

Project Area B Implementation Plan

Bayview Hunters Point Redevelopment Project

Five Year Implementation Plan
FY 2006/07-2010/11

Prepared by:

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A. Introduction

The Five Year Implementation Plan for Project Area B (the portion of the Bayview Hunters Point Redevelopment Project adopted in 2006) has been prepared by the Redevelopment Agency of the City and County of San Francisco (Agency) in accordance with California Health and Safety Code Section 33490. The Implementation Plan identifies project activities for Project Area B over the five year Implementation Plan period from the date of the Redevelopment Plan Amendment inception in 2006 through June 30, 2011.

The Hunters Point Redevelopment Plan, adopted on January 20, 1969, is anticipated to be amended to include a portion of the 1996 Bayview Hunters Point Redevelopment Survey Area, thereby creating the Bayview Hunters Point Redevelopment Project Area, consisting of Project Area A, and the territory added in 2006 and known as Project Area B.

Project Area B is located in the southeast portion of the San Francisco in the Bayview Hunters Point community. The 1,361 acre Project Area B consists of residential, commercial, industrial, and public uses in Bayview Hunters Point and includes portions of the South Basin, Bret Harte/Double Rock and Town Center areas. The Third Street corridor runs through the center of Project Area B, and Candlestick Stadium and the Candlestick State Recreation Area are located in the southern portion of Project Area B. The Redevelopment Plan furthers several City goals and objectives in Project Area B, including creating new affordable and mixed income housing, furthering economic development, creating jobs, addressing environmental problems, providing open space, fostering cultural development, and improving the physical environment and transportation systems.

The five year Redevelopment Program, which includes projects and activities facilitated by the Redevelopment Plan, has been formulated to alleviate blighting conditions in Project Area B and to meet the Agency's affordable housing obligations. To guide revitalization efforts in the Bayview, the Agency developed the Bayview Hunters Point Community Revitalization Concept Plan (Concept Plan) and the Framework Housing Program in collaboration with the Bayview Hunters Point Project Area Committee (PAC). The five year Redevelopment Program consists of two broad program categories: Affordable Housing and Non-Housing, consisting of economic development and community enhancements.

Pursuant to the California Health and Safety Code, the Implementation Plan describes:

- Specific goals and objectives of an agency for the project area;
- Specific projects proposed by the agency, including a program of both non-housing and affordable housing actions and expenditures proposed to be made within the first five years of the plan; and
- How the agency's proposed objectives, projects and expenditures will help to eliminate blight in the project area (as described in Section 33031) and implement the affordable housing requirements (as described in Sections 33334.2, 33334.4, 33334.5, 33334.6 and 33413).

B. Description of Blighting Conditions

Project Area B suffers from physical and economic blighting conditions that deter its revitalization and also detract from redevelopment improvements that have been completed in Project Area A. Redevelopment of Project Area B would benefit both areas and would complement the activities undertaken in Project Area A and achieve the goals and objectives described in Section C.

In Project Area B, adverse physical conditions that contribute to the presence of blight include:

- Deficient or deteriorated buildings;
- Factors that inhibit the proper use of buildings or lots; and
- Incompatible uses.

A comprehensive building conditions survey and analyses indicates that 50 percent of all buildings in Project Area B suffer from very extensive or extensive deficiencies. The area has a wide range of building conditions and ages and a significant number of the older buildings are deteriorated, dilapidated or abandoned. Many of these buildings have conditions that make them unsafe or unhealthy as places to live or work. Numerous factors inhibit the proper use of buildings or lots in Project Area B, including soil conditions, lack of accessibility, presence of trash and dumping, odor, noise, standing water, crime and deficiencies in public improvements. Additionally, adjacent or nearby uses are incompatible with each other due to facilities or uses that create noise, vibration, dust, air pollution, odors, light spillage, or visual problems.

In addition, economic blighting conditions in Project Area B include:

- Depreciated values or impaired investments,
- Economic indicators of distressed buildings or lots,
- Residential overcrowding or problem businesses, and
- A high crime rate.

The presence of potentially hazardous or toxic materials, poor economic performance of retail businesses, the inability of industrial space to meet current user demands, and the inability of the private sector to construct or invest in industrial properties result in depreciated values or impaired investments. Also, Project Area B exhibits vacant and underutilized buildings, vacant and underutilized parcels and low lease rates, all of which are economic indicators of distressed buildings or lots. Retail property in particular has suffered from higher vacancy rates than in other comparable areas. Field surveys in Project Area B have indicated that many houses have additions or rear yard back houses with separate addresses and contribute to residential overcrowding in the area. Data from the 2000 US Census corroborate the field survey findings. In addition, Project Area B's excess of bars, liquor stores or other businesses catering exclusively to adults has led to problems of public safety and welfare. Further, the area suffers from a high crime rate that constitutes a serious threat to public safety and welfare.

The adverse conditions in Project Area B are so substantial and prevalent that they constitute physical and economic blight. Accordingly, redevelopment is necessary for Project Area B to reach its full potential.

