The Community Redevelopment Agency of the City of Banning

BANNING, CA
Established 1913
Proud History
Prosperous Tomorrow

The Community Redevelopment Agency Would like to invite you to the "Community Workshop". This workshop will review the City of Banning's Five Year Implementation Plan.

Workshop date:

October 13, 2010 at 5:30pm

Location:

Banning City Hall
City Council Chambers

City of Banning - 99 East Ramsey Street - Banning, California 92220 - (951) 922-3171
www.ci.banning.ca.us

FIVE YEAR IMPLEMENTATION PLAN
2009-10 THROUGH 2013-14

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BANNING

UFI URBAN FUTURES | Incorporated

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FIVE YEAR
IMPLEMENTATION PLAN
JULY 1, 2009 THROUGH JUNE 30, 2014
AND
CCRL SECTION 33413(b) (4) HOUSING COMPLIANCE PLAN

MERGED DOWNTOWN AND MIDWAY
REDEVELOPMENT PROJECT

Prepared for the

Community Redevelopment Agency of the City of Banning
99 East Ramsey Street
Banning, CA 92220-0998

Prepared by:

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August 2010

Five Year Implementation Plan 2010 through 2014 for the Community Redevelopment Agency of the City of Banning On the Merged Downtown and Midway Redevelopment Project

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Zai Abu Bakar, Community Development Director
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Dirk Voss, Redevelopment Project Coordinator
Daniele Savard, Executive Secretary

Five Year Implementation Plan 2010 through 2014 for the Merged Downtown and Midway Project

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PREFACE

This Implementation Plan was prepared in compliance with Section 33490 et seq. of California Community Redevelopment Law (the "CCRL") and applies to the Merged Downtown and Midway Project. Redevelopment programs and project activities to be implemented by the Banning Redevelopment Agency over the next five years will be identified, including housing activities targeted for individuals and families of very low-, low-, and moderate-income.

The Implementation Plan is presented in five sections, following an executive summary:

1.0 ***Introduction*:** This section includes definitions of the terms used in the Implementation Plan, an overview of redevelopment law as it applies to the Implementation Plan, the public participation process, and project area locations, boundaries, and maps.

2.0 ***Review of Agency Activities***: This section presents an historic overview of plan adoptions and chronology, a discussion of recent CCRL legislation and the Agency's compliance, and a summary of historic goals, objectives, and accomplishments.

3.0 ***Community Development Implementation Program:*** This section discusses the Agency's plan to eliminate blight in the project areas, presents the goals and objectives nexus to blight elimination, and projects revenues and expenditures for the Agency's community development program.

4.0 ***Housing Compliance Plan and Implementation Program***: This section demonstrates the Agency's compliance with the CCRL's inclusionary housing requirements and presents the housing programs and projects that the Agency anticipates implementing over the next five years by project area in correlation to projected revenues and expenditures.

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

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EXECUTIVE SUMMARY

Introduction

CCRL Section 33490 mandates that each redevelopment agency adopt a five-year implementation plan, with the initial implementation plan for plans adopted prior to January 1, 1994, to be adopted that calendar year. The Banning Redevelopment Agency (the "Agency") adopted its first implementation plan (the "1995-99 Implementation Plan") on November 22, 1994, by its Resolution No. 1994-27, its second implementation plan (the "1999-2004 Implementation Plan") on August 22, 2000, by its Resolution No. 2000-19, and its third (the "2005-2009 Implementation Plan") on September 28, 2004, by its Resolution No. 2004-13. This Implementation Plan is the Agency's fourth five-year implementation plan, which covers the period 2010-2014 and supersedes and replaces the 2005-2009 Implementation Plan.

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

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

Agency Accomplishments through June 30, 2009

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

- Completion of collateral material for trade shows and economic development
- Pre-design and design in concert with Cal Trans on the Sunset Grade Separation
- Provision of assistance with off-site infrastructure and land write-downs where applicable
- Establishment of a Project Review Committee and expedition of review services for key development projects

- Partnership with outside agencies (including SCORE (small business counselors), the Small Business Administration (SBA), the Small Business Development Centers (SBDC), Riverside County Economic Development Agency (EDA), etc.) to provide financial assistance to in order to bring business support services to Banning businesses
- Agency funding of code enforcement/compliance program, weed abatement program, and abandoned vehicle abatement program.
- Completion of Downtown design guidelines
- Completion of Paseo San Gorgonio Masterplan
- Downtown upgrades and enhancements including: police station development, courthouse development, I-10 & 8th Street enhancement project, commercial façade program, Civic Center parking lot/streetscape enhancements, and acquisition, site assembly, and redevelopment planning for San Gorgonio Inn site and related downtown property.
- Assistance of Mt. San Jacinto Community College infrastructure
- Creation of a single-family housing rehabilitation program
- Provision of technical assistance for proposed multi-family affordable projects in the project area
- Funding of the Williams Street storm drain project in a residential neighborhood to promote the development of affordable housing
- Funding of Habitat for Humanity in-fill projects
- Development and implementation of a First Time Home Buyer Silent Second Mortgage Program
- Property acquisition for key redevelopment and economic development projects

Agency Blight Elimination and Housing Programs for 2010-2014

The success of Agency programs and projects during the Implementation Plan term are largely dependent on the strength of the national, state, and regional economies. Tax increment revenue is estimated for purposes of this report at neutral growth for FY 2010-11 and at a modest 1% increase rate in the following years. Additionally, the state of California has passed legislation authorizing a taking of redevelopment funds to balance the state budget. The taking of redevelopment funds was upheld in Sacramento Superior Court on May 4, 2010. Although the California Redevelopment Association (CRA) has decided to appeal the decision, the Agency made its involuntary 2009-10 Supplemental Revenue Augmentation Fund (SERAF) payment of $1,906,018 on May 10, 2010. Pending any change in the current SERAF law, the Agency will also have to make an involuntary payment of $392,038 by May 10, 2011.

Obviously, the Agency will have to cut back its economic and community development programs accordingly.

The 2010-2014 Implementation Plan Community Development programs and projects include:

- Installing new streetscape in the Downtown
- Assisting in the upgrading of commercial façades
- Purchasing of vacant parcels near Downtown for additional off-street parking
- Complete a Downtown Art Park
- Paving Downtown alleyways for pedestrian passage
- Replacing/upgrading water lines in the Downtown Core area
- Creating forgivable loans for specialty retail shops and restaurants in order to facilitate property improvements and signage
- Developing Agency-owned industrial property near the airport
- Developing Agency-owned property in Downtown
- Constructing off-site improvements for developments generating new, quality jobs and/or substantial municipal revenue (sales tax, etc.)
- Extending roadways and utilities to large, vacant, industrial tracts
- Beautifying major corridors through the project area – Ramsey Street gateways and I-10 interchanges
- Installing traffic signals along Lincoln Street for future commercial and industrial development
- Improving park and recreation facilities in the project area
- Completing curbs and gutters along the length of Ramsey Street and in residential neighborhoods within the project area
- Examining the feasibility of railroad quiet zones in the project area
- Providing grants through a commercial façade improvement program in the form of loans to eligible property owners to beautify and improve their building façades

The Agency's 2010-2014 Affordable Housing Production Plan includes:

- Securing long-term covenants on existing affordable housing units to create and preserve affordable housing options
- Fund a single-family housing rehabilitation program for rental units to improve the City's stock of rental housing and to foster neighborhood beautification
- Continuing the First Time Homebuyer Program
- Rehabilitating owner-occupied and existing rentals for very-low and low-income households
- Funding infrastructure improvements in residential neighborhoods to facilitate and promote development of affordable housing
- Develop and implement an infill housing program
- Developing and implementing a revolving loan program for owner-occupied low- and moderate-income households
- Continuing to partner with other agencies to provide various housing programs to the residents of Banning
- Expand use of the Neighborhood Stabilization Program
- Carrying out any other affordable housing oriented project or program consistent with the CCRL and the Redevelopment Plan
- Partnering with private- non-profit and for-profit affordable housing developers to increase the supply of new affordable, workforce and family units
- Support with private or non-profit acquisition, rehabilitation, and resale of affordable single family housing units

Conclusions and Recommendations

To date, the Agency has successfully implemented its programs and managed its budgets. However, the generally negative economic climate in the State of California, which has primarily been caused by the national recession, has affected the Agency's revenue stream through reductions in tax increment growth rate. The State has prevailed with the SERAF take, and therefore substantial budget modifications or an infusion of non-Agency funds will be necessary to keep expenditures from exceeding revenues for the duration of the Implementation Plan term.

There are several actions that the Agency may consider to bolster the success of its programs and ensure compliance with California Community Redevelopment Law:

1. Implement the Community Development Program and Affordable Housing Production Program outlined in the 2010-2014 Implementation Plan.

2. Since the SERAF take has been upheld in the courts, prioritize programs, projects, and administrative budget items for possible reductions.

