The Redevelopment Agency of The City of Huntington Beach

Five Year Implementation Plan (2010-2014) Huntington Beach Redevelopment Project

December 21, 2009
ACKNOWLEDGEMENTS

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PLAN PURPOSE

This is the Five Year Implementation Plan (Implementation Plan) for the Huntington Beach Redevelopment Project (Project Area) covering the period of fiscal years 2009/10 to 2013/14. This Implementation Plan complies with California Redevelopment Law (Health and Safety Code Section 33490), which requires redevelopment agencies to maintain (initiate and update each five years thereafter) an implementation plan describing the steps and expenditures an agency will take to achieve its redevelopment goals.

This Implementation Plan describes the goals and objectives of the Huntington Beach Redevelopment Agency (Agency), which were established to eliminate blight within the Project Area. It also describes past, current, and future projects and programs implemented to meet Agency goals and objectives; and anticipated Agency expenditures needed to facilitate those projects and programs described herein.

Agency goals and objectives are as follows:

- Eliminate physical and economic blight in the Project Area;
- Assist in business retention and attraction efforts to create jobs for residents;
- Create and preserve affordable housing in the Project Area;
- Renew and create economic activity within the Project Area; and
- Capitalize on the characteristics and resources unique to the area.

This Implementation Plan is intended to act as a general document that provides direction to the Agency to address blighting conditions that remain in the Project Area. The Implementation Plan sets Agency priorities for the coming five-year period, while accounting for budget constraints in developing a program of activities to accomplish revitalization efforts. As new issues and redevelopment opportunities arise during the five-year period, the Implementation Plan may be amended, as necessary.

Implementation Plan Adoption Process

Each Implementation Plan must be presented and adopted at a duly noticed public hearing of the Agency. Notice of Implementation Plan adoption must be published pursuant to Section 6063 of the Government Code, mailed at least three weeks in advance to all persons and agencies that have requested notice, and posted in at least four permanent places within the Project Area for a period of three weeks. Publication, mailing, and posting shall be completed not less than 10 days prior to the date set for hearing.

Implementation Plan Amendment and Midterm Review

The Agency may amend the Implementation Plan at any time after conducting a public hearing on the proposed amendment. The Agency may amend the Implementation Plan if a new project or program is developed during the five-year Implementation Plan period that is not currently included in this document.
Also, pursuant to Health and Safety Code Section 33490 (c), at least once within the five-year term of the Implementation Plan, the Agency must conduct a public hearing and allow testimony from all interested parties regarding the status of the Implementation Plan. This hearing must take place no earlier than two years and no later than three years after the adoption of the Implementation Plan.

Affordable Housing Requirements Not Included in this Implementation Plan

The documentation of affordable housing requirements within the Project Area is being prepared and approved by the Agency under a separate document, which will be incorporated into this Implementation Plan via reference. The “Affordable Housing Strategy” for the Project Area satisfies the requirements of Sections 33334.2, 33334.4, 33334.6, 33413 (a), and 33413 (b) of the Health and Safety Code. The Affordable Housing Strategy summarizes the Agency’s housing obligations pursuant to the legal requirements of AB 1290, AB 315, AB 437, AB 637, and SB 701 for the 2009/10 - 2013/14 planning period.

Implementation Plan is Not a “Project” Under CEQA

Pursuant to Section 33490 (a)(1)(B) of the Health and Safety Code, the Implementation Plan does not constitute a project within the meaning of Section 21000 of the Public Resources Code (the California Environmental Quality Act [CEQA]). This Implementation Plan does not constitute an approval of any specific program, project, or expenditure nor does it eliminate the requirement for CEQA review (to the extent that it is required) at the time of approval of the program, project, or expenditure.

PROJECT AREA BACKGROUND

- In 1982, the Agency adopted four (4) separate redevelopment areas: Main-Pier, Talbert-Beach, Yorktown-Lake, and Oakview. The primary purpose of the original redevelopment plans for these areas was to eliminate blight by encouraging revitalization activities within the project areas.
- In 1983, the redevelopment plan for the Main-Pier Project Area was amended to expand the Main-Pier Project Area boundaries.
- In 1984, the Agency adopted the Huntington Center Redevelopment Area (Bella Terra Area).
- In December 1996, the Agency merged the five (5) previously identified redevelopment project areas to form a single project area entitled the Huntington Beach Redevelopment Project, which consists of a total of 619 acres.
A Description of each Subarea is provided below:

1. The 25-acre Talbert-Beach Subarea was adopted on September 20, 1982, by Ordinance No. 2577. At its adoption, this Subarea consisted of many encyclopedia lots which were small undevelopable parcels under multiple ownerships. The area is now characterized by a balance of industrial and residential development.

2. The 30-acre Yorktown-Lake Subarea was adopted on September 20, 1982, by Ordinance No. 2576. This Subarea consists primarily of single family homes, an apartment complex for seniors, and the City’s Civic Center.

