

---

---

**IMPLEMENTATION PLAN  
2010-2014**

**COMMUNITY DEVELOPMENT PLAN  
MISSION VIEJO COMMUNITY DEVELOPMENT PROJECT**

**Community Development Agency  
City of Mission Viejo  
200 Civic Center  
Mission Viejo, California 92691  
(949) 470-3000**

**Prepared pursuant to Article 16.5 of the  
California Community Redevelopment Law, Section 33490, *et seq.***

**TABLE OF CONTENTS**

I. BACKGROUND OF EXISTING PROJECT AREA..... 1

II. IMPLEMENTATION PLAN..... 1

III. BACKGROUND..... 3

    A. History and Reasons for Adoption of the Project Area. .... 3

    B. Goals and Actions as Defined in the Community Development Plan. .... 5

IV. CDA HAS NO POWER OF EMINENT DOMAIN; CDA ELIMINATION OF TIME LIMIT TO INCUR DEBT; CDA TERM OF EFFECTIVENESS OF COMMUNITY DEVELOPMENT PLAN; CDA TIME FOR RECEIPT OF TAX INCREMENT. .... 7

V. RECENT ACCOMPLISHMENTS. .... 8

    A. Non-Housing..... 8

    B. Affordable Housing ..... 9

    C. Amounts from Housing Fund Expended in Prior Implementation Plan Period to Assist Affordable Housing. .... 9

VI. REDEVELOPMENT NON-HOUSING COMPONENT GOALS AND OBJECTIVES, PROJECTS, PROGRAMS AND EXPENDITURES, AND BLIGHT ELIMINATION. .... 10

    A. Infrastructure Improvements..... 10

    B. Non-Housing Programs. .... 15

    C. Non-Housing Financial Resources..... 16

VII. HOUSING COMPONENT. .... 18

    A. Implementation Plan Requirements. .... 18

    B. Housing Production Based on Substantial Rehabilitation or New Construction of Housing within the Project Area..... 19

    C. Housing Projects with Affordable Component Already with Approved Land Use Entitlements ..... 19

    D. Assisted Housing at Risk of Conversion from Affordable to Market Housing ..... 19

    E. Set-Aside and Expenditure of Tax Increment for Affordable Housing Purposes..... 20

    F. Housing Fund..... 21

    G. Applicable Low and Moderate-Income Housing Requirements..... 21

    H. Housing Fund Resources and the Housing Programs. .... 25

    I. Housing Programs in Consideration of Implementation of City’s Housing Element. 26

    J. Borrowing from Housing Fund to Make Supplemental Educational Revenue Augmentation Fund (SERAF) Payment ..... 36

    K. Summary of Planned Housing Activity ..... 36

## **I. BACKGROUND OF EXISTING PROJECT AREA.**

The Community Development Agency of the City of Mission Viejo (“CDA”) acts as the community redevelopment agency of the City of Mission Viejo (“City”) pursuant to the California Community Redevelopment Law, Health & Safety Code, and Section 33000, *et seq.* (“Redevelopment Law”). The City Council of the City of Mission Viejo (“City Council”) is the legislative body of the CDA and established the Mission Viejo Community Development Project (“Project”) and approved and adopted a redevelopment plan therefor (“Community Development Plan”) by Ordinance No. 92-86, adopted on July 13, 1992. Since the adoption there have been five amendments to the Community Development Plan pursuant to the following series of ordinances adopted by the City Council:

- (1) Ordinance No. 94-135, adopted on November 28, 1994 (“First Amendment”);
- (2) Ordinance No. 95-147, adopted on June 26, 1995 (“Second Amendment”)
- (3) Ordinance No. 07-255, adopted on July 2, 2007 (“Third Amendment”)
- (4) Ordinance No. 07-257, adopted on August 20, 2007 (“Fourth Amendment”);
- (5) Ordinance No. 07-258, adopted on September 4, 2007 (“Fifth Amendment”);

The Project and Community Development Plan, as amended by the First through Fifth Amendments, inclusive, are hereby referred to as the “Project Area” and “Community Development Plan”, respectively.

## **II. IMPLEMENTATION PLAN.**

This Implementation Plan presents the CDA’s goals and objectives for the Project Area, its anticipated redevelopment and affordable housing programs, and its financial projections for the planning period 2010 through 2014. Further, this Implementation Plan includes contextual support for the goals and objectives and provides guidance for the CDA’s activities and expenditures in order to remove, alleviate, and improve blight and blighting conditions.

This Implementation Plan is composed of two components, a Redevelopment Component and a Housing Component. The Redevelopment Component: (1) identifies the goals, objectives, and actions of the Community Development Plan; (2) defines the CDA’s strategy to achieve these goals, objectives, and actions; (3) presents the projects, programs, and expenditures (other than those relating to low and moderate income housing) to attain the goals and objectives through the action; and (4) describes how the goals, objectives, actions, and proposed projects, programs and expenditures will eliminate or alleviate blight within the Project Area. The Housing Component includes the CDA’s Affordable Housing Compliance Plan (“Housing Plan”) that is prepared, considered and adopted every five years in conjunction with either the City’s Housing Element of the General Plan or the Implementation Plan. This Housing Plan has been prepared in consideration of the most recently adopted and certified Housing Element of the City’s General Plan dated as of July 20, 2009.

The Redevelopment Law requires that an implementation plan explain how the components of the plan will implement various statutory requirements regarding improving, increasing, and preserving low and moderate income housing available at an affordable housing cost. Generally, the goals, activities,

actions, and expenditures included in the Redevelopment Component of this Implementation Plan do not implement the housing requirements of the Redevelopment Law. The activities that do implement these requirements are contained in the Housing Component. The Housing Component shows how the Community Development Plan goals, objectives, and actions for housing preservation and production will be implemented and how the statutory requirements for the set-aside and expenditure of tax increment for affordable housing purposes will be met.

The CDA has prepared this Implementation Plan pursuant to and in compliance with the requirements of Redevelopment Law Section 33490. In addition and in supplement to the above paragraph, this Implementation Plan contains the following:

- The CDA's goals and objectives for the Project Area;
- Specific CDA potential projects, programs, and projected expenditures for the five-year period of the Implementation Plan (financial projections and projected expenditures herein are based on fiscal years (FY) 2009-10 - 2013-14);
- An explanation of how the goals and objectives, projects, programs, and expenditures will remove, alleviate, and improve blight and blighting conditions in the Project Area;
- An affordable housing plan including explanation of how the CDA's affordable housing projects and expenditures will satisfy the low and moderate income housing requirements of the Redevelopment Law through:
  - o Identifying the number of housing units to be newly constructed, substantially rehabilitated, assisted, or removed during the planning period of the Community Development Plan;
  - o Outlining the CDA's plan to utilize the Housing Fund, including annual deposits, transfer of funds, or accruals for special projects;
  - o Identifying CDA projects and programs that will result in the destruction or removal of existing low to moderate income housing, if any.

This Implementation Plan is a policy statement rather than an unalterable course of action. The plan has been prepared to set priorities for community development activities within the Project Area for the five-year period covered by this plan (2010-2014) and incorporates currently known financial constraints in developing a program of activities to accomplish essential near-term revitalization efforts for the Project Area. However, new issues and opportunities may be encountered during the course of administering the Community Development Plan for the Project Area during the five-year planning period. The intent of this Implementation Plan is not to restrict the CDA's activities to the goals, objectives, actions, projects, programs, and expenditures outlined herein, since conditions, values, expectations, resources, and the needs of the Project Area may change from time to time. As, if, and when new issues, projects, programs, and opportunities may be encountered during the course of administering the Community Development Plan for the Project Area during the five-year period of this Implementation Plan, then pursuant to Section 33490, *et seq.* this Implementation Plan may be

amended at any time during the five-year term hereof. Further, a mid-cycle review will be undertaken in conformity with Section 33490, *et seq.*

### **III. BACKGROUND.**

#### **A. History and Reasons for Adoption of the Project Area.**

The Project Area is located along the major commercial corridors and areas within the City limits. At the time that the Community Development Plan originally was adopted, residential areas were not included within Project Area boundaries; however, after the adoption, zoning/land use designations for several parcels were changed to residential. Descriptions of the boundaries of the Project Area are provided below and are illustrated on the attached map.

##### **1. Project Area Boundaries.**

The boundaries of the Project Area are delineated generally as follows:

- The Mission Viejo Freeway Center on the west side of the I-5 Freeway from Oso Parkway to La Paz Road.
- The southern commercial area of the City from Via Grande to Via Escolar.