C. Specific Five Year Implementation Plan Goals and Objectives

The Bayview Hunters Point Redevelopment Plan lists specific goals and objectives for Project Area B. These Redevelopment Plan goals and objectives are also the Five Year Implementation Plan goals and objectives. They include the following:¹

- Providing opportunities for participation by owners in the redevelopment of their properties.
- Increasing the community's supply of housing by facilitating economically feasible, affordable housing for existing very low-, low- and moderate-income households and residents in the community.
- Strengthening the economic base of the Project and the community by strengthening retail and other commercial functions within the Project through the facilitation of new retail space, and as appropriate, new commercial and light industrial uses.
- Retaining existing residents and existing cultural diversity to the extent feasible.
- Encouraging participation of area residents in the economic development that will occur.
- Supporting locally owned small businesses and local entrepreneurship.
- Facilitating emerging commercial-industrial sectors through facilitating improvement of transportation access to commercial and industrial areas, improvement of safety within the Project Area, and the installation of needed site improvements to stimulate new commercial and industrial expansion, employment, and economic growth.
- Facilitating public transit opportunities to and within the Project to the extent feasible.
- Providing land, as feasible and appropriate, for publicly accessible open spaces.
- Facilitating the preservation, rehabilitation, and seismic retrofitting of historic buildings and other landmarks.
- Providing assistance towards the improvement of key transportation routes to meet the needs of alternative transportation modes, industrial trucking operations, and emergency operations.
- Eliminating blighting influences and correcting environmental deficiencies within the Project, including, but not limited to, abnormally high vacancies, abandoned, deteriorated and dilapidated buildings, incompatible land uses, depreciated or stagnant property values, and inadequate or deteriorated public improvements, facilities and utilities.
- Removing structurally substandard buildings, removing impediments to land development, and facilitating modern, integrated development with improved pedestrian and vehicular circulation within Project Area and vicinity.
- Redesigning and developing undeveloped and underdeveloped areas, which are improperly utilized.
- Providing flexibility in the development of real property within the Project to respond readily and appropriately to market conditions.

¹ Excerpted from the Draft Redevelopment Plan for the Bayview Hunters Point Redevelopment Project, San Francisco Redevelopment Agency, February 2006, pgs. 6 and 7.

D. Specific Proposed Five Year Projects and Activities and Expenditures

During this initial five year Implementation Plan period, the Agency will not have enough tax increment to undertake many of the planned redevelopment activities to alleviate blight in Project Area B. Most activities will occur in subsequent implementation periods when more tax increment is generated. During the first five year implementation plan period, approximately \$7.8 million in net tax increment generated by Project Area B is projected to be available for Agency activities, of which \$3.9 million would be available for housing activities and \$3.9 million would be available for non-housing activities.² Table 1 shows the projected funds generated by Project Area B tax increment and available for the Redevelopment Program over the next five years. The five year Implementation Plan budget conservatively assumes that funding will be provided for the designated activities on a pay-as-you-go basis directly from annual tax increment revenues. The possible issuance of tax increment allocation bonds during the latter part of the first five year implementation plan could enhance available funding; however, because the net tax increment available during the first five years is projected to be very limited, the issuance of bonds during this period is unlikely.

Table 1
Projected Funds for Project Area B Redevelopment Program^a
FY 2006/07 to FY 2010/11
San Francisco Redevelopment Agency

Fiscal Year	Total Revenues	Housing Revenues	Non-Housing Revenues
2006/07	\$0	\$0	\$0
2007/08	\$1,100,000	\$550,000	\$550,000
2008/09	\$1,660,000	\$830,000	\$830,000
2009/10	\$2,220,000	\$1,110,000	\$1,110,000
2010/11	\$2,820,000	\$1,410,000	\$1,410,000
Total	\$7,800,000	\$3,900,000	\$3,900,000

a. Exclusive of Agency obligations for pass-through payments and Agency administration.

1. Non-Housing Projects and Activities

As a result of limited tax increment available during the first five years, the Agency's non-housing activities will focus primarily on planning. The Agency will seek other sources of funding for non-housing activities during the first five years to augment tax increment funds, including grants and loans from the state or federal government, fuel tax, development impact fees, loans from private institutions, assessments, the lease or sale of Agency-owned property or any other available source, public or private.

As described in the Redevelopment Plan, the focus of the Agency's economic development activities will be the creation of detailed development programs for identified catalyst areas within the activity nodes of Project Area B.

² During the first two years of the Implementation Plan period, the Agency plans to use \$38.8 million in funds from the Citywide Housing Fund for Project Area B's Affordable Housing Program.

The Agency's community enhancements activities will be channeled through the creation of specific design guidelines and improvement/enhancement programs such as streetscape plans and a façade improvement program. Specifically, the Agency non-housing activities will include the following:

- Formulate development program for the portion of the Northern Gateway activity node between Cargo Way and Evans Avenue.
- Formulate development program for the publicly-owned Town Center block within the Town Center activity node.
- Formulate development program for a home improvement district within the Oakinba (Bayshore Boulevard) activity node.
- Facilitate the creation of a development program for the Bayview Hunters Point Aging Campus and the Southeast Health Center expansion in the Health Center activity node.
- Implement the Third Street Streetscape Plan, including among other components, a façade improvement program for Third Street businesses.
- Implement the Innes Avenue Streetscape Plan for the northern route between U.S. Highway 101 and Hunters Point Shipyard.
- Initiate the streetscape plan for the southern route to Hunters Point Shipyard along an alignment to be determined through the Bayview Transportation Improvements Project.
- Initiate the Green Streets program for landscaping and other public enhancements in conjunction with the Model Block single-family rehabilitation program.
- Facilitate the creation of a Framework Open Space Program that sets forth policies for public open space in and adjacent to Project Area B.
- Facilitate the completion of the Bayview Connections urban open space project in the Town Center activity node.

2. Housing Projects and Activities

With respect to Agency housing activities, the Agency will implement an affordable housing program that will guide the Agency's affordable housing efforts within and outside of Project Area B, and coordinate these efforts with the Mayor's Office of Housing and the San Francisco Housing Authority. The Affordable Housing Program sets forth policies and implementation mechanisms, such as a model block single family rehabilitation program, to guide the production of affordable housing in Project Area A, Project Area B and the greater Bayview Hunters Point community, consistent with the City's Consolidated Housing Plan and the General Plan.

