



REDEVELOPMENT AGENCY

REDEVELOPMENT IMPLEMENTATION PLAN  
FOR THE  
CATHEDRAL CITY 2006 MERGED PROJECT AREA

OCTOBER 28, 2009

Prepared by

REDEVELOPMENT AGENCY STAFF  
CITY OF CATHEDRAL CITY

and

DHA CONSULTING

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**PROJECT AREA #1 REDEVELOPMENT PLAN**

Adopted: November 29, 1982

- |  |   |
|--|---|
| 1 <sup>st</sup> Amendment: February 6, 1991  | 6 <sup>th</sup> Amendment: August 10, 2005    |
| 2 <sup>nd</sup> Amendment: December 14, 1994 | 7 <sup>th</sup> Amendment: February 6, 2006   |
| 3 <sup>rd</sup> Amendment: January 28, 1998  | 8 <sup>th</sup> Amendment: April 26, 2006     |
| 4 <sup>th</sup> Amendment: July 9, 2003      | 9 <sup>th</sup> Amendment: September 27, 2006 |
| 5 <sup>th</sup> Amendment: July 26, 2004     | 10 <sup>th</sup> Amendment: May 25, 2007      |

**PROJECT AREA # 1 (ADDED AREA) REDEVELOPMENT PLAN**

Adopted: July 9, 2003

- |   |   |
|---|---|
| 1 <sup>st</sup> Amendment: April 26, 2006 | 2 <sup>nd</sup> Amendment: September 27, 2006 |
| 3 <sup>rd</sup> Amendment: May 25, 2007   |   |

**PROJECT AREA #2 REDEVELOPMENT PLAN**

Adopted: November 29, 1983

- |  |   |
|--|---|
| 1 <sup>st</sup> Amendment: December 14, 1994 | 5 <sup>th</sup> Amendment: February 6, 2006   |
| 2 <sup>nd</sup> Amendment: January 28, 1998  | 6 <sup>th</sup> Amendment: April 26, 2006     |
| 3 <sup>rd</sup> Amendment: July 28, 2004     | 7 <sup>th</sup> Amendment: September 27, 2006 |
| 4 <sup>th</sup> Amendment: August 10, 2005   | 8 <sup>th</sup> Amendment: May 25, 2007       |

**PROJECT AREA #3 REDEVELOPMENT PLAN**

Adopted: November 30, 1984

- |  |   |
|--|---|
| 1 <sup>st</sup> Amendment: December 14, 1994 | 5 <sup>th</sup> Amendment: July 26, 2004      |
| 2 <sup>nd</sup> Amendment: April 28, 1999    | 6 <sup>th</sup> Amendment: March 23, 2005     |
| 3 <sup>rd</sup> Amendment: July 9, 2003      | 7 <sup>th</sup> Amendment: February 6, 2006   |
| 4 <sup>th</sup> Amendment: November 25, 2003 | 8 <sup>th</sup> Amendment: September 27, 2006 |
| 9 <sup>th</sup> Amendment: May 25, 2007      |   |

**2006 CATHEDRAL CITY MERGED REDEVELOPMENT PLAN**

Adopted September 27, 2006

- 1<sup>st</sup> Amendment: May 25, 2007



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# CHAPTER I

## INTRODUCTION AND PROCESS OVERVIEW

### 1. Mandate for Implementation Plan

AB 1290 and SB 732, enacted in 1993 and 1994 respectively, as a comprehensive reform of California Redevelopment Law, established regulations which required each redevelopment agency to adopt an Implementation Plan no later than December 31, 1994, and to update the plan every five years. The Cathedral City Redevelopment Agency adopted its first Implementation Plan on December 14, 1994. The second and third Implementation Plans were adopted, respectively, on December 22, 1999, and December 8, 2004. An Amended and Restated 2004 Implementation Plan was adopted on December 14, 2005.

This 2009 Implementation Plan has been drafted to meet the requirements of California Redevelopment Law as set forth in Health and Safety Code Section 33490. California Redevelopment Law is embodied in Sections 33000 et seq. of the Health and Safety Code. All code sections cited in this Implementation Plan are taken from that source.

### 2. Purpose and Contents of The Implementation Plan

The purpose of the Implementation Plan is to provide a documented link between the actions of the Redevelopment Agency and the elimination of blight. According to Section 33490(a), an Implementation Plan must contain the following components:

- Specific goals and objectives of the Project Area;
- Specific programs, including potential projects, and estimated expenditures proposed to be made during the next 5 years;
- An explanation of how the goals, objectives, programs and expenditures will eliminate blight within the Project Area;
- An explanation of how the requirements of Section 33333.10 will be implemented.
  - An explanation of how the goals, objectives, programs and expenditures will implement the affordable housing requirements of Sections 33334.2, 33334.4, and 33413. These requirements are discussed in Chapter V of this Implementation Plan.



### 3. Status of the 2006 Cathedral City Merged Project Redevelopment Plan

The 2006 Cathedral City Merged Redevelopment Project Plan (the Merged Plan), which merged all of the City's Project Area Plans, was adopted by the City Council on September 27, 2006, by Ordinance No. 624. A map of the project area can be found in Appendix B. The Merged Plan was amended once on May 25, 2007, to add a State-mandated program for the use of eminent domain.

The 2006 Cathedral City Merged Redevelopment Project is composed of what were originally Project Area No. 1 (adopted in 1982, with area added in 2003), Project Area No. 2 (adopted in 1983) and Project Area No.3 (Adopted in 1984). Appendix A depicts the City and shows the boundaries of all of the project areas. Note that the Project Area No. 3 outer boundaries are the same as the boundary of the 2006 Merged Project Area. Due to the merged nature of the Redevelopment Project, the limitations on plan effectiveness and the ability to collect tax increment varies depending upon which of the original project areas is being considered. The following Table 1 outlines the main limitations by project area

**Plan Effectiveness and Collection of Tax Increment**

	PLAN EFFECTIVENESS	COLLECT TAX INCREMENT
Project Area No.1	November 28, 2025	November 28, 2035
Project Area No. 1 (Added Area)	July 9, 2033	July 9, 2043
Project Area No. 2	November 28, 2026	November 28, 2036
Project Area No. 3	November 29, 2026	November 29, 2036

### 4. Period of Implementation Plan

As noted above, Section 33490(a) requires that an Implementation Plan address a redevelopment agency's programs and expenditures for the next 5 years. Section 33490 does not specify the beginning and ending dates for the 5 year periods. The City set the beginning date for the first Implementation Plan at January 1, 1995 and the ending date at December 31, 1999. The second Implementation Plan period began on January 1, 2000 and ends on December 31, 2004. The third Implementation Plan (as amended and restated) period began on January 1, 2005, and ends on December 31, 2009. This third Implementation Plan was also augmented and amended in conjunction with the 2006 merger of the project areas. This new Implementation Plan will extend from July 1, 2009 through June 30, 2014 as we are converting to a fiscal year basis for ease in tracking and administration.



## 5. Citizen Participation

A public hearing on the 2009 Implementation Plan was conducted by the Redevelopment Agency on October 28, 2009. Public notices were given in accordance with Section 33490(d) as follows:

- On October 3, 10 and 17, 2009, notices of this public hearing were published in *The Desert Sun*, a newspaper of general circulation in the Coachella Valley.
- On September 28, 2009, notices of this public hearing were posted in the following four (4) locations within the Project Area as well as on the City's website at [www.cathedralcity.gov](http://www.cathedralcity.gov).
  - (1) City Hall Paseo, 68700 Avenida Lalo Guerrero;
  - (2) Cathedral City Library, 33520 Date Palm Drive;
  - (3) Community Center at Tierra del Sol, 37101 West Buddy Rogers;
  - (4) Cathedral City Fire Station 412, 32100 Desert Vista Road;

These notices stated that copies of the draft Implementation Plan were available for review at City Hall, at the City Library, and on the City's web site at [www.cathedralcity.gov](http://www.cathedralcity.gov).

Section 33490(c) requires that a hearing on the Redevelopment Plan and Implementation Plan be conducted by the Agency between 2 and 3 years after adoption of the Implementation Plan (Mid-Term Review). The Mid-Term Review of the 2005 Amended and Restated Implementation Plan was held on November 14, 2007.

Should the Redevelopment Agency desire to amend the Implementation Plan at a future time, a public hearing noticed in accordance with Section 33490(d) will be published.

## 6. Terms Used in This Implementation Plan

- The Low- Moderate Income Housing (LMIH) Fund required by Section 33334.3, into which 20 percent of all tax increment receipts must be deposited, is often also referred to in conversation as the "Housing Set-Aside Fund".
- "Agency" refers to the City's Redevelopment Agency.

The State Health and Safety Code provides the following definitions of income groups:

- "Extremely Low Income households are persons or families whose annual income does not exceed 30 percent of the County median income (Section 50106)



- “Very Low Income” households are persons or families whose annual income does not exceed 50 percent of the County median income (Section 50105).
- “Low Income” households are persons or families whose annual income does not exceed 80 percent of the County median income (Section 50079.5).
- “Moderate Income” households are persons or families whose annual income is between 80 and 120 percent of the County median income (Section 50093).

## 7. IMPLEMENTATION PLAN ADOPTION PROCESS

The adoption of the 2009 Implementation Plan for the 2006 Cathedral City Merged Redevelopment Project has proceeded through the following schedule:

- A. The Implementation Plan was prepared by Agency Staff and DHA Consulting.
- B. A draft document was sent to Agency/City staff and legal counsel for comment.
- C. The comments of Agency/City staff and the Agency’s legal counsel were incorporated into the final version of the Plan, which was made available to the public for review and comment.
- D. Notices of the Public Hearing were posted in the Project Area at the following locations on September 28, 2009:

Cathedral City Civic Center  
 Cathedral City Senior Center  
 Cathedral City Public Library  
 Fire Station No. 412 (Headquarters)  
 Cathedral City Web Page ([www.cathedralcity.gov](http://www.cathedralcity.gov))

- E. Notices of the required Public Hearing were published in The Desert Sun on the following dates:

October 3, 2009  
 October 10, 2009  
 October 17, 2009



## CHAPTER II

# HISTORY OF REDEVELOPMENT IN CATHEDRAL CITY

### HISTORY OF REDEVELOPMENT IN CATHEDRAL CITY

Cathedral City was incorporated in 1981 and began an active redevelopment program with adoption of its first redevelopment plan in 1982. Since then, the Agency has added a variety of programs. These programs are accomplishing the goals of the redevelopment plans.

During this most recent planning period, 2004 to 2009, the Agency has faced significant issues with a down-turn in the economy, foreclosures, reassessment of property and State takes of redevelopment funds. During this same period: a particular focus has been placed on the downtown area of the City, which has already seen significant new construction with the new Civic Center, Town Square, the Desert IMAX Theater, the Pickford Theater, a 1,125 space parking structure, and a 22,000 square foot retail complex. Projects under contract (Disposition and Development Agreement, Owner Participation Agreement or Memorandum of Understanding) for development include a 300 room conference center hotel, an 18 hole golf course, 162 room limited service hotel, 75 very low income affordable senior apartments (Tierra del Sol project), with new 5,000 sq. ft. Senior Center), 61 units of affordable family housing, and 23 acres of mixed use development in East Downtown.

### IMPLEMENTATION OF THE REQUIREMENTS OF SECTION 33333.10

The Agency has not extended the life of the Redevelopment Plan pursuant to Section 33333.10, thus the Agency is not obligated to implement these requirements.

