

**TEN YEAR
HOUSING COMPLIANCE PLAN 2005-14**

**HUNTINGTON BEACH PROJECT
("MERGED PROJECT AREA")**



**REDEVELOPMENT AGENCY
OF
THE CITY OF HUNTINGTON BEACH**

Department of Economic Development
November 15, 2004



ACKNOWLEDGEMENTS



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Introduction

This document is the Redevelopment Agency's *Ten-Year Affordable Housing Compliance Plan 2005-14*, ("Compliance Plan") for the Huntington Beach Redevelopment Project ("Merged Project Area"). The Compliance Plan is an economic development tool to assist the Agency in establishing its affordable housing goals and implement its programs over the next ten-year period. The goals are established by reviewing housing needs, especially for very low, low, and moderate-income households. The last Compliance Plan was adopted on October 14, 1994, approximately two years before the 1996 merger of the Agency's five project areas into the Merged Project Area. The approved Redevelopment Plan provides the legal framework for the Agency's affordable housing programs. This Compliance Plan is incorporated by reference in the Agency's Five Year Implementation Plan 2005-09, adopted simultaneously as companion documents. This Housing Compliance plan expires on December 31, 2014.

Legal Requirements for Compliance Plans

Pursuant to the requirements of Section 33413(b)(4) and 33490(a)(2) and (3) of the California Community Redevelopment Law, Health and Safety Code Section 33000, et. seq. ("Law"), this Compliance Plan sets forth the Agency's program for ensuring that the appropriate number of very low, low, and moderate-income housing units will be produced as a result of new construction or substantial rehabilitation.¹

Contents of the Compliance Plan

This Compliance Plan has been developed to accomplish the following goals:

- To account for the number of affordable dwelling units, either constructed or substantially rehabilitated, in the Project Area since its adoption;
- To review affordable housing production needs and activities over the past ten years, pursuant to the prior 1994 Affordable Housing Compliance Plan;
- To forecast the estimated number of dwelling units to be privately developed or substantially rehabilitated between 2005-14 and over the duration of the Redevelopment Plan;
- To forecast the estimated number of dwelling units to be developed or substantially rehabilitated by the Agency between 2005-14;
- To project the availability of City/Agency and other revenue sources for funding affordable housing production;
- To identify implementation policies/programs and potential sites for affordable housing development;
- To establish a timeline for implementing this Compliance Plan to ensure that the requirements of Section 33413 are met during the 10-year period between 2005-14; and
- To review the affordable housing goals, objectives, and programs contained in the February 1999 City of Huntington Beach Housing Element ("Housing Element") and to confirm that this Compliance Plan is consistent with the Housing Element.

¹ Since 1994, Section 33413 of the Law defines "substantial rehabilitation" as "rehabilitation, the value of which constitutes 25 percent of the after rehabilitated value of the dwelling, inclusive of the land value." Prior to 1994, this definition did not exist, and the definition of substantial rehabilitation was left to the discretion of redevelopment agencies.

Also, Section 50052.5 of Health and Safety Code defines affordable housing cost as:

- Very Low - Not more than 30% of 50% of the County median household income.
- Low - Not more than 30% of 70% (or 60% for rental projects) of the County median household income.
- Moderate - Not more than 35% of 110% (or 30% of 120% for rental projects) of the County median household income.

Purpose

Since 1976, redevelopment and community development agencies have been required to assure that at least 30% of all new or substantially rehabilitated units developed by an agency are available at affordable costs to households of very low, low, or moderate income. Of this 30%, not less than 50% are required to be available at affordable costs to very low-income households. Further, for all units developed by entities other than an agency, the Law requires that at least 15% of all new or substantially rehabilitated dwelling units within the Project Area be made available at affordable costs to low or moderate income households. Of these, not less than 40% of the dwelling units are required to be available at affordable costs to very low-income households. These requirements are applicable to housing units as aggregated, and not on a project-by-project basis to each dwelling unit created or substantially rehabilitated unless so required by an agency.

In 1994 the Law was amended to require redevelopment agencies to prepare a plan that demonstrated how the agency would achieve the aforementioned affordable housing mandates. Known as Housing Compliance Plans, the Law also requires agencies to update their plans every five years, meaning this plan would need to be updated by the end of 2009.

Methodology and Data Compilation

This Compliance Plan takes into account all residential construction or substantial rehabilitation that has occurred within the Project Area since its adoption in order to determine affordable housing production needs; it accounts for existing residential construction and substantial rehabilitation, and includes projections of new dwelling units that may be constructed or substantially rehabilitated during a ten year planning period.