3. The original five-block Main-Pier Subarea was adopted on September 20, 1982 by Ordinance 2578. On September 6, 1983, the Redevelopment Plan was amended by Ordinance No. 2634, enlarging the Main-Pier Redevelopment Project Area to approximately 336 acres. The Subarea is located along a portion the City’s beach and encompasses the downtown. It is characterized by a mix of residential, retail, office, hotel, and public (i.e. Huntington Beach Pier, City Beach, etc.) uses.

4. The 68-acre Oakview Subarea was adopted on November 1, 1982, by Ordinance No. 2582. This Subarea is predominately developed with older, multifamily housing that are not up to building codes.

5. The 160-acre Huntington Center Subarea was adopted on November 26, 1984, by Ordinance No. 2743. It is comprised exclusively of commercial uses and contains the former Huntington Center Mall, which has been redeveloped into Bella Terra Mall, a regional lifestyle retail and entertainment center. An OCTA Transit Center is also located within this Project Area.

Maps outlining the Subarea boundaries are presented in Exhibits A-E attached to this Implementation Plan.

**Project Area Time Limits**

Pursuant to California Redevelopment Law, redevelopment areas are subject to various time limits. The table below summaries the Project Area time limits pertaining to plan effectiveness, eminent domain authority, incurring debt, and repaying debt.

<table>
<thead>
<tr>
<th>Subarea</th>
<th>Adoption Date</th>
<th>Effective Date of Redevelopment Plan</th>
<th>Time Limit for Eminent Domain Authority *</th>
<th>Time Limit to Incur Debt</th>
<th>Time Limit to Repay Indebtedness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yorktown-Lake</td>
<td>9/20/1982</td>
<td>9/20/2025</td>
<td>No Authority</td>
<td>Rescinded</td>
<td>9/1/2035</td>
</tr>
<tr>
<td>Talbert-Beach</td>
<td>9/20/1982</td>
<td>9/20/2025</td>
<td>No Authority</td>
<td>Rescinded</td>
<td>9/1/2035</td>
</tr>
<tr>
<td>Original Main-Pier</td>
<td>9/20/1982</td>
<td>9/20/2025</td>
<td>No Authority</td>
<td>Rescinded</td>
<td>9/1/2035</td>
</tr>
<tr>
<td>Added Main-Pier</td>
<td>9/6/1983</td>
<td>9/6/2026</td>
<td>7/15/2014</td>
<td>Rescinded</td>
<td>9/6/2036</td>
</tr>
<tr>
<td>Huntington Center</td>
<td>11/26/1984</td>
<td>11/26/2027</td>
<td>7/15/2014</td>
<td>Rescinded</td>
<td>11/26/2037</td>
</tr>
</tbody>
</table>

* - Oakview Subarea excludes eminent domain on certain properties (Exhibit D - Redevelopment Plan).

- Original Main-Pier and Added Main-Pier Subareas excludes eminent domain on property on which any persons legally reside.


BLIGHT ELIMINATION

Redevelopment projects are established in order to remove both physical and economic blighting conditions within the Project Area boundaries. Through field surveys and detailed research, the Agency adopted the Project Area boundaries, by first properly documenting the existence of both physical and economic blight within each Subarea. The definition of blight has evolved through State Legislation since the various subareas of the Project Area were first established in 1982.

The current physical and economic conditions that cause blight, as stated in Section 33031 of the Health and Safety Code, are described below. In order for a property to be classified as blighted, at least one condition of both physical and economic blight must exist.

Physical Blighting Conditions

- Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.
- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.
- Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.
- The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

Economic Blighting Conditions

- Depreciated or stagnant property values.
- Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459).
- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.
- A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.
- Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, "overcrowding" means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of Regulations.
- An excess of bars, liquor stores, or adult oriented businesses that has resulted in significant public health, safety, or welfare problems.
- A high crime rate that constitutes a serious threat to the public safety and welfare.
State Redevelopment Law characterizes inadequate public improvements (including water and sewer facilities) as blight when the aforementioned conditions are present.

The Implementation Plan must include a description of remaining blight in the project area and how the Agency plans to address those conditions. During the preparation of this Implementation Plan, a blight survey was conducted to identify physical and economic blighting conditions in the Project Area. The following blight remains in the project areas:

- Deterioration and dilapidation of buildings;
- Unsafe building conditions caused by buildings not seismically retrofitted;
- Irregular subdivision of lots (shapes and sizes) that impairs physical development of the lots;
- Buildings with substandard and obsolete design that hinder the viable use or capacity of buildings or lots;
- High crime rates relative to other areas of the City; and
- Inadequate public improvements.

Redevelopment Agencies often find that blighting conditions on properties outside of the Project Area are affecting the success of blight elimination within a redevelopment project area. To determine other areas within the City (many are adjacent to the Project Area) that exhibit physical and economic blighting conditions the Agency undertook a preliminary feasibility study to analyze blight. A blight survey was conducted, which identified approximately 139 acres exhibiting the following physical and economic blighting conditions:

- Unsafe and unhealthy building conditions caused by buildings built prior to 1971 that were not seismically retrofitted to address liquefaction conditions that exist on the property;
- Deterioration and dilapidation of exterior building materials;
- Buildings with substandard and obsolete design that hinder the viable use or capacity of buildings or lots;
- Declining and stagnant property values; and
- Other factors causing physical and economic blight.

