



## FIVE YEAR IMPLEMENTATION PLAN 2009-10 THROUGH 2013-14

### REDEVELOPMENT AGENCY OF THE CITY OF NORCO



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**FIVE YEAR  
IMPLEMENTATION PLAN  
FISCAL YEAR 2010 THROUGH 2014  
and  
CCRL SECTION 33413(b) (4) HOUSING COMPLIANCE PLAN  
  
NORCO REDEVELOPMENT PROJECT AREA**

*Prepared for the*



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*In Cooperation with the:*  
City of Norco Redevelopment Agency

February 16, 2010



# Five Year Implementation Plan FY 2010 through FY 2014 for the Norco Redevelopment Project Area Number One

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# Five Year Implementation Plan FY 2010 through FY 2014 for the Norco Redevelopment Project Area Number One

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## **PREFACE**

This Five-Year Implementation Plan (this “Implementation Plan”) was prepared by the Redevelopment Agency of the City of Norco (the “Agency”) pursuant to Section 33490 et seq. of California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the “CCRL”).

This Implementation Plan identifies potential Agency-related redevelopment programs and projects, and housing activities targeting low and moderate income households, for the Norco Redevelopment Project Area (the “Project,” or the “Project Area,” as appropriate) during the five-year period beginning in fiscal year 2009-10, and ending in fiscal year 2014-15.

This Implementation Plan is generally intended as a policy statement rather than a specific course of action. It identifies priorities for potential programs and projects, and demonstrates how such programs and projects will address essential near-term revitalization objectives for the Project Area. This Implementation Plan is not intended to restrict the Agency to the programs and projects identified herein, since conditions, values, expectations, resources, and the needs of the community may change during the term of this Implementation Plan.

It is important to emphasize that the Agency is a mature agency with many years of experience in implementing a broad range of redevelopment activities and programs. The preparation and adoption of an updated Implementation Plan does not mean that the Agency must undertake a sudden change in direction, set new goals, or discontinue on-going activities and programs. Accordingly, the emphasis of this Implementation Plan is on maintaining a continuity of actions and consistency with established policies while remaining cognizant of potential activities that may arise or become feasible during the five-year term of this Implementation Plan.

The Implementation Plan is presented in five sections plus an Executive Summary:

**Executive Summary:** This section summarizes the data analysis, findings and recommendations contained in the Implementation Plan.

- 1.0 Introduction:** This section includes definitions of the terms used in the Implementation Plan, an overview of redevelopment law as it applies to the Implementation Plan, the public participation process, and project area locations, boundaries, and maps.
- 2.0 Review of Agency Activities:** This section presents an historic overview of plan adoptions and chronology, a discussion of recent CCRL legislation and the Agency’s compliance, and a summary of historic goals, objectives, and accomplishments.
- 3.0 Community Development Implementation Program:** This section discusses the Agency’s plan to eliminate blight in the project area, presents the goals and objectives nexus to blight elimination, and projects revenues and expenditures for the Agency’s community development program.
- 4.0 Housing Compliance Plan and Implementation Program:** This section demonstrates the Agency’s compliance with inclusionary housing requirements and presents the housing programs and projects that the Agency anticipates

implementing over the next five years in the project area in correlation to projected revenues and expenditures.

- 5.0 *Plan Administration:*** This section describes the Implementation Plan process including a general description of financial resources that will be used to fund the housing and non-housing activities over the term of the Implementation Plan. This section also includes recommendations for future Agency action.

## **EXECUTIVE SUMMARY**

### **Introduction**

Assembly Bill 1290 (AB 1290), entitled the Community Redevelopment Law Reform Act of 1993, took effect on January 1, 1994, and added CCRL Section 33490 to the Health and Safety Code. Section 33490 mandates that each redevelopment agency adopt a five-year implementation plan commencing with the initial plan for projects adopted prior to January 1, 1994; to be adopted that calendar year. CCRL Section 33490(b) allows one implementation plan for more than one project area. The Agency adopted its first Implementation Plan on December 7, 1994 and its second implementation plan on December 15, 1999. The Preceding Implementation Plan was adopted on December 21, 2005 and updated in June 2009. For data collection purposes, this fourth Implementation Plan covers the period July 1, 2009 through June 30, 2014.

The 2010-2014 Implementation Plan, prepared pursuant to CCRL Sections 33490(a)(1) and 33413(b)(4), contains the following:

- Agency accomplishments during the Preceding Implementation Plan term;
- Agency goals, objectives, programs, and projects for the next five years;
- Estimated revenue and expenditures to enable implementation of Agency programs and projects;
- An explanation of how the Agency's goals and objectives, programs, and expenditures will eliminate blight within the project area;
- An Affordable Housing Production Plan that outlines how the Agency will meet its affordable housing obligations pursuant to CCRL requirements over the next five years; and
- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's 15% inclusionary housing requirements.

### **Agency's Community Development Accomplishments**

Since adoption of the Redevelopment Plan, the Agency has, both unilaterally and through participation in joint public/private partnerships, facilitated a number of successful projects and programs aimed at economic revitalization, blight reduction, and affordable housing production. Key accomplishments during the Preceding Implementation Plan period include:

#### **Financial/Administrative**

- **Plan Amendments:** The Agency adopted redevelopment plan amendments and ordinances for the Project Area in 2007-08 which extended plan effectiveness dates, extended dates for receiving tax increment and repaying debt, and eliminated the time limits for incurring debt.

### **Economic Development**

- **Industrial/Commercial:** Assisted in the development of several commercial and industrial projects including the Gateway to Horsetown Center, Parkridge Avenue, Norco Country Center, Hampton Inn, the office/retail complex at 2641 Hamner, and the completion of Lonesome Dove.
- **Business Development:** Assisted in the planning and promoting of existing and future business ventures such as the Citywide branding Program, Silverlakes Master Plan, Neil Snipes Park, and the reuse of certain Caltrans properties.
- **Façade Improvement:** Continued emphasis on improving commercial and retail building façades with significant projects at Ken's Sporting Goods and Stater Brothers.
- **Auto Mall:** Assisted in the development and retention of the Mitsubishi, Suzuki and Dodge/Mazda sites.

### **Public Improvements/Infrastructure**

- **Traffic Signals:** New traffic signal improvements at Hamner/Four Wheel (Auto Mall), Chaparral Center, and River Road/Second Street.
- **Old Town Improvements:** Street and roadway improvements including street lighting, pavement, irrigation, banner poles, etc. in the Old Town.
- **Right-of-Way:** Acquired right-of-way for street widening on Second Street and Hamner Avenue.
- **Other Infrastructure:** Street improvements at Sixth Street/Hamner and expansion of the Community Center parking lot.

### **Agency Blight Elimination**

The success of Agency programs and projects during the Implementation Plan term are largely dependent on the strength of the national, state, and regional economies. Tax increment revenue is estimated for purposes of this report as flat or modest growth rates. Additionally, the state of California has once again sought to balance its budget by taking local redevelopment funds. The first of two new Supplemental Educational Revenue Augmentation Fund (SERAF) takings occurred last May with the Norco Redevelopment Agency utilizing \$1.9 million from its General Redevelopment Fund and a \$3 million loan from its LMI Housing Fund (\$4.9 million total). Norco's 2010-11 payment of \$1 million is due by May 10, 2011 with one-half being proposed as a loan from the LMI Housing Fund.

The Agency's 2010-2014 Community Development Program to eliminate blight includes:

- Support for private sector development projects that leverage new industrial and commercial development leading to an increase in local employment;
- Implementation of economic development programs such as marketing, business retention, façade improvement, and professional assistance;
- Implementation of business retention and recruitment programs that promote new and expanded commercial and industrial growth;

- Through the leveraged use of fiscal resources, coordination of improvements to public infrastructure including streets, traffic signals, water, sewer, and storm drains;
- Consideration of development site incentives such as land acquisition, off-site improvements, and improvement assistance; and
- Pursuit of collaborative economic development partnerships with other public and private entities.

Anticipated projects during the next five years include the continuation of the Façade Improvement Program, an historic resources survey and the development of an Historic Preservation Strategic Plan, the development of a strategic marketing plan to promote Hamner Avenue and Sixth Street, miscellaneous land acquisition and assemblage to support new commercial and industrial development, additional street improvements and widening along Hamner Avenue and Sixth Street, storm drain improvements on Mountain Avenue, and funding for new/enhanced public facilities (Animal Control Facility, Wayne Makin Sports Complex, Ingalls Park, Community Center).

#### **Agency's Housing Compliance Programs**

The Agency has been very diligent in meeting both its inclusionary housing requirements and its regional housing allocation. Key components of the Agency's Housing Compliance Program include:

- **Emergency Grant Program** Emergency Grants are available to income-qualified applicants for specific emergency repairs.
- **Home Improvement Grant Program** Home Improvement Grants are available to income-qualified homeowners over age 62 for exterior and/or interior repairs and improvements costing up to \$10,000, or to income-qualified homeowners where the head of household or spouse is disabled.
- **Deferred Loan Program** The Deferred Loan Program is designed for exterior/interior repairs, and improvements that will cost more than the \$10,000 offered through the Home Improvement Grant. To qualify for Home Improvement Programs, applicants must fall within the moderate-income level established for the County of Riverside.
- **First Time Home Buyer Program** This down-payment assistance program is available to eligible moderate-income families or individuals seeking to purchase a home in Norco.
- **Infill Program** This assistance program is available to income-eligible families or individuals that qualify to purchase homes that are owned by the Redevelopment Agency. Homes are usually on lots of less than one-half acre and may be manufactured houses.
- **Sewer Loan Program** The Agency offers loans at either 3% or 5% interest (depending on income) to assist with the cost to install a lateral hook-up into the City's main sewer system.
- **SWAT (Sewer, Water and Trash Discount) Program** Income eligible seniors 62 or older and disabled individuals may receive assistance to reduce their monthly utility bills.

## **Conclusions and Recommendations**

To date, the Agency has pursued a number of housing and non-housing programs to achieve its goal of eliminating blight and promoting economic growth. However, the generally negative economic climate in the state of California has affected the Agency's revenue stream through reductions in tax increment growth which has further affected its ability to manage its resources. In addition, the Agency's \$4.9 million SERAF obligation has added to its cash flow difficulties. Based on the projections of anticipated tax increment revenue and Agency expenses through the end of fiscal year 2013-14, the general Redevelopment Fund will end the five-year planning period covered by this Implementation Plan with a balance of just \$82,753.

The Agency is projected to experience positive fund balances in its LMI Housing Fund during the next five years. Through its previous housing programs and projects, the Agency has been successful in meeting its inclusionary housing obligation in the Project Area. The Agency is projected to begin the 2010-14 planning period with an overall surplus of 19 inclusionary housing units which is made up of a 92-unit surplus of very-low units against a deficit of 73 low/moderate income units. The 158 new housing units that are anticipated to be built in the Project Areas during the next Implementation Plan period will generate an additional inclusionary housing obligation of 24 affordable units which are already accounted for by the Agency's surplus.

### **Recommended actions:**

1. Continue to assess Agency tax increment receipts and expenditures to maintain adequate annual cash flows.
2. Utilize \$500,000 from the Agency's LMI Housing Fund to help meet the \$1 million SERAF payment for fiscal year 2010-11.
3. To the extent that Project Area tax increment revenues increase beyond the levels projected in this Five-Year Implementation Plan, consider prefunding a portion of the payback of the loans from the LMI Housing Fund for the 2009-10 and 2010-11 SERAF payments.
4. Assess the Administrative Charges to the general Redevelopment Fund to ascertain potential for reallocating a greater share to the LMI Housing Fund.
5. Defer a portion of the budgeted 2010-11 Capital Improvement Program expenditures to fiscal years 2011-12 and 2013-14 to improve cash flow.
6. Monitor all previous bond issues to take advantage of opportunities to lower costs through refinancing and consolidation.

## **1.0 INTRODUCTION**

### **1.1 DEFINITIONS**

The following **bold** terms shall have the following meanings unless the context in which they are used clearly requires otherwise:

**"Agency"** means the Norco Redevelopment Agency.

**"Agency Board"** means the Board of Directors of the Agency. The members of the Agency Board are also the members of the City Council.

**"CCRL"** means the California Community Redevelopment Law, Section 33000 et seq. of the Health and Safety Code as currently drafted or as it may be amended from time to time.

**"City"** means the City of Norco.

**"ERAF"** means the Educational Revenue Augmentation Fund, which is the state property tax allocation system that shifts property taxes from local governments to local education agencies.

**"HCD"** means the Housing and Community Development Department of the State of California. HCD monitors the Agency's Housing Compliance Plan and LMI fund expenditures for compliance with State redevelopment law.

**"Implementation Plan"** means this 2010-14 Implementation Plan for the Norco Redevelopment Project covering the time period of July 1, 2009 through June 30, 2014.

**"LMI Housing Fund"** means the Low and Moderate Income Fund of the Agency established pursuant to CCRL Section 33334.3 as it presently exists and as it may be increased or decreased by future Agency actions.

**"Preceding Implementation Plan"** means the 2005-09 Implementation Plan covering the period July 1, 2005 through June 30, 2009.

**"SERAF"** means the two-year, \$5.9 million Supplemental Educational Revenue Augmentation Fund payment for fiscal years 2009-10 and 2010-11 which was authorized by the state of California in order to help balance the state budget.

**"Tax Increment"** means the funds allocated to the Agency from the Project Area pursuant to CCRL Section 33670.

**"Norco Redevelopment Project Area One"** means the areas included within the boundaries of the Redevelopment Project, as amended.

**"UFI"** means Urban Futures, Inc., redevelopment consultants, retained by the Agency to assist it in the development and adoption of the Implementation Plan.

