

IMPLEMENTATION PLAN

CARLSBAD HOUSING AND REDEVELOPMENT COMMISSION



CARLSBAD VILLAGE REDEVELOPMENT AREA

ABOUT THIS IMPLEMENTATION PLAN

In fulfillment of Article 16.5 of California Community Redevelopment Law (“Law”), the Carlsbad Housing and Redevelopment Commission (“Commission”) has prepared this Implementation Plan for the Carlsbad Village Redevelopment Project Area (“Implementation Plan”). This document presents the Commission’s proposed redevelopment and affordable housing programs for fiscal years 2005-06 through 2008-09, which is a four year planning period. Generally the Law requires implementation plans cover a five year planning period, but the effectiveness date of the Village Area Redevelopment Plan (“Redevelopment Plan”) expires on July 7, 2009. The Redevelopment Plan effectiveness period is the time period the Commission may undertake non-housing redevelopment projects and programs. After July 7, 2009 the Commission will only be able to use remaining non-housing tax increment to retire pre-existing debt.

Contents

About this Implementation Plan 1

 Contents 1

About the Project Area 2

Recent Accomplishments 3

Revenue Projections..... 3

Redevelopment Vision 5

Redevelopment Plan Goals..... 6

Proposed Redevelopment Program..... 8

 Existing Blight in the Project Area 8

 Commercial Projects 8

 Housing Projects 11

Housing Compliance program..... 12

 Housing Production 12

 Replacement Housing 14

 Expenditures by Household Types..... 14

ABOUT THE PROJECT AREA

The City of Carlsbad (“City”) is located in the northwestern portion of San Diego County, approximately 5 miles south of Camp Pendleton Marine Base and 30 miles north of downtown San Diego. Incorporated in 1952, the City encompasses an area of approximately 39.1 square miles with an estimated population of 92,995 persons in 2004. Its natural setting, strong commercial and industrial base, and proximity to the Pacific Ocean provide a unique living and working environment.

The Commission was formed in 1981 to facilitate redevelopment activities in the Carlsbad Village Redevelopment Project Area (“Project Area”), which covers 200 acres. The Project Area was adopted in 1981 and encompasses the historic district of the City. As a result, the Project Area is rich in heritage with many examples of eclectic architecture. Because of its age, the housing stock is older, with most structures built before 1970. Redevelopment became an obvious tool for the City to address issues relating to deteriorating and dilapidated buildings, health and safety hazards, incompatible land uses, inadequate utilities and infrastructure, as well as severe housing needs. Since 1981, the Commission has funded the following initiatives to improve conditions in the Project Area:

Notable Timeframes	
Redevelopment Plan Effectiveness	
Adopted 1981	Expires 2009
Tax Increment Collection	Expires 2019
Implementation Plan	2005 to 2009
Housing Compliance Plan	2005 to 2009
(For affordable housing program planning)	

- **Public Improvements:** The elimination or amelioration of infrastructure deficiencies through the implementation of the Village Master Plan/Design Manual, Code Enforcement Programs, along with curb, gutter, sidewalk and landscaping projects.
- **Economic Development:** Facilitating tourist serving and transit oriented development to take advantage of the Carlsbad Village’s coastal location and the Carlsbad Village Commuter Rail Station.
- **Community Revitalization:** Establishing a planning and development review function within the Commission to achieve the objectives outlined in the Village Master Plan/Design Manual for the Project Area. Maintaining and enhancing the Village character through the use of design guidelines and modified development standards, resulting in increased opportunities to live, shop and work in the Village area.

RECENT ACCOMPLISHMENTS

During the past five years, the Commission has facilitated many successful projects and programs in the Project Area including:

- Acquiring portion of property on Pine Avenue from the Carlsbad Unified School District to facilitate expansion of the community's Senior Center and related services;
- Securing additional funds for new redevelopment projects and programs; and
- Funding streetscape improvements and new street furniture, such as benches, trash cans and landscape planters.
- Developing a vision document for the North State Street Area.
- Working with the Chamber of Commerce on community visioning and workshops.

