FOURTH
FIVE YEAR
IMPLEMENTATION PLAN

LA QUINTA
REDEVELOPMENT AGENCY

Fiscal Years 2009-10 THROUGH 2013-14

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INTELLIGENT COMMUNITY DEVELOPMENT

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INTRODUCTION

About This Implementation Plan

Every five years, redevelopment agencies are required to adopt implementation plans that establish five-year operational and financial work programs for their redevelopment, economic development, and affordable housing programs and projects. This document is the Fourth Five Year Implementation Plan ("Implementation Plan") for the La Quinta Redevelopment Agency ("Agency"); it covers the five-year planning period of Fiscal Years 2009-10 through 2013-14 for La Quinta Redevelopment Project No. 1 ("Project No. 1") and La Quinta Redevelopment Project No. 2 ("Project No. 2"), collectively referred to as the "Project Areas". This Implementation Plan also updates the Agency's Ten-Year Housing Compliance Plan ("Housing Compliance Plan") which outlines the Agency's affordable housing obligations and initiatives for the current 10-year compliance period (Fiscal Years 2004-05 to 2013-14).

LEGAL AUTHORITY

In 1993, the Legislature passed Assembly Bill 1290 (Chapter 942, Statutes of 1993), which enacted the California Community Redevelopment Law Reform Act and made sweeping changes to state redevelopment law (Health and Safety Code §§33000 et seq.) ("CRL"). The Legislature passed this legislation as part of a major effort to increase both the effectiveness and accountability of redevelopment agencies. One notable change was the addition of Article 16.5 (§§33490 et seq.) to the CRL, which required redevelopment agencies to adopt five year implementation plans for all project areas on or before December 31, 1994, and every five years thereafter. CRL Section 33490(a) requires that an implementation plan present:

- The redevelopment agency's goals and objectives, programs, and projects within the project areas for the next five years, including estimated expenditures,
- An explanation of how the goals and objectives, programs, projects, and expenditures will eliminate blight and promote affordable housing within the project areas, and
- A separate section that addresses the redevelopment agency's affordable housing responsibilities, including an agency's projected low and moderate income housing fund expenditures and plan to produce and/or replace affordable housing.

Given these required contents, an implementation plan serves as more than just a compliance document that only adheres to the CRL's legal mandates. An implementation plan also affords the opportunity to thoughtfully craft a purposeful and deliberate strategy that guides redevelopment agency investment for a five year period.

IMPLEMENTATION PLAN OBJECTIVES

The Agency's objectives for this Implementation Plan are to:

- Establish focused redevelopment and housing strategies for the next five years that provide a roadmap for decision-making about resource allocation, budget, and community engagement.
- Create an administrative management tool for Agency staff that provides a measurable, track-able, and programmatic work plan for the Agency's operations.
- Provide educational and informative background about the Agency's role, powers, and tools and a historical overview of the Agency.

- Furnish data and information to preserve and produce affordable housing.

DOCUMENT ORGANIZATION

This Implementation Plan is organized into three sections:

- **Section I: Overview and Background.** This section provides an overview of redevelopment in California, and a profile description of the Agency and its Project Areas.
- **Section II: Redevelopment Implementation Plan.** This section presents the Implementation Plan, including a comprehensive work program of projects and programs. The projects and programs contained in the work program represent the Agency's strategic priorities, and implementation of each project or program will be subject to funding availability and subsequent Agency approval.[1]
- **Section III: Housing Compliance Plan Update.** This section updates the housing compliance plan for the current 10-year compliance period (Fiscal Years 2004-05 to 2013-14), identifies the Agency's affordable housing production requirements, affordable housing project proposals, and projected affordable housing revenues and expenditures.

[1] CRL Section 33490(a)(1)(B) provides that the adoption of an implementation plan shall not constitute an approval program of any specific, project, or expenditure and shall not change the need to obtain any required approval of a specific program, project, or expenditure from the agency or community.

WHAT IS REDEVELOPMENT?

The Public Value & Benefits of Redevelopment

In 1952, California voters adopted Article XVI, Section 16 allowing the provision of tax increment financing for redevelopment of blighted communities. Californians recognized the need to provide a mechanism to reinvest in economically and physically blighted communities throughout California. The CRL is located in the California Health and Safety Code (§§33000 et seq.) and provides tools to assist local governments with remediating blight, promoting private investment, and preserving and expanding the community's supply of affordable housing. A redevelopment agency implements redevelopment activities through the use of tax increment revenue - issuing bonds to raise investment capital, buying and selling property, investing in public infrastructure and facilities, and creating affordable housing opportunities.

Redevelopment allows local governments to eliminate physical and economic blight in a designated redevelopment project area. A redevelopment project area is established when an area exhibits conditions of both physical and economic blight (§§33030 and 33031) as described below.

Redevelopment by the Numbers:

$40.79 billion. Redevelopment's economic contribution to California in Fiscal Year 2006-07.

$13. Every $1 of redevelopment agency spending generates nearly $13 in total economic activity.

303,946. Full and part time jobs created in just one year (Fiscal Year 2006-07).

78,750 units of affordable housing built or rehabilitated since 1995 by redevelopment agencies.

18,522 units of low and moderate income housing expected to be built or refurbished over the next two years.

$2 billion. State and local taxes generated through redevelopment construction activities in Fiscal Year 2006-07.

20% of property tax revenues generated from redevelopment activities must be used to increase supply of affordable housing.

2nd largest funder of affordable housing in California after the federal government.

Source: California Redevelopment Association, 2009.

BLIGHT

The CRL emphasizes redevelopment's role in eliminating blighting conditions and defines blight as physical and economic liabilities that affect the health, safety, and general welfare of a community. CRL Section 33030 describes a blighted area as being predominantly urbanized and substantially affected by detrimental physical and economic conditions to such an extent that the community cannot reasonably be revived without redevelopment. The physical and economic conditions that cause blight as defined as follows:

Physical Conditions (CRL §33031(a))

- Buildings with serious code violations, dilapidation, or deterioration such that it is unsafe or unhealthy for a person to live or work.
- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots.
- Adjacent or nearby incompatible uses that prevent development.
- Existence of subdivided lots that are in multiple ownership and whose physical development has

been impaired by their irregular shapes and inadequate sizes.

Economic Conditions (CRL §33031(b))

- Depreciated or stagnant property values.
- Impaired property values due to hazardous wastes.
- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings in an area developed for urban use and served by utilities.
- A serious lack of commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores and banks.
- Serious residential overcrowding.
- An excess of bars, liquor stores, or adult-oriented businesses that have led to problems of public safety and welfare.
- A high crime rate that constitutes a threat to the public safety and welfare.

TAX INCREMENT FINANCING

Figure 1 – Tax Increment Financing

Tax increment financing is the primary source of funding used to implement redevelopment initiatives. Tax increment financing is based upon the assumption that as a geographical area is revitalized, property values will increase, and additional property taxes will be generated. When a redevelopment project area is adopted, the current assessed values of all the properties within project area boundaries are designated as the base year value (§33328). As assessed values increase, tax increment revenue is generated from the growth in property values over the base year value. The increase in property values results in increased property tax revenue; a portion of the increased property tax revenue is allocated to a redevelopment agency (tax increment revenue) which is then charged with the responsibility of investing this revenue in the project area. Figure 1 is a graphical depiction of how tax increment is generated and distributed.

20 Percent Low and Moderate Income Housing Set-Aside Fund

A portion of tax increment revenue received by a redevelopment agency must be used to preserve and increase the supply of affordable housing within a project area. The CRL requires that a minimum of 20 percent of tax increment revenue be set aside into a separate fund that is restricted for the purpose of creating low and moderate income housing (§33334.2), known as the Low and Moderate Income Housing Set-Aside Fund ("Housing Fund"). Redevelopment agencies may use these funds to acquire property, construct on-site and off-site improvements (required to build or preserve affordable housing), construct or rehabilitate affordable housing, provide subsidies to ensure continued affordability, and issue bonds to raise capital for affordable housing preservation and development. Redevelopment agencies are one of the primary entities producing affordable housing throughout the State.

Pass-Through Payments

Redevelopment agencies are required to remit tax increment revenue to affected taxing agencies (counties, school districts, community college districts, and special districts) that receive property tax revenue in redevelopment project areas. These payments, known as "pass-through payments," represent 43 percent of the gross tax increment received in Project No. 1 and 70 percent of the gross tax increment received in Project No. 2. The pass-through payments are designed to alleviate fiscal burdens the affected taxing entities may incur as a result of implementing redevelopment projects. There are two types of pass-through payments. Prior to 1994, redevelopment agencies would negotiate a fiscal mitigation agreement with each taxing agency. Since both Project Areas were adopted prior to 1994, a majority of the Agency's pass-through payments are the result of contracts that were negotiated with the taxing agencies when the respective Project Areas were adopted.

Since 1994, the Agency amended the Redevelopment Plans for Project No. 1 and Project No. 2 to eliminate the time limit to incur debt; these amendments triggered the second type of pass through payments, called statutory payments, to taxing agencies that did not have prior pass-through agreements with the Agency. The CRL establishes set formulas for statutory payments. Appendix 1 contains a summary of Agency's pass-through agreements and lists the taxing agencies that have negotiated agreements and those that receive statutory pass through payments.

The remaining portion of the tax increment revenue, after the required 20 percent deposit into the Housing Fund and payments to taxing agencies, is available for eligible redevelopment projects, such as infrastructure improvements, community facilities, development incentives, debt service, and general administration. Tax increment revenue cannot be used, however, to fund ongoing operations and maintenance costs of public facilities or infrastructure. The Agency essentially retains 57 percent of gross tax increment in Project No. 1, and 30 percent of gross tax increment in Project No. 2. These percentages include the 20 percent Housing Fund deposits.

State Takeaways – SERAF Payments

As in prior State fiscal crises, the Legislature is reallocating local government revenue to help close the State's massive budget gap. Known as the Supplemental Educational Revenue Augmentation Fund ("SERAF"), the State is seeking $2.05 billion from redevelopment agencies in Fiscal Years 2009-10 and 2010-11. These funds will be distributed to local school districts and will reduce the amount of State General Fund revenue required to achieve Proposition 98 school funding needs. The Agency's total SERAF payment is $28,433,054; $23,582,367 in Fiscal Year 2009-10 and $4,850,687 in Fiscal Year 2010-11. While efforts have been mounted to legally challenge the constitutionality of these takeaways, the five year expenditure program presented in this Implementation Plan assumes that the Agency must make these payments and this revenue will not be available for non-housing Agency projects and programs. If these funds remain with the Agency, there will be additional funds for non-housing redevelopment projects.