It should be noted that neither the existing housing stock nor projections for future dwelling units in the Project Area include any units to be developed by the Agency. The Agency does not anticipate directly developing or substantially rehabilitating any dwelling units that would trigger the 30% affordable housing requirement within the ten-year planning period of this Compliance Plan. However, the Agency will continue to cooperate with and provide assistance and incentives to private developers in order to meet affordable housing production goals.

Section 33413(b) provides that redevelopment agencies shall ensure that 15% of the non-agency developed or substantially rehabilitated units created within its jurisdiction are affordable to very low, low, and moderate income households. The Law does not elaborate what constitutes the “Agency’s jurisdiction,” and there are varying legal interpretations of this definition. Agency legal counsel has opined that the Agency’s jurisdiction is defined as the units for which the Agency has been involved through direct financial or other assistance, while a more conservative interpretation defines the Agency’s jurisdiction as all units created in the Project Area, whether or not the agency is involved.

This Compliance Plan applies the more conservative definition of the Agency’s jurisdiction (basing production requirements on the new construction and substantial rehabilitation activity in the Project Area) in order to determine the maximum number of production units that could be required by Law.

Provision of Affordable Housing to Date

Pre-1994 Activities

Prior to the commencement of the ten-year production requirement in 1994, a total of 1,254 units were constructed in the Project Area, including 164 units developed by the Agency (Emerald Cove project) and 1,090 units developed by other entities. Review of City building permit data indicates that no units had

been substantially rehabilitated prior to 1994. Pursuant to the Agency's affordable housing production mandates, at least 30% of the Agency developed units and 15% of the privately developed units, or 213 units in total, are required to be restricted for affordable households. Of these, 85 units are to be reserved for very low-income households.

Prior to 1994, the Agency met a portion of the 213-unit production-housing requirement with the construction of the 164-unit Emerald Cove project. This project consists entirely of 164 very low-income units. Two additional projects developed prior to 1994 produced a total of 92 affordable units (because these projects are located outside of the Agency's project area, only 46 units can be credited towards fulfilling the Agency's housing production requirements).

The pre-1994 housing production activities and production requirements are summarized in Tables 1(a) and (b) below.

Table 1(a)
Units Developed Inside Project Area (Pre -1994)
Affordable Housing Production Requirement

		Substantial Rehabilitation	New Construction
Agency Developed			
1986	Emerald Cove Senior Apartments	-	164
Subtotal		-	164
Non-Agency Developed			
	Private Housing Production	-	1,090
Subtotal		-	1,090
Total Units Developed Inside Project Area		-	1,254
Low/Mod-Income Production Requirement		-	128
Very Low-Income Production Requirement		-	85
Total Production Requirement (Pre-1994)		-	213

Table 1(b)
Affordable Units Developed (Pre -1994)
Status of Affordable Housing Production Requirement

		Very Low- Income Credits	Low/Mod- Income Credits	Total Credits	Total Units Produced
Inside Project Area					
1986	Emerald Cove Senior Apartments	164	-	164	164
Subtotal		164	-	164	164
Outside Project Area					
1993	Brisas Del Mar	-	22	22	44
1993	Five Points Senior Apartments	16	8	24	48
Subtotal		16	30	46	92
Total Affordable Units Developed		180	30	210	256
Production Housing Requirement		85	128	213	
Production Housing Surplus/Deficit (Pre-1994)		95	(98)	(3)	

This shows that as of 1994, at the very low-income level, the Agency had a surplus of 95 units. At the low/moderate-income level, the Agency had a deficit of 98 units. Overall, the Agency had a deficit of 3 affordable units.

The Law does not stipulate a time frame for meeting production-housing deficits incurred prior to 1994. (After 1994, production housing goals must be met within each ten-year planning period.) As such, the Agency will first count its production program towards achieving production goals in each ten-year planning period, with any surplus units credited towards the pre-1994 low-income level deficit. As a policy, it is the Agency's intention to meet all production housing production needs during the duration of the Redevelopment Plan.

Post-1994 Activities to Date (January 1994-September 2004)

Over the last Ten-Year Housing Compliance Plan period (1994-2004), the Agency completed 28 affordable housing projects, producing a total of 930 units at a total cost to the Agency of \$16,577,813. These projects produced a total of 307 homeownership units and 623 rental units, as briefly described below.