## **1.2 OVERVIEW OF REDEVELOPMENT LAW AS IT APPLIES TO THE IMPLEMENTATION PLAN**

On February 2, 1980, the City Council of the City of Norco established the Norco Redevelopment Agency pursuant to Ordinance 434. The original 290-acre Project Area was adopted on July 15, 1981 and has been amended five times. The 1983 amendment added 5,400 acres to the project and the 1993 amendment added 13 acres. Some 720 acres were removed from the project in the 1985 amendment. The Project Area currently encompasses approximately 4,991 acres, or roughly 55% of the City.

On January 1, 1994, Assembly Bill 1290 (AB 1290), entitled the Community Redevelopment Law Reform Act of 1993, took effect and added CCRL Section 33490 to the Health and Safety Code. Section 33490 mandates that each agency adopt a five-year implementation plan commencing with the initial plan for projects adopted prior to January 1, 1994 to be adopted that calendar year. The Agency adopted its first Implementation Plan on December 7, 1994 and its second Implementation Plan on December 15, 1999. The Preceding Implementation Plan was adopted on December 21, 2005 and updated in June 2009. For data collection purposes, this fourth Implementation Plan covers the period July 1, 2009 through June 30, 2014.

CCRL Section 33490, among other things, requires an implementation plan to contain:

- Specific goals and objectives of the Agency for the project area(s) for the next five years;
- Specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years;
- An explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area(s);
- An explanation on how the Agency's goals, objectives and expenditures will implement its affordable housing obligations pursuant to CCRL requirements over the next five years;
- An explanation of how the LMI Housing Fund will be used annually over the term of the implementation plan, along with the amounts now available in the LMI Housing Fund, and projected deposits thereto. Also included shall be estimates of the number of units to be assisted in each of the five years;
- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's 15% inclusionary housing requirements, if applicable;
- An estimate of the number of units to be provided at the end of the Plan's effectiveness to meet the Agency's inclusionary housing requirements, if applicable;
- The number of qualifying very-low, low, and moderate income units that have been produced in the project area or outside the project area and

the number of additional units that will be required to meet the inclusionary housing requirements;

- The number of units that will be developed by the Agency, if any, including the number of units that will be available for very-low, low, and moderate income households; and
- The Project Area Affordable Housing Production Plan required by Health & Safety Code Section 33413 (b) (4).

Under current law, agencies that administer redevelopment project areas or portions of project areas established on or after January 1, 1976, have an obligation to ensure that specified percentages of new or substantially rehabilitated housing are available at affordable cost to very-low, low, and moderate income households. In addition, under Section 33413.5 of the CCRL, whenever dwelling units housing persons of very-low, low or moderate incomes are destroyed or removed from the affordable housing inventory as part of a redevelopment project, the Agency is required to replace those units with an equal number of units within four years after the units were removed. The replacement dwelling units must have an equal or greater number of bedrooms as those units destroyed or removed and all must be affordable to very-low, low or moderate income households. In the event that suitable land cannot be found within a project area to build the replacement housing, the CCRL permits an Agency to count affordable housing units outside a project area towards the Agency's requirements on a two-for-one basis; that is, two affordable housing units will count the same towards the Agency's inclusionary housing requirements as one unit created inside the project area. Affordable housing developed outside of a project area can be of direct benefit to the redevelopment projects by accomplishing project objectives regarding affordable housing thus redevelopment agencies adopt findings at the time of plan adoption that create this nexus for future implementation.

Implementation Plans also address a number of financial issues as they apply to affordable housing per Section 33334 of the CCRL. Of particular importance in regards to the Implementation Plan are the following:

- Section 33334.2: establishes Agency obligation to use 20% of its tax increment revenue to increase, improve and preserve the community's supply of very-low, low, and moderate income housing.
- Section 33334.4: provides that the amount of money that can be spent from the Agency's twenty percent tax increment set-aside for senior housing is limited to the same proportion that low income senior households bear to the number of low income households in the City of Norco.
- Section 33334.6: sets forth various requirements for management of the Low and Moderate Income (LMI) Housing Fund.

The financial section of the Plan must address the amount available in the LMI Housing Fund and the estimated amounts which will be deposited into the LMI Housing Fund during each of the next five years as well as estimates of the expenditures of monies from the LMI Housing Fund during each of the five years.

Historic information contained in this Implementation Plan (including data for the first year of this Plan, fiscal year 2009-10) is based on a review of Agency reports and budgets, the Preceding Implementation Plan, the Mid-term Update approved by the Agency in June 2009, and discussions with Agency staff. Information for fiscal year 2010-11 is based on the Agency's budget. Projections for fiscal years 2011-12, 2012-13, and 2013-14 are based upon discussions with Agency staff and UFI 's calculations and projections.

### **1.3 PUBLIC PARTICIPATION IN THE IMPLEMENTATION PLAN PROCESS**

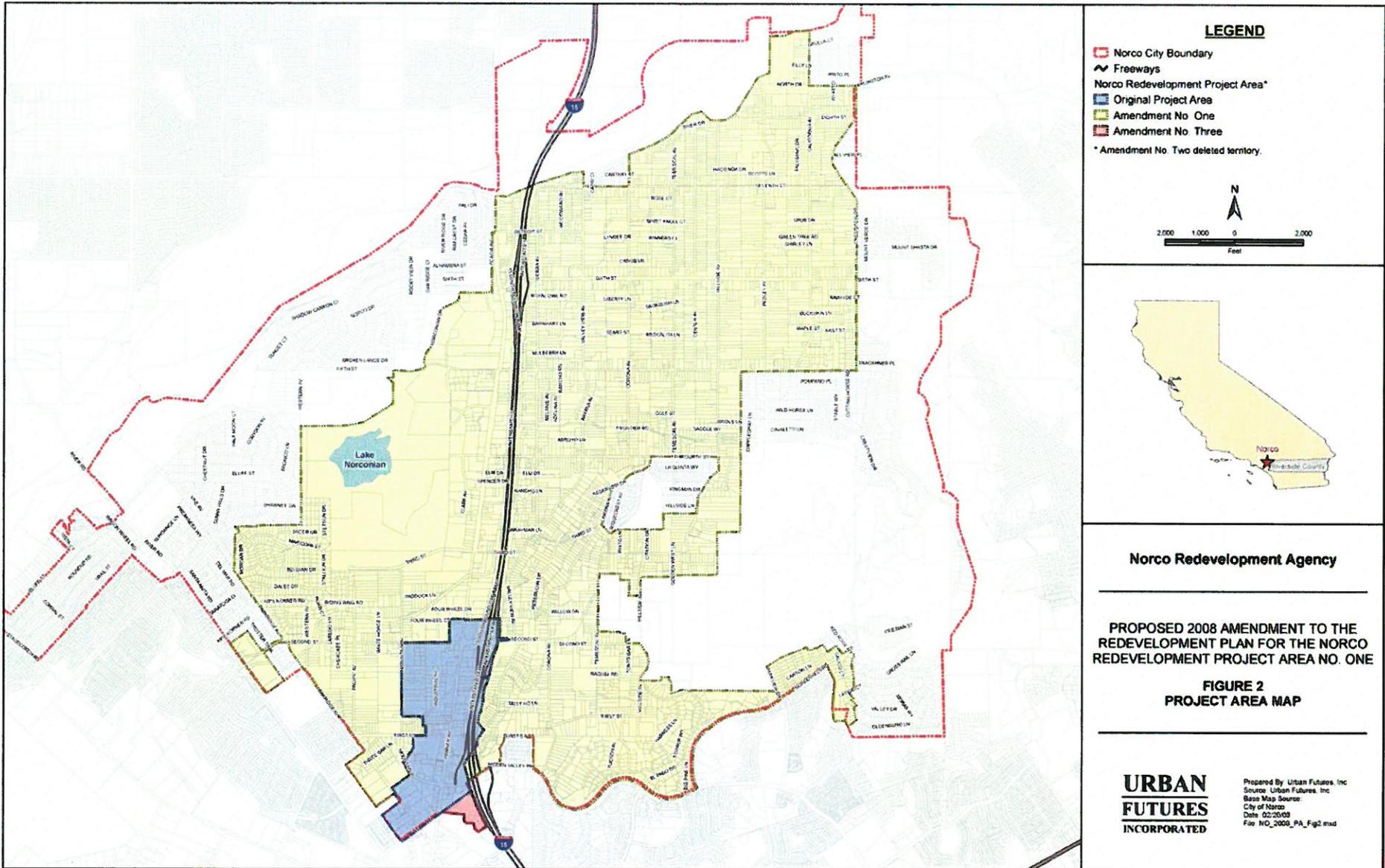
Pursuant to CCRL Section 33490, the adoption of an Implementation Plan must be preceded by a duly noticed public hearing. Notice of the public hearing was published in the local paper with a minimum three week notice and posted in four places in the Project Area not less than ten days prior to the public hearing.

In addition, CCRL Section 33490 (c) states that between two and three years after adoption of an implementation plan, an Agency must conduct a public hearing to review the redevelopment plan and implementation plan. The purpose of the mid-term review is to assess the extent to which an Agency's actual activities conform to the activities described in the preceding implementation plan. Therefore, the Agency will need to conduct a mid-term review of this Implementation Plan during 2011 or 2012.

### **1.4 PROJECT AREAS LOCATIONS AND BOUNDARIES**

The location and boundaries of the Norco Redevelopment Project Area One is shown in Figure 1.

Norco Redevelopment Project Areas  
Implementation Plan 2010-2014





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## 2.0 REVIEW OF AGENCY ACTIVITIES

### 2.1 HISTORICAL OVERVIEW

The City of Norco established its Redevelopment Agency for the primary purpose of eliminating blight and stimulating the City's economic base. Establishment of a redevelopment plan authorizes the collection of tax increment funds for the purpose of financing programs that eliminate physical blight and to establish a Low- and Moderate-Income Housing Fund that finances affordable housing production. Table 1 shows the history of the Agency, the Plans (along with those amendments where territory was added), and certain time limits associated with the Plans.

	<b>Original Project Area One</b> <small>(See Notes 1, 2, 3)</small>	<b>1983 Amend. 1 Area</b> <small>(See Notes 1, 2, 3)</small>	<b>1993 Amend. 3 Area</b> <small>(See Notes 1, 3)</small>
<b>Plan Adoption</b>			
Date of Adoption	7/15/1981	11/16/1983	12/1/1993
Ordinance Number	458	502	683
Number of Years Plan is Effective	33	33	31
Project Area Size (Acres)	290	5,400	13
<b>Time Limits</b>			
For Commencement of Eminent Domain	Expired		
For Incurring Debt	Eliminated		
For Effectiveness of Plan	7/15/2024	11/16/2026	12/1/2034
For Repayment of Indebtedness	7/15/2034	11/16/2036	12/1/2044
<b>Financial Limits</b>			
Maximum Lifetime Tax Increment	Combined \$750,000,000		
Maximum Bonded Debt	Combined \$375,000,000		
<small>(1) Plan effectiveness and time limit for repaying debt extended by one year per Ord. 841 on Feb. 2, 2006 (SB 1045)                      (2) Plan effectiveness and time limit for repaying debt extended by two years per Ord. 921 on April 7, 2010 (SB 1096)                      (3) Limits on incurring debt eliminated per Ordinance 827 on October 20, 2004 (SB 211)</small>			

### 2.2 STATE LEGISLATION

Subsequent to the preparation of the Preceding Implementation Plan cycle (i.e., 2005-09), several legislative measures affecting redevelopment plans were enacted. These new laws are briefly described below.

#### REQUIRED ACTION:

**SB 53** - Senate Bill 53 requires all redevelopment agencies with a redevelopment plan adopted prior to December 31, 2006 to adopt an ordinance setting forth the agency's authority to use eminent domain and its program for eminent domain activities, even if it no longer has the authority under its redevelopment plan.

Status of Agency Compliance: The Agency complied with SB 53 with the adoption of its eminent domain ordinance on June 6, 2001.

**SB 1809** - Senate Bill 1809 requires that all new and existing redevelopment plans authorize the agency to acquire property by eminent domain to record a statement with the county recorder which contains the following:

- The project area description; and
- A prominent heading in boldface type noting that the property that is the subject of the statement is located within a redevelopment project area; and
- A general description of the provisions of the redevelopment plan that authorize the use of eminent domain by the agency; and
- A general description of any limitation on the use of eminent domain contained in the redevelopment plan and the time limit required by CCRL Section 33333.2.

Status of Agency Compliance: Since Agency does not have eminent domain authority, staff is researching compliance.

**AB 987** - Assembly Bill 987 requires all redevelopment agencies to create, maintain, and make available to the public on the Internet an affordable housing database that describes existing and substantially rehabilitated housing units that were developed or otherwise assisted with Low and Moderate Income Housing Funds including inclusionary and replacement housing units. The database must be updated annually and include the following data:

1. The address and parcel number of the property;
2. The number of units with number of bedrooms per unit;
3. The year of construction completion;
4. The date the affordability covenant or restriction was recorded;
5. The document number of the recording;
6. The expiration date of the covenant or restriction; and
7. The date and document number of any covenants or notices that may be recorded when an ownership unit is sold.

Status of Agency Compliance: The Agency has complied with AB 987.

**AB 1389** - Assembly Bill 1389 requires all redevelopment agencies to submit to the county auditor on or before October 1, 2008, the statutory pass-through payments made by the agency pursuant to Health and Safety Code sections 33607.5 through 33607.7 between July 1, 2003 and June 30, 2008. If concurrence is not achieved between the agency and the county auditor by February 9, 2009 on the amounts that are owed to local educational agencies, the agency may, after a specified procedure, be subject to severe restrictions on its activities, including a prohibition on encumbering funds, incurring new debt, adding or expanding a project area, or be required to reduce its monthly administrative costs.

