ORIGINAL

City of San Diego

Redevelopment Agency

AN AGENCY OF THE CITY OF SAN DIEGO

Third Implementation Plan

Barrio Logan Redevelopment Project

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The Redevelopment Agency of the City of San Diego

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INTRODUCTION

This Third Implementation Plan is being prepared and adopted according to Article 16.5 section 33490 of the California Redevelopment Law. This Plan identifies project activities schedule for the next five years, including very low, low and moderate income housing activities projected for the next 10 years.

The Barrio Logan Redevelopment Project was adopted on May 20, 1991. The project was adopted to reconstitute Barrio Logan as a viable mixed-use community, to encourage compatible land use patterns, and to encourage private investment in the community. Specifically, the plan was adopted to assist the development of the Mercado del Barrio residential and commercial project to serve as a catalyst for further community reinvestment. The Barrio Logan Redevelopment Plan, which consists of 133 acres in the community, has an operating period of forty (40) years after its date of adoption.

I. DESCRIPTION OF PROJECT BLIGHTING CONDITIONS

Conditions of project blight have been consistently addressed by the development of the Mercado del Barrio Apartments, the Chuey's Restaurant Project, the Cesar E. Chavez Parkway Widening Project and the Barrio Logan Parking Permit Program. The project continues to exhibit blighting conditions, including the following: 1) lots have been subdivided in an inadequate size for proper usefulness and development; 2) inadequate public improvements exist throughout the area, including lack of open space for recreational purposes and overburdened traffic system, and inadequate public facilities; 3) there is a prevalence of depreciated values and impaired investments, and the project area exhibits social and economic maladjustment; 40 property values have not kept pace with other areas of the City due to existing conditions, but are high enough to inhibit private investment without redevelopment assistance; 5) structures are substantially older and in deteriorated condition; and 6) the development pattern of the area creates significant land use conflicts.

II. SPECIFIC GOALS AND OBJECTIVES OF THE AGENCY FOR THE PROJECT AREA (GENERALLY AND FOR THE NEXT FIVE YEARS)

In general, the goals and objectives for the project area are to: 1) eliminate and prevent the spread of blight and deterioration; 2) encourage the cooperation and participation of residents, business people, public agencies and community organizations; 3) reconstitute the community as a viable mixed-use are with compatible land use patterns; 4) encourage new and continuing private investment; 5) achieve an environment with a high level of concern for urban design and land use principles; 6) develop an accessible transportation network; 7) resolve parking and vehicular traffic problems and produce an acceptable level of service on project are arterials; 8) encourage the development of a commercial environment which positively relates to adjacent land uses and upgrade and stabilize existing commercial uses;

9) promote local job opportunities, preserving the area's existing employment base, and provide vocational training for community residents; 10) create a balanced mix of new housing stock, including new very low, low and moderate income housing as well as encouraging rehabilitation of existing dwelling units; 11) provide a basis for and coordinate the location and programming of public service facilities; 12) encourage the preservation and enhancement of the distinctive character of the community and promote the development of the community's cultural and ethnic qualities; 13) provide an environment conducive to the health, safety and well-being of community residents; 14) provide relocation assistance when necessary to area residents and businesses; 15) coordinate revitalization efforts with other programs developed by the City; and 16) expand opportunities for businesses in the federal HUB zone and other special business incentive areas within the community.

These specific goals and objectives as noted above would continue during the next five years covered by this Implementation Plan.

III. SPECIFIC PROJECTS AND EXPENDITURES PROPOSED DURING THE NEXT FIVE YEARS

Significant project development is anticipated to be accomplished in the project area during the next five years, as indicated below. Constraints on the project development include lower than originally anticipated tax increment revenues generated within the project area. Additional project development capital is anticipated through annual applications for project funding through the Community Development Block Grant (CDBG) program and through other available sources. In addition, funding to finance the development of the affordable housing program may be acquired from outside funding sources made available through the Affordable Housing NOFA Program. Collection of tax increment funds will continue, and are expected to rise significantly throughout the period of this Implementation Plan. Current annual estimated tax increment revenues are approximately $123,000 and are expected to increase to $144,500 by FY 2006. Twenty percent (20%) of this annual total will be set aside in the Housing Fund for the development of housing. Additional shares of tax increment are primarily distributed to the following local taxing entities: 1) San Diego County Office of Education; 2) County of San Diego; 3) San Diego Community College District; and 4) San Diego Unified School District.

