San Leandro Redevelopment Agency
2010-2014 Implementation Plan

September 2010

PAGE INTENTIONALLY
LEFT BLANK

San Leandro Redevelopment Agency
Implementation Plan 2010-2014

San Leandro City Council/Redevelopment Agency:

Mayor Tony Santos
Vice Mayor Ursula Reed
Councilmembers Michael Gregory, Jim Prola,
Diana Souza, Joyce Starosciak, and Bill Stephens

Table of Contents

Redevelopment Advisory Committee:

Co-Chairpersons Doug Federighi and Robert Scribner
Members Manuel Ambrosio, Barbara Brooks, Louis Chicoine, Dan Gatto,
Maristella Huerta, Linda Lazzeretti, Jim Patterson, Rod Riggs, and Vince Rosato

This plan was prepared by San Leandro staff, including:

Redevelopment Agency Executive Director Stephen L. Hollister
Community Development Director Luke Sims
Business Development Manager Cynthia Battenberg
Housing Services Manager Tom Liao
Business Development Analyst Jeff Kay
Senior Development Specialist Elmer Penaranda
Housing Specialist II Jean Hom

September 2010

PAGE INTENTIONALLY
LEFT BLANK

San Leandro Redevelopment Agency
2010-2014 Implementation Plan
Introduction

The San Leandro Redevelopment Agency has a long tradition of undertaking public benefit projects, and continues to enhance and improve San Leandro's image. In conformance with California Health and Safety Code, this document updates the achievements of the Agency in the past five years and lays out the plan for the next five years. The Agency has achieved many of its economic development, public improvement, and affordable housing programs in the last five years, such as the completion of the Creekside Office complex, Downtown Street Lighting and Pedestrian Improvements, MacArthur Boulevard Streetscape Improvements, Doolittle Drive Gateway Improvements, the Casa Verde affordable housing project, Estabrook Place senior apartments, and sustaining the Marina Boulevard Auto Mall and Regional Retail area, to name a few.

The next five years will be no different. Though limited by funds and revenues, the Agency has identified many other projects and programs that will enhance the City's image, support local businesses, prevent blight and improve the quality of life. Some projects identified in this plan includes the implementation of the Downtown Transit Oriented Development (TOD) Strategy, replacement of the Estudillo-Callan Garage, development of Town Hall Square and the former Albertson's site at 1550 East 14th Street, the San Leandro Crossings, and the final phases of street improvements to East 14th Street and MacArthur Boulevard.

Redevelopment funding in California consists mainly of tax increment, a portion of the property tax revenue collected within the redevelopment project areas. "Tax increment" refers to the taxes collected on the increase in assessed value (over and above the base year assessed value) of properties in the redevelopment areas, starting from the date of Redevelopment Project Area designation. Redevelopment agencies are authorized to take a share of the tax increment, and in most cases, the other taxing agencies take a share of it as well.

The San Leandro Redevelopment Agency is administered out of the Office of Business Development, a division of the City's Community Development Department. The full-time staff is also responsible for the City's economic development initiatives. The Agency's housing activities are handled mainly by the Community Development Department's Housing Services Division, with assistance from Business Development on special development projects. Engineering and Transportation staff manages capital projects funded by the Agency, and Finance staff handles the financial operations.

This Implementation Plan covers the vast majority of the Agency's activities for the next five years. Separate sections are presented for each of the three project areas, providing detail on their goals and objectives for economic development and public improvements, and their budgets. Housing is the final section of this plan.

There is concern noted in this plan because of financial constraints at both the state and local level. The state's mandatory Supplemental Education Revenue Augmentation Fund (SERAF) shift from local redevelopment agencies to the schools in addition to pre-existing obligations, drastically limits the new projects the Agency can undertake and future takes are unknown. Tax increment revenue has also declined in recent years due to reductions in assessed values within the project areas. Table 1 on the next page shows the expected revenues and the SERAF shift as currently projected.

Table 1. San Leandro Redevelopment Agency Projected Tax Increment

Fiscal Year	SLRDA Gross Tax Increment	SERAF Payment	Gross (Minus SERAF)
2009-10	14,053,642	(4,255,865)	9,797,777
2010-11	14,141,276	(874,661)	13,266,615
2011-12	14,542,668	-	14,542,668
2012-13	15,033,831	-	15,033,831
2013-14	15,535,434	-	15,535,434
		Five-Year Total	68,176,325

Source: San Leandro Redevelopment Agency; Urban Analytics

The Plaza Project Area

Introduction

The Plaza Project Area is the oldest redevelopment project area in San Leandro. As stated in the original Redevelopment Plans for the Plaza 1 and Plaza 2 Redevelopment Project Areas, prior to their merger in 2000, the goal of the Project is to:

Eliminate or reduce blight and blighted conditions presently existing in the Project Area. Blight and blighted conditions include the following:

- Aging and dilapidated buildings
- Underutilized land
- Inadequate building/property maintenance
- Parcels of irregular form and shape
- Parcels of inadequate size
- Fragmented parcel ownership
- Incompatible uses
- Lack of adequate public improvements and facilities
- Circulation and access problems

In the context of California redevelopment, "blight" is a legally defined concept, referring to physical, economic, and social conditions that impair private investment in the Plaza Project Area (Plaza), causing it to be a burden to the larger community.

Efforts to eliminate blight have been ongoing for almost 50 years in the Plaza. The Plaza Redevelopment Project Area (also known as Plaza 1), established in 1960, involved the redevelopment of a deteriorated central business district. Plaza 1 was intended to deal with the deterioration of public and private buildings and a shortage of public parking in downtown San Leandro's shopping area. The Downtown Plaza shopping center, anchored today by Safeway and CVS Pharmacy (with its free public parking lot) was developed under the auspices of Plaza 1 redevelopment efforts. Other projects completed as part of Plaza 1 include the development of the former Noah's/Starbucks/Taco Bell complex at 1445 East 14th Street (now Verizon and Ha-Ru Sushi), and the renovation of several structures including the historic Masonic Temple. The Plaza 1 Redevelopment Project was originally due to expire in 1995, but was extended to 2012 by the Agency/Council.

The adjoining Plaza 2 Redevelopment Project Area (Plaza 2) was established in 1967. It was amended several times between 1971 and 1988 to add more territory, known as expansion areas or sub-areas, and to update the Plan's content. Notable early projects included construction of office buildings like 1298 East 14th Street, Regional Headquarters of Wells Fargo Bank, and the 101 Callan office complex. Major projects over the past 10 years include the construction of the San Francisco Bay Area Council/Boy Scouts of America building, the relocation of Costco and the disposition and development of Burger King and Shell gas, the commercial pads adjacent to Costco's newer location, and the construction of three buildings and the parking structure for Creekside Office Plaza. The sub-areas of the Plaza 2 Redevelopment Plan will begin to expire between 2012 and 2029, following an extension approved by the City Council/Agency Board in 2003. Upon expiration of the project areas, redevelopment activities/programs need to cease; however the Agency can continue collecting tax increment for the repayment of its pre-existing debt.

While tax increment funds were handled separately for Plaza 1 and Plaza 2 since inception, administering project funds became cumbersome as these two Project Areas functioned as one downtown business area. To more efficiently and effectively manage projects and programs, the two Project Areas were merged in the last Implementation Plan period. It remains an administratively complex project area because of the many sub-areas it contains, each with their different time limits and in some cases, varying pass-through requirements.

Program Funding

Funding for the Redevelopment Agency's Economic Development and Public Improvement Projects in the Plaza, like the other two project areas and the Affordable Housing Program, mainly comes from tax increment, a portion of the property tax revenue collected in all the redevelopment project areas. "Tax increment" consists of the taxes collected on the increase in assessed value (over and above the base year assessed value) of properties in the redevelopment areas, starting from the date of Redevelopment Project Area designation.

Table 2 shows the projected tax increment for the Plaza Project Area for 2009-10 through 2013-2014. It shows what portion of these funds will go to the Affordable Housing Program (20% Housing Set-Aside) and what portion has already been committed to outstanding debt obligations. A mandatory payment to the Supplemental Educational Revenue Augmentation Fund (SERAF) is not shown below, but is included in Table 3 later in this section.

As shown in Table 2, debt service consumes almost two-thirds of the gross tax increment received in the Plaza. The largest component of the debt service is for repayment of Tax Allocation Bonds (TABs) issued in 2002 to support capital improvements in the Plaza. Payments to a debt service escrow fund were initiated in 2009-10. Because the Plaza is projected to reach its legal cap for receiving tax increment revenue prior to the full retirement of the 2002 TABs, the Agency is setting funds aside in advance to ensure that all debt obligations can be met.

Table 2. Plaza Tax Increment - 2009 Estimates

Fiscal Year	Gross Tax Increment	20% Housing Set-Aside	Pass Through Payments	General Fund Loan	TAB Debt Service	Debt Service Escrow	Available Tax Increment
2009-10	2,935,590	(576,641)	(239,541)	(300,000)	(1,345,850)	(200,000)	273,558
2010-11	2,947,111	(578,150)	(255,806)	(300,000)	(1,348,538)	(187,293)	277,324
2011-12	2,972,585	(582,428)	(272,657)	(300,000)	(1,348,288)	(187,493)	281,719
2012-13	3,026,929	(592,454)	(290,254)	(300,000)	(1,350,903)	(205,994)	287,324
2013-14	3,082,303	(602,661)	(308,345)	(300,000)	(1,351,063)	(227,192)	293,042

Source: City of San Leandro, Urban Analytics

Economic Development and Public Improvements Objectives

The Agency's aim with regard to economic development and public improvements is to improve the economic health of the Plaza. The Agency can assist or guide the private sector to maintain a balanced business base with an appropriate mix of retail and office, and support new infill housing. The Agency, to the extent feasible based on limited funding sources, can upgrade or maintain the appearance of the Plaza visible to the public, so that it will be more inviting to consumers and residents, stimulating increased sales and private investment in the area.