WHAT IS A REDEVELOPMENT PLAN?

A redevelopment plan provides a legal framework for long-term planning and the implementation of revitalization activities in a redevelopment project area. It also establishes a financing method by authorizing the agency's use of financing tools to implement projects and policies. The redevelopment plan also sets the basic goals, powers, and limitations within which the redevelopment agency must conduct its activities over the life of the project area. It does not provide a detailed, rigid course of action to achieve those goals, but establishes how the agency intends to alleviate blight in a project area. The Agency has two redevelopment plans; the Redevelopment Plan for Project No. 1 which was originally adopted in 1983 and amended several times since adoption, and the Redevelopment Plan for Project No. 2 which was adopted in 1989, and also amended several times since adoption (collectively referred to as the "Redevelopment Plans").

ABOUT THE AGENCY & PROJECT AREAS

History and Profile

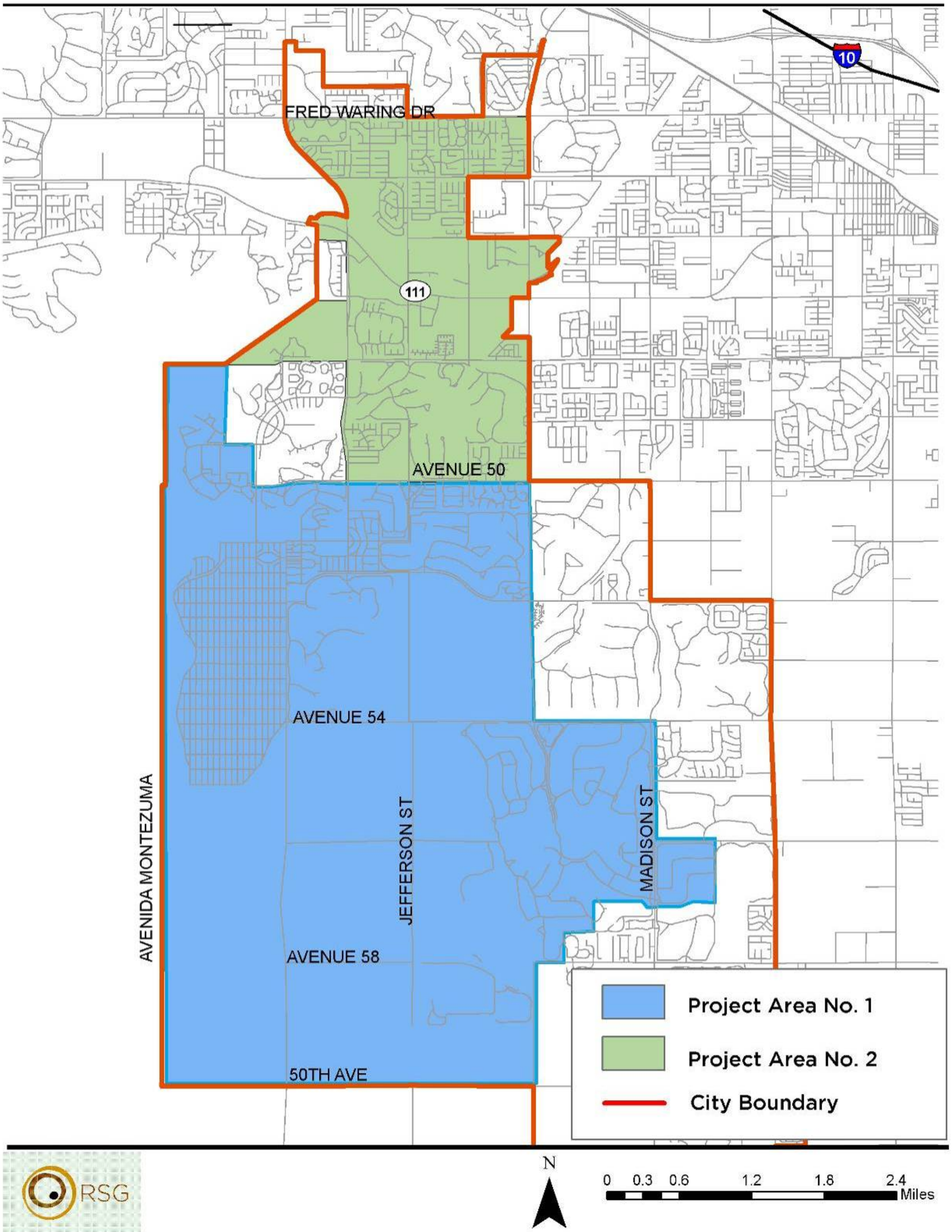
The area of La Quinta first emerged in the early 18th century when Spanish conquistadores used it as the fifth resting point along the route from present-day Mexico to San Bernardino. The words "la quinta" translate in Spanish to "the fifth". Agriculture developed in the early 1900s. The La Quinta Resort was established in 1927, which housed the Coachella Valley's first golf course and was a popular hideaway for Hollywood celebrities. Major roads expanded in the 1950s and 1960s, paving the way for future development. The City of La Quinta incorporated in 1982 during a time of dramatic growth in the region.

The La Quinta Redevelopment Agency was established on July 5, 1983 to address conditions of physical and economic blight in the City. Project No. 1 was established in November 1983 to redevelop and expand deficient public infrastructure and facilities, facilitate economic development, expand recreation opportunities, and revitalize the La Quinta Village. Project No. 1 is bounded by Avenue 50 to the north, Jefferson and Madison Streets to the east, and the La Quinta City boundary on the west.

Project No. 2 was established in May 1989 to remove impediments to commercial and residential development, address public infrastructure and facility deficiencies, and to increase and improve the community's supply of affordable housing. It is bounded by Avenue 50 to the south, Fred Waring Drive to the north, Washington Street to the west, and Jefferson Street to the east.

The Project Areas are shown on the following map.

LA QUINTA REDEVELOPMENT PROJECT AREAS NOS. 1 & 2



The Redevelopment Plans for the Project Areas set forth limitations with regard to collecting tax increment revenue, incurring bonded indebtedness, Redevelopment Plan effectiveness, and the use of eminent domain.

Notable Timeframes	**Table 1**
PROJECT NO. 1	
Redevelopment Plan	Adopted November 1983 Expires November 2024
Incur Indebtedness	No time limit
Repay Indebtedness/ Receive Tax Increment	November 2034
Eminent Domain	Expired March 2007
PROJECT NO. 2	
Redevelopment Plan	Adopted May 1989 Expires May 2030
Incur Indebtedness	No time limit
Repay Indebtedness/ Receive Tax Increment	Expires May 2040
Eminent Domain	Expired May 2001

ACCOMPLISHMENTS

Achievements in Community Revitalization

In the last five years, the Agency has championed many successful projects and programs in the Project Areas. A few examples are:

Highway 111 Corridor. City staff continued to work with Highway 111 property owners to jointly pursue marketing opportunities in Project No. 2. This included promoting development opportunities at the International Council of Shopping Centers' Western Division Conference, working with property owners to address impediments to development, and facilitating development proposal entitlement needs. Additionally, City staff has been working with the owner of Garff Chevrolet/Cadillac and Torre Nissan to facilitate dealership expansion, which will allow them to stay at their La Quinta location. The City and Redevelopment Agency staff will continue to work on the retention, expansion, and recruitment of auto franchises in the existing Auto Center and other Highway 111 properties. To date several opportunities are currently being investigated.

Wolff-Waters. Located in Project No. 2, Wolff Waters is a multi-family complex that features rents affordable to very-low and low income family households. This 218 unit complex is located northwest of the intersection of Avenue 48 and Dune Palms Road. The design and development program embraced sustainable design and construction materials/practices, and the development may be eligible to achieve LEED Silver certification. The complex opened in December 2009. There are 1,200 persons on the residency waiting list.

Village Access. The Village is the prime commercial district in Project No. 1. In order to improve access to the Village, the Agency underwrote the installation of directional signs that guide drivers to the Village and point out public facilities and amenities (e.g., library, museum, city hall, etc.). Also, given that La Quinta is a golf-oriented community, the Agency recently implemented the Phase I Golf Cart Plan. This program created a golf cart network, providing improved access to and within the Village. Physical improvements included striping, signage, a traffic signal, enhanced crosswalks, and installation of traffic calming devices to slow vehicular traffic.

SilverRock Resort. The Agency entered into a Disposition and Development Agreement ("DDA") that facilitates the sale and/or lease of nearly 61 acres to LDD SilverRock,

Vista Dunes Courtyard Homes

The Agency-developed Vista Dunes Courtyard Homes opened in 2008. The 80-unit complex houses more than 300 very low income residents on a 9.5 acre site located in Project No. 2. Vista Dunes incorporates principles of environmentally friendly design, energy and water efficiency, durability, and sustainability. It is the largest multifamily affordable housing complex in the nation to achieve LEED Platinum certification when constituted. The homes include some of the most advanced water and energy efficiencies in home building today.

The Agency initiated the project to remediate a blighted property and to increase the community's supply of affordable housing. This $36-million project entailed the acquisition of a dilapidated mobile home park with 92 homes, relocation of the 398 residents, site demolition and clearance, construction, and retention of a non-profit management company.

LLC for development of a boutique hotel, resort hotel, casitas units, resort retail, and a black box theater. A public golf course has been completed and the Agency and LDD SilverRock, LLC are currently revising the DDA to accommodate present lodging market conditions. The resort is located in Project No. 1.

Appendix 2 contains a summary of every redevelopment project the Agency has implemented since establishing the Redevelopment Plans.

SECTION II: REDEVELOPMENT IMPLEMENTATION PLAN

REDEVELOPMENT PLAN GOALS

Community Reinvestment and Revitalization

The Redevelopment Plans for the Project Areas establish a variety of goals for redevelopment of the Project Areas; these goals frame the near term redevelopment objectives for the Implementation Plan. The goals are outlined below.

Project No. 1

CLEAN

Eliminate Blight. Eliminate and prevent the spread of conditions of blight including: underutilized properties and deteriorating buildings, incompatible and uneconomic land uses, deficient infrastructure and facilities, obsolete structures, and other economic deficiencies in order to create a more favorable environment for commercial, office, residential, and recreational development.

