FOURTH IMPLEMENTATION PLAN

FOR THE

GATEWAY CENTER WEST REDEVELOPMENT PLAN

For the Period

July 2009 – June 2014

Approved Pursuant to Agency Resolution No.:
Date of Final Passage:
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Southeastern Economic Development Corporation
(SEDC)

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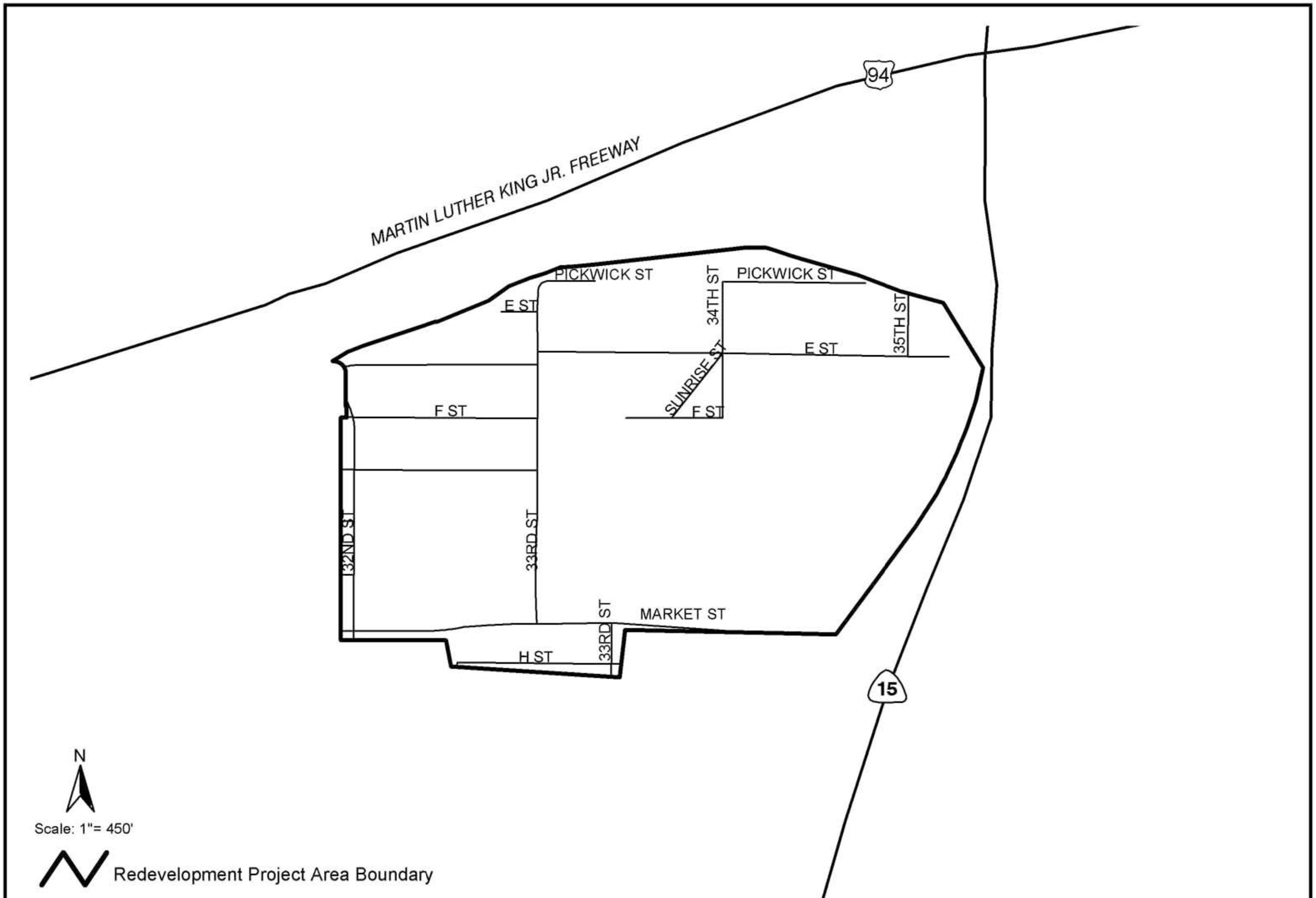

