

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Planning and Community Development

BOARD AGENDA # \*D-1

Urgent  Routine

AGENDA DATE January 31, 2012

CEO Concurs with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

SUBJECT:

Approval to Authorize Stanislaus County as the Successor Housing Agency to the Stanislaus County Redevelopment Agency and other Related Actions

STAFF RECOMMENDATIONS:

1. Authorize Stanislaus County to serve as the Successor Housing Agency to the Stanislaus County Redevelopment Agency.
2. Direct the Chief Executive Office, County Counsel, Director of Planning and Community Development, and Auditor-Controller to take all steps necessary to serve as the Successor Housing Agency staff pursuant to the Redevelopment Dissolution Act (ABx1 26) and the California Supreme Court decision in the California Redevelopment Association v. Matosantos case, published on December 29, 2011.

(Continued on page 2)

FISCAL IMPACT:

Pursuant to the Redevelopment Agency Dissolution Act (AB1x 26), a Successor Housing Agency will retain the housing assets and functions previously performed by the redevelopment agency. Stanislaus County, as the RDA's Sponsoring Community, may elect to serve as the Successor Housing Agency. The Successor Housing Agency has all rights, powers, duties, liabilities, and obligations, excluding any unencumbered amounts on deposit in the LMI Housing Fund. The Successor Housing Agency will

(Continued on page 2)

BOARD ACTION AS FOLLOWS:

No. 2012-044

On motion of Supervisor Withdraw, Seconded by Supervisor De Martini  
and approved by the following vote,

Ayes: Supervisors: Chiesa, Withrow, Monteith, De Martini, and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

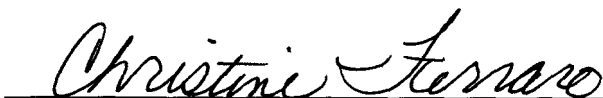
1) X Approved as recommended

2)        Denied

3)        Approved as amended

4)        Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

**STAFF RECOMMENDATIONS: (Continued)**

3. Authorize the County Auditor-Controller to take all steps necessary to establish two (2) new interest bearing trust fund accounts for the Successor Housing Agency and the Successor Agency of the Stanislaus County Redevelopment Agency (RDA). The Successor Agency account shall serve as the "Redevelopment Obligation Retirement Fund" as required to be established by the Dissolution Act.
4. Reserve the right, in the event of future legislation or litigation, to modify, rescind, or alter this action, in whole or in part, or to take further action as may be required or desired to address such legislation or litigation.

**FISCAL IMPACT: (Continued)**

receive the RDA's current LMI Housing Fund cash balance of approximately \$7,722,900 and, as an "enforceable obligation," a yearly housing set-aside payment of approximately \$386,149 to continue providing affordable housing programs.

If Stanislaus County serves as the Successor Housing Agency, it may recover the administrative costs of operating both the Successor and Successor Housing Agencies through the administrative cost allowance provided as part of the Dissolution Act. The Successor Housing Agency will also be able to utilize ten percent (10%) of the LMI Housing cash balance and ten percent (10%) of the yearly housing set-aside payments to cover administrative costs with no cost to the General Fund.

**DISCUSSION:**

On December 29, 2011, the California Supreme Court delivered its decision in the *California Redevelopment Association v. Matosantos* case, finding the "Redevelopment Agency Dissolution Act" (ABx1 26) constitutional and the "Alternative Redevelopment Program Act" (AB 27 x1) unconstitutional. The Court's decision means that all Redevelopment Agencies in the State, including the Stanislaus County Redevelopment Agency (RDA), will be dissolved under the Dissolution Act as of February 1, 2012, and none will have the opportunity to opt into continued existence under the Alternative Redevelopment Program Act.

Under the Dissolution Act, Stanislaus County, as the RDA's Sponsoring Community, is the Successor Agency unless it elects not to serve as the successor, and may elect to serve as the RDA's Successor Housing Agency. On January 10, 2012, Stanislaus County elected to serve as the RDA's Successor Agency; however, no determination was made at that time regarding whether the County would become the Successor Housing Agency. The role of the Successor Agency is essentially to oversee the winding-up of the former RDA, by making payments pursuant to the Recognized Obligation Schedule, and disposing of the RDA's assets, as directed by the Oversight Board. The Successor Housing Agency, on the other hand, assumes the former RDA's housing functions and takes over the RDA's housing assets and obligations.

Approval to Authorize Stanislaus County as the Successor Housing Agency to the Stanislaus County Redevelopment Agency and other Related Actions

Page 3

The Successor Housing Agency has all the rights, powers, liabilities, duties, and obligations, excluding any unencumbered amounts on deposit in the Low and Moderate Income (LMI) Housing Fund. If Stanislaus County does not elect to serve as the RDA's Successor Housing Agency, the Housing Authority of Stanislaus County will assume this role. While there is no specific date set forth in the Dissolution Act for electing to serve as the Successor Housing Agency, if the County does not elect to serve as the successor, the Housing Authority of Stanislaus County will automatically become the Successor Housing Agency on February 1, 2012, when the RDA dissolves.