3. Adopt an SB 211 Amendment to repeal the timeline for incurring debt.

4. Adopt an SB 1045 Amendment to extend the effectiveness of redevelopment plans by one year.

5. Adopt an SB 1096 Amendment to extent the effectiveness of the redevelopment plans by one year.

6. Prepare an affordable housing database and publish it on the Agency's website as soon as possible in order to bring the Agency into compliance with AB 987

7. Carefully review and consider expenditures in the categories of operating expense, program expense, and contingent obligations in order to address the structural deficit in the Agency's General Fund caused by the recent recession.

The Agency is in the process of examining these recommendations and will present a plan to go about these actions.

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1.0 INTRODUCTION

This five-year Implementation Plan (the "Implementation Plan") is the fourth in a series of redevelopment implementation plans mandated since 1994 by the State legislature's adoption of Assembly Bill (AB)1290, which added Section 33490 to the California Community Redevelopment Law (CCRL; California Health and Safety Code section 33000 et seq.). The Community Redevelopment Agency of the City of Banning (the "Agency") adopted its first implementation plan (the "1995-99 Implementation Plan") on November 22, 1994, by its Resolution No. 1994-27, its second implementation plan (the "1999-2004 Implementation Plan") on August 22, 2000, by its Resolution No. 2000-19, and its third (the "2005-2009 Implementation Plan") on September 28, 2004, by its Resolution No. 2004-13.

Historic information contained in this Implementation Plan is based on a review of Agency reports and budgets, the 2005-2009 Implementation Plan, and discussions with Agency and City of Banning (the "City") staff. Projections for Fiscal Year (FY) 2009-10 through 2013-14 are based upon trends identified in the historic information, an understanding of anticipated Agency activities over the term of the Implementation Plan, Agency budget projections, and calculations and projections made by Urban Futures, Inc. (UFI), Agency advisors. The Redevelopment Agency acknowledges the 2009 State of California budget proposal to take redevelopment funds for State purposes (SERAF) has been upheld in Sacramento Superior Court; however, the Agency also recognizes that the matter may reappear in the courts.

1.1 DEFINITIONS

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

"**Added Territory**" means the approximately 1,500 acres added to the Merged Downtown and Midway Project by City Council Ordinance No. 1280 on February 26, 2002.

"Agency" means the Community Redevelopment Agency of the City of Banning.

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

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

"City" means the City of Banning.

"Downtown Project" means the redevelopment plan or project adopted by Ordinance No. 709 on June 12, 1978, and subsequently amendment by Amendment No. 1 (Ordinance No. 736 on July 17, 1979), Amendment No. 2 (Ordinance 753 on June 9, 1980), Amendment No. 3 (Ordinance No. 1115 on April 27, 1993), and the AB 1290 Amendment (Ordinance 1165 on December 13, 1994), and which merged with the Midway Project by Ordinance No. 1280 on February 26, 2002.

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

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

"Implementation Plan" means the 2010-2014 Implementation Plan for the Merged Downtown and Midway Project covering the time period of July 1, 2009, through June 30, 2014.

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

"Midway Project" means the redevelopment plan or project adopted by City Council Ordinance No.906 on June 10, 1986, and subsequently amended by Amendment No. 1 (Ordinance No. 1143 on December 14, 1993), and the AB 1290 Amendment (Ordinance 1164 on December 13, 1994), and which merged with the Downtown Project by Ordinance No. 1280 on February 26, 2002.

"Plan", "Project", or **"Project Area"** means the Merged Downtown and Midway Plan or Project that is comprised of approximately 3,280 acres including the Added Territory.

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

"SERAF" means the 2009-2010 and 2010-2011 Supplemental Educational Revenue Augmentation Fund, which is the state property tax allocation system that shifts property taxes from local governments to local educational agencies.

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

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

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

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

- Specific goals, objectives, programs, and projects of the agency for the project area for the next five years;
- An explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area;
- An explanation of how the Agency will implement its affordable housing program and meet its affordable housing obligations;

- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's 15 percent inclusionary housing requirement;

- The relationship of affordable housing programs to the number of low income households and low income senior households in the City.

1.3 PUBLIC PARTICIPATION IN THE IMPLEMENTATION PLAN PROCESS

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

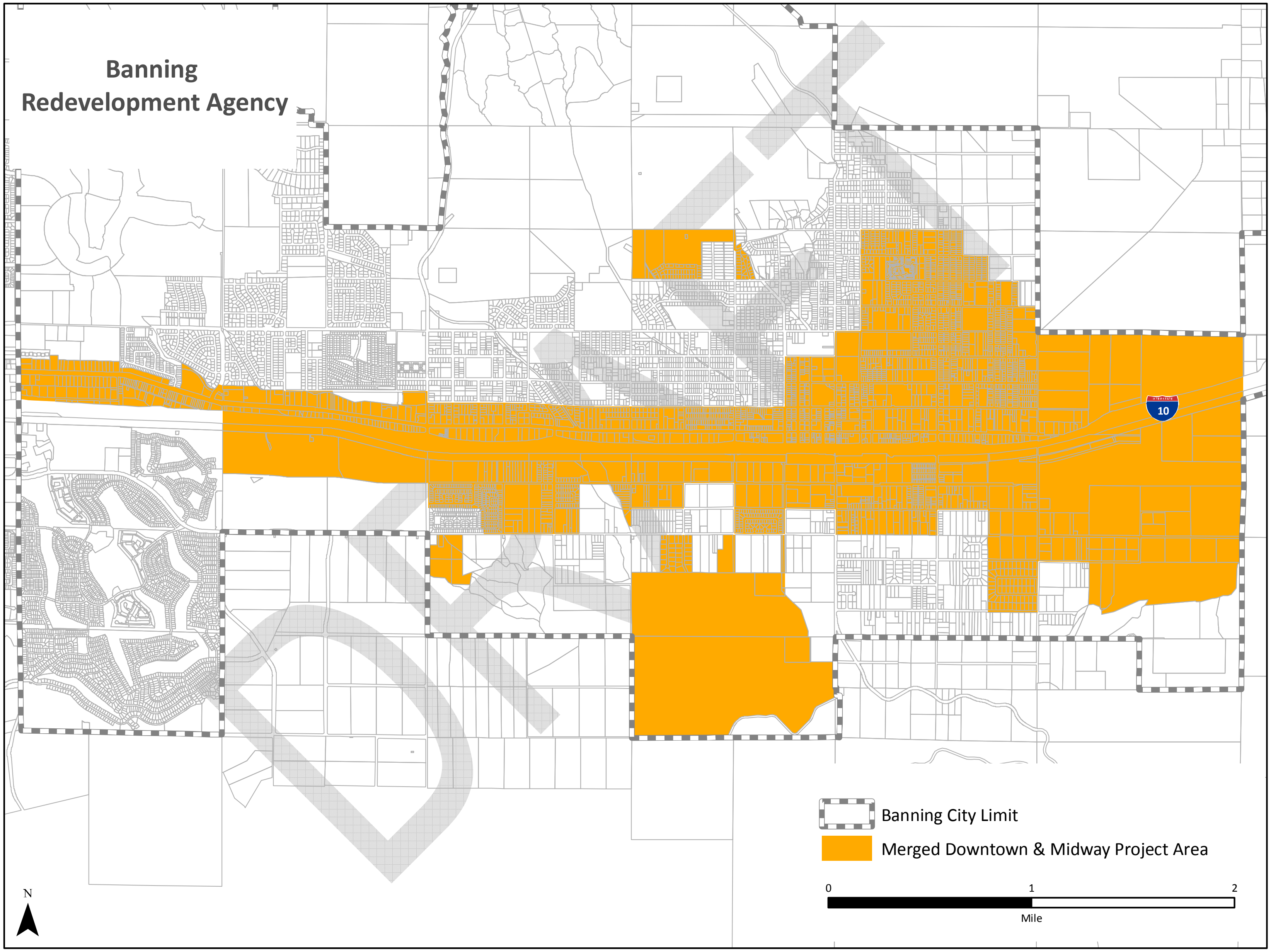
In addition, CCRL Section 33490 (c) states that between two and three years after adoption of an implementation plan, an Agency must conduct a public hearing to review the redevelopment plan and implementation plan. The purpose of the mid-term review is to assess the extent to which an Agency's actual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

1.4 PROJECT AREAS LOCATION AND BOUNDARIES

The City of Banning is located in San Gorgonio Pass area, approximately 30 miles east of the Cities of Riverside and San Bernardino, and 35 miles northwest of the City of Palm Springs. Banning includes approximately 23.2 square miles in the County of Riverside.

The location and boundaries of the Project Area are shown in Figure 1. The Project Area consists of approximately 3,280 acres, located primarily along Interstate 10 and on the eastern edge of the City. Land uses are varied, consisting of residential, commercial, industrial, and public. Generally, the areas bordering Interstate 10 are commercial and industrial uses. Residential uses are generally located north of Williams Street, south of Indian School Lane, and east of Highland Home Road along Ramsey Street.

Figure 1 Project Area Map



2.0 REVIEW OF AGENCY ACTIVITIES

2.1 HISTORICAL OVERVIEW

The City of Banning established its Redevelopment Agency for the primary purpose of eliminating blight and stimulating the City's economic base. Establishment of a redevelopment plan authorizes the collection of tax increment funds for the purpose of financing programs that eliminate physical blight and to establish a Low- and Moderate-Income Housing Fund that finances affordable housing production. **Table 1**, on page 17, shows the history of the Agency, the Plans, and certain time limits associated with the Plans.