Refer to Section E.5 of this Implementation Plan for the specific housing activities to be funded over the five year Implementation Plan period.

Table 2, Projected Five Year Redevelopment Project Expenditures from Project Area B Tax Increment, provides cost estimates for each proposed program category over the five years.

Table 2
Projected Five Year Redevelopment Program Expenditures
FY 2006/07 to FY 2010/11

Redevelopment Program Category	Projected Expenditures
Non-Housing Programs	
<i>Community Enhancements</i> Implement streetscape plans for Third Street, Innes Avenue, and others as well as open space projects.	\$2,340,000
<i>Economic Development</i> Formulate development programs in several activity nodes including Town Center, Hunters Point Shoreline, Oakinba, and others.	\$1,560,000
Sub-Total Non-Housing Programs	\$3,900,000
Affordable Housing Programs <i>Rental/Multi-Family Housing</i> <i>Homeownership Programs</i>	\$3,900,000
Sub-Total Affordable Housing Programs	\$3,900,000^a
Total Projected Expenditures	\$7,800,000

a. The Agency will provide, from the Citywide Affordable Housing Fund, an additional \$38.8 million for the Affordable Housing Program in Project Area B.

Source: San Francisco Redevelopment Agency

Explanation of How the Five Year Redevelopment Program Will Eliminate Blighting Conditions in Project Area B

Implementation of the Redevelopment Plan and its objectives and completion of specific development projects will alleviate blighting conditions in Project Area B, and will facilitate private sector re-investment in the community. Table 3 shows the specific relationship of each proposed project to the elimination of blighting conditions and to the implementation of redevelopment plan objectives.

**Table 3
How the Five Year Implementation Program Will Alleviate Blighting Conditions
Project Area B**

	Redevelopment Program							
	Economic Development				Community Enhancement			
	Planning and Predevelopment	Site Preparation and Development	Economic Revitalization	Public Infrastructure and Facilities	Circulation	Public Open Space	Affordable Housing	
Deficient or Deteriorated Buildings	■	■	■	■			■	■
Factors Inhibiting Proper Use of Building or Lots	■	■	■	■	■			■
Incompatible Uses	■	■	■	■	■			
Depreciated Values/Impaired Investments	■	■	■	■	■			■
Economic Indicators of Distressed Buildings or Lots	■	■	■	■	■			■
Residential Overcrowding or Problem Businesses	■	■	■					■
High Crime Rate	■		■	■	■	■	■	■
Deficient Public Improvements^a				■	■	■	■	■

a. Although not considered physical or economic blight under the CRL, the existence of deficient public improvements contributes to blighting conditions in the Added Area.

Source: San Francisco Redevelopment Agency

E. Explanation of How the Revenues, Goals, Objectives, Proposed Projects and Expenditures Will Satisfy CRL Housing Requirements

This chapter comprises the housing component of the Implementation Plan, summarizing the Agency's housing obligations pursuant to the legal requirements of the CRL and providing an overall framework for the Agency's Housing Program goals and expenditures. The Agency is guided by the 2004 Framework Housing Program, the City's adopted and certified Housing Element and the Consolidated Plan. The Agency intends to implement all relevant goals, policies, strategies and programs from the Housing Element and Consolidated Plan, as generally described in this chapter.

The Chapter is organized as follows:

1. Affordable Housing Fund
2. CRL Housing Fund Expenditures
3. Replacement Housing Requirement
4. Affordable Housing Production Plan
5. Housing Program
6. Compliance with Minimum Affordability Standards

1. Affordable Housing Fund

a. Housing Set-Aside

CRL Housing Set-Aside Requirements

CRL Section 33334.2, as amended in 1976 and 1984, requires at least 20 percent of all tax increment generated from any project area be used to increase and improve the community's supply of housing affordable to persons and families of very low-, low- and moderate-income ("affordable housing" or "affordable dwelling units"). Amendments to CRL in 2001 specify that affordable dwelling units must remain available at affordable housing cost to, and be occupied by, persons and families of very low-, low- and moderate-income for the longest feasible time, but not less than 55 years for rental units, and 45 years for owner-occupied units. Furthermore, the Housing Fund must be used to improve or increase the supply of housing affordable by persons and families of the specific income categories (see Subsection 2. below). Housing Fund assistance must be used to rehabilitate or create housing that is affordable by such income groups (collectively "affordable housing").

Agency Set-Aside Policy

The Agency has met or exceeded the minimum 20 percent tax increment set-aside requirements since 1989, the year that the Board of Supervisors first authorized the use of tax increment financing and the year that the Agency adopted a policy goal to use 50 percent of the total tax increment allocated to the Agency for Affordable Housing activities. On August 16, 2005, the Agency reaffirmed this policy by adoption of Resolution No. 134-2005, which states the Agency's intent to continue to use 50 percent of tax increment allocated to the Agency to increase, improve and preserve the supply of Affordable Housing. On average, during the period between the fiscal year ending on June 30, 2000 and the fiscal year ending on June 30, 2005, the Agency has budgeted over 39 percent of all tax increment receipts for affordable housing.

Project Area B Redevelopment Plan Set-Aside Requirements

Under the Redevelopment Plan, the Agency must use 50 percent of the tax increment revenue available for the Redevelopment Program for affordable housing over the term of the Redevelopment Plan. This amount will exceed the CRL requirement, as well as be a significant source of funding available for affordable housing development. The Agency will focus these funds on affordable housing development in Project Area B.

