

**NORTH BAY REDEVELOPMENT PROJECT AREA
THIRD FIVE YEAR IMPLEMENTATION PLAN OF
FY 2009 - 2013
MID-TERM PROGRESS REPORT**

This mid-term progress report has been prepared in accordance with California Health and Safety Code Section 33490(c), which requires every redevelopment agency, at least once during the five-year term of each implementation plan, to conduct a public hearing and hear testimony of all interested parties for the purposes of reviewing the redevelopment plan and the corresponding implementation plan for each redevelopment project, and evaluating the progress of the redevelopment project.

The North Bay Redevelopment Plan (“Redevelopment Plan”) was adopted by the City Council on May 18, 1998, and is administered by the Redevelopment Department of the City of San Diego. The approximately 1360-acre North Bay Project Area (“Project Area”) was adopted to eliminate conditions of blight by stimulating new construction, revitalization and upgrading of residential, commercial, office and public properties and facilities within and surrounding the Project Area. On June 3, 2008, the Redevelopment Agency adopted the Third Five-Year Implementation Plan (“Implementation Plan”) for the North Bay Redevelopment Project Area. There have been no amendments to the Implementation Plan.

PLAN OBJECTIVES

The Redevelopment Plan provides the Agency’s redevelopment objectives for the Project Area. These objectives, which are listed below, were employed to formulate the overall strategy for the Implementation Plan.

- Eliminate and prevent the spread of blight and deterioration, and conserve, rehabilitate, and redevelop the Project Area in accordance with the General Plan, specific plans, and local codes and ordinances;
- Improve, promote, and preserve the positive neighborhood characteristics in North Bay, while correcting physical and economic deficiencies in the community;
- Promote and enhance diverse housing opportunities by improving housing stock / type and expanding affordable housing opportunities;
- Improve the growth and vitality of the Project Area’s business environment and address the commercial, service, and employment needs of the Project Area;
- Encourage the expansion of existing commercial activities, the development of vacant properties and the rehabilitation of dilapidated structures through a coordinated parking program that could include structured or shared parking opportunities throughout all communities within the Project Area;
- Enhance pedestrian and vehicular mobility, and improve transportation facilities compliant with ADA regulations;

- Improve the quality of non-vehicular transportation alternatives through the creation and expansion of non-vehicular routes throughout the Project Area;
- Establish a Bay-to-Bay water linkage between San Diego Bay and Mission Bay that could encourage commercial and residential development throughout the Project Area;
- Enhance infrastructure facilities which improve the community and support public safety, health, and local vitality;
- Redevelop/rehabilitate the Sports Arena site to meet contemporary development standards and community needs and to alleviate the surrounding vacancies and crime caused by the lack of usage by the obsolete facility;
- Build public improvements to eliminate physical and economic conditions of blight;
- Encourage the growth and retention of small business; and
- Provide early assistance and priority status during the permitting process for projects within the Project Area.

ACTIVITY

Since the Implementation Plan's adoption, the Project Area has accomplished the following items that were included in the FY2009-FY2013 Work Program:

Work Program: Storefront Improvement Program (Commercial Rehabilitation Program)

Description: Continue the commercial rehabilitation program to assist existing small business owners. Expand the program to include the entire project area.

Accomplishment: In the prior implementation period, the Agency partnered with the City of San Diego's City Planning and Community Investment Department to implement a façade rehabilitation program called the **Storefront Improvement Program** for the Morena Business District. The Agency assisted three small businesses in rehabilitating its commercial storefront in the Morena Area.

In FY2010, the Agency expanded the **Storefront Improvement Program** to include small business in the entire Project Area. A total of \$150,000 in Redevelopment Agency funds have been allocated for the Program.

Work Program: Community Revitalization

Description: Proactively seek and assist in development of new commercial, residential, and mixed-use projects in the project area.

