



Fontana Redevelopment Agency

Five Year Implementation Plan-Housing Component (2004/05 through 2008/09)

Ten-Year Affordable Housing Compliance Plan (2004/05 through 2013/14)

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Housing Component to the Five Year Implementation Plan & Ten-Year Affordable Housing Compliance Plan Fontana Redevelopment Agency

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Housing Component to the Five Year Implementation Plan & Ten-Year Affordable Housing Compliance Plan Fontana Redevelopment Agency

Introduction

This document is the Housing Component for the 2004-05 Fontana Redevelopment Agency's ("the Agency") Five-Year Implementation Plan and Ten Year Affordable Housing Compliance Plan (the "Housing Compliance Plan"). This Housing Compliance Plan accompanies the Agency's Five Year Implementation Plan, which was adopted along with this Housing Compliance Plan by the Agency following a duly noticed public hearing held on November 16, 2004.

This Housing Compliance Plan covers collectively all of the Agency's Redevelopment Project Areas:

- Downtown Redevelopment Project ("Downtown Project")
- Southwest Industrial Park ("SWIP Project") Redevelopment Project
- North Fontana Redevelopment Project ("North Fontana Project")
- Jurupa Hills Redevelopment Project ("Jurupa Hills Project")
- Sierra Corridor Commercial Project ("Sierra Corridor Project")

All of the above mentioned redevelopment projects are collectively referred to as the "the Project Areas". The Agency's first redevelopment project area, the Downtown Project, was adopted in 1975. Since then, the Agency has adopted four (4) additional Redevelopment Project Areas. The five (5) adopted Project Areas encompass an estimated 16,448 acres of the City's incorporated territory.

The Housing Compliance Plan serves as a blueprint for current and future Agency activities outlining how it will meet its low and moderate income housing responsibilities and eliminate blight. This Housing Compliance Plan presents a summary of the Agency's inclusionary and replacement housing program as mandated by Sections 33413(b)(4) and 33490(a)(2) and (3) of the California Community Redevelopment Law, Health and Safety Code Section 33000 *et. seq.* ("Law"). Specifically, it presents a forecast of the number of affordable housing units that may be needed over the ten year planning period (fiscal years 2004-05 through 2013-14) and the Agency's plans to facilitate the creation of the required number of affordable housing units within this timeframe.

Legal Requirements for Housing Compliance Plans

Pursuant to the requirements of Section 33413(b)(4) and 33490(a)(2) and (3) of the Law, this Housing Compliance Plan sets forth the Agency's program for ensuring that the appropriate number of very low, low, and moderate-income housing units will be produced as a result of new construction or substantial

rehabilitation. In addition, this Housing Compliance Plan is to address the Agency's plans to develop replacement housing destroyed or removed as a result of Agency participation in a redevelopment project.

Compliance with AB 637 and SB 701

This Housing Compliance Plan is consistent with recent changes enacted into the Law pursuant to Assembly Bill 637 (Lowenthal) and Senate Bill 701 (Torlakson). Among these significant amendments are:

- Periods of Affordability Restriction: That an agency must adopt and periodically update an affordable housing production plan to ensure compliance with the Law specifically addressing the lengthen restrictive periods of affordability for assisted low and moderate income housing units.
- 55/45 Year Minimum Affordability Periods: Effective January 1, 2002, all units assisted by the Housing Fund, replacement housing, and production housing must be affordable for 55 years (rental units) or 45 years (owner-occupied units). Units assisted, rehabilitated or constructed prior to January 1, 2002 may have shorter time limits.
- Substantial Rehabilitation: Between January 2002 and January 2006, a redevelopment agency is only required to include in its housing production obligations those numbers of units generated by the substantial rehabilitation units assisted by the agency. Outside of this time frame, substantial rehabilitation of single family units assisted by the agency and any multifamily units count towards the production requirement.
- Replacement Housing: All redevelopment project areas adopted after January 1976 replace one (1) for one (1) each unit destroyed by an agency. Effective January 1, 2002, 100% of all replacement housing units must be affordable to the same income categories as those displaced by an Agency project. Previously, only 75% of the units had to match the displaced units income group.
- Targeting Housing Fund Expenditures: Effective January 2003, the Law now requires that Housing Fund assistance during the 10-year Housing Compliance Plan mirror the community's needs, both in terms of the income categories needed, and the number of family (versus senior) housing needed.¹ (The Law provides an additional five years to meet this requirement if an agency deposited less than \$2 million over the first five years of the Housing Compliance Plan.)

¹ Allocation of a redevelopment agency's tax increment housing set aside dollars must at a minimum be allocated to very low and low income persons at least in the same proportion to the very low, low and moderate income unit need identified in the community's housing element (as established by the regions housing needs allocation). Additionally housing set aside funds allocated for person 65 years of age or older must not exceed the proportion of there number to the general population.

Contents of the Housing Compliance Plan

This Housing Compliance Plan has been developed to accomplish the following goals:

- To account for the number of affordable dwelling units, either constructed or substantially rehabilitated, in the Project Areas since adoption;
- To forecast the estimated number of dwelling units to be privately developed or substantially rehabilitated between fiscal years 2004-05 and 2013-14 and over the duration of the Redevelopment Plan;
- To forecast the estimated number of dwelling units to be developed or substantially rehabilitated by the Agency between fiscal years 2004-05 and 2013-14;
- To project the availability of Agency revenue for funding affordable housing production;
- To identify implementation policies/programs and potential sites for affordable housing development;
- To establish a timeline for implementing this Housing Compliance Plan to ensure that the requirements of Section 33413 are met during the ten-year period between fiscal years 2004-05 and 2013-14; and
- To review the consistency of Agency affordable housing goals, objectives, and programs pursuant to the City of Fontana's Housing Element.

Purpose

Since 1976, redevelopment agencies have been required to assure that at least 30% of all new or substantially rehabilitated units developed by an agency are available at affordable costs to households of very low, low, or moderate income. Of this 30%, not less than 50% are required to be available at affordable costs to very low-income households. Further, for all units developed in the project area by entities other than an agency, the Law requires that at least 15% of all new or substantially rehabilitated dwelling units within the Project Area be made available at affordable costs to low or moderate income households. Of these, not less than 40% of the dwelling units are required to be available at affordable costs to very low-income households. These requirements are applicable to housing units as aggregated, and not on a project-by-project basis to each dwelling unit created or substantially rehabilitated unless so required by an agency.

In 1994, the Law was amended to require redevelopment agencies to prepare a plan that demonstrated how the agency would achieve the aforementioned affordable housing mandates. Commonly referred to as a Housing Compliance Plan, the Law also requires agencies to update the Compliance plan every five years in conjunction with the preparation of their 5 Year Implementation Plan.

Methodology and Data Compilation

This Housing Compliance Plan takes into account all residential construction or substantial rehabilitation that has occurred within the Project Areas since their adoption in order to determine affordable housing production needs; it accounts for existing residential construction and substantial rehabilitation, and includes projections of new dwelling units that may be constructed or substantially rehabilitated during the ten-year planning period.

Historical construction and substantial rehabilitation statistics were provided by the Agency staff, based on the number of building permits completed in the Project Areas. The forecast of future housing construction has been based upon General Plan build out figures for each Project Area. The total number of units remaining to be built to in order to achieve build out for each Project Area has been equally spread over the number of years that each Redevelopment Plan remains effective. It should be noted that neither the existing housing stock nor projections for future dwelling units include any units to be developed by the Agency. However, the Agency will continue to cooperate with and provide assistance and incentives to private developers in order to meet affordable housing production needs.

Housing Goals and Objectives

The housing goals and objectives for the term of this Housing Compliance Plan are:

- ❖ To increase, improve and preserve the Community's supply of low and moderate income housing citywide.
- ❖ To comply with the replacement and inclusionary housing requirements mandated by Law.
- ❖ To leverage the Agency's Housing Funds with other resources in order to promote affordable housing.
- ❖ To insure that the dollars spent for general administrative activities are not disproportionate to the amounts actually spent to produce, increase, and preserve housing.
- ❖ To give priority to housing proposals that will eliminate or prevent the spread of blight Citywide and decrease excess demands on public services such as police, code enforcement and building and safety within the Project Areas.
- ❖ To utilize the Fontana Housing Authority's (the "Housing Authority") resources and powers as tools to implement and assist with the development of affordable low and moderate income housing.
- ❖ To utilize the Housing Authority's efforts to provide affordable low and moderate income housing to stabilize problem multifamily projects and distressed areas.

- ❖ To continue efforts to stimulate the construction of affordable infill housing units on a community wide basis.
- ❖ To encourage the development and rehabilitation of affordable multifamily rental housing units.
- ❖ To utilize the goals and policies established in the City's newly adopted Housing Element to guide the efforts of the Agency in its development of future affordable housing programs.
- ❖ To assist the City in the development and implementation on an Inclusionary Housing Ordinance that would require at least 15% of all new housing units be restricted and affordable to persons and families that are classified as very low, low and moderate income.
- ❖ To provide financial incentives to enable Inclusionary Housing Units produced by the City's proposed Inclusionary Ordinance to contain restrictive covenants consistent with the CRL, ensuring that such units remain affordable for 45 years for ownership units and 55 years for rental units.

