieved due to staffing limitations.
1	Housing rehabilitation and reconstruction program for units which are dilapidated or in need of substantial rehabilitation.	<ul style="list-style-type: none"> • Purchased 13 residential lots on Schnaidt Street • Facilitated construction of a 20-unit affordable housing project by Self-Help Enterprises • Provided infrastructure assistance for the construction of eight low-and moderate-income units

3.0 COMMUNITY DEVELOPMENT IMPLEMENTATION PROGRAM

3.1 GOALS AND OBJECTIVES: 2009-2014

CCRL Section 33490(a)(1)(A) states that an implementation plan shall contain an Agency's specific goals and objectives for the project area(s). For purposes of this Implementation Plan, these goals and objectives are divided into two distinct categories: those related to community and economic development and those related to the provision or replacement of affordable housing. This chapter focuses specifically on the Agency's potential non-housing activities during the ensuing five-year period. The chapter will describe specific projects and expenditures and explain how said projects and expenditures will address conditions of blight in the Project Area. Potential housing activities are discussed in Chapter 4.

GOAL 1: ENCOURAGE ECONOMIC DEVELOPMENT

OBJECTIVES

- 1.1 Implement the Redevelopment Plan and the 2010-2014 Implementation Plan.
- 1.2 Identify and assist projects that directly and immediately leverage new industrial and commercial development leading to the increase in local employment.
- 1.3 Aggressively market and pursue development in the project areas, including marketing and management of the City's Enterprise Zone designation.
- 1.4 Aggressively pursue collaborative economic development partnerships with other public and private entities.
- 1.5 Investigate the feasibility of expanding Project Area 2.
- 1.6 Carry-out any other economic development or community development project or program consistent with the CCRL and the Redevelopment Plans.

GOAL 2: DEVELOP PUBLIC INFRASTRUCTURE AND COMMUNITY FACILITIES

OBJECTIVES

- 2.1 Through the leveraged use of available fiscal resources, eliminate impediments to development through a coordinated effort to develop, improve, and/or reconstruct public infrastructure that will include but not be limited to streets, traffic signals, water, sewer and storm drain upgrades, other utility upgrades and public safety improvements.

- 2.2 Provide assistance with public improvements that will directly result in new private investment.
- 2.3 Complete the construction of various infrastructure improvement projects.
- 2.4 Continue to analyze and develop strategies for serving the wastewater needs of Minter Field Airport District (Project Area 2).
- 2.5 Begin the necessary design and preliminary engineering work on park facilities that will serve low and moderate families currently residing on the west side of the City (Project Area 1).
- 2.6 Carry-out any other public infrastructure and/or community facility oriented project or program consistent with the CCRL and the Redevelopment Plans.

3.2 PROJECTED PROGRAMS AND PROJECTS

The Agency's non-housing projects and programs are designed to meet its goals of encouraging economic development; improving public infrastructure; and improving or constructing community facilities within the Project Areas. However, expectations for the successful completion of economic development projects and programs are conservative due to the current recessionary economic climate and financial crisis that the nation is experiencing. Tax increment is dependent upon the taxable value of land or improvements in the Project Area. It is anticipated that revenue flows may diminish or not increase at the previous rate due to events not controlled by the Agency. Additionally, if the State of California prevails in its 2009 budget proposal to take local government redevelopment funds for State purposes, funding for City projects and programs will not be available at the levels budgeted. Nonetheless, the Agency will continue to follow its goals and objectives as funding permits.

3.2.1 Project Area 1

Project Area 1 is located within the City's core area, which includes the downtown. Shafter was originally organized around the Atchison, Topeka, and Santa Fe Railroad, with industrial uses congregating along the railway, commercial uses along State Route 43 and Lerdo Highway, and residential uses generally spreading out to the east and west. The City would like to maintain Shafter's core area as the center of community life with pedestrian oriented-retail uses within the central portions of the project area near the residences and highway oriented businesses along the thoroughfares.⁸ To facilitate this General Plan objective, the Agency has designed economic development programs for Project Area 1 intended to maintain Shafter as a viable commercial/office district. The programs and projects are implemented when funding and staffing levels are appropriate, but include Downtown Façade Improvement Program, Entry Signage Program, development site improvement assistance, downtown infrastructure and sidewalk improvements, and Downtown Mural Program. One

⁸ Per City of Shafter General Plan dated April 2005.

site targeted for commercial development is located at the northwest corner of Nickel Street and Marengo Avenue. The Agency owns a parcel that it intends to sell to a commercial developer as an incentive for new commercial or office development.

3.2.2 Project Area 2

Project Area 2 comprises land zoned for industrial, business park, and community facilities (airport). There is no commercially or residentially zoned property in the project area. The General Plan objective for industrial uses is to expand employment opportunities, increase the personal income of residents, and strengthen Shafter's economic base through a well-defined pattern of industrial facilities. The Agency intends to facilitate this objective by infrastructure improvements, traffic circulation improvements, water provision improvements, land acquisition, and developer incentives.

3.3 GOALS AND OBJECTIVES NEXUS TO BLIGHT ELIMINATION

CCRL Section 33490(a)(1)(A) requires that each implementation plan contain an "...explanation of how the goals and objectives...will eliminate blight within the project area...". The conditions of blight that remain in the project areas reflect the current definition of blight for consistency with state law, which has changed since the preparation of the Preceding Implementation Plan. Nonetheless, the following physical and economic conditions addressed by the previous plan remain accurate.

1. Unsafe buildings
2. Sub-standard, defective or obsolete design or construction
3. Incompatible land uses
4. Irregular and inadequate lots under multiple ownership
5. Depreciated or stagnant property values
6. Abnormally high business vacancies, low lease rates, or high number of abandoned buildings
7. Serious lack of commercial facilities
8. Serious residential overcrowding
9. High crime rate
10. Inadequate public improvements
11. Inadequate water or sewer facilities

Table 5 shows the relationship of the Agency's specific five-year goals and objectives to the eradication of remaining blight, as defined in CCRL Sections 33030 and 33031, in Project Areas 1 and 2.



**Table 5
Goals Nexus To Blight Elimination¹**

PROGRAM/PROJECT	PROJECT AREA	SATISFIES GOAL OBJECTIVE NUMBER¹	BLIGHT CONDITION TO BE ALLEVIATED²
Economic development programs including downtown façade improvement, entry signage, professional assistance, and marketing.	PA-1	1.1, 1.3, 1.4	5, 6, 7, 9
Economic development programs including marketing, business retention, and professional assistance.	PA-2	1.1, 1.3, 1.4	5, 6, 7, 9
Business retention and recruitment programs including the promotion of new commercial and industrial developments.	PA-1, PA-2	1.2, 1.3, 1.4	5, 6, 7, 9
Downtown infrastructure and sidewalk improvements.	PA-1	2.1, 2.2	5, 6, 7, 10
Downtown mural program	PA-1	1.4	5, 9
Development site incentives such as land acquisition, off-site improvements, and improvement assistance.	PA-1, PA-2	1.2, 2.1, 2.2, 2.6	2, 3, 4, 5, 7, 10
Infrastructure and access improvements	PA-2	2.2, 2.2, 2.3	1, 5, 10
Water storage facility improvements	PA-2	2.3, 2.6	5, 11
Strategic plan for meeting wastewater needs at Minter Field Airport District.	PA-2	2.4, 2.6	5, 11
Design and engineering services for Westside park	PA-1	2.5, 2.6	3, 9
Analysis of expansion of Project Area 2	PA-2	1.5	2, 3, 4, 5
¹ . Refer to Section 3.1 ² . Refer to Section 3.3			

3.4 PROGRAM AMENDMENTS

The Agency has identified the projects and programs shown herein as the most probable implementation activities for the term of this Implementation Plan. Since other public and private projects, not foreseen today, may be deemed feasible and preferential in eliminating blight, it may be necessary from time to time for the Agency to make changes to programs and activities.

