EL CAJON REDEVELOPMENT AGENCY

Five Year Implementation Plan
2009-10 through 2013-14
and
Ten Year Housing Compliance Plan
2004-05 through 2013-14

CITY OF EL CAJON

RSG
INTELLIGENT COMMUNITY DEVELOPMENT

ROSENOW SPEVACEK GROUP INC.
309 WEST 4TH STREET
SANTA ANA, CA 92701-4502
T 714.541.4585
F 714.541.1175
E INFO@WEBRSG.COM
W WEBRSG.COM

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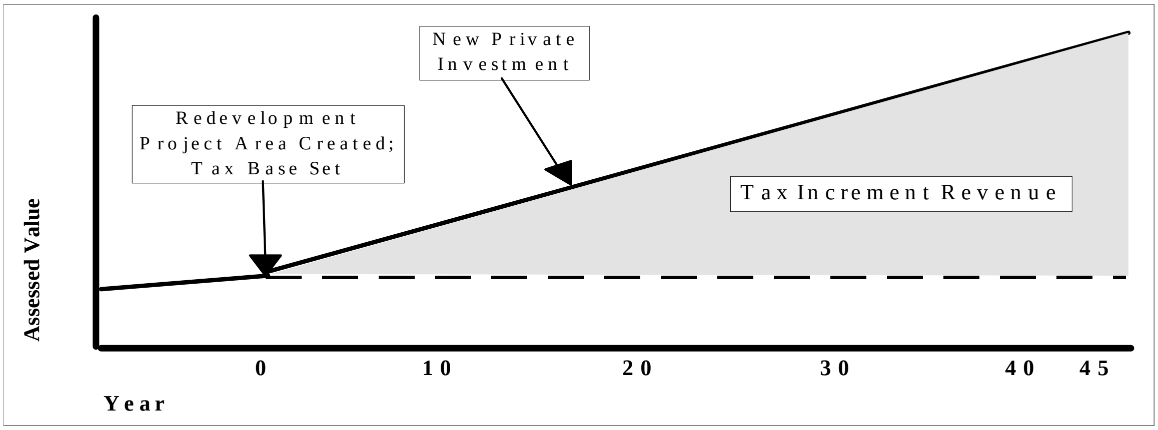
WHAT IS REDEVELOPMENT

In 1952, California voters adopted Article XVI, Section 16 allowing the provision of tax increment financing for redevelopment of blighted communities. Californians recognized the need to provide a mechanism to reinvest in economically and physically blighted communities throughout the State. For this reason, the California Redevelopment Law ("CRL") was established as part of the Health and Safety Code (§§33000 et seq.) as a tool to assist local governments and to prescribe the powers of a redevelopment agency. Redevelopment may be used by local governments for such activities as assembling property, issuing bonds, investing in infrastructure, and providing affordable housing. Redevelopment is locally driven and focuses on eliminating blighting conditions that are present within a local government's jurisdiction. Redevelopment agencies throughout the State use redevelopment tools differently to address the unique problems within their communities. Redevelopment spurs new development, creates jobs, and generates tax revenues in declining urbanized areas by developing partnerships between local governments and private entities. Redevelopment is one of the most effective ways to revitalize an area plagued by social, physical, environmental, or economic conditions hindering private investment.

A redevelopment agency has powers that are similar to any local government agency. These powers generally include the ability to adopt budgets, incur debt, construct improvements, acquire and dispose of property, and carry out development. However, redevelopment agencies have three unique powers that may only be exercised by an established redevelopment agency. These powers include the ability to buy property for resale to a private party, the authority to acquire property through the use of eminent domain, and the authority to collect tax increment revenue to finance a redevelopment program. Each redevelopment agency's powers are defined in a redevelopment plan that is created when a redevelopment project area is adopted.

Tax increment financing is the primary source of funding used to carry out redevelopment activities and undertake redevelopment projects in a community. Tax increment financing is based on the assumption that as an area is revitalized, more property taxes will be generated as a result of redevelopment. When a redevelopment project area is adopted, the current assessed values of all the properties within its boundaries are designated as the base year value. As assessed values increase in a project area, tax increment revenue is generated by capturing the amount of value added since the base year value was established. The increase in tax revenue, known as tax increment, goes to an agency for reinvestment back into a project area. Figure 1 is a graphical depiction of how tax increment is generated in a project area.

FIGURE 1 – TAX INCREMENT FINANCING



A portion of tax increment revenue received by a redevelopment agency must be used for the creation and preservation of affordable housing within the project area. The CRL requires that 20% of tax increment revenue be set aside into a separate fund that is restricted for the purpose of creating low and moderate income housing. Redevelopment agencies may use these funds for activities such as acquiring property, constructing on-site and off-site improvements related to affordable housing development, constructing or rehabilitating affordable housing units, providing subsidies to ensure affordability, and issuing bonds. Redevelopment agencies are one of the primary entities producing affordable housing throughout the State.

FOURTH IMPLEMENTATION PLAN

This document is the Fourth Implementation Plan ("Plan") for the El Cajon Redevelopment Project Area ("Project Area") and covers the 2009-10 through 2013-14 planning period. It has been prepared by the El Cajon Redevelopment Agency ("Agency") to address the requirements of Section 33490 of the CRL. Pursuant to the CRL, this Plan presents:

- The goals and objectives that will guide redevelopment and affordable housing implementation activities in the Project Area;
- The specific programs, projects, and expenditures for the five-year term (2009-10 through 2013-14) of this Plan;
- An explanation of how the projects will eliminate blight in the Project Area;
- An explanation of how the Agency's affordable housing projects and expenditures will implement the low and moderate income housing requirements of the CRL through:
    1. An enumeration of the number of housing units to be rehabilitated, assisted, or destroyed during the term of the Redevelopment Plan;
    2. An outline of the Agency's plan for the utilization of the Low and Moderate Income Housing Set Aside Fund ("Housing Fund") including annual deposits, transfer of funds, or accruals for special projects;
    3. An identification of programs/projects that will result in the destruction of existing affordable housing (if any); and
- An update to the Agency's Affordable Housing Compliance Plan (2004-05 through 2013-14).

ABOUT THE EL CAJON REDEVELOPMENT AGENCY

To eliminate blighting conditions and revive the economic viability of the City of El Cajon, the City Council established the Agency in 1971 to oversee redevelopment activities. The Agency identified and defined the area within the City that needed to be addressed and put into a redevelopment project area. The Project Area is comprised of: the Central Business District Area ("CBD Area") and the area added to the Project Area by the 1987 Amendment ("Amendment Area").

The CBD Area was established through the adoption of the original CBD Redevelopment Plan ("Redevelopment Plan") by the City Council on December 28, 1971. The CBD Area encompasses approximately 50 acres, and is primarily devoted to commercial and governmental uses including the Civic Center and a small number of residential dwellings. The Amendment Area was incorporated by an amendment to the Redevelopment Plan on July 14, 1987. The Amendment Area encompasses 1,498 acres and is developed with a mix of commercial, residential, and industrial uses, including the Westfield Town Center-Parkway Plaza. While the majority of the Amendment Area is within the boundaries of the City, the Amendment Area includes a 140-acre commercial/industrial area within unincorporated territory.

The Redevelopment Plan sets forth time limitations with regard to collecting tax increment revenue, incurring bonded debt, plan effectiveness, and the use of eminent domain. The Redevelopment Plan was last amended in 2007 to extend the Redevelopment Plan's effectiveness and tax increment collection dates by an additional year. The following chart presents the current time limits contained in the Redevelopment Plan. Per the CRL, if an amendment is made to a redevelopment plan to add territory to a project area prior to December 31, 1993, the time limitations shall reflect individual limitations based on the dates of the original area and the added area. Because the CBD and Amendment Areas were established at different times, each area contains separate time limits.

Redevelopment Plan Time Limits

El Cajon Redevelopment Agency

Limit	**CBD Area**[1]	**Amendment Area**[2]
Adoption Date	December 28, 1971	July 14, 1987
Incur Indebtedness[3]	Eliminated	Eliminated
Plan Effectiveness[4]	December 28, 2012	July 14, 2028
Collect Tax Increment[4]	December 28, 2022	July 14, 2038
Eminent Domain[5]	April 27, 2011	April 27, 2011

[1] The City Council adopted the Project Area on December 28, 1971 by Ordinance No. 2437.

[2] The Amendment Area was incorporated into the original Project Area on July 14, 1987 by Ordinance No. 4038.

[3] The City Council adopted Ordinance No. 4844 on June 26, 2007 eliminating the time limit to incur debt in the Project Area pursuant to SB 211.

[4] The City Council adopted Ordinance No. 4868 on April 27, 2007 extending the redevelopment plan effectiveness and time limit to collect tax increment by one year pursuant to SB 1045.

