



LA QUINTA HOUSING SUCCESSOR

ANNUAL REPORT

**LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2014-15**

PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE
SECTION 34176 (f) FOR THE LA QUINTA HOUSING AUTHORITY



HOUSING SUCCESSOR ANNUAL REPORT

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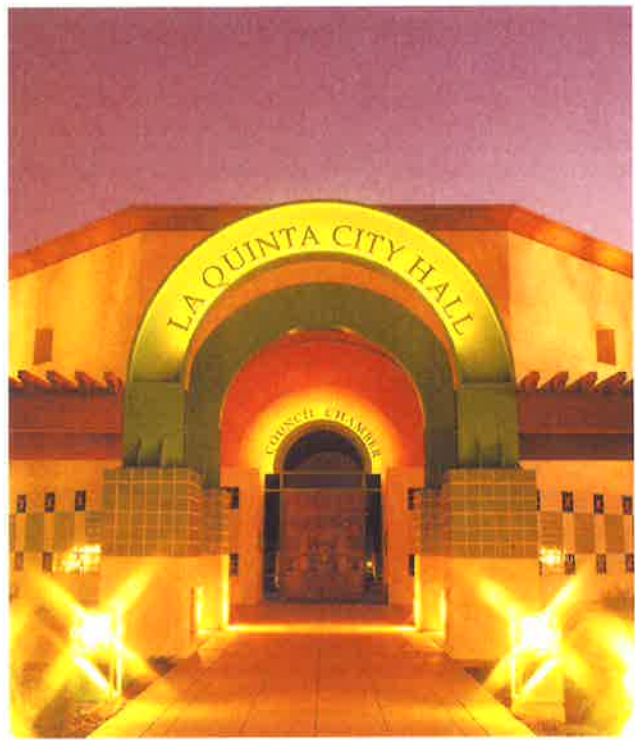
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INTRODUCTION

This Housing Successor Annual Report (“Report”) addresses the requirements of California Health and Safety Code Section 34176.1(f) regarding the Low and Moderate Income Housing Asset Fund (“LMIHAF”). This Report outlines the financial and housing covenant details of the La Quinta Housing Authority (“Housing Successor”) for 2014-15 (the “Fiscal Year”). The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (“Dissolution Law”).

This report includes discussion on the deposits to, ending balance of, and expenditures from the LMIHAF. A description of the Housing Successor’s assets, and any transfers of assets to other housing successor agencies are addressed as well. The report also discusses the Housing Successor’s current projects, acquisitions of any real property since February 1, 2012, or any outstanding obligations. Finally, as required by law, three separate test are discussed – the income test, senior housing test, and excess surplus test.

This Report is to be provided to the Housing Successor’s governing body by December 31, 2015 (six months after the end of the Fiscal Year). In addition this Report and the former redevelopment agency’s pre-dissolution Implementation Plans are to be made available to the public on the City’s website. (<http://www.la-quinta.org>)



AMOUNT DEPOSITED INTO LMIHAF

This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (“ROPS”) must be distinguished from the other amounts deposited.

A total of \$1,006,592 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, a total of \$0 was held for items listed on the ROPS. The majority of these deposits originated from rental revenues generated at City-owned affordable housing properties.

ENDING BALANCE OF LMIHAF

This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$12,235,744, of which \$0 is held for items listed on the ROPS.



DESCRIPTION OF EXPENDITURES FROM LMIHAF

This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized. There was a total of \$662,986 expended from the LMIHAF, divided into the following categories:

DESCRIPTION OF LMIHAF EXPENDITURES, Table 1	
Description of Expenditures	Total Expenditures
Maintenance, Monitoring and Administration Expenditures	\$662,986
Homeless Prevention and Rapid Rehousing Services Expenditures	\$0.00
Housing Development Expenditures (Total of Next Three Lines)	\$0.00
<i>Expenditures on Low Income Units</i>	\$0.00
<i>Expenditures on Very Low Income Units</i>	\$0.00
<i>Expenditures on Extremely Low Income Units</i>	\$0.00
Total LMIHAF Expenditures in Fiscal Year	\$662,986

STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR

This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.

STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR, Table 2	
Asset Type	Statutory Value of Assets
Notes and Loans	\$34,274,203
Land	\$33,367,241
Building and Improvements	\$3,478,579
Accumulated Depreciation	\$976,974
Total Assets	\$72,096,997

DESCRIPTION OF TRANSFERS

The Housing Successor did not make any transfers in the Fiscal Year.



PROJECT DESCRIPTION

This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project. The following is a description of project(s) for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS as well as the status of the project(s):

PROJECT DESCRIPTIONS, Table 3

Project Name	Status
Washington Street Apartments	In position to begin vertical construction; seeking new funding mechanisms.

Washington Street Apartments

Washington Street Apartments (“WSA”) is a 72 unit single-story apartment complex affordable to seniors and disabled adults with household incomes ranging from extremely low income to low income. The project consists entirely of one-bedroom apartments. Rents are subsidized pursuant to the US Department of Agriculture Rural Development program.