Whether or not listed herein, specific projects and programs may be constructed or funded by the Agency during the period covered by this Implementation Plan, if the Agency finds that:

1. The goals and objectives of the Redevelopment Plan are furthered;
2. Specific conditions of physical or economic blight within the Project Area will be mitigated in whole or in part through implementation of the project; and
3. Specific conditions relative to a development project, including the financial feasibility thereof, require that the public improvement project be constructed at the time in question.

3.5 PROJECTED AGENCY GENERAL REDEVELOPMENT FUND INCOME AND EXPENDITURES

Although the Agency is continuing to implement its community development and economic development goals, the success of its programs and projects is largely dependent upon the strength of the national, state, and regional economies. For purposes of this report, tax increment revenue is projected at declining and neutral growth rates through the term of the Implementation Plan. In terms of projected expenditures, the expenditure of bond proceeds intended for capital improvement projects are anticipated for the first three years of the term of the Plan. Projected administrative costs remained constant at the 2009-2010 budgeted amount for purposes of this report. Tables 6 and 7 reflect best known estimates of projected revenues and expenditures; however, the numbers should not to be used for bonding purposes; and are solely intended to reflect general trends and assumptions.

3.5.1 State of California Proposed SERAF Take

In 2008, the State of California attempted to force local redevelopment agencies to make a unilateral Educational Revenue Augmentation Fund (ERAF) payment to the State of California for fiscal year 2008-2009 in the amount of \$350 million statewide. The California Redevelopment Association (CRA) filed a lawsuit to stop the ERAF payments. On April 30, 2009, the courts ruled in CRA's favor, and found unconstitutional a provision in the current state budget that would have required redevelopment agencies statewide to transfer monies to fund State obligations.

Subsequently, in July 2009, the State legislature tried again to balance the State budget with the taking of redevelopment funds. It added a Supplemental Educational Revenue Augmentation Fund (SERAF) payment of \$1.7 billion statewide in 2009-2010 and re-instated the \$350 million for payment in 2010-2011. At the time this Implementation Plan was prepared, the final determination of the legality of the SERAF takings had not yet been finalized. If the State of California prevails, the Agency will be forced to modify its policies, programs, projects, and budgets.

3.5.2 Project Area 1

The Agency intends to continue with its current professional services and capital programs shown in Table 5 until economic conditions warrant a change in strategy. Tax increment revenue, which is based on the assessed value of property, is significantly impacted by the national recession. The percentage growth of tax increment is anticipated to decline through the end of fiscal year 2010-2011. No growth is expected in 2011-12 and 2012-2013, one percent growth is expected in 2013-2014. Interest income on the cash balance is based on the current interest rate estimated by the Local Agency Investment Fund. The only other known potential income is the sale of Agency owned property at the northwest corner of Nickel Street and Marengo Avenue for a commercial project. That sale is anticipated in 2012-2013. Annual receipts, therefore, remain relatively constant at approximately \$1.2 million.



Table 6
General Redevelopment Fund
Projected Revenues and Expenditures
Project Area 1

Fund Activity	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Yearly Beginning Balances ¹	3,956,181	3,357,908	1,944,805	515,148	450,856
Revenues					
A. Tax Increment ²	1,234,972	1,182,723	1,182,723	1,182,723	1,199,617
B. Interest Income ³	40,946	34,754	20,129	5,332	4,666
C. Bond/Note Proceeds	0	0	0	0	0
D. Rental Income	0	0	0	0	0
E. Sales of Real Estate ⁴	0	0	0	82,000	0
F. Bond Administration Fees	0	0	0	0	0
G. Other Income ⁵	11,000	11,000	11,000	11,000	11,000
Total Revenues	1,286,918	1,228,477	1,213,852	1,281,055	1,215,283
Total Available	5,243,099	4,586,385	3,158,657	1,796,203	1,666,139
Expenditures/Uses					
A. LMI Housing Fund Set-Aside ⁶	246,994	236,545	236,545	236,545	239,923
B. RDA Administration ⁷	369,295	369,295	369,295	369,295	369,295
C. Professional Services	0	0	0	0	0
D. Planning & Design	5,000	5,000	5,000	5,000	5,000
E. Real Estate Purchases	0	0	0	0	0
F. Acquisition Expense	0	0	0	0	0
G. Operation of Acquired Prop.	0	0	0	0	0
H. Relocation Expenses	0	0	0	0	0
I. Site Clearance	0	0	0	0	0
J. Project Improvements/const ⁸	527,350	1,300,000	1,300,000	0	0
K. Rehabilitation Expense/grants	0	0	0	0	0
L. Debt Service ⁹	464,354	467,074	465,474	463,714	465,794
M. Pass-throughs ¹⁰	272,198	263,667	267,195	270,793	278,340
N. Other Expenses	0	0	0	0	0
Total Expenditures	1,885,191	2,641,581	2,643,509	1,345,347	1,358,352
Revenues in Excess of Expenditures	(598,273)	(1,413,103)	(1,429,657)	(64,292)	(143,069)
Other Financing Sources/Uses	0	0	0	0	0
Prior Period Adjustments	0	0	0	0	0
Yearly Ending Balances	3,357,908	1,944,805	515,148	450,856	307,787

Notes:

¹Fiscal Year 2009-2010 beginning balance is from 2009-2010 Budget.

² Based on actual FY2008-09 & 2009-10 assessed valuation as provided by the Kern County Auditor Controller with a 3% reduction in 2010-11, 0% growth in 2011-12 & 2012-13, and 1% growth in 2013-14.

³ Interest income on cash balance is based the current rate estimated by the Local Agency Investment Fund.

⁴ Anticipated sale of property at the northwest corner of Nickel Street and Marengo Avenue.

⁵ Other income is based on the FY 200-10 budget. No other income is projected.

⁶ Pursuant to CCRL 33334.4, the Low and Moderate Income Housing Set Aside Funds are equal to twenty percent of tax increment revenue.

⁷ Planning, administration, and professional services. Program expenditures are based on 2009-10 budget and Agency/UF1 projections.

⁸ Assumes FY 2009-10 design and FYs 2009-12 construction using balance of bond proceeds (\$3,127,353).

⁹ As shown on the Official Statement for the 2006 Tax Allocation and Refunding Bonds, Series A.

¹⁰ Negotiated agreements and statutory pass-through payments as provided by the Kern County Auditor Controller and City documents.

Expenditures include housing set-aside funds, community development services, economic development/capital improvement projects, debt service, and pass through payments. The budget assumes that remaining bond proceeds intended for infrastructure and other capital projects will be spent or encumbered by 2012.

Current administrative services and community development programs are budgeted with conservative annual increases. Without substantial modifications to the current budget, expenditures exceed revenues annually, but year end balances remain positive.

