Isla Vista Redevelopment Project

Five-Year Implementation Plan

For the Period 2007 - 2011

April 7, 2006

County of Santa Barbara Redevelopment Agency
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I. INTRODUCTION

This document is the third Five-Year Implementation Plan ("Plan") for the Isla Vista Redevelopment Project Area ("Project Area") of the County of Santa Barbara Redevelopment Agency ("Agency"). This Plan presents the Agency's goals and objectives, anticipated projects and programs, and estimated expenditures for the five year planning period beginning in fiscal year 2006-07 and terminating at the end of fiscal year 2010-11. This Implementation Plan was prepared by the Agency in compliance with Article 16.5 of the California Community Redevelopment Law ("CRL" or "Law").

The 2007-2011 Implementation Plan is composed of two separate components: a Redevelopment Component and a Housing Component. The Redevelopment Component revisits the goals and objectives identified when the Project was adopted, and defines the Agency's strategy to achieve these goals and objectives. As described in the Implementation Plan, the goals and objectives will be accomplished by the implementation of the projects, programs and related expenditures (other than those relating to low and moderate income housing) that have been developed as a means to eliminate blight within the Project Area.

In addition, Article 16.5 requires that an Implementation Plan explain how the components of the Plan will implement various CRL requirements regarding low and moderate-income housing. The activities that implement these requirements are contained in the Housing Component. The Housing Component shows how the Agency will meet the statutory requirements for the set-aside and expenditure of tax increment for affordable housing purposes.

This Implementation Plan is a policy statement rather than an unalterable course of action. It has been prepared to set priorities for redevelopment activities within the Project Area for the five-year period covered by this Plan. The Implementation Plan incorporates currently known financial constraints of the Agency in developing a program of activities to accomplish revitalization efforts of the Project Area. However, new issues and opportunities may be encountered during the course of administering this Plan. Therefore, this Implementation Plan may be amended, if necessary, to effectuate the purposes of the Redevelopment Plan.

The purpose of this Implementation Plan is to provide clear and reasonable statement of the Agency's current intent regarding activities in the Project Area and to establish a nexus between Agency goals and objectives, program activities and the purpose of redevelopment, which is to eliminate blight and to increase, improve and preserve affordable housing.

II. REVELOPMENT COMPONENT

A. History and Reasons for Adoption of the Project Area

The County of Santa Barbara ("County") has only one redevelopment project area. On November 27, 1990, the Santa Barbara County Board of Supervisors ("Board") adopted the Redevelopment Plan for the Isla Vista Redevelopment Project Area ("Redevelopment Plan"), which enabled the Agency to undertake redevelopment initiatives in the Project Area.

The Project Area encompasses 423 acres of unincorporated County territory generally west of the University of California, Santa Barbara (UCSB) Main Campus. As shown on Map 1, Camino Majorca and Storke Road generally bound the Project Area to the west, El Colegio Road and Santa Barbara Airport to the north, the UCSB campus to the east, and the Pacific Ocean to the south.

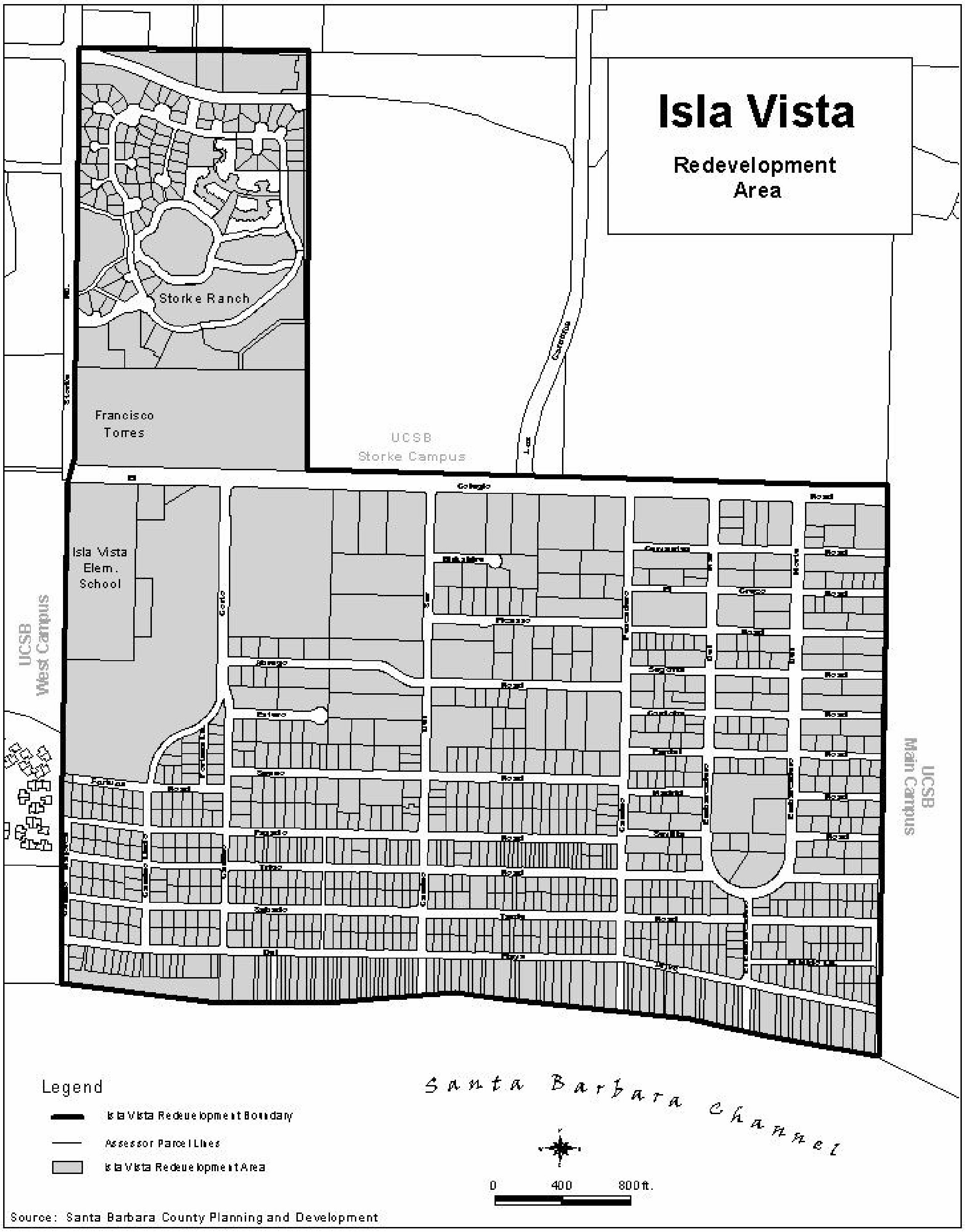
The Project Area contains a range of residential neighborhoods, recreational areas, and a small commercial core. Within the Project Area are an estimated 4,792 existing housing units, nearly all of which are located on residentially designated land. The majority of the housing units in Isla Vista are located in multi-residential housing developments, except for two acres of single family housing in the Project Area's southwest and northern regions.

Most of the original housing stock dates from the 1960's and 1970's and is often of a lower quality of construction. Within individual units overcrowding is prevalent, and it is common for two or more people to share a bedroom. In some units common living areas such as dinning rooms, dens, closets and garages have been converted to bedrooms, resulting in further overcrowding issues. The lots in Isla Vista are typically small and often very narrow, sometimes resulting in awkward building, parking, setback and landscaping patterns. Parking problems in the downtown and residential areas have been exacerbated by the UCSB staff and students parking for free in Isla Vista rather than on campus, and by an escalating car ownership rate among Isla Vista residents, particularly students.

Existing densities in the Project Area range from over 39 units per acre in the northern portion of Isla Vista, to 6.2 units per acre in the single-family home neighborhood. Approximately 76% of the Project Area consisted of residential uses, while commercial and public uses comprised 24% of the Project Area.

According to the 2000 census, the population in the Isla Vista Census Designated Places (CDP) is 18,344. In 1990, the census indicated the population was 20,395. Approximately 13,000 students from both UCSB and Santa Barbara City College live in Isla Vista. The median resident age is approximately 21. Approximately 63% of Isla Vista residents are Caucasian, 20% Latino, 13% Asian, and 3% Black. Of the 4,792 housing units in Isla Vista, 94% are renter occupied. The median income in Isla Vista is $16,151, which is significantly lower than countywide figure of $45,677.

MAP 1: REDEVELOPMENT PROJECT AREA BOUNDARIES



Due to significant and ongoing problems, redevelopment and revitalization of Isla Vista has been slow until relatively recently. Current zoning and land use designations in Isla Vista will not ensure that new development on vacant and underutilized sites meets redevelopment goals. In response, The County and Agency have developed several strategies to guide redevelopment efforts, encourage a diversity of housing types and employment opportunities while preserving the established older neighborhoods.