SEDC 05/05/04

GATEWAY
Redevelopment Project Area

Project Area Profile
Gateway Center West Project Area

Land Area:	Approximately 59 acres
Boundary:	East of 32nd Street, west of Interstate 15, north of Market Street, and south of Highway 94
Land Use:	27% SDG&E Metro Center 25% Industrial (newer - since 1985) 19% Public right-of way 17% Industrial (older – prior to 1985) 7% Residential 3% Vacant 2% Open Space
Date Adopted:	November 17, 1976 as Dells Redevelopment Project; amended as Gateway Center West in 1985

Time Limit for Effectiveness of Redevelopment Plan:	November 17, 2019
Time Limit for use of Eminent Domain:	Expired
Time Limit for Incurring Debt:	Expired
Time Limit for Repayment of Debt:	November 17, 2029
Tax Increment Limit:	$6.0 million
Current Tax Increment:	$0.3 million

I. INTRODUCTION

This document contains the five-year Implementation Plan for the period July 2009 – July 2014 for the Gateway Center West Redevelopment Project Area (Project Area), administered by the Southeastern Economic Development Corporation (SEDC) on behalf of the Redevelopment Agency of the City of San Diego (Agency). The Implementation Plan is being prepared and adopted in accordance with State Health and Safety Code Section 33490 and related sections. These sections outline the purpose and requirements of the Implementation Plan as follows:

- Agencies were required to adopt their first five-year Plan(s) for existing Project Areas by December 1994.

- Each Plan must state the Agency's goals and objectives for the Project Area, identify specific programs and expenditures over the next five years, and describe how these goals and objectives, programs, and expenditures will alleviate blight.

- Each Plan must identify approaches to increase, improve and preserve the supply of low and moderate income housing. The Plan must further incorporate a plan to meet mandated housing production, affordability, and targeted income requirements.

- Each Plan may be adopted only after a noticed public hearing has been conducted. The adoption of the Plan does not constitute a "project" within the meaning of the California Environmental Quality Act.

A. Redevelopment Division

The Redevelopment Agency of the City of San Diego was established by the City Council in 1958. The City Council is the Board of Directors of the Agency. Project implementation and administration for the Agency are provided by three separate and distinct organizations: Centre City Development Corporation, Southeastern Economic Development Corporation and the Redevelopment Division of the City's City Planning & Community Investment Department. The Redevelopment Division performs general administration for the Redevelopment Agency, coordinates budget and reporting requirements, and maintains the Agency's meeting docket and official records. The Division also administers eleven project areas which includes College Community, Barrio Logan, City Heights, College Grove, Crossroads, Grantville, Linda Vista, Naval Training Center, North Bay, North Park and San Ysidro.

B. Southeastern Economic Development Corporation

SEDC was created in 1981 by the City of San Diego to manage all redevelopment and economic development activities within the southeastern San Diego community. SEDC is a non-profit public benefit corporation providing redevelopment planning, management, and implementation services to the southeastern San Diego community which encompasses an approximately seven-square-mile area east of downtown San Diego. The community generally consists of 15 neighborhoods within four (4) adopted redevelopment project areas – Central Imperial, Gateway Center West, Mount Hope, and South crest, and also includes a study area known as the Dells Imperial Study Area.

C. Gateway Center West Project Area

The Dells Redevelopment Project Area was adopted on November 17, 1976 and was later amended as the Gateway Center West Project Area in 1985 by Ordinance No. 11950. The Project Area Profile reflects multiple ordinances that have been adopted to amend portions of the Redevelopment Plan. The most recent Ordinance is No. O-19680 passed by the City Council on November 20, 2007. The Project Area encompasses approximately 59 acres located immediately west of Interstate 15, north of Market Street and south of Highway 94.

II. DESCRIPTION OF PROJECT AREA BLIGHTING CONDITIONS

The Project Area was characterized by extensive blighting conditions at the time of the original plan adoption. These blighting conditions included both physical deterioration and economic dislocation. In general, the Project Area and its surroundings have suffered for many years from a loss of private investment and development activity, due in large part to deteriorating physical conditions, crime, the limited income of community residents, and overall image.

The Redevelopment Plan identified the principal blighting conditions in the Project Area in 1976 as follows:

- Incompatible land uses, including mixed development of industrial and residential uses.
- Obsolete and substandard structures, including single-family homes in poor condition.
- Under-utilized land.