ACCESS

Improve Public Infrastructure and Facilities. Improve public facilities and public infrastructure. Improve inadequate drainage infrastructure. Improve and/or provide electric, gas, telephone, and wastewater infrastructure to both developed and undeveloped properties.

INVEST

Expand Commercial Base. Expand the Project Area's Commercial Base by working with property owners along commercial corridors to enhance the business environment, and encouraging private investment through capital improvements and public facilities.

WORK

Promote Job Growth. Promote local job opportunities by facilitating private investment in commercial areas.

PRESERVE

Ensure Quality Design and Development. Implement design and use standards to assure high aesthetic and environmental quality, and provide unity and integrity to development within the Project Area.

GROW

Remove Impediments to Development. Address parcels of property that are of irregular form and shape, are inadequately sized for proper usefulness and development, and/or are held in multiple ownership. Remove impediments to land disposition and development, and/or are held in multiple ownership. Recycle and/or develop underutilized parcels to accommodate higher and better economic uses while enhancing the City's financial resources.

COLLABORATE

Coordinate Stakeholder Participation. Encourage the cooperation and participation of residents, businesses, business persons, public agencies, and community organizations in redevelopment/revitalization initiatives.

Housing for All. Promote the rehabilitation of existing housing stock. Increase, improve, and preserve the supply of housing affordable to very low, low and moderate income households.

Project No. 2

Eliminate Blight. Remedy, remove, and prevent physical blight and economic obsolescence through implementation of the Redevelopment Plan.

Improve Public Infrastructure and Facilities. Improve and/or provide electric, gas, telephone, water, and wastewater facilities to both developed and subdivided undeveloped properties within the Project Area. Address inadequate street improvements and roads that vary in width and degree of improvement as they cross the Project Area. Alleviate inadequate drainage improvements that constrain the development of various parcels in the Project Area, the cost of which cannot be borne by private enterprise acting alone.

Expand Commercial Base. Expand the commercial base of the community. Provide for the expansion, renovation and relocation of businesses within the Project Area to enhance their economic viability. Provide opportunities and mechanisms to increase sales tax, business license tax and other revenues to the City. Remedy depreciating property values and impaired investments.

Ensure Quality Design and Development. Upgrade the general aesthetics of the commercial enterprises to improve their economic viability.

Remove Impediments to Development. Recycle and/or develop underutilized parcels to accommodate higher and better economic uses, improving the financial viability of the City. Address parcels of property that are inadequately sized for proper usefulness and development and which are held in divided and widely scattered ownerships.

Housing for All. Promote the rehabilitation of existing housing stock. Increase, improve, and preserve the supply of housing affordable to very low, low and moderate income households.

REDEVELOPMENT WORK PROGRAM

Five Year Work Program for Reinvestment & Revitalization in the Project Areas

The table below describes the proposed redevelopment projects and programs to be implemented by the Agency during the next five years. It lists the goals and strategies that would be achieved, projected timeframe, estimated costs[2], and the blighting conditions that would be alleviated.

Proposed Non-Housing Projects and Programs — **TABLE 2**

Project/Description	Goals Achieved	Projected Timeframe	Agency Cost Estimate	Blighting Conditions Alleviated
Project No. 1				
Capital Improvement Projects: The Agency funds capital improvement projects to address the blighting condition of inadequate public improvements. The following projects are proposed for the Implementation Plan period. Additional projects may be pursued as needs and funding opportunities arise.				
❑ **Washington/I-10 Interchange:** This project includes widening of Washington Street, replacing the Washington Street bridges over the railroad tracks and Interstate, widening the realignment of Varner Road, removing and replacing westbound ramps, widening the existing eastbound ramps, and signalizing the ramp terminal and the Varner Road Washington Street intersection.		2009-10 to 2012-13	$178,311	Inadequate public improvements

[2] Costs are subject to change, and completion of these projects may require future action by the Agency.

Proposed Non-Housing Projects and Programs

TABLE 2

Project/Description	Goals Achieved	Projected Timeframe	Agency Cost Estimate	Blighting Conditions Alleviated
❑ **Sidewalks – Various Locations:** This annual project provides for the construction of sidewalks at various locations. The new sidewalk sections are selected from a list of street segments with heavy pedestrian activity and limited opportunity for developer installed improvements.	ACCESS	2009-10 to 2013-14	$100,000	Inadequate public improvements
❑ **Handicap Ramps:** This annual project provides for the construction of handicap access ramps at various locations. New handicap ramps are selected from a list of street segments which are prioritized based on pedestrian volume.	ACCESS	2009-10 to 2013-14	$41,344	Inadequate public improvements
❑ **Sports Complex Improvements:** Improvements will be made to the sports complex.	ACCESS	2009-10	$77,221	Inadequate public improvements
❑ **SilverRock Phase 2 Infrastructure:** In order to accommodate the Clubhouse, second golf course, and the resort hotel and retail development envisioned in the SilverRock Specific Plan, the Agency will construct the wet and dry utility systems, and additional site drainage infrastructure, to facilitate this development program. The construction schedule will correspond with the development of the Clubhouse and the second golf course.	ACCESS	2009-10 to 2012-13	$21,296,459	Inadequate public improvements

Proposed Non-Housing Projects and Programs — **TABLE 2**

Project/Description	Goals Achieved	Projected Timeframe	Agency Cost Estimate	Blighting Conditions Alleviated
❑ **SilverRock Entry Feature Road:** This improvement is designated for the eastern entry to the resort hotel and resort village from Jefferson Street. This entry will also provide secondary access to the Clubhouse. The construction schedule will correspond with the development of the second golf course.	ACCESS	2009-10 to 2012-13	$5,436,406	Inadequate public improvements
❑ **SilverRock Clubhouse:** The project includes the preparation of the plans specifications and engineer's estimate (PS&E) and the construction of the SilverRock Resort Clubhouse.	ACCESS INVEST	2009-10 to 2012-13	$23,347,164	Inadequate public improvements
❑ **SilverRock Phase II at Golf Course:** This project includes the preparation of the plans specifications and engineer's estimate (PS&E) and the construction of the second 18 hole municipal golf course at the SilverRock Resort.	ACCESS INVEST	2009-10 to 2012-13	$20,637,231	Inadequate public improvements
❑ **SilverRock Canal:** The proposed improvements will relocate and possibly underground the Coachella Canal that crosses the SilverRock Resort property in a new alignment.	ACCESS	2009-10 to 2012-13	$6,000,000	Inadequate public improvements

Economic Development				
❑ **Property Acquisition:** One of the impediments to development in the Village has been land values that far exceed the commercial and office rents the market can support. With the current reduction in land values, the Agency is considering strategic land acquisitions that would subsequently facilitate mixed-use development, library and senior center expansion/parking, and affordable housing development.	ACCESS INVEST	2009-10 to 2012-13	$4,500,000	Expanding the community's commercial base

Project No. 2

Capital Improvement Projects: The Agency funds capital improvement projects to address the blighting condition of inadequate public improvements. The following projects are proposed for the Implementation Plan period. Additional projects may be pursued as needs and funding opportunities arise.

❑ **'A' Street Extension (Dune Palms to Komar Center):** The proposed improvements will construct a new roadway approximately 1,600 feet long, connecting Dune Palms Road near Sam's Club with the Komar Center (Costco). The improvements will include pavement, curb, gutter, sidewalk, median curb and will require modifying existing driveways.	ACCESS	2009-10 to 2012-13	$500,835	Inadequate public improvements
❑ **Hwy 111 Utility Undergrounding:** The proposed improvements will place underground, electric power lines currently on overhead power poles. The improvements are located on the south side of Highway 111 on Agency-owned property between Dune Palms Road and Komar Center. The project will replace five above-ground power poles.	ACCESS	2009-10	$141,488	Inadequate public improvements
❑ **Jefferson Street Parkway Landscaping (Vista Grande to Westward Ho):** The proposed improvements include the installation of parkway landscape and irrigation, perimeter walls or fencing, and minor grading on the east and west side of Jefferson Street between Vista Grande and Westward Ho Drive.	ACCESS	2009-10	$2,161,048	Inadequate public improvements

❑ **Drainage Improvements (NE Simon & Washington):** The proposed improvements will install drainage improvements at the northeast corner of Washington Street and Simon Drive. The proposed improvements will handle storm water from the Garff Chevrolet parcel that is currently discharging to off-site development.	ACCESS	2009-10	$500,000	Inadequate public improvements
Economic Development				
❑ **Auto Dealer Facility Realignment/Rehabilitation:** The City's auto dealers are located in Project No. 2. One dealer has been in the community since the early 1980's and the other dealers since the late 1990's. The restructuring of the motorcar manufacturers has resulted the closing of one dealership, and the need for the remaining dealerships to either relocate to smaller, more efficient facilities or to remodel existing facilities. Finally, new auto dealers that are not within La Quinta's market area are seeking new point opportunities. There are previously urbanized sites in Project No. 2 that could accommodate these new dealers. The Agency will be exploring facility rehabilitation opportunities, the need to assist with repositioning existing dealerships to new locations that previously housed auto dealers, and to sell property to facilitate new dealer development.	ACCESS INVEST	2009-10 to 2013-14	$4,000,000	Expand commercial base and remove impediments to development.

REDEVELOPMENT (NON-HOUSING) CASH FLOW

Five Year Work Plan Budget

Tables 3 and 4 present the Agency's five-year projected cash flow for non-housing redevelopment activities during the 2009-10 through 2013-14 planning period. The tax increment revenue figures are the anticipated gross tax increment revenue for Project No. 1 and Project No. 2, before payments for debt service, taxing agencies, and other obligations are made. The projections are based upon a preliminary 2009-10 assessed value as reported by the County Auditor Controller, and assume a -0.237 percent decline in secured assessed values in 2010-11, no growth in secured assessed values in 2011-12, and a two percent growth rate in secured assessed values thereafter. The projections also assume a zero percent growth rate in unsecured values and do not take new development into account. The figures presented are subject to change due to fluctuations in the local economy and changes to the proposed State take of redevelopment funds. The County may reassess property values in the Project Areas over the next several months to be lower, which would lead to a decline in tax increment. The Agency will be closely monitoring the local economy over the next five year period to take market conditions into account when planning and implementing its projects and programs.

