

**MOORPARK CITY COUNCIL
AGENDA REPORT**

To: Honorable City Council
From: David C. Moe II, Redevelopment Manager *Demo*
Date: November 4, 2011 (City Council Meeting of 11/16/11)
Subject: Consider Replacement Housing Plan for 161 Second Street

BACKGROUND

The Redevelopment Agency of the City of Moorpark ("Agency") recently acquired the property located at 161 Second Street ("Property") and subsequently transferred it to the City of Moorpark ("City"). The City is drafting plans to construct an approximate one half (.5) acre neighborhood park.

DISCUSSION

The Property is improved with a small three bedroom single family dwelling, which is currently occupied by a very-low income household. According to Section 33413.5 of the California Redevelopment Law (Health and Safety Code, Section 33000 et seq.), whenever the Agency executes an agreement for acquisition of real property, or an agreement for the disposition and development of property which would lead to the destruction or removal of dwelling units from the low and moderate income housing market, Agency is required to adopt a replacement housing plan ("Plan").

The attached Plan ("Attachment I") identifies the impacts the redevelopment project will have on the community's supply of very-low, low and moderate income housing and details the measures that the Agency will take to ensure that the appropriate replacement housing is produced within the four-year time limit. The replacement dwelling units must have an equal or greater number of bedrooms from the removed units and shall be located within the redevelopment project area or within the territorial jurisdiction of the Agency (city limit). The replacement units shall also be made affordable to the same income level of very-low income, low income and moderate income households, as the persons displaced from those destroyed or removed units.

The Agency has several options available to provide replacement housing to mitigate the loss of the unit located on the Property, including acquisition, rehabilitation, new construction, and the allocation of "banked" dwelling units from prior development

activity. The Agency's banked dwelling units/bedrooms are sufficient to satisfy the required very-low income replacement housing obligation. Therefore, the Agency's surplus number of very-low income units will be reduced by one unit and three bedrooms in order to satisfy the Agency's replacement housing obligation.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Adopt Replacement Housing Plan for 161 Second Street.

Attachment I: Replacement Housing Plan



REPLACEMENT HOUSING PLAN

FOR THE

SECOND STREET PARK

@ 161 SECOND STREET

Prepared for

CITY OF MOORPARK
ASSISTANT CITY MANAGER'S OFFICE

By

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I. INTRODUCTION

The **City of Moorpark** (the City) intends to proceed with its plans for the Second Street Park Project at 161 Second Street (the Project) and has acquired a 15,000 square foot parcel improved with one single family dwelling unit. The Project will require the razing of one affordable housing unit. The Redevelopment Agency of the City of Moorpark (the Agency) is financing the relocation of the tenants and demolition of this structure through a reimbursement agreement dated April 21, 2011.

Section 33413.5 of the **California Redevelopment Law** (Health and Safety Code, Section 33000 et seq.) requires a redevelopment agency to adopt a replacement housing plan whenever the agency executes an agreement for acquisition of real property, or an agreement for the disposition and development of property which would lead to the destruction or removal of dwelling units from the low and moderate income housing market. The plan should identify the impacts that a particular redevelopment project will have on the community's supply of very-low, low and moderate income housing and detail the measures that the agency will take to ensure that the appropriate replacement housing is produced within the four year time limit.

Section 33413(a) of the California Redevelopment Law requires that whenever dwelling units housing persons and families of very-low, low or moderate income are destroyed or removed from the very-low, low and moderate income housing market as part of a redevelopment project, which is subject to a written agreement with a redevelopment agency or where financial assistance has been provided, the agency shall within four years of the destruction or removal, rehabilitate, develop, construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of very-low, low or moderate income, an equal number of replacement dwelling units at affordable housing cost within the redevelopment project area or within the territorial jurisdiction of the agency. When dwelling units are removed after January 1, 2002, 100% of the replacement dwelling units shall replace dwelling units in the same income level of very-low income households, lower income households and persons and families of low and moderate income, as the persons displaced from those destroyed or removed units.

Demolished or converted, occupied or vacant occupiable, very-low, low and moderate income units must be replaced with units of an equal number of bedrooms from the removed units. The units must be within the agency's jurisdiction, in standard condition, and designed to remain affordable to very-low, low and moderate income households,

respectively for a minimum of the longest feasible time, as determined by the agency, but for no less than the period of the land use controls established in the redevelopment plan, unless a longer time period is applicable under the Health & Safety Code §33413(c).

The Redevelopment Plan for Agency's **Moorpark Redevelopment Project Area** is scheduled to expire in **July 2030**. Pursuant to the passage of Assembly Bill No. 637, however, "affordable" units provided by an agency post-January 1, 2002 are required to have affordability covenants for minimum, fixed-time periods irrespective of the life of any one Project Area or Agency (and the term of applicability of the land use controls). Specifically, Section 33413(c) established those time limits at 45 years for *ownership* units and 55 years for *rental* housing. The unit is anticipated to be removed by January of 2012 and the replacement unit must be provided within a four year time frame. Therefore, the replacement unit must be available by **January of 2016**, or four years from the time the existing unit is removed.