Since the adoption of the first Housing Compliance Plan in 1994 (the "1994 Housing Compliance Plan"), the Agency through the efforts of the Housing Authority and the Department of Housing and Business Development, has actively pursued projects, programs, and activities that meet the Agency's goals as set out above. The City's comprehensive housing program will continue to be implemented. These programs are designed to significantly improve and upgrade the Community's housing stock and improve the overall quality of life of Fontana residents.

Housing Component to the Five Year Implementation Plan & Ten-Year Affordable Housing Compliance Plan

Fontana Redevelopment Agency

Affordable Housing Production Needs

This section describes the Agency's production needs for the ten year planning period (2004-05 through 2013-14) and over the duration of the Redevelopment Plan.

Definitions and Data Compilation

This Housing Compliance Plan takes into account all residential construction or substantial rehabilitation that has occurred within the Project Areas since their adoptions in order to determine affordable housing production needs. This Housing Compliance Plan includes figures for existing residential construction and substantial rehabilitation, and projections for the number of additional dwelling units to be constructed or substantially rehabilitated during the next ten (10) years. The following sections define "new construction" and "substantially rehabilitated" as used in this Housing Compliance Plan, as well as the methodology used for collecting data on both existing and projected housing units.

➤ New Construction. The Agency staff and City Planning staff provided original construction statistics used in the 1994 Housing Compliance Plan. Because the Law does not provide a clear definition for new construction, the Agency staff, consultant, and legal counsel have agreed upon a "definition" for new construction. For the purposes of this Housing Compliance Plan, new construction represents building permits issued for the construction of new dwelling units actually built since the respective adoption dates of the Project Areas until the 1994 Housing Compliance Plan preparation were counted and considered to be new construction dwelling units; therefore, these units would fall under the requirements for production of affordable housing within the Project Areas pursuant to Section 33413 of the Law. Projections of new units from 1994 through 2004 have been based upon the established projections and estimates contained in the 1994 Housing Compliance Plan.

- ◆ Projections are affected by numerous complex factors such as: the general health of the local, regional, and national economy; employment levels; competition; practices and health institutions and inventory of existing housing. Based upon the recent economic trends, projection of the number of new units to be constructed over the next ten (10) years is difficult. Projections for future dwelling units to be constructed within the Project Areas used in the First and Second Housing Compliance Plan were based upon existing land uses and recent historical trends of building permits issued for residential units as detailed in the 1994 Plan. In fact total numbers of new units constructed exceeded projections provided in the 1994 and 1999 Plans. Table 1 accounts for all units

constructed through June of 2004, with inclusionary unit numbers adjusted accordingly.

- ◆ Future projections of new units have been based once again on General Plan build out figures. Staff does not anticipate that the Project Areas will experience build out within the next ten (10) year time frame (2004/05 through 2008/09) covered by this Housing Compliance Plan but will within the term of each of the Redevelopment Plans. Projections of future units have been evenly distributed over the remaining life of each of the Project Areas.
- ◆ It should be noted that neither the existing housing stock nor projections for future dwelling units in the Project Areas includes any units to be developed by the Agency. According to Agency staff, the Agency does not anticipate directly developing or rehabilitating any dwelling units which would trigger the thirty percent (30%) affordable housing requirement of Section 33413(b)(l) within the ten (10) year time frame of this Housing Compliance Plan. However, the Agency will continue to cooperate with and provide assistance and incentives to private developers, nonprofits, and the Fontana Housing Authority (the "Authority") in order to meet affordable housing production goals.
- Substantial Rehabilitation. The CRL, as amended by AB 1290, defines "substantial rehabilitation" as:

- ◆ *"...rehabilitation, the value of which constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value."*
33413(b)(2)(A)(iv)

As defined by the CRL "substantially rehabilitated dwelling units" means:

- ◆ *"On or after January 1, 2002,substantially rehabilitated dwelling units means all units substantially rehabilitated, with agency assistance. Prior to January 1, 2002 substantially rehabilitated dwelling units means multifamily rented dwelling units with three or more units or substantially rehabilitated regardless of whether there is agency assistance and, with agency assistance, single-family dwelling units with one or two units."*
33413(b)(2)(A)(iii)

Units Constructed or Substantially Rehabilitated Within the Project Areas

The following Table 1 details by Project Area the number of units built or substantially rehabilitated within the Project Areas since adoption of their respective Redevelopment Plans.

TEN -YEAR AFFORDABLE HOUSING COMPLIANCE PLAN
FONTANA REDEVELOPMENT AGENCY

TABLE 1
UNITS CONSTRUCTED OR REHABILITATED

Units through December 1994						
	Project Area					Total
	Downtown	North Fontana	SWIP	Jurupa Hills	Sierra Corridor	
Units Constructed						
Agency Developed Units	0	0	0	Does not Apply	0	0
Privately Developed Units	0	4,128	0		0	4,128
SUBTOTAL	0	4,128	0		0	4,128
Units Substantially Rehabilitated	0	0	0		0	0
TOTAL NEW/REHABILITATED UNITS	0	4,128	0		0	4,128
Units January 1, 1994-December 2000						
Substantial Rehabilitation	14					14
California Landings		2,780				2,780
Morningside		64				64
Bellgrove		1,364				1,364
Sierra Lakes		796				796
Summit Heights		310				310
Walnut Village		315				315
Fontana Star		462				462
Sycamore Hill					155	155
Privately Developed Units	22	0	0	Does Not Apply	0	22
SUBTOTAL	36	6,091	0	0	155	6,282
Units January 1, 2001-June 2003						
Substantial Rehabilitation						
Hillcrest Apartments					52	52
Village at Sierra -Senior Housing (Privately Developed-Agency Assisted)	108					108
Fountains at Sierra-Senior Housing Project(Under construction-Privately Developed-Agency Assisted)	92					92
Gardens at Sierra- Senior Housing Project (Under construction-Privately Developed-Agency Assisted)	84					84
Rancho Fontana		1,278				1,278
Village Of Heritage		204				204
California Landings		76				76
Morningside		50				50
Citrus Hights		29				29
Bellgrove		244				244
Sierra Lakes		968				968
Summit Heights		779				779
Walnut Village		22				22
Fontana Star		115				115
Sycamore Hill					367	367
SUBTOTAL	284	3,765	0	0	419	4,468
TOTAL NEW/REHABILITATED UNITS	320	13,984	0	0	574	14,878

Aggregation of Affordable Housing Units Amongst All Project Areas

Section 33413 (b)(2)(A)(v) provides that redevelopment agencies may “aggregate new or substantially rehabilitated dwelling units in one or more project areas if the agency, finds based upon substantial evidence, after a public hearing, that the aggregation will not cause or exacerbate racial, ethnic, or economic segregation.”

The Fontana Redevelopment Agency with the adoption of its 1994 and 1999 Housing Compliance Plans have previously taken action to aggregate its new and substantially rehabilitated units among all of its Project Areas. The Agency will

consider similar action at the Public Hearing set to consider for adoption this Housing Compliance Plan. It is anticipated that base upon the evidence provided the Agency will find that the aggregation of its affordable housing obligations between its Project Areas, is of benefit to the Project Areas and the community, and that such aggregation will not cause or exacerbate racial, ethnic, or economic segregation.

Affordable Housing Provided Outside of the Project Areas

Section 33413(b)(2)(A)(ii) provides that the Agency's obligations under Section 33413 may be met by providing affordable housing outside the project areas on a two-for-one basis. During the adoption process for each of the Project Areas, the Agency adopted appropriate resolutions that allow the Agency to expend its twenty percent (20%) housing set-aside money outside of each respective Project Area by making findings that it will be of benefit to each Project Area.

Inclusionary Housing Obligation Status

Table 2 below details the Agency's inclusionary housing obligation status with updated total units constructed to date in the Project Areas, and those expected to be constructed from 2004 through the term expiration of each of the Redevelopment Plans.

