



GARDEN GROVE

FIVE-YEAR IMPLEMENTATION PLAN

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

2010 THROUGH 2014

GARDEN GROVE COMMUNITY PROJECT AREA
BUENA CLINTON PROJECT AREA

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Date of Public Hearing
December 8, 2009



GARDEN GROVE

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INTRODUCTION

ABOUT THIS IMPLEMENTATION PLAN

The California Community Redevelopment Law ("CRL"), Health & Safety Code Section 33000, et seq., in particular Section 33490 that was added by the Redevelopment Reform Act of 1993, Assembly Bill 1290 ("AB 1290"), requires each redevelopment agency to adopt an Implementation Plan ("Implementation Plan") every five (5) years for each redevelopment project area and plan.

In fulfillment of the CRL, in particular Article 16.5 thereof, the Garden Grove Agency for Community Development ("Agency") has prepared this fourth Implementation Plan since adoption of AB 1290 for both of the Agency's redevelopment project areas, the Garden Grove Community Project Area and the Buena Clinton Project Area, for the next five-year planning period 2010 through 2014.

This Implementation Plan presents the Agency's goals and objectives for the Project Areas, its anticipated redevelopment and affordable housing programs, and its financial projections for the planning period 2010 through 2014. Further, this Plan includes contextual support for such goals and objectives, and provides guidance for the Agency's activities and expenditures in order to remove, alleviate, and improve blight and blighting conditions.

The Agency has prepared this Implementation Plan pursuant to and in compliance with the requirements of CRL Section 33490 and this Plan contains the following:

- The Agency's goals and objectives for each of the Project Areas;
- Specific Agency potential projects, programs, and projected expenditures for the five-year period of the Implementation Plan (financial projections and projected expenditures herein are based on fiscal years (FY) 2009-10 through 2013-14);
- An explanation of how the goals and objectives, projects, programs, and expenditures will remove, alleviate, and improve blight and blighting conditions in each of the Project Areas;
- An explanation of how the Agency's affordable housing projects and expenditures will satisfy the low and moderate income housing requirements of the CRL through:
 - Identifying the number of housing units to be newly constructed, substantially rehabilitated, assisted, or removed during the planning period of the Redevelopment Plans

- Outlining the Agency's plan to utilize the Housing Set-Aside Fund, including annual deposits, transfer of funds, or accruals for special projects
- Identifying Agency projects and programs that will result in the destruction or removal of existing low to moderate income housing, if any;
- The Agency's Affordable Housing Compliance Plan ("Housing Plan"). The Housing Plan is adopted every five years either in conjunction with either the City's the Housing Element or the Implementation Plan; this Housing Plan has been prepared in consideration of the newly adopted and certified Housing Element of the City of Garden Grove's ("City") General Plan.

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 Areas for the five-year period covered by this plan and incorporates currently known financial constraints in developing a program of activities to accomplish essential near-term revitalization efforts for the Project Areas. However, new issues and opportunities may be encountered during the course of administering the Redevelopment Plans for the Project Areas during the five-year planning period. This Implementation Plan provides a clear and reasonable statement of the Agency's current intent regarding activities in the Project Areas to establish a nexus between Agency goals, objectives, actions, program activities and the purpose of redevelopment, including community revitalization toward eliminating blight and blighting conditions and increasing, improving and preserving affordable housing. The intent of this Implementation Plan is not to restrict the Agency's activities to the goals, objectives, actions, projects, programs, and expenditures outlined herein, since conditions, values, expectations, resources, and the needs of the Project Areas may change from time to time.

An agency may adopt an Implementation Plan that includes more than one project area, which is the case here for the Garden Grove Community Project Area and the Buena Clinton Project Area (each a "Project Area" and together "Project Areas"). Adoption of an implementation plan does not constitute approval of any specific project, program or expenditure from the agency or within the community. Pursuant to CRL Section 33490, this Implementation Plan does not constitute a project within the meaning of the California Environmental Quality Act, Public Resources Code Section 21000, *et seq.*

EXECUTIVE SUMMARY

Since the adoption of the Project Areas, the Agency has worked to remedy the physical and economic conditions of blight and blighting conditions in the Project Areas. At the time of adoption, the Project Areas were characterized by various physical and economic blighting conditions.

Physical Blight

The CRL is concerned with addressing the fundamental causes of blight and blighting conditions; thus, the statutory definition of physical blight includes both the causes and effects of blight. For example, blight may include dilapidated buildings, but it can also include a variety of causative physical or economic conditions that are not readily noticeable. This may include an area that may be blighted because there are uses that are incompatible with each other, which, in turn, prevent the economic development or rehabilitation of those parcels or other portions of the area. Blight can also include the existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

According to CRL Section 33031(a), the following conditions are the physical characteristics that cause blight:

- Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards and faulty or inadequate water or sewer utilities.
- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. This condition can be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning or other development standards.
- Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the area.
- The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

Economic Blight

In addition to having conditions of physical blight, redevelopment areas must also exhibit at least one condition of economic blight. As with physical blight, the economic conditions that cause blight are defined in the CRL.

Economic blight components can include depreciated or stagnant property values, properties affected by hazardous material or waste, or abnormally low property lease rates and/or unusually high vacancy rates in the area. The presence of some of these conditions, such as vacancies, abandoned buildings and adult-oriented businesses, may be apparent based on a physical inspection of an area; however, other economic conditions may not be visible or readily observable, and often must

be shown by comparing local economic conditions, such as property values and crime rates, with the conditions in the surrounding areas.

According to CRL Section 33031(b), the following conditions are the economic characteristics that cause blight:

- Depreciated or stagnant property values.
- Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459) of the Redevelopment Law.
- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.
- A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.
- Serious residential overcrowding that has resulted in significant public health or safety problems.
- An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.
- A high crime rate that constitutes a serious threat to the public safety and welfare.

The Project Areas were characterized by various physical and economic conditions of blight, including social conditions. These conditions included deterioration, obsolescence, mixed character and shifting uses, subdividing and sale of lots of irregular form and shape and inadequate size for proper usefulness and development, laying out of lots in disregard of physical characteristics of the ground and surrounding conditions, impaired investments, and economic maladjustment. Many of the blighting characteristics were identified along the deteriorating strip commercial corridors that no longer functioned as viable shopping areas as patrons tended to shop at regional malls and neighborhood shopping centers rather than strip-commercial streets. The shallow parcel depth of the commercial strips, multiple parcelization, and inadequate parking and access hindered owners and/or developers from assembling parcels for more contemporary and effective development. These same barriers to private sector development were also noted for the major commercial development areas particularly in the Community Project Area and the industrial areas were deteriorated and impeded by irregularly shaped parcels. Other conditions of blight at project adoption and amendment included, inadequate public infrastructure, poor circulation, lack of parking, land use incompatibility, and economic instability. Now, in the decades since original

adoption, the Agency continues to remedy the physical and economic blighting conditions affecting the Project Areas.

In this, the Project Areas' fourth Implementation Plan, particular projects and programs are outlined which demonstrate the Agency's plan to further remedy blighting conditions. A synopsis of the Agency's activities for the coming five years is found below.

Implementation Actions

- Expansion of the Embassy Suites Hotel with 238 rooms
- Development of a 600-Room Water Park Hotel with conference and restaurant space
- Development of a 180-Room Hotel
- Development of a 400-Room Hotel with conference space
- Development of the International West Marketing Strategy to attract new development and new visitors to the local hotels, restaurants, and stores and increase local awareness of the International West Resort District
- Widening and landscaping of Harbor Boulevard to ensure better traffic circulation to benefit businesses
- Development of the Brookhurst Triangle mixed-use project
- Development of the Century Triangle housing project
- Acquisition and rehabilitation of the Grove Park affordable housing project
- Assist in the cost of land for public improvements within or of benefit to the Project Areas.
- Focus on infill land acquisition to provide affordable housing opportunities in the community.

This Plan also contains the Ten-Year Affordable Housing Compliance Plan ("Compliance Plan") for the Project Areas in accordance with CRL Section 33490(a)(2). The Compliance Plan incorporates a summary of the Agency's affordable housing programs and projects both within the Project Areas and in the community, as well as production of the appropriate number of very low, low, and moderate income housing units due to construction of new or substantially rehabilitated housing inside the Project Areas, and replacement of existing low to moderate income housing, if any, destroyed or removed by the Agency, and expenditure activities to address the requirements of Sections 33334.2, 33334.4,

33334.6, and 33413 of the CRL for the next five years, for the ten-year planning period¹ (2010 through 2014), and over the life of the Redevelopment Plans for the Project Areas. Further, the Compliance Plan describes projections of revenues and the proposed expenditures from the Agency's Low and Moderate Income Housing Fund (LMIHF) that will be made in accordance with the CRL.

Organization of the Document

The contents of this Implementation Plan are organized into three distinct sections:

- **Section I: Overview and Background**
This section provides a profile description of the Agency's Project Areas, accomplishments, and goals and objectives.
- **Section II: Redevelopment Plan**
This section outlines the Agency's redevelopment plan for the next five years, including a comprehensive work program of projects and programs.
- **Section III: Housing Compliance Plan**
This section contains the Agency's update to the housing compliance plan for the current 10-year compliance period (FY 2002-03 through 2013-14), including the production, replacement, and expenditure of funds for affordable housing.

CALIFORNIA REDEVELOPMENT LAW PART I OF DIVISION 24

The Garden Grove Agency for Community Development is a public body, corporate and politic of the State of California, organized and existing pursuant to the CRL (Part I of Division 24) commencing with Section 33000 of the Health and Safety Code of the State of California whose fundamental purpose is the elimination of blighted conditions.