Specific proposed programs to undertake over the next five years, in pursuit of these objectives, follow. The Agency is unable to provide funding for all the objectives. Leveraging private investment and obtaining financial assistance from other sources is essential to accomplish the objectives.

Economic Development and Public Improvements Programs

- Continue to promote and encourage the goals and policies of the Downtown San Leandro **Transit-Oriented Development (TOD) Strategy**, a comprehensive plan for the Smart Growth of downtown San Leandro. The TOD Strategy supports residential growth with higher density housing and mixed-use development. A certified Environmental Impact Report (EIR) provides for the development of 3,431 residential units, 718,000 square feet of office space, and 121,000 square feet of retail space. Implementation of the TOD Strategy will result in a vibrant, pedestrian friendly downtown that provides a wide variety of services and access to excellent regional public transit.

- Demolish and remove the existing two-level **Estudillo-Callan Parking Garage** that is seismically deficient and construct a new seismically safe four- to five-story parking garage to provide additional parking to enable higher density development in the downtown.

- Work with downtown property owners and business owners to create a **Property Business Improvement District (PBID)** or a **Community Benefit District (CBD)** to fund the continuation of services such as maintenance, security, parking management, marketing, etc.

- Continue assisting with land assembly and design to redevelop **Town Hall Square,** the underutilized block bounded by Hays, Davis, and East 14th Streets in the downtown core. Currently dominated by surface lots, redevelopment of the site would link the downtown shopping area to the Civic Center. The Agency currently owns four of the seven parcels and has an Exclusive Negotiating Rights Agreement with a developer for development of the site consistent with the TOD Strategy.

- Continue the **Downtown marketing campaign** to promote and enhance the image and economic vitality of Downtown San Leandro. This program includes Downtown branding and marketing, business attraction and retention, a way-finding sign program, coordinated with the BART way-finding program, and the *DowntownSanLeandro.com* website.

- Assist private renovation of commercial structures through the **Commercial Rehabilitation Loan Program**. This Program provides incentives to enhance the appearance of local businesses and make the neighborhood more attractive. Participants in the program may either be property owners or business owners.

- Facilitate improvements to the downtown to make it more **bicycle friendly**, including bike racks and dedicated bike lanes.

- Encourage and assist property owners in **repositioning obsolete buildings** when financially feasible.

- **Reconstruct and/or repair aging infrastructure** such as streets, curbs and sidewalks, parking facilities/lots, and the undergrounding of utilities along major arterials and other major corridors in the Plaza.

- Facilitate **technology infrastructure** enhancements, including but not limited to high-speed internet services, to underserved business districts in order to support business operations and to attract new businesses into the City.

Allocation of Funds

The Plaza Project Area's resources are limited due to the small size of the project area relative to the Agency's other two project areas. Table 3 shows annual estimates of available tax increment revenue (from Table 2), along with funding obligations for Plaza maintenance and security, and projected expenditures for project area administration, which includes roughly $50,000 per year for the Commercial Rehabilitation Loan Program. The $1 million SERAF payment shown for FY 2009-10 represents a State take of redevelopment funds that resulted from the State's FY 2009-10 budget crisis. A pending lawsuit will ultimately determine the legality of that payment. The payment of $1,000,000 for Town Hall Square in 2011-12 represents an Agency contribution to development of that site. The exact nature and amount of that payment will be determined once more precise development plans are established.

Table 3. Plaza Funds Allocation - 2009 Estimates

Fiscal Year	Starting Funds	Available Tax Increment	SERAF Payment	Plaza Maintenance & Security	Administration	Town Hall Square	Ending Balance
2009-10	2,600,000	273,558	1,083,737	120,000	330,000	-	1,339,821
2010-11	1,339,821	277,324	-	120,000	330,000	-	1,167,145
2011-12	1,167,145	281,719	-	-	330,000	1,000,000	118,864
2012-13	118,864	287,324	-	-	330,000	-	76,188
2013-14	76,188	293,042	-	-	330,000	-	39,230

Source: City of San Leandro, Urban Analytics

Even with the limitations on Plaza funds and revenues, the Agency's projects in the Plaza area will remain a major focus of staff activity in the 2010-14 Implementation Plan period. Implementation of the TOD Strategy, the replacement of the Estudillo-Callan Parking Garage, and the efforts for land assembly and design to redevelop Town Hall Square will be very significant. Through outreach to downtown property owners and businesses, the Agency will continue to work towards the creation of a PBID or a CBD to fund necessary maintenance and services to the downtown area starting around 2011-12.

The Joint Project Area

Introduction

As stated in the original Redevelopment Plan for the Alameda County-City of San Leandro Redevelopment Project Area, the goal of the Project is to:

Eliminate or reduce blight and blighted conditions presently existing in the Project Area. Blight and blighted conditions include the following:

- Aging and dilapidated buildings
- Underutilized land
- Inadequate building/property maintenance
- Parcels of irregular form and shape
- Parcels of inadequate size
- Fragmented parcel ownership
- Incompatible uses
- Lack of adequate public improvements and facilities
- Circulation and access problems

In the context of California redevelopment, "blight" is a legally defined concept, referring to physical, economic, and social conditions that impair private investment in the Joint Project Area, causing it to be a burden to the larger community.

The Joint Area is a unique project area because the territory consists of land within the jurisdiction of unincorporated Alameda County as well as the City of San Leandro. From 1993 through 2000, the City was the lead agency for activities in the project area. In 2001, the City and County assumed lead agency status for activities within their respective areas, which was memorialized by legislation passed by the State. The City is responsible for the administration of the Joint Area, and the tax increment allocation to each agency is governed by a revenue sharing agreement. Throughout the plan, “Joint Area” refers to the City portion of the project area and “Agency” refers to the San Leandro Redevelopment Agency, unless otherwise specified.

While significant progress has been made since the Joint Area’s inception in 1993, remaining examples of physical blight includes dilapidated buildings, parcels of inadequate size and/or irregular shape such that they are not economically useful or developable, underutilized and/or poorly maintained lots, incompatible adjacent land uses, and inadequate parking facilities.

Examples of economic blight that continue in the Joint Area include commercial vacancies, underutilized property, low commercial lease rates, stagnant commercial property values, and economically obsolete buildings and lots. In addition, along the main artery of East 14th Street, there exist challenges related to traffic circulation, street lighting, amenities, and overhead utility lines.

Bayfair Center remains a central component of the project area, although removed from the Joint Area in 2001 due to an unprecedented plunge in assessed value. As the anchor for the city and county’s retail district on East 14th Street as well as the dominant retail center in San Leandro, Bayfair’s success is crucial to meeting the goals of the Plan. Bayfair is constrained by poor access to and visibility from the major interstates nearby, particularly I-580 Freeway, which many shoppers use to travel to retail destinations in other communities. Bayfair's high performing tenants generate sales and foot traffic, sustaining the economics of the project area surrounding the center.

The Joint Project Area's revenues are largely encumbered by debt service for 2001 Certificates of Participation and 2008 Tax Allocation Bond. The 2001 certificates predominantly funded improvements related to the implementation of the Marina Boulevard Auto Mall project. The 2008 bonds funded construction of the Senior Community Center, and will fund construction of the Estudillo/Callan parking garage and other capital improvements. These items and administrative costs leave very little discretionary revenue through 2014. Financial projections reveal that, unless revenues come in higher than projected, the Joint Area projects and programs will be underfunded, and cuts will need to be made.

Program Funding

Funding for the Redevelopment Agency's Economic Development and Public Improvement Projects in the Joint Project Area, like the other two project areas and the Affordable Housing Program, mainly comes from tax increment, a portion of the property tax revenue collected in all the redevelopment project areas. "Tax increment" consists of the taxes collected on the increase in assessed value (over and above the base year assessed value) of properties in the redevelopment areas, starting from the date of Redevelopment Project Area designation.

Table 4 provides the projected tax increment for the Joint Area for 2010-2014. It also shows what portion of these funds will go to the Affordable Housing Program and what portion has already been committed to outstanding debt obligations.

Table 4. Joint Area Tax Increment

Fiscal Year	AV Growth Rate	Gross Tax Increment	20% Housing Set-Aside	Pass Through Payments	General Fund Loan	Bond Debt Service	Available Tax Increment
2009-10	-3.75%	7,151,361	(1,264,265)	(2,804,796)	(797,833)	(2,223,421)	61,047
2010-11	0.00%	7,144,573	(1,263,323)	(2,796,675)	(173,477)	(2,218,896)	692,203
2011-12	2.00%	7,349,433	(1,286,070)	(2,932,504)	(173,477)	(2,212,946)	744,437
2012-13	2.50%	7,612,044	(1,329,419)	(3,093,825)	(173,477)	(2,205,681)	809,643
2013-14	2.50%	7,880,854	(1,373,815)	(3,214,986)	(173,477)	(2,202,041)	916,536

Source: City of San Leandro, Urban Analytics. All amounts omit the County share.

Further financial limitations exist in the Joint Area. Existing obligations incurred in the prior Implementation Plan periods require the Agency to make regular payments to developers for projects including auto dealerships and Bayfair Center. These projects achieved significant levels of blight reduction and economic development, but limit the Agency's flexibility in coming years.

