The following section analyzes the potential conversion of assisted housing units to market rate housing.

Inventory of Assisted Units at Risk

An inventory of assisted, multi-family rental units in the unincorporated communities of Riverside County was compiled based on a review of the 1999 Inventory of Federally Subsidized Low-Income Rental Units At-Risk of Conversion (California Housing Partnership Corporation), the 1999 Consolidated Plan, the 1994 CHAS, the 1989 Housing Element, as amended, and information provided by the Riverside County Economic Development Agency staff. Table H-48 summarizes the results of the inventory. All multi-family rental units assisted under federal, state and/or local programs, including HUD programs, state and local bond programs, redevelopment programs and local in lieu fee, tax credit, HOME funds, density bonus, public housing, or direct assistance programs in the unincorporated portions of the County were reviewed.

Table H-48
Unincorporated Riverside County
Inventory of Assisted Units

Project	Location	Type	Form of Assistance	# of Units	Subsidy Termination
Highland Avenue	Highgrove	No	LPRH (Public Housing)	4	until sold
Dr. Clair S. Johnson Apartments	Mecca	No	LPRH (Public Housing)	40	until sold
Mecca Apartments II	Mecca	No	Tax Credits, HOME	60	45763
Nueva Vista Apartments	Mecca	No	Tax Credit	32	45746
Paseo de los Poetas	Mecca	No	Tax Credit	21	2027
Pie de la Cuesta Apartments	Mecca	No	FmHA Farmworker Housing/ Labor Housing (USDA)	68	2022