TEN -YEAR AFFORDABLE HOUSING COMPLIANCE PLAN
FONTANA REDEVELOPMENT AGENCY

Table 2
Fontana Redevelopment Agency
Inclusionary Housing Obligation Status

Project Area		Developed/ Rehabilitated	Number of Units Produced	Total Number of Very Low,Low & Moderate Units Required	VL Units Required Over Life of Plan	L & M Units Required Over Life of Plan
Downtown						
Built from date of adopt through December 31, 1994		Private/15%	0	0	0	0
SUBTOTAL			0	0	0	0
1st 10-Yrs 1994-2004	Substantially Rehabilitated	Private/15%	14	2	1	1
	New Construction	Private/15%	306	46	18	28
SUBTOTAL			320	48	19	29
2nd 10 Yrs 2004/05- 13/14	Substantially Rehabilitated	Private/15%	0	0	0	0
	New Construction	Private/15%	0	0	0	0
SUBTOTAL			0	0	0	0
Units Expected to be Built/Provided Over Remaining Project Term			0	0	0	0
TOTAL UNITS OVER TERM OF PLAN			320	48	19	29
North Fontana						
Built from date of adopt through December 31, 1994		Private/15%	4,128	619	248	372
SUBTOTAL			4128	619	248	372
1st 10-Yrs 1994-2004	Substantially Rehabilitated	Private/15%	0	0	0	0
	New Construction	Private/15%	9,856	1,478.4	591.4	887.0
SUBTOTAL			9,856	1,478.4	591.4	887.0
2nd 10 Yrs 2004/05- 13/14	Substantially Rehabilitated	Private/15%	0	0	0	0
	New Construction	Private/15%	4,164	624.6	249.8	374.8
SUBTOTAL			4,164	624.6	249.8	374.8
Units Expected to be Built/Provided Over Remaining Project Term			3,582	537.3	214.9	322.4
TOTAL UNITS OVER TERM OF PLAN			21,730	3,260	1,304	1,956
Serria Corridor						
Built from date of adopt through December 31, 1994		Private/15%	0	0	0	0
SUBTOTAL			0	0	0	0
1st 10-Yrs 1994-2004	Substantially Rehabilitated 1/1/1995 through 6/30/ 2004	Private/15%	52	8	3	5
	Built from January 1, 1995 through June 30, 2004/1	Private	522	78	31	47
SUBTOTAL			574	86	34	52
2nd 10 Yrs 2004/05- 13/14	Substantially Rehabilitated	Private/15%	0	0	0	0
	New Construction	Private/15%	143	21.4	8.6	12.8
SUBTOTAL			143	21	9	13
Units Expected to be Built/Provided Over Remaining Project Term			257	38	15	23
TOTAL UNITS OVER TERM OF PLAN			973	146.0	58.4	87.6
SWIP						
Built from date of adopt through December 31, 1994		Private	0	0	0	0
SUBTOTAL			0	0	0	0
1st 10-Yrs 1994-2004	Substantially Rehabilitated	Private/15%	0	0	0	0
	New Construction	Private/15%	0	0	0	0
SUBTOTAL			0	0	0	0
2nd 10 Yrs 2004/05- 13/14	Substantially Rehabilitated	Private/15%	0	0	0	0
	New Construction	Private/15%	0	0	0	0
SUBTOTAL			0	0	0	0
Units Expected to be Built/Provided Over Remaining Project Term			0	0	0	0
TOTAL UNITS OVER TERM OF PLAN			0	0	0	0
Jurupa Hills						
			Does not Apply/2			
TOTAL ALL PROJECT AREAS-SUMMARY OF UNITS						
SUBTOTAL PRIOR TO 7/1/94			4,128	619	248	372
SUBTOTAL- 1ST TEN YEARS			10,750	1,613	645	967
SUBTOTAL -2ND TEN YEARS			4,307	646	258	388
To Be Built/Provided Over Remaining Project Term		Private/15%	3,839	576	230	345
TOTAL ALL PROJECT AREAS OVER TERM OF PLANS			23,023	3,453	1,382	2,072

Inventory of Existing Deed-Restricted Units

The Agency is obligated under 33490 to ensure that 15% of non-Agency developed units (and 30% of all Agency developed units) are affordable to very low, low and moderate income households, featuring covenants that extend to at least the duration of the Redevelopment Plan.

To satisfy the Agency's production needs, units that are either developed or substantially rehabilitated must be covered by restrictive covenants. Housing units created or assisted after 2001 must carry 45-year covenants for single family units and 55-year affordability covenants on multifamily units.² Units may be constructed inside or outside the Project Area, but units provided outside a project area count on a 2-for-1 basis. The Agency may also purchase 55-year affordability covenants on multifamily units.

² 45 years for ownership units or 55 years for rental units. Prior to January 1, 2002, affordability covenants could be as little as the duration of the redevelopment plan to count for meeting a redevelopment agency's affordable housing production requirements.

TEN -YEAR AFFORDABLE HOUSING COMPLIANCE PLAN
FONTANA REDEVELOPMENT AGENCY

TABLE 3
FONTANA HOUSING AUTHORITY & FONTANA REDEVELOPMENT AGENCY
LIST OF INCLUSIONARY HOUSING UNITS

Type	Projects	Unit Breakdown	# Units Very Low		# Units Low		# of Units Mod		Total # of Units		Terms of CC&Rs	Within/ Outside PA's Full or 50% Credit
			Total	Credited	Total	Credited	Total	Credited	Total	Credited		
Through 1994												
SH	8996 Olive Street	n/a	5	5	5	5	0	0	10	10.0	Year 2027-North Fontana	Full
ENC	16990 Martin	n/a	0	0	1	1	0	0	1	1.0	Year 2027-North Fontana	Full
ENC	16940 Reed Street	n/a	2	1	2	1	0	0	4	2.0	Year 2027-North Fontana	50%
NC	11650 Cherry Avenue	n/a	0	0	13	13	37	37	50	50.0	Year 2021 Jurupa Hills	Full
ENC	Oldtimers Senior Highrise 16707 Marygold Avenue	n/a	150	150	0	0	0	0	150	150.0	Life of Project Area	Full
ENC	Sonrise Apartments 7222 Sierra Avenue	n/a	80	80	0	0	0	0	80	80.0	Life of Project Area	Full
ENC	Citrus Garden Apartments 8600 Citrus Avenue	n/a	40	0	55	0	55	0	150	0.0	Extended- Expires 2017	Full
ENC	Village Drive Apartments 14520 Village Drive	n/a	15	0	22	0	22	0	59	0.0	Expires 2016	Full
Subtotal			292	236	98	20	114	37	504	293		
1995 & 1996												
PC	Cambridge I & II- 8555 Citrus Avenue	(16) 1 bed, (220) 2bed, (36) 3bed	54	54	0	0	218	218	272	272.0	7/1/2024	Full
PC	16085 Dorsey Avenue	(4) 2bed	2	1	2	1	0	0	4	2.0	6/18/2022	50%
PC	16095 Dorsey Avenue	(4) 2bed	2	1	2	1	0	0	4	2.0	12/2/2027	50%
PC	16965 Reed Street	(2) 2bed, (2) 1bed	2	1	2	1	0	0	4	2.0	10-year lease-1/15/2028	50%
PC	16975 Reed Street	(2) 2bed, (2) 1bed	3	1.5	0	0	1 mgr. unit		4	1.5	10-year lease-1/15/2028	50%
Subtotal			63	58.5	6	3	218	218	288	279.5		
1997												
PC	16930 Reed Street	(2) 2bed, (2) 1bed	4	2	0	0	0	0	4	2.0	30 yrs/or useful life of building	50%
PC	16180 Whittram Court	(4) 2bed	2	1	2	1	0	0	4	2.0	1/6/2027	50%
PC	16190 Whittram Court	(4) 2bed	2	1	2	1	0	0	4	2.0	1/6/2027	50%
PC	9205 Date Street	(20) 2bed	20	20	0	0	1 mgr. unit		21	20.0	30 yrs/or useful life of building	Full
Subtotal			28	24	4	2	0	0	33	26		
1998												
PC	16966 Reed Street	(2) 2bed, (2) 1bed	2	1	2	1	0	0	4	2.0	30 yrs/or useful life of building	50%
PC	16976 Reed Street	(2) 2bed, (2) 1bed	2	1	2	1	0	0	4	2.0	30 yrs/or useful life of building	50%
PC	16200 Whittram Court	(4) 2bed	2	1	2	1	0	0	4	2.0	30 yrs/or useful life of building	50%
PC	16210 Whittram Court	(3) 2bed	2	1	1	0.5	0	0	3	1.5	30 yrs/or useful life of building	50%
Subtotal			8	4	7	3.5	0	0	15	7.5		
1999												
SR	8361 Nuevo	(14) studios	14	14	0	0	0	0	14	14	30 yrs/or useful life of building	Full
SR	16947 Reed Street	(2) 2bed, (2) 1bed	2	1	2	1	0	0	4	2	30 yrs/or useful life of building	50%
SR	16955 Reed Street	(2) 2bed, (2) 1bed	2	1	2	1	0	0	4	2	30 yrs/or useful life of building	50%
Subtotal			18	16	4	2	0	0	22	18		
2000												
SR	16120 Whittram Court	(2) 2bed, (2) 1bed	2	1	2	1	0	0	4	2	30 yrs/or useful life of building	50%
SR	16130 Whittram Court	(2) 2bed, (2) 1bed	2	1	2	1	0	0	4	2	30 yrs/or useful life of building	50%
Subtotal			4	2	4	2	0	0	8	4		
2001												
SR	Hilcrest Apts. 8015 Citrus Avenue (acquisition and rehabilitation)	(52) 2bed	16	16	23	23	0	0	39	39	55 years	Full
Subtotal			16	16	23	23	0	0	39	39		
2002												
NC	Village at Sierra (Phase I) 8684 Sierra Ave/16858 Orange Way	(107) 1bed, (1) 2bed	102	102	5	5	1 mgr. unit		108	107	55 years	Full
Subtotal			102	102	5	5	0	0	108	107		
2003												
NC	Fountains at Sierra-Senior Housing Project(Under construction-Privately Developed-Agency Assisted)	(75) 1bed, (18) 2bed	92	92	0	0	1 mgr. unit		93	92	55 years	Full
Subtotal			92	92	0	0	0	0	93	92		
2004												
NC	Gardens at Sierra- Senior Housing Project (Under construction-Privately Developed- Agency Assisted)	(67) 1bed, (17) 2bed	84	84	0	0	0	0	84	84	55 years	Full
PC	Citrus Grove Apartments 8845 Citrus Avenue	Family	50	50	0	0	0	0	50	50	Till 2059	Full
Subtotal			134	134	0	0	0	0	134	134		
TOTAL			757	684.5	151	60.5	332	255	1244	1000		

Key: ENC-Units created by new construction prior to 1994-these units are included in count of prior units built from Project Adoption to 1994.
NC-Units created by new construction.
PC-Affordable units created from existing units through the purchase of affordability covenants.
SH-Units created through the rehabilitation of existing units with the imposition of affordability covenants.