The following is an overview of the assets and encumbered LMI Housing Funds to be transferred to the Housing Successor Agency under the Dissolution Act:

- One (1) .23 acre residential parcel acquired by the RDA in 2005 through foreclosure (7624 Monterey Avenue). The RDA provided LMI Housing Funds to rehabilitate the property, which was later destroyed by fire. The property is currently subject to an "Option to Purchase" agreement between the RDA and the Monterey Park Tract Community Service District to allow for construction of a water well/water storage tank site. The title to the property is held by Stanislaus County. The Successor Housing Agency will have the ability to renegotiate the "Option to Purchase" agreement, if needed for the preservation of affordable housing.
- The entire cash balance, approximately \$7,722,900. of the RDA's LMI Housing Fund. Historically, the RDA has pledged the LMI Housing Fund as permanent programmatic match funding to leverage funding from several sources including, but not limited to, the Federal Home Investment Partnership Program (HOME) and Community Development Block Grant (CDBG) programs in order to provide housing rehabilitation and first time home buyer loans to qualified participants. The balance of the LMI Housing Fund includes both pledged funds and program income from repaid loans. These funds must be maintained within a programmatic reuse account in order to meet match requirements as mandated by both Federal and State government. Failure to retain the cash balance of the LMI Housing Funds for affordable housing use within unincorporated Stanislaus County may trigger repayment to Federal and State funding sources for the loss of claimed match funding. Stanislaus County would be the liable entity for repayment of claimed match funding.
  - California Redevelopment Laws (CRL) requires that redevelopment agencies deposit twenty percent (20%) of their annual gross income into the LMI Housing Fund; however, the RDA as always deposited twenty-five percent (25%) in accordance with a 1991 agreement entered into between the RDA and California Rural Legal Assistance (CRLA). (See Attachment 1)

The 1991 CRLA agreement requires that the RDA set aside and expend at least twenty-five percent (25%) of the gross tax increment revenue generated from property within the project area to increase, improve and

Approval to Authorize Stanislaus County as the Successor Housing Agency to the Stanislaus County Redevelopment Agency and other Related Actions

Page 4

expand the supply of housing available at affordable housing cost to persons and families of very low, low, and moderate income, in conformity with the agreement..

The 1991 agreement meets the Dissolution Act's definition of an "enforceable obligation," which includes any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy. Failure to retain the cash balance of the LMI Housing Fund would violate the 1991 agreement.

The Dissolution Act also requires the Successor Agency to list the enforceable obligations of the RDA, including amounts owed to the RDA's LMI Housing Fund, on the Enforceable Obligation Payment Schedule (EOPS) approved by the RDA and the Recognized Obligation Payment Schedule (ROPS) to be approved by the Successor Agency's Oversight Board. After dissolution on February 1, 2012, a Successor Agency is only permitted to make payments listed on the approved EOPS or ROPS. The RDA approved an EOPS on August 23, 2011, and is proposing approval of an amended EOPS on January 31, 2012 -- the same date this item is being considered. The information on the approved amended EOPS will eventually be delivered to the Successor Agency for approval as a ROPS by the Oversight Board. The EOPS includes the following "enforceable obligations" related to the LMI Housing Fund:

- Five percent (5%) Housing Set-Aside Funds, pursuant to the 1991 CLRA Agreement – In accordance with the 1991 CLRA agreement, the Successor Agency is obligated to continue paying the LMI Housing Fund 5% of the gross tax increment that would have been generated by the former RDA until the RDA's Project No. 1 time limit on effectiveness is reached in June of 2032. Staff estimates that the five percent (5%) for Fiscal Year 2011-2012 will be approximately \$386,145.
- Bret-Harte Sewer Loan. The outstanding balance of the loan, related to the RDA's housing functions and paid for using LMI Housing Funds, is approximately \$817,586. The loan was provided by the California State Water Control Board for a sewer infrastructure project.
- California Housing Finance Agency (CalHFA) Loan. The outstanding balance of this loan, related to the RDA's housing functions and paid for using LMI Housing Funds, is approximately \$731,250. The loan funds were used to provide first time home buyer down payment assistance.
- Housing Authority Contract. The outstanding balance of the contract is \$177,113. The contract is for housing rehabilitation services provided by the Housing Authority on behalf of the RDA. Payment will be made on a reimbursement basis as required by the contract.

Housing related “enforceable obligations” reflected on the EOPS will continue to be paid by the Successor Agency, either to the Successor Housing Agency or directly to the payee of the obligation, from new property tax increment that would have been generated by the former RDA.