2.2 STATE LEGISLATION

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

2.2.1 Mandatory Regulations

SB 53 (Kehoe) effective January 1, 2007

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

Agency Compliance: On June 26, 2007, the City Council adopted Ordinance 1372 complying with SB 53.

SB 1809 (Machado) effective January 1, 2007

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

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

Agency Compliance: On October 23, 2007, the City Council adopted Resolution 2007-123 complying with SB 1809.

AB 987 (Jones) effective January 1, 2008

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

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

Agency Compliance: The Agency is not yet in compliance with AB 987. The Agency should prepare a housing database and publish it on their website as soon as possible in order to bring it into compliance with AB 987.

AB 1389 (Assembly Budget Committee) effective October 1, 2008

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

Agency Compliance: The Agency has complied with AB 1389 and is in concurrence with the County of Riverside.

2.2.2 Discretionary Regulations

SB 211 (Torlakson) effective January 1, 2002

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

1. Significant blight remains;

2. The local Housing Element is adopted;
3. There are no major redevelopment violations; and
4. The Agency is not in a state of "Excess Surplus" with its LMI housing fund.

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

Agency Action: The Agency is in the process of adopting an SB 211 Amendment that would repeal the timeline for incurring debt. The Agency expects to finish the Amendment process in FY 2010-11.

SB 1045 (Committee on Budget and Fiscal Review) effective October 31, 2003

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

Agency Action: The Agency is in the process of adopting an SB 1045 Amendment to extend the effectiveness of the redevelopment plans by one year. The Agency expects to finish the Amendment process in FY 2010-11.

SB 1096 (Committee on Budget and Fiscal Review) effective August 5, 2004

Senate Bill 1096 required every redevelopment agency to make an ERAF payment to the county auditor for two (2) consecutive fiscal years, 2004-2005 and 2005-2006. Recognizing that ERAF payments are a financial burden on redevelopment agencies, SB 1096 authorizes agencies to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan by one (1) year for each year of the ERAF payments. The extension can be made if the existing time limit has no more than ten (10) years remaining with no other requirements, or if the existing time limit is between ten (10) years and twenty (20) years, provided that the agency can make the following findings:

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

Agency Action*:* The Agency is in the process of adopting an SB 1096 Amendment to extend the effectiveness of the redevelopment plans by one year. The Agency expects to finish the Amendment process in FY 2010-11.

Table 1 Plan Chronology

	Highland Springs Project	Merged Downtown and Midway Project									
		Downtown Project					**Midway Project**			**Amendment to Merge Downtown and Midway Project**	**Added Territory to Merged Project**
		Original Project	**Amend. No. 1**	**Amend. No. 2**	**Amend. No. 3**	**AB 1290 Amend.**	**Original Project**	**Amend. No. 1**	**AB 1290 Amend.**		
Plan Adoption											
Date of Adoption	August 1987	June 12, 1978	July 17, 1979	June 9, 1980	April 27, 1993	December 13, 1994	June 10, 1986	December 14, 1993	December 13, 1994	February 26, 2002	February 26, 2002
Ordinance Number	929	709	736	753	1115	1165	906	1143	1164	1280	1280
Base Year	NA	1977-78	1978-79	1979-80	NA	NA	1985-86	2001-02[1]	NA	NA	2001-02
Effectiveness of Plan	Terminated on or prior to April 15, 1992	35 yrs	35 yrs	35 yrs	NA	NA	30 yrs	30 yrs	NA	NA	30 years
Project Area Size in Acres	NA				NA	NA		28.8	NA	NA	1,500
Time Limits											
For Commencement of Eminent Domain	NA	February 26, 2014			Established new time limits	Established new time limits	February 26, 2014		Established new time limits	Established new time limits	February 26, 2014
For Establishment of Indebtedness	NA	June 12, 2013	July 17, 2014	June 9, 2015			June 10, 2016	December 14, 2023			February 26, 2032
For Effectiveness of Plan	NA	June 12, 2013	July 17, 2014	June 9, 2015			June 10, 2016	December 14, 2023			February 26, 2032
For Repayment of Indebtedness	NA	June 12, 2023	July 17, 2024	June 9, 2025			June 10, 2026	December 14, 2033			February 26, 2047
Financial Limits											
Maximum Lifetime Tax Increment for Pre-1994 Plans	NA	$620,000,000			NA	NA	$55,000,000	No Limit	NA	NA	No Limit
Maximum Bonded Debt Outstanding	NA	$211,000,000									

1 Ordinance 1143 did not authorize the Agency to collect tax increment. Ordinance 1280 established 2001-02 as the base year for Amendment No. 1.
2 Ordinance 1280 established February 26, 2014 as the deadline for commencement of eminent domain proceedings for all plans (12 years after adoption of the ordinance).

2.2 SUMMARY OF HISTORIC IMPLEMENTATION PLAN GOALS AND OBJECTIVES

Redevelopment plans are long-term documents and, accordingly, include generalized goals and objectives over the term of their effectiveness. The purpose and objective of the Redevelopment Plan and the Amendments was to eliminate the conditions of blight that exist in the Project Area and to prevent the recurrence of blighting conditions.

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

GOALS AND OBJECTIVES FOR 2005-2009 IMPLEMENTATION PLAN

GOAL NO. 1 ENCOURAGE ECONOMIC DEVELOPMENT

OBJECTIVES

1.1 Discover and implement “Marketing/Promotions” programs including a comprehensive marketing plan that includes the development of marketing and promotions materials with coordinated resources for distribution at trade shows, conferences, and direct mailing.

1.2 Provide feasibility analysis and design for railroad grade separations and bridges to support economic development.

1.3 Provide incentives for new businesses and retention/expansion of existing businesses based on return on investment through tax revenue increase and job generation.

1.4 Provide assistance with land acquisition and relocation of existing uses to support public and private development.

1.5 Facilitate and streamline permitting processes for new and expanding business based on prioritization of projects with significant positive economic impact.

1.6 Assist small businesses by providing training, mentoring, and counseling programs.

GOAL NO. 2 ENHANCE COMMUNITY IMAGE

OBJECTIVES

2.1 Continue and enhance code enforcement activities in the Project Area.

2.2 Develop design standards for the commercial corridors with emphasis along Ramsey Street and Interstate 10 between 8th Street and Hargrave Street.

2.3 Improve the appearance and function of the Ramsey Street and Interstate 10 commercial corridor between 8th Street and Hargrave Street by assisting with infrastructure and landscape improvements.

2.4 Establish and implement improvements to public facilities and rights-of-way at a standard that provides a model and incentive for private capital investment on private properties.

2.5 Develop and implement assistance programs in concert with private investment without unduly increasing the cost of private development.

GOAL NO. 3 INCREASE, IMPROVE, AND PRESERVE THE QUALTIY OF LOW/MODERATE HOUSING THROUGHOUT THE CITY

OBJECTIVES

3.1 Provide funding and/or technical assistance for residential development and rehabilitation throughout the City including both single and multi-family units, where appropriate.

3.2 Fund infrastructure improvements in residential neighborhoods which will promote development of affordable housing as necessary, and in accordance with available funding sources.

3.3 Implement a program of in-fill housing within targeted portions of the Project Area.

3.4 Promote and participate in public/private partnerships with non-profit and for-profit developers and/or property owners to rehabilitate existing rental units for Very Low- and Low-Income households.

3.5 Develop and implement loan and grant programs for owner-occupied Low- and Moderate-Income households.

2.3 DESCRIPTION OF HOW THE AGENCY HAS IMPLEMENTED THE GOALS OF THE PRECEDING IMPLEMENTATION PLAN

To accomplish its goals, the Agency has worked diligently with community leaders, private sector businesses, and other governmental agencies. The economic downturn that began in late 2007 negatively impacted the Agency's ability to execute its economic development program. Nonetheless, the Agency continued to actively promote its economic development programs. Key achievements of the Preceding Implementation Plan period (2005-2009) are shown in Table 2 along with the goals that were addressed by the Agency's programs and projects, and how the Agency participated.

