


INDIO HOUSING AUTHORITY

Memorandum

DATE: DECEMBER 19, 2023

TO: BRYAN H. MONTGOMERY, EXECUTIVE DIRECTOR

FROM: JESUS A. GOMEZ, HOUSING AND NEIGHBORHOOD SERVICES MANAGER 

CC: KEVIN H. SNYDER, COMMUNITY DEVELOPMENT DIRECTOR
KENDRA REIF, PRINCIPAL PLANNER

SUBJECT: ANNUAL REPORT OF THE INDIO HOUSING AUTHORITY PURSUANT TO SENATE BILL 341 AND ASSEMBLY BILL 1793 FOR THE FISCAL YEAR 2022/2023 (FY22/23) REPORTING PERIOD

Attached, please find the Indio Housing Authority's (Housing Successor's) Annual Compliance Report for submittal to the Indio Housing Authority Board by December 31, 2023, as required by Senate Bill 341 (SB 341) and Assembly Bill 1793 (AB 1793). The Report details the financial activities and assets of the Indio Housing Authority for the reporting period of July 1, 2022, to June 30, 2023. As confirmed by the State, the Report's submittal to the Board does not require formal Board action and may be submitted administratively via memorandum as long as the Report is submitted to the Board and posted on the City's website by December 31.

The Indio Housing Authority's Low and Moderate Income Housing Asset Fund (LMIHAF) or "Housing Fund" balance as of July 1, 2022 \$3,873,199 and an ending balance of \$4,443,128.42 as of June 30, 2023. A substantial portion of the funds were used to provide financial assistance to Pacific West Communities, Inc. in the amount of \$2,470,310.17 for development of a proposed 180-unit affordable housing project on Avenue 44. The loan was approved on November 2, 2022. However, because it took some time for the Developer to satisfy loan disbursement requirements, the loan funds were not disbursed (wired) until September 2023. Because the wire was sent after the end of the Reporting Period, the ending balance stated above does not reflect the disbursement. The funding, in the form of a 55-year residual receipts loan, was used for the purchase of the land. Any remaining balance in the Housing Fund, after the loan is accounted for and deducted from the stated balance above, may be used to fund continued operations of the Housing Authority, fund future development projects, and/or used as leverage funding to support pro-housing strategies or programs.

As is also required by SB 341, an independent audit of the Housing Fund is contained in the City's Annual Comprehensive Financial Report (ACFR) which the City's Finance Department is currently preparing.

Indio Housing Authority (Housing Successor) SB 341 and AB 1793 Compliance Report for FY22/23

(Reporting Period: July 1, 2022 – June 30, 2023)



Report Submitted to the Indio Housing Authority Board
as required pursuant to Senate Bill 341 (SB 341) and
Assembly Bill 1793 (AB 1793)

December 2023

Indio Housing Authority (Housing Successor) SB 341 and AB 1793 Compliance Report for FY22/23

In accordance with Senate Bill 341 (SB 341) and Assembly Bill 1793 (AB 1793), the Indio Housing Authority (Housing Successor) is required to provide a report (this Report) to its Governing Board within 6 months of the end of the fiscal year. This Report covers the Reporting Period of July 1, 2022 to June 30, 2023 (FY22/23).

In accordance with the reporting requirements, following are the 13 compliance reporting- items and the corresponding Housing Successor's responses (in blue italicized font). An independent audit will also be completed of the Housing Successor's *Low and Moderate Income Housing Asset Fund* (LMIHAF) and contained in the upcoming City's Comprehensive Annual Financial Report (CAFR) as required.

(REPORTING ITEM #1) The amount the City, County, or City and County received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4 of the Health and Safety Code.

Not Applicable. There are no existing loans between the former Redevelopment Agency and the City and/or the County that require a repayment; therefore, the City, County, or City and County did not receive any amount.

(REPORTING ITEM #2) The amounts deposited into the Indio Housing Authority's (Housing Successor's) Low and Moderate Income Housing Asset Fund (LMIHAF), distinguishing between amounts deposited for other items listed on the Successor Agency's Recognized Obligation Payment Schedule (ROPS), and other amounts deposited.

