

## **DRAFT**

**(November 15, 2010)**

### **ALBANY COMMUNITY REINVESTMENT AGENCY**

#### **REDEVELOPMENT AREA IMPLEMENTATION PLAN: 2011 TO 2016**

## **I. INTRODUCTION**

### **A. Background**

Redevelopment is a financial tool designed to encourage and facilitate real estate investment in a designated area within the City. The area chosen by the City's Reinvestment Agency must meet certain requirements to be considered a State "Redevelopment Area." Most importantly, the area must be defined as "blighted", which means it must be predominantly urbanized, and the blight conditions must cause both a physical and economic burden to the community. Once a project area meeting the requirements for redevelopment is selected, the City adopts a redevelopment plan applicable to the project area and provides the reinvestment agency with redevelopment powers for the term of the plan (typically 30 to 40 years). The redevelopment plan must be consistent with the General Plan, include a financing strategy, a map (see attachment #1), and strategies to involve property owners in the reinvestment process. In addition to the General Plan, the Implementation Planning process has also considered the City's Traffic Management Plan, Watershed Management Plan, Parks, Recreation and Open Space Master Plan, and Climate Action Plan. (See attachment #2)

### **B. Implementation Plan**

The Cleveland Avenue/Eastshore Highway Redevelopment Plan was adopted by the Albany Community Reinvestment Agency in May 1998. The plan was prepared by the Community Development Department of the City of Albany in accordance with §33490 of the California Redevelopment Law (CRL--Health and Safety Code, §33000 *et seq.*). In 2001, a Settlement Agreement was adopted that eliminated the power of eminent domain from the entire Plan Area, and the Stipulation was filed in November of 2001. The Reinvestment Agency therefore does not have the power of eminent domain in the project area. California Redevelopment Law requires that a new implementation plan be adopted every five years, and requires that the Agency conduct a public hearing prior to adoption of the new plan. Since the adoption of the 1998 Redevelopment Plan, the Reinvestment Agency has completed the following projects:

- Buchanan-Eastshore connection
- Significant revenue generating businesses on Eastshore Highway
- Bicycle/Pedestrian Path development and planning
- Traffic Signalization on Eastshore Highway
- Additional Traffic Safety enhancements on Buchanan Overcrossing
- Codornices Creek Storm Drain Improvements

## **II. GOALS AND OBJECTIVES FOR THE PROJECT AREA (2011-2016)**

As required by the CRL, this Implementation Plan contains the Agency's goals and objectives for the Project Area, and the programs, potential projects, and estimated expenditures proposed for the next five years. The proposed plan also includes a discussion of how the goals and objectives, programs, and expenditures will eliminate blight within the Project Area and implement CRL requirements regarding low and moderate-income housing. The overall goals and objectives are as follows:

- A. Elimination, by public and private actions, of blighting conditions.
- B. Strengthening the economic base of the project area and the community in general by seeking to stimulate revitalization and new commercial development and expansion.
- C. Planning, redesign, and further development of underdeveloped areas that are economically stagnant, physically constrained, and/or underutilized.
- D. Attraction of additional private investment and employment into the Project Area and adjoining areas, particularly that relate to Sustainability, especially through participation as a member of the East Bay Green Corridor.
- E. Improvement of roads, parks and other public infrastructure within the Project Area, so as to promote private commercial and housing investment.
- F. Coordination of goals and strategies as the City develops its General Plan update during the upcoming five year period.

## **III. SUMMARY OF BUDGET PROJECTIONS, PROGRAMS AND POTENTIAL PROJECTS**

### **A. Estimated Revenues and Expenditures**

This section of the Implementation Plan reviews anticipated revenues and estimated expenditures for the next five years. Estimated expenditures are based on current and potential activities that achieve the Plan's goals and objectives. The reinvestment zone now generates approximately \$500,000 in tax increment revenue per year. While economic conditions are currently flat, new improvements to this area can generate additional revenue to the Agency. Revenues are therefore anticipated to increase slightly as new development is completed and blighting conditions that depress property values are removed.

Table 1, (attachment #3 to this report), details fund balances and recent and projected Reinvestment Agency revenues by fiscal year. The property valuation projection is based on a 1% growth rate through Fiscal Year 2013/14 and a 2% growth rate for Fiscal Years 2014/15 and 2015/16.