#### *Administrative Costs*

The Dissolution Act provides the Successor Agency an administrative cost allowance. The allowance is a minimum of \$250,000, up to a maximum percentage based on the property tax allocated to the Successor Agency for Fiscal Year 2011-2012, and property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the Successor Agency for each year thereafter. The maximum percentage is five percent (5%) for Fiscal Year 2011-2012, and three percent (3%) for Fiscal Year 2012-2013 and beyond. While the administrative cost allowance is specific to the Successor Agency, it is the opinion of the RDA’s legal counsel that as both the Successor Agency and the Successor Housing Agency, Stanislaus County may recover administrative costs associated with the operation of both agencies from the administrative cost allowance provided under the Dissolution Act. The cost recovery for both agencies is, however, subject to approval by the Successor Agency’s Oversight Board. The property tax allocation is different from the gross tax increment previously received by the RDA and the exact definition seems to still be under debate. At a minimum, the Successor Agency will receive up to \$250,000 to cover administrative costs.

If the Oversight Board determines not to allow the costs of operating the Successor Housing Agency to be recovered, the Agency may use up to ten percent (10%) of the LMI Housing Fund cash balance and future Housing Set-Aside Funds under the 1991 CLRA Agreement to fund administrative costs. The ten percent (10%) is the administrative cap established by the agreement. The available administrative funding based on the current cash balance is approximately \$772,290. Based on Fiscal Year 2010-2011 gross tax increment receipts, ten percent (10%) of the five percent (5%) set-aside amount would be \$386,145.

The RDA’s housing program has always operated as part of the Stanislaus County’s overall housing program, with RDA funds being used independently and as match funds. Stanislaus County is and will continue to be responsible for the on-going monitoring of RDA assisted units and the enforcement of affordability covenants resulting from participation in the housing program, since RDA funds have been used programmatically as part of the County’s housing program. With the availability of funding to cover administrative costs, serving as the Successor Housing Agency will not have a negative financial impact on Stanislaus County and will allow Stanislaus County to oversee the continued use of the LMI Housing Fund cash balance and future housing set-aside funds, including use of the funds to leverage other funding sources.

If for some reason the Oversight Board or the State of California determines that the cash balance of the LMI Housing Fund is not an asset to be transferred to the Successor Housing Agency and that the 1991 CLRA Agreement is not an “enforceable

obligation," the only housing functions to be overseen by the Successor Housing Agency would be the monitoring of affordability covenants; which the Dissolution Act states the Successor "may" undertake. As discussed earlier, Stanislaus County, even if it elects not to serve as the Successor Housing Agency, has some responsibility to continue monitoring RDA covenants as part of its housing program, and alternative funding sources, such as HOME and CDBG funds, are available to cover monitoring costs. Long term HOME funding may, however, be in jeopardy without match funds as provided by the RDA, as CDBG administrative fees are already being maximized.

Finally, various pieces of new legislation have been introduced in response to the Supreme Court's decision in *California Redevelopment Association v. Matosantos*, which may allow certain limited functions of redevelopment agencies to continue. In the event that such legislation results in modifications to the requirements of ABx1 26, or in the event of future litigation, further action may be required or desired of the County, as the Successor Agency and the Successor Housing Agency. Staff recommends that the Board reserve the right, in the event of future legislation or litigation, to modify, rescind, or alter this action in whole or in part.

#### **POLICY ISSUES:**

Staff's recommendations are a direct result of the Redevelopment Agency Dissolution Act (ABx1 26) and the California Supreme Court decision in the *California Redevelopment Association v. Matosantos* case issued on December 29, 2011. The Stanislaus County RDA historically has supported the Board Priorities of striving for A Healthy Community, A Well Planned Infrastructure System, and Effective Partnerships. The State's recent actions have eliminated local governments' ability to use redevelopment as a tool in eliminating blight from a designated area, and to achieve desired development, reconstruction, and rehabilitation including but not limited to: residential, commercial, industrial and retail. Electing to serve as the RDA's Successor Housing Agency will allow Stanislaus County to continue meeting the affordable housing needs of the unincorporated communities.

#### **STAFFING IMPACT:**

There are no staffing impacts associated with this item. Existing staff from the Chief Executive Office, County Counsel, and Planning and Community Development Department will implement the succession actions as required.

#### **CONTACT PERSON:**

Kirk Ford, Planning and Community Development Director. Telephone: (209) 525-6330

#### **ATTACHMENTS:**

1. 1991 CLRA Agreement

THE BOARD SUPERVISORS OF THE COUNTY OF SANISLAUS  
ACTION AGENDA SUMMARY

23

DEPT: Planning/Redevelopment  
Urgent \_\_\_\_\_ Routine X

BOARD AGENDA # 9:30 a.m. -\*VI-A  
AGENDA DATE November 5, 1991

CAO Concurs with Recommendation YES \_\_\_\_\_ NO \_\_\_\_\_  
(Information Attached)

4/5 Vote Required YES \_\_\_\_\_ NO \_\_\_\_\_

SUBJECT: AGREEMENT BETWEEN AGENCY AND CALIFORNIA RURAL LEGAL ASSISTANCE

STAFF  
RECOMMEN-  
DATIONS:

1. APPROVE AGREEMENT AND DIRECT AGENCY CHAIR TO SIGN SAME.

FISCAL  
IMPACT: None.