### SPECIFIC CHALLENGES FACING THE AGENCY OVER THE UP-COMING PLAN PERIOD

The Agency faces several significant challenges over the Implementation Plan period, all relating to the ability to finance programs and projects. Those challenges include:

1. The continuing threat of State take-aways. In its continuing quest to balance its own budget, the State is seeking a way to use local redevelopment funds. A current proposal which has been enacted by the Legislature would require the Cathedral City Redevelopment Agency to contribute \$9.5 million to the "Supplemental Educational Revenue Augmentation Fund" of Riverside County for fiscal year 2009-2010, and



an additional \$2 million for fiscal year 2010-2011. If successful, this State take-away is likely to become permanent and will have a significant negative impact on the Agency's ability to implement any of the programs in this Implementation Plan.

2. Declining Property Values. Due to the sharp economic downturn over the last few years, property values have plummeted. As property value decreases, so does Agency tax increment revenue. Assessed value stabilization is not expected for several years. The reduction in Agency revenue for 2009-2010 due to reduction in property tax values is expected to be \$5 million.
3. Foreclosures. The sharp economic downturn has also generated a greater than normal number of foreclosures, with even the foreclosing lender going into receivership. This situation has created additional blighting influences with abandoned homes, businesses and buildings in various stages of construction.

## ESTIMATED EXPENDITURES

The Agency issued \$115 million in A-rated tax increment bonds in March 2007. After repaying existing obligations and funding other projects such as development of the soccer park, land acquisitions and street projects, there is approximately \$57.8 million in remaining bond proceeds available for use during the period covered by this Implementation Plan. These funds are currently earmarked for hotel, conference amenities, tourism and recreational projects; hydrology and drainage improvements; land acquisition; biking and hiking trail development; economic development; signalization and traffic flow improvements and capital improvements and carrying costs for existing Agency owned properties. It is anticipated that these projects will become realities during this coming five-year period. In addition, \$11.5 million is earmarked for debt reduction in order to provide sufficient revenue to meet the State mandated Special Educational Augmentation Fund payments required in FY 2009-10 and FY 2010-11. If not for this State "take", the Agency could use this \$11.5 million for other projects and programs designed to alleviate blight, stimulate private investment and enhance the economic health of the project area.

On an on-going basis, the Agency anticipates receiving approximately \$2.5 million in net "non-housing" tax increment each fiscal year during the period covered by this Implementation Plan. Net tax-increment is that available after existing debt service payments, housing set-aside deposits and honoring tax sharing agreements. These monies are needed for Agency administration. Staff had initially anticipated that net tax



increment would be substantially higher and that we would be able to issue new bonds, but this is no longer an expectation. Our assessed valuation has declined approximately \$5 million annually and it is anticipated that net tax increment will remain fairly flat in the immediate future until the economy rebounds and foreclosed residential and commercial properties are resold and occupied. As such, it is not expected that additional dollars will be readily available for general redevelopment activities and future projects will have to be structured as developer advances, with the developer repaid out of project generated tax increment.

As previously mentioned, lack of funding caused by the State mandated “take” of Agency funds, coupled with the decline in assessed valuation, will be a significant challenge during the time span covered by this Implementation Plan and redevelopment activities will most likely be modest and planned Agency assisted projects, such as the redevelopment of the Eastside (approximately 23 acres bounded by East Palm Canyon, Monty Hall, the Channel and Date Palm) will be delayed. The Agency will continue to partner with other economic development and governmental entities and will seek grant funding as available in order to leverage the limited dollars that are currently available in the continued efforts to alleviate blight and diversify the existing tax base.



## CHAPTER III

# BLIGHTING CONDITIONS IN CATHEDRAL CITY AND HOW ACTIVITIES WILL ASSIST IN THE ELIMINATION OF BLIGHT

AB 1290 strengthens the connection between the Agency's actions and the elimination of blight. This chapter summarizes the blighting conditions found at the time the Redevelopment Plans were adopted and, in the case of Project Area #1, at the time of its amendment in 2003.

These descriptions of area blight are extracted from the Project Area #1 Redevelopment Plan and Amendment, Project Area #2 Redevelopment Plan, and Project Area #3 Redevelopment Plan and highlight the blight that will be the focus of specific activities of this Implementation Plan. The merging of the City's three redevelopment projects into the Cathedral City 2006 Merged Redevelopment Project has no effect on these original blight findings.

### Project Area #1

- The existence of numerous buildings with a variety of land uses that are built lot line to lot line with no provision for off street parking.
- Lack of adequate circulation and numerous access problems.
- Little definition of a commercial core.
- A high-density residential area that is suffering from deterioration, disuse and economic dislocation.
- Inadequate buffering of industrial uses from residential and commercial uses.
- Inadequate flood control and drainage, including lack of curbs and gutters on most streets.
- Homes built for seasonal use are now being used year round.
- Commercial uses that are aged, obsolete and deteriorated and are mostly built on small lots of irregular size and shape due to the diagonal orientation of East Palm Canyon Drive.
- Lack of adequate sewer system causing potential contamination of ground water.
- Significant overcrowding of residential units.
- Vacant and under-utilized properties and increased commercial vacancies.



### Project Area #1 Added Area

- The existence of buildings suffering from economic dislocation and disuse.
- Properties requiring re-planning, redesign and/or redevelopment and which could not be accomplished by private enterprise acting alone without public participation and assistance.

### Project Area #2

- Inadequate drainage.
- Economic dislocation, deterioration and disuse causing the area to be an economic strain on the community.
- Lack of adequate circulation.
- Inadequate public improvements, facilities and utilities.
- Depreciated values that impair investment and cause social and economic maladjustment.
- Lack of adequate drainage and sewer facilities.

### Project Area #3

- Inadequate public improvements, public facilities, open spaces and utilities.
- Age, obsolescence, deterioration, dilapidation, and mixed character of buildings and inappropriate reuse of existing structures.
- A prevalence of depreciated values, impaired investments and social and economic maladjustment.
- There are lots or other areas that are subject to being submerged by water Due to lack of or inadequate draining and flood control infrastructure.
- Economic dislocation, deterioration or disuse resulting from faulty planning.

## **HOW ACTIVITIES WILL ASSIST IN THE ELIMINATION OF BLIGHT**

While progress has been made to eliminate blighting conditions in the Project Area, there still exist substantial detrimental physical and environmental conditions within each Project Area. The Agency proposes to alleviate these conditions by undertaking various activities. Taken together, these activities will stimulate further private development and rehabilitation in the Project Area, not only in the next five years, but throughout the remaining lifetime of the respective Redevelopment Plans provided the State does not continue to take away Agency funds to balance its own budget.



The activities proposed to be implemented over the next five years, as funding is available, will reduce or eliminate many of the blighting influences in the Project Area. The specific blighting influences that will be addressed vary by the type of activity to be undertaken. The type of blight to be addressed is described below for the various activities proposed. To avoid duplication and facilitate discussion, the various activities have been grouped by general category.

### COMMERCIAL AREA REVITALIZATION ACTIVITIES

Commercial area revitalization activities are designed to enhance commercial areas and attract new and desirable commercial uses to the Project Area. Many of the planned activities will directly reduce blight by alleviating existing detrimental physical conditions by rehabilitating existing deteriorated uses and commercial buildings or replacing them with new structures. In addition, the activities will provide additional retail customers which will bolster local retail businesses and directly improve sales activity. These improved sales increase the value of previously impaired investments and help make more capital available for reinvestment in local businesses. Improved sales will help create a more attractive environment for the attraction of new investment and reinvestment.

Such activities, should the Agency have sufficient funds to do so, will also increase the number of local employment opportunities, expand the City's tax base for the support of essential services, and reduce the costs to the City and other public agencies of providing some services. This in turn will spark additional investment in the community. In addition, the commercial revitalization activities are expected to alleviate detrimental physical conditions through tools such as re-parcelization, replacement or rehabilitation of deteriorating land uses and the provision of needed public and transportation facilities.

### PUBLIC IMPROVEMENTS AND FACILITIES

The provision of public improvements and facilities will assist in eliminating blighting conditions in numerous ways. Sewer projects will decrease the potential of contamination of ground water. Street projects will improve traffic circulation and access to commercial businesses; thereby reducing traffic congestion and assisting in increasing patronage for existing businesses while increasing the attractiveness of the commercial areas as a location for new businesses. Roadway improvements also help attract new investment by signaling to the financial and commercial communities that the City and Agency are able to provide the services necessary to help ensure the success of investments. Streetscape and median projects are intended to reduce blight by helping existing businesses improve both the appearance and functionality of commercial areas, thereby improving their desirability and competitiveness. Graffiti abatement and other crime reduction activities are anticipated to assist with business attraction and retention efforts, reduce the burden on local services, and enhance



public perception of the area, thereby encouraging further private investment in the area.

### PARKS, OPEN SPACE, RECREATIONAL AND EDUCATIONAL FACILITIES

The provision of parks, open space, recreational and educational facilities will enhance the living environment for local residents. This improved quality of the environment will result in improved property values and greater neighborhood pride. This will result in significantly increased reinvestment in adjacent residential neighborhoods. Additional and improved educational facilities will not only assist in increasing property values but will also assist in preparing residents for employment opportunities. An educated workforce and the overall quality of and access to education is a major factor considered by employers who are making site decisions for their businesses. Additional and enhanced cultural facilities will also provide attractive community amenities and may serve as destination locations within commercial districts, thereby drawing more patrons to these areas.



**REDEVELOPMENT PROJECT AREAS****CHAPTER IV****NON-HOUSING**RECENT ACCOMPLISHMENTS OF THE AGENCY

Since the adoption of the last Implementation Plan, the Agency has been very active in the downtown core and along East Palm Canyon Drive and in other parts of the City. It has:

- Established the Cove Improvement Assessment District and began construction of sewers and flood protection facilities and reconstruction of roads in the Cathedral City Cove.
- Designed and built the Cathedral City Soccer Park.
- Completed the Pickford Promenade, a 22,100 square foot commercial complex across the street from the Mary Pickford Theater.
- Acquired land and entered into Agreements for the expansion of existing new car dealerships.
- Completed construction of a flashing crosswalk for traffic safety improvements in the area of the Auto Center.
- Acquired 81.86 acres of land for future park and open space development.
- Completed the acquisition, relocation and clearance processes for an old, dilapidated mobile home park (Desert Hills Mobile Home Park).
- Assembled approximately 20 acres of land for the redevelopment of East Downtown.
- Assembled land and developed plans for the construction of a replacement downtown fire station.
- Implemented a commercial façade program.
- Implemented a local economic development stimulus program including Locals Dine Out and Cathedral City Bucks campaigns designed primarily for business retention during challenging economic times.
- Financed and completed preparation of the North City Specific Plan for future economic development opportunities at the entry way to the City.
- Entered into leases to bring two new restaurants to the Downtown Core.

GOALS AND OBJECTIVES

The goals and objectives and activities that may be initiated during the period covered by this Implementation Plan are summarized below:

- Promoting the development of a hotel and conference center to anchor downtown development and serve as a catalyst for additional mixed-use and commercial development
- Promoting further development of the Auto Center.
- Encouraging the rehabilitation or replacement of commercial properties and continuing and expanding the commercial façade improvement program and graffiti eradication to remove visual blight.

## REDEVELOPMENT PROJECT AREAS

- Construction or replacement of sewer lines and treatment facilities as necessary to implement development contemplated in the General Plan, even if those facilities lay outside the project area.
- Construction or replacement of water lines and water treatment facilities as necessary to implement the development contemplated in the General Plan, even if those facilities lay outside the project area.
- Construction of storm drains and flood control facilities as required to protect the health and safety of the City's residents, even if those facilities lay outside the project area.
- Construction of municipal facilities including police and fire stations, libraries, parking facilities and museums and other educational tourism oriented facilities
- Construction of municipal recreational facilities including but not limited to tennis courts, walking and bicycle trails, handball courts, swimming pools and parks.
- Extension of utilities to under- or non-served areas within the project area.
- Rehabilitation of existing facilities.
- Economic development activities designed to attract and retain businesses within existing and proposed commercial and industrial centers.
- Assist with workforce development activities including attracting technical and educational venues to stimulate economic development activities and opportunities.
- Provide capital improvements in public facilities such as communication systems.
- Continued diversification and stabilization of the economic base.
- Providing assistance to low-and moderate-income residents of the Project Area through grants or loans for weatherization, energy efficiency and rehabilitation.