REVENUE PROJECTIONS

The Commission is using redevelopment along with other financing tools and partnerships to facilitate enhancement of the Project Area as a whole. The Commission had approximately \$1.7 million¹ in non-housing cash assets on hand at the end of the 2003-04 fiscal year for Project Area activities. The Commission received approximately \$484,443 in non-housing tax increment revenues in fiscal year 2004-05. The total non-housing cash on hand as of June 30, 2005 was approximately \$2.2 million.

From fiscal years 2005-06 to 2008-09, the Commission is projected to receive approximately \$3.9 million in non-housing revenue. In December of 2003, the Commission approved a financing agreement with the City ("2003 Agreement") that provided additional project and program funding as identified in the 2003 Agreement. Per the terms of the 2003 Agreement, it is estimated that the Commission may borrow up to \$9.9 million over the next four years. When combined with the \$3.9 million in future non-housing tax increment revenue and the projected \$2.2 million in 2004-05 fiscal year end non-housing cash assets, the Commission will have approximately \$16.0 million to fund non-housing projects and programs. The Housing Fund will accrue approximately \$2.3 million in housing set-aside funds during this four year period.

The total costs associated with implementing the non-housing projects and programs presented in this Implementation Plan are estimated to be \$25.7 million. This creates a funding gap of \$9.7 million when balanced against the \$16.0 million in available revenue. The Commission is exploring private financing options to close this projected funding gap.

¹ Statement of Indebtedness for year end balance on June 30, 2004.

CARLSBAD VILLAGE REDEVELOPMENT AREA

Implementation Plan
2005 through 2009

After the Commission's authority to undertake new non-housing redevelopment projects and programs expires on July 7, 2009, the Commission will receive approximately \$16 million in non-housing revenue from fiscal years 2009-10 through 2018-19, which can only be used to service debt that existed before January 1, 2004 and fund unmet housing obligations. However, the Law allows for the Commission to retire remaining debt that was established prior to January 1, 1994 after its ability to collect tax increment expires on July 7, 2019. However, debt established from January 1, 1994 to December 31, 2004² that will be repaid from tax increment revenue must be paid by July 7, 2019. Per the Redevelopment Plan, this is the last day the Commission may receive tax increment revenue to retire post January 1994 debt.

² Projects Area's ability to incur any new debt secured by future tax increment revenue expired on this date.

REDEVELOPMENT VISION

The redevelopment vision for the Project Area is multi-pronged and focuses on retaining and expanding businesses and jobs, creating and improving the public facilities and maintaining existing character of the residential neighborhoods. To achieve this vision the three following strategies were developed:

- **Maintain and Improve Core Businesses.** This strategy focuses on retaining existing businesses, facilitating the expansion of professional office uses and retail businesses and the development of employment opportunities in the Project Area. Public and private investments will be encouraged to promote new development while providing support to existing businesses.
- **Deliver “First-Rate” Public Facilities.** This strategy seeks to fund public infrastructure and facility improvements which are critical to attract new development while improving the quality of life for existing residents, businesses and property owners. Projects include recreational facilities, public parking, landscape beautification, improved pedestrian, bicycle and vehicular circulation as well as the installation of other needed improvements to help stimulate development.
- **Quality Infill Development.** The Commission will explore opportunities to promote new mixed-use residential development along the commercial corridors. Commercial districts that may otherwise struggle can become successful by added residential density in close proximity to commercial development.



REDEVELOPMENT PLAN GOALS

The Redevelopment Plan establishes a variety of goals for redevelopment of the Project Area; these goals frame the near term redevelopment objectives for the Implementation Plan period. The Redevelopment Plan's goals are listed below.