3.5.3 Project Area 2

As shown in Table 7 the beginning cash balance and the estimated tax increment are less in Project Area 2 than in Project Area 1. Tax increment revenue is estimated with a zero growth factor for the term of the Implementation Plan. As in Project Area 1, interest income on the cash balance is based on the current interest rate estimated by the Local Agency Investment Fund. General Fund transfers provide added revenue.

Anticipated expenditures include housing set-aside funds, debt service, pass through payments, community development services, and infrastructure improvement projects. As with Project Area 1, expenditures are based on FY 2009-2010 budget and reflect conservative annual increases. Remaining bond proceeds are projected for encumbrance or expenditure on infrastructure and other project improvements by 2012. Without substantial modifications to expenditures or an increase in tax increment revenue, transfers from the City are necessary to ensure continued positive year end balances.



Table 7
General Redevelopment Fund
Projected Revenues and Expenditures
Project Area 2

Fund Activity	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Yearly Beginning Balances ¹	1,438,942	366,285	0	0	0
Revenues					
A. Tax Increment ²	\$972,777	\$972,777	\$972,777	\$972,777	\$972,777
B. Interest Income ³	14,893	3,791	0	0	0
C. Bond/Note Proceeds	0	0	0	0	0
D. Rental Income	0	0	0	0	0
E. Sales of Real Estate	0	0	0	0	0
F. Bond Administration Fees	0	0	0	0	0
G. Other Income	10,000	10,000	10,000	10,000	10,000
H. Transfers In	0	1,281,541	1,654,364	856,888	859,183
Total Revenues	997,670	2,268,109	2,637,141	1,839,665	1,841,960
Total Available	2,436,612	2,634,394	2,637,141	1,839,665	1,841,960
Expenditures/Uses					
A. LMI Housing Fund Set-Aside ³	194,555	194,555	194,555	194,555	194,555
B. RDA Administration ⁴	1,027,085	1,027,085	1,027,085	1,027,085	1,027,085
C. Professional Services	0	0	0	0	0
D. Planning & Design	0	0	0	0	0
E. Real Estate Purchases	0	0	0	0	0
F. Acquisition Expense	0	0	0	0	0
G. Operation of Acquired Prop.	0	0	0	0	0
H. Relocation Expenses	0	0	0	0	0
I. Site Clearance	0	0	0	0	0
J. Project Improvements/const. ⁵	238,940	800,000	800,000	0	0
K. Rehabilitation Expense/grants	0	0	0		
L. Debt Service ⁶	365,054	365,050	364,726	364,118	363,218
M. Pass-throughs ⁷	244,693	247,703	250,775	253,907	257,102
N. Other Expenses	0	0	0	0	
Total Expenditures	2,070,327	2,634,393	2,637,141	1,839,665	1,841,960
Revenues in Excess of Expenditures	(1,072,657)	(366,284)	0	0	0
Other Financing Sources/Uses	0	0	0	0	0
Prior Period Adjustments	0	0	0	0	0
Yearly Ending Balances	366,285	0	0	0	0

Notes:

¹ Fiscal Year 2009-2010 beginning balance is from City sources.

² Based on actual FY2008-09 & 2009-10 assessed valuation as provided by the Kern County Auditor Controller with no growth thereafter.

³ Interest income on cash balance is based on the current rate estimated by the Local Agency Investment Fund.

³ Pursuant to CCRL 33334.4, the Low and Moderate Income Housing Set Aside Funds are equal to twenty percent of tax increment revenue.

⁴ Planning, administration, and professional services. Program expenditures are based on 2009-10 budget and Agency/UFI projections.

⁵ Assumes FY 2009-10 design and FYs 2010-12 construction using balance of bond proceeds (\$1,438,942).

⁶ As shown on the Official Statement for the 2006 Tax Allocation and Refunding Bonds, Series B.

⁷ Negotiated agreements and statutory pass-through payments as provided by the Kern County Auditor Controller and City documents.

4.0 HOUSING COMPLIANCE PLAN

CCRL Section 33413(b)(4) requires each redevelopment agency to adopt a housing compliance plan as part of the implementation plan required by CCRL Section 33490 indicating how the agency will comply with the requirements set forth in CCRL Section 33413(b). This section of the Implementation Plan complies with this requirement and is the Agency's Housing Compliance Plan. Because Project Area No. 2 is exclusively industrial and commercial in character, and because no housing construction is anticipated pursuant to the City's General Plan, there are no inclusionary housing requirements. Nonetheless, Project Area No. 2 contributes the required twenty percent set-aside from tax increment revenue to the LMI Housing Fund.

This section describes how the Agency intends to expend monies in the LMI Housing Fund consistently with the provisions of CCRL Section 33334.4 as amended by Assembly Bill 637 and made effective on January 1, 2002. Since a redevelopment agency may expend funds from its LMI Housing Fund anywhere in the community, it is not necessary to segregate LMI Housing Fund monies generated from within each Redevelopment Project Area.

The CCRL defines and limits assisted income categories as follows (the CCRL does not separate the extremely low- and very-low income categories; the federal housing programs do make a distinction):

Very Low Income – persons or households whose gross income does not exceed 50% of the area's median income;

Low Income – persons or households whose gross income is greater than 50%, but does not exceed 80% of the area's income; and

Moderate-Income – persons or households whose gross income is greater than 80%, but does not exceed 120% of the area's median income.

Affordable housing cost is defined as:

Very Low Income – Not more than 15% of the County median household income; and

Low Income – Not more than 21% (or 20% for rental projects) of the County median household income; and

Moderate-Income – Not more than 38.5% (or 40% for rental projects) of the County median household income.

4.1 HOUSING PRODUCTION REQUIREMENTS

One of the fundamental goals of redevelopment in California is the production, improvement and preservation of the supply of housing affordable to very low-, low-, and moderate-income households. This goal is accomplished, in part, through the execution of three different, but interrelated requirements imposed on redevelopment agencies by the CCRL. These requirements are:

- An agency must use at least 20 percent of its tax increment revenue to increase, improve and preserve the supply of low- and moderate-income housing in the community (CCRL Section 33334.2);
- An agency must replace, in equal or greater number, very low-, low-, and moderate-income housing units and bedrooms which are destroyed or removed as a result of a redevelopment project (the "replacement rule," CCRL Section 33413(a));
- An agency must ensure that a fixed percentage of all new or substantially rehabilitated dwelling units are affordable to very low-, low-, and moderate-income persons and families (the "inclusionary rule," CCRL Section 33413(b)(1))
 - At least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency must be available to persons or families of low- or moderate-income. Of these, 50 percent must be available to very low-income households. This requirement would apply to housing developed directly by the Agency, but not to housing projects developed by a private party under an agreement with the Agency.
 - At least 15 percent of all new dwelling units developed by parties other than the Agency or substantially rehabilitated dwelling units developed with Agency assistance shall be available at affordable costs to persons or families of low- or moderate-income. Of these, 40 percent must be available at affordable costs to very low-income households. This requirement applies in the aggregate, and not to each individual housing development project. These low- and moderate-income dwelling units may be provided outside the Project Area, but will only be counted on a two-for-one basis. In other words, if the Agency has an inclusionary housing need of 10 units inside the Project Area, then 20 units outside the Project Area would satisfy the overall requirement on a two-for-one basis.
 - Only low- and moderate-income housing units whose affordability is guaranteed on an on-going basis over the long term may be counted in meeting these requirements. For the purposes of this plan, long-term affordability is defined as not less than 55 years for rental units and 45 years for home ownership, or as otherwise defined in CRL Section 33413(c).