In addition, inadequate public improvements, inferior circulation, parcels of irregular size and configuration, business out-migration, high unemployment, and a high crime rate also characterized the area.

III. PROJECT AREA GOALS AND OBJECTIVES

The Redevelopment Plan identified specific objectives for the revitalization of the Project Area. These included:

- Strengthen an existing industrial area by implementing performance standards that assure desired site design and environmental quality.
- Provide sites for new and relocated industries that will provide employment for community residents.
- Maximize the multiplier effects of new businesses and employment on the surrounding community.
- Provide business opportunities for local residents.
- Develop under-utilized parcels, eliminate substandard and deteriorated structures, and phase out residential uses.
- Enhance infrastructure and other public improvements.

IV. GOALS AND OBJECTIVES, PROPOSED PROJECTS, AND CONTRIBUTION TO BLIGHT ALLEVIATION FOR THE FIVE-YEAR PERIOD

A. Goals and Objectives

The goals and objectives for the Project Area continue to promote development of industrial uses that provide employment opportunities for local residents.

B. Proposed Private Projects

The following table describes proposed private projects and programs and their contribution to blight removal:

Project	Project Description	Contribution to Blight Removal
33rd & E Street Industrial Development	Construction of industrial facility	• Creates employment opportunities • Alleviates crime/lack of public safety • Prevents business out-migration • Utilizes unproductive land • Alleviates deteriorated/dilapidated structures
Development of Various Agency-owned parcels	Construction of various industrial uses	• Creates employment opportunities • Alleviates crime/lack of public safety • Prevents business out-migration • Utilizes unproductive land • Alleviates deteriorated/dilapidated structures

C. Proposed Public Improvements and Programs

The following table describes proposed public improvement projects and programs and their contribution to blight removal:

Project	Project Description	Contribution to Blight Removal

Redevelopment Plan Amendment	Expand Project Area to include portion of Dells Imperial Study Area	• Utilizes unproductive land
		• Increases potential for:
		  ○ affordable housing
		  ○ homeownership opportunities
		  ○ commercial and retail needs
		  ○ employment opportunities
		• Alleviates crime/lack of public safety
		• Creates neighborhood stability
		• Assists in the prevention of business out-migration
		• Alleviates depreciated/stagnant property values

Southeastern San Diego Community Plan Update	Identify additional funding and coordinate with City of San Diego for an update of community plans to incorporate redevelopment goals and objectives	• Utilizes unproductive land
		• Increases potential for:
		  o affordable housing
		  o homeownership opportunities
		  o commercial and retail needs
		  o employment opportunities
		• Alleviates crime/lack of public safety
		• Creates neighborhood stability
		• Assists in the prevention of business out-migration
		• Alleviates depreciated/stagnant property values

Strategic Plan	Designed as a tool for SEDC to strategize, prioritize, and plan for future projects	• Enhances potential for new private development by setting forth a plan to prioritize funding of new development opportunities
Various public improvements	Identify funding and install various public improvements in the Project Area	• Enhances potential for new private development by providing and improving public infrastructure • Provides neighborhood amenities • Alleviates crime/lack of public safety

D. Proposed Expenditures

The development projects and programs identified in this Plan are dependent upon attracting qualified property owners and developers and obtaining the funds to finance the projects or programs. The expenditures projected for the next five years are anticipated to include costs for Agency project administration and implementation (i.e., property acquisition, relocation, new development, site preparation, transportation/infrastructure projects or improvements, and the provision of affordable housing) and debt service payments related to the issuance of debt.

Tax increment revenue is expected to represent the major funding source for Agency programs. In FY 2010 the Agency expects to receive approximately $334,000 in net tax increment from the Project Area. Net tax increment is the amount available for new programs after tax-sharing payments, and County administrative fees. The Agency expects this figure to rise approximately 2% annually over the next five years. Gateway West was adopted in 1976 and has a gross tax increment limit of just $6 million. It is estimated to reach that limit in 2012 with no additional tax increment collected unless the plan is amended. Based on this assumption, the Agency can expect to receive approximately $732,000 in net tax increment over the next three years.