These blighted properties could have a negative effect on the redevelopment actions occurring within the Project Area. Therefore, the Agency is moving forward with the tasks necessary to accomplish a Plan Area Amendment, which could potentially increase the Project Area by up to 139 acres.
AGENCY GOALS DESIGNED TO ELIMINATE BLIGHT

The Agency has developed twelve (12) general goals to address the existing blighting conditions that remain in the Project Area. These goals are designed to guide the activities of the Agency and structure revitalization projects that would address the remaining blight within the Project Area.

- Eliminate and prevent the spread of conditions of blight;
- Expand the commercial base of the Project Area;
- Improve public facilities and public infrastructure;
- Improve inadequate drainage infrastructure;
- Improve and/or provide electric, gas, telephone, and wastewater infrastructure to both developed and undeveloped properties within the Project Area;
- Promote local job opportunities;
- Encourage the cooperation and participation of residents, businesses, businesspersons, public agencies, and community organizations in the redevelopment/revitalization of the Project Area;
- Implement design and use standards to assure high aesthetic and environmental quality, and provide unity and integrity to developments within the Project Area;
- Address parcels of property that are of irregular form and shape, are inadequately sized for property usefulness and development, and/or are held in multiple ownership;
- Remove impediments to land disposition and development through the assembly of property into reasonably sized and shaped parcels served by improved infrastructure and public facilities;
- Recycle and/or develop underutilized parcels to accommodate higher and better economic uses while enhancing the City’s financial resources; and
- Develop housing opportunities for all income levels.

An example of how the Agency has eliminated blight within the Project Area is shown below with the redevelopment of the Huntington Center now known as Bella Terra:
PROJECTS AND PROGRAMS

Since the inception of the Project Subareas, the Agency has aggressively sought to eliminate blight within the Project Area through the implementation of various projects and programs. This section outlines the Agency’s past, current, and future efforts to meet the Project Area’s goals and objectives geared toward eliminating blight in the Project Area. The following table provides a summary of the Agency’s goals and the blighting factors on which the Agency focuses when developing projects and committing expenditures:

<table>
<thead>
<tr>
<th>GOAL CATEGORY</th>
<th>GOAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Eliminate and prevent the spread of conditions of blight.</td>
</tr>
<tr>
<td>2</td>
<td>Expand the commercial base of the Project Area.</td>
</tr>
<tr>
<td>3</td>
<td>Improve public facilities and public infrastructure.</td>
</tr>
<tr>
<td>4</td>
<td>Improve inadequate drainage infrastructure.</td>
</tr>
<tr>
<td>5</td>
<td>Improve and/or provide electric, gas, telephone, and wastewater infrastructure to both developed and undeveloped properties within the Project Area.</td>
</tr>
<tr>
<td>6</td>
<td>Promote local job opportunities.</td>
</tr>
<tr>
<td>7</td>
<td>Encourage the cooperation and participation of residents, businesses, businesspersons, public agencies, and community organizations in the redevelopment/revitalization of the Project Area.</td>
</tr>
<tr>
<td>8</td>
<td>Implement design and use standards to assure high aesthetic and environmental quality, and provide unity and integrity to developments within the Project Area.</td>
</tr>
<tr>
<td>9</td>
<td>Address parcels of property that are of irregular form and shape, are inadequately sized for property usefulness and development, and/or are held in multiple ownership.</td>
</tr>
<tr>
<td>10</td>
<td>Remove impediments to land disposition and development through the assembly of property into reasonably sized and shaped parcels served by improved infrastructure and public facilities.</td>
</tr>
<tr>
<td>11</td>
<td>Recycle and/or develop underutilized parcels to accommodate higher and better economic uses while enhancing the City’s financial resources.</td>
</tr>
<tr>
<td>12</td>
<td>Develop housing opportunities for all income levels.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BLIGHT CATEGORY</th>
<th>BLIGHTING FACTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Serious deterioration and dilapidation of buildings.</td>
</tr>
<tr>
<td>B</td>
<td>Unsafe building conditions caused by buildings not seismically retrofitted.</td>
</tr>
<tr>
<td>C</td>
<td>Irregular subdivision of lots (shapes and sizes) that impairs physical development of the lots.</td>
</tr>
<tr>
<td>D</td>
<td>Buildings with substandard and obsolete design that hinder the viable use or capacity of buildings or lots.</td>
</tr>
<tr>
<td>E</td>
<td>High crime rates relative to other areas of the City.</td>
</tr>
<tr>
<td>F</td>
<td>Inadequate public improvements.</td>
</tr>
</tbody>
</table>
Past Projects and Programs

The following projects highlight the Agency’s past efforts to address the goals of the Agency and assist in eliminating blight within the Project Area:

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>GOALS ADDRESSED</th>
<th>BLIGHT ELIMINATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waterfront Project - Hyatt Regency Huntington Beach Resort &amp; Spa</td>
<td>1, 2, 3, 6, 10, 11 &amp; 12</td>
<td>F</td>
</tr>
<tr>
<td>Waterfront Project - William Lyon Homes: Sea Cove Residential</td>
<td>1, 3, 10, 11 &amp; 12</td>
<td>F</td>
</tr>
<tr>
<td>Waterfront Project - Christopher Homes: Sea Colony at Waterfront Residential</td>
<td>1, 3, 10, 11 &amp; 12</td>
<td>F</td>
</tr>
<tr>
<td>The Strand (Blocks 104-105), CIM Project</td>
<td>1, 2, 3, 6, 8, 10 &amp; 11</td>
<td>A, B, C, D, E &amp; F</td>
</tr>
<tr>
<td>Property Acquisition of 7872 Edinger Avenue (Assessor Parcel Number: 142-081-28)</td>
<td>2, 6, 8, 10 &amp; 11</td>
<td>D</td>
</tr>
<tr>
<td>Bella Terra - Phase I</td>
<td>1, 2, 3, 6, 8, 10 &amp; 11</td>
<td>A, D &amp; E</td>
</tr>
</tbody>
</table>

Details regarding each of the above stated projects are provided in the following pages:
In fiscal year 1996/97 the Agency entered into an agreement with the Robert Meyer Corporation to develop what is today the Hyatt Regency Huntington Beach Resort and Spa.

- The resort offers over 500 rooms and approximately 80,000 square feet of meeting rooms and convention space.
- The Agency assisted the project with over $16.75 million, part of which was financed through a federal loan of $6 million for required infrastructure.
- Agency staff 1) monitored the repayment of the Developer Advance loan and the Tax Increment and Transient Occupancy Tax pledged as the sources for the loan repayment (this activity is ongoing), 2) calculated and processed the payments to the developer, 3) monitored the lease payments and the beach restriction lease payments to the Agency (this activity is ongoing).

William Lyon Homes developed 106 residential units as part of the Waterfront Residential Project.

- These 106 townhomes consist of two- and three-story floor plans ranging from 1,620 to 2,690 square feet.
- These residential units have contributed to the revitalization efforts of the Downtown by increasing the number of residents in the area. Residents of this development enjoy the revitalized commercial and recreational amenities of the area.
- A part of the Waterfront Project, Agency assisted with infrastructure and provided assistance to Planning by reviewing the plans for the development.
**Waterfront Project - Christopher Homes: Sea Colony at Waterfront Residential**

- A 78 townhome project undertaken by Christopher Homes as part of the Waterfront Residential project was completed in 2007.
- This townhome project consists of three separate floor plans ranging from 2,961 to 3,387 square feet.
- This development has contributed to the successful revitalization of the Downtown and is contributing to the pedestrian oriented environment of the Downtown as the residents can walk to the many services provided by retailers in this portion of the Project Area.
- A part of the Waterfront Project, Agency assisted with infrastructure and provided assistance to Planning by reviewing the plans for the development.

**The Strand**

- This project consists of a two-block area comprising 3.97 acres on Pacific Coast Highway between 5th and 6th street. The Agency worked in collaboration with the developer, CIM, to develop four distinct buildings (hotel, retail, commercial, and restaurant components) linked by open-air pedestrian walkways. The project was completed in late Spring 2009.
- The project contains the Shorebreak Hotel, a boutique hotel consisting of 157 rooms; Zimzala, a restaurant featuring authentic coastal cuisine, a public parking garage with 436 spaces; and 110,000 square feet of office and retail space featuring national credit tenants.
- The City Council and Agency adopted a 6th Implementation Agreement for this project in November 2008.
- Agency participation of $950,000 in assistance will be provided for 25 additional parking spaces in the parking garage, which will be structured as a loan repaid at 10% interest. The Parking In Lieu Fund has repaid $500,000 of the $950,000.
- The Agency’s financial assistance is limited to tax increment generated from the project and from tax increment revenue generated within the Project Area.
Property Acquisition of 7872 Edinger Avenue (Assessor Parcel Number: 142-081-28)

- The Agency acquired the property at the southeast corner of Edinger Avenue and Parkside Lane in January 2009 for $3,431,500.
- The Agency purchased this property from HB Auto I, LLC to combine this property with the Agency-owned property that is immediately adjacent.
- This 22,509 square foot property includes an 8,169 square foot auto retail shop.
- The purchase of this property will create a larger parcel to facilitate redevelopment opportunities within the Huntington Center Subarea.