Agency's Estimated Five Year Housing Set-Aside

Over the five year Implementation Plan period ending June 30, 2011, the Agency plans to commit and utilize 50 percent of the tax increment allocated by the Board of Supervisors for the Redevelopment Program for the rehabilitation, replacement and construction of affordable housing. The Agency estimates allocating approximately \$3.9 million to the Housing Fund over the next five years. The Agency's estimated Housing Fund expenditures for the five years of the Implementation Plan period are \$42.7 million. The Agency intends to use \$38.81 million in funds from the Citywide Housing Fund for the five year affordable housing program. Thus, projected tax increment revenues will be sufficient to cover the Agency's planned expenditures for housing projects and activities over the next five years.

b. Income Levels and Affordable Housing Cost

CRL-Defined Income Levels

Under the CRL, Agencies are specifically required to expend their Housing Fund moneys to assist very low-, low- and moderate-income households, generally defined as the following.³

- Very Low: Incomes up to 50 percent of area median income (AMI), adjusted for family size.
- Low: Incomes from 50 percent up to 80 percent of area median income (AMI), adjusted for family size.
- Moderate: Incomes from 80 percent up to 120 percent of area median income (AMI), adjusted for family size.

Agency-Defined Income Levels

Within Project Area B, the maximum income eligibility will reflect the lower household incomes within the Bayview Hunters Point community and will therefore be fifty percent (50%) of AMI for rental units and one hundred percent (100%) of AMI for owner occupied units with a goal of achieving an average of eighty percent (80%) of AMI for owner occupied units.

³ The Health and Safety Code defines low and moderate income in Section 50093, low income in Section 50079.5, and very low income in Section 50105.

Table 4 shows the maximum income limits for each income level by household size to be used by the Agency, based on 2005 income limits published by the U.S. Department of Housing and Urban Development (HUD) for the San Francisco County area.

Table 4
2005 San Francisco County Maximum Incomes
by Income Category and Household Size
San Francisco Redevelopment Agency

Persons	1	2	3	4	5	6	7	8
Very Low (50% AMI)	\$33,250	\$38,000	\$42,750	\$47,500	\$51,300	\$55,100	\$58,900	\$62,700
Low (80% AMI)	\$53,200	\$60,800	\$68,400	\$76,000	\$82,100	\$88,150	\$94,250	\$100,300
Moderate (100% AMI)	\$66,500	\$76,000	\$85,500	\$95,000	\$102,600	\$110,200	\$117,800	\$125,400

Source: City of San Francisco and U.S. Department of Housing and Urban Development (HUD), 2005.

Developers of housing within Project Area B must use the following definition of “affordable to qualifying households” (as excerpted from the Redevelopment Plan):

(1) for rental units in an affordable housing project, the goal shall be to establish a rent that is affordable to households whose combined annual gross income for all members does not exceed fifty (50) percent of median income for the San Francisco Metropolitan Statistical Area, as calculated by the United States Department of Housing and Urban Development (HUD) and adjusted only for household size, and (2) for owned units in an affordable housing project, the goal shall be to establish an average maximum purchase price that is affordable to households whose combined annual gross income for all members does not exceed eighty (80) percent of median income for the San Francisco Metropolitan Statistical Area, as calculated by the United States Department of Housing and Urban Development (HUD) and adjusted only for household size, assuming an annual payment of all housing costs of 33 percent of the combined household annual net income, a five (5) percent down payment and available financing consistent with Agency standards.

CRL-Defined Affordable Housing Cost

Housing assisted by Housing Fund moneys must be available to low and moderate income households at an affordable housing cost in accordance with the CRL. These costs are presented in Table 5.

Table 5
Affordable Housing Cost
San Francisco Redevelopment Agency

Income Level	Rental Housing ^a		Ownership Housing	
	% Income Spent on Housing	% of Area Median Income (AMI)	% Income Spent on Housing	% of Area Median Income (AMI)
Very Low	30%	50%	30%	50%
Low	30%	60 %	30%	70% ^b
Moderate	30%	110%	35% ^c	110%

a. Rental housing costs include rent and utility allowance. Affordable housing costs are adjusted by number of persons in household.

b. The Agency may optionally require that housing cost not exceed 30% of the actual gross income of the household if the gross income of the lower income household is between 70% and 80% of Area Median Income.

c. But not less than 28 percent of actual income.

Source: CRL Section 50052.5.

Agency-Defined Affordable Housing Cost

The Agency will use the CRL affordable housing cost definitions in Table 5 as maximum income definitions.

2. CRL Housing Fund Expenditures

The affordable housing program funded through Housing Fund expenditures will be consistent with the stated goals and objectives of the City’s General Plan and Housing Element.

The CRL imposes Housing Fund expenditure requirements based on the proportion of unmet need for housing affordable to households of very low-, low- and moderate-income. Specifically, over the ten year compliance plan period, the Agency must spend funds in the Housing Fund in at least the same proportion as the number of units needed to house, moderate-, low- and very low-income persons and families, as determined in the City’s Housing Element. (Section 33334.4) The CRL also requires a minimum percentage of Housing Fund expenditures be spent over the ten year compliance period on non-age restricted housing. (Section 33490(a)(2)(A)(iii))

The Agency plans to target its Housing Fund for specific income groups and non-age restricted housing as required by the CRL. The Agency will make every effort to encourage the development of housing affordable to a variety of income levels and needs. By combining various funding sources, and in partnership and collaboration with others dedicated to the development of affordable housing, the Agency is confident it will be able to meet its affordable housing obligations over the life of the Redevelopment Plans.

a. Housing Fund Expenditures Targeted to Income Need

CRL Section 33334.4(a) requires the Agency to target Housing Fund monies over each ten year compliance period to assist housing affordable to low-income and very low-income households and to assist non-age restricted housing. This income targeting obligation must be met over the ten year compliance period, ending 2016.

