

# **North Park Redevelopment Project Area**

**Third Implementation Plan  
2007-2012**

**Adopted  
July 17, 2007**

**The Redevelopment Agency of the City of San Diego**

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## **A. Introduction**

This Third implementation Plan (the “Plan”) is being prepared and adopted according to California’s Community Redevelopment Law. This Plan identifies project activities scheduled for the next five years in the North Park Redevelopment Project Area (the “Project Area”) including very low, low and moderate income housing activities.

The North Park Redevelopment Project was adopted on March 4, 1997 by Ordinance No. 0-18386. It was adopted to eliminate conditions of blight in the Project Area by new construction, revitalization and upgrading of residential, commercial, office and public properties and facilities within and surrounding the Project Area.

The North Park Redevelopment Project is located in the central portion of the Greater North Park Community of the City of San Diego. The approximately 555-acre Project Area includes the area west of Interstate 805 (I-805), south of Adams Avenue and North of Landis Street. The Project Area’s western boundary is located just west of Texas Street, north of El Cajon Boulevard and extends to Park Boulevard along El Cajon Boulevard and Howard Street. The western boundary shifts to Florida Street and south of El Cajon Boulevard. Two fingers of the Project Area extend south of Landis Street. Along Florida Street, the Project Area extends south to Myrtle Street and along 30<sup>th</sup> Street, the Project Area extends south to Thorn Street.

The Redevelopment Agency has been working with the community and the North Park Project Area Committee (PAC) in identifying the redevelopment opportunities of the Project Area. The goals and objectives of the Project Area, as well as proposed redevelopment actions, are discussed in this Plan and related redevelopment documents.

## **B. Description of Project Blighting Conditions**

Conditions of blight within the Project Area continue to be addressed through project activities. The physical and economic conditions of blight in the Project Area caused a reduction in the proper use of the area to such an extent that it became a burden on the community that could not be reversed or alleviated without the assistance of the Redevelopment Agency through the authority of the California Community Redevelopment Law.

The physical conditions of blight described in the California Community Redevelopment Law that were documented at the adoption of the Project Area included the following:

- 1) Buildings that were unsafe due to dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities and building code violations;
- 2) Factors that prevented the economically viable use of buildings or lots, which included substandard design, inadequate size by defined standards, lack of parking and other similar factors;
- 3) Adjacent or nearby uses that were incompatible with each other and which prevented the economic development of those parcels or other portions of the Project Area; and
- 4) Subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that were in multiple ownership.

The economic conditions of blight described in the California Community Redevelopment Law that were documented at the adoption of the Project Area included the following:

- 1) Depreciated or stagnant property values or impaired investments including properties containing hazardous wastes;
- 2) Abnormally high business vacancies, abnormally low lease rates, abandoned buildings, or an excessive number of vacant lots;
- 3) Residential overcrowding or an excess of bars, liquor stores, or other businesses that catered exclusively to adults, which led to problems of public safety and welfare; and
- 4) High crime rates, which constituted a serious threat to the public safety and welfare.

### **C. Specific Goals and Objectives of the Agency for the Project Area**

The North Park Redevelopment Plan proposes to eliminate conditions of blight in the Project Area by new construction, revitalization and upgrading of residential, commercial, office and public properties and facilities within and surrounding the Project Area. In general, the goals and objectives of the Redevelopment Plan developed by the North Park Project Area Committee are as follows:

- 1) Support redevelopment activities that advance the vitality, safety and viability of the Project Area;
- 2) Encourage conservation, rehabilitation and redevelopment in order to eliminate and prevent the spread of deterioration and blight in the Project Area;
- 3) Improve, promote and preserve the positive neighborhood characteristics of the Project Area while correcting its physical and economic deficiencies;
- 4) Create a diverse and balanced mix of new housing stock, including very low, low and moderate-income housing;
- 5) Advocate for the rehabilitation of existing dwelling units and the preservation of existing rental housing;
- 6) Stimulate the growth and retention of businesses that contribute to the Project Area goals and promote local economic development, while not actively excluding other businesses;
- 7) Support the improvement of parking, vehicular mobility and mass transportation facilities that are compliant with ADA regulations;
- 8) Foster pedestrian and transportation alternatives throughout the Project Area;
- 9) Support the expansion of, and improvements to, park and recreational facilities and open spaces.
- 10) Facilitate alternative educational opportunities; and
- 11) Further advance crime prevention measures in the Project Area.