Table 1: Estimated Project Revenues and Expenditures 92005-2009)

Revenues	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	**FY 2009**
Tax Increment (TI)	$135,000	$144,500	$155,600	$165,400	$177,000
Tax Increment from Pipeline Projects	$17,400	$116,000	$129,920	$137,715	$145,978
Total Revenue	$152,400	$260,500	$285,520	$303,115	$322,978

Expenditures					
Administration	$130,000	$137,150	$144,693	$152,651	$161,047
Housing Set Aside (20% of TI)	$27,000	$28,900	$31,120	$33,080	$35,400
Payment to Taxing Entities	$28,890	$30,923	$33,298	$35,396	$37,878
Other Payments	$58,000	$61,190	$64,555	$68,106	$71,852
Total Expenditures	$243,890	$258,163	$273,667	$289,233	$306,177

Available Non-housing Funds	($91,490)	$2,337	$11,853	$13,882	$16,801

A. *FIVE YEAR PROJECTS SCHEDULE*

2004-2005 Work Programs

Complete construction of the Mercado del Barrio Commercial Center. The Project consists of a 115,000 square foot commercial retail center with a 35,000 sq. ft. Hispanic-oriented grocery supermarket anchor tenant, and miscellaneous neighborhood serving retail. The project is fully financed by both private financing institutions and a $7.6 million commitment by the Redevelopment Agency. No additional Agency funding for project construction is anticipated.

Continue to implement the new housing project for approximately 180 very low to low and moderate income multifamily apartments and the development of approximately 25,000 square feet of mixed-use neighborhood serving retail. Various projects are currently seeking financing and could break ground early 2005.

Stimulate the production of affordable housing and market rate housing through development agreements.

Continue to provide small business assistance through the Store-front Improvement Program and other business incentives available through the Federal Renewal Community Program and the HUB Zone Program, and the State Enterprise Zone Program.

Implement the Places 3 community planning project to address land use issues in Barrio Logan in collaboration with the Planning Department and Barrio Logan Community Residents.

2005-2006 Work Programs

Continue implementation of very low to low and moderate income multifamily apartments and the development of 25,000 square feet of mixed-use neighborhood serving retail. These proposed projects are currently seeking financing and could break ground in early 2005.

Continue to implement the Mercado Commercial Center Project.

Continue to stimulate the production of affordable and market-rate housing through development agreements.

Continue to provide small business assistance through the Store-front Improvement Program and other business incentives available through the Federal Renewal Community Program and the HUB Zone Program, and the State Enterprise Zone Program.

Begin exploring the possibility of expanding project area to increase agency's ability to accomplish the goals of revitalizing and removing blight in Barrio Logan.

Continue to coordinate all redevelopment activities with community business owners, residents, appropriate government agencies and community groups.

2006-2007 Work Programs

Continue to provide small business assistance through the Store-front Improvement Program and other business incentives available through the Federal Renewal Community Program and the HUB Zone Program, and the State Enterprise Zone Program.

Continue to stimulate the production of affordable and market-rate housing through the development agreements.

Continue to coordinate all redevelopment activities with community business owners, residents, appropriate government agencies and community groups.

2007-2008 Work Programs

Continue to provide small business assistance through the Store-front Improvement Program and other business incentives available through the Federal Renewal Community Program and the HUB Zone Program, and the State Enterprise Zone Program.

Continue to stimulate the production of affordable and market-rate housing through the development agreements.

Continue to coordinate all redevelopment activities with community business owners, residents, appropriate government agencies and community groups.

2008-2009 Work Programs

Continue to provide small business assistance through the Store-front Improvement Program and other business incentives available through the Federal Renewal Community Program and the HUB Zone Program, and the State Enterprise Zone Program.