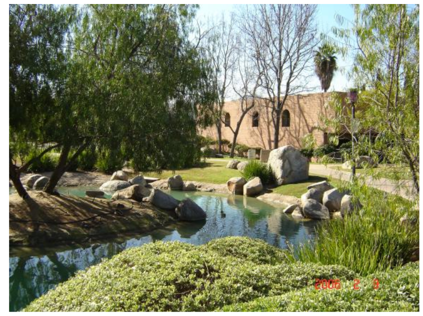
[5] The City Council adopted Ordinance No. 4601 on April 27, 1999 extending the Agency's eminent domain authority for an additional 12 years.

Source: El Cajon Redevelopment Agency

AGENCY ACCOMPLISHMENTS

Since inception, the Agency has been actively redeveloping the Project Area and has successfully completed the following projects.

Civic Center Project: The Agency's first redevelopment venture involved a joint partnership effort with the County of San Diego and Grossmont Community College District to develop the City Hall, the East County Regional Center, and the East County Performing Arts Center (Theater East). This project was completed in 1976 and the Agency invested $6,271,466 into the project.



Saturn of El Cajon: In 1990, the Agency was instrumental in locating a Saturn dealership on Johnson Avenue which was the first Saturn dealership in San Diego County. The dealership received economic development assistance in the form of a loan in the amount of $435,000 from the Agency with repayment based upon sales tax generation. Since the grand opening in 1991, the auto dealership has fully repaid the loan and provided millions of dollars in sales tax revenue to the City.

El Cajon Branch Library Construction: In 1988, the Agency joined with the County of San Diego to fund the construction of a new library in the Project Area. Approximately $3.0 million of Project Area tax increment funds were used to finance 87.5% of the cost to construct the library facility. Construction began in fiscal year 1990-91 and was opened to the public on October 17, 1991.

El Cajon Shopping Center: In March 1989, the Agency entered into an Owner Participation Agreement with Hopkins Development Company, L.P. The Agency's role was to acquire a 5.85 acre parcel, relocate tenants, and demolish existing structures in exchange for the development of a commercial center by Hopkins Development Company, L.P. The Agency invested over $3.7 million into this project. The project was completed in 1992 and yielded approximately 92,500 square feet of commercial space. Upon completion, the site included a movie theater, toy store, restaurant, fast food, and medical clinic. Today the project is home to Motoworld, Temecula Valley Bank, North Island Credit Union, Rubios, and other miscellaneous retail space.

Cajon Valley Middle School Gymnasium: The School District planned to completely remodel Cajon Valley Middle School. In fiscal year 1992-93, the School District entered into a Tax Allocation Agreement with the Agency for an advance of pass-through funds in the amount of $3.0 million. The advanced funds were used to construct the new gymnasium that otherwise would not have been built without the Agency's assistance. Additionally, a Joint Powers Agreement was created that allows for civic recreational uses during non-school times. This project was completed in 1994.

Main Street Project: Located at the northwest corner of Main Street and Magnolia Avenue, the 12.0 acre site was the first of two downtown corners to receive redevelopment funding. In 1990, the site was selected as the location of a community commercial center that would feature a full service grocery store, restaurants, and various in-line retail shops. The Agency acquired the project site, relocated businesses and tenants, and demolished existing structures on the site in preparation for development. By 1992, the Agency had accomplished this phase of development, completed negotiations with a developer, and sold the entire 12.0 acres to Smiths Food and Drug under a Disposition and Development Agreement. Smith's completed phase one on-site improvements, including the 74,000 square foot grocery store, all parking and landscaping, and the construction of the in-line retail shops. The grand opening of the project occurred in April 1994. Phase two of the development included construction of Hometown Buffet and the San Diego County Credit Union. In 1996, after a reorganization of Smith's Food and Drug, the Agency re-acquired two parcels at the northwest corner of the property and entered into negotiations with Hollywood Video, which opened in 1996. The parcel fronting West Main Street was sold to Priest Development Corporation for $65,000 under a Disposition and Development Agreement to develop a 14,000 square foot mixed use building at the intersection of Main Street and Magnolia Avenue. The building contains commercial and retail spaces located on the ground level and office space on the second floor. Tenants include Starbucks, Quizno's and First American Title. The Agency has invested nearly $21.2 million into this highly successful project.

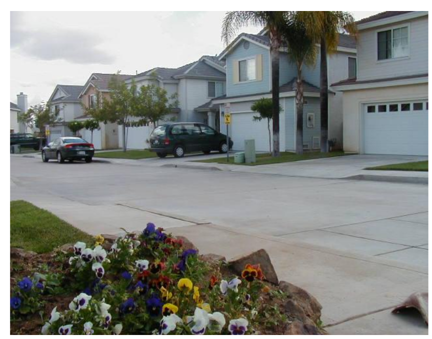
Lexington Avenue Senior Apartments: On November 30, 1993, the Agency executed a Disposition and Development Agreement with Goldrich, Kest & Associates for the construction of 100 very low income housing units for senior citizens. The Project was completed in 1995 and remains fully leased and an integral development in the revitalization of downtown. The Agency invested approximately $7.4 million into this project.

Granite Hills Place: In 1994, the Agency entered into an Affordable Housing Agreement for the acquisition and construction of 22 single-family homes with P&E Development. Sales prices averaged $145,000 per unit and 11 of the 22 units were sold to low income households under 33-year covenants. The Agency invested $710,000 into the project that was completed in 1995.

El Cajon Gardens, L.P. (Laurel Village Project): In October 1997, the Agency entered into an Affordable Housing Agreement with El Cajon Gardens, L.P. to provide up to $690,000 for substantial rehabilitation of all apartment units on the property. In exchange, 11 units were income restricted to low income households for 15 years. HOME funds in the amount of $832,000 were also layered in the project, yielding a total of 31 affordable units. This project was completed in 1998.

Billings Street Housing Development: In 1997, the Agency entered into an Affordable Housing Agreement with Weiland Development Company for the acquisition of property and construction of 10 single family homes. Construction was completed in 1998 and all 10 units were sold to low and moderate income households. The Agency invested $275,000 into the project to acquire the project site. All Agency funds have been repaid, with interest.

Benton Place Housing Development: In 1995, the Agency entered into an Affordable Housing Agreement with Weiland Development Company for the acquisition of property and construction of 16 single family homes. All 16 units were sold to low and moderate income households, ranging from $142,000 to $151,500. Completion of this project in 1997 provided a substantial boost in property taxes to a formerly blighted property. The Agency invested $285,000 into this project to acquire the project site. All Agency funds have been repaid, with interest.



Downtown Café: In 2001, the Agency executed a Disposition and Development Agreement with the Marujo family for the sale and development of two Agency owned parcels in downtown El Cajon. The parcels were immediately adjacent to an abandoned historical building that was purchased and renovated for conversion into a restaurant. Agency owned parcels were incorporated into the project as outdoor patio/dining space and has become a favorite dining

location for patrons seeking outdoor dining. While the Agency did not invest financially in this business or the improvements to the historical structure, it was the initial acquisition of the land to remove an abandoned adjacent building and the anticipation of downtown rejuvenation that led to the private investment of a restaurant owner.

Decker Court: In February 2001, the Agency entered into an Affordable Housing Agreement to assist with the development of 12 single family homes that were sold to low and moderate income first time homebuyers. Coupled with federal HOME funds, Agency funds were used to develop the property and the Agency's investment was repaid upon the close of escrow. Although all families were eligible for down payment loan assistance, only five of the 12 utilized them. (HOME funds are used for families earning below 80% of area median income, Agency funds for families between 80 and 120% - all five used HOME funds). Without the Agency and HOME loans to the developer, these homes would not have been built. The project was completed in 2003 and the Agency's total investment was $415,000 to acquire the project site. All Agency funds have been repaid, with interest.

Emerald Estates: In December 2001, the Agency entered into an Affordable Housing Agreement with Homestart, LLC for the purpose of acquiring and converting a 24 unit apartment complex into condominiums. All 24 units were sold to low and moderate first time homebuyers under a 15-year Resale Restriction Agreement and Option to Purchase. The project was completed in 2003 and the Agency's total investment was $1.6 million to assist in site acquisition and conversion of units from apartments to condominiums. All Agency funds have been repaid, with interest.

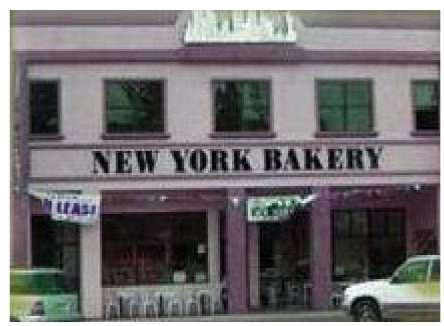
Parkway Plaza Expansion: Pursuant to an agreement made with the Plaza's original owner in 1988, the Agency formed a public private partnership with the Ernest Hahn Corporation to facilitate the phased renovation and expansion of Parkway Plaza. In April 2003, the Agency entered into the first amendment with Parkway Plaza, LLC to complete a second parking structure. The Agency funded the construction of two multi-level public parking structures to accommodate the expanded retail space located within the mall. The project was completed in 2004 and the Agency's total investment was $7.7 million.