In 2001, the Agency commissioned an Implementation Strategy for the Project Area. The Implementation Strategy made recommendations regarding the best approach to allocating available resources, capitalizing on market demand in the area, stimulating private reinvestment, enhancing community amenities, protecting existing residents and businesses from the negative impacts related to new development, and effectively achieving redevelopment objectives. The North Park Redevelopment Project Implementation Strategy identified several geographic areas as key opportunities for the Agency to leverage private investment, which included prominent

parcels occupied by low intensity uses and/or dilapidated structures where zoning would permit more intense mixed-use development.

The Implementation Strategy concluded that market and lending conditions and the demand for new rental and for-sale dwelling units were high. This was evidenced by low vacancy rates, strong resale values and greater levels of property owner reinvestment. The strategy also projected that population growth within the County of San Diego, and more specifically in the Project Area, would continue to generate the demand for residential development within the Project Area. The Strategy indicated that there was less demand for retail commercial space within the Project Area.

The Strategy identified a scarcity of larger development sites that would accommodate cost-effective infill development and confirmed the need for public assistance in developing these parcels. The costs and uncertainties associated with the reuse of previously developed property favored construction of more expensive residential dwelling units such as freestanding and attached condominiums. It was anticipated that Agency assistance would continue to be influential in producing a substantial number of affordable dwelling units within the Project Area.

#### **D. Specific Projects and Expenditures Proposed To Be Made During the Next Five Years**

Table 1 shows the anticipated revenues and expenditures for the Project Area over the next five years. The total amount of tax increment estimated over the next five years is \$32.7 million. Tax increment growth over the next five years of this plan will be greatly dependent upon property turnover, new development and property assessment readjustments. Twenty percent (20%) of the annual tax increment allocation will be set aside in the Housing Fund for the development of affordable housing. In accordance with the statutory pass-through formula stipulated in AB 1290, additional shares of tax increment are distributed to the following local taxing entities: 1) San Diego County Office of Education, 2) San Diego Unified School District, 3) San Diego Community College District, 4) County of San Diego, 5) City of San Diego and 6) San Diego County Water Authority.

The expenditures projected for the next five years include costs for Agency project administration and debt service associated with the existing and anticipated tax allocation bonds and lines of credit backed by Project area tax increment receipts. Expenditures over the next five years are estimated to total \$ 26.9 million.

**Table 1: Estimated Project Revenues and Expenditures**

<b>REVENUES</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Tax Increment Revenue</b>	\$6,059,000	\$6,325,000	\$6,546,000	\$6,770,000	\$7,000,000

  

<b>EXPENDITURES</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Housing Set Aside (20%)	\$1,212,000	\$1,265,000	\$1,309,000	\$1,354,000	\$1,400,000
Payment to Taxing Entities	\$1,212,000	\$1,298,000	\$1,375,000	\$1,454,000	\$1,535,000
Bond Payments/Debt Service Obligations	\$1,785,000	\$1,795,000	\$1,800,000	\$1,805,000	\$1,813,000
Non-Project Expenses/Admin.	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000
<b>Total Expenditures</b>	<b>\$5,109,000</b>	<b>\$5,258,000</b>	<b>\$5,384,000</b>	<b>\$5,513,000</b>	<b>\$5,648,000</b>

  

<b>Available Non-Housing Funds</b>	\$950,000	\$1,067,000	\$1,162,000	\$1,257,000	\$1,352,000
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**1. Five Year Projects Schedule**

- **Fiscal Year 2008 Work Program**

Implement a Development Agreement for a mixed-use condominium project consisting of approximately 180 residential units, including affordable housing units and retail space on El Cajon Blvd.

Select consultant to work with City staff and community on design and development of a park on property behind the North Park Theatre.