### Downtown Goals

- To restore Cathedral City's historic Downtown (located in Project Area #1) as the social and symbolic "Heart of the City" in order to revitalize the identity and investment climate of the City as a whole.
- To reverse the forces of disinvestments which have contributed to the deterioration of Downtown residential neighborhood, and promote the creation of a distinctive livable "in-town" neighborhood.
- To make Downtown a place that accommodates a rich and vibrant pedestrian environment with a wide variety of services, shops, places to eat, entertainment and cultural offerings, capable of appealing to residents and visitors alike.
- To make Cathedral City the best city in the Coachella Valley - the city with the most successful Downtown, the most appealing neighborhoods, and the most attractive city for investment in job-creating commercial development.

## REDEVELOPMENT PROJECT AREAS

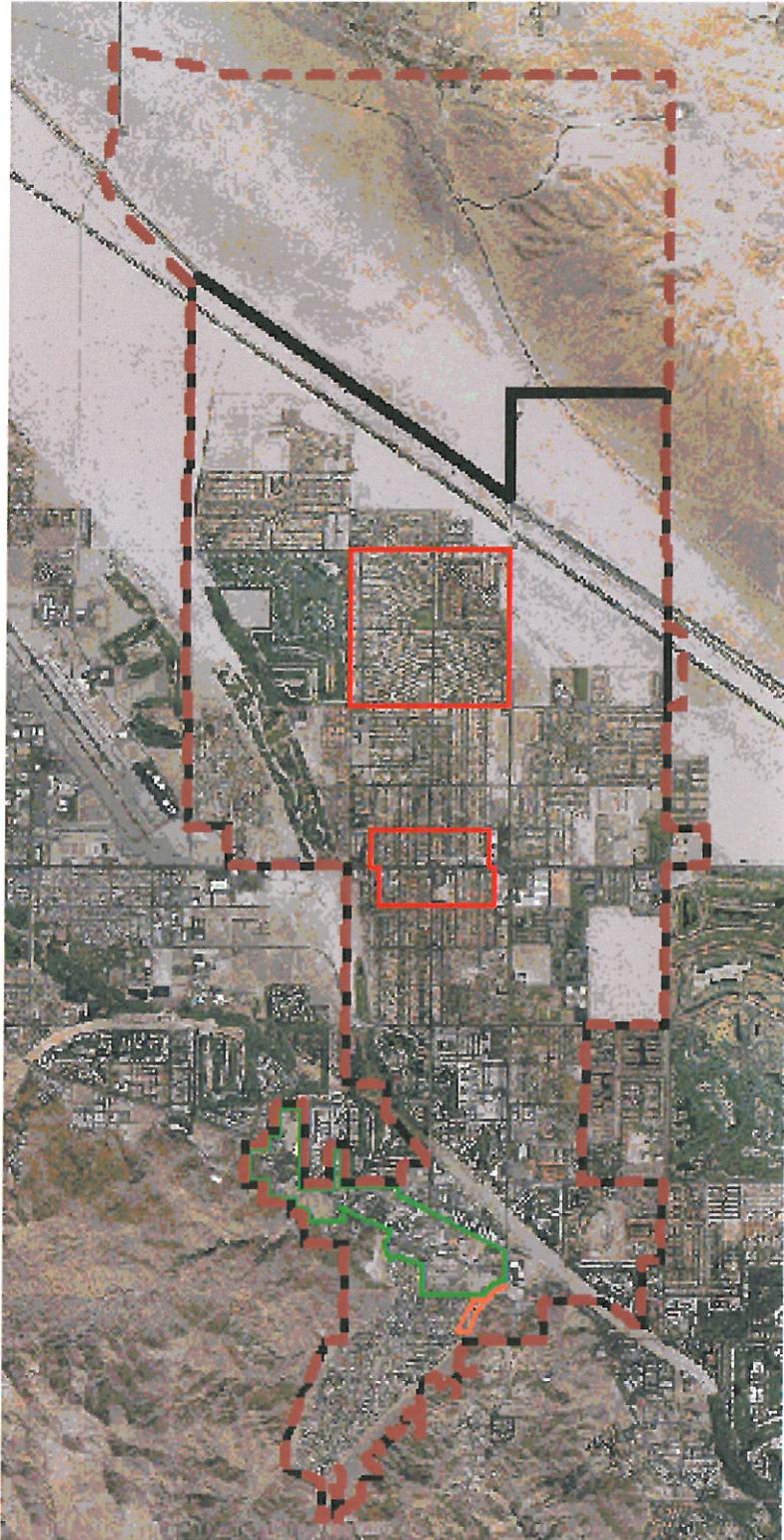
In addition to the overriding goal of eliminating blighting conditions, the following are the major goals to be pursued by the Agency over the coming five years.

1. Implement the goals and implementation measures for economic development adopted by the City in its General Plan, Strategic Plan and other policy documents, including diversifying the local economy and economic base.
2. Implementing the goals and action steps recommended in the Coachella Valley Economic Partnership Economic Development Blueprint documents and the yet to be developed Compass Blueprint Plan for the Date Palm corridor.
3. Promote commercial revitalization to stabilize and expand the tax and employment base.
4. Provide needed public improvements and facilities to support revitalization of the Project Area and reduce unemployment by developing a well educated work force.
  - a. Specific capital improvements anticipated for construction during the period covered by this Implementation Plan include, but are not limited to :
    - i. Continuing the construction of landscaped medians along Ramon Road and Date Palm Drive.
    - ii. Parkland development.
    - iii. Street improvements along East Palm Canyon Drive throughout the project area.
    - iv. Widening of East Palm Canyon to facilitate traffic flow.
    - v. Bridge widening, stabilization and construction to further facilitate traffic flow and drainage projects
    - vi. Construction of interchanges along State Highway 10.
    - vii. Storm drain construction and other drainage improvements
    - viii. Construction of Eagle Canyon Dam and associated drainage lines to assist in removing much of the project area from the 100-year flood plain. Construction of infrastructure into and within the Project Area north of Interstate 10, including sewer, water, flood control and other utilities.
    - ix. Replacement of Fire Station 411 and associated emergency operating centers and administration support facilities.
5. Assist in the commercial revitalization of key shopping areas by providing incentives, support services and promotion to help reduce vacancies, attract new tenants and patrons and encourage business retention.
6. Continue efforts to redevelop the Downtown Core. Specific activities planned over the course of this Implementation Plan include, but are not limited to, providing assistance or incentives for the development of tourism facilities including hotels, recreational and destination facilities and mixed-use commercial and residential developments.

**REDEVELOPMENT PROJECT AREAS**

7. Improve traffic circulation and parking in key areas, thereby reducing hazards and creating viable retail environments in commercial areas.
8. Assemble deteriorated, vacant and/or underutilized sites, provide necessary site improvements, and sell or lease such sites to qualified redevelopers for affordable housing and tax and job generating reuse.
9. When other alternatives are not feasible, remove buildings that are significantly structurally substandard to permit the return of lands to economic use through new construction.
10. Assist property owners and business owners and tenants by providing rehabilitation loans, designing and implementing façade improvement programs, assembling needed expansion sites, carrying out business retention activities and improving buffers for incompatible uses.
11. Assist in building, expanding or rehabilitating community facilities, including libraries, fire stations and fire-fighting equipment, police stations and educational institutions at all levels, which will provide a physical and economic stimulus to the revitalization of the Project Area while serving the residents of the Project Area.
12. Facilitate the rehabilitation of those structures that are culturally, historically, physically and aesthetically worthy of rehabilitation, with emphasis on owner participation and assist in the development of new cultural opportunities within the Project Area.
13. Eliminate environmental deficiencies including lots of inadequate size and shape, inadequate street and alley layout, and inappropriate mixed character of land uses.

REDEVELOPMENT PROJECT AREAS



- CITY BOUNDARY —
- PROJECT AREA NO. 1 —
- PROJECT AREA NO. 1 ADDED AREA —
- PROJECT AREA NO. 2 —
- 2006 MERGED PROJECT AREA —

Cathedral City  
Merged Redevelopment Project Area

**Implementation Plan  
2009-10 through 2013-14**

Housing Fund Requirements  
Section II

October 20, 2009

Prepared for:  
Redevelopment Agency  
of the City of Cathedral City by:

DHA Consulting  
Long Beach, CA

## INTRODUCTION

This document represents a component of the five-year Implementation Plan for the amended Redevelopment Plan for the Cathedral City Merged Redevelopment Project (“Merged Project” or “Project Area”) and covers fiscal years 2009-10 through 2013-14 (July 1, 2009 to June 30, 2014). This portion of the Implementation Plan focuses exclusively on activities related to the Agency’s low- and moderate income housing fund, and other housing-related requirements imposed by the Community Redevelopment Law (CRL), and is thus referred to as the Housing Implementation Plan or Housing Plan. The required component of the Implementation Plan outlining the Agency’s goals, objectives and specific planned activities not related to housing set-aside funds and housing-related requirements has been prepared as a separate analysis. The non-housing analysis is contained in the “Implementation Plan”, and is made a part of this Housing Plan by reference.

The Housing Plan covers housing activities for the Project Area, including Project No. 1, Project No. 2 and Project No. 3. The Housing Plan has been prepared by the Redevelopment Agency of the City of Cathedral City (the “Agency”) in compliance with Part I, Chapter 4, Article 16.5 (“Article 16.5”) of the CRL. Article 16.5 provides, in part, that the Implementation Plan shall contain . . . “the specific goals and objectives of the agency for the project area, the specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs and expenditures will eliminate blight within the Project Areas and implement the requirements of [the housing provisions of the CRL].”

This Implementation Plan has been prepared by DHA Consulting under the direction of City staff members. Information was obtained from the Agency’s Annual Report, previous Implementation Plans and other information provided by staff. No attempt was made to verify the accuracy of information included in the prior Implementation Plan or provided by Agency staff.

Per the CRL, this Housing Plan must specifically include:

1. An explanation of how the goals, objectives, projects and expenditures set forth in the Housing Implementation Plan will implement the affordable housing requirements of the CRL, including a housing program for each of the five years of the Implementation Plan.
2. The amount available in the Low and Moderate Income Housing Fund and estimates of both deposits into and expenditures from the Housing Fund during



each of the next five years.

3. The number of new, rehabilitated, or price-restricted housing units to be assisted during each of the next five years.
4. If existing affordable housing will be removed as a result of redevelopment activities, a list of proposed sites for the replacement housing the agency is required to produce.
5. For redevelopment projects adopted (or territory added by amendment) on or after January 1, 1976, specific information related to the CRL requirements for affordable housing production.
6. Inclusion of an affordable housing production plan to show how an agency's housing production requirements referenced under 5. above, will be met.
7. The amount of housing fund monies spent since January 1, 2002 to assist very low, low and moderate income housing as well as the amount spent on senior versus family housing.
8. Analysis of historical and future housing fund expenditures to ensure that by December 31, 2014, the Agency will have spent its housing set-aside funds in compliance with various targeting requirements referenced in item number 7. above.

This Housing Implementation Plan revisits the Agency's housing-related goals and objectives and outlines current strategies to achieve these goals and objectives. In addition, the Plan presents the projects, programs and expenditures (together "Activities") that have been developed as a means to attain the goals and objectives, and describes how the Activities implement the requirements of the housing provisions of the CRL.

