Desert Hot Springs Redevelopment Agency

Ten-Year Affordable Housing Compliance Plan

(2004-05 through 2013-14)

Appendix A-to the Desert Hot Springs Redevelopment Agency 5-Year Implementation Plan (2004-05 through 2008-09)

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Ten-Year Affordable Housing Compliance Plan

Desert Hot Springs Redevelopment Agency

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Ten-Year Affordable Housing Compliance Plan

Desert Hot Springs Redevelopment Agency

Introduction

This document is the Ten-Year Affordable Housing Compliance Plan ("Compliance Plan") for the Merged Redevelopment Project ("Merged Project Area") consisting of Project Area No. 1, Project Area No. 2 and the Added Areas for the Desert Hot Springs Redevelopment Agency ("Agency"). This Compliance Plan incorporates a summary of the Agency's affordable housing production activities since adoption of Project Area No. 1 on July 6, 1982 and presents an affordable housing production plan for the second ten-year planning period (2004-05 through 2013-14).

The Merged Project Area is located in the City of Desert Hot Springs, Riverside County, California, situated in the Coachella Valley north of Highway 111 and west of the Joshua Tree National Park. The City of Desert Hot Springs was incorporated in 1963 and is approximately 109 miles east of Los Angeles and 12 miles north of Palm Springs. According to the 2000 United States Census, the City had a total of 16,582 residents and 7,034 housing units.

The City Council of the City of Desert Hot Springs took action in 1982 to establish the Desert Hot Springs Redevelopment Agency. With this action the City embarked on a comprehensive effort to eliminate blighting and adverse conditions within the City. The focus of the City's revitalization efforts have been channeled through the adoption and implementation of its Redevelopment Plans. The Agency's first redevelopment project area, Project Area No. 1, was adopted in 1982. Since then, the Agency adopted one other project area, Project Area No. 2. Additionally the Agency added area, the "Added Area", during the merger of the Project Area No. 1 and No. 2. Over the past 22 years, the Agency has accomplished numerous redevelopment, development, and infrastructure projects that have revitalized many properties within the Merged Project Area. Unfortunately, many of the blighting conditions that required the adoption of the Merged Project Area still exist or have been exacerbated over time. The lasting effects of the 1990's recession have impacted redevelopment efforts and the activities of both private and public sector. However, the recent escalation in home values and development in the Merged Project Area has served to offset the lack of redevelopment activities. Additionally, the Agency, by invoking the tools, mechanisms, and powers provided by the CRL, continues to pursue the revitalization of the Merged Project Area.

Legal Requirements for Compliance Plans

Pursuant to the requirements of Sections 33413(b)(4) and 33490(a)(2) and (3) of the California Community Redevelopment Law, Health and Safety Code Section 33000 et seq. ("CRL"), this Compliance Plan sets forth the Agency's program for ensuring that the appropriate number of very low, low, and moderate-income housing units will be produced as a result of new construction or substantial rehabilitation in the Merged Project Area.

The CRL defines and limits assisted income categories as follows:
Very Low Income - persons or households whose gross income does not exceed 50% of the area's median income;
Low Income - persons or households whose gross income are greater than 50% but do not exceed 80% of the area's median income; and
Moderate-Income – persons or households whose gross income are greater than 80% but do not exceed 120% of the area's median income.

The adoption of Assembly Bill 315 in 1992 (as amended by AB 1290 in 1993 and subsequent amendments) requires all redevelopment agencies to adopt and periodically update a plan to ensure compliance for each project area, regarding the reservation of new or rehabilitated housing units to persons or families of low to moderate income at affordable housing costs.

The CRL defines Affordable Housing Cost as:
- Very Low - Not more than 30% of 50% of the County median household income;
- Low - Not more than 30% of 70% (or 60% for rental projects) of the County median household income; and
- Moderate - Not more than 35% of 110% (or 30% of 120% for rental projects) of the County median household income.

Compliance with AB 637 and SB 701

This Compliance Plan is consistent with recent changes enacted into the CRL pursuant to Assembly Bill 637 (Lowenthal) and Senate Bill 701 (Torlakson). Among these significant amendments are:

- 55/45 Year Minimum Affordability Periods: Effective January 1, 2002, all new or substantially rehabilitated dwelling units assisted by the Housing Fund, replacement housing, and inclusionary housing must be affordable for 55 years (rental units) or 45 years (owner-occupied units). Units assisted, rehabilitated or constructed prior to January 1, 2002 may have shorter time limits.