4.2 PAST HOUSING PRODUCTION

This section presents an analysis of the Agency's compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4 regarding the Agency's housing production program for Preceding Implementation Plan time period. The information provided through Fiscal Year 2007/08 is factual, based upon the annual Agency reports to HCD of housing activity, the preceding implementation plan, the Housing Element, and other empirical data. Subsequent data is estimated by Agency and UFI staff.

Per redevelopment law, inclusionary units are those units in which the Agency holds the affordability covenants. Affordable units located within the Project Area, but with covenants held by another party are not credited towards the Agency's inclusionary requirement.

As outlined above, CCRL housing production requirements are based upon replacement housing and inclusionary housing requirements. To determine whether an Agency has met those requirements, each category must be reviewed.

Replacement Housing for Destroyed or Removed Units

As of the end of FY 2008-09, the Agency has not destroyed or removed any housing units from within either Project Area, and no replacement dwelling units have been constructed.

Inclusionary Housing in the Project Area: Agency Developed

No housing units have been built or substantially rehabilitated inside Project Area 1 by the Agency. There is no residentially zoned land in Project Area 2.

Inclusionary Housing Outside the Project Area: Agency Developed

As of the end of FY 2008-09, no housing units have been built or substantially rehabilitated outside either of the Project Areas by the Agency. However, 80 units of low income large family rental housing were built at the southeast corner of Birch Street and Ash Avenue by the Shafter Housing Development Corporation in association with the National Farm Workers Association. Known as Las Rosas Court, 60 of the 80 units are reserved for very low income households. The Agency does not hold the affordability covenants on these units.

Inclusionary Housing Inside the Project Areas: Non-Agency Developed

As shown in Table 8, 154 new units were built in Project Area 1 between July 1, 2004, and June 30, 2009. No units were built in Project Area 2. Additionally, there was an estimated balance of 89 units constructed within Project Area 1 in the Preceding Implementation Plan time. Per CCRL Section 33413(b)(1)), the inclusionary requirement for non-Agency built housing is fifteen percent. Therefore, the inclusionary obligation for the current Implementation Plan time



period is 37 units: 15 Very Low-Income (40%) and 22 Low-Income (60%). Through Self-Help Enterprises, there were 16 Very Low-income and 24 Low-Income units built and covenanted for 55 years in 2006 and 2007. There were an additional eight units built by Miguel Montoya for Low to Moderate-Income households with 55 year covenants, four in FY 2004/05 and four in FY 2008/09. Combined with the balance from the Preceding Implementation Plan time period, through June 30, 2009, there is an inclusionary housing surplus of two Very Low-Income units and 10 Low-Income units within Project Area 1.

**Table 8
Inclusionary Housing Obligation
Project Area Adoption Through June 30, 2009**

	Dwelling Units Produced	Units Made Affordable at Affordable Housing Cost					Project Area Status	
		TOTAL	VeryLow ⁵		Low-Moderate ⁶		Cumulative Deficit or Surplus	
		Inclusionary Obligation	Inclusionary Obligation	Actual Number of Units Restricted	Inclusionary Obligation	Actual Number of Units Restricted	Very Low	Low - Moderate
Balance Forward ²	89	13	5	0	8	0	-5	-8
Agency Developed ³	0	0	0	0	0	0	0	0
Non-Agency Developed ⁴	154	23	9	16	14	32	7	18
New Balance Forward	243	36	14	16	22	32	2	10

¹ Compliance with Sections 33413(b)(1),(c),(d)(1), and 33490(a)92)(A)(ii).
² Per Preceding Implementation Plan (1999-2004)
³ Inclusionary obligation is 30 percent of units produced with 50 percent allocated to Very-Low Income households.
⁴ Inclusionary obligation is 15 percent of units produced with 40 percent allocated to Very-Low Income households.
⁵ As defined by Health and Safety Code 50105
⁶ As defined by Health and Safety Code 50093

Summary of Inclusionary Obligation through June 30, 2009

Based upon average sales price compared to income, the Preceding Implementation Plan estimates that were 144 non-covenanted Low-Income units built in the City prior to 2004 and the Agency estimates an additional 96 Low-Income units and five Very-Low-Income non-covenanted units built within Project Area 1 between July 1, 2004 and June 30, 2009. These non-covenanted units were not counted in Table 8; however, the County of Kern recognizes their affordability and has determined that the City of Shafter has satisfied its Regional Housing Needs Assessment (RHNA) requirements for Low-Income units for the time period ending June 30, 2013.

The Agency does not hold affordability covenants on any units in the City other than those listed in Table 8; however, there are seven existing affordable housing projects with 361 restricted units in the City. These units are owned or managed by the Kern County Housing Authority or private, non-profit housing agencies.

The City is committed to ensuring sufficient affordable housing opportunities in Project Area 1 and citywide.

4.3 PROJECTED HOUSING PRODUCTION

The same analysis applies to projected housing production for the current Implementation Plan to anticipate the Agency's continued compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4. The data is estimated based upon Staff discussions, the Housing Element, and other empirical data.

Replacement Housing

The Agency is not anticipating destroying or removing any housing units from within either Project Area during the term on the Implementation Plan.

Inclusionary Housing in the Project Area: Agency Developed

The Agency does not anticipate directly producing units within Project Area 1 during the term of the Implementation Plan. Project Area 2 does not have any residentially zoned land, and no residential construction is anticipated.

Inclusionary Housing Outside the Project Area: Agency Developed

The Agency does not anticipate directly producing units or contracting with private entities to produce units outside of either Project Area during the term on the Implementation Plan.

Inclusionary Housing Inside the Project Area: Non-Agency Developed

New housing to be constructed within Project Area 1 is projected by the Available Sites Inventory of the 2008 Shafter Housing Element (Appendix A). No housing is projected for Project Area 2 because it has no residentially zoned land. The Housing Element predicts a build-out total of 121 new units within Project Area 1. Build-out is anticipated in 30 years (2038). Assuming a uniform rate of construction over ten-year time periods, 40 new units would be built in the next ten years with 20 of those within the next five years. Therefore, anticipated inclusionary obligation over the term on the Implementation Plan term is twenty units of which eight would be restricted for Very Low Income households and twelve for Low-and –Moderate Income households.

Summary of Inclusionary Obligation

As shown in Table 9, the Agency will begin the current Implementation Plan period with an inclusionary obligation surplus of 12 affordable units, of which 2 are Very-Low Income units and 10 are Low-and-Moderate income units. During the course of the 2010-2014 Implementation Plan period, an additional 20 units are expected to be constructed in the Project Area. This would add an inclusionary obligation of 3 units with one restricted for Very-Low income households and two for Low-and Moderate income households. The Agency is not anticipating the construction of any affordable units within the Implementation Plan term. Therefore, it is anticipated that at the end of the Implementation Plan



term, the Agency will have an inclusionary housing surplus of nine units of which one meets the requirement for households of Very-Low Income and seven for households of Low-and-Moderate Income. The Agency will be in compliance with the housing production and inclusionary housing requirements of CCRL Section 33413(b).