Table 2
Key Goals Achievement
July 1, 2004 through June 30, 2009

AGENCY PARTICIPATION KEY **A – funding** **B – planning or professional assistance**	**GOAL KEY** **1 – Encourage Economic Development** **2 – Enhance Community Image** **3 – Affordable Housing**	
Programs/Projects	**Agency Participation**	**Goal Satisfaction**
Completed collateral material for trade shows and economic development	A, B	1,2
Pre-design and design in concert with Cal Trans on Sunset Grade Separation	A, B	1
Provided assistance with off-site infrastructure and land write-downs where applicable	A	1
Established Project Review Committee and expedited review services for key development projects	A,B	1,3
Partnered with and provided financial assistance to outside agencies (including SCORE, SBA, SBDC, County EDA, etc.) in order to bring business support services to Banning businesses	A	1
Agency funded code enforcement/compliance program, weed abatement, and abandoned vehicle abatement program.	A, B	1, 2
Completed Downtown design guidelines	A, B	2
Completed Paseo Masterplan	A, B	1, 2
Downtown upgrades and enhancements including: police station development, courthouse development, I-10 & 8th Street enhancement project, commercial façade program, Civic Center parking lot/streetscape enhancements, and acquisition, site assembly, and redevelopment planning for San Gorgonio Inn site and related downtown property.	A, B	1, 2
Assisted in Mt. San Jacinto Community College infrastructure	A, B	1, 2
Assisted Project Review Committee and expedited review services for key development projects	A, B	1, 2, 3

Table 2
Key Goals Achievement
July 1, 2004 through June 30, 2009

AGENCY PARTICIPATION KEY **A – funding** **B – planning or professional assistance**	**GOAL KEY** **1 – Encourage Economic Development** **2 – Enhance Community Image** **3 – Affordable Housing**	
Programs/Projects	**Agency Participation**	**Goal Satisfaction**
Single family housing rehabilitation program	A	2, 3
Provided technical assistance for proposed multi-family affordable projects in the project area	B	3
Funded Williams Street storm drain project in a residential neighborhood to promote the development of affordable housing	A, B	1, 2, 3
Funded Habitat for Humanity in-fill projects	A, B	3
Developed and implemented First Time Home Buyer Silent Second Mortgage Program	A, B	3

Source: Banning Redevelopment Agency

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

3.0 COMMUNITY DEVELOPMENT IMPLEMENTATION PLAN

3.1 GOALS AND OBJECTIVES: FISCAL YEARS 2010 - 2014

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

The specific five-year community development goals and objectives of the Implementation Plan for the Project Area:

GOAL 1: **Revitalization of Downtown** .

Objectives

1.1 Encourage and facilitate the revitalization of the Downtown Core by improving streetscapes, upgrading commercial facades, and paving alleyways for pedestrian passage

1.2 Facilitate ease of access to retail stores and restaurants in the Downtown Core by creating additional areas for parking

1.3 Upgrade infrastructure needs in Downtown

1.4 Design and implement a forgivable loan program to assist Downtown commercial tenants in facility and signage upgrades

1.5 Complete the Downtown Art Park

GOAL 2: **Encourage Economic Development**

Objectives

2.1 Attract tourism and business to the community through economic enhancements and infrastructure improvements

2.2 Attract and retain businesses throughout the project area and specifically in the Downtown Core area

2.3 Construct off-site improvements for developments generating new, quality jobs, and/or substantial municipal revenue (sales tax, etc.)

GOAL 3: **Public Improvements**

Objectives

3.1 Encourage and facilitate highway-serving commercial development at appropriate Interstate-10 interchanges within the City limits

3.2 Encourage and promote infill development in orderly and logical development patterns that decrease the costs, and increase the efficiency of new utilities, infrastructure, and public services

3.3 Explore joint funding opportunities for the improvement of existing at-grade rail crossings, and investigate necessary infrastructure and funding to extend rail access (rail spur/switching facility) to lands designated for industrial development

3.4 Assure provision of adequate utilities, infrastructure, and other capital facilities in order to maintain existing economic activities and attract new commercial and industrial development to the City

3.5 Assist public improvements including street construction, signalization, grade separation, utility extension, drainage facilities, and parks

3.6 Invest in public improvements that support businesses that create new, quality jobs

3.2 PROJECTS AND PROGRAMS: FISCAL YEARS 2010 - 2014

The Agency's non-housing projects and programs are designed to meet its goal of removing blight, highly leveraging the use of Agency funds, and improving the visual attractiveness of the Project Area. However, expectations for the successful completion of economic development projects and programs are conservative due to the current recessionary economic climate and financial crisis that the nation is experiencing. Tax increment is dependent upon the taxable value of land or improvements in the Project Area. It is anticipated that revenue flows may diminish or not increase at the previous rate because of events not controlled by the Agency. Nonetheless, the Agency will continue to follow its goals and objectives as funding permits. The programs and projects to be undertaken by the Agency mirror the 2010-2014 goal objectives and are listed below.

1. Install new streetscape in Downtown

2. Assist in upgrading of Downtown commercial façades

3. Purchase vacant parcels in/near Downtown for additional off-street parking

4. Complete a Downtown Art Park

5. Paving Downtown alleyways for pedestrian passage
6. Replace/upgrade water lines in the Downtown Core area
7. Consider forgivable loans for specialty retail shops and restaurants in order to facilitate property improvements and signage
8. Develop Agency-owned industrial property near the airport
9. Develop Agency-owned property in Downtown
10. Construct off-site improvements for developments generating new, quality jobs and/or substantial municipal revenue (sales tax, etc.)
11. Extend roadways and utilities to large, vacant, industrial tracts
12. Beautify major corridors through the project area – Ramsey Street gateways and I-10 interchanges
13. Install traffic signals along Lincoln Street for future industrial development
14. Improve park and recreation facilities in the project area
15. Complete curbs and gutters along the length of Ramsey Street and in residential neighborhoods
16. Examine the feasibility of railroad quiet zones in the project area
17. A project-wide commercial façade improvement program providing grants in the form of loans to eligible property owners to beautify and improve their building façades

3.3 GOALS AND OBJECTIVES NEXUS WITH BLIGHT ELIMINATION

CCRL Section 33490(a)(1)(A) requires that each implementation plan contain an "...explanation of how the goals and objectives...will eliminate blight within the project area...". Table 3 shows the relationship of the Agency's specific five-year objectives to the eradication of remaining blight in the Project Area, as defined in CCRL Sections 33030 and 33031. Although the current definition of blight for consistency with state law which has changed since the preparation of the Preceding Implementation Plan, the physical and economic conditions addressed by the previous plan remain accurate.

Blight Conditions:

Physical: CCRL Section 33031(a)

1. Unsafe buildings
2. Substandard, defective or obsolete design or construction
3. Incompatible land uses

4. Irregular and inadequate lots under multiple ownership

Economic: CCRL Section 33031(b)

5. Depreciated or stagnant property values
6. Abnormally high business vacancies, low lease rates, or high number of abandoned buildings
7. Serious lack of commercial facilities
8. Serious residential overcrowding
9. High crime rate

Public Infrastructure: CCRL 33030(C)

10. Inadequate public improvements
11. Inadequate water or sewer facilities

Table 3 shows the relationship of the Agency's specific five-year work program to its objectives and to the eradication of remaining blight, as defined in CCRL Sections 33030 and 33031for the Project Area.

Table 3
Goals' Nexus to Blight Elimination

Program/Project	Satisfies Objective Number[1]	Addresses Blight Condition Number[2]
Install new streetscape in Downtown	1.1, 1.2, 1.3	5, 6, 7, 10
Assist in upgrading of Downtown commercial façades	1.1	2, 5, 6, 7, 10
Purchase vacant parcels near Downtown for additional off-street parking	1.1, 1.2	2, 6, 7, 10
Develop a Downtown Art Park	1.5	10
Paving Downtown alleyways for pedestrian passage	1.1	2, 5, 6, 7, 10
Replace/upgrade water lines in the Downtown Core area	3.4	2, 5, 6, 7, 10, 11
Create forgivable loans for specialty retail shops and restaurants in order to facilitate property improvements and signage	2.1, 2.2	6, 7
Develop Agency-owned industrial property near the airport	3.4	10
Develop Agency-owned property in Downtown	1.2, 2.3	5, 6 , 7
Construct off-site improvements for developments generating new, quality jobs and/or substantial municipal revenue (sales tax, etc.)	2.3	10, 11
Extend roadways and utilities to large, vacant, industrial tracts	3.5	10

Table 3 Goals' Nexus to Blight Elimination		
Beautify major corridors through the project area – Ramsey Street gateways and I-10 interchanges	3.1	5, 6, 7
Install traffic signals along Lincoln Street for future industrial development	3.1, 3.4, 3.5	10
Improve park and recreation facilities in the project area	3.5	10
Complete curbs and gutters along the length of Ramsey Street and in residential neighborhoods	3.4	10
Create railroad quiet zones in the project area	3.3	10
Project-wide commercial façade improvement program providing grants in the form of loans to eligible property owners to beautify and improve their building façades	1.4	5, 6, 7
[1] Refer to Section 3.1 [2] Refer to Section 3.3		

3.4 PROGRAM AMENDMENTS

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

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

1. The goals and objectives of the Redevelopment Plan are furthered;

2. Specific conditions of physical or economic blight within the Project Area will be mitigated in whole or in part through implementation of the project; and

3. Specific conditions relative to a development project, including the financial feasibility thereof, require that the public improvement project be constructed at the time in question.

3.5 PROJECTED AGENCY GENERAL REDEVELOPMENT FUND INCOME AND EXPENDITURES

Although the Agency is continuing to implement its community development and economic development goals, the success of its programs and projects is largely dependent on the strength of the national, state, and regional economies. Assessed property values in the City have dropped and are expected to recover slowly. For purposes of this report, tax increment revenue is projected at a decline of 6 percent for FY 2011 and a modest growth of 2 percent thereafter.