During the FY22/23 Reporting Period, the Housing Successor Agency's LMIHAF (Fund 873) received \$383,820 in deposits from various sources as listed in the following table (Table 1):

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Table 1: Deposits to the Low and Moderate Income Housing Asset Fund (LMIHAF) – FUND 873

Deposit Source	Amount of Deposit
Interest Earnings	\$114,700
Loan Write-off <i>This amount is a correction of an inadvertent revenue entry associated with a commercial loan for Jackalope Ranch restaurant. This expense corrects the revenue entry.</i>	\$0
Loan Payoffs <i>(No loan payoffs)</i>	\$0
Sales Proceeds <i>(No sales)</i>	\$0
SERAF Loan Repayment from Successor Agency <i>(This amount is consistent with the approved ROPS repayment amount for FY22-23.)</i>	\$269,120
Other/Misc. Revenue	\$0
ROPS Related Deposits <i>for Projects Listed on the ROPS (excludes SERAF)</i>	\$0
Total Deposits to the LMIHAF	\$383,820

(REPORTING ITEM #3) A statement of the balance in the fund as of the close of the fiscal year, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule (ROPS) from other amounts.

As of June 30, 2023, the Cash Balance in the Low and Moderate Income Housing Asset Fund (LMIHAF), as contained in FUND 873, was \$4,443,128.42. This amount however did not account for the Land Acquisition Loan that was issued to Pacific West Communities in the amount of \$2,470,310.17 in support of the development of the Avenue 44 Multi-family Affordable Housing Project. Although the Indio Housing Authority Board approved the loan during the Reporting Period (on November 2, 2022), the loan funds were not distributed until September 2023 which will be reported in the next reporting period.

(REPORTING ITEM #4) A description of expenditures from the LMIHAF by category, including, but not limited to, expenditures (A) for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or the housing successor and administering the activities described in paragraphs (2) and (3) of subdivision (a), (B) for homeless prevention and rapid rehousing services for the development of housing described in paragraph (2) of subdivision (a), and (C) for the development of housing pursuant to paragraph (3) of subdivision (a).

Descriptions of the expenditures in the LMIHAF (Fund 873) that occurred during the Reporting Period are described in the following (Table 2).

Table 2: Description of Expenditure in the LMIHAF (Fund 873) listed by Category.

	FUND 873— LMIHAF (Subject to SB341 Reporting)
<p>a. Monitor and Preserve Long-term Affordability Covenants of Current Affordable Units and Administration <i>This general category includes all costs associated with administration, operations, and management of the Indio Housing Authority, its assets (such as the LMIHAF, real estate/properties, etc.), as detailed below:</i></p> <p>Fund 873 (LMIHAF) Expenses: \$208,286 (total)</p> <ul style="list-style-type: none"> i. Compliance Monitoring/Oversight/Administration Activities of the Housing Authority ii. Operations/Implementation/Property iii. Internal Service Charges 	<ul style="list-style-type: none"> i. \$169,876 ii. \$10,253 iii. \$28,157
<p>b. Homeless Prevention/ Rapid Rehousing <i>(Although LMIHAFs were not used directly to fund these types of activities, the City and Housing Authority did support homeless prevention efforts by using supplemental Community Development Block Grant Coronavirus (CDBG) Funds in the total amount of \$236,079.80 (\$78,690 provided to the Coachella Valley Rescue Mission, \$78,699.80 to FIND Food Bank, and \$78,690 to Martha’s Village and Kitchen). Additionally, the City funded the Police Department’s Quality of Life Team to address homelessness through transitional housing and other supportive services.)</i></p>	<p>\$0</p>
<p>c. Development of New Affordable Housing Units using Housing Funds (by affordability) (AMI=Area Median Income for Riverside County was set at \$77,500 as adjusted for a family of 4.)</p> <ul style="list-style-type: none"> i. 30% AMI ii. 50% AMI iii. 60% AMI iv. 80 % AMI v. 120% AMI 	<p><i>The units reported below were for units related to the loan that was approved for the Pacific Companies on November 2, 2023, during the Reporting Period. However, the expenditure did not occur until September 2023 which was a date after the end of the Reporting Period. The expense will be reported in the next Annual Report.</i></p> <ul style="list-style-type: none"> 18 18 107 35 0

(REPORTING ITEM #5) As described in paragraph (1) of subdivision (a), the statutory value of real property owned by the housing successor, the value of loans and grants receivable, and the sum of these two amounts.

The Indio Housing Authority (Housing Successor) asset portfolio includes real property and loans receivables with a value totaling \$6,440,576 as further described in the following table (Table 3).