BOARD ACTION

No. 91-1517

On motion of Supervisor Paul, Seconded by Supervisor Caruso  
and approved by the following vote,

Ayes: Supervisors: Paul, Starn, Blom, Caruso and Chairman Simon

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

Motion:

ATTEST: CLAUDIA KRAUSNICK, Clerk By: Patricia A. Minton File No. M-54-C-23  
ATTACHMENT 1 1010-08

PAGE 2

SUBJECT: AGREEMENT BETWEEN AGENCY AND CALIFORNIA RURAL LEGAL ASSISTANCE

DISCUSSION: Prior to the adoption of the Stanislaus County Redevelopment Plan, the California Rural Legal Assistance (CRLA) became active in the redevelopment process as representatives of residents within the Project Area. The CRLA is concerned about the impact of the Plan upon the availability and supply of low and moderate income housing within the Plan's boundary. Therefore, this agreement (Exhibit A) has been prepared to mitigate the concerns of the CRLA. Below are the main points of the Agreement.

1. The Agency shall prepare a Community Plan for:
  - a) Airport
  - b) Shackelford
  - c) South 7th Street
  - d) Butte-Glenn-Imperial
2. Replacement Housing and Relocation
3. Agency shall set aside and expend twenty-five percent (25%) of the gross tax increment revenue
4. Reports required by law shall be made available to CRLA
5. Affordability and Occupancy Restrictions

POLICY ISSUES: None.

STAFFING IMPACT: None.



## AGREEMENT

This Agreement is entered into this 6<sup>th</sup> day of November 1991 by and among the Stanislaus County Redevelopment Agency, a public body, corporate and politic (the "Agency"), and Roberta Northcutt, Alice Kay Ussery, Maria Pulido, Diane Moyer, Andrew Barrington, June M. Mendes, Richard A. Furr, Sr., Sylvia E. Cowan (the "Residents") (collectively, the Agency and the Residents shall be referred to as the "Parties").

WHEREAS, the Agency has adopted the Stanislaus County Redevelopment Plan No. 1 on July 9, 1991 ("Plan");

WHEREAS, redevelopment of the Project Area pursuant to the Plan may affect the availability and supply of low and moderate income housing within its boundaries;

WHEREAS, the Residents are low income residents within the Plan's boundaries;

WHEREAS, the Parties enter into this Agreement in consideration of the mutual promises and covenants contained herein and for good and valuable consideration, receipt of which is hereby acknowledged.

NOW, THEREFORE, the Parties agree as follows:

### 1. Purposes of Agreement

The purposes of this Agreement are: (i) to protect against, and to compensate for, displacement of Very Low Income, Low Income, and Moderate Income Households by Public Development Activity and Private Development Activity within the Two Subareas; (ii) to prevent homelessness due to displacement of Very Low Income Households and Low Income Households; (iii) to expand the supply of housing available within the Project Area, at Affordable Housing Cost to Very Low Income, Low Income and Moderate Income Households. The Parties agree to work cooperatively to complete plans, programs and studies to effectuate the purposes of this Agreement and to jointly develop methods, in addition to those set forth in this Agreement, to effectuate the purposes of this Agreement.

2. Definitions. Capitalized terms in this Agreement shall have the meanings set forth in Sections 2.1 to 2.22, inclusive.

2.1 "Affordable Housing Cost" shall mean Affordable Rent for a rental unit and Affordable Ownership Cost for an ownership unit.

2.2 "Affordable Rent" shall mean a monthly rent, including Utilities, equal to: (i) for a Very Low Income Household, one twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of County Median Income; (ii) for a Lower Income Household, one twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of County Median Income; and (iii) for a Moderate Income Household, one twelfth (1/12) of thirty percent (30%) of ninety percent (90%) of County Median Income.

2.3 "Affordable Ownership Cost" shall mean a monthly cost of the items listed in 25 California Code of Regulations Section 6920 equal to: (i) for a Very Low Income Household, one twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of County Median Income; (ii) for a Lower Income Household, the greater of (A) one twelfth (1/12) of thirty percent (30%) of seventy percent (70%) of County Median Income or (B) one twelfth (1/12) of thirty percent (30%) of Annual Gross Income; and (iii) for a Moderate Income Household, one twelfth (1/12) of thirty percent (30%) of ninety percent (90%) of County Median Income. For the purpose of determining whether a housing unit is available for purchase at Affordable Ownership Cost, the downpayment shall not exceed ten percent (10%) of the total purchase price.

2.4. "County Median Income" shall mean the median annual gross income, adjusted for household size, for Stanislaus County, California, as periodically published by the California Department of Housing and Community Development, and currently found at 25 California Code of Regulations Section 6932. In the event that such income determinations are no longer published by HCD, the Agency shall determine the Median Income using standards and methods reasonably similar to those standards and methods used by HCD which it last published a Median Income calculation.

2.5 "Development Activity" shall include, but is not limited to, acquisition, demolition, rehabilitation (including substantial rehabilitation) new construction, or other improvements to or clearance of real property located in any of the Two Subareas.