Tax increment growth over the three years of this Plan, which is based on recently updated financial projections is estimated as follows:

Fiscal Year	Gross Tax Increment	Taxing Agency Payments	Net Tax Increment
2010	$334,000	$0	$334,000
2011	$339,000	$0	$339,000
2012	$59,000	$0	$59,000
2013	$0	$0	$0
2014	$0	$0	$0

Twenty percent (20%) of annual tax increment revenue is required to be set-aside in the Low and Moderate Income Housing Fund for the development of housing affordable to very low, low, and moderate income households. Over the next three years, the Agency anticipates having approximately $149,000 available in the housing fund.

Fiscal Year	Gross Tax Increment	Taxing Sharing Payments	Net Tax Increment	
			Non-Housing Funds	Housing Funds
2010	$334,000	$0	$266,000	$68,000
2011	$339,000	$0	$270,000	$69,000
2012	$59,000	$0	$47,000	$12,000
2013	$0	$0	$0	$0
2014	$0	$0	$0	$0

V. EXPLANATION OF HOW THE GOALS AND OBJECTIVES, PROJECTS AND EXPENDITURES WILL ELIMINATE PROJECT BLIGHTING CONDITIONS

The on-going project goals and objectives will help ensure continued progress toward alleviation of existing conditions of blight and will facilitate continued re-investment in the Project Area and surrounding community. With input from the Project Area Committee, periodic reassessment of existing and planned projects will insure that the Redevelopment Plan achieves the objectives stated in Section II of this Plan. Specifically, the current and proposed projects will eliminate blighting conditions in the Project Area in the following ways:

- Remove deficient structures and incompatible land uses from Project Area
- Utilize unproductive land
- Create employment opportunities
- Prevent business out-migration
- Alleviate depreciated/stagnant property values

VI. EXPLANATION OF HOW THE GOALS AND OBJECTIVES, PROJECTS AND EXPENDITURES WILL IMPLEMENT PROJECT HOUSING REQUIREMENTS AGENCY/CITY WIDE (HOUSING COMPLIANCE PLAN)

California's Community Redevelopment Law requires that not less than twenty percent (20%) of all tax increment generated by the Project Area shall be used for the purpose of increasing the community's supply of very low, low, and moderate income housing. Additionally, affordable dwelling units must remain affordable for not less than the period of land use controls established in the project plan (currently 45 years for for-sale units and 55 years for for-rent units). The on-going goal for the Project Area is to develop housing in compliance with current legislation and available Project Area resources.

A. Comprehensive Affordable Housing Strategy

The Redevelopment Agency, comprised of the City's Redevelopment Division, Centre City Development Corporation (CCDC) and Southeastern Economic Development Corporation (SEDC), and the San Diego Housing Commission formed a collaborative to accelerate and encourage new affordable housing development citywide. This collaborative is referred to as the Affordable Housing Collaborative. In January 2003, leveraging Redevelopment set-aside funds, the Affordable Housing collaborative issued a Notice of Funding Availability (NOFA) announcing the availability of $55 million of secured assets to provide gap financing for very low, low, and moderate income housing. The Agency has committed the entirety of this $55 million to eleven projects in various project areas, resulting in 722 affordable units and 1,055 affordable bedrooms.

Although the initial funding of the NOFA has been exhausted, affordable housing development proposals requesting local subsidies in the City of San Diego continue to be submitted through different channels to the Redevelopment Agency and/or San Diego Housing Commission. The

Collaborative continues to meet to review projects seeking funding under the Affordable Housing Opportunity Fund and to ensure affordable housing goals are being met by the Agency and the Housing Commission.

In June 2006, the Redevelopment Division obtained four bank lines of credit in an aggregate amount of $34 million which was dedicated to an affordable housing "Opportunity Fund" to continue to assist with the creation and rehabilitation of affordable housing for low- and moderate-income households and to leverage other affordable housing financial sources. Proposed projects in the Project Area may request funding assistance from the Opportunity Fund.

To provide consistency among the three branches of the Redevelopment Agency (Redevelopment Division, CCDC and SEDC) and streamline the negotiation and approval process for affordable housing projects funded by the Agency, the Affordable Housing Collaborative developed the "Expenditure of Low and Moderate Income Housing Fund Policy and Transaction Guidelines" to be utilized in reviewing affordable housing development proposals. These Policy and Transaction Guidelines were approved by the Agency Board on May 20, 2008 via resolution R-04282 and are reviewed on a periodic basis to reflect changing policies and economic conditions.