This Implementation Plan is intended to be a policy statement rather than a specific course of action. It has been prepared to set priorities for Activities within the Project Areas for the five-year period covered by this Plan, and to demonstrate how those Activities will assist in meeting the housing related requirements of the CRL. However, new issues, opportunities and/or constraints may be encountered during the course of administering the Redevelopment Plan during the ensuing five years. This Housing Plan is therefore not intended to restrict Agency actions to only the Activities outlined below.

## **BACKGROUND**

### **Affordable Housing in Cathedral City**

The primary funding for affordable housing efforts in the City of Cathedral City is 20 percent of the annual tax increment revenues generated by the Redevelopment



Agency's Merged Redevelopment Project Area. The Merged Project is comprised of three separate Project Areas that were adopted in the early 1980's: Project Area No. 1, Project Area No.2 and Project Area No. 3. Cathedral City currently does not have an ordinance requiring that developers construct affordable housing within the City. Rather, the Redevelopment Agency encourages the construction and rehabilitation of affordable housing by providing financial incentives to developers or qualifying homeowners. The Agency does not develop housing directly.

A number of affordable housing projects have been completed over the 5 year period which has transpired since the last Implementation Plan was adopted in 2004. These projects include:

- Creekside Apartments - New construction of a 185 unit rental project consisting of 2-, 3- and 4-bedroom units restricted for very low- and low-income families.
- Heritage Park - New construction of a 153-unit senior rental project consisting of 1- and 2-bedroom apartments restricted for very low and low income households.
- Cathedral Towne Villas - New construction of a 61 unit one and two bedroom rental project priced and restricted for moderate income households.
- DHRP - DHARMA - Major rehabilitation program providing rehabilitation loans to qualifying very low, low and moderate income households. This program initially focused in the Dream Home neighborhood, but was later expanded to citywide.
- Tierra del Sol - New construction of a 75 unit senior rental project with 74 of the units restricted to households with very low income.

## **Legal Requirements**

The Agency is subject to a number of restrictions and requirements regarding its use of a portion of tax increment revenues and the production of housing units within the Project Areas. A summary of the major requirements is included below.

1. **Housing Fund Requirement.** The CRL requires an agency to set aside in a separate Low and Moderate Income Housing Fund (the "Housing Fund") at least 20% of all tax increment revenue generated from its project areas for the purpose of increasing, improving and preserving the community's supply of low and moderate income housing. Agencies are specifically required to expend the monies in the Housing Fund to assist very low-, low- and moderate-income households, generally defined as:



Income	Definition
Extremely Low Income	incomes at or below 30% of area median income adjusted for family size
Very Low Income	incomes at or below 50% of area median income adjusted for family size
Low Income	incomes between 51% and 80% of area median income adjusted for family size
Moderate Income	incomes between 81% and 120% of area median income, adjusted for family size

2. **Affordable Housing Cost & Duration of Affordability.** Housing assisted with Housing Fund monies must be "available at an affordable housing cost". In general, this means that the cost of housing for eligible low- and moderate-income households equals a set percentage of income. The cost of housing, as defined, includes not only the rental or mortgage payment, but also includes, as appropriate, insurance, property taxes, homeowner's dues and assessments and utilities.

The CRL also requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted with Housing Fund monies. Currently, such controls must be placed on any assisted rental housing units such that they remain affordable for at least 55 years. For owner-occupied housing, controls must be placed on the assisted units for 45 years. These restrictions have changed over time. Prior to January 1, 2002, the required affordability controls were substantially less; most recently for 30 years.

3. **Targeting Housing Fund Expenditures:** Legislation enacted in 2001 requires that, over time, agencies expend monies from the low and moderate income housing fund in proportion to the regional housing need. In other words, if 33 percent of the low- and moderate-income housing need in Cathedral City is for very low income units, the Agency must expend 33 percent of its housing program funds to assist very low income units. In the Cathedral City area, the proportionate housing need is calculated and reported by the Southern California Association of Governments (SCAG).

In addition, the Agency's Housing Fund expenditures to assist senior housing must be limited to the percentage of the population in the City of Cathedral City that is 65 years of age or older, as set forth in the latest U.S. Census. In other



words, if 10 percent of the population in Cathedral City is over 65 years of age, the Agency can expend up to 10 percent of its housing fund monies to assist senior housing.

Both of these requirements are effective as of January 1, 2002 and require that the Agency be in compliance by December 31, 2014.

4. **Replacement Housing Requirement.** When residential units housing low and moderate income persons are destroyed or taken out of the low and moderate income housing supply as part of a redevelopment project, the Agency must replace those units within a specified period of time in accordance with a plan adopted by the Agency. The last section of this Housing Plan includes a discussion of the Agency's past performance and any projected future replacement housing needs.
5. **Affordable Housing Production Requirement.** The Agency is also required to meet certain specific requirements related to housing production (the "Affordable Housing Production Requirement" or "Production Requirement") and to produce a plan showing how the Production Requirement will be met. The Production Requirement specifies that certain percentages of newly developed housing units must be available at affordable housing cost to households with very low and low incomes. This requirement applies to all housing developed by a redevelopment agency as developer or by entities other than the redevelopment agency. The current housing production requirements are as follows:

**Table V-1  
Summary of  
Affordable Housing Requirements**

<u>Type of Housing Produced</u>	<u>Low/Mod % Required</u>	<u>Very Low % Required</u>
Agency Developed Housing	30%	50% of the 30%
Housing Developed by Others	15%	40% of the 15%

## **GOALS AND OBJECTIVES**

The CRL requires that the Housing Implementation Plan must set forth the Agency's goals and objectives for affordable housing during the next five years. In developing its affordable housing program, the Agency has been guided by the goals and objectives of the City's Housing Element, which are incorporated into this



Implementation Plan by this reference. Through its affordable housing activities, the Agency intends to support and advance the overall Housing Element program.

The Agency proposes to assist in the City's overall Housing Element program by focusing on the achievement of the following specific affordable housing goals during the coming five years:

- Strengthen the Community's Residential Areas and Promote a Safe and Quality Living Environment.
- Improve, Increase, and Preserve the Community's Supply of Affordable Housing.
- Focus housing expenditures on programs best suited to assist Extremely Low, Very Low and, to a lesser extent, Low Income Families.

To implement the above goals, the following major objectives will be pursued by the Agency over the coming five years.

1. Encourage an increase in the number of affordable low income dwelling units by assisting in the rehabilitation of existing housing and/or purchasing rental restriction covenants.
2. Assist low-income renters by providing needed rehabilitation assistance to owners of low- and moderate-income rental units
3. Assist in the development of new, high quality multifamily rental housing on suitable sites in the Project Areas.
4. Assist low and moderate income homeowners in rehabilitating homes at an affordable cost and favorable financing terms.
5. Promote quality residential design standards appropriate to residential neighborhoods
6. Facilitate housing programs and activities that contribute to stabilizing and improving neighborhoods and that encourage property owners to invest in the maintenance and upgrade of residential properties.

## **HOUSING FUND**

The CRL requires an agency to set aside in a separate Low and Moderate Income Housing Fund (the "Housing Fund") at least 20% of all tax increment revenue generated from its redevelopment project areas for the purpose of increasing, improving and preserving the community's supply of low and moderate income housing.



The Agency first became subject to the Housing Fund deposit requirement when it adopted Project No. 1 in 1982. In each year, the Agency has made deposits to the Housing Fund and/or direct expenditures for Housing Fund-eligible affordable housing activities in an amount not less than 20% of the cumulative amount of tax increment revenue allocated to the Agency during that period. As a result, the Agency has no current deficit in its Housing Fund deposits, and no deficit reduction plan is necessary to be prepared or included in this Implementation Plan pursuant to Health and Safety Code Section 33334.6(g).

The deposits made by the Cathedral City Redevelopment Agency to the Housing Fund in the previous four fiscal years total approximately \$19.1 million, plus an estimated \$5.6 million for the 2008-09 fiscal year, for a total of \$24.7 million, as follows:

**Table V-2  
Actual Housing Fund Deposits**

<b>Fiscal Year</b>	<b>Actual Housing Fund Deposits</b>
2004-05	3,517,261
2005-06	4,582,513
2006-07	5,242,441
2007-08	5,773,793
SUBTOTAL	19,116,008
2008-09	5,601,724
<b>TOTAL</b>	<b>24,717,732</b>

As of the beginning of fiscal year 2008-09, the Agency's Housing Fund spendable balance totaled about \$8.6 million, meaning that the Agency is spending only slightly less than it is receiving on an annual basis. The Agency also has approximately \$10.2 million in housing bond proceeds which, while targeted for specific housing projects, were not yet actually expended. When added to the fund balance of \$8.6 million, this means that the Agency had available at the beginning of the 2008-09 fiscal year is nearly \$19.0 million in funds on hand.

According to the CRL, an agency's fund balance is defined as "excess surplus" if it exceeds the greater of \$1 million or the total of the deposits made to the housing



fund in the previous 4 years. For the purpose of determining whether an excess surplus situation exists, the portion of the Housing Fund balance related to the proceeds of a financing does not have to be considered. As the non-bond proceed portion of the Housing Fund balance of \$8.6 million is less than the total of the \$19.1 million total of deposits to the Housing Fund for the preceding 4 years (2004-05 through 2007-08), an "excess surplus" situation does not currently exist for the Cathedral City Redevelopment Agency. Funds on hand at the end of the 2008-09 fiscal year are estimated to be less than at the start of the fiscal year. As a result, the Agency is not anticipating entering into an Excess Surplus situation in future fiscal years. Should the Agency ever find itself with an excess surplus balance in its Housing Fund, it would be subject to the special requirements of Health and Safety Code Section 33334.12.

## **5-YEAR HOUSING PROGRAM**

The primary funding source for the Agency's affordable housing activities during the Implementation Plan period will be the 20% portion of annual tax increment revenue deposited by the Agency in its Housing Fund. The history, status, and estimated future level of deposits in the Housing Fund are described below.

### **Deposits During Next Five Years**

In preparing this Implementation Plan, the Agency has updated its estimate of future tax increment revenue that will be generated from the Project Areas, and the 20% portion of such tax increment revenue that will be deposited in the Housing Fund. Unfortunately, revenues in 2009-10 and several years thereafter are estimated to be **less** than revenues received, and to be received, for 2008-09. The Assessor has distributed preliminary roll values that show 2009-10 assessed values for the City of Cathedral City at about 9 percent less than in 2008-09. These preliminary roll values are assumed in the revenue estimates together with the assumption of an additional decline in assessed value next year equal to about half of the current year decline, or about 5 percent. Thereafter, slow growth is anticipated, increasing to about 3 percent by 2012-13. These estimates of future deposits to the Housing Fund are shown in Table V-3 below.

The CRL requires that the Implementation Plan provide detail concerning the amount estimated to be available in the Housing Fund for five future fiscal years, which for this update covers fiscal years 2009-10 through 2013-14. Estimated future revenues and expenditures have been projected and are summarized on the following pages. Table V-3 below shows the estimated deposits into the Housing Fund over the next five years.



**Table V-3  
Estimated 20%  
Deposits to Housing Fund**

Fiscal Year	Estimated Housing Fund Deposits
2009-10	5,083,676
2010-11	4,873,033
2011-12	4,929,808
2012-13	5,096,939
2013-14	5,269,084
<b>TOTAL</b>	<b>\$ 25,252,539</b>

As shown in Table V-3, estimated deposits of tax increment revenue into the Housing Fund for 2009-10 through 2013-14 are estimated to approximate \$25.2 million. In addition, the Agency estimates that it will receive approximately \$1.6 million over the same period in miscellaneous program income that will be deposited into the Housing Fund. This program income includes an allowance for interest earnings and other miscellaneous income. A large portion of the \$25.2 million in housing fund monies will be required to provide previously agreed upon subsidies for two new construction projects (River Canyon and Cimarron), pay debt service on previously issued bonds, and to pay administrative costs.