As required by Section 33490 of the Law, Table 3 above presents an inventory of the Agency's existing deed-restricted affordable units. To date, the Agency's efforts have yielded 1,244 affordable units. The Agency's inclusionary unit need has been credited with 1,000 restricted units.³ Of the 1,000 credited restricted units provided, 684.5 affordable units are reserved for very low income, 60.6 are low income units and 255 are moderate income units. (These figures exclude manager's units that are included as a part of the multifamily housing projects

³ Pursuant to Section 33413 (b)(ii) of the Law, the Agency may provide two inclusionary units outside the Project Areas for each required restricted affordable unit.

Affordable Units Required

Section 33413(b) of the Law requires that not less than 30% of any Agency-developed units ("30% Units) or 15% of privately developed units ("15% Units) produced during the next five and ten year period be affordable to low and moderate income households. The Law also requires that 50% of the 30% Units and 40% of the 15% Units be specifically limited and affordable to very low income households. These affordable housing production requirements should be met during the next two 5-year periods, which ends on June 30 of fiscal year 2013-14.

Based upon the forecast of housing construction presented earlier and inventory of affordable housing projects completed to date, Table 4 presents the computation of the Agency's affordable housing production requirement for the 10-year planning period, as well as the entire duration of each of the Redevelopment Plans.

TABLE 4

FONTANA REDEVELOPMENT AGENCY RECONCILIATION OF AFFORDABLE INCLUSIONARY UNITS SECOND TEN YEAR HOUSING STRATEGY (COMPLIANCE) PLAN 2004/05-2008/09 & 2009/10-2013/14		New Construction	Substantial Rehab.	Total	Inclusionary Requirement	Low/Mod. Requirement	Very Low Requirement	Inclusionary Production	Low/Mod Production	Very Low Production	Inclusionary Need (-) or Surplus+	Very Low Need or Surplus	
TIME FRAME													
Through 6-30-94 (Actual) Agency Developed	1/	0	0	0	0	0	0	Credited Units					
Through 6-30-94 (Actual) Privately Developed	1/	4,128	0	4,128	619	372	248						
Total Pre 1994/95		4,128	0	4,128	619	372	248						
Pre 94/94 Affordable Inclusionary Units Produced and Restricted								293.0	57.0	236.0			
1st 10-Year Planning Period (1994/95 - 2003/04)								707.0	258.5	448.5			
Pre 94/95 deficit units allocated for 1st 10 yrs (total/28X10yrs)					221	133	88						
1994/95 through 2003/04													
Agency Developed -		0	0	0	0	0	0						
Privately Developed		10,684	66	10,750	1,603	962	641						
Total 1st 10 Yr. Planning Period		10,684	66	10,750	1,824	1,094	729	1,000	315.5	684.5	-824	-45	
2nd 10 -Year Planning Period (2004/05-2013/14)													
								Unmet Need			-824	-779	-45
1ST 5 YEARS -2004/05 -08/09													
Pre 94/95 deficit units allocated for 1st 10 yrs (total/28X10yrs)					111	66	44						
Projected Units 04/05-08/09													
Agency Developed -		0	0	0	0.0	0	0						
Privately Developed		2,153	0	2,153	323	194	129						
SUBTOTAL		2153	0	2153.3	434	260	173	-1,257	-1,039	-218			
Units Planned in 04/05 =								103	0	103			
SUBTOTAL UNITS NEEDED FOR 1ST 5 YEAR PERIOD								-1,154	-1,039	-115			
2ND 5 YEARS -2009/10-13/14													
Pre 94/95 deficit units allocated for 2nd 10 yrs(50% of Needed Units)					111	115	76						
Projected Units													
Agency Developed -		0	0	0	0	0	0						
Privately Developed		2,153	0	2,153	323	194	129						
SUBTOTAL		2,153	0	2,153	434	309	205	-434	-309	-205			
Total 2nd 10 -Year Planning Period (2004/05-2013/14)		4,307	0	4,307	867	569	379	-1,691	-1348	-424			

1/

Since deficit was created over period from adoption of the Project Areas through 1994, the unit deficit identified under "Pre-1994 will be addressed over the term of the Project Areas.

2/

Duration of Redevelopment Plans are as follows: Downtown-1/2025, SWIP from 8/2027 to 8/2042; Jurupa Hills from 11/2031 to 8/2037; North Fontana 1/2033; and Sierra Corridor 7/2042.

Past Inclusionary Unit Need

The Agency has actively worked to produce the required number of inclusionary units over the last ten years, producing over 1,200 units (with a credit of 1,000 units-see Table 3).⁴ However, the Agency's prior ten-year assessment of required inclusionary units was substantially less than the update figure that appears in Table 4 above (projected 1,202 units [prior 10-Year Plan projection] verses the adjusted figure of 1,691 units). This increase in the number of affordable units needed is the result of the housing boom that has occurred over the last five years with an especially heavy concentration of home construction occurring over the three years. Much of the new housing built in Fontana and the Project Areas, has been affordable to moderate income households, although they have not been covered by restrictive covenants. This accelerated building of new units has exacerbated the Agency's inclusionary unit need. To the Agency's credit their efforts at creating affordable housing has focused on the very low income category, producing a total of 757 affordable very low income units for a total inclusionary credit of 684.5 very low income units.

Therefore, as compared to the number of units produced during the planning period, the Agency will still need to implement additional affordable housing programs to meet the units needed for low and moderate income households to address the 824 unit deficit.

To address this additional unit need, the Agency will fund the Authority's purchase and rehabilitation of two multifamily projects with a unit total of 103. These units will be rehabilitated and reserved for all very low income persons or households. This project will address almost 50% of the Agency's 5-year need for very low income affordable units.

Agency will also work with the City in the development and implementation of an Inclusionary Housing Ordinance that requires at least 15 % of all new units be reserved and restricted as affordable to very low, low and moderate income persons or families. The City and Agency are working to complete the Inclusionary Housing Ordinance and have completed their data collection efforts and are developing the proposal and workplan for the Ordinance. It is anticipated that the Inclusionary Housing Ordinance will be enacted in the mid to latter part of 2005. The Agency will utilize its Housing Fund dollars to insure that these Inclusionary Units are reserved for the time periods required by the CRL.

Current Five & Ten Year Period Inclusionary Unit Need

As detailed in Table 4, for the next five years (2004/05 through 2008/09), the Agency must create or provide a total of 434 restricted very low, low and

⁴ Pursuant to Section 33413 (b)(ii) of the Law, the Agency may provide two inclusionary units outside the Project Areas for each required restricted affordable unit.

moderate affordable housing units. The ten year projected need (2004/05 through 2013/14) identified by this Compliance Plan is 867 restricted very low, low and moderate affordable housing units. Additionally, as required by Section 33413 (b)(4) of the Law, the Agency will address the unmet 690 units need from the prior 10 year period during this 10 Year (2004/05 -2013/14) Housing Compliance Plan period. Therefore, during the Agency's 1st 5-Year period (2004/05-08/09) the Agency must create, preserve and restrict a total of 1,257 affordable units. The Agency's 10-year affordable housing need is for a total of 1,691 restricted affordable units.

During the next 5-Year period, the Agency intends to focus its efforts on creating and preserving very low income affordable units. Since very low income units are the most difficult to create and reserve both logistically and financially, Agency staff intends to its concentrate its efforts on these difficult units. It is assumed that with the adoption of the City's Inclusionary Housing Ordinance, the Agency will be able to use this tool to achieve its needed low and moderate income housing units.

Replacement Housing Production Needs

The Law requires that whenever housing units occupied by low and moderate income persons or households are destroyed as part of an Agency project, the Agency is responsible for ensuring that an equivalent number of replacement units are constructed or substantially rehabilitated within the community. These units must provide at least the same number of bedrooms destroyed, and 100% of the replacement units⁵ must be affordable to the same income categories (i.e. very low, low, and moderate) as those removed. The Agency receives a full credit for replacement units created inside or outside the Project Area.

The Agency has participated in redevelopment projects that have resulted in the loss affordable units through 2003-04. Table 5 presents a summary of the affordable housing units destroyed.

⁵ Prior to January 1, 2002, 75% of all replacement units must be of the same income category as those displaced.