Status of Agency Compliance: The Agency has complied with the provisions of AB 1389.

**DISCRETIONARY OPPORTUNITIES:**

**SB 211** - Senate Bill 211 states that redevelopment agencies may repeal the timeline for incurring debt on redevelopment plans adopted prior to January 1, 1994 without complying with normal amendment procedures. It also allows for the extension of the time limits for plan expiration and for receiving tax increment revenues up to ten (10) additional years if the agency can make the following findings:

1. Significant blight remains;
2. The local Housing Element is certified;
3. There are no major redevelopment violations; and
4. The agency is not in a state of "Excess Surplus" with its LMI Housing fund.

Agencies that choose to adopt a ordinance authorizing the SB 211 provisions, would also be required to pay statutory pass-through payments to all affected tax entities that that currently do not have contractual fiscal agreements.

Status of Agency Compliance: The Agency repealed the time limits for incurring dept with the adoption of Ordinance 827 on October 20, 2004.

**SB 1045** - Senate Bill 1045 authorizes redevelopment agencies that made ERAF payments in fiscal year 2003-2004 to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan and the agency's ability to collect tax increment by one (1) year. Modifications to statutory pass-through payments are not triggered by the bill.

Status of Agency Compliance: The Agency extended its plan effectiveness dates with the adoption of Ordinance 841 on January 1, 2006 for the Original Norco project Area One and the two Amendment Areas.

**SB 1096** - Senate Bill 1096 required every redevelopment agency to make an ERAF payment to the county auditor for two (2) consecutive fiscal years, 2004-2005 and 2005-2006. Recognizing that ERAF payments are a financial burden on redevelopment agencies, SB 1096 authorizes agencies to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan by one (1) year for each year of the ERAF payments. The extension can be made if the

existing time limit has no more than ten (10) years remaining with no other requirements, or if the existing time limit is between ten (10) years and twenty (20) years provided that the agency can make the following findings:

1. Agency is in compliance with Housing Fund requirements;
2. Agency has an adopted Implementation Plan;
3. Agency is in compliance with applicable replacement housing production requirements; and
4. Agency is not subject to sanctions for LMI Housing Fund excess surplus.

Status of Agency Compliance: The Agency extended its plan effectiveness dates with the adoption of Ordinance 921 on April 7, 2010 for the Original Norco Project Area One and the First Amendment Area.

### 2.3 GOALS AND OBJECTIVES NEXUS TO BLIGHT ELIMINATION

CCRL Section 33490(a)(1)(A) requires that each implementation plan contain an "...explanation of how the goals and objectives...will eliminate blight within the project area...". Although the current definition of blight for consistency with state law has changed since the preparation of the Preceding Implementation Plan, the physical and economic conditions addressed by the previous plan remain accurate (see Table 2).

Table 2 Statutory Blight Definition	
<b>Physical Blight: CCRL Section 33031(a)</b>	
•	Unsafe buildings
•	Sub-standard, defective or obsolete design or construction
•	Incompatible land uses
•	Irregular and inadequate lots under multiple ownership
<b>Economic Blight: CCRL Section 33031(b)</b>	
•	Depreciated or stagnant property values
•	Abnormally high business vacancies, low lease rates, or high number of abandoned buildings
•	Serious lack of commercial facilities
•	Serious residential overcrowding
•	High crime rate
<b>Public Infrastructure: CCRL 33030(C)</b>	
•	Inadequate public improvements
•	Inadequate water or sewer facilities

### 2.4 SUMMARY OF HISTORIC IMPLEMENTATION PLAN GOALS AND OBJECTIVES

Redevelopment plans are long-term documents and, accordingly, include generalized goals and objectives over the term of their effectiveness. The purpose and objective of the Norco Redevelopment Plan and the Amendments was to reverse conditions of blight and economic decline in the Project Area.

As described above, implementation plans span a period of five years; consequently, the goals and objectives set forth in these "short-term" implementation plans are more specific and are intended to be modified over time as they are met and/or events require their modification. The goals contained in the Preceding Implementation Plan are as follows:

#### **2.4.1 2005-09 Implementation Plan Goals**

In order to address and mitigate blight conditions in the Project Area, the Preceding Implementation Plan included three key goals along with specific objectives:

##### Goal 1: Encourage Economic Development

- Objectives:
- 1.1 Land acquisition for lot assemblage and widening of Hamner Avenue
  - 1.2 Various development incentives for future enterprises
  - 1.3 Relocation assistance as needed for local businesses and residents
  - 1.4 Banner and pole improvements along Sixth Street
  - 1.5 Improvements to the Sixth Street irrigation system
  - 1.6 Commercial façade improvements
  - 1.7 Replacement assistance for non-conforming signs

##### Goal 2 A: Improve Public Infrastructure (Circulation)

- Objectives:
- 2.1 Valley View Avenue right-of-way acquisition
  - 2.2 Second Street right-of-way acquisition
  - 2.3 Participation in Hamner Avenue widening
  - 2.4 Assistance with improvements to Mountain Avenue between First and Second Streets

##### Goal 2 B: Improve Public Infrastructure (Public Facilities)

- Objectives:
- 2.5 Financial assistance for improvements to Ingalls Park
  - 2.6 Capital facilities assistance for the animal control facility

##### Goal 3: Provide for Quality Housing in the Community

- Objective:
- 3.1 Affordable housing programs planning and implementation to increase, preserve and improve the community's housing supply.

## **2.5 DESCRIPTION OF HOW THE AGENCY HAS IMPLEMENTED THE GOALS OF THE PRECEDING IMPLEMENTATION PLAN**

To accomplish its goals, the Agency has worked diligently with community leaders, private sector businesses, and other governmental agencies. The economic downturn that began in late 2006 negatively impacted the Agency's ability to execute its economic

development program. Nonetheless, the Agency continued to actively promote its economic development programs.

Key achievements during the Preceding Implementation Plan time period (2005-2009) are highlighted in Table 3. This table also illustrates how the various programs and activities relate to the Agency's stated goals and how they address the conditions of blight in the Project Area as defined by statute (i.e., physical blight, economic blight, and lack of capital improvements/public infrastructure).

Table 3 Achievement of Agency Goals and Objectives (2005 – 2009)		
GOAL SATISFACTION a – Economic Development b – Infrastructure/Public Improvements	BLIGHT CONDITIONS ADDRESSED A – Physical Blight B – Economic Blight C – Public Infrastructure	
	Goal Satisfaction	Blight Condition
Programs/Projects		
Funded Western style street lights for "Old Town" Norco & installed pavers in the horse trails to cover excavated driveways in "Old Town" on Sixth Street	b	C
Funded new irrigation system for "Old Town" Norco	b	C
Designed new traffic signal at Hamner Ave. & Four Wheel Dr. in the Norco Auto Mall	b	C
Constructed traffic signals at Chaparral Center and Fifth St./Hamner Avenue	b	C
Installed Banner poles in "Old Town" Norco	b	C
Implemented "branding" campaign for Norco's Economic Development program including development of a marketing brochure, trade show booth, advertising campaign, design of entry and monument signage/ initiated same campaign for Norco Horsetown USA	a	B
Commenced negotiations with Caltrans on relocation of a materials testing site and Park & Ride facility	a	A
Continue planning development of the Silverlakes Master Plan/entered into Lease Agreement with Belstarr Sports Management	a, b	B, C
Approved an Owner Participation Agreement for a Suzuki dealership at Auto Mall Site Nine	a	B
Installation of traffic signal equipment related to the street improvements at River Rd. & Second Street	b	C
Received development approvals for Gateway to Horsetown shopping center in connection with funding agreement for street right-of-way acquisition for future cul-de-sac	a	B
Reimbursed developer per right-of-way agreement for completion of Lonesome Dove (formerly called Valley View extension)	a, b	C
Issued an RFQ/P to facilitate the sale or lease of 122 acres known as the Silverlakes property for development of an equestrian/soccer park/camping/riding stables/trail riding facility	a, b	A, B, C
Initiated the planning process to develop a new multi-use public facility on Neil Snipes Park with uses including a branch library, conference center, teen center, and commercial uses along Hamner Avenue	a, b	C

Table 3 Achievement of Agency Goals and Objectives (2005 – 2009)		
GOAL SATISFACTION a – Economic Development b – Infrastructure/Public Improvements	BLIGHT CONDITIONS ADDRESSED A – Physical Blight B – Economic Blight C – Public Infrastructure	
Programs/Projects	Goal Satisfaction	Blight Condition
In partnership with Caltrans, facilitated procurement of a developer to purchase a 16.2-acre site located at Fourth St. & Hamner Ave. for retail/mixed use	a	B
Implemented a business Façade Improvement Program	a	A, B
Implemented the 2008 Plan Amendment to increase the plan's financial limits	a, b	A, B, C
Installed street lights in "Old Town" on Sixth Street	b	C
Completed façade improvements for Ken's Sporting Goods	a	A, B
Acquired right-of-way on Second St. for the Second St. widening project	b	C
Acquired right-of-way on Hamner Ave. for the Hamner Ave. widening project	b	C
Completed development of a new industrial park project at 680-698 Parkridge Avenue	a	B
Completed 28,100 sf project within Norco Country Center at 940 Sixth Street	a	B
Construction completed on a 83-room Hampton Inn	a	B
Developed a 20,160 sf retail/office complex at 2641 Hamner Avenue, a 25,888 sf retail/office complex at 2741 Hamner Avenue, and a 17,644 sf retail/office complex at 2743 Hamner Avenue	a	B
Completion of Stater Bros. façade improvements	a	A, B
Bid award for traffic signal improvements at Second Street & River Road	b	C
Acquisition of 1.63-acre site on Norco Auto Mall Dr. for future expansion of Mitsubishi dealership	a	B
Approval of Line of Credit Agreements with Frahm Dodge & Norco Mazda	a	B
Sixth Street/Hamner Ave. Intersection Improvements	b	C
1.38-acre Parking Lot expansion at Norco Community Center	b	C

As shown above, the Agency has focused on goals and objectives as set forth in the 2005-2009 Implementation Plan which relates directly to the provision, improvement, and rehabilitation of public infrastructure to lessen conditions of blight and to improve the overall economic and physical condition of the Project Area. However, while the Agency has spent substantial numbers of dollars on blight remediation, the projects identified above have not been able to fully ameliorate the conditions of blight described in CCRL Sections 33031(a), 33031(b), and 33030(c) and conditions of blight continue to detract from more positive aspects of the Project Area. Available Agency resources will continue to play an integral role in the City's ability to remedy negative physical and economic conditions still affecting the Project Area.



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### 3.0 COMMUNITY DEVELOPMENT IMPLEMENTATION PLAN

#### 3.1 GOALS AND OBJECTIVES: FISCAL YEARS 2010 - 2014

CCRL Section 33490(a)(1)(A) states that an implementation plan shall contain an Agency's specific goals and objectives for the project area(s). These goals and objectives are divided into two distinct categories: programs related to the provision or replacement of affordable housing, and all other non-housing programs that the Agency may pursue under the adopted redevelopment plan. This chapter focuses specifically on the Agency's potential non-housing activities during the ensuing five-year period. The chapter will describe specific projects and expenditures and explain how said projects and expenditures will address conditions of blight in the Project Area. Potential housing activities are discussed in Chapter 4.

During the five-year period covered by this Implementation Plan, the Agency will pursue the following goals and objectives:

Objectives Key	Objectives
<i>GOAL NO. 1: Physical Blight - Enhance the physical and visual environment by: (1) promoting high quality economic development projects and the use of development standards that may exceed those required by City codes; (2) assisting local businesses in the repair and maintenance of commercial properties, and (3) developing programs to preserve and rehabilitate aging and historic properties.</i>	
1.1	Continue to review development proposals to ensure quality and consistency with Redevelopment Plan goals.
1.2	Require that property maintenance and land use controls are incorporated into development agreements to ensure adequate long-term maintenance of projects throughout the Project Areas.
1.3	Consistent with state, federal and local laws, encourage and facilitate repairs to buildings and structures to meet building code standards for seismic safety, including green building initiative
1.4	Consistent with state, federal and local laws, encourage and facilitate the preservation of historic resources within the Project Area

Objectives Key	Objectives
<i>GOAL NO. 2: Economic Development - Maintain the City's economic base by encouraging new investment by local business; work to attract new businesses that preserve/expand the job base and otherwise promote new investments through the implementation of economic development programs.</i>	
2.1	Collaborate with the private sector to attract new, desirable commercial and retail venues to the Project Area.
2.2	Consistent with State law, provide assistance and/or support to Redevelopment Project Area owners and tenants desiring to remain or relocate within the Project Areas.
2.3	Encourage the use of vacant parcels and revitalize older developments to achieve the best economic return.

Objectives Key	Objectives
<i>GOAL NO. 3: Public Infrastructure - Contribute to the elimination of physical and visual blight in the Project Area by providing and improving public infrastructure and facilities.</i>	
3.1	Support efforts to enhance Hamner Avenue properties through revitalization programs funded by federal, state, and local government loans and grants and private investment.
3.2	As required, develop, improve and upgrade public facilities and infrastructure, including buildings, structures, facilities, parking or other improvements, utilities, sewers, drainage facilities and streets.

### 3.2 ECONOMIC AND COMMUNITY DEVELOPMENT PROJECTS AND PROGRAMS

Expectations for the successful completion of economic development projects and programs during the next five years are cautionary due to the current recessionary economic climate and financial crisis that the nation is experiencing. Tax increment is dependent upon the taxable value of land or improvements in the Project Area. It is anticipated that revenue flows may diminish or not increase at the previous rate due to events not controlled by the Agency.