The County is currently finalizing a Master Plan for Isla Vista with Board consideration scheduled for late 2006. This Implementation Plan is being completed to maintain the Agency's compliance with state law in the interim, and will not predetermine new redevelopment initiatives by the Agency in advance of the Master Plan's adoption as set forth in California Health and Safety Code § 33490(B):

> *Adoption of an implementation plan shall not constitute an approval of any specific program, project, or expenditure and shall not change the need to obtain any required approval or a specific program, project or expenditure from the agency or community.*

The Draft Master Plan identifies development policies, updates the General Plan for Isla Vista, and calls out specific projects to improve the community. Redevelopment is one tool that may be used to implement these projects. Subsequent to Board review of the Master Plan, the Isla Vista Implementation Plan may be amended to reflect projects and programs described and prioritized in the Master Plan.

B. GOALS AND OBJECTIVES

Section IV of the Redevelopment Plan delineates the Agency's redevelopment goals for the Project Area. These goals formulate the overall strategy for this Implementation Plan and will serve as a guide for the Agency's activities over the next five years.

1. To remedy, remove, and prevent physical blight and economic obsolescence in the Project Area through implementation of the Plan.

2. To enhance the livability of the residential areas throughout the Project Area and the community as a whole.

3. To provide for the enhancement and renovation of businesses within the Project Area to promote their economic viability.

4. To address inadequate street improvements.

5. To promote public improvement facilities which are sensitive to the unique environmental qualities of the Project Area and improve conditions of deficient infrastructure.

6. To increase open space and protect environmentally sensitive areas.

7. To improve the supply of housing affordable to very low, low and moderate income households through the provision of assistance to rehabilitate the existing housing stock.

8. To establish a program which promotes the rehabilitation of the existing housing stock where appropriate.

9. To make provisions for housing to satisfy the needs and desires of the various age, income, and ethnic groups of the community, maximizing the opportunity for individual choice, and meeting the requirements of state law.

10. To ensure that public input is solicited in all phases of development.

11. To establish a redevelopment program that is both flexible and encourages creativity.

12. To encourage the cooperation and participation of residents, businesses, businesspersons, public agencies and community organizations in the redevelopment/revitalization of the Project Area.

C. DEFINITIONS OF BLIGHTING CONDITIONS

The Agency goals and objectives are to eliminate remaining blight conditions through the implementation of projects and programs. The following are definition of blight, as stated in Section 33031.

Physical Blighting Characteristics

Unsafe/Dilapidated/Deteriorated Buildings. Buildings in which it is unsafe or unhealthy for persons to live or work. Serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors can cause these conditions.

Physical Conditions that Limit the Economic Viability and Use of Lots/Buildings. Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors

Incompatible Uses. Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area.

Lots of Irregular Shape, Inadequate Size, and Under Multiple Ownership. The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

Economic Blighting Characteristics

Depreciated/Stagnant Property Values; Impaired Investments. Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of agency authority as specified in Article 12.5 (commencing with Section 33459).

High Business Turnovers and Vacancies/Low Lease Rates/Abandoned Buildings/Vacant Lots. Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.

Lack of Neighborhood Commercial Facilities. A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.

Overcrowding/Excess of Adult Businesses. Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults that has led to problems of public safety and welfare.

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

The Law also characterizes inadequate public improvements as blight when the aforementioned conditions are present.

D. BLIGHT CONDITIONS

Over the past ten years, the Agency has successfully mitigated some blighting conditions through implementation of various redevelopment initiatives such as acquisition of parcels for open space along Del Playa Drive. However, due to the downturn in the local real estate economy experienced in the 1990's, the Project Area did not generate the anticipated amount of tax increment revenue necessary to implement many redevelopment projects during the past ten years. Examples of these projects include completing a network of sidewalks throughout Isla Vista, improvements in the commercial core such as acquisition and construction of public parking lots, and construction of a community center.

Blighting conditions in the Project Area were originally documented in 1990, in the Agency's Report to the Board, and again further documented in September 2000, in the Agency's Report to the Board on the abandoned 2000 Amendment regarding eminent domain powers. These two documents identified the following blighting conditions in the Project Area:

- Defective design and character of physical construction;

- Faulty interior arrangement and exterior spacing;
- Inadequate provisions for light, ventilation and open space;
- Age, obsolescence, deterioration and dilapidation; and
- Inadequate public improvements;
- Overcrowding; and
- Lack of commercial facilities

As outlined in this Plan, the Agency's proposed projects and expenditures will be evaluated in terms of how such activities address the aforementioned blighting conditions. The following are excerpts from the Agency's 2000 Housing and Strategy Report to the Board that described some of the conditions existing in the Project Area;

Overcrowding is one of the most severe issues facing residents. The Housing and Strategy Report indicated that more than 60% of the Project Area contains overcrowded units. Some areas contain households that are 75% larger than the South Coast average (4.73 persons per unit versus 2.68 persons per unit). This situation has only worsened. According to the 2000 Census, approximately 18,344 people resided in the CDP. Planning and Development staff estimates that today's population is approximately 20,000 residents due to issues related to undercounting in the census. Although the number of residents has increased dramatically, the number of available units has not.

The affects of these overcrowded conditions have become increasingly apparent. Most of the properties in the Project Area were developed 30 to 45 years ago, utilizing now outdated planning methods. Perhaps the most visible impact of this development is the lack of parking. Lack of sufficient parking continues to regularly impact the basic quality of life issues such as community aesthetics and pedestrian safety throughout the area. Many people have resorted to using any improved area available as parking space.

In addition to parking, overcrowding has also resulted in an increased demand for open space areas. While the County's minimum standard for open space in proportion to the current population calls for at least 100 acres, Planning and Development staff estimates there to be approximately 70 acres of existing open space.

E. CURRENT PLAN LIMITS AND PROPOSED AMENDMENTS

The Redevelopment Plan was adopted on November 11, 1990. In 1999, the County Board passed Ordinance 4382 amending the Plan to create a debt establishment deadline of November 2010, in accordance with AB 1290. The Agency plans, in the near future, to extend the duration of the debt payment/receipt of tax increment limit by one year as provided by SB 1045 related to Educational Revenue Augmentation Fund (ERAF) payment (33333.6(e)(2)(D) and repeal the debt establishment limit as provided by 33333.6(e)(2). Both of these amendments can be accomplished by adoption of a Summary Ordinance, meaning that the Agency need not follow the standard redevelopment plan amendment procedure such as identifying remaining blight. The later amendment will be processed in accordance with the standard CRL amendment procedures as prescribed by CRL Section 33354.6. Table 1 shows the Redevelopment Plan existing and proposed limits.

TABLE 1
REDEVELOPMENT PLAN LIMITS
COUNTY OF SANTA BARBARA REDEVELOPMENT AGENCY

COMMUNITY DEVELOPMENT LAW REQUIREMENTS

Project Adoption Date	Debt Establishment	Plan Effectiveness	Debt Repayment (Receipt of T.I.)	Tax Increment	Bond Debt[1]	Eminent Domain	Other
Pre-1994	20 years from adoption or 1/1/04 whichever is later plus 10 years with amendment (may repeal limit by ordinance)	40 years from adoption or 1/1/09 whichever is later + 10 year with significant remaining blight (AB1290) + 1 year extension for ERAF in FT 2003-04 (SB1045) + two additional years extension for ERAF for FY 2004-05 (SB1096)	10 year after Plan effectiveness + 10 year with significant remaining blight (AB1290) + 1 year extension for ERAF in FT 2003-04 (SB1045) + two additional years extension for ERAF for FY 2004-05 (SB1096)	Limit required no maximum	Limit required no maximum	12 year maximum. Can be renewed	
LIMITS ESTABLISHED BY COUNTY OF SANTA BARBARA REDEVELOPMENT PLAN AND PROPOSED AMENDMENTS							
Redevelopment Plan Adopted 11/27/90	30 years from adoption 11/27/2020	40 years from adoption 11/27/2030	11/27/2040[3] (not specified in Plan)	$10 million	$50 million	Expired 11/27/2000	
Amended Adopted 12/7/99 Ordinance No. 4382							
Proposed Administrative Amendments (SB 1045)		11/27/2031 (extend duration one year)	11/27/2031 (extend tax increment collection one year)				
Proposed Administrative Amendments (33333.6(e)(2)	Repeal Debt Establishment Limit						
Proposed Plan Amendments (33354.6(b)							Land Use Clarification

1 Not required for plan adopted before October 1, 1976
2 The extension for the two additional years (FY 2004-05 and (2005-06) ERAF payments is permitted
3 Date not specified in Redevelopment Plan rather determined by Redevelopment Law

In addition, the Agency is considering additional changes to the Plan to clarify that the Agency can *not* use eminent domain to acquire land, but that the Agency has the ability to acquire land from a willing seller. The recommended language changes would also ensure the Agency can take active steps to implement elements of the Master Plan.