##### **2. Blighting Conditions.**

###### **(a) Physical Blight**

The Redevelopment Law is concerned with addressing the fundamental causes of blight and blighting conditions; thus, the statutory definition of physical blight includes both the causes and effects of blight. Physical blight is defined in Section 33031(a), which definition has been amended substantively since the Community Development Plan was adopted in 1992. The primary basis for the finding of blight then included, among other blighting conditions, the lack and/or inadequacy of public improvements and infrastructure in the community. Further, blight may include a variety of causative physical or economic conditions that are not readily noticeable, but which have a negative and serious effect on the community. For example, an area may be blighted because there are uses that are incompatible with each other, which, in turn, prevent the economic development or rehabilitation of those parcels or other portions of the area. Blight can also include the existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

While no new blight analysis or survey is required or necessary for this Implementation Plan, for background it is helpful to explain that Section 33031(a) as it now exists describes the following conditions as physical characteristics of blight:

- Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards and faulty or inadequate water or sewer utilities.
- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. This condition can be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning or other development standards.
- Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the area.
- The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

(b) Economic Blight

In addition to physical conditions of blight, redevelopment areas exhibit conditions of economic blight. At the time of adoption of the Community Development Plan, the Redevelopment Law also included “social conditions” of blight that are now codified and included within economic conditions of blight. Under the current provisions of Section 33031(b) economic conditions of blight include:

- Depreciated or stagnant property values.
- Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459) of the Redevelopment Law.
- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.
- A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.
- Serious residential overcrowding that has resulted in significant public health or safety problems.
- An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.

- A high crime rate that constitutes a serious threat to the public safety and welfare.

**B. Goals and Actions as Defined in the Community Development Plan.**

The Community Development Plan for the Project Area discusses goals for the CDA that guide redevelopment decisions over the life of the Community Development Plan and each five-year Implementation Plan. The Community Development Plan also identifies actions to achieve goals. These goals, listed below, have been and will continue to be satisfied through the implementation of redevelopment projects and programs designed to carry forth the redevelopment effort of the CDA and to attain the purposes of the Redevelopment Law.

**1. Goals.**

The implementation of the Community Development Plan, including carrying out this Implementation Plan, is intended to achieve the CDA’s goals:

- Improving the circulation system through the Project Area to reduce traffic congestion and correct traffic infrastructure deficiencies.
- Assisting both the City and Project Area property owners in funding circulation improvements that accommodate local and regional traffic conditions and demands.
- Eliminating physical and economic blight and deterioration in the Project Area, and the conservation, rehabilitation, and development of the Project Area in accord with the General Plan, design guidelines, specific plans, this Community Development Plan, and local codes, resolutions, and ordinances.
- Providing for the enhancement, retention, and expansion of businesses within the Project Area to promote their economic viability.
- Encouraging the cooperation and participation of property owners, business persons, public agencies and community organizations in the revitalization of the Project Area.
- Facilitating improvements to the community's governmental, public services, educational, cultural, and recreation facilities.
- Developing public buildings and facilities that serve the Project Area, the community, and the South Orange County region.
- Expanding of the resource of developable land by making underutilized land available for development through the removal of infrastructure deficiencies.
- Improving local drainage conditions that constrain the development of various parcels in the Project Area.

- Achieving an environment that reflects a high level of concern for architectural, landscape and urban design principles appropriate to and consistent with the objectives of the General Plan.
- Providing for low and moderate income affordable housing opportunities as is required to satisfy the needs and desires of the various age and income groups of the community, maximizing the opportunity for individual choice, and meeting the requirements of State law.

## **2. Actions.**

The CDA will continue redevelopment of the Project Area with objectives to eliminate physical and economic conditions of blight and to strengthen the economic base of the Project Area and the community through the following actions:

- Acquisition, installation, development, construction, reconstruction, redesign, replanning or reuse of streets, utilities, curbs, gutters, sidewalks, traffic control devices, flood control facilities and other public improvements, public facilities, utilities or other structures.
- Rehabilitation, alteration, remodeling, improvement, modernization, or reconstruction of buildings, structures and improvements.
- Providing the opportunity for participation by owners and tenants presently located in the Project Area and the extension of preferences to occupants desiring to remain or relocate within the Project Area.
- Providing relocation assistance to displaced residential and nonresidential occupants.
- Development or redevelopment of land by private enterprise or public agencies for purposes and uses consistent with the objectives of the Community Development Plan.
- Acquisition of real property by purchase, gift, devise or any other lawful means and pursuant to applicable laws and regulations.
- Combining parcels and properties, demolition or removal of buildings and improvements, site preparation and construction or necessary off-site improvements.
- Providing for open space.
- Managing of any property owned or acquired by the CDA.
- Rehabilitation, construction, improvement, preservation, and development of affordable housing in compliance with State law.



- Assisting in the provision of financing for the construction, rehabilitation, or development of residential and commercial buildings.
- Disposition of property, including the lease or sale of land at the value determined by the CDA for reuse in accordance with the Community Development Plan.
- Providing for the retention of controls, and the establishment of restrictions or covenants running with the land, so that property will continue to be used in accordance with the Community Development Plan.
- Vacation or abandonment of certain streets and other thoroughfares and the dedication of areas for public purposes consistent with the objectives of the Community Development Plan.
- Applying for, receiving and utilizing grants and loans and any other assistance from federal or state governments or any other source.
- Taking any action the CDA determines is necessary and consistent with state, federal and local laws to make structural repairs to buildings and structures to meet building code standards related to seismic safety.
- Taking any action the CDA determines as necessary and consistent with state, federal and local laws to remedy or remove a release of hazardous substances on, under or from property within the Project Area or to remove hazardous waste from property.

To continue these actions and implement this Implementation Plan, the CDA is authorized to use all powers provided in the Community Development Plan and all powers the CDA is permitted to exercise by the Redevelopment Law and other applicable laws and regulations.

**IV. CDA HAS NO POWER OF EMINENT DOMAIN; CDA ELIMINATION OF TIME LIMIT TO INCUR DEBT; CDA TERM OF EFFECTIVENESS OF COMMUNITY DEVELOPMENT PLAN; CDA TIME FOR RECEIPT OF TAX INCREMENT.**

Pursuant to Senate Bill 53, the City Council adopted Ordinance No. 07-255 that describes the CDA’s program relating to property acquisition and confirms that the CDA does not have any legal authority to acquire property by eminent domain under the Community Development Plan. Pursuant to Senate Bill 1045 and Senate Bill 211, the CDA amended, modified and/or eliminated certain time and financial limitations in the Community Development Plan, including by City Council Ordinance No. 07-257 that eliminated the time limit for incurring debt and City Council Ordinance No. 07-258 that extended the time limit of the effectiveness of the Community Development Plan by one year to July 13, 2033 and the time limit on paying indebtedness or receiving property taxes by one year to July 13, 2043.

**V. RECENT ACCOMPLISHMENTS.**

**A. Non-Housing.**

The following non-housing programs were included in the previous 2005-09 Implementation Plan. Accomplishments are as follows:

**1. Crown Valley Parkway at Marguerite Parkway**

This project reconfigured the intersection at Crown Valley Parkway and Marguerite Parkway to provide additional turn and through lanes and raised medians where necessary. Construction began on this project in March 2006 and was completed in the spring of 2008. Improvements include adding a fourth through lane in each direction on Crown Valley Parkway and the addition of dual left-turn lanes in all four directions.

- (a) Expenditures. The total cost for these public improvements is approximately \$1,500,000.
- (b) Timeline. The project is completed.
- (c) Plan Objectives the Program/Project Addressed. Completion of this project achieved the following objectives:
  - (i) Address Traffic Circulation Deficiencies
  - (ii) Fund Circulation Improvements
  - (iii) Remove Blight
  - (iv) Expansion of Businesses
- (d) Conditions of Blight the Project Addressed. Completion of this project addresses the following conditions of blight as determined when the Project Area was adopted: Inadequate Public Infrastructure Facilities

**2. Crown Valley Parkway Widening**

The widening of Crown Valley Parkway to eight lanes between Puerta Real and Jardines is accomplished in conjunction with the Crown Valley Parkway at Marguerite Parkway Project. The final close out report will be completed in June 2010.

- (a) Five Year Plan Activities. The draft closing report has been completed.
- (b) Expenditures. The estimated cost for these widening improvements is \$15,000,000 to \$17,000,000 and final costs are being determined as a part of the closeout report.
- (c) Timeline. Project completed

- (d) Plan Objectives the Project Addressed. Completion of this project addressed the following objectives:
  - (i) Traffic Circulation Deficiencies
  - (ii) Circulation Improvements
  - (iii) Remove Blight
  - (iv) Expansion of Businesses
- (e) Conditions of Blight the Project Addressed. Completion of this project addressed the following conditions of blight as determined when the Project Area was adopted: Inadequate Public Infrastructure Facilities.

**B. Affordable Housing**

**1. Housing Rehabilitation and Paint Programs**

Homes improved totaled 111 during the period 2005-2009. The CDA expenditures for this program were \$153,800. Non-CDA expenditures (including federal funds) totaled \$1,984,275 for this program.

**2. Target Residential Site**

A proposed affordable housing project on the “Target Residential Site” was the subject of extensive negotiations with The Steadfast Company relating to a proposed 144-unit townhome project with 22 long-term affordable ownership units covenanted for 45 years. Significant litigation challenging the proposed project intervened and the proposed project was slowed, then the downturn of the economy caused Steadfast to withdraw from the project. The project was fully entitled and is now proceeding with a different developer as described later in this section of the Implementation Plan (refer to Lennar Affordable Housing Agreement.)