B. Housing Assistance Programs

The Agency has implemented a number of special assistance programs to achieve its goals for maintaining affordability and rehabilitating housing in the Project Area. SEDC has primarily focused on owner-occupied housing assistance. SEDC's current programs work through increasing opportunities for affordable financing for acquisition and/or rehabilitation of existing single-family homes. To increase the supply of affordable housing, SEDC's programs include development financing assistance, such as land, acquisition/construction loans and gap financing for new developments. For first-time homebuyers, SEDC offers shared equity loans (silent seconds) and down payment and/or closing cost assistance for low to moderate income families.

SEDC is currently in the process of revising guidelines for the Residential Rehabilitation Program, renamed the Housing Enhancement Loan Program (HELP). The revisions will allow for the expansion of the HELP program to the entire SEDC Area of Influence and will increase loan amounts to $35,000 with an additional $10,000 for water and energy conserving improvements.

In addition, SEDC has facilitated homebuyer workshops, where potential purchasers are provided with information on the homebuying process as well as the various home loan programs available in the marketplace. Purchasers receive a credit report, are pre-qualified for a home loan, and where necessary, are assisted with budgeting for a down payment.

In 1999, SEDC adopted an update to its 1993 Housing Policies and Program document. Development guidance was one of the major issues addressed in the updated document.

In 2000, SEDC adopted the Multi-Family Development Guidelines which are utilized to evaluate multi-family development proposals. The Guidelines, which are currently being updated by SEDC, address the site planning, architectural, and landscaping components of development that have an impact on the physical and social fabric of the community.

C. Projects & Expenditures to be Made During the Next Five Years

The Project Area's Low and Moderate Income Housing Fund (Housing Fund) has approximately $117,000 as of the beginning of FY 2009. The Project Area is estimated to reach its gross tax increment limit of $6 million by 2012. No additional tax increment is projected to be collected unless the Plan is amended. Projections of annual Housing Funds anticipated to be generated by the Project Area over the next three years are shown in the following table:

Fiscal Year	Low/Mod Fund
2009-10	$68,000
2010-11	$69,000
2011-12	$12,000
2012-13	$0
2013-14	$0
TOTAL	**$149,000**

It is anticipated that the Project Area's Housing Fund will increase by approximately $149,000 in the next five years. All units developed with Agency assistance from the Housing Fund will be restricted to very low, low, or moderate income households. These funds will be used to generate housing within the Project Area as opportunities for housing assistance are identified.

1. Projected Housing Units to be Developed in the Next Five Years

California Community Redevelopment Law requires that the Agency prepare an estimate of the number of new, rehabilitated and price-restricted dwelling units to be developed in the Project Area. These numbers also includes the inclusionary housing requirements: units for very low, low and moderate income households. The inclusionary housing requirements state that fifteen percent (15%) of all new or rehabilitated dwelling units developed by public or private activities, other than the Agency, in a redevelopment project area shall be affordable to low and moderate income households. Forty percent (40%) of the 15% inclusionary housing units shall be at affordability levels for very low income households.

The actual amount of Housing Funds will depend upon tax increment receipts. The number of units developed will depend upon the cost of the units, availability of pertinent feasible opportunities for collaboration with housing developers, availability of tax increment-backed debt financing and the ability of the Agency to leverage funds. The Housing Fund expenditures will include costs for housing development, administration, and debt service payments. The Agency anticipates issuing tax allocation bonds or other financial instruments to fund affordable housing projects.

It should also be noted that the City of San Diego Municipal Code (Chapter 14, Article 2, Division 13) places an inclusionary (affordable) housing obligation on new development. While these new affordable units can not be counted as production under the Redevelopment Agency's definitions, they are, for all intents and purposes, housing units available to low and moderate income households.

The following table indicates the estimated number of units that will be assisted and the estimated expenditures from the Housing Fund in each of the next five years. The Project Area is an industrial development area, as such it is estimated that no new, substantially rehabilitated, or price-restricted residential units will be developed in the Project Area over the next five years.