On January 25, 2006 the Isla Vista Project Area Committee reviewed the proposed Plan amendment and adopted a resolution recommending approval of the amendment to the Agency Board. That Plan amendment will be forwarded to the Agency Board for consideration as one implementation component of the Isla Vista Master Plan.

F. PROPOSED PROJECTS, PROGRAMS AND EXPENDITURES AND RELATIONSHIP TO GOALS AND BLIGHT ELIMINATION

The following section describes the non-housing programs proposed for the next five years. Anticipated expenditures are based upon projected tax increment revenue over fiscal years 2006-07 to 2010-11. Greater or lesser funding may be available, depending upon changes in assessed valuation in the Project Area.

Downtown Projects

Pardall Enhancement – This project involves the redesign and improvement of Pardall Road, Isla Vista's 'main street.' The project involves implementing a new streetscape with wider sidewalks, new landscaping, and street furniture to enhance public spaces. In addition, the project will include the design of a paseo to create a connection between Anisq'Oyo' Park and Pardall Road. This project is intended to promote private sector investment in new mixed-use development projects in the downtown.

In-Lieu Parking Fee Program - The program will allow private development the option to pay a fee in-lieu of providing parking on-site. Such a program will stimulate private development on small lots where current-parking standards may make projects infeasible, improve downtown design, and improve overall land use patterns.

Assistance Program for Businesses - The Agency intends to implement a business façade improvement program whereby private developers would have access to low interest loans to improve commercial structures provided they meet certain conditions.

Owner Participation/Development Agreements – The Agency is currently in negotiations with private developers to facilitate the implementation of new mixed-use developments. It is anticipated that over the next 5-year planning period, the Agency will form partnerships to develop various sites in the downtown.

Downtown Parking Development – The Agency is currently seeking to acquire a site for a downtown parking lot. The parking lot will be used to facilitate the 'in lieu' parking fee program, described above. Once a parking site is acquired, the Agency will construct a well-landscaped surface pay parking lot. The Agency also intends to locate a site large enough to construct a parking structure to facilitate downtown redevelopment once spaces in the surface parking lot have been allocated.

Anisq'Oyo' Park Improvements - IV Park and Recreation District and the Redevelopment Agency entered into a contract in 2005 to redesign Anisq'Oyo Park. The Agency is participating in the project to improve the park and create a visually prominent core for the community and downtown. Agency funds were matched with a grant of $55,000 from the Goleta Valley Land Trust to complete the first design phase of the project.

Reconfigure Existing Privately Owned Parking Lots - This project involves working with downtown property owners and businesses to make existing parking lots more efficient by reconfiguring their circulation. This project may require changes to existing zoning to allow parking lot circulation across property lines.

Land Acquisitions & Rehab – Pending Board authorization of the proposed Plan amendment, the Agency would seek to acquire for-sale properties in need of rehabilitation located within downtown area. Sites could be rehabilitated, used as space to locate other commercial uses during private redevelopment projects and/or be developed for other uses.

General Improvement Projects

Sidewalk Program - Installation of sidewalks is a priority on north/south streets, transit routes and streets that support higher traffic volumes. Completion of the sidewalk network on these streets will significantly improve pedestrian conditions. Construction of new sidewalks should be completed concurrently with installation of street trees and landscaping. Agency funds will be augmented with other County and grant funding sources to expedite the completion of sidewalks on higher priority streets.

Street Tree Program - Street trees will be planted, consistent with adopted standards, as new sidewalk is installed. Other areas for new street trees, particularly in the downtown, will be explored as well.

MTD Shelter Improvement Project – Better transit service in Isla Vista is the most cost-effective solution to reducing traffic both within Isla Vista and on the adjacent road network. This program will both enhance existing and provide additional MTD bus stops to increase and extend non-vehicle transportation.

Residential Improvement Program – The Agency intends to implement a residential façade improvement program whereby private developers would have access to low interest loans to improve residential façades provided they meet certain conditions.

Traffic Calming Program - Traffic calming measures may include speed tables and small rotaries to slow automobile traffic and improve safety. Many east-west streets in the Project Area lack sidewalks, and there is limited room to add them without losing on street parking, removing landscaping or acquiring additional right-of-way. Narrow lane widths and the presence of pedestrians already help to slow traffic, and the proposed traffic calming will be pursued to further slow cars to speeds that are compatible with pedestrian and bicycle movements.

Car-Sharing Project - This project is intended to construct a facility to operate a Car Share program in Isla Vista. Car sharing will reduce the number of cars parked in the community, thereby reducing parking demand. As parking structures usually cost more than $30,000 per space to build, car-sharing can be a cost effective mechanism to reduce parking demand. Car share programs allow members 24-hour access to a neighborhood-based short–term car rental program.

Isla Vista Master Plan: The County is currently finalizing a Master Plan for Isla Vista, with Board consideration scheduled for late 2006. This Implementation Plan, which is not part of the Master Plan, is being completed to maintain the Agency's compliance with state law in the interim and will not predetermine new redevelopment initiatives by the Agency in advance of the Master Plan's adoption, as set forth in California Health and Safety Code § 33490(B):

> *Adoption of an implementation plan shall not constitute an approval of any specific program, project, or expenditure and shall not change the need to obtain any required approval or a specific program, project or expenditure from the agency or community.*

The Draft Master Plan identifies both development policies and specific projects to improve the community. Redevelopment is one tool that may be used to implement these projects. Subsequent to Board review of the Master Plan, the Implementation Plan for the Isla Vista Project Area may be amended to reflect projects and programs described and prioritized in the Master Plan.

Community Projects

Community Center Project – Isla Vista Recreation and Park District is currently finalizing a plan for Estero Park. The Plan will include a new soccer field, basketball courts, a new teen center, a skate park, and a community center. Agency funds have been used to assist in the preparation of the park plan. It is anticipated that Agency funds will be matched to other private and non-private funding sources to implement specific elements of the park plan.

Table 2
RELATIONSHIP BETWEEN GOALS AND OBJECTIVES, PROJECTS, PROGRAMS AND BLIGHT ELIMINATION

Goals and Objectives	Projects and Programs to Implement Goals and Objectives	Blighting Conditions to be Alleviated by Projects and Programs
1. To remedy, remove and prevent physical blight and economic obsolescence in the Project Area through implementation of Plan.	Applies to all proposed Projects and Programs	See Below
2. To increase open space and protect environmentally sensitive areas.	Anisq'Oyo Park Improvements	The park improvements will enhance the useability of the park and enhance the Project Area living and working environment.
	Community Center Project	The Community Center Project is based upon an improvement plan for the Estero Park including a new soccer field, basketball courts, children's playground, a new teen center, a skate park, and community center.
3. To improve the supply of housing affordable to very low, low and moderate income households through the provision of assistance to rehabilitate the existing housing stock.	The Agency will implement activities to produce and expedite affordable housing construction and rehabilitation. This will include streamlining the approval process; acquiring affordable housing sites from willing owners; acquiring deteriorated housing for rehabilitation and restriction as affordable housing; and promoting new mixed use development. See Affordable Housing Component for details.	Will include acquisition of deteriorated properties for rehabiliation.
4. To establish a program which promotes the rehabilitation of the existing housing stock.	Residential Improvement Program	Provides for residential façade improvements to address conditions of deterioration and to improve the asthetics of the housing stock.
5. To make provision for housing to satisfy the needs and desires of the various age, income and ethnic groups of the community, maximizing the opportunity for individual choice, and meeting the requirements for state law.	The Agency will comply with Redevelopment Law affordable housing production requirements including working towards meeting the regional affordable housing needs as defined by SCAG. See Affordable Housing Component for details.	NA
6. To enhance the livability of the residential areas throughout the Project Area and the community as a whole.	Isla Vista Master Plan	Includes both development policies and specific projects to improve the community.

Table 2
RELATIONSHIP BETWEEN GOALS AND OBJECTIVES, PROJECTS, PROGRAMS AND BLIGHT ELIMINATION (CONTINUED)

7. To provide for the enhancement and renovation of businesses within the Project Area to promote their economic viability.	Assistance Program for Businesses	The Assistance Program will alleviate conditions of deterioration and substandard design (obsolescence).
8. To address inadequate street improvements.	Pardell Road Enancement; Sidewalk Program Street Tree Program; MTD Shelter; Car Sharing Project and Traffic Calming Program	Street and circulation enhancements and alternative transportation programs will promote private sector investment, alleviate conditions of impaired investments and improve asthetics of the Project Area, while alleviating circulation and parking deficiencies.
9. To ensure that public input is solicited in all phases of development.	Provided through consultations with the Isle Vista Project Area Committee.	NA
10. To establish a redevelopment program that is both flexible and that encourages creativity.	Reconfigure Existing Privately owned Parking Lots.	The Agency will work with property and business owners to reconfigure their parking lots to reduce circulation impacts.
11. To encourage the cooperation and participation of residents, businesses, businesspersons, public agencies and community organizations in the redevelopment/revitalization of the Project Area.	In-Lieu Parking Fee Program Owner Participation/Development Agreements	In-Lieu Parking Fee Program will provide an alternative to on-site parking which will help the redevelopment of small parcels of inadequate size. Through agreements, the Agency will facilitate mixed use projects that will provide housing, alleviate overcrowding and provide business growth opportunities.
12. To promote public improvement facilities which are sensitive to the unique environmental qualities of the Project Area, and improve the conditions of deficient infrastructure.	Downtown Parking Development Medical Clinic Acquistion & Rehab	The Agency plans to construct a public parking lot to alleviate parking deficiencies and encourage development in concert with the In-Lieu Parking Fee Program. Long term plans for the clinic include finding a new site and incorporating the existing site to an expanded Anisq Oyo' Park.