3.5.1 State of California SERAF Take

In 2008, the state attempted to force local redevelopment agencies to make a unilateral Educational Revenue Augmentation Fund (ERAF) payment to the state of California for FY2008-2009 in the amount of $350 million statewide. The California Redevelopment Association (CRA) filed a lawsuit to stop the ERAF payments. On April 30, 2009, the courts ruled in CRA's favor, and found unconstitutional a provision in the current state budget that would have required redevelopment agencies statewide to transfer monies to fund state obligations.

Subsequently, in July 2009, the State legislature voted to balance the State budget with the taking of redevelopment funds. It added a Supplemental Educational Revenue Augmentation Fund (SERAF) payment of $1.7 billion statewide in 2009-2010 and re-instated the $350 million for payment in 2010-2011. The legislation was legally challenged, and on May 4, 2010, SERAF was upheld in Sacramento Superior Court. The Agency is required to make a payment of $1,906,018 for FY 2009-2010 and a payment of $392,038 for FY 2010-2011. On May 10, 2010, the City of Banning made its 2009-10 SERAF payment to the State. The legislation establishing SERAF has no provisions for repaying redevelopment agencies; as such the Agency will lose the money permanently.

3.5.2 Funding Sources

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

- Sale of tax allocation bonds repaid by tax increment revenues from the project area
- Tax increment revenues over and above the amounts required to cover debt service on the tax allocation bonds
- Proceeds from land sales to private developers for purposes of implementing specific redevelopment projects
- Community Development Block Grant (CDBG) funds, which are only to be used to provide community facilities, services, and residential rehabilitation programs in low-and moderate-income areas
- Riverside County programs and projects
- Other Federal and State grants and loan programs
- Loans and advances from the City of Banning

3.5.3 Summary of Projected Income and Expenditures

The projected performance of the Agency's General Fund over the five-year period of this Implementation Plan is depicted on Table 4. These numbers are not to be used for bonding purposes; however, they are to be used for strategic planning purposes.

Tax increment ("TI") is the Agency's primary source of revenue. During the five-year term of the Implementation Plan, gross annual TI revenue is estimated to range between approximately $5.1 million during FY 2009-10 and approximately $4.6 million during FY 2013-14. Further, the projected $694,832 drop between FYs 2009-10 and 2010-11 is the direct result of reassessments that were a consequence of the current national recession. It is predicted that TI receipts will remain stagnant for FY 2011-12 and then grow at the rate of 2% per year for FYs 2012-13 and 2013-14. It is hoped that growth rates will accelerate thereafter. However and for planning purposes only, if a 2% per year growth rate were to remain constant, then the Agency will not regain the level of TI that it received during FY 2009-10 until FY 2020-21.

The Agency's projected expenditures during the term of this Implementation Plan are divided into two categories, i.e., annual and variable. Annual expenditures include: i) contributions to the Low- and Moderate-Income ("LMI") Housing Fund; ii) general operating expenses; iii) County tax collection fees; iv) debt service payments; and v) pass-through payments. Variable expenditures include: i) projects; ii) programs; and iii) contingent obligations. Further, some of the Agency's expenditures are fixed (i.e., LMI Housing Fund, County tax collection, debt service and pass-through payments) and must be paid out each year. And, some of the Agency's expenditures are discretionary (i.e., operating expenses, projects [e.g., capital improvements], programs [e.g., Gang Task Force, Code Enforcement, Cultural Alliance and Chamber] and contingent obligations [e.g., SERAF repayment] and may be adjusted each year.

It is important that the Agency understand that the drop in TI during 2010-11 has contributed to a "structural deficit" in the Agency's General Fund. Although this Implementation Plan is not a budget and does not carry any authority to expend funds, it does reflect upon the direction that the Agency is presently going with respect to the current and projected uses of its financial resources. As Table 4 indicates, based on the Agency's present funding allocation strategy, the Agency's current budget and projected budgets will be balanced against resources, <u>but not</u> against revenue. Complicating this situation further, some of the Agency's on-going uses are projected to be funded with one-time sources. Budgets that depend on this type of strategy are known as "Deficit Budgets" and are unsustainable over time. Therefore, it is recommended that during the term of this Implementation Plan that the Agency creates and implements a budgeting strategy that will reduce its on-going expenditures to balance against is on-going revenue.

It is recommended that the Agency consider reducing and/or eliminating enough non-essential on-going uses to accomplish this objective. In that regard, the Agency should carefully review and consider its expenditures in the following categories:

1. Operating expenses;

2. Program expenses [e.g., Gang Task Force, Code Enforcement, Cultural Alliance and Chamber]; and

3. Contingent obligations [e.g., SERAF repayment].

If this objective cannot be accomplished within the term of this Implementation Plan, then the following Five-Year Implementation Plan may not be financially feasible.

Table 4
General Redevelopment Fund
Projected Revenues and Expenditures

	Fiscal Year					
Fund Activity	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**Totals**
Yearly Beginning Balances (1)	22,940,127	19,859,694	12,498,891	8,220,255	4,272,344	
Revenues						
Annual Revenues						
A. Tax Increment (2)	5,069,120	4,374,288	4,374,288	4,497,934	4,624,052	22,939,682
B. Interest Income (3)	356,050	129,750	129,750	130,000	130,000	875,550
C. Lease Income	9,751	9,000	9,000			27,751
D. Other Revenue	4,630					4,630
Subtotal-Annual Revenues*	5,439,551	4,513,038	4,513,038	4,627,934	4,754,052	23,847,613
Variable Revenues						
E. Sale of real estate	898,230					898,230
F. Transfers In	42,000					42,000
G. Loan from LMI to pay SERAF	1,906,018	392,038				2,298,056
Subtotal-Variable Revenues	940,230					940,230
Total Revenues	6,379,781	4,513,038	4,513,038	4,627,934	4,754,052	24,787,843
Total Available	29,319,908	24,372,732	17,011,929	12,848,189	9,026,396	92,579,154
Expenditures/Uses						
Annual Expenses (Set-Aside, Operations, Fees, Debt Service & Pass Throughs)						
A. LMI Housing Fund Set-Aside (4)	1,013,824	874,858	874,858	899,587	924,810	4,587,936
B. RDA Admin./ Professional & Contractual Services	770,331	767,777	789,452	805,241	821,346	3,954,147
C. County Admin Fees	60,829	52,491	52,491	53,975	55,489	275,276
D. Debt Service (5)	2,445,202	2,559,063	2,683,007	2,647,972	2,633,572	12,968,817
E. Pass-throughs	1,171,441	1,124,716	1,124,716	1,147,210	1,170,155	5,738,238
Subtotal- Annual Expenses**	5,461,627	5,378,905	5,524,524	5,553,986	5,605,372	27,524,414
Variable Expenses (Projects, Programs & Contingent Uses)						
F. SERAF Payment	1,906,018	392,038				1,760,037
G. SERAF Sinking Fund (6)	0	381,204	459,611	459,611	459,611	1,760,037
H. 2007 Bond Fund	2,737,839	4,243,133	2,129,662	2,145,109	1,350,000	12,605,743
I. 2003 Bond Fund	313,250	1,162,945	7,500			1,483,695
J. Gang Task Force	132,034	133,086	134,971	136,321	137,684	674,096
K. Code Enforcement	256,743	187,372	191,210	193,122	195,053	1,023,500
L. Cultural Alliance Fund	131,500	111,500	75,000			318,000
M. Chamber Fund	40,000	30,000	25,000			95,000
N. Project Fund (remaining)	299,525	158,000	156,500			614,025
O. Other Expenses (7)	87,696	87,696	87,696	87,696	87,696	438,480
Subtotal- Variable Expenses	3,998,587	6,494,936	3,267,150	3,021,859	2,230,044	19,012,576
Total All Expenditures	9,460,214	11,873,841	8,791,674	8,575,844	7,835,416	46,536,990
Annual Revenues in Excess of Annual Expenses (8)	(22,076)	(865,867)	(1,011,486)	(926,052)	(851,320)	(3,676,801)
Total Revenues in Excess of Total Expenditures	(3,080,433)	(7,360,803)	(4,278,636)	(3,947,911)	(3,081,364)	(21,749,147)
Other Financing Sources/Uses						
Prior Period Adjustments						
Yearly Ending Balances	**19,859,694**	**12,498,891**	**8,220,255**	**4,272,344**	**1,190,980**	

(1) Estimated beginning working capital balance at June 30, 2009.
(2) Based on a 1.17% tax rate and includes override revenues. For FY 2010-11, County preliminary assessed values are inputted. Commencing in FY 2012-13, a 2% assessed valuation growth rate is assumed in order to estimate tax increment revenues. Tax increment revenues shown in the table increase at different rates than the projected percentage growth of assessed valuation, because the assumed assessed valuation growth rate is applied to the total assessed valuation amount, while the tax increment revenue calculation involves
(3) Based on a projections from City.
(4) Represents 20% of gross tax increment revenues generated by the Merged Project Area
(5) Includes only the non-housing portion of debt service paid on the Agency's outstanding 2003 and 2007 Tax Allocation
(6) The Agency will borrow money from the housing fund to pay the state mandated SERAF payments in FYE 2010 and 2011. The repayment of the 2010 SERAF loan is scheduled for June 30, 2015 and the repayment of the prospective 2011 SERAF loan would be scheduled for June 30, 2016. Both repayment dates are beyond the term of the Implementation Plan. The repayment amounts shown will be held in trust until the repayment dates.
(7) Pursuant to a purchase money note, the Agency acquired the former Dodge dealership site. The Agency pays $7,308 per month ($87,696 per year) as debt service and is obligated to make a balloon payment of $797,909 during FY 2015-16.
(8) Difference between Annual Revenues (*) and Annual Expenses (**).