- **Ash Street Condos:** This project was built in 2002 as new affordable ownership housing for median-income families by Westgate Homes. As part of the City's Inclusionary Housing Program, all six, three-bedroom homes will remain affordable for 60 years.
- **Bowen Court:** The Agency partnered with Merit Housing and the Related Companies to build Bowen Court Senior Apartments in 2002, which consists of 20 very-low income apartments for seniors. Affordability for this project is guaranteed for a minimum of 60 years.
- **Bridges Apartments:** This 80-unit apartment complex was purchased and rehabilitated in 2002 with financial assistance from the Redevelopment Agency and from local housing developers through the City's Inclusionary Housing Program. All units will remain affordable for very low and low-income households for 30 years.
- **Cape Ann:** As part of the City's Inclusionary Housing Program, Cape Ann was built by WL Homes in 2000 to satisfy the affordable housing obligations of various development companies that had created market rate homes in Huntington Beach. A total of 146 detached homes were sold to moderate-income buyers at affordable prices and will remain affordable for 30 years.
- **The Fountains Senior Apartments:** Completed in 2003 by FountainGlen Properties, the Fountains Senior Apartments include 80 affordable units among 271 total units. In exchange for financial assistance from the Agency, units for very low and low-income seniors will remain affordable for 60 years.
- **Habitat for Humanity – Ronald Road & Yorktown:** Between 1997 and 2001 Habitat for Humanity and the Agency partnered to build six new homes, consisting of two two-bedroom, two three-bedroom, and two four-bedroom houses, each of which will remain affordable for very low-income households for at least 60 years.
- **Hermosa Vista Apartments:** The Agency partnered with Village Investments and KDF Communities in 2004 to acquire and rehabilitate the Hermosa Vista Apartments. This 88-unit complex will offer affordable housing for very low and low-income families for 60 years.



- **Huntington Pointe:** The Agency partnered with Village Investments and KDF Communities in 2003 to acquire and rehabilitate the Huntington Pointe Apartments (formerly known as Quo Vadis Apartments). This 104-unit complex features 24 studio, 64 one-bedroom, and 16 two-bedroom apartments, all of which will remain affordable for very low and low-income households for 60 years.



- **Interval House:** In 2001, the Redevelopment Agency assisted Interval House acquire and rehabilitate a six-unit apartment complex that is now used as safe housing for women and children recovering from domestic violence. These units will remain affordable for very low-income families for 30 years.

- **Orange County Community Housing:** Between 1994 and 2001 the Agency partnered with Orange County Community Housing (OCCHC) to purchase and rehabilitate eight apartment buildings in the Oakview Neighborhood, making 64 units affordable for very low-income households. Earlier projects require 30-year affordability. Recently completed project require affordability for 60 years.



- **Greystone Keys:** Greystone Homes completed 23 units for moderate-income buyers in 1998 as part of a larger community of 150 new homes. These units will remain affordable for 30 years.

- **Pacific Landing:** In 1998, Heritage Communities built Pacific Landing, a 29-unit residential community that includes 5 homes affordable for moderate-income buyers. These units will remain affordable for 30 years.



- **Pacific Park Villas:** The Agency partnered with Sassounian Capital Ventures to build Pacific Park Villas in 1996, a 38-unit condominium complex. As part of this partnership, the Agency provided down payment assistance loans to 25 moderate-income homebuyers. These 25 units have affordability requirements that will last 30 years.

- **The Promenade:** The Olson Company built The Promenade in 2000 to satisfy the affordable housing obligations of various development companies that had created market rate homes in Huntington Beach. These 80 condominium units will remain affordable for moderate-income home buyers for 30 years.

- **Sea Air Apartments:** Formerly a flash point for many criminal problems, including drugs and prostitution, the owners of Sea Air Apartments received assistance from the Agency in 1996 to improve the property. The 25-unit apartment complex is now well maintained and operated and will provide low-income affordable housing for 30 years.



- **Shelter for the Homeless:** Between 1994 and 2002, the Agency partnered with Shelter for the Homeless for three Oakview neighborhood rehabilitation projects, improving and making affordable 12 two-bedroom units for very-low income families for 30 years.

- **Sher Lane Apartments:** Bridges America Foundation acquired and rehabilitated Sher Lane Apartments, a once run-down apartment complex plagued by gangs, drugs, and other social ills. Completed in 2002, this 66-unit complex consists of 33 one-bedroom and 33 two-bedroom units that will remain affordable to very low, low, and moderate-income households for 30 years.



- **The Tides:** Shea Homes completed 12 units for moderate-income buyers in 2004 as part of a larger community of 77 new homes. These units will remain affordable for 30 years.

- **Housing Rehabilitation Loans:** During the last five years, 101 loans and 9 grants were processed for low-income residents, at a total cost of \$1,769,391 using federal CDBG program funds.

Table 2(b), page 7, demonstrates that at the end of the most recently completed Ten Year Plan period, the Agency has a surplus of affordable units at both the very low-income and low/moderate-income levels. Overall, the Agency created 322 affordable units in excess of its production housing requirement during this period.