G. PROJECT FINANCING

The Goals and Objectives and Projects, Programs and Expenditures included in this Implementation Plan reflected the financial constraints of the Agency in the implementation of the Redevelopment Plan. The constraints are primarily the result of obligations that the Agency is contractually required to pay as a result of prior redevelopment activities.

Tax Increment Revenues

At the time a redevelopment plan is adopted for a project area, the taxes generated from the taxable value of property in the area, often referred to as the base year value, continue to be distributed to each of the taxing entities, which levy a property tax in the project area. The majority of the property taxes that occur due to growth in taxable value above the base year value, are allocated to the redevelopment agency. These funds are commonly referred to as tax increment revenue.

The Project Area's assessed valuation has increased since the base year by $339,394,832 as of 2005/06. The current total assessed value of the Project Area is $558,804,750. The rate of annual growth in taxable value has been increasing over the past five years at an annual average rate of approximately seven percent per year. This increase can be attributed to new development, transfer of ownership activities, and the increased market value of real estate. For purposes of this analysis, taxable value of existing development is estimated to increase at two percent in 2006/07 and thereafter; in addition, the assessed value of projects that are anticipated to begin construction near-term are included in the estimates of taxable value. The Project Area anticipates gross tax increment revenues of approximately $3.6 million for 2006/07. Over the five-year term of the Implementation Plan, the Agency anticipates receiving $21.3 million in tax increment revenues (see Table 3 and Table 4). As described below, a substantial portion of these monies is pledged to other obligations.

Existing Obligations

The Agency has incurred a number of significant financial obligations within the Project Area, including: the housing set-aside, pass-through agreements with other agencies, pass-through payments per CRL Section 33676, State ERAF payments, owner participation and development agreements, debt obligation on advance from the County, and Agency operating costs. These obligations commit a substantial portion of the Agency's primary funding source—tax increment revenue.

In fiscal year 2005-06, these obligations equated to $2.069 million, or about sixty two percent of the revenue that the Agency received. Over the next five years, the existing obligations are anticipated to be paid off.

The Agency's existing obligations are discussed below:

Housing Set-Aside – The CRL requires that all redevelopment agencies set-aside 20 percent of their gross tax increment revenues to facilitate the development of housing for persons with low and moderate incomes. Particulars regarding the anticipated use of the Housing Set-Aside funds are discussed in the Housing Component of this Implementation Plan. (It should be noted that for pre-1994 plans such as the Isla Vista Redevelopment Plan, the set-aside is calculated after reducing gross tax increment by the amount required due to Section 33676 pass-throughs that are paid to the taxing entities.)

Pass-through Agreements with Other Entities – The Agency is also obligated to make payments pursuant to pass-through agreements. The Agency agrees to pay an amount equal to the property tax revenues from the Project Area had been allocated to all of the affected taxing agencies without regard to the division of taxes required by Health and Safety Code Section 33670 to Isla Vista Recreation and Park District and Goleta Union School District. The pass-through amount is reduced to 80% for Goleta Cemetery District, Goleta Valley Mosquito Abatement District and Santa Barbara Metropolitan Transit District. These pass-through agreements consist of 31.1% of property tax increment received. Over the five-year period of the Implementation Plan, the Agency anticipates making $6.5 million in pass-through payments.

Section 33676 Payments – For redevelopment plans adopted prior to January 1, 1994, the CRL permitted any affected taxing agency to elect to be allocated, and required that every school district and community college district be allocated that portion of tax increment that would otherwise be pursuant Section 110.1(f) of the Revenue and Taxation Code (referred to as the two percent inflation allocation), and any increase in the rate of tax imposed for the benefit of the taxing agency which levy occur after the year in which the ordinance adopting the redevelopment plan becomes effective. Those entities with pass-through agreements have eliminated the ability to receive 33676 payments. This two percent inflation allocation continues to be paid to the respective taxing entities making such elections, over the term of the Redevelopment Plan, and is anticipated to total $2.2 million over the five years of the Implementation Plan.

Existing Advance from the County – Debt obligations totaling about $0.4 million will continue to be paid each year on the advance from the County. The outstanding balance as of June 30, 2005 was $1,913,449. This obligation is scheduled to be retired in 2011.

Administration – The CRL provides that the Agency has general authority to hire staff, execute contracts and/or purchase or rent space, equipment and supplies. In order to implement the Redevelopment Plan, the projects and programs of this Implementation Plan, the Agency has and will continue to incur administrative expenses and obligations. Such administrative expenses reflect the costs for

TABLE 3
SUMMARY OF FIVE-YEAR NON-HOUSING CASH FLOW 2007-2011
COUNTY OF SANTA BARBARA REDEVELOPMENT AGENCY

All figures in 1,000's of dollars

	TOTAL
Revenue	
Gross Tax Increment	$21,312
Interest	529
Carry Forward	450
Future Bond Proceeds	27,939
Total	$50,230
Less: Obligated Expenditures	
Housing Set-Aside @20%	$ 4,262
Agencies Receiving 33676 Pass Throughs	6,543
AB 1290 Pass-Through's Triggered	2,189
Existing Non-Housing Debt Obligations	415
Future Non-Housing Debt Obligations	4,160
County Administration Fee	318
Non-Housing Administration Expenses	1,971
Total	$19,859
Available for Projects and Programs	$ 30,370
Projects and Programs Under Consideration	
Pardall Enhancement	$ (2,850)
Downtown Parking Lot	(2,300)
Owner Participation/Development Agreements	(1,750)
MTD Shelter Improvements	(175)
Anisq'Oyo Park	(1,500)
Land Acquisition & Rehab	(1,750)
Community Center	(2,470)
Parking Structure	(16,075)
Master Plan	(50)
Residential Facade Improvements	(200)
Business Assistance Program	(250)
Traffic Calming	(500)
Sidewalks/Trees	(500)
	$ (30,370)

TABLE 4
FIVE-YEAR NON-HOUSING CASH FLOW PROJECTION
COUNTY OF SANTA BARBARA REDEVELOPMENT AGENCY

All figures in 1,000's of dollars

	0	1	2	3	4	5	
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	**TOTAL**
Assessed Values							
Existing Secured Property At 2%	$ 553,744	$ 569,981	$ 597,943	$ 627,022	$ 657,266	$ 688,718	
Existing Unsecured	5,061	5,061	5,061	5,061	5,061	5,061	
New Development/Resale At 2% per year		11,176	11,724	12,295	12,888	13,504	
Total Assessed Value	$ 558,805	$ 586,218	$ 614,728	$ 644,378	$ 675,214	$ 707,284	
Increment over Base $219,322	$ 339,483	$ 366,896	$ 395,406	$ 425,056	$ 455,892	$ 487,962	
Project Revenue							
Gross Tax Increment Revenue							
Tax Rate	1%	1%	1%	1%	1%	1%	
Gross Tax Increment	$ 3,395	$ 3,669	$ 3,954	$ 4,251	$ 4,559	$ 4,880	$21,312
County Administration Fee	(55)	(58)	(61)	(63)	(66)	(70)	(318)
Gross Tax Increment Revenue	$3,340	$3,611	$3,894	$4,187	$4,492	$4,810	$20,994
Less Pass Through's							
Housing Set-Aside @20%	$ 679	$ 734	$ 791	$ 850	$ 912	$ 976	$ 4,262
Agencies Receiving 33676 Pass Throughs	1,042	1,126	1,214	1,305	1,400	1,498	6,543
AB 1290 Pass-Through's Triggered	348	377	406	437	468	502	2,189
Subtotal Pass-Throughs	**$2,069**	**$2,237**	**$2,411**	**$2,592**	**$2,780**	**$2,976**	$12,995
Net Tax Increment	$ 1,270	1,374	1,483	1,595	1,713	1,834	8,000
Interest Income @ 2%	12	58	113	108	150	100	529
Total Annual Revenues	$ 1,282	$ 1,432	$ 1,596	$ 1,703	$ 1,863	$ 1,934	$ 8,529
Less Requirements							
Existing Non-Housing Debt Obligations	$ 415	$ 415					$ 415
Future Non-Housing Debt Obligations			730	730	1,350	1,350	4,160
ERAF	218						-
Non-Housing Administration Expenses	359	370	381	392	404	424	1,971
Total Requirements	$ 992	$ 785	$ 1,111	$ 1,122	$ 1,754	$ 1,774	$ 6,547
Net Annual Revenue (Deficit)	$ 291	$ 647	$ 485	$ 581	$ 109	$ 160	$ 1,982
Available for Projects & Programs							
Carry Forward	$ 779	$ 450	$ 5,608	$ 4,058	$ 1,404	$ 13,020	$ 450
Net Future Bond Proceeds		12,446			15,493		$27,939
Adjusted Available for Projects & Programs	$ 1,070	$ 13,543	$ 6,093	$ 4,639	$ 17,005	$ 13,180	$30,371
Redevelopment Projects							
Pardall Enhancement	$ 140	$ 2,850					$ 2,850
Downtown Parking Lot	35	2,300					2,300
Owner Participation/Development Agreements	100	500	500	250	250	250	1,750
MTD Shelter Improvements	35	35	35	35	35	35	175
Anisq'Oyo Park	50	200	1,300				1,500
Land Acquisition & Rehab		1,750					1,750
Community Center	30	100				2,370	2,470
Parking Structure				2,500	3,500	10,075	16,075
Redevelopment Programs							
Master Plan	225	50					50
Residential Facade Improvements			50	50	50	50	200
Business Assistance Program		50	50	50	50	50	250
Traffic Calming				250		250	500
Sidewalks/Trees	5	100	100	100	100	100	500
Subtotal	$ 620	$ 7,935	$ 2,035	$ 3,235	$ 3,985	$ 13,180	$30,370
Ending Balance	$ 450	$ 5,608	$ 4,058	$ 1,404	$ 13,020	$ 0	