Due to the State's effort to take redevelopment funds to balance the State Budget, the Agency may be required to make SERAF payments during the planning period. Therefore, the following projections assume a $23,582,367 SERAF payment in Fiscal Year 2009-10, and $4,850,687 in Fiscal Year 2010-11. The Agency has secured a $10.0 million loan from the City of La Quinta to fund a portion of the $23,582,367 2009-10 SERAF payment; the remaining $13,582,367 will be funded from reallocating capital projects and debt service funds, and available 2010-11 non-housing tax increment revenue. The Agency anticipates funding the 2010-11 payment from non-Housing Fund tax increment revenue. If the California Redevelopment Association's litigation to prohibit the SERAF shift is successful, then these funds may be available to fund additional redevelopment initiatives, or to move forward projects and programs identified in this Implementation Plan that otherwise may be delayed.

Five Year Cash Flow Forecast - Project No. 1 Debt Service & Capital Projects Funds — TABLE 3

FISCAL YEAR	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total
Beginning Balance (July 1)	**$60,113,834**	**$50,698,267**	**$31,514,223**	**$21,448,528**	**$12,691,103**	
REVENUES						
Tax Increment	54,169,600	55,469,671	57,133,761	58,847,774	60,613,208	
General Fund Loan Proceeds	10,000,000					
TOTAL REVENUES	**64,169,600**	**55,469,671**	**57,133,761**	**58,847,774**	**60,613,208**	**$296,234,014**
TOTAL FUNDS AVAILABLE	**$124,283,434**	**$106,167,938**	**$88,647,984**	**$80,296,302**	**$73,304,311**	
EXPENDITURES						
Housing Set Aside	10,833,900	10,833,900	11,158,917	11,493,685	11,838,496	**$56,158,898**
Taxing Agency Payments	20,632,818	20,599,515	20,615,869	20,618,321	20,620,823	**$103,087,345**
Bond Debt Service	9,886,421	9,885,959	9,885,720	9,886,679	9,886,756	**$49,431,535**
City Hall & Contract Payments	757,633	756,625	757,882	770,326	782,703	**$3,825,170**
General Fund Loan Interest Payments	1,720,000	1,720,000	1,720,000	1,720,000	1,720,000	**$8,600,000**
SERAF Payments	23,582,367	4,850,687				**$28,433,054**
Administration/Operating Expenses	2,648,961	2,701,940	2,755,979	2,811,099	2,867,321	**$13,785,299**
Programs/Projects	3,523,068	23,305,089	20,305,089	20,305,089	18,010,511	**$85,448,845**
TOTAL EXPENDITURES	**73,585,167**	**74,653,715**	**67,199,456**	**67,605,199**	**65,726,609**	**$348,770,146**
ENDING BALANCE	**$50,698,267**	**$31,514,223**	**$21,448,528**	**$12,691,103**	**$7,577,702**	

Five Year Cash Flow Forecast - Project No. 2 Debt Service & Capital Projects Funds — TABLE 4

FISCAL YEAR	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total
Beginning Balance (July 1)	**$20,274,630**	**$17,264,510**	**$14,875,415**	**$15,890,789**	**$17,406,574**	
REVENUES						
Tax Increment	28,339,800	28,339,800	29,189,994	30,065,694	31,710,887	
TOTAL REVENUES	**$28,339,800**	**$28,339,800**	**$29,189,994**	**$30,065,694**	**$31,710,887**	**$147,646,175**
TOTAL FUNDS AVAILABLE	**$48,614,430**	**$45,604,310**	**$44,065,409**	**$45,956,483**	**$49,117,461**	
EXPENDITURES						
Housing Set Aside	5,668,000	5,668,000	5,838,040	6,013,181	6,193,576	**$29,380,797**
Taxing Agency Payments	18,208,992	18,165,820	18,215,820	18,579,284	18,950,018	**$92,119,934**
Non-Housing Bond Debt Service	419,550	418,272	416,738	419,819	417,516	**$2,091,895**
City Hall & Contract Payments	306,240	305,814	306,117	312,265	318,528	**$1,548,964**
General Fund Loan Interest Payments	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Hwy 111 General Fund Loan Payment	700,000	700,000	700,000	700,000	700,000	**$3,500,000**
Administration/Operating Expenses	1,319,393	1,345,781	1,372,696	1,400,150	1,428,153	**$6,866,174**
Programs/Projects	3,727,745	3,125,209	325,209	125,209	-	**$7,303,371**
TOTAL EXPENDITURES	**31,349,920**	**30,728,895**	**28,174,620**	**28,549,909**	**29,007,791**	**$147,811,135**
ENDING BALANCE	**$17,264,510**	**$14,875,415**	**$15,890,789**	**$17,406,574**	**$20,109,670**	

SECTION III: HOUSING COMPLIANCE PLAN UPDATE

INTRODUCTION

Overview of the Housing Compliance Plan

The CRL requires agencies to adopt an affordable housing compliance plan that identifies how the redevelopment agency will meet its affordable housing obligations. The compliance plan must be consistent with the jurisdiction's housing element and must also be reviewed and updated at least every five years in conjunction with the cyclical preparation of the housing element or the redevelopment agency's five year implementation plan.

This section presents the Housing Compliance Plan of the Implementation Plan; it reviews the La Quinta Redevelopment Agency's affordable housing production achievements for the past five years (Fiscal Years 2004-05 through 2008-09) and outlines the anticipated affordable housing programs and projects for the remaining five years of the current ten-year planning period (Fiscal Years 2004-05 to 2013-14) ("Compliance Period").

The Agency is required to allocate 20 percent of the tax increment revenue it receives from the Project Areas to increase and improve housing affordable to very low, low, and moderate income households. The Housing Fund has been established for this revenue. The Agency has the authority to underwrite affordable housing preservation or development either inside or outside the Project Areas. Further, the Agency is required to insure that at least 15 percent of all privately developed or substantially rehabilitated dwellings in the Project Areas are affordable to very low, low and moderate income households, and not less than 40 percent of these affordable dwellings must be affordable to very low income households. If the Agency directly develops affordable housing, then at least 50 percent of the dwellings must be affordable to very low, low and moderate income households, and at least 50 percent of those must be affordable to very low income households. In order to ensure each unit's continued affordability, the Agency must secure 45-year covenants on single family homes, and 55-year covenants on multi-family dwellings.

Redevelopment agencies use compliance plans to establish ten-year objectives to achieve compliance with the CRL's affordable housing mandates. The Agency's affordable housing programs generally fall into three categories:

- Housing Production – The Agency must ensure that a percentage of the housing units constructed or substantially rehabilitated by the Agency or the private sector within the Project Areas are affordable to very low, low and moderate income households.
- Replacement Housing – The Agency is obligated to replace any housing units destroyed or removed as a result of a redevelopment project within four years after the destruction or removal.
- Expenditures by Household Types – The Agency must comply with certain proportionality requirements in their expenditure of Housing Funds over a ten-year period to ensure that such funds are spent on housing affordable to very low income households, low income households, and housing for residents under the age of 65 in proportion to their representation in the community.

AFFORDABLE HOUSING WORK PROGRAM

Table 5 presents the Agency's proposed programs and projects for affordable housing production in both Project Areas, including the goals that each project would achieve, the projected implementation timeframe, and the estimated Agency investment[3]. Additional expenditures may be made on these projects as the Agency budget permits. Expenditures that will be made after the five year Implementation Plan period are not shown. Additional projects, not listed, may be implemented over the next five years as opportunities and the Agency budget permits.

Proposed Affordable Housing Projects and Programs — **TABLE 5**

Project/Description	Goals Achieved	Projected Timeframe	Anticipated Expenditure
❑ **Washington Street Apartments:** The Agency purchased the Washington Street Apartments, located at Washington Street and Hidden River Road, in 2008. The property's 72 units are currently restricted to very low income seniors and special needs residents pursuant to previous financial assistance from the federal government, acting through the Farmer's Home Administration, United States Department of Agriculture. The Agency plans to substantially rehabilitate the units and record additional affordability covenants in compliance with the CRL. The Agency also plans to develop a new multifamily housing complex on an adjacent vacant lot with approximately 83 low income units. Though currently outside the Project Areas, an amendment is underway to add the properties to Project No. 2.	LIVE	2009-10 to 2013-14	$18,200,000

[3] Costs are subject to change, and completion of these projects may require future action by the Agency.

Proposed Affordable Housing Projects and Programs			**TABLE 5**
Project/Description	**Goals Achieved**	**Projected Timeframe**	**Anticipated Expenditure**
❑ **Dune Palms/Highway 111:** The Agency purchased a 19.5 acre site in 2007 with the goal of facilitating commercial development on 9.0 acres fronting Highway 111, and up to 180, affordable multi-family dwellings on the rear 9.0 acres. The remaining land area will be developed with a road that will serve the commercial and residential components, and the adjoining Costco Center and Desert Sands Unified School District corporation yard. The City and Agency are currently conducting the environmental review and entitlement processes; the developer, the Shovlin Companies, is currently designing the multi-family housing component. The Agency anticipates concluding an affordable housing agreement by the second quarter of 2010. Project construction will be dependent upon securing 4 percent tax credits. This project will result in 36 very low and 144 low income units in Project No. 2.	LIVE	2009-10 to 2013-14	$27,250,000
❑ **CentrePointe:** The Agency has an affordable housing agreement that requires this 9.45 acre site to be developed with 40 moderate income single family units. The developer has not been able to secure financing and is currently generating alternative affordable housing development proposals. The Agency anticipates receiving these proposals from the developer during the first quarter of 2010, and will then evaluate their financial feasibility. If a viable financing option is identified, the Agency will proceed to renegotiate the affordable housing agreement to accommodate the new housing configuration. This property is located in Project No. 2	LIVE	2009-10 to 2013-14	To be determined

Proposed Affordable Housing Projects and Programs | **TABLE 5**

Project/Description	Goals Achieved	Projected Timeframe	Anticipated Expenditure
Dune Palms/Westward Ho: In January 2007 the Agency started acquiring 6 properties located southeast of the intersection of Dune Palms Road and Westward Ho. These properties were improved with older, dilapidated single family homes that were occupied by upper income households. To date, the Agency has acquired 5 of the 6 properties; the Agency anticipates purchasing the 6th property in January 2010. Site planning is underway to locate 60 single family dwellings on this 5.10 acre site; the dwellings would be sold or rented to low and moderate income family households. The Agency is exploring the feasibility of designing this development to accommodate special needs households. This property is located in Project No. 2.	LIVE	2009-10 to 2013-14	$8,150,000
The Village Live-Work Housing: The Agency purchased this 35,000 square foot parcel in 2007 and is currently preparing site plans to evaluate the feasibility of developing 32 loft dwellings. It is also exploring expanding this site to include the adjoining 15,000 square foot parcel. The goal is to develop live-work dwellings that would be affordable to moderate income households. This site is located in Project No. 1.	LIVE	2009-10 to 2013-14	$4,350,000

