



FINAL

## **IMPLEMENTATION PLAN**

For the Redevelopment Plans for the  
**Santa Rosa Center and Grace Brothers  
Merged Redevelopment Project Areas**  
January 2010 through December 2014

Redevelopment Agency of the City of Santa Rosa

Adopted

Redevelopment Agency Resolution No. 1618  
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**Redevelopment Agency of the City of Santa Rosa  
Five-Year Implementation Plan  
for the  
Santa Rosa Center and Grace Brothers Merged Project Areas  
January 2010 to December 2014**

**I. INTRODUCTION**

This Implementation Plan has been prepared and adopted in accordance with the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*, referred to here as "CRL" or "Redevelopment Law"). Section 33490 requires redevelopment agencies to adopt a new Implementation Plan every five years for each redevelopment project area in a redevelopment agency's jurisdiction, consistent with the adopted Redevelopment Plan for the Project Area.

The Redevelopment Plans for the Santa Rosa Center Redevelopment Project Area and the Grace Brothers Redevelopment Project Area provide the Redevelopment Agency of the City of Santa Rosa ("Agency") with powers, duties and obligations to implement one or more programs and/or projects for the redevelopment, rehabilitation and revitalization of the Project Areas. The Project Areas were merged in 1994.

Because of the long-term nature of the Redevelopment Plans and the need to retain flexibility to respond to market and economic conditions, property owners and developer interests and opportunities as they arise, the Redevelopment Plans do not present a precise plan for the redevelopment, rehabilitation and revitalization of the Project Areas. Rather, the Redevelopment Plans represent a process and a basic framework within which specific programs and/or projects can be established to achieve solutions that will eliminate blight. In addition, due to the long-term nature of redevelopment, significant improvement may not occur in the near term, but redevelopment may be used as the catalyst to bring rehabilitation and revitalization to the Area over the long term. And finally, because of the considerable needs, Redevelopment is not the sole solution to alleviating blight, but is used in concert with private sector resources and other public assistance, which may include, for example, CDBG funds, development fees, State and Federal grant and loan programs and assessment districts.

The Five-year Implementation Plan identifies proposed Agency programs and projects that are possible through the use of redevelopment authority.

This Implementation Plan is a policy and program planning document that guides and sets priorities for redevelopment activities, including programs, potential projects and estimated expenditures within the Merged Project Areas based on Agency goals and objectives to assist in the alleviation or elimination of blight and the development and rehabilitation of affordable housing for five year period covered by the Implementation Plan.

The time limit for the effectiveness of the Santa Rosa Center Redevelopment Project Area Phases I and II will be reached during this Five Year Implementation Plan. As a result, projects and programs that have not yet been started and which do not have a contractual obligation will not be started after the sunset dates. In addition, the projects and programs that are identified in this Five-Year Implementation Plan reflect the reality of focused efforts.

As new issues and opportunities arise during the term of the Implementation Plan, it may be amended, if necessary, to effectuate changes in Agency priorities.

This implementation Plan has two main components, the Redevelopment Component and the Affordable Housing Component.

***The Redevelopment Component***

**Section 1 - Background:** This section (a) sets forth the legislative history of the Merged Project Areas; (b) introduces and generally describes the Merged Project Areas; and (c) sets forth the time limits for the project areas.

**Section 2 - Blighting conditions:** This section describes the blighting conditions at the time the Project Areas were merged.

**Section 3 - Statement of Goals and Objectives:** This section states the goals and objectives for the Merged Project Areas.

**Section 4 - Summary of Past Redevelopment Projects and Activities to Eliminate Blighting Conditions:** This section describes the redevelopment activities in the Merged Project Areas that have been carried out to eliminate blighting conditions. It also shares the special accolades awarded to the Project Areas by the California Redevelopment Association.

**Section 5 - Five-Year Implementation Program:** This section provides a description of proposed Agency activities, programs, potential projects and improvements, and estimated expenditures for the next five year period.

**Section 6: How the Goals, Objectives, Projects And Expenditures Help Eliminate Blight.** This section describes how the goals and objectives, projects, programs and expenditures of the 5-year Implementation Plan will eliminate blight within the Merged Project Areas.

***The Affordable Housing  
Component***

**Section 1 - Summary of Past Affordable Housing**

**Achievements:** This section provides an overview of past affordable housing and homeless service centers assisted by the Agency.

**Section 2 - Housing Goals and Objectives:** This section restates the housing goals and objectives for the Merged Project Areas.

**Section 3 Housing Requirements and How the Goals, Objectives, Projects and Expenditures will Implement Community Redevelopment Law:** This section describes the requirements for deposits into the Low and Moderate Income Housing Fund, the Inclusionary Housing Production / Replacement Requirement, and the requirement for proportional expenditure for very-low and low-income households as well as for non-age restricted households. It also states how the projects and programs will implement these requirements.

**Section 4 - Affordable Housing Planned Programs and Projects and Estimated Expenditures:** This section estimates the number of new, rehabilitated, or price-restricted housing units to be assisted during each of the next five years based upon estimated deposits into the Housing Fund to fulfill affordable housing obligations.

## II. REDEVELOPMENT COMPONENT

### Section 1 – Background

This section (a) sets forth the legislative history of the Merged Project Areas; (b) introduces and generally describes the Merged Project Areas; and (c) sets forth the time limits for the project areas.

#### ***Legislative History***

On October 11, 1994, the City council adopted Ordinances 3149 and 3150 merging the Santa Rosa Center and the Grace Brothers Redevelopment Project Areas.