- Substantial Rehabilitation: After January 1, 2002, substantially rehabilitated dwelling units' means all units substantially rehabilitated with agency assistance. Prior to January 1, 2002, substantially rehabilitated dwelling units means substantially rehabilitated multi-family rental dwelling units with three or more units regardless of whether there is agency assistance, or single family units substantially rehabilitated with agency assistance.

- Replacement Housing: Effective January 1, 2002, 100% of all replacement housing units must be affordable to the same income categories as those displaced. Previously, only 75% of the units had to match the displaced income categories.

- Targeting Housing Fund Expenditures: Effective January 2003, the CRL now requires that Housing Fund assistance during the 10-year Compliance Plan mirror the community's needs, both in terms of the income categories needed, and the number of family (versus senior) housing needed. (The CRL provides an additional five years to meet this requirement if an agency deposited less than $2 million over the first five years of the Compliance Plan.)

Contents of the Compliance Plan

This Compliance Plan has been developed to accomplish the following goals:

- To account for the number of affordable dwelling units, either constructed or substantially rehabilitated in the Merged Project Area, since its adoption;
- To forecast the estimated number of dwelling units to be privately developed or substantially rehabilitated between fiscal years 2004-05 through 2013-2014 and over the duration of the Redevelopment Plan;
- To forecast the estimated number of dwelling units to be developed or substantially rehabilitated by the Agency between fiscal years 2004-05 through 2013-2014;
- To project the availability of Agency revenue for funding affordable housing production;
- To identify implementation policies/programs and potential sites for affordable housing development;
- To establish a timeline for implementing this Compliance Plan to ensure that the requirements of Section 33413 are met during the ten-year period between fiscal years 2004-05 and 2013-2014; and
- To review the consistency of Agency affordable housing goals, objectives, and programs pursuant to the City's Housing Element.

Purpose

Since 1976, redevelopment agencies have been required to assure that at least 30% of all new or substantially rehabilitated units developed by an agency are available at affordable costs to households of very low, low, or moderate-income. Of this 30%, not less than 50% are required to be available at affordable costs to very low-income households. Further, for all units developed in the Merged Project Area by entities other than an agency, the CRL requires that at least 15% of all new or substantially rehabilitated dwelling units within the Merged Project Area be made available at affordable costs to low- or moderate-income households. Of these, not less than 40% of the dwelling units are required to be available at affordable costs to very low-income households. These requirements are applicable to housing units as aggregated, and not on a project-by-project basis to each dwelling unit created or substantially rehabilitated, unless so required by the Agency.

In 1994, the CRL was amended to require redevelopment agencies to prepare a plan that demonstrated how the agency would achieve the aforementioned affordable housing mandates. Known, as housing compliance plans, the CRL also requires agencies to update said plans every five years.

Methodology and Data Compilation

This Compliance Plan takes into account all residential construction or substantial rehabilitation that has occurred within the Merged Project Area since adoption of the Plan, in order to determine affordable housing production needs; it accounts for existing residential construction and substantial rehabilitation, and includes projections of new dwelling units that may be constructed or substantially rehabilitated during the ten-year planning period.

Historical construction and substantial rehabilitation statistics were obtained via an analysis of Riverside County Assessor records. It should be noted that neither the existing housing stock nor projections for future dwelling units include any units to be developed by the Agency. However, the Agency will continue to cooperate with and provide assistance and incentives to private developers, in order to meet affordable housing production needs.

Ten-Year Affordable Housing Compliance Plan

Desert Hot Springs Redevelopment Agency

Affordable Housing Production Needs

This section describes the Agency's production needs for the planning period (2004-05 through 2013-14) and over the greater duration of the Redevelopment Plan.