Tax increment revenue received by the Agency is allocated for a variety of purposes consistent with California Redevelopment Law. As required by the CRL, twenty percent of all tax

increment received by the Agency is set-aside for affordable housing. A portion of the tax increment is used to service existing debt of the Agency. A variety of other agencies receive funds from the tax increment, including, but not limited to the East Bay Regional Park District, East Bay Municipal Utility District, AC Transit, and the Peralta Community Colleges District. Additionally, a portion of the Agency's tax increment funds were paid to the County in 2009-2010 as part of a State mandated payment from redevelopment agencies to the Supplemental Educational Revenue Augmentation Fund (SERAF).

Table 2 (attachment #4) provides the projected disposition of revenues to housing, agency pass-throughs, debt repayment, and potential Albany projects and programs. Specific project and programs are not yet called out in this budget, and will depend upon city priorities and opportunities.

Due to the small size of the Reinvestment Area and relatively modest tax increments, funds available for redevelopment projects after these required payments are limited. However, the Agency has accumulated a fund balance which is expected to grow over the five year plan period to a level sufficient to enable public investment in the Project Area. In addition to the use of existing tax increment fund balances, the Agency may also issue additional debt and seek other Federal, State or local assistance that may be available to further the goals of the Agency. The Agency will adapt its programs and specific implementation of projects based upon economic and political conditions existing during the life of this Implementation Plan.

It should be noted that the current economic condition of the State of California has had a negative impact on the funding levels available to the Agency. In the past fiscal year, significant funds which otherwise would have accrued to the Agency were instead required to be sent back to the State. It is unclear what the future fiscal year impacts will be at this time. The possible reduction of future funds must be kept in mind when assessing available revenues presented in Tables 1 and 2 of this Plan.

## **B. Economic Development (Non-Housing) Programs**

The following program and project descriptions are intended to help clarify the range of potential programs and projects. The timing and/or level of specific expenditures would be determined based on program priorities as well as specific project opportunities. The listing is not intended to exclude other types of strategies or collaboration with other private sector entities or government agencies. The City's 2009 Economic Development Strategy and Action Plan provided a set of initial recommendations for the reinvestment project area, and these are included in the program goals below.

Program 1: Maintain a focus on large and moderate scale retail/wholesale uses and on manufacturing uses, with an emphasis on encouraging and supporting new and emerging green industry, including related business start-up, incubators, and associated office spaces.

- Remain involved in regional cooperative programs such as the East Bay Green Corridor
- Identify the redevelopment area as a solar energy empowerment district, per Albany's Climate Action Plan Measure BE2.4 (Attachment #5).

- Encourage upgrade and possible property consolidation in the area. Currently, the remaining available sites in the Project Area are significantly smaller than the size of the Target property, and will only accommodate small scaled projects.
- Maintain the existing zoning in order to allow the flexibility to attract a variety of uses in the area.
- Include uses such as flex-space, and community building uses such as gyms, rock climbing, and other health related uses.

Program 2: Ensure that information about the Reinvestment Area is easily accessible and available to the general public, and that the City is actively involved in outreach to encourage continued use of the existing sites, and possible developments for the future.

- The City should work with property owners, managers, real estate brokers, and business associations to maintain a complete listing and description of vacant properties on the City's website.
- Adequate signage should be provided to enable customers to find Cleveland Avenue and the Eastshore Highway, as well as to link to the other areas of the City.
- Encourage bicycle and pedestrian access to connect the reinvestment project area with local and regional trails by coordinating and implementing trail segments within the area
- Incorporate recommendations made in the City's 2000 Traffic Management Plan for transportation improvements
- Ensure that the City's website suggests a welcoming atmosphere for businesses, including referrals to sources for technical assistance, financing, and information about regulations to facilitate the development process.

Program 3: Encourage the continued development of the building supplies, home improvement, and furnishings (BSHIF) sector within the Project Area, specifically green building enterprises and related products and services.

- The City should take a regional approach to collaborate with neighboring jurisdictions for marketing to customers and attracting additional firms in the BSHIF sector.
- The City should develop materials that highlight Albany and the nearby East Bay as a place of concentrated good business in green home improvement.
- Albany should utilize its membership with the East Bay Green Corridor to provide a natural mechanism for outreach to consumers and firms in green product or green manufacturing markets.