**C. Amounts from Housing Fund Expended in Prior Implementation Plan Period to Assist Affordable Housing.**

For the 2005-2009 implementation plan period (most recent five-year Implementation Plan period), approximately \$485,000 of Housing Fund monies were expended for affordable housing programs and projects to increase, improve or preserve the community’s supply of low to moderate income housing available at an affordable housing cost (exclusive of administrative and planning costs). In addition for that previous five-year period, no new housing units were constructed within the boundaries of the Project Area; the CDA did not fund the substantial rehabilitation of any low to moderate income housing units; and the CDA did not destroy or remove from the housing market any low to moderate income housing units; thus, no inclusionary or replacement housing obligations were triggered for such five-year period. Further, there were no other housing units newly constructed with other locally controlled government assistance and/or that would have been required to be affordable to, and

occupied by, persons of low to moderate income for at least 55 years for rental housing or 45 years for homeownership housing. In addition, during the previous five-year period no Housing Fund monies were directed to and expended exclusively on senior housing programs or projects; thus, no part of the total amount eligible to be expended for senior housing during the period 2002-2014 was expended on senior-only housing.

## **VI. REDEVELOPMENT NON-HOUSING COMPONENT GOALS AND OBJECTIVES, PROJECTS, PROGRAMS AND EXPENDITURES, AND BLIGHT ELIMINATION.**

Due to the limited availability of non-housing funds (80% funds) remaining after payments shown in Table 1 and other financial tables herein, the 80% funds available will be allocated to economic development and infrastructure improvements listed and described in this Section VI. that are planned to occur within the boundaries of the Project Area or will be of benefit to the Project Area. As additional 80% funds may become available during this five-year Implementation Plan, the CDA's non-housing programs may be altered, to the extent of meeting the CDA's goals and objectives.

### **A. Infrastructure Improvements.**

- Camino Capistrano at Cabot Road Bridge
- Avery Parkway at Interstate I-5
- Right of Way and Median Island Improvements
- Marguerite Parkway Median Island Closure at Venado
- Crown Valley Parkway Signage Program
- Fire Station Relocation Study

#### **1. Camino Capistrano at Cabot Road Bridge**

This project involves the construction of a bridge over the SCRRA railroad tracks thereby providing a connection between Camino Capistrano and Cabot Road. Construction of the bridge will relieve congestion at the Camino Capistrano and Avery Parkway intersection. This project is in the preliminary design stage.

- (a) Five Year Plan Activities. The total cost for these improvements is being calculated as a part of a preliminary design.
- (b) Timeline. Project is in the preliminary design/environmental phase.
- (c) Plan Objectives the Project Will Address. Completion of this project will address the following objectives:
  - (i) Address Traffic Circulation Deficiencies
  - (ii) Fund Circulation Improvements

- (iii) Remove Blight
- (iv) Expansion of Businesses.
- (d) Conditions of Blight the Project Will Address. Completion of this project addresses the following conditions of blight as determined when the Project Area was adopted: Inadequate Public Infrastructure Facilities.

## **2. Avery Parkway at Interstate-5.**

This project includes several improvements north of Crown Valley Parkway to south of Avery Parkway involving major infrastructure construction, including bridge reconstruction, interchange connections, and additional ramping for access to the freeway. The study to review conceptual design alternatives will be completed by December, 2011. The design study is proposed to be completed by 2015.

- (a) Five Year Plan Activities. This is a long-term project to be accomplished over a 10-year period. During the next five years the CDA will assist the City in funding design and engineering costs as CDA funds are available. The project has not yet begun since funding is not available.
- (b) Expenditures. The estimated cost for the improvements is \$120,000,000 to \$134,000,000.
- (c) Timeline. A development schedule has not been adopted. Design and engineering are expected to occur during the next five years. The project will begin when funding is available. The determination of funding availability is yet to be made.
- (d) Plan Objectives the Project Will Address. Completion of this project will achieve the following objectives:
  - (i) Address Traffic Circulation Deficiencies
  - (ii) Fund Circulation Improvements
  - (iii) Remove Blight
- (e) Conditions of Blight the Project Will Address. Completion of this project will address the following conditions of blight as determined when the Project Area was adopted: Inadequate Public Infrastructure Facilities.

## **3. Right Of Way and Median Island Improvements.**

The South City Commercial District includes the City streets Crown Valley Parkway, Marguerite Parkway south of Crown Valley Parkway and Avery Parkway. The City has recently completed rehabilitating the streetscape along Crown Valley Parkway from Jardines to I-5. The next effort will be to begin to reconstruct and rehabilitate the right of way areas and median islands on Marguerite Parkway south of Crown Valley Parkway and Avery Parkway. The right of way improvements will include a consistent sign program to promote the unique collection of auto dealerships, hardscape elements that unify the district and some landscape enhancements. The median island will be renovated with new hardscape, plant material, irrigation, pottery and additional hardscape enhancement that relate to the South City Commercial District. The City's master plan for median improvements is in process.

- (a) Five Year Plan Activities. This project will be accomplished during the term of the Implementation Plan as funding is available.
- (b) Expenditures. The estimated cost for the improvements is approximately \$4,700,000 broken down as follows:
  - (i) Median island Improvements
    - (1) Marguerite Parkway \$2,500,000
    - (2) Avery Parkway \$600,000
  - (ii) Right of Way Improvements
    - (1) Marguerite Parkway \$800,000
    - (2) Avery Parkway \$300,000
    - (3) Freeway Signage \$500,000
- (c) Timeline. A development schedule has not been adopted. The project will be accomplished during the term of the Implementation Plan as funding is available.
- (d) Plan Objectives the Project Will Address. Completion of this project will achieve the following objectives:
  - (i) Address Traffic Circulation Deficiencies
  - (ii) Fund Circulation and Street Median Improvements
  - (iii) Improve the South City Commercial District
- (e) Conditions of Blight the Project Will Address. Completion of this project will address the following conditions of blight as determined

when the Project Area was adopted: Inadequate Public Infrastructure Facilities.

#### 4. Marguerite Parkway Median Island Closure at Venado

This project entails closing the median island at the intersection of Venado Drive and Marguerite Parkway. The intersection is immediately north of Crown Valley Parkway. Normal traffic movements are difficult in the intersection. Closing the median will enable the traffic to move more efficiently towards the South City Commercial District. Studies are underway to assess the impact of the closure on adjacent streets and intersections.

- (a) Five Year Plan Activities. This project will be accomplished during the term of the Implementation Plan as funding is available.
- (b) Expenditures. The estimated cost for the improvements is:
  - (i) Median Island Closure \$75,000
  - (ii) Landscape and Irrigation Modifications \$35,000
- (c) Timeline. A development schedule has not been adopted. The project will be accomplished during the term of the Implementation Plan as funding is available.
- (d) Plan Objectives the Project Will Address. Completion of this project will achieve the following objectives:
  - (i) Address Traffic Circulation Deficiencies
  - (ii) Fund Circulation and Street Median Improvements
  - (iii) Improve the South City Commercial District
- (e) Conditions of Blight the Project Will Address. Completion of this project will address the following conditions of blight as determined when the Project Area was adopted: Inadequate or Deficient Public Infrastructure Facilities.

## 5. Crown Valley Parkway Signage Program

This project provides for a sign program to be installed as part of the South City Commercial District to bring awareness to this district. These signs would be installed at the intersection of Crown Valley Parkway and Puerta Real and at Avery Parkway. These signs will be directly related to the district branding program. Final design will be completed by the end of 2010 with construction starting in 2011.

- (a) Five Year Plan Activities. This project will be accomplished during the term of the Implementation Plan as funding is available.
- (b) Expenditures. The estimated cost for the improvements is:
  - (i) Crown Valley Parkway at Puerta Real \$100,000
  - (ii) Avery Parkway \$50,000
- (c) Timeline. A development schedule has not been adopted. The project will be accomplished during the term of the Implementation Plan as funding is available.
- (d) Plan Objectives the Project Will Address. Completion of this project will achieve the following objectives:
  - (i) Fund Circulation and Street Median Improvements
  - (ii) Improve the South City Commercial District
- (e) Conditions of Blight the Project Will Address. Completion of this project will address the following conditions of blight as determined when the Project Area was adopted: Inadequate or Deficient Public Infrastructure Facilities.

## 6. Fire Station Relocation Study

This project will provide funding for the relocation study for the possible relocation of the fire station located on Marguerite Parkway adjacent to The Shops at Mission Viejo (mall).

- (a) Five Year Plan Activities. This project will be accomplished during the term of the Implementation Plan as funding is available.
- (b) Expenditures. The estimated cost for the study is \$50,000.
- (c) Timeline. The project will be accomplished during the term of the Implementation Plan as funding is available.



- (d) Plan Objectives the Project Will Address. Completion of this project will achieve the following objectives:  Provide data and information regarding possible relocation of the existing fire station.
- (e) Conditions of Blight the Project Will Address. Completion of this project will address the following conditions of blight as determined when the Project Area was adopted: Inadequate or Deficient Public Infrastructure Facilities.