2.6 "Four Subareas" shall mean Subarea 5 (South Seventh Street), Subarea 6 (Shackleford Neighborhood), Subarea 9 (Airport Industrial District), and Subarea 14 (Butte/Glenn/Imperial Neighborhood), as such Subareas are described in the Report to the Board of Supervisors on the Redevelopment Plan for the Stanislaus County Redevelopment Project Area No. 1, prepared by Claire Associates, June, 1991.

2.7 "Gross Annual Income" shall mean "Gross Income" as defined in 25 California Code of Regulations Section 6914.

2.8 "Housing Unit" shall mean any housing unit, whether occupied or unoccupied, located in any of the Two Subareas, including, but not limited to, a rental unit, an ownership unit, or a Mobilehome.

2.9 "Low Income Household" shall mean a household with a Gross Annual Income which exceeds fifty percent (50%) but does not exceed eighty percent (80%) percent of County Median Income;

2.10 "Low Income Housing Unit" shall mean a rental or ownership unit which is occupied by a Low Income Household, or which is available or occupied at Affordable Housing Cost for Low Income Households.

2.11 "Mobilehome" shall have the meaning set forth in Civil Code Section 798 et seq., but also includes recreational vehicles, as defined in Civil Code Section 799.24 and Health and Safety Code Section 18010, commercial coaches as defined in Health and Safety Code Section 18001.8, or manufactured housing as defined in Health and Safety Code Section 18007, as they currently exist or are amended in the future.

2.12 "Moderate Income Household" shall mean a household with a Gross Annual Income which exceeds eighty percent (80%) does not exceed ninety percent (90%) of County Median Income.

2.13 "Moderate Income Housing Unit" shall mean a rental or ownership unit which is occupied by a Moderate Income Household, or which is available or occupied at Affordable Housing Cost for Moderate Income Households.

2.14 "Plan" shall mean the Redevelopment Plan for Stanislaus County Redevelopment Project Area No. 1.

2.15 "Project Area" shall mean the Redevelopment Project Area covered by the Redevelopment Plan for the Stanislaus County Redevelopment Project No. 1.

2.16 "Private Development Activity" shall mean any Development Activity, as defined in Section 2.5, carried out without assistance or involvement of a Public Entity. The involvement of a Public Entity in Development Activity in its capacity as a permitting authority only shall not constitute assistance or involvement within the meaning of this Section 2.16.

2.17 "Public Development Activity" is defined as any Development Activity carried out or financially assisted by any Public Entity within the Project Area. The involvement of a Public Entity in Development Activity in its capacity as a permitting authority only shall not constitute Public Development

undertaken pursuant to an agreement with the Agency shall constitute Public Development Activity.

2.18 "Public Entity" is defined as set forth in Health and Safety Code Section 50079, but also includes any agency of the United States.

2.19 "Replacement Dwelling Unit" shall mean a housing unit which is: (i) decent, safe, sanitary, with a quality of construction conforming to current building codes, and containing at least as many rooms and as much living space as the unit being replaced; (ii) is located in an area not subjected to unreasonably adverse environmental conditions from either natural or personmade sources; (iii) not generally less desirable than the unit being replaced with respect to public utilities, public and commercial facilities and neighborhood conditions, including schools and municipal services; (iv) reasonably accessible to the present or potential places of employment of the members of the displaced household; and (v) available for occupancy at Affordable Housing Cost.

2.20 "Two Subareas" shall mean Subarea 5 (South Seventh Street) and Subarea 9 (Airport Industrial District) as such Subareas are described in the Report to the Board of Supervisors on the Redevelopment Plan for the Stanislaus County Redevelopment Project Area No. 1, prepared by Claire Associates, June, 1991.

2.21 "Very Low Income Household" shall mean shall mean a household with a Gross Annual Income which does not exceed fifty percent (50%) of County Median Income.

2.22 "Very Low Income Housing Unit" shall mean a rental or ownership unit occupied by a Very Low Income Household, or which is available or occupied at Affordable Housing Cost for Very Low Income Households.

### 3. Specific Community Plans for the Four Subareas.

3.1 No later than eighteen (18) months from the date that this Agreement is executed, the Agency shall prepare a Community Plan for each of the Four Subareas. The Community Plan shall include at least the following items:

(a) a descriptive list of activities to be undertaken by the Agency during the term of the Plan, including an estimate of the cost of such activity and an identification of the source of funds for such activity;

(b) a list of the priority for expenditure of Agency funds on each activity;

(c) a projected timetable for commencement and completion of each activity; and

(d) an analysis of the housing needs for Very Low Income Households and Low Income Households, including, but not limited to, the following:

(1) the number of Very Low Income and Low Income Households currently residing within each subarea; and

(2) the number of ownership and rental housing units available at Affordable Rent and Affordable Ownership Cost to Very Low Income Households and Low Income Households.