staff salaries and benefits, technical assistance, operating services, purchase of equipment or supplies and other ancillary expenses associated with the administration of the Project Area. Costs for non-housing Agency administration are estimated at $2.0 million for the five-year Implementation Plan cycle. The administrative costs include transfers to other accounts to fund staff time on redevelopment projects. Housing administrative costs are identified in the housing section of this report.

POTENTIAL BONDING CAPACITY

The CRL provides authority to the Agency to create indebtedness, issue bonds, borrow funds or obtain advances in implementing and carrying out the specific intents of a redevelopment plan. The Agency is authorized to fund the principal and interest on the indebtedness, bond issues, borrowed funds or advances from tax increment revenue and any other funds available to the Agency. To the extent that it is able to do so, the County may also supply additional assistance though County loans or grants for various public facilities or other project costs.

Potential sources of revenues to fund project costs include, but are not limited to, tax increment revenues, bond proceeds, interest earnings, and the issuance of tax allocation bonds. In 1991, the Agency borrowed money from the County which was then subsequently contributed to the County for the County's acquisition of open space property. The Agency pledged tax increment revenues to repay the advance payable to the County. This obligation will be retired by 2011.

The Agency may elect to pledge future tax increment revenues to secure the principal and interest payments of a tax allocation bond issued to finance blight eliminating program and project costs. The issuance of tax-exempt bonds and the use of said proceeds are subject to federal tax restrictions. Based upon the projected tax increment revenues forecast over the next five years, it is projected that up to $8.5 million in net non-housing bond proceeds could be leveraged from tax increment revenue anticipated for the Project Area during the five-year cycle of the Implementation Plan. The cash flow shown on Table 4 assumes the Agency will use about $27.9 million, secured by future property tax increment revenues, (net) of the non-housing bonding capacity over the next five years in order to fund planned projects and programs.

The net bond proceed amount was based on a six percent tax-exempt interest rate, annual debt service payments limited to the surplus tax increment available after existing non-housing obligations and administration expenses, at least 1.25 coverage, debt repayment term of 30 years (or less for bonds issued in 2011-12 and beyond because the tax increment limit will be less than 30 years out), and a three percent ABAG cost of issuance and bond reserve factor. The debt service coverage would apply to both new and existing debt.

Potential Tax Increment Loss

The bonding capacity is based on no loss of tax increment revenue. In FY02-03, the University of California Santa Barbara (UCSB) purchased Francisco Torres, which was previously privately owned. This transaction resulted in a loss of tax increment revenue to the Agency of approximately $500 thousand and $230 thousand to other governmental entities on an annual basis based on the project's base year valuation of $23 million and the sale price of $83 million to UCSB. Currently nothing precludes the University from purchasing other properties in the project area and removing them from the tax rolls.

Tax Increment Available for Discretionary Projects and Programs

The Agency is projected to have approximately $30.4 million available to fund non-housing discretionary projects and programs over the next five years after funding of all the Agency obligations and pass-through payment described above. This estimate is based on the assumption that the Agency will raise approximately $27.9 million in additional net non-housing bond proceeds during the next five years. Additional funds could be made available if a greater portion of projected bonding capacity was utilized. In the end, the Agency will have adequate tax increment revenues to meet existing obligations and fund the proposed projects and programs identified for the five-year Implementation Plan period. If economic factors reduce the amount funds available to the Agency to implement projects and programs, some projects and/or programs will be delayed until the next 5-year period.

III. AFFORDABLE HOUSING COMPONENT

A. INTRODUCTION

This is the Affordable Housing Compliance portion of the implementation Plan. It has been prepared to meet the requirements of State Law and to guide the Redevelopment Agency in its housing related activities over the next 10 years. Specifically, this report addresses the following section of the California Health and Safety Code:

Low and moderate-income housing production requirements (Section 33413)

Replacement housing requirements (Section 3341 3)

Twenty percent (20%) housing fund requirements (Section 33334.2)

Housing fund expenditure targeting requirements (Section 33334.4)

In 1991, the California State Legislature adopted Assembly Bill 315, which added Subsection 33413(b) (4) to the State Health and Safety Code. AB 315 requires each redevelopment agency to adopt a plan demonstrating how the Agency will comply with the affordable housing production requirements of the Code. The plan is often referred to as an AB 315 Plan.

In 1993, the Legislature adopted Assembly Bill 1290, a comprehensive redevelopment reform bill. One of the key provisions is the requirement that each agency prepares and adopts an implementation Plan. The implementation Plan incorporates the AB 315 requirements for the housing portion of redevelopment activities and establishes a time frame and process for the plan as a whole. AB 1290 also specifies additional requirements with respect to housing production compliance and expenditures of the Agency's Low and Moderate-income Housing Fund monies. As with existing law, AB 1290 also requires that the Plan be consistent with the County's Housing Element, which has its own time line for adoption and amendment.

In 2002, two new pieces of legislation, Assembly Bill 637 and Senate Bill 211 were added to the Community Redevelopment Law. AB 637 changes the redevelopment agency affordable housing production, replacement housing, and Low and Moderate-income Housing Fund requirements. SB 211 established a simplified procedure to eliminate debt incurrence time limits for pre-I994 plans, allowed amendments to redevelopment plans to extend plan effectiveness tax increment receipt deadlines for pre-1994 plans, and required that certain affordable housing obligations be met by the end of the redevelopment plans. Due to several inconsistencies created by these two pieces of new legislation in the Community Redevelopment Law, a third piece, Senate Bill 701, was adopted in 2003 to "clean up" and clarify much of the confusion created by AB 637 and SB 211 and to make some additional changes to the Redevelopment Law.

This section, therefore, is the Isla Vista Redevelopment Agency's AB 315 Plan as well as the housing portion of the Agency's AB 1290 implementation Plan, updated with the changes required by the three pieces of newly adopted legislation, AB 637, SB 211 and SB 701. Per AB 315 and as amended by SB 637, the Agency is required to meets it housing production requirements during each specific 10-year period (from January 1, 2005 to December 31, 2014). Per SB 701, the Agency actually has an initial 13-year compliance period (from January 1, 2002 to December 31, 2014) to meet its first round of Housing Fund targeting requirements. Under the provision, 2014 becomes the ending date for compliance with both sets of requirements.

Per AB 1290, the Agency must adopt an implementation Plan, with its housing component, for 2005-2009. The law requires that the Plan be reviewed in a public hearing, and by inference amended if desirable, between two and three years after adoption. A new implementation Plan is required to be prepared and adopted every five years.

B. AFFORDABLE HOUSING PRODUCTION COMPLIANCE STATUS

1. Housing Production Requirement

State law requires defined percentages of newly constructed and significantly rehabilitated housing within the Project Area are restricted for low and moderate-income households. At least 15 percent of all new or substantially rehabilitated units in a Project Area that is not developed/substantially rehabilitated by the Agency must be affordable to and occupied by low and moderate-income households. Of the 15 percent reserved, at least 40 percent must be restricted to very low-income households.

For units that are either directly developed or substantially rehabilitated by the Agency, the affordable housing production requirement is that at least 30 percent of these units must be restricted to low and moderate-income households. And, not less than 50 percent of the requisite affordable units shall be available at affordable housing cost to and occupied by very low-income households.