Economic Development and Public Improvements Objectives

The Agency's aim with regard to economic development and public improvements is to improve the economic health of the Joint Area. The Agency can assist or guide the private sector to maintain a balanced business base with an appropriate mix of retail, office, manufacturing, warehouse/wholesale, and services, thereby providing a range of employment opportunities. Support of new housing, particularly workforce housing, in appropriate locations increases economic vitality in the area by increasing demand for products and services. The Agency can upgrade or maintain the appearance of the Joint Area so that it will be more inviting to consumers and residents, stimulating increased sales and private investment in the area.

Specific proposed programs to undertake over the next five years, in pursuit of these objectives, follow. The Agency is unable to provide funding for all the objectives. Leveraging private investment and obtaining financial assistance from other sources is essential to accomplish the objectives.

Economic Development and Public Improvements Programs

- Support public improvement projects that **enhance parking opportunities, public transit use, and the pedestrian environment** throughout the Joint Area with special attention to the Bayfair/BART area and properties along East 14th Street.

- Promote and encourage the goals and policies of the Downtown San Leandro **Transit-Oriented Development (TOD) Strategy**, a comprehensive plan for the Smart Growth of downtown San Leandro. The TOD Strategy supports residential growth with higher density housing and mixed-use development. A certified Environmental Impact Report (EIR) provides for the development of 3,431 residential units, 718,000 square feet of office space, and 121,000 square feet of retail space. Implementation of the TOD Strategy will result in a vibrant, pedestrian friendly downtown that provides a wide variety of services and access to excellent regional public transit.

- Promote the goals and policies of the **North Area Plan**. Assist other City departments and intergovernmental agencies to implement new development or aesthetic improvements consistent with the Plan's recommendations for East 14th Street.

- Promote the goals and policies of the **East 14th Street South Area Plan**. Assist other City departments and intergovernmental agencies to implement projects consistent with the Plan's recommendations. East 14th Street is an important location for mixed-use and or higher density housing along the corridor.

- Redevelop **1550 East 14th Street,** the former Albertsons site bounded by Juana and Dolores Avenues, and East 14th Street in the south downtown area. Currently a temporary parking lot, redevelopment of the site would provide mixed-use of retail and multi-family residential consistent with the TOD Strategy.

- Redevelop **1595 Washington Avenue** at Parrott Street, the former East Bay Municipal District office in the downtown area. Redevelopment of the site would provide mixed-use of retail and multi-family residential consistent with the TOD Strategy.

- Support the **Farmers' Market and the Downtown marketing campaign** to promote and enhance the image and economic vitality of Downtown San Leandro.

- Partner with owners and developers to **market strategic sites**, acquire and dispose of property, and assist with land assembly where needed and when financially feasible.

- Encourage Auto Mall and/or regional commercial/retail development on underutilized industrial properties along **Marina Boulevard,** consistent with the Special S-Overlay zoning designation for Marina Boulevard**.** Assist in marketing the Auto Mall as feasible.

- Provide for the rehabilitation of commercial structures through the **Commercial Rehabilitation Program** (forgivable loans to business and property owners).

- Facilitate design and financing to construct a new seismically safe four-story **Estudillo-Callan Parking Garage** to provide additional parking to enable higher density development in the downtown.

- Work with Joint Area property owners and business owners to create a **Property Business Improvement District (PBID)** or a **Community Benefit District (CBD)** to fund the continuation of services such as maintenance, security, parking management, marketing, etc.

- Support the continued **undergrounding of utility lines** along East 14th Street, converting aerial utility services to underground service systems and upgrading street lighting.

- Implementation of the **streetscape-related recommendation of the East 14th Street South Area Plan**, including widening sidewalks, installing new street trees and street furniture, and adding crosswalks and landscaped medians where appropriate to East 14th Street between downtown and 150th Avenue.

- Reconfiguration and beautification of the busy **East 14th Street/150th Avenue/Hesperian Boulevard** intersection.

- Continue redevelopment of **Bayfair Center**, specifically as it relates to implementation of the Expansion Parcel Study and TOD Strategy for an underutilized 2.5 acre site currently leased to Bayfair Center for surface parking.

- Facilitate **technology infrastructure** enhancements, including but not limited to high-speed internet services, to underserved business districts in order to support business operations and to attract new businesses into the City.

As Table 5 on the next page makes clear, the Agency will not be in a position to initiate major projects in the Joint Area in this Implementation Plan period.

Both scenarios below assume that Agency funding for downtown maintenance and security services will not be required after 2011-12. This assumption is contingent on formation of a business improvement district.

Table 5. Joint Area Funds Allocation

Fiscal Year	Starting Funds*	Available Tax Increment	SERAF Payment	Admin-istration	DT Maint., Sec., Marketing	Commercial Rehab.	Dev./ SLUSD Pmts	Ending Balance
2009-10	3,283,000	61,047	(1,320,804)	(449,000)	(133,000)	(50,000)	(460,000)	931,243
2010-11	893,804	692,203	-	(438,000)	(133,000)	-	(460,000)	592,445
2011-12	496,631	744,437	-	(438,000)	(133,000)	-	(637,000)	128,882
2012-13	(25,307)	809,643	-	(438,000)	-	-	(637,000)	(136,476)
2013-14	(369,665)	916,536	-	(438,000)	-	-	(587,000)	(244,940)

Source: City of San Leandro, Urban Analytics

Table 6 below summarizes the funding allocations for projects funding by the 2008 TAB proceeds ($25.1 million). All remaining funds are expected to be expended during the 2010-2014 implementation period.

Table 6. Joint Area 2008 Tax Allocation Bonds Funding Summary

Project	Funding Allocation	Expenditures as of January 1, 2010	Remaining Balance
Downtown Light & Pedestrian Improvements	665,000	565,000	100,000
Senior Community Center	10,500,000	9,000,000	1,500,000
Estudillo/Callan Parking Garage	12,100,000	1,300,000	10,800,000
SLUSD 9th Grade Campus Contribution	535,000	535,000	-
East 14th Hesperian "Triangle" Property	1,300,000	620,000	680,000
Total, All Projects	25,100,000	12,020,000	13,080,000

Source: City of San Leandro

Even with the limitations on Joint Area funds and revenues, the Agency's projects in the Joint Area will remain a major focus of staff activity in the 2010-14 Implementation Plan period. Implementation of the TOD Strategy, the replacement of the Estudillo-Callan Parking Garage, the efforts to redevelop 1550 East 14th Street and 1595 Washington Avenue, and East 14th Street improvements will be very significant. Through outreach to Joint Area property owners and businesses, the Agency will continue to work towards the creation of a PBID or a CBD to fund necessary maintenance and services to the Joint Area starting around 2011-12.

PAGE INTENTIONALLY
LEFT BLANK

The West San Leandro-MacArthur Boulevard Project Area

Introduction

This project area was formed in 1999 and includes the City's industrial area west of Interstate-880 and MacArthur Boulevard. West San Leandro is the city's employment center, and its economic health affects the rest of the city and the region. MacArthur Boulevard is a neighborhood business district that was struggling with high vacancies, traffic, and minimal owner investment. As stated in the original Redevelopment Plan for the West San Leandro-MacArthur Boulevard Project Area, the goal of the Project is to:

Eliminate or reduce blight and blighted conditions presently existing in the Project Area. Blight and blighted conditions include the following:

- Aging and dilapidated buildings
- Underutilized land
- Inadequate building/property maintenance
- Parcels of irregular form and shape
- Parcels of inadequate size
- Fragmented parcel ownership
- Incompatible uses
- Lack of adequate public improvements and facilities
- Circulation and access problems

In the context of California redevelopment, "blight" is a legally defined concept, referring to physical, economic, and social conditions that impair private investment in the West San Leandro-MacArthur Boulevard (WSL) Project Area causing it to be a burden to the larger community of San Leandro.

The history of the redevelopment designation goes back to formation of a survey area in 1995. A community process guided the project area formation, eventually approved in 1999. The plan was subsequently amended in 2000 to allow the Agency to formally decline tax increment from 17 significant parcels, including the parcel now owned by Kaiser Foundation Hospitals. All other provisions of the plan apply to those 17 parcels. The project area is now scheduled to terminate in 2030.

Program Funding

Funding for the Redevelopment Agency's Economic Development and Public Improvement Projects in the WSL Project Area, like the other two project areas and the Affordable Housing Program, mainly comes from tax increment. "Tax increment" consists of the taxes collected on the increase in assessed value (over and above the base year assessed value) of properties in the redevelopment area.

Table 7 on the next page provides the projected tax increment for the WSL Project Area for 2010-2014. It also shows what portion of these funds will go to the Affordable Housing Program and what portion has already been committed to outstanding debt obligations. The debt service payments shown below are for 2004 Tax Allocation Bonds (TABs) that yielded proceeds of $5.5 million. The TAB proceeds funded MacArthur Boulevard and Doolittle Drive streetscape improvements and have been fully expended. These projects were successful in attracting private investment to their respective areas.

Table 7. West San Leandro-MacArthur Tax Increment

Fiscal Year	AV Growth Rate	Gross Tax Increment	20% Housing Set-Aside	Pass Through Payments	Bond Debt Service	Available Tax Increment
2009-10	5.20%	3,966,691	(793,338)	(813,611)	(398,625)	1,961,117
2010-11	1.00%	4,049,592	(809,918)	(843,232)	(397,588)	1,998,854
2011-12	2.00%	4,220,650	(844,130)	(903,357)	(396,263)	2,076,900
2012-13	2.00%	4,394,858	(878,971)	(940,643)	(399,650)	2,175,593
2013-14	2.00%	4,572,277	(914,455)	(978,617)	(397,463)	2,281,742

Source: San Leandro Redevelopment Agency; Urban Analytics.