As shown above, revenues estimated for 2009-10 are estimated to equal about \$5.1 million. This estimate, based on actual taxable values reported by the County, is over \$500,000 less than the amount of revenue received in prior fiscal years (see Table V-2). Additional revenue declines are also expected in 2010-11 before moderate growth is assumed to resume. This is the result of the generally bad economic conditions in the desert as well as the plunge in housing sales and sales prices. Prices for residential properties have decreased by over 40 percent since 2007.

As summarized in Table V-4 below, the Agency anticipates that it will have available for affordable housing activities over the next five years slightly over \$21.8 million of total Housing Fund-related resources after deducting amounts needed to pay debt service and meeting ongoing financial commitments for previously completed housing projects.



**Table V-4  
Available Housing Fund Resources  
2009-10 through 2013-14**

<u>Source</u>	<u>Amount</u>
<b><u>Resources</u></b>	
Available Fund Balance	\$22,077,222
Estimated 20% Set-Aside Deposits	25,252,539
Estimated Other Program Income	1,800,000
<b><u>Expenditures</u></b>	
Bond Debt Service/HELP	(13,075,000)
Commitments for Prior Projects (1)	(14,193,173)
<b>Total Estimated As Available</b>	<b>\$ 21,861,588</b>

1. Includes CFD payments required for the recently completed Creekside and Heritage projects.

### **Proposed Housing Activities**

The Agency issued bonds secured by the 20 percent tax increment revenue in 2007. Since then tax increment revenues have **decreased** rather than increased. This means that, in the short term, the Agency's annual Housing Fund expenses actually exceed annual revenues. As a result, the only monies that the Agency will have available to fund housing production are funds on hand, much of which are bond proceeds.

Of the \$21.8 million that will be available over the next 5 years, \$10.6 million is committed for two low income housing projects that are currently underway: River Canyon and Cimarron Heights. In addition to these planned projects, the Agency is in the process of acquiring 13 acres with Housing Fund monies for future low and moderate-income housing purposes. The specific project and/or income level to be served, however, has not yet been finalized. In addition, the Agency desires to continue offering rehabilitation assistance programs which it has been offering



throughout the City, at least for the next few years. Any remaining funds available will be used for ongoing operations and maintenance costs. All of this leaves less than no money projected as available to undertake new programs or activities for the next five years.

When and if additional monies become available, the Agency wants to focus its future housing efforts on producing affordable extremely low and very low income housing. A particular focus for its future housing production programs will be to assist developers to acquire and rehabilitate existing dilapidated multi-family housing units and then restrict the rental of those units to qualifying very low and low income households at affordable rates. As discussed in greater detail below, some funding is anticipated to become available for this program, but not until after 2014-15. Additional information on the Agency's proposed housing programs is as follows:

**City-Wide Dream Home Revitalization:** At least through 2011-12, the Agency is proposing to continue to provide assistance to existing homeowners to revitalize their owner-occupied homes. Eligible Participants can live anywhere in the City but must have incomes that are a moderate level, or below. As in the past, the Agency will continue to require long-term income restriction covenants. In fiscal years beyond 2011-12, the Agency is assumed to focus its housing resources on programs that will more directly assist it in meeting its low and moderate-income housing replacement and production requirements.

**Land Held for Resale:** The Agency currently owns certain properties that have been purchased with Housing Funds. Many properties that the Agency owns are single-lot in-fill housing sites that are probably most appropriate for a for-sale housing program geared to moderate income households. In order to even attempt to meet the requirements imposed by the CRL; however, the Agency needs to produce rental housing affordable to very low and low income households. With little annual funding available because of other commitments, the Agency's best chance for meeting those requirements is to transfer land previously acquired with Housing Funds to developers experienced in developing affordable low-income housing. This will hopefully allow the production of additional housing units without the necessity of significant additional Agency expenditures.

**New Construction Assistance:** The Agency executed Disposition and Development Agreements (DDAs) in 2007 for two very low and low income housing projects: Cimarron Heights and River Canyon. Cimarron Heights is a rental project with rent levels and eligibility limited to very low income households on 83 of the 84 units. River Canyon is a 60 unit rental project for very low and low income households: rents/eligibility for 40 units are limited to very low income households, 19 units are restricted to low income households; and one unit is used for an on-site manager.



The Agency does not currently anticipate that monies will be available to fund additional new construction projects. Should revenues increase beyond the levels currently estimated, the Agency may find that funding is available for these types of construction projects at some point in the future.

**Acquired Affordability Assistance Program:** The Agency currently anticipates that the major focus of its future housing program will be providing assistance to nonprofit or for-profit landlords to rehabilitate existing rental housing units. Agency assistance may take a variety of forms as appropriate to the specific project, and may include deferred payment loans, selected grants, on-site improvements and other incentives, as required, to entice landlords to undertake quality rehabilitation efforts on existing deteriorated rental housing.

Future expenditures for this program are anticipated to focus on assisting extremely low, very low, and to a lesser extent, low income households, as required by the CRL. As such, expenditures will be for the addition of rental housing units, as home ownership projects are generally not financially feasible for very low income households.

**Minor Rehabilitation Programs:** Currently the Agency offers a number of programs for low to moderate income homeowners to rehabilitate their residences to ensure that the City's lower income households are able to continue to live in decent and safe housing. The Agency anticipates continuing to fund these programs for the next four years (through 2012-13) after which time, Agency efforts will be more specifically focused on increasing the supply of affordable housing through the Acquired Affordability Assistance Program. The following programs are currently offered:

- **Dream Homes Revitalization Program (DHRP):** For dwelling units with code violations that are owned and occupied by households with incomes below 120 percent of the area median income, the Agency provides up to \$60,000 in funds for rehabilitation through deferred loans. The deferred loans require no monthly payments but do require that the Agency be repaid if the property is resold, refinanced or the owner no longer occupies the property.
- **Community Home Improvement Program (CHIP):** This program is limited to households earning 80 percent or below of the median income. The loan amount is up to 10,000, but can be used for broader purposes than the DHRP loan. It carries a 3.0 percent interest rate with no monthly payment. The amount of the loan, plus interest is due and payable upon the resale or refinancing of the project or if the owner/participant no longer occupies the property.
- **Assessment District Fee Assistance Program (ADFAP):** The Agency



provides eligible households with assistance in paying their annual Sewer Assessment District payments. These payments appear on the property tax bill for those properties that reside within one of the City's several assessment districts. Households must have incomes at or below 120 percent of median income to be eligible.

- Sewer Hook-up Assistance Redevelopment Program (SHARP): The Agency provides eligible households still using outdated septic sewer systems with assistance in getting connected to modern sanitary sewer systems. Agency assistance includes loans for paying the fees charged by the Water District as well as the cost of actually connection costs. Households must have incomes at or below 120 percent of median income to be eligible, and any assistance must be repaid when the property is refinanced, transferred or sold.

### **Estimated Expenditures and Program Results**

This section of the Plan summarizes the Agency's projections for Housing Fund programmatic expenditures using the limited resources identified in Table V-5 above. Estimated future programmatic expenditures have largely been categorized according to the programs described above: DHRP; Land Held for Resale; New Construction Assistance; Acquired Affordability Assistance and minor rehabilitation projects such as CHIP, ADFAP and SHARP.

The Agency's realization of a substantial amount of additional low and moderate income housing is anticipated to be frustrated by lack of funding. Tax increment revenues in 2009-10 are estimated to equal only 90 percent of current 2008-09 levels with 2010-11 estimated to drop an additional 5+/- percent over already reduced 2009-10 levels. Thereafter tax increment revenues are assumed to gradually increase but are not estimated to reach current levels again until 2015-16. In addition to lower anticipated revenues, the Agency also recently issued bonds. While the Agency still has some bond proceeds to spend, annual bond debt service and CFD reimbursements for previously completed projects will require annual payments of \$5 to \$7 million through 2015. The economic situation is likely to prevent the Agency from selling additional bonds in the foreseeable future or otherwise funding substantial housing efforts in a timely fashion.

Attachment V-I sets forth the proposed annual expenditures on the programs and the estimated annual and total program funding amounts. The Agency's expenditures, as discussed above and summarized in Attachment V-I, are budget allowances. Actual amounts expended on each program will, of course, be dependent upon actually realizing projected revenues, as well as the demand within the greater community for the programs offered, and the Agency's success in attracting qualified



developers for its Land Held for Resale Program. Note that the cost estimates included in Attachment V-I are based on estimated direct costs plus a 20 percent administrative allocation factor.

Amounts available to spend on housing programs were estimated based on projected available resources, i.e., estimated revenues less obligations (see Table V-5 above). With the exception of the Acquired Affordability Assistance Program, all program expenditure estimates are based on specific projects currently underway and staff's projections for future expenditures. For the Acquired Affordability Assistance Program, the amount available for funding is assumed to equal any funding not otherwise obligated to other programs or administrative/debt service requirements.

In addition to out-of-pocket expenditures, the Agency is anticipated to be able to effect the construction of additional low income housing without additional out-of-pocket expenditures through its Land Held for Resale Project. Given the current real estate market, Agency staff members are hopeful that additional housing units can be developed through the donation of land without the need for additional expenditures by the Agency.

Given programmatic expenditures outlined in Attachment V-I, the Agency then estimated the number of units it might assist in the current and future fiscal years. Those estimates are shown on Attachment V-II. As shown in Table V-II, an additional 186 units are anticipated to be assisted over the next five years.

In order to arrive at these estimates, several approaches were employed. Where known, actual unit counts, such as for Cimarron and River Canyon, were used. Where no out-of-pocket expenditures are planned (Land Held for Resale), an average number of units is assumed for each acre of Agency property assumed transferred. It is assumed that the Agency could affect 5 restricted very low income units; 7 restricted low income units; or 10 restricted moderate income units for each acre of land donated. For programs with out-of-pocket expenditure estimates, an average level of assistance per unit is used to compute the number of units realized. The estimate for average level of assistance varies from one type of program to another. The costs per unit are estimated to range from \$10,000 to \$80,000, and are detailed by program in Attachment V-II under the column marked "Estimated Subsidy/Program".

Both Attachment V-I and V-II provide totals for estimated expenditures for the upcoming Implementation Plan period, as required by the CRL. These same tables, however, also extend those projections for a full 10 years (through 2018-19) to allow the Agency to engage in longer term planning. Revenues are estimated to not be available to acquire affordability covenants in a meaningful way until about 2016. As shown in Attachment V-II, the Agency's housing programs and activities are anticipated to add a total of 475 units to the City's affordable housing stock through the 2018-19 fiscal year: 186 through 2013-14 and 289 from 2014-15 to 2018-19.



The reason for the late timing on the production of units is because revenues are not anticipated to exceed current expenses for a number of years.

### **Targeting Requirements**

Since 2002, the CRL requires that the Implementation Plan include a report on the amount of Housing Fund monies used to assist certain income and age levels. Specifically, it is now required that the Agency spend its Housing Fund monies according to the need in the community for very low and low income housing. In addition, the Agency is prohibited from spending more Housing Fund monies for senior housing than the proportion of seniors within the community. Effective in 2005, the restriction on spending housing Fund monies for senior projects applies to the percentage of low income seniors to the total low income population in the City. As discussed in greater detail below, this particular statistic was not available for the City of Cathedral City. Rather that information which is available was substituted. The Agency is required to include this analysis in its Implementation Plan and to come into compliance with these requirements by December 31, 2014, and every 10 years thereafter.

Each type of targeting requirement (by income and by age) is discussed separately below.

