

**SECTION C:
UPDATED IMPLEMENTATION PLAN**

**AMENDED FIVE YEAR IMPLEMENTATION PLAN
WATERFRONT MERGER REDEVELOPMENT
PROJECT**

**CITY OF STOCKTON REDEVELOPMENT
AGENCY**

2009-10 through 2013-14

ABOUT THIS IMPLEMENTATION PLAN

In fulfillment of Article 16.5 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq., “Redevelopment Law”), the City of Stockton Redevelopment Agency (“Agency”) has prepared this implementation plan for the Waterfront Merger Redevelopment Project (“Implementation Plan”). Included in this document are the Agency’s anticipated redevelopment and affordable housing programs for fiscal year 2009-10 through fiscal year 2013-14.

The Implementation Plan document conforms to the City of Stockton’s General Plan and has been prepared according to guidelines established in the programs and goals outlined in the Housing Element of the General Plan.

ABOUT THE PROJECT AREA

The Waterfront Merger Redevelopment Project Area (“Project Area”) is located in the City of Stockton, San Joaquin County, California. The Project Area consists of the territories of three existing redevelopment project areas located in downtown Stockton and areas along the waterfront (the Rough and Ready Island Project Area, the Port Industrial Project Area, and the West End Project Area). It also includes approximately 31.92 acres of Added Area located on Navy Drive. The Merged Project Area encompasses approximately 3,420 acres, or about eight percent of the City’s total area.

West End

The West End Project Area was originally approved by the City Council in 1961 as a commercial development project. The original area encompassed nine-blocks of downtown Stockton’s most blighted properties, including Weber Point and the area around McLeod Lake.

The West End Plan has been amended several times between 1961 and 1991, including three separate amendments to expand the West End Project Area to its current 642-acre configuration that essentially comprises downtown Stockton. Today, the West End Project Area is bounded by Park Street to the north, the Union-Pacific Railroad tracks to the east, Sonora Street to the south, and Interstate 5 and Yosemite Street to the west.

Much of the recent work in the West End Project Area has focused on Stockton’s waterfront and the head of the Stockton Channel, including the Cineplex project, the Bob Hope Theatre, Dean DeCarli Plaza, Banner Island ballpark and arena, and the new Lexington Plaza at Regent Pointe.

Port Industrial

On July 10, 2001, the City Council adopted the Port Industrial Plan establishing the Port Industrial Project Area. The Port Industrial Project Area consists of approximately 1,185 acres of commercial and industrial properties currently occupied by the Port of Stockton and other private users. The Port Industrial Project Area only contains three housing units and is mainly composed of three distinct subareas. The East Complex Area contains the Port’s main facilities, ten berthing facilities for deepwater vessels, and 2.7 million square feet of warehouse facilities operated by the Port of Stockton or private tenants. The Navy Drive Area is located south of the Port’s East Complex facilities, and consists of industrial, vacant, and commercial properties. The Northern Area immediately east of the East Complex Area contains older industrial buildings in need of substantial rehabilitation.

Rough and Ready Island

On July 13, 2004, the City Council adopted the Rough and Ready Island Project Area. This project area is a former United States Navy supply depot located along the southern bank of the Stockton Deep Water Channel. The naval supply depot was closed under the Federal government’s base closure and realignment process in 1996, and ownership of the 1,561-acre island was transferred to the Port of Stockton. The Port is

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currently in process of transitioning the former base into a mix of industrial, warehousing and other Port-related uses.

Added Area

The Added Area, anticipated to be incorporated into the Project Area on June 2, 2009, is immediately adjacent to and surrounded by the Rough and Ready Island Project Area, along the southern bank of the Stockton Deep Water Channel. The Added Area consists of three parcels on Navy Drive and is approximately 31.92 acres. Two of the three Added Area parcels contain above- and under-ground storage tanks containing petroleum-related hazardous waste. The third parcel is currently undeveloped due to ongoing evidence of toxic contamination.

Inclusion of these properties into the Merged Project Area provides the Agency an opportunity to integrate the Added Area into a comprehensive redevelopment program. This will allow the agency to develop and revitalize the Added Area in a manner consistent with the existing project areas and the City of Stockton General Plan.