Bella Terra - Phase I

- In 2006, the former Huntington Center Mall was successfully redeveloped into Bella Terra (Phase I), a regional destination for restaurants, retail, and entertainment. The project was purchased by DJM Capital Partners.
- Phase I of Bella Terra consists of approximately 777,000 square feet of retail space.
- The Agency assistance consists of $15 million to be reimbursed to the developer over 20 years from site-generated tax increment (this activity is on-going).
- The Agency’s reimbursable costs contributed to the following activities: demolition, clearance, site preparation, public improvements, utilities & facilities, and acquisition of the land and easements.
- Community Facility District (CFD) was formed for the public parking structure.
CURRENT PROJECTS AND PROGRAMS

The following projects and programs highlight the Agency’s current efforts to address the goals for redeveloping the Project Area:

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>GOALS-addressed</th>
<th>BLIGHT ELIMINATED</th>
<th>EST. AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beach/Edinger Specific Plan</td>
<td>1,2,6,7 &amp; 8</td>
<td>A, B, C, D, E &amp; F</td>
<td>Already Funded</td>
</tr>
<tr>
<td>Downtown Specific Plan</td>
<td>1,2,6,7 &amp; 8</td>
<td>A, B, C, D, E &amp; F</td>
<td>Already Funded</td>
</tr>
<tr>
<td>Storm Drain Construction</td>
<td>3,4,5 &amp; 6</td>
<td>F</td>
<td>$2.5 Million</td>
</tr>
<tr>
<td>Improvements to public facilities and public infrastructure</td>
<td>3,4 &amp; 5</td>
<td>B &amp; F</td>
<td>$19 Million from participation payments put into the City’s Capital Improvement Program from the Waterfront Residential project.</td>
</tr>
<tr>
<td>Agency Community Outreach</td>
<td>7</td>
<td>A, B, C, D, E &amp; F</td>
<td>Agency Staff Oversight Provided</td>
</tr>
</tbody>
</table>

Details regarding each of the above stated projects are further provided below:

**Beach/Edinger Corridor Specific Plan**

The Agency is finalizing (anticipated by the Second Quarter of 2010) the Beach and Edinger Corridors Specific Plan, which is being created to produce a more favorable environment for commercial, office, industrial, residential, and recreational development.

- The Agency anticipates that the Beach and Edinger Corridors Specific Plan will address the following:
  - underutilization of properties;
  - deteriorated buildings;
  - incompatible land uses that produce economic blight;
  - the removal of obsolete structures that produce low lease rates and economic returns for property owners; and
Downtown Specific Plan

- The Agency prepared an update to the Downtown Specific Plan and Downtown Parking Master Plan, which covers the Main-Pier Subarea. The update will encourage new development and spur revitalization projects.
- The Downtown Specific Plan was adopted on November 2, 2009, but certain aspects of the plan will be reconsidered by the City Council on January 19, 2010.
- Once approved by the California Coastal Commission (anticipated in Third Quarter 2011) the Downtown Specific Plan will help lay the foundation for the entitlement, re-design, and development of future projects that will address:
  - underutilization of properties;
  - deteriorated buildings;
  - incompatible land uses that produce economic blight;
  - the removal of obsolete structures that produce low lease rates and economic returns for property owners; and
  - a variety of housing opportunities.

Storm Drain Construction

- Construction of a $2.5 million parallel storm drain at the intersection of Slater and Parkside was funded by the Agency. The project will address capacity issues within the existing drainage system the serves the Oakview Subarea.
Improvements to Public Facilities and Public Infrastructure

- Finalize the seismic retrofit and refurbishing of City Hall. This includes the provision of more efficient lighting and improvements to heating, ventilation and air conditioning systems at City Hall.
- Main Street Library improvements to meet the requirements of the Americans with Disabilities Act.
- Review of parking in the downtown area is facilitated by the Downtown Parking Master Plan.
- Construct concrete, asphalt and public improvements in the Oakview neighborhood.
- Construction of visitor kiosk and three permanent pier concessionaire buildings within the Main-Pier Subarea.
- Building improvements including the Art Center, Main Street Library, fire stations to meet ADA standards.
- Upgrade elevators and installation of security cameras in the Main Promenade parking structure.
- The undergrounding of utilities along Pacific Coast Highway in conjunction with Southern California Edison (SCE), CalTrans, and California State Beaches Department is in progress. Agency staff is monitoring project progress and informing developers within the Main-Pier Subarea of positive upgrades to utilities for the area.
Agency Community Outreach

- Downtown Image Ad Hoc Committee was established by the City Council to solicit input from the residential and business communities of the City regarding methods for improving the environment of the Downtown on weekends, evenings and holidays. The Committee’s findings were presented to City Council on August 17, 2009. Staff will begin implementing the recommendations in 2010.
- The Beach and Edinger Corridors Specific Plan community meetings were conducted from 2007 through 2009. Final presentations of the results of the findings from the Study will be presented at public hearings to finalize the Specific Plan.
- The Downtown Specific Plan and Downtown Parking Master Plan conducted four community meetings from 2007 thought 2009.
- Surf City Nights, a weekly street fair attracts shoppers and increases foot traffic in Downtown and further the development of the Downtown as a destination for shopping and entertainment. This program will be on-going during this five year period.
- Redevelopment Plan Amendment community information meetings are expected to be conducted in the Second Quarter of 2010 to discuss the proposed amendment to add territory to the Project Area. This outreach effort follows after the Shopping Center Mayor’s Forum was conducted in 2008 to ascertain the desires of the community to address blighting conditions (determined through an initial assessment by Agency staff) in shopping centers throughout the City.
- Community involvement activities are anticipated to be accomplished every year during the five-year period of this Implementation Plan.
- The Agency has conducted numerous outreach efforts to promote local job opportunities such as co-hosting business seminars and assisting with the Small Business Assistance Center.
- The projects anticipated within the Project Area will produce construction jobs and on-going employment opportunities after development is completed at each of the project sites.
FUTURE PROJECTS AND PROGRAMS
The following projects and programs highlight the Agency’s future efforts to address the goals for redeveloping the Project Area:

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>GOALS ADDRESSED</th>
<th>BLIGHT ELIMINATED</th>
<th>EST. AMOUNT</th>
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<tbody>
<tr>
<td>Redevelopment Plan Amendment</td>
<td>1,2,6,7 &amp; 8</td>
<td>A, B, C, D, E &amp; F</td>
<td>$200,000</td>
</tr>
<tr>
<td>Undergrounding of Utilities</td>
<td>1,3,5 &amp; 6</td>
<td>F</td>
<td>Agency Staff Oversight Provided</td>
</tr>
<tr>
<td>Waterfront Project - Parcel C</td>
<td>1, 2, 3, 6, 10 &amp; 11</td>
<td>F</td>
<td>Agency Staff Oversight Provided</td>
</tr>
<tr>
<td>Bella Terra - Phase II</td>
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<td>A, D &amp; E</td>
<td>Agency Staff Oversight Provided</td>
</tr>
<tr>
<td>Atlanta/Beach Center</td>
<td>1, 2, 3, 6, 8, 10 &amp; 11</td>
<td>A, B, D &amp; E</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Edinger Hotel</td>
<td>1, 2, 3, 6, 8, 10 &amp; 11</td>
<td>F</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Pacific City - 31-Acre Site</td>
<td>1, 2, 3, 6, 8, 10, 11 &amp; 12</td>
<td>C &amp; F</td>
<td>$5.5 Million</td>
</tr>
<tr>
<td>Agency Property Acquisition</td>
<td>8,9,10, 11 &amp; 12</td>
<td>A, B, C, D, E &amp; F</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Business Retention/Property Upgrades</td>
<td>8,9,10 &amp; 11</td>
<td>A, B, D &amp; E</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Public Facilities Improvements</td>
<td>3, 5 &amp; 6</td>
<td>F</td>
<td>Funded through the Agency's Capital Improvement Program</td>
</tr>
</tbody>
</table>

Details regarding each of the above stated projects are further provided below:

Redevelopment Plan Amendment

- The Redevelopment Plan Amendment is a study of commercial parcels including shopping centers and strip malls throughout the City to address physical and economic blighting conditions to remediate the long term effects of neglected property upgrades that have impacted the economic viability of these shopping centers.
- The Redevelopment Plan Amendment process is anticipated to be completed in late 2010/11.
- Agency staff estimates that bids for redevelopment, mapping and environmental consulting services will total approximately $200,000 with approximately $120,000 expended in 2009/10 and $80,000 expended in fiscal year 2010/11 toward the work conducted to accomplish the Redevelopment Plan Amendment.
- The goal is to add commercial properties that exhibit conditions of physical and economic blight to the Project Area so that the economic tools available through redevelopment can be used to eliminate these conditions.
Undergrounding of Utilities

- The new utility infrastructure and facilities will provide upgraded utility components that will serve new and existing property owners.
- Upgrades are anticipated to be accomplished every year during the five-year period of this Implementation Plan.
- Agency Staff will work with Public Works to assist in the prioritization of projects.

Waterfront Project (Parcel C)

- In October 2008 the Agency approved the 3rd Implementation Agreement (Disposition Development Agreement), which provides for the phased development of Parcel C in the Waterfront Project.
- A third hotel comprising 300 rooms, with a spa, fitness facility and lounge/bar for guests is anticipated.
- The project will add needed public infrastructure upgrades to off-site improvements, create additional hospitality industry and construction jobs, and increase property tax, sales tax and transient occupancy tax revenue to the Agency and City.
- The Agency will receive a payment of $250,000 from the Developer each time an extension to the Disposition and Development Agreement is granted. This payment will compensate for the estimated loss in Transient Occupancy Tax that the City would have received as a result of the early development of the third hotel.

Bella Terra - Phase II / Village at Bella Terra

- This project includes the redevelopment of the abandoned Montgomery Wards and Mervyn’s buildings and the development of a mixed use project including 156,000 square feet of retail, commercial and 503-700 market rate and affordable housing units.
- Review of Phase II plans and proposed development projects are anticipated annually during the five-year period of this Implementation Plan.
- The project will improve pedestrian access to Bella Terra through improved public infrastructure in the western and northern portions of the Bella Terra site; create many job opportunities during construction and operation of the development, and increase sales tax and property tax revenue to the City and Agency.
- Staff is working with DJM to create an Owner Participation Agreement to ensure final construction of the project.
Atlanta/Beach Center

- The Center is an underperforming older shopping center that requires significant rehabilitation or complete redevelopment.
- The Agency is collaborating with multiple property owners to facilitate the rehabilitation of the building exteriors in order to revitalize the Center.
- The rehabilitation of the Center will remediate physical blighting conditions on the property, increase sales tax revenue to the City and create jobs for residents.
- The City may abandon the frontage road to maximize development opportunities.