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4.0 HOUSING COMPLIANCE PLAN

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

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

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

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

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

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

Affordable housing cost is defined as:

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

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

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

4.1 HOUSING PRODUCTION REQUIREMENTS

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

- An agency must use at least 20 percent of its tax increment revenue to increase, improve and preserve the supply of low- and moderate-income housing in the community (CCRL Section 33334.2);

- An agency must replace, in equal or greater number, very low-, low-, and moderate-income housing units and bedrooms which are destroyed or removed as a result of a redevelopment project (the "replacement rule," CCRL Section 33413(a));

- An agency must ensure that a fixed percentage of all new or substantially rehabilitated dwelling units are affordable to very low-, low-, and moderate-income persons and families (the "inclusionary rule," CCRL Section 33413(b)(1))

  - At least 30% of all new or substantially rehabilitated dwelling units developed by the Agency must be available to persons or families of low- or moderate-income. Of these, 50% must be available to very low-income households. This requirement would apply to housing developed directly by the Agency, but not to housing projects developed by a private party under an agreement with the Agency.

  - At least 15% of all new dwelling units developed by parties other than the Agency or substantially rehabilitated dwelling units developed with Agency assistance shall be available at affordable costs to persons or families of low- or moderate-income. Of these, 40% must be available at affordable costs to very low-income households. This requirement applies in the aggregate, and not to each individual housing development project. These low- and moderate-income dwelling units may be provided outside the Project Area, but will only be counted on a two-for-one basis. In other words, if the Agency has an inclusionary housing need of 10 units inside the Project Area, then 20 units outside the Project Area would satisfy the overall requirement on a two-for-one basis.

  - Only low- and moderate-income housing units whose affordability is guaranteed on an on-going basis over the long term may be counted in meeting these requirements. For the purposes of this plan, long-term affordability is defined as not less than 55 years for rental units and 45 years for home ownership, or as otherwise defined in CRL Section 33413(c).

This section presents an analysis of the Agency's compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4 regarding the Agency's housing production program for Preceding Implementation Plan time period. The information provided through Fiscal Year 2008/09 is factual, based upon the annual Agency reports to HCD of housing activity, the preceding implementation plan, the Housing Element, and other empirical data. Subsequent data is estimated by Agency and UFI staff.

4.2 PAST HOUSING PRODUCTION

Inclusionary units are those units in which the Agency holds or manages the affordability covenants. Affordable units located within the Project Area, but with covenants held or managed by another party are not credited towards the Agency's inclusionary requirement.

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

Replacement Housing

From July 1, 2004, through June 30, 2009, the Agency did not demolish or remove any housing units from within the Project Area.

Inclusionary Housing in the Project Area: Agency Developed

From July 1, 2004 through June 30, 2009, the Agency did not build any affordable housing units inside of the Project Area.

Inclusionary Housing Outside the Project Area: Agency Developed

From July 1, 2004, through June 30, 2009, the Agency did not build any affordable housing units outside the Project Area.

Inclusionary Housing Inside the Project Area: Non-Agency Developed

According to City building permit data, there were 15 non-agency new units built in the Project Area between July 1, 2004, and June 30, 2009. There were also 11 substantially remodeled/rehabilitated units in that time frame. The inclusionary requirement for non-agency built housing is 15% of the units produced, with 40% of those units made available to very-low income household. Therefore, the inclusionary obligation accrued for this time period is 2 units, with 1 of the units reserved for very-low income households. The cumulative inclusionary requirement is shown in Table 5 as Non-Agency Developed housing.

Summary of Inclusionary Obligation

Based upon data provided in the Preceding Implementation Plan, the Agency began FY2004-2005 with an inclusionary obligation surplus of 109 affordable units: a 58 unit surplus of very low income units, and a 51 unit surplus of low- and moderate-income units. During the course of the FY2005-2009 Implementation Plan time period, an additional 15 units were produced adding an inclusionary obligation of 2 units (15% of 312). No new affordable units were restricted by the Agency.

Table 5 demonstrates the inclusionary housing obligation and production that results in a cumulative surplus through June 30, 2009, of 107 affordable units: 57 very-low income units and 50 low- and moderate income units. This surplus will be carried over to determine the Agency inclusionary housing obligation for the next five and ten years as required by State redevelopment law.

Table 5
Inclusionary Housing Obligation and Production
Project Area Adoption Through June 30, 2009

	Dwelling Units Produced	Units Made Affordable at Affordable Housing Cost					Project Area Status		
		TOTAL	VeryLow[5]		Low-Moderate[6]		Cumulative Deficit or Surplus		
		Inclusionary Obligation	Inclusionary Obligation	Actual Number of Units Restricted	Inclusionary Obligation	Actual Number of Units Restricted	Very Low	Low - Moderate	**TOTAL**
Balance Forward[2]	367	55	22	81	33	84	59	51	**110**
Agency Developed[3]	0	0	0	0	0	0	0	0	**0**
Non-Agency Developed[4]	15	2	1	0	1	0	-1	-1	**-2**
New Balance Forward	**382**	**57**	**23**	**81**	**34**	**84**	**58**	**50**	**108**

[1] Compliance with Sections 33413(b)(1),(c),(d)(1), and 33490(a)92)(A)(ii).

[2] According to the Preceding Implementation Plan, 160 units in the project area, in the Summit Ridge and Pepper Tree Apartments, were enforceably restricted to 80 very low income units and 80 low income units. In addition, eight affordable units were built outside of the project area. As these eight units are outside the project area, the Agency received ½ credit for them: 4 units in the low-moderate category (7 divided by 2, rounded up, equals 4) and 1 unit for the very-low category (1 divided by 2, rounded up, equals 1). This resulted in a credit of 81 very-low units and 84 low-moderate units.

[3] Inclusionary obligation is 30 percent of units produced with 50 percent allocated to Very-Low Income households.

[4] Inclusionary obligation is 15 percent of units produced with 40 percent allocated to Very-Low Income households.

[5] As defined by Health and Safety Code 50105.

[6] As defined by Health and Safety Code 50093.

4.3 PROJECTED HOUSING PRODUCTION

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

Replacement Housing

The Agency is not anticipating demolishing or removing any housing units from within the Project Area.

Inclusionary Housing in the Project Area: Agency Developed

The Agency does not anticipate directly producing affordable units inside of the Project Area. It will contract with private developers to produce affordable units within the Project Area.

Inclusionary Housing Outside the Project Area: Agency Developed

The Agency does not anticipate directly producing units or contracting with private developers to produce affordable units outside of the Project Area.

Inclusionary Housing Inside the Project Area: Non-Agency Developed

Given the national uncertainty in the housing market, it is difficult to predict the number of housing units to be built in the Project Area. The Agency anticipates that approximately 125 units will be developed over the course of the upcoming implementation plan cycle. Of these 125 units, 50 are likely to fall into the very low income category, 50 will fall into the low income category, and 25 will fall into the low-moderate income category. The Agency is interested in identifying opportunities where they may obtain, in the future, affordability covenants from owners and developers as a way of meeting its obligations. The Agency anticipates that it may be able to acquire covenants on the 125 units that are to be built in order to meet its inclusionary housing obligation.

Summary of Inclusionary Obligation

As shown in Table 6, the Agency will begin the current Implementation Plan period with an inclusionary obligation surplus of 108 affordable units, of which 58 are very low-income units and 50 are low- and moderate-income units. During the 2010-2014 Implementation Plan term, an additional 125 non-Agency units are expected to be constructed in the Project Area. This would add an inclusionary obligation of 19 units, of which 8 must be restricted for very low-income housing and 11 must be restricted for low to moderate income housing.

Table 6 shows the projected inclusionary obligation and production for the Agency over the next five years. With the assumptions made in this report, the Agency will end the Implementation Plan period with a surplus of 100 very low-income units and 114 low- and moderate-income units. The anticipated surplus will be carried over to the 2015-2019 Implementation Plan period.