Economic Development and Public Improvements: Objectives and Programs

The Agency's aim with regard to economic development and public improvements is to improve the economic health of and encourage private investment in the WSL Project Area, and to make it more inviting to consumers and residents, thereby stimulating increased sales and private investment. The Agency can support the economic health of the Project Area by assisting the private sector in maintaining a balanced business base with an appropriate mix of industrial, manufacturing, and large-scale retail in the West San Leandro sub-area. In the MacArthur Boulevard sub-area, the Agency can work with businesses and property owners to provide neighborhood-serving retail, small office, and infill housing.

Specific proposed programs to undertake over the next five years, in pursuit of these objectives, follow. The Agency is unable to provide funding for all the objectives. Leveraging private investment and obtaining financial assistance from other sources is essential to accomplish the objectives.

Economic Development and Public Improvements Programs

- Facilitate private redevelopment of a **regional retail mixed-use shopping center** on the remaining northern 25 acres of the new Kaiser Permanente Medical Center site.

- Develop and implement a **Marina Boulevard Specific Plan including Right-of-Way Improvements.** Marina Boulevard is the gateway to the City's Shoreline.

- Enhance **industrial strategies** via the East Bay Green Corridor**,** a regional partnership designed to improve efforts to develop green businesses, particularly in industrial areas. In addition, continue to enhance industrial strategies with focused outreach and by delivering high quality customer service and maintaining business relations.

- Construct **Eden Road,** currently a dirt road, to improve traffic circulation in the Davis/Doolittle intersection area.

- Design and implement **Phases III and IV of the Doolittle Drive** streetscape enhancement program (Phase III Davis to Marina and Phase IV Marina to Fairway). Doolittle Drive is a gateway to Oakland Airport, the shoreline, and a busy artery through the City's industrial district.

- Support new or significantly improved, larger **I-880 interchanges at Marina Boulevard and Davis Street** to ease congestion and stimulate private investment in the project area by taking better advantage of its strategic regional location**.**

- Provide for the rehabilitation of commercial structures through the **Commercial Rehabilitation Program**, with a special focus on the MacArthur business district and the Doolittle Drive and Marina Boulevard areas.

- Facilitate energy efficiency improvements to industrial plants and operations through the **Industrial Competitiveness Program** which provides forgivable loans to improve energy efficiency thereby making businesses more competitive.

- Implement **Phase II of the MacArthur Boulevard Streetscape Master Plan** (Phase II Superior to Dutton). MacArthur Boulevard is a gateway to the City of Oakland, a thoroughfare, and a busy neighborhood destination.

- Support the long-term viability of **Westgate Center** as both a regional retail center and a technology-oriented business center.

- Assist in maintaining **LINKS, the West San Leandro Shuttle Program** to take workers to and from work and the San Leandro BART Station.

- Attract **new commercial and industrial uses that offer higher paying wages and/or add to the city's financial base**; encourage clustering of like uses in certain areas as appropriate.

- Develop **strategies to mitigate both auto and truck related traffic** to reduce conflicts with residential uses, while facilitating movement of goods.

- Identify **obsolete buildings and work with property owners to modernize or remove them**, creating jobs and stimulating investment.

- Assist with **assembling parcels for development sites**, particularly underutilized property on MacArthur Boulevard and inadequately sized industrial parcels in West San Leandro.

- Facilitate **technology infrastructure** enhancements, including but not limited to high-speed internet services, to underserved business districts in order to support business operations and to attract new businesses into the City.

Table 8 below includes estimates that tax increment is projected to grow steadily in the 2010-2014 Implementation Plan period, allowing business assistance projects to be funded. In Fiscal Years 2009-10 and 2010-11 the WSL Project Area is budgeted to pay $1.3 million in SERAF for the other two project areas, which are burdened with obligations. Those payments will be structured as a loan. The SERAF payments, therefore will delay the ability of the WSL Project Area to issue bonds to fund future capital improvement projects.

Table 8. West San Leandro-MacArthur Funds Allocation

Fiscal Year	Starting Funds	Available Tax Increment	SERAF Payment	Admin-istration	Commercial Rehab. Program	Industrial Competi-tiveness	Ending Balance
2009-10	1,327,000	1,961,117	(1,854,612)	(705,797)	(50,000)	(150,000)	527,708
2010-11	527,708	1,998,854	(874,661)	(684,072)	(50,000)	(100,000)	817,829
2011-12	817,829	2,076,900	-	(684,072)	(50,000)	(100,000)	2,060,657
2012-13	2,060,657	2,175,593	-	(684,072)	(50,000)	(100,000)	3,402,178
2013-14	3,402,178	2,281,742	-	(684,072)	(50,000)	(100,000)	4,849,849

Source: City of San Leandro, Urban Analytics.

The WSL Project Area will be a major focus over the next five years with priority goals of development of the remaining Kaiser Permanente mixed-use site, support of the industrial businesses and development of the Marina Boulevard Specific Plan.

Housing For Low and Moderate Income Residents

I. INTRODUCTION

Although redevelopment activities and investments contribute significantly to a local and the State economy, unstable economic times and shrinking revenue sources have made the production of new housing construction and rehabilitation projects very challenging in recent years, and this trend will continue into the foreseeable future. According to the National Association of Home Builders, multi-family construction continued its slowdown in April 2010, with a 1.9% decline from March and a 57.4% drop from a year earlier.

To address this problem and to assure that there is sufficient affordable housing for San Leandro residents, the City's 2010 Housing Element Update strategies strive to conserve the City's existing housing stock while providing opportunities for new housing for a variety of income groups. The Redevelopment Agency (Agency) plays an integral part through its Low- and Moderate-Income Housing Fund (detailed below).

Housing San Leandro's low- and moderate-income residents is one of the Agency's top priorities. A primary Agency goal is to:

Use no less than 20% of all its tax increment revenue for increasing, improving, and preserving the community's supply of housing available and affordable to households with very low, low, or moderate incomes.

II. HOUSING REQUIREMENTS AND REDEVELOPMENT OBLIGATIONS

A. California Redevelopment Law Requirements

Community Redevelopment Law, *Health and Safety Code* Section 33490(a)(2)(A) requires that a portion of an Implementation Plan shall address the Redevelopment Agency's housing responsibilities and shall contain a section addressing the Low and Moderate Income Housing Fund (LMHF). If replacement housing applies, a section addressing agency-developed and project area housing shall be included.

The section addressing the Low and Moderate Income Housing Fund shall contain:

> (i) The amount available in the LMHF and the estimated amounts which will be deposited in the LMHF during each of the next five years.
> (ii) A housing program with estimates of the number of new, rehabilitated, or price restricted units to be assisted during each of the five years and estimates of the expenditures of monies from the LMHF during each of the five years.
> (iii) A description of how the housing program will implement the requirement for expenditures of moneys in the LMHF over a 10-year period for various groups.

III. FISCAL ANALYSIS

A. Housing Set Aside Projected Revenues

The Agency is required by California law to "set aside" 20% of all tax increment collected in the redevelopment project areas to be used for the purpose of increasing, improving and preserving the community's supply of housing available and affordable to households with low and moderate incomes. The Low and Moderate Income Housing Fund (LMHF) contains the totals of 20% of tax increment from all three project areas. The Agency has made appropriate findings to use these funds throughout the City. The LMHF is administered as one fund, and its programs and policies governing the expenditures are that of the Agency as a whole, rather than that of each project area. This funding is also referred to as the Set-Aside Fund.

As of July 1, 2009, the Set-Aside Fund balance was $2,372,041. Table 9 shows that the Agency projects over $13 million in revenue dedicated to affordable housing over the next five years.

Table 9 below shows estimated amounts available in the LMHF during the Implementation Plan Period:

Table 9. Housing Set-Aside Projections – FY2009-2014

Fiscal Year	Housing Set-Aside Funds (Tax Increment)
2009-10	$2,617,576
2010-11	$2,614,552
2011-12	$2,642,519
2012-13	$2,718,376
2013-14	$2,795,610
Five Year Total	$13,388,633

Source: San Leandro Redevelopment Agency; Urban Analytics

There are many different requirements for affordable housing imposed upon the City by various public agencies (i.e., State, federal) with some of them overlapping with the Implementation Plan's requirements. The Housing Element of the General Plan is particularly important, because it provides a framework for the Implementation Plan to be consistent with the City's overall housing goals and objectives.

IV. HOUSING NEEDS ANALYSIS

A. Unmet Housing Needs

The following demographic and housing data from the 2010 Housing Element Update identifies unmet housing needs in the community. This data will help the Agency identify targeting goals and objectives to help meet the Implementation Plan requirements.

1. Population, Age and Ethnicity

The State Department of Finance indicates that San Leandro's population was 82,472 as of January 1, 2009. This is an increase of 3,020 residents (3.8%) since the census of April 1, 2000. The City's average annual growth rate has slowed since the 1990s.

The Census' American Community Survey (ACS) data indicates that the percentage of San Leandro residents who are 19 or younger has continued to increase since 2000. The ACS indicates that 25.9% of the City's residents were 19 or under in 2006. Younger families with children have been moving into the City in growing numbers since 1990 and continue to do so today. By contrast, the City has seen a decrease in the percentage of its residents over 65.

The changes in age distribution have important implications for housing needs. The baby boom generation, now representing almost one-quarter of the City's residents, is approaching retirement age. During the coming decade, there will be an increased need for active retirement housing and independent senior living facilities. As life expectancies increase, the City will continue to have a growing number of frail elderly residents who require skilled nursing and assisted living facilities.

