

HOUSING SUCCESSOR ANNUAL REPORT

June 9, 2021

**LOW- AND MODERATE-INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2019-20
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION
34176.1(f)
FOR THE
LA QUINTA HOUSING AUTHORITY**

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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 2019-20 (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 tests 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, 2020 (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.laquintaca.gov](http://www.laquintaca.gov))

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 \$2,151,596 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. These deposits originated from rental revenues generated at City-owned affordable housing properties and a \$107,695 loan repayment from Coral Mountain.

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 fund balance (inclusive of notes receivables) in the LMIHAF was \$22,818,595, 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 \$965,830 expended from the LMIHAF, divided into the following categories:

TABLE 1: DESCRIPTION OF LMIHAF EXPENDITURES

Description of Expenditures	Total Expenditures
Maintenance, Monitoring and Administration Expenditures	\$615,051
Homeless Prevention and Rapid Rehousing Services Expenditures	\$350,779
Housing Development Expenditures (Total of Next Three Lines)	\$0.00
Expenditures on Low Income Units	\$0.00
Expenditures on Very Low-Income Units	\$0.00
Expenditures on Extremely Low-Income Units	\$0.00
Total LMIHAF Expenditures in Fiscal Year	\$965,830

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.

TABLE 2: STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR

Asset Type	Statutory Value of Assets
Notes and Loans	\$33,674,454
Land	\$24,989,279
Building and Improvements	\$742,453
Less Accumulated Depreciation	\$507,289
Total Assets	\$58,898,897

DESCRIPTION OF TRANSFERS

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

PROJECT DESCRIPTIONS

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):

TABLE 3: PROJECT DESCRIPTIONS

Project Name	Status
Dune Palms Mobile Home Park	Due Diligence – June 2020

Dune Palms Mobile Home Park

The City of La Quinta has entered into a contract with the owners of the Dune Palms Mobile Home Park (DPMHP), to review the opportunity for acquisition of the property. If the City does acquire the mobile home park and amenities, the City plans, currently, to continue the use as a mobile home park to preserve and perhaps improve the housing stock in the city. It is anticipated that a combination of housing funds, bond proceeds, and tax credit financing will be used to pay for the acquisition of DPMHP, and any resulting improvements requiring design, architectural, engineering, and project management services in addition to vertical construction and rehabilitation.

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:

TABLE 4: SECTION 33334.16 COMPLIANCE

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
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Dune Palms Road and Westward Ho Drive (APN 600-030-009)	6/13/2006	6/13/2016	Deadline met- 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	Deadline met- 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	Deadline met- City has initiated site programming and developed conceptual plans
Avenida Mendoza and Avenida Montezuma (APN 773-077-014)	11/30/2007	11/30/2017	Deadline met- 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	Deadline met- 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	Deadline met- City has initiated site programming and developed conceptual plans
Calle Tamazula south of Avenida La Fonda (APN 770-174-002)	10/31/1990	08/31/2022	Deadline met – Sold to private party in 12/2019, will remain in listing until next year’s Report. Deposited proceeds into the Low- and Moderate-Income Housing Fund.
Avenida Navarro between Calle Durango/Calle Sonora (APN 773-234-015)	02/01/1993	08/31/2022	Deadline met – Sold to private party in 03/2019, will remain in listing until next year’s Report. Deposited proceeds into the Low- and Moderate-Income Housing Fund.
Avenida Herrera and Calle Sonora (APN 773-223-022)	03/03/2011	08/31/2022	City to market vacant property and place proceeds of sale into the Low- and Moderate-Income Housing Fund.
Avenida Villa between Calle Durango/Calle Sonora	03/03/2011	08/31/2022	City to market vacant property and place proceeds of sale into the

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 City Council extended development of the abovementioned properties by adopting Resolution 2011-070 on 08/02/2011. In 2017, the Housing Authority approved a second resolution (Resolution HA 2017-005) on 12/19/2017 extending the period during which it may retain property for an additional five (5) years.

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 July 1, 2015 and whether the statutory thresholds have been met.

The Housing Successor has not historically tracked expenditures on extremely low-income households. 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). This fiscal year 19/20, the Housing Successor is tracking expenditures by income level such that the Housing Authority can report on expenditures by household income over a five-year period, as shown in Table 5. The recorded development spent can be tracked to the Washington Street Apartments project, having been completed in November 2019 officially. As previously recorded in the 2018-19 Annual Housing Successor Report, the total expenditures recorded that can be attributed toward being spent on Extremely Low-Income development was \$1,714,286. For this fiscal year, a relocation benefit expense of \$1,939 is recorded.

TABLE 5: INCOME TEST - \$ SPENT ON DEVELOPMENT

Category of Income	\$ Spent
LMIHAF Spent on Extremely Low-Income Households	\$ 1,716,225 Spent on ELI (A)
Total LMIHAF (Five Year Total - FY 15/16 through 19/20)	\$10,000,000 Total LMIHAF (B)
Extremely Low-Income Test	(A)/(B) 17%

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 2008 to 2018.

TABLE 6: SENIOR HOUSING TEST

Unit Category	# of Units
Assisted Senior Rental Units	348
Total Assisted Rental Units	1,352
Senior Housing Test (%)	26%

EXCESS SURPLUS TEST

The Housing Successor has a computed excess surplus of \$4,065,431 calculated 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 7) 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 computed excess surplus is noted below in table 7. As there is a computed excess surplus, the Authority will follow the outlined requirements of Section 34176.1(d) within three fiscal years.

TABLE 7: EXCESS SURPLUS TEST

	FY 2019-20
Unencumbered Amount (Available Housing Successor Funds)	\$12,069,276
Aggregate Deposited for Last Four Years	\$8,003,845
Greater of Aggregate Deposited for Last Four Years or \$1,000,000	\$8,003,845
Computed Excess Surplus	\$4,065,431