**Table 9
Inclusionary Housing Obligation
Project Area Adoption Through June 30, 2014**

	Dwelling Units Produced	Units Made Affordable at Affordable Housing Cost					Project Area Status	
		TOTAL	VeryLow ⁵		Low-Moderate ⁶		Cumulative Deficit or Surplus	
		Inclusionary Obligation	Inclusionary Obligation	Actual Number of Units Restricted	Inclusionary Obligation	Actual Number of Units Restricted	Very Low	Low - Moderate
Balance Forward ²	243	36	14	16	22	32	2	10
Agency Developed 2009-2014 ³	0	0	0	0	0	0	0	0
Non-Agency Developed 2009-2014 ⁴	20	3	1	0	2	0	-1	-2
New Balance Forward	263	39	15	16	24	32	1	8

¹ Compliance with Sections 33413(b)(1),(c),(d)(1), and 33490(a)92(A)(ii).
² Per Preceding Implementation Plan (1999-2004) plus inclusionary obligation from July 1, 2004 through June 30, 2009.
³ Inclusionary obligation is 30 percent of units produced with 50 percent allocated to Very-Low Income households.
⁴ Inclusionary obligation is 15 percent of units produced with 40 percent allocated to Very-Low Income households.
⁵ As defined by Health and Safety Code 50105
⁶ As defined by Health and Safety Code 50093

4.4 LOW AND MODERATE INCOME HOUSING GOALS

The Agency has three Implementation Plan Goals. The first two relate to economic development and were discussed in Chapter 3. The third goal relates to affordable housing.

GOAL 3: INCREASE, IMPROVE AND PRESERVE THE QUALITY OF LOW/MODERATE INCOME HOUSING THROUGHOUT THE PROJECT AREAS AND THE CITY

OBJECTIVES

3.1 Identify, participate in, and monitor housing programs that meet the Agency’s inclusionary and replacement low and moderate income housing requirements and the City’s housing element.

- 3.2 Research the development of housing programs that will lead to the replacement and rehabilitation of low and moderate income housing units and off-site amenities.
- 3.3 Identify and assist housing projects that leverage additional private investment and which may leverage additional public funds leading to an increase in the community's housing stock.
- 3.4 Transfer low and moderate income set-aside funds (20 percent of tax increment) generated in Project Area 2 to Project Area 1 for use in the production and preservation of affordable housing.
- 3.5 Respond to miscellaneous neighborhood improvement needs.
- 3.6 Pursue the acquisition and recordation of covenants to ensure long term affordability of residential units.
- 3.7 Provide for the development and implementation of appropriate and feasible housing programs to increase, improve or preserve affordable housing.
- 3.8 Monitor affordable housing units to prevent the conversion to market rate units.
- 3.9 Compile, maintain and annually update a database of existing, new and substantially rehabilitated housing units developed or otherwise assisted with monies from the LMI Housing Fund or otherwise counted towards the Agency's inclusionary requirements and make such database available to the public on the City's/Agency's web site.
- 3.10 Carry-out any other affordable housing oriented project or program consistent with the CCRL and the Redevelopment Plan.

4.5 PROJECTED HOUSING NEEDS

CCRL Section 33334.4(a) requires that an agency must expend its LMI Housing Fund monies towards assisting housing for persons of very low-, low-income and moderate-income in at least the same proportion as the total number of housing units needed for each of these income groups bears to the total number of units needed for very low-, low-, and moderate-income households within the community, as those needs have been determined by the most recent Regional Housing Needs Assessment (RHNA). This requirement must be met over the same 10-year implementation plan period as the requirements of CCRL Section 33413(b).

CCRL Section 33334.4(b), also requires an Agency to expend LMI Housing Fund monies in at least the same proportion as the population under the age of 65 bears to the total population of the community as identified by the most recent census.



4.5.1 Regional Housing Needs Assessment

The state legislature adopted Assembly Bill 2853 in 1980 requiring all councils of government to develop regional allocations of housing needs (new and existing) for all income categories (fair share of housing) based on regional housing needs. The Kern County Regional Housing Needs Assessment (RHNA) states that the fair share for the City of Shafter for period ending July 1, 2013 is 502 units. The income distribution is shown in Table 10:

Table 10 Regional Housing Needs Assessment Fair Share Allocation		
Income Distribution	Required/Needed Units	Percent of Affordable Units
Very Low Income	122	41.2%
Low Income	83	28.0%
Moderate Income	91	30.8%
Sub-Total: Affordable Units	296	100.0%
Above Moderate	206	
TOTAL	502	

Source: Kern County Council of Governments

Table 10 also identifies the City’s estimated housing need by income limits for very low-, low-, moderate- and above moderate income households within the community by percentage of needed housing units. Per CCRL Section 33334.4(a), these percentages are to be applied to Agency LMI Housing Fund spending. Based on the housing needs determined through the Fair Share Allocation process, at least 41.2 percent of all LMI Housing Fund expenditures must be made towards assisting very low-income headed households and at least 28.0 percent must be made towards assisting low-income headed households. Approximately 30.8 percent of all LMI Housing Fund expenditures can be used to assist moderate income households.

4.5.2 Senior Housing Need Assessment

Table 11 identifies the percentage of residents 65 years of age and older in the community, which is the maximum percentage allowed for allocation of LMI Housing Fund monies towards assisting housing restricted to exclusively to seniors. The remaining LMI Housing Fund monies may be used towards assisting other non-senior exclusive household types.



Table 11 Age Distribution, 2000		
Age	Number	Percentage
Under 5 years	1,303	10.2
5-19 years	3,818	30.0
20-24 years	1,038	8.2
25-44 years	3,633	28.5
45-64 years	1,916	15.0
65 years and older	1,028	8.1
Total	12,736	100.0
Source: 2000 Census		

According to the Census 2000, as shown in Table 11, 8.1% of the City's population (1,028 persons) is 65 years of age or older; therefore, in carrying out the requirements of CCRL Section 33334.4(a), no more than 8.1% percent of LMI Housing Fund expenditures can be allocated towards exclusively assisting senior restricted housing. The Agency is not currently allocating funds towards senior housing; therefore, it is in compliance with CCRL Section 33334.4(b).

4.6 LOW- AND MODERATE-INCOME HOUSING PROGRAM

As noted previously, the state budget crisis and the national financial crisis have significantly impacted both the private and the public sector's ability to construct decent and affordable housing. Nonetheless, the Agency intends to pursue implementation of the several programs and projects during the term of this Implementation Plan, subject to funding availability. If the state prevails in its taking of local government redevelopment funds, the Agency may borrow from the LMI Fund to meet its SERAF obligation if it makes a finding that borrowing is necessary to meet the payment obligation.

In fiscal years ending 2007 and 2008, the Agency purchased thirteen lots on Schnaidt Street for resale with LMI funds. Per CCRL 33334.16, it must initiate activities consistent with development of the property within five years or process an extension for an additional five years with specified conditions. Therefore, \$30,000 has been projected as an expenditure in both FY 2011-12 and FY 2012-13 to cover the expenses of any necessary zone changes, developer agreements, environment analyses, pre-construction assistance or off-site improvements. All thirteen lots are predicted for completion with affordable single family homes by the end of the Implementation Plan time period. The Agency will be conditioning any new housing development built within Project Area 1 to include a neighborhood park accessible to Very-Low and Low-Income residents. As an incentive, the Agency is participating in the design and engineering of the west side park with anticipated funding in the amount of \$25,000 in Fiscal Years 2009-10 and 2010-11.

The Agency's Community Development expenses include programs and services to ensure compliance with redevelopment law and respond to community housing needs. Programs and services are designed to meet the objectives under Goal 3. The

Community Development budget is projected to increase by a conservative \$20,000 annually.