Edinger Hotel

The Agency acquired the adjacent site (7872 Edinger Avenue), which consists of approximately 18,000 square feet and an 8,169 square foot auto retail shop to combine with the adjacent Agency-Owned properties, which comprise approximately 56,700 square feet of vacant land (Assessor Parcel Numbers: 142-081-06, 142-081-09, 142-081-10, 142-081-11, 142-081-12).
- The Agency prepared a Request for Proposals for the development of a hotel at the southeast corner of Edinger Avenue and Parkside Lane.
- This hotel site could achieve a high quality, nationally branded hotel consisting of approximately 120 to 150 rooms with amenities that would make the hotel an attractive lodging option in the central region of the County of Orange.

Pacific City

The proposed project is a 31-acre mixed use project that includes a 250 guest room hotel with a restaurant/bar, spa and 11,000 square feet of meeting space; 516 residential housing units; 48,900 square feet of restaurant space; 30,000 square feet of office space; and 161,000 square feet of retail space.
- A Community Facilities District may be structured to provide the funding for public improvements, a parking structure and the Regional Urban Runoff Treatment System for the residential portion of the project.
- The Agency proposes to fund $5.5 million worth of public improvements through tax increment revenue generated from the project over a 20-year period.
- Pacific City is expected to generate tax increment based on $850 million of assessed project value, a large portion of which will be utilized to fund additional blight remediation projects in the Project Area.
The project will improve public infrastructure in the Main-Pier Subarea, create job opportunities during construction and operation of the development, and increase sales tax and transient occupancy tax revenue to the City.

Agency Property Acquisition

- The Agency will consider acquiring blighted, underutilized, and incompatible properties within the Project Area.
- Acquisition activities will be focused on assisting in the revitalization of the Project Area by addressing blighting conditions such as unsafe and unhealthy building conditions, properties under multiple ownership that affect the economic viability of the property or properties that are not economically viable because of conditions such as hazardous material remediation.
- All acquisition will focus on the future development of improvements that are consistent with the General Plan and the goals of the Redevelopment Plan for the Project Area.

Business Retention/Property Upgrades

“Enhancing Economic Development” is also described as business development which supports the financial strategic goal to Fund Capital Improvements and Enhance Financial Reserves. Without a strong economic base of business to provide jobs and the delivery of goods and services, the local economy may suffer as a result of reductions in its sales and property tax bases. Having a highly skilled workforce able to live and work in the community offers the opportunity for the City to become self-sustainable. By using the goal of “Improving Communication,” the business development activities engage the business community through the following activities:

- Scheduling on-site business visits by the Mayor, City Administrator, and Director of Economic Development to offer technical assistance and market the City for commercial and industrial retention and expansion;
- Co-sponsoring the annual Economic Conference with the Chamber of Commerce;
- Providing ombudsman services for businesses seeking assistance in complying with City requirements and regulations;
- Offering technical assistance for existing and start-up businesses; and
- Developing and implementing educational programs and incentives designed to encourage residents to support essential local services by shopping in Huntington Beach.
Public Facilities Improvements

- Street and alley improvements in the Main-Pier Subareas.
- Street light replacement in the Main-Pier Subareas.
- Construction of beach restrooms.
- Improvement to the storm drains to address capacity issues within the existing drainage system serving the Oakview Subarea. The project to include construction of new parallel storm drain lines, installing manholes, junction and transition structures, and enclosed storm drain box culvert.

AGENCY FINANCIAL STATUS REPORT

The Agency adopts its budget on an annual basis; as such actual revenues and expenditures may differ from those forecasts presented in the Implementation Plan and are therefore subject to change. Projections of revenues and expenditures contained within this Implementation Plan were based upon the assumptions delineated below:

Cash Flow General Assumptions

1. Resources available to the Agency include net tax increment revenues, Agency identified miscellaneous revenues and interest income.
2. Current Debt Service Obligations – includes the annual debt service for the 1999 and 2002 Tax Allocation Bonds, as well as participation obligations and loan repayments from Agency-identified project activities.
3. Administration and Other Requirements – Administrative costs and other expenditures related to Agency operations were based upon current operational expenses.
4. State Budget Take Away - The California State Legislature and Governor approved budget bill ABX4-26 as part of the 2009 State budget which authorizes a $2.05 billion take from local redevelopment funds. The Project Area Supplemental Educational Revenue Augmentation Fund (SERAF) takeaway is estimated at $5,374,000 for FY 2009-10 and $1,106,000 for FY 2010-11. In order to make the payment, the Redevelopment Agency has been allowed to suspend all of its required 20% allocation to its low and moderate income housing fund. The 20% portion of the payment will be repaid in equal payments by June 30, 2015.
5. City General Fund Repayment – The Agency assumes that the outstanding indebtedness to the City General Fund will be repaid annually with a repayment schedule that increases approximately 2% annually.
6. Discretionary Expenditures - To the extent future tax increment revenue resources continue to be allocated to the Agency and exceed existing debt service, contractual obligations, projects and administrative costs, the cash flow projection assumes that the Agency will exercise its discretion in funding other future projects, programs or activities of benefit to the Project Area through FY 2013-14.
Tax Increment Revenue General Assumptions