The Amended and Restated Waterfront Merger Redevelopment Plan (“Amended Plan”) guides long-term revitalization activities. This implementation plan focuses on specific redevelopment goals and programs for the next five years.

The table below summarizes notable Amended Plan time limits.

Time and Financial Limitations for the Constituent Project Areas of the Waterfront Merger Redevelopment Project Area								
Project Area	West End Project Area				Port Industrial	Rough & Ready Isl.	Proposed Added Area	
	No. 1	No. 2	No. 3	No. 4				
Time Limits								
Established /1	10/09/61	09/03/74	03/31/80	07/15/91	---	07/10/01	07/13/04	06/02/09
Incur Debt /2	none	none	none	none	---	07/10/21	06/30/27	06/02/29
Plan Expiration /3	01/01/12	09/03/17	03/31/23	07/15/32	---	07/10/32	06/30/37	06/02/39
Proposed New Limit	01/01/22							
Collect Tax Increment /3	01/01/22	09/03/27	03/31/33	07/15/42	---	07/10/47	06/30/52	06/02/54
Proposed New Limit	01/01/32							
Eminent Domain	01/01/09	09/03/14	03/18/15	07/15/15		07/10/13	07/13/16	06/02/21
Proposed New Limit /4	06/02/21	09/03/17	06/02/21	06/02/21		06/02/21	06/02/21	
Financial Limits								
Bond Indebtedness /5	---	---	---	---	\$450 Million	\$100 Million	None	Included
Proposed New Limit					\$900 Million	\$900 Million		
Tax Increment Revenue /6	---	---	---	---	\$565 Million	None	\$750 Million	None
Proposed New Limit					\$2.8 Billion		\$13.5 Billion	
<p>1/ Established date for the Added Area is subject to change. Any change in the established date will affect all other Time Limits for the Added Area accordingly.</p> <p>2/ West End time limit to incur debt rescinded by Ordinance No. 028-02 adopted on June 4, 2002.</p> <p>3/ West End Plan Expiration & Collect Tax Increment established pursuant to Redevelopment Law Section 33333.6 (a). West End No. 4, Port Industrial, Rough & Ready Island and Added Area Plan Expiration & Collect Tax Increment established pursuant to Redevelopment Law Section 33333.2(a). West End No. 1, No. 2, and No. 3 amended by three years pursuant to Redevelopment Law Sections 33333.6(e)(2)(C) & (D). West End No. 4 and Port Industrial amended by one year pursuant to Redevelopment Law Section 33333.6(e)(2)(C).</p> <p>4/ Eminent domain proceedings must commence within 12 years of the date of adoption of the ordinance adopting the Amended Plan, provided that any such proceeding must be no later than the Amended Plan effectiveness time limit.</p> <p>5/ Bond debt limit for Added Area included in Port Industrial Project Area total proposed new limit of \$900 million.</p> <p>6/ Tax Increment Limits not required for redevelopment areas created after January 1, 1994.</p>								

REDEVELOPMENT PLAN GOALS

The Amended Plan establishes a variety of goals for redevelopment of the Project Area; these goals frame the near-term redevelopment objectives for the Implementation Plan period. An over-arching goal for all of these programs is to maximize the use of Redevelopment funds by using them as leverage for other fund sources to the greatest extent possible.

As required by Redevelopment Law, the projects and programs listed in this Amended Plan include the goals enumerated below:

1. The elimination of adverse physical and economic conditions within the Merged Project Area that are so substantial and prevalent within the Merged Project Area that they have caused a lack of proper utilization

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of the Merged Project Area to the extent that they constitutes a serious physical and economic burden on the community.