Program 4: Develop a multi-year infrastructure improvement plan to enhance the Cleveland Avenue section of the Reinvestment Zone. These items are summarized in Attachment 6, "Cleveland Avenue Improvements," and include the following:

- Gateway and way-finding signage improvement, at both freeway exits
- Street Repaving and installation of walkways and/or sidewalk
- Streetscape Improvements
- Possible creek and storm drain improvements at Cerrito Creek

- Traffic Improvements at the freeway exit
- Coordination with city and regional bicycle and pedestrian plan networks

Program 5: Develop a multi-year improvement plan regarding the 4.5 acre Pierce Street parcel, that considers the following:

- Purchase of the 4.5 acre surplus land parcel that was formerly the Pierce Street I80/I580 freeway ramp;
- Agreement with CalTrans for an air space lease of the area beneath the freeway structure for storage and parking, as may be appropriate
- Implementation of the Bicycle Pedestrian Plan connecting the Ohlone Greenway to the San Francisco Bay Trail, via the Pierce Street Parcel connection to Cleveland Avenue.
- Development of a park or open space on the Pierce Street parcel
- Use of the Pierce Street parcel as a location for a permanent City Maintenance Center
- Other uses that may be appropriate

## **C. Project Opportunities**

### **1) Storm Drain, Creek, and Sewer Improvements**

The City's 1998 Watershed Management Plan identified several storm drain and creek restoration projects in the project area. Restoration of Codornices Creek is currently underway in a joint effort of the City of Albany, City of Berkeley and the University of California at Berkeley. Short term and long term creek improvement plans for Codornices Creek west of the UPRR tracks have been implemented, including new culverts at the UPRR crossing of Codornices Creek. The Target development also installed a portion of the additional pipeline to convey Village Creek storm waters beneath I-80 and I-580 to the San Francisco Bay. Vital to continued storm flow improvements would be increased capacity beneath the freeways. This has been a long term goal, but would require substantial assistance from both CalTrans and the City of Berkeley. The City's current Sewer Service Fee includes the project area, and our city-wide Sewer System Management Plan (2006) provides direction for sewer rehabilitation and compliance to reduce inflow and infiltration, as well as long term managerial guidance for maintaining viability of the waste water collection system.

### **2) Improvements to Cleveland Avenue**

The Cleveland Avenue area has seen minimal improvement over the past ten years and presents opportunities for change and reinvestment. There is currently one manufacturing facility on Cleveland Avenue, Adhesive Products Inc., located at 520 Cleveland Avenue. Albany Steel and Pacific Steel have existing warehousing facilities. There is one retail facility, Bayshore Supply, which provides lighting, plumbing, electrical and other contractor supplies. Lastly, there are two small vehicle repair shops, and the City's Maintenance Center facility located at 548 Cleveland Avenue. There are several properties on Cleveland Avenue that are likely to transition in some way over the upcoming five years. The small corner property at 650 Cleveland is now vacant. The property at 540 Cleveland Avenue (formerly Western Forge and Flange) is currently vacant, and the property owner is addressing areas of potential environmental contamination. Ultimately the property owner intends to sell the property. In addition, the City's current corporation yard at

548 Cleveland is leased from a private party. Ultimately the City hopes to purchase a site for use as a permanent facility. These changes create an opportunity for future development activities and enhancements along Cleveland Avenue.

The City is particularly interested in supporting Green and Sustainable businesses in this area, including light industry, small research facilities and business and production incubators for green investment. Investment in specific improvements may be considered in circumstances where it appears that Agency intervention may be beneficial in retaining or attracting desirable manufacturing businesses. Appendix A provides guidance for infrastructure improvements that the City may wish to consider to encourage development and make the area more attractive for commercial entities.

### **3) Pierce Street Parcel**

Located in between Cleveland Avenue on the west and Pierce Street on the east is the 4+ acre surplus CalTrans property. This parcel of land was created when the existing ramps in the area were removed as a part of the CalTrans I-80 HOV Project in the mid-1990s. Originally, the parcel was scheduled to have a sound wall and small “mini-park” constructed as part of the redesign of the freeway. This plan was altered to a larger park without a sound wall, based on the desires of the adjacent neighborhood. The City retains the goal of acquiring the property which is located completely within the reinvestment area. The opportunity of using this parcel as a permanent location for the city’s maintenance center, in addition to the goal of creating a neighborhood park, per the 2004 Parks, Recreation and Open Space Master Plan objectives, should be further investigated.

## **D. Housing Programs**

While the Agency is committed to meeting its requirements for affordable housing, the relatively small amount of tax increment received has meant that resources are minimal. Anticipated deposits into the housing fund for the Plan Period (2011-2016) and the current fund balance are included in Table 1. As of FY2009/2010 the balance in the housing fund was \$586,123. The modest amounts received by the City in the housing fund continues to be set aside in hopes that by FY2015/16, the City would have at least \$1,000,000 to put toward affordable housing. No funds have been spent out of this fund at this time.