Table 2(a)
Units Developed Inside Project Area (1994-2004)
Affordable Housing Production Requirement

		Substantial Rehabilitation	New Construction
Non-Agency Developed			
1994	OCCHC Keelson	4	-
1994	Shelter for the Homeless - Barton 1	4	-
1994	Shelter for the Homeless - Keelson	4	-
1996	OCCHC Koledo 1	10	-
1996	Pacific Park Villas	-	38
1997	OCCHC Koledo 2	8	-
1997	OCCHC Queens	8	-
2000	OCCHC Koledo 3	10	-
2000	OCCHC Koledo 4	10	-
2000	Plaza Almaria	-	42
2001	Interval House	6	-
2001	OCCHC Koledo 5	5	-
2002	Ash Street Condos	-	6
2002	Bowen Court	-	20
2002	Shelter for the Homeless - Barton 2	4	-
	Private Housing Production	-	1,182
Total Units Developed Inside Project Area		73	1,288
Low/Mod-Income Production Requirement		7	116
Very Low-Income Production Requirement		4	77
Total Production Requirement (1994-2004)		11	193

Table 2(b)
Affordable Units Developed (1994-2004)
Status of Affordable Housing Production Requirement

	Very Low- Income Credits	Low/Mod- Income Credits	Total Credits	Total Units Produced
Inside Project Area				
1994 OCCHC Keelson	4	-	4	4
1994 Shelter for the Homeless - Barton 1	4	-	4	4
1994 Shelter for the Homeless - Keelson	4	-	4	4
1996 OCCHC Koledo 1	10	-	10	10
1996 Pacific Park Villas	-	25	25	25
1997 OCCHC Koledo 2	8	-	8	8
1997 OCCHC Queens	8	-	8	8
2000 OCCHC Koledo 3	10	-	10	10
2000 OCCHC Koledo 4	10	-	10	10
2001 Interval House	6	-	6	6
2001 OCCHC Koledo 5	5	-	5	5
2002 Ash Street Condos	-	6	6	6
2002 Bowen Court	20	-	20	20
2002 Shelter for the Homeless - Barton 2	4	-	4	4
Subtotal	93	31	124	124
Outside Project Area				
1994 OCCHC PSS	5	-	5	9
1996 Sea Air Apartments	-	18	18	36
1997 Habitat for Humanity - Ronald Rd.	2	-	2	3
1998 Huntington Village Senior Apartments	12	9	20	40
1998 Pacific Landing	-	3	3	5
1998 Greystone Keys	-	12	12	23
2000 Cape Ann	-	73	73	146
2000 Promenade	-	40	40	80
2001 Habitat for Humanity - Yorktown	2	-	2	3
2002 Bridges Apartments - Nichols	2	39	40	80
2003 Huntington Pointe	11	42	52	104
2003 Scattered Planning Units (Holly & Huntington)	-	2	2	3
2003 Sher Lane Apartments	11	22	33	66
2003 The Fountains Senior Apartments	28	13	40	80
2004 Hermosa Vista Apartments	13	31	44	88
2004 Main Place Apartments	14	-	14	27
2004 The Tides	-	6	6	12
Subtotal	96	307	403	805
Total Affordable Units Developed	189	338	527	929
Production Housing Requirement	82	122	204	
Production Housing Surplus/Deficit (1994-2004)	107	215	322	

Policy Declaration Regarding Unmet Need

According to Health & Safety Code Section 33334.4(a), the Agency must allocate Housing Set-Aside funds proportionately to unmet housing needs for very-low and low-income persons as determined in the City’s Housing Element. And according to Health and Safety Code Section 33334.4(b), Housing Set-Aside funds shall assist housing that is available to all persons regardless of age in at least the same proportion as the population under the age of 65.

Based upon the City’s current Housing Element and according to the Southern California Association of Government’s (“SCAG”) Regional Housing Needs Assessment (“RHNA”), Table 3 below shows the target percentages for each income category. The Agency will pursue these housing needs throughout the City.

**Table 3
Comparison of Regional Housing Growth Needs (RHNA, 2005 Targets)*
and Agency Affordable Units Produced (as of 2004)**

Income Category	Citywide RHNA Targets		Affordable RHNA Targets Only		Agency Units Produced	
	Units	Percent of Total	Units	Percent of Total	Units	Percent of Total
Very Low	388	19%	388	37%	370	50%
Low	255	13%	255	24%	174	24%
Moderate	400	20%	400	38%	194	26%
Above Moderate	972	48%	0	0%	0	0%
Total	2,015	100%	1,043	100%	737	100%

*7.5-year planning period

According to the 2000 Census, the City of Huntington Beach had a general population of 189,594 of which 169,938 are under the age of 65, which comprises of 89.6% of the population. Table 4 below shows the Agency’s distribution of affordable units produced by age.