San Leandro will also experience a surge in demand for rental apartments and affordable housing as the City's teens and young adults mature. The number of residents in the 25-34 age cohort is likely to increase substantially during the next 10 years. As these residents form families, the City will also require housing that is suitable for young adults with children.

San Leandro experienced significant demographic changes between 1990 and 2000, and these changes have continued to reshape the City since 2000. As the City's population has become more diverse, its housing needs have become more complex. A most compelling change is the increasing number of foreign-born households in the City—from 17% in 1990 to an estimated 32% in 2006. The trends suggest a growing need for housing types which recognize the needs of specific immigrant groups (such as extended families).

2. Household Size and Income

Other notable demographic changes include an increase in household size and number of children, suggesting a need for more three- and four-bedroom units for larger families. Although the percentage of seniors in San Leandro has declined since 1990, the need for senior housing continues to be high. The need for senior housing will grow significantly as the City's large number of baby boomers reach retirement age. Demographic data also suggests a high need for affordable rental housing for young adults and families—this will continue to be a fast-growing age cohort in the coming years.

While the nature of the workforce has changed, the City continues to have a large number of middle-income households and relatively small numbers of households at the upper and lower ends of the income spectrum. The ACS reported that San Leandro's median household income was $60,959 in 2006, which is a 19% increase over 2000.

According to ACS, about 20% of San Leandro's households continued to have incomes under $25,000 as of 2006 despite the rise in median income for the City as a whole. Today, about 40% to 45% of San Leandro's households are estimated to meet the US Department of Housing and Urban Development's (HUD) definition of "low," "very low," or "extremely low" income. For example, a family of four earning less than $64,400 would be considered "low-income." A family of four earning less than $45,150 would be "very low income."

3. Housing Affordability and the "Affordability Gap"

HUD defines "affordable" housing as housing which requires no more than 30% of a household's gross monthly income, including the cost of rent or mortgage payments, homeowner's fees, and utilities. Current data from ACS indicates that the percentage of overpaying renters in San Leandro was 50% in 2006. The ACS also reported that 36% of homeowners paid more than 30% of their incomes on housing in 2006.

In San Leandro, lower income renters are more likely to overpay for housing than other households. The ACS suggests that this percentage rose to 85% by 2006. The significant gap between "affordable" rents and "market" rents for lower-income households in San Leandro is illustrated by the following examples:

- A single mother in San Leandro with an income of $28,000 a year would need to spend 55% of her income to live in a typical two-bedroom apartment or 45% of her income to live in a typical one-bedroom apartment.
- A family of four with a combined income of $52,000 a year would need to spend 40% of their income to rent a typical 3-bedroom, 2-bath house in San Leandro.
- A senior citizen on a fixed income of $14,000 a year would need to spend 60% of her income to live in a typical studio apartment.

The housing market in San Leandro has seen both positive and negative changes in the last seven years. For renters, the City is more affordable today than it was seven years ago, although the inventory of rental units remains very tight, especially for large families. For owners, the City became increasingly unaffordable between 2001 and 2006, shutting more moderate-income families out of the for-sale market. Affordability has improved dramatically since 2006 as prices have come down due to the recent mortgage crisis, but with a downside in the form of lost equity and an increased rate of foreclosure for buyers who entered the market after 2004.

4. Jobs-Housing Balance

Employment in a community can affect the demand for housing and the type of housing that is needed. Ideally, the number of jobs and employed residents should be balanced, since this reduces commute costs and provides more money for housing and other expenses, as well as other benefits like less congestion and greater productivity.

The most commonly used indicator of jobs-housing balance is the ratio of jobs to households. In 2000, there were 1.45 jobs per household in San Leandro, but by 2008, the ratio fell to 1.36 jobs per household. The closer to a 1.0 ratio, the more favorable the jobs-housing balance. *(Source: ABAG Projections 2007)*

Looking forward, ABAG projects that San Leandro will add 2,650 jobs between 2010 and 2015 while adding 550 households. Creating a true balance between jobs and housing will require two courses of action—first, producing housing at a rate that keeps pace with projected job growth, and second, producing more rental housing and affordable ownership housing so that those who work in the City can afford to live here.

5. Special Needs Housing

There are several types of households typically identified as having special housing needs, because they have a harder time than most finding suitable housing. Special needs populations include seniors, persons with disabilities, large low-income families, single mothers, farmworkers, extremely low income households, and the homeless.

Seniors

The statistics for seniors living alone suggest a possible demand for shared housing programs in the City, creating a potential housing resource for lower-income senior renters. The demand for affordable assisted living and congregate care facilities remains high. Condominiums, in-law units, and amenity-rich multi-family apartments for those "downsizing" from single family homes will be in high demand.

Single Parent Households and Large Families

Single parent households, particularly single female-headed households, tend to have a higher need for affordable housing than the general population.

The number of "large" families (five persons or more) is on the rise. ACS data for 2006 suggests that a growing share of San Leandro's large families are buying homes rather than renting apartments. Some of the change may be attributable to the growing number of extended families buying homes in the City.

Persons with Disabilities and Extremely Low-Income Households

Disabled persons may require housing with specific physical attributes, such as wheelchair ramps, elevators, and proximity to transit and social services. Many disabled households have limited income for housing, either because they are unable to work or because they have significant health and medical expenses.

Extremely Low-Income Households and Homeless Persons

Extremely low-income households earn less than 30% of the area median income. In San Leandro, a family of four earning $27,100 or less would be considered extremely low income. While many extremely low-income households are seniors, a substantial number are working individuals and families in low-wage service jobs. Most of these households are renters, often spending more than half of their incomes on housing. Some extremely low-income households double up to cover their housing costs. The demand for housing for extremely low-income households exceeds the supply. San Leandro currently has about 679 below market rate rental units regulated by the City and Agency (of which 14 serve extremely low-income households) and about 1,250 Section 8 housing voucher recipients.

A homeless person is one who lacks a permanent, regular, and adequate residence. Alameda County's 2009 Homeless Count estimate for San Leandro was 201 homeless residents, probably a conservative figure. Mid-county includes a disproportionately high number of females and families with children. The San Leandro Unified School District estimates that there are as many as 270 homeless children within the District. Of these, approximately 60 reside in shelters, and others are living in overcrowded situations. The San Leandro Police Department estimates that there are 40-50 chronically homeless people (primarily single males). The Interfaith Homelessness Network, a faith-based consortium of 11 churches that assists homeless persons through its April Showers program, also maintains data on the local homeless population. In FY2007-08, April Showers served 1,679 homeless individuals.

6. Housing Stock Characteristics

The California Department of Finance reported that the City had 31,975 housing units on January 1, 2009—an increase of 641 units (2%) since 2000. Population, meanwhile, is estimated to have increased by about 3%. Since 2000, the rate of housing growth continues to lag behind population growth as households become larger. In 2009, 61% of the City's housing consisted of single family detached homes. Six percent (6%) consisted of townhomes, and about seven percent (7%) of the City's housing stock was contained in duplexes, triplexes, and fourplexes. Fewer than 25% consisted of multi-family units in buildings of five units or more, and about three percent (3%) consisted of mobile homes.

The supply of new rental and multi-family housing has not kept pace with demand. Seventy-eight percent (78%) of the units added since 2000 have been single family detached homes, most of which consists of two- and three-bedroom units. Units with four or more bedrooms made up just 7% of the total, and almost all were owner occupied. Only 15% of the City's rental housing stock consists of units with three bedrooms or more. By contrast, 62% of the City's owner-occupied housing stock consists of units with three bedrooms or more.

San Leandro's housing stock is in good condition. However, one-half of the City's housing stock is now more than 50 years old requiring regular maintenance and repair. While there has been some below market-rate apartment construction (targeted to seniors and very low-income households), virtually all of the market-rate production in recent years has consisted of owner-occupied single family homes and townhomes. Rental vacancy rates in the City remain low, and there is substantial pent up demand suggested by the data above for multi-family rental units due to the lack of construction of this product type.

As San Leandro strives to "go green," there will be a greater emphasis on energy conservation, the use of alternative energy sources, and the design and construction of housing units which leave a smaller "carbon footprint", in alignment with the City's Climate Action Plan, approved by the City Council in 2009.

7. Subsidized Units At Risk of Conversion to Market-Rate Rents

"At-risk" units are public-assisted apartments eligible to change from income-restricted to market-rate due to the termination of various government subsidy programs, the payoff of government-subsidized loans, and/ or the end of restrictions on rental rates.

There are 679 rent-restricted housing units in the City, located in 17 different properties. The total includes 330 units for families and small households, 302 units for seniors, and 47 units in properties exclusively for disabled persons. Of the 679 units, 14 are reserved for extremely low-income households, 414 for very low-income households, 93 for low-income households, 147 for low-income households, and 11 for moderate-income households. Many of these subsidized units were created through inclusionary housing requirements and Agency/City financing assistance. From 2007 to 2009, 21 affordable rental units had their affordability periods expire, and the owners expressed no interest in extending the affordability periods while one owner wanted to convert their units to condominiums. In 2014, there are 14 very low-income and four low-income units set to expire (Tan Apts. and Warren Manor). In the five-year period after 2014, three additional projects are considered at risk of conversion which house 139 affordable units.