TABLE 5 DWELLING UNITS DESTROYED OR REMOVED DIRECTLY OR INDIRECTLY BY THE AGENCY PRIOR TO 1999				
Project Area	Units Destroyed/ Removed	Very Low Units	Low Units	Moderate Units
Downtown	9	2	2	5
North Fontana	12	4	4	4
Jurupa Hills	0	0	0	0
SWIP	0	0	0	0
Sierra Corridor	0	0	0	0
TOTAL	21	6	6	9
UNITS REMOVED FROM 1999 THROUGH 6-30-2004				
Address	Units Destroyed/ Removed	Very Low Income Units	Low Income Units	Moderate Units
8669 Nuevo Avenue	(1) 2bd	1		0
8671 Nuevo Avenue	(1) 2bd	1		0
8673 Nuevo Avenue	(1) 2bd		1	0
8677 Nuevo Avenue	(1) 2bd		1	0
8679 Nuevo Avenue	(1) 2bd	1		0
8691 Nuevo Avenue	(1) 2bd		1	0
8693 Nuevo Avenue	(1) 2bd		1	0
8695 Nuevo Avenue	(1) 2bd		1	0
TOTAL	(8) 2bd	3	5	0

Table 6 below, identifies those replacement units the Agency has created or reserved to meet its replacement housing obligations as summarized in Table 5.

TABLE 6 INVENTORY OF REPLACEMENT HOUSING UNITS						
	Project Area	# of Units Applied	Total # of Bedrooms	Very Low- Units	Low-Units	Moderate- Units
Total of Demolished Housing Units Prior to 1999 (Table I-A)		21	Unknown	6	6	9
Replacement Units (under 75% rule)						
16005 Dorsey Avenue	No	(3 total) (2) 2bed, (1) bed	5	1	0	2
16030 Dorsey Avenue	No	(4) 2bed	8	1	0	3
16080 Dorsey Avenue	No	(4) 2bed	8	1	0	3
16000 Dorsey Avenue	No	(3) 2bed	6	3	0	0
16010 Dorsey Avenue	No	(3) 2bed	6	2	1	0
16040 Dorsey Avenue	No	(4) 2bed	8	2	2	0
Table I-A Replacement Need Met		21	41	10	3	8
	Project Area	# of Units Applied	Total # of Bedrooms	Very Low- Units	Low-Units	Moderate- Units
Total of Demolished Housing Units From 1999 to 2002 (Table I-B)		8	16	3	5	0
Replacement Units (at 100% of same income type or lower)						
16045 Dorsey Avenue	No	(4) 2bed	8	2	2	0
16055 Dorsey Avenue	No	(4) 2bed	8	2	2	0
Table I-B Replacement Housing Need Met		8	16	4	4	0
REPLACEMENT NEED OR CREDIT		0	0	0	0	0

The Agency does not anticipate demolishing or removing any additional affordable dwelling units during this five and ten year planning period.

Estimated Housing Fund Resources & Projected Expenditures

Low and Moderate Income Housing Fund

One of the Agency's primary sources of revenues for housing program implementation is the annual 20% housing set-aside deposits. These deposits reside in the Agency's Low and Moderate Income Housing Fund (the "Housing Fund"). The Law requires that not less than 20% of all tax increment revenue allocated to the Agency must be used to increase, improve, and preserve the community's supply of housing available, at affordable housing cost, to persons and families of very low, low, and moderate incomes. Other sources of Housing Fund revenues include interest earnings, loan repayments, federal HOME and HELP funds, and developer loan proceeds.

Table 7 presents staff's forecast of Housing Fund revenues and debt service for this five year Implementation Plan period. Pursuant to the requirements of Section 33490, Table 7 identifies estimated amounts of available Housing Fund dollars expected to be deposited into the Housing Fund during each of the next five years. It also estimates the number of new, rehabilitated, or price-restricted units to be assisted as well as expenditures of Housing Fund monies during each of the five years.

TEN -YEAR AFFORDABLE HOUSING COMPLIANCE PLAN
FONTANA REDEVELOPMENT AGENCY

Table 7						
Fontanta Redevelopment Agency-Low & Moderate Income Housing Fund						
Five Year Implementation Plan -Housing Component	Projections of Revenue/Expenditures and Affordable Units					Total 5-Year Period
	Year 1 2004-05	Year 2 2005-06	Year 3 2006-07	Year 4 2007-08	Year 5 2008-09	
Beginning Cash Balance	\$18,941,655	\$10,816,576	\$9,870,001	\$8,916,300	\$8,065,868	
Tax Increment Set Aside Revenue	\$8,364,650	\$8,531,943	\$8,702,582	\$8,876,633	\$9,054,166	\$43,529,975
Prior Year's Reinstatement of Tax Increment	-	-	-	-	-	-
Land Sale Proceeds	-	-	-	-	-	-
Proposed Bond Issue(net proceeds)	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Interest Income, Loans & Misc.	275,000	284,125	162,249	148,050	133,744	1,003,168
TOTAL	\$8,639,650	\$8,816,068	\$8,864,831	\$9,024,684	\$9,187,911	
TOTAL AVAILABLE FUNDS	\$27,581,305	\$19,632,644	\$18,734,831	\$17,940,983	\$17,253,778	\$63,474,797
Program Operation, Administration & Debt Service Costs						
Debt Service (includes debt service for Downtown North Fontana, Jurupa and Agency overhead)	\$1,224,409	\$1,224,459	\$1,231,527	\$1,238,313	\$1,245,465	\$6,164,172
Operations, Administration & Other Costs	\$2,393,200	\$2,441,064	\$2,489,885	\$2,539,683	\$2,590,477	\$12,454,309
TOTAL	\$3,617,609	\$3,665,523	\$3,721,412	\$3,777,996	\$3,835,941	\$18,618,481
NET REVENUE AVAILABLE FOR PROJECTS	\$23,963,696	\$15,967,121	\$15,013,420	\$14,162,988	\$13,417,837	\$44,856,317
Projects & Programs Costs						
Housing Development						
Disposition & development	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure off-site	-	-	-	-	-	\$0
Developer assistance	-	-	-	-	-	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Home Program						
Anti-Poverty Program	\$0	\$0	\$0	\$0	\$0	\$0
Multi Family Housing Revitalization Program	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Housing Authority						
Multi Family Acquisition, Rehabilitation & Stabilization						
Valencia Woods and Ceres Apt Acquisition & Rehab.	\$12,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$20,000,000
Single Family Housing Rehab/Preservation (Emergency Repa	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
Minor Home Grant	50,000	-	-	-	-	50,000
Domestic Violence Services Program	\$0	\$0	\$0	\$0	\$0	\$0
Homeless Prevention	\$0	\$0	\$0	\$0	\$0	\$0
Transitional Housing Facilitation	\$0	\$0	\$0	\$0	\$0	\$0
Single Family Mortgage Revenue Bond	\$0	\$0	\$0	\$0	\$0	\$0
Infill Housing	200,000	200,000	200,000	200,000	200,000	1,000,000
Multi Family Housing Revitalization Program	577,120	577,120	577,120	577,120	577,120	2,885,600
HAP-First Time Homebuyer Assistance	300,000	300,000	300,000	300,000	300,000	1,500,000
Subtotal	\$13,147,120	\$6,097,120	\$6,097,120	\$6,097,120	\$6,097,120	\$37,535,600
Housing Programs Other Costs						
CFD Charges	\$0	\$0	\$0	\$0	\$0	\$0
ERAF Loan to Project Areas	-	-	-	-	-	-
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$13,147,120	\$6,097,120	\$6,097,120	\$6,097,120	\$6,097,120	\$37,535,600
Ending Cash Balance	\$10,816,576	\$9,870,001	\$8,916,300	\$8,065,868	\$7,320,717	\$7,320,717
Notes:						
Housing table does not include Jurupa Hills 20% housing set-aside and associated debt service, this is covered in the non-housing portion.						
Number of Affordable Units Reserved/Total	252	251	251	251	252	1257
Number of Very Low Units Reserved	103	115	0	0	0	218
	Total					\$37,535,600

Targeting of Housing Fund Expenditures

As set forth by Section 33333.4 of the Law, each agency shall expend, over the duration of the Housing Compliance Plan, the moneys in the Housing Fund in proportion to the community need, both in terms of the income categories and the number of senior households assisted.

Income Categories Assisted

Pursuant to Section 33334.4(a) of the Law, Housing Fund dollars must be expended for very low and low income person in at least the same proportion to the City's fair share unit need as established by the Regional Housing Need Assessment (RHNA) for very low, low and moderate income units. The number of units in each income category in the City's RHNA figures may be adjusted for units not assisted by the Agency that feature 55 or 45 year covenants.

According to the City's 2004 Housing Element, the current RHNA figures for the City cover the time period of 1998 through 2005. These figures have been updated to account for 5,044 units of conventional moderate income housing that has been built form 1998 through 2002. Table 8 indicates a Citywide need for 2913 upper income units, 1600 moderate income units, 1167 low income units, and 1617 very low income units. Table 9 utilizes the unit need by income to arrive at the proportional spending minimums imposed by the 2002 changes made in the Law. Based on these figures, the Agency's Housing Fund expenditures over the next 10 years must be at a minimum directed as follows: 36.9% must be allocated to projects or programs for very low income persons and 26.6% for low income persons. The remaining 36.5% of Housing Fund dollars may be allocated among very low, low and moderated income persons at the Agency's discretion.