Table 3: Value of Real Property and Loans Receivable in the LMIHAF

a. Real Property (3 vacant parcels of land)	\$95,000
b. Loans Receivable	\$6,345,576
i. Housing Rehabilitation Loan Program (Outstanding Loans) \$0	
ii. Horizons at Indio Affordable Senior Housing Project Loan \$3,827,624	
iii. Avenue 42 Affordable Multi-family Housing Project--Pacific West Communities--Residual Receipts Loan \$2,471,850 approved November 2, 2022 but funds disbursed in September 2023 once the Developer complied with loan issuance requirements.	
iv. Indio Mortgage Assistance Program (IMAP) Loans \$46,100	
***Total Value: Real Property and Loans Receivable (not including cash balance)	***\$6,440,576

****The value of these combined assets are non-liquid.*

(REPORTING ITEM #6) A description of any transfers made pursuant to paragraph (2) of subdivision (c) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service.

Not Applicable: *No funds from the LMIHAF were transferred to other housing successor agencies during the reporting period.*

(REPORTING ITEM #7) A description of any project that the housing successor receives or holds property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project.

The Housing Successor has set aside \$200,000 as necessary to satisfy the enforceable obligation listed in the Successor Agency's Recognized Obligation Payment Schedule (ROPS) as Line-Item 27, described in the ROPS as "NSP-2 HUD Housing Grant." This amount is meant to serve as leverage funding in support of the Neighborhood Stabilization Program 2 (NSP2). Given the current housing market conditions, including the high cost of homes and

the lack of availability of qualifying foreclosed homes, it is improbable that these funds will be used in the foreseeable future. Due to the restrictive nature of these funds, it will also be improbable that the State Department of Finance would allow the repurposing of these funds for an alternate use. These funds are currently in the Agency's restricted FUND 871.

(REPORTING ITEM #8) For interests in real property acquired by the former redevelopment agency before February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the project.

A. Properties acquired prior to February 1, 2012:

During the Reporting Period, the Indio Housing Authority owned three (3) vacant parcels of land that are available for the development of affordable housing. Alternatively, these properties may be sold at market-rates, and the proceeds of the sales will be required to be deposited into the Low and Moderate Income Housing Asset Fund and subsequently used in accordance with State law, which governs the use of these funds.

These properties were originally transferred to the Indio Housing Authority (the "Housing Successor") from the former Redevelopment Agency in 2013 following the elimination of RDA in 2012. The Housing Successor had five years from 2012 to initiate the development of affordable housing on those sites. Despite efforts to market the properties and work with potential developers to develop affordable housing projects, no project materialized and the 5-year development period expired. However, as permitted by Law, the City Council adopted Resolution No. 9980 on September 9, 2017, affirming its desire to extend the period an additional 5 years (to August 31, 2022) during which the Housing Successor could continue to retain the properties for development of affordable housing affordable to low income households. The extension has since expired as of the preparation of this Report. Housing Successor staff and management is now in discussions on how to proceed with the development and/or disposition of those sites.

B. Properties acquired after February 1, 2012:

No properties were acquired by the Housing Successor after this date.

(REPORTING ITEM #9) A description of any outstanding obligations pursuant to Section 33413 that remained to transfer to the housing successor on February 1, 2012, of the housing successor's progress in meeting those obligations, and of the housing successor's plans to meet unmet obligations. In addition, the housing successor shall include in the report posted on its Internet Web site the implementation plans of the former redevelopment agency.

There were no outstanding obligations to transfer to the Housing Successor pursuant to Section 33413. As required, the Housing Successor has posted a copy of the former Redevelopment Agency's implementation plan on the City's website at www.indio.org.

(REPORTING ITEM #10) The information required by subparagraph (B) of paragraph (3) of subdivision (a) of the Health and Safety Code as related to proportionate spending by income group.

During the Reporting Period, and the preceding 4 years, the Housing Successor spent no funds that triggered proportionate spending requirements per SB 341. Therefore, the Housing Successor complies with proportionality spending requirements of SB 341.

Prior to dissolution of Redevelopment Agencies throughout the State, funds from the former Low and Moderate-Income Housing Fund (LMIHF) could be used to benefit "moderate-income" households earning up to 120% of the Area Median Income (AMI) adjusted by family size. The adoption of SB 341 lowered those limits. SB 341 limits the use of the newly classified Low and Moderate Income Housing Asset Fund (LMIHAF) expenditures to benefit households earning 80% or less of the AMI.