3.2 The Agency shall notify CRLA in writing of the Agency meetings for the formation and development of the Community Plans of the Four Subareas at least sixty (60) days prior to each meeting ("Notice");

3.3 Agency shall provide CRLA with a draft Community Plan as soon as such Plan is available for public review, but in any event no later than sixty (60) days prior to adoption of the Community Plan. Agency shall also make copies of the draft Community Plan available for public review and shall provide a copy of the draft Community Plan to any person who requests a copy in writing for a fee which is limited to the cost of photocopying.

3.4 CRLA may make written comments, objections, and recommendations to the Agency on the draft Community Plan within fifteen (15) days of CRLA's receipt of the draft Community Plan.

3.5 Agency shall respond in writing to each of CRLA's written comments, objections, and recommendations within fifteen (15) days of their receipt by Agency; and

3.6 Agency shall prepare in English accurate and detailed summaries of the draft Community Plans for each of the Four Subareas. In addition, Agency shall prepare and make available these summaries translated into Spanish, Cambodian, Laotian, Hmong and any other language necessary to adequately give a majority of the property owner and residents a reasonable opportunity to review the specific community plan affecting their sub-area. The English versions of the summaries shall each contain a statement in Spanish, Cambodian, Laotian, Hmong and any other language necessary to adequately give a majority of the property owner and residents of the Subarea notice that a summary in that language is available for review at the office of the Agency. No later than sixty (60) days prior to adopting such Community Plan, Agency shall mail such a copy of the English version of the summaries to all property owners and residents within the Subarea for which the Community Plan is prepared.

3.7 Agency shall not adopt any Community Plan unless the Agency has complied with all the provisions of Sections 3.1 through 3.5, inclusive, of this Agreement. Prior to adoption of the Community Plans for the Two Subareas, Agency and County shall not grant a land use plan amendment, zoning change, or permit for any Development Activity which would likely result in the displacement of Very Low Income Households or Low Income Households from either of the Two Subareas. Prior to the adoption of the Community Plans, Agency shall not undertake any redevelopment activities in the Four Subareas except for the following activities: construction, installation and hook-up of sewer lines in the Butte/Glen/Imperial subarea.

4. Modification of Plan. The Agency may not initiate and pursue to completion an amendment or otherwise modification of the Plan without first giving notice to CRLA of the proposed changes. Such notice must include, but not be limited to, a description of the proposed changes, an evaluation of the effects such changes will have upon the availability of Very Low Income, Low Income and Moderate Income Housing Units, and an assessment of the effects such changes will have upon the displacement of all persons or families within the Project Area. Such notice shall be provided to CRLA no later than ninety (90) days prior to adoption of such amendment, or at an earlier time if mandated by any provision of law.

5. Replacement Housing and Relocation.

5.1 For each Low Income Housing Unit or Very Low Income Housing Unit which is destroyed or removed within the Two Subareas by either Public or Private Development Activity, Agency agrees to provide, or cause to be provided, a Replacement Dwelling Unit. Such Replacement Dwelling Unit shall be made available no later than thirty (30) days prior to the displacement for occupancy by the household displaced at Affordable Housing Cost, or, in the event that the household displaced either chooses to occupy other housing, or is not a Low Income Household or a Very Low Income Household, by another Low Income Household or a Very Low Income Household at Affordable Housing Cost.

5.2 For every household displaced by Public Development Activity or Private Development Activity within the two Subareas, the Agency agrees to provide, or cause to be provided, relocation assistance payments in the amount stated in Government Code Section 7260 et seq. and the regulations implementing those provisions. Eligibility for relocation assistance shall be determined according to the provisions of Government Code Sections 7260 et seq., and the regulations implementing those provisions, except that the definition of "Displaced Person" contained in 25 Code of California Regulations section 6008, or any successor provision, shall be modified to

include Low Income Households and Very Low Income Households displaced as a result of Private Development Activity. The Low Income Households and Very Low Income Households which are owners of mobilehomes and rent space in mobilehome parks, and who are displaced as a result of Private Development Activity or Public Development Activity, shall be eligible for the relocation assistance specified under both Government Code Section 7263 and Government Code Section 7264.

5.3 Whenever an application is filed with Agency or Stanislaus County (the "County") for approval of Development Activity within the Two Subareas subject to a public hearing which would cause any Low Income Housing Unit or Very Low Income Housing Unit to be destroyed, rendered uninhabitable, or otherwise removed from the housing supply, the applicant shall be required at the time of filing such application to provide a list of names and addresses of the occupants of such housing units. At the time notice is given of the public hearing, the Agency, shall inform CRLA and the occupants in writing, of the proposed project and the time, date, and place of the hearing. The notice shall summarize the relocation rights of the occupants and shall provide the name, address and telephone number of the person to contact to answer questions or provide assistance regarding relocation eligibility requirements and procedures. Notices shall be in English, Spanish, Cambodian, Laotian, Hmong and in any other language determined necessary to adequately give notice to a majority of the occupants.