Since there have been no residential units developed within the reinvestment area yet, the Agency currently does not have any housing production requirements. Similarly, the Agency has not demolished or otherwise removed any housing units from the residential market and so does not have any replacement housing obligations. While the use of housing funds is not limited to the geographical area, housing within the boundaries of the reinvestment zone should be considered as part of the “tool kit” for meeting housing goals.

According to the 2007-2014 Regional Housing Needs Allocation, the City of Albany’s regional target is a total of 276 new units. (See Table 3, attachment #7.) This includes 64 very low income units, 43 low income housing units, and 52 moderate income units, for a total of 159 units. Moderate income refers to those at 81% to 120% of Area Median Income (AMI); low income housing applies to those whose income is 51-80% of AMI; very low income is 50% or lower of the AMI. Pursuant to the Redevelopment Law 40% of all housing funds expenditures

must be spent on very low income households and 27% on low income households, and 33% on moderate income households. Using the AMI criteria, 14.9% of Albany households (1037) are low or very low income households.

According to the most recent estimates, 13% of Albany's population is aged 65 or older. There are 1,215 households that contain a person over the age of 65, of which 284 are classified as low income households. Pursuant to Redevelopment Law no more than 13% of the Agency's housing fund can be spent on age restricted housing.

The projected Housing Fund balance during the upcoming five year period is expected to reach a level that will make affordable housing assistance possible. As the balance of funds reaches a significant level, City of Albany Community Development staff will begin to seek out partnerships with non-profit agencies and those specializing in affordable housing to implement policies and programs, as described in the City of Albany's Housing Element and in conformance with the overall General Plan. Particular effort will be focused on organizations that are interested in small-scale projects appropriate for the City of Albany. Uses of the 20% housing funds could include:

- 1) Acquisition of property for affordable housing development, including the feasibility of acquisition of property within the redevelopment area. This would enable the Agency and the City to leverage both housing and non-housing redevelopment funds.
- 2) Subsidy of new housing development projects to create additional number of affordable units or to improve the affordability of housing (beyond what is already required by the City's inclusionary housing policies). This effort would include creating partnerships with other government agencies in order to combine redevelopment resources with other financial resources to meet housing development goals.
- 3) Retain consultants/project managers to assist with the streamlining of the regulatory review of housing development projects
- 4) Support the rehabilitation of older market rate housing into upgraded affordable housing units. Particular emphasis could be placed on programs that facilitate seismic retrofit of older, more affordable rental housing.
- 5) Create partnerships with private sector banks and other lenders to assist in the marketing of for-sale affordable housing.
- 6) Collaborate with the Albany Unified School District to meet both the reinvestment agency obligations as well as housing needs of school district employees. Such a program helps achieve the sustainable development objectives by reducing the number and length of motor vehicle trips of residents by ensuring local housing serves a local employer.
- 7) Explore the feasibility of developing affordable housing to meet particular needs. Such projects could integrate social services and health services as well as housing needs.

#### **IV. TIMELINE AND CONCLUSIONS**

Section 2-19 (b)(3) of the Albany Municipal Code states that the Reinvestment Agency has 20 (twenty) years from the adoption of the plan to undertake activities to eliminate blight and to incur debt, 30 (thirty) years for the effectiveness of the plan and 45 (forty-five) years to repay any debt incurred to implement the Plan. Dates are therefore as follows:

Time Limits:

June, 2018: Ability to incur debt

June, 2028: Ability to undertake activities

June, 2043: Repayment of debt/receipt of tax increment

The current condition of the community reinvestment area presents opportunities and challenges for the reinvestment Agency and the City. While some of the early goals have been accomplished, particularly in the southern portion of the reinvestment area, there is much left to be done. The northern portion, including the areas along Cleveland Avenue and the Pierce Street parcel are in need of planning and infrastructure improvements. The Agency has approximately seven years left to incur debt to assist in financing any acquisitions or capital improvements. While the tax increment revenues generated by the redevelopment agency are modest, the potential does exist to begin the planning, design and community reinvestment process for this area. The Agency must coordinate with the upcoming update of the Albany General Plan. The goals of the Agency need to acknowledge and work within a new landscape created by a variety of plans and priorities that have been adopted over the past ten years, including the Climate Action Plan, the Parks, Recreation and Open Space Master Plan, the Arts Master Plan, the Traffic Management Plan and other planning documents. While the economic conditions of the past years have been difficult, it is important for the Agency to position the reinvestment area as a vital part of the Albany community in the future.