At this time, the Agency's fiscal condition is conducive only to a limited number of discretionary projects and programs. For the next five years, the Agency will have to occupy itself with meeting obligations tied to servicing bonded debt, making required pass-through payments to other taxing entities, and allocating resources to the LMI Fund for affordable housing. In addition, the Agency will utilize its tax increment revenue to pay for its annual administrative costs. Agency staff will closely monitor the status of available tax increment revenue and will make specific proposals for new programs and projects as available resources are identified

While many of the following programs and projects that are being contemplated for 2010-14 are carried over from the Preceding Implementation Plan, others reflect newly identified needs and opportunities.

#### ***Proposed Programs and Projects – Blight Elimination***

- **Auto Mall Improvements Phases:** Explore revitalization of Norco Auto Mall by facilitating potential expansion and/or improvement.
- **Façade Improvement:** Continue to offer assistance to local businesses through a Façade Improvement Program.
- **Historic Preservation:** In conjunction with the Norco Historic Preservation Commission, develop a Norconian Preservation Strategic Plan and obtain a certified Local Government grant for a Citywide historic resources survey.

#### ***Proposed Programs and Projects – Economic Development***

- **Hamner Corridor:** Promote and facilitate commercial development along Hamner Avenue.

- **Commercial Marketing:** Develop a strategic plan for marketing and promoting Hamner Avenue and Sixth Street.
- **Community Marketing:** Continue to implement a “branding campaign” for Norco, Horsetown USA.
- **Land Assemblage:** Consider land acquisition/assemblage on a case-by-case basis to create development opportunities.

***Proposed Programs and Projects – Public Infrastructure***

- **Street Improvements:** Provide funding for the acquisition of Second Street right-of-way and street widening. Also, provide funding for the widening of the east side of Hamner Avenue.
- **Storm Drain Improvements:** Provide funding for new storm drain improvements on Mountain Avenue between first and Second Streets.
- **Community Facilities:** Provide funding for a new Animal Control Facility, lighting improvements at Wayne Makin Sports Complex, expansion of the Community Center parking lot, and various improvements at Ingalls Park.
- **Community Development:** Provide funding for entry monuments and wayfinding signs.

Table 4 shows the relationship of the Agency's specific five-year work program to its objectives and to the eradication of remaining blight, as defined in CCRL Sections 33030 and 33031 for the Project Area.

Table 4  
Goals Nexus to Blight Elimination

Program/Project	Satisfies Objective Number <sup>1</sup>	Satisfies Blight Condition: A – Physical Blight B – Economic Blight C – Public Infrastructure
Façade Improvement Program	1.2, 1.3	A
Historic Preservation	1.4	A
Auto Mall Improvements	1.2, 2.1, 2.3	A, B
Hamner Corridor	2.1	B
Commercial Marketing	2.1	B
Community Marketing	2.1	B
Land Assemblage	2.1, 2.2, 2.3	B
Street Improvements	3.1, 3.2	C
Storm Drain Improvements	3.2	C
Community Facilities	3.2	C
Community Development	2.1, 3.2	B, C
<sup>1</sup> Refer to Section 3.1 <sup>2</sup> Refer to Section 3.3		

### 3.4 PROGRAM AMENDMENTS

The Agency has identified the projects and programs shown herein as the most probable implementation activities for the term of this Implementation Plan. Since other public and private projects, not foreseen today, may be deemed feasible and preferential in eliminating blight, it may be necessary from time to time for the Agency to make changes to programs and activities.

Whether or not listed herein, specific projects and programs may be constructed or funded by the Agency during the period covered by this Implementation Plan, if the Agency finds that:

1. The goals and objectives of the Redevelopment Plan are furthered;
2. Specific conditions of physical or economic blight within the Project Area will be mitigated in whole or in part through implementation of the project; and
3. Specific conditions relative to a development project, including the financial feasibility thereof, require that the public improvement project be constructed at the time in question.

### 3.5 PROJECTED AGENCY GENERAL REDEVELOPMENT FUND INCOME AND EXPENDITURES

The Agency has identified several major sources of funds for the programs and activities planned over the next five years. These funding sources may include, but are not limited to:

- Sale of tax allocation bonds supported by tax increment revenues from the project area.
- Tax increment revenues over and above the amounts required to cover debt service on the tax allocation bands, payments to taxing agencies such as the County of Riverside, and deposits in the LMI Housing Fund.
- Community Development Block Grant (CDBG) funds, which are only to be used to provide community facilities, services, and residential rehabilitation programs in low and moderate income areas.
- Other Federal and State grants and loan programs.

Although the Agency is continuing to aggressively implement its community development and economic development goals, the success of its programs and projects is largely dependent upon the strength of the national, state, and regional economies. Tax increment revenue in the Project Area is projected to remain flat for fiscal years 2010-11 and 2011-12 with minimal growth (1% to 2%) in the following fiscal years.

In July 2009, the State legislature again voted to balance the State budget with the taking of redevelopment funds. The adopted State budget added a Supplemental Educational Revenue Augmentation Fund (SERAF) payment of \$1.7 billion statewide in 2009-10 and re-instated the \$350 million for payment in 2010-11. The first of the SERAF takings occurred last May with the Norco Redevelopment Agency paying \$4.9 million (\$3 million of which was a loan from the Agency's LMI Housing Fund). Norco's 2010-11 payment of \$1 million is due by May 10, 2011 with one-half being loaned again from the LMI Housing Fund.

The Projected Income and Expenditure Table (Table 5) summarize the anticipated revenues and expenditures for the Norco Redevelopment Project Area through fiscal year 2013-14. These numbers are not to be used for bonding purposes; they are solely intended to reflect general trends and assumptions.

The following summarizes some of the key assumptions and observations regarding the figures shown in Table 5:

- **Fiscal Condition** – Based on current projections of tax increment revenues and budgeted expenses, the Norco Redevelopment Project Area will continue to experience positive fund balances through fiscal year 2013-14. However, these balances will be reduced by annual shortfalls of expenditures over revenues. The anticipated balance at June 30, 2014 is \$82,753. The Agency's SERAF obligation is a major cause of this diminishing balance.

The \$82,753 closing fund balance projected for the end of the Implementation Plan period indicates that the Agency will likely experience a significant shortfall during the first year of the next Implementation Plan period (fiscal year 2014-15). The cash flow issues to be addressed at that point will be exacerbated by the required \$3 million repayment of the 2009-10 SERAF loan from the LMI Housing Fund.

- **SERAF** – As previously noted, the state-mandated SERAF shift for the Norco Redevelopment Agency in 2009-10 was \$4.9 million with another \$1 million in 2010-11 for a two-year total of over \$5.9 million. These shifts have been programmed into the cash flow analysis for the Norco Redevelopment Project and are reflected in Table 5. In 2009-10, the Agency borrowed \$3 million from the LMI Fund in order to help make its SERAF payment. Pursuant to CRA Resolution No. 2010-14, this loan is to be repaid on or before June 30, 2015.

The cash flow analysis depicted in Table 5 also anticipates that one-half of the Agency's \$1 million SERAF obligation for the current fiscal year will be met with loan proceeds from the LMI Housing Fund. The funds will need to be repaid on or before June 30, 2016.

- **Capital Projects** – The Agency's budget for fiscal year 2010-11 reflects some \$7.2 million in Agency-funded Capital Projects. In order to better manage the Agency's cash flow for the next four years, the proposed Implementation Plan suggests that approximately \$2.6 million of this be deferred to next fiscal year and another \$100,000 be deferred to fiscal year 2013-14. This will also have the effect of generating additional interest income.
- **RDA Administration** – The proposed Implementation Plan provides for \$1.1 million annually for Agency administration. No growth in these transfers is being proposed.

Norco Redevelopment Project Areas  
Implementation Plan 2010-2014

Table 5  
General Redevelopment Fund  
Projected Revenues and Expenditures

Fund Activity	Fiscal Year					Totals
	2009-10	2010-11	2011-12	2012-13	2013-14	
Yearly Beginning Balances <sup>(1)</sup>	23,857,405	15,823,813	8,703,480	4,148,122	2,141,709	23,857,405
<b>Revenues</b>						
A. Tax Increment <sup>(2)</sup>	14,623,704	13,739,148	13,739,148	13,902,624	14,232,846	70,237,469
B. Agency's Share of Excess CNUSD <sup>(3)</sup>	297,855	259,494	296,770	336,829	377,374	1,568,322
C. Interest Income <sup>(4)</sup>	438,220	290,657	159,868	76,194	39,340	1,004,278
D. Bond/Note Proceeds <sup>(5)</sup>	89,490	0	0	0	0	89,490
E. Rental Income <sup>(6)</sup>	4,703	0	0	0	0	4,703
F. Transfer in for School Bonds Debt Service <sup>(7)</sup>	1,966,346	2,054,386	2,057,441	2,053,929	2,053,174	10,185,276
G. Other Income <sup>(8)</sup>	485,852	85,000	85,000	85,000	85,000	825,852
H. Transfer In From LMI (SERAF Loan) <sup>(9)</sup>	3,000,000	500,000	0	0	0	3,500,000
Total Revenues	20,906,170	16,928,684	16,338,227	16,454,576	16,787,734	87,415,390
Total Available	44,763,575	32,752,497	25,041,706	20,602,698	18,929,443	111,272,795
<b>Expenditures/Uses</b>						
A. LMI Housing Fund Set-Aside <sup>(10)</sup>	2,924,741	2,747,830	2,747,830	2,780,525	2,846,569	14,047,494
B. RDA Administration	1,096,752	1,096,752	1,096,752	1,096,752	1,096,752	5,483,759
C. Professional Services	837,695	400,000	300,000	300,000	300,000	2,137,695
D. CRA Programs	45,723	300,000	100,000	100,000	100,000	645,723
E. CIP Redevelopment Fund <sup>(11)</sup>	4,872,955	4,650,207	2,578,000	0	100,000	12,201,162
F. Bond Debt Service <sup>(12)</sup>	6,124,293	5,853,056	6,173,842	6,171,059	6,167,014	30,489,264
G. Pass-Throughs	8,132,776	7,997,716	7,897,161	8,012,654	8,236,356	40,276,662
H. SERAF Payment	4,904,827	1,003,457	0	0	0	5,908,284
	28,939,762	24,049,017	20,893,584	18,460,989	18,846,690	111,190,043
Revenues in Excess of Expenditures	(8,033,592)	(7,120,333)	(4,555,357)	(2,006,413)	(2,058,956)	82,753
Other Financing Sources/Uses						0
Prior Period Adjustments						0
<b>Yearly Ending Balances</b>	<b>15,823,813</b>	<b>8,703,480</b>	<b>4,148,122</b>	<b>2,141,709</b>	<b>82,753</b>	

(1) Est. beginning working capital balance taken from FY 2008-09 Financial Statements ending capital balance. Excludes cash held with fiscal agent for debt service and reserve fund balances.

(2) 2009-10 from RDA actual receipts. Projected tax increment forecasted by Urban Futures, Inc.

(3) Agency's share of excess CNUSD pass-through funds after payment of school pass-through bonds debt service.

(4) Estimated interest earnings for 2010-11 through 2013-14 based on actual interest earnings from 2009-10.

(5) From the issuance of the 2010 Refunding Tax Allocation Bonds.

(6) Consists of "Residential Rental" revenues.

(7) Transfer in from Corona Norco Unified School District to pay debt service for 2001, 2004 and 2009 Pass-Through Tax Allocation Bonds.

(8) Includes loan payments and reimbursements.

(9) A five year interest free loan due and payable on June 30, 2015.

(10) Constitutes 20% of Gross Tax Increment.

(11) Taken from 2011-2015 Five-Year Capital Improvement Program Redevelopment Projects Fund Uses.

(12) Includes the General Redevelopment Fund's 80% share of debt service on the Agency's outstanding 2001, 2003, 2005 & 2010 Tax Allocation Bonds. Also includes all debt service for School District Pass-Through Bonds 2001, 2004, 2009.



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## **4.0 HOUSING COMPLIANCE PLAN**

CCRL Section 33413(b)(4) requires each redevelopment agency to adopt a compliance plan as part of the implementation plan required by CCRL Section 33490 indicating how the agency will comply with the requirements set forth in CCRL Section 33413(b). This section of the Implementation Plan complies with this requirement and is the Agency's Housing Compliance Plan. It describes how the Agency intends to expend monies in the LMI Housing Fund consistent with the provisions of CCRL Section 33334.4 as amended by Assembly Bill 637 and made effective on January 1, 2002 and Senate Bill 701 (Torlakson) effective January 1, 2003. These bills clarified and added housing compliance plan requirements. Since a redevelopment agency may expend funds from its LMI Housing Fund anywhere in the community, it is not necessary to segregate LMI Housing Fund monies generated from within each Project Area.

This Compliance Plan update takes into account all residential construction or substantial rehabilitation that has occurred within the Project Area since adoption of the Compliance Plan, in order to determine whether the Agency is still meeting its affordable housing production needs. New construction and substantial rehabilitation statistics was obtained via a review of the City's building permits, previously prepared documents, and discussions with City staff.

The CCRL defines and limits assisted income categories as follows (the CCRL does not separate the extremely low and very-low income categories; the federal housing programs do make a distinction):

**Very-low Income** – persons or households whose gross income does not exceed 50% of the area's median income;

**Low Income** – persons or households whose gross income is greater than 50%, but does not exceed 80% of the area's income; and

**Moderate Income** – persons or households whose gross income is greater than 80%, but does not exceed 120% of the area's median income.

Affordable housing cost is defined as:

**Very-low Income** – Not more than 30% of 50% of the County median household income;

**Low Income** – Not more than 30% of 70% (or 60% for rental projects) of the County median household income; and

**Moderate Income** – Not more than 35% of 110% (or 30% of 120% for rental projects) of the County median household income.