Implement a Development Agreement for an apartment project incorporating approximately 24 family apartment units affordable to very low-income families on El Cajon Blvd. A number of the units will be set aside for families that are homeless or at risk of becoming homeless.

Assist in the advancement of the District Three Flagship Library project, potentially incorporating 150 market-rate and affordable residential units.

Continue to proactively seek new commercial and residential development within the Project Area through the solicitation of developer interest/proposals.

Implement and monitor a housing rehabilitation program for existing low and moderate-income dwelling units.

Establish a Storefront Improvement Program.

Acquire, as feasible, property well-situated and appropriate for development in furtherance of project objectives.

Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies including, business outreach and marketing, housing programs, streetscape and lighting, and landscape improvements.

Monitor Project activities and coordinate community and North Park Project Area Committee (PAC) input into Project development. Provide administrative support to the North Park PAC.

- **Fiscal Year 2009 Work Program**

Continue to implement adopted development agreements.

Commence construction of park on property behind North Park Theatre.

Issue a Request for Proposals and negotiate a Development Agreement for the District Three Flagship Library or other mixed-use project.

Assist in the development of commercial and mixed-use projects located at key redevelopment opportunity sites throughout the Project Area.

Continue to proactively seek new commercial and residential development within the Project Area through solicitation of developer interest/proposals.

Continue to support, implement and monitor housing rehabilitation program for existing low and moderate-income dwelling units.

Continue to implement and monitor Storefront Improvement Program for existing businesses.

Continue to implement and monitor the housing strategy for the expenditure of the Project's low and moderate-income housing fund.

Continue community outreach; respond to resident, property and business owners concerns and interests; and expand outreach to real estate brokerage, development and lending industries to attract and retain investment within the Project Area.

Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies such as business outreach and marketing activities, housing program activities, streetscape and lighting and landscaping improvement activities.

Monitor Project activities and coordinate community and North Park PAC input into Project development. Provide administrative support to the North Park PAC.

- **Fiscal Year 2010 Work Program**

Continue to implement approved development agreements.

Negotiate a Development Agreement for the District Three Flagship Library project or other mixed-use project.

Complete development of park on property behind the North Park Theatre.

Continue to implement and monitor the housing strategy for the expenditure of the Project's low and moderate-income housing fund.

Continue to proactively seek new commercial and residential development within the Project Area through solicitation of developer interest/proposals.

Continue to support, implement and monitor housing rehabilitation program for existing low and moderate-income dwelling units.

Continue to implement and monitor Storefront Improvement Program for existing businesses.

Continue community outreach; respond to resident, property and business owners concerns and interests; and expand outreach to real estate brokerage, development and lending industries to attract and retain investment within the Project Area.

Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies such as business outreach and marketing activities, housing program activities, streetscape and lighting and landscaping improvement activities.

Monitor Project activities and coordinate community and North Park PAC input into Project development. Provide administrative support to the North Park PAC.



- **Fiscal Year 2011 Work Program**

Continue to implement approved development agreements.

Assist District Three Flagship Library project or other mixed-use project with acquisition of permits.

Continue to proactively seek new commercial and residential development within the Project Area through solicitation of developer interest/proposals.

Continue to support, implement and monitor housing rehabilitation program for existing low and moderate-income dwelling units.

Continue to implement and monitor Storefront Improvement Program for existing businesses.

Continue to implement and monitor the housing strategy for the expenditure of the Project's low and moderate-income housing fund.

Continue community outreach; respond to resident, property and business owners concerns and interests; and expand outreach to real estate brokerage, development and lending industries to attract and retain investment within the Project Area.

Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies such as business outreach and marketing activities, housing program activities, streetscape and lighting and landscaping improvement activities.

Monitor Project activities and coordinate community and North Park Project PAC input into Project development. Provide administrative support to the North Park PAC.

- **Fiscal Year 2012 Work Program**

Continue to implement approved development agreements.

Implement Development Agreement and begin construction of residential-apartments project.

Implement development agreement and begin construction of the District Three Flagship Library project or other mixed-use project.

Continue to seek new commercial and residential development within the Project Area through solicitation of developer interest/proposals.

Continue to support, implement and monitor housing rehabilitation program for existing low and moderate-income dwelling units.