SECTION I: OVERVIEW AND BACKGROUND

AGENCY'S REDEVELOPMENT PROJECT AREAS

This Implementation Plan covers the Garden Grove Community Redevelopment Project Area and the Buena Clinton Project Area. Each Project Area may vary in land use, but predominately contains similar land uses such as, vacant land, public, institutional, residential, commercial and industrial uses. The Agency's Project

¹ California State Assembly Bill 637, chartered in 2002, established the requirements of the ten-year planning period and provided for a two-year extension of the planning period to coincide with the implementation plan cycle ending in 2014

Areas are depicted on the map on page 11 of this Plan and are described in detail on the pages that follow thereafter.

REDEVELOPMENT PLAN LIMITS FOR THE PROJECT AREAS

Garden Grove Community Project and Buena Clinton Project					
Plan Adoption and Limits					
Project Area Including Component Areas	Adoption Date	Eminent Domain Time Limit	Final Date to Incur Debt	Termination of Plan Effectiveness²	Last Date to Repay Debt³
Garden Grove Community Project Original Area	June 26, 1973	July 14, 2016	Eliminated	June 26, 2013	June 26, 2023
1974 Amendment	July 9, 1974	July 14, 2016	Eliminated	July 9, 2014	July 9, 2024
Trask Avenue	November 25, 1975	July 14, 2016	Eliminated	November 25, 2015	November 25, 2025
1976 Amendment	November 29, 1976	July 14, 2016	Eliminated	November 29, 2016	November 29, 2026
Brookhurst/ Chapman	March 21, 1977	July 14, 2016	Eliminated	March 21, 2017	March 21, 2027
Brookhurst/ Katella	February 21, 1978	July 14, 2016	Eliminated	February 21, 2018	February 21, 2028
1979 Amendment	October 16, 1979	July 14, 2016	Eliminated	October 16, 2019	October 16, 2029
1981 Amendment	June 9, 1981	July 14, 2016	Eliminated	June 9, 2021	June 9, 2031
1988 Amendment (Newhope Condo area deleted)	1988	n/a	n/a	n/a	n/a
1992 Amendment	July 14, 1992	July 14, 2016	Eliminated	July 14, 2032	July 14, 2042
1998 Amendment (Lampson-Buaro)	December 8, 1998	No Eliminated	December 8, 2018	December 8, 2028	December 8, 2038
Community Project 2002 Amendment Added Territory	July 9, 2002	July 9, 2014	July 9, 2022	July 9, 2032	July 9, 2042
Buena Clinton Project Area	December 16, 1980	December 16, 1992	Eliminated	December 16, 2020	December 16, 2030

² The Agency and City Council will consider and take action on legislative authority to extend the term of effectiveness and the last date to receive tax increment to repay debt based on the Agency's prior Educational Augmentation Revenue Fund (ERAF) payments, which will be considered at the next scheduled Agency and City Council Meetings or soon thereafter; in this regard, if adopted, such extended date(s) shall be deemed to be set forth in the above table.

³ See footnote 2 above.

FINANCIAL LIMITATIONS

Component Area	Tax Increment Limit	Limit on Outstanding Bonded Debt
Community Project Area	-	-
Original Project	-	-
1974 Amendment	-	-
Trask	-	-
1976 Amendment	-	-
Brookhurst/Chapman	-	-
Brookhurst/Katella	-	-
1979 Amendment	-	-
1981 Amendment	-	-
1988 Amendment	-	-
1992 Amendment	-	-
Combined Totals	\$2 Billion	-
1998 Amendment	n/a	-
2002 Added Territory	n/a	-
Combined Totals	-	\$475 Million
Buena Clinton Project Area	\$1 Million/year	\$5 Million

According to the records of the Auditor-Controller, within the Garden Grove Community Project Area, excluding the 1998 Amendment and the 2002 Added Territory for which the CRL did not require a tax increment limit, the Agency has received a total of approximately \$187 million in cumulative tax increment revenue⁴ through June 30, 2009 (the tax increment limit for these component areas is \$2 billion over the life of the Community Project Area).

The Buena Clinton Project Area receives approximately \$490,000 in annual tax increment revenue, which is well under the annual cap of tax increment revenue of \$1 million. The current outstanding bonded indebtedness as of June 30, 2009 is \$54,045,000 for the Garden Grove Community Project Area.

The Buena Clinton Project Area does not have any bonded indebtedness.

⁴ Cumulative tax increment revenue net amounts paid to taxing entities pursuant to the Redevelopment Plan.

AGENCY'S RECENT REDEVELOPMENT ACCOMPLISHMENTS

Over the last five years, the Agency has participated in several projects and programs to address blighting conditions. Particular effort has been made to improve aging infrastructure, decrease traffic problems, spur private investment and provide affordable housing in the Project Areas through catalyst projects and planning efforts. Approximately 210 permanent jobs and were created between 2005 and 2009 as a result of the Agency assisted projects listed below as well as numerous construction jobs. In addition, a total of 36 existing jobs were preserved as a result of the Agency assisting two businesses in relocating to other facilities within the City.

INFRASTRUCTURE AND SITE IMPROVEMENTS

The Agency has provided funding for several projects that enhance infrastructure and improved traffic conditions, including:

- The Harbor Boulevard infrastructure improvements, which entail the undergrounding of utilities, street paving, and the installation of bike lanes, traffic medians and pedestrian improvements.

SITE IMPROVEMENTS

The Agency has provided assistance for several projects that enhance the City's economic vitality, including:

- Sheraton Hotel - The project included the acquisition, relocation, and demolition of several obsolete and under performing buildings to construct the new Sheraton Hotel with 288 rooms. The project created approximately 100 construction jobs, 60 new permanent jobs and is expected to generate annually approximately \$1,000,000 in City Transient Occupancy Tax (bed taxes/TOT) and an additional \$350,000 in tax increment before the pass through payments.



- Los Sanchez Restaurant – As a result of the Sheraton project, the Agency assisted the Los Sanchez Restaurant to relocate from their Harbor Boulevard location to their new location on Garden Grove Boulevard and Rockinghorse Road. Los Sanchez constructed a new more efficient and larger facility and the project retained approximately 30 jobs.



- Green's Discount Glass and Screen – As a result of the Sheraton Hotel, the Agency assisted the Green's Glass to relocate from their Harbor Boulevard operation to their new location on Chapman Avenue and Haster Street. The project retained approximately 6 jobs.
- Oggi's Pizza and Brewery – Construction of Oggi's Pizza and Brewery was completed in 2008. The Agency provided development assistance to this fourth restaurant in the restaurant cluster at Harbor and Chapman. Approximately 50 new jobs were created as a result.
- Medallion Health Properties, LLC – Construction commenced on a 15-bed medical rehabilitation facility located at 12461 Springdale (northwest corner of Lampson & Springdale). This 30,111 square feet parcel was previously owned by the Agency and sold to Medallion for the purchase price of \$1.1 million dollars. Once completed, this project will bring approximately 15-20 new jobs to the workforce.
- GG Homes, LLC – The Agency entered into Purchase and Sale Agreements with GG Homes, LLC for the disposition of Agency owned property located at the northeast corner of Chapman and Magnolia and at 12851 Westlake Drive and 10831 Acacia Parkway. The developer completed construction of seven (7) single-family detached homes on the sites. Property tax increment revenue is estimated at \$40,000.
- Social Security Administration Office – On April 26, 2005, the Agency entered into a Purchase and Sale Agreement with Hewson Development Corporation

for the disposition of Agency owned property at 11900 Gilbert Street for the construction of a new social security administration office on the site. Construction was completed in 2007.

- Jardin de los Niños - On July 29, 2009, the Agency approved a Cooperation Agreement with the City for public improvements at Jardin de los Niños park located at 12631 Keel Street in the Buena Clinton neighborhood. The Agency provided funding for the installation ADA-compliant playground surfacing to improve the safety and aesthetics of the park.
- Sycamore Walk (Phase II) - The Agency has provided \$165,000 in funding to date, for soil and ground remediation at the site located at the southeast corner of Rockinghorse Road and Garden Grove Boulevard pursuant to a Disposition and Development Agreement with The Olson Company for the development of twelve (12) single family homes on the site.
- Senior Citizen Home Rehabilitation Grants Program - The Neighborhood Improvement Division completed a total of eighty-five (85) Home Rehabilitation Grants for senior citizens 62 years of age or older. Improvement ranged from exterior and interior home repairs to code violations, safety issues, and mobility and accessibility improvements.
- Mobile Home Rehabilitation Grants Program - The Neighborhood Improvement Division completed a total of 118 Mobile Home Rehabilitation Grants. Improvement ranged from code violations and correcting/addressing, substandard conditions, and health and safety issues.