Wescott Mazda/Kia of El Cajon: In October 2001, the Agency entered into an Owner Participation and Reimbursement Agreement for a new Mazda/Kia dealership in El Cajon. The Agency participated by agreeing to reimburse acquisition and development costs based on sales tax generation over a five year period. The project was completed in 2005 and the Agency's total investment was $363,307.

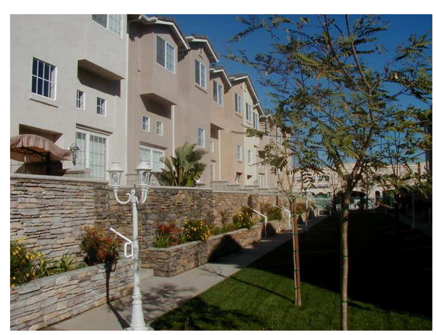
Mossy Nissan: In 1998, the Agency entered into an Exclusive Negotiating Agreement with Mossy Nissan, Inc. in which the Agency agreed to finance the acquisition and development costs associated with the placement of a new Nissan dealership within the Central Business District of the Redevelopment Project Area. The project was completed in 2005 and the Agency's total investment was $1.26 million. To date, the dealership has generated $2,521,000 of sales tax to the City's general fund.

St. Madeleine Sophie's Center: In August 2005, the Agency entered into a disposition and development agreement with St. Madeleine Sophie's Center for the acquisition of a property located at 109 and 111 Rea Avenue, which was to be used as an educational center for developmentally disabled adults. Previously, this Agency owned property had been leased to the Wieghorst Museum for development as a museum and gallery and was then sold in March 2005 for $355,554 to Sophie's Gallery, an art studio and gallery. The City Council and Agency had made a conscious decision to include art in the emergence of downtown El Cajon. When presented with the opportunity to establish an art studio and gallery with St. Madeleine Sophie's, the Agency sold what has become a highly successful art attraction and a catalyst for creative activity in downtown. The Project was completed in 2005 and the total Agency investment was $110,000.

New York Bakery: In January 2004, the Agency entered into a disposition and development agreement with the DiGrigoli family for an Agency owned property at 245 East Main Street. The previous structure was abandoned thus creating an attractive venue for vagrants and crime. The Agency had the previous improvements demolished and then sold to the DiGrigoli family for development as a traditional New York Style bakery. The property was sold in March 2005 for $85,400 and a 2-story commercial building with a 5,742 square foot bakery, a retail store with indoor and outdoor dining, and 5,521 square feet of second story space for office and residential uses was built. The total Agency investment was $133,000 and the project was completed in 2007.



Southwest Corner Project: In 1996, the Agency acquired 13 parcels on the southwest corner of Main Street and Magnolia Avenue to eliminate abandoned buildings, reduce demand for public services (police and fire calls for service), and address the demand for retail, commercial and residential. The Agency purchased the land to develop a mixed use project that would compliment overall downtown revitalization efforts. The first phase of 28 single-family market-rate townhouse units was completed in 2003. The second phase of approximately 12,000 square feet of commercial and retail uses was constructed in 2008. The total Agency investment was $6.2 million for land acquisition and associated site assembly activities. The project site was sold to Priest Development for $2.0 million.



Por Favor Restaurant: In 1998, the Agency executed a Lease Purchase Agreement with Por Favor Restaurant for the lease and future acquisition of two small parcels in order to assist in the development of a family style Mexican restaurant in downtown El Cajon on East Main Street. Agency land was also incorporated into the project as outdoor patio dining. The presence of Por Favor has created a festive atmosphere and is a favorite spot for visitors to the many special events that occur each week in downtown El Cajon, such as the Classic Car Show and Concerts on the Green. Like the Downtown Café, the Agency originally acquired the land to entice a restaurant to the downtown core. While the Agency did not provide financial assistance to the business or the rehabilitation of the existing structure, it was the Agency's ability to quickly turn over the property to an interested business that allowed for Por Favor to enter the downtown. The total Agency investment was $38,250 and the lease was paid in full in 2008.

Wisconsin Cottages: In July 2004, the Agency entered into an Affordable Housing Agreement with the El Cajon Community Development Corporation for the acquisition of a vacant parcel continuously plagued by dumping, graffiti, and calls for police service. The project ultimately resulted in the construction of seven cottage-style single family units, all of which were sold to low and moderate income households using Agency and HOME funding assistance. The total Agency net investment was $1.3 million and $478,000 of HOME funds were used. Construction was completed in July 2008 and the last unit was sold in December 2008.

Downtown/Main Street Sidewalk Improvement Project: Started in 2007, this project provided a comprehensive plan for the replacement of deteriorated sidewalks, drainage systems, lighting, landscaping, street furniture, and building façades and concentrated efforts on reorienting the downtown core for pedestrian use. The total Agency investment was $5.9 million and was completed in 2009.

Mangia Bene: The Agency entered into a Lease Agreement for use of a portion of Prescott Promenade as an outdoor patio for the restaurant. While the Agency did not provide direct financial assistance for this business, the Agency does own land adjacent to a public park. The land leased to Mangia Bene is now outdoor patio dining space that provides a pleasant alternative to indoor dining during summer months and is a public favorite and integral part of the busy downtown El Cajon event season.

Prescott Avenue Promenade: The Redevelopment Agency provided financial assistance and staff coordination for the development of the Prescott Avenue Promenade, which is the only public park in downtown. The park, called for in the Downtown Master Design Plan, extends from Lexington Avenue to Main Street and connects the El Cajon Library, Community Center, and Lexington Avenue Senior Citizen Complex with the East County Performing Arts Center Civic Center. It has been years since the Promenade opened and is now a central focus/assembly area in the downtown. The Park is site of special events sponsored by the El Cajon Community Development Corporation, such as the Concerts on the Green held each Friday between May and October, and the weekly Cajon Classic Cruise held each Wednesday from May to September. In addition, the Recreation Department coordinates this public space and receives requests for its use throughout the year. The presence of Prescott Promenade is invaluable to the vibrancy and future success of downtown El Cajon.

First Time Homebuyer Program: Since 1995, two ongoing first time homebuyer programs have been offered: Agency funds are loaned to eligible moderate income families and HOME funds are loaned to eligible low income families. These loan programs provide down payment and closing cost assistance to qualified first-time homebuyers and, consequently, they foster neighborhood vitality, eliminate blighting conditions by making the owners stakeholders in the community, and promote economic vitality by supporting local business. To date, a total of 98 first time home-buying families have been assisted with the purchase of their first home using Agency funds totaling $5,274,898. Of these, fourteen families were low-income and the remaining families were moderate-income households. Together, Agency funds leveraged the purchase of $22.9 million in real estate.

Business Retention, Recruitment and Relocation Program: This ongoing program works in conjunction with the Façade Improvement Program to recruit and assist businesses in remaining, expanding, or relocating to the downtown core. The comprehensive program also includes the placement of businesses in vacant structures to prevent vacant store fronts. To date, the Agency has assisted the El Cajon Community Development Corporation in implementing 32 business recruitment grants totaling $829,058. These efforts created an additional 127 businesses and 402 jobs in the Project Area.

Façade Improvement Program: Beginning in fiscal year 2002-03, the Agency has provided financial assistance to downtown business owners to improve the façade of their buildings. In addition to a financial contribution, the Agency has assisted in the rehabilitation of existing structures within the downtown core to eliminate blight, entice existing businesses to either remain or expand, but also establish a more desirable location for new businesses. Through this program, virtually every building on East Main Street has received a grant, and with the exception of two businesses, every business in the downtown exists due to Agency assistance. To date, the Agency has expended a total of $648,982 on the 23 façade grants. The project is currently ongoing.

Apartment Rehabilitation Program: The Agency has successfully rehabilitated approximately 586 apartment units though implementation of this program. In return for this rehabilitation assistance, the Agency secured 15-year affordability covenants on 41 of these units. Completed projects include Casas Nuevas (119-units for $500,000), Cedar Glen (105-units for $350,000), Pinewood Apartments (56-units with $1.45M bonds), Park Mollison and Madison Apartments (150-units with $5.4M bonds), Amber Project Southwest Affordable Housing LLC (with $1M bonds), and Villa Royale Apartments (114-units for $650,000). However, none of these projects secured 30-year affordability covenants, which excludes these units from being counted as inclusionary housing units. To date, the Agency has invested $1.5 million plus another $7.85 million in bond participation for this program which is currently ongoing.

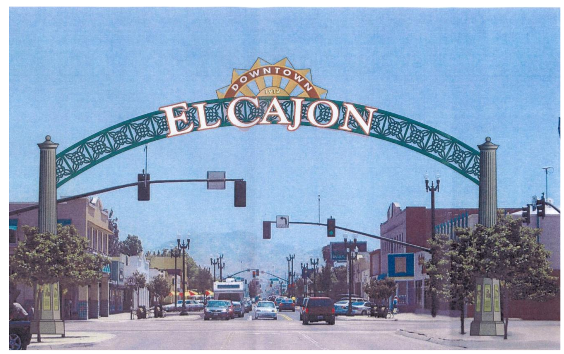
Mortgage Credit Certificate (MCC) Program: In 1994, the City and County of San Diego entered into a cooperative agreement for the issuance of mortgage credit certificates for qualified first-time homebuyers. As the MCC program is an affordable housing program, it provides an actual tax credit of 20% of mortgage interest paid, and places a 9-year recapture tax covenant against each property. Agency funds have been used for the administration costs of the program. Since FY2003-04, a total of 89 households have been assisted under the MCC Program as follows: 14 extremely low; 2 very-low; 31 low; 28 moderate; and 14 above moderate. As of April 2009, the total Agency investment in this program was $38,000. This program is currently ongoing.