- 

Protect Surrounding Neighborhoods: Restrict the highest residential density to areas in or near the Village Center.
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Encourage Investment: Stimulate and attract private investment.
- 

Insist on Quality Use and Design: Provide an organized system of commercial land uses to be grouped in a village setting, rather than a strip or sprawled commercial manner. Such uses should include administrative and professional offices, retail outlets and public offices.
- 

Emphasize Environmental Character and Public Places: Provide for visual amenity through such means as landscaped court yards, attractive and harmonious architectural forms and vest pocket parks.
- 

Eliminate Deteriorated Conditions: Eliminate blight and blighting influences that continue to exist in Project Area. Also, arrest decay and decline throughout the Project Area through restoration and rehabilitation of structures.
- 

Enhance Commercial Base of Project Area: Encourage a variety of residential accommodation and amenity in the Village Area so as to increase the advantages of close-in living and convenient core shopping, toward the end of encouraging a diversity of age, income and ethnic characteristics.
- 

Stimulate Economic Growth: Establish the Village Centre area as the North County's focus for specialty goods and services. In addition provide a variety of commercial, tourism and recreational activity, especially close to the beach, in conjunction with special entertainment facilities, restaurants and other uses which will foster a village concept and not detrimentally impact residential usage.



Provide First Class Infrastructure: Provide a convenient circulation system with an emphasis upon ease of access and convenient, safe and attractive off-street parking areas. Also, accommodate existing and future local and regional public transit facilities.



Maintain Village Character: Guide development to preserve aesthetic and cultural quality through providing within the Village centre, a variety of spaces and locations for specialty, unique and attractive shops with strong pedestrian orientation. Locations and spaces should be interconnected with attractive pedestrian belts incorporating landscaping and/or unique texture.



Enrich with Community Facilities: Provide for pedestrian and bicycle access to the development clusters and open areas.



Remediate and Beautify: Establish design control in keeping with the desired village atmosphere.

PROPOSED REDEVELOPMENT PROGRAM

This section identifies the blighting conditions originally found in the Project Area, and the proposed project, their related costs, and the Redevelopment Plan goals that will be achieved during the four year planning period of this Implementation Plan.



Existing Blight in the Project Area

According to the Commission’s documents prepared to justify establishing a redevelopment program, the Project Area contained numerous blighting conditions including the following:

- Incompatible Uses
- Inadequate Public Infrastructure
- Irregular Lots under Mixed Ownership
- Physical Conditions that Hinder Economic Viable Use
- Buildings and Infrastructure that are Dilapidated, Unsafe and Unhealthy

In order to address the remaining blight, the Commission will implement the following projects and programs during the next four years.

Commercial Projects

Project/Program Description	Preliminary Cost Estimate	Goals Achieved
<p>Development Standards Review</p> <p>Complete a financial feasibility and site planning design study to determine if current development standards are creating constraints to new development. This effort will include recommendations that identify the pros and cons of retaining or modifying the existing development standards.</p> <p>This project will eliminate factors hindering economically viable uses.</p>	<p>\$110,000</p> <p>On-going</p> <p>Tax Increment</p>	 





CARLSBAD VILLAGE REDEVELOPMENT AREA

Implementation Plan
2005 through 2009

Project/Program Description	Preliminary Cost Estimate	Goals Achieved
<p>Retail Analysis</p> <p>Complete a comprehensive retail analysis of the Project Area to determine the desired consumer environment and what types of retail uses are in demand by Project Area residents and visitors. This analysis will help identify the optimal mix of businesses and the residential/consumer base needed to support local retailers.</p> <p>This project will eliminate factors hindering economically viable uses.</p>	<p align="center">\$110,000</p> <p align="center">On-going</p> <p align="center">Tax Increment</p>	  
<p>State Street – Village Green</p> <p>Develop a mixed use project with a green (park) space as the focal point of the project, or an entire “Village Green”. This development may include a combination of retail, office or residential uses surrounding a village green, or may consist of a Village Green public space only.</p> <p>This project will eliminate factors hindering economically viable uses, incompatible uses and inadequate public infrastructure.</p>	<p align="center">\$6.6 million</p> <p align="center">On-going</p> <p align="center">Tax Increment</p>	 
<p>Roosevelt Street – Mixed Use Project</p> <p>Develop a public parking structure that incorporates retail, residential and/or office uses.</p> <p>This project will eliminate factors hindering economically viable uses and limited off-street parking resources.</p>	<p align="center">\$8.6 million</p> <p align="center">On-going</p> <p align="center">Tax Increment</p>	 
<p>Streetscape Improvements – North State Street</p> <p>Develop a streetscape plan to facilitate streetscape and landscaping improvements on North State Street between Grand Avenue and Laguna.</p> <p>This project will address inadequate public infrastructure.</p>	<p align="center">\$440,000</p> <p align="center">On-going</p> <p align="center">Tax Increment</p>	 