This **Replacement Housing Plan** (the Plan) has been prepared by the Agency as a result of proposed Project and to satisfy the requirements for replacement housing contemplated under the California Redevelopment Law.

This Plan describes the following:

- 1) Proposed Project,
- 2) General location of the very-low, low and moderate income dwelling units which will, or may be, removed or destroyed as a result of the Project,
- 3) General location and intentions for the development of the replacement housing,
- 4) Means of financing such development,
- 5) Schedule for the construction of the replacement housing, and
- 6) Period for which these units will remain affordable.

II. PROJECT DESCRIPTION AND LOCATION

PROJECT DESCRIPTION

The City of Moorpark has acquired an approximately 15,000 square foot parcel improved with a single family dwelling at 161 Second Street in Moorpark. It is the intent of the Agency to finance the demolition of the current structure and construction of a neighborhood park. To effectuate the development of the Project, the City must permanently relocate one residential household and raze one affordable unit. The six-member household currently occupies a small, three-bedroom unit in poor condition.

The City plans to develop the site as a neighborhood community park. The Agency intends to fully replace one existing very low income unit that will be removed, totaling three bedrooms. Preparation of this replacement housing plan outlines the Agency's timetable, funding and methods for the replacement of the units and bedrooms.

PROJECT LOCATION

The proposed Project will take place in the City of Moorpark which is located in the southeastern portion of Ventura County, approximately 40 miles northwest of downtown Los Angeles. Moorpark is easily accessible from State Routes 23 and 118 with neighboring communities of Simi Valley, Thousand Oaks, Camarillo, Somis, Santa Paula, and Fillmore. (See **Figure 1**, following).

The specific Project site is located just west of the SR-118 Ronald Reagan Freeway, near the northwest corner of Second Street and Bard Street. (See **Figure 2**, following).

III. UNITS TO BE REPLACED

A personal survey was conducted with residents of the occupied unit and information obtained from publicly available sources was made available in order to verify the number of bedrooms for the Project dwelling unit.

This Replacement Housing Plan analysis will consider one occupied single-family dwelling.

Per the California Redevelopment Law, 100% of the very low to moderate income dwelling units shall be replaced with dwelling units having an equal number of bedrooms available at the respective very low to moderate income levels.

Bedroom Survey by Income Level

Table 1 defines the number of dwelling units and bedrooms that will be displaced and the 100% requirement for replacement by income level. The numbers under each household income category indicate the total households displaced (the number of dwelling units) and the numbers in parenthesis indicate the total number of bedrooms displaced for each income level by bedroom size.

Table 1 further defines the number of bedrooms necessary to meet the requirements of the 100% replacement criteria.

Table 1: Displaced Households by Bedroom Size & Income Level					
Household Size	Very-Low Income	Low Income	Moderate Income	Nonrestricted Income	Totals
Three Bedroom Households (# Bedrooms)	1 (3)	0 (0)	0 (0)		1 (3)
100% Replacement: (# Bedrooms)	(3)	(0)	(0)	(0)	(3)

As a result, there are a total of three bedrooms in one residential unit that need to be rehabilitated, developed, or constructed pursuant to Section 33413(a) of the Community Redevelopment Law. Based on the 100% replacement criteria by income level, it has been determined that the three replacement bedrooms should be affordable to very-low income households.

As described in **Table 2**, following, through September 30, 2010 the Agency has previously created or has planned for the creation of the following *net* number of affordable housing units/bedrooms.

Table 2: Affordable Housing Projects-Banked Units/Bedrooms (Net, September 2010)				
Unit Size	Very Low Income	Lower Income	Moderate Income	Total Net Surplus
Net Banked Units/Bedrooms	79/131	203/387	12/29	294/547

IV. ANNUAL INCOME RESTRICTIONS

California Health and Safety Code Sections 50079.5 and 50105 provide that the moderate, low and very-low income limits established by the U. S. Department of Housing and Urban Development ("HUD") are the state limits for those income categories. Sections 50079.5 and 50105 direct the Department of Housing and Community Development ("HCD") to publish the income limits. HUD released new income limits in May 2010. Accordingly, HCD has filed with the Office of Administrative Law, amendments to Section 6932 of Title 25 of the California Code of Regulations. The amendments contain the new HUD income limits prepared by HCD pursuant to Health and Safety Code Section 50093 and published on July 13, 2011.