4.7 LOW- AND MODERATE-INCOME HOUSING FUND

Funding for the Agency's housing program comes from several sources including state CalHFA funds and tax increment financing. The purpose of the Implementation Plan is document compliance with state redevelopment law; therefore, this report only analyzes tax increment financing and its relationship to housing plan compliance.

4.7.1 Tax Increment Financing

As required by redevelopment law, the Agency will set aside twenty percent of its gross tax increment received from both Project Area No. 1 and Project Area No. 2 toward increasing, improving, and preserving affordable housing in the City of Shafter. Table 12 summarizes the anticipated revenues and expenditures in the Low and Moderate Income (LMI) Housing Fund. These numbers are based on the Agency's budget and reflect anticipated expenditure rates. The table shows a beginning cash balance in the LMI Housing Fund of approximately \$2,200,000 with tax increment projections of approximately \$430,000. The only other anticipated receipt is interest income on the cash balance. Given the anticipated decrease in tax increment revenue, total available revenue is expected to decline over the term of the Implementation Plan.

There are three main anticipated expenditures: Debt Service, Community Development, and Capital Projects. Debt Service reflects the LMI Housing Fund's percentage obligation to retire the Agency's bond debt. Community Development includes planning, administration, and professional services expenses. Capital Project expenses are anticipated for two projects. First, the Agency is considering conditioning any new housing development built within Project Area 1 to include a neighborhood park accessible to Very-Low and Low-Income residents. As an incentive, the Agency is participating in the design and engineering of the west side park with anticipated funding in the amount of \$25,000 in FYs 2009-10 and 2010-11. Second, land purchased with LMI funds in fiscal years ending 2007 and 2008 must be acted upon within five years. Therefore, \$30,000 has been projected as an expenditure in both FY 2011-12 and FY 2012-13 to cover the expenses of any necessary zone changes, developer agreements, environment analyses, pre-construction assistance or off-site improvements.

The data in Table 12 indicate that the LMI Housing Fund is sufficiently healthy. The Agency has the resources to implement the housing programs and projects that are discussed in this Implementation Plan.

The numbers should not to be used for bonding purposes; they are solely intended to reflect general trends and assumptions.



**TABLE 12
LOW AND MODERATE INCOME HOUSING FUND
COMBINED FOR PROJECT AREA 1 AND PROJECT AREA 2
PROJECTED INCOME AND EXPENDITURES**

Fund Activity	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Yearly Beginning Balances ¹	2,204,884	1,976,902	1,715,432	1,426,737	1,115,646
Revenues					
A. Tax Increment ²	441,549	431,100	431,100	431,100	434,478
B. Interest Income ³	22,821	20,461	17,755	14,767	11,547
C. Bond/Note Proceeds					
D. Rental Income					
E. Sales of Real Estate					
F. Federal Grants					
G. Other Income					
Total Revenues	464,370	451,561	448,855	445,867	446,025
Total Available	2,669,254	2,428,463	2,164,287	1,872,604	1,561,671
Expenditures/Uses					
B. RDA Administration ⁴	460,000	480,000	500,000	520,000	540,000
E. Real Estate Purchases					
F. Acquisition Expense					
G. Operation of Acquired Prop.					
H. Relocation Expenses					
I. Site Clearance					
J. Project Improvements/const.	25,000	25,000	30,000	30,000	0
K. Disposal/Loss on Land Sales					
L. Rehabilitation Expense/grants					
M. Debt Service	207,352	208,031	207,550	206,958	207,253
Total Expenditures	692,352	713,031	737,550	756,958	747,253
Revenues in Excess of Expenditures	(227,982)	(261,470)	(288,695)	(311,091)	(301,228)
Other Financing Sources/Uses					
Prior Period Adjustments					
Yearly Ending Balances	1,976,902	1,715,432	1,426,737	1,115,646	814,418

Notes:

¹ Fiscal Year 2009-2010 beginning balance is from City sources.

² Pursuant to CCRL 33334.4, the Low and Moderate Income Housing Set Aside Funds are equal to twenty percent of tax increment revenue.

³ Interest income on cash balance is based on the current rate estimated by the Local Agency Investment Fund.

⁴ Planning, administration, and professional services. Program expenditures are based on 2009-2010 budget and Agency/UFI projections.

⁵ Assumes FY 2009-10 design and FYs 2010-12 construction using balance of bond proceeds (\$1,438,942).

⁶ As shown on the Official Statement for the 2006 Tax Allocation and Refunding Bonds, Series B.

⁷ Negotiated agreements and statutory pass-through payments as provided by the Kern County Auditor Controller and City documents.



4.7.2 Excess Surplus

Excess Surplus is defined and calculated based on provisions in Health & Safety Code Section 33334.12. Excess Surplus is determined on the first day of each fiscal year. The calculation requires comparing the sum of property tax increment deposited over the previous four fiscal years against the agency's adjusted beginning balance (prior year's ending adjusted unencumbered balance) to determine which amount is greater. Agencies are allowed to adjust their unencumbered balance to exclude the amount of unspent proceeds from the sale of bonds and the difference between the price of land sold during the reporting period compared to the land's fair market value. By statutory definition, Excess Surplus exists when the adjusted unencumbered balance exceeds the greater of: (1) \$1 million or (2) the combined amount of property tax increment revenue deposited over the preceding four fiscal years.

The Agency is not anticipating excess surplus in the 2010-2014 Implementation Plan term. The Agency did carry excess surplus in the Preceding Implementation Plan term through June 30, 2008; however, with the decrease in available tax increment revenue and the implementation of planned projects and programs, it is projected that the Agency will not be in an excess surplus position. If the Agency chooses to sell the land which it is holding for resale without expenditures for the provision of affordable housing or otherwise reconsider its housing programs and projects, it is possible that revenues would substantially exceed expenditures resulting in excess surplus. The Agency may at that time consider the purchase of affordable housing covenants to reduce or eliminate its excess surplus and increase its inclusionary housing balance.

4.7.3 Other Funding Programs

Table 13 outlines other funding that may be available to the City and the Agency to further implement its Housing Production Plan.

Table 13 Financial Resources Available for Housing Activities			
Program Type	Program Name	Description	Eligible Activities
1. Federal Programs	Community Development Block Grant (CDBG)	Annual grants awarded to the City on a formula basis for housing & community development activities. Administered by HUD.	<ul style="list-style-type: none"> • Acquisition • Rehabilitation • Homebuyer assistance • Homeless assistance • Public services
	Section 8 Rental Assistance Program	Rental assistance payments to owners of private market rate units on behalf of very low-income tenants. Administered by HUD.	<ul style="list-style-type: none"> • Rental assistance
	Section 202	Grants to non-profit developers of supportive housing for the elderly. Administered by HUD.	<ul style="list-style-type: none"> • Acquisition • Rehabilitation • New construction • Rental assistance • Support services



