

## Resort Town Funds Affordable Oasis in California Desert

By Jennifer Dockery, Staff Writer, Novogradac & Company LLP

When the Coachella Valley Housing Coalition (CVHC) began accepting applications for Wolff Waters Place (WWP) in La Quinta, Calif., the line of applicants stretched out of the building and across the parking lot. The multifamily rental development promised affordable housing in a resort town full of multimillion dollar homes, high-end hotels and expensive golf courses. In an effort to incorporate more workforce housing into the affluent city, the city's redevelopment agency provided more than \$30 million in financing and land. In March, the property, which also received low-income housing tax credits (LIHTCs) and tax-exempt bonds (TEBs), celebrated its grand opening.

"Folks that work in this community will have great rents and they'll go to local schools. They'll be part of this community," said Joe Hagan, president and chief executive officer of National Equity Fund Inc. (NEF), which syndicated WWP's LIHTCs.

Named after two former CVHC board members who died while the development was being built, Wolff Waters Place features 218 townhomes, flats and garden apartments for families earning 35 percent to 50 percent of the area median income. The 22-building development includes 22 one-bedroom units, 68 two-bedroom

units, 102 three-bedroom units, 24 four-bedroom units and two managers' units. Unit sizes range from 650 to 1,376 square feet. All units include a patio or balcony. The development has a 55-year extended use agreement with the state.

"We're part of the community and we want to see that [residents] have the same opportunities," said John Mealey, CVHC's executive director. "It'll give [residents] a real sense of stability, a real sense of being part of the community,"

Residents began moving into the development in December and the property was on track to be fully occupied by the end of last month. CVHC has applied for Leadership in Energy and Environmental Design (LEED) Silver certification. Amenities include large courtyards, three tot lots, a swimming pool, laundry facilities, a basketball play area and a community building with a day-care center, computer lab and meeting rooms. Services will include language classes, art and nutrition classes, computer training classes, parenting skills programs, afterschool programs and homeowner-ship programs.

"As a developer of affordable housing, we've had a long-



Photo Courtesy: Mark Davidson Photography  
Wolff Waters Place features numerous outdoor amenities, including tot lots and family recreation areas.

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standing commitment to green building," said John Aguilar, CVHC's multifamily director.

Development costs for WWP were \$88 million. Funding included \$30 million in loans from the city of La Quinta, which sold the land to CVHC for \$1. LIHTC and TEB investments from Citi Community Capital and Wells Fargo Community Development Corporation, through NEF, contributed \$43 million. The California Department of Housing and Community Development provided a \$10 million below-market rate loan and the Riverside County Economic Development Agency provided a \$1 million HOME loan. After construction, the bonds will reduce the debt to \$1 million, resulting in lower rents.

"It will provide them with extremely good housing at affordable rents," Hagan said. He added that the property is located near schools, stores and services, and that the surrounding neighborhood features million dollar homes.

WWP is one of NEF's largest transactions. Typically the syndicator's transactions involve properties with approximately \$6.5 million in tax credit equity and 75 units, significantly smaller in scale than WWP's \$43 million in equity and 218 units, Hagan said.

NEF was not the only player to invest a large stake in the property. The California Tax Credit Allocation Committee issued TEBs and 4 percent LIHTCs at the end of 2007. As the deal progressed, the economy declined, but Citi and Wells Fargo held to their credit prices throughout the market shift, eventually contributing the \$43 million in equity.

### Stepping Up

The key to WWP's success is the city of La Quinta's support. Like its better-known neighbor Palm Springs, the city is known for its golf courses and resorts. Since incorporating in 1982, the year-round population of the Coachella Valley city has increased almost tenfold. The increased population attracted stores, restaurants and other job-creating businesses. As the workforce grew, the city created a plan to provide affordable housing for



Photo Courtesy: Mark Davidson Photography  
The buildings at Wolff Waters Place feature stucco exteriors and tile roofs.

the area's many hospitality and retail workers and their families.

WWP is the second affordable housing development that La Quinta has undertaken. In 2008, it opened the LEED Platinum certified Vista Dunes Courtyard Homes. The city chose CVHC as the developer. CVHC, a not-for-profit housing developer based in neighboring Indio, Calif., has built more than 4,000 housing units in the Coachella Valley area, including a single-family development in La Quinta.

The redevelopment agency worked with CVHC, Interactive Design Corporation, Brown Construction Inc. and MSA Consulting to create an affordable community with the same level of curb appeal as the surrounding homes.

"The city redevelopment agency purchased the property with the goal of providing an affordable housing project ... It'll provide the opportunity for people who have struggled with housing [to live in a place] that's as good as any housing [development] in La Quinta," said Doug Evans, La Quinta's assistant city manager.

Hagan said that without the city's support that the development could not have happened. He said that other cities could learn from La Quinta's example.

"If a city wants to get good affordable properties, they have to step up and write a check," Hagan said. "It's a matter of the city playing a huge role in making it happen." ♦