**Table 4
Distribution of Agency Affordable Units Produced for Seniors and Non-Seniors***

Population	City Population		Agency Affordable Units Produced	
	Units	Percent of Total	Units	Percent of Total
Seniors	20,016	11%	140	19%
Non-Seniors	169,938	89%	597	81%
Total	189,954	100%	737	100%

*Census population data reflects seniors as 65 and older. Agency senior projects define seniors as 55 and older.

Projected Production Housing Needs

Estimates for the total number of dwelling units to be constructed within the Project Area, both during the current Ten Year Plan period (2005 through 2014) and over the life of the Redevelopment Plan (1982 through 2024), were generated by the Agency based on a review of infill and build out opportunities in the Project Area.

As shown in Table 5(a) below, the City estimates that 1,451 units will be developed and 150 units will be substantially rehabilitated during the next ten years. The Agency anticipates that all of these units will be developed by entities other than the Agency. Applying the 15% production requirement would create an affordable housing production obligation of 240 units, 40% of which, or 96 units, must be affordable to very low-income households.

Table 5(a)
Units Anticipated to be Developed Inside Project Area (2005-2014)
Affordable Housing Production Requirement

	Substantial Rehabilitation	New Construction
<u>Non-Agency Developed</u>		
Acquisition & Rehab (200 Units)	100	-
Oakview Rehab	50	-
Pacific City Residential	-	516
Private Housing Production	-	500
Sea Colony (Hyatt Residential)	-	78
Sea Cove (Hyatt Residential)	-	106
Studios at Center SRO (100% credit)	-	251
Total Units Developed Inside Project Area	150	1,451
Low/Mod-Income Production Requirement	14	131
Very Low-Income Production Requirement	9	87
Total Production Requirement (2005-2014)	23	218

Table 5(b)
Affordable Units Developed (2005-2014)
Status of Affordable Housing Production Requirement

	Very Low- Income Credits	Low/Mod- Income Credits	Total Credits	Total Units Produced
Inside Project Area				
Oakview Rehab	50	-	50	50
Pacific City Residential	39	39	78	78
Studios at Center SRO	124	127	251	251
Subtotal	213	166	379	379
Outside Project Area				
Acquisition & Rehab	50	50	100	100
Beachview Villas SRO	24	30	53	106
Collette's Children's Home	2	-	2	4
Ellis/Patterson	2	-	2	3
Habitat for Humanity - Delaware	1	-	1	1
Huntington Gardens	93	-	93	185
Private New Construction	4	6	10	20
Subtotal	600	418	1,018	1,177
Total Affordable Units Developed	600	418	1,018	1,177
Production Housing Requirement	96	144	240	
Production Housing Surplus/Deficit (2005-2014)	504	273	777	

Proposed Affordable Housing Projects (2005-14)

Over the current Ten-Year Housing Compliance Plan period (2005-2014), the Agency anticipates completing 10 affordable housing projects, producing a total of 1,177 units. These projects are briefly described below.

- **Oakview Rehabilitation:** In partnership with affordable housing nonprofit organizations, the Agency will continue acquiring and rehabilitating properties in the Oakview neighborhood. Over the current plan period, the Agency will seek to develop 50 units for very low-income families.
- **Pacific City Residential:** The proposed Pacific City commercial and residential project in the Downtown Sub-Area includes 516 homes. To satisfy the Agency's affordable housing obligations incurred by this project, the developer will create 78 affordable units for very low, low, and moderate-income families.
- **Studios at Center SRO:** The Agency has a Disposition and Development Agreement for the construction of a Single Room Occupancy affordable housing project on Center Avenue near Gothard Street. The project is currently anticipated to include 251 units for very low and low income residents.
- **Acquisition and Rehabilitation:** The Agency will continue to pursue acquisition and rehabilitation opportunities Citywide over the plan period as apartment buildings become available for sale. The Agency's goal for the next 10 years is to develop 100 units for very low and low-income families.
- **Beachview Villas SRO:** Currently under construction on Ellis Avenue, near Beach Boulevard, Beachview Villas SRO is a 106-unit Single Room Occupancy project for very low and low-income residents. The project is anticipated to be completed in early 2005.
- **Collete's Children's Home:** The Agency recently executed an Owner Participation Agreement to finance the acquisition and rehabilitation of a 4-unit apartment complex in the Oakview neighborhood. When completed, this property will provide substance abuse recovery assistance in addition to affordable transitional housing for very low-income families.