Table 13 Financial Resources Available for Housing Activities			
Program Type	Program Name	Description	Eligible Activities
2. State Programs	California Housing Finance Agency (CHFA) Home Mortgage Purchase Program	CHFA sells tax exempt bonds for below market rate loans to first-time homebuyers. Program operates through participating lenders who originate loans for CHFA purchase.	<ul style="list-style-type: none"> • Homebuyer Assistance
	California Housing Finance Agency (CHFA) Multiple Rental Housing Programs	Below market rate financing offered to builders & developers of multi-family and elderly rental housing. Tax exempt bonds provide below-market mortgage money.	<ul style="list-style-type: none"> • New Construction • Rehabilitation • Acquisition
	Low Income Housing Tax Credit (LIHTC)	Tax credits available to individuals & corporations that invest in low-income rental housing. Tax credits sold to people with high tax liability, & proceeds are used to create housing.	<ul style="list-style-type: none"> • New Construction • Rehabilitation • Acquisition of properties from 20 to 150 units
	Multi-Family Housing Program (MHP)	Deferred payment loans for new construction, rehabilitation & preservation of rental housing. Administered by HCD.	<ul style="list-style-type: none"> • New Construction • Rehabilitation • Preservation
	3. Local/County Program	Redevelopment Housing Set-Aside Funds	20 percent of Agency tax increment funds are set-aside for affordable housing activities.
	Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time home buyers for the purchase of new or existing single-family housing. Local agencies make certificates available.	<ul style="list-style-type: none"> • Homebuyer Assistance
4. Private Resources/ Financing Programs	Federal National Mortgage Association (Fannie Mae)	Loan applicants apply to participating lenders for the following programs: fixed rate mortgages issued by private mortgage insurers; mortgages which fund the purchase & rehabilitation of a home; low down-payment mortgages for single-family homes in underserved low-income & minority communities.	<ul style="list-style-type: none"> • Homebuyer assistance • Rehabilitation
		California Community	Non-profit mortgage

Table 13 Financial Resources Available for Housing Activities			
Program Type	Program Name	Description	Eligible Activities
	Reinvestment Corporation (CCRC)	banking consortium designed to provide long term debt financing for affordable multi-family rental housing. Non-profit & for profit developers contact member banks.	<ul style="list-style-type: none"> • Rehabilitation • Acquisition
	Federal Home Loan Bank Affordable Housing Program	Direct subsidies to non-profit and for-profit developers & public agencies for affordable low income ownership & rental projects	<ul style="list-style-type: none"> • New Construction
	Low Income Housing Fund (LIHF)	Non-profit lender offering below market interest, short term loans for affordable housing in both urban & rural areas. Eligible applicants include non-profits & government agencies.	<ul style="list-style-type: none"> • Redevelopment costs • Site acquisition • Construction • Rehabilitation
	Private Lenders	The Community Reinvestment Act (CRA) requires certain regulated financial institutions to achieve goals for lending in low- & moderate-income neighborhoods. As a result, most of the larger private lenders offer one or more affordable housing programs, including first-time homebuyer, housing rehabilitation, or new construction assistance.	<ul style="list-style-type: none"> • Varies, depending on individual program offered by bank

4.8 TEN YEAR INCLUSIONARY HOUSING REQUIREMENT

CCRL Section 33490(a) (2) (b) requires that the implementation plan provide certain "Ten-Year" and "Life-of-the-Plan" housing production and inclusionary information. The 1989 Redevelopment Plan for Project Area 1 estimated that approximately 500 new units would be built within the Project Area over the 40-year Life-of-the-Plan (2029). Through June 30, 2009, 243 units had been constructed. An additional 121 new housing are projected through 2029 based upon the available sites inventory of 2008 Housing Element. The revised estimate of 364 units to be built during the Life-of-the-Plan reflects the reality of housing production preferences and the changing financial markets.

The 2008 Housing Element listing of sites appropriate for affordable residential development in Project Area 1 is provided in Appendix A. Therefore, with the assumption that the housing markets may recover slowly over the next ten years, it is

estimated that one-third of the 121 units (forty units) are anticipated to be constructed within Project Area 1 over the next ten years. The Agency is not developing any of the units itself. Rather, all units that obtain Agency affordability covenants will be produced by the private sector or other government agencies with assistance from the Agency triggering the 15 percent inclusionary requirement. The ten-year inclusionary requirement for 40 units is six units with two restricted for Very-Low income households and four for Low-and-Moderate income households. There is no residentially zoned land in Project Area 2; therefore, no inclusionary requirement.

4.9 CONSISTENCY WITH GENERAL PLAN

CCRL Section 33413(b) (4) requires that each agency, ". . .as part of the implementation plan required by Section 33490, shall adopt a [Housing Production] plan. . . ." Section 33413 (b)(4) requires that "[t]he plan shall be consistent with. . .the community's housing element." Additionally, "[t]he plan shall be reviewed and, if necessary, [be] amended at least every five years in conjunction with either the housing element cycle or the plan implementation cycle."

Chapter 9 of the State's General Plan Guidelines of 2003 (the "Guidelines") states the California Attorney General has opined that "the term 'consistent with' is used interchangeably with 'conformity with.'" The general rule of consistency outlined in the Guidelines is that "[a]n action, program, or project is consistent with the general plan if, considering all its aspects, it will further the objectives and policies of the general plan and not obstruct their attainment."

The following Goals and Policies are contained within the City's 2008 Housing Element:

1. Provide a diversity of housing opportunities to enhance the City's living environment and to satisfy the shelter needs of Shafter residents.
 - a. Provide adequate residential sites for the production of new for-sale and rental residential units for existing and future residents.
 - b. Ensure the supply of safe, decent, and sound housing for all Shafter residents.
2. Provide housing that is affordable to all economic segments of society.
 - a. Assist and cooperate with non-profit, private, and public entities to maximize opportunities to develop affordable housing.
 - b. Facilitate the development of new housing for all economic segments of the community, including lower-, moderate-, and above moderate- income households.
3. Provide equal housing opportunities for all residents of Shafter.
 - a. Assure the provision of housing opportunities for those residents of the City who have special housing needs, including farm workers, the elderly, disabled, large families, and the homeless.

In compliance with CCRL Section 33490, the Agency has developed, and included in Section 4 of this Implementation Plan, a goal statement and related objectives specific to the development and implementation of Agency sponsored affordable housing programs

in the City. These goals are consistent with the goals contained in the City's 2008 Housing Element.

Inasmuch as, i) the Agency is working to provide affordable housing for all income levels and most specifically housing for persons of very low-, low-, and moderate-incomes; ii) the Agency is required to spend no less than 20 percent of all tax increment monies on affordable housing programs; and iii) the Agency has identified in this Implementation Plan those housing projects and programs and the number of dwelling units that it projects to develop, rehabilitate or assist development of; the Agency hereby determines that the housing goal included in this Implementation Plan and related objectives, ongoing activities, and housing production plan, as outlined in this Implementation Plan, are consistent with the housing element of the City's General Plan.

5.0 PLAN ADMINISTRATION

The Agency shall be responsible for administering the Implementation Plan and for monitoring redevelopment activities or programs undertaken pursuant to it.

5.1 PLAN REVIEW

At least once within the five year Implementation Plan term, the Agency shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the adopted Redevelopment Plan, the Implementation Plan, and evaluating the progress of the Project. The public hearing shall be held no earlier than two years and no later than three years after the date of adoption of this Plan. The Agency may choose to conduct a single public hearing applicable to all adopted redevelopment projects described in this plan, Project Area 1 and Project Area 2 or conduct separate hearings.

Notice of public hearing to review the Redevelopment Plan and Implementation Plan shall be published pursuant to Section 6063 of the Government Code and posted in at least four permanent places within the Project Area for a period of at least three weeks. Publication and posting must be completed not less than ten days prior to the date set for hearing.