The number of new units shown on the following page reflects Low/Mod Housing funds from the Project Area used toward the development of Comm22, a mixed use transit-oriented development featuring affordable family and senior housing. Planned for the Dells Imperial Study Area, units at Comm22 are assumed to be counted on a 2:1 basis. It is anticipated that financing for Comm22 will include funds from both the Gateway Center West and Mount Hope Project Areas and CCDC. The actual amount of Agency assistance has yet to be determined. For illustrative purposes, the Plan assumes affordable unit credits from Comm22 will be shared 92%/8% between the Mount Hope and Gateway Center West Project Areas, respectively. Allocation of credits between project areas (including CCDC) will likely be based on each project area's investment toward the development.

Fiscal Year	New Units	Rehabilitated Units	Housing Fund Expenditures *
2010	0	0	$68,000
2011	0	0	$69,000
2012	2	0	$12,000
2013	2	0	$0
2014	0	0	$0
Total	**4**	**0**	**$149,000**
* Housing Fund expenditures to be determined based on Strategic Plan and Community Plan Update efforts by the Agency. Estimated amounts when determined will be addressed in the Implementation Plan's Mid-Term Update. The current estimates on housing units are based on development and funding projections that are presently in the conceptual stage and subject to change in the future as further details emerge.			

The following table indicates the estimated number of Agency assisted and non-Agency assisted units that will be developed in each of the next five years:

Projects	FY2010	FY2011	FY2012	FY2013	FY2014
Non-Agency Assisted	0	0	0	0	0
Proposed Agency Assisted	0	0	2	2	0
Total	**0**	**0**	**2**	**2**	**0**

The following table indicates the estimated number of units by income level that will be developed in each of the next five years:

Housing Category	FY2010	FY2011	FY2012	FY2013	FY2014
Market Rate	0	0	0	0	0
Low to Moderate Income	0	0	1	1	0
Very Low Income	0	0	1	1	0
Total	**0**	**0**	**2**	**2**	**0**

2. Agency-Developed Units

As required by Section 33490 of the California Community Redevelopment Law, the Implementation Plan must contain an estimate of the number of Agency-developed residential units, if any, which will be developed during the next five years which will be governed by Section 33413(b)(1) and the number, if any, of Agency developed units for very low, low, and moderate income households which will be developed by the Agency during the next five years to meet the requirements of Section 33413(b)(1). Section 33413(b)(1) states that for units developed by the Agency, thirty percent (30%) of all new and rehabilitated dwelling units shall be affordable for low and moderate income households, and not less than fifty percent (50%) of the 30% affordable units shall be affordable to very low income households. The Agency does not anticipate developing any residential units during the next five years.

D. Housing Unit Estimates for the Next Ten Years and the Life of the Plan

The following table illustrates the anticipated breakdown of total new dwelling units developed for very low, low, and moderate income households over the next ten years as required by Section 33413(b)(2) of the California Community Redevelopment Law.

At this time, it is estimated that no new, substantially rehabilitated or price-restricted residential units will be developed in the existing Project Area during the entire life of the Redevelopment Plan, including the upcoming Fiscal Years 2010 through 2019. The number of new units shown below reflects Low/Mod Housing funds from the Project Area used toward the development of Comm22, outside of the Project Area.

Fiscal Year	Total Units	Low & Moderate Income (15%)	Very Low Income (40% of 15%)
2010	0	0	0
2011	0	0	0
2012	2	1	1
2013	2	1	1
2014	0	0	0
2015	0	0	0
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	0	0	0
TOTAL	**4**	**2**	**2**

E. Very Low, Low and Moderate Income Units Developed in the Project Area

Table A, Details of Housing Production, provides a summary of the Project Area's housing production including the number of units that were produced and the amount of Housing Funds used to assist the production of very low, low, and moderate income units the for Project Area for the period of the previous implementation plan (2004-2009).

As shown no units were produced or housing funds expended during the previous implementation plan period (FY 2004-2009).

F. Replacement of Dwelling Units Destroyed or Removed

The Redevelopment activities outlined in this Plan do not remove or destroy any housing units currently restricted to low or moderate income families. Where Redevelopment activities are planned, the Redevelopment will destroy a small number of market-rate rental units and replace these units with a much greater number of market-rate and very low, low, and moderate income units. Therefore, it is expected that units removed or destroyed will be replaced to a much greater extent than required by California Community Redevelopment Law. (See Table A)

TABLE A

DETAILS OF HOUSING PRODUCTION
GATEWAY REDEVELOPMENT PROJECT AREA
City of San Diego - Redevelopment Agency