5.4 Whenever an application is filed with Agency or the County for approval of Development Activity within the Two Subareas not subject to a public hearing which would cause any Low Income Housing Unit or Very Low Income Housing Unit to be destroyed, rendered uninhabitable or otherwise removed from the housing supply, the applicant shall be required at the time of filing such application to provide a list of names and addresses of the occupants of such housing. No such Development Activity shall be approved unless the permitting authority, has given the notice required in Section 5.3 above (excluding the information concerning the date, time and place of a public hearing) no later than sixty (60) days prior to the date of approval.

## 6. Housing Set Aside

6.1 The Agency shall set aside, deposit into the Agency's Low and Moderate Income Housing Fund, and expend to increase, improve and expand the supply of housing available at Affordable Housing Cost to persons and families of very low, low and moderate income, and in conformity with this Agreement, at least twenty-five percent (25%) of the Gross Tax Increment Revenue generated from property within the Project Area (the "Housing Set-Aside"). For the purpose of calculating the Housing Set-Aside pursuant to this Section 6.1, Gross Tax Increment

Revenue shall mean all revenue allocated to the Agency pursuant to Health and Safety Code Section 33670 and shall include any such revenue paid to any taxing agency pursuant to Health and Safety Code Section 33401, whether paid by the Agency or by another public entity.

6.2 In the aggregate, the Housing Set-Aside shall be spent to improve and expand the supply of housing available at Affordable Rent or Affordable Ownership Cost for each of the following income groups in the following proportions: No less than 40% for units to be occupied by Low Income Households at Affordable Rent or Affordable Ownership Cost; and no less than 40% for units to be occupied by Very Low Income Households at Affordable Rent or Affordable Ownership Cost; provided, however, that if the targeting of Housing Set-Aside expenditure required by Health and Safety Code Section 33334.4 requires a greater percentage for Very Low Income Housing Units, or for Low Income Housing Units, such greater percentage shall apply.

6.3 The Agency shall use seventy-five percent (75%) of the Housing Set Aside to increase the net supply of housing units available at Affordable Rent or Affordable Housing Cost to Low Income Households and Very Low Income Households. The Agency shall not use the Housing Set-Aside to provide Replacement Dwelling Units or Relocation Assistance. The Agency shall use no more than ten percent (10%) of the Housing Set-Aside for expenditures authorized by Health and Safety Code Section 33334.2(e)(8). The Agency shall not use the Housing Set-Aside to pay for administrative or development fees to the County associated with the development of housing by any person or entity.

## 7. Reports.

7.1 Beginning on April 15, 1992, and continuing on every April 15 thereafter during the term of the Plan, Agency shall provide to CRLA a copy of all reports required by law for the preceding Agency fiscal year, including, but not limited to, the reports required by Health and Safety Code Section 33080.4 and 33418, and a statement of the estimated amount of funds to be placed in the Housing Set-Aside analyzed by the projected amount of expenditures to benefit Very Low Income Households, to benefit Low Income Households and to benefit Moderate Income Households during the five year period to be covered by the County Housing Element.

7.2 The report required of Agency by Health and Safety Code Section 33080.4 pertaining to a description of Agency's activities affecting housing and displacement, shall include the same information specified in Section 33080.4 for the housing and displacement activities resulting from Private Development Activity within all subareas.



8. Affordability and Occupancy Restrictions

8.1 Where Agency is required under Health and Safety code Section 33413 or Section 33334.3(e), this Agreement, or any other provision of law to restrict occupancy of housing to persons or families of very low, low or moderate income, as those terms are defined pursuant to Health and Safety Code section 50093, Agency shall ensure by deed, deed of trust, contract, declaration of restrictive covenants, condition of approval, or other appropriate restrictions that all such housing units will remain available for occupancy by persons or families within these respective income groups at the applicable affordable housing cost level for the longest feasible time, but in any event not less than forty (40) years. Agency shall verify compliance with these restrictions as required by Health and Safety Code Section 33418.

9. Effect of Agreement.

9.1 This Agreement is intended to impose upon the Agency obligations which exceed the minimum currently required by law. This Agreement shall not exempt the Agency from complying with any requirements of federal or California laws with respect to housing for persons and families with very low, low and moderate incomes that are imposed by existing law or any law hereafter enacted. This Agreement shall not exempt the Agency from complying with any requirements of federal or California laws with respect to mobilehome, mobilehome parks, recreational vehicles, commercial coaches or manufactured homes that are imposed by existing law or any law hereinafter enacted.

10. Mobilehomes.

10.1 Except as otherwise provided in this Agreement, any and all provisions, including, but not limited to those provisions providing for replacement housing and relocation, relating to rental or owner-occupied dwellings within the Project Area shall also appertain to rental or owner-occupied mobilehomes.