**Targeting by Income Level** - As referenced above, the CRL currently requires that redevelopment agencies spend Housing Fund monies to assist very low and low income households on a proportionate basis. That is to say, assistance must be provided in at least the same proportion, or percentage, that the number of housing units needed for the very low and low income categories bear to the total number of units needed for the following income categories: very low, low and moderate. For example, if housing needed by the very low income category comprised 33% of all affordable housing needed in Cathedral City, then at least 33% of the Agency's expenditures from the Housing Fund would need expenditures related to maintaining, improving or increasing the supply of housing affordable to very low income households. The expenditure targeting requirement first became effective on January 1, 2002, but was later amended. . The amendment added Extremely Low Income Households as a separate reporting category, meaning that the Agency's Implementation Plan needs to report on the monies spent on Extremely Low Income Households even though the Agency is not legally required to spend monies on that income category.

Cathedral City's Housing Element sets out the affordable housing need for the City as identified by the Southern California Association of Governments (SCAG) in its regional "fair share" allocation. The SCAG data is based on 2000 census data and covers projected regional housing needs from 2006 to 2014 and Cathedral City's "fair



share” of the housing needs. The "fair share" allocation for the City of Cathedral City, as determined by SCAG, is as follows:

**Table V-5  
Regional Fair Share  
Low/Moderate Housing Needs**

<b>Description</b>	<b>Extremely Low</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Total</b>
Units Needed	391	391	542	608	1,932
% of Total	20.2%	20.2%	28.1%	31.5%	100.0%

Source: Draft Housing Element, January 2009, City of Cathedral City

Because this requirement first became effective for redevelopment agencies in 2002, it applies only to expenditures made since January 1, 2002. Because the Agency keeps records on a fiscal year basis (July 1 to June 30), expenditures have been analyzed on a fiscal year basis. The Agency’s expenditures from the Low and Moderate Income Housing Fund since July 1, 2001 are as follows:

**Table V-6  
Actual Housing Expenditures  
by Income Category  
2001-02 to 2008-09**

<b>Description</b>	<b>Extremely Low</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Other (2)</b>	<b>Total (3)</b>
Expenditures	\$10,139,858	\$21,775,760	\$14,406,355	\$9,087,086	--	\$55,409,059
% of Total	18.3%	39.3%	26.0%	16.4%	0.0%	100.0%

Source: Housing Department Staff calculations, modified by DHA Consulting only to deduct the costs associated with debt service.

As shown above, Agency expenditures to date, as compiled and reported by Agency staff members, closely approximate the percentage expenditures required.



In addition to reporting on the ratios of housing expenditures the Agency has actually made, the Agency is required to estimate how it will spend its housing in future fiscal years. The table below adds estimated future expenditures to actual expenditures to evaluate the Agency's projected compliance status by the 2013 deadline.

**Table V-7  
Targeting Expenditures by Income  
Historical and Future**

Description	Required	----- Actual #s -----		----- Estimates -----		
	RHNA (1) Ratios	2001-02 (2) to 2008-09	Ratios	2009-10 (3) to 2013-14	Total	Ratios
<b>Exp. by Income Category</b>						
Extremely Low	20.20%	10,139,858	18.3%	3,620,000	13,759,858	15.9%
Very Low	20.20%	21,775,760	39.3%	10,870,000	32,645,760	37.8%
Low	28.10%	14,406,355	26.0%	15,280,000	29,686,355	34.3%
Moderate	31.50%	9,087,086	16.4%	280,000	9,367,086	10.8%
Other (4)	N/A	-	0.0%	1,010,000	1,010,000	1.2%
<b>Total Exp. (5)</b>	<b>100.00%</b>	<b>55,409,059</b>	<b>100.0%</b>	<b>31,060,000</b>	<b>86,469,060</b>	<b>100.0%</b>

- (1) Equals the ratios of needs as determined by SCAG and included in the City's Housing Element.
- (2) Estimated expenditures per Housing Staff by income level modified only to deduct debt service expenditures.
- (3) Includes estimated direct costs for fiscal years 2009-10 through 2013-14, the compliance deadline for expenditure targeting compliance. Estimated direct costs have been increased by 20 percent to reflect administrative costs.
- (4) For estimated future costs, the other category includes estimated administrative costs beyond 20 percent above direct project costs.
- (5) Excludes costs for debt service, with the exception of the CFD reimbursements for the Heritage and Creekside Projects.

**Targeting by Age:** The CRL also limits the amount of funds that the Agency can expend from the Housing Fund to assist senior housing projects. As amended in 2005, the CRL requires that the Agency limit the amount it spends on senior housing (since January 1, 2002). In essence, the Agency can only spend housing monies on senior housing on a pro rata basis with the following ratio: the number of low income



seniors living in the City divided by the number of low income persons of all ages residing in the City. For instance, if 10 percent of the Cathedral City low income population is low income seniors, the Agency could spend no more than 10 percent of its Housing Tax Revenues on senior housing. The amount is set as a maximum only; there is no current requirement that the Agency produce any affordable senior housing. The Agency has until December 31, 2014 to come into compliance with this provision.

Information on the number of low income seniors versus low income households was not available. As a result, demographic age information for the City of Cathedral City from the City's Housing Element was used. A summary of the senior versus non-senior population of the City of Cathedral City is included below.

**Table V-8  
Demographic Information by Age**

Age Distribution	City of Cathedral City		State of California	
		%		%
Under 65	37,444	87.8%	30,281,253	89.4%
65 & Over	5,203	12.2%	3,590,395	10.6%
Totals	42,647	100.0%	33,871,648	100.0%

As shown above, based on the above demographic information the Agency could spend up to 12.2 percent of its Housing Fund monies on senior housing. Agency staff report that the Agency's expenditures of housing funds on senior versus non-senior projects from July 1, 2001 through June 30, 2009 is as follows:

**Table V-9  
Housing Expenditures by Age  
2001-02 through 2008-09**

Description	Family (2)	Senior	Total
\$\$ Expenditures	\$41,746,500	\$13,662,559	\$55,409,059
% of Total	75.3%	24.7%	100.0%



Source: Housing Department Staff calculations, modified by DHA Consulting only to deduct the costs associated with debt service.

As shown above, expenditures to date (from 2001-02) exceed the allowable amount of Housing Funds spent on age restricted, or Senior Housing. The Agency, however, has until December 31, 2014, to come into compliance with this provision. The Agency anticipates that it will be closer to compliance with this requirement by the deadline as future housing plans (discussed above) are focused on family housing, i.e., non-age restricted.

The Agency's projected status on meeting this requirement by the deadline, December 31, 2014 is outlined below (Table V-10).

**Table V-10  
Merged Redevelopment Project Area  
Targeting Expenditures by Age  
Historical and Future**

Description	Age of (1) Population	2002-03 (2) to 2008-09	Ratios	2009-10 (3) to 2013-14	Total	Ratios
<b>Exp. by Age Category</b>						
Family (4)	87.80%	41,746,500	75.3%	30,050,000	71,796,500	83.0%
Senior (5)	12.20%	13,662,559	24.7%	-	13,662,559	15.8%
Other (6)	N/A	-	0.0%	1,010,000	1,010,000	1.2%
<b>Total Expenditures</b>	<b>100.00%</b>	<b>55,409,059</b>	<b>100.0%</b>	<b>31,060,000</b>	<b>86,469,060</b>	<b>100.0%</b>

- (1) From Table V-8. Equals the ratios for age of the population for the City per the 2000 Census.
- (2) Estimated expenditures per Housing Staff by income level modified by DHA Consulting only to deduct debt service expenditures.
- (3) Includes estimated direct and indirect costs for fiscal years 2009-10 through 2013-14: the first deadline for compliance with the targeting requirements is December 2014. Estimated direct costs have been increased by 20 percent to reflect administrative costs.
- (4) Includes all housing that is not age restricted.
- (5) Ratio of seniors to total population. The ratio of low income seniors to low income population was not available.
- (6) Includes any estimated administrative costs beyond 20 percent above direct project costs.



As shown above, Agency expenditures through 2013-14 for senior housing are estimated to equal 16.6 percent of total expenditures. This is less than the current percentage of expenditures for senior housing at 24.7 percent, but is not yet in compliance. As the Agency does not intend on financing any senior housing projects until it comes into compliance with this requirement, the percentage spent on senior housing will continue to decline in future years.

## REPLACEMENT HOUSING

Over the years, the Agency has acted to remove a number of low and moderate income housing units. The CRL requires that any units demolished by redevelopment activities be replaced within 4 years. The replacement units are required to have an equal or greater number of bedrooms as the units destroyed and, effective January 1, 2002, must be available to the same level of household income. (Prior to January 1, 2002, only 75 percent of the units had to be available to the same income levels.)

Historically, the Agency has replaced demolished units on a bedroom for bedroom basis with new housing units that are affordable to low and moderate income households. Since 2004 (the date of the last Implementation Plan), the Agency has demolished a number of units, some of which have already been linked with appropriate replacement units. The Agency's historical performance vis-à-vis unit removal and replacement is shown below in Table V-11.

**Table V-11  
Housing Demolition and Replacement  
Historical Performance**

<u>Description</u>	<u>Bedrooms Demolished</u>	<u>Replacement Bedrooms</u>	<u>Remaining Requirement</u>
1982 to 2003-04	384	440	(56.0)
2004-05 to 2008-09	410	192	162

As shown in Table V-11 above, from 2004 to 2009, the Agency demolished a number



of existing low and moderate income housing units with a total bedroom count of 269. Most of those units were replaced with units that were constructed prior to the demolition. One hundred sixty-two bedrooms (about 93 units) still need to be replaced.

In future fiscal years, some of the Agency's proposed program activities are anticipated to require the removal of additional low and moderate income housing units from the community's housing stock. An additional 23 1-bedroom units and 1 2-bedroom unit are estimated to be demolished over the next few years. Both the existing replacement housing needs and the estimated future requirements can be replaced when the River Canyon and Cimarron Heights projects are completed in 2011.

Estimates of the number of additional units to be demolished in future fiscal years and the effect that will have on the Agency's current replacement housing obligation for units with 162 bedrooms is summarized below.

**Table V-12  
Housing Demolition and Replacement  
Estimated Future Replacement Needs**

Outstanding Need by Bedroom	162
Future Demolitions by Bedroom	25
<hr style="border: 0.5px solid black;"/>	
Total Requirement by Bedroom	187
<b>Total Requirement by Unit</b>	<b>93</b>
<hr style="border: 1px solid black;"/>	

As shown above, an additional 93 units will need to be replaced over the upcoming Implementation Plan term. The Agency has or is currently in the process of providing assisted housing units that are estimated to be available to meet current and projected housing replacement needs. Details concerning the type and timing of those units are included in Table V-13 below.



**Table V-13**  
**Housing Demolition and Replacement**  
**Units Available for Future Replacement Housing Requirements**

Yr.	Project Name	Age Asst.	Type	Restricted Total	Used for Prior Replacement	Available for Future Replacement
<b>Completed</b>						
2006	Cathedral Towne Villas	Non-Senior	New	61	10	51
<b>Future</b>						
2011	Cimarron Heights	Non-Senior	New	83		83
2011	River Canyon	Non-Senior	New	59		59
<b>GRAND TOTAL</b>				203	10	193

As shown above, the Agency expects 193 units to be very low and low income units to be built by 2011. These units, when completed, will be more than enough to satisfy the Agency's replacement housing requirement for the Project Area.

Should housing demolition situations arise in the future that are not currently anticipated, the Agency will ensure, on a case by case basis, that suitable replacements for the dwelling units exist, or will exist within the required four year period.