PLANNING EFFORTS

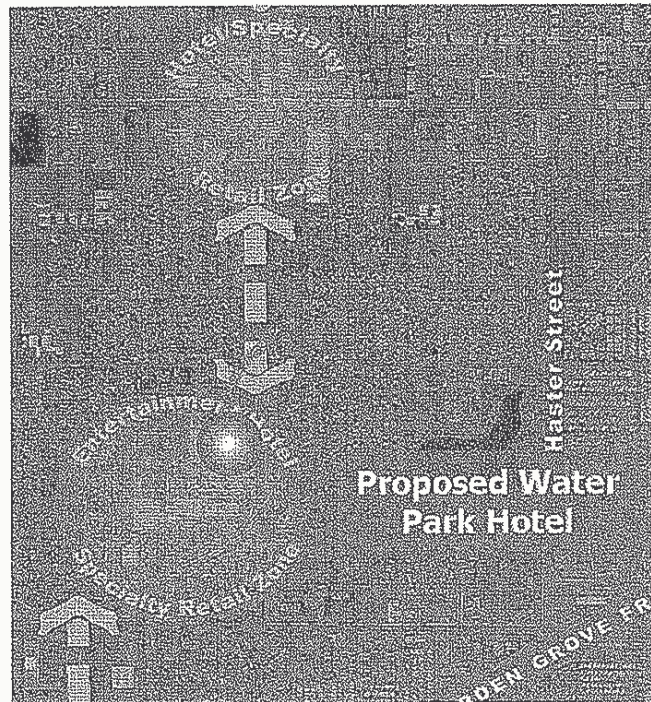
Several significant planning efforts were initiated in the previous five years, some of which will continue in the current 2010 through 2014 planning period. These activities included:

- The Agency commissioned John E. Husing, Ph.D., to develop an Economic Strategy for the City of Garden Grove. The information in the final report was used to formulate the City's Economic Development Element of the General Plan and provided a guide to assist the Agency in its economic programs. All identified issues were accompanied with their own economic development recommendation(s). The report was adopted on May 27, 2008.
- Pursuant to a Disposition and Development Agreement approved, the proposed expansion of the Embassy Suites has been entitled for a second tower to include 238 new rooms with an addition 30,000 square feet of meeting space along with a resort pool and spa.
- In October 2009, the Agency entered into a Negotiating Agreement with Brandywine Development to develop a 50 to 53-unit multifamily apartment

project on the 2.67 acres Century Triangle site. Site plan development and negotiations are underway.



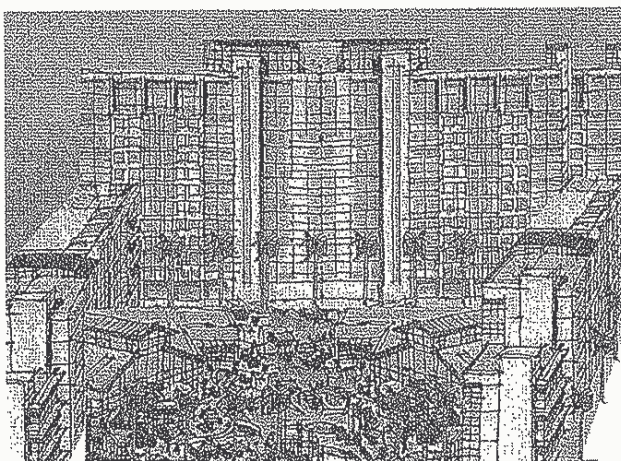
- A hotel study was conducted that identified several possible future hotel sites in the International West Resort District.



- The City and Agency took the initiative to entitle the approximately 14-acre site known as the Brookhurst Triangle. The program calls for up to 700 for-sale housing units and 200,000 square feet of commercial space.



- The City and Agency joined forces to entitle the area known as Site "C" for another potential hotel site. The conceptual planning process has begun, the proposed development has been sketched and the City and Agency hope to present the proposed development for consideration and action by early 2010.
- In May 2009, the Agency entered into a Disposition and Development Agreement with Garden Grove MXD, LLC for the proposed development of the Central Hub with a 600-room hotel with a 200,000 square foot indoor/outdoor water park, conference space, 18,000 square feet of restaurant space, and a parking structure. The developer was selected through a competitive process.

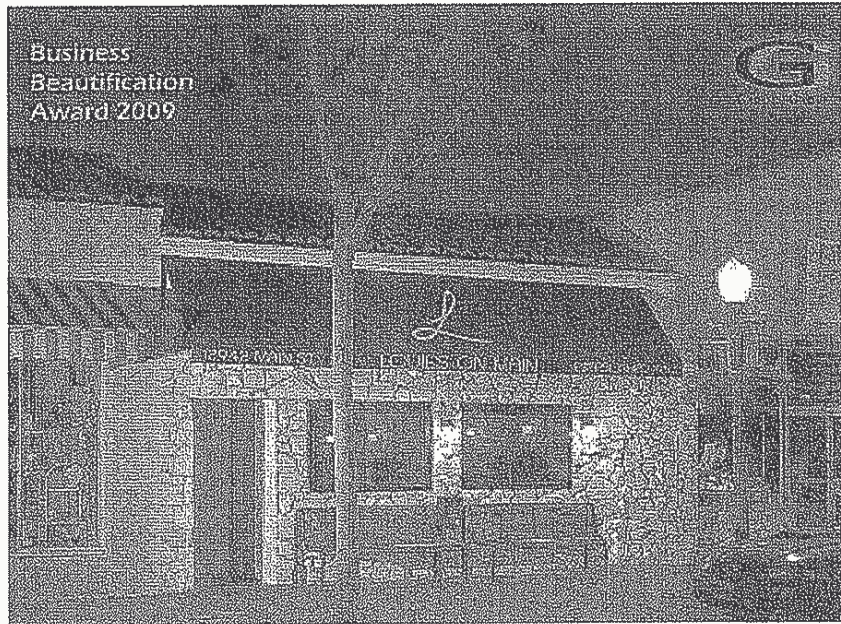


- A theme park study of the Willowick Golf Course was conducted to examine the viability of a possible entertainment destination to anchor the south end of the City's International West Resort District.

MARKETING AND OUTREACH EFFORTS

Several significant marketing and outreach efforts were initiated in the previous five years, some of which will continue in the current 2010 through 2014 planning period, including:

- Garden Grove Salutes is an effort to say "thank you" to the businesses that have made significant contributions to the community and local economy. Annually, the Economic Development Department along with the Garden Grove Chamber of Commerce honor two businesses within the community in the categories of Economic Impact and Community Involvement.
- Business Beautification Award – Once a year the Economic Development Department partners with the Community Relations Division to host the "Business Beautification Award" competition for small, medium, and large size businesses. Honors are bestowed upon businesses receiving the highest amount of votes cast on the City's website.



- Garden Grove Chamber of Commerce - As part of the Business Retention Program, the Agency has contracted the Chamber to provide a service called Ambassador Business Retention Bureau (ABRB). The ABRB program is a means to partner with the Chamber to improve outreach efforts to small and

medium size businesses. Under the agreement, staff and the Chamber meet quarterly to review issues that are raised during the Chamber's visits with local businesses. These regular meetings provide an informational exchange that allows the City to better customize Business Retention efforts to meet the needs of small-to-medium sized companies.

- **Business Breakfast** – Annually the Agency and City sponsor the Business Breakfast, an opportunity for businesses to be introduced into the community. To ensure each business has a successful experience in Garden Grove, the program is attended by Garden Grove Chamber of Commerce, Small Business Development Center (SBDC), SCORE, Small Business Administration (SBA), and a variety of other City Departments and local organizations who hand out their literature and resource information.
- **Mayor's Link** – This is an outreach/visitation effort by the Mayor and City staff to personally connect with new and existing small to medium size businesses and assess their needs and provide any future assistance that the City can provide to ensure their success in the community.



- **California Manufacturing Technology Consulting (CMTc)** - Staff partners with CMTc to provide information to small manufacturers regarding the Small Manufacturers Advantage Program. The goal of this free program is to provide recommendations that help Garden Grove manufacturers attain their business goals and improve productivity and profitability.
- **Business Needs Survey Outreach Program** - The Economic Development Department continues to focus on the needs of the business community. The Business Retention Team conducted a Business Needs Survey designed to identify immediate needs, future plans and opportunities for the City to deliver programs and services. The overall consensus has been that Garden Grove is a good place to do business, mainly due to its central location and

proximity to local freeways. Main concerns include traffic congestion, dealing with language barriers, and fear of crime.

- International West Marketing - The marketing of International West is an ongoing activity. The International West Resort District, along with city-wide redevelopment opportunities, is promoted to the world at trade specific conferences and shows as well as to the community at large at City and Agency sponsored events. New pedestrian street light banners have been installed in the resort district helping to create a sense of place and adding a dash of color and life to the streetscape. Increasing local awareness and assisting with creating that sense of place to those traveling through International West, bus shelter advertisements and an over-street banner welcome and remind people they are in or entering a special place in Garden Grove.



In addition to the marketing activities described above, International West is also being promoted virtually. Electronic newsletters are sent on a quarterly basis and special updates are sent out to targeted industry professionals inviting them to meet with staff at the trade shows and to update them on any development progress after the shows.



Podcasts (typically short audio broadcasts available for download or for listening through one's internet browser) and short informational videos are being produced and posted on the International West website. These items, announcements, and International West and tourism industry news are also shared through the social networking website Facebook. An International West Fan Page has been produced, and proactively, staff has invited individuals to become fans of International West in order to be updated and stay informed. Additionally, visitors to the International West website and recipients of the electronic newsletters are invited to follow the progress of International West via Facebook by clicking on a special link.



PROGRAMS EFFORTS

Several significant programs efforts were initiated in the previous five years, some of which will continue in the current 2010 through 2014 planning period, including:

- Graffiti Removal - Provided funds towards City graffiti abatement to remove graffiti on private and public properties in both Project Areas.



- Small Business Workshops - Provided a series of training workshops for small businesses with the assistance of SCORE (Service Core of Retired Executives).