"Substantially rehabilitated" means rehabilitation in which the value of the rehabilitation constitutes at least 25 percent of the after-rehabilitation value of the dwelling unit(s). Originally, under AB 1290, the rehabilitated units to be included in this calculation consisted of all one- and two-unit complexes that have undergone substantial rehabilitation with Agency assistance, and all multi-family rented dwelling units with three or more units that are substantially rehabilitated, regardless of the funding source. As amended by SB 701 and AB 637, however, as of January I, 2002, the multi-family units to be counted must be substantially rehabilitated and have received agency assistance.

The definitions of very low-income, low-income, and moderate-income are established for each County by the U.S. Department of Housing and Urban Development, based on the median income for the County. Generally, very low-income refers to less than 50 percent of the median income, low income refers to less than 80 percent of the median income, and moderate-income refers to less than 120 percent of median. Income levels meeting these definitions vary by household size. "Affordable housing cost" is defined in Sections 50052.5 and 50053 of the Health and Safety Code and can vary depending on whether the housing is rental or owner-occupied.

In order for units to count toward meeting the Agency's affordable housing production requirements, prices or rent for units must be restricted by Agency-imposed covenants or restrictions recorded against the real property in which the units are located. These covenants and restrictions must remain in effect for the "longest feasible time," but in any event not less than specified minimum time periods. AB 637 imposes new minimum duration periods of 55 years for rental units and 45 years for owner-occupied units. These minimum periods are required for affordable covenants recorded after January 1, 2002. For units constructed prior to January 1, 2002, the minimum period for affordability covenants is the remaining life of the redevelopment plan.

2. Housing Counted Toward Meeting the Housing Production Requirement

Per Redevelopment Housing Law, units to be counted towards meeting the Agency's housing production requirement include the following:

A. New construction and substantially rehabilitated units located within the Project Area, with affordability covenants;

B. Existing multi-family units on which covenants have been purchased with Agency assistance so that the units will remain affordable for the requisite period. At least 50 percent or more of these purchased covenants must be for very low-income households. Units acquired through covenant purchase cannot constitute more than 50 percent of the units included to meet the housing production requirement; and

C. Unit with affordability covenants caused to be produced by the Agency located outside the Project Area but within the County of Santa Barbara. One unit for every two produced outside of the Project Area may count towards the Agency's housing production requirement.

Deed-restricted ownership units that have been sold and the affordability covenants lifted prior to the expiration of the requisite affordability period cannot be included in the Agency's compliant unit count, unless the housing funds are recaptured and used to assist another unit at the same income level within three years of sale and appropriate affordability covenants are placed on the new unit.

3. Summary of Housing Activity -1991 to 2000 and 2001 to 2005

According to data supplied by the County Planning Department, a total of 424 dwelling units have been either constructed or substantially rehabilitated in the Project Area during the current planning period. None of the units produced within the Project Area during this period were built by the Agency. Consequently, only "Non-Agency-built" production requirements are applicable to the Agency.

Of the 424 units projected, 15%, or 64 units, are required to be affordable to low and moderate-income households, and at least 40% of these 64 units, or 26 units, must be affordable to very low-income households. These affordable housing production requirements must be met during the planning period, which ends after fiscal year 2003-04.

TABLE 5
ISLA VISTA HOUSING PRODUCTION THROUGH 2005
COUNTY OF SANTA BABARBA REDEVELOPMENT AGENCY

TOTAL HOUSING PRODUCTION	New Construction	Substantial Rehab	Total
Storke Ranch Project (1999)	275		275
Infill Construction (1994-2005)	83		83
6719 Sabado Tarde (1998)		1	1
6815 Sabado Tarde (1998)		1	1
6680 Sueno (1997)		4	4
Isla Vista Revitalization (2001)		56	56
Subtotal	358	62	420
Villa Del Sol (2005)		4	4
Total Planning Period	358	66	424
AFFORDABLE HOUSING REQUIRED			
Total Units Produced	358	66	424
Total Affordable Units Required (15%)	54	10	64
Very Low Income Units Required (40%)	22	4	26
AFFORDABLE HOUSING PRODUCED TO DATE			
Storke Ranch Apartments			
Affordable Units	36		36
Very Low Income Units	11		11
Isla Vista Revitilization Project			
Affordable Units		56	56
Very Low Income Units		12	12
6680 Sueno			
Affordable Units		4	4
Very Low Income Units		4	4
Villa Del Sol (2005)			
Very Low Income Units		4	4
TOTAL			
Affordable Units	36	60	96
Very Low Income Units	11	20	31

With the completion of the Storke Ranch Apartments and Isla Vista Revitalization Project, 96 affordable units have been produced in the Project Area, including 31 very low-income units in the Project Area. Thus, the Agency has achieved the overall need to produce 64 affordable units for the planning period, and 26 very low-income units.

Table 4 summarizes the Agency production obligations and progress for the planning period.

In summary, during the period of 1991 through 2005, the number of deed restricted very low to moderate-income units in the Project Area available to be counted toward the Agency's inclusionary housing obligation exceeded the 15 percent requirement by

32 units and the number of deed restricted very low-income units exceeded the six percent requirement by 5 units.

4. Plan for Achieving Housing Production by 2016

The State Law, as clarified in AB 1290, requires that Agencies meet their affordability production requirements within 10 years. The AB 315 Plan and the more stringent AB 1290 implementation plan require Agencies to delineate what they intend to do each of the next five years and generally over the 10-year period to bring the Redevelopment Areas into compliance.

One component of the Plan is, therefore, documentation of the specific projects and actions that will be undertaken to generate the required number of affordable units over the next 10-year period. A second component is general policies and procedures that the County and Agency may pursue to increase and encourage the production of affordable housing in the Project Area over the next 10 years.

5. Specific Actions

The following actions are being taken to assist and facilitate housing development:

1. The Agency will institute an "Over the Counter" policy for accepting project proposals. These proposals for Agency affordable housing set-aside funds will be accepted at any time during the year. This new policy will allow the Agency to accept and review project applications outside of the current annual Notice of Funds Available process. This procedural change is intended to eliminate any funding delays for an applicant who previously may have been forced to wait to apply for set-aside funds.

2. The Agency will seek to acquire property from willing sellers in the Project Area to facilitate the development of affordable housing units. While the Agency does not intend to act as the project developer, by controlling the land, the Agency can ensure projects are implemented in a timely manner while meeting community design standards.

3. The Agency will prioritize the rehabilitation, or acquisition with rehabilitation, of existing properties in the Project Area. By focusing on properties with significant rehabilitation needs, the Agency can eliminate blight, provide income restricted housing, and improve the overall quality of development.

4. The Agency will participate in, and implement, other projects and programs as new opportunities arise to improve the supply and quality of affordable housing within the Project Area.

To estimate the number of units that will likely need to be produced in the Isla Vista Redevelopment Project Area within the next 10 years and through the life of the Plan, the Agency has evaluated the status of sites that are under construction and have submitted development proposals and has identified the following sites in the Housing Element as potential housing sites with the Project Area that have the potential for residential development based on recent local development trends:

Site	Informal Name	Address
1	El Colegio & Embarcadero del Mar	SE corner of El Colegio Rd. and Embarcadero del Mar
2	Friendship Manor vacant lot	SW corner of El Colegio Rd. and Camino Pescadero
3	Bus Storage lot	SE corner of Camino Pescadero and Cervantes Rd.
4	El Colegio and Ocean Road	SW corner of El Colegio Rd. and Stadium Rd.
5	Inner-block Picasso lot	Inner-block at Picasso Rd. and Camino Pescadero
6	Korean Methodist Church	NE corner of Camino del Sur and Sueno Rd., across from Estero Park and proposed Community Center
7*	Pardall Gardens	IVRPD owned park, on N side of Pardall Rd. (6500 block)
8	Cervantes lot	South side of Cervantes Rd. at eastern end
9	Gerrity property on Segovia	SE corner of Segovia and Embarcadero del Mar
10*	Union 76 Site	NW corner of Pardall Rd and Embarcadero del Mar

6. Anticipated Ten-Year Affordable Housing Production Compliance Status

As shown on Table 5, it is estimated that a total of 39 housing units will be built in the Project Area during the 10-year period from 2007 through 2016. This amount of development translates into a production requirement of 6 very low to moderate-income units, including 3 very low-income units.

It is estimated that a total of 24 new deed restricted units will be built in the Project Area and no eligible units outside of the Project Area, with a combined total of 24 units restricted to very low to moderate-income households. Of this total, 18 will be restricted to very low-income households. As shown on Table 2, it is estimated that the number of deed restricted very low to moderate-income units constructed during the 2007-2016 period will exceed the legal minimum by 18 units and the production of very low-income units will exceed the legal minimum by 15 units. Given this current surplus, by December 2015, the number of deed restricted low to moderate-income units in the Project Area is anticipated to exceed the legal cumulative requirement by 56 units and the number of very low units in the Project Area is anticipated to exceed the legal cumulative requirement by 21 units.