5.2 PLAN AMENDMENT

Pursuant to CCRL 33490, the Implementation Plan may be amended from time to time after holding a public hearing.

5.3 FINANCIAL COMMITMENTS SUBJECT TO AVAILABLE FUNDS

The Agency is authorized to utilize a wide variety of funding sources for implementing the Redevelopment Plan. Such funding sources include, but are not limited to, financial assistance from the City, State of California, federal government, property tax increment, interest income, Agency bonds secured by tax increment or other revenues or other legally available revenue source. Although the sources of revenue used by the Agency are generally deemed to be reliable from year to year, such funds are subject to legislative, program, or policy changes that could reduce the amount or the availability of the funding sources upon which the Agency relies.

In addition, with regard to the Agency's primary revenue source, tax increment revenues, it must be noted that revenue flows are subject to diminution caused by events not controlled by the Agency, which reduce the taxable value of land or improvements in the Project Area. Moreover, the formulas governing the amount or percentage of tax increment revenues payable to the Agency may be subject to legislative changes that directly or indirectly reduce the tax increment revenues available to the Agency.

Due to the above-described uncertainties in Agency funding, the projects described herein and the funding amounts estimated to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

5.4 REDEVELOPMENT PLAN CONTROLS

If there is a conflict between the Implementation Plan and the Redevelopment Plan or any other City or Agency plan or policy, the Redevelopment Plan shall control.

APPENDIX A

**2008 Housing Element Available Sites Inventory
Within the Project Area**

AVAILABLE SITES FOR RESIDENTIAL DEVELOPMENT IN PROJECT AREA 1
2008 Housing Element Available Site Inventory

APN	GP	Acreage	Existing Land Use	Existing units	Potential Units	Zoning
026-202-08	LDR	0.21	vacant	0	1	R-1
026-203-02	LDR	0.31	vacant	0	1	R-1
026-220-38	LDR	0.22	vacant	0	1	R-1
026-700-02	LDR	0.21	vacant	0	1	R-1
026-700-03	LDR	0.21	vacant	0	1	R-1
026-700-04	LDR	0.21	vacant	0	1	R-1
026-700-16	LDR	0.21	vacant	0	1	R-1
026-700-17	LDR	0.21	vacant	0	1	R-1
026-700-19	LDR	0.21	vacant	0	1	R-1
026-700-20	LDR	0.21	vacant	0	1	R-1
026-700-22	LDR	0.21	vacant	0	1	R-1
026-700-33	LDR	0.16	vacant	0	1	R-1
026-700-34	LDR	0.16	vacant	0	1	R-1
026-700-35	LDR	0.16	vacant	0	1	R-1
026-700-36	LDR	0.27	vacant	0	1	R-1
026-321-01	MHR	0.22	vacant	0	3	R-3
026-321-07	MHR	0.24	vacant	0	4	R-3
026-321-08	MHR	0.22	vacant	0	3	R-3
026-321-09	MHR	0.18	vacant	0	3	R-3
026-321-10	MHR	0.21	vacant	0	3	R-3
026-321-11	MHR	0.22	vacant	0	3	R-3
026-321-12	MHR	0.22	vacant	0	3	R-3
026-321-13	MHR	0.22	vacant	0	3	R-3
026-321-14	MHR	0.22	vacant	0	3	R-3
027-080-02	MHR	0.17	SFR	1	1	R-3
027-080-03	MHR	0.17	SFR	1	1	R-3
027-080-06	MHR	0.17	SFR	1	1	R-3
027-080-07	MHR	0.17	SFR	1	1	R-3
027-080-15	MHR	0.17	SFR	1	1	R-3
027-110-13	MHR	0.34	vacant	0	5	R-3
027-110-14	MHR	0.34	vacant	0	5	R-3
027-110-14	MHR	0.34	apartment	8	4	R-3
027-120-01	MHR	0.17	SFR	1	1	R-3
027-120-03	MHR	0.17	SFR	1	1	R-3
027-120-04	MHR	0.17	SFR	1	1	R-3
027-120-07	MHR	0.17	SFR	1	1	R-3
027-120-08	MHR	0.17	SFR	1	1	R-3
027-120-09	MHR	0.17	SFR	1	1	R-3
027-120-10	MHR	0.17	SFR	1	1	R-3
027-120-13	MHR	0.17	SFR	1	1	R-3
027-120-15	MHR	0.17	SFR	1	1	R-3

APN	GP	Acreage	Existing Land Use	Existing units	Potential Units	Zoning
027-120-17	MHR	0.17	SFR	1	1	R-3
027-120-18	MHR	0.09	SFR	0	1	R-3
027-120-19	MHR	0.17	SFR	1	1	R-3
027-190-03	MHR	0.26	SFR	1	2	R-3
027-190-04	MHR	0.17	SFR	1	1	R-3
027-190-11	MHR	0.17	SFR	1	1	R-3
027-190-12	MHR	0.17	SFR	1	1	R-3
027-190-14	MHR	0.17	SFR	1	1	R-3
027-220-03	MHR	0.17	SFR	1	1	R-3
027-220-04	MHR	0.17	SFR	1	1	R-3
027-220-09	MHR	0.17	SFR	1	1	R-3
027-220-10	MHR	0.17	SFR	1	1	R-3
027-220-11	MHR	0.17	SFR	1	1	R-3
027-220-13	MHR	0.17	SFR	1	1	R-3
027-220-18	MHR	0.14	SFR	1	1	R-3
027-320-03	MHR	0.17	SFR	1	1	R-3
027-320-04	MHR	0.17	SFR	1	1	R-3
027-320-05	MHR	0.17	SFR	1	1	R-3
027-320-06	MHR	0.17	SFR	1	1	R-3
027-320-07	MHR	0.17	SFR	1	1	R-3
027-320-09	MHR	0.17	SFR	1	1	R-3
027-320-10	MHR	0.17	SFR	1	1	R-3
027-320-11	MHR	0.17	SFR	1	1	R-3
027-320-12	MHR	0.17	SFR	1	1	R-3
027-320-13	MHR	0.17	SFR	1	1	R-3
027-320-15	MHR	0.17	SFR	1	1	R-3
027-320-17	MHR	0.17	SFR	1	1	R-3
027-320-18	MHR	0.34	apartment	12	1	R-3
026-101-10	MR	0.17	SFR	1	1	R-3
026-101-12	MR	0.17	SFR	1	1	R-3
026-102-04	MR	0.17	SFR	1	1	R-3
026-102-12	MR	0.17	SFR	1	1	R-3
026-113-01	MR	0.17	vacant	0	1	R-1
026-172-14	MR	0.16	vacant	0	1	R-1
026-192-10	MR	0.23	vacant	0	2	R-2
028-221-19	MR	0.19	vacant	0	1	R-2
028-252-15	MR	0.22	SFR	1	1	R-3
028-252-21	MR	0.24	vacant	0	1	R-3
028-252-22	MR	0.47	SFR	0	4	R-3
028-252-23	MR	0.24	SFR	1	1	R-3
028-252-27	MR	0.19	SFR	1	1	R-3
028-252-30	MR	0.18	SFR	1	1	R-3
028-252-31	MR	0.20	SFR	1	1	R-3
028-252-33	MR	0.31	SFR	2	1	R-3
028-252-38	MR	0.24	SFR	1	1	R-3
		17.15		72	121	