Continue to stimulate the production of affordable and market-rate housing through the development agreements.

Continue to coordinate all redevelopment activities with community business owners, residents, appropriate government agencies and community groups.

IV. EXPLANATION OF HOW THE GOALS AND OBJECTIVES, PROJECTS AND EXPENDITURES WILL ELIMINATE PROJECT BLIGHTING CONDITIONS

The specific project blighting conditions of the Project Area are being addressed by current and future planned project activities. The Mercado del Barrio Apartments, the Cesar E. Chavez Parkway Widening Project, and the Chuey's Restaurant have been completed and have served to improve the community and generate additional interest in community revitalization. The Mercado del Barrio Commercial Center is currently under construction and will serve as an additional catalyst for further private investment within the Project Area. In addition, the supermarket that the project is introducing will contribute to the desirability of future housing projects, and will make the financing of future affordable housing projects more competitive.

Future residential projects, currently in the pipeline, will provide additional housing opportunities for very low and low income families as well as support and contribute to the success of the local businesses. As new affordable housing projects are introduced, new projects will conform to new design and parking guidelines that will serve to achieve an environment with a high level of concern for urban design and land use principles and resolve parking and vehicular traffic problems.

V. EXPLANATION OF HOW THE GOALS AND OBJECTIVES, PROJECTS AND EXPENDITURES WILL IMPLEMENT PROJECT HOUSING REQUIREMENTS

A. *GOALS AND OBJECTIVES*

California's 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 or improving 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 with available project resources.

B. *PROJECTS AND EXPENDITURES TO BE MADE DURING THE NEXT FIVE YEARS*

City of San Diego Redevelopment Agency's Affordable Housing Program

The Redevelopment Agency, comprised of the City's Redevelopment Division, Centre City Development Corporation (CCDC) and Southeastern Economic Development Corporation (SEDC), has formed a collaborative with the San Diego Housing Commission to accelerate and encourage new affordable housing development citywide. In January 2003, leveraging Redevelopment set-aside funds, the collaborative issued a Notice of Funding Availability (NOFA) announcing the availability of $55 million of secured assets to provide gap financing for very low, low and moderate income housing. The Barrio Logan Redevelopment project area, along with the 15 other redevelopment project areas in San Diego, is eligible to participate in this program both financially and with proposed projects. The Program has so far generated significant interest from developers, and as the funds are committed during 2004, the Agency will consider issuing another such notice perhaps by 2005.

Development of Housing to Match Income Level Needs

California Community Redevelopment Law requires that the Agency expend Low and Moderate Income Housing funds to assist in the development of housing affordable to very low and low income persons as each of those needs have been identified in the most recent determination pursuant to Government Code Section 65584 (of the regional share of the statewide housing need). The Agency shall determine compliance based on estimates of housing need for persons of moderate, low, and very low-income as published in the City of San Diego's General Plan Housing Element. According to the FY 1999 to 2004 Housing Element, the proportional share of housing need in San Diego is 39%

moderate-income (9,137 unity city-wide), 29% low-income (6,797 units city-wide), and 32% very low-income (7,463 units city-wide).

Low and Moderate Income Housing Funds to Assist All Persons

Over the duration of the Implementation Plan, California Community Redevelopment Law requires the Agency to expend moneys in the Low and Moderate Income Housing Fund to assist housing that is available to all person regardless of age in at least the same proportion as the population under age 65 bears to the total population of the community as reported in the most recent census of the United States Census Bureau. According to the 2000 U.S. Census, a total of 89% of the population in the City of San Diego is under age 65. Therefore, at least 89% of the Agency's Low and Moderate Income Housing Fund would have to be utilized to assist in the development of housing that is available to all persons regardless of age.