The Redevelopment Agency acquired WSA and a vacant adjacent parcel in 2007 with the intention of substantially rehabilitating the existing units and developing an additional 68 units. The sources of development financing were proposed to be a combination of 2004 and 2011 bond proceeds. Pursuant to ROPS 13-14B, the project shall be developed with \$20,017,753 in bond proceeds. Presently, the rehabilitation of the existing units and development of additional units is unable to proceed until alternate financing sources become available to replace funding that was lost as a result of a determination by the Department of Finance to not allow 2011 bond proceeds. City Staff has been working with an Affordable Housing Developer to secure 9% tax credit financing to replace the use of 2011 bond proceeds. A combination of housing funds, bond proceeds, and tax credit financing will be used to pay for design, architectural, engineering, and project management services in addition to vertical construction and rehabilitation of WSA.

The former Redevelopment Agency acquired WSA pursuant to California Redevelopment Law Health and Safety Code Section 33334.1. Health and Safety Code Section 33334.16 required former redevelopment agencies to initiate activities, such as zone changes or disposition and development agreements within five years of acquiring a property. Pursuant to Health and Safety Code Section 33334.16, the legislative body is authorized to extend the deadline to initiate activities by an additional five years upon affirming the intention to develop housing affordable to households of low and moderate income. In 2011, the Housing Authority extended development of WSA by adopting Resolution 2011-070.



STATUS OF COMPLIANCE WITH SECTION 33334.16

This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the project related to such real property.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time period described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date of the DOF approved such property as a housing asset.

The following provides a status update on the real property or properties housing asset(s) that were acquired prior to February 1, 2012 and compliance with five-year period:

SECTION 33334.16 COMPLIANCE, Table 4

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
Dune Palms Road and Westward Ho Drive (APN 600-030-004)	6/8/2006	6/8/2016	City has initiated site programming and developed conceptual plans
Dune Palms Road and Westward Ho Drive (APN 600-030-009)	6/13/2006	6/13/2016	City has initiated site programming and developed conceptual plans
Dune Palms Road and Westward Ho Drive (APN 600-030-003)	1/17/2007	1/17/2017	City has initiated site programming and developed conceptual plans
Dune Palms Road and Westward Ho Drive (APN 600-030-008)	4/27/2007	4/27/2017	City has initiated site programming and developed conceptual plans
Washington Street and Hidden River Road (APN 609-040-028)	10/15/2007	10/15/2017	City has received approval of Development Plan and Conditional Use Permit
Avenida Mendoza and Avenida Montezuma (APN 773-077-014)	11/30/2007	11/30/2017	City has initiated site programming and developed conceptual plans
Dune Palms Road and Westward Ho Drive (APN 600-030-002)	6/12/2009	6/12/2019	City has initiated site programming and developed conceptual plans
Dune Palms Road and Westward Ho Drive (APN 600-030-005)	1/26/2010	1/26/2020	City has initiated site programming and developed conceptual plans

Health and Safety Code Section 33334.16 required former redevelopment agencies to initiate activities, such as zone changes or disposition and development agreements within five years of acquiring a property. Pursuant to Health and Safety Code Section 33334.16, the legislative body is authorized to extend the deadline to initiate activities by an additional five years upon affirming the intention to develop housing affordable to households of low and moderate income. In 2011, the Housing Authority extended development of the abovementioned properties by adopting Resolution 2011-070.



The following provides a status update on the project(s) for property or properties that have been acquired by the Housing Successor using LMIHAF on or after February 1, 2012. The Housing Successor did not acquire property on or after February 1, 2012.

DESCRIPTION OF OUTSTANDING OBLIGATIONS UNDER SECTION 33413. This section describes the outstanding inclusionary housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor plans to meet unmet obligations, if any. The housing successor does not have any obligations to fulfill under Section 33413.

INCOME TEST

This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for a five year period, with the time period beginning on January 1, 2014 and whether the statutory thresholds have been met. Reporting of the Income Test is not required until 2019.

The Housing Successor has not historically tracked expenditures on extremely low income households. At this time, the Housing Successor does not possess sufficient information to provide details of expenditures on extremely low income households over the last five years. Expenditures in the previous

Fiscal Year can be distributed based on known household incomes (refer to Table 1 for the distribution of expenditures by household income level for the Fiscal Year). Going forward, however, the Housing Successor will be tracking expenditures by income level such that the Housing Authority can report on expenditures by household income over a five year period.



SENIOR HOUSING TEST

This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former Redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and its host jurisdiction within the same time period. For this Report the ten-year period reviewed is January 1, 2005 to January 1, 2015.

SENIOR HOUSING TEST, Table 5	
Unit Category	# of Units
Assisted Senior Rental Units	360
Total Assisted Rental Units	896
Senior Housing Test (%)	40.2%

EXCESS SURPLUS TEST

The Housing Successor does not presently retain a computed excess surplus pursuant to Health and Safety Code Section 34176.1. For the purpose of this section of the Report, pursuant to Section 34176.1(d), “excess surplus’ shall mean an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the housing successor’s preceding four fiscal years, whichever is greater.” If the Unencumbered Amount (See Table 6) does not exceed the greater of the aggregate amount deposited into the LMIHAF during the preceding four fiscal years or \$1,000,000, whichever is greater, there is no excess surplus. The Housing Successor does not currently have a computed excess surplus.

EXCESS SURPLUS TEST, Table 6	
	FY 2014-15
Unencumbered Amount (Available Housing Successor Funds)	\$3,510,496
Aggregate Deposited for Last Four Years	\$22,109,730
Greater of Aggregate Deposited for Last Four Years or \$1,000,000	\$22,109,730
Computed Excess Surplus	None