Continue to implement and monitor Storefront Improvement Program for existing businesses.

Continue to implement and monitor the housing strategy for the expenditure of the Project's low and moderate-income housing fund.

Continue community outreach; respond to resident, property and business owners concerns and interests; and expand outreach to real estate brokerage, development and lending industries to attract and retain investment within the Project Area.

Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies such as business outreach and marketing activities, housing program activities, streetscape and lighting and landscaping improvement activities.

Monitor Project activities and coordinate community and North Park PAC input into Project development. Provide administrative support to the North Park PAC.

#### **E. Explanation of How the Goals and Objectives, Projects and Expenditures Will Eliminate Project Blighting Conditions**

The Redevelopment Plan for the Project Area advocates development of new and rehabilitated mixed-use, retail, office, residential, park and recreation, transportation and public facilities uses. The Plan proposes to alleviate the adverse conditions evident in the Project Area by encouraging reinvestment and improving traffic and parking conditions in the Project Area community.

The five-year implementation plan proposes to eliminate and prevent the spread of blight and to conserve or rehabilitate the Project Area in accordance with the general plan, specific plans and local codes and ordinances. Redevelopment relies upon successful application of capital resources to the acquisition, assemblage and preparation of parcels, proper development phasing and accurately addressing the needs of the community. A coordinated effort to phase-in new development over the life of the project will achieve these objectives.

In order to expand affordable housing opportunities in the Project Area a variety of housing alternatives are addressed in the Redevelopment Plan. The five-year implementation plan focuses on the development of affordable and market-rate housing along major transportation or mixed-use corridors. By stimulating private investment in the area and providing the necessary goods and services within the community, bringing affordable housing to the Project Area will return a sense of vibrancy and cohesiveness to the entire Project Area community. A critical mass of residential dwelling units will also increase pedestrian activity, benefiting retailers and producing a safer, more economically viable environment.

In addition to affordable housing, the Plan will implement new commercial, retail and office development, and provide for the rehabilitation of commercial space. The new commercial development discussed previously in this plan will be focused in the "multiple-use" sectors of the Project Area, particularly at the intersections of major commercial corridors identified as

development “nodes” by the Greater North Park Community Plan. This development will provide conveniently located commercial goods and services to residents of the Project Area.

Other objectives of this Plan include improving the quality of non-vehicular transportation alternatives through the creation and improvement of non-vehicular transportation routes throughout the Project Area; enhancing infrastructure facilities which improve the community and support public safety, health and local vitality; and, undertaking such public improvements as needed to eliminate both physical and economic conditions of blight.

The on-going project goals and objectives will help ensure continued progress toward alleviation of existing project blighting conditions and will facilitate continued reinvestment in the Project Area and surrounding community. Periodic reassessment of existing and planned projects, which include PAC input, will insure that the Redevelopment Plan achieves the objectives stated in this implementation plan.

**F. Explanation of How the Goals and Objectives, Projects and Expenditures Will Implement Project Housing Requirements**

**1. Goals and Objectives**

The California Community Redevelopment Law requires that not less than twenty percent (20%) of all tax increment generated by the project shall be used for the purpose of increasing the community’s supply of very low, low and moderate income housing. Additionally, affordable dwelling units shall remain affordable for not less than the period of land use controls established in the project plan. The Redevelopment Project’s on-going goal is to develop housing in compliance with current legislation and available Project resources.

**2. Low and Moderate Income Housing Fund**

**• Amounts Available to Housing Fund**

Projections of annual Low/Moderate housing set-aside funds anticipated to be received for the Project Area over the next five years are shown in Table 2 below.

**Table 2: Projected Housing Set-Aside Funds**

<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
\$1,212,000	\$1,265,000	\$1,309,000	\$1,354,000	\$1,400,000

Upon receipt by the agency, these funds will be used to generate housing within the Project Area. Funds will be expended as opportunities for housing assistance are identified.