**B. Non-Housing Programs.**

**1. Economic Development.**

This Program will support economic development within the Project Area. The intent of the program is to increase business growth and thereby stimulate economic activity.

- (a) Five Year Plan Activities. The following activities will be undertaken during the Plan term.
  - (i) Develop a Business Database that identifies Mission Viejo businesses (including sort capabilities to identify businesses within the Project Area), including business owner/manager name, title, address, e-mail, telephone number, and emergency contact information.
  - (ii) Develop a Business Retention Program that includes site visits to existing businesses.
  - (iii) Develop a Business Attraction Program that encourages new businesses to locate in Mission Viejo particularly within the Project Area.
  - (iv) Increase communication with existing businesses in the Project Area.
  - (v) Continue to participate in training opportunities offered by the California Association for Local Economic Development.
  - (vi) Research computer software options to develop a database to assist with business retention and attraction activities to bring property owners/managers/brokers together with businesses interested in expanding or locating to Mission Viejo, focused in particular within the Project Area.
- (b) Expenditures. As revenues are available they will be allocated to this Program.

- (c) Timeline. The Program will be implemented during the term of the Implementation Plan.
- (d) Plan Objectives the Program/Project Will Address. The Program will improve economic growth in Mission Viejo thereby increasing the assessed value of property within the Project Area.
- (e) Conditions of Blight the Program/Project Will Address. The Program will assist in the reduction of sub standard properties within the Project and will increase the economic viability of the commercially zoned properties in the Project Area.

**C. Non-Housing Financial Resources.**

- (a) Table 1 presents projected non-housing revenues for fiscal years (FY) 2009-2010 through 2013-2014 to fund Implementation Plan activities. The projections are based on flat assessed values through FY 2011-2012 and then a two percent (2.0%) annual increase in secured assessed values in FY 2012-2013 and FY 2013-2014. Unsecured values are assumed to remain constant over the five year period of the Implementation Plan. Outlined in Table 1 are projected tax increment revenues, taxing agency fiscal mitigation payments, debt service payments, loan repayments and project costs or obligations of the CDA. Table 1 also projects the ending fund balance for each fiscal year shown during the five year term.

**[TO NEXT PAGE FOR TABLE 1]**

**TABLE 1 – NON-HOUSING RESOURCES**

Non-Housing Resources	2009-10 Budget	2010-11 Budget	2011-12 Projected	2012-13 Projected	2013-14 Projected	Totals
Beginning Fund Balances	1,157,827	520,048	794,287	581,364	551,974	1,157,827
Revenues:						
Tax Increment	6,900,000	6,900,000	6,900,000	7,038,000	7,178,760	34,916,760
Interest	44,100	44,100	25,138	50,136	88,236	251,710
City Loans/Advances	580,000	295,000	1,095,000	1,095,000	1,095,000	4,160,000
SERAF Loan from Housing Fund	1,775,804		0	0	0	1,775,804
Tax Allocation Note Issuance	0	0	1,475,000	0	0	1,475,000
Total Revenues	9,299,904	7,239,100	9,495,138	8,183,136	8,361,996	42,579,274
Total Non-Housing Resources						43,737,101
Operations & Debt Service:						
Payments to Other Taxing Entities	3,382,000	3,382,000	3,382,000	3,449,640	3,518,633	17,114,273
Housing Set-Aside	1,380,000	1,380,000	1,380,000	1,407,600	1,435,752	6,983,352
Tax Allocation Note Interest	61,000	61,000	61,000	81,125	81,125	345,250
Tax Allocation Note Principal	0	0	1,525,000	0	0	1,525,000
Mall Bond Revenue Pledge	700,000	700,000	700,000	720,000	730,000	3,550,000
Owner Participation Agreements	87,000	106,000	106,000	0	0	299,000
SERAF	1,775,804	370,000				2,145,804
Repayment of Loans/Advances	1,610,000	665,161	1,450,161	1,450,161	1,675,161	6,850,644
Administration/Overhead	215,500	215,700	218,900	219,000	224,000	1,093,100
Professional Services/Support	115,000	85,000	85,000	85,000	85,000	455,000
Total Operations & Debt Service	9,326,304	6,964,861	8,908,061	7,412,526	7,749,671	40,361,423
Non-Housing Projects and Programs:						
Road Improvements	611,379	0	0	0	0	611,379
Available for Infrastructure Improvements and Economic Development	0		800,000	800,000	800,000	2,400,000
Total Non-Housing Projects and Programs	611,379	0	800,000	800,000	800,000	3,011,379
Total Expenditures	9,937,683	6,964,861	9,708,061	8,212,526	8,549,671	43,372,802
Revenues less Expenditures	-637,779	274,239	-212,923	-29,390	-187,675	-793,528
Ending Fund Balances	520,048	794,287	581,364	551,974	364,299	364,299

[TEXT CONTINUES ON NEXT PAGE]

## VII. HOUSING COMPONENT.

### A. Implementation Plan Requirements.

This Housing Component of the Implementation Plan for the Project Area is the complement of the Redevelopment Component. Together, the two components constitute the implementation plan required by Section 33490 of the Redevelopment Law.

This Housing Component of the Implementation Plan presents the CDA's program dealing with the expenditure of the 20% monies called the "Housing Fund" and other activities relating to increasing, improving, and preserving housing affordable to persons and families of low and moderate income available at an affordable housing cost. Low and moderate income is defined in Health & Safety Code Section 50093 that specifies the following income levels: **moderate income**: defined as household income of 81 percent to 120 percent of area median income for the applicable household size within the county; **low income**: defined as household income of 51 percent to 80 percent of area median income for the applicable household size within the county (Section 50079.5); and **very low income**: defined as household income less than 50 percent of area median income for the applicable household size within the county (Section 50105).

The Redevelopment Law provides that, in addition to the alleviation and/or removal of blight, conditions of blight, and blighting conditions, a fundamental purpose of redevelopment is to increase, improve and preserve the community's supply of low and moderate income housing available at an affordable housing cost (Section 33071). To accomplish this purpose, the Redevelopment Law contains numerous provisions to guide redevelopment agency activities with regard to low and moderate income housing. Taking into account all of these provisions, a redevelopment agency's housing responsibilities fall into three major categories:

1. The production and/or replacement of low and moderate income housing depending upon activities undertaken by developers and owners within the Project Area, or undertaken by the CDA itself within the Project Area, or if low to moderate income housing units are caused to be removed by the CDA;
2. The set-aside and expenditure of specified amounts of tax increment revenue for the specific purpose of increasing, improving, and preserving a community's supply of low and moderate income housing available at an affordable housing cost; and
3. Preparing reports on how the CDA has met, or preparing plans on how the agency will meet its responsibilities with regard to the first two categories.

Section 33490 requires that this Housing Component of the Implementation Plan address certain topics presented below, which are arranged according to their inclusion in either of the first two major categories of housing responsibility.

**B. Housing Production Based on Substantial Rehabilitation or New Construction of Housing within the Project Area.**

1. As and if applicable, production of low and moderate income housing units in a number equal to thirty percent (30%) of CDA-developed residential units in the Project Area (Section 33413(b)(1)).
2. As and if applicable, production of low and moderate income housing units in a number equal to fifteen percent (15%) of housing units substantially rehabilitated or developed within in the Project Area by other than the CDA (Section 33413(b)(2)).
3. As and if applicable, identification of locations suitable for replacement housing units rehabilitated, developed or constructed pursuant to Section 33413(a), if caused by the CDA's destruction or removal of low and moderate income units (Sections 33413(a) and 33490(a)(3)).

**C. Housing Projects with Affordable Component Already with Approved Land Use Entitlements.** Two projects with affordable components were approved in recent years, but have not yet been built. One project is the "Steadfast" project described earlier, which project contains a total of 144 units, with 17 very-low-income units and 5 low-income units required by covenants. The second is called the Los Alisos or "UDR" townhomes project that contains 250 units, of which 31 units will be restricted by covenant to very-low-income households and 7 will be for low-income households. Units that are not restricted by covenant for lower-income households have been assigned to the above-moderate category based on market conditions since both projects are expected to be for-sale condominiums. Development has not yet commenced on these projects primarily due to the decline in the housing market. The Lennar Affordable Housing Agreement will cause the first project to proceed and that will bring an additional 22 for-sale, ownership affordable housing units online, with all 22 having 45-year recorded covenants. The second project has not yet proceeded due to recent economic downturn. However, staff has received inquires from developers for that site, in particular about changing the product type to multi-family apartments, but to date no applications have been submitted for a revised project.