Housing Fund monies must be used to assist housing for persons of very low and low-income in at least the same proportion to the total number of housing units needed for each of these income groups in the community as that proportion bears to the total number of units needed for very low-, low- and moderate-income groups within the community. The proportion is calculated based on the number of housing units needed for very low-income and low-income households divided by the total number of units needed for all three income levels within the community.⁴ This income targeting obligation must be met over the ten year compliance period.⁵

Utilizing the Association of Bay Area Governments' (ABAG) determination of San Francisco's share of regional housing needs, the Housing Element indicates that the citywide Affordable housing need from January 1999 to June 2006 is as contained in Table 6.

As Table 6 indicates, to help supply the City's regional fair share of housing, the Agency is required to expend Housing Fund moneys in the following proportions: at least 40 percent for units affordable to very low-income households, at least 16 percent for units affordable to low-income households, and no more than 43 percent on housing affordable to moderate-income households.

Table 6
ABAG Regional Fair Share Allocations 1999-2006
Affordable Housing Need by Income Category
City and County of San Francisco

Income Group and Relation to County Median Income	Total Housing Units Needed	Expenditure Percentage Need by Income Level
Very Low (0-50%)	5,244	At least 40%
Low Income (51-80%)	2,126	At least 16%
Moderate (81-120%)	5,639	No more than 43%
Total	13,009	100%

Source: ABAG Regional Housing Needs Determinations, City and County of San Francisco Housing Element, adopted May 13, 2004 by the Board of Supervisors.

Under the CRL, an agency is allowed to reduce its income targeting requirement if other locally controlled funding is producing newly constructed housing for the targeted incomes, so long as such units are produced without any agency assistance and their continued affordability is ensured through long term affordability covenants (45 years for owner occupied and 55 years for rental). An agency may adjust the income targeting proportion by subtracting from the need identified for each income category, the number of units for persons of that income category that are newly constructed over the duration of the implementation plan with other locally controlled government assistance. However, an agency cannot subtract units developed pursuant to a replacement housing obligation under federal or state law.

⁴ See CRL Section 33334.4.

⁵ The Agency's first compliance period will commence with the adoption of the Redevelopment Plan and extends through 2016.

(Section 33334.4(a)) Locally controlled means government assistance where the local government entity has discretion and authority to determine the recipient and the amount of assistance. (Section 33334.4) Examples of such funding are CDBG, HOME Investment Partnership Program, and fees received by a city pursuant to a city authorized program.

Agency Compliance with Targeting Based on Income Need

Over the ten year compliance period ending 2016, the Agency plans to target its Housing Fund expenditures to specific income groups based on its fair share of regional housing needs as determined by ABAG.

b. Housing Fund Expenditures Targeted Non-Age Restricted Housing

In addition to the requirement outlined above, a defined minimum percentage of Housing Fund moneys must be spent on housing available to all persons regardless of age. (Section 33334.4(b)) This minimum is equal to the percentage of San Francisco’s population under age 65, as reported in the most recent U.S. Census. The 2000 Census indicates that 86 percent of the City’s population is under 65 years of age. Refer to Table 7. Thus, the Agency must expend at least 86 percent of its funds on housing that does not impose age restrictions on residents. This targeting obligation must be met over the ten year compliance period, ending 2016.

**Table 7
Housing Fund Expenditures Requirement
Non-Age Restricted Housing**

Age Targeting	Population	Expenditure Percentage
Less than 65	670,321	86% minimum expenditures
65 and over	106,412	14% maximum expenditures
Total	776,733	100% total expenditures

Source: 2000 U.S. Census

Agency Compliance with Targeting to Non-Age Restricted Housing

The Agency plans to target Housing Fund expenditures to provide affordable housing that is not restricted by age. Specifically, at least 86 percent of Housing Fund moneys is planned to be spent on non-age restricted housing over ten year compliance period ending in 2016. The Agency will monitor its Housing Fund expenditures in conformance with the relative percentages of need relevant to age. The Agency anticipates it will meet its non-age restricted targeting requirements for the ten year compliance period ending in 2016.

c. Status Report on Targeting

As required by the CRL, Section 33490(a)(1)(c)(iv), the 2012 Five Year Implementation Plan will include, for the previous implementation plan period, the amounts of Housing Fund moneys utilized to assist units affordable to, and occupied by, extremely low-income households, very low-income households, and low-income households; the number, the location, and level of affordability of units newly constructed with other locally controlled government assistance and without agency assistance and that are required to be affordable to, and occupied by, persons of low-, very low-, or extremely low-income for at least 55 years for rental housing or 45 years for homeownership housing, and the amount of Low and Moderate Income Housing Fund moneys utilized to non-age restricted housing units, and the number, location, and level of affordability of those units.

3. Replacement Housing Requirement

CRL Requirement

The replacement housing requirement applies to project areas established by redevelopment plans (or areas added by amendments) adopted on or after January 1, 1976. Thus, this requirement applies to Project Area B.

When residential units sheltering very low-, low- and moderate-income households are destroyed or removed, or are no longer affordable due to agency action or assistance, an agency must cause the replacement of the units within four years. Each replacement unit must include at least the same number of bedrooms as the units that were removed. The units may be replaced with fewer units if an equal or greater number of bedrooms are provided. (Section 33413) At least thirty days prior to acquiring property or adopting an agreement that will lead to the destruction or removal of low- and moderate-income housing units, an agency must adopt by resolution a Replacement Housing Plan that generally describes the location, timing and method by which replacement housing will be provided. (Section 33413.5)

Replacement units may be located anywhere within the territorial jurisdiction of the agency.⁶ (Section 33413(a)) An agency may either construct replacement housing, or assist with the development of replacement housing through agreements with housing developers.