Magnolia Villas: In January 2003, the Agency entered into a disposition and development agreement with Priest Development for the sale of 5.85 acres for $2,500,000, plus an additional $238,833 in Affordable Housing In-Lieu fees. The acquisition of this property was a result of and is reflected in the El Cajon Shopping Center above. The project is to construct 103 single family town-home style units. This property was determined to have contaminated soil and was subject to cleanup activities. To date, 55 units have been completed and 48 will follow in future phases.

Habitat for Humanity: The Agency entered into an affordable housing agreement with Habitat for Humanity in February 19, 2009 to assist with the development of four 3-bedroom single-family homes at 801 Avocado Avenue. The project is sponsored in large part by Habitat, the Jimmie Johnson Foundation and the El Cajon Redevelopment Agency. The low-income families who are selected to purchase the units will be required to put no less than 250 to 500 hours of volunteer work or "sweat equity" into the project, sites of other Habitat sites, or by volunteering at the Habitat ReStore or administrative offices. The total Agency investment was $200,000 and the project is scheduled to be completed in October 2009.

Birchwood Lane: The Agency entered into an affordable housing agreement in April 2009 with Weiland Development Company for the acquisition of 26 single family units, located within the Project Area. The units will be completed over five phases and 100% of the units will be sold to low and moderate-income households. Assistance will be provided to the first-time homebuyers by utilizing the return of Agency funds received on the sale of each unit. The total Agency investment is expected to be $2.95 million to acquire the property and development is anticipated to be completed in September 2010. All Agency funds will be repaid, with interest, on a pro-rata basis as each unit is sold.

City Welcome Monument: The Agency facilitated the construction of a welcome monument to identify and welcome visitors to Downtown El Cajon. The monument will provides visitors with location identity similar to those found in the Gaslamp District, North Park and other areas within the region. The project was completed in 2009 and total Agency participation was $269,902 for construction costs including design, manufacturing, and installation.



NON-HOUSING REVENUE PROJECTIONS

The Agency's projected beginning fund balance for fiscal year 2009-10 totals approximately $34.3 million that can be spent on non-housing redevelopment projects. It is estimated that the Agency will receive $63.4 million in property tax increment revenue, $2.1 million of interest earnings, and $2,500 of miscellaneous revenue. The cumulative non-housing revenue available during the planning period totals $99.8 million. Out of $99.8 million, $45.8 million will be used for administrative costs, debt service payments, and pass through payments and $47.2 million will be used to fund redevelopment projects throughout the Project Area. The Agency will end the planning period with a fund balance of $6.8 million. The following is the projected annual non-housing five-year cash flow for the Project Area redevelopment activities.

Non-Housing Five-Year Cash Flow (2009-10 through 2013-14)
El Cajon Redevelopment Agency

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Revenue						
Beginning Fund Balance[1]	**$34,282,720**	**$22,077,566**	**$17,188,604**	**$6,226,899**	**$6,382,989**	
80% Tax Increment Revenue[2]	12,675,012	12,675,012	12,675,012	12,675,012	12,675,012	63,375,059
Investment Earnings[3]	1,105,427	441,551	343,772	124,538	127,660	2,142,948
Miscellaneous Revenue[4]	500	500	500	500	500	2,500
Total Revenue	*13,780,939*	*13,117,063*	*13,019,284*	*12,800,050*	*12,803,171*	65,520,507
Available Cash Flow	**$48,063,659**	**$35,194,629**	**$30,207,888**	**$19,026,949**	**$19,186,160**	**$99,803,227**
Expenditures						
Operations and Administration						
Administrative Costs	($1,268,549)	($1,443,920)	($1,612,798)	($1,785,054)	($1,960,755)	(8,071,077)
Debt Service	(4,105,587)	(4,105,881)	(4,104,300)	(4,100,847)	(4,100,007)	(20,516,622)
Pass Through Payments	(3,459,396)	(3,614,225)	(3,746,890)	(3,151,059)	(3,199,791)	(17,171,361)
Subtotal Operations and Administration	*(8,833,532)*	*(9,164,025)*	*(9,463,989)*	*(9,036,960)*	*(9,260,554)*	(45,759,060)
Projects and Programs[5]						
Downtown Master Design Plan Update / SP 182 Revision	(454,276)					(454,276)
Business Retention Recruiting	(260,000)	(220,000)	(220,000)	(220,000)	(220,000)	(1,140,000)
Façade Design and Improvements	(200,000)	(185,000)	(185,000)	(185,000)	(185,000)	(940,000)
Hazmat Testing Park/Ballantyne	(65,000)	(65,000)				(130,000)
Hazmat Testing Prescott Promenade	(30,000)	(30,000)				(60,000)
SW Corner Environmental Testing	(30,000)	(30,000)				(60,000)
Graffiti Abatement Program	(62,000)	(62,000)	(62,000)	(62,000)	(62,000)	(310,000)
Downtown Enhancements/Beautification	(2,022,300)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(8,022,300)
Old Police Station	(100,000)					(100,000)
Pavement Overlays - Fletcher Parkway	(500,000)					(500,000)
Linda Way Alley Improvements	(250,000)					(250,000)
Utility Box Improvement Program	(12,000)					(12,000)
3rd Floor Office Reconfiguration	(55,000)					(55,000)
City Welcome Monument	(89,364)					(89,364)
Civic Center Complex (aka: Mixed Use Project #1)	(10,010,000)	(5,750,000)	(10,750,000)			(26,510,000)
Street Median Improvements	(774,000)					(774,000)
SP 182 Projects	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(5,000,000)
Ornamental Fountain and Plaza Upgrades	(168,620)					(168,620)
Landscaping Improvements - Civic Center			(300,000)			(300,000)
El Cajon Boulevard Intersection Design			(500,000)	(500,000)		(1,000,000)
Alley Sidewalk Improvement Project	(450,000)					(450,000)
Ronald Reagan Lighting, Landscape & Irrigation Imprvmts				(140,000)		(140,000)
Lexington Sr. Hsg Lighting, Landscape & Irrigation Imprvmts					(125,000)	(125,000)
Neighborhood/Community Stabilitation Program (formerly LAH)	(120,000)					(120,000)
Overlay Thoroughfares	(500,000)					(500,000)
Subtotal Projects and Programs	*(17,152,560)*	*(8,842,000)*	*(14,517,000)*	*(3,607,000)*	*(3,092,000)*	*(47,210,560)*
Total Expenditures	**($25,986,092)**	**($18,006,025)**	**($23,980,989)**	**($12,643,960)**	**($12,352,554)**	**($92,969,620)**
Ending Fund Balance	**$22,077,566**	**$17,188,604**	**$6,226,899**	**$6,382,989**	**$6,833,607**	

1 Beginning Fund Balance per adopted 2008-09 Annual Budget May update.
2 Tax increment revenue projections assumes a 1% growth in assessed value for FY 2009-10 and 2010-11 and 2% thereafter.
3 Investment earnings growth rate is based on 2.0% increase and the 2009-10 is based on actuals.
4 Miscellaneous revenue includes rental/lease property income and loan repayment.
5 Projects and Programs expenditures based on the Five Year Capital Improvement Plan for 2009-10 through 2013-14 May update.

Source: El Cajon Redevelopment Agency

REDEVELOPMENT PLAN GOALS

The Project Area was adopted to address blighting conditions. The Redevelopment Plan's goals are identified as:

Housing for All Families: The provision of safe, decent, adequate and sanitary housing through the development and rehabilitation of a mixture of housing types for all income groups.

Improve Community Facilities: Provide needed improvements to preserve the community's education, cultural, and other community facilities.

Diversify and Expand Economic Base and Employment Opportunities: To promote the economic well-being of the Project Area by encouraging the diversification and development of its economic base and employment opportunities.

Address Traffic Circulation Deficiencies: Improve traffic circulation through the reconstruction and improvement of existing streets.

Leverage Private Sector Investment: The maximization of private participation and investment in the redevelopment effort.

Improve Parcel and Land Configuration and Public Infrastructure: Encourage the development of commercial and industrial environments which positively relate to adjacent land uses, and upgrade and stabilize existing uses. Remove impediments to land assembly and development through acquisition and reparcelization of land into reasonably shaped and sized parcels. Expand the resource of developable land by making underutilized land available for redevelopment. Provide needed improvements to the utility infrastructure and public facilities that service the Project Area.

Encourage Stakeholder Participation: To encourage the cooperation and participation of residents, business persons, public agencies, and community organizations in the revitalization of the Project Area. Coordinate revitalization efforts with other public programs with the City and other public agencies.