Accomplishment: The Agency provided a \$475,000 loan to Urban Corps of San Diego County for the construction of its **LEED Certified Educational and Recycling Center and Roof Top Garden** (ECO Center). The Project was completed in July 2010. The ECO Center focuses on educating and demonstrating sustainable technologies to members of the community and Urban Corps clients.

Work Program: Construct Infrastructure Improvements to improve traffic and transit in the Project Area.

Description: Develop capital improvement projects to improve traffic and transit in the Project Area. Start design and construction of a major street improvement project in the Midway Community.

Accomplishment: The Agency entered into an Agreement with Burgener-Clark, LLC for up to \$215,000 for the construction and maintenance of the **Clairemont Drive Median** located between Morena Boulevard and Denver Street. The Median project will be constructed concurrently with the Developer's construction of its new adjacent shopping center.

Work Program: Public Improvements and Facilities

Description: Identify opportunities for public improvements such as public art, open space, parks and sidewalk improvements in the Project Area.

Accomplishment: The Agency worked with Uptown Partnership, Inc. to design and install a mural art project at the intersection of Washington Street and Hancock Streets located under the bridge. The project was placed on hold.

The Agency is currently working with Urban Corps of San Diego County to design and install a mural art project on the underpass of Interstate 5 at Rosecrans and Jefferson Street.

Work Program: Community Plan Updates

Description: Assist with the funding of community plan updates.

Accomplishment: **Midway Pacific Highway Corridor/Old San Diego Community Plan Update** – Approved \$1.6 million to provide funds for the Midway/Old San Diego Community Plan Update. The Planning Division engaged a consultant to obtain community input and draft the Update. Community meetings are planned for early 2011.

Accomplishment: **Uptown Community Plan Update** – The Planning Division has engaged a consultant to obtain community input and draft the Update. Community input has been ongoing and is expected to be complete by Spring 2011.

Work Program: Assist with permitting process in the Project Area.

Description: Assistance to developers, business owners, and others proposing projects in the project area.

Accomplishment: Agency staff provided assistance to five business and property owners proposing projects in the Project Area. Permitting assistance was provided to the Bayview Plaza, Point Loma Townhomes, Point Plaza, the Pearl Hotel, and Village Boat Works projects.

Work Program: Community Participation

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

Accomplishment: The Agency continues to work with the community, appropriate governmental agencies, and community groups on redevelopment activities within the Project Area.

The Agency provided financial assistance to the Morena Business Association for the establishment of its Banner District. The **Morena Banner District** will provide signage for the Morena area businesses and assist in promoting local businesses in the neighboring community.

Work Program: Project Area Committee

Description: Staff the PAC appropriately to monitor project activities and coordinate community and PAC input.

Accomplishment: The Agency provided administrative support to the North Bay PAC and coordinated project development with the PAC.

Work Program: Five Points Pedestrian Improvements

Description: Design and construct pedestrian improvements in the Five Points Commercial Corridor.

Accomplishment: The Agency previously provided \$150,000 for the Five Points Pedestrian Improvements project. The Five Points Pedestrian Improvements project will install various pedestrian improvements including curb extensions, sidewalks, curb ramps, and a countdown pedestrian signal along Washington Street from Hancock Street to San Diego Avenue and includes work at the intersection of India Street and Winder Street.

To realize cost savings and traffic impacts the Five Points Pedestrian Improvements will be combined with the Washington Street Improvements which are in the same area. The project requires additional funding for construction. In December 2009, the PAC recommended \$99,300 in additional funding for the project. Agency staff is working with the City of San Diego's Engineering and Capital Projects Department to resolve the maintenance issue with the Washington Street Improvements. Once maintenance is resolved, staff will proceed with the PAC's recommendation.

Work Program: Peninsula YMCA Expansion Project

Description: Begin construction of the expansion project

Accomplishment: YMCA Peninsula Branch Site Improvements - Continued efforts to rehabilitate and complete new construction of the PeninsulaYMCA multi-use gymnasium. The YMCA's site improvements are divided into a three phase development. Additional funds are needed for Phase II to commence and will be consider by the Agency Board in Fiscal Year 2011.