2. The elimination or renovation of substandard buildings and those that conflict with uses proposed in the General Plan.
3. The elimination of substandard sized lots and lots of irregular shape.
4. The creation of sites of adequate shape and size for redevelopment in accordance with a unified development plan by assembling smaller parcels of inadequate size and shape.
5. The promotion of pedestrian-oriented uses and spaces, and the improvement of safe and convenient pedestrian circulation.
6. The development of a harmonious unified streetscape in commercial areas, including lighting, signage, street trees and furniture, and other design elements, consistent with the applicable design guidelines and standards.
7. The encouragement of parking consolidation and development of new parking facilities to provide adequate and convenient parking, in a manner sensitive to the rights and needs of property owners, while enhancing public access to commercial areas.
8. The improvement of pedestrian and bicycle circulation between neighborhoods and commercial districts.
9. The enhancement of traffic flow along streets serving the Merged Project Area.
10. The reduction of traffic intrusion in residential neighborhoods.
11. The minimization of commuting distances between residential concentrations and employment centers by encouraging infill development and a mix of residential densities.
12. The encouragement and provision of incentives for infill development, the prevention urban sprawl, and promotion of efficient and equitable provision of public services to ensure that Stockton's future growth will proceed in an orderly manner.
13. The development of additional adequately sized neighborhood park space, including playground equipment, to serve existing and future residents.
14. The conservation, when feasible and consistent with the accomplishment of other redevelopment goals, of historic and contributory buildings that are an important link to the area's heritage.
15. The preservation and creation of civic, cultural and educational facilities and amenities as catalysts for area revitalization.
16. The use of catalyst sites to stimulate the revitalization of the neighborhoods within the Merged Project Area.
17. The enhancement of viable commercial districts, including the attraction and retention of neighborhood serving commercial facilities (such as grocery stores and convenience goods and services stores).
18. The attraction of appropriate new businesses and the retention and expansion of existing businesses in coordination with citywide economic development programs.
19. The encouragement of commercial and mixed use commercial/housing development at locations that provide convenient neighborhood retail and services to existing and new housing areas, and that maximization of regional shopping opportunities where their economic viability can be sustained.
20. The encouragement of and assistance to new industry opportunities, and the expansion of existing industry.
21. The assistance and support of the City's phased growth based on the availability of adequate water supplies, market forces, infrastructure financing capacity, and the timing of the design, approval, and construction of water supply and transportation facilities and other infrastructure.

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22. Encouragement of small neighborhood serving commercial uses adjacent to and within residential areas where such uses are compatible with the surrounding area and mitigate any significant impacts (i.e., traffic, noise, lighting).
23. Revitalization of Central Stockton through public/private investment that considers real estate development economics, resources, and funding allocations. Promotion of both public and private sector improvements within Central Stockton.
24. Development of the Waterfront area to: a) bring people to the Waterfront; b) provide an active and integrated edge to Downtown; and c) serve as a site for landmark architecture and active open spaces.
25. Creation of a strong industrial incentive program to encourage upgrading of industrial buildings and to attract new industrial uses to the area.
26. Elimination or amelioration of constraints to development, including, without limitation, accessibility constraints that interfere with proper development by providing, as may be appropriate, street, interchange, and railroad overpass or other public improvements.
27. Elimination or amelioration of deficient or substandard public infrastructure conditions including insufficient off-street parking; deficient, undersized, or poorly located utilities; inadequate fire protection facilities; or other similar public improvement deficiencies adversely affecting the Project Area.
28. Provision of assistance, as may be appropriate, to property owners, businesses, and investors to facilitate the rehabilitation or construction of buildings.
29. Provision, as may be appropriate, of assistance to public and private development entities in the mitigation of environmental conditions that interfere with property development.
30. The creation of residential opportunities for all segments of the community, including the provision of quality affordable housing.
31. The conservation and enhancement of existing residential neighborhoods.
32. The encouragement of residential development in appropriate locations.
33. The promotion of a variety of housing types and densities throughout the City that address the housing needs of various age and socio-economic groups.
34. Encouragement of and assistance to the construction of new affordable housing.
35. Promotion of increased ownership opportunity to preserve, stabilize and enhance neighborhoods.
36. Provision of assistance homeowners to rehabilitate their homes, thereby preventing neighborhood deterioration and arresting blight.
37. Provision of assistance to developers to acquire and rehabilitate apartments to secure affordable rents, prevent neighborhood deterioration, expand the community's supply of affordable housing, and arrest blight.
38. Provision of assistance as necessary to permit existing affordable units to remain affordable and not convert to market-rate units after their covenant restricted affordability period expires.