- **Projected Housing Units and Funds Expended (FY 2008-2012)**

Assuming that the average subsidy necessary to produce a new housing unit in the Project Area will be \$120,000 (with apartment units requiring less and condominiums requiring more), approximately 30-40 dwelling units could be developed using housing set-aside funds. The actual amount of housing set-aside funds will depend upon actual tax increment receipts. The actual number of units developed will depend on private sector collaboration opportunities and the availability of tax increment-backed debt financing. Projected housing fund expenditures will be used for housing related administration expenses and to make annual debt service payments on housing bonds and loans. The Agency plans to issue tax allocation bonds to fund affordable housing projects.

**Projected Housing Units**

<b>PROJECTS</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Non-Agency Assisted	11	11	82	11	139
Proposed Agency Assisted			24	180	
<b>Total Proposed Housing</b>	<b>11</b>	<b>11</b>	<b>106</b>	<b>191</b>	<b>139</b>

<b>HOUSING CATEGORY</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Market Rate	11	11	13	164	139
Low to Moderate Income	0	0	10	27	0
Very Low Income	0	0	83	0	0
<b>Total</b>	<b>11</b>	<b>11</b>	<b>106</b>	<b>191</b>	<b>139</b>

**Projected Housing Fund Expenditures**

<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
\$ 654,500	\$ 653,700	\$ 654,300	\$ 653,700	\$ 653,800

**3. Agency-Developed and Project Area Housing**

The Housing Compliance Plan, as required by California Community Redevelopment Law, estimates the number of new and rehabilitated dwelling units to be developed in the Project Area and the number of units for very low, low and moderate income households to be developed in order to meet inclusionary housing requirements. The inclusionary housing requirements state that: 1) fifteen percent (15%) of all new or rehabilitated dwelling units developed by public or private activities in a redevelopment project area shall be affordable to low and moderate income households, of which forty percent (40%) shall be available at affordable housing cost to very low income households; 2) thirty percent (30%) of all new and rehabilitated dwelling units developed by an Agency shall be affordable for low and

moderate income households; and 3) of which not less than fifty percent (50%) shall be affordable by very low income households.

The Agency is not expected to develop units itself, but will assist private entities and other public agencies with the development of housing. Therefore, the Agency will seek to exceed the fifteen percent (15%) minimum requirement.

- **Housing Unit Estimates Next 10 Years and Life of Plan**

The projected numbers of new housing units that will be developed over the next 10 years and over the life of the Redevelopment Plan are 600 and 900, respectively.

- **Housing Unit Estimates for Very Low, Low and Moderate-Income Households Next 10 Years and Life of Plan**

Based on total projected housing unit production over the next ten-year period, the Redevelopment Agency will seek to provide 170 units at prices affordable to households defined as very low-income and 75 units at prices affordable to households defined as low/ moderate-income. The actual number of units developed will depend on market conditions and be determined as specific projects are pursued.

- **Number of Very Low, Low and Moderate-Income Units Already Developed**

To date, the Agency has assisted in the development of 153 affordable housing units within the Project Area. Of those units, 94 are affordable to very low-income households and 59 are affordable to moderate-income households. The Agency is in the process of negotiating agreements that would result in the development of approximately 51 additional dwelling units affordable to low, very low and moderate-income families.

- **Number of Agency-Developed Units**

As stated above, the Agency does not anticipate developing dwelling units itself. It will, however, leverage its resources to assist private entities and other public agencies with the development of housing.

- **Number of Agency-Developed Very Low, Low and Moderate-Income Units**

As noted, the Agency does not anticipate developing dwelling units itself. It will, however, leverage its resources to assist private entities and other public agencies with the development of housing.

#### **4. Replacement of Dwelling Units Destroyed or Removed**

The Redevelopment Plan calls for focusing new development along the main transportation corridors that historically have accommodated commercial development. Minimal

residential displacement is expected to be necessary to carry out the commercial development components of the Plan. If residential buildings were to be removed for commercial projects, they would most likely be those buildings that are in a state of deterioration or located on parcels designated for commercial uses in the commercial corridors. As estimated in the North Park Redevelopment Plan Report to City Council, it may prove necessary to remove approximately 712 dwelling units within the Project Area in order to implement the proposed Redevelopment Plan over the effective term of the Project Area. Units removed or destroyed will be replaced as required by California Community Redevelopment Law.