Proposed Affordable Housing Projects and Programs			**TABLE 5**
Project/Description	**Goals Achieved**	**Projected Timeframe**	**Anticipated Expenditure**
❑ **Foreclosed Home Purchase and Rehabilitation Program:** The recession has resulted in increasing numbers of bank-owned units in the Project Areas. In October 2009, the Agency directed staff to purchase foreclosed single family dwellings that are primarily located in Project No. 1. The Agency will retain local contractors to substantially rehabilitate these dwellings, and will subsequently sell or rent the substantially rehabilitated dwellings to low or moderate income family households. If the dwellings are sold, the Agency will provide silent second trust deed mortgage loans to insure affordable housing costs. If market conditions limit property disposition to initially renting the dwellings, the dwellings will be transferred to the City's Housing Authority and rented to low and moderate income households. Approximately five homes may be rehabilitated through this program.	LIVE	2009-10 to 2013-14	$3,200,000
❑ **La Quinta Rental Housing Program Landscape Improvements:** The Agency purchased dilapidated single family homes in Project No. 1; 25 of the original 50 homes remain in the Agency's inventory. In order to receive housing credit, the Agency has been substantially rehabilitating these units and then selling them to very low and low income family households. As part of this rehabilitation effort, the Agency is installing new landscape materials which will meet or exceed the City's drought tolerant planting palette.	LIVE	2009-10	$40,000

Proposed Affordable Housing Projects and Programs			TABLE 5
Project/Description	**Goals Achieved**	**Projected Timeframe**	**Anticipated Expenditure**
❑ **Habitat for Humanity:** Habitat for Humanity owns two vacant lots in Project No. 1. Negotiations are underway to structure an affordable housing agreement to construct two single family homes that would be sold to very low income households. The Agency would provide funding to build the units; the Agency's position would be secured via a first trust deed mortgage. If the first two-unit phase is successful, the Agency may retain Habitat to substantially rehabilitate one or more of the La Quinta Rental Housing Program homes, and develop additional lots in Project No. 1 with single family dwellings.	LIVE	2009-10 to 2013-14	$500,000
❑ **Land Acquisition:** In order achieve its housing production mandate, the Agency will continue to seek land acquisition opportunities in the Project Areas. Declining vacant land values and abandoned housing developments are generating new properties within the residential and commercial districts that may accommodate multi-family and mixed-use affordable housing.	LIVE	2009-10 to 2013-14	$22,000,000

AFFORDABLE HOUSING COMPLIANCE

Blueprint for Agency Housing Activities

The Housing Compliance Plan serves as a blueprint for current and future Agency activities within the Project Areas and outlines how the Agency will meet its very low, low, and moderate income housing responsibilities and eliminate blight. This Housing Compliance Plan presents a summary of the Agency's inclusionary and replacement housing programs as mandated by Sections 33413(b)(4) and 33490(a)(2) and (3) of the CRL. Specifically, it presents a forecast of the number of affordable housing units that may be required over the ten-year Compliance Period, and assesses the Agency's plans to facilitate the creation of the required number of affordable housing units within this timeframe.

Adoption of a Housing Compliance Plan does not constitute approval of any specific project, program, or expenditure; and it does not change the need to obtain any required approval of a specific program, project, or expenditure from community or the Agency. The Housing Compliance Plan is a general statement of direction rather than an unalterable course of action. As such, in order to effectuate its purposes due to unknown circumstances or new opportunities that arise from time to time, the Agency may amend the Housing Compliance Plan during the five-year term of the Implementation Plan at any point, including but not limited to the mid-term opportunity as required by the CRL.

HOUSING PRODUCTION

Since 1976, redevelopment agencies have been required to assure that at least 30 percent of all new and substantially rehabilitated units developed by an agency are available at affordable costs to households of very low, low, or moderate income. Of this 30 percent, not less than 50 percent are required to be available at affordable costs to very low income households. Further, for all units developed in the project area by entities other than an agency, the CRL requires that at least 15 percent of all new and substantially rehabilitated dwelling units within the project area be made available at affordable costs to low or moderate income households. Of these, not less than 40 percent of the dwelling units are required to be available at affordable costs to very low income households. These requirements are applicable to housing units on an aggregated basis, and not on a project-by-project basis to each dwelling unit created or substantially rehabilitated unless so required by an agency. Appendix 3 provides a glossary of terms related to affordable housing covenants, affordability limits, and inclusionary unit satisfaction.

The Inclusionary Housing Obligation table on the following page summarizes the Agency's actual and estimated production requirements over various time periods as required by the CRL. To estimate the number of housing units that need to be affordable to very low, low, and moderate income households, the Agency estimated the total number units that will be constructed or substantially rehabilitated in the Project Areas and applied the formulas outlined in the CRL. The following inclusionary housing analysis takes into account all residential construction or substantial rehabilitation that occurred within the Project Areas since their adoption to determine affordable housing production needs, and includes projections for the number of additional dwelling units to be constructed or substantially rehabilitated during the Compliance Period, the next ten years, and over the life of the Redevelopment Plans.

Inclusionary Housing Obligation **TABLE 6**

Time Period	Privately Developed Units			Agency Developed Units			Total Affordable Units Required	Very Low Income Units
	Project No. 1	Project No. 2	Total	Project No. 1	Project No. 2	Total		
Adoption through 1993-94 (Actual)								
Total Units[1]	3,824	904	4,728	0	0	0	709	284
1994-95 through 2003-04 (Actual)								
Total Units[1]	2,568	3,852	6,420				963	385
Compliance Period								
2004-05 through 2008-09 (Actual)								
Total Units[1]	910	970	1,880	0	80	80	306	125
2009-10 through 2013-14 (Projected)								
Total Units[2]	500	451	951	0	0	0	143	57
Next Compliance Period (First Five Years)								
2014-15 through 2018-19 (Projected)								
Total Units[3]	42	120	162	0	0	0	24	10
Remaining Plan Duration								
2019-20 through 2024/2030 (Projected)								
Total Units[4]	942	140	1,082	0	0	0	162	65
Total Redevelopment Plan Duration								
Total Units[5]	8,786	6,437	15,223	0	80	80	2,307	925

[1] Units built or substantially rehabilitated in the Project Areas as reported by the La Quinta Planning Department.

[2] Units predicted based on entitled vacant land.

[3] Units predicted based on potential building activity on unentitled vacant land.

[4] Units predicted based on potential build out on vacant land zoned for residential use.

[5] The total number of units anticipated to built in the Project Areas during the duration of the Redevelopment Plans is greater than what was predicted when the Third Implementation Plan was adopted in 2005. This is due to a land use change on several commercial parcels to residential uses and a development program that was revised to build condo units instead of hotel units.

Note: Numbers may not appear to add correctly due to rounded decimals

As Table 6 shows, residential development projected throughout the duration of the Redevelopment Plans is estimated to generate a need for 2,307 affordable income restricted units, including 925 very low income units. The inclusionary housing obligation throughout the remaining life of the Redevelopment Plans is estimated based on the potential build out of land zoned for residential use in the Project Areas. The potential build out of the Project Areas has increased since the last Implementation Plan was adopted in 2005, resulting in a higher inclusionary housing obligation. This is due to a land use designation revision that changed several commercial parcels to residential uses, and a development program that was altered to build condominium units instead of hotel units.

Table 7 shows the number of affordable housing units the Agency has produced from the adoption of the Redevelopment Plans through Fiscal Year 2008-09, as well as the number of affordable units the Agency anticipates to produce over the next five years, through Fiscal Year 2013-14. The table also shows the number of units the Agency will need to produce from Fiscal Year 2014-15 through the remaining life of the Redevelopment Plans in order to meet its predicted inclusionary housing obligation.

Inclusionary Housing Production **TABLE 7**

Time Period	Affordable Units Built or Covenanted	
	Total	Very Low
Prior to 2004		
Adoption through 1993-94 (Actual)	**0**	**0**
1994-95 through 2003-04 (Actual)	**552**	**259**
Seasons	91	45
Stockman	11	8
Williams	16	6
Cove Rental Housing (Sold & Unsold)	50	44
CVHC - Cove Homes	7	5
Building Horizons	16	0
Agency Acquisition/Rehabilitation	1	0
Second Trust Deed Program	101	0
Mira Flores Single Family	23	0
Residential Rehabilitation Program	4	1
MiraFlores Multifamily	118	70
Aventine	20	0
Mountain View	14	0
Hadley Villas	80	80
Compliance Period		
2004-05 through 2008-09 (Actual)[1]	**500**	**299**
Building Horizons	3	1
Second Trust Deed Program	48	1
Residential Rehabilitation Program	2	2
Watercolors	149	0
Vista Dunes	80	79
CVHC Wolff Waters	218	216
2009-10 through 2013-14 (Projected)	**475**	**111**
Washington Street[3]	156	73
DunePalms/Highway 111[3]	180	36
CentrePointe	40	0
Dune Palms/Westward Ho[3]	60	0
The Village Live-Work Housing[3]	32	0
Foreclosed Home Rehabilitation	5	0
Habitat for Humanity	2	2
Next Compliance Period (First Five Years)		
2014-15 through 2018-19 (Projected)[2]	**400**	**130**
Remaining Plan Duration		
2019-20 through 2024/2030[2]	**380**	**126**
Total Redevelopment Plan Duration		
1983/1989 to 2024/2030	**2,307**	**925**

[1] Does not include units from the Silverhawk multifamily development. Covenanted units were lost due to foreclosure.

[2] Target housing production figures required to meet production requirements.

[3] Properties owned and/or controlled by the City

Note: Numbers may not appear to add correctly due to rounded decimals.

Table 8 summarizes data from Tables 6 and 7 showing the number of units required and produced by time period. It demonstrates how the Agency plans to meet its inclusionary housing obligation by the time the Redevelopment Plans expire.