PROPOSED REDEVELOPMENT PROGRAM

During the Implementation Plan period, the Agency intends to enhance economic development activities and programs, and in particular plans to implement a public improvements program in the Project Area. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Amended Plan goals that would be achieved.

- *Public Improvements*- Public projects listed in the Amended Plan, which are located in or serve the Project Area may be constructed or funded by the Agency during the period covered by this Implementation Plan. Improving the infrastructure in the Project Area would eliminate conditions that hinder the economically viable use of buildings or lots.

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Downtown Marina and Joan Darrah Promenade on the Stockton Waterfront- The Agency plans to expend approximately \$2 million on the installation of a marina in the downtown area including setting up sixty-six slips and guest docks (forty-eight of which are covered), amongst other improvements. In addition, the existing promenade will be refurbished, with improvements including a private restroom facility, an access road and parking lot off West Weber Avenue, and the refurbishment of an existing parking lot along Tuleburg Levee Road.

Goals Achieved: 1, 5, 6, 7, 8, 9, 10, 21, 26, & 27

Approximate Cost: \$20 million

- *Development Strategies/Business Retention and Attraction*- During the five years covered in this Implementation Plan, various strategies and programs for business retention and attraction will be implemented by the Agency in the Project Area. These strategies and programs will eliminate conditions that cause abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.

Commercial Façade Program- The Agency offers a Façade Improvement Forgivable Loan to enhance the exterior of commercial, nonresidential properties (including nonprofit groups) located within a redevelopment project area. The program includes loans of up to \$10,000 with an additional \$10,000 in matching funds for every fifty lineal street frontage. A maximum of \$100,000 allowed per project. Grant is packaged as a forgivable loan with a lien placed on the building. If property is kept free of graffiti and blight for a five-year period, the debt is forgiven and the lien is released. Up to an additional \$2,500 is available for professional architectural services. Preference will be given projects that contribute to the overall economic development and/or quality of life within targeted areas.

Goals Achieved: 17, 18, 19, 20, 22 & 28

Approximate Cost: \$5 million

Waterfront Connections- The Agency plans to expend approximately \$1 million on defining and constructing way to improve the waterfront neighborhood and downtown walking and bicycle connections to the waterfront. The Agency is working to define neighborhood centers and the connection of those centers to the waterfront.

Goals Achieved: 17, 18, 19, 20, 22 & 28

Approximate Cost: \$20 million

- *Development Assistance*- The Agency may provide financial and other assistance as authorized by the CRL and the Amended Plan to individual projects on an as needed basis, and depending on the availability of Agency funds or other resources. This assistance will aid the Agency in the elimination of buildings in which it is unsafe or unhealthy for persons to live or work, conditions that prevent or substantially hinder the viable use or capacity of buildings or lots, and abnormally high business vacancies.

Goals Achieved: 1, 2, 3, 12, 17, 18, 19, 20, 21, 23, 24, 25, 26, 28, 29, 32, 34, & 37

Approximate Cost: \$23 million

PROPOSED AFFORDABLE HOUSING PROGRAM

During the Implementation Plan period, the Agency plans to implement the following affordable housing projects and programs. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Amended Plan goals that would be achieved. The Agency proposes utilizing Housing Fund monies principally for three types of affordable housing described below.

- *Rental Rehabilitation Assistance*- The Agency plans to provide assistance to developers and/or landlords for rehabilitating existing rental housing and for converting other uses, as appropriate, to rental housing. The Agency may include deferred payment loans, selected grants, on-site improvements and other

incentives. Any assistance would only be in an amount sufficient to render the proposed rehabilitation project feasible. This assistance will aid the Agency in the elimination of buildings in which it is unsafe or unhealthy for persons to live or work.

- Villa de Amistad- The Agency is assisting in the rehabilitation of a 155-unit housing complex located at 601 East Main Street. This project will consist of the rehabilitation of 155 single-room occupancy units into 90 single-room occupancy units, providing a kitchenette and bathroom for the resident's use. The completion of this project will result in 44 additional very low income units, 0 low income units, and 1 moderate income unit.