**D. Assisted Housing at Risk of Conversion from Affordable to Market Housing.** Both the City's Housing Element and this Implementation Plan identify existing residential projects in the City (including within the Project Area) that are under an affordability restriction, along with those housing projects that are at risk of losing their low-income affordability restrictions within the ten-year period 2008-2018 of the Housing Element and/or within the 12-year planning period for redevelopment production compliance. The inventory of assisted units included in the Housing Element includes all units that have been assisted under any federal Department of Housing and Urban Development (HUD), state, local and/or other program, and is not limited to units subsidized with CDA funds. As noted, state laws require local governments to analyze the potential of housing developments with affordability assistance to convert to market rate housing. There are currently four projects with 724 assisted units in Mission Viejo. In addition,

two new projects have been approved recently but have not yet been built (see table below). During the next 10 years, none of these units will be eligible to convert from low-income housing uses due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. According to the California Housing Partnership there are no other state- or federally-assisted at-risk units in Mission Viejo.<sup>1</sup>

**Assisted Housing Developments – Mission Viejo**

<b>Project Name</b>	<b>Type of Public Assistance</b>	<b>Total Units</b>	<b>Affordable Units</b>	<b>Household Type</b>	<b>Expiration Date</b>
Larkspur Canyon	Mortgage Revenue Bonds	155	31 VL	Families	2027
Park Ridge Apartments	Mortgage Revenue Bonds	270	54 VL	Families	2028
Heritage Villas	Mortgage Revenue Bonds	143	58 VL 12 Low 73 Mod	Families	2050
Arroyo Vista	Mortgage Revenue Bonds	156	16 VL 60 Low	Families	2050
Aliso Ridge Townhomes (approved 2006) (now called “Lennar” project)	In process (TBD)	144	17 VL 5 Low	Families	45 years from date of occupancy
Los Alisos/UDR Townhomes (approved 2005)	In process (TBD)	250	31 VL 7 Low	Families	45 years from date of occupancy

Source: OC Housing & Community Services Dept and City of Mission Viejo Community Development Dept.

**E. Set-Aside and Expenditure of Tax Increment for Affordable Housing Purposes.**

1. The set-aside of not less than 20 percent of tax increment into Housing Fund (Section 33334.2).
2. The proportional expenditure of monies in the Housing Fund for low and very low income housing as needed and unmet by other governmental programs (Section 33334.4)
3. The potential transfer of Housing Fund monies to local housing authority as a possible outcome of having excess surplus balances for longer than the periods set forth in Section 33334.12, *et seq.*

<sup>1</sup> Elyse Perry, Preservation Program Coordinator, California Housing Partnership. See Section 2.6 of City Housing Element.

**F. Housing Fund.** The Redevelopment Law requires than an implementation plan address the applicable Redevelopment Law sections cited above and additionally provide the following:

1. Estimates of the balances and deposits into the Housing Fund;
2. A housing program identifying estimates of CDA-developed housing units;
3. A housing program identifying estimates of housing units developed by other than the CDA and other expenditures from the Housing Fund;
4. Identification and planning for housing production requirements of Section 33413(b), as applicable; and
5. Estimates of number of housing units, if any, that may be developed or substantially rehabilitated within the Project Area, or developed by the CDA within its territorial jurisdiction, for each of the various income categories, as applicable.

**G. Applicable Low and Moderate-Income Housing Requirements.** The applicability of the various low and moderate- income provisions to the Project Area is discussed below.

**1. Applicable Housing Production Requirements**

(a) Inclusionary Housing - Production of Low and Moderate-Income Units. The housing production requirements of Section 33413(b) are applicable to Project Area. Section 33413(b)(1) requires that 30 percent of all new and substantially rehabilitated housing *developed by the CDA* shall be available at affordable housing cost for persons of low or moderate income. The CDA has not nor does it intend to develop housing during the term of the Implementation Plan. Section 33413(b)(2) requires that 15 percent of housing developed within the Project Area by public or private entities other than the CDA shall be available at affordable housing cost for persons of low or moderate income.

(i) *New Housing Construction within Project Area.* One opportunity site included in the City's Housing Element is located within the boundaries of the Project Area. This site (Site C now owned by the City) is the only known potential source of new construction residential development within the Project Area, which Site C may be the location of 255 new dwelling units. This number, 255 units, would generate a 15% inclusionary housing requirement of 38 low to moderate income housing units, of which 40% of such 15% or 15 units will be very low income housing units to meet the housing production obligations of Section 33413(b). The final

determination of the number of units to be available for very low and low and-moderate households or persons will be made during the development review by the Planning Commission and negotiations between the CDA and a selected developer, as and when a proposed project proceeds through the entitlement process.

(ii) *Rehabilitation.* It is contemplated that only minor, non-substantial rehabilitation will occur on existing residential units located within the Project Area, which would not generate any housing production obligations under Section 33413(b).

(b) Replacement Housing. Section 33413 (a) of the Redevelopment Law requires that whenever dwelling units housing persons and families of low and-moderate income are destroyed or removed from the low and-moderate income housing market as part of a redevelopment project subject to a written agreement with the CDA or where financial assistance has been provided by the CDA, the CDA shall within four years of the destruction or removal replace those units with an equal number of dwelling units with an equal or greater number of bedrooms as those units destroyed or removed. These replacement units must be available to persons of low or moderate income and constructed within the City limits of Mission Viejo. The CDA has not and does not intend to remove or destroy any low and moderate income housing, and there will therefore be no obligation as required by Section 33413. (a). In the event any low to moderate income housing unit or units are planned to be removed, then a replacement housing plan will be prepared and this Implementation Plan will be supplemented, as necessary and applicable.

## **2. Applicable Deposit and Expenditure Provisions.**

(a) Set-Aside of Tax Increment. The provisions of Section 33334.2 are applicable to the Project Area and the CDA will continue to make deposits into the Housing Fund equal to twenty percent (20%) of the tax increment allocated from the Project Area. The projections of deposits into the Housing Fund included in the following section assume a full 20 percent set-aside will be made in each of the five fiscal years of this Implementation Plan.

(b) Proportional Expenditure by Income Level. The Project Area is subject to Section 33334.4 proportionality requirements that the CDA has a policy to expend monies in the Housing Fund in proportion to the unmet need for housing for persons and families of low and very low income as identified in the City's adopted Housing Element. In order to determine the proportion of Housing Fund monies that should be spent for housing persons of low and very low income, the CDA has



used the Regional Housing Needs Assessment (RHNA) prepared by the Southern California Association of Governments (SCAG) that allocates future housing needs for all income categories to all of its associated jurisdictions (including the City). The table below shows the fair share housing allocations and the percentages they represent of the housing units allocated to the four income categories for the City. (Please note that the units shown below have been utilized to calculate the percentage allocation of Housing Fund money to be used for housing persons of low and very low income that may be expended on a City-wide basis. The units do *not* represent a current or future obligation of the Project Area to produce units.)

It is assumed for purposes of this Implementation Plan, that it will be the policy of the CDA to spend not less than the listed percentages for Extremely Low Income, Very Low Income and Low Income affordable housing project and programs from the Housing Fund.

**TABLE 2  
CITY OF MISSION VIEJO  
FAIR SHARE HOUSING ALLOCATION 2010-2014**

<i>Income</i>	<i>Units</i>	<i>Percent</i>
Extremely Low	17 <sup>2</sup>	12%
Very Low	16	12%
Low	26	17%
<b>Subtotal</b>	59	40%
Moderate	29	21%
Above Moderate	59	41%
<b>Total</b>	147	100.0%

Source: City of Mission Viejo Housing Element July 2009

<sup>2</sup> Housing Element Law allows the RHNA allocation for Very Low Income units (for City it is 33 units) to be apportioned between Very Low Income and Extremely Low Income at 50/50, such that 17 units are noted for ELI and 16 units for VL for a total of 33 units.

- (c) Proportional Expenditure by Household Type—Senior Housing Limitation. AB 637 deals with proportionality and the expenditure of monies from the Housing Fund over certain periods on senior housing versus non-senior/family housing. Under AB 637, the Housing Fund monies must be spent in at least the same proportion as the low income population under age 65 years bears to the total low income of the City as reported in the most recent census of the United States Census Bureau. According to the 2000 Census, the City’s total population was 100,242 of which 5,249 individuals were over the age of 65 years (5.3%). Furthermore, when comparing low income household statistics, there are a total of 12,076 low income households in the City, of which 1,406 are low income senior households (11.6%). Therefore, during the planning period of 2002-2014, 11.6% of the cumulative Housing Fund monies may be spent for senior housing projects or programs, while the balance of 88.4% may be expended for family housing and other affordable housing programs and projects.

The target is intended to be met over the one-, five, and ten-year<sup>3</sup> cycles set forth in the Redevelopment Law and over the life of the Project Area and not strictly on a project-by-project or annual basis. In some years, more or less monies may be spent on housing for persons with low and very low income, depending on housing opportunities, market conditions and other restricting factors. The CDA will account for and monitor its expenditures of Housing Fund money in order to comply with the proportionality requirements of Section 33334.4 over the one-, five, and ten-year cycles (see footnote) set forth in the Redevelopment Law and over the life of the Project Area for purposes of this Implementation Plan.