Compliance with the Housing Element of the General Plan and Progress Guide

The provisions of Section 33413(b)(4) of the California Community Redevelopment Law require the Agency to adopt and periodically update a plan to ensure compliance with the existing criteria of Section 33413(b) of the California Community Redevelopment Law regarding the affordability mix of new or substantially rehabilitated housing units ("Housing Compliance Plan"). The Community Redevelopment Law further requires that this Housing Compliance Plan be prepared as part of the implementation plan required by Section 33490 of the Community Redevelopment Law. This Housing Compliance Plan must be consistent with the jurisdictions housing element and must also be reviewed and, if necessary, amended at least every five (5) years with either the housing element cycle or the implementation plan cycle. An ongoing goal in the Project Area is to use available Projects resources to develop housing in compliance with current legislation.

1. ANNUAL (FIVE-YEAR) HOUSING PROGRAM

Housing set-aside funds from the Barrio Logan Redevelopment project will be made available for various new very low, low and moderate income housing projects and for residential rehabilitation efforts aimed at very low, low and moderate income housing units. All, if not a substantial portion of current and future housing set-aside funds will be pledged to housing projects which are envisioned to be under construction within the next five years. It is anticipated that funds will be expended in at least the proportion of need as identified in the Housing Element by income level, with approximately 10.5% targeted toward senior housing. In addition, the San Diego Housing Commission, through a cooperative agreement with the Agency, administers a housing rehabilitation program in Barrio Logan using Barrio Logan affordable housing funds.

a. **Projected Housing Units**

- **Number of Housing Units to be Developed**

  It is anticipated that over one hundred eighty (180) low income, low and moderate Income apartment units will be constructed and occupied within the next five years.

- **Number of Housing Units to be Rehabilitated**

  A housing rehabilitation program will continue in operation in Barrio Logan for the next five (5) years. The program targets both owner-occupied units as will as apartments that will be rented at affordable rates for a 55 year period. Given the voluntary nature of a rehabilitation assistance program, a precise estimate of the number of units to be rehabilitated is not currently possible. It is anticipated; given the current revenues available for Barrio Logan that one property per year can be reasonable rehabilitated. Revenues not committed to specific projects or affordable housing projects would be expended toward the housing rehabilitation program.

- **Number of Housing Units to be Price Restricted**

  All 180 units developed as part of the revitalization efforts in the Project area, with many units price-restricted to low and low and moderate income residents throughout the period of this implementation Plan. In addition, the 144 unit Mercado del Barrio Apartments put into service during the second five year Implementation Plan will also remain in service throughout the period of this Implementation Plan.

- **Number of Housing Units to be Otherwise Assisted**

  Not applicable at this time.

- **Number of Housing Units to be Destroyed**

  The Logan Avenue Revitalization Project, which will be developed on several non-contiguous parcels along Logan Avenue, may eliminate seven housing units.

b. Description of Agency Plans for Using Annual Deposits in the Low/Moderate Income Housing Fund

- **Funds to Be Made Available Annually**

  All these funds will be made available to meet the Agency housing requirements. Because of the potential demand for additional funds to provide affordable housing and housing rehabilitation assistance, it is anticipated that, to the extent permitted by law, housing funds from other adopted Project Areas or City Agencies, through the Affordable Housing NOFA may be made available for use within the Barrio Logan Redevelopment Project Area.

- **Funds to Be Transferred to the Housing Authority**

  Depending on the exact amount of Barrio Logan Affordable Housing Funds not pledged to the replacement housing in the revitalization project area, excess funds may be made available to the San Diego Housing Commission for the implementation of the housing rehabilitation assistance program.

- **Funds to Be Accrued for Specific Projects**

  Existing and anticipated housing set-aside funds are expected to be committed to replacement housing projects in the community. Remaining set-aside funds would be committed to the housing rehabilitation program as it is constituted.

- **Funds to Be Used in Other Ways**

  Not Applicable.

2. IDENTIFICATION OF PROPOSED LOCATIONS SUITABLE FOR ANY REQUIRED REPLACEMENT DWELLING UNITS

Housing units to be displaced by the proposed Logan Avenue Revitalization Project will entirely be replaced by housing units produced by the same project. In addition to the seven housing units that could be displaced by the project, an additional one hundred seventy three new units would be created. Housing relocation assistance, as required by the Community Redevelopment Law, will be offered to all affected property owners and tenants within the Project Area.