Table 1
Desert Hot Springs Redevelopment Agency
Merged Project Area Inclusionary Housing Needs

		Merged Project Area	Developed /Agency or Private /1	Number of Units Produced	Total Number of Very Low, Low & Moderate Units Required	VL Income Units	L & M Income Units
Prior to 94/95		Built from date of adopt (1984) through 6/30/94 /3	Private	383	57	23	34
		Substantially Rehabilitated through 6/30/94	Private	0	0	0	0
1st 10-Yrs	94/95-03/04	Built from 7/1/1994 through 6/30/04 /3	Private	454	68	27	41
		Substantially Rehabilitated 7/1/94 - 6/30/04	Private	0	0	0	0
		SUBTOTAL through 6/30/04		837	126	50	75
2nd 10-Yrs 2004/05 -2013/14	1st 5 Yr. Period 04/05 -08/09	New Units Anticipated to be Built/2	Private	1656	248	99	149
		Anticipated-Substantially Rehabilitated Units	Private	0	0	0	0
		Subtotal 5 Year Period		1656	248	99	149
	2nd 5 Yr. Period 09/10 - 13/14	New Units Anticipated to be Built/2	Private	3120	468	187	281
		Anticipated-Substantially Rehabilitated Units	Private	0	0	0	0
		Subtotal 5 Year Period		3120	468	187	281
Units Expected to be Built/Provided Over Remaining Project Term				4776	716	287	430
TOTAL UNITS OVER TERM OF PLAN				10,389	1558	623	935

1/ All units have been or are anticipated to be produced by private parties
2/ Units shown are projected production levels based upon citywide unit production as provided by City staff
3/ Number of units produced obtained from Riverside County Assessors Records

According to data supplied by the Building Department, a total of 383 units were built in the Merged Project Area between 1982 and 1994. 1994 commenced the first ten-year (1994-95 through 2003-04) Housing Compliance Plan period under the CRL. Housing needs for this period include a proportionate share of those units built between 1982 through 1994, plus units required by housing production during the first 10-year period. Table 1 details that the Agency's 1994-2004 housing needs equal 68 affordable units, 27 of which must be restricted for very low-income and the remaining 41 restricted for low to moderate-income households.

Planning Period Production Needs

Section 33413(b) of the CRL requires that not less than 15% must be affordable to low- and moderate-income households. The CRL also requires that 40% of the required affordable units be affordable to very low-income households. These affordable housing production requirements must be met during the planning period, which ends after fiscal year 2013-2014. As detailed in Table 1, it is expected that the Agency must produce or restrict a total of 716 affordable housing units during the second planning period of which 287 must be restricted for very low-income and 430 for low- to moderate-income.

To satisfy the Agency's production needs, units that are either developed or substantially rehabilitated must feature 45 or 55-year covenants. Units may be constructed inside or outside the Merged Project Area, but units provided outside a Merged Project Area count on a 2-for-1 basis. The Agency may also purchase 55-year affordability covenants on multifamily units.

Production Needs over Duration of Redevelopment Plan

Concurrent with the production needs created by the projected housing growth, the City must also take efforts to meet its share of the Regional Housing Needs Assessment (RHNA), as calculated by the Southern California Association of Governments (SCAG), which forecasts the anticipated housing demand during the planning period which from 1998 through 2005. According to the RHNA projections, the City's housing goal is to accommodate 150 housing units over this period with 47 moderate, 37 low and 66 very low income housing units.

Inventory of Existing Deed-Restricted Units

The Agency is obligated under Section 33490 of the CRL to ensure that 15% of non-Agency developed units (and 30% of all Agency developed units) are affordable to very low, low and moderate income households, featuring covenants that extend to at least the duration of the Redevelopment Plan.

To satisfy the Agency's production needs, units that are either developed or substantially rehabilitated must be covered by restrictive covenants. Housing units created or assisted after 2001 must carry 45-year covenants for single family units and 55-year affordability covenants on multifamily units.[1] Units may be constructed inside or outside the Project Area, but units provided outside a project area count on a 2-for-1 basis. The Agency may also purchase 55-year affordability covenants on multifamily units.

[1] 45 years for ownership units or 55 years for rental units. Prior to January 1, 2002, affordability covenants could be as little as the duration of the redevelopment plan to count for meeting a redevelopment agency's affordable housing production requirements.