- **Ellis/Patterson:** The Agency recently acquired a vacant residential parcel at the corner of Ellis Avenue and Patterson Street and anticipates developing the site as affordable homeownership housing for very low-income families.
- **Habitat for Humanity – Delaware:** The Agency recently acquired a vacant residential parcel at the corner of Delaware Street and Yorktown Avenue and executed a Disposition and Development Agreement with Habitat for Humanity to develop a single-family residence on the site for a very low-income family. The project will be funded using federal HOME program funds and is anticipated to be completed in early 2005.
- **Huntington Gardens:** Huntington Gardens is a 185-unit Section 8 project-based seniors affordable housing project formerly known as Wycliffe Gardens. Although the Section 8 contract recently expired, the owner has continued the federal affordable housing program while attempting to sell the property. The Agency anticipates that over the current plan period, there will be an opportunity to participate in the acquisition and rehabilitation of the property, thereby preserving the project's affordability.
- **Private New Construction:** Under certain circumstances, housing developers are often required to provide affordable units when building in the City. The continued affordability of these units are ensured by the Agency. Over the current plan period, the Agency anticipates 20 affordable units to be developed through this program.
- **Housing Rehabilitation Loan Program:** Through the Community Development Block Grant (CDBG) program, housing rehabilitation loans are available to low-income families. The City will lend up to \$25,000 to pay for rehabilitation costs for a single family home and up to \$15,000 for a mobile home, townhouse, or condominium. Over the next ten years, the City anticipates funding approximately \$1 million in rehabilitation loans.

Projected Production Housing Surplus

Table 2(b), page 7, identifies 929 affordable units completed over the last Ten Year Plan period. Because a portion of these units were developed outside of the Agency's Project Area, only 527 units can be credited towards fulfilling the Agency's housing production requirements. Of the 527 unit credits, 189 are very low-income units and 338 are low/moderate-income units. Based on the housing production estimates for the next 10-year planning period, the Agency is expected to incur an obligation of 240 affordable dwelling units, including 96 very low-income units and 144 low/moderate-income units. Because the Agency has a deficit of 3 affordable units from its pre-1994 period and a surplus of 322 affordable units from the last Ten Year Plan period, the net surplus units will be credited towards future obligations. In addition, the Agency anticipates producing 1,177 new affordable units during the current Ten Year Plan period, as demonstrated in Table 5(b), page 10. At the end of the current plan period, the Agency's anticipated total affordable housing production surplus will be 1,097 units.

Estimated Housing Program Resources

The Agency's primary revenue source for its housing program is the annual 20% housing set-aside deposits. The Law requires that not less than twenty percent (20%) of all tax increment revenue allocated to the Agency must be used to increase, improve, and preserve the community's supply of housing available, at affordable housing cost, to persons and families of very low, low, and moderate incomes.

Entering into the 2004-2005 year, the cash balance in the Housing Fund is estimated at nearly \$3 million. As shown in Table 6 on the next page during the next five years the Agency projects revenue of nearly \$15 million, consisting of housing fund Tax Increment of just over \$12 million with the remaining from other resources. This forecast assumes the current assessed values in the Project Area will increase by 2.0% annually, without adding any other new construction assessments. Projections of Housing Fund expenditures are estimated to be near \$11.5 million that includes administrative costs, and new program, and project costs for the five-year period.

Extrapolating out the additional five years to 2009 and using the 2% annual increase for anticipated revenues, it is anticipated that the housing set-aside revenues will be approximately \$37 million for the ten-year period.

Table 6
Estimated Five Year
Housing Set-Aside Budget

	2004/05	2005/06	2006/07	2007/08	2008/09	5 Year Total
EST. BEGINNING CASH BALANCE	2,993,675	3,577,867	6,050,686	3,453,601	4,932,708	
REVENUE						
Total Tax Increment						
Tax Increment (20%)	2,134,991	2,435,890	2,484,608	2,534,300	2,584,986	12,174,776
SE Area Tax Increment (20%)						0
Interest	67,358	84,964	154,665	190,956	228,961	726,903
ERAF Repayment from 80%	0	731,000	0	0	0	731,000
Payment from Main-Pier	0	1,363,000	0	0	0	1,363,000
Total Revenue	2,202,348	4,614,855	2,639,273	2,725,256	2,813,947	14,995,680
EXPENSES						
Projects						
Property Tax Collection Charge	10,563	10,563	10,563	10,563	10,563	52,815
Rental Housing Acquisition	750,000	750,000	750,000	750,000	750,000	3,750,000
Collette's Children's Home	400,000	0	0	0	0	400,000
Ellis/Patterson	0	415,000	0	0	0	415,000
Oak View Rehab	280,000	280,000	280,000	280,000	280,000	1,400,000
Studios At Center			4,000,000	0		4,000,000
Repayment to Agency	0	500,000	0	0	0	500,000
Sub-Total	1,440,563	1,955,563	5,040,563	1,040,563	1,040,563	10,517,815
Operating Expenses						
Operating Expenses	177,593	186,473	195,796	205,586	215,865	981,313
Total Expenses	1,618,156	2,142,036	5,236,359	1,246,149	1,256,428	11,499,128
NET INCOME	584,192	2,472,819	2,597,086	1,479,107	1,557,519	3,496,552
EST. ENDING CASH BALANCE	3,577,867	6,050,686	3,453,601	4,932,708	6,490,226	

Potential Sites for Future Production Housing

Potential sites for affordable housing include property zoned for residential uses throughout the City. During the planning period, the Agency will work with private and nonprofit developers to find sites that are suitable for cost efficient development and rehabilitation of affordable housing.