An agency must give priority in renting or buying housing developed as part of a redevelopment project to households displaced by an agency regardless of whether the units are inside or outside of a project area. As of January 1, 2002, AB 637 an agency must maintain a list of displaced households who are to be given priority. An agency may establish rules to determine priority.

Section 33490(a)(4) of the CRL requires an implementation plan for a redevelopment project area that will end within six years to indicate whether it will be able to comply with the replacement housing requirements of Sections 33333.8 (added to the CRL in 2001 by the adoption of Senate Bill 211) and 33413(a). This requirement is not applicable to Project Area B Redevelopment Plan, as it will expire in 2036.

Agency Policy

The Agency's policies also require priority for newly rehabilitated and constructed Affordable Housing to be provided to residents who have been displaced by redevelopment activities in accordance with Agency rules and regulations.

Agency Compliance

Because the Agency does not expect the displacement of any households in Project Area B over the life of the Redevelopment Plan, it will not be obligated to plan to replace any units. In the event that the removal of housing were to become a necessity in the future, the Agency would make every effort to minimize the extent of relocation and all affected households would be eligible for the Agency's relocation program. Furthermore, the Agency would meet its replacement housing obligations.

⁶ For city agencies, replacement units can be located anywhere within the city, and for county agencies, replacement housing can be located anywhere within the unincorporated portion of the county.

4. Affordable Housing Production Plan

Redevelopment agencies administering project areas created by redevelopment plans adopted on or after January 1, 1976 and territory added to project areas by amendments adopted on or after January 1, 1976 must meet an affordable housing production requirement. As part of an implementation plan, an agency must adopt the Housing Production Plan, a plan showing how the agency intends to meet its affordable housing production requirements. The plan must be consistent with the community's housing element and must cover the following time periods:

- Production over the ten year compliance period (through 2016).
- Production through the life of the Redevelopment Plan (through 2036).

a. CRL Affordable Housing Production Requirements

CRL Section 33413(b) establishes the following affordable housing production requirements for any Post-1975 Redevelopment Project Area:

- At least 15% of all new and substantially rehabilitated dwelling units developed within the redevelopment project area by public or private entities or persons other than a redevelopment agency must be available at affordable housing to, and be occupied by, persons and families of low- or moderate-income; and
- At least 30% of Agency developed or built housing units be available at affordable housing to, and be occupied by, persons and families of low- or moderate- income; and 50% of such units must be available at affordable housing cost to, and be occupied by, persons and families of very low-income.

The Agency itself does not plan to directly develop any housing in Project Area B. Since it is not directly developing housing, the Agency does not have an affordable housing production requirement with respect to Agency-developed housing.

b. Agency's Affordable Housing Production Obligations

This Implementation Plan, as required by the CRL, includes the Housing Production Plan, which estimates the number of new and rehabilitated dwelling units to be produced in Project Area B and the number of units for very low-, low- and moderate-income households to be developed in order to meet CRL inclusionary housing requirements. The provision of very low, low and moderate income housing units conforms to the stated goals and objectives of the General Plan and Housing Element.

Agency Policy

The Agency's inclusionary housing requirement (originally adopted in 1990 and, as amended in 2002, the "Housing Participation Policy") requires that either 10 percent or 20 percent of dwelling units constructed on privately owned land in any redevelopment project area must be "Affordable Units" (defined as housing affordable by households whose annual income is no more than 60 percent of the AMI for rental units and no more than 100 percent of the AMI for ownership units).

In addition, whenever the Agency issues revenue bonds to finance housing developments by private developers, including nonprofit organizations, the Agency's practice is to require such development to provide the maximum feasible number of housing affordable by very-low and low-income housing for at least the initial term of the revenue bonds.

Project Area B Redevelopment Plan Requirement

Project Area B Redevelopment Plan requires the Agency to exceed the CRL requirements by making at least 25 percent of all new and substantially rehabilitated dwelling units developed within Project Area B by public or private entities or persons other than the Agency to be available at affordable housing cost to, and occupied by, persons and families of extremely low-, very low-, low- or moderate-income, as defined by the California Health and Safety Code. Furthermore, not less than 40 percent of the dwelling units required to be available at affordable housing cost to, and occupied by, persons and families of extremely low-, very low-, low- or moderate-income shall be available at affordable housing cost to, and occupied by, extremely low- and very low-income households.

c. Affordable Housing Production Plan

CRL Obligation for Non-Agency Developed Housing

Over Ten Year Compliance Period (through 2016)

Based upon the forecast of 1,920 housing units to be produced in Project Area B through 2016, the Agency will have an CRL obligation to ensure 288 units (15 percent) are affordable to very low-, low- and moderate-income households. Of these, 116 units (40 percent) must be available at affordable housing cost to very low-income households.

Over Life of Project Area B Redevelopment Plan

A total of 3,700 housing units are projected to be produced in Project Area B over the life of the Plan Amendment. Based upon these projections, the Agency will have a CRL obligation to ensure 555 units (15 percent) are affordable to very low-, low- and moderate-income households. Of these, 222 units (40 percent) must be available at affordable housing cost to very low-income households.

Projected Affordable Housing Production

Over Ten Year Compliance Period (through 2016)

The Agency forecasts that of the 1,920 projected housing units to be produced in Project Area B through 2016, approximately 484 units (or 25 percent of the 1,920) will be available to households of very low-, low- or moderate-income and 230 units (12 percent of the 1,920) will be affordable to households of very low-income. As shown in Table 8, the Agency will exceed the CRL obligation during the ten year compliance period (through 2016).