Table 2
DESERT HOT SPRINGS REDEVELOPMENT AGENCY
Affordable Housing Provided

Projects/Privately Developed	Year Built	Total Number of Units	VL Units	L& M Units	Funding Assistance Type	Term of Affordability
Desert Horizon	1984	44	44	0	515 FWC	Infinite
Casa West LTD	1986	48	0	48	CHAFA/FHA	Infinite
Waldorf Manor	1998	51	20	31	Tax Credit	2027
Bella Vista (Phase II)	1992	96	13	83	Tax Credit	2009
Highland Homes	1972	11	11	0	FHA 515	Infinite
Quinto Del Sol	1986	42	0	42	HUD	Infinite
Casas del Sol	1981	60	0	60	FHA 515	Infinite
Linda Vista Apartments	1982	47	29	18		2027
Casas del Sol II	1978	48	0	48	FHA 515	Infinite
Sub-total		447	117	330		
Projected Affordable Housing						
Coachella Valley Housing Coalition	2004-06	20		20		
Sub-total		20	0	20		
Total		467	117	350		

As required by Section 33490 of the Law, Table 2 above presents an inventory of the Agency's existing deed-restricted affordable units. To date, the Agency's efforts have yielded 467 affordable units. Of the 467 restricted units provided, 117 affordable units are reserved for very low income and 330 are low and moderate income units. (These figures exclude manager's units that are included as a part of the multifamily housing projects)

Table 3
DESERT HOT SPRINGS REDEVELOPMENT AGENCY
First 10 Year Inclusionary Plan Progress

Reconciliation of First 10 Year Period	Total Number of Units	VL Units	L& M Units
FIRST TEN YEAR INCLUSIONARY UNIT NEED	**126**	**50**	**75**
Units Provided (see Table 2)	467	117	350
Total Need(-) or Surplus (+)	341	67	275

Table 3 illustrates that the Agency has met and exceeded its first ten-year planning period inclusionary housing unit needs.

Table 4
DESERT HOT SPRINGS REDEVELOPMENT AGENCY
Second 10 Year Inclusionary Need

Second 10 Year Inclusionary Need	Total Number of Units	VL Units	L& M Units
Units Needed 2nd Ten Year (see Table 1)	468	187	281
Surplus Units -1st Ten Year	341	67	275
Total Need(-) or Surplus (+)	-127	-120	-6

Table 4 demonstrates that with the existing surplus of units, the Agency will be unable to meet the unit requirement for very low, low- and moderate-income housing over the second ten year planning period, which ends after fiscal year 2013-2014.

Replacement Housing Production Needs

The CRL requires that whenever dwelling units housing low and moderate-income households are destroyed as part of an Agency project, the Agency is responsible for ensuring 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% 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 Merged Project Area.

According to Agency staff, no units have been destroyed by Agency activity. Additionally, no units are expected to be destroyed or removed as a part of an Agency project during the planning period.

Estimated Housing Program Resources

One of the Agency's primary sources of revenues for housing program implementation is the annual 20% housing set-aside deposits. The CRL requires that not less than 20% of all tax increment revenue allocated to the Agency must 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-incomes.

Table 5 presents projected housing fund revenues that may be available for housing production activities over the planning period. The forecast of revenues is based on a conservative 2% growth rate in Merged Project Area secured assessed values. Based on these projections, the Agency may have approximately $11.6 million of housing fund revenue and fund balance during this planning period.

Targeting of Housing Fund Expenditures

As set forth by Section 33333.4 of the CRL, each agency shall expend, over the duration of the planning period (the Compliance Plan period), the moneys in the Housing Fund in proportion to the community need, both in terms of the income categories and the number of senior households assisted.

Table 5
Desert Hot Springs Redevelopment Agency-Low & Moderate Income Housing Fund