Table 8
City of Fontana
Regional Housing Needs By Income Group (RHNA) 1998-2005

Income Category	Housing Units	Percent of Total
Very Low (0-50% County median income)	1617	18%
Low (50-80% County median income)	1167	13%
Moderate (80-120% County median income)	1600	21%
Upper (over 120% County median income)	2913	48%
Total Housing Units/1	7297	100%
Source: City of Fontana 2004 Housing Element of the General Plan based upon SCAG's Regional Housing Needs Assessment, 2000.		
1/ Figures have been update through 2001. Current RHNA time frame is January 1, 1998 through June 30, 2005		

Table 9
Housing Fund 10 Year Allocation of Resources Goal
Proportional Allocation of Set-Aside Funds/Per Housing Element (RHNA)

Income Category	Remaining Housing Need	Percentage to Total
Very Low (0-50% County median income)	1617	36.88%
Low (50-80% County median income)	1167	26.62%
Moderate (80-120% County median income)	1600	36.50%
Total Housing Units	4384	100.00%

Family and Senior Housing

Section 33334.4(b) requires that Housing Fund expenditures for senior housing also be in proportion to the community's population of that age, according to the most recent Census. According to the 2000 Census, 6,113 (4.74%) of the City's 128,929 residents were over the age of 65. As such, not more than 4.74% of the Agency available housing fund revenues may be expended on senior housing projects.

Table 10
City of Fontana
2004-05 through 2013/14 Ten Year Housing Fund Restrictions
on Over Allocation of Resources to Elderly

Age Group	Total Number of Persons	Allocation of Housing Set-Aside Funds
Under 65 Years of Age	122,816	95.26%
65 Years of Age or older	6,113	4.74%
Total Persons	128,929	100.00%

Table 11 presents a summary of the Agency's projected available dollar resources for the 10-year period with estimates of the proportional expenditures based upon the City's current RHNA needs (see Table 9). Additionally, pursuant to 33334.4 (b) of the Law, it is projected that over the 10 year period the Agency shall limit its expenditure for housing reserved for seniors (65 years of age or older) to 4.74% as shown in Table 11 below.

Table 11		Projected
Ten Year Compliance Plan		10 Year
Projected Housing Fund Resources		Total
Beginning Cash Balance		\$18,941,655
Tax Increment Set Aside Revenue		\$91,590,584
Interest Income, Loans & Misc.		5,321,587
TOTAL		\$96,912,171
TOTAL AVAILABLE FUNDS		\$115,853,826
Total Debt Service/Admin & Operations		\$48,295,416
NET REVENUE AVAILABLE FOR PROJECTS		\$67,558,410
Assumed Minimum Allocation of Funds by Income Group-10 Yrs		
36.9%	Very Low Income	\$24,929,053
26.6%	Low Income	\$17,970,537
36.5%	Unrestricted (very low, low and moderate)	\$24,658,819
100.0%	TOTAL PROJECTED FUNDS AVAILABLE	\$67,558,410
	Senior Population Limitation (65 years and older)-4.74%	\$3,202,269

Other Funding Sources for Housing Programs

All potential sources of funding will be actively pursued by the Agency in its efforts to implement the City's Housing Element and Comprehensive Housing Program. Key to this effort continues to be the establishment of relationships between public entities (especially the City) and the private sector. In recent years, Fontana's real estate market has improved due to the strong economy and increased demand for relatively affordable housing outside of Orange and Los Angeles County. Fontana's housing program recognizes that the "market" will drive certain aspects of producing affordable housing. Market factors have, and will continue to impact the amount of housing the Agency can effectuate given current revenues. Therefore, efforts to cooperate with other public entities and especially with the private sector, continues to be a priority. The goal being to produce, improve and protect the City's housing stock utilizing the Agency funds as leverage. In particular, the Department of Housing and Business Development will actively pursue the rehabilitation of multifamily projects and the purchase of affordability covenants as a vehicle to engage the private sector.

Other City/Agency Revenues. Existing Agency funding requirements for the nonhousing redevelopment funds include outstanding bonded debt obligations; pass through payments to taxing agencies, required programs/projects, rent and administrative costs. Because of these heavy funding commitments, no revenue from the Agency's Redevelopment (non housing) Fund will be available to assist with the implementation of affordable housing projects.

Federal/State Revenue Sources

Federal Programs The City of Fontana is a recipient of Community Development Block Grant, HOME, and Emergency Shelter Grant funds from the Department of Housing and Urban Development. Allocations of these entitlement funds are based on a locality's population and on a number of other socio-economic indices, including overcrowded housing, poverty levels, growth lag, and age of the housing stock. The City of Fontana uses these federal funds to leverage additional public and private investment to fund activities that benefit very low to moderate income households and sustain services to the homeless and other special needs populations.

Community Development Block Grant

The Community Development Block Grant (CDBG) Program was established under the Housing and Community Development Act of 1974. Use of CDBG funds must primarily benefit low to moderate income households. The City uses CDBG program funds primarily for infrastructure and supportive services in low-income areas. The City's CDBG allocation in FY 2004-2005 was \$2,261,000.

❑ HOME Program

The HOME Investment Partnership Act of 1990 created the HOME program specifically to increase affordable housing opportunities. The City uses HOME funds to expand affordable housing opportunities through acquisition, rehabilitation, and professional management of selected multi-family housing projects. In FY 2004-2005, the City of Fontana received \$698,335 in HOME funds.

❑ Emergency Shelter Grant Program

In 2004, the City of Fontana became an entitlement recipient of Emergency Shelter Grant (ESG) funds. The formula-based grant was established in 1987 under the Stewart B. McKinney Homeless Assistance Act to assist homeless persons. In the City, ESG funds are used exclusively for activities relating to emergency shelters and transitional housing for the homeless. In FY 2004-2005, the City received \$82,706 in ESG funds.

❑ State Programs.

In conjunction with implementation of the City's comprehensive housing program, the Agency will utilize available affordable housing resources administered by the State Department of Housing and Community Development. Potential State housing programs, which could be utilized, include:

- California Housing Finance Agency (CHFA) Multifamily Housing Rental Program: Provides below market rate financing through the issuance of tax-exempt bonds to builders and developers of multi-family and elderly rental housing.
- CHFA Home Mortgage Purchase Program: CHFA sells tax-exempt bonds to make below market interest rate loans to first time homebuyers. The program operates through participating lenders who originate loans for CHFA purchase.
- California Housing Rehabilitation Program Owner Occupant Component (CHPRO): Provides low interest loans for the rehabilitation of substandard homes owned and occupied by lower-income households. City and non-profits sponsor housing rehabilitation projects.
- Emergency Shelter Program (ESG): Grants awarded to non-profit organizations for shelter support services.
- Multifamily Affordable Housing Program (MAP): Provides permanent financing monies for the acquisition, rehabilitation, preservation and new construction of affordable rental housing.

- ❑ Other Financial Resources
 - Low Income Housing Tax Credit: As part of the 1986 Tax Reform Act, units rent limited at 60% of median income and below are eligible to receive financial assistance under the tax credit program. The tax credit allocation process is extremely competitive both on a statewide and regional basis.
 - Tax Exempt Multifamily Mortgage Revenues Bonds: Use of the Mortgage Revenue Bonds is possible if one of the following criteria is met: at least twenty percent (20%) of the completed units are rented to households at or below fifty percent (50%) of the area median gross income; or at least forty percent (40%) of the units are rented to households at or below sixty percent (60%) of the area median gross income. Rents on tax credit units cannot exceed thirty percent (30%) of the maximum income limits based upon household size.
- ❑ Agency Financing. The Agency has the legal power to issue taxable or tax exempt bonds and notes for the development (including rehabilitation) of both single family and multifamily housing. Such said bonds would be issued under established federal and state requirements.
 - Fontana Housing Authority Financing: Multifamily revenue bonds could be issued through the Housing Authority to finance apartment projects. These bonds could be used to provide construction financing and permanent financing for newly built projects, and in some cases to provide for the acquisition and substantial rehabilitation of existing projects.
 - Affordable Housing Program (AHP) Grant: AHP provides grants through Federal Reserve banks for the preservation and creation of affordable housing opportunities for families of very low and low income.

Proposed Implementation Initiatives

Though the Agency anticipates exceeding its housing production needs for the planning period, additional affordable housing projects will be undertaken, in order to meet long-term affordable housing needs for the Project Area and the community as a whole. These projects are described below.

Housing Projects Under Construction

Fountains at Sierra – Senior Housing Project

The Fountains at Sierra Senior Housing Development is located on the North-East corner of Ceres Avenue and Sierra Avenue and serves as phase II of a three phase development. Accordingly, The Fountains at Sierra will continue the Spanish architectural theme established with the Phase I development.

The development is a three (3) story, ninety-three (93) unit security-gated facility that includes seventy-five (75) one-bedroom units and eighteen (18) two-bedroom units. The development will also include pool and spa facilities, along with over 5,300 square feet of community and recreation areas, including a fitness center, pool tables, a computer/media room, and a library.