Cleanup Architectural and Development Aesthetics: Provide for the development of distinct commercial districts, to attain consistent image and character, and enhance their economic viability. Achieve an environment reflecting a high level of concern for architectural, landscape, and urban design principles to appropriate the objectives of the Redevelopment Plan.

PROPOSED REDEVELOPMENT PROGRAM – 2009 THROUGH 2014

Over the next five years, the Agency will implement the redevelopment strategy by undertaking the following projects and programs:

Project/Description	Estimated Redevelopment Investment	Goals Achieved
Downtown Master Design Plan Update & Specific Plan 182 Amendment: In response to developer inquiries regarding mixed-use development in Downtown El Cajon, the City, Agency, and El Cajon Community Development Corporation ("CDC") staff concluded that a comprehensive amendment to Specific Plan 182 is necessary to address fundamental issues such as residential density, traffic circulation, parking, design standards, signage, and sustainability. The comprehensive Specific Plan Amendment will provide development standards and guidelines for Downtown El Cajon mixed-use projects. The scope of work is divided into two phases. Phase I includes an analysis of existing infrastructure conditions and a complete description of the Downtown Specific Plan project area addressing land use, development standards, and design guidelines, and has been completed. Phase II will result in a full Environmental Impact Report regarding the Specific Plan Amendment. Completion of this project will eliminate infrastructure deficiencies and conditions hindering the viable use of lots or buildings. *Project Completion…………………………………………………..2010*	$454,276	ACCESS CLEAN
Business Retention Recruiting: The Agency will assist CDC with retaining, recruiting, or relocating business within the downtown. The existence of such a program allows the Agency and the CDC to be proactive and flexible in the revitalization of downtown. Completion of this project will help create new jobs, reverse high vacancy rates, and eliminate factors hindering economically viable use. *Project Completion ....………2014*	$1,140,000	WORK HELP

Project/Description	Estimated Redevelopment Investment	Goals Achieved
Façade Design and Improvements: The Agency will assist the CDC in the physical improvement to structures within the CDC boundaries by offering financial assistance for façade upgrade, interior renovation, landscaping, signage and related physical improvements. The work required to complete these activities requires prevailing wages which will be monitored by the CDC to ensure that Agency funds will be expended in compliance with state labor laws. Completion of this project will help improve unsafe and unhealthy structures, encourage stakeholder participation, provide architectural continuity, and eliminate factors hindering economically viable use. *Project Completion 2014*	$940,000	ACCESS CLEAN HELP
Hazmat Testing Park/Ballantyne: The subject property used to be a gasoline station that stored fuel in underground storage tanks that are now leaking. The Agency purchased the property for the purposes of converting a known Brownfields location into a residential development. With the assistance of the County of San Diego LUST team, the Agency successfully developed 103 market rate single-family townhomes. Funding for the on-going testing of the Brownfields site is required by the San Diego County Department of Environmental Health and Region 9 Water Quality Control Board. To meet County requirements for case closure, testing must occur until results are at satisfactory levels for four consecutive quarters. Agency assistance is required to fund the required testing. Completion of the project will remediate a hazardous waste site and increase property values in the Project Area. *Project Completion 2011*	$130,000	ACCESS

Project/Description	Estimated Redevelopment Investment	Goals Achieved
Hazmat Testing Prescott Promenade: The subject property was also the former site of a gasoline station that contains leaking underground storage tanks. The Agency purchased the property for the purposes of converting a known Brownfields location to public open space. With the assistance of the County of San Diego LUST team, the Agency successfully achieved clearance for development of the Prescott Promenade to be used as urban in-fill open space. To meet County requirements for case closure, testing must occur until results are at satisfactory levels for four consecutive quarters. Agency assistance is required to fund the required testing. Completion of the project will remediate a hazardous waste site and increase property values in the Project Area. *Project Completion 2011*	$60,000	ACCESS
SW Corner Environmental Testing: The subject property is the former site of a leaking underground storage tank from a diesel gasoline station and dry cleaner. The Agency purchased the property for the purposes of converting a known Brownfields location into mixed-use residential/commercial development. With the assistance of the County of San Diego LUST team, the Agency successfully achieved clearance for development of 27 single-family townhomes and 20,000 square feet of commercial/retail space. Testing of the site requires four consecutive quarters to meet County requirements for closure status. Agency assistance is required to fund the required testing. Completion of the project will remediate a hazardous waste site and increase property values in the Project Area. *Project Completion 2011*	$60,000	ACCESS
Graffiti Abatement Program: The Agency will help the City of El Cajon's Building Department implement this program. The goal is to minimize the attraction of graffiti by rapidly covering it. Completion of this project will eliminate factors hindering economically viable use and reduce perceived crime in the Project Area. *Project Completion 2014*	$310,000	CLEAN

Project/Description	Estimated Redevelopment Investment	Goals Achieved
Downtown Enhancements/Beautification: This project will provide improvements to the core of downtown along Main Street and Magnolia Ave. Improvements will include infrastructure, landscaping, traffic signal replacement, signage, streetscape, and other health and safety related public improvements. These improvements will assist in the safe circulation of traffic and pedestrians while improving public facilities and open-space areas in downtown. Completion of this project will improve traffic circulation deficiencies, infrastructure deficiencies, and community facilities. Improvements will attract both businesses and visitors to the downtown area spurring economic development in the Project Area. *Project Completion………………………………………………….2014*	$8,022,300	CLEAN GO PRESERVE
Old Police Station: In November 2004, the community passed Proposition O for the construction of a new Public Safety Facility. The new Public Safety Facility will replace the current Police Station at the corner of Magnolia Ave. and Fletcher Parkway. The Agency will facilitate a feasibility study evaluating redevelopment of the Police Station once the Public Safety Center is completed. The study will evaluate various development alternatives and financial returns of the proposed developments. The feasibility study will commence approximately one-year prior to completion of the Public Safety Center. Completion of this project will stimulate development on an underutilized property in the Project Area. *Project Completion……………………………………………….2010*	$100,000	ACCESS
Pavement Overlays - Fletcher Parkway: This project provides for the reconstruction and/or resurfacing of thoroughfares located at Fletcher Parkway from HWY 67 to Westwind Street and Mollison Street from Main Street to Washington Avenue. Redevelopment funds will be allocated to Fletcher Parkway, between Magnolia Avenue and Marshall Avenue. Transit funds will be used to reconstruct left turn pockets. Completion of this project will provide the necessary repairs to the street system and facilitate the safe and efficient movement of traffic. *Project Completion…………………………………………………..2010*	$500,000	GO

Project/Description	**Estimated Redevelopment Investment**	**Goals Achieved**
Linda Way Alley Improvements: This project will provide infrastructure improvements to the unpaved alley adjacent to the Linda Way In-fill Housing Project, between Chambers Street. and Sunshine Avenue. This project will be completed in conjunction with the Linda Way In-fill Housing Project to maximize resources. Completion of the project will improve infrastructure deficiencies in the Project Area. *Project Completion………………………………………………….2010*	$250,000	GO
Utility Box Improvement Program: Approximately three years ago, the CDC sponsored a utility box beautification contest as a means of combating the rising incidence of graffiti. Results indicated that once art had been applied to a utility box, the incidence of property damage dropped significantly. The presence of colorful art work enhances the downtown community and attracts visitors to the area. Completion of this project will eliminate factors hindering economically viable use and reduce perceived crime in the Project Area. *Project Completion………………………………………………….2010*	$12,000	CLEAN
Redevelopment Office Rehabilitation: In FY 05-06 the Department of Redevelopment and Housing was created and moved to the third floor of City Hall. The third floor was then the location of the Department of Community Development consisting of the Building and Planning Divisions. Currently the third floor has an inefficient office space design, confining staff to small workspaces and minimizing the use of open space. Staff from both departments are co-mingled, resulting in an inefficiency of communication and equipment. Funding will allow for a floor space analysis to reconfigure the entire third floor, or portions thereof, into a more efficient and effective office/work space to maximize redevelopment staff efficiency. Completion of the project will improve facilitation of the redevelopment program. *Project Completion………………………………………………….2010*	$55,000	

Project/Description	Estimated Redevelopment Investment	Goals Achieved
Civic Center Complex (aka: Mixed Use Project #1): As revitalization of downtown gains momentum, the Civic Center Complex will be the focal point of the City. This project involves the master planning of the Civic Center Complex area bound by Park Avenue, Ballantyne Street, Main Street, and Magnolia Avenue. There are two phases of this project: Phase 1 will include acquisition, land use, and architectural master planning; and Phase 2 will include infrastructure improvements, construction of a 200-space parking garage, mixed-use structures, open space development, ECPAC, and the potential development of parcels contiguous to these projects. Completion of this project will encourage stakeholder participation, improve public facilities, provide infrastructure improvements, increase parking, and leverage private sector investment. Additionally, the project will boost the local economy of the community by attracting new businesses and residents to the area. *Project Completion…………………………………………………..2012*	$26,510,000	HELP INVEST GO PRESERVE
Street Median Improvements: Medians located throughout the Project Area are in need of extensive repair. Due to the magnitude of the project, staff recommends the retention of landscape architect to oversee preparation of a comprehensive five-year program for implementation and funding. The Agency is currently in the design phase of this program. Completion of this project will help improve public infrastructure within the Project Area. *Project Completion………………………………………………….2010*	$774,000	GO
Specific Plan 182 Projects: The Agency will provide development assistance for mixed-use redevelopment sites in the Specific Plan 182 ("SP 182") boundaries. Assistance will predominantly be used for infrastructure improvements. The Agency will also provide assistance to developers for planning activities to expedite development in the area once SP 182 is revised. Completion of this project will aid in the economic revitalization of the Project Area, encourage stakeholder participation, encourage private sector investment, and improve infrastructure deficiencies. *Project Completion………………………………………………….2014*	$5,000,000	HELP INVEST GO PRESERVE