- (d) Transfer of Housing Funds to Other Providers. During the term of this Implementation Plan and the term of the Project Area, the CDA is subject to the provisions requiring the transfer of monies from the Housing Fund to the local housing authority or other housing producers in the City if and when there is an “excess surplus” in the Housing Fund pursuant to Section 33334.12 subject to certain time limitations and condition set forth therein. Excess surplus means any unexpended and unencumbered amount in a project’s Housing Fund that exceeds the *greater* of one million dollars (\$1,000,000) or the aggregate amount deposited into the Housing Fund during the project’s preceding four fiscal years. While there were excess surplus balances that commenced as of July 1, 2007, July 1, 2008 and July 1, 2009, each of those amounts, i.e., the full, cumulative amount of excess surplus, was encumbered when the CDA approved and entered into that certain Affordable Housing Agreement between the CDA and Lennar Homes of

---

<sup>3</sup> California State Assembly Bill 637, chartered in 2002, established the requirements of the ten-year planning period and provided for a two-year extension of the planning period to coincide with the implementation plan cycle ending in 2014.

California, Inc., which project will provide 22 low income and very low income new townhomes that will be covenanted for 45 years.

The introduction to this Housing Component lists the major categories of housing responsibilities mandated by the Redevelopment Law. Inclusionary and replacement housing were discussed above, and the other two categories (set-aside/expenditure of money and reporting requirements) are presented in this part of the Implementation Plan. The overall goal of the CDA for the Project Area is accomplishment of all of the mandated activities that implement the applicable elements of the major categories of responsibility. Through these activities, which will extend over the one-, five, and ten-year cycles (see footnote) set forth in the Redevelopment Law and over the term of effectiveness of the Project Area, the CDA will assist in accomplishing the intent of the Redevelopment Law regarding provision of low and moderate income housing programs and projects that improve, increase and preserve affordable housing at an affordable housing cost. The applicable requirements are to be accomplished over the one-, five, and ten-year cycles (see footnote) set forth in the Redevelopment Law and over the term of effectiveness of the Project Area, not a project by project basis.

Meeting the goals and objectives means the CDA will continue to deposit not less than 20% of tax increment into the Housing Fund and that expenditures from the Housing Fund will meet the proportional application to the various income categories as discussed above. The projects and programs described in the following section of this Housing Component will identify the activities that will enable the CDA to meet its goals and objectives.

- (e) Ongoing Monitoring of Affordable Housing. Pursuant to Section 33418, the CDA will continue to monitor existing and future affordable housing projects and programs for compliance with ongoing covenants, restrictions, and conditions. As new projects are completed, such as the 144-unit Lennar Homes of California, Inc. townhome project with 22 Very Low Income and Low Income for-sale units that will have 45-year affordability covenants/resale restrictions, CDA staff will monitor continued owner-occupancy and resale(s) of the 22 Affordable Units pursuant to the approved Affordable Housing Agreement.

## **H. Housing Fund Resources and the Housing Programs.**

This section discusses financing of housing activities and includes estimates of deposits into the Housing Fund, obligations against the Housing Fund, and a discussion of the CDA's housing programs and projects with estimates of the number of new, if any, substantially rehabilitated, if any, or price-restricted units to be assisted during the next five years and estimates of the expenditures of monies from the Housing Fund annually and during the five-year term of this Implementation Plan. The focus of this section is on the relationship of the Housing Program and the uses of monies in the Housing Fund.

## **1. Net Housing Fund Available.**

Shown on the attached Table 3 are the estimated beginning balances in the Housing Fund and the projected deposits into the Housing Fund. The overall tax increment projections from which the Housing Fund deposits are derived are based on projections used for the Project Area. Future years' revenues are assumed to increase at the rate of two percent (2%) per year, beginning in FY 2012-2013.

The Housing Fund revenue shown on Table 3 was estimated based on 20% of the total tax increment revenue for the Project Area, less allowable administrative charges collected by Orange County for the calculation, collection and allocation of property taxes. The amounts shown on Table 3 are estimates and actual tax increment revenues and resulting Housing Fund revenues could be more or less than the amounts shown on Table 3.

## **2. Housing Programs and Potential Financing.**

As shown on Table 3, the cumulative monies in the Housing Fund from the Project Area, including investment earnings on balances in the Housing Fund, that are estimated to be available over the five-year period of this Implementation Plan are approximately \$17.5 Million, which is the amount available to the CDA to implement and fund the Housing Program. No other resources are assumed to be used in any significant amount to implement the Housing Program for the five years covered by this Implementation Plan. There may be other monies available from other state and federal sources and programs, such as HOME Program, CDBG, HCD, CalHFA, that may be expended on the Housing Program, but such funding source(s) are not allocated at the time of preparation of this Implementation Plan.

A description of the projects and programs comparing the CDA's housing activities and the time frame for each is discussed below. Also attached is Table 4 which provides an indication of the number of housing units to be constructed, rehabilitated, or price-restricted over the coming five-year period, from the projects listed below.

### **I. Housing Programs in Consideration of Implementation of City's Housing Element.**

Based on the Regional Housing Needs Assessment (RHNA) allocation there is an unmet housing need in the community of 17 housing units at Extremely Low Income, 16 housing units at Very Low Income, 26 housing units at Low Income, and 29 housing units at Moderate Income (and 59 housing units at Above Moderate Income, which are not eligible for funding from the Housing Fund) subject to the requirements and limitations of the Redevelopment Law and other applicable federal and state laws. The unmet housing need can be met with single-family or multi-family units, rental housing or for-sale/owner occupied units, whether newly constructed, substantially rehabilitated, or existing housing with covenants imposed for long-term affordability. The following programs are included in this Implementation Plan to meet the requirements of AB 637; Sections 33334.2, 33334.3, 33334.4, and 33413 (b) *et seq.* of the Redevelopment Law; and Government Code Section 65580 *et seq.*

1. **Housing Opportunity Sites.** The City’s Housing Element includes the “opportunity sites” for affordable housing development. In order to promote affordable housing, the Housing Element includes objectives relating to types of incentives and strategies that are targeted to the development of the proposed sites to include affordable housing. While the City cannot require the CDA to direct or expend monies from the Housing Fund on these opportunity sites, the CDA desires to evaluate and consider in good faith each proposed program and project presented to the City and/or the CDA relating to each and all of these opportunity sites, in particular to evaluate the amount, if any at all, of subsidy warranted and justified pursuant to the Redevelopment Law and feasibility of the proposal. The three sites are described in the Housing Element as follows:

(a) **Site A.** Site A is a 2.74-acre vacant parcel located within and to the east of the Mission Foothill Marketplace shopping center at 28715-28841 Los Alisos Boulevard (Assessor Parcel No. 839-161-07). The property is zoned RPD 30A and is designated in the General Plan Land Use Plan as Residential 30. Surrounding the subject property to the west and south is the existing Mission Foothill Marketplace shopping center, to the east is the Ayres Suites Hotel, and to the north is the Foothill Transportation Corridor and further to the north is the Upper Oso Reservoir. Further to the south across Los Alisos Boulevard is the Palmia retirement community. The property is located within the Saddleback Valley Unified School District and the Santa Margarita Water District, and is outside the boundaries of the Project Area.

(i) *Site Analysis and Implementation.* If Site A were developed at 30 units/acre per the land use zoning, then a total of 82 units could be developed on the site. Benefits of Site A include the fact that the site has previously been rough-graded in conjunction with the existing shopping center, and based on actual knowledge it appears that no significant site preparation, such as grading operations, would be required. In addition, site access and major infrastructure and utilities are currently in place to serve the shopping center. Also, as noted, the site lies directly adjacent to commercial services and amenities, including a major grocery store and child care facility. No obvious factors that could negatively impact feasibility were noted for this site.

(b) **Site B.** Site B is a 7.12-acre parcel adjacent to Oso Parkway at Montanoso Drive that is now owned by an entity called Mission Viejo Oso Parkway Development, LP (“MVA”). (Legal description of Site B: Parcel 2 in the City of Mission Viejo, County of Orange, State of California, as shown on Lot Line Adjustment No. 06-05,

recorded September 26, 2006, as Instrument No. 2006-000640759, Official Records, County of Orange (APN 761-072-01). Site B is zoned RPD 30A and is designated in the General Plan Land Use Plan as Residential 30. Surrounding Site B to the south and west is the Mission Viejo Country Club clubhouse and golf course, to the east is Sunrise Assisted Living, and to the north across Oso Parkway are additional golf course holes. Since 2004, the prior owner, the Mission Viejo Country Club, and thereafter when MVA acquired Site B, owner representatives have expressed interested in development of a high density residential project. The property is located within the Capistrano Unified School District and the Moulton Niguel Water District, and is outside the boundaries of the Project Area.