CARLSBAD VILLAGE REDEVELOPMENT AREA



Implementation Plan
2005 through 2009

Project/Program Description	Preliminary Cost Estimate	Goals Achieved
<p>Public Parking Structure</p> <p>Construct a public parking structure in close proximity to the Carlsbad Village Commuter Rail Station.</p> <p>This project will address limited off-street parking facilities.</p>	<p>\$7.6 million</p> <p>On-going</p> <p>Tax Increment & Other Funds</p>	 <p>ACCESS</p>  <p>INVEST</p>
<p>Improved Community Entryway</p> <p>Enhance the Carlsbad Boulevard and State Street intersection by either installing traffic signals or a traffic roundabout. A pedestrian pathway to the Oceanside City limit may also be constructed.</p> <p>This project will eliminate factors causing unsafe traffic and pedestrian circulation issues as well as improve inadequate public infrastructure.</p>	<p>\$1.1 million</p> <p>On-going</p> <p>Tax Increment</p>	 <p>ACCESS</p>  <p>PLAY</p>





CARLSBAD VILLAGE REDEVELOPMENT AREA

Implementation Plan
2005 through 2009

Project/Program Description	Preliminary Cost Estimate	Goals Achieved
<p>Enhanced Miscellaneous Streetscape Improvements</p> <p>Design and construct an enhanced Streetscape Plan for various Project Area streets. This project may include installing additional trees, outdoor lighting, decorative paving and new curbs, gutters and sidewalks where appropriate.</p> <p>This project will eliminate factors hindering economically viable uses and inadequate public infrastructure.</p>	<p align="center">\$1.1 million</p> <p align="center">On-going</p> <p align="center">Tax Increment</p>	<div align="center">  PRESERVE </div> <div align="center">  HELP </div>
<p>Total Preliminary Cost Estimate</p>	<p>\$25.7 million</p>	

Housing Projects

Project/Program Description	Preliminary Cost Estimate	Goals Achieved
<p>Roosevelt Street Condominiums</p> <p>The Commission is participating in a residential development that will produce 11 residential units that would be sold to very low income family households.</p> <p>This project will eliminate factors hindering economically viable uses while facilitating additional affordable housing.</p>	<p align="center">\$1,320,000</p> <p align="center">Low-Mod Housing Set- Aside Funds, CDBG & HOME Funds</p>	<div align="center">  CLEAN </div> <div align="center">  INVEST </div>

HOUSING COMPLIANCE PROGRAM

This section addresses specific requirements with respect to prior affordable housing activities, and the anticipated new affordable housing initiatives. To date, the Commission has satisfied all of the affordable housing mandates prescribed by the Law. The Housing Production section will demonstrate the Commission's compliance with its housing production requirements within the remaining four years of the effectiveness for the Redevelopment Plan (July 7, 2009).

Implementation plans are used by redevelopment agencies and commissions to identify their affordable housing needs, and the programs and projects that will address these needs. Affordable housing obligations generally fall into three categories:

- Housing Production – based on the number of housing units constructed or substantially rehabilitated in the Project Area, a redevelopment agency must ensure that a percentage of these units are affordable to very-low, low- and moderate- income households.
- Replacement Housing – redevelopment agencies must ensure that any housing units destroyed or removed as a result of a redevelopment project are replaced within four years.
- Targeting Household Types – identify the amount of housing set-aside funds the redevelopment agency will allocate on increasing and improving the supply of housing affordable to very low income households and low income households, and housing for residents under the age of 65.