Goals achieved: 28 & 31

Approximate Cost: \$3.2 million

- Homebuyer Assistance- The Agency proposes to assist low and moderate income homebuyers to purchase homes at an affordable cost. If rehabilitation of the unit being purchased is required, the Agency will also provide funds for rehabilitation activities, though such rehabilitation assistance would likely be funded from sources other than the Housing Fund. This program will assist the Agency in the elimination of buildings in which it is unsafe or unhealthy for persons to live or work. The completion of this project will result in 0 very low income units, 10 low income units, and 0 moderate income units.

- Goals achieved: 35 & 36

Approximate Cost: \$500,000

- New Construction Assistance- If the opportunity arises, the Agency proposes to provide assistance to nonprofit or for-profit developers for producing a variety of types of new affordable housing. Agency assistance may take a variety of forms as appropriate to the specific project, and may include grants, predevelopment loans, bridge or gap loans, construction and/or permanent financing, site assembly, land disposition and write down, loan guarantees, and development fee assistance, among others. In addition to the project described below, the Agency plans to assist in the construction of 8 very low income units, 90 low income units, and 5 moderate income units.

Gleason Park Apartments- The Agency is working with affordable housing developers Mercy Housing California in the construction of a new 93-unit affordable housing complex located at the corner of Church Street and Stanislaus known as the Gleason Park Neighborhood. The new development will offer 1, 2, 3, and 4 bedroom units within 10 residential buildings varying in 2 to 3 stories. The new development will offer site amenities which include a large picnic area, children's playground and a full scale Community Center complete with multipurpose room, "Head Start" Program for young children, ESL classes and Financial Literacy Programs. The completion of this project will result in 91 very low income units, 0 low income units, and 1 moderate income unit. The Agency plans to expend approximately \$1 million towards this project.

Goals achieved: 30, 32, 33, 34, & 37

Approximate Cost: \$12 million

HOUSING PROGRAM COMPLIANCE OBJECTIVES

This section of the Implementation Plan addresses specific requirements in the Redevelopment Law with respect to prior affordable housing activities and the anticipated housing program in the future.

Redevelopment agencies use implementation plans to establish ten-year objectives to achieve compliance with the Redevelopment Law in its affordable housing programs. These housing goals generally fall into three categories:

- Housing Production – based on the number of housing units constructed or substantially rehabilitated over a ten-year period, a redevelopment agency is to ensure that a percentage of these units are affordable to low and moderate income households.

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- Replacement Housing – another legal obligation for redevelopment agencies is to ensure that any affordable housing units destroyed or removed as a result of an agency redevelopment project are replaced within four years.
- Expenditures by Household Types – specific requirements on the amount of housing set-aside funds an agency must spend over a ten-year period on housing affordable to very low income households, low income households, and housing for low income households with a member under age 65.

The housing program goals are described below.

HOUSING PRODUCTION

To estimate the number of housing units required to be affordable to low and moderate-income households, the Agency estimated the total number units to be constructed or substantially rehabilitated in the Project Area and applied formulas established by the Redevelopment Law.

The chart below summarizes the production goals over various periods as required by the Redevelopment Law. The number of affordable units required is based on statutory thresholds, and the Agency is responsible for ensuring that the appropriate numbers of affordable units are created during a ten-year period. Residential development is not permitted under General Plan policies in the Port Industrial and Rough and Ready Island Project Areas so the chart does not reflect development in those areas.

**Historical and Projected Housing Production Requirements
Redevelopment Agency of the City of Stockton**

Project Area	Dwelling Units	Low and Moderate Income Units (15% of Dwelling Units)			Very Low Income Units 40% of Low/Mod Units		
		Actual	Required	Surplus	Actual	Required	Surplus
Historical Construction/Rehab¹							
West End I	606	335	91	244	335	36	299
5-Year Construction/Rehab (7.1.09-6.30.14)							
West End I	0	0	0	0	0	0	0
West End II	0	0	0	0	0	0	0
West End III & IV	48	107	7	100	143	3	140
TOTAL	48	107	7	100	143	3	140
10-Year Construction/Rehab (7.1.09-6.30.19)							
West End I	0	0	0	0	0	0	0
West End II (7.1.14-9.3.17) ²	152	30	23	7	10	9	1
West End III & IV ³	947	138	142	-4	154	57	97
TOTAL	1,099	168	165	3	164	66	98
Remainder of the Plan							
West End I (7.1.19-1.1.22)	0	0	0	0	0	0	0
West End III & IV (7.1.19-7.15.32) ⁴	772	144	116	28	58	46	12
TOTAL	772	144	116	28	58	46	12
Net Total of All Time Periods	2,477	647	372	275	557	149	408