Five Year Implementation Plan -Housing Component	Projections of Revenue/Expenditures and Affordable Units					Total						Projected
	Year 1 2004-05	Year 2 2005-06	Year 3 2006-07	Year 4 2007-08	Year 5 2008-09	5-Year Period	Year 6 2009-10	Year 7 2010-11	Year 8 2011-12	Year 9 2012-13	Year 10 2013-14	10 Year Total
Beginning Cash Balance	$252,910	$105,273	$202,773	$311,802	$432,442		$565,070	$710,067	$867,823	$1,038,740	$1,223,228	
Tax Increment Set Aside Revenue	$533,917	$544,595	$555,487	$566,597	$577,929	$2,778,526	$589,488	$601,277	$613,303	$625,569	$638,080	$5,846,242
Interest Income, Loans & Misc.	$17,528	$0	$1,579	$3,042	$4,677	$26,826	$6,487	$8,476	$10,651	$13,017	$15,581	$81,038
TOTAL	$551,445	$544,595	$557,066	$569,639	$582,606		$595,974	$609,753	$623,954	$638,586	$653,661	$5,927,280
TOTAL AVAILABLE FUNDS	$804,355	$649,868	$759,839	$881,440	$1,015,048	$4,110,551	$1,161,044	$1,319,820	$1,491,777	$1,677,326	$1,876,889	$11,637,408
Program Operation, Administration & Debt Service Costs												
Debt Service												
Operations, Administration & Other Costs	$46,172	$47,095	$48,037	$48,998	$49,978	$240,281	$50,978	$51,997	$53,037	$54,098	$55,180	$505,571
TOTAL	$46,172	$47,095	$48,037	$48,998	$49,978	$240,281	$50,978	$51,997	$53,037	$54,098	$55,180	$505,571
NET REVENUE AVAILABLE FOR PROJECTS	$758,183	$602,773	$711,802	$832,442	$965,070	$3,870,270	$1,110,067	$1,267,823	$1,438,740	$1,623,228	$1,821,710	$11,131,837
Projects & Programs Costs												
Housing												
First Time Homebuyer Program	$200,000	$200,000	$200,000	$200,000	$200,000	$1,000,000	$200,000	$200,000	$200,000	$200,000	$200,000	$2,000,000
Housing Rehabilitation	$200,000	$200,000	$200,000	$200,000	$200,000	$1,000,000	$200,000	$200,000	$200,000	$200,000	$200,000	$2,000,000
Developer Incentive for Affordable Housing	Undetermined						Undetermined					
Subtotal	$400,000	$400,000	$400,000	$400,000	$400,000	$2,000,000	$400,000	$400,000	$400,000	$400,000	$400,000	$4,000,000
TOTAL	$400,000	$400,000	$400,000	$400,000	$400,000	$2,000,000	$400,000	$400,000	$400,000	$400,000	$400,000	$4,000,000
Ending Cash Balance	$358,183	$202,773	$311,802	$432,442	$565,070	$565,070	$710,067	$867,823	$1,038,740	$1,223,228	$1,421,710	

Income Categories Assisted

Pursuant to Section 33334.4(a) of the CRL, Housing Fund expenditures must be expended in proportion to the City's fair share of the Regional Housing Need Assessment (RHNA). The number of units in each income category in the City's RHNA figures may be adjusted for units not assisted by the Agency that feature 55 or 45-year covenants.

The current RHNA figures for the City cover the time period of 1998 through 2005, and indicate a need for 47 moderate-income units, 37 low-income units, and 66 very low-income units. Based on these figures, the Agency's Housing Fund expenditures must be spread among the following categories: Unrestricted (Moderate-Income) 31.33%, Low-Income 24.67%, and Very Low- Income 44%.

The $5,846,242 of available Housing Fund revenue would need to be allocated based on these RHNA-based ratios, as summarized in Table 6 below:

Housing Expenditures by Income Category Table 6
Desert Hot Springs Redevelopment Agency

Income Category	RHNA Units 2000-2007		Allowable Expenditures
Very Low-Income	66	44%	2,572,346
Low-Income	37	25%	1,442,073
Unrestricted/1	47	31%	1,831,822
Total Affordable	150	100%	$ 5,846,242

1) Funds may be used to provide housing for Very Low, Low and Moderate Income persons or families.

Family and Senior Housing

Section 33334.4(b) requires that Housing Fund expenditures for senior housing also be in proportion to the community's population of that age, according to the most recent Census. Accordingly, since 12.4% of the City's Census 2000 population was over the age of 65, not more than 12.4% of the Agency's available housing fund revenues (approximately $724,934 of the $5,846,242 projected for the planning period) may be expended on senior housing projects. Currently, no Agency housing funds are anticipated to be used for senior housing during the ten-year period.