Work Program: Sports Arena

Description: Negotiate and execute an Agreement for the City-owned properties in the Midway/Sports Arena District

Accomplishment: No progress has been made. The Midway Pacific Highway Corridor Community Plan Update process will provide a planning strategy for the Midway/Sports Arena District.

Work Program: Voltaire Street Bridge Retrofit

Description: Complete the retrofit of the Voltaire Street Bridge

Accomplishment: The Agency previously provided \$150,000 to the City of San Diego's Engineering and Capital Projects Department for the retrofit of the Voltaire Street Bridge. The bridge is considered obsolete. The completion of the improvements has been delayed due to the State of California funding availability.

Work Program: Washington Street Median Project

Description: Complete the installation of the Washington Street Median Project

Accomplishment: The Agency previously provided \$40,000 for the installation of the **Washington Street Median** Project located on Washington Street between San Diego Avenue and India Street. The construction of the project has been delayed due to maintenance issues and additional funding is required for construction. In December 2009, the PAC recommended \$128,000 in additional funding for the project. Agency staff is working with the City of San Diego's Engineering and Capital Projects Department to resolve the maintenance issues. Once maintenance is resolved, staff will proceed with the PAC's recommendation.

FINANCIAL RESOURCES

Table 1 below presents the Implementation Plan's five-year tax increment revenue and expenditure projections. Additionally, Table 1 presents the 20% affordable housing set-aside requirements, statutory payments to affected taxing entities, debt service obligations, administrative expenses, and available tax increment revenues allocated for non-housing projects.

Over the five year period of the Implementation Plan, the Agency anticipated collecting a net total of \$7,516,749 in housing revenues, and a total of \$5,544,482 in available non-housing revenues, after payments to taxing entities, debt service obligations, and administrative expenses. It should be noted that these are revenue estimates and actual funds available could either increase or decrease depending on the level of actual growth in the assessed valuation of the Project Area and the actions of the State of California to shift Redevelopment tax increment revenue to the State's Educational Revenue Augmentation Fund (ERAF).

**TABLE 1
ESTIMATED PROJECT REVENUES AND EXPENDITURES
FY 2009-2013**

Revenues	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Tax Increment Revenue	\$7,222,032	\$7,366,473	\$7,513,802	\$7,664,078	\$7,817,360

Expenditures	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Housing Set-aside (20%)	\$1,444,406	\$1,473,295	\$1,502,760	\$1,532,816	\$1,563,472
Taxing Entities (FY09:25%) (FY10- 13:46%)	\$1,805,508	\$1,841,618	\$3,456,349	\$3,525,476	\$3,595,985
Bond Payments/ Debt Service Obligations	\$1,295,000	\$1,295,000	\$1,295,000	\$1,295,000	\$1,295,000
Administration	\$720,000	\$741,600	\$763,848	\$786,763	\$810,366
Total Expenditures	\$5,264,914	\$5,351,513	\$7,017,957	\$7,140,055	\$7,264,824

Available Non-Housing Total	\$1,957,118	\$2,014,960	\$495,845	\$524,023	\$552,536
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Source: Table 1 to 2008-2013 North Bay Third Implementation Plan

Table 2 below presents actual tax increment revenues the Agency has received over the first two fiscal year periods of the Implementation Plan and an estimate of tax increment to be received during fiscal year 2011 as reflected in the Redevelopment Agency's FY 2011 Annual Budget. Additionally, Table 2 identifies 20% affordable housing set-aside receipts, statutory payments to affected taxing entities, debt service payments, administrative expenses, and the available tax increment revenues allocated for non-housing projects. Over the first two fiscal year periods of the Implementation Plan, actual revenues received by the Agency for non-housing and housing funds have been significantly higher than forecasted when the Implementation Plan was adopted in June 2008.