Replacement housing obligations can be satisfied anywhere in the Merged Project Area. In addition to the housing sites identified in Table V-13, there are numerous suitable sites for locating replacement housing units, as amply demonstrated and identified in Table III-14 in the draft Housing Element of the General Plan, dated January 2009. The referenced sections of the Housing Element include a housing inventory that indicates that there are housing sites available within the City that would accommodate over 1,500 residential units. Those portions of the Housing Element are incorporated by this reference in this Implementation Plan.



## **HOUSING PRODUCTION**

California redevelopment agencies are subject to an Affordable Housing Production Requirement to ensure that specified percentages of new and, in certain circumstances rehabilitated, housing units are made available at affordable housing costs for the duration of the Redevelopment Plans to very low, low and moderate income households. The Implementation Plan must contain specified information and a plan to meet this Affordable Housing Production Requirement. The required information and plan for the Agency are included below.

### **Agency Developed Housing**

The Agency itself has not developed any housing in the community in the past, nor does it have plans or expectations to do so at any time in the future. The Agency has found that it is more cost effective and administratively efficient to provide financial assistance, as necessary, to private developers (both for-profit and nonprofit) and homeowners to produce and rehabilitate affordable housing, than for the Agency itself to become a housing developer. Consequently, the Agency does not have an affordable Housing Production Requirement with respect to Agency-developed housing.

### **Affordable Housing Production by Others**

In addition to Agency developed housing, housing developed by others is also subject to an affordable Housing Production Requirement, although the percentage required to be set-aside for low and very low income housing is less than with Agency developed housing. For housing developed by entities other than the Agency, 15 percent must be affordable to persons of low and moderate income. In addition, 40 percent of the 15 percent, or 6 percent of all housing, must be affordable to very low income households.

Housing subject to this housing production requirement includes all newly constructed housing within any of the Project Areas, whether assisted by the Agency or not, and certain rehabilitated housing units. The CRL requirements for housing production have varied over time as to the type of rehabilitated housing units that must be counted for production purposes. Since 2002, the only rehabilitated housing units that need to be counted to calculate the number of low and moderate income units that the Agency is obligated to affect are substantially rehabilitated units that receive Agency assistance. Previously, all substantially rehabilitated units needed to be counted, and prior to 1994, all rehabilitated units needed to be counted whether substantial or not.

The boundaries of the Merged Project Area are more or less contiguous with the boundaries of the City of Cathedral City. At over 11,000 acres, the Merged Project has experienced a good deal of new residential development since Project No. 1 was originally adopted in 1982 and is subject to the Agency's Housing Production



Requirement. The following table illustrates the Agency's current status vis-à-vis the Agency's housing production requirement for the Project Area.

**Table V-14  
Housing Production Performance  
1982 to 2008-2009**

Number of Units (1) Constructed	Low and Moderate Income Units (15% TOTAL UNITS)			Very Low Income Units (40% OF LOW/MOD UNITS)		
	(2) Actual	Required	Surplus (Deficit)	(2) Actual	Required	Surplus (Deficit)
12,765	1,016	1,915	(899)	470	766	(296)

1. Includes all units newly constructed within the Project Area, with and without Agency assistance. Also includes rehabilitation projects for which the Agency has information.
2. Amounts shown represent Agency assisted units that were not used as replacement housing.

As shown above, the Agency has assisted with the production of 1,016 low and moderate income housing units since the Project Area was adopted in 1982. These units are in addition to the units that were developed to meet the Agency's Replacement Housing Requirements, as discussed above. Attachment V-III includes detail concerning the restricted units assisted by the Agency and the number of those units used for Replacement Housing Requirements. Additional details concerning Agency-assisted housing units can be found on the City's website at [www.CathedralCity.gov](http://www.CathedralCity.gov).

While the Agency has caused the construction of over 1,000 units, the Housing Production Requirement call for the construction of over 1,900 restricted units. As a result, the Agency is currently 899 units short of meeting its housing production requirement. The Agency has had difficulty in keeping pace with the sheer number of market rate units being constructed in the City. During the 1980's construction of housing units in the City was substantial with the number of housing units constructed annually often exceeding 1,000. In addition, redevelopment in the Project Area necessitated the removal of a number of low income housing units. The Agency gives priority to its replacement requirement, discussed above, in designating Agency-assisted housing as either meeting the Agency's Replacement or Production Requirements. While many redevelopment attorneys are of the opinion that replacement units can also be used to meet the Agency's housing production requirement, Cathedral City has elected to plan for a more conservative stance, one



that is backed by the State Housing and Community Development Department (HCD).

The Agency is required by the CRL to be in compliance with the Housing Production Requirement by the end of the Merged Project (about 2025-26). With a focused housing program, as discussed above, the Agency is anticipated to reduce the deficit in future fiscal years but may not be able to eliminate it before 2025-26 unless revenues increase substantially above estimated levels, or the Agency is successful in obtaining other sources of funding. Estimates of the status of this requirement in future fiscal years are shown below.

**Table V-15  
Housing Production Plan  
Historical and Future**

Description	1982 to 2008-09 (1)	2009-10 to 2013-14 (3)	2014-15 to 2018-19 (3)	2019-20 to End (3) (4)	Projected Total
Total Dwelling Units Constructed	12,765	436	1,250	1,750	16,201
Low/Mod Income Housing Required @ 15%	1,915	65	188	263	2,430
Amount Provided (2)	1,016	98	289	506	1,909
<b>Overall Surplus/(Deficit)</b>	<b>(899)</b>	<b>32</b>	<b>102</b>	<b>244</b>	<b>(521)</b>
Very Low Income Housing Required @ 40%	766	26	75	105	972
Amount Provided (2)	470	71	182	318	1,042
<b>Very Low Surplus/(Deficit)</b>	<b>(296)</b>	<b>45</b>	<b>107</b>	<b>213</b>	<b>70</b>

- (1) From Table V-14.
- (2) Amounts shown represent Agency assisted units that were not used as replacement housing. For FY 2009-10 to 2013-14, an estimated allowance for future replacement needs has been deducted.
- (3) Numbers shown for total dwelling units constructed are estimates based on the average number of units developed since 2004. Any statistics concerning the number of units constructed in years prior to 2004 are considered not applicable because construction activity in the Project Area has slowed considerably and is expected to remain at lower levels in future fiscal years.
- (4) Includes estimates through 2025-26 at annual rates equal to the preceding 4 year period. Commencing in 2025-26, the Redevelopment Plans for the Original Area cease, with most of the amendment areas following in 2026-27.



The projections included in Table V-15 for future housing developed within the City were based, in part, on historical trends. During the 1980's construction of housing units in the City was substantial with the number of housing units constructed annually often exceeding 1,000. In recent years, however, construction has slowed substantially. Even during the most recent real estate boom, annual construction averaged about 600 units per year. As a result, Agency staff estimate that while additional housing will be constructed (both with Agency assistance and without) over the coming years, build-out will be at a much slower pace than it has been in the past. For the next 5 years, it has been assumed that construction levels will equal 50 units per year, plus any Agency assisted housing. This is the level of build-out that actually occurred in the Project Area during 2007 and 2008. For the remaining term of the Project Area, construction levels are assumed to increase to be consistent with the Project Area's 5-year growth history, which totals 250 units per year.

The estimates of the number of units developed with Agency assistance for a 10-year term (through 2018-19), are based on the housing program outlined above and quantified in Attachments V-I and V-II. For 2019-20 to 2025-26, the Agency is assumed to assist housing development at the same annual level as in the preceding time period.

As shown above, the estimated Housing Production deficit is assumed to be reduced from 899 units to 521 units by 2025-26. While the Agency is assumed to cause the construction of enough units to meet its current deficit of 899, additional housing is assumed to be constructed in the Project Area over its remaining term. An additional 3,400+ units are assumed to be constructed through 2025-26. This creates an additional Housing Production Requirement of over 500 units. During the remaining term of the Project Area, the Agency is assumed to assist about 900 additional units, plus the number of units needed for future replacement requirements (93). Nearly 2/3 of these are estimated to be available to very low income households.

In order to completely eliminate its projected Housing Production deficit, the Agency may need to continue to construct housing after the end of the Redevelopment Plan. With a concentrated effort, the Agency may be able to assist in the development of an additional 521 units by continuing to assist in housing development for an additional 10 years. The CRL specifically provides Agency's with this authority and in fact requires that all housing obligations be met before closing out a Project Area.

## **DISCLOSURE**

This Implementation Plan, including the required Housing Production Plan, was prepared by DHA Consulting from historical records and other information provided by Agency staff. DHA Consulting did not independently verify or otherwise confirm the accuracy of the data provided.



CATHEDRAL CITY  
MERGED REDEVELOPMENT PROJECT AREA  
HOUSING IMPLEMENTATION PLAN

**Select Tables**  
**Housing Programs and Production**

Attachment V-1  
 Low- and Moderate Income Housing Fund  
 Planned Housing Fund Expenditures by Program

Description	2009-10 to 2018-19	2009-10 to 2013-14	-----Specific Planned Projects/Programs -----				
			Year 1 2009-10	Year 2 2010-11	Year 3 2011-12	Year 4 2012-13	Year 5 2013-14
<b>DIRECT EXPENDITURES BY PROGRAM (1)</b>							
Dream Home Revitalization - Citywide							
Very Low	630,000	630,000	210,000	210,000	210,000	-	-
Low	240,000	240,000	80,000	80,000	80,000	-	-
Moderate	90,000	90,000	30,000	30,000	30,000	-	-
<b>TOTAL DREAM HOME</b>	<b>960,000</b>	<b>960,000</b>					
Land Held for Resale (3)							
Very Low	-	-	-	-	-	-	-
Low	-	-	-	-	-	-	-
Moderate	-	-	-	-	-	-	-
<b>TOTAL RESALE LAND</b>	<b>-</b>	<b>-</b>					
New Construction (4)							
Very Low	13,390,000	12,760,000	9,910,000	640,000	740,000	840,000	630,000
Low	17,110,000	14,600,000	3,180,000	2,580,000	2,960,000	3,370,000	2,510,000
Moderate	-	-	-	-	-	-	-
<b>TOTAL NEW CONSTRUCTION</b>	<b>30,500,000</b>	<b>27,360,000</b>	<b>13,090,000</b>	<b>3,220,000</b>	<b>3,700,000</b>	<b>4,210,000</b>	<b>3,140,000</b>
Acquired Affordability/Rental Rehab Asst. (3)							
Very Low	10,800,000	-	-	-	-	-	-
Low	3,600,000	-	-	-	-	-	-
Moderate	-	-	-	-	-	-	-
<b>TOTAL ACQUIRED AFFORDABILITY</b>	<b>14,400,000</b>	<b>-</b>					
CHIP, ADFAP & SHARP (5)							
Very Low	1,600,000	1,100,000	300,000	300,000	300,000	100,000	100,000
Low	640,000	440,000	120,000	120,000	120,000	40,000	40,000
Moderate	290,000	190,000	50,000	50,000	50,000	20,000	20,000
<b>TOTAL MINOR REHABILITATION</b>	<b>2,530,000</b>	<b>1,730,000</b>	<b>470,000</b>	<b>470,000</b>	<b>470,000</b>	<b>160,000</b>	<b>160,000</b>
<b>MEMO - GRAND TOTAL</b>	<b>48,390,000</b>	<b>30,050,000</b>	<b>13,880,000</b>	<b>4,010,000</b>	<b>4,490,000</b>	<b>4,360,000</b>	<b>3,290,000</b>

Attachment V-I  
 Low- and Moderate Income Housing Fund  
 Planned Housing Fund Expenditures by Program