GOALS/OBJECTIVES OF THE AGENCY

CRL grants various powers to the Agency to address blight and blighting conditions. While blight reduction is the legal basis for redevelopment, there are many City activities that overlap and therefore benefit from the use of redevelopment. Among other benefits: (a) redevelopment is an important tool for achieving the public's goals as laid out in the City's General Plan; (b) redevelopment is one of the best tools to foster economic development in the community; (c) redevelopment helps local governments revitalize their communities, encourage new development, create and retain jobs, and generate tax revenues at no additional cost to property owners, and (d) redevelopment directs funds to help improve and to finance public infrastructure in order to facilitate residential, commercial, and industrial developments, and other community goals and objectives.

The Agency is responsible for the creation and administration of both Project Areas. The Redevelopment Plans therefore serve as an effective tool to revitalize areas plagued by the adverse blighted conditions noted above, such as physical and economic conditions that act as barriers to new private and public investment. The following are the goals and objectives of the Agency as outlined in the Redevelopment Plans and the Economic Development Element of the City's General Plan:

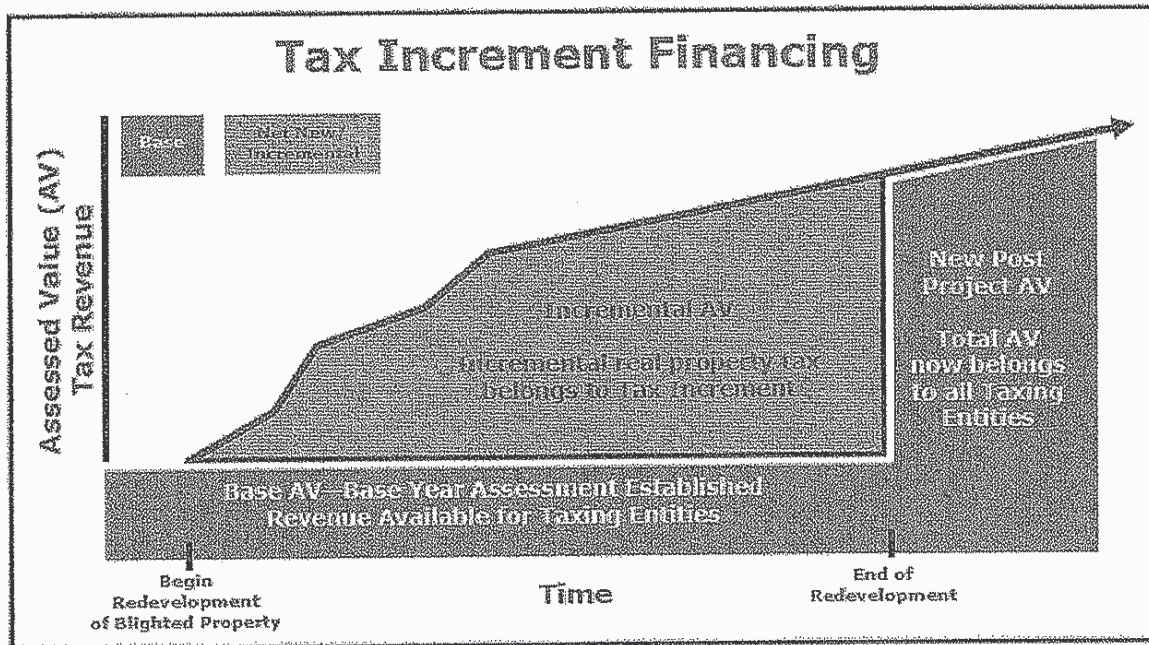
- Eliminate blighting influences including deteriorating buildings, uneconomic land uses, obsolete structures, and other environmental, economic and social deficiencies;
- Improve the appearance of existing buildings, streets, parking areas and other facilities;

- Facilitate land assembly to prevent piecemeal development that would leave economic potential underachieved;
- Provide a procedural and financial mechanism by which the Agency can assist, complement, and coordinate public and private development, redevelopment, revitalization and enhancement of the community;
- Re-plan, redesign and develop underdeveloped areas that are stagnant or improperly utilized;
- Provide adequate public improvements, public facilities, open spaces, and utilities that cannot be provided or remedied by private or governmental action without redevelopment;
- Facilitate the construction, reconstruction of adequate streets and transportation facilities, curbs, gutters, streetlights, storm drains and other improvements necessary to correct existing deficiencies;
- Encourage cooperation and participation of residents, businesspersons, public agencies and community organizations in revitalizing the area;
- Encourage private sector investment in development of the project areas;
- Promote the economic well being of the area by strengthening and encouraging diversification of its commercial base including providing opportunities of the development of tourism-related business;
- Strengthen and retain retail and other commercial functions in the Project Areas and maximize market potential;
- Enhance and maintain the industrial base;
- Facilitate the development of office and research and development space to provide jobs for local residents;
- Provide programs that increase the ability of community members of all ages to find quality employment;
- Attract new businesses while supporting and assisting existing businesses in Garden Grove;
- Make provision for housing as is required to satisfy the needs and desires of various age, income and ethnic groups of the community maximizing opportunity for individual choice; and

- Increase, improve and preserve the community's supply of low and moderate income housing available at an affordable housing cost.

TAX INCREMENT FINANCING

The Agency is a public body, corporate and politic that is a separate and distinct legal entity from the City. The Agency operates and is afforded statutory powers that the City does not possess. For example, the CRL allows redevelopment agencies to generate funds through tax increment financing. When a redevelopment plan is adopted, the assessed value of all property within the redevelopment area is determined and is otherwise known as the "base assessed value." As assessed values increase within a project area, the property taxes collected over the base assessed value, typically known as "tax increment," is channeled back into the project area via the Agency to fund improvements and development projects or to pay back the Agency's investments in the Project Areas.



20% Set-Aside Requirement

Pursuant to California Redevelopment Law (CRL), 20% of all tax increment revenues received by redevelopment agency must be deposited in a separate fund know as the Low and Moderate Income Housing Fund (LMIHF) and applied towards the provision of affordable housing. According to section CRL Section 33334.3,

redevelopment agencies may use those funds to increase the stock of available affordable housing, to preserve affordable units at risk of becoming market rate and to improve the condition of existing housing for very low, low and moderate income families. Section III of this plan describes the cash flow of the LMIHF over the next five years and the proposed projects and programs to be funded from LMIHF.

Pass-Through Payments

Agencies are required to pay a portion of their tax increment revenue to affected taxing entities based upon statutory formulas or upon agreements that were negotiated between the Agency and affected taxing entities. Affected taxing entities are defined in CRL Section 33328 as any governmental taxing entity that levied a property tax within the project area in the year prior to the year the base value was established. Taxing entities benefiting from the pass-through payments include school districts, community college districts, other special districts and the County. In fiscal year 2008/2009, pass-through payments were equivalent to approximately 24% of gross tax increment revenue.

SERAF Payments

As a result of the State's current budget crisis, the State Legislature voted to shift 2009/2010 and 2010/2011 tax increment revenue from redevelopment agencies towards the Supplemental Educational Revenue Augmentation Fund ("SERAF") to help balance their budget. The Agency's estimated payment requirement is \$7.9 million for 2009/2010 and \$1.6 million 2010/2011. The 2009/2010 payment is due by May 2010. The Agency will be allowed to borrow from the LMIHF in order to make the payment that will be required to be repaid in 2014/2015. Based on the formula approved by the State Legislature, it is likely that the Agency will have sufficient funds required to make the payment, but might lose its ability to do many projects and programs in the coming years as a result of the reduction in available funds.

SECTION II: REDEVELOPMENT PLAN

PROPOSED REDEVELOPMENT POTENTIAL PROJECTS AND PROGRAMS

Five-Year Work Program for Reinvestment & Revitalization (Non-Housing Fund)

The redevelopment activities the Agency has planned for the next five years focus on rehabilitation and enhancement of the Community Project Area and its infrastructure, while facilitating new mixed-use and infill development. Economic development is also a priority, as evidenced by specific catalyst projects, as well as an in-depth marketing effort to attract businesses and patrons to augment Garden Grove's current mix of retail, office, and industrial uses. It is important to note that

many of the Agency's financial obligations for the next five (5) years are pre-existing contractual obligations and must first be met prior to the any new financial obligations. The Matrices shown in the tables that follow summarize the programs/projects, approximate cost of each activity to the Agency, project description and the blighting conditions will be alleviated.

The redevelopment activities that the Agency has planned for the next five years for the Buena Clinton Project Area focus on preservation of affordable housing (as discussed in Section III of this plan and community infrastructure benefiting the community.