### **4.1 HOUSING PRODUCTION REQUIREMENTS**

One of the fundamental goals of redevelopment in California is the production, improvement and preservation of the supply of housing affordable to very-low, low, and moderate income households. This goal is accomplished, in part, through the execution of four different, but interrelated requirements imposed on redevelopment agencies by the CCRL. These requirements are:

- An agency must use at least 20 percent of its tax increment revenue to increase, improve and preserve the supply of low and moderate income housing in the community (CCRL Section 33334.2);
- An agency must replace, in equal or greater number, very-low, low, and moderate income housing units and bedrooms which are destroyed or removed as a result of a redevelopment project (the "replacement rule," CCRL Section 33413(a));
- An agency must ensure that a fixed percentage of all new or substantially rehabilitated dwelling units are affordable to very-low, low, and moderate income persons and families (the "inclusionary rule," CCRL Section 33413(b)(1))
  - At least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency must be available to persons or families of low or moderate income. Of these, 50 percent must be available to very-low income households. This requirement would apply to housing developed directly by the Agency, but not to housing projects developed by a private party under an agreement with the Agency.
  - At least 15 percent of all new dwelling units developed by parties other than the Agency or substantially rehabilitated dwelling units developed with Agency assistance shall be available at affordable costs to persons or families of low or moderate income. Of these, 40 percent must be available at affordable costs to very-low income households. This requirement applies in the aggregate, and not to each individual housing development project. These low and moderate income dwelling units may be provided outside the Project Area, but will only be counted on a two-for-one basis. In other words, if the Agency has an inclusionary housing need of 10 units inside the Project Area, then 20 units outside the Project Area would satisfy the overall requirement on a two-for-one basis.
  - Only low and moderate income housing units whose affordability is guaranteed on an on-going basis over the long term may be counted in meeting these requirements. For the purposes of this plan, long-term affordability is defined as not less than 55 years for rental units and 45 years for home ownership, or as otherwise defined in CRL Section 33413(c).

## **4.2 PAST HOUSING PRODUCTION**

This section presents an analysis of the Agency's compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4 regarding the Agency's housing production program for the Preceding Implementation Plan time period. The information provided through fiscal year 2008-09 is factual, based on several empirical data sources such as the Agency's annual Agency reports to HCD of housing activity, the preceding implementation plan, the Housing Element, and building permit data. Inclusionary units are those units in which the Agency holds the affordability covenants.

Affordable units located within the Project Area, but with covenants held by another party are not credited towards the Agency's inclusionary requirement.

As outlined above, housing production requirements are based upon replacement housing and inclusionary housing requirements. To determine whether an Agency has met those requirements, each category must be reviewed.

**Replacement Housing Requirement**

As of the end of fiscal year 2008-09, the Agency has not destroyed or removed any housing units from within the Project Areas.

**Inclusionary Housing Obligation in the Project Areas: Agency Developed**

During the five-year period covered by the Preceding Implementation Plan, the Agency did not produce any housing units in the Project Areas that would have imposed an inclusionary housing obligation.

**Inclusionary Housing Obligation Outside the Project Areas: Agency Developed**

During the five-year period covered by the Preceding Implementation Plan, no housing units were built or substantially rehabilitated outside of the Project Areas by the Agency.

**Inclusionary Housing Obligation Inside the Project Areas: Non-Agency Developed**

According to the City's building permit records, 27 new residential units received their certificate of occupancy between July 1, 2004 and June 30, 2009. All of the units were market-rate units. The fifteen percent inclusionary housing requirement, therefore, is four units.

**Summary of Inclusionary Housing Compliance**

As shown in Table 6, on July 1, 2004, the Agency began the 2005-2009 Implementation Plan period with a surplus of 30 very-low income units and a deficit of 71 low/ moderate income units. The beginning totals reflect an inclusionary obligation of 124 units and the production of 80 very-low income units from the Clark Terrace senior housing project, and 3 infill housing units, one low and two moderate income units. The 86-unit Heritage Park senior project was not reflected in these beginning numbers because it had reverted to a market rate complex and was removed from the affordable housing totals. During the five subsequent years (2005-2009), there were no new affordable housing units constructed in the Project Area; however, the Agency did re-establish the affordability of Heritage Park and one additional home by securing covenants for 64 very-low and 23 low/moderate income units.

With the four-unit affordable housing obligation from the Preceding Implementation Plan period, as of June 30, 2009, the Agency had an inclusionary obligation of 128 units and had restricted 170 units. However, pursuant to CCRL Section 33413(b)(2)(C), not more than fifty percent of an Agency's inclusionary requirement may be met through the purchase of affordability covenants for existing residential units. Therefore, although the Agency purchased 87 affordability covenants, only 64 (half of the 128 unit obligation) may be counted towards the meeting the inclusionary obligation for the 2005-2009

Implementation Plan term. The remaining 23 units may be carried over to the 2010-2014 Implementation Plan. For purposes of this report, the 23 excess covenants were taken from the low/moderate income category.

Pursuant to CCRL Section 333413(b)(2)(A)(i), not less than forty percent of the inclusionary units are available at affordable cost to, and occupied by, persons and families of very-low income. As of June 30, 2009, the Agency had a cumulative 19-unit inclusionary housing surplus with a surplus of 92 very-low income units and deficit of 73 low/moderate income units.

Table 6  
Inclusionary Housing Obligation  
Project Area Adoption through June 30, 2009

	Units Made Affordable at Affordable Housing Cost						Project Area Cumulative Total		
	Dwelling Units Produced	Total Inclusionary Obligation	Very-low <sup>(2)</sup>		Low/Moderate <sup>(3)</sup>		Very-low	Low-Mod	Total
			Inclusionary Obligation	Actual Units Restricted	Inclusionary Obligation	Actual Units Restricted			
Balance Forward <sup>(4)</sup>	829	124	50	80	74	3	30	-71	-41
2005-09 Agency Developed <sup>(5)</sup>	0	0	0	0	0	0	0	0	0
2005-09 Non-Agency Developed <sup>(6)(7)</sup>	27	4	2	0	2	0	-2	-2	-4
2005-09 Covenants Purchased <sup>(8)</sup>	--	--	--	64	0	23	64	23	87
Excess Covenants <sup>(9)</sup>	--	--	--	--	--	(23)	--	(23)	(23)
New Balance Forward <sup>(8)</sup>	856	128	52	144	76	3	92	-73	19

<sup>1</sup> Compliance with Sections 33413(b)(1),(c),(d)(1) and 33490(a)

<sup>2</sup> "Very-low Income" as defined by Health and Safety Code 50105.

<sup>3</sup> "Low/Moderate Income" as defined by Health and Safety Code 50093.

<sup>4</sup> Per the previous AB 1290 Implementation Plan for 2004-05 to 2008-09.

<sup>5</sup> Inclusionary obligation for an Agency-developed project is 30% of units produced with 50% restricted to very-low income.

<sup>6</sup> Inclusionary obligation for privately-developed projects is 15% of units produced with 40% restricted to very-low income.

<sup>7</sup> Per Certificates of Occupancy issued by the Building Department for FYs 2004-05 to 2008-09.

<sup>8</sup> Heritage Park – 86 units; single family residence – one.

<sup>9</sup> Pursuant to CCRL Section 33413(b)(2)(C), only fifty percent of the Agency's inclusionary requirement may be met by the purchase of affordability covenants for existing residential units. The 23 unit difference was subtracted from the low/mod balance.

<sup>8</sup>This becomes the beginning balance for the 2010-2014 Implementation Plan.

### 4.3 PROJECTED HOUSING PRODUCTION

The same analysis applies to projected housing production for the current Implementation Plan to anticipate the Agency's continued compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4. The data is estimated based upon staff discussions, the Housing Element, and other empirical data.

#### Replacement Housing Obligation

The Agency is not anticipating destroying or removing any housing units from within the Project Areas.

**Inclusionary Housing Obligation in the Project Areas: Agency Developed**

The Agency does not anticipate directly producing units within the Project Areas.

**Inclusionary Housing Obligation Outside the Project Areas: Agency Developed**

The Agency does not anticipate directly producing units or contracting with private entities to produce units outside of the Project Areas.

**Inclusionary Housing Obligation Inside the Project Areas: Non-Agency Developed**

The City's Draft 2008-2014 Housing Element identifies seven sites that combined are adequate to accommodate the jurisdiction's share of the region's projected growth. Of these sites, six are located within the Project Areas. As shown in Table 7 (Table 6.12 of the Housing Element), the six sites have the capacity to produce 949 units at build-out, which is determined to be thirty years for purposes of this report. Assuming a liner build-out, approximately 31 units per year or 158 units during each five year implementation plan cycle would be built in the Project Areas.

Site	Capacity
1	65
2	73
3	84
4	NA
5	87
6	103
7	537
30- YEAR BUILD-OUT	949
10-YEAR ESTIMATE	316
5-YEAR ESTIMATE	158

The inclusionary housing requirement for 158 units is 24 units with nine of the units restricted to households of very-low income.

**Summary of Inclusionary Housing Compliance**

The Agency does not anticipate producing any new affordable housing units in the 2009-2014 Implementation Plan term; however, the Agency has an affordability covenant surplus of 23 units. Pursuant to CCRL Section 33413(b)(2)(C), not more than fifty percent of an Agency's inclusionary requirement may be met through the purchase of affordability covenants. As discussed above, the inclusionary housing requirement for 2010 -2014 is anticipated to be 24 units creating a 152-unit total obligation, allowing 76 units to be met through the purchase of affordability covenants. Sixty-four units were credited in the Preceding Implementation Plan; therefore, twelve more may be credited during the 2009-2014 Implementation Plan term.

Table 8  
Inclusionary Housing Obligation  
Project Area Adoption through June 30, 2014

	Units Made Affordable at Affordable Housing Cost						Project Area Cumulative Total		
	Dwelling Units Produced	Total Inclusionary Obligation	Very-low <sup>(2)</sup>		Low/Moderate <sup>(3)</sup>		Very-low	Low-Mod	Total
			Inclusionary Obligation	Actual Units Restricted	Inclusionary Obligation	Actual Units Restricted			
New Balance Forward <sup>(4)</sup>	856	128	52	144	76	3	92	-73	19
2010-14 Agency Developed <sup>(5)</sup>	0	0	0	0	0	0	0	0	0
2010-14 Non-Agency Developed <sup>(6)(7)</sup>	158	24	9	0	15	0	-9	-15	-24
2005-2009 Excess Covenants <sup>(8)</sup>	--	--	--	--	--	23	0	23	23
2010-2014 Excess Covenants <sup>(9)</sup>	--	--	--	--	--	-11	--	-11	-11
New Balance Forward <sup>(10)</sup>	1,014	152	61	144	91	15	83	-76	7

<sup>1</sup> Compliance with Sections 33413(b)(1),(c),(d)(1) and 33490(a)  
<sup>2</sup> "Very-Low Income" as defined by Health and Safety Code 50105.  
<sup>3</sup> "Low/Moderate Income" as defined by Health and Safety Code 50093.  
<sup>4</sup> Per the Table 2 of this 2010-2014 Implementation Plan.  
<sup>5</sup> Inclusionary obligation for an Agency-developed project is 30% of units produced with 50% restricted to Very-Low Income.  
<sup>6</sup> Inclusionary obligation for privately-developed projects is 15% of units produced with 40% restricted to Very-Low Income.  
<sup>7</sup> Per residential unit capacity determined by the available sites inventory of the 2008 Housing Element; Table 3 of this 2010-2014 Implementation Plan.  
<sup>8</sup> Covenants purchased for Heritage Park in the 2005-2009 Implementation Plan term, but not credited towards the 2005-2009 inclusionary housing obligation pursuant to CCRL Section 33413(b)(2)(C).  
<sup>9</sup> Pursuant to CCRL Section 33413(b)(2)(C), only fifty percent of the Agency's inclusionary requirement may be met by the purchase of affordability covenants for existing residential units. Fifty percent of 24 units is 12 units. There are 23 excess covenants; the 11 unit difference was subtracted from the low/mod balance and will be carried over to the 2015-2019 Implementation Plan term.  
<sup>10</sup> This becomes the beginning balance for the 2015-2019 Implementation Plan.

#### 4.4 LOW AND MODERATE INCOME HOUSING GOAL

GOAL: INCREASE, IMPROVE AND PRESERVE THE QUALITY OF LOW/MODERATE INCOME HOUSING THROUGHOUT THE PROJECT AREAS AND THE CITY

##### OBJECTIVES

- 1.1. Secure long-term covenants on existing affordable housing units to create and preserve affordable housing options.
- 1.2. Continue the single-family housing rehabilitation programs by offering grants and loans to lower income households for emergency repairs and eligible home improvements.
- 1.3. Continue the First Time Home Buyer and Infill Housing Programs to assist lower income families purchase a home.
- 1.4. Continue the Sewer, Water, and Trash Subsidy Program to assist low income households with utility expenses.

- 1.5. Carry-out any other affordable housing oriented project or program consistent with the CCRL and the Redevelopment Plan.

#### 4.5 PROJECTED HOUSING NEEDS

CCRL Section 33334.4(a) requires that an agency must expend its LMI Housing Fund monies towards assisting housing for persons of very-low, low, and moderate income in at least the same proportion as the total number of housing units needed for each of these income groups bears to the total number of units needed for very-low, low, and moderate income households within the community, as those needs have been determined by the most recent Regional Housing Needs Assessment (RHNA). This requirement must be met over the same 10-year implementation plan period as the requirements of CCRL Section 33413(b).