TABLE 6
FUTURE HOUSING UNIT PRODUCTION WITHIN PROJECT AREA (2006-2015)
ISLA VISTA HOUSING PRODUCTION THROUGH 2005

New Units & Substantial Rehab Units to be Built (2006-2015)

		Units w/Covenants	
	Total Built	**Very Low to Moderate Income**	**Very Low Income**
New Units Built	15		
Agency Sponsored Units	24		
Units Substantially Rehabilitation	-		
Total Units to be Built or Substantially Rehabilitated (2006-2015)	39		
Inclusionary Requirement			(40% of 15%)
Percent Requirements		15%	6%
Inclusionary Unit Requirement (2006-2015)		6	3
Covenanted Units Built or Substantially Rehab. (2006-2015)			
New Units Built		24	18
Units Substantially Rehabilitation		-	-
Total Coventanted Units Built or Substantially Rehab. (2006-2015)		24	18
Subtotal Excess (shortage) of Covenant Units		18	15
Plus: Multi-Family Covenants Purchased		-	-
<less> Covenanted Units Sold/Restrictions Lifted		-	-
Plus: Affordable Units to be Built Outside Project Area		-	-
Total Excess (shortage) of covenanted Units (2006-2015)		18	15
Plus: Excess (Shortage) of Covenanted Units from Prior Period		38	6
Cumulative Excess (Shortage) of Covenanted Units (2006-2015)		56	21

7. Affordable Housing Production Compliance over the Life of the Project

The 1994 amendment to AB 1290 (Bergeson, SB 732) requires that the Housing Production Plan address affordable housing compliance over the life of the Redevelopment Plan. The Isla Vista Redevelopment Project expects to meet its housing production requirement over the life of the Redevelopment Plan through assisting new developments and rehabilitations as well as implementing its countywide affordable housing inclusionary program.

C. REPLACEMENT UNIT COMPLIANCE STATUS

California Redevelopment Law requires that dwelling units housing persons and families of low or moderate-income removed as a result of redevelopment action must be replaced by an equal number of units that have an equal or greater number of bedrooms as those removed. Prior to January I, 2002, 75 percent of the replacement units were required to be affordable to households at the same or lower income levels as the household displaced. Post January I, 2002, 100 percent of the replacement units must be affordable to households at the same or lower income levels as those displaced. Demolished units must be replaced within four years of being removed.

As of 2006, the Agency needs to replace two units that had been removed as a result of redevelopment action.

D. CONSISTENCY WITH HOUSING ELEMENT

AB 1290 and AB 315 require that the Agency's affordable housing activities be consistent with the County's Housing Element. The Housing Element addresses the housing issues of the entire County of Santa Barbara of which the Redevelopment Project Area is a part.

The following are some of the commitments set forth in the County's 200 Housing Element, which will enhance both the County's and the Agency's ability to increase the supply of affordable housing in Isla Vista and insure that the Agency is in compliance with the legally mandated production requirement at the end of the 10-year period, or December 31, 2016.

- Zone and adapt specific plans to ensure sufficient land at various densities to allow for the construction of sufficient housing to meet the County's regional housing allocation. Update a residential land inventory every two years, including sites in the Redevelopment Project Area potentially suitable for assembly and residential development.

- Establish affordable housing requirements to be applied Countywide. The County has adopted a countywide inclusionary ordinance, which requires 25 percent of all new ownership and multi-family rental projects be restricted to very low to moderate-income households.

- Pursue state and federal funding sources to support efforts to meet new construction needs of very low, low and moderate-income households. The County will continue to collaborate with non-profit organizations and agencies such as County of Santa Barbara Housing Development Corporation, People

Self-Help Corporation, Mercy Housing, and the City of Santa Barbara Housing Authority.

- The County Agency will use a combination of local, state, and federal funding, as appropriate, to subsidize on- and off-site infrastructure improvements benefiting housing projects containing affordable units.

- Cooperate with the Santa Barbara Board of Realtors, local financial institutions, non-profit organizations, and residential developers in implementing homebuyer assistance programs for low and moderate-income households. As recommended in the housing element, the County has established a homebuyer assistance program that is funded by state and federal funds.

- Continue to work with financial institutions serving Isla Vista to solicit interest in providing financing for very low-, low, and moderate-income housing as part of their responsibilities under the Federal Community Reinvestment Act (CRA). The County will work with interested lending institutions and developers to use existing CRA funding programs through the Federal Home Loan Bank Board and the Federal Reserve Bank Board.

- Use available sources of funding from the Agency, state, and federal governments to construct or rehabilitate replacement housing for low-income households who are displaced as a result of County or Agency actions. The Agency will prepare a replacement-housing plan for displacement in the Redevelopment Area on a project-by-project basis.

- Continue efforts to mitigate the potential loss of very low, and low-income housing units through the conversion of subsidized rental housing projects to market rate housing. The Agency will solicit interested non-profit developers to acquire and maintain such projects as low-income housing, and will assist an interested non-profit housing corporation in applying for state or federal assistance for acquisition. Continue to provide housing rehabilitation assistance to very low and low-income householders and to rental property owners with very low or low-income tenants.

- Promote mixed-use residential/commercial development along Pardall Road, and in appropriate commercial zones through a combination of programs, including: providing incentives for projects that include a specified number of affordable units; providing regulatory incentives for market rate housing, such as flexible planned development standards; and implementation of code enforcement for abatement of blighting conditions.

E. HOUSING FUND REVENUES AND EXPENDITURES

California Redevelopment Law requires a redevelopment agency to direct at least 20 percent of all gross tax increment revenues generated in its project area to a separate and Low and Moderate-income Housing Fund. These funds must be used for the purpose of increasing, improving or preserving the supply of low and moderate-income units within the community. To meet these objectives, agencies may expend funds on land acquisition, building acquisition, construction of new units, on- and off-site improvements, rehabilitation of existing units, a portion of principal and interest payments on bonds, loans and subsidies to buyers or renters, and other programs that meet the stated objectives.

Additionally, Section 33334.4 of the Health and Safety Code states that it shall be the policy of each agency to expend the moneys in its Housing Fund to assist housing for persons of low- and very low-income in at least the same proportion as the total number of housing units needed for those income groups within the community.

This section summarizes the Agency's Housing Fund resources now available and expected to be available over the next 10 years and how those resources will be utilized to meet the purposes summarized above. Information on the current year income and balances is based on the Redevelopment Agency 2005-2006 Budget.

1. Housing Fund Expenditures. 2001 -2005

The Housing Authority of the County of Santa Barbara received $325,000 to fund the acquisition and substantial rehabilitation of Villa Del Sol, located at 6680 Sueno Rd. in Isla Vista. Villa Del Sol is an existing 4-unit rental property that serves developmentally disabled adults in Isla Vista. The property is composed of two studio apartments and two three-bedroom units. The total tenant population is eight very low-income individuals with developmental disabilities. Development activities will continue to be limited due to the possibility of land-use changes that could be proposed during the Master Plan planning process.

2. Housing Fund Revenues, 2007 -2011

The County of Santa Barbara Redevelopment Agency's revenues consist of (1) property tax increment, and (2) investment earnings, as explained below:

<u>Property Tax Increment</u>: The "tax increment" earned by the Redevelopment Agency is the property tax on the difference between the assessed value of properties within the Project Area at the time the Agency was formed (1991) and the current tax year assessed value. Pursuant to the CRL, the County of Santa Barbara Redevelopment Agency deposits 20 percent of its annual gross tax increment into its Housing Fund.

Interest Income. It is estimated that interest income will approximate two percent of fund balance and bond reserves.

As shown on Table 3, it is estimated that approximately $734 thousand of tax increment will be deposited into the Housing Fund in FY 2005/06. Annual Housing Fund increment is anticipated to reach $734 thousand in FY 2006/07 and is expected to increase steadily during the five-year period. By FY 2010/11, it is estimated that $976 thousand of increment will be deposited into the Housing Fund.

The Agency's only obligation at this time is housing administration expenses of approximately $60 thousand per year.

After deductions for these obligations, it is estimated that the Housing Fund will have approximately $3.4 million of revenue available in 2006/07 for new projects and programs.

3. Housing Fund Programs, Projects, and Expenditures 2007-2016

The Agency's anticipated annual Housing Fund expenditures for the next five years are presented in Table 6. In FY 2006/07, the Agency anticipates spending approximately $1.5 million on new projects and programs, with $0.1 million for the construction of new affordable units and $1.4 million for rehabilitating existing multi-family units.