Inclusionary Housing Fulfillment **TABLE 8**

Time Period	Total	Very Low
Prior to 2004		
Total Units Required (Adoption through 2003-04)	1,672	669
Total Units Produced (Adoption through 2003-04)	**552**	**259**
Remaining Need as of June 30, 2004	1,120	410
Compliance Period		
Total Units Required (2004-05 through 2013-14)	449	182
Total Cumulative Units Required (Adoption through 2013-14)[1]	1,569	592
Total Units Produced (2004-05 through 2013-14)	**975**	**410**
Remaining Need as of June 30, 2014	594	182
Next Compliance Period (First Five Years)		
Total Units Required (2014-15 through 2018-19)	24	10
Total Cumulative Units Required (Adoption through 2018-19)[1]	618	191
Total Units Produced (2014-15 through 2018-19)	**400**	**130**
Remaining Need as of June 30, 2019	218	61
Remaining Plan Duration		
Total Units Required (2019-20 through 2024/2030)	162	65
Total Cumulative Units Required (Adoption through 2024/2030)[1]	380	126
Total Units Produced (2019-20 through 2024/2030)	**380**	**126**
Remaining Need at End of Plan Duration	-	-
Total Redevelopment Plan Duration (1983/1989 to 2024/2030)		
Total Units Required	2,307	925
Total Units Produced	**2,307**	**925**
Remaining Need	-	-

[1] Equals sum of remaining need from prior period plus total units required from current period

Through the remaining effective term of the Redevelopment Plans, the Agency has projected the number of housing units that will be produced based on historical development trends and the amount of available land in each of the Project Areas. During the first five years of the next compliance period (Fiscal Years 2014-15 through 2018-19), the Agency anticipates that development will generate the need for 24 affordable units, with 10 of such units required to be restricted to very low income households. Similarly, development that is anticipated to occur from Fiscal Year 2019-20 through the expiration of the Redevelopment Plans will generate the need for 162 affordable units, with 65 of such units required to be restricted to very low income households. Taking into account the anticipated deficit of affordable units at the end of the current Compliance Period (2013-14), the Agency will endeavor to produce 780 affordable units, with at least 256 of such units restricted to very low income households, throughout the remaining terms of the Redevelopment Plans.

REPLACEMENT HOUSING

The CRL requires that whenever housing occupied by low and moderate income households is destroyed as part of an Agency project, the Agency shall ensure that an equivalent number of replacement units are constructed or substantially rehabilitated. These units must provide at least the same number of bedrooms destroyed, and 100 percent of the replacement units must be affordable to the same income categories (i.e. very low, low, and moderate) as those removed. The Agency receives a full credit for replacement units created inside or outside the Project Areas. Table 8 summarizes the units that have been demolished and subsequently replaced in the Project Areas.

According to Agency records, no affordable units were destroyed in the Project Areas from the adoption of the Redevelopment Plans through June 30, 2004. From July 1, 2004, through June 30, 2009, records show that 92 very low income units were destroyed at the Vista Dunes Mobilehome Park. These units were replaced by 79 very low income multifamily units at the same site and 216 very low income multifamily units at the Wolff Waters development, creating a surplus of 203 very low income units. In all, from adoption of the Redevelopment Plans through June 30, 2009, there were a total of 206 more affordable units produced than were destroyed in the Project Areas.

Summary of Replacement Units v. Demolished Units **TABLE 9**

Time Period		# of Units	# of Bedrooms	Very Low Income Units	Low & Moderate Income Units
Through 6/30/2004	Demolished	0	0	0	0
	Replaced	0	0	0	0
	Surplus (Deficit)	*0*	*0*	*0*	*0*
Through 6/30/2009	**Demolished**	**92**	**193**	**92**	**0**
	Vista Dunes MHP	92	193	92	0
	Replaced	**298**	**740**	**295**	**3**
	Vista Dunes Multifamily	80	174	79	1
	CVHC Wolff Waters	218	566	216	2
	Surplus (Deficit)	*206*	*547*	*203*	*3*
Cumulative Surplus (Deficit) Through June 30, 2009		**206**	**547**	**203**	**3**

During the remainder of the Compliance Period, the Agency anticipates that one project will result in the temporary displacement of affordable housing units in the Project Areas. The Washington Street Apartments contain 73 very low income housing units that will be substantially rehabilitated. However, construction will be phased such that residents will be able to move from their existing unit into a new or rehabilitated unit on the same property and will not be required to leave the property itself.

HOUSING PROGRAM CASH FLOW ANALYSIS

The Agency's primary source of funding for housing projects and programs is the annual deposit of 20 percent of its tax increment revenue into the Housing Fund. The CRL requires that these funds be used to increase, improve, and preserve the community's supply of housing available, at affordable housing cost, to persons and families of very low, low, and moderate income. Other sources of Housing Fund revenues include interest earnings, bond proceeds, loan repayments, and other miscellaneous revenues. Table 10 presents the Agency's Housing Fund projected cash flow over the next five years (Fiscal Years 2009-10 through 2013-14). Projects completed prior to Fiscal Year 2009-10, including replacement units shown in Table 9, are not included in the funding program presented in the cash flow.

Five Year Cash Flow Forecast - Housing Fund						TABLE 10
	Second 5-year Period of 2004/05-2013/14					Total 2nd 5 Year Period
	1 2009-10	2 2010-11	3 2011-12	4 2012-13	5 2013-14	
BEGINNING BALANCE (July 1)	$30,816,669	$33,341,383	$26,061,557	$10,396,679	$518,417	
REVENUES						
Housing Set Aside	16,501,900	16,501,900	16,996,957	17,506,866	18,032,072	**$85,539,695**
Other Income	1,281,100	1,281,100	792,900	765,700	1,018,200	**$5,139,000**
TOTAL REVENUES	**$17,783,000**	**$17,783,000**	**$17,789,857**	**$18,272,566**	**$19,050,272**	**$90,678,695**
TOTAL AVAILABLE FUNDS	**$48,599,669**	**$51,124,383**	**$43,851,414**	**$28,669,245**	**$19,568,689**	
EXPENDITURES						
Debt Service	6,390,291	6,390,333	6,383,502	6,379,595	1,949,472	**$27,493,193**
General Fund Reimbursement	1,179,905	1,099,403	1,099,403	1,099,403	1,036,762	**$5,514,876**
Contract/Miscellaneous	798,090	773,090	721,830	721,830	721,830	**$3,736,670**
Programs/Projects	6,890,000	16,800,000	25,250,000	19,950,000	14,800,000	**83,690,000**
TOTAL EXPENDITURES	**$15,258,286**	**$25,062,826**	**$33,454,735**	**$28,150,828**	**$18,508,064**	**$120,434,739**
ENDING BALANCE	**$33,341,383**	**$26,061,557**	**$10,396,679**	**$518,417**	**$1,060,625**	

EXPENDITURES BY HOUSEHOLD TYPES

Effective January 2002, the expenditure of Housing Fund revenues is subject to certain proportionality requirements. The Agency's Housing Fund revenue is to be expended in proportion to the community's need for very low and low income housing, and in proportion to the low income population under the age of 65. The Agency is required to meet these proportionality requirements within each 10-year housing compliance plan period. Since the proportionality requirement was not enacted until 2002, the law permits that the first period be extended by two years to include expenditures from 2002 through the end of the Compliance Period.

The community's proportionate need for very low and low income housing is based on the Southern California Association of Government's ("SCAG") Regional Housing Needs Allocation ("RHNA"), used by local government to meet state requirements for affordable housing by category. RHNA mandates are adjusted from time to time to respond to changing demographics. As a result, the Agency is subject to RHNA mandates from two different time periods that overlap the Agency's Compliance Period: Agency expenditures from Fiscal Years 2001-02 through 2004-05 are subject to the RHNA mandates assigned for 1998 to 2005; Agency expenditures from Fiscal Years 2005-06 through 2013-14 are subject to RHNA mandates assigned for 2006 to 2014.

The community's proportional need for age-restricted versus non-age restricted housing is based on two different sources[4]. New legal requirements took effect in 2006 that modified the previous limitation of spending Housing Fund monies on households under the age of 65. Section 33334.4(b) of the CRL used to require that an agency spend its Housing Fund monies "in at least the same proportion as the population under age 65 bears to the total population based on the most recent census." The new language provides a higher level of specificity to spend "in at least the same proportion as the number of low income households with a member under age 65 bears to the total number of low income households of the community as reported in the most recent census." Thus, Agency expenditures from Fiscal Years 2001-02 through 2004-05 are subject to the previous age targeting requirement, and expenditures from Fiscal Years 2005-06 through 2013-14 are subject to the new age targeting requirement.

Table 11 presents the minimum Housing Fund expenditure thresholds for very low and low income units, as well as the maximum housing expenditure thresholds for age-restricted units over the two different time periods discussed above.

Proportional Expenditure Requirement **TABLE 11**

	2001-02 to 2004-05		2005-06 to 2013-14	
Income Level	**RHNA Allocation 1998-2005 (Units)[1]**	**Targeting Requirement (% of Total)**	**RHNA Allocation 2006-2014 (Units)[1]**	**Targeting Requirement (% of Total)**
Very Low (min)	178	37%	1,065	41%
Low (min)	103	22%	724	28%
Moderate/Unrestricted (max)	196	41%	796	31%
	477	100%	2,585	100%
Age Category	**Census Allocation (Population)**	**Targeting Requirement (% of Total)**	**CHAS Allocation (Households)[3]**	**Targeting Requirement (% of Total)**
Non-Age Restricted (min)	20,521	87%	1,608	73%
Age-Restricted (max)[2]	3,173	13%	595	27%
	23,694	100%	2,203	100%

[1] Southern California Association of Governments Regional Housing Needs Assessment
[2] Age-restricted means any housing unit that is not available to all persons regardless of age.
[3] Data of low income households with a member under the age of 65 is not readily available from the Census. The nearest metric for such Census data represents households with a member under the age of 62 (available via the Comprehensive Housing Affordability Strategy at http://socds.huduser.org/chas/index.htm).

[4] "Age-restricted" means any housing unit that is not available to all persons regardless of age.

Table 12 details the Agency's Housing Fund expenditures from Fiscal Years 2001-02 through 2004-05 and 2005-06 through 2008-09 and demonstrates that the proportionality requirements are being met. It also shows the Agency's proposed expenditures on affordable housing projects from Fiscal Years 2009-10 through 2013-14.