Proposed Implementation Initiatives

To meet the housing production needs for the current planning period, the Agency anticipated undertaking affordable housing projects in order to meet long-term affordable housing needs for the Merged Project Area and the community as a whole. These projects are described below.

Future Planning Period Housing Projects

The Agency may, to the extent permitted by law and land use designation, inside or outside the Merged Project Area, acquire land, sell or lease land, donate land, improve sites, acquire affordability covenants, construct or rehabilitate structures, or use any other method authorized by CRL, in order to provide housing for persons and families of low- or moderate-income. The Agency may also provide subsidies to, or for the benefit of, such persons and families or households to assist them in obtaining affordable housing within the City.

The Agency will continue its efforts to seek motivated property owners, developers and builders to partner and meet the affordable housing standards set for the Agency by CRL. The City through its General Plan and CDBG Consolidated Plan will explore programs and funding (in addition to tax increment set-aside funds) for citywide production of affordable housing. It is expected the Agency's affordable housing production requirements to build very low, low and moderate-income units will benefit from this action.

Future Affordable Housing Projects

The Agency may, to the extent permitted by law and land use designation, inside or outside the Merged Project Area, acquire land, sell or lease land, donate land, improve sites, price restrict units, construct or rehabilitate structures, or use any other method authorized by California Community Redevelopment Law, in order to provide housing for persons and families of low or moderate-income.

The Agency will continue its efforts to seek motivated property owners, developers and builders to partner and meet the affordable housing standards set for the Agency by California Community Redevelopment Law. The City through its General Plan and CDBG Consolidated Plan will explore programs and funding (in addition to tax increment set-aside funds) for citywide production of affordable housing. It is expected the Agency's affordable housing production requirements to build very-low, low and moderate income units will benefit from this action.

Inclusionary Housing Ordinance

The City is presently evaluating the option of developing an inclusionary housing ordinance that would require a percentage of the total number of units constructed in all future housing projects to be affordable to lower income households.

Single Family Residential Rehabilitation

The Agency conducts a single family rehabilitation programs geared towards repairs and renovations such as roofing, HVAC, electrical and plumbing deficiencies, etc. The program is available to qualified homeowners within the Merged Project Area.

First-Time Homebuyer Program

The City of Desert Hot Springs and the Agency will create an ongoing First-Time Homebuyer Program with CDBG, HOME and other identified sources (including a portion of the Redevelopment Agency's annual 20 percent set aside funds). This program will serve those households who are otherwise excluded from the market rate purchase of a home within the community (households earning less that 80% of the area median income). Buyers will be first-time homebuyers (not having owned a home for the previous three years). Financial participation in these programs will include assistance with down payment costs, closing costs and other secondary financing mechanisms.

Developer Incentives

The Agency will provide financial assistance were necessary and appropriate to secure restricted covenants on privately development new single family and multi-family housing units.

<u>Expenditures</u>

Estimated total Housing Fund expenditures for this 5-year period are anticipated to be $2 million. These expenditures include project costs, operation and maintenances and debt service payments over this period.

Potential Sites for Future Production Housing

The City is presently undergoing a General Plan revision. As such, sites suitable for future production housing may be modified as part of this process. The Agency, during the update of the 2004-05 through 2008-09 Implementation Plan will include a discussion of those sites identified as suitable for future production housing within the revised General Plan.

Housing Element Consistency

As this Compliance Plan focuses on providing housing for low to moderate-income households, who are generally the most difficult segment of the community to provide housing for, it is clearly consistent with the Housing Element's goal to ensure that a variety of housing types including larger multifamily units, are constructed and rehabilitated throughout the City in all price ranges. Both this Compliance Plan and the Housing Element state that there is a definite need to ensure an adequate supply of housing for the lower income segments of the community.

A major focal point of the goals, policies, and objectives of the Housing Element is to provide housing for all economic segments of the City, especially lower income families. Because the major goal of this Compliance Plan is also to provide housing for these lower income households, and the proposed plans and programs for improving the supply of affordable housing in the Merged Project Area presented in this Compliance Plan are similar to plans and policies of the Housing Element, there is clearly consistency between the Compliance Plan and the Housing Element.