Additionally, SB 341 places other restrictions and requirements regarding the use of the LMIHAF funds. If any funds are used to benefit households directly through the creation of rental housing, at least 30% of funds spent must benefit households earning 30% or less of the AMI. This income group is considered to be within the "Extremely Low Income" category. Additionally, not more than 20% of the expenditures can be spent on households earning between 60% and 80% AMI (considered to be within the "Low Income" group/category).

SB 341 established penalties for not complying with the new proportionate spending requirements. Failure to comply with the Extremely Low Income expense requirements in any five-year reporting period will result in the Housing Successor having to allocate 50% of its remaining funds to fund Extremely Low Income rental units until its expenditures comply with the proportionality limits established by SB 341. Additionally, if at the end of any five-year period, the Successor exceeds its spending limit for households earning between 60% and 80% of the AMI, the Housing Successor will not be able to spend additional funds on this Low Income group until the Housing Successor's expenditures comply with proportionality limits.

(REPORTING ITEM #11) The percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly

by the housing successor, its former redevelopment agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the same time period.

In complying with this reporting section requirement, the Housing Successor is reporting that during the previous 10-year reporting period (FY13/14 – FY22/23), as is subject of this section, financial assistance was provided for the development of deed-restricted rental housing units; however, none of the units were restricted to seniors. This does not create a disproportionate level of spending. Staff will continue to assess development opportunities and consider appropriate uses of these funds.

(REPORTING ITEM #12) The amount of any excess surplus, the amount of time that the successor agency has had excess surplus, and the housing successor’s plan for eliminating the excess surplus.

Per SB 341, housing successors are required to report (A) the amount of any excess surplus, (B) the amount of time that the housing successor has had the excess surplus, and (C) the housing successor’s plan for eliminating the excess surplus. The Health and Safety Code Section 34176.1(d) defines excess surplus as “an unencumbered amount in the account that exceeds the greater of one million dollars, or the aggregate amount deposited into the account during the housing successor’s preceding four fiscal years, whichever is greater.”

During the preceding four-year period (FY18/19-FY22/23), the Housing Successor deposited \$4,179,721 into the LMIHAF. The difference between the four-year deposit total and the current fund balance of \$4,443,128 (as of June 30, 2023) creates an Excess Surplus of \$263,407. Consequently, this report sets forth the following:

(A) Amount of Excess Surplus: \$263,407

(B) Amount of Time Excess Surplus has existed: Less than 1 year

(C) Housing Successor’s Plan for eliminating Excess Surplus: During the Reporting Period, the Indio Housing Authority engaged various affordable housing developers to identify a viable affordable housing development project that would result in the commitment/expenditure of funds in order to comply with expenditure requirements. During the Reporting Period (June 30, 2023), the Indio Housing Authority Board had approved a loan in the amount of \$2,471,850 out of the LMIHAF to support the development of a 180-unit affordable housing project known as the Avenue 42 Affordable Housing Project. The loan was approved by the Board on November 2, 2022; however, the actual expenditure did not occur until September 2023, which was beyond

the June 30, 2023, Reporting Period. This planned expenditure that will be reporting during the next reporting period will surpasses the amount of excess surplus technically contained in the LMIHAF.

(REPORTING ITEM #13) As required, per Assembly Bill 1793 (AB 1793), the Housing Successor must have an inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following information:

(A) The number of those homeownership units covenanted to be affordable as of June 30, 2022:

Indio Mortgage Assistance Program: 6 units
Housing Rehabilitation Loan Program: 0 units

(B) The number of the units lost to the portfolio in the last fiscal year and the reason for those losses.

Number of covenanted units lost and the reason for the losses:

Indio Mortgage Assistance Program: 0 units
Reason for Loss: N/A
Housing Rehabilitation Loan Program: 0 unit
Reason for Loss: N/A

(C) Any funds returned to the housing successor as part of an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund.

The amount of repayments or recapture of funds:

Indio Mortgage Assistance Program: \$0
Housing Rehabilitation Loan program: \$0

(D) Whether the housing successor has contracted with any outside entity for the management, monitoring or oversight of the units and, if so, the identity of the entity.

The Indio Housing Authority has not contracted with any outside entity to perform these functions. All functions are performed internally by Indio Housing Authority Staff.