Implementation Timeline

Table 7 below shows an estimated annual production timeline for the production and estimated costs of affordable dwelling units over the planning period. Because many programs are still in their formative stage, specific details of the type and number of units created are not yet certain.

**Table 7
Implementation Timeline
Affordable Housing Projects (2005-2009)**

Project	Agency Cost	Affordable Units Produced by Year																	
		2004-2005			2005-2006			2006-2007			2007-2008			2008-2009			Total		
		VL	L/M	Tot	VL	L/M	Tot	VL	L/M	Tot	VL	L/M	Tot	VL	L/M	Tot	VL	L/M	Tot
Beachview Villas SRO	\$0	24	30	53													24	30	53
Collette's Children's Home	\$400,000	2	0	2													2	0	2
Habitat for Humanity - Delaware	\$194,400	1	0	1													1	0	1
Ellis/Patterson	\$415,000				2	0	2										2	0	2
Pacific City Residential Studios at Center	\$0							39	39	78							39	39	78
	\$4,000,000							124	127	251							124	127	251
Oakview Rehabilitation	\$1,400,000	5	0	5	5	0	5	5	0	5	5	0	5	5	0	5	25	0	25
Citywide Acquisition/Rehabilitation	\$3,750,000	10	0	10	10	0	10	10	0	10	10	0	10	10	0	10	50	0	50
Housing Rehabilitation Loans	\$500,000	20	7	27	20	7	27	20	7	27	20	7	27	20	7	27	100	35	135
Total	\$10,659,400	62	37	98	37	7	44	198	173	371	35	7	42	35	7	42	367	231	597

City Housing Element Consistency

Because this Compliance Plan focuses on providing housing for lower income households who are generally the most difficult segment of the community for whom to provide housing, it is clearly consistent with the Housing Element's goal to provide housing for all economic groups within the City. Both this Compliance Plan and the Housing Element state there is a definite need to ensure an adequate supply of housing for the lower income segments of the City.

A major point of the goals, policies, and objectives of the Housing Element is to provide housing for all economic segments of the City, especially lower-income families. Because the major goal of this Compliance Plan is also to provide housing for these lower-income households, the proposed plans and programs for improving the supply of affordable housing in the City presented in this Compliance Plan are similar to plans and policies of the Housing Element. The Compliance Plan is therefore consistent with Housing Element.

Future housing programs proposed in this Compliance Plan are designed to compliment Housing Element objectives, including the provision of special needs housing and creation of housing in proportionally the same income categories as the City's RHNA needs.

Housing Unit Estimates Over the Duration of the Agency's Project Area (1982-2024)

Table 8(a), page 15, illustrates the Agency's anticipated affordable housing production obligations over the life of the Redevelopment Project Area (1982-2024). As required under California Redevelopment Law, any construction of new housing or substantial rehabilitation of existing housing that occurs within a redevelopment project area triggers an obligation of the Agency to create affordable housing, whether or not such housing was developed by the Agency. This table shows how the Huntington Beach Redevelopment Agency will fulfill its affordable housing production obligations over the duration of the Agency's Project Area.

Table 8(a), page 15, shows the number of housing units that have been built or substantially rehabilitated in the Agency's merged project area to date along with the number anticipated to be completed through the duration of the Project Area. California Redevelopment Law requires at least 15% of all housing units built or substantially rehabilitated in a project area to be affordable. This affordability requirement is higher for units developed directly by the Agency. Of these affordable units, 40% must be restricted to very low-income households, and 60% must be restricted to low/moderate-income households.

Over the life of the Agency's Project Area (1982-2024), a total of 2,690 units are anticipated to be constructed or substantially rehabilitated within the boundaries of the Project Area. Of these units, 164 will have been developed directly by the Agency. The affordable housing production requirement incurred by the Agency is anticipated to be 447 total units, of which 265 must be affordable for very low-income families and 176 for low/moderate-income families.