TABLE FOR NON-HOUSING PROJECTS AND PROGRAMS

PROJECT AREAS NON-HOUSING PROJECTS AND PROGRAMS		
Name of Projects/Programs	Project Description	Projected Five Year Expenditure
Project Area	Blighted Condition to be Alleviated	Time Frame
1. Central Hub	The Agency entered into a Disposition and Development Agreement (DDA) with Garden Grove MXD, LLC to construct a 600-room hotel with conference space, 200,000 square feet of indoor/outdoor water park, 18,000 square feet of restaurant and parking structure. The project is expected to create an estimated 500-800 new permanent temporary jobs. Under the DDA, the proposed project will generate an estimated \$1 million in tax increment revenue before the pass through obligations, \$6 million in transit occupancy tax, and \$290,000 in sales tax annually.	\$7,080,000
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/buildings as well as depreciated/stagnant property values or impaired investments, high turnover rates, and high crime rates. Age, obsolescence, deterioration of existing improvements and shifting land uses.	2010-2014
2. Embassy Suites Hotel Expansion	The Agency entered into a DDA with Landmark Hospitality to expand the existing Embassy Suites Hotel with an additional 238 rooms in a new 17-story tower. An additional 30,000 square feet of meeting space, along with a resort pool and spa are also proposed. The former Harbor Greens Driving Range adjoining the hotel site will be developed into a 810 space surface parking lot benefiting the central hub area. The project is expected to create an estimated 200 jobs, generate an estimated \$1 million in City bed taxes, and generate an estimated \$500,000+ in tax increment revenue annually before the pass through obligations.	\$1,600,000
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/buildings as well as depreciated/stagnant property values or impaired investments, high turnover rates, and high crime rates. Age, obsolescence, deterioration of existing improvements and shifting land uses.	2010-2014

**PROJECT AREAS
NON-HOUSING PROJECTS AND PROGRAMS**

Name of Projects/Programs	Project Description	Projected Five Year Expenditure
Project Area	Blighted Condition to be Alleviated	Time Frame
3. Site "C"	Develop a 400-room hotel with approximately 40,000 square feet of conference space, 8,000 square feet of restaurant and parking structure. The project is located on the northwest corner of Harbor Boulevard and Twintree Lane. The project is expected to create an estimated 120 temporary jobs and 100 permanent jobs and generate an estimated \$450,000 in tax increment revenue before the pass through obligations and \$1 million in City bed taxes annually.	\$4,000,000
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/buildings as well as depreciated/stagnant property values or impaired investments, high turnover rates, and high crime rates. Age, obsolescence, deterioration of existing improvements and shifting land uses.	2010-2014
4. Willowick Golf Course	The proposed development of the 95-acres of land into a high quality family theme park with high technology rides both dry and water related and World Class entertainment facilities, highly themed family style restaurants retail shops, as well as high quality hotel(s) with convention space and required parking. The project is expected to created approximately 1,000 temporary jobs and 600 permanent jobs and generate approximately \$232 million in sales annually according to a study prepared by The Innovation Group in March 2008. The City would enter into a tax sharing agreement with the City of Santa Ana.	\$50,000
Garden Grove Community Redevelopment Project Area	High crime rates and depreciated/stagnant property values or impaired investments, and shifting land uses.	2010-2014
5. B2 Site Hotel #2 (Marriott Springhill Suites)	The acquisition, relocation, and demolition of several obsolete and underperforming buildings to construct a new Marriott Springhill Suites with approximately 180 rooms. The project is expected to create approximately 75 construction jobs and 45 new permanent jobs and generate approximately \$800,000 in City bed taxes and \$300,000 in tax increment annually. The project is located on the west side of Harbor Boulevard and north of Twintree Lane.	\$1,500,000
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/buildings as well as depreciated/stagnant property values or impaired investments, high turnover rates, and high crime rates. Age, obsolescence, deterioration of existing improvements and shifting land uses.	2010-2014

**PROJECT AREAS
NON-HOUSING PROJECTS AND PROGRAMS**

Name of Projects/Programs	Project Description	Projected Five Year Expenditure
Project Area	Blighted Condition to be Alleviated	Time Frame
6. Brookhurst Triangle	The relocation and demolition of several obsolete underperforming commercial buildings and redevelopment of the proposed development site of approximately 14 acres into a mixed-use residential and commercial project located on the northwest corner of Brookhurst and Garden Grove Blvd. As provided for by the entitlements, the residential component will include up to 700 residential units with about 100 affordable units proposed along with 200,000 square feet of commercial retail space. The project is expected to create approximately 250 temporary jobs and 200 permanent jobs. The project is estimated to generate an additional \$2,500,000 in gross tax increment annually before the pass through obligations.	\$1,000,000
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/buildings as well as depreciated/stagnant property values or impaired investments. Prevalence of depreciated values, impaired investments, and economic maladjustment. Age, obsolescence, deterioration of existing improvements and shifting land uses.	2010-2014
7. Lili Garden Plaza	The Agency will consider and take action on a Disposition and Development Agreement with Sweet Homes Development to construct 71 residential condominium units and 30,000 square feet of retail space. The project is expected to create approximately 60 temporary jobs and 30 permanent jobs. The project is estimated to generate an additional \$200,000 in gross tax increment annually before the pass through obligations.	Agency to assist with land acquisition/costs are unknown at this time
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/buildings as well as depreciated/stagnant property values or impaired investments and high turnover rates. Age, obsolescence, deterioration of existing improvements and shifting land uses.	2010-2012
8. Auto Center	Continue the effort to strengthen and expand the Garden Grove Auto Center through new dealership developments and expansion of existing dealers.	\$600,000
Garden Grove Community Redevelopment Project Area	Depreciated/stagnant property values or impaired investments and adjacent/nearby incompatible uses that limit economic viability.	2010-2014

**PROJECT AREAS
NON-HOUSING PROJECTS AND PROGRAMS**

Name of Projects/Programs	Project Description	Projected Five-Year Expenditure
Project Area	Blighted Condition to be Alleviated	Time Frame
9. Taft/Century Triangle	The Agency will consider and take action on a Disposition and Development Agreement with JBD Infill Investments, LLC to construct 50 to 53 residential units. The project is expected to create approximately 60 temporary jobs. When complete, the new project will generate additional an estimated \$200,000 annually in tax increment. The project is located on the southeast corner of Garden Grove and Century Boulevard.	\$0
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/buildings as well as depreciated and/or stagnant property values or impaired investments and high turnover rates. Age, obsolescence, deterioration of existing improvements and shifting land uses.	2010-2012
10. International West Harbor Boulevard Infrastructure Project	The Project would include adding one additional travel lane in each direction, along with bus turnouts, right turn/deceleration pockets, raised medians, curb gutter, traffic signals, and landscaping. Right-of-way acquisition will be required to allow for construction of the additional travel lanes; approximately 20 feet of right-of-way will be needed on either the right or left side of the corridor, extending the full two-mile length.	\$1,200,000
Garden Grove Community Redevelopment Project Area	The existence of inadequate public improvements and utilities which cannot be remedied by private or governmental action without redevelopment.	2010--2014
11. Education Center	The Agency will engage in marketing activities for the retention and expansion of educational opportunities at the Education Center (an existing and successful previous redevelopment project) and explore the feasibility of providing incentives to educational institutions to locate at the Education Center.	\$172,700
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/ buildings as well as depreciated/ stagnant property values or impaired investments.	2010-2014

**PROJECT AREAS
NON-HOUSING PROJECTS AND PROGRAMS**

Name of Projects/Programs	Project Description	Projected Five Year Expenditure
Project Area	Blighted Condition to be Alleviated	Time Frame
12. Garden Grove Salutes	Garden Grove Salutes is an effort to say "thank you" to the businesses that have made significant contributions to the community and local economy. Annually, the Economic Development Department along with the Garden Grove Chamber of Commerce honors two businesses within the community in the categories of Economic Impact and Community Involvement.	\$2,500
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/ buildings as well as depreciated/ stagnant property values or impaired investments.	2010-2014
13. Business Beautification Award	Once a year the Economic Development Department partners with the Community Relations Division host the "Business Beautification Award" competition for small, medium, and large size businesses. Honors are bestowed upon businesses receiving the highest amount of votes cast on the City's website.	\$1,500
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/ buildings as well as depreciated/ stagnant property values or impaired investments.	2010-2014
14. Mayor's Link	The Mayor's Link is an outreach/visitation effort by the Mayor and City staff to personally connect with new and existing small to medium size businesses and assess their needs and provide any future assistance that the City can provide to ensure their success in the community.	\$0
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/ buildings as well as depreciated/ stagnant property values or impaired investments.	2010-2014
15. Mayor's Breakfast	Annually the City and Agency sponsor the Business Breakfast, an opportunity for businesses to be introduced into the community. To ensure each business has a successful experience in Garden Grove, the program is attended by Garden Grove Chamber of Commerce, Small Business Development Center (SBDC), SCORE, Small Business Administration (SBA), and a variety of other City Departments and local organizations who hand out their literature and resource information.	\$7,500
Garden Grove Community Redevelopment Project Area	Physical conditions that limit economic viability and effective use of lots/ buildings as well as depreciated/ stagnant property values or impaired investments.	2010-2014

**PROJECT AREAS
NON-HOUSING PROJECTS AND PROGRAMS**

Name of Projects/Programs	Project Description	Projected Five-Year Expenditure
Project Area	Blighted Condition to be Alleviated	Time Frame
16. Garden Grove Chamber of Commerce	As part of the Business Retention Program, the Agency has contracted the Chamber to provide a service called Ambassador Business Retention Bureau (ABRB). The ABRB program is a mean to partner with the Chamber to improve outreach efforts to small and medium size businesses. Under the agreement, staff and the Chamber meet quarterly to review issues that are raised during the Chamber's visits with local businesses. These regular meetings provide an informational exchange that allows the City to better customize it Business Retention efforts to meet the needs of small-to-medium sized companies.	\$243,680
Garden Grove Community Redevelopment and Buena Clinton Project Area	Physical conditions that limit economic viability and effective use of lots/buildings as well as depreciated/stagnant property values or impaired investments, high turnover rates, and high crime rates. Age, obsolescence, deterioration of existing improvements and shifting land uses.	2010-2014
17. Graffiti Removal	Provide funds for the City's graffiti abatement to remove graffiti on private and public properties in both redevelopment project areas.	\$240,959
Garden Grove Community Redevelopment and Buena Clinton Project Area	Physical conditions that limit economic viability and effective use of lots/ buildings as well as depreciated/ stagnant property values or impaired investments.	2010-2014
18. Small Business Workshops	Provide a series of training workshops for small businesses with the assistance of SCORE (Service Core of Retired Executives).	\$5,000
Garden Grove Community Redevelopment and Buena Clinton Project Area	Physical conditions that limit economic viability and effective use of lots/ buildings as well as depreciated/ stagnant property values or impaired investments.	2010-2014
19. Commercial Rehabilitation Program	Provide low and zero Interest loans to businesses and property owners for the rehabilitation of declining commercial structures as funding becomes available.	\$1,000,000
Garden Grove Community Redevelopment and Buena Clinton Project Area	Physical conditions that limit economic viability and effective use of lots/ buildings as well as depreciated/ stagnant property values or impaired investments. Age, obsolescence, deterioration of existing improvements and shifting land uses.	2010-2014