The housing programs the Commission will implement during the next four years are described below.

Housing Production

To estimate the number of housing units that need to be affordable to low- and moderate-income households, the Commission estimated the total number units to be constructed or substantially rehabilitated in the Project Area and applied mandates established by the Law. Generally, 15% of all privately developed or substantially rehabilitated units within a redevelopment project area must be affordable to very low, low and moderate income households, and not less than 40% of these units must be affordable to very low income households. Further, 30% of all Commission developed or substantially rehabilitated units must be affordable to very low, low and moderate income households and not less than 50% of these units must be affordable to very low income households. All of the affordable units must feature covenants that maintain their affordability for 45 years, if they are owner-occupied dwellings, and 55 years, if they are rental dwellings.

The chart on the following page summarizes the production goals over various time periods as required by the Law. The number of required affordable housing units is based upon statutory thresholds, and the Commission is responsible for ensuring that the appropriate number of affordable units is created during the four year planning period.

CARLSBAD VILLAGE REDEVELOPMENT AREA

Implementation Plan
2005 through 2009

Actual and Projected Housing Needs by Time Period			
Time Period	Actual/Assumed Housing Units Constructed and Substantially Rehabilitated in the Project Area	Affordable Units	
		Required	
		Total	Very Low
Prior to 2005	105	15.8	6.3
4 Year Forecast (2005 to 2009)	117	17.6	7.0
Redevelopment Plan Duration (Until 2009)	222	33.4	13.4

During the four year planning period the following three projects will add 117 new residential units to the Project Area: Laguna Point with 21 units (including 3 units for lower income levels), Village by the Sea with 65 units (including 11 units for lower income levels) and Roosevelt Street Condominiums with 11 units, all for very low-income households. As demonstrated in the table above the 117 new units will generate a requirement to produce 18 affordable units (including 7 very low-income units).

However, as shown in the table below, the Commission has assisted in the production of a substantial number of affordable housing and currently exceeds its mandates for affordable housing production when considering the production of units both inside and outside the Village Redevelopment Area. The Commission assisted in the production of 72 affordable units (including 28 very low-income units) prior to 2005, which has created a surplus of 56 affordable units including 22 very low-income units. All of these units were built or acquired outside of the Project Area in the following three developments; Laurel Tree, Tyler Street and Villa Loma apartment complexes. Fulfillment of the production goals as demonstrated in the following table; whereby the 117 new units are producing 25 lower income affordable units (including 11 very low-income units) and combined with the 72 affordable units (including 28 very low-income units) produced prior to 2005, will create a total of 97 affordable units (including 39 very low-income units) over the duration of the Redevelopment Plan. When the total (from the table above) of 34 affordable units (including 13 very low-income units) over the duration of the Redevelopment Plan is subtracted from the 97 affordable units (including 39 very low-income units) a surplus of 63 affordable units and 26 very low-income units remains.

CARLSBAD VILLAGE REDEVELOPMENT AREA

Implementation Plan
2005 through 2009

Fulfillment of Affordable Housing Production Requirements by Time Period								
Time Period	Units Required (see previous table)		Units Produced		Additional Units Required		Net Surplus Units Produced	
	Total	VL	Total	VL	Total	VL	Total	VL
Prior to 2005	16	6	72	28	0	0	56	22
4 Year Forecast	18	7	25	11	0	0	7	4
Redevelopment Plan Duration (Until 2009)	34	13	97	39	0	0	63	26

Replacement Housing

During the Implementation Plan period, the Commission does not anticipate that any Commission-assisted projects will result in the displacement or removal of housing units. Consequently, the Commission does not anticipate that any housing will need to be replaced at this time.