Table 6
Projected Inclusionary Housing Obligation and Production
July 1, 2009 Through June 30, 2014[1]

Projected Units	Dwelling Units Produced	Units Made Affordable at Affordable Housing Cost					Project Area Status		
		TOTAL	VeryLow[4]		Low-Moderate[5]		Cumulative Deficit or Surplus		
		Inclusionary Obligation	Inclusionary Obligation	Actual Number of Units Restricted	Inclusionary Obligation	Actual Number of Units Restricted	Very Low	Low to Moderate	Total
Balance Forward[2]	382	57	23	81	34	84	58	50	108
Non-Agency Developed[3]	125	19	8	0	11	0	-8	-11	-19
Acquisition of Covenants	N/A	N/A	N/A	50	N/A	75	50	75	125
New Balance Forward	**507**	**76**	**31**	**131**	**45**	**159**	**100**	**114**	**214**

[1] Compliance with Sections 33413(b)(1),(c),(d)(1), and 33490(a)92)(A)(ii).

[2] Per Section 4.2 of this Implementation Plan.

[3] Inclusionary obligation is 15 percent of units produced with 40 percent allocated to Very-Low Income households.

[4] As defined by Health and Safety Code 50105

[5] As defined by Health and Safety Code 50093

4.4 LOW AND MODERATE INCOME HOUSING GOALS

The Agency has one affordable housing goal with seven objectives:

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

OBJECTIVES

3.1 Secure long-term covenants on existing affordable housing units to create and preserve affordable housing options.

3.2 Create a single-family housing rehabilitation program for rental units to improve the City's stock of rental housing and to foster neighborhood beautification.

3.3 Continue the First Time Homebuyer Program.

3.4 Rehabilitate owner-occupied and existing rentals for very-low and low-income households.

3.5 Fund infrastructure improvements in residential neighborhoods to promote development of affordable housing.

3.6 Create an infill housing program.

3.7 Develop and implement a revolving loan program for owner-occupied low- and moderate-income households.

3.8 Continue to partner with the County of Riverside to provide various housing programs to the residents of Banning.

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

3.10 Partner with private- non-profit and for-profit affordable housing developers to increase the supply of new affordable, workforce and family units.

4.5 PROJECTED HOUSING NEEDS

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

CCRL Section 33334.4(b), requires an Agency to expend LMI Housing Fund monies in at least the same proportion as senior low-income households bear to the total low-income households in the community, as determined in the most recent U.S. Census.

4.5.1 Regional Housing Needs Assessment

Table 7 identifies the City's estimated housing need by income limits for very low, low-, and moderate-income households within the community by percentage of total housing units as determined by the RHNA. Per CCRL Section 33334.4(a), these percentages are to be applied to Agency LMI Housing Fund spending. The Southern California Association of Governments (SCAG) Regional Housing Needs Assessment (RHNA) states that Banning's fair share allocation of affordable units for period ending June 30, 2014 is 2,196 units.

Based on the RHNA allocation, at least 39.8 percent of all LMI Housing Fund expenditures must be made towards assisting Very Low-Income households and a maximum of 60.2 percent may be used to assist Low- and Moderate-Income households.

Table 7
Housing Need Apportionment by RHNA Allocation

Income Distribution	Fair Share Allocation	Percentage of Units
Very Low Income	873	39.8
Low Income	618	28.1
Moderate Income	705	32.1
Subtotal: Affordable Units	**2,196**	**100.0**
Above Moderate	1,645	-
TOTAL	**3,841**	**-**

4.5.2 Senior Housing Need Assessment

CCRL Section 33334.4(b) limits the amount of money an agency can utilize from its LMI Housing Fund per the term of the Implementation Plan to assist senior, affordable housing. An agency must spend LMI Funds in the same proportion as senior low-income households bear to the total low-income households in the community, as determined in the most recent U.S. Census[1]. Prior to 2005, the agency limitation was based on the proportion that the senior population represented in the entire community. In 2005, SB 527 shifted the emphasis to low income households due to the fact that in many communities, the senior population has a greater proportion of low-income earners and, therefore, a greater need for housing assistance than the general population. For example, seniors could represent only ten percent of the overall population of a community, but constitute 25 percent of the low-income population of the community. In such

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

a circumstance, SB 527 allows an agency to provide assistance to a greater proportion of senior housing than the previous law allowed.

In order to compute the ratio of low income senior households, 2000 Census data is used. Table 8 show the distribution of low income senior households in relation to the total number of low income households in the City of Banning. Table 9 in the next section summarizes the calculation for Banning's LMI Housing Fund.

Table 8 Distribution of Low Income Senior Households (1) (2)	
Total Number of Low-Income Households	1,973
Number of Low-Income Senior Households	1,018
Ratio of Senior Households to Total	51.60%
[1] *Source: U.S. Census Bureau - 2000 Census, Comprehensive Housing Affordability Strategy (CHAS) data*	
[2] *Includes both renters and owners*	

According to the 2000 Census, 34.2 percent of the City's low income households (2,144) were occupied by low-income seniors. Therefore, in carrying out the requirements of CCRL Section 33334.4(a), no more than 34.2 percent of LMI Housing Fund expenditures may be allocated towards exclusively assisting senior restricted housing in the 2010-2014 Implementation Plan term.

4.6 LOW- AND MODERATE-INCOME HOUSING PROGRAM

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

First Time Homebuyer Program

The City of Banning's homebuyer program enables first time homebuyers the ability to become a homeowner by offering down payment assistance up to $20,000. The loan becomes a silent second which is forgiven after thirty years. Requirements include the buyer meeting the income limits, must purchase an existing home within the limits of the City and loan qualified to purchase the home. Program limited to first time homebuyers only.

Exterior Rehabilitation Program

The City of Banning's exterior rehabilitation assistance grant program provides low-to-moderate income homeowners living in the City of Banning with a grant fund up to $10,000 to improve the exterior and quality of their homes and correct any safety and code violations. Requirements include the owner meeting income limits, that they have owned and lived in the home for a minimum of one year, and the owner must sign a Banning Maintenance Agreement assuring the property is properly maintained and up to City code.

During the term of this plan both of the aforementioned programs will be reviewed for effectiveness and possible consideration of amendments to policy or funding levels.

4.7 LOW- AND MODERATE-INCOME HOUSING FUND

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

4.7.1 Tax Increment "Set-Aside" Financing

The projected performance of the Agency's LMI Housing Fund over the five-year period of this Implementation Plan is depicted on Table 9. These numbers are not to be used for bonding purposes; however, they are to be used for strategic planning purposes.

Tax increment ("TI") is the Agency's primary source of revenue in its LMI Housing Fund. During the five-year term of the Implementation Plan, gross annual TI revenue is estimated to range between approximately $1.0 million during FY 2009-10 and approximately $0.9 million during FY 2013-14. Further, the projected $139,966 drop between FYs 2009-10 and 2010-11 is the direct result of reassessments that were a consequence of the current national recession. It is predicted that TI receipts will remain stagnant for FY 2011-12 and then grow at the rate of 2% per year for FYs 2012-13 and 2013-14. It is hoped that growth rates will accelerate thereafter. However and for planning purposes only, if a 2% per year growth rate were to remain constant, then the Agency will not regain the level of TI that it received during FY 2009-10 until FY 2020-21.

It is noted that the Agency borrowed the funding needed to pay the 2010 SERAF payment from the LMI Housing Fund and plans to fund the 2011 SERAF payment in the same way. Further, the projected operating/administrative costs in the LMI Housing Fund are less than one-half of the Agency's TI revenues and, as such, the Agency's LMI Housing Fund budget is balanced.

Table 9
Low and Moderate Income Housing Fund
Projected Income and Expenditures

	Fiscal Year					
Fund Activity	2009-10	2010-11	2011-12	2012-13	2013-14	Totals
Yearly Beginning Balances (1)	5,517,421	3,156,627	2,544,520	2,312,048	2,112,505	
Revenues						
A. Tax Increment Set-Aside (2)	1,013,824	874,858	874,858	899,587	924,810	4,587,936
B. Interest Income (3)	41,275	35,000	35,000	23,120	21,125	155,521
C. SERAF Repayment (4)	0	0	0	0	0	0
D. Other Revenues	0	0	0	0	0	0
Total Revenues	1,055,099	909,858	909,858	922,707	945,935	4,743,457
Total Available Resources	6,572,520	4,066,484	3,454,378	3,234,755	3,058,441	4,743,457
Expenditures/Uses						
A. RDA Housing Admin./ Services (5)	321,780	189,499	201,827	179,917	184,962	1,077,985
B. Housing Programs	980,000	735,000	735,000	735,000	735,000	3,920,000
C. County Admin Fees	15,207	13,123	13,123	13,494	13,872	68,819
D. Debt Service (6)	192,888	192,304	192,380	193,839	193,439	964,850
E. SERAF Loan to RDA General Fund	1,906,018	392,038	0	0	0	2,298,056
F. Other Expenses	0	0	0	0	0	0
Total Expenditures	3,415,893	1,521,964	1,142,330	1,122,250	1,127,273	8,329,710
Revenues in Excess of Expenditures	(2,360,794)	(612,106)	(232,472)	(199,543)	(181,338)	(3,586,253)
Other Financing Sources/Uses						
Prior Period Adjustments						0
Yearly Ending Balances	3,156,627	2,544,520	2,312,048	2,112,505	1,931,168	(3,586,253)
Excess Surplus Analysis						
A. Maximum Allowable T.I. Fund Balance (7)	3,698,011	4,062,152	4,068,214	3,853,070	3,621,703	
B. Yearly Adjusted Beginning Fund Balance	5,517,421	3,156,627	2,544,520	2,312,048	2,112,505	
C. Less: Bond Proceeds Held by Fiscal Agent	1,693,729	1,693,729	1,693,729	1,693,729	1,693,729	
D. Adjusted Ending Balance	3,823,692	1,462,898	850,791	618,319	418,776	
E. Excess surplus	125,681	0	0	0	0	

(1) Estimated beginning working capital balance at June 30, 2009.
(2) Based on 20% of projected tax increment from Urban Futures, Inc.
(3) FY 2010-11 & 2011-12 estimated by City. FY 2012-13 and thereafter, based on a 1% interest rate.
(4) The repayment of the SERAF loan is scheduled for June 30, 2015, which is beyond the term of this Implementation Plan.
(5) FY 2009-10 through 2011-12 figures are from City. FY 2012-13 and thereafter, assumes Admin/Services represent 20% of housing set-aside.
(6) Represents the housing portion of debt service on the 2003 Tax Allocation Bonds.
(7) Prior four years' aggregate tax increment set-aside deposits.