B. Summary of Demographics and Housing Needs

The following key points summarize the relationship of the demographic changes to the conditions of housing in San Leandro:

1. A housing affordability problem is indicated by the sizable percentages of overpaying renters (50%) and homeowners (36%) who pay more than 30% of their incomes on housing.
2. ABAG projects that San Leandro will add 2,650 jobs between 2010 and 2015 while adding 550 households.
3. There will be a projected demand for affordable housing as the City's teens and young adults mature since these age groups are projected to increase substantially during the next 10 years.
4. From 2010 to 2025, the demand for active senior housing in the City is likely to spike.
5. The trends suggest a growing need for larger units for "large" families (five persons or more), including households with extended families.
6. A growing number of residents requiring special needs housing (i.e., persons with disabilities, extremely low income, etc.) are not being served by the private real estate market.
7. In the five-year period after 2014, three subsidized housing projects with 139 affordable units are considered at risk of conversion.
8. One half of the owner-occupied houses are more than 50 years old and face increasing needs for rehabilitation and repair. A disproportionately large percentage of the City's older homes are occupied by persons over 75 years old.

V. HOUSING PRODUCTION

A. Housing Element Regional Housing Needs Allocation (RHNA) for 2007-2014

As part of the Housing Element cycle, the State Housing and Community Development Department determines the housing needs for the San Francisco Bay Area. The Association of Bay Area Governments (ABAG) then allocates housing production goals to cities and counties based upon a formula that is agreed upon by the jurisdictions. The Housing Element contains strategies and policies for conserving and developing safe, affordable housing and identifies sites that can accommodate this RHNA housing allocation.

The following table (Table 10) lists the RHNA goals from the 2007-2014 Housing Element, the number of housing units produced in the City as of June 15, 2010, and the number of housing units at various income levels that must still be produced. The assignment of 1,630 units to the City is nearly double the 870 units that had been assigned for the 1999-2006 period. The higher assignment was driven by a number of factors, including higher employment projections for the City and the RHNA emphasis on promoting "city-centered" growth around transit stations.

Table 10. Regional Housing Needs Allocation and Housing Element Needs

Household Income Category	Housing Element 2007-2014 Goals	Housing Production 2007-2014	Unmet Need
Very Low	368	117	251
Low	228	2 *	224
Subtotal	*596*	*121*	*475*
Moderate	277	4	275
Above Moderate	757	39	718
Total	**1630**	**162**	**1468**

Source: City of San Leandro 2010 Housing Element Update

* Managers' units: not income restricted but in the low-income range

B. Affordable Housing Units Previously Developed

Two of the largest developments in Table 11 on the next page were specifically developed as below market rate (BMR) housing properties:

- Casa Verde (68 units): a substantial rehabilitation project of a former blighted motel;
- Estabrook Place (51 units): new construction of senior housing soon to be completed.

In addition, the largest project (The Alameda) in Table 11 is also planned for development as BMR rental housing.

Table 11. Prior Implementation Plan Period -- Newly Constructed Units Assisted with LMHF Expenditures or Located within Project Areas

YEAR	PROJECT/LOCATION	SET ASIDE FUNDING	INCOME GROUP SERVED				TOTAL UNITS
			VERY LOW	LOW	MODERATE	ABOVE MODERATE	
2006	Cherry Park Square MacArthur Blvd./Superior Ave.	$0			1	7	8
2006	Toscani Place 1107 Davis St.	$0			1	8	9
2006	Greenbrier Court 1017 Greenbrier Ct.	$0			1	8	9
2007	Arbor Place 1537 Hays St.	$0			1	5	6
2007	Casa Verde 2398 East 14th St.	$5,697,674	67	1(*)			68
2009	Estabrook Place 2103 East 14th St.	$1,978,000	50	1(*)			51
	TOTALS	**$7,675,674**	**117**	**2**	**4**	**28**	**151**

YEAR	PROJECT/LOCATION	SET ASIDE FUNDING	INCOME GROUP SERVED				TOTAL UNITS
			VERY LOW	LOW	MODERATE	ABOVE MODERATE	
**	The Alameda at San Leandro Crossings Martinez/West Estudillo	$9,100,000.00	99	1(*)			100
	TOTALS	**$9,100,000**	**99**	**1**	**0**	**0**	**100**

Source: San Leandro Redevelopment Agency

(*) Manager's unit, not income restricted but in the low-income range

(**) Project is in the pipeline but currently delayed; 99 units will be very low-income if tax credit funding is approved for units

C. Targets for Housing Production in the Next 10 Years

As of 2004, Redevelopment law required that LMHF be targeted in proportion to the unmet need according to (1) income and (2) families versus seniors. The requirement targeting LMHF to low and very low income households has not changed. Therefore, the LMHF percentages below from 2004 remain the same:

- 22% of the units have to be for households earning less than 50% of AMI.
- 12% of the units have to be for households earning between 50-80% of AMI.

However, the LMHF targeting requirements for seniors under California Redevelopment Law (CRL) were revised in 2005. CRL defines seniors as persons 65 years and older. Previously, the Agency could not expend more in LMHF on senior affordable housing than the percentage of seniors (as compared to the total population) in the City. Based on Census 2000, seniors represented 16% of the City population and, therefore, no more than 16% of LMHF from the 10-

Year Expenditure Plan period (2009-2019) could be spent on senior housing (see Table 12). However, CRL Section 33334.4 was amended so that the LMHF spending (and consequently unit production cap) for affordable senior housing over the same 10-year period was based on the percentage of low income seniors (compared to the total low-income population) in the City. According to Census 2000, there were 41% low-income senior households in the City in comparison to the overall low-income household population in the City. Thus, no more than 41% of LMHF-funded affordable housing units (versus 16% previously) can be constructed for lower income seniors from 2009-2019 as shown in Table 12 below.

The following table outlines the potential number of units that could be funded with LMHF for the next 10 years based upon the amount of anticipated tax increment and the amount of average subsidy per unit. Table 12 reflects FY09-10 estimates based on the 1) revised LMHF targeting formula for seniors, 2) actual new affordable housing units created or approved by the City Council (i.e., Estabrook Place's affordable senior apartments), and 3) increased LMHF revenues and revenue projections.

Table 12. Housing Element Targeted Groups and Estimated Expenditures – FY2009-2019

Fiscal Years	Potential Units RDA Could Fund	Target Maximum Senior Units (41%)	Target Units Minimum Very Low Income (22%)	Target Units Minimum Low Income (12%)	Estimated Cost per Unit
2009-2014	122	50	27	15	at $110,000/unit
2014-2019	118	48	26	14	at $127, 000/unit*
Total Units	**240**	**98**	**53**	**29**	
Estimated LMHF	$28,389,335	$11,639,627	$6,245,654	$3,406,720	

Source: City of San Leandro, Urban Analytics

(*) Assumes 15% increase in construction costs

The Agency may adjust the proportion required by subtracting from the need identified for each income category any units developed with other locally controlled government assistance, such as the HOME program.

VI. PROGRAM PRIORITIES

A. Projected Activities for the Next Five Years

The current combination of market forces and public revenue constraints will make it very difficult in the next few years to meet the needs for affordable housing. However, the Agency has prioritized the following affordable housing activities for its LMHF allocations:

1. New Affordable Rental Housing Development: The Agency will help facilitate the development of affordable rental housing for extremely low-, very low-, low-, and moderate-income households, including young adults, single adults, and larger families. Currently, the Agency has been assiduously working with various partners, including the

State, to facilitate a transit-oriented development, The Alameda, a proposed 100-unit building for very low- and low-income households.

2. New Affordable Ownership Development: The Agency will help facilitate single family units typically built by for-profit developers with 15% of the units required to be for low- and moderate-income families through the City's Inclusionary Zoning Ordinance.

3. First-Time Homebuyer Program: The Agency will continue its First-Time Homebuyer Program to provide opportunities for low- and moderate-income households to become homeowners to an average of 10 homeowners a year between 2009 and 2014. Funds can be used toward down payment and/or closing costs with a maximum loan amount of $30,000. The Agency will help facilitate at least two first-time homebuyer seminars annually between 2009 and 2014.

4. Housing Rehabilitation Program: The Agency will achieve conservation of housing stock through its Housing Rehabilitation Program. The program has two components, home repair grants and housing rehabilitation loans. Grants are for low-income homeowners for minor home repair, mobile home repair, accessibility, exterior paint, exterior yard clean up and seismic strengthening. Low-interest loans are for major housing repairs such as roofing, plumbing, electrical, painting, and seismic safety. Loans have an annual simple 3% interest with no monthly payments but are paid upon sale of house, refinancing, or vacancy of premises by owner. The maximum loan amount is $35,000. Conservation also includes the continuation of the Apartment Rehabilitation Program which provides technical and financial assistance to the owners of rental properties to rehabilitate substandard units.

This program's projected goals are to provide rehabilitation grant assistance to an average of 20 lower-income homeowners a year; loan assistance to an average of 10 lower-income homeowners a year; and, rehabilitate at least 100 units of rental housing through the apartment rehabilitation program, of which 30% of these units should be affordable to low- or very low-income households and at least 15 extremely low-income households.

5. Multi-family Rental Housing Rehabilitation: Depending upon the availability of LMHF, the Agency will work with landlords and/or developers to rehabilitate existing multifamily rental properties to preserve or create new affordable housing units.

6. Special Needs Populations: The Agency will continue to work with developers, particularly non-profit organizations, to address the special housing needs of the community, including seniors, individuals with disabilities, single parents, large families, and the homeless. The Agency will continue to support the efforts of the countywide EveryOne HOME Plan to end homelessness which the City Council adopted in 2006.

Table 13 on the next page shows how the Agency will spend LMHF monies to meet the needs of low- and very low-income households over a 10-year period as described in the Agency's goals and objectives above.