		AFFORDABLE HOUSING (for Low & Moderate Income)											
		Required			Produced / *To Be Produced*			Less Replacement Units[4]			Net Surplus/Deficit		
	TOTAL HOUSING PRODUCTION	Very Low	Low & Mod	TOTAL	Very Low	Low & Mod	TOTAL	Very Low	Low & Mod	TOTAL	Very Low	Low & Mod	TOTAL
I. INCEPTION OF PROJECT AREA TO PRESENT (FY 1977 - 2003)													
Agency Assisted													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Agency Assisted													
	-	-	-	-							-	-	-
Outside Project Area													
	-	-	-	-							-	-	-
SUBTOTAL[1]	-	-	-	-	-	-	-	-	-	-	-	-	-
II. PREVIOUS PLAN PERIOD (FY 2004 - 2009)													
Agency Assisted													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Agency Assisted													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Outside Project Area													
	-	-	-	-	-	-	-	-	-	-	-	-	-
SUBTOTAL[1]	-	-	-	-	-	-	-	-	-	-	-	-	-
III. CURRENT FORECAST (FY 2010-2019)													
Agency-Assisted (Estimates)													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Agency Assisted (Estimates)													
	-	-	-	-							-	-	-
Outside Project Area (Estimates)													
Comm22[2]	-	-	-	-	2	2	4	-	-	-	2	2	**4**
SUBTOTAL[1]	-	-	-	-	2	2	4	-	-	-	2	2	4
IV. DURATION OF PROJECT AREA (1977-2016) COMPARED TO CURRENT PRODUCTION COUNT													
CUMULATIVE TOTAL[3]	**0**	**0**	**0**	**0**	**2**	**2**	**4**	**0**	**0**	**0**	**2**	**2**	**4**

The current estimates on housing units are based on development and funding projections that are presently in the conceptual stage and subject to change in the future as further details emerge.
Estimated amounts when determined will be addressed in the Implementation Plan's Mid-Term Update.

1 Required housing production for individual line items has been rounded to the nearest whole integer.

2 Comm22 is located outside the Project Area. As such, unit count is not counted toward inclusionary housing obligation. Affordable units at Comm22 are assumed to be counted on a 2:1 basis.
Figures shown assumes affordable unit credits will be shared 92%/8% between the Mount Hope and Gateway Project Areas, respectively. Allocation of credits between Project Areas may likely be based on the Project Area's pro rata investment.
toward the development.

3 The "cumulative total" is not the sum of the subtotals, but rather 15% and 40% of the total estimated units produced during the life span of the Project Area. The shaded areas on this line represent progress to-date toward the overall project area

4 Replacement units do not count toward the inclusionary obligation of the redevelopment agency/redevelopment project area and are not counted for the purpose of reporting progress in meeting the project area's inclusionary production requirements.

G. Compliance with Housing Element and Regional Housing Share Requirements

The City of San Diego's regional share of housing need for persons of very low, low, and moderate income is published in the Housing Element of the City's General Plan. According to the City's FY 2005-2010 Housing Element, the proportional share of housing need in San Diego is 23% very low income (10,645 units city-wide), 18% low income (8,090 units city-wide), 19% moderate income (8,645 units city-wide) and 40% above moderate income (18,362 units city-wide).

Section 33334.4(a) of the California Community Redevelopment Law requires that the Agency expend Low and Moderate Income Housing funds to assist in the development of housing for persons of very low, low, and moderate income in at least the same proportion as the total number of housing units needed for each of those income groups within the community as each of those needs have been identified in the most recent determination pursuant to Government Code Section 65584 (i.e., the regional share of the statewide housing need). Using this definition and a denominator based upon the need for affordable units (total of 27,380 units), the threshold for the expenditure of low- and moderate income housing funds is as follows: 39% very-low income (10,645 units), 29% low income (8,090 units), and 32% moderate income (8,645 units).

In addition, Section 33334.4(b) of the California Community Redevelopment Law states, "Each agency shall expend, over the duration of each redevelopment implementation plan, the monies in the Low and Moderate Income Housing Fund to assist housing that is available to all persons regardless of age in at least the same proportion as the number of low-income households with a member under the age of 65 years bears to the total number of low-income households of the community as reported in the most recent census of the United States Census Bureau."