1. The current FY 2008-09 tax increment revenue, as disbursed by the Orange County Auditor-Controller, provide the basis from which future year tax increment is determined.
2. Future real property (land and improvement) values annually increase as a result of an annual 2% inflation factor (reflecting assumed Proposition 13 growth) commencing in FY 2010-11.
3. The housing set aside of 20% of annual tax increment is reflected pursuant to the provisions of Health and Safety Code Section 33334.2.
4. Tax sharing obligations and triggered statutory pass through payments, pursuant to the provisions of Health and Safety Code Section 33607.7, are incorporated in the tax increment revenue projections, as applicable.

Based upon the assumptions listed above, the table below forecasts the Agency budget for fiscal years 2009-10 through 2013-14.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
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<tr>
<td>Beginning Cash Balance</td>
<td>3,914,000</td>
<td>859,000</td>
<td>366,000</td>
<td>739,000</td>
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<td>Revenue</td>
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<td></td>
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<tr>
<td>Tax Increment Revenue</td>
<td>17,761,000</td>
<td>18,699,000</td>
<td>20,332,000</td>
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<td>Other Interest and Revenue</td>
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<td>963,000</td>
<td>969,000</td>
<td>751,000</td>
<td>872,000</td>
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<td>Total Revenue</td>
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<td>19,662,000</td>
<td>21,301,000</td>
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<tr>
<td>Expenditures/Fees</td>
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<td>SERAF (Supplemental Educational Revenue Augmentation Fund) State Budget Takeaway</td>
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<td>1,106,000</td>
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<td>Loan and Repayment - Housing Fund</td>
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<td>888,000</td>
<td>888,000</td>
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<td>Annual Payments</td>
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<td>747,000</td>
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<td>1999 Tax Allocation Bonds</td>
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<td>1,622,000</td>
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<td>1,641,000</td>
<td>1,638,000</td>
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<td>2002 Tax Allocation Bonds</td>
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<td>2,515,000</td>
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<td>Agency Administration Expenses</td>
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<td>3,536,000</td>
<td>3,567,000</td>
<td>3,597,000</td>
<td>3,630,000</td>
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<tr>
<td>Other Debt Expenses</td>
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<td>57,000</td>
<td>115,000</td>
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<td>517,000</td>
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<tr>
<td>Capital Expenditures</td>
<td>4,440,000</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>City General Fund Repayments</td>
<td>4,421,000</td>
<td>4,509,000</td>
<td>4,599,000</td>
<td>4,690,000</td>
<td>4,783,000</td>
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<tr>
<td>Total Expenditures</td>
<td>21,840,000</td>
<td>20,155,000</td>
<td>20,928,000</td>
<td>22,290,000</td>
<td>23,292,000</td>
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<tr>
<td>Ending Cash Balance</td>
<td>859,000</td>
<td>366,000</td>
<td>739,000</td>
<td>1,736,000</td>
<td>3,313,000</td>
</tr>
</tbody>
</table>
AFFORDABLE HOUSING PLAN

The Agency has completed an Affordable Housing Component AB 1290 Implementation Plan January 2010–December 2014 inclusive of the Affordable Housing Component required of Implementation Plans. The Affordable Housing Component will be adopted concurrently with this Implementation Plan. The Affordable Housing Component identifies a funding plan and activities related to the production of affordable housing for persons of low and moderate income for the Huntington Beach Redevelopment Project and the Southeast Coastal Project Area.

Pacific Court

Before

After
CONCLUSION

Throughout the last five-year period the Agency has focused its efforts on the elimination of economic and physical blight, improving the economic vitality, increasing the economic base, and providing the community with adequate retail and service opportunities within the Project Area. In order to successfully accomplish these efforts the Agency has been working closely with the private sector.

The efforts of the Agency resulted in the development of successful public-private partnerships to revitalize the Downtown, the City's beach front areas, as well as the former Huntington Beach Mall (now known as Bella Terra). Bella Terra represents a substantial revitalization project that serves as an entry to the City and created a regional destination for shopping, dining and entertainment. A second phase of Bella Terra will provide a number of different land uses and will link the development to the Edinger and Beach Boulevard Corridor.

The Agency plans to achieve the goals set forth in this Implementation Plan by investing in public infrastructure projects, such as the undergrounding of utilities along major corridors which will provide an incentive for investment and new development. The Agency will participate in projects that focus on blight elimination and economic revitalization on parcels that remain blighted within the Project Area.