Over Life of Project Area B Redevelopment Plan

As presented in Table 8, the Agency projects that of the 3,700 housing units to be produced in Project Area B over the term of the Redevelopment Plan, 925 units (or 25 percent of the 3,700) will be affordable to households of very low-, low- and moderate-income and 449 units (12 percent of the 3,700) will be affordable to households of very low-income. Thus, the Agency will significantly exceed the CRL affordable housing production obligation.

Table 8
Housing Production, CRL Affordable Housing Obligation and Affordable Housing Production
San Francisco Redevelopment Agency

	Through 2016 ^a	Percent of Total Through 2016	Total over Life of Plan Amendment ^b	Percent of Total
Housing Production in Project Area B^c				
New Units	1,920		3,700	
Substantial Rehabilitation	0		0	
Total	1,920		3,700	
CRL Affordable Housing Obligation^d				
Very Low	116	6%	222	6%
Very Low, Low or Moderate	288	15%	555	15%
Affordable Housing Projected Production^e				
Very Low	230	12%	449	12%
Very Low, Low or Moderate	484	25%	925	25%
Affordable Production Surplus in Meeting CRL Requirements^f				
Very Low	114		227	
Very Low, Low or Moderate	196		370	

Note: Percentages may not add exactly due to rounding. CRL affordable housing production requirements are rounded up to the nearest whole unit.

- a. As required by CRL, total units over ten year compliance period (Section 33490(a)(2)(B)).
- b. As required by the CRL, total units over the life of the Redevelopment Plan (Section 33490(a)(2)(B)).
- c. Total units produced in Project Area B during the specified time period.
- d. Number of affordable units required based on units produced. CRL affordable housing production obligation for non-Agency developed housing requires 15% of total units to be available at affordable cost. Of those units, CRL requires at least 40% to be affordable to very low income households (6% of the total units). Agency developed housing has higher inclusionary requirements, however, the Agency has not, and does not anticipate, directly developing units.
- e. Number of units projected to be produced to meet or exceed the CRL affordable housing production obligation.
- f. Remaining affordable surplus in meeting CRL obligation.

Source: San Francisco Redevelopment Agency, Seifel Consulting Inc.

5. Housing Program

a. Housing Program Requirement

Agencies are required to prepare a Housing Program with estimates of the number of new, rehabilitated or price restricted affordable housing units to be assisted during each of the five years. The Housing Program must also include estimates of expenditures of moneys from the Housing Fund during each of the five years. Finally, it must include a description of how the Agency will implement the expenditure requirements over the ten year compliance period.

b. Housing Program

This section serves as the Agency's Housing Program for the Five Year Implementation Plan period.

Housing Program Goals, Objectives and Activities

During the five year Implementation Plan period, the Agency will concentrate on housing activities that are most applicable to the Agency's goals and objectives. In developing its affordable Housing Program, the Agency has been guided by the goals and objectives of the Framework Housing Plan, as well as the City's Housing Element of the General Plan and Consolidated Plan, incorporated into this Implementation Plan by this reference. Through its affordable housing activities, the Agency will support and advance the overall Housing Element programs as well as contribute to the implementation of the policies and strategies identified in the City's Consolidated Plan.

The Framework Housing Program objectives include:

- Preserve the existing housing stock.
- Promote residential occupancy by Project Area residents.
- Maintain the existing balance between ownership and rental housing.
- Enhance and improve existing neighborhoods through the rehabilitation of existing housing and enforcing blight ordinances.
- Promote sensitive and complementary infill development in established neighborhoods.
- Promote residential mixed use development in appropriate locations.
- Require new residential and residential mixed use developments "fit" into Bayview Hunters Point through well-planned urban design and contextual architecture.
- Improve the coordination and provision of housing assistance and affordable housing for community seniors.

The Agency will make every effort to encourage the preservation and development of housing affordable to a variety of income levels combining various funding sources, and partnering and collaborating with other entities dedicated to the preservation and development of affordable housing, the Agency is confident it will be able to meet its affordable housing production obligations and expenditure requirements within the ten year compliance period, as well as over the life of the Redevelopment Plan.

The Agency recognizes the important role of the Housing Program and its activities in its overall Redevelopment Program. Consequently, the proposed Housing Program should be viewed not simply as the means of implementing the Agency's stated goals and objectives related to affordable housing, but as a key element in its overall blight alleviation revitalization efforts. The Agency housing activities over the five year Implementation Plan period will include the following:

- Complete construction of very low-income senior housing at 4601 Third Street,
- Complete the construction of mixed-use/affordable housing at 4800 Third Street,
- Complete the construction of mixed-use/affordable housing at 5600 Third Street,
- Complete acquisition of one-to-two development opportunity sites along Third Street for mixed-use/affordable housing,
- Initiate predevelopment activities for the additional development opportunity sites along Third Street,
- Complete the pilot block of the Model Block single-family rehabilitation program, and
- Initiate additional blocks of the Model Block single-family rehabilitation program.

Proposed Housing Expenditures

The primary funding source for the Agency's affordable housing activities during the five year Implementation Plan period will be funding from the Citywide Housing Fund estimated to be \$38.8 million. A secondary funding source will be tax increment generated by Project Area B. Other funding sources may be discretionary advances by the Agency from non-housing funds, CDBG, HOME and other funds.

The Agency plans to deposit funds from Project Area B into the Housing Fund. Based on the Agency's projections, the Agency estimates that the total five year deposit of tax increment revenue into the Housing Fund will be \$3.9 million between FY 2006/07 and FY 2010/11, as shown in Table 1. The Agency plans to use all of its available Housing Fund revenues in the next five years.