CCRL Section 33334.4(b) requires an Agency to expend LMI Housing Fund monies in at least the same proportion as the households under the age of 65 bears to the total households of the community as identified by the most recent census.

##### 4.5.1 Regional Housing Needs Assessment

The state legislature adopted Assembly Bill 2853 in 1980 requiring all councils of government to develop regional allocations of housing needs (new and existing) for all income categories (fair share of housing) based on regional housing needs. As Table 9 shows, the Regional Housing Needs Assessment (RHNA) issued by the Southern California Association of Governments established the fair share for the City of Norco for period ending on June 30, 2014 at units.

Income Group	No. of Units	Percent of Total Housing Units	Percent of Affordable Housing Units
<b>Affordable Housing Units</b>			
Very-low (0 - 50% County Median Income)	236	25.0	41.0
Low (50 - 80% County Median Income)	162	17.0	28.0
Moderate (80 - 120% County Median Income)	177	19.0	31.0
Above Moderate (Market rate units)	374	39.0	--
<b>TOTAL UNITS*</b>	<b>949</b>	<b>100.00</b>	<b>100.0</b>
Source: Southern California Association of Governments			

Table 9 also identifies the City's estimated housing need by income limits for very-low, low, moderate and above moderate income households within the community by percentage of total housing units. Per CCRL Section 33334.4(a), these percentages are to be applied to Agency LMI Housing Fund spending. Based on the housing needs determined through the Fair Share Allocation process, at least 41 percent of all LMI Housing Fund expenditures must be made towards assisting very-low income headed households and at least 28 percent must be made towards assisting low income headed households. Approximately

31 percent of all LMI Housing Fund expenditures can be used to assist moderate income households.

#### **4.5.2 Senior Housing Need Assessment**

CCRL Section 33334.4(b) limits the amount of money an agency can utilize from its LMI Housing Fund to assist senior, affordable housing. An agency must limit its LMI Housing Fund expenditures to the same proportion that senior low income households bear to the total low income households in the community, as determined in the most recent U.S. Census.<sup>1</sup> Prior to 2005, the agency limitation was based on the proportion that the senior population represented in the entire community. In 2005, SB 527 shifted the emphasis to low income households due to the fact that in many communities, the senior population has a greater proportion of low income earners and, therefore, a greater need for housing assistance than the general population. For example, seniors could represent only ten 10% of the overall population of a community, but constitute 25% of the low income population of the community. In such a circumstance, SB 527 allows an agency to provide assistance to a greater proportion of senior housing than the previous law allowed.

In order to compute the ratio of low income senior households, 2000 Census data is used. Table 10 summarizes the calculation for Norco's LMI Housing Fund.

Total Number of Low Income Households	1,285
Number of Low Income Senior Households <sup>(2)</sup>	368
Ratio of Senior Households to Total	29 percent
<sup>1</sup> Source: U.S. Census Bureau - 2000 Census, Comprehensive Housing Affordability Strategy (CHAS) data	
<sup>2</sup> Includes both renters and owners	

According to the 2000 Census, 29 percent of the City's low income households (368) were occupied by low income seniors. Therefore, in carrying out the requirements of CCRL Section 33334.4(a), no more than 29 percent of LMI Housing Fund expenditures may be allocated towards exclusively assisting senior restricted housing.

#### **4.6 LOW AND MODERATE INCOME HOUSING PROGRAM**

To address the housing needs noted above, the Agency intends to implement an affordable housing program. As noted previously, the national financial crisis has significantly impacted both the private and the public sector's ability to construct decent and affordable housing. Nonetheless, the Agency intends to pursue implementation of the several programs and projects during the term of this Implementation Plan, subject to funding availability. Affordable housing programs that the Agency plans to continue or initiate include:

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<sup>1</sup> It should be noted that the Census data considers age 62 and over to be "senior" whereas the CCRL utilizes age 65 and over. Also, the income levels in the Census are based on "Median Family Income" rather than the "Area Median Income" specified in the CCRL. These discrepancies are not addressed in 33334.4 and no case law currently exists to provide clarity. The approach used to compute the ratio of senior households reflects best industry practices.

**Emergency Grant Program:** Emergency Grants are available to income-qualified applicants for specific emergency repairs.

**Home Improvement Grant Program:** Home Improvement Grants are available to income-qualified homeowners over age 62 for exterior and/or interior repairs and improvements costing up to \$10,000, or to income-qualified homeowners where the head of household or spouse is disabled.

**Deferred Loan Program:** The Deferred Loan Program is designed for exterior/interior repairs, and improvements that will cost more than the \$10,000 offered through the Home Improvement Grant. To qualify for Home Improvement Programs, applicants must fall within the moderate income level established for the County of Riverside.

**CalHome Rehabilitation Loan Program:** This State-funded program provides low-interest or zero-interest loans to very-low and low income homeowners for interior and exterior improvements.

**First Time Home Buyer Program:** This down-payment assistance program is available to eligible moderate income families or individuals seeking to purchase a home in Norco.

**Infill Program:** This assistance program is available to income-eligible families or individuals that qualify to purchase homes that are owned by the Redevelopment Agency. Homes are usually on lots of less than one-half acre and may be manufactured houses.

**Sewer Loan Program:** The Agency offers loans at either 3% or 5% interest (depending on income) to assist with the cost to install a lateral hook-up into the City's main sewer system for residents who exceed income guidelines for grant programs.

**SWAT (Sewer, Water and Trash Discount) Program:** Income eligible seniors 62 or older and disabled individuals may receive assistance to reduce the monthly utility bills.

#### **4.7 LOW AND MODERATE INCOME HOUSING FUND**

Funding for the Agency's housing program comes from several sources including state CalHFA funds and tax increment financing. The purpose of the Implementation Plan is document compliance with state redevelopment law; therefore, this report only analyzes tax increment financing and its relationship to housing plan compliance.

##### **4.7.1 Tax Increment Financing**

As required by redevelopment law, the Agency will set aside twenty percent of its gross tax increment toward increasing, improving, and preserving affordable housing in the City of Norco. Table 11 summarizes the anticipated revenues and expenditures in the LMI Housing Fund. These numbers are based on the Agency's fiscal reports, not the budget, and reflect actual expenditure rates. The numbers should not to be used for bonding purposes; they are solely intended to reflect general trends and assumptions.

Tax increment set-aside is the primary source of revenue and is expected to average approximately \$2.8 million annually. Interest income on the fund's cash balance is the only expected recurring source of revenue, although the Agency is expecting to receive bond and grant proceeds.

Recurring expenditures include the Agency's affordable housing programs, debt service, and administrative expenses. Affordable housing programs include housing rehabilitation programs, the First Time Home Buyer Program, and the Sewer Tax Reimbursement Program. Additionally, the Agency is lending the General Redevelopment Fund a percentage of the amount needed to meet its SERAF payment obligation. The loan will be repaid, as required by State law, prior to June 30, 2015. Grant expenditures are in the same amount as the grant revenue; therefore, do not impact the fund balances.

The LMI Housing Fund is sufficiently healthy. The Agency has the resources to implement the housing programs and projects that are discussed in this Implementation Plan.

#### **4.7.2 Excess Surplus**

Excess Surplus is defined and calculated based on provisions in Health & Safety Code Section 33334.12. Excess Surplus is determined on the first day of each fiscal year. The calculation requires comparing the sum of property tax increment deposited over the previous four fiscal years against the agency's adjusted beginning balance (prior year's ending adjusted unencumbered balance) to determine which amount is greater. Agencies are allowed to adjust their unencumbered balance to exclude the amount of unspent proceeds from the sale of bonds and the difference between the price of land sold during the reporting period compared to the land's fair market value. By statutory definition, Excess Surplus exists when the adjusted unencumbered balance exceeds the greater of: (1) \$1 million or (2) the combined amount of property tax increment revenue deposited over the preceding four fiscal years.

As the analysis in Table 11 shows, the Agency is not at risk of an excess surplus situation.

*Norco Redevelopment Project Areas  
Implementation Plan 2010-2014*

Table 11  
Low and Moderate Income Housing Fund  
Projected Income and Expenditures

Fund Activity	Fiscal Year					Totals
	2009-10	2010-11	2011-12	2012-13	2013-14	
Yearly Beginning Balances <sup>(1)</sup>	6,049,446	3,945,063	4,332,718	5,144,010	5,994,242	6,049,446
<b>Revenues</b>						
A. Tax Increment <sup>(2)</sup>	2,924,741	2,747,830	2,747,830	2,780,525	2,846,569	14,047,494
B. Interest Income <sup>(3)</sup>	47,918	31,249	34,320	40,746	47,481	201,713
C. Bond/Note Proceeds <sup>(4)</sup>	22,373	0	0	0	0	22,373
D. Federal/State Grants	1,831,087	700,000	0	0	0	2,531,087
Total Revenues	4,826,119	3,479,079	2,782,149	2,821,271	2,894,050	16,802,667
Total Available	10,875,565	7,424,142	7,114,867	7,965,281	8,888,292	22,852,113
<b>Expenditures/Uses</b>						
A. LMI Administration	313,225	412,757	412,757	412,757	412,757	1,651,027
B. NSP & Grant Expenditures <sup>(5)</sup>	1,831,087	700,000	0	0	0	2,531,087
C. Disposal/Loss on Land Sales	310,609	0	0	0	0	310,609
D. LMI Housing Projects <sup>(6)</sup>	0	0	0	0	0	0
E. LMI Housing Programs <sup>(7)</sup>	445,174	529,000	529,000	529,000	529,000	2,561,174
F. SERAF Loan to RDA General Fund <sup>(8)</sup>	3,000,000	500,000	0	0	0	3,500,000
G. Debt Service	1,030,407	949,667	1,029,100	1,029,282	1,028,460	5,066,917
Total Expenditures	6,930,502	3,091,424	1,970,857	1,971,039	1,970,217	15,620,814
Revenues in Excess of Expenditures	(2,104,383)	387,654	811,293	850,232	923,833	1,181,854
Other Financing Sources/Uses						0
Prior Period Adjustments						0
<b>Yearly Ending Balances</b>	<b>3,945,063</b>	<b>4,332,718</b>	<b>5,144,010</b>	<b>5,994,242</b>	<b>6,918,075</b>	<b>7,231,300</b>
<b>Excess Surplus Analysis</b>						
A. Maximum Allowable Fund Balance	10,862,611	11,408,701	11,515,423	11,334,737	11,094,242	
B. Yearly Adjusted Beginning Fund Balance	6,049,446	3,945,063	4,332,718	5,144,010	5,994,242	
C. Less: Bond Proceeds Held by Fiscal Agent <sup>(9)</sup>	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	
D. Adjusted Ending Balance	4,449,446	2,345,063	2,732,718	3,544,010	4,394,242	
E. Excess surplus	0	0	0	0	0	

(1) Est. beginning working capital balance taken from FY 2008-09 Financial Statements ending capital balance. Excludes cash held with fiscal agent for debt service and reserve fund balances.

(2) Constitutes 20% of Gross Tax Increment.

(3) Estimated interest earnings for 2010-11 through 2013-14 based on actual interest earnings from 2009-10.

(4) From the issuance of the 2010 Refunding Tax Allocation Bonds.

(5) Funds used for Infill Housing Program, Home Improvement Grant and Home Improvement Emergency Grant in 2009-10.

(6) The Agency has \$3.1 million in unspent bond proceeds in the LMI fund in 2009-10. No projects were funded in 2009-10 and none are budgeted for 2010-11. Consequently, no projects are envisioned for 2011-12 through 2013-14.

(7) Programs include: First-Time Home Buyers, Deferred Loan Program, Lead and Asbestos Abatement, Sewer Assistance (SWAT) and Sewer Loan Program.

(8) A five year interest free loan due and payable on June 30, 2015 used for a portion of the 2009-10 SERAF payment .

(9) \$3,100,000 of bond proceeds less \$1,500,000 loaned to the RDA fund for the SERAF Loan is available for Housing Projects.

### 4.7.3 Other Funding Programs

Table 12 outlines other funding that may be available to the City and the Agency to further implement its Housing Production Plan.