TABLE 2
ACTUAL TAX INCREMENT REVENUES
FY09 – FY10 and Projected Revenue for FY11

Fiscal Year	Increment to Agency	20% Set-aside	Net Tax Increment	Payments to Taxing Agencies & ERAF	Debt Service	Administrative Expenses	Available Increment
2009	\$8,876,700	\$1,775,300	\$7,101,400	\$1,646,000	\$1,030,700	\$480,000	\$3,944,700
2010	\$9,104,700	\$1,820,800	\$7,283,900	\$4,393,500	\$1,014,000	\$490,800	\$1,385,600
2011	\$9,228,800	\$1,845,800	\$7,383,000	\$2,407,500	\$1,542,200	\$827,400	\$2,605,900
Totals	\$27,210,200	\$5,441,900	\$21,768,300	\$8,447,000	\$3,586,900	\$1,798,200	\$7,936,200

Source: Agency Trust Fund Summary for FY2009 and FY2010, Redevelopment Agency Budget for FY2011, Annual Redevelopment Agency Financial Statements, and from the City’s Financial Database. (Rounded to \$00s)

AFFORDABLE HOUSING

The provisions of Section 33413(b)(4) of the California Community Redevelopment Law (“CRL”) require the Agency to adopt and periodically update a plan to ensure compliance with the existing criteria of Section 33413 of the CRL regarding the affordability mix of new or rehabilitated housing units. Since the Implementation Plan’s adoption, the Project Area has accomplished the following items related to affordable housing that were included in the FY2008-FY2010 Work Program:

The Agency has completed 208 affordable housing opportunities with an additional 122 affordable housing units under construction.

Work Program: Low and Moderate- Income Housing Funds

Description: Implement and monitor the housing strategy for expenditure of low and moderate-income housing funds.

Accomplishment: The Agency has entered into an Owner Participation Agreement with AMCAL Multi-Housing, Inc. for a \$6 million residual receipts loan for gap financing to develop the **Mission Apartments** affordable housing project. The proposed project will include 85 rental units consisting of 82 two-bedroom units, and 3 three-bedroom units. The affordability mix includes 9 units available to families at or below 50% of Area Median Income and 75 units available to families at or below 60% of Area Median Income and one unrestricted manager’s unit.

Work Program: Veterans Village of San Diego Transitional Housing Project

Description: Complete construction of Veterans Village Transitional Housing Project, Phase II. Start construction of Phase III.

Accomplishment: In April 2009, **Veterans Village of San Diego** completed the construction of its **Phase II** expansion. Phase II provides an additional 112 treatment beds for homeless Veterans, an outpatient medical center, an employment center, classrooms, and an administrative office.

Accomplishment: In September 2010, **Veterans Village of San Diego** completed the construction of its **Phase III** development. Phase III provides 96 transitional housing beds for previously homeless Veterans and parking for the facility.

The Agency will consider entering into an Agreement with **Veterans Village of San Diego** for **Phase IV** the construction of a 24 transitional housing beds facility for returning Iraqi and Afghanistan Veterans and expansion of its classroom facilities.

Work Program: Stella at Five Points

Description: Complete the construction of 85 for-sale condominiums with thirteen affordable units for families earning 100% AMI

Accomplishment: The commencement of construction for the 85-unit **Stella at Five Points** condominium project occurred in July 2007 and was anticipated to be completed within 24 months or by July 2009. The development has encountered construction delays and is currently in receivership. No funds associated with the Agency's Owner Participation Agreement have been disbursed.

SUMMARY

Since approval of the Implementation Plan, the Agency has participated in various revitalization projects and activities, including commercial development, affordable housing, infrastructure improvements, and community planning activities. Additionally, the Agency has provided administrative support to the North Bay Redevelopment Project Area Committee. Over the remaining balance of the Implementation Plan, the Agency shall continue to implement the established objectives of the Redevelopment Plan and Implementation Plan.