Affordable Housing Costs

The affordability of housing is a major concern in all regions of California including Riverside County. Over the past five years, Riverside County and the City of Desert Hot Springs has experienced a rapid increase in housing costs both in the rental area as well as for ownership products. According to the Desert Real Estate Report,[1] the October 2004 median home price for the City of Desert Hot Springs was $235,000. In addition, a review of vacancy listings for rental properties listed on Apartments.com within the City established that the average asking rate for a one-bedroom unit was approximately $584, $811 for a two-bedroom unit and $1,256 for a three-bedroom apartment unit. Both the City and Agency will continue to make efforts to ensure that housing is available and affordable for all segments of the City's population.

[1] Information contained on Desert Real Estate Report website provided by Information Designs

Affordable Housing Cost Limitations

The following charts provide information on the limits on income for households to qualify as low to moderate income households, as well as limitation on what constitutes affordable rent as well as an affordable housing costs for ownership housing units.

RIVERSIDE COUNTY
2004 Affordable Rent Limits
(Income figures based on Department of Housing and Community Development Income Limits dated February 24, 2004)

1 Person Household			2 Person Household			3 Person Household			4 Person Household		
Median Income: $38,000			Median Income: $43,450			Median Income: $48,850			Median Income: $54,300		
Income Category	Annual Income [1]	Monthly Affordable Rent [2]	Income Category	Annual Income	Monthly Affordable Rent	Income Category	Annual Income	Monthly Affordable Rent	Income Category	Annual Income	Monthly Affordable Rent
Very Low	$19,000	$475	Very Low	$21,700	$543	Very Low	$24,450	$611	Very Low	$27,150	$679
Low	$30,400	$570	Low	$34,750	$652	Low	$39,100	$733	Low	$43,450	$815
Moderate	$45,600	$1,045	Moderate	$52,100	$1,195	Moderate	$58,650	$1,343	Moderate	$65,150	$1,493

5 Person Household			6 Person Household			7 Person Household			8 Person Household		
Median Income: $58,650			Median Income: $63,000			Median Income: $67,350			Median Income: $71,700		
Income Category	Annual Income	Monthly Affordable Rent	Income Category	Annual Income	Monthly Affordable Rent	Income Category	Annual Income	Monthly Affordable Rent	Income Category	Annual Income	Monthly Affordable Rent
Very Low	$29,300	$733	Very Low	$31,500	$788	Very Low	$33,650	$842	Very Low	$35,850	$896
Low	$46,900	$880	Low	$50,400	$945	Low	$53,850	$1,010	Low	$57,350	$1,076
Moderate	$70,350	$1,613	Moderate	$75,550	$1,733	Moderate	$80,800	$1,852	Moderate	$86,000	$1,972

DEFINITIONS

1. Annual Income: Gross income from all sources for all members of the household.
2. Affordable Rent: Monthly rent amount including a reasonable utility allowance.

RIVERSIDE COUNTY

2004 Affordable Housing Costs for Home Purchase Programs

(Income figures based on Department of Housing and Community Development Income Limits dated February 24, 2004)

1 Person Household Median Income: $38,000			2 Person Household Median Income: $43,450			3 Person Household Median Income: $48,850			4 Person Household Median Income: $54,300		
Income Category	Annual Income [1]	Monthly Affordable Housing	Income Category	Annual Income	Monthly Affordable Housing	Income Category	Annual Income	Monthly Affordable Housing	Income Category	Annual Income	Monthly Affordable Housing
Very Low	$19,000	$475	Very Low	$21,700	$543	Very Low	$24,450	$611	Very Low	$27,150	$679
Low [3]	$30,400	$665	Low	$34,750	$760	Low	$39,100	$855	Low	$43,450	$950
Moderate [4]	$45,600	$1,219	Moderate	$52,100	$1,394	Moderate	$58,650	$1,567	Moderate	$65,150	$1,742

5 Person Household Median Income: $58,650			6 Person Household Median Income: $63,000			7 Person Household Median Income: $67,350			8 Person Household Median Income: $71,700		
Income Category	Annual Income	Monthly Affordable Housing	Income Category	Annual Income	Monthly Affordable Housing	Income Category	Annual Income	Monthly Affordable Housing	Income Category	Annual Income	Monthly Affordable Housing
Very Low	$29,300	$733	Very Low	$31,500	$788	Very Low	$33,650	$842	Very Low	$35,850	$896
Low	$46,900	$1,026	Low	$50,400	$1,103	Low	$53,850	$1,179	Low	$57,350	$1,255
Moderate	$70,350	$1,882	Moderate	$75,550	$2,021	Moderate	$80,800	$2,161	Moderate	$86,000	$2,300