Description	2009-10 to 2018-19	2009-10 to 2013-14	----- General Plans/Programs -----					Est. % Per (2) Income Level
			Year 6 2014-15	Year 7 2015-16	Year 8 2016-17	Year 9 2017-18	Year 10 2018-19	
<b>DIRECT EXPENDITURES BY PROGRAM (1)</b>								
Dream Home Revitalization - Citywide								
Very Low	630,000	630,000	-	-	-	-	65.0%	
Low	240,000	240,000	-	-	-	-	25.0%	
Moderate	90,000	90,000	-	-	-	-	10.0%	
<b>TOTAL DREAM HOME</b>	<b>960,000</b>	<b>960,000</b>						
Land Held for Resale (3)								
Very Low	-	-	-	-	-	-	0.0%	
Low	-	-	-	-	-	-	0.0%	
Moderate	-	-	-	-	-	-	100.0%	
<b>TOTAL RESALE LAND</b>	<b>-</b>	<b>-</b>						
New Construction (4)								
Very Low	13,390,000	12,760,000	630,000	-	-	-	75.0%	
Low	17,110,000	14,600,000	2,510,000	-	-	-	25.0%	
Moderate	-	-	-	-	-	-	0.0%	
<b>TOTAL NEW CONSTRUCTION</b>	<b>30,500,000</b>	<b>27,360,000</b>	<b>3,140,000</b>					
Acquired Affordability/Rental Rehab Asst. (3)								
Very Low	10,800,000	-	-	-	5,400,000	2,700,000	75.0%	
Low	3,600,000	-	-	-	1,800,000	900,000	25.0%	
Moderate	-	-	-	-	-	-	0.0%	
<b>TOTAL ACQUIRED AFFORDABILITY</b>	<b>14,400,000</b>	<b>-</b>			<b>7,200,000</b>	<b>3,600,000</b>		
CHIP, ADFAP & SHARP (5)								
Very Low	1,600,000	1,100,000	100,000	100,000	100,000	100,000	65%	
Low	640,000	440,000	40,000	40,000	40,000	40,000	25%	
Moderate	290,000	190,000	20,000	20,000	20,000	20,000	10%	
<b>TOTAL MINOR REHABILITATION</b>	<b>2,530,000</b>	<b>1,730,000</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>		
<b>MEMO - GRAND TOTAL</b>	<b>48,390,000</b>	<b>30,050,000</b>	<b>3,290,000</b>	<b>150,000</b>	<b>7,350,000</b>	<b>3,750,000</b>		

Attachment V-1  
Low- and Moderate Income Housing Fund  
Planned Housing Fund Expenditures by Project/Program  
Notes

- (1) Costs shown above are direct project costs, plus an allocation of 20 percent for administrative costs.
- (2) Percentage targets by income group by program.
- (3) Only shows out of pocket expenditures; the Agency is anticipated to be able to produce some housing units without out-of-pocket expenditures by transferring land currently held for low/mod housing purposes.
- (4) New Construction Projects: Planned new construction projects are limited to the Cimarron and River Canyon Projects that are currently underway plus the continuing CFD payments for the Heritage and Creekside Projects which have already been completed. Agency staff anticipate that once current projects are completed, efforts to produce more affordable housing will turn towards the rehabilitation of existing units, including the acquisition of long term affordability covenants.
- (5) These are the Agency's ongoing minor assistance programs including community Home Improvement Program (CHIP), Assessment District Financial Assistance Program (ADFAP), and Sewer Hook-up Assistance Redevelopment Program (SHARP).

Attachment V-II  
 Low- and Moderate Income Housing Fund  
 Planned Housing Unit Development by Project/Program

Description	2009-10 to 2018-19	2009-10 to 2013-14	Specific Planned Projects/Programs				
			Year 1 2009-10	Year 2 2010-11	Year 3 2011-12	Year 4 2012-13	Year 5 2013-14
<b>Dream Home Revitalization - Citywide</b>							
Very Low	9	9	3	3	3	-	-
Low	3	3	1	1	1	-	-
Moderate	4	4	1	1	1	-	-
<b>TOTAL DREAM HOME</b>	<b>17</b>	<b>17</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>-</b>
<b>Land Held for Resale (1)</b>							
Very Low	88	19	-	-	-	-	19
Low	41	9	-	-	-	-	9
Moderate	-	-	-	-	-	-	-
<b>TOTAL RESALE LAND</b>	<b>129</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28</b>
<b>New Construction (2)</b>							
<b>Cimarron &amp; River Canyon</b>							
Very Low	123	123	-	123	-	-	-
Low	19	19	-	19	-	-	-
Moderate	-	-	-	-	-	-	-
<b>TOTAL NEW CONSTRUCTION</b>	<b>142</b>	<b>142</b>	<b>-</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Acquired Affordability/Rental Rehab Asst. (3)</b>							
Very Low	113	-	-	-	-	-	-
Low	75	-	-	-	-	-	-
Moderate	-	-	-	-	-	-	-
<b>TOTAL RENTAL REHABILITATION</b>	<b>188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHIP, ADFAP &amp; SHARP (Minor Rehab) (4)</b>							
Very Low	-	-	-	-	-	-	-
Low	-	-	-	-	-	-	-
Moderate	-	-	-	-	-	-	-
<b>TOTAL CHIP, ADFAP &amp; SHARP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MEMO - GRAND TOTAL</b>	<b>475</b>	<b>186</b>	<b>6</b>	<b>148</b>	<b>6</b>	<b>-</b>	<b>28</b>

Attachment V-II  
 Low- and Moderate Income Housing Fund  
 Planned Housing Unit Development by Project/Program

Description	2009-10 to 2018-19	2009-10 to 2013-14	General Plans/Programs								Est. Subsidy Program (\$)	
			Year 6 2014-15	Year 7 2015-16	Year 8 2016-17	Year 9 2017-18	Year 10 2018-19	Year 11 2019-20	Year 12 2020-21			
Dream Home Revitalization - Citywide												
Very Low	9	9	-	-	-	-	-	-	-	-	-	60,000
Low	3	3	-	-	-	-	-	-	-	-	-	60,000
Moderate	4	4	-	-	-	-	-	-	-	-	-	20,000
<b>TOTAL DREAM HOME</b>	<b>17</b>	<b>17</b>	-	-	-	-	-	-	-	-	-	
Land Held for Resale (1)												
Very Low	88	19	-	32	-	-	38	-	-	-	-	Land Value
Low	41	9	-	15	-	-	18	-	-	-	-	100,000
Moderate	-	-	-	-	-	-	-	-	-	-	-	90,000
<b>TOTAL RESALE LAND</b>	<b>129</b>	<b>28</b>	-	<b>47</b>	-	-	<b>55</b>	-	-	-	-	83,353
New Construction (2)												
Cimarron & River Canyon												
Very Low	123	123	-	-	-	-	-	-	-	-	-	80,000
Low	19	19	-	-	-	-	-	-	-	-	-	60,000
Moderate	-	-	-	-	-	-	-	-	-	-	-	10,000
<b>TOTAL NEW CONSTRUCTION</b>	<b>142</b>	<b>142</b>	-	-	-	-	-	-	-	-	-	
Acquired Affordability/Rental Rehab Asst. (3)												
Very Low	113	-	-	-	-	-	-	113	56	56	56	40,000
Low	75	-	-	-	-	-	-	75	38	38	38	20,000
Moderate	-	-	-	-	-	-	-	-	-	-	-	1
<b>TOTAL RENTAL REHABILITATION</b>	<b>188</b>	<b>-</b>	-	-	-	-	-	<b>188</b>	<b>94</b>	<b>94</b>	<b>94</b>	
CHIP, ADFAP & SHARP (Minor Rehab) (4)												
Very Low	-	-	-	-	-	-	-	-	-	-	-	60,000
Low	-	-	-	-	-	-	-	-	-	-	-	40,000
Moderate	-	-	-	-	-	-	-	-	-	-	-	30,000
<b>TOTAL CHIP, ADFAP &amp; SHARP</b>	<b>-</b>	<b>-</b>	-	-	-	-	-	-	-	-	-	
<b>MEMO - GRAND TOTAL</b>	<b>475</b>	<b>186</b>	-	<b>47</b>	-	-	<b>55</b>	<b>188</b>	<b>94</b>	<b>94</b>	<b>94</b>	

Attachment V-II  
Low- and Moderate Income Housing Fund  
Planned Housing Unit Development by Project/Program  
Notes

- (1) The Agency is assumed to create additional housing opportunities by disposing of land it previously acquired with Housing Funds. Restricted units are estimated to be added based on the acreage of land currently held by the Agency. The following rules of thumb have been used per acre of Agency land transferred: 5 units of Very Low Income Housing; or 7 units of Low Income Housing; or 13 units of Moderate Income Housing.
- (2) Unit counts/income levels for the Cimarron and River Canyon Projects; at present no other new construction projects are planned. The CFD payments are for units that have already been completed so no additional units would be added in future fiscal years.
- (3) All future Housing Fund monies not committed to other expenditures are assumed to be funneled into various projects designed to acquire, rehabilitate and convert existing housing into decent and affordable rental housing projects.
- (4) These Projects are designed to maintain and improve existing low/moderate income housing and do not necessarily contribute to the affordable housing stock in a quantitative sense.
- (5) Estimates of the average level of assistance that would be required for Agency-assisted projects, by type of program and income level to be assisted.

Attachment V-III  
Affordable Restricted Units Produced with Agency Assistance Since 1982  
Reduction in Unit Count to Meet Replacement Requirements

Yr.	Project Name	Age Asst.	Type	ELI	VLI	LI	Mod	Unrestr.	Total	Restricted Total	Used for Replacement	Balance Remaining
<b>1982 to 2003</b>												
Pre-1994	Building Horizons	Non-Senior			0	0	2		2	2	0	2
1996	Cathedral Palms	Senior	Rehab		230	0	0		230	230	40	190
1997	CVHC Duplexes - Groups 1, 2, & 3	Non-Senior	Rehab			32			32	32	32	0
1999	Casa San Miguel	Special (1)	Both (1)	36		0	1		37	37	0	37
2000	CVHC Self-Help Group 4	Non-Senior	New		0	10	10		20	10	10	0
2000	Casa Victoria	Senior	New		49	0	0	1	50	49	0	49
2000	Park David	Senior	New		24	216	0		240	240	74	166
2002	Canyon Vista	Non-Senior	New		9	37	26	18	90	72	46	26
2003	Ocotillo Place Apts	Non-Senior	New		28	0	54	53	135	82	0	82
Multiple Yrs	Habitat for Humanity	Non Senior	New		5	0	6		11	11	0	11
<b>SUBTOTAL 1982 TO 2004</b>				<b>36</b>	<b>345</b>	<b>295</b>	<b>99</b>	<b>72</b>	<b>847</b>	<b>765</b>	<b>202</b>	<b>563</b>
<b>2004 to 2009</b>												
2004	Heritage Park	Senior	New		33	120	0		153	153	0	153
2004	Creekside	Non-Senior	New		37	147	0	1	185	184	44	140
2005	CVHC Self-Help Group 5	Non-Senior	New		0	10	10		20	20	20	0
2006	Cath Towne Villas	Non-Senior	New		0	0	61		61	61	10	51
2008	Navajo Tr. Rehab	Other (AIDS)	Rehab		2	0	0		2	2		2
2008	Tierra del Sol	Senior	New		75	0	0	1	76	75		75
Multiple Yrs	Major Rehab (DHRP)		Rehab		19	12	1		32	32		32
<b>SUBTOTAL 2004 TO 2009</b>				<b>0</b>	<b>166</b>	<b>289</b>	<b>72</b>	<b>2</b>	<b>529</b>	<b>527</b>	<b>74</b>	<b>453</b>
<b>GRAND TOTAL</b>										<b>1292</b>	<b>276</b>	<b>1016</b>

(1) Special needs/disabled. Nine of the 38 units are were the result of the rehabilitation of the motel with the remaining units resulting from new construction.  
Source: Agency staff, reformatted by DHA Consulting.