- (i) *Site Analysis and Implementation.* If Site B were developed at a density of 30 dwelling units per acre, then a maximum of 213 units would result. The primary benefit of Site B is its prime location. Directly adjacent to the Mission Viejo Country Club, the site has a pristine setting, with potentially excellent arterial roadway access and proximity to Interstate I-5. Primary access to Site B could be taken off a signalized intersection at Oso Parkway and Montanoso Drive, and a secondary access could be taken off a joint private access drive for Sunrise Assisted Living that connects to Country Club Drive. Site B is also close to commercial services and amenities, including a shopping center with major grocery store, as well as medical, dental, and child care facilities. In addition Site B is close to public transportation services. Site B currently contains an irrigation pond for the golf course and is traversed by a privately-owned natural creek. Research shows that there is an ample supply of reclaimed water available to allow for the removal of the irrigation pond with no detriment to the Country Club. It is anticipated the pond would be drained, dredged, and re-compacted, which apparently is relatively straightforward from an engineering and feasibility standpoint. Analysis also shows that the most feasible means to develop Site B is to develop around the natural creek which flows through the center of the property. Currently the creek is in a triple-box culvert under Oso Parkway that is directly adjacent to the site. This culvert could be extended through the property; however, this would be expensive and potentially may not be necessary from an engineering standpoint so long as planned development is engineered to establish 100-year flood protection to the units and that ample room is provided for maintenance access to the creek. Preliminary development site plans have highlighted this feature as a natural amenity for the property, though final details do not exist at the date of this Implementation Plan. Understanding that there are unique

mitigation costs given the nature of Site B, the City (and CDA) will continue to work in good faith with the property owner and any other interested party to evaluate project feasibility that may facilitate removing barriers and physical constraints to development, and to provide warranted funding, if any, and statutory incentives, as required and pursuant to Redevelopment Law and other applicable laws, to facilitate development of Site B for housing affordable to low to moderate income families and households during the Housing Element planning period and the five-year period of this Implementation Plan.

(c) **Site C.** Site C is located on City-owned land directly adjacent to and southeasterly of the City's Animal Service Center off Center Drive, and easterly of Saddleback College (Assessor Parcel No. 740-112-03). Site C is the only opportunity site located within the boundaries of the CDA Project Area. The City owns a 37-acre (approx.) site, but an 8.5-acre area at the northerly portion of this property will be designated for residential development (i.e., Site C.) Site C is zoned RPD 30A and is designated in the General Plan Land Use Plan as Residential 30. Surrounding Site C to the north, east, and south is existing open space area known as the Arroyo Trabuco. Further to the north is a business park that takes access off of Hillcrest Drive and Center Drive. Further to the south and east is the Arroyo Trabuco Golf Club and Trabuco Creek. To the west is the City's Animal Services Center and Saddleback College. The property is located within the Capistrano Unified School District and the Santa Margarita Water District and within the boundaries of the CDA Project Area. In 2004, the City received unsolicited proposals from three developers who expressed interest in developing the entire 37-acre property with hotel and residential uses.

(i) *Site Analysis and Implementation.* If Site C were developed at a density of 30 dwelling units per acre, then 255 units would result. The primary benefit of Site C is that it is owned by the City, which therefore controls the sale and asking price of the property. The City is authorized by the Redevelopment Law to cooperate with and facilitate redevelopment, in particular affordable housing development; thus, the potential for a CDA subsidized affordable housing development is an objective stated in this Implementation Plan. Other benefits include Site C's proximity to existing access off Hillcrest Drive or Center Drive, and the spectacular scenic vistas over the Arroyo Trabuco open space and golf course. Site C also has the potential to provide direct access to Saddleback College, and is in close proximity to various commercial centers, child care facilities, and public transportation services. Site C has

constraints that relate to secondary access limitations, potential geotechnical issues, and possible environmental issues. A detailed environmental analysis would be required in conjunction with a proposed project. However, as noted previously, the City owns Site C and will control the sale of the land and may cooperate with the CDA in redevelopment of the property. With the express goal of achieving a high quality affordable housing development available to all segments of the community, the CDA and City will work reasonably and in good faith toward development of Site C with a specific objective to achieve a financially feasible affordable housing project. Under the Housing Element, in order to promote a high level of certainty for development on Site C, the City will be implementing a schedule of actions to ensure that suitable and feasible land is made available for development in the Housing Element planning period. This may include subdividing the land and actively marketing at least a portion of the 8.5-acre site to non-profit and other affordable housing developers in stride with the City's remaining share of the regional housing need. Site C is 8.5 acres, and if developed at 30 dwelling units per acre, then 255 units would result. As property owner of Site C, the City and CDA will work with developers of housing affordable to low to moderate income families and households for a financially feasible project including subsidy from the Housing Fund to the extent warranted and justified under the Redevelopment Law.

- (d) **Five Year Plan Activities.** As development plans are presented to the City and/or CDA by prospective developers and/or owners, the requirements for and potential warranted subsidy to create affordable housing available to low to moderate income persons and households at an affordable housing cost will be evaluated in good faith. During this Implementation Plan period, the CDA will cooperate with the City to market the opportunity sites to non-profit and other affordable housing developers and owners and provide technical assistance for the development review process, and coordinate discussions between property owner(s), non-profit developer(s), other developers, and various governmental agencies. The City in cooperation with the CDA (and subject to Redevelopment Law requirements and limitations) will also market the incentives and concessions to be offered to facilitate development of affordable rental housing for low income families, workers and seniors.
  - (i) Expenditures. Housing set-aside funds will be allocated for this Program as warranted and subject to Redevelopment Law requirements and limitations to assist in the development of and long term covenanting of affordable units.



- (ii) Timeline. Implementation of this rehabilitation program will be completed during the term of the Implementation Plan.
- (iii) Plan Objectives the Project Will Address. The Program will increase and improve the community's existing supply of housing occupied by eligible persons and families.
- (iv) Conditions of Blight the Program Will Address. The Program will assist in increasing, improving and preserving the community's supply of housing for low to moderate income persons and households available at affordable housing costs through the use of Housing Fund monies and will provide the necessary financial assistance to provide for the development of new assisted housing in Mission Viejo as warranted and subject to Redevelopment Law requirements and limitations.

2. **Homeowner Rehabilitation Program.** The existing Mission Viejo housing rehabilitation program objective is to maintain the quality of housing in neighborhoods by providing deferred loans or grants for eligible housing rehabilitation (minor, non-substantial rehabilitation) to income-qualified and eligible owner-occupants at an affordable housing cost. Applicants must be an owner occupied resident of the City and meet income and affordable housing cost requirements. The financial assistance available is based on deferred payment loans at 0% interest, with principal not exceeding \$20,000. Grants may also be awarded for the purpose of funding emergency repairs required for the health and safety or welfare of the household occupant(s). The loan and grant combined cannot exceed \$25,000. Eligible improvements are listed below. Repairs and improvements not allowed include cosmetic improvements such as drapes and furniture, purchase of kitchen appliances, burglar alarms, patios and storage sheds and air conditioning.

- Correction of dangerous conditions that are a direct threat to the health and safety of residents.
- Heating, plumbing, septic or electric.
- Repairs that remedy existing non conforming uses such as garage conversions.
- Structural and foundation repairs.
- Repairs of sidewalks, driveways and fencing.
- Exterior painting, roofing, siding and grading for flood control.
- Weatherization including windows, screens and door replacement.

- Interior plumbing, flooring, heating/furnace, built-in appliances, ceilings, water heating.
  - Treatment of termites and pest control.
  - Insulation and other energy saving repairs.
  - Access improvements for the elderly and physically disabled.
  - Building permits and inspection fees.
- (a) Five Year Plan Activities. Households will be assisted with rehabilitation during the five-year Implementation Plan period. Financial assistance is provided in the form of grants or deferred payment loans. Single-family rehabilitation emergency grants of up to \$5,000 will be available to qualifying property owners. Deferred payment loans with a limit of \$20,000 will be available to eligible property owners.
- (b) Expenditures. Housing set-aside funds totaling \$1,750,000 will be allocated for this Program.
- (c) Timeline. Implementation of this rehabilitation program will be completed during the term of the Implementation Plan.
- (d) Plan Objectives the Project Will Address. The Program will improve the community's existing supply of housing occupied by eligible persons and families. Further, the Program will assist in the elimination of deteriorated housing and in the decline of existing high quality housing in Mission Viejo.
- (e) Conditions of Blight the Program Will Address. The Program will assist in the reduction of sub-standard housing and improvement of the community's housing stock through the use of Housing Fund monies and will provide the necessary financial assistance to provide for rehabilitation of housing in Mission Viejo.

3. **Emergency Grants.** This Program is similar in its purpose to the grants allowed under the housing rehabilitation program. The City/CDA can provide emergency grants of up to \$5,000 to eligible persons or families who cannot afford to make emergency repairs that affect the habitability of the home (minor, non-substantial rehabilitation and repairs). The repairs involve conditions that affect the health or safety of the occupants and are identical to those listed in the housing rehabilitation program. The grants are available for income qualified persons and households who own single-family dwellings and whose monthly housing cost is at an affordable housing cost.