*The following figures, shown in **Table 3**, are approved for use in the County of Ventura to define and determine housing eligibility by income level:*

Table 3: Housing Eligibility by Annual Income Level				
Area Median: \$88,100				
Family Size	Very Low	Lower	Median	Moderate
1 Person	31,150	49,850	61,650	74,000
2 Person	35,600	57,000	70,500	84,550
3 Person	40,050	64,100	79,300	95,150
4 Person	44,500	71,200	88,100	105,700
5 Person	48,100	76,900	95,150	114,150
6 Person	51,650	82,600	102,200	122,600
7 Person	55,200	88,300	109,250	131,050
8 Person	58,750	94,000	116,300	139,500

V. LOCATION OF REPLACEMENT HOUSING

The Agency has several options available to provide replacement housing to ameliorate the impact of the Project, including acquisition, rehabilitation, new construction, and the allocation of “banked” dwelling units from prior development activity. As described in **Table 1**, earlier, the implementation of the proposed Project will result in the removal of a total of one “affordable”, residential dwelling unit, with the applicable bedroom/room counts and income affordability levels as indicated.

The Agency’s previously funded affordable housing projects provide surplus dwelling units and bedrooms that can be allocated by the Agency for future housing obligations. The Agency has a sufficient number of “banked” dwelling units/bedrooms to satisfy the required very low, lower and moderate income replacement housing obligation for the Project. Assuming an assignment of the Agency’s replacement obligation identified for the subject Project to the aforementioned “bank” of housing **Table 4**, following, assigns that allocation to the appropriate income category and shows the net balance of affordable housing accruing to the Agency.

Table 4: Affordable Housing Projects/Banked Units & Bedrooms				
Units/Bedrooms	Very Low Income	Lower Income	Moderate Income	Total Net Surplus
Banked	79/131	203/387	12/29	294/547
Project Impact	(1/3)	(0/0)	(0/0)	(1/3)
Net Surplus	78/128	203/387	12/29	293/544

VI. FINANCING THE REPLACEMENT HOUSING

The Redevelopment Plans that were created for the Moorpark Redevelopment Project Area authorize the Agency to finance its activities with assistance from actual sources, including the City of Moorpark, State of California, United States Government, property tax increment funds, interest income, Agency bonds, or other available sources.

In the acquisition, construction and/or rehabilitation of the affordable housing units identified in the preceding section, the Agency may utilize a variety of funding sources to finance these activities. Sources that may be utilized include: State or Federal grants and loans, including, but not limited to; HUD Community Development Block Grant (CDBG) funds; HOME grants; various mortgage subsidy or guarantee programs, including Section 202 and programs offered by the California Housing Financing Agency (CHFA); tax increment funds; below market rate financing through the sale of tax exempt mortgage revenue bonds; redevelopment twenty percent set-aside funds; and developer funds. Specific funding for future replacement housing units may be through the use of any combination of the above described methods and sources.

In addition to the financing methods listed, the Agency may utilize density bonuses in exchange for covenanted units in the Project area.

VII. NON-APPLICABILITY OF ARTICLE XXXIV OF THE CALIFORNIA CONSTITUTION

Article XXXIV of the California Constitution requires voter approval of all low-rent housing projects that are developed, constructed, or acquired by public entity. However, under Section 37001 of the California Health and Safety Code, which implements this Constitutional mandate, the replacement housing identified in this Plan is not a "low-rent housing project" as defined in Section 2 of Article XXXIV of the California Constitution. It is hereby found and determined that the replacement housing to be developed and constructed under this replacement housing plan does not require approval of the voters of the City of Moorpark pursuant to Article XXXIV of the California Constitution. Neither ownership housing, nor rental housing are "low rent housing projects" as described in Article XXXIV, and Section 37001 (b) of the California Health and Safety Code. All such replacement housing will be privately owned, and will not be exempt from real property taxes by reason of public ownership and will not be financed with direct long term financing from a public body.

In addition, the Agency will not "develop, construct, or acquire" housing as described in Section 1 of Article XXXIV of the State Constitution because it may provide developers assistance and monitoring construction by imposition of mandated or authorized conditions.

VIII. TIME TABLE FOR REPLACEMENT HOUSING

The Agency has provided a considerable degree of continuing support in the construction and/or rehabilitation of replacement housing units sufficient to address the replacement requirements of affordable housing discussed in this Plan. It is the intent of the Agency to use "banked" units from previously developed housing units to fulfill its replacement housing requirement.

The Agency acknowledges that replacement housing units must be affordable in the same, or lower income categories than those being razed or otherwise removed from the City's housing inventory and will ensure that this result is realized.

Further, any units developed as replacement housing units will be completed within four years and will remain income-restricted for the appropriate period as required by law.

IX. SUMMARY

In summary, a total of three bedrooms in one dwelling unit will be removed as a result of the Project, as planned.

Based on the 100% replacement criteria by income level, Agency through a variety of replacement housing options will replace the three bedrooms affordable to very-low income households by using previously developed housing units. The result of the above actions will yield the required number of replacement dwelling units as mandated under California Redevelopment Law and the Housing and Community Development Act.

The Agency recognizes its legal and community responsibilities in this matter and will make a sincere, good-faith effort to accomplish these goals. The Agency retains its option to use other approaches and strategies not discussed herein to fulfill its replacement housing obligations in a timely manner.