PROJECT AREAS NON-HOUSING PROJECTS AND PROGRAMS		
Name of Projects/Programs	Project Description	Projected Five Year Expenditure
Project Area	Blighted Condition to be Alleviated	Time Frame
20. Buena Clinton Infrastructure Improvements	Enter Into Cooperation Agreements with the City for continuing upgrades to deteriorating infrastructure and to increase/preserve open space in the area.	\$1,800,000
Buena Clinton Project Area	Physical conditions that limit economic viability and effective use of lots/buildings as well as depreciated/stagnant property values or impaired investments. Age, obsolescence, deterioration of existing improvements and shifting land uses.	2010-2014

SECTION III: HOUSING COMPLIANCE PLAN

AFFORDABLE HOUSING

The affordable housing component of this Implementation Plan is the complement of the redevelopment component discussed in the previous section. Together, the two components constitute the plan required by CRL Section 33490. This Implementation Plan sets forth the Agency's goals and objectives, projects and expenditures for the Project over the five-year period commencing in 2010.

This component of the Implementation Plan presents the Agency's intended program for the Project Areas that deal with the revenues for and expenditures from the LMIHF and other activities relating to the production and replacement of low to moderate income housing. Low and moderate income is defined in the CRL by reference to Section 50093 of the Health & Safety Code that specifies the following income levels: *moderate income* - defined as household income of 80 percent (80%) to 120 percent (120%) of median income for the applicable household size within the County of Orange; *low income* - defined as income of 50 percent (50%) to 80 percent (80%) of median income for the applicable household size within the County of Orange (H&S Section 50079.5); and *very low income* - defined as income less than 50 percent (50%) of median income for the applicable household size within the County of Orange (H&S Section 50105).

The CRL provides that, in addition to the removal of blight, a fundamental purpose of redevelopment is to increase, improve, preserve the community's supply of low and moderate income housing (Section 33071). To accomplish this purpose, the CRL contains numerous provisions to guide redevelopment agency activities with regard to low and moderate-income housing.

Excess Surplus Calculation

The Project Areas are subject to the "excess surplus" requirements imposed by Section 33334.12. Excess surplus is defined as any unexpended and unencumbered amount in the Project Areas' LMIHF that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the LMIHF during the Projects' preceding four fiscal years. At this date there is no excess surplus balances in the LMIHF. If such were to occur, based on the Section 33334.12 requirements, the Agency would have three years to encumber an excess surplus fund balance.

Affordable Housing Compliance Objectives

CRL Section 33490(a)(2) requires the Agency to include an affordable housing Compliance Plan in each Implementation Plan that describes the Agency's LMIHF activity and addresses the Agency's compliance with the State's ten (10) year affordable housing requirements pursuant to CRL Sections 33334.2, 33334.4, 33334.6, and 33413. The Agency achieves compliance with the statutory requirements listed below within each ten (10) year planning period⁵:

- Inclusionary Housing - CRL Section 33413(a) requires that, in the aggregate but not on a project-by-project basis, not less than fifteen percent (15%) of all housing newly constructed or substantially rehabilitated within a redevelopment project area be made affordable to very low, low and moderate income households. Of those units, forty percent (40%) of fifteen percent (15%) (i.e., 6%) must be made available to very low income households. If a redevelopment agency acts as a developer, thirty percent (30%) of units of all units developed by the Agency must be made affordable to very low, low or moderate income households with fifty percent (50%) of thirty percent (30%) (i.e., 15%) of these units affordable to very low income households. These inclusionary housing obligations are not required to be met on a project-by-project basis; rather, the required percentage of affordable units must be produced during the compliance period.
- Replacement Housing- if low to moderate income housing units are destroyed or removed as a result of an Agency redevelopment project or program; the Agency is required to ensure their replacement within (4) four years.
- Proportionality-Targeting Household Types - the Agency must target LMIHF assistance to income levels in the same proportion as the needs of the community for each income group and must target LMIHF expenditures towards low income individuals in proportion to the percentage of low income individuals over and under age 65 living in the City.

⁵ Per the CRL, the first planning period is a 12-year period (2002-2014).

Taking into account all of these provisions, a redevelopment agency's housing responsibilities fall into three major categories:

- The production and/or replacement of low and moderate income housing depending upon activities undertaken by an agency within its project areas;
- The set-aside and expenditure of specified amounts of tax increment revenue for the express and exclusive purpose of increasing, improving, and preserving a community's supply of low and moderate-income housing; and
- Preparing reports on how the agency has met, or preparing plans on how the agency will meet, its responsibilities with regard to the first two categories.

This Housing Component of the Implementation Plan for the Project Areas is part of the Agency's responsibilities under the third major category. The mandated contents address how the plans of the Agency for the Project Areas will achieve many of the affordable housing responsibilities contained in the first and second major categories of Agency affordable housing activities. Section 33490 requires that the housing portion of an implementation plan address the applicable items presented in the list below. The items have been arranged according to their inclusion in either of the first two major categories of housing responsibility.

Housing Production Based on Activities in the Project Areas

- Production of low and moderate income housing units in a number equal to thirty percent (30%) of Agency-developed residential units in the Project Areas (Section 33413(b)(1)), for projects adopted on or after January 1, 1976, and for areas that are added to a project area by amendment after January 1, 1976.
- Production of low and moderate income housing units in a number equal to fifteen percent (15%) of all residential units developed in the Project Areas (Section 33413(b)(2)), for projects adopted on or after January 1, 1976, and for areas that are added to a project area after January 1, 1976.
- Identification of locations suitable for replacement housing units rehabilitated, developed or constructed pursuant to Section 33413(a), if the destruction or removal of low and moderate income units will result from a project contained in the implementation plan (Section 33490(a)(3)). Section 33413(a) is applicable to projects adopted on or after January 1, 1976. For projects that were adopted before January 1, 1976, this requirement applies beginning on January 1, 1996.

Set-Aside and Expenditure of Tax Increment for Housing Purposes

- The set-aside of 20 percent (20%) of tax increment in projects or component areas adopted on or after January 1, 1977 (Section 33334.2)

- The proportional expenditure of housing funds on low and very low income housing as needed and unmet by other governmental programs (Section 33334.4)
- The set-aside of 20 percent (20%) of tax increment in projects or component areas adopted prior to January 1, 1977. (Section 33334.6)
- The transfer of housing funds to other public entities producing housing in the community (a possible outcome of the provisions of Sections 33334.12 *et seq.*)

The CRL requires that this Implementation Plan address the provisions cited above and, additionally provide the following:

- Estimates of the balances and deposits into the LMIHF created to hold the set-aside of tax increment;
- A housing program identifying estimates of Agency-assisted housing units and expenditures from the LMIHF;
- An indication of housing activity that has occurred in the Project Areas, to the extent that the housing production requirements identified above apply; and
- Estimates of housing units that will be produced in the Project Areas for each of the various income categories, to the extent that the housing production requirements identified above apply.

AFFORDABLE HOUSING COMPLIANCE OBJECTIVES

Low and Moderate Income Housing Fund

The Agency's LMIHF had a balance of approximately \$9.6 million at the beginning of fiscal year 2009-10. The following table describes the projected amount of LMIHF revenues over the next five years that will support the Agency's objectives in providing affordable housing opportunities to the Garden Grove population pursuant to the aforementioned ten (10) year housing compliance requirements. Administration includes costs for professional services and other administrative costs incurred in the course of operating the housing divisions in the Community Development Department and affordable housing for which lead is undertaken in the Economic Development Department of the City.

HOUSING FUND CASH FLOW PROJECTIONS

FY 2009-10 THROUGH FY 2013-14

	Year 1 2009-10	Year 2 2010-11	Year 3 2011-12	Year 4 2012-13	Year 5 2013-14	5-Year TOTALS
Beginning Fund Balance	\$9,600,000	\$1,740,412	\$1,212,634	\$2,351,100	\$3,556,867	
REVENUES						
20% Housing Set-Aside	\$5,580,000	\$5,691,600	\$5,805,432	\$5,921,541	\$6,039,971	\$29,038,544
Investment/Interest	\$227,000	\$231,540	\$236,170	\$240,894	\$245,712	\$1,181,317
Miscellaneous Income	\$63,000	\$64,260	\$65,545	\$66,856	\$68,193	\$327,855
Loan Repayment	\$0	\$0	\$0	\$0	\$999,032	\$999,032
Revenue Subtotal	\$5,870,000	\$5,987,400	\$6,107,148	\$6,229,291	\$7,352,909	\$31,546,748
TOTAL REVENUE FUNDS	\$15,470,000	\$7,727,812	\$7,319,782	\$8,580,391	\$10,909,776	\$59,314,197