The site was chosen in particular, because of the Metrolink Rail Facility and Omnitrans Bus Lines, which are adjacent to the proposed project. The development is also located in close proximity to the Fontana Mummer's Theater (with live theatrical performances) and the City Hall Civic-Center Campus. In addition, various Medical facilities, the Fontana branch Post Office, the Women's Club, a Stater Bros. Shopping Center and several local Churches are all within easy walking distance.

As proposed, the facilities will be affordable to very-low income senior citizens (with income levels at or below 50% of median income). Funding for The Fountains at Sierra has been provided through the utilization of Federal HOME Investment Partnership monies, low/mod housing set-aside funds, Federal and State Tax Credits and AHP monies.

Gardens at Sierra – Senior Housing Project

The Gardens at Sierra Senior Housing Development is located on the North-West corner of Ceres Avenue and Sierra Avenue and serves as phase III of a three phase development. Accordingly, The Gardens at Sierra will continue the Spanish architectural theme established with the Phase I and II development.

The development is a three (3) story, ninety-three (93) unit security-gated facility that includes seventy-five (75) one-bedroom units and eighteen (18) two-bedroom units. The development will also include pool and spa facilities, along with over 5,300 square feet of community and recreation areas, including a fitness center, pool tables, a computer/media room, and a library.

The Gardens at Sierra also involves a substantial level of "slum and blight removal", with regards to the removal of existing commercial business enterprises. These businesses (in their current physically deteriorated condition) are negatively impacting the surrounding Downtown Community.

The site was chosen in particular, because of the Metrolink Rail Facility and Omnitrans Bus Lines, which are adjacent to the proposed project. The development is also located in close proximity to the Fontana Mummer's Theater

(with live theatrical performances) and the City Hall Civic-Center Campus. In addition, various Medical facilities, the Fontana branch Post Office, the Women's Club, a Stater Bros. Shopping Center and several local Churches are all within easy walking distance.

As proposed, the facilities will be affordable to very-low income senior citizens (with income levels at or below 50% of median income). Funding for The Gardens at Sierra has been provided through the utilization of Federal HOME Investment Partnership monies, low/mod housing set-aside funds, Federal and State Tax Credits and AHP monies.

Future Housing Projects and Programs

Multi-family Acquisition, Rehabilitation and Stabilization

To facilitate the Fontana Housing Authority's acquisition, rehabilitation and professional management of selected medium-sized multi-family properties - located within central Fontana. This, for the purposes of stabilizing selected apartment communities and to create/obtain additional very-low income affordability covenants

Anticipated Expenditures During Planning Period:..... \$20,000,000.

Acquisition and Rehabilitation of Valencia Woods Apartments and Ceres Apartments

During FY 2004/05, the Housing Authority intends to move forward with the acquisition and rehabilitation of the Valencia Woods and Ceres Apartment. These two properties will provide a total of 103 newly reserved affordable very low income rental units. The Agency will provide \$12,000,000 of the funding from Housing Set-Aside Funds with the remaining \$1,000,000 coming from Home Grant Funds.

Anticipated Expenditures During Planning Period:..... \$13,000,000.

Homeownership Assistance Program (HAP)

Financial assistance is provided to low and moderate income households using redevelopment set-aside funds. The HAP Program provides financing for required down payment/closing cost expenses in amounts up to ten percent (10%) of the purchase price via a 0% interest, deferred payment ("silent second") mortgage. This Program applies to non-new single family homes, within the City limits, at a \$200,000 maximum home price. The Agency anticipated completing 15 units annually with a total of 75 units.

Anticipated Expenditures During Planning Period:..... \$1,500,000

Other Homeownership Programs

The Agency promotes two additional homeownership programs, the Lease Purchase Program that provides a three year lease-option to eligible households. California Cities Home Ownership Authority (CCHOA) will purchase new or existing homes on behalf of qualified individuals who hope to become future homeowners. Lease purchaser is required to lease for three years and three months. After that time, they have the right to exercise the option to purchase by assuming the mortgages.

The First Time Homebuyer Program (FTHP) is offered by the County of San Bernardino for the purpose of assisting low and moderate income first-time homebuyers in purchasing homes. The Program provides first mortgage financing for up to 97% of the sales price to qualified borrowers and provides a three percent (3%) gift towards the down payment and closing costs. Funds will be available on a first-come, first-served basis. Funding is provided by Bond sales. Both the Lease Purchase and FTHP are not administered directly by the Agency, and no Agency or City funds are allocated to these programs.

Single Family Residential Rehabilitation Programs

The Agency is involved in several single family rehabilitation programs geared towards minor repairs and renovations. Though none of these activities would result in significant rehabilitation to assist in meeting long-term affordable housing production goals, these efforts are critical to reducing the number of deteriorating and/or at-risk housing units in the City.

The Minor Home Program allocates up to \$50,000 in redevelopment set aside funds to fund activities by the Oldtimers Foundation, which administers a minor repair program for senior and disabled households throughout the City.

The Emergency Grant Program provides grants to eligible disabled individuals and seniors up to \$2,000 to for emergency repairs such as unsanitary plumbing, hazardous electrical, sewer line or septic failures, or other catastrophic damage to the home.

Anticipated Expenditures During Planning Period: \$150,000

Multifamily Revitalization Program

This program is specifically designed to address the negative impacts created within the community by substandard buildings and to serve as a vehicle for reducing code enforcement activity and police department "calls for service." The area primarily targeted for program assistance includes Foothill Boulevard to the north, Valley Boulevard on the south, Citrus Avenue on the west, and Mango Avenue on the east.

Anticipated Expenditures During Planning Period: \$2,885,600

Infill Housing Program

This program is designed to develop quality single family detached homes on small tract (1-10 acres) infill parcels located within targeted areas in Fontana. Through this program, the City has reduced many development fees by half for projects located within the oldest section “Central Core” of the City. Additionally, to assist residential builders with the identification of potential infill development sites, the City prepared a vacant Residential Properties Resource Guide.

Anticipated Expenditures During Planning Period: \$1,000,000

Manufactured Housing Program

This program is designed to educate the public and developers on the advantages of manufactured housing and to encourage its inclusion in the infill housing development. Activities include meeting with manufacture housing builders and distributing information to the general public.

No Agency expenditures are contributed to this project during this planning period.

Developer Proposed Projects

This program facilitates the acquisition, rehabilitation and management of large-scale multifamily projects by private developers. (Ancillary to Multi-family revitalization)

No Agency expenditures are contributed to this project during this planning period.

Proactive Rental Enforcement Program

This program responds to complaints on development code violations for rental units. During the planning period, the City intends to utilize CDBG funds for code enforcement activities, with special attention placed on the approximately 6,000 properties within the City’s low and moderate income neighborhoods. In addition to responding to general code violations, abandoned structures will be boarded-up or cleaned-up to provide a safe environment for surrounding residents.

No Agency expenditures are contributed to this project during this planning period. Project funding will come from the City’s CDBG allocation.

Development of Second Units on Single Family Lots

The City will work with private industry to expand housing opportunities through new construction. Developers will be afforded the opportunity to use incentives such as density bonuses to provide affordable housing.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by the City General Fund.

Density Bonus

The City allows an increase in density of at least 25%, plus an additional incentive(s) or equivalent financial incentives, to housing developers who agree to construct at least: 20% of the units affordable to lower income households, 10% of the units to very low income households, or 50% of the units for senior citizen housing.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by the City General Fund.

Inclusionary Housing Ordinance

The City is in the process of developing an inclusionary housing ordinance that would require up to 15 percent of the total number of units constructed in all future housing projects larger than ten units or lots to be affordable to lower income households. The ordinance would require that lower income units be constructed in similar locations as market rate housing. Developers would also be required to construct inclusionary housing in each phase of construction proportional to market rate housing. This would ensure that the affordable housing maintains a similar design treatment and does not saturate any phase of development.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by the City General Fund.

Fair Housing

Fontana contracts with the Inland Fair Housing and Mediation Board (IFHMB) for the provision of fair housing services. The IFHMB provides educational and technical assistance as well as outreach activities, including informational materials, referrals, and workshops, within the City.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by the City's CDBG allocation.

Affordable Housing Geographic Distribution

The City's housing rehabilitation, supportive and rental assistance efforts are targeted to census tracts that are identified as having concentrations of low and moderate income families. These efforts are intended to eliminate slum and blight, encourage private investment into the community, and achieve a balanced community. The City will continually review updated census data to determine if a shift of emphasis to other census tracts is warranted.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by the City General Fund.

Housing Referral and Information Services

The County of San Bernardino Housing Authority provides rental subsidies and property improvements to County-owned rental units to assist eligible low and moderate income Fontana residents through the Section 8 programs. Housing referral and information services will continue to be provided through a contract with the County of San Bernardino Housing Authority.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by the San Bernardino County Housing Authority and Inland Fair Housing and Mediation Board.

Anti-Poverty Program

This program addresses the priority needs of low-income residents associated with affordable housing: employment, income management, housing, emergency services, nutrition, and family self-sufficiency. Specifically, the program aims to provide on-the-job training for low-income summer youth and CalWorks recipients to gain marketable employment skills. Provide short-term emergency assistance and services to low-income families including temporary shelter, household counseling and conservation-weatherization assistance, emergency crisis to prevent utility service shutoff, gas and food vouchers, and limited medical assistance.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by HOME funding.