Table 13. 10-Year LMHF Expenditure Plan – 2009-2019

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
REVENUES										
Fund Balance	$2,372,041	$937,647	$802,170	$646,785	$517,728	$414,677	$337,236	$284,977	$225,390	$145,874
Projected Tax Increment	$2,617,576	$2,614,552	$2,642,519	$2,718,376	$2,795,610	$2,874,244	$2,954,307	$3,003,779	$3,042,630	$3,125,742
TOTAL REVENUES PLUS FUND BALANCE	$4,989,617	$3,552,199	$3,444,689	$3,365,161	$3,313,338	$3,288,921	$3,291,543	$3,288,756	$3,268,020	$3,271,616
EXPENDITURES										
Admin[1]	$565,224	$582,181	$599,646	$617,636	$636,165	$655,250	$674,907	$695,154	$716,009	$737,489
Debt Service - HUD Sec. 108 Loan	$113,475	$108,861	$104,153	$99,382	$94,541	$89,667	$84,764	$79,829	$74,863	$69,874
Debt Service - The Alameda	$0	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Multi-Family Rehab[2]	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Construction	$2,200,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
First Time Home Buyer Assist.	$478,250	$355,350	$366,011	$376,991	$388,301	$399,950	$411,948	$424,306	$437,036	$450,147
Housing Rehab Assistance	$600,000	$618,000	$636,540	$655,636	$675,305	$695,564	$716,431	$737,924	$760,062	$782,864
Casa Verde Operating Subsidy	$80,021	$85,637	$91,555	$97,788	$104,350	$111,254	$118,516	$126,152	$134,176	$142,606
Misc.	$15,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL EXPENDITURES	$4,051,970	$2,750,029	$2,797,905	$2,847,433	$2,898,661	$2,951,684	$3,006,566	$3,063,366	$3,122,146	$3,182,980
BALANCE	$937,647	$802,170	$646,785	$517,728	$414,677	$337,236	$284,977	$225,390	$145,874	$88,636

Source: San Leandro Redevelopment Agency

[1]Assumes 3% annual operating cost increase unless otherwise specified

[2] Includes acquisition/rehab or rehab only

VII. EVALUATION OF FINANCING RESOURCES

A. The following Agency and/or City Funds are available for leveraging opportunities:

1. LMHF: The Agency receives 20% of the tax increment set aside from the three redevelopment project areas.

2. Community Development Block Grant (CDBG): CDBG funds may be used for the acquisition, construction, reconstruction, rehabilitation or installation of public improvements or public facilities. Typically, the City uses CDBG funds for capital improvement projects and public services.

3. HOME: HOME funds come from HUD through the Alameda County HOME Consortium of which San Leandro is a member. This annual grant entitlement amount varies depending on funding from Congress. The Consortium's grant is divided among the Consortium members based upon a formula agreed to when the Consortium is authorized every three years.

4. Housing Trust Fund (In-Lieu Fees): This account was established to place the in lieu fees that are provided under the Inclusionary Zoning Ordinance adopted by the City Council in 2004.

5. In addition, grant or loan programs are available from other sources for affordable or workforce housing programs.

B. The following State of California programs provide funding for housing:

1. Multi-family Housing Program: The Department of Housing and Community Development (HCD) provides long-term loans for multifamily housing construction. Nonprofit agencies can apply for the funding which is competitive process

2. CalHome Program: HCD's CalHome Program provides funding for new construction, home ownership programs, owner-occupied housing rehabilitation and mortgage assistance. Jurisdictions or nonprofits can apply for grants or loans in a competitive process.

3. HELP Loan: California Housing Finance Authority provides up to $2,000,000 to jurisdictions for any type of housing programs from home ownership to housing construction. The low-interest loans are provided in a competitive process. [The State has temporarily suspended this program].

4. The Mortgage Credit Certificates (MCC), administered by the State and locally, operates through the federal income tax system by reducing the cost of home ownership with a federal income tax credit of up to 20% to first-time home buyers meeting specified income criteria. San Leandro residents can receive this assistance through the Alameda County MCC Program. The Agency pays the administrative cost of issuing the MCC.

5. The California Tax Credit Allocation Committee administers the federal and state Low-Income Housing Tax Credit (LIHTC) Programs which were created to encourage private investment in affordable rental housing. The LIHTC operates through the federal income tax system by providing tax credits over a 10-year period to those who invest in qualifying low-income housing developments. It has been used extensively by nonprofit and for profit developers to help finance projects.

C. HUD also provides housing funding. Some of the programs are listed below:

1. Section 202 Program provides funds for new construction and rehabilitation of housing for the very low-income elderly. It is a competitive program open to private nonprofit groups and consumer cooperatives.

2. Section 811 offers capital advances and advance commitments of Section 8 rental assistance to encourage new construction and rehabilitation of various types of housing for the adult handicapped. Section 811 awards are competitive with only non-profit organizations and consumer cooperatives eligible for capital advances.

3. Supportive Housing Program provides competitively-awarded grants for construction/rehabilitation, operating costs, and support services of transitional housing for homeless persons with mental disabilities and/or permanent housing targeted for the handicapped homeless who are unable to live independently outside of a permanent housing environment.

VIII. REPLACEMENT HOUSING

A. Inclusionary Housing and Replacement Obligations

If the Redevelopment Agency takes any actions which destroy existing housing, the Agency must replace the housing by creating units called "replacement housing".

If any new housing is built in a redevelopment project area with or without Agency assistance, the Agency incurs an obligation to ensure that some of the units are affordable for moderate, low and/or very low income households. Units meeting this need are called "inclusionary housing units". Fifteen percent (15%) of the units in the project must be inclusionary if developed by a private developer, or 30% if developed by the Agency. The inclusionary units can be inside or outside the project areas, although when they are located outside the project area, the Agency must provide two units for every one unit built in the project that triggered the inclusionary requirement.

No units were destroyed during the 2004-2009 period due to Agency actions or programs. See Table 14 on the next page for the replacement housing chart.

Since 1994, the Agency continues to exceed its inclusionary housing production requirements for its three redevelopment project areas and has a surplus production bank of 223 very low-income units (due primarily to the Casa Verde and Estabrook Place affordable rental projects) per Table 14.

Table 14. Redevelopment Agency Destroyed and Replacement Units, 1991 – 2009 (Projected)

TOTAL UNITS DESTROYED OR REMOVED PURSUANT TO AGENCY INVOLVEMENT AND INVENTORY OF REPLACEMENT UNITS											
	Units Destroyed or Removed				**Units Rehabilitated, Developed or Constructed** (1, 2)				**Ongoing Unit Balance**		
Fiscal Year	Very Low Income (3)	Low Income (4)	Mod Income (5)	**Total**	Very Low Income	Low Income	Mod Income	**Total**	Very Low Income	Low Income	Mod Income
1991-92											
1993											
1994				0	1			1	1	0	0
1995 (6)	-3			-3					-2	0	0
1996				0					-2	0	0
1997 (7)	-1			-1	4	1		5	1	1	0
1998				0	7	7	6	20	8	8	6
1999 (8)	-5			-5	29			29	32	8	6
2000				0					32	8	6
2001 (9)	-5			-5					27	8	6
2002				0			36	36	27	8	42
2003				0					27	8	42
2004				0	74		2	76	101	8	44
2005				0	5		3		106	8	47
2006				0					106	8	47
2007				0	67		1		173	8	48
2008				0				0	173	8	48
2009				0	50	1		51	223	9	48
Total	-14	0	0	-14	237	9	48	218	223	9	48

(1) Within territorial jurisdiction of Agency must be an equal number of replacement units as those destroyed or removed provided within 4 years of removal.
(2) Units removed prior to 01/01/02: 75% of the replacement units shall replace dwellings units available at affordable housing cost in the same income level as those displaced. Units removed after 01/01/02: Replacement in the same income level requirement increases to 100%.
(3) Per Health and Safety Code Section 50105, <50% of AMI
(4) Per Health and Safety Code Section 50079.5 , <80% of AMI
(5) Per Health and Safety Code Section 50093, 80%-120% of AMI

Units Demolished

(6) 1193 Warden Avenue - 1 unit - 3 bedroom - Plaza 2 Costco
1900 Davis Street - 2 units - 1 bedroom - Plaza 2
(7) 1072 Marina Boulevard - 1 unit - 3 bedroom - Auto Mall
(8) 850 Peralta – 4 units -2 bedroom
890 Peralta - 1 unit – 2 bedroom (Cherrywood)
(9) Marina Auto Mall (Phase 3) - 465 Marina Boulevard - 3 bedroom - 5 rooms
505 Marina and 515 Marina - duplexes - 2 bedroom - 4 rooms

Affordable units in RDA project areas developed to meet obligation:
1994 Luella Fuller Group Home - 342 West Joaquin Avenue -1 unit - 3 bedroom
1997 Cherry Blossom Center - 11 Dutton Avenue - 5 units
1998 Mission Bell Apartments - 112-120 Garcia Ave - 20 units
1999 Carlton Plaza- East 14th Street - 28 units - assisted living project
2002 Cherrywood - Alvarado Street-36 units 2000-2004
2004 Fuller Gardens - 2390 East 14th Street- 15 units
2004 Broadmoor Plaza (ABHOW) - 232 East 14th Street - 59 units
2004 Halcyon Place - 2 units
2005 Greenbrier Court - 1057 MacArthur Boulevard - 1 unit, renamed 1017 Greenbrier Court
2005 Toscani Place - 1107 Davis Street - 1 unit
2005 Cherry Park Square - MacArthur Boulevard and Superior Avenue - 1 unit
2005 Mission Bell Apartments -112-120 Garcia Avenue - 5 units (converted last 5 market units to very low income); acquisition/long-term affordable covenant project
2007 Casa Verde - former Islander Motel - 67 very low rental units
2007 Arbor Place Inclusionary transferred to Toscani Place - 1 unit
2008 No new units developed
2009 Estabrook Place - 50 very low income units for seniors; 1 low-income unit for manager