EXPENDITURES/ ENCUMBRANCES	Year 1 2009-10	Year 2 2010-11	Year 3 2011-12	Year 4 2012-13	Year 5 2013-14	5-Year TOTALS
Operations and Administration						
Personnel	\$840,995	\$862,020	\$883,570	\$905,660	\$928,301	\$4,420,546
Professional/Contractual Services	\$970,864	\$995,136	\$1,020,014	\$1,045,514	\$1,071,652	\$5,103,180
Overhead Fees	\$276,119	\$283,022	\$290,098	\$297,350	\$304,784	\$1,451,372
Operations and Administration Total	\$2,087,978	\$2,140,178	\$2,193,682	\$2,248,524	\$2,304,737	\$10,975,098
Loans/Transfers						
Loans/Bonds	\$60,000	\$0	\$0	\$0	\$0	\$60,000
SERAF Loan	\$7,906,610	\$1,600,000	\$0	\$0	\$0	\$9,506,610
Loans/Transfers Total	\$7,966,610	\$1,600,000	\$0	\$0	\$0	\$9,566,610
Projects and Programs	\$3,675,000	\$2,775,000	\$2,775,000	\$2,775,000	\$2,775,000	\$14,775,000
TOTAL EXPENDITURES	\$13,729,588	\$6,515,178	\$4,968,682	\$5,023,524	\$5,079,737	\$35,316,708
ENDING AVAILABLE BALANCE	\$1,740,412	\$1,212,634	\$2,351,100	\$3,556,867	\$5,830,039	

INCLUSIONARY HOUSING

This Implementation Plan calculates the Agency's inclusionary housing obligation generated by all new construction or substantial rehabilitation that has occurred prior to this implementation plan, estimates the number of units that will be developed in the Project Areas over the five years (to be satisfied within the 10-year/12-year compliance period), and describes the number of units produced towards those inclusionary needs. Under the inclusionary housing requirement, substantial rehabilitation means a value of rehabilitation that constitutes 25 percent (25%) of the value of the improvements and land after rehabilitation. Prior to

January 1, 2002, "substantially rehabilitated" was defined under CRL as multi-family dwelling units with three (3) or more units regardless of whether there was Agency assistance and any dwelling units with Agency assistance. On or after January 1, 2002, thus for this Implementation Plan period, "substantially rehabilitated" is defined as all units substantially rehabilitated with Agency assistance.

The chart below represents the inclusionary housing provided for the Project Areas since 1976 through fiscal year 2003-04⁶, the projected units for the period from 2009-10 through 2014-15 and the project units for the remainder of the project areas.

AFFORDABLE HOUSING PRODUCTION (COMMUNITY PROJECT AREA)

	Units Developed within Project Area		Required Affordable Units			Affordable Units Produced			Affordable Unit Surplus/(Deficit)		
	Privately Developed/ Substantially Rehabilitated	Agency Developed	Total	Low and Mod- erate	Very Low	Total	Low and Mod- erate	Very Low	Total	Low and Mod- erate	Very Low
Plan Inception through 2003-04	1797	0	270	161	109	254	105	149	(16)	(56)	40
2004-05 through 2008-2009	546	0	82	49	33	0	0	0	(98)	(105)	7
2009-10 through 2013-14	500	0	75	45	30	200	150	50	27	0	27
2014-15 through duration of Plan	1000	0	150	90	60	140	90	50	17	0	17
Total Affordable Units over the Life of the Plan			577	345	232	594	345	249	17	0	17

⁶ The inclusionary obligation and housing reported in the 2005-2009 Five Year Implementation Plan mistakenly, albeit unintentionally, applied the rule to housing units constructed outside of the Project Areas; however, unless the Agency itself develops new or substantially rehabilitated housing pursuant to Section 33413(a)(1), under Section 33413(a)(2) only new or substantially rehabilitated units generated within the Project Areas trigger the inclusionary production obligation thereof. The inclusionary obligation reported in the table above for the period prior to fiscal year 2003-04 is corrected and amended to report and reflect the production obligation set forth in 2005-2009 Implementation Plan.

AFFORDABLE HOUSING PRODUCTION (BUENA CLINTON PROJECT AREA)

	Units Developed within Project Area		Required Affordable Units			Affordable Units Produced			Affordable Unit Surplus/(Deficit)		
	Privately Developed/ Substantially Rehabilitated	Agency Developed	Total	Low and Mod- erate	Very Low	Total	Low and Mod- erate	Very Low	Total	Low and Mod- erate	Very Low
Plan Inception through 2003-04	336	0	50	30	20	32	6	26	18	(24)	6
2004-05 through 2008-2009	0	0	0	0	0	0	0	0	18	(24)	6
2009-10 through 2013-14	32	0	8	5	3	36	28	8	(2)	(1)	(1)
2014-15 through duration of Plan	60	0	9	5	4	36	20	16	25	14	11
Total Affordable Units over the Life of the Plan			67	40	27	104	54	50	25	14	11

Based upon this production level, the Agency's remaining inclusionary production obligation is an overall ninety-eight (98) low or moderate income units for the Community Project Area and eighteen (18) low or moderate income units or the Buena Clinton Project Area. An additional 103 housing units with affordability covenants of fifty-five (55) years will be substantially rehabilitated (existing affordable housing that was at risk of conversion to market rate) and preserved in the Buena Clinton Project Area as a result of the Grove Park Project for which an Affordable Housing Agreement was approved by the City on July 28, 2009. After applying ten (10) low income units and eight (8) very low income to the production obligations of the Buena Clinton Project Area, the remaining eighty-five (85) very low income units may be applied towards future replacement housing (or inclusionary) obligations.

REPLACEMENT HOUSING

Whenever a unit is destroyed or removed from the low-moderate income market as a result of a redevelopment project that is subject to a written agreement with the Agency or where financial assistance has been provided by the Agency, CRL Section 33413(a) requires the Agency to cause an equivalent number of units to be replaced within four (4) years of the destruction or removal. These units must provide an equal or greater number of bedrooms and be affordable to the same income levels as those destroyed or removed. These units may be produced anywhere under the Agency's jurisdiction.

For the Project Areas, including component areas added by amendment after January 1, 1976, a total of 523 units have been destroyed or removed as a result of Agency activity during the period between 1976 and the adoption of the 2005-2009 implementation plan.⁷ The Agency caused an equal number of affordable units to be replaced and covenanted during this period and there have not been any additional units removed or demolished since the adoption of the last implementation plan. The projected number of replacement units that will be destroyed or removed as part of an Agency project during the current planning period is estimated at fifty (50) with an estimated thirty-five (35) additional units during the remaining life of the Project Areas. The following table provides a summary of the Agency's projected replacement housing obligation and the replacement housing to be generated upon completion of the Grove Park Project after subtracting the number of units that will be applied towards current inclusionary obligations in the Buena Clinton Project Area. Any surplus units that are not applied towards obligations in the next five year period shall be banked and applied to future replacement or inclusionary housing obligations generated during the remaining life of the Redevelopment Plans for both Project Areas.

	Units Destroyed or Removed			Replacement Units Produced			Affordable Unit Surplus/(Deficit)		
	Total	Very Low	Low and Moderate	Total	Very Low	Low and Moderate	Total	Very Low	Low and Moderate
2009-10 through 2013-14	50	40	10	85	85	0	35	45	(10)
2014-15 through duration of Plan	35	35	0	0	0	0	0	10	(10)

TARGETING HOUSEHOLD TYPES

Legislation adopted in 2002 as set forth in CRL Sections 33334.4 and 33490(a), requires that effective January 1, 2002, the Agency shall expend over the duration of the 10-year compliance period, the monies in proportion to the community's needs, both in terms of affordability by income level and in terms of units restricted to the seniors. As provided in CRL, the term of the first ten (10) year-compliance period shall be extended an additional two years to coincide with the implementation plan cycle requiring compliance by 2014.

⁷ The overall number of removed or destroyed as a result of Agency activity was over-reported in the 2005-2009 Five Year Implementation Plan. Units removed or destroyed prior to 1976 and units that were rehabilitated as a result of Agency activity but not removed from the affordable housing market were erroneously albeit unintentionally included in the count. The number above amends the replacement obligation reported in the 2005-2009 Five Year Implementation Plan.

INCOME LEVEL EXPENDITURES

Expenditures from the LMIHF must be targeted towards assisting very low, low and moderate income households in the proportion to the need that each group bears as determined by the Regional Housing Need Assessment (RHNA) numbers prepared by the Southern California Association of Governments. The table below shows the LMIHF expenditures from 2002 through FY 2008-2009 and the estimated expenditure amount targeted by income group for the remainder of the compliance period. During the period between January 1, 2002 and FY 2008-2009, the Agency expended seventy percent (70%) of LMIHF assisting very low-income households, twenty-four percent (24%) of LMIHF assisting low-income households and six percent (6%) of LMIHF assisting moderate-income households. Over the next five years, the Agency anticipates spending an estimated \$10.3 million on projects and programs. Of this amount, a minimum of \$3.7 million and \$3 million is to be expended towards very low and low income households respectively.

LMIHF PROPORTIONAL EXPENDITURES

Income Category	Housing Need (RHNA)	01/01/2002 -FY 2008-09	2009-10 Estimates	2010-11 Estimates	2011-12 Estimates	2012-13 Estimates	2013-14 Estimates	Estimated Total LMIHF During Compliance Period
Very Low Income	At least 36%	\$732,502	\$910,000	\$690,000	\$690,000	\$690,000	\$690,000	\$4,402,502
Low Income	At least 30%	\$256,492	\$760,000	\$585,000	\$585,000	\$585,000	\$585,000	\$3,156,492
Moderate Income	No more than 34%	\$61,875	\$855,000	\$675,000	\$675,000	\$675,000	\$675,000	\$3,616,875
TOTALS	100%	\$1,050,869	\$2,525,000	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000	\$11,375,869

AGE RESTRICTED EXPENDITURES

In the Comprehensive Housing Affordability Strategy (CHAS), special Census tabulations developed by HUD, seniors represent twenty-nine percent (29%) of Garden Grove's low-income population. The table below represents the annual LMIHF assistance on housing units restricted to seniors in relationship to the amount of assistance provided to affordable units that are not age-restricted. Based upon amount expended on age restricted units from to 01/01/2002 through FY 2008-2009, the Agency shall not apply more than \$2.8 million of its projected \$10.3 project/program expenditures towards affordable senior housing in the next planning cycle so as to not exceed expending more than twenty-nine percent (29%) on age-restricted units during the entire housing compliance period.