Proportional Expenditure Fulfillment **TABLE 12**

Project	Housing $ Spent on Very Low Inc. Units	Housing $ Spent on Low Inc. Units	Housing $ Spent on Moderate Inc. Units	Housing $ Spent on Age-Restricted Units	Total Housing Expenditures
2001-02 to 2004-05 (Actual)					
Second Trust Deed	53,673	4,734,124	1,756,071	-	6,543,868
Cove Rental Housing Program	826,429	-	-	166,045	826,429
Residential Rehabilitation	25,590	12,795	46,930	37,795	85,316
Assessment/Sewer Subsidy	127,246	55,336	66,294	-	248,877
Building Horizons	-	169,500	137,750	-	307,250
Mountain View	-	-	276,411	-	276,411
Hadley Villas	1,087,000	-	-	1,087,000	1,087,000
Miraflores	-	-	17,438	8,719	17,438
Watercolors	-	558,643	3,329,444	3,888,087	3,888,087
Vista Dunes	6,968,893	-	88,214	-	7,057,107
CVHC/Wolff Waters	8,763,853	-	81,147	-	8,845,000
Total	**17,852,685**	**5,530,398**	**5,799,698**	**5,187,646**	**29,182,782**
% of Total	**61%**	**19%**	**20%**	**18%**	**100%**
% Required	***37% min.***	***22% min.***	***41% max.***	***13% max.***	
2005-06 to 2008-09 (Actual)					
Second Trust Deed	575,501	638,001	85,500	85,500	1,299,002
Cove Rental Housing Program	322,338	8,712	-	-	331,050
Building Horizons	95,525	-	95,525	-	191,050
Watercolors	-	2,334,922	6,841,878	9,176,800	9,176,800
Vista Dunes	24,034,341	-	304,232	-	24,338,573
CVHC Wolff Waters	28,519,264	-	264,067	-	28,783,331
Washington St. Prop. Acq.	4,220,526	4,798,680	-	4,162,710	9,019,206
Shovlin Property Acquisition	5,989,933	3,993,289	-	-	9,983,222
Total	**63,757,427**	**11,773,605**	**7,591,202**	**13,425,010**	**83,122,234**
% of Total	**77%**	**14%**	**9%**	**16%**	**100%**
2009-10 to 2013-14 (Proposed)					
Washington Street (Senior)	8,516,667	9,683,333	-	18,200,000	18,200,000
Dune Palms/Highway 111	5,450,000	21,800,000	-	-	27,250,000
CentrePointe					Unknown
Dune Palms/Westward Ho	-	6,000,000	6,000,000	-	12,000,000
Village Live-Work	-	-	6,400,000	-	6,400,000
Foreclosed Home Rehab	-	4,500,000	-	-	4,500,000
Rental Housing Program	40,000	-	-	-	40,000
Habitat for Humanity	500,000	-	-		500,000
Land Acquisition	-	22,000,000	-		22,000,000
Total	**14,506,667**	**63,983,333**	**12,400,000**	**18,200,000**	**90,890,000**
% of Total	**16%**	**70%**	**14%**	**20%**	**100%**
2005-06 to 2013-14 (Actual & Proposed)					
Total	**78,264,094**	**75,756,938**	**19,991,202**	**31,625,010**	**174,012,234**
% of Total	**45%**	**44%**	**11%**	**18%**	**100%**
% Required	***41% min.***	***28% min.***	***31 % max.***	***27% max.***	

During the first time period (Fiscal Years 2001-02 through 2004-05), the Agency's Housing Fund expenditures exceeded the minimum proportionality requirement for very low income households and did not exceed the maximum proportionality limit for moderate income households. The Agency under-spent on low income households and over-spent on age-restricted households during the first time period; however the Agency plans to meet these proportionality requirements by the end of the Compliance Period. The Agency has projected $90.9 million of Housing Fund expenditures for projects and programs implemented over the remainder of the Compliance Period (2009-10 through 2013-14). Future Housing Fund expenditures will be used in the proportions detailed in Table 12 to ensure that Housing Fund proportional allocation targets are met by the end of the Compliance Period. The Agency will concentrate on expending its Housing Funds on low income and non-age restricted units to balance over-spending on age-restricted housing during the first portion of the Compliance Period.

PRIOR FIVE-YEAR HOUSING FUND EXPENDITURES

Units Assisted by Housing Fund

The CRL requires a recap of the number of the projects assisted by the Housing Fund to create extremely low, very low, and low income units over the past implementation plan period (2004-05 through 2008-09). The CRL also requires a recap of the number, location, level of affordability, and the amount of Housing Funds expended on units available to families with children. Table 13 summarizes these statistics:

Housing Fund Expenditures 2004-05 through 2008-09 — **TABLE 13**

Project	Very Low Inc. Units	Housing $ Spent on Very Low Inc. Units	Low Inc. Units	Housing $ Spent on Low Inc. Units	Moderate Inc. Units	Housing $ Spent on Moderate Inc. Units	Total Affordable Units	Total Housing Expenditures
Second Trust Deed	18	676,801	8	300,800	14	526,401	40	1,504,002
Cove Rental Housing Program	37	322,338	1	8,712	0	-	38	331,050
Residential Rehabilitation	0	-	0	-	1	25,000	1	25,000
Building Horizons	1	95,525	0	-	1	95,525	2	191,050
Watercolors	0	-	33	2,032,446	116	7,144,354	149	9,176,800
Silverhawk (Lost Units)	0	-	0	-	75	3,500,000	75	3,500,000
Vista Dunes	79	31,003,234	0	-	1	392,446	80	31,102,631
CVHC Wolff Waters	216	37,283,117	0	-	2	345,214	218	37,628,331
Shovlin Property Acquisition	120	5,989,933	80	3,993,289	0	-	200	9,983,222
Washington St. Apts. Prop. Acq.	73	4,220,526	83	4,798,680	0	-	156	9,019,206
Total	**544**	**$ 79,591,474**	**205**	**$ 11,133,927**	**210**	**$ 12,028,940**	**959**	**$ 102,461,292**

Age Category	Very Low Inc. Units	Housing $ Spent on Very Low Inc. Units	Low Inc. Units	Housing $ Spent on Low Inc. Units	Moderate Inc. Units	Housing $ Spent on Moderate Inc. Units	Total Affordable Units	Total Housing Expenditures
Units for Seniors	73	$ 4,271,980	117	$ 6,846,872	131	$ 7,666,155	321	$ 18,785,007
Units for Families	471	75,319,494	88	4,287,055	79	4,362,785	638	83,676,285
Total	**544**	**$ 79,591,474**	**205**	**$ 11,133,927**	**210**	**$ 12,028,940**	**959**	**$ 102,461,292**

Note: The expenditures listed for the Building Horizons, Second Trust Deed, and Residential Rehabilitation programs are inclusive of expenditures made on units that have been "lost" since the money was spent. Although lost units do not fulfill inclusionary housing obligations, the proportionality of expenditures does not change. The total units reported in this table does not indicate total units produced to fulfill inclusionary housing obligations.

Housing Units Constructed During Prior Implementation Plan Without Housing Funds

Since 2005, no affordable units featuring long term covenants (affordable units with covenants of at least 45 years for ownership housing or 55 years for rental housing) have been created with funds other than the Housing Funds (although several units have been funded with a combination of Housing Funds and other funds such as State tax credits).

Prior to 2005, 216 affordable units were constructed in the Project Areas without Housing Funds. The Coachella Valley Housing Coalition built 100 units in the Project Areas that are restricted to low income households. The last phase of these homes was built in 2000-01. The Villa Cortina tax credit project produced 116 affordable units in Fiscal Year 1996-97. The project has 58 very low income units and 58 low income units.

APPENDICES

APPENDIX 1

Summary of Pass Through Agreements

Prior to January 1, 1994, the CRL permitted redevelopment agencies to enter into tax sharing agreements with affected taxing agencies. The Agency has such agreements that provide for payment of certain tax increment revenues from the Project Areas; some of these payments are senior to debt service on bonds, while others are subordinate. The pertinent provisions of these agreements are summarized below.

PROJECT NO. 1

Coachella Valley Mosquito Abatement District

Pursuant to the August 8, 1984, "Settlement and General Release and Cooperation Agreement" between the Coachella Valley Mosquito Abatement District, the City of La Quinta and the Agency, the Mosquito Abatement District is to receive its full 100 percent share of the District's 1.43 percent levy of the net tax increment (net of Housing Fund deposits). The levy shall not exceed 1.43 percent and it is currently 1.38 percent. This pass-through obligation is senior to all bond debt service payments.

Coachella Valley Unified School District

On April 2, 1991, the Agency and the Coachella Valley Unified School District entered into the "Agreement for Cooperation between the Coachella Valley Unified School District and the City of La Quinta and the La Quinta Redevelopment Agency." This Agreement provides for a fixed series of payments to be made by the Agency to the Coachella Valley Unified School District. The remaining payments are indicated below:

Payment Date	Amount Payable
July 1, 2009	$396,875.25
January 1, 2010	$404,812.75
July 1, 2010	$404,812.75
January 1, 2011	$412,909.25
July 1, 2011	$412,909.25
January 1, 2012	$421,167.25
July 1, 2012	$421,167.25

Further, the Agreement provides that these payments shall be subordinated to debt service payments for the 1985 Tax Allocation Bonds (refunded with the Series 1990 Tax Allocation Bonds) and 1989 Tax Allocation Bonds, or any refunding bond issues related thereto.

Coachella Valley Water District

The "Agreement for Cooperation between the City of La Quinta, the La Quinta Redevelopment Agency, and the Coachella Valley Water District" dated November 29, 1983, requires that the Agency pay to the Coachella Valley Water District ("CVWD") a portion of the CVWD share of the gross tax increment, equal to 1.2 percent. The Agreement provides that such payments shall not be subordinate to all debt service other than that previously issued to finance flood control improvements. Therefore, these payments are not subordinate to bond debt service payments.

County General Fund, Library, and Fire Districts

Pursuant to the "Replacement Cooperation Agreement Between the County of Riverside and the City of La Quinta and the La Quinta Redevelopment Agency" executed on December 21, 1993, the County General Fund, Library District, and Fire District are to receive their full 100 percent share of the gross (before Housing Fund deposits) tax increment. The County General Fund tax levy within the Project Area is 24.41 percent, while the Library and Fire District tax levies are 2.74 percent and 5.91 percent, respectively. In addition to these amounts, the Agency is to pay to the County General Fund the following annual repayments of previously deferred pass-through identified in the Replacement Cooperation Agreement as "Amount Owed":

Fiscal Years	Annual Payment
2000-01 through 2002-03	$1,803,705
2002-03 through 2005-06	$2,190,473

The Replacement Cooperation Agreement provides that the payment of County tax increment revenue is subordinate to debt service for existing Project Area bond debt, and any future bonds issued in connection with Project No. 1. The Agreement does require the Agency to size new bond issuances in such a way that sufficient funds are projected to be available to satisfy its obligations to the County pursuant to the Agreement without subordination. The Agency has retired the remaining "Amount Owed" to the County from 2001 Bond proceeds.