TABLE 7
FIVE-YEAR HOUSING CASH FLOW PROJECTION
COUNTY OF SANTA BARBARA REDEVELOPMENT AGENCY

All figures in 1,000's of dollars	0	1	2	3	4	5	
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	**TOTAL**
Project Revenue							
Gross Tax Increment Revenue							
Housing Set-aside	$ 679	$ 734	$ 791	$ 850	$ 912	$ 976	$4,262
Recycled Housing Funds	10	300	15	15	15	15	360
Interest Income at 2%	30	29	23	27	13	6	98
Gross Tax Increment Revenue	$719	$1,063	$829	$892	$940	$997	$4,721
Less Requirements							
Future Housing Bond Debt Service	-						-
Housing Administration Expenses	30	60	60	60	60	60	300
Total Requirements	30	60	60	60	60	60	300
Net Annual Revenue (Deficit)	689	1,003	769	832	880	937	4,421
Available for Projects & Programs							
Carry Forward	2,315	2,404	1,907	2,275	1,108	488	$450
Net Future Bond Proceeds							$0
Adjusted Available for Projects & Programs	3,004	3,407	2,675	3,108	1,988	1,425	4,871
Redevelopment Projects							
Multifamily Housing Rehab		1,400	300				1,700
New Construction	600	100	100	2,000	1,500	1,425	5,125
First Time Homebuyer Program							-
Subtotal	600	1,500	400	2,000	1,500	1,425	6,825
Ending Balance	2,404	1,907	2,275	1,108	488	(0)	
Excess Surplus Threshold	2,478	2,452	2,632	2,856	3,054	3,287	
Excess Surplus	74	545	357	1,748	2,566	3,287	

Over the five-year period, the Agency intends to expend $5.1 million for the construction of new deed restricted affordable housing units and $1.7 million for multi-family housing rehabilitation. The Agency will only undertake those projects that are feasible given the resources at the time and there is no commitment to undertake projects beyond the resources of the Agency.

4. Expenditures Relative to the Community's Need

Under California Health and Safety Code Section 33334.4, The Project Area must target its Housing Fund expenditures to assist: (1) low- and very low-income households in proportion to the units needed to assist such households as determined by the regional fair share allocation; and (2) all persons regardless of age in at least the same proportion as the community's population under age 65 years to the community's total population, according to the most recent census. These "Housing Fund Targeting Requirements" must be satisfied for 10-year periods throughout the life of the Plan, with the initial period extending 13 years, from January 2002 through December 2014. These tests do not have to be met on an annual basis.

i. Very-Low and Low Income Housing Expenditures

The income proportionality test requires the Agency to expend Set-Aside funds in proportion to the housing needs that have been determined for the community pursuant to Section 65584 of the Government Code. The proportionality test used in this Implementation Plan is based on the 2000 census. Based on the 2000 census, the Agency's minimum required allocation for very low- and low-income expenditures, and maximum moderate-income housing expenditures are as follows:

Very Low-income	At least 70%
Low-income	At least 19%
Moderate-income	No more than 11%

The Agency is entitled to expend a disproportionate amount of funds for very low-income households, and to subtract a commensurate amount from the low and moderate-income thresholds. Similarly, the Agency can provide a disproportionate amount of funding for low-income housing by reducing the amount of funds allocated to moderate-income households. In no event can the expenditures targeted to moderate-income households exceed the established threshold amount.

In order to meet the income targeting standards, the Agency intends to allocate a minimum of 70 percent of the Housing Fund project and program expenditures to very low-income households, 19 percent of the fund to low-income households, and no more than 11 percent of the funds to moderate-income households.

ii. Proportionality by Age

The age restriction proportionally test requires that the maximum percentage of set-aside funds that an Agency can allocate to senior housing is limited to the percentage of residents within the County that are 65 years of age or older, as reported by the most recent census of the U.S. Census Bureau. According to Census 2000, the County's population breakdown is as follows:

Under 65 Years Old	99%
65 Years and Older	1%

This Implementation Plan allocates 100 percent of the Housing Fund monies to projects that do not impose any age restrictions on the tenants. Thus it is anticipated that the Agency will fulfill the age restricted housing expenditures test imposed by Section 33334.4.

5. TRANSFER OF HOUSING FUNDS TO OTHER PROVIDERS

The Project Area is subject to the CRL provisions requiring the transfer of housing funds to other housing producers in the Isla Vista area in certain circumstances. Such transfers could possibly occur if the Housing Fund contained “excess surplus”. Excess surplus means any unexpended and unencumbered amount in a Project Area’s Housing Fund that exceeds the greater of one million dollars ($1,000,000) or the aggregate amount deposited into the Housing Fund during the project’s preceding four fiscal years.

An analysis of the deposits and balances in the Housing Fund indicates that no excess surplus existed as of 2005.

IV. SUMMARY OF IMPLEMENTATION PLAN REQUIREMENTS

At the end of this five-year Implementation Plan period (2007-2011) and the 10-year housing period (2007-2016), the Agency anticipates accomplishing the following:

A. EXPENDITURES

1. As shown in Table 8, over the next five-years, the Agency will have a combined non- housing and housing total of $57,354 million in revenue, $20,159 million of obligated expenditures, and $37,195 million available for projects and programs.

2. The Agency is projected to have approximately $30,370 million available to fund non- housing discretionary projects and programs (Table 8).

3. The Agency is projected to have approximately $6,825 million available to fund affordable housing projects and programs.

4. The Affordable Housing Fund will not experience excess surplus in any fiscal year during this Implementation Plan period.

5. The Agency’s expenditures of Affordable Housing Fund monies will comply with the proportionality tests imposed by Section 33334.4 for the period between January 1, 2002 and December 31, 2014.

TABLE 8
SUMMARY OF TOTAL FIVE-YEAR HOUSING AND NON-HOUSING CASH FLOW 2007-2011
COUNTY OF SANTA BARBARA REDEVELOPMENT AGENCY

All figures in 1,000's of dollars

	5 Year Cash Flow		
	Non-Housing Funds	Housing Funds	Total
Revenue			
Gross Tax Increment	$ 21,312	$ -	$ 21,312
Housing Set-aside	-	4,262	4,262
Housing Loan Repayments	-	360	360
Interest	529	98	627
Carry Forward	450	2,404	2,854
Future Bond Proceeds	27,939	-	27,939
Total	$50,230	$7,125	$57,354
Less: Obligated Expenditures			
Housing Set-Aside @20%	$ 4,262	$ -	$ 4,262
Pass Throughs to Other Entities	8,732	-	8,732
AB 1290 Pass-Through's Triggered	-	-	-
Existing Non-Hsg Bond Debt Obligations	4,576	-	4,576
County Administration Fee	318	-	318
Non-Housing Administration Expenses	1,971	300	2,271
Total	$19,859	$300	$20,159
Available for Projects and Programs	$ 30,370	$ 6,825	$ 37,195
Projects and Programs Under Consideration			
Pardall Enhancement	$ 2,850	$ -	$ 2,850
Downtown Parking Lot	2,300	-	2,300
Owner Participation/Development Ag	1,750	-	1,750
MTD Shelter Improvements	175	-	175
Anisq'Oyo Park	1,500	-	1,500
Land Acquisition & Rehab	1,750	-	1,750
Community Center	2,470	-	2,470
Parking Structure	16,075	-	16,075
Master Plan	50	-	50
Residential Facade Improvements	200	-	200
Business Assistance Program	250	-	250
Traffic Calming	500	-	500
Sidewalks/Trees	500		500
Multifamily Housing Rehab	-	1,700	1,700
New Construction	-	5,125	5,125
	$ 30,370	$ 6,825	$ 37,195
Ending Balance	$ 0	$ 0	$ 0

B. BLIGHT ELIMINATION

During the five-year period, the Agency's program of activities will alleviate some of the conditions impacting the Project Area. The blight that will be eliminated will vary from sub-area to sub-area throughout the Project Area, The blighting conditions to be addressed include:

Physical Blighting Conditions

- Unsafe and unhealthy buildings
- Factors the prevent or substantially hinder the economically viable use or capacity of buildings and lots (specifically lack of parking)
- Irregularly shaped and inadequately sized parcels under multiple ownership

Economic Blight Conditions

- Impaired Investments
- Residential overcrowding

C. PROPOSED PROJECTS AND PROGRAMS

1. Redevelopment - Discretionary

The Agency will address all of the goals and objectives of the Redevelopment Plan through implementation of the proposed projects and programs. The overall plan to meet the goals and objectives will be achieved through the completion of the Master Plan process.

The Agency will be implementing several programs and projects through development assistance and public improvements. These projects including implementing a residential façade improvements and business loan program, land acquisition and rehabilitation, and development of a downtown parking lot and later a parking structure. In addition, several improvements are proposed for Pardall Road including streetscape improvements, code violation abatement and housing development.

In addition to the Area specific projects, the Agency will implement several public improvements including development of MTD Shelters, sidewalk improvement, and traffic calming. The Agency is also proposing to assist in community center and improvements to Oniq'Oyo Park.

2. Redevelopment Housing

The Agency will fulfill their historical replacement housing obligations during the next five-year implementation period.

The Agency has fulfilled 100 percent of the Project Area's existing inclusionary housing production obligations. During the 10-year housing period of 2007-2016, the Agency will continue to fulfill the prospective obligations, and by 2016, is projected to have exceeded the production requirement by 56 units; 21 of these surplus units are restricted to very low income households.