Table 8(b), page 16, shows the total number of affordable units anticipated to be developed over the life of the Project Area in order to meet the Agency's production obligations. The Agency currently projects that it will develop a total of 2,113 affordable units; however, because some projects will have been located outside of the Project Area, only 1,516 affordable units will be credited towards meeting the Agency's requirements. That Agency anticipates that there will be surplus units at each required affordability level. At the very low-income level, a surplus of 664 units is projected. At the low-income level, a surplus of 411 units is projected. A total surplus of 1,075 affordable units is projected over the life of the Agency's project area.

Table 8 (a)
Units Developed Inside Project Area (1982-2024)
Affordable Housing Production Requirement

		Substantial Rehabilitation	New Construction
<u>Agency Developed</u>			
1986	Emerald Cove Senior Apartments	-	164
Subtotal		-	164
<u>Non-Agency Developed</u>			
1994	OCCHC Keelson	4	-
1994	Shelter for the Homeless - Barton 1	4	-
1994	Shelter for the Homeless - Keelson	4	-
1996	OCCHC Koledo 1	10	-
1996	Pacific Park Villas	-	38
1997	OCCHC Koledo 2	8	-
1997	OCCHC Queens	8	-
2000	OCCHC Koledo 3	10	-
2000	OCCHC Koledo 4	10	-
2000	Plaza Almaria	-	42
2001	Interval House	6	-
2001	OCCHC Koledo 5	5	-
2002	Ash Street Condos	-	6
2002	Bowen Court	-	20
2002	Shelter for the Homeless - Barton 2	4	-
	Acquisition & Rehab	200	-
	Oakview Rehab	80	-
	Pacific City Residential	-	516
	Private Housing Production	-	1,182
	Private New Construction	-	20
	Sea Colony (Hyatt Residential)	-	78
	Sea Cove (Hyatt Residential)	-	106
	Studios at Center SRO	-	251
Subtotal		353	2,259
Total Units Developed Inside Project Area		353	2,337
Low/Mod-Income Production Requirement		32	233
Very Low-Income Production Requirement		21	155
Total Production Requirement (1982-2024)		53	388

Table 8 (b)
Affordable Units Developed (1982-2024)
Status of the Affordable Housing Production Requirement

		Income Credits	Income Credits	Total Credits	Total Units Produced
Inside Project Area					
1986	Emerald Cove Senior Apartments	164	-	164	164
1994	OCCHC Keelson	4	-	4	4
1994	Shelter for the Homeless - Barton 1	4	-	4	4
1994	Shelter for the Homeless - Keelson	4	-	4	4
1996	OCCHC Koledo 1	10	-	10	10
1996	Pacific Park Villas	-	25	25	25
1997	OCCHC Koledo 2	8	-	8	8
1997	OCCHC Queens	8	-	8	8
2000	OCCHC Koledo 3	10	-	10	10
2000	OCCHC Koledo 4	10	-	10	10
2001	Interval House	6	-	6	6
2001	OCCHC Koledo 5	5	-	5	5
2002	Ash Street Condos	-	6	6	6
2002	Bowen Court	20	-	20	20
2002	Shelter for the Homeless - Barton 2	4	-	4	4
	Future Acquisition & Rehab	100	100	200	200
	Future Oakview Rehab	80	-	80	80
	Pacific City Residential	39	39	78	78
	Private New Construction	8	12	20	20
	Studios at Center SRO	124	127	251	251
	Subtotal	608	309	917	917
Outside Project Area					
1993	Brisas Del Mar	-	22	22	44
1993	Five Points Senior Apartments	16	8	24	48
1994	OCCHC PSS	5	-	5	9
1996	Sea Air Apartments	-	18	18	36
1997	Habitat for Humanity - Ronald Rd.	2	-	2	3
1998	Huntington Village Senior Apartments	12	9	20	40
1998	Pacific Landing	-	3	3	5
1998	Greystone Keys	-	12	12	23
2000	Cape Ann	-	73	73	146
2000	Promenade	-	40	40	80
2001	Habitat for Humanity - Yorktown	2	-	2	3
2002	Bridges Apartments - Nichols	2	39	40	80
2003	Fountains Senior Apartments	28	13	40	80
2003	Huntington Pointe	11	42	52	104
2003	Scattered Inclusionary Units	-	2	2	3
2003	Sher Lane Apartments	11	22	33	66
2004	Hermosa Vista Apartments	13	31	44	88
2004	Main Place Apartments	14	-	14	27
2004	The Tides	-	6	6	12
	Beachview Villas SRO	24	30	53	106
	Collette's Children's Home	2	-	2	4
	Ellis/Patterson	2	-	2	3
	Habitat for Humanity - Delaware	1	-	1	1
	Huntington Gardens	93	-	93	185
	Subtotal	233	367	599	1,196
Total Affordable Units Developed		841	676	1,516	2,113
Production Housing Requirement		176	265	441	
Production Housing Surplus/Deficit (1982-2024)		664	411	1,075	