4.7.2 Excess Surplus

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

The Agency currently has an excess surplus in its LMI Housing Fund for FY 2009-10. This surplus can be reduced through additional spending on low- and moderate-income housing. Given the projections in Table 9, the Agency could eliminate its current excess surplus condition through the acquisition of two affordability covenants in existing housing, or through new construction. This assumes that the covenants would cost between $50,000 through $75,000. The Agency is not projected to have an excess surplus for FY 2010-11 through 2013-14.

4.7.3 Other Funding Programs

Table 10 outlines other funding that may be available to the City and the Agency to further implement its Housing Production Plan.

Table 10
Financial Resources Available for Housing Activities

Program Type	Program Name	Description	Eligible Activities
1. Federal Programs	Community Development Block Grant (CDBG)	Annual grants awarded to the City on a formula basis for housing & community development activities. Administered by HUD.	• Acquisition • Rehabilitation • Homebuyer assistance • Homeless assistance • Public services
	Home Investment Partnership Act (HOME)	Formula grants to States and localities that communities use-often in partnership with local nonprofit groups-to fund a wide range of activities to low-income people.	• New construction • Acquisition • Rehabilitation • Tenant-based rental assistance
	Section 8 Rental Assistance Program	Rental assistance payments to owners of private market rate units on behalf of very low-income tenants. Administered by HUD.	• Rental assistance
	Section 202	Grants to non-profit developers of supportive housing for the elderly. Administered by HUD.	• Acquisition • Rehabilitation • New construction • Rental assistance • Support services
2. State Programs	California Housing Finance Agency (CHFA) Home Mortgage Purchase Program	CHFA sells tax exempt bonds for below market rate loans to first-time homebuyers. Program operates through participating lenders who originate loans for CHFA purchase.	• Homebuyer Assistance
	California Housing Finance Agency (CHFA) Multiple Rental Housing Programs	Below market rate financing offered to builders & developers of multi-family and elderly rental housing. Tax exempt bonds provide below-market mortgage money.	• New Construction • Rehabilitation • Acquisition

Table 10 Financial Resources Available for Housing Activities			
Program Type	**Program Name**	**Description**	**Eligible Activities**
	Low-Income Housing Tax Credit (LIHTC)	Tax credits available to individuals & corporations that invest in low-income rental housing. Tax credits sold to people with high tax liability, & proceeds are used to create housing.	• New Construction • Rehabilitation • Acquisition of properties from 20 to 150 units
	Multi-Family Housing Program (MHP)	Deferred payment loans for new construction, rehabilitation & preservation of rental housing. Administered by HCD.	• New Construction • Rehabilitation • Preservation
3.Local/County Program	Redevelopment Housing Set-Aside Funds	20 percent of Agency tax increment funds are set-aside for affordable housing activities.	• New Construction • Rehabilitation • Acquisition
	Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time home buyers for the purchase of new or existing single-family housing. Eligible participating city's or unincorporated areas.	• Homebuyer Assistance
	Mortgage Assistance Program (MAP)	Deferred payment down payment assistance loan. Subject to availability by county for participating cities and unincorporated areas of a county.	• Homebuyer Assistance
4. Private Resources/ Financing Programs	Federal National Mortgage Association (Fannie Mae)	Loan applicants apply to participating lenders for the following programs: fixed rate mortgages issued by private mortgage insurers; And related foreclosure prevention programs in underserved low-income & minority communities.	• Homebuyer assistance • Refinancing • Loan Modification • Foreclosure Prevention
	California Community Reinvestment Corporation (CCRC)	Non-profit mortgage banking consortium designed to provide tax-exempt private placement bond program financing for affordable multi-family & senior rental housing.	• New Construction • Rehabilitation • Acquisition • Permanent Financing
	Federal Home Loan Bank Affordable Housing Program	Provides grants and subsidized loans to support affordable rental housing and homeownership opportunities. Grants are awarded on a competitive basis.	• New Construction

Table 10 Financial Resources Available for Housing Activities			
Program Type	**Program Name**	**Description**	**Eligible Activities**
	Low-Income Housing Fund (LIHF)	Non-profit lender offering below market interest, short term loans for affordable housing in both urban & rural areas. Eligible applicants include non-profits & government agencies. Grant opportunities are also available.	• Redevelopment costs • Site acquisition • Construction • Rehabilitation • Planning grants • Energy Efficiency Grants • Child Care Centers • Quality Improvement Grants • Expansion Grants • Renovation & Repair Grants • Technical Assistance Grants
	Private Lenders	The Community Reinvestment Act (CRA) requires certain regulated financial institutions to achieve goals for lending in low- & moderate-income neighborhoods. As a result, most of the larger private lenders offer one or more affordable housing programs, including first-time homebuyer, housing rehabilitation, or new construction assistance.	• Varies, depending on individual program offered by bank

4.8 TEN YEAR INCLUSIONARY HOUSING REQUIREMENTS

CCRL Section 33490(a) (2) (b) requires that the implementation plan provide certain "Ten-Year" and "Life-of-the-Plan" housing production and inclusionary information. The Available Sites Inventory of the Housing Element determined that approximately 643 new units could be constructed on vacant land with the Project Area between 2009 and build-out.

Build-out is generally estimated at 30 years. Assuming a constant growth rate, the ten-year housing production total would be 214 units. The inclusionary requirement for non-agency built housing is fifteen percent; therefore, the affordable obligation for 214 new units is 32 affordable units by 2020. The Agency anticipates executing affordable housing covenants on 125 units by June 30, 2014. The Agency will exceed its ten year inclusionary housing requirement.

4.9 CONSISTENCY WITH GENERAL PLAN

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

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

The following Housing Goals are contained within Banning's 2008-2014 Housing Element:

1. Provide adequate housing in the City by location, price, type and tenure, especially for those with low and moderate income and households with special needs.
2. Achieve balance growth in the City by designating the suitable sites for residential development.
3. Conserve and improve the condition of the existing affordable housing stock within the City.
4. Reduce residential energy usage within the City, thereby reducing overall housing costs.
5. Promote and support equal housing opportunity for all residents of the City regardless of race, color, national origin, ancestry, religion, marital status, familial status, sex or disability.
6. Facilitate the maintenance, improvement, and development of housing commensurate with local needs.
7. Support the provision of adequate housing to meet the needs of all economic segments of the community.

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

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

5.0 PLAN ADMINISTRATION

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

5.1 PLAN REVIEW

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

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

5.2 PLAN AMENDMENT

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

5.3 FINANCIAL COMMITMENTS SUBJECT TO AVAILABLE FUNDS

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

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

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

5.4 REDEVELOPMENT PLAN CONTROLS

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

5.5 CONCLUSION AND RECOMMENDATION

To date, the Agency has successfully implemented its programs and managed its budgets. However, the generally negative economic climate in the State of California, which has primarily been caused by the national recession, has affected the Agency's revenue stream through reductions in tax increment growth rate. The State has prevailed with the SERAF take, and therefore substantial budget modifications or an infusion of non-Agency funds will be necessary to keep expenditures from exceeding revenues for the duration of the Implementation Plan term.

There are several actions that the Agency may consider to bolster the success of its programs and ensure compliance with California Community Redevelopment Law:

1. Implement the Community Development Program and Affordable Housing Production Program outlined in the 2010-2014 Implementation Plan.

2. Since the SERAF take has been upheld in the courts, prioritize programs, projects, and administrative budget items for possible reductions.

3. Adopt an SB 211 Amendment to repeal the timeline for incurring debt.

4. Adopt an SB 1045 Amendment to extend the effectiveness of redevelopment plans by one year.

5. Adopt an SB 1096 Amendment to extent the effectiveness of the redevelopment plans by one year.

6. Prepare an affordable housing database and publish it on the Agency's website as soon as possible in order to bring the Agency into compliance with AB 987

7. Carefully review and consider expenditures in the categories of operating expense, program expense, and contingent obligations in order to address the structural deficit in the Agency's General Fund caused by the recent recession.