Expenditures by Household Types

Based on preliminary estimates as of April 2005, the Commission anticipates that the low and moderate income housing fund has a fund balance of approximately \$2.8 million³. Over the four year planning period it is conservatively estimated that the Project Area will generate \$2.3 million in 20% housing set aside revenue.

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

Based on statistics from the Regional Housing Needs Assessment (“RHNA”), used by local government to meet the state requirement for affordable housing by category and 2000 Census statistics, the minimum thresholds for housing program expenditures on the following page would be required over the term of the Implementation Plan. During the 2005-06 fiscal year the Commission is proposing to spend up to approximately \$625,000 of housing expenditures to facilitate the development of 11 units for very-low income households. As discussed earlier the Commission has exceeded its housing production requirements and will be

³ Based on the housing fund year end balance (on June 30, 2004) of \$2,363,300 and combined with \$433,299 estimated housing set-aside revenue for the 2004-05 fiscal year.

CARLSBAD VILLAGE REDEVELOPMENT AREA

Implementation Plan
2005 through 2009

evaluating additional programs and projects as to their ability to meet RHNA requirements.

Household Type	Minimum Percentage of Housing Set Aside Expenditures over Implementation Plan
Very Low Income Households (Based on community's need for housing for households earning less than 54% of County median income)	30%
Low Income Households (Based on community's need for housing for households earning less than 86% of County median income)	22%
Household Age 65 & Over (Based on percentage of the City's 2000 Census population age 65 and over)	14%
Notes: Percentage of very low and low income household expenditures based upon City of Carlsbad Regional Housing Needs Assessment in which 2,499 (30%) of the total 8,3537 units in the City's housing are applicable for very low income households and 1,811 units (22%) are applicable for low-income households. Percentage of expenditures for housing age 65 and over based on 2000 Census data for the City, wherein 10,976 residents (14%) of the total population of 78,247 are age 65 and over.	

- Housing Set-Aside Expenditures since January 2002.** These proportionality requirements affect expenditures over a ten-year period, although the law permits the compliance initially for a period beginning in January 2002 and ending in December 2012. It is estimated the Commission has expended \$204,142 of the \$1,100,000⁴ housing set-aside funds received since January 2002. These funds have been spent on various administrative activities leading to the site selection for the Roosevelt Street Condominiums, which is currently in the planning phase. All 11 units of this project will be income restricted to households with very low-incomes. As additional projects are identified, the Commission expects to be in compliance with all income categories. The chart below documents the amount of low- and moderate- income housing fund revenue used since January 2002.

⁴ Total of housing set-aside for fiscal years 2001-02, 2002-03 and 2003-04.

CARLSBAD VILLAGE REDEVELOPMENT AREA

Implementation Plan
2005 through 2009

Housing Expenditures and Proportionality Since January, 2002				
Income Category	2001-02	2002-03	2003-04	Period to Date
Very Low Income	\$45,171	\$107,647	\$51,324	\$204,142
Low Income	\$0	\$0	\$0	\$0
Moderate Income	\$0	\$0	\$0	\$0
Total Expenditures:	\$45,171	\$107,647	\$51,324	\$204,142

- **Family Units Assisted by Housing Set-Aside Fund.** State law also requires a recap of the number of the projects assisted by the housing set-aside fund over the past Implementation Plan period divided by family projects (open to all age groups) and senior projects (restricted to residents age 65 and older). The Roosevelt Street development will create 11 new units restricted to households with very low-incomes. As additional units are developed through the remaining four year planning period, the Commission expects to be in compliance with this requirement.
- **Housing Units Constructed During Prior Implementation Plan Without Housing Set-Aside Funds.** Since January 2000, funding was provided in the amount of \$200,000 from Federal Community Development Block Grant funds, \$1,021,855 from Federal Home funds, along with redevelopment housing set-aside funds. With these funds, the Commission was able to construct affordable units featuring long term covenant restricted units (affordable units with covenants of at least 45 years for ownership housing or 55 years for rental housing).

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