According to the 2000 census, there are 450,691 households in the City of San Diego. Of those households, 81,124 are "Senior Head of Household". Of those, "Senior Head of Household", 39,751 (49%) are low and moderate income. The total number of low and moderate income households in San Diego is 181,572. Therefore, the ratio of low and moderate income senior households to the total number of low and moderate income households is 21.89% (39,751/181,572).

The Agency will expend Housing Funds in the proportions cited above to ensure compliance with Redevelopment Law. The following table provides the proposed percentages of housing funds the Agency anticipates spending from the Project Area Housing Fund for housing to match the City's proportional share of housing need. The minimum percentages are the least amount the Agency may spend, and the maximum percentages are the most the Agency may spend for the categories of income and age. These proportionality tests must be met between January 1, 2002 and December 31, 2014, and then again every 10 years through the termination of the Project Area.

Household Type	No. Of Households	Percentage of Housing Funds to be Expended	
Income			
Very Low Income	10,645	at least	39%
Low Income	8,090	at least	29%
Moderate Income	8,645	no more than	32%
TOTAL	27,380		
Age			
LM Households Under Age 65	181,572		78%
LM Household Over Age 65	39,751	no more than	22%

Table B, Housing Expenditures and Proportionality, documents the amount of Housing Fund revenue used during the prior Five-Year Implementation Plan period and for the Project Area since inception for these income categories and for families and seniors. Future expenditures of Low/Mod Funds will need to meet the legal requirements for expenditures in proportion to the community's housing needs by income category for the compliance period.

TABLE B

HOUSING EXPENDITURES AND PROPORTIONALITY
GATEWAY REDEVELOPMENT PROJECT AREA
City of San Diego Redevelopment Agency

	$ by Household Type		Income Category (# of units)			
	No Age Restriction	**Seniors**	**Very Low**	**Low**	**Moderate**	**Total Restricted**
FY 02	$ -	$ -	-	-	-	-
FY 03	$ -	$ -	-	-	-	-
FY 04	$ -	$ -	-	-	-	-
FY 05	$ -	$ -	-	-	-	-
FY 06	$ -	$ -	-	-	-	-
FY 07	$ -	$ -	-	-	-	-
FY 08	$ -	$ -	-	-	-	-
FY 09	$ -	$ -	-	-	-	-
FY 10	$ 68,000	$ -	-	-	-	-
FY 11	$ 69,000	$ -	-	-	-	-
FY 12	$ 12,000	$ -	1	1	-	2
FY 13	$ -	$ -	1	1	-	2
FY 14	$ -	$ -	-	-	-	-
Subtotal - Compliance Period (FY 02 - FY 14)						
Units	4	0	2	2	0	4
$	$ 149,000	$ -	$ 74,500	$ 74,500	$ -	$ 149,000
% of $ (TO-DATE)	100%	0%	**50%**	**50%**	**0%**	
% of Units (TO-DATE)	100%	0%	50%	50%	0%	
% (TARGET)	78%	22%	**39%**	**29%**	**32%**	
Since Inception (FY 94 - FY 01)						
Units	0	0	0	0	0	0
$	$ -	$ -				
Project Area Total (FY 94 - FY 14)						
Units	4	0	2	2	0	4
$	$ 149,000	$ -	$ 74,500	$ 74,500	$ -	$ 149,000
% of $ (TO-DATE)	$ 149,000	$ -	50%	50%	0%	
% of Units (TO-DATE)	100%	0%	50%	50%	0%	
% (TARGET)	78%	22%	**39%**	**29%**	**32%**	
Redevelopment Agency Total (To-Date)						
Units	3,098	1,130	2,925	616	687	4,228
$	**$ 104,200,564**	**$ 25,039,043**	**$ 89,410,088**	**$ 18,829,612**	**$ 20,999,908**	$ 129,239,607
% of $ (TO-DATE)	**81%**	**19%**	**69%**	**15%**	**16%**	
% of Units (TO-DATE)	73%	27%	69%	15%	16%	
% (TARGET)	**78%**	**22%**	**39%**	**29%**	**32%**	

Future Housing Fund expenditures to be determined based on Strategic Plan and Community Plan Update efforts by the Agency. Estimated amounts when determined will be addressed in the Implementation Plan's Mid-Term Update. The current estimates on housing units are based on development and funding projections that are presently in the conceptual stage and subject to change in the future as further details emerge.