Community Assistance Program

Provides individuals in need with services and referrals for family life skills, job preparation skills, temporary assistance due to short term health issues, counseling referrals, emergency housing repairs and maintenance for seniors, substance abuse or behavioral problems, temporary shelter or housing.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by the Fontana Police Department.

Domestic Violence Services Program

In conjunction with the Fontana Police Department, the Fontana Housing Authority, Option House (a nonprofit service provider), operates the Fontana Domestic Violence Facility and has a three-tiered program consisting of emergency, temporary, and transitional housing for victims of domestic violence. This tiered program utilizes ten units in the following manner: one, one- bedroom unit is designated for emergency drop-off purposes, where Option staff can perform individual needs assessments; two, two-bedroom units are reserved for temporary shelter units with a maximum length of stay of up to 60 days; and six, two bedroom units reserved for transitional housing with a maximum length of stay of up to 18 months.

Anticipated Expenditures During Planning Period: \$0

Homeless Prevention

This City recognizes that both owner and renter households may at some point require emergency assistance to stay an eviction proceeding or in making mortgage payments on an emergency basis. Additionally, for units the City deems unsafe and fit for demolition, the families residing in substandard units will require assistance in acquiring acceptable shelter in these cases.

Anticipated Expenditures During Planning Period: \$0

Transitional Housing Facilitation

San Bernardino County Community Services Department receives funding from public, private, federal and state sources to address the most serious needs of low-income residents of San Bernardino County. The County currently operates several programs at no cost to the participant so that they can more easily make the transition to permanent housing. These programs are targeted for homeless, low-income or special needs populations.

The Family Development Program provides holistic case management to homeless facilities, a transitional housing program, rental security deposit program, and direct services such as rent assistance food vouchers, gasoline vouchers, bus tickers, etc., to low-income persons. This Food Bank program provides food for low-income residents throughout San Bernardino County through governmental surplus commodity distributions and salvage food agencies. The Senior Nutrition program provides low-cost or no-cost nutritionally sound meals for residents age 60 and over, in community centers, or by home delivery.

The Transitional Housing program provides homeless families with a temporary home while helping them get back on their feet through case management. The San Bernardino County Community Services Department leases the homes through HUD and, in turn, rents it to homeless families at a very low cost. Additionally, the City works in conjunction with several local non-profits to develop transitional and low-income housing units for homeless persons within the City using redevelopment set-aside funds, HOME funds, and Veterans Administration funds, Professional management is provided for each building and provides residents of these units with supportive services.

Project funding will be provided by the Community Services Block Grants, Low & Moderate Set-Aside Funds, HOME, Veterans Administration.

Anticipated Expenditures During Planning Period: \$0

Mentally Ill Services Program

The San Bernardino County Department of Mental Health administers a Homeless/Mentally Ill Program that provides the basic needs of food, clothing, and shelter to mentally ill homeless adults in San Bernardino County. The program utilizes intensive case management and assists clients in obtaining Social Security Supplement (SSI), permanent housing, and employment. All of the mental health services are provided with state, local, and private donations to homeless and non-homeless mentally ill throughout the County.

No Agency expenditures are contributed to this project during this planning period.

Supportive Housing Program

Supportive Housing is a competitive grant program to which the City, non-profits, and community mental health associations may apply for funds to promote the development of supportive housing and services. Grants are made for operating costs up to 75% for the first two years and 50% for the next three years. Recipients must match funds requested for acquisition and rehabilitation activities with an equal amount from other non-federal sources.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by the City General Fund.

Family Self Sufficiency Program

This program provides an opportunity for Section 8 participants to move to financial independence and eventually into homeownership. The program is administered by the San Bernardino County Housing Authority and involves individualized counseling, career planning, education, and work experience.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by the San Bernardino County Housing Authority.

Energy Weatherization Program/Energy Conservation Program

This program provides weatherization and energy conservation assistance to eligible low-income residents and processes applications for the Home Energy Assistance Program (HEAP).

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by Community Service Block Grants.

Expedited Permit Processing for Affordable and Senior Housing

To mitigate the entitlement costs involved with developing affordable housing, the City allows priority development review processing for low and moderate income housing applications, as well as housing for the elderly. The City also reduces fees through the Infill Housing Program described under Strategy 4.

No Agency expenditures are contributed to this project during this planning period. Project funding will be provided by the City General Fund.

Housing Fund Expenditures 1999/00 through 2003/04

Section 33490 (a)(C)(iv) requires agencies to report the amounts of Housing Fund dollars utilized to assist affordable units over the previous Implementation Plan Period (prior 5 year period). Department of Housing and Business Development staff have identified Housing Fund dollars expended on affordable housing projects since 1998. The following Table 12 details the Housing Funds spend during this period. Please refer back to Table 3 for a break down of restricted units by income group and their term of restriction.

TABLE 12
FONTANA REDEVELOPMENT AGENCY
EXPENDITURES OF HOUSING SET-ASIDE FUNDS
Funding Source
(Total Expenditures for projects)

Yr	Housing Project /1	Total Dollars	Low/Mod Set- Aside	HOME Program	Housing Authority	Capital Reinvest.
1998	16930 Reed Street	160,349.00	45,814.00	114,535.00		
	16966 Reed Street	286,326.40	114,530.56	** 171,795.84		
	16976 Reed Street	281,669.67	112,667.87	** 169,001.80		
	16200 Whittram Court	309,529.86	123,811.94	** 185,717.92		
	16210 Whittram Court	215,620.73	86,248.29	** 129,372.44		
	9205 Date Street	191,597.85	191,597.85			
	Subtotal	1,445,093.51	674,670.51	770,423.00	-	-
1999	8361 Nuevo (& 8375 Nuevo)	707,872.61			707,872.61	**
	16947 Reed Street	328,753.96	131,501.59	197,252.37		**
	16955 Reed Street	264,604.66	105,841.87	158,762.79		**
	Subtotal	1,301,231.23	237,343.46	356,015.16	707,872.61	-
2000	16120 Whittram Court	302,534.07	59,776.61	*	242,757.46	
	16130 Whittram Court	304,602.53	58,474.03	*	246,128.50	
	Subtotal	607,136.60	118,250.64	-	488,885.96	-
2001	Hillcrest Apts-8015 Citrus	1,000,000.00	450,000.00	550,000.00		
	Subtotal	1,000,000.00	450,000.00	550,000.00	-	-
2002	Village @ Sierra (Phase I)	4,053,587.76	174,034.31		3,876,854.64	*** 2,698.81
	Option House-Olive St	-				
	Subtotal	4,053,587.76	174,034.31	-	3,876,854.64	2,698.81
2003	Fountains @ Sierra (Phase II)	3,275,348.21	2,558,298.05	*** 701,619.34	15,430.82	
	Subtotal	3,275,348.21	2,558,298.05	701,619.34	15,430.82	-
2004	Gardens @ Sierra (Phase III)	10,187,940.62	8,999,689.24	***	1,188,251.38	
	Citrus Grove-8845 Citrus	2,511,708.07	2,511,404.07	***	304.00	
	16150 Whittram	335,449.38	335,449.38			
	16160 Whittram	423,153.24		382,826.99	40,326.25	
	16170 Whittram	528,355.61		524,093.47	4,262.14	
	Subtotal	13,986,606.92	11,846,542.69	906,920.46	1,233,143.77	-
GRAND TOTALS		25,669,004.23	16,059,139.66	3,284,977.96	6,322,187.80	2,698.81
<i>Total 20% Set-Aside Funds</i>		<i>22,381,327.46</i>	<i>16,059,139.66</i>		<i>6,322,187.80</i>	
1/ For details on number of units and affordability level see Table 3						
* Rental Expenses						
** Via U.S.E.						
*** Include GAP Loans						
Report includes all available expenditures found July 1, 1997 through June 30, 2004						

Housing Element Consistency

As this Housing Compliance Plan focuses on providing affordable housing for lower income households who are generally the most difficult segment of the community to house, it is clearly consistent with the Housing Element's goal of providing a wide range of housing units by location, type and price to meet the existing and future needs of Fontana residents. Both this Housing Compliance Plan and the Housing Element of Fontana state there is a definite need to assure an adequate supply of housing for the lower income segments of the community.

Like the Housing Element, this Housing Compliance Plan emphasized the need to provide incentives to developers in order to increase the supply of affordable housing units in the Project Area and citywide. Some of these incentives include paying all or part of development fees, paying for off-site improvements, working to speed up the permit process, and subsidizing mortgage interest rates. The Housing Compliance Plan is also consistent with the Housing Element regarding what revenue sources would be available to subsidize affordable housing projects. Both made it clear that all viable revenue sources need to be utilized to assist with alleviating affordable housing problems in the City.

A major focal point of the goals, policies and objectives of the Housing Element is to provide housing for all economic segments of the City, especially lower income families. Because the major goal of this Housing Compliance Plan is also to provide affordable housing for these lower income households, and the proposed plans and programs for improving the supply of affordable housing in the City presented in this Housing Compliance Plan are similar to plans and policies of the Housing Element, there is clearly a high degree of consistency between the Housing Compliance Plan and the Housing Element.