Project/Description	Estimated Redevelopment Investment	Goals Achieved
Civic Center Plaza Improvements: The Agency will facilitate improvements to the Civic Plaza creating park space where the public can gather. Improvements may include rehabilitating the fountain, repairing uneven groundcover tiles, upgrading plumbing and electrical systems at the Civic Center Plaza. This project will provide a safe place for residents to gather and enjoy open space. *Project Completion…………………………………………………..2010*	$168,620	PRESERVE
Landscaping Improvements - Civic Center: This project will provide for the removal of walkways and related infrastructure that is a serious hazard to the health and safety of citizens who visit City Hall, ECPAC, the East County Regional Center and surrounding park areas. This project will provide a safe place for residents to gather and enjoy open space. *Project Completion…………………………………………………..2012*	$300,000	PRESERVE
El Cajon Boulevard Intersection Design: This project will assist with the re-design and construction of the traffic intersection at the junction of West Main St., Douglas Ave., and El Cajon Blvd. This project is part of the overall effort to entice and promote redevelopment of sites within SP 182. Completion of this project will improve infrastructure deficiencies. *Project Completion…………………………………………………..2013*	$1,000,000	GO
Alley Sidewalk Improvement Project: This project will target alleys and sidewalks within the Project Area, associated with the Neighborhood Stabilization Program, with failing subgrade conditions. This project will result in the creation of improved infrastructure and the elimination of physical and/or economic blighting conditions. *Project Completion………………………………………………….2010*	$450,000	ACCESS

Project/Description	Estimated Redevelopment Investment	Goals Achieved
Ronald Reagan Lighting, Landscape & Irrigation Improvements: This project will replace aging and deteriorated infrastructure within the parking facility and center grounds, in conjunction with a similar project adjacent to the Lexington Senior Housing complex, which is currently owned by the Agency and under a long term lease. This project will result in the creation of improved infrastructure and the elimination of physical and/or economic blighting conditions. *Project Completion……………………………………………………2013.*	$140,000	ACCESS
Lexington Senior Housing Lighting, Landscape & Irrigation Improvements: This project will replace aging and deteriorated infrastructure within the parking facility at the Lexington Senior Housing Project grounds, which is currently owned by the Agency and under a long term lease for senior housing. *Project Completion……………………………………………………..2014*	$125,000	ACCESS
Neighborhood/Community Stabilization Program (formerly LAH): Formerly the Lend-A-Hand Program, this Project provides funding for the coordination of a collaborative approach to eliminating blight through active participation and education at the neighborhood level. Participants include the City Manager's Office, Redevelopment and Housing, Community Development, Public Works, Police, and Fire Departments and the CDC. Collaborative efforts include: monthly clean-up activities; large scale bi-annual Lend-A-Hand events; identification of potential capital improvement projects; neighborhood support efforts to create and sustain viable neighborhoods; participation in community meetings to educate and inform community members about civic leadership, crime and fire prevention; promote participation in the Graffiti Eradication Program; provide informational materials regarding code enforcement, crime-free multi-housing, neighborhood watch, storm and water conservation, and many other resources that support and foster neighborhood vitality and civic involvement. This program encourages stakeholder participation and reduces crime in the Project Area. *Project Completion……………………………………………………..2010*	$600,000	HELP

Project/Description	Estimated Redevelopment Investment	Goals Achieved
Overlay Thoroughfares: This project provides for the reconstruction and/or resurfacing of several thoroughfares including: Mollison from Main Street to Washington Avenue; Chase from El Cajon Boulevard to Rancho Ville Court; Greenfield from city limits to Orchard Avenue; and Vernon from Cuyamaca to Greenfield. Completion of this project will provide the necessary repairs to the street system and facilitate the safe and efficient movement of traffic. *Project Completion…………………………………………………..2010*	$500,000	
Total Estimated Redevelopment Investment	**$47,121,196**	

PROPOSED AFFORDABLE HOUSING PROGRAM – 2009 THROUGH 2014

The Agency will implement affordable housing initiatives in order to increase and improve the community's supply of affordable housing, and to achieve its affordable housing production mandates as detailed in the following Affordable Housing Compliance section of the Plan. Over the next five years, the Agency will implement the residential component of the Project redevelopment strategy by undertaking the following projects and programs:

Project/Description	Estimated Redevelopment Investment	Goals Achieved
Linda Way In-fill Housing: The Agency facilitated the acquisition of the project site, relocation of tenants, and demolition of blighted structures in preparation for redeveloping the property for the purpose of creating affordable housing. Prior to demolition, the site consisted of 15 multi-family residential units and an abandoned building. Trash, graffiti, vandalism and crime were prevalent on the site. Pre-existing buildings, constructed in 1950, were evaluated for rehabilitation and/or retrofit potential prior to demolition. The amount of rehabilitation needed to bring units up to health and safety standards were not feasible and the Agency elected to rebuild the units. Development was anticipated to begin in the Spring of 2009, but due to poor economic conditions has been delayed until the Summer of 2010. The project is expected to provide affordable homeownership opportunities within the Project Area for very low income persons. Each unit will have a covenant restricting the affordability of the unit for a 45-year period. The total Agency investment required to complete the project (acquisition to development) is anticipated to be $7.5 million. Completion of this project eliminates blighted residential properties in the Project Area and creates decent, safe, and sanitary affordable housing. *Project Completion 2011*	$1,700,000	LIVE
Urban Housing Development Project: The Agency will target vacant, abandoned, and/or severely blighted properties in the Project Area for the purpose of creating affordable housing. A study will be completed to identify and evaluate costs for the Agency's next affordable housing project, including acquisition and rehabilitation of foreclosed converted condominium units. The Agency may act as the developer in acquisition, relocation, and site preparation. The Agency does not intend to own the site and will sell the property to another entity to operate. The purpose of the project will be to provide better affordable housing for current residents while eliminating blighted properties. *Project Completion 2011*	$3,000,000	LIVE

Project/Description	Estimated Redevelopment Investment	Goals Achieved
SP 182 Revision/Downtown Master Design Update: In response to developer inquiries regarding mixed-use development in downtown, the City, Agency, and El Cajon Community Development Corporation staff concluded that a comprehensive amendment to the SP 182 is necessary to address fundamental issues such as residential density, traffic circulation, parking, design standards, signage, and sustainability. The Agency has been working on revising SP 182 to allow for mixed-use development within the downtown area. The comprehensive revision to SP 182 will provide development standards and guidelines for Downtown El Cajon mixed-use projects. Revisions to SP 182 will provide the blueprint for affordable housing development standards in downtown. The first phase of revising SP 182 is complete and an Environmental Impact Report is currently being completed. *Project Completion 2010*	$112,000	LIVE
Foreclosure / Loss Prevention Fund: As housing and daily living expenses continue to escalate, the ability of households to maintain mortgage and all other debt payments become strained. The purpose of the program is to create options for these households by collaborating with local housing counselors, financial education providers, and lenders who support these activities. Such options will include: foreclosure prevention counseling; debt/financial education and counseling; lender negotiations; and referrals to other community resources for food, homelessness prevention, rental assistance, housing alternatives, medical and mental health providers and programs, pet resources, legal professionals, fair housing, and credit repair. This project will create a toolbox of alternatives and resources for low and moderate-income households in the Project Area in jeopardy of losing their property to foreclosure. *Project Completion 2010*	$355,000	LIVE

Project/Description	Estimated Redevelopment Investment	Goals Achieved
"Green" Housing Rehabilitation Loan Program: As the costs of housing and daily living expenses continue to escalate and natural resources dwindle, household income available for home improvements declines and properties suffer with deferred maintenance. The purpose of the program is to improve and extend the life of existing housing stock, eliminate blighting conditions, mandate energy efficient improvements, minimize the strain on natural resources, and to improve the social, economic and environmental vitality of our community. Completion of this project will provide health and safety and energy efficiency improvements to low or moderate-income single-family properties within the Project Area. *Project Completion…………………………………………......2014*	$3,051,000	LIVE
First-Time Homebuyer Program: This program allocates low and moderate income housing funds to qualified first-time homebuyers in the form of low interest loans as assistance in the purchasing of a single family home or condominium. Each loan is secured by a Deed of Trust, Affordable Housing Agreement, and Notice of Affordability Restrictions and requires repayment, with equity-share, for an affordability period as required under the CRL. Completion of this project will increase the community's supply of affordable housing. *Project Completion………………………………………………….2014*	$8,221,600	LIVE
Total Estimated Housing Fund Investment	**$16,411,169**	

TEN-YEAR AFFORDABLE HOUSING COMPLIANCE OBJECTIVES

The CRL requires agencies to adopt an affordable housing compliance plan that identifies how the redevelopment agency will achieve the affordable housing production requirements for a project area. The compliance plan must be consistent with the jurisdiction's housing element and must also be reviewed and, if necessary, amended at least every five years in conjunction with the cyclical preparation of the housing element or the agency's five year implementation plan. This section of the Plan addresses specific requirements in the CRL with respect to prior affordable housing activities and the anticipated housing program for the current ten-year planning period (fiscal years 2004-05 to 2013-14). This Plan amends the Affordable Housing Compliance Objectives adopted on October 25, 2005 and presents an updated affordable housing plan through the duration of the planning period.