Desert Community College

The Agency entered into the "Agreement for Cooperation between the Desert Community College District and the La Quinta Redevelopment Agency" on December 21, 1993. Until Fiscal Year 2005-06, the Agency retained all of the Desert Community College District's ("DCCD") 7.59 percent share of the gross tax increment revenue. After reaching this threshold, for a period of ten successive years, the Agency will pay 20 percent of the DCCD's share to the District. Beginning in the eleventh year following Fiscal Year 2005-06, the Agency will pay 25 percent of the DCCD share. The Agreement provides that payments to the District do not constitute an "express pledge" within the meaning of Health and Safety Code Section 33671.5, and therefore, payments to the District are subordinate to all bond debt service.

Desert Sands Unified School District

On December 21, 1993, the Agency approved an "Agreement for Cooperation between the Desert Sands Unified School District and the City of La Quinta and the La Quinta Redevelopment Agency." The Agreement with Desert Sands Unified School District ("DSUSD") requires that the Agency deposit a portion of the DSUSD's revenues into a capital fund to be used for the purpose of financing various capital projects that benefit both DSUSD and the Project Area. Between 1994 and 1998, the Agency deposited the required fixed series payments into the capital fund. A second series of payments to the capital fund began in Fiscal Year 2005-06, the fiscal year following the fiscal year in which the Agency's cumulative tax increment revenues from the Project exceeded $300.0 million. During the first ten years from Fiscal Year 2005-06, the Agency will make an annual deposit equal to 20 percent of the DSUSD's 27.70 percent share. Beginning in the eleventh year and continuing for the Plan's duration, the Agency will deposit 25 percent of the DSUSD's share of tax increment.

The Agreement provides that payments to the District do not constitute an "express pledge" within the meaning of Health and Safety Code Section 33671.5, and therefore, payments to the District are subordinate to all bond debt service.

Statutory Pass Through Payments

The adoption of Ordinance No. 388 in Fiscal Year 2003-04 to eliminate the time limit to incur debt triggered the need for the Agency to make "statutory pass-through payments" under Health and Safety Code Section 33607.7 to those taxing agencies with which the Agency does not have a pass-through agreement. Statutory pass-through payments are made to the following taxing agencies that the Agency does not have pass-through agreements with (each taxing agency's respective share of the 1 percent general levy is also shown).

County Superintendent of Schools (4.13 percent)

Coachella Valley Public Cemetery (0.34 percent)

Coachella Recreation and Park (2.09 percent)

Coachella Valley Resource Conservation District (0.04 percent)

City of La Quinta (5.49 percent) (first 25 percent only – see below)

Under Health and Safety Code Section 33607.7, the amount of the statutory pass-through payments is a portion of the Agency tax increment (after deduction of the portion of tax increment, currently 20 percent, required to be deposited into the Agency's Housing Fund), based on a series of adjusted base year assessed valuations. Starting in Fiscal Year 2005-06 and each year thereafter for duration of the Redevelopment Plan, the amount of the statutory pass-through payments under Health and Safety Code Section 33607.7 to each of the five above-listed taxing agencies are the sum of (A), (B), and (C) below:

(A) The taxing agency's respective share of 25 percent (after deduction of the 20 percent Housing Fund deposit) of the tax increment received by the Agency based on the difference between the Project Area No. 1 assessed valuation in such year compared to the first adjusted based year assessed valuation (i.e., the valuation existing as of Fiscal Year 2004-05); plus

(B) Starting in the 11th year of payments (i.e., Fiscal Year 2015-16), the payment is equal to the amount calculated pursuant to (A) above plus the taxing agency's respective share of 21 percent (after deduction of the 20 percent Housing Fund deposit) of the tax increment received by the Agency based on the difference between Project Area No. 1 assessed valuation in such year compared to a second adjusted based year assessed valuation which is the assessed valuation as of Year 10 (i.e., Fiscal Year 2014-15); plus

(C) Starting in the 31st year of payments (i.e., Fiscal Year 2035-36), the payment is equal to amounts calculated pursuant to (A) and (B) above, plus the taxing agency's respective share of 14 percent (after deduction of the 20 percent Housing Fund deposit) of the tax increment received by the Agency based on the difference between Project Area No. 1 assessed valuation in such year compared to a third adjusted based year assessed valuation which is the assessed valuation as of Year 30 (i.e., Fiscal Year 2034-35).

These statutory pass-through payments are not subordinated to new bond debt service payments.

PROJECT NO. 2

Coachella Valley Community College District

This agreement provides that the College District shall receive 50 percent of the tax increment revenue generated by the College District's 7.72 percent property tax levy.

Coachella Valley Mosquito and Vector Control District

The agreement provides that the Mosquito and Vector Control District shall receive 100 percent the tax increment revenue generated by its 1.41 percent property tax levy.

Coachella Valley Recreation and Park District

The agreement provides that the Agency shall retain 100 percent of the tax increment revenue generated by the Park District's 2.13 percent property tax levy. This revenue, however, must be expended on identified park-related capital improvements. Due to the Agency's expenditure to acquire land acquisition and make park improvements in Project Area No. 2, the Agency is entitled to retain the Park District's tax increment revenue until Fiscal Year 2003-04. After 2003-04, the Agency anticipates that it will continue to fund park-related projects with the Park District's share of annual tax increment revenue.

Coachella Valley Water District

The agreement provides that the Water District shall receive 100 percent of the tax increment revenue generated by the Water District's 7.67 percent property tax levy.

County of Riverside

The Agency's Cooperation Agreement with the County of Riverside provides for full payment of the tax increment revenue generated by the County General Fund (25.53 percent), Library District (2.80 percent), and Fire District (6.02 percent) property tax levies. Additionally, the Agency is paying the County $1.4 million over the next 3 years to reimburse the County for tax increment revenue generated by the County's General Fund property tax levy the Agency retained during the initial years of the Redevelopment Plan.

Riverside County Superintendent of Schools

This agreement provides that the Superintendent of Schools shall receive 50 percent of the tax increment revenue generated by the Superintendent of Schools' 4.18 percent property tax levy.

Desert Sands Unified School District

The agreement provides that the Agency shall retain 50 percent of the tax increment revenue generated by the School District's 37.16 percent property tax levy. The remaining 50 percent is paid to the School District.

Statutory Pass Through Payments

The adoption of Ordinance No. 404 in Fiscal Year 2003-04 to eliminate the time limit to incur debt triggered the need for the Agency to make "statutory pass-through payments" under Health and Safety

Code Section 33607.7 to those taxing agencies with whom the Agency does not have a pass-through agreement. However, the Agency has a pass-through agreement with all affected taxing agencies thus is not required to make statutory pass-through payments.

APPENDIX 2

Redevelopment Project Inventory

****Table to be provided****

APPENDIX 3

Glossary of Housing Terms

There are many ways in which the Agency may create inclusionary units that satisfy the requirements outlined in CRL Section 33413 including new construction of for-sale and rental housing, substantial rehabilitation, and the purchase of covenants on multifamily rental housing.

New Construction & Substantial Rehabilitation: For-sale (affordable) inclusionary units or inclusionary multifamily rental housing may be created by assisting new construction or providing financing for purchasers of new housing, and by substantially rehabilitating such units per the CRL definition. To be counted toward the Agency inclusionary unit need, for sale units must be covered by a 45-year affordability covenant and rental units by a 55-year affordability covenant.

Purchase of Covenants: The Agency may use the Housing Fund to subsidize multifamily units that are not substantially rehabilitated or newly constructed, by the purchase of an affordability covenant. The affordability covenants on multifamily units would restrict such units for a period of 55 years. Such units must be occupied by and affordable to very low and low income households. The Agency may only meet up to 50 percent of their required inclusionary unit need in this manner. Furthermore, 50 percent of the covenants purchased must be affordable to very low and low income households. Inclusionary units secured by the Agency through the purchase of covenants, substantial rehabilitation, and new construction that are located within the boundaries of the Project Areas can be counted on a one-for-one basis. If the units are located outside of the Project Areas they only receive one-half (½) credit (counted on a two-for-one basis). Mutual self-help housing units receive a 1/3 credit towards satisfying inclusionary unit production requirements.

Mutual Self-help Housing: Mutual self-help housing refers to very low or low income, owner-occupied housing units where residents have contributed at least 500 hours of work on the unit to ensure safe and sanitary housing. Mutual self-help housing units must be deed restricted for at least 15 years. Each housing production unit must have a covenant recorded with the county pursuant to CRL Section 33334.3 in order to be counted.

DURATION OF AFFORDABILITY COVENANTS

Prior to January 1, 2002: for no less than the period of land use controls established in the redevelopment plan.

After January 1, 2002*:* for the longest feasible time, but not less than 55 years for rental housing and 45 years for owner occupied housing.

Under Section 33413, rental housing units may be replaced prior to the expiration of the 55-year period with equally affordable and comparable rental units in another location within the City if (i) the replacement units are available for occupancy prior to the displacement of any persons residing in the subject units and (ii) the comparable replacement units are not developed using moneys in the Housing Fund.

Under Section 33413, owner-occupied units may be sold prior to the expiration of the 45-year period for a price in excess of what would otherwise be allowed if the units are subject to an equity sharing agreement or some other program that protects the Agency's investment of Housing Fund monies. The Agency must deposit the excess proceeds in the Housing Fund and within three years from the date of the sale of the units, spend funds to make affordable an equal number of units at the same income level as the units sold. Only the units originally assisted by the Agency can be counted towards the Agency's obligations under Section 33413.

AFFORDABILITY INCOME AND COST LEVELS

Section 50052.5 of Health and Safety Code defines affordable housing cost as:

- Extremely Low – Not more than 30 percent of 30 percent of the County median household income.
- Very Low - Not more than 30 percent of 50 percent of the County median household income.
- Low - Not more than 30 percent of 70 percent (or 30 percent of 60 percent for rental projects) of the County median household income.
- Moderate - Not more than 35 percent of 110 percent (or 30 percent of 120 percent for rental projects) of the County median household income.

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