- (a) Five Year Plan Activities. Grants of up to \$5,000 will be available to eligible homeowners during the term of the Implementation Plan.
- (b) Expenditures. Housing Fund revenues will be allocated to this Program as monies become available.
- (c) Timeline. The Program will be implemented during the term of the Implementation Plan.
- (d) Plan Objectives the Project Will Address. The Program will improve the community's existing supply of housing occupied by eligible persons and families. Further, the Program will assist in the elimination of deteriorated housing and in the decline of existing high quality housing in Mission Viejo.
- (e) Conditions of Blight the Program Will Address. The Program will assist in the reduction of sub standard housing and improvement of the community's housing stock through the use of Housing Funds and will provide the necessary financial assistance to eligible homeowners to make the rehabilitation available to the community.

**4. Rental Rehabilitation Loans.** The Program will provide financing of rehabilitation improvements (minor, non-substantial rehabilitation) up to 100% of costs for owners of rental units whose tenants qualify as low to moderate income households and whose monthly housing cost is at an affordable housing cost. The rehabilitation loans are made at a below market rate and with amortization not to exceed five years. For targeted areas, up to 50% of the loan is forgiven during the loan period. The Program can provide loans for structural repairs, room additions and termite and pest control. During the loan term rental of the units must be available to income eligible tenants at rents that do not exceed allowed program costs. Long-term covenants in conformity with the requirements and limitations of the redevelopment laws (not less than 55 years) would be required for any "substantial rehabilitation" project to rental units subsidized with Housing Fund monies.

- (a) Five Year Plan Activities. Program funds will be expended during the term of the Implementation Plan for rehabilitation loans as required.
- (b) Expenditures. Housing Funds will be allocated to this Program as monies become available and are necessary to accomplish the Program objectives.
- (c) Timeline. The Program will be implemented during the term of the Implementation Plan.
- (d) Plan Objectives the Project Will Address. The Program will improve the community's existing supply of rental housing occupied by eligible persons and families at an affordable housing cost. Further, the

Program will assist in the elimination of deteriorated housing and in the decline of existing high quality housing in Mission Viejo.

- (e) Conditions of Blight the Program Will Address. The Program will assist in the reduction of sub standard housing and improvement of the community's housing stock available to eligible persons through the use of Housing Funds and will provide the necessary financial assistance to make the rehabilitation possible for income eligible persons in the community.

**5. Housing Preservation.** A First Right of Refusal Plan will allow the CDA to acquire affordable housing (or purchase additional years of long-term affordable housing covenants) that may convert to market rate housing. The concept of this Program is expanded beyond acquisition to assist with rehabilitation through financial assistance and/or purchasing additional years of covenants on restricted housing that may convert to market housing. The assistance can be in the form of a grant or subordinate loan, depending on the income level of the tenants, and obligates the owner to maintain the rental units at the targeted income level for not less than 55 years. For new construction, substantial rehabilitation, inclusionary housing, and replacement housing that are multi-family rental projects, the housing units are subject to recorded covenants that require and restrict each unit to be occupied, rented, and maintained for eligible tenants for a specified statutory period. One potential project for extension of the term of affordability covenants that may be coupled with potential rehabilitation is the existing 256-unit affordable housing development called Arroyo Vista. This project is an existing long-term covenanted development from the mid-1990s that is currently owned by Citizens Housing but is in the process of potential transfer to Eden Housing, an experienced non-profit housing owner and developer.

- (a) Five Year Plan Activities. During the term of the Implementation Plan the Program will be implemented upon receipt of notice that a federally assisted housing project is to be sold. As examples, the above-described Arroyo Vista project or if the existing Heritage Point complex in the City (36 units) is proposed to be sold, the Program will be implemented.
- (b) Expenditures. Housing Funds will be allocated to this Program as monies become available and as necessary, to accomplish the Program objectives.
- (c) Timeline. The Program will be implemented during the term of the Implementation Plan.
- (d) Plan Objectives the Project Will Address. The Program will promote the preservation and retention of housing available to eligible tenants by allowing the purchase of federally assisted housing units by housing

organizations who will continue to operate the housing for these tenants.

- (e) Conditions of Blight the Program Will Address. By preserving existing housing the Program will preserve high quality affordable housing available at an affordable housing cost in the community and avoid the occurrence of deteriorated housing within the City.

**6. Housing Outreach.** The Program objective is to meet the City's regional housing need allocation (RHNA) for all income groups. For redevelopment purposes the activity will be focused on income eligible families and individuals.

- (a) Five Year Plan Activities. The five year goal of this Program is to provide adequate sites to accommodate for development and to address RHNA requirements. Acquisition of housing development sites will be pursued. An example may be financial assistance in the acquisition and development of the former K-Mart site to facilitate development and operation of a long term multi-family project. In addition, the City/CDA will continue to sustain an open dialogue with owners of the existing developments, including the Madrid, Archstone Mission Viejo, and Camden Crown Valley to negotiate acquisition of covenants recorded against housing units to establish and maintain long term housing available at an affordable housing cost for eligible households in conformity with the requirements and limitations of the redevelopment laws. Housing Funds will be allocated for this program as monies become available.
- (b) Expenditures. Projected funding available from the Housing Fund to be allocated to this Project is \$8,750,000 that will be allocated as negotiated on a project-by-project basis when CDA assistance is warranted per the Redevelopment Law.
- (c) Timeline. The Project will be completed during the term of the Implementation Plan.
- (d) Plan Objectives the Project Will Address. The Project will provide additional locations for potential development of housing in the City. The Project will bring online through covenanted housing units that meet the program goals of the Housing Element in conformity with the requirements and limitations of the redevelopment laws. The Project provides for an additional use of Housing Funds to improve the availability of housing consistent with these program goals.
- (e) Conditions of Blight the Program Will Address. By providing for new housing sites, the Project will assist in the provision of affordable housing available at an affordable housing cost. The allocation of

Housing Funds to this Project will aid in the development of housing at a cost that could not be accomplished by private enterprise acting alone.

- J. Borrowing from Housing Fund to Make Supplemental Educational Revenue Augmentation Fund (SERAF) Payment.** Section 33690(c)(1) of the Redevelopment Law was amended as a part of the budget legislation in late 2009 to allow for a redevelopment agency to borrow from its Housing Fund to make the required SERAF payment. Prior to consideration and action on this Implementation Plan, the CDA made findings pursuant to Sections 33690(c)(1) *et seq.* that there are insufficient moneys available to the CDA to make the SERAF payment required by the SERAF legislation, and that the Housing Fund has sufficient monies available to carry out the CDA's affordable housing programs and projects and to make the payment required by the SERAF legislation, and that no CDA contracts will be impaired by the CDA's borrowing of monies from the Housing Fund to make the SERAF payment pursuant to the authority provided by Section 33690(c)(1). The CDA is required to repay in full on or before June 30, 2015 the monies borrowed from the Housing Fund in compliance with Section 33690(c)(1). It is noted too that litigation is pending challenging the validity of Sections 33690 and 33690 and any SERAF payment made by the CDA will be made under protest and only if and to the extent such SERAF payment is required by law.
- K. Summary of Planned Housing Activity.** The CDA will actively cooperate with the City in potential development of opportunity sites and other affordable housing opportunities pro-actively and reactively, all subject to the Redevelopment Law requirements and limitations, such as warranted subsidy or other financial assistance to proposed projects. The CDA will also maintain its focus on rehabilitation and revitalization of the community existing housing supply.

[TO NEXT PAGE FOR TABLE 3]

**TABLE 3 - HOUSING RESOURCES**

Housing Resources	2009-10 Budget	2010-11 Budget	2011-12 Projected	2012-13 Projected	2013-14 Projected	Total
Beginning Available Fund Balance	8,082,999	3,630,603	4,054,192	2,507,423	1,487,924	8,082,999
Revenues:						
20% Set Aside	1,380,000	1,380,000	1,380,000	1,407,600	1,435,752	6,983,352
Interest	183,408	183,028	212,670	212,340	211,980	1,003,426
Repayment of SERAF Loan	0	355,561	355,561	355,561	355,561	1,422,244
Total Revenues	1,563,408	1,918,589	1,948,231	1,975,501	2,003,293	9,409,022
Total Housing Resources						17,492,021
Administration:						
Professional Services	110,000	110,000	110,000	110,000	110,000	550,000
Administration/Overhead	30,000	35,000	35,000	35,000	35,000	170,000
SERAF Loan	1,775,804	0	0	0	0	1,775,804
Total Administration	1,915,804	145,000	145,000	145,000	145,000	2,495,804
Housing Projects and Programs:						
Housing Projects	3,750,000	1,000,000	0	0	0	4,750,000
Homeowner Rehabilitation Program	350,000	350,000	350,000	350,000	350,000	1,750,000
Available for Housing Projects and Programs			3,000,000	2,500,000	2,500,000	8,000,000
Total Housing and Projects Programs	4,100,000	1,350,000	3,350,000	2,850,000	2,850,000	14,500,000
Total Expenditures	6,015,804	1,495,000	3,495,000	2,995,000	2,995,000	16,995,804
Revenues less Expenditures	-4,452,396	423,589	-1,546,769	-1,019,499	-991,707	-7,586,782
Ending Available Fund Balance	3,630,603	4,054,192	2,507,423	1,487,924	496,217	496,217