3. ESTIMATES OF TOTAL HOUSING UNITS TO BE DEVELOPED

The Housing Compliance Plan as required by the California Redevelopment Law shall estimate 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 should 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, and 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 not less than fifty percent (50%) shall be affordable for very low income households.

a. Number of New or Rehabilitated Residential Units to be developed in Project Area

- **Current Status**

  A total of 144 very low and low income housing units were built in 1996 as part of the Mercado del Barrio Residential Project. An additional 180 units are anticipated to be built by the Logan Avenue Revitalization Project and expect to be occupied during the early 2005-2006 Work Program Year. The housing rehabilitation program could generate an average of one (1) rehabilitated housing units per year should the funds be available.

- **Ten Year Projection of Total Residential Units**

  A total of two hundred nineteen (219) new very low, low, and low and moderate affordable housing units are expected to be built by the early 2005-2006 Work Program Year. These totals figures are calculated from development proposals from the pending housing revitalization projects and other projects in the pipeline.

b. Estimates of the Number of Very Low, Low and Moderate Income Units Developed

- **Current Status**

  It is anticipated that pending revitalization projects will produce eighteen (18) very low income apartment units and one hundred sixty two (162) low and moderate apartment units. Other projects in the pipeline consist of thirty nine (39) low and moderate income apartment units.

- **Ten Year Projection of Very Low, Low and Moderate Income Residential Units**

  Both proposed housing projects consist of units totaling two hundred nineteen (219) units to be developed by the early part of the 2005-2006 Work Program. Given the availability of funding, and continued work of the Agency to promote housing development, a total number of over 800 additional affordable housing projects could be developed in the Project Area by the end of 2014, at an average rate of 100 units per year.

c. Estimates of the Number of Agency Developed Residential Units to be Developed During the Next Five and Ten Years

- **Current Status**

  There are one hundred eighty (180) affordable housing units in the financing stage of development with another (39) thirty nine in the proposal stage.

- **Projections of Residential Units**

  The current market and development in the East Village Area are stimulating interest in Barrio Logan. If the market continues along with the rising demands in housing, it is conceivable that market-rate housing projects and additional affordable housing projects would increase at a rate that could introduce an average of one hundred (150) affordable and market rate units per year into Barrio Logan.

d. Estimates of the Number of Units for Very Low, Low and Moderate Income housing to be Developed During the Next Five and Ten Years

Currently, there are two hundred nineteen (219) affordable housing units that will be developed in Barrio Logan at Very Low and Low and Moderate Income levels in the next two years. It is conceivable that an additional seven hundred fifty (750) affordable housing units could be produced by 2014.

e. Compliance with the General Plan and Progress Guide Housing Element

The Barrio Logan Redevelopment Plan allows the project area to sustain one thousand two hundred (1,200) housing units under the current Environmental Impact Report. A total of three hundred seventeen (317) housing units were identified in existence at the time of the project area adoption. One hundred forty four (144) affordable housing units have been developed by the Agency minus fourteen units that were displaced by the Mercado Commercial Center Project. Three additional projects have been built in the project area since the adoption bringing the total of developable housing unit vacancies to seven hundred fifty. This number could very well be achieved in the next ten (10) years should the Agency continue to encourage investment in the project area.

VI. SUMMARY

The Implementation Plan for the Barrio Logan Redevelopment Project sets forth the specific projects planned for the Project Area during the next five years, in accordance with the Community Redevelopment Law. The plan provides for the completion of the most important catalyst project in the Mercado del Barrio Commercial Center, including construction of additional much needed affordable housing projects in Barrio Logan. The plan also sets forth the development of high quality commercial-retail space integrating important cultural elements important to the community. The plan also sets forth the continued goals of the Agency to provide incentives for small businesses to thrive within the project area utilizing assistance from the Storefront Improvement Program and the Federal Renewal Community and State Enterprise Zone Programs.