As previously stated, the Project Area is comprised of the CBD Area and the Amendment Area. Section 33413 of the CRL requires that all Project Area adopted after January 1, 1976 shall meet specific affordable housing requirements. Since the CBD Area was established in 1971, prior to the 1976 requirement, it is exempt from all affordable housing requirements. Although the CBD Area is exempt from affordable housing requirements, it still must meet replacement housing requirements. Section 33334.5 of the CRL requires that any redevelopment plan adopted or amended to expand the project area after January 1, 1977 shall contain the provision that whenever affordable housing is destroyed, the Agency must replace an equal number of replacement dwellings within a four year period.

The Agency is required to allocate 20% of the tax increment revenue it receives from the Project Area to increase and improve housing affordable to very low, low, and moderate income households. The Housing Fund has been established for this revenue. The Agency has the authority to expend the Project Area Housing Fund either inside or outside the Project Area and aggregate, its housing production activities among both the CBD Area and Amendment Area, in order to more effectively meet housing program objectives for the Agency. Future housing set aside deposits would be subject to targeting specific household types as described later in the Plan.

Redevelopment agencies use implementation plans to establish ten-year objectives to achieve compliance with state law in its affordable housing programs. These housing goals generally fall into three categories:

- <u>Housing Production</u> – based on the number of housing units constructed or substantially rehabilitated over a ten year period in a project area, a redevelopment agency is to ensure that a percentage of these units are affordable to low and moderate income households. If, at the end of each ten year planning period, the affordable housing production goals are not realized, the CRL requires that a redevelopment agency meet the production goals on an annual basis until the requirements for the previous ten year period are met. Should an agency exceed the production requirements within the ten year period, the CRL allows an agency to count the units that exceed the requirements to meet housing production requirements during the next ten year period.

- <u>Replacement Housing</u> – another legal obligation for redevelopment agencies to cause the replacement of any housing units destroyed or removed as a result of an agency redevelopment project within four years.

- <u>Targeting Household Types</u> – specific requirements on the amount of housing set aside funds an agency must spend over a 10 year period on housing affordable to very low income households, low income households, and housing for residents under the age of 65.

Housing Production

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

To estimate the number of housing units that need to be affordable to households earning less than 120% of the County median income, the Agency estimated the total number units to be constructed or substantially rehabilitated in the Project Area and applied the previously stated formulas. The number of affordable units required is based on statutory thresholds, and the Agency is responsible for ensuring that the appropriate number of affordable units is created during the ten year period.

The chart below presents the affordable housing production needs from the inception of the Project Area to fiscal year 2003-04, from fiscal years 2004-05 through 2013-14, and for the remaining life of the Project Area Redevelopment Plan. Thus far in the ten year planning period, the Agency has incurred an inclusionary housing need of 11 affordable units of which five units must be affordable to very low income households. The Agency is anticipated to incur an additional need of 18 affordable units of which seven units are affordable to very low income households. The total inclusionary housing need during the planning period totals 30 affordable units with 12 units affordable to very low income households. The Agency is projected to need 24 additional affordable units of which 10 units must be affordable to very low income households by the end of the effectiveness period of the Redevelopment Plan. Over the life of the Redevelopment Plan, the Agency is anticipated to incur a total inclusionary housing need of 199 affordable units of which 83 units must be affordable to very low income households.

Affordable Housing Production Needs
El Cajon Redevelopment Agency

Timeframe	Privately Developed	Agency Developed	Inclusionary Requirement	Very Low Unit Requirement	Low/Moderate Unit Requirement
Inception - 2004	**767**	**100**	**145**	**61**	**84**
2004/05-2008/09	*62*	*7*	*11*	*5*	*7*
2009/10-2013/14	*123*	*0*	*18*	*7*	*11*
2004/05-2013/14	**185**	**7**	**30**	**12**	**18**
2014/15-2026/27	**161**	**0**	**24**	**10**	**15**
Life of Redevelopment Plan	**1,113**	**107**	**199**	**83**	**116**

The following chart presents the fulfillment of affordable housing production needs from the inception of the Project Area to fiscal year 2003-04, from fiscal years 2004-05 through 2013-14, and for the remaining life of the Redevelopment Plan.

- From inception to fiscal year 2003-04, the Agency was required to generate 145 affordable units of which 84 needed to be affordable to low and moderate income households and 61 to very low income households. During this time, 5 low and moderate income units and 80 very low income units were produced in the Project Area, resulting in a 83 unit deficit of low and moderate income units and a 18 unit surplus of very low income units.

- During the first five years of the planning period (fiscal year 2004-05 through 2008-09), the Agency was required to generate 11 affordable units of which seven needed to be affordable to low and moderate income households and five to very low income households. During this time 14 low and moderate units were created leaving a seven unit surplus of low and moderate units and a five unit deficit of very low income units. During the remainder of the planning period (fiscal ear 2009-10 through 2013-14), the Agency is anticipated to incur an 18 unit inclusionary need of which 11 need to be low and moderate units and seven very low units. It is anticipated that 81 inclusionary units will be produced in the Project Area of which 61 will be low and moderate units and 20 will be very low units. At the end of the planning period the Agency is anticipated to have a 26 unit deficit of low and moderate units and a 26 unit surplus of very low units. Since the Agency will have a surplus of very low income units in the same amount as the need for low and moderate units, the Agency will meet their inclusionary housing obligation.

- From 2014-15 to the remaining life of the Redevelopment Plan the Agency is projected to generate the need for 24 affordable units of which 15 need to be affordable to low and moderate income and 10 need to be affordable to very low income households. During this period, it is anticipated that 15 low and moderate income units will be produced and 10 very low income units that will completely satisfy this requirement. A one unit surplus of very low income units will remain at the end of the Redevelopment Plan effectiveness.

Fulfillment of Affordable Housing Production Needs
El Cajon Redevelopment Agency

	Required			Units Produced			Surplus / (Needed)		
Timeframe	**Inclusionary**	**Very Low Unit**	**Low/Moderate Unit**	**Inclusionary**	**Very Low Unit**	**Low/Moderate Unit**	**Inclusionary**	**Very Low**	**Low/Moderate**
Inception - 2003/2004	**145**	**61**	**84**	**80**	**79**	**1**	**(65)**	**18**	**(83)**
2004/05-2008/09	*11*	*5*	*7*	*14*	*0*	*14*	*2*	*(5)*	*7*
2009/10-2013/14	*18*	*7*	*11*	*81*	*20*	*61*	*63*	*13*	*50*
2004/05-2013/14	**30**	**12**	**18**	**95**	**20**	**75**	**0**	**26**	**(26)**
2014/15-2026/27	**24**	**10**	**15**	**24**	**10**	**15**	**1**	**26**	**(25)**
Life of Redevelopment Plan	**199**	**83**	**116**	**199**	**109**	**91**	**1**	**26**	**(25)**

Replacement Housing

When an existing affordable housing unit is destroyed by an Agency supported project, the Agency is responsible for replacing the unit. This requirement is triggered when the Agency has a written agreement or provides financial support to a project that demolishes housing that was occupied by a low or moderate income household. The Agency must provide replacement housing within four years of displacement.

The Agency participated in the Linda Way In-Fill Project, resulting in the displacement and destruction of 15 units affordable to moderate income households. On April 18, 2006, the Agency prepared a Replacement Housing Plan detailing the Agency's plan to replace the 15 units and 30 bedrooms being destroyed. The Linda Way units were destroyed by the Agency in March of 2008 and will need to be replaced by March of 2012. The Agency has cleared the site and soliciting development proposals to develop the site and satisfy replacement housing obligation incurred. The replacement housing obligation is anticipated to be completely satisfied by the planned future development on the site.

Household Types

At a minimum, the Agency's low and moderate income housing set aside revenue is to be expended in proportion to the community's need for very low and low income housing, as well as the proportion of the population under the age of 65.