11. Annexation or Incorporation.

11.1 In the event that any portion of the Project Area is annexed to a city or a county other than the County, or is separately incorporated, the obligations of the Agency pursuant to this Agreement shall continue in full force and effect unless (i) the annexing or incorporating entity agrees to assume and assumes in writing all obligations of the Agency pursuant to this Agreement for the area being incorporated and annexed, and (ii) the Agency and the annexing or incorporating entity demonstrates, to the reasonable satisfaction of CRLA or other counsel for any of the Residents, that the annexing or incorporating entity is

capable, both financially and administratively, of meeting the obligations to be assumed:

12. Miscellaneous.

12.1 Enforceability. This Agreement may be enforced by any property owner or resident of any of the Four Subareas.

12.2 Consideration. The consideration for the obligations and covenants of Agency contained in this Agreement is the agreement by the Residents to release their claims against the Agency contesting the validity of the adoption of the Plan and the adequacy of the Environmental Impact Report on the Plan. The Agency acknowledges that this is good and sufficient consideration for each and every obligation and covenant of the Agency contained in this Agreement.

12.3 Benefit and Burden. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective representatives, agents, employees, servants, successors and assign.

12.4 Waiver and Amendment. No breach of any provision of this Agreement can be waived unless in writing. Waiver of one breach shall not be deemed to be a waiver of any other breach of the same or any other provision hereof. This Agreement may be amended only by a written agreement executed by the Parties in interest at the time of the modification.

12.5 Counterparts. This Agreement may be executed in counterparts by the Parties and will become effective and binding upon the Parties at such time as all of the signatories have signed a counterpart of this Agreement. All counterparts so executed shall constitute one agreement binding on all Parties notwithstanding that all Parties are not signatory to the original or the same counterpart. Each of the Parties shall sign a sufficient number of counterparts so that each Party will receive a fully executed original of this Agreement.

12.6 Caption and Interpretation. Paragraph titles or captions are inserted as a matter of convenience and for references, and in no way define, limit, extend or describe the scope of this Agreement or any provision hereof. No provision in this agreement is to be interpreted for or against any Part because that Party of his legal representative drafted such provision. This Agreement shall be deemed mutually drafted by the Parties.

12.7 Entire Agreement. This Agreement constitutes the entire Agreement between the Parties pertaining to the subject matter hereof, and may be modified only by written agreement by

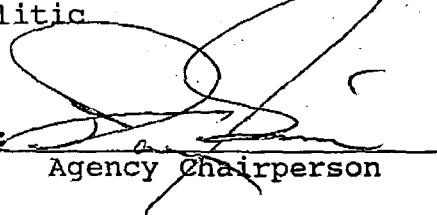
all Parties. This Agreement supersedes and replaces all prior negotiations and agreements, written or oral, proposed or final.

12.8 Further Assurances. The Parties hereby agree to execute such other documents or to take such other action as may reasonably be necessary to effectuate the purposes of this Agreement.

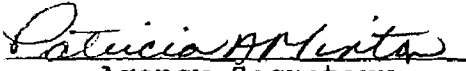
12.9 Voluntary Agreement. Each Party represents and declares that they have carefully read this Agreement and know the contents thereof and they signed the same freely and voluntarily. No party has relied upon any statement, representation or promise or any other party or of any of the attorneys or any other representative of the other Parties in executing this Agreement or making this settlement provided for herein, except for such representations as are expressing set forth in this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

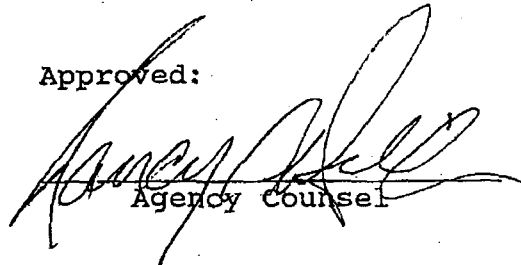
THE STANISLAUS COUNTY  
REDEVELOPMENT AGENCY, a  
public body, corporate and  
politic

By:   
Agency Chairperson

Attest:

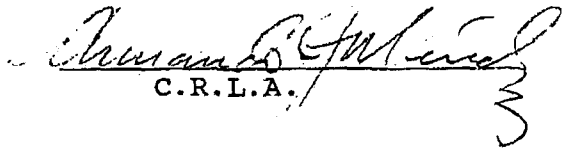
  
Agency Secretary

Approved:

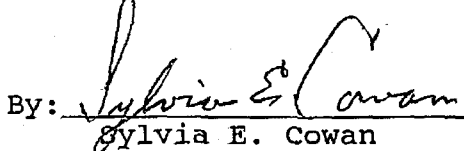
  
Agency Counsel

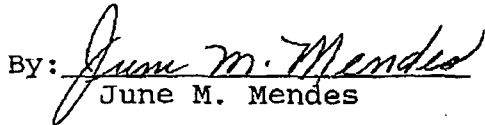
By:   
Diane Moyer

Approved:

  
C.R.L.A.

By:   
Roberta Northcutt

By:   
Sylvia E. Cowan

By:   
June M. Mendes

By:   
Andrew Barrington

By: Maria G Pulido  
Maria Pulido

By: Alice Kay Ussery  
Alice Kay Ussery

By: Richard A Furr, Sr.  
Richard A. Furr, Sr.