LMIHF AGE RESTRICTED EXPENDITURES

Age Category	Need based upon City's Population	01/01/2002-2008-09	2009-10 Estimates	2010-11 Estimates	2011-12 Estimates	2012-13 Estimates	2013-14 Estimates	Estimated Total LMIHF During Compliance Period
Non-Age Restricted	71%	\$595,537	\$2,400,000	\$1,825,000	\$1,825,000	\$1,825,000	\$1,825,000	\$9,244,668
Age-Restricted (Seniors)	No more than 29%	\$455,332	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$1,080,332
TOTALS	100%	\$1,050,869	\$2,525,000	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000	\$11,375,869

PROPOSED HOUSING PROGRAMS AND POTENTIAL PROJECTS

The Agency may, to the extent permitted by the CRL and land use designation, inside or outside the Project Area, acquire land, sell or lease land, donate land, improve sites, acquire affordability covenants, construct or rehabilitate structures, or use any other method authorized by the CRL, in order to provide housing for persons and families of low or moderate income. The Agency may also provide subsidies to, or for the benefit of, such persons and families or households to assist them in obtaining affordable housing within the City. Pursuant to CRL Sections 33490(a)(1)(A) and 33490(a)(2)(A)(iii), the table in this section describes the housing programs and potential projects that may be implemented using expenditures of LMIHF moneys over the next five-years of this planning period. The programs are designed to assure that the Agency is the beneficiary of long-term income restricted covenants.

The Agency over the next five years will continue to implement projects, which will provide affordable housing opportunities within the City of Garden Grove, primarily assisting private developers in the development of housing within or of benefit to the Project Areas, and restricting these housing units for very low, low and moderate income households, including:

1. The Agency will continue to focus on producing deed-restricted housing units in order to increase the permanent stock of affordable housing. Such units can be produced through new construction, substantial rehabilitation, or, in the case of multi-family housing, acquisition and deed-restriction.
2. The Agency can make loans and grants from the LMIHF to non-profit or for-profit developers for the new construction or rehabilitation of affordable housing. Loans can be made on a deferred payment, below market interest rate, residual receipts, or other reasonable and warranted financial basis.

3. The Agency can also participate by assisting in the acquisition of land, land cost write-down, developer recruitment, credit enhancement, or in other ways to make development of affordable housing feasible. This generally occurs on a proactive basis after identification of a proposed housing site, development of a housing concept, and issuance of a Request for Proposals for development of the project, but also can occur on a re-active basis when a developer or owner approaches the Agency with an affordable housing project proposal.

Such affordable housing can be rental or ownership housing. In order for such units to count as inclusionary units in fulfillment of the Project Areas' inclusionary obligations, the project, or portion thereof, must be deed-restricted to be affordable to the applicable income level for a term no shorter than forty-five (45) years for ownership housing, and fifty-five (55) years for rental housing.

Further, the Agency intends to leverage its LMIHF to implement neighborhood improvement plans that will eliminate blighting conditions in targeted neighborhoods by increasing on-site management, relocating tenants from overcrowded apartment units, rehabilitation of housing units, and providing eligible infrastructure improvements. The Agency will also offer rehabilitation loans to homeowners for improvements, including plumbing and electrical repairs, roof repair/replacement, floor coverings and correction of health and safety code violations.

And, the Agency may offer rent subsidies to income-qualified households to obtain and retain decent, safe and sanitary affordable housing as part of a rental assistance program. The intent would be to reach both owner-occupant and renter households in the City, or targeted neighborhoods, in order to stabilize transitional neighborhoods through improvement of existing residential structures and preservation of existing stock, which is usually more affordable to low and moderate income households.

**PROJECT AREAS
HOUSING PROJECTS AND PROGRAMS**

Name of Projects/Programs	Project Description	Projected Five-Year Expenditure
	Blighted Condition to be Alleviated	Time Frame
1. Homebuyer Assistance Program	The Homebuyer Assistance Program is designed to provide the monies necessary to bridge the gap between the mortgage amount a homebuyer can qualify for and the actual price of a detached or attached single-family home, condominium or townhouse.	\$375,000
	To make provision for housing as is required to satisfy the needs and desires of various age, income and ethnic groups of the community maximizing opportunity for individual choice and expand or improve the community's supply of low and moderate income housing.	2009-2014
2. Senior Citizen Home Rehabilitation Grant	The Home Rehabilitation Grants Program offers \$5,000 for senior citizens 62 years of age or older to make exterior and interior home repairs to address code violations, safety issues, and mobility and accessibility improvements.	\$625,000
	To make provision for housing as is required to satisfy the needs and desires of various age, income and ethnic groups of the community maximizing opportunity for individual choice and expand or improve the community's supply of low and moderate income housing.	2010-2014
3. Mobile Home Rehabilitation Grant	The Mobile Home Rehabilitation Grant Program is designed by the City of Garden Grove to help qualified owners rehabilitate their mobile homes. Qualified repairs include eliminating code violations, substandard conditions and health and safety issues.	\$1,125,000
	To make provision for housing as is required to satisfy the needs and desires of various age, income and ethnic groups of the community maximizing opportunity for individual choice and expand or improve the community's supply of low and moderate income housing.	2010-2014

**PROJECT AREAS
HOUSING PROJECTS AND PROGRAMS**

Name of Projects/Programs	Project Description	Projected Five-Year Expenditure
	Blighted Condition to be Alleviated	Time Frame
4. Acquisition and Rehabilitation of Existing Properties	The Agency will explore opportunities to acquire multifamily properties for rehabilitation to provide quality, safe and sanitary rental opportunities to low and moderate income families. The acquired units would be sold to local housing providers with 55+-year affordable housing covenants.	\$5,900,000
	To make provision for housing as is required to satisfy the needs and desires of various age, income and ethnic groups of the community maximizing opportunity for individual choice and expand or improve the community's supply of low and moderate income housing.	2010-2014
5. New Construction of Affordable Multifamily Rental/Ownership Housing Units	The Agency will explore opportunities to assist housing developers with the construction of new affordable for-sale and rental housing units for low to moderate income families that achieve long-term income restrictions (55 years for rental and 45 years for owner-occupied units). Potential new construction ownership projects located within the Project Area include: <ul style="list-style-type: none"> • Century Triangle • Brookhurst Triangle • Sycamore Walk (Phase II) • Sweet Homes 	\$5,000,000
	To make provision for housing as is required to satisfy the needs and desires of various age, income and ethnic groups of the community maximizing opportunity for individual choice and expand or improve the community's supply of low and moderate income housing.	2010-2014
6. Neighborhood Improvement Committee	The Committee's main objectives are to coordinate neighborhood meetings, engage in communication, explore alternative ways to address neighborhood issues, develop strategies to undertake physical improvements and improve the affordable housing stock.	\$500,000
	To make provision for housing as is required to satisfy the needs and desires of various age, income and ethnic groups of the community maximizing opportunity for individual choice and expand or improve the community's supply of low and moderate income housing.	2010-2014

HOUSING ELEMENT CONSISTENCY

This Compliance Plan focuses on providing housing for very low, low and moderate income households, who are generally the most difficult segment of the community to provide housing, it is clearly consistent with the Housing Element's goal to provide housing for all economic groups within the City. Both the Compliance Plan and the Housing Element of the City's General Plan adopted on October 13, 2009 by the City of Garden Grove Council states that there is a definite need to ensure an adequate supply of housing for the lower income segments of the community.

A major focal point of the goals, policies, and objectives of the Housing Element is to provide housing for all economic segments of the City, especially lower income families. Because the major goal of this Compliance Plan is to provide housing for these lower income households, and the proposed programs and potential projects for improving the supply of affordable housing in the Project Area presented in this Compliance Plan are similar to plans and policies of the Housing Element, there is clearly consistency between the Compliance Plan and the Housing Element.

CONCLUSION

The preceding plan fulfills the CRL Section 33490 requirements for the preparation and execution of the required Implementation Plan elements. The Agency will meet its Implementation Plan goals for blight elimination through the implementation of various projects and programs. The Agency, over the next five years, intends to implement affordable housing projects and programs that will commit its LMIHF monies in compliance with legal requirements for affordable housing. It should be noted that the budget used in this Implementation Plan is an estimate, therefore, the Agency is not committed to expending the exact amounts referred to if the LMIHF monies do not reach the levels estimated in this Implementation Plan. The Agency will meet its affordable housing responsibilities by:

- Meeting its inclusionary housing production obligations for the life of the Project Area, including its obligations that will be satisfied between January 1, 2002 and December 31, 2014 (the first 10-year cycle that is in fact a 12-year cycle);
- Providing the requisite number of replacement housing units within four years of destruction or removal thereof, if any, to fulfill the Agency's outstanding obligations; and
- Fulfilling the age restriction and income distribution tests imposed between January 1, 2002 and December 31, 2014.