Table 12 Financial Resources Available for Housing Activities			
Program Type	Program Name	Description	Eligible Activities
<b>1. Federal Programs</b>	Community Development Block Grant (CDBG)	Annual grants awarded to the City on a formula basis for housing & community development activities. Administered by HUD.	<ul style="list-style-type: none"> <li>• Acquisition</li> <li>• Rehabilitation</li> <li>• Homebuyer Assistance</li> <li>• Homeless Assistance</li> <li>• Public Services</li> </ul>
	Home Investment Partnership Act (HOME)	Formula grants to states and localities that communities use-often in partnership with local nonprofit groups-to fund a wide range of activities to low income people.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Acquisition</li> <li>• Rehabilitation</li> <li>• Tenant-Based Rental Assistance</li> </ul>
	Section 8 Rental Assistance Program	Rental assistance payments to owners of private market rate units on behalf of very-low income tenants. Administered by HUD.	<ul style="list-style-type: none"> <li>• Rental Assistance</li> </ul>
	Section 202	Grants to non-profit developers of supportive housing for the elderly. Administered by HUD.	<ul style="list-style-type: none"> <li>• Acquisition</li> <li>• Rehabilitation</li> <li>• New Construction</li> <li>• Rental Assistance</li> <li>• Support Services</li> </ul>
	<b>2. State Programs</b>	California Housing Finance Agency (CHFA) Home Mortgage Purchase Program	CHFA sells tax exempt bonds for below market rate loans to first-time homebuyers. Program operates through participating lenders who originate loans for CHFA purchase.
	California Housing Finance Agency (CHFA) Multiple Rental Housing Programs	Below market rate financing offered to builders & developers of multi-family and elderly rental housing. Tax-exempt bonds provide below-market mortgage money.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Rehabilitation</li> <li>• Acquisition</li> </ul>
	Low Income Housing Tax Credit (LIHTC)	Tax credits available to individuals & corporations that invest in low income rental housing. Tax credits sold to people with high tax liability, & proceeds are used to create housing.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Rehabilitation</li> <li>• Acquisition of Properties from 20 to 150 Units</li> </ul>

Table 12  
Financial Resources Available for Housing Activities

Program Type	Program Name	Description	Eligible Activities
	Multi-Family Housing Program (MHP)	Deferred payment loans for new construction, rehabilitation & preservation of rental housing. Administered by HCD.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Rehabilitation</li> <li>• Preservation</li> </ul>
	CalHome Program	Provides low-interest loans to first-time homebuyers and rehabilitation loans to income-qualified owner-occupants.	<ul style="list-style-type: none"> <li>• Homebuyer Assistance</li> <li>• Rehabilitation</li> </ul>
<b>3. Local/County Program</b>	Redevelopment Housing Set-Aside Funds	20 percent of Agency tax increment funds are set-aside for affordable housing activities.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Rehabilitation</li> <li>• Acquisition</li> </ul>
	Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time home buyers for the purchase of new or existing single-family housing. Eligible participating city's or unincorporated areas.	<ul style="list-style-type: none"> <li>• Homebuyer Assistance</li> </ul>
	Mortgage Assistance Program (MAP)	Deferred payment down payment assistance loan. Subject to availability by county for participating cities and unincorporated areas of a county.	<ul style="list-style-type: none"> <li>• Homebuyer Assistance</li> </ul>
<b>4. Private Resources/ Financing Programs</b>	Federal National Mortgage Association (Fannie Mae)	Loan applicants apply to participating lenders for the following programs: fixed rate mortgages issued by private mortgage insurers; And related foreclosure prevention programs in underserved low income & minority communities.	<ul style="list-style-type: none"> <li>• Homebuyer Assistance</li> <li>• Refinancing</li> <li>• Loan Modification</li> <li>• Foreclosure Prevention</li> </ul>
	California Community Reinvestment Corporation (CCRC)	Non-profit mortgage banking consortium designed to provide tax-exempt private placement bond program financing for affordable multi-family & senior rental housing.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Rehabilitation</li> <li>• Acquisition</li> <li>• Permanent Financing</li> </ul>
	Federal Home Loan Bank Affordable Housing Program	Provides grants and subsidized loans to support affordable rental housing and homeownership opportunities. Grants are awarded on a competitive basis.	<ul style="list-style-type: none"> <li>• New Construction</li> </ul>

Program Type	Program Name	Description	Eligible Activities
	Low Income Housing Fund (LIHF)	Non-profit lender offering below market interest, short term loans for affordable housing in both urban & rural areas. Eligible applicants include non-profits & government agencies. Grant opportunities are also available.	<ul style="list-style-type: none"> <li>• Redevelopment Costs</li> <li>• Site Acquisition</li> <li>• Construction</li> <li>• Rehabilitation</li> <li>• Planning Grants</li> <li>• Energy Efficiency Grants</li> <li>• Child Care Centers</li> <li>• Quality Improvement Grants</li> <li>• Expansion Grants</li> <li>• Renovation &amp; Repair Grants</li> <li>• Technical Assistance Grants</li> </ul>
	Private Lenders	The Community Reinvestment Act (CRA) requires certain regulated financial institutions to achieve goals for lending in low & moderate income neighborhoods. As a result, most of the larger private lenders offer one or more affordable housing programs, including first-time homebuyer, housing rehabilitation, or new construction assistance.	<ul style="list-style-type: none"> <li>• Varies (depending on individual program offered by bank)</li> </ul>

#### 4.8 TEN YEAR INCLUSIONARY HOUSING REQUIREMENTS

CCRL Section 33490(a) (2) (b) requires that the implementation plan provide certain "Ten-Year" and "Life-of-the-Plan" housing production and inclusionary information. According to the list of vacant and underutilized sites in the City's Housing Element, the potential exists to produce almost 1,000 affordable units throughout the Project Areas. Any non-Agency produced units built would be subject to the 15 percent inclusionary requirement. Based on the Agency's projected surplus of income-restricted units, the Agency should be able to meet its inclusionary housing requirements for the next ten years should any of these vacant or underutilized parcels in the Project Areas be developed.

#### 4.9 CONSISTENCY WITH GENERAL PLAN

CCRL Section 33413(b) (4) requires that each agency, ". . .as part of the implementation plan required by Section 33490, shall adopt a [Housing Production] plan. . . ." Section 33413 (b)(4) requires that "[t]he plan shall be consistent with. . .the community's housing element." Additionally, "[t]he plan shall be reviewed and, if necessary, [be] amended at least every five years in conjunction with either the housing element cycle or the plan implementation cycle."

Chapter 9 of the State's General Plan Guidelines of 2003 (the "Guidelines") states the California Attorney General has opined that "the term 'consistent with' is used interchangeably with 'conformity with.'" The general rule of consistency outlined in the Guidelines is that "[a]n action, program, or project is consistent with the general plan if, considering all its aspects, it will further the objectives and policies of the general plan and not obstruct their attainment."

The following Goals are contained within the City's Draft 2008-2014 Housing Element:

1. Promote and maintain the City's small-plot agricultural and animal-keeping lifestyle.
2. Remove or reduce constraints on the development of housing.
3. Maintain low income/affordable housing stock.
4. Provide adequate housing in the City by location, type, price, and tenure for all segments of the population.
5. Designate suitable sites for sound residential growth.
6. Improve and conserve existing residential neighborhoods.
7. Provide for a decent home and satisfying environment for all residents regardless of age, race, sex, marital status, ethnic background, income, or other arbitrary factors.
8. Encourage the conservation of energy in all residential development.

In compliance with CCRL Section 33490, the Agency has developed, and included in Section 4 of this Implementation Plan, a goal statement and related objectives specific to the development and implementation of Agency sponsored affordable housing programs in the City. These goals are consistent with the goals contained in the City's 2008-2014 Housing Element. It has established the projects and programs that it intends to implement to meet its housing goals and its housing production plan for consistency with the 2006-14 Housing Element.

The Agency, therefore, determines that the housing goal included in this Implementation Plan and related objectives, ongoing activities, and housing production plan, as outlined in this Implementation Plan, are consistent with the housing element of the City's General Plan.



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## **5.0 PLAN ADMINISTRATION**

The Agency shall be responsible for administering the Implementation Plan and for monitoring redevelopment activities or programs undertaken pursuant to it.

### **5.1 PLAN REVIEW**

At least once within the five year Implementation Plan term, the Agency shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the adopted Redevelopment Plan, the Implementation Plan, and evaluating the progress of the Project. The public hearing shall be held no earlier than two years and no later than three years after the date of adoption of this Plan.

Notice of public hearing to review the Redevelopment Plan and Implementation Plan shall be published pursuant to Section 6063 of the Government Code and posted in at least four permanent places within the Project Area for a period of at least three weeks. Publication and posting must be completed not less than ten days prior to the date set for hearing.

### **5.2 PLAN AMENDMENT**

Pursuant to CCRL 33490, the Implementation Plan may be amended from time to time after holding a public hearing.

### **5.3 FINANCIAL COMMITMENTS SUBJECT TO AVAILABLE FUNDS**

The Agency is authorized to utilize a wide variety of funding sources for implementing the Redevelopment Plan. Such funding sources include, but are not limited to, financial assistance from the City, State of California, federal government, property tax increment, interest income, Agency bonds secured by tax increment or other revenues or other legally available revenue source. Although the sources of revenue used by the Agency are generally deemed to be reliable from year to year, such funds are subject to legislative, program, or policy changes that could reduce the amount or the availability of the funding sources upon which the Agency relies.

In addition, with regard to the Agency's primary revenue source, tax increment revenues, it must be noted that revenue flows are subject to diminution caused by events not controlled by the Agency, which reduce the taxable value of land or improvements in the Project Area. Moreover, the formulas governing the amount or percentage of tax increment revenues payable to the Agency may be subject to legislative changes that directly or indirectly reduce the tax increment revenues available to the Agency.

Due to the above-described uncertainties in Agency funding, the projects described herein and the funding amounts estimated to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

### **5.4 REDEVELOPMENT PLAN CONTROLS**

If there is a conflict between the Implementation Plan and the Redevelopment Plan or any other City or Agency plan or policy, the Redevelopment Plan shall control.

## **5.5 RECOMMENDATIONS**

Recommended actions:

1. Continue to assess Agency tax increment receipts and expenditures to maintain adequate annual cash flows.
2. Utilize \$500,000 from the Agency's LMI Housing Fund to help meet the \$1 million SERAF payment for fiscal year 2010-11.
3. To the extent that Project Area tax increment revenues increase beyond the levels projected in this Five-Year Implementation Plan, consider prefunding a portion of the payback of the loans from the LMI Housing Fund for the 2009-10 and 2010-11 SERAF payments.
4. Assess the Administrative Charges to the general Redevelopment Fund to ascertain potential for reallocating a greater share to the LMI Housing Fund.
5. Defer a portion of the budgeted 2010-11 Capital Improvement Program expenditures to fiscal years 2011-12 and 2013-14 to improve cash flow.
6. Monitor all previous bond issues to take advantage of opportunities to lower costs through refinancing and consolidation.

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**Appendix A**  
**Summary of Affordability**  
**Covenants**

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**CITY OF NORCO REDEVELOPMENT AGENCY  
AB 987 AFFORDABLE HOUSING DATABASE**

*In accordance with the provisions of AB 987, passed by the California State Legislature, a worksheet describing newly constructed and substantially rehabilitated housing units that were developed or otherwise assisted with Low & Moderate Income Housing Funds, including units counted toward the Agency's inclusionary and replacement housing obligations, is posted below for public review. Please be aware that this is only a summary of affordable housing units assisted with Low & Moderate Income Housing Funds and is not a listing of currently available housing. Pursuant to AB 987, this database is updated annually.*

Street Address	Assessor's Parcel Number	Total Subsidized Units	Subsidized Units by Bedroom Size				Year Constructed/ Rehabilitated/ Assisted	Covenant Document No. & Date	Restrictions Expiration Date
			1 BR	2 BR	3 BR	4 BR			
<b>Senior Rental Housing</b>									
Heritage Park 2665 Clark St. Norco, CA 92860	129281001	86	64	22	0	0	2007	5/22/2007	5/22/2062
Clark Terrace I 2680 Clark St. Norco, CA 92860	129240008	40	40	0	0	0	1995	12/20/1995	12/20/2035
Clark Terrace II 2680 Clark Ave. Norco, CA 92860	129240011	40	40	0	0	0	2000	7/26/2001	7/26/2041
<b>Ownership Housing—First Time Homebuyer Program</b>									
Single-Family Home Norco, CA 92860	130182037	1	—	—	1	—	1994	#089298 2/17/1994	2/17/2024
Single-Family Home Norco, CA 92860	126240010	1	—	—	1	—	1998	#164322 4/28/1998	4/28/2028
Single-Family Home Norco, CA 92860	123091021	1	—	—	1	—	2001	#2001-108381 3/16/2001	3/16/2031
Single-Family Home Norco, CA 92860	133130011	1	1	—	—	—	1995	#302205 9/13/1995	9/13/2025
Single-Family Home Norco, CA 92860	131180027	1	—	—	—	1	1995	#218474 7/6/1995	7/6/2025
Single-Family Home Norco, CA 92860	127150021	1	—	—	1	—	1994	#449285 11/30/94	11/30/2024
Single-Family Home Norco, CA 92860	129272002	1	—	—	1	—	1998	#557311 2/24/1998	2/24/2028

Single-Family Home Norco, CA 92860	129281004	1	-	-	1	-	1995	#236976 6/22/1995	6/22/2025
Single-Family Home Norco, CA 92860	130162028	1	-	-	-	1	1995	N/A 3/15/1995	3/15/2025
Single-Family Home Norco, CA 92860	123060023	1	-	-	1	-	1997	#283042 8/8/1997	8/8/2027
Single-Family Home Norco, CA 92860	168020008	1	-	-	1	-	1994	#304346 10/13/1994	10/13/2024
Single-Family Home Norco, CA 92860	127342009	1	-	-	1	-	1999	#1999-330722 7/23/1999	7/23/2029
Single-Family Home Norco, CA 92860	125240003	1	-	-	-	1	1995	#327937 9/29/1995	9/29/2025
Single-Family Home Norco, CA 92860	131040021	1	-	-	1	-	1997	#115581 11/25/1997	11/25/2027
Single-Family Home Norco, CA 92860	125100042	1	-	-	1	-	2001	N/A 3/30/2001	3/30/2031
Single-Family Home Norco, CA 92860	153081002	1	-	-	-	1	1998	#283545 7/9/1998	7/9/2028
Single-Family Home Norco, CA 92860	125100024	1	-	-	1	-	1998	#48950 2/11/1998	2/11/2028
Single-Family Home Norco, CA 92860	131060017	1	-	-	1	-	1994	#410304 10/26/94	10/26/2024
Single-Family Home Norco, CA 92860	127030009	1	-	1	-	-	1999	#199549 2/25/1999	2/25/2029
Single-Family Home Norco, CA 92860	127100014	1	-	-	1	-	2009	#0098815 1/7/2009	1/7/2039
Single-Family Home Norco, CA 92860	123113004	1	-	-	-	1	2009	#0444805 8/19/2009	8/19/2039
Single-Family Home Norco, CA 92860	130422007	1	-	-	-	1	2010	Pending 5/26/2010	5/26/2040
<b>Ownership Housing—Infill Housing Program</b>									
Single-Family Home Norco, CA 92860	131030052	1	-	-	1	-	1994	#267797 6/30/1994	5/4/2024
Single-Family Home Norco, CA 92860	131030069	1	-	-	1	-	1995	#167142 5/24/1995	4/25/2025
Single-Family Home Norco, CA 92860	131060008	1	-	-	1	-	1994	#250769 6/21/1994	4/27/2024