¹ Represents the number of units of housing, which were developed, or rehabilitated, as applicable, by entities other than the Agency from Plan adoption until June 30, 2009.

² Represents 152 units in the Southpointe project.

³ Includes 48 units in North Shore Catalyst site, 178 units in Fremont Park, 221 in North Shore, and 500 units towards the Attorney General mandate.

⁴ Includes 177 units in Fremont Park, 221 in North Shore, 124 in South Shore Catalyst sites, and 250 units towards the Attorney General mandate.

The Merged Project Area enters the current planning period with a surplus of affordable housing, specifically 299 very low income units. These units may be available to meet future housing production needs over the next ten years within the Merged Project Area, or similar needs in the Agency's other redevelopment project areas.

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As shown in the chart above, isolating these 299 surplus units created as of March 2009, the Agency anticipates a surplus of 3 low- and moderate-income units, and 98 very low-income units for the ten-year period.

As described earlier in this Implementation Plan, the Agency anticipates continuing its housing programs that will result in the production of affordable housing in Project Area over the next ten years. The Agency foresees the development of approximately 138 low- and moderate-income units, and 154 very low-income units. Those units assisted by the Agency will have covenants to assure continuing affordability for the periods specified in the Redevelopment Law.

For the remainder of the Amended Plan, the aforementioned housing plan could yield an additional 144 low- and moderate-income units, including 58 very-low income units. Any additional housing units in excess of the ten-year requirements would be used to help fulfill production requirements over the duration of the Amended Plan.

REPLACEMENT HOUSING

The Agency is assisting in the rehabilitation of a 155-unit housing complex located at 601 East Main Street. This project will consist of the rehabilitation of 155 single-room occupancy units into 90 single-room occupancy units. The remaining 65 units will be replaced in the Kentfield apartments, Church Street triplex, and/or the Villa Monterey apartments. The project is currently under construction, should be completed in FY 2010.

EXPENDITURES BY HOUSEHOLD TYPES

As of June 30, 2008, the Agency's low and moderate income housing fund had an unencumbered balance of \$4,318,443. Effective January 2002, expenditure of housing set-aside revenues is subject to certain legal requirements. At a minimum, the Agency's low and moderate income housing set-aside revenue is to be expended in proportion to the community's need for very low and low income housing, as well as the proportion low income households with a member under age 65.

Based on statistics from the Regional Housing Needs Assessment, used by local government to meet state requirements for affordable housing by category, and 2000 Census statistics, the following minimum thresholds for housing program expenditures would be required over the term of the Implementation Plan.

Household Type	Minimum Percentage of Housing Set-Aside Expenditures
Very Low Income	27.58%
Low Income	16.70%
Households with a member over the age of 65 ¹	22.90%

¹ Data of low income households under the age of 65 is not available from the Census at this time, so the nearest metric for such Census data (available via the Comprehensive Housing Affordability Strategy at <http://socds.huduser.org/chas/index.htm>) represents households under the age of 62.

The percentage of very low- and low-income household expenditures are based upon the City of Stockton Regional Housing Needs Assessment requirements for 2008 through 2012. Between 2008 and 2012, 4,562 out of 16,540 (27.58%) affordable units in the City's housing needs are required to be affordable to very low income households, 2,742 units (16.70%) are applicable to low income households, and no more than 2,998 units are applicable to moderate income households.

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Households under the age of 65 are 77.1 percent of the City's low income households based on 2000 Census data reported in the Comprehensive Housing Affordability Strategy. Consequently, no more than 22.9 percent of Project Area housing set-aside funds may be expended on housing for households age 65 and older.