Notes: Units developed to meet obligation outside the project area require 2 units for every inclusionary unit requirement

Table 15. Redevelopment Agency Inclusionary Units Required and Produced, 1994-2009

ALL NON-AGENCY DEVELOPED AND SUBSTANTIALLY REHABILITATED UNITS														
					Affordable Units Developed (2)				**Cumulative Project Area Status**					
	Units Built in Project Area Trigger Obligation (3)				**Very Low (4)**		**Very Low, Low-Moderate (5)**		**Annual Deficit**		**Annual Surplus (2)**		**Ongoing Balance**	
Fiscal Year	New Construc-tion	Substantial Rehab Multi-Family (1)	Substantial Rehab Single Family (1)	Total	Minimum to be 6% of Total	Actual Units Restricted	15% Required (VL, Low, Mod)	Actual Units Restricted	Very Low	Very Low, Low, Mod	Very Low	Very Low, Low, Mod	Very Low	Very Low, Low, Mod
Balance Forward	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1994					0		0				0	0	0	0
1995					0		0		0	0	0	0	0	0
1996	4			4	0		1	0	0	0	0	0	0	0
1997		5		5	0		1		0	1	0	0	-1	-1
1998		25		25	2		4		2	4	0	0	-2	-5
1999	205			205	12	4	31	10	12	31	4	10	-10	-26
2000					0		0		0	0	0	0	-10	-26
2001					0		0		0	0	0	0	-10	-26
2002	354			354	21		53	36	21	53	0	36	-32	-43
2003					0		0		0	0	0	0	-32	-43
2004	87			87	5	74	13	2	5	13	74	2	37	-54
2005	33			33	2	5	5	3	2	5	5	3	40	-56
2006				0	0		0		0	0	0	0	40	-56
2007	68			68	4	67	10	68	4	10	67	68	103	2
2008				0	0		0		0	0			103	2
2009	51			51	3	50	8	51	3	8	50	51	150	45
Total	**802**	**30**	**0**	**832**	**50**	**200**	**125**	**170**	**50**	**125**	**200**	**170**	**150**	**45**

(1) Substantial Rehabilitation means rehabilitation, the value of which constitutes 25% of the after-rehabilitation value of the unit, inclusive of the land value. Inclusionary obligation only arises when multi-family rental units with 3 or more units are substantially rehabilitated, or when single family units with 1 or 2 units are substantially rehabilitated using Agency assistance.

(2) Units developed to meet obligation outside the project area require 2 units for every inclusionary unit requirement.

(3) Units not built by Agency require 15% at low/moderate, including 6% at very low. Units built by the Agency must provide 15% at low/moderate and 15% at very low.

(4) Very Low is ≤50% AMI

(5) Low/Moderate is ≤51% to 120% AMI

Notes: Per City Inclusionary Zoning Ordinance, developers of a specific project size are allowed to pay in-lieu fee instead of building BMR units.

(A) Affordable Units Developed by Developers (not RDA) in RDA Project Areas to Meet Obligation

1994 Luella Group Home - 342 West Joaquin -1 unit - 3 bedroom (counted as replacement housing)

1996 Durant Park - 91 Durant Avenue - 4 units single family total - no affordable units required

1997 Cherry Blossom Center - 11 Dutton Avenue - 5 units (5 units counted as replacement housing: 4 very low income and 1 unit can be very low or low income)

1998 Mission Bell Apartments - 112-120 Garcia Avenue - 20 of 25 units for very low, low and mod (7 very low income, 7 low income and 6 moderate units counted as replacement housing)

1999 Carlton Plaza- 1000 East 14th Street - 29 very low income units (of 143 total units) - assisted living project (29 very low income units counted as replacement housing)

1999 Ryland/Medallion Homes - Chapman Road and Fremont Avenue - 10 of 62 units - 6 low/moderate and 4 very low units

2002 Cherrywood - Alvarado Street/Peralta Avenue - 36 (of 354) units 2000-2004

2004 Fuller Gardens - 2390 East 14th Street- 16 units (15 very low-income units and 1 unrestricted manager's unit)

2004 Broadmoor Plaza (ABHOW) -232 East 14th Street - 60 units (59 very low-income units and 1 manager's unit)

2004 Halcyon Place - 14871-14873 Olivia Street - 2 (of 11) units

2005 Greenbrier Court -1057 MacArthur Boulevard - 1 (of 9) units

2005 Toscani Place - 1107 Davis Street - 1 (of 9) units

2005 Cherry Park Square - MacArthur/Superior - 1 (of 8) units

2005 Mission Bell Apartments -112-120 Garcia Avenue - 5 units (converted last 5 market units to very low income), acquisition/long-term affordability covenant project

2005 Batarse project - 1305-1385 Virginia Street - 5 units total - paid in-lieu fee

2005 289 Park Street - 2 units total - paid in-lieu fee

2007 Casa Verde (former Islander Motel) - 2398 East 14th Street - 68 units total (includes 67 very low-income rental units and 1 manager's unit)

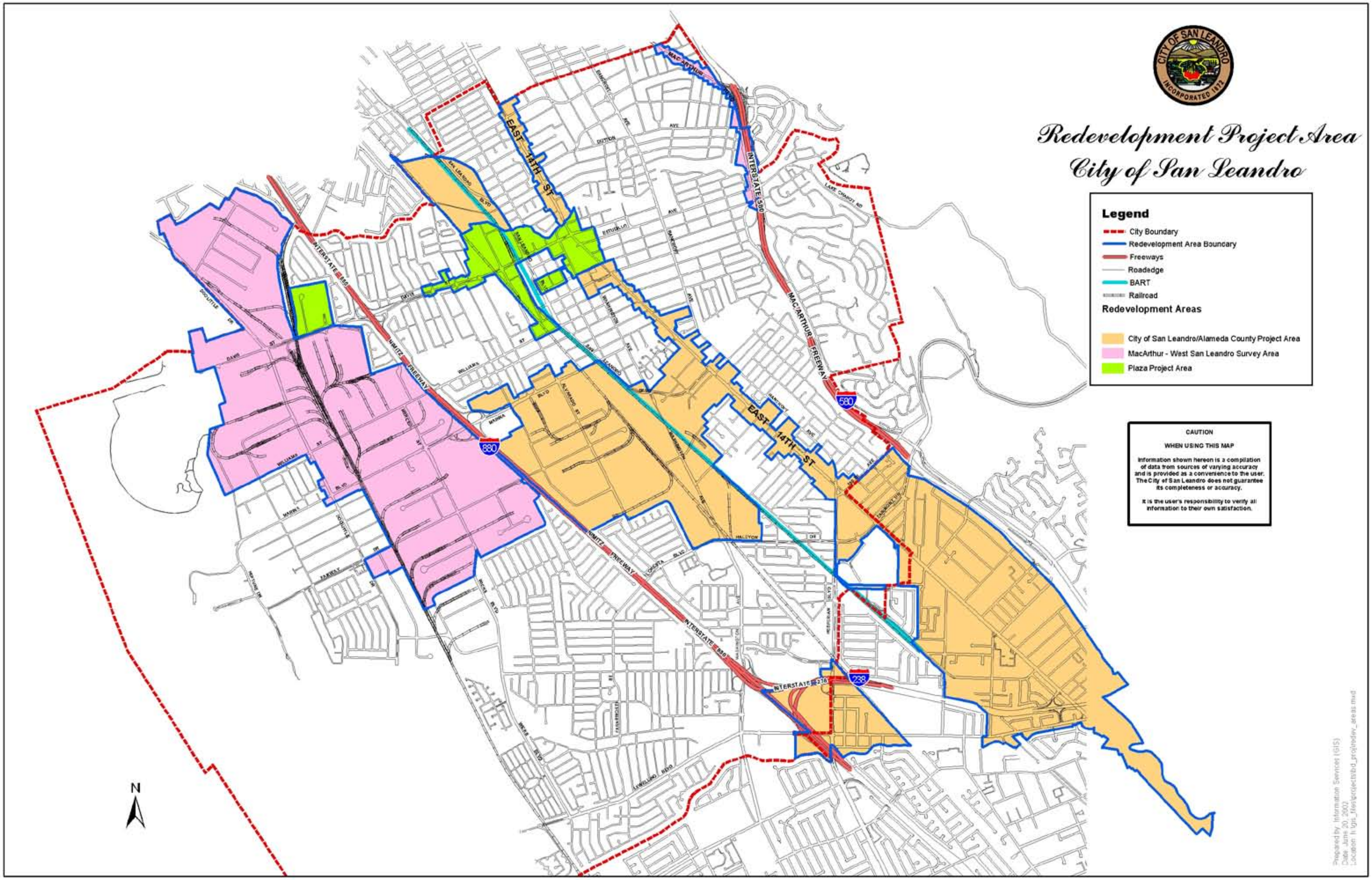
2007 Arbor Place Inclusionary Transfer to Toscani Place - 1 moderate-income unit instead of in-lieu fee; Arbor Place, 1537 Hays Street (outside of RDA)

2008 No units developed

2009 Estabrook Place - 2103 East 14th Street -50 very-low income senior units (plus low-income manager's unit)

Affordable Units developed by developers (not RDA) outside of RDA project areas

None



Appendix: Redevelopment Project Areas Map