The community's proportionate need is based on statistics from SANDAG, used by local government to meet state requirement for affordable housing by category, and the US Department of Housing and Urban Development CHAS allocation numbers. The following chart represents the minimum Housing Fund expenditure thresholds for very low and low income, and households under 65 and the maximum Housing Fund expenditure thresholds for moderate income and households over 65 housing program expenditures required over the term of the planning period. The chart specifically details the Agency's Housing Fund expenditure during the first five years of the planning period and the annual projected expenditures during the remainder of the planning period. The Agency anticipates meeting their Housing Fund targeting requirements by the end of the planning period.

2004/05 through 2013/14 Proportional Expenditure
El Cajon Redevelopment Agency

Income Category	2005-2010 RHNA Allocation[1]	Targeting Requirement	2004/05-2008/09 Expenditure	2009/10 Expenditure	2010/11 Expenditure	2011/12 Expenditure	2012/13 Expenditure	2013/14 Expenditure	Total Expenditure	%
Very Low	86	31%	$0	$3,410,136	$1,412,540	$603,988	$603,988	$603,988	$6,634,641	31%
Low	75	27%	$100,000	$2,922,557	$1,210,576	$517,630	$517,630	$517,630	$5,786,024	27%
Moderate	117	42%	$4,935,695	$2,102,476	$870,884	$372,381	$372,381	$372,381	$9,026,198	42%
Total	278	100%	$5,035,695	$8,435,169	$3,494,000	$1,494,000	$1,494,000	$1,494,000	$21,446,864	100%

Age Category	CHAS Allocation[2]	Targeting Requirement	2004/05-2008/09 Expenditure	2009/10 Expenditure	2010/11 Expenditure	2011/12 Expenditure	2012/13 Expenditure	2013/14 Expenditure	Total Expenditure	%
Non-Senior	14,056	78%	$5,035,695	$6,610,434	$2,738,161	$1,170,811	$1,170,811	$1,170,811	$17,896,723	83%
Senior	3,880	22%	$0	$1,824,735	$755,839	$323,189	$323,189	$323,189	$3,550,141	17%
	17,936	100%	$5,035,695	$8,435,169	$3,494,000	$1,494,000	$1,494,000	$1,494,000	$21,446,864	100%

[1] SANDAG will provide updated RHNA numbers in 2011 and proportionality will be adjusted at the midterm review.
[2] Data of low income households under the age of 65 is not readily available from the Census. The nearest metric for such Census data represents households under the age of 62 (available via the Comprehensive Housing Affordability Strategy at http://socds.huduser.org/chas/index.htm).
[3] Totals do not add due to rounding.
Source: SANDAG, City of El Cajon, HUD

Prior Five-Year Housing Activities

Units Assisted by Housing Set Aside Fund

The CRL requires a recap of the number of the projects assisted by the Housing Set Aside Fund to create extremely low, very low, and low units over the past implementation plan period (2004-05 through 2008-09). The CRL also requires a recap of the number, location, level of affordability and the amount of Housing Funds expended on multi-family units.[1] The chart below summarizes these statistics:

Units Assisted by Housing Set Aside Fund (2004-2009)
El Cajon Redevelopment Agency

Project	Location	Housing Fund Expenditures	Other Funding	Unit Affordability Ext. Low	Very Low	Low	Moderate	Affordabilty Term (Years)
First Time Homebuyer Program	Various Locations	$3,006,090	HOME FUNDS	0	0	0	33	45
Wisconsin Avenue	Wisconsin Avenue	$1,518,034		0	0	0	7	45
Total		**$4,524,124**		**0**	**0**	**0**	**40**	
Housing Units Available to Families								
Multi-Family Units		$4,524,124		0	0	0	40	100%
Senior Units		$0		0	0	0	0	0%
Total		**$4,524,124**		**0**	**0**	**0**	**40**	

Source: ECRA

Housing Units Constructed During Prior Implementation Plan Without Housing Set Aside Funds

Since fiscal year 2004-05, no other funding source was used by the Agency to construct affordable units featuring long term covenant restricted units (affordable units with covenants of at least 45 years for ownership housing or 55 years for rental housing).

[1] To protect the privacy of residents assisted by the Agency under the First Time Homebuyer Program, the specific location of the units remains unlisted and can be obtained through the Agency if necessary.

Housing Revenue Projections

The Agency deposits 20% of tax increment revenue allocated to the Agency into the Housing Fund for the purpose of increasing, improving, and preserving the community's supply of affordable housing. The Agency's projected beginning fund balance for fiscal year 2009-10 totals approximately $5.9 million that can be spent on affordable housing projects. It is estimated that the Agency will receive $15.8 million in housing set aside revenue, $200,176 of interest earnings, and $3.1 million of miscellaneous revenue generated from loan repayments and rental income. The cumulative Housing Fund revenue available during the remainder of the 10-year housing planning period totals $25.0 million. Out of $25.0 million, $7.0 million will be used for administrative costs and debt service payments and $16.4 million will be used to fund affordable housing projects throughout the Project Area. The Agency will end the planning period with a fund balance of $1.6 million. The following is the projected annual housing cash flow for the remainder of the housing planning period.

Housing Five-Year Cash Flow (2009-10 through 2013-14)
El Cajon Redevelopment Agency

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Revenue						
Beginning Fund Balance[1]	**$5,873,669**	**$1,104,512**	**$685,278**	**$1,021,228**	**$1,324,093**	
20% Housing Set Aside Revenue[2]	3,168,753	3,168,753	3,168,753	3,168,753	3,168,753	$15,843,765
Investment Earnings[3]	117,473	22,090	13,706	20,425	26,482	$200,176
Miscellaneous Revenue[4]	1,701,750	1,248,250	50,000	50,000	50,000	$3,100,000
Total Revenue	*4,987,976*	*4,439,093*	*3,232,458*	*3,239,177*	*3,245,235*	*$19,143,940*
Available Cash Flow	**$10,861,645**	**$5,543,605**	**$3,917,736**	**$4,260,405**	**$4,569,327**	**$25,017,609**
Expenditures						
Operations and Administration						
Administrative Costs	($729,723)	($772,209)	($810,820)	($851,361)	($893,929)	($4,058,041)
Debt Service	(592,241)	(592,118)	(591,689)	(590,952)	(589,909)	(2,364,668)
Subtotal Operations and Administration	*(1,321,964)*	*(1,364,327)*	*(1,402,508)*	*(1,442,313)*	*(1,483,838)*	*(7,014,951)*
Projects and Programs[5]						
Linda Way In-fill Housing	(700,000)	(1,000,000)				(1,700,000)
In-fill Housing Project #2	(2,000,000)	(1,000,000)				(3,000,000)
SP 182 Revision/Downtown Master Design Update	(113,569)					(113,569)
Foreclosure / Loss Prevention Fund	(355,000)					(355,000)
"Green" Housing Rehabilitation Loan Program	(1,051,000)	(500,000)	(500,000)	(500,000)	(500,000)	(3,051,000)
First-Time Homebuyer Program	(4,215,600)	(994,000)	(994,000)	(994,000)	(994,000)	(8,191,600)
Subtotal Projects and Programs	*(8,435,169)*	*(3,494,000)*	*(1,494,000)*	*(1,494,000)*	*(1,494,000)*	*(16,411,169)*
Total Expenditures	**($9,757,133)**	**($4,858,327)**	**($2,896,508)**	**($2,936,313)**	**($2,977,838)**	**(23,426,120)**
Ending Fund Balance	**$1,104,512**	**$685,278**	**$1,021,228**	**$1,324,093**	**$1,591,489**	

1 Tax increment revenue projections assumes a 1% growth in assessed value for FY 2009-10 and 2010-11 and 2% thereafter.
2 Beginning Fund Balance per adopted 2008-09 Annual Budget April update.
3 Investment earnings growth rate is based on 2.0% increase.
4 Miscellaneous revenue includes rental/lease property income and loan repayment.
5 Projects and Programs expenditures based on the Five Year Capital Improvement Plan for 2009-10 through 2013-14 May Update.
Source: El Cajon Redevelopment Agency

Housing Element Consistency

The goals and objectives of the Housing Element focus on providing housing for all economic segments of the City, encouraging an adequate provision of housing to meet the existing and future needs of residents, and providing increased opportunities for home ownership. The following is summary of the major goals of the Housing Element.

- Maintain and enhance the quality of residential neighborhoods in El Cajon – rehabilitate substandard residential properties, and Code Enforcement program;

- Encourage the adequate provision of housing by location, type of unit, and price to meet the existing and future needs of residents – implement Downtown Specific Plan and facilitate the development of higher density housing in and around downtown. Housing for elderly and disabled persons;

- Provide increased opportunities for home ownership – favorable purchasing options through interest rate write-downs, down payment assistance, mortgage revenue bond financing and Mortgage Credit Certificates. Facilitate the purchase of units converted to condominium ownership;

- Remove governmental constraints on housing development; and

- Equal opportunity for all residents to reside in housing of their choice.

The major goal of Plan is also to provide housing for these households, and the proposed plans and programs for improving the supply of affordable housing in the City presented in this Plan are similar to plans and policies of the Housing Element, there is clearly a high degree of consistency between the Plan and the Housing Element.