DEFINITIONS

1. Annual Income: Gross income from all sources for all members of the household.
2. Monthly Housing Costs: Amount of mortgage payment principal and interest, mortgage insurance, property taxes, and property insurance.
3. Low Income Affordable Housing Costs: Assumes affordable housing costs computed at 30% of 70% of median income.
4. Moderate Income Affordable Housing Costs: Assumes affordable housing costs computed at 35% of 110% of median income; may not be less than 28% of a household's gross income.

Table 7 below illustrated the gap in affordability in the hypothetical purchase of ownership units utilizing the Desert Hot Springs median single family home cost for a family of four qualifying as very low and low income.

TABLE 7

Desert Hot Springs Affordable Housing Analysis Home Ownership Product				
		Affordable For-Sale Housing (4 person household)/1		
		Very Low Income	Low Income	Moderate Income
% of County Median		**50%**	**70%**	**110%**
Annual Gross Incomes		$27,150	$43,450	$65,150
% of Income to Housing		**30%**	**30%**	**35%**
Annual Housing Cost		$8,145	$13,035	$22,803
Monthly Housing Cost		$679	$1,086	$1,900
less: Property Tax	1.10%	($215)	($215)	($215)
Insurance	0.15%	($29)	($29)	($29)
Common Area		($75)	($75)	($75)
Utilities		($100)	($100)	($100)
Available for Mortgage		$259	$666	$1,480
Qualified Mortgage	5.85%	$43,896	$112,970	$250,943
Down Payment	5%	$2,310	$5,946	$13,208
Total Affordable Home Price		**$46,206**	**$118,916**	**$264,151**
Median Cost of SFR in Desert Hot Springs		**$235,000**	**$235,000**	**$235,000**
Unfunded Gap (between affordable payment and median cost)		**$188,794**	**$116,084**	**No Gap**

1/ Affordability model provided by Nuquest Ventures, LLC

Table 8 below illustrates the gap in what a family of four can afford for rent (pursuant to the CRL) as compared to those categorized as very low, low and moderate income households.

TABLE 8

Desert Hot Springs Affordable Housing Analysis Rental Costs Gaps			
4 Person Household	Very Low Income	Low Income	Moderate Income
% of County Median	**50%**	**60%**	**110%**
Annual Gross Incomes	$27,150	$43,450	$65,150
% of Income to Housing	**30%**	**30%**	**30%**
Annual Housing Cost	$8,145	$13,035	$19,545
Monthly Housing Cost	$679	$1,086	$1,629
less: Utilities	-$75	-$75	-$75
Available for Monthly Rent	**$604**	**$1,011**	**$1,554**
Assumed Average Rent 2-Bedroom Unit	**$811**	**$811**	**$811**
	$207	**no gap**	**no gap**

Administration of the Housing Compliance Plan

As detailed in the Introduction of this document, the Agency is required to produce an Implementation Plan every five years, an integral part of which is the Housing Compliance component. After adoption of the first implementation plan, a new plan is to be adopted every five years either in conjunction with the housing element cycle or the implementation plan cycle.

Implementation Plan Adoption Process

Each Implementation Plan must be presented and adopted at a duly notice public hearing of the Agency. Notice of the public hearing must be conducted pursuant to this Section 33490 of the CRL. The Notice must be published pursuant to Section 6063 of the Government Code, mailed at least three weeks in advance to all persons and agencies that have requested notice, and posted in at least four permanent places within the Project Area for a period of three weeks. Publication, mailing, and posting shall be completed not less than 10 days prior to the date set for hearing.

The Agency may amend the implementation plan, including the housing compliance component, at any time after conducting a public hearing on the proposed amendment.

Mid-Term Implementation Plan Review Process

At least once within the five-year term of this Implementation Plan, the Agency must conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the redevelopment plan and the corresponding implementation for each redevelopment project. This hearing must take place no earlier than two years and no later than three years after the adoption of the Implementation Plan.