Single-Family Home Norco, CA 92860	133040018	1	--	--	1	--	2004	#250774 6/21/2004	4/27/2034
Single-Family Home Norco, CA 92860	122080035	1	--	--	1	--	2004	N/A 4/16/2004	1/7/2034
Single-Family Home Norco, CA 92860	131030070	1	--	--	1	--	2007	N/A 4/14/2007	3/21/2037
Single-Family Home Norco, CA 92860	131030071	1	--	--	1	--	1994	#478985 12/27/1994	12/21/2024
Single-Family Home Norco, CA 92860	125150018	1	--	--	1	--	2008	#038487D 7/1/2008	7/1/2038

Updated July 2010

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**Appendix B**  
**Agency Resolution No. 2011-04**  
**Adopting the 2010-14 Five Year**  
**Implementation Plan**

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**CRA RESOLUTION NO. 2011- 04**

**A RESOLUTION OF THE NORCO REDEVELOPMENT AGENCY  
ADOPTING THE FIVE YEAR IMPLEMENTATION PLAN FOR FISCAL  
YEARS 2009-10 THROUGH 2013-14 FOR NORCO REDEVELOPMENT  
PROJECT AREA**

WHEREAS, the Norco Redevelopment Agency ("Agency"), under the provision of the California Community Redevelopment Law, is engaged in activities necessary for the execution of the Redevelopment Plan for the Norco Redevelopment Project Area ("Project Area"); and

WHEREAS, Section 33490 of the Health and Safety Code (California Community Redevelopment Law) requires the Agency to adopt an Implementation Plan containing specific goals and objectives of the Agency, and the specific programs and expenditures proposed to be made during the next five years; and

WHEREAS, subdivision (4)(c) of Section 33490 of the Health and Safety Code requires the Agency to conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the Redevelopment Plan and corresponding Implementation Plan for each redevelopment project area within the jurisdiction and evaluating the progress of the redevelopment project; and

WHEREAS, the public hearing notices required by Section 33490, Subsection (d) of California Health and Safety Code, and pursuant to Section 6063 of the Government Code were posted in at least four permanent places within the project area for a period of three weeks and published for a period of three weeks in the Press-Enterprise; and,

WHEREAS, on February 16, 2011, the Norco Redevelopment Agency conducted and concluded the above referenced public hearing; and

WHEREAS, pursuant to Health and Safety Code Section 33490 (a) (1) (B) the adoption of the implementation plan shall not constitute a project within the meaning of Public Resources Code Section 21000; and

WHEREAS, all legal prerequisites to the adoption of the Resolution have occurred.

NOW, THEREFORE, the Agency does hereby find, determine, order and resolve as follows:

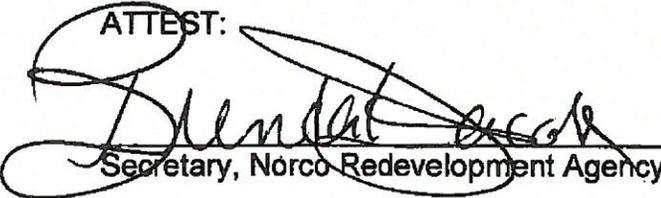
**SECTION 1:** This Agency hereby specifically finds all of the facts stated in the Recitals above to be true and correct.

**SECTION 2:** Pursuant to California Health and Safety Code Section 33490, the Agency has conducted a public hearing and has reviewed and approved the "Norco Redevelopment Agency Five-Year Implementation Plan 2009/10 Through 2013/14" dated February 16, 2011 attached hereto as Exhibit "A" and incorporated herein by this reference as the Implementation Plan for the Norco Redevelopment Project Area as maybe modified pursuant to direction received from the Agency following the public hearing.

**SECTION 3:** The Secretary of the Agency shall certify to the adoption of this Resolution.

PASSED AND ADOPTED by the Norco Redevelopment Agency at a regular meeting held on February 16, 2011.

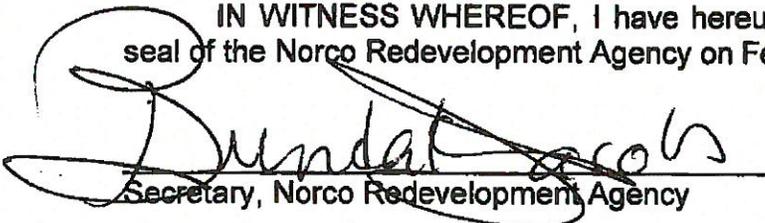
  
\_\_\_\_\_  
Chairman  
Norco Redevelopment Agency

ATTEST:  
  
\_\_\_\_\_  
Secretary, Norco Redevelopment Agency

I, BRENDA K. JACOBS, Secretary of the Norco Redevelopment Agency, do hereby certify that the foregoing Resolution was regularly introduced and adopted by the Norco Redevelopment Agency at a regular meeting thereof held on February 16, 2011, by the following vote of the Norco Redevelopment Agency Members:

AYES: HANNA, BASH, SULLIVAN, AZEVEDO, NEWTON  
NOES: NONE  
ABSENT: NONE  
ABSTAIN: NONE

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Norco Redevelopment Agency on February 16, 2011.

  
\_\_\_\_\_  
Secretary, Norco Redevelopment Agency

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**Appendix C**  
**Agency Staff Report Transmitting**  
**the 2010-11 Five Year**  
**Implementation Plan (February**  
**16, 2010)**

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## CITY OF NORCO STAFF REPORT

TO: Chairman and Members of the Norco Redevelopment Agency

FROM: Beth Groves, Executive Director 

PREPARED BY: David Gruchow, Urban Futures, Inc.

DATE: February 16, 2011

SUBJECT: Approval of the Redevelopment Agency's 2009/10 through 2013/14 Five-Year Implementation Plan

RECOMMENDATION: Hold a public hearing concerning the Redevelopment Agency's 2010-2014 Five-Year Implementation Plan and adopt **CRA Resolution No. 2011-\_\_\_\_**, approving the 2010-2014 Five-Year Implementation Plan.

**SUMMARY:** Assembly Bill 1290 (AB 1290), entitled the Community Redevelopment Law Reform Act of 1993, took effect on January 1, 1994, and added Section 33490 to the Health and Safety Code. Section 33490 mandates that each redevelopment agency adopt a five-year implementation plan commencing with the initial plan for projects adopted prior to January 1, 1994; to be adopted that calendar year. The Five-Year Implementation Plan for Fiscal Years 2009-10 through 2013-14 is the fourth Implementation Plan adopted by the Norco Redevelopment Agency.

The 2010-2014 Implementation Plan, prepared pursuant to Community Redevelopment Law ("CRL") Sections 33490(a)(1) and 33413(b)(4), contains the following:

- Agency accomplishments during the Preceding Implementation Plan term;
- Agency goals, objectives, programs, and projects for the next five years;
- Estimated revenue and expenditures to enable implementation of Agency programs and projects;
- An explanation of how the Agency's goals and objectives, programs, and expenditures will eliminate blight within the project areas;
- An Affordable Housing Production Plan that outlines how the Agency will meet its affordable housing obligations pursuant to CRL requirements over the next five years

**BACKGROUND/ANALYSIS:** This Implementation Plan identifies potential Agency-related redevelopment programs and projects, and housing activities targeting low- and moderate-income households, for Project Area One (the "Project Area") during the five-

year period beginning in fiscal year 2009-10, and ending in fiscal year 2013-14. Implementation Plans are generally intended as policy statements rather than a specific course of action. It identifies priorities for potential programs and projects, and demonstrates how such programs and projects will address essential near-term revitalization objectives for the Project Area. This Implementation Plan is not intended to restrict the Agency to the programs and projects identified in it, since conditions, values, expectations, resources, and the needs of the community may change during the term of the Implementation Plan.

It is important to emphasize that the preparation and adoption of an Implementation Plan does not mean that the Agency must undertake a sudden change in direction, set new goals, or discontinue on-going activities and programs. Accordingly, the emphasis of this Implementation Plan is on maintaining a continuity of actions and consistency with established policies while remaining aware of potential activities that may arise or become feasible during the five-year term of this Implementation Plan.

#### **Community Development**

Since adoption of the preceding Implementation Plan, the Agency has engaged in a number of successful projects and programs aimed at economic revitalization, blight reduction, and improving affordable housing. In terms of community development, the Agency's primary emphasis has been on working with the local community to improve commercial and retail opportunities. Examples of these efforts include the Façade Improvement Program, Restaurant Tenant Improvement Program, Old Town banner poles, and the implementation of an aggressive community branding campaign. In addition, the Agency has actively assisted in several commercial projects including the Suzuki Owner Participation Agreement, the Silverlakes Master Plan, the adaptive re-use of Caltrans properties, construction of the Hampton Inn, and the development of industrial/retail projects on Hamner Avenue, Parkridge Avenue, Sixth Street, and the Gateway to Horse Town.

The Agency has also funded several public improvements such as pavement improvements, street lighting, irrigation, traffic signals, Community Center parking, and right-of-way acquisition for future street widenings.

During the five years of the proposed Implementation Plan, the Agency will continue its efforts to revitalize the Norco Auto Mall and promote commercial and community activity. In addition to continuing the Façade Improvement Program and Restaurant Tenant Improvement Program, the Agency will also focus on historic preservation and will work with the Historic Preservation Commission in developing a strategic plan.

In terms of public infrastructure, the Plan envisions the widening of Sixth Street and Hamner Avenue, storm drain improvements on Mountain Avenue, funding for a new Animal Control facility, and various improvements at the Wayne Makin Sports Complex, the Community Center, and Ingalls Park.

### **Housing Compliance**

The Agency has continued to meet the affordable housing requirements provided for under the Community Redevelopment Law. During the preceding Implementation Plan period, the Agency focused on providing financial assistance to qualified individuals and families for home improvement and/or repair, first-time homebuyers, sewer hookups, infill home acquisition, and utility bill subsidies. Funding for these programs is proposed to continue during the five years of the proposed Implementation Plan.

Because the Agency's Project Area was created after January 1, 1976, it must comply with the inclusionary housing requirements contained in CRL Sections 33413 et. seq. Based on an assessment of the Agency's housing production efforts, the previous Implementation Plan period ended with a total of 147 housing units provided against an inclusionary housing obligation of 128 units, leaving a surplus of 19 units. It is anticipated that construction activity in the Project Area during the next five-year period will result in an additional inclusionary obligation of 24 units. With the Agency's 19-unit surplus, plus credit it receives for 12 affordability covenants acquired from the Heritage Park senior project, it is projected that the Agency will end the 2010-2014 Implementation Plan period with a surplus of 7 units against its inclusionary housing requirement.

### **Revenues and Expenditures**

Although the Agency is continuing to implement its community development and economic development goals, the success of its programs and projects is largely dependent upon the strength of the national, state, and regional economies. Tax increment revenue in the Project Area is projected to remain flat for fiscal years 2010-11 and 2011-12 with minimal growth (1% to 2%) in the following fiscal years.

In July 2009, the State legislature again voted to balance the State budget with the taking of redevelopment funds. The adopted State budget added a Supplemental Educational Revenue Augmentation Fund (SERAF) payment of \$1.7 billion statewide in 2009-10 and re-instated the \$350 million for payment in 2010-11. The first of the SERAF takings occurred last May with the Norco Redevelopment Agency paying \$4.9 million (\$3 million of which was a loan from the Agency's LMI Housing Fund). Norco's 2010-11 payment of \$1 million is due by May 10, 2011 with one-half being loaned again from the LMI Housing Fund.

Based on current projections of tax increment revenues and budgeted expenses, the Norco Redevelopment Project Area will continue to experience positive fund balances through fiscal year 2013-14. However, these balances will be reduced by annual shortfalls of expenditures over revenues. The anticipated balance at June 30, 2014 is \$82,753. The Agency's SERAF obligation is a major cause of this diminishing balance.

Approval of the Redevelopment Agency's 2009/10 through 2013/14 Five-Year  
Implementation Plan

Page 4

February 16, 2011

The \$82,753 closing fund balance projected for the end of the Implementation Plan period indicates that the Agency will likely experience a significant shortfall during the first year of the next Implementation Plan period (fiscal year 2014-15). The cash flow issues to be addressed at that point will be exacerbated by the required \$3 million repayment of the 2009-10 SERAF loan from the LMI Housing Fund.

**Proposed State Budget for 2011-12**

As part of its 2011-12 budget proposal, the Governor has proposed permanently shutting down local redevelopment agencies in order to utilize tax increment revenue to help balance the State's budget. While the Governor's initial proposal and subsequent statewide speculation has caused many agencies to seek ways to protect their tax increment revenues, the absence of any final, definitive legislation makes it very difficult to gauge the actual ramifications on the Norco Redevelopment Agency. Consequently, this proposed Implementation Plan has been created under the provisions of the current CRL. Obviously, if any attempt to eliminate redevelopment is successful, this Plan will likely be rendered moot.

**FINANCIAL IMPACT:** The adoption of CRA Resolution No. 2011-\_\_\_\_\_ will not, in and of itself, have any financial impact on the Agency. The funding of redevelopment programs and projects envisioned by this Implementation Plan will be subject to the Agency's and City Council's future budgetary discretion.

**Attachments:** CRA Resolution No. 2011-\_\_\_\_\_  
2009/10 through 2013/14 Five-Year Implementation Plan

/rg-77730