In December, 1994, the Redevelopment Agency of the City of Santa Rosa (the "Agency") adopted its first Five-Year Implementation Plan for the Merged Santa Rosa Center and Grace Brothers Redevelopment Project Areas (the "Merged Project Areas"). It was subsequently amended in 1995 and 1997, and new Five-Year Implementation Plans were adopted in 1999 and 2004 and revised in February 2007. This Implementation Plan has been prepared by the Agency for the five-year period January 2010 through December 2014.

#### ***Description and Location of Merged Project Areas***

##### ***Santa Rosa Center Redevelopment Project Area***

The Santa Rosa Center Redevelopment Project Area, consisting of approximately 84.4 acres, is located in the urban core area of the City. The first Phase, approximately 39.5 acres, was adopted in 1961 when the downtown area of Santa Rosa was badly deteriorating. Streets and buildings were substandard and many stores were vacant. Senior citizens occupied unsafe older hotels and there were inadequate affordable housing alternatives.

Phase II of the Project Area, consisting of approximately 32.7 acres, was adopted in March 1970. This portion of the Project Area was added following the 1969 earthquake, which had severely damaged many older buildings, furthering the need for rehabilitation and new construction in the downtown core area.

Phase III of the Project Area was adopted in October 1974, and consists of approximately 12.2 acres. This portion of the Project Area was added to provide additional land to complete Phase II development.

**Description and Location of Merged Project Areas**

**Grace Brothers Redevelopment Project Area**

The Grace Brothers Redevelopment Project is located downtown, adjacent to Santa Rosa Creek, Highway 101, Railroad Street and Third Street, and is located generally south of the Railroad Square Historic District. This Project Area was adopted in 1985 and is comprised of approximately 10 acres. It was formerly the location of the Grace Brothers Brewery which had discontinued operations. The area had significant hazardous contamination, which was remediated as part of the redevelopment effort. The creek had been channelized for flood control purposes. The habitat was severely degraded for fish and wildlife, and the creek was not accessible to the general public. Water pollution and illegal dumping in the creek area further degraded the habitat.

As shown below, the time limit for the effectiveness of the Santa Rosa Center Redevelopment Project Area Phases I and II will be reached during this Five Year Implementation Plan. As a result, projects and programs that have not yet been started and which do not have a contractual obligation will not be started after the sunset dates. In addition, the projects and programs that are identified in this Five-Year Implementation Plan reflect the reality of focused efforts.

**PROJECT AREA TIME LIMITS**

<b><i>Project Area Time Limits</i></b>	<b><i>Santa Rosa Center Redevelopment Project Area</i></b>	<b><i>Grace Brothers Redevelopment Project Area</i></b>
<i>Time Limits to Incur Indebtedness</i>	Expired January 1, 2004	Expired August 6, 2005
<i>Time Limit on Plan Effectiveness</i>	Phase I – January 1, 2012 Phase II – March 10, 2013 Phase III – October 29, 2017	August 6, 2027
<i>Time Limit for Receipt of Tax Increment and Repayment of Indebtedness</i>	Phase I – January 1, 2022 Phase II – March 10, 2023 Phase III – October 29, 2027	August 6, 2037
<i>Time Limit for Eminent Domain Proceedings</i>	Expired January 22, 1999	Expired August 6, 1997

## **Section 2: Summary of Blighting Conditions**

As specified in the ordinances adopting the merger of the two project areas, these were the economic and physical blighting factors found to exist.

### ***Blighting Conditions***

#### ***Santa Rosa Center Redevelopment Project Area***

- Unsafe structures due to deterioration.
- Buildings of substandard design.
- Lack of adequate parking to accommodate the highest and best use and the most economically viable use of lots within the Project Area.
- Vacant buildings.
- Buildings with faulty interior arrangements or exterior spacing.
- Economic dislocation, deterioration and disuses because of deteriorated or inadequate public improvements, facilities and open spaces, including inadequate pedestrian circulation, and street lights, which cannot be remedied with private or governmental action without redevelopment.
- Economic maladjustment evidence by impaired investments, including the existence of hazardous wastes.

#### ***Grace Brothers Redevelopment Project Area***

- The existence of mixed and incompatible uses, deteriorated structures, and parcels of inadequate size for proper development in multiple ownerships.
- Economic dislocation, deterioration and disuses because of inadequate public improvements, facilities and open spaces, which cannot be remedied with private or governmental action without redevelopment.
- Presence of hazardous wastes requiring Agency Assistance.

### **Section 3 - Goals and Objectives for the Merged Project Areas**

Within the goals and objectives, the Agency may undertake an enormously wide variety of activities aimed at stemming blight and economic decline and redirecting the Project Areas to physically and economically viable conditions. Such activities include, but are not limited to, acquiring land for resale to a redeveloper, entering into contractual agreements with existing owners or tenants where the Agency provides financial or other assistance for building repairs or replacement on privately-owned land, developing comprehensive strategies or preparing studies to assist private developers to respond to local economic opportunities that result in local investment and job creation, and financing and constructing needed public facilities and improvements.

The goals and objectives of the Merged Project Areas are as follows:

***Goals and Objectives of  
the Merged Project  
Areas***

- A. The elimination and prevention of the spread of blight and deterioration and the renewal, redevelopment, and restoration of the Project Area.
- B. The correction of conditions contributing to blight including serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.
- C. The elimination and/or removal of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.
- D. The elimination of factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots including substandard design, inadequate sizes given present standards and market conditions, lack of parking, environmental contamination, adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area, depreciated or stagnant property values or impaired investments, abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots.
- E. The removal of physical or economic conditions that lead to problems of public safety and welfare.

- F. The increase of patronage to the Project Areas by improving pedestrian linkages and open spaces that result in higher and better land uses which in turn stimulate and encourage economic reinvestment in downtown.
- G. The undertaking of public improvements or public facilities which help to attract development that results in higher and better land uses, in turn stimulating and encouraging economic reinvestment in downtown.
- H. Increase, preserve or maintain low- and moderate-income housing, both within redevelopment project areas and citywide for the benefit of project areas.

## **Section 4 – Summary of Past Redevelopment Projects and Activities to Eliminate Blighting Conditions**

The Redevelopment Agency began its efforts to eliminate blighting influences in 1961 during a period of serious downtown deterioration. Severe damage from the 1969 earthquake necessitated further revitalization efforts. To date, Agency activities have addressed blighted conditions and have achieved a certain measure of success such as a Regional Civic Center, Regional Financial Center, Regional Shopping Center, as well as the Hotel-Conference Center development in a former Brownfield site.

### ***Past Redevelopment Projects      Santa Rosa Center Redevelopment Project Area***

***1961 - 2004***      From 1961 through 2004, the Santa Rosa Center Redevelopment projects and programs have included:

During the most active years of the Santa Rosa Center Redevelopment Plan (1961 to 1999), an estimated 67 buildings (1,997,381 sq. ft.) were constructed or substantially rehabilitated with development costs of approximately \$108,000,000 either directly or indirectly due to redevelopment programs. As a result, over 5,000 permanent jobs and 3,000 construction-related jobs were created in downtown Santa Rosa.

In addition to commercial development, public improvements included:

- Courthouse Square Plaza
- Various parking garages and parking lots
- Sonoma Avenue Park
- Fourth Street Linkage semi-pedestrian mall
- Comstock pedestrian mall
- Major infrastructure systems (water, streets, sewer, sidewalks, curbs, gutters, and flood control)

(The cost of these redevelopment program activities was an estimated \$27 million.)

***Past Redevelopment  
Projects 1961 - 2004***

***Santa Rosa Center Redevelopment Project Area***

- Prince Memorial Greenway:

The Prince Memorial Greenway, located in Downtown Santa Rosa, provides pedestrian/bicycle linkages between the Santa Rosa Center Project Area on the east side of downtown and the Grace Brothers Project Area on the west side of downtown. The pedestrian/bicycle path continues several miles west of Downtown and also connects from Downtown to the Joe Rodota Trail to Sebastopol. The Prince Greenway project also provides urban open space and a restored creek habitat for endangered fish salmon and steelhead.

(The Redevelopment Agency contributed early funds of approximately \$3 million to attract a matching grant from the City of Santa Rosa from the Prince Family. Based on early success of the restoration / public access project, the City was able to attract grant money of approximately \$20 million to continue the project.)

- Downtown Linkages: 4<sup>th</sup> street pedestrian link between Old Railroad Square and Santa Rosa Plaza.; and 3<sup>rd</sup> Street Improvements between the east side of Downtown and the Hyatt Vineyard Creek, Old Railroad Square and Prince Memorial Greenway. (The redevelopment contribution to these activities was approximately \$2.4 million.)

***Past Redevelopment  
Projects***

***Santa Rosa Center Redevelopment Project Area***

***2005 - 2009***

From 2005 through 2009, the Santa Rosa Center Redevelopment projects and programs have included:

***Purchase of Former  
AT&T Site***

In March 2007, the Agency purchased the former AT&T site at 520 Third Street for \$3 million to 1) mitigate the blighting influence of this large, vacant building downtown; 2) prevent a speculative purchase and potentially incompatible uses of the Building; and 3) be able to control and plan for the long term use of the building to benefit the downtown area.

Following the purchase, the Agency conducted opportunities and constraints analysis and undertook other activities prior to issuing a Request for Qualifications from experienced developers with financial capacity with the intent to find a qualified developer to work with the Agency to develop the site. In early 2010, the Agency selected a developer and entered into an exclusive right to negotiate agreement.

***Prince Gateway Park***

The Agency contributed \$100,000 toward the design and construction of the Prince Gateway Park, located on the site of a former gas station at the eastern end of the Greenway. The park, with its mosaic fish sculpture and fountains, attracts families, especially on hot days.

***Downtown Linkages***

Northern Downtown Pedestrian Linkages Study (2006): The purpose of this study, funded in part by the Redevelopment Agency, was to improve vehicular, pedestrian and bicycle linkages between Courthouse Square and the Historic Railroad Square, two parts of downtown separated by Highway 101. The Study focused on 6<sup>th</sup> and 7<sup>th</sup> Streets.

Sixth Street Undercrossing: The Agency entered into a funding agreement with the City of Santa Rosa to contribute \$100,000 toward the design and construction of a pedestrian/bicycle/vehicle linkage program under Highway 101 at Sixth Street, the principle project identified in the Northern Downtown Pedestrian Linkages Study.

***Downtown Diagonal  
Parking Project***

33 additional parking spaces were provided on Fourth Street by replacing parallel parking spaces with diagonal parking spaces.

***Past Redevelopment  
Projects 2005 - 2009***

***Santa Rosa Center Redevelopment Project Area***

*Downtown  
Enhancement  
Program*

The Agency's Downtown Enhancement Program implemented a number of projects to improve the appearance, safety and comfort of Downtown, including installation of new trash and recycling containers, picnic tables, benches, information kiosk, banners, holiday decorations, street tree grates and guards, and lighting. The Agency partnered with the Public Works and Parks Departments to expand special maintenance and landscaping services in the Downtown area. The Agency has led the effort to develop new standards for the regulation of news racks, and initiated the process to create Street Furniture Palettes for the Downtown area. Efforts to reduce economic blight in the project areas have included a strong economic development program of Downtown branding and promotion and business attraction and retention. Hundreds of prospective businesses, existing businesses, property owners, and real estate agents have been provided technical assistance by Agency staff. A series of business operation trainings and a green business fair were offered to Downtown businesses. The Agency also developed a tenant improvement and façade improvement loan program to attract new businesses to the project areas.

*Downtown Promotion  
Program*

The Agency's Downtown Promotion Program created a comprehensive promotion and marketing effort that includes web, radio and print collateral, in addition to producing and/or supporting events and activities such as the Tour of California bicycle race, arts events, the annual holiday promotions program, the "Shop Local" campaign, Downtown parking facilities, and assistance on a Downtown wayfinding program. These efforts are built around the new Downtown area brand, also created by the Agency's Downtown Promotion Program that is an area-specific offshoot of Santa Rosa's broader community brand concept. The Agency also partnered successfully with the Santa Rosa Main Street organization and the Historic Railroad Square Association to cooperatively market the Downtown area as a destination for residents, visitors and businesses.

***Past Redevelopment  
Projects 2005 - 2009***

**Santa Rosa Center Redevelopment Project Area**

*Downtown Arts District*

The Agency developed the Downtown Arts District in coordination with the Parks and Recreation Department. Initial implementation has included placement of permanent and temporary public art; support for a number of arts and culture events such as the First Friday ArtWalk and free outdoor concerts; and creation of a municipal art gallery.

*Commercial  
Rehabilitation Loan  
Program*

The Agency created a Tenant Improvement Loan Program to attract new businesses to the commercial properties in the project areas. A number of businesses and property owners have expressed interest in the program.

*Facade Improvement  
Program*

The Agency created a Facade Improvement Loan Program to improve the facades of commercial properties in the project areas. A number of businesses and property owners have expressed interest in the program.

*Brownfields  
Revolving Clean-Up  
Loan Administration*

The Agency contributed \$50,000 as a local match to secure a \$1 million grant from the US EPA for a Brownfields Revolving Clean-Up Loan program. The Program provides funding to capitalize loans that are used to clean up brownfields (a property whose expansion, redevelopment, or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant).

***Past Redevelopment  
Projects***

***Grace Brothers Redevelopment Project Area***

**1985 - 2005**

Site clean-up and preparation, and the first phase of the hotel conference center were accomplished in the 20 years following the adoption of the Grace Brothers Redevelopment Plan.

*Site Redevelopment*

After the Grace Brothers Redevelopment Project Area was established in 1985, the following redevelopment activities were completed:

- 22 sites were assembled.
- Existing businesses and residents were relocated.
- Existing buildings were demolished.
- Toxic remediation was completed.
- Streets were abandoned and parcels were merged.
- Railroad Street was realigned and Third Street was widened and landscaped, along with associated traffic signal improvements.
- A Disposition and Development Agreement was approved and implemented, resulting in the Hotel-Conference Center project.

The cost of these redevelopment activities was \$29,000,000 (\$8,000,000 in Agency funding).

*Hotel, Spa and  
Conference Center*

Vineyard Creek Hotel, Spa and Kenneth R. Blackman Conference Center was completed and opened for operations in 2002. This development project achieved the objectives of the Grace Brothers Redevelopment Plan to re-use a brownfield site and develop an upscale, first class, full service hotel, conference center, restaurant, and public improvements.

**Past Redevelopment  
Projects 2005-2009**

**Grace Brothers Redevelopment Project Area**

*Sale of Hotel*

In January 2007, the Agency approved the sale of the Hyatt Vineyard Creek Hotel and assignment of the Project Leases from Vineyard Creek, LLC (“Seller”) to Noble-AEW Vineyard Creek, LLC (“Buyer”) for \$26.5 million, contingent upon the sale of an approximately 10,000 square foot vacant portion of the Vineyard Creek Hotel and Conference Center Site to the Buyer.

*Hotel Improvements*

The hotel owner, Noble-AEW, has completed a \$3 million of interior and exterior improvements at the Hyatt Vineyard Creek without Agency financial assistance. The Agency approved the exterior modifications in November 2007. These include (1) the addition of a 923 square foot *porte cochere* in front of the existing hotel entry; (2) a 1,136 square foot patio addition (with an open wooden trellis which can be covered with an awning in inclement weather) to the existing bar for outdoor seating, and new walkway from the restaurant to the hotel lobby; (3) landscaping near the *porte cochere* as well as along the Third Street frontage and driveway entrance; (4) a new layer of crushed slate to improve the drainage and appearance of the vacant portion of the site near Third and Railroad Streets; (5) installation of with new wheel stops, bollards and chains to control access to the vacant, shale-covered lot only for events which require overflow parking.

The interior improvements, which did not require Agency approval (and did not need Agency financial Assistance) include a new lobby bar, upgraded back patio, redesigned bar and restaurant with a show kitchen, and cosmetic upgrades to the spa. In the rooms, there are new beds and bed linens, as well as new carpeting, drapes, flat screen TVs and paint. Carpeting has also been replaced in corridors, lobbies and ballrooms. Ballrooms also have new paint and wall paper under chair rails. There is also new artwork throughout the conference center.

***Awards***

The California Redevelopment Association granted awards to both the Santa Rosa Center Redevelopment Project Area and to the Grace Brothers Redevelopment Project area.

- The Santa Rosa Center Redevelopment Project received the 2001 California Redevelopment Association (CRA) Award of Excellence for Community Revitalization. The CRA awards provide a valuable tool in the Downtown Promotion Program.
- The Grace Brothers Redevelopment Project received the 2003 CRA Award of Excellence for Brownfield Development.

## **Section 5 - Five-Year Implementation Program and How the Goals, Objectives, Projects and Expenditures Help Eliminate Blight**

This section provides a description of proposed Agency activities, programs, potential projects and improvements, and estimated expenditures for the next five year period. This section also describes how the goals and objectives, projects, programs and expenditures of the 5-year Implementation Plan will eliminate blight within the Merged Project Areas.

The Redevelopment Agency has been active for many years to successfully alleviate blighting conditions in the Merged Project Areas. However, there are still remaining blighting conditions. The Agency's potential expenditures for a range of potential activities, programs and projects are intended to continue the area improvements that began in 1961 and to achieve further progress, as well as prevent the recurrence or re-introduction of blighting influences. The implementation of these potential activities, programs and projects will depend on availability of funding and priorities established by the Agency.

The following are anticipated programs and projects that the Redevelopment Agency intends to achieve during the next five years. The projects and programs are consistent with the Goals and Objectives set forth in Section 3 above. Together the goals, objectives, projects programs and expenditures help eliminate blight as follows.

As shown above, the time limit for the effectiveness of the Santa Rosa Center Redevelopment Project Area Phases I and II will be reached during this Five Year Implementation Plan. As a result, projects and programs that have contractual obligations may be continued to meet the obligations beyond the sunset dates. In addition, the projects and programs that are identified in this Five-Year Implementation Plan reflect a menu of remaining needs from which the Redevelopment Agency will appropriate funds for implementation.

***Five-Year  
Implementation  
Program***

***Description***

***How projects, programs and  
expenditures assist in the alleviation  
of blighting conditions***

***Private  
Development  
Assistance  
Programs***

Under these programs, the Agency may assist with land acquisition, site preparation and development, off-site improvements, disposition of property and relocation assistance to existing property owners and tenants. The Agency may assist with the rehabilitation and preservation of historically sensitive structures, assist with façade and tenant improvements; and assist in business attraction, retention, and expansion. The Agency may also assist with hazardous remediation under this program. These programs are more specifically described below.

***Redevelopment of  
the Former AT&T  
Site***

The Former AT&T Site, located at 520 Third Street, is one of the Downtown Development Opportunity sites. The Redevelopment Agency has been actively engaged in the redevelopment of this site since the Agency acquired it in 2007. During the next five years the Agency intends to enter into a Disposition and Development Agreement with a developer for the redevelopment of the existing structure (or replacement of the structure if reuse is financially infeasible) with uses consistent with public policy objectives set forth by the Agency. Estimated expenditures \$4,000,000 through 2014.

This program will eliminate the blighting conditions imposed by this large, vacant building, facilitate land use compatibility with the downtown business district, improve the economic capacity of the area, and attract new businesses and patronage to the area.

***Five-Year  
Implementation  
Program***

***Description***

***How projects, programs and  
expenditures assist in the alleviation  
of blighting conditions***

***Downtown  
Programs***

Under these programs, the Agency promotes the downtown through special programs, including but not limited to, programs that enhance physical environment, attract visitors, support special events, promote the cultural arts; attract and retain businesses; provide special maintenance and beautification projects; and make graffiti removal improvements. These projects and programs are more specifically described below.

***Downtown  
Enhancement  
Program***

The Agency will implement a program to reduce physical and economic blight in the Project Area by conducting streetscape beautification, street furniture purchases, and other public improvements; conducting special maintenance projects; attracting and retaining businesses and other economic development activities; conducting research, studies, and plans; and promoting the Downtown area to increase customer and visitor attraction. Funding of approximately \$500,000 will be spent through the end of the Implementation Plan.

The activities of this program will aid in the elimination of blight by maintaining an economically vital downtown that attracts private investment.

***Downtown  
Promotion Program***

The Downtown Promotion Program is proposed to conduct outreach, education, district branding, marketing, special event support, research, studies, plans, and other related activities for the promotion and marketing of the Merged Project Areas. Expenditures are estimated at \$200,000 through the end of the Implementation Plan.

The various activities planned for the Downtown Promotion Program will aid in the elimination of blight by maintaining a healthy, vital downtown business, commercial and entertainment district.

***Five-Year  
Implementation  
Program***

***Description***

***How projects, programs and  
expenditures assist in the alleviation  
of blighting conditions***

***Commercial  
Rehabilitation  
Programs***

The Commercial Rehabilitation Programs consist of the implementation of commercial rehabilitation and facade loan programs and/or grants to assist new and existing businesses and owners of commercial properties in the Merged Project Areas. Expenditures are estimated at \$300,000 through the end of the Implementation Plan.

This program will reduce blight conditions by improving the building stock, which will in turn improve impaired investments and remove barriers for reuse. It will also stimulate and encourage economic reinvestment in the downtown.

***Five-Year  
Implementation  
Program***

***Description***

***How projects, programs and  
expenditures assist in the alleviation  
of blighting conditions***

*Administration and  
Debt Service*

Administration and Debt Service consists of debt service, project implementation and technical staff costs, overhead, and legal and consultant costs. Estimated administration expenditures for the Merged Project Areas are \$1,000,000 over the next five years. Expenditures for debt service on existing debt to finance redevelopment activities over the next five years are estimated at \$5,600,000.

Administration allows implementation of redevelopment plans and projects and programs. Debt service is a contractual obligation.

*Affordable Housing  
Projects*

The Agency assists the production and rehabilitation of affordable housing. These activities are more fully described in the Housing Component below.

Affordable housing projects address a fundamental redevelopment purpose, the provision of housing for all income groups and populations. Programs and projects will serve populations with special housing needs for whom housing options, within the project areas and citywide, are limited. Affordable housing addresses a long-standing need and will serve as a link to other redevelopment efforts aimed at economic development.

### **III. AFFORDABLE HOUSING COMPONENT**

One of the fundamental purposes of redevelopment is to provide affordable housing opportunities for low and moderate income persons and families. Therefore, in addition to the Redevelopment activities set forth above, the Agency is also vested with the responsibility for increasing, preserving, and improving the supply of housing units for very low, low and moderate income individuals and families. To this end, the Agency is required to deposit no less than 20% of all tax increments that are allocated to the Agency from each Redevelopment Project Area into the Low and Moderate Income Housing Fund (the “Housing Fund”) and to meet requirements for production / replacement and for proportional expenditure for low- and very-low income housing and for non-age restricted units.

To achieve affordable housing goals and to fulfill affordable housing requirements, the Agency has entered into a cooperative agreement for affordable housing services with the Housing Authority of the City of Santa Rosa (the “Authority”) and has provided Agency Housing Fund monies to the Authority to assist with various affordable housing programs. The Agency plans to continue this cooperative arrangement with the Authority during the time frame of this Implementation Plan. In addition, the Agency has the discretion to retain a portion of the Housing Fund money for affordable housing projects not requiring Housing Authority participation.

In this relationship, the Housing Fund is leveraged with other affordable housing funding sources into the Housing Trust, administered by the Authority, which oversees the development and rehabilitation of affordable housing units throughout the City, both inside and outside of project areas.

The Housing Component is designed to meet the requirements of Community Redevelopment Law and to guide the Agency in its housing related activities as required by Health and Safety Code Section 33490.

## Section 1 – Summary of Past Affordable Housing Achievements

### ***Affordable Housing Production***

During the prior 5-year implementation plan for the Merged Project Areas (December 2004 – December 2009), a total of \$10,266,154 was expended from the Agency's deposits into the Low and Moderate Income Housing Fund.

These funds were used to assist 792 units, of which 529 (67%) were targeted to assist extremely-low and very-low income households and 253 (32%) targeted to assist low-income households, and 10 (1%) were required manager units that serve all units.

Approximately \$6,878,323 was used to assist very-low income households and \$3,387,831 was used to assist low income households. No expenditures were targeted to assist moderate income households.

Of the total 792 units assisted, 676 (85%) were construction of new units, and 116 (15%) were minor rehabilitation of units. No expenditure was used for substantial rehabilitation of units.

All of the funds were used to assist households regardless of age, in which at least one member of the household under age 65.

## Section 2 – Affordable Housing Goals and Objectives

This section sets forth the Agency's affordable housing goals and objectives for the Merged Project Areas.

The Agency's goal/objective for affordable housing is:

### ***Affordable Housing Goals and Objectives of the Merged Project Areas***

Increase, preserve or maintain low- and moderate-income housing, both within redevelopment project areas and citywide for the benefit of project areas.

In addition, the affordable housing program is consistent with the housing element of the City of Santa Rosa General Plan.

### **Section 3 – Affordable Housing Requirements and How the Goals, Objectives, Projects and Expenditures Will Implement Community Redevelopment Law:**

This section describes affordable housing requirements set forth in Community Redevelopment Law (“CRL”). These include requirements for

- Housing Fund Set-Aside Requirement: Deposit by the Agency of at least 20% of its gross tax increment receipts into the Agency’s Low and Moderate Income Housing Fund for the production and/or rehabilitation of affordable units.
- Inclusionary Housing Production / Replacement Requirement: Minimum production of affordable units based upon the total number of units produced or substantially rehabilitated in the redevelopment project area(s), and the replacement requirement for any units removed from the low- and moderate-income housing stock resulting from Agency involvement.
- Proportional Expenditure Requirements for very low and low income housing and non-age restricted affordable housing units.
- Duration of Affordability Requirements for rental and ownership units.
- Excess Surplus provisions if unencumbered amount in a Housing Fund that exceeds certain amounts.

This section also describes how the goals and objectives, projects, programs and expenditures of the 5-year Implementation Plan will fulfill the affordable housing requirements of CRL.

The following are anticipated programs and projects that the Redevelopment Agency intends to achieve during the next five years. The projects and programs are consistent with the Goals and Objectives set forth in Section 2 above. Together the goals, objectives, projects programs and expenditures implement CRL as follows:

**CRL Requirement**

**Description**

**Implementation**

**Low and Moderate  
 Income Housing  
 Fund Set-Aside  
 Requirement**

Redevelopment law requires an agency to set aside in a separate Low- and Moderate-Income Housing Fund (the “Housing Fund”) at least 20% of all tax increment revenue generated from its project areas for the purpose of increasing, improving and preserving the community’s supply of low- and moderate-income housing. Agencies are specifically required to expend the monies in the Housing Fund to assist very low-, low- and moderate-income households. The income limits for each category are as follows:

The Agency intends to make the full housing set-aside deposit annually, and does not intend to make any of the allowable findings that would exempt the Project Area from all or part of the set-aside requirement.

The anticipated affordable housing programs and projects to be funded by the Low and Moderate Income Housing Fund are set forth below in Section 4.

**AFFORDABLE HOUSING INCOME LIMITATIONS**

<u>Income Category</u>	<u>Income Limitations</u>
Very Low Income	Income at or below 50% of area median income, adjusted for family size
Low Income	Income at or below 80% of area median income, adjusted for family size
Moderate Income	Income at or below 120% of area median income, adjusted for family size

<b><i>CRL Requirement</i></b>	<b><i>Description</i></b>	<b><i>Implementation</i></b>
<b><i>Inclusionary Affordable Housing Production Requirement</i></b>	<p>For project areas that were adopted after 1976 and which contained land designated for residential uses, the Agency is required to meet certain specific CRL inclusionary housing production requirements and to have a plan showing how the requirements will be met. The requirement is that 30% of all new dwelling units produced by a redevelopment agency acting as developer be affordable and that a minimum of 50% of these new dwelling units be available to very low-income households. In addition, 15% of all new dwelling units produced by entities other than the redevelopment agency are to be affordable and that a minimum of 40% of these new dwelling units be made available to very low-income households.</p> <p>The inclusionary housing production requirement applies to the aggregate of all housing rehabilitated or developed within the Project Area and not to each individual rehabilitation or development activity that occurs.</p> <p>The Agency may meet the inclusionary housing requirements of the CRL in two different ways. First, affordable housing units developed within the Project Area that carry affordability requirements of 45 years for owner-occupied and 55 years for rental units, can be counted on a one-for-one basis toward meeting the inclusionary housing requirements. Second, units developed outside the Project Area that carry affordability requirements of 45 years for owner-occupied and 55 years for rental units, can be counted on a two-for one basis toward meeting the Plan's inclusionary housing requirements.</p>	<p>The Inclusionary Affordable Housing Production Requirement does not apply to either the Santa Rosa Center or to the Grace Brothers Redevelopment Project Areas because:</p> <p>The Santa Rosa Center Redevelopment Project Area was adopted prior to January 1, 1976, the effective date of Section 33413; and</p> <p>No new housing units have been or will be constructed within the Grace Brothers Redevelopment Project Area, as the Redevelopment Plan designates the area for general commercial uses.</p> <p>As a result, the Agency's 20% set aside is used for affordable housing production in other parts of the city.</p>

<b><i>CRL Requirement</i></b>	<b><i>Description</i></b>	<b><i>Implementation</i></b>
<b><i>Replacement Housing Requirement</i></b>	Under CRL, the Agency is subject to the replacement housing requirement and must replace, on a one-for-one basis, all units removed from the low- and moderate-income housing stock resulting from Agency involvement. CRL also requires that if an implementation plan contains projects that could result in the removal of low- and moderate-income housing units, the plan must identify locations suitable for the replacement of such housing.	Currently, there are no existing housing units in the Merged Project Areas. Therefore, this Implementation Plan does not include projects that would result in the removal of any low- and moderate-income housing units and replacement housing is not required.
<b><i>Proportional Expenditure for Low- and Very Low-Income Housing Requirement</i></b>	<p>Under Redevelopment Law Section 33334.4, Housing Fund monies must be “targeted” to assist very low- and low-income households in at least the same proportion as the City’s share of the regional housing need. That is to say, these expenditures must be in at least the same proportion (e.g., percentage) that the number of housing units needed for each of the very low and low-income categories bears to the total number of units needed for persons of very low, low and moderate income within the community. These expenditures are calculated over the ten year period specified in Section 33334.4.</p> <p>In order to determine the proportion of Housing Fund monies which should be spent for housing persons of low- and very low-income, the Agency has used the number of units that need to be produced based on the area fair share allocation by the Association of Bay Area Governments (ABAG) Regional Housing Needs Determination (May 2008). The table below shows the remaining need as a number of units per income category and as a percentage of total remaining need by of the very-low, low and moderate income categories.</p>	<p>The Agency is projecting that approximately \$3.6 million will be available to assist affordable housing construction over the next ten years.</p> <p>In order to meet the proportionate expenditure requirement, it will be the policy of the Agency to allocate at least 43.15% of the Housing Fund expenditures to assist Very-Low income households, at least 27.07% of funds to assist low-income households, and not more than 29.78% to assist moderate-income households (see table below).</p>

***CRL Requirement***

***Description***

***Implementation***

**REMAINING AFFORDABLE HOUSING NEEDS**

Income Category	Very Low	Low	Moderate	TOTAL
ABAG RHNA* 2007 - 2014	1,520	996	1,122	3,638
Building Permits Issued 2007 - 2008	154	139	179	472
Remaining Need	1,366	857	943	3,166
% of total Remaining Need	43.15%	27.07%	29.79%	100%

*\* Source: ABAG Regional Housing Needs Allocation, May 2008  
 Source for table: Most current building permit data available from the ANNUAL REVIEW of the Santa Rosa 2020 and City of Santa Rosa Office Advance Planning and Public Policy.*

<b><i>CRL Requirement</i></b>	<b><i>Description</i></b>	<b><i>Implementation</i></b>
<b><i>Proportional Expenditure for Non-Age Restricted Units Requirement</i></b>	<p>Additionally, CRL Section 33334.4 requires that the Agency expend the moneys in the LMIHF to assist housing that is available to all persons regardless of age in a least the same proportion as the number of low-income households with a member under age 65 years bears to the total number of low-income households of the community as reported in the most recent census.</p> <p>According to 2000 Census information provided by the U.S. Census Bureau and income information provided by the U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS), there are 6,966 (or 31.06%) elderly low income households and 15,458 (or 68.94%) non-elderly low-income households in Santa Rosa.</p>	<p>The Agency is projecting that approximately \$2.25 million will be expended to assist affordable housing during the five year period covered by this Implementation Plan .</p> <p>In order to meet the proportional expenditure for non-age restricted requirement, at least 68.94% of the LMIHF moneys will be spent on housing that will be available to all persons regardless of age.</p> <p>The Housing Authority, on behalf of the Agency, pursuant to the Agreement for Affordable Housing Services, will monitor expenditures from the Housing Fund to ensure expenditures are in compliance with CRL requirements.</p>

<b><i>CRL Requirement</i></b>	<b><i>Description</i></b>	<b><i>Implementation</i></b>
<b><i>Duration of Affordability</i></b>	The CRL also requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted with Housing Fund monies. In the case of new or substantially rehabilitated rental housing, controls must be placed on the assisted housing units in order to qualify as a housing production unit, including those units developed outside the redevelopment area but assisted with Agency funds, such that they remain affordable for the longest feasible time, but not less than 55 years for rental units and 45 years for home ownership.	Housing assisted with Agency funds to satisfy this requirement will be required to have recorded affordability covenants.
<b><i>Excess Surplus</i></b>	Pursuant to CRL Section 33334.10, the Agency will be subject to additional requirements, including the transfer of housing funds to other housing producers in the area, if an "excess surplus" accumulates in the Housing Fund. "Excess surplus" means any unexpected and unencumbered amount in a Housing Fund that exceeds the greater of \$1 million or the aggregate amount deposited into the Housing Fund during the preceding four fiscal years.	The Agency does not expect to accumulate an excess surplus.

## **Section 4 – Affordable Housing Planned Programs and Projects and Estimated Expenditures**

This section estimates the number of new, rehabilitated, or price-restricted housing units to be assisted during each of the next five years to fulfill affordable housing obligations.

The following are programs and estimated expenditures planned by the Agency for the Merged Project Areas in the five-year period covered by this Plan. These proposed programs, projects and expenditures are consistent with the foregoing goal/objective.

### ***Affordable Housing Implementation Programs / Projects***

The Housing Assistance Program facilitates and supports new affordable housing development and the acquisition or rehabilitation of affordable housing both within project areas and citywide. Merged Project Areas expenditures are estimated at \$2,250,000 for the next five years, all for the construction of new rental units. It is estimated that 218 units will be assisted over the next five-year period.

No money is expected to be expended for the Housing Rehabilitation Program, the Mobilehome Assistance Program, or the Mortgage Credit Certificate Program.

***Estimated Affordable  
Housing Fund  
Resources***

The following table includes information on balances and estimated deposits into and expenditures from the Low and Moderate Income Housing Fund for 2010 through 2014 attributable to the Merged Project Areas.

The Housing set-aside revenue is estimated based on 20 percent of the total tax increment revenue generated from the Project Area and proceeds from a 2008 housing loan, which are programmed for expenditure during the timeframe covered by this implementation plan. The amounts shown on the table are estimates, and actual tax increment revenues and resulting housing set-aside revenues could be more or less than the amounts shown.

As shown in the table, the cumulative housing set-aside funds plus the 2008 loan proceeds through 2014 are projected to be no more than \$2,570,000. The table is an illustrative example of how the Housing Program could be financed on an annual basis over the Implementation Plan period and is meant to provide an indication of the financing of the Housing Program and of the estimated expenditures to be made during this period.

In the course of implementing the Housing Program, administrative costs will be incurred. Such expenditures include salaries, overhead, consultant and legal expenses, supplies, etc. Administrative expenses for the Housing Program over the next five years are estimated at \$500,000.

**ESTIMATED HOUSING FUND REVENUES & EXPENDITURES**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2010	2011	2012	2013	2014	
<b>Estimated Resources</b>						
Estimated Starting Balance	\$2,700,000	\$1,605,000	\$1,090,000	\$775,000	\$860,000	
Affordable Housing Set Aside (projected deposits to LMIHF)	\$570,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,570,000
Balance Available for Housing	\$3,270,000	\$2,105,000	\$1,590,000	\$1,275,000	\$1,360,000	
<b>Estimated Expenditures</b>						
Estimated Housing Program Costs:						
Affordable Housing Debt Service	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$1,575,000
New Affordable Housing Construction	\$1,250,000	\$600,000	\$400,000	\$0	\$0	\$2,225,000
Administration	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
<b>Total Estimated Expenditures</b>	<b>\$,1665,000</b>	<b>\$1,015,000</b>	<b>\$815,000</b>	<b>\$415,000</b>	<b>\$415,000</b>	<b>\$4,325,000</b>

***Estimated Affordable Housing Production***

The following table shows the estimated annual housing unit production based upon the balance and estimated deposits into the Low and Moderate Income Housing Fund.

To the extent that additional funds become available, the Agency may fund new housing construction or rehabilitation.

The intent is not to restrict Agency activities to only those projects, potential programs and estimated expenditures shown below. Specific decisions on each of these items will be made as part of the Agency’s annual budget processes, and this Implementation Plan can be amended, if necessary.

<b>ESTIMATED AFFORDABLE HOUSING UNIT PRODUCTION</b>						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2010	2011	2012	2013	2014	
<b>New Units</b>						
Newly Constructed For Sale Units	0	0	0	0	0	0
Newly Constructed Rental Units	0	97	53	68	0	218
<b>Totals</b>	<b>0</b>	<b>97</b>	<b>53</b>	<b>68</b>	<b>0</b>	<b>218</b>



### MERGED SANTA ROSA CENTER AND GRACE BROTHERS REDEVELOPMENT PROJECT AREAS