The Agency will expend moneys from the Housing Fund over the next five years on the activities described above. The Agency will use these revenues to leverage other funding sources devoted to the provision of affordable housing to maximize the number of affordable units that can be developed or substantially rehabilitated. These other funding sources include CDBG and HOME Investment Partnership funds from HUD, CalHFA, HCD program, and Low income Housing Tax Credit equity funds. Any other loans, grants or financial assistance from any other public or private source may be utilized if available. The Agency also plans to leverage funds through other affordable housing programs.

It should be noted, however, that several factors may result in expenditures and unit production for given years being either less than or greater than what is projected. These factors include the timing of the development process, the levels of Housing Fund revenue and other public assistance, the need to amass sufficient funds for an efficiently-sized development, and development opportunities.

Housing Fund Assisted Affordable Housing Production

The Agency expects to take advantage of various opportunities as they are presented and to initiate actions as necessary, consistent with the CRL and the City's Housing Element, to preserve and facilitate the development of housing affordable to households whose basic needs are not met by the private housing market.

As discussed above, the Agency has undertaken to augment the available amount by allocating funds in prior years from the Citywide Affordable Housing Fund to initiate development of mixed-use/affordable housing projects at 4800 and 5600 Third Street and a senior housing project at 4601 Third Street as follows:

- 119 affordable senior apartments 5600 Third Street
- 111 affordable non-age restricted townhomes 5600 Third Street
- 18 affordable non-age restricted condominiums 4800 Third Street
- 50 affordable senior apartments 4601 Third Street

Table 9 presents the housing units to be assisted by the Housing Fund over the five year Implementation Plan period. In summary, from FY 2006/07 through 2010/11, the Agency plans to assist 618 affordable units.

Please note that the number of affordable housing units in Table 9 does not correspond to the number of affordable housing units in Table 8. Table 8, which addresses housing production and affordable housing obligations and production, presents affordable housing units produced with and without Agency assistance. These estimates are completed units. Table 9, which addresses Housing Fund expenditure requirements, includes affordable housing units to be produced with Agency assistance (and the units may not as yet be completed).

6. Compliance with Minimum Affordability Standards

CRL Section 33334.2 requires affordable dwelling units to remain available at affordable housing cost to, and be occupied by, persons and families of very low-, low- or moderate-income for the longest feasible time, but not less than 55 years for rental units, and not less than 45 years for owner-occupied units. The Agency requires all housing developments receiving Housing Fund assistance and Agency issued bond financing to comply with such requirements and will continue to comply with such minimum requirements. The Agency will negotiate required affordability terms beyond the CRL's minimum requirements, whenever feasible.

Table 9
Affordable Housing to be Assisted with Agency Assistance/Housing Fund Expenditures
FY 2006/07 to FY 2010/2011
(Future Dollars)

Affordable Housing Program	Number of Units by Targeting ^a		Housing Fund Expenditures					Total
	Price Restricted	Age Restricted	FY 2006/07 ^c	FY 2007/08 ^c	FY 2008/09	FY 2009/10	FY 2010/11	
New Construction-Owner Occupied Units								
Projects and Activities								
5600 Third Street	119	0	\$ 16,040,000	\$ 8,020,000	\$ -	\$ -	\$ -	\$ 24,060,000
4800 Third Street	18	0	\$ 1,290,000	\$ 2,580,000	\$ -	\$ -	\$ -	\$ 3,870,000
Future Projects ^b	80	0	\$ -	\$ -	\$ 140,000	\$ 190,000	\$ 240,000	\$ 570,000
Subtotal - New Construction-Owner Occupied Units	217	0	\$ 17,330,000	\$ 10,600,000	\$ 140,000	\$ 190,000	\$ 240,000	\$ 28,500,000
New Construction-Rental Housing								
Projects and Activities								
4601 Third Street	50	50	\$ 1,240,000	\$ 2,470,000	\$ -	\$ -	\$ -	\$ 3,710,000
5600 Third Street	111	111	\$ 2,590,000	\$ 5,140,000	\$ -	\$ -	\$ -	\$ 7,730,000
Future Projects ^b	240	0	\$ -	\$ -	\$ 690,000	\$ 920,000	\$ 1,170,000	\$ 2,780,000
Subtotal - New Construction-Rental Housing Units	401	161	\$ 3,830,000	\$ 7,610,000	\$ 690,000	\$ 920,000	\$ 1,170,000	\$ 14,220,000
Total	618	161	\$ 21,160,000^d	\$ 18,200,000^e	\$ 830,000	\$ 1,110,000	\$ 1,410,000	\$ 42,710,000

a. The total number of housing units assisted with Housing Fund monies, as shown in this table, differs from the number of housing units counted toward the affordable housing production requirement, as shown in Table IV-5. Table IV-5 includes affordable housing produced with and without Housing Fund assistance. This table shows units assisted, not necessarily completed. All of the Housing Fund assisted units must have affordability covenants of at least 45 years for ownership and 55 years for rental units.

b. Unit and expenditure figures are estimates and subject to change.

c. The Agency is using existing Citywide Housing Fund monies to start its affordable housing activities in Project Area B.

d. The FY 2006/07 Housing Fund expenditure of \$21,160,000 includes funds only from the Citywide Housing Fund.

e. The FY 2007/08 Housing Fund expenditure of \$18,200,000 includes \$550,000 of projected tax increment funds generated from Project Area B and \$17,650,000 of Citywide Housing Fund dollars.

Source: San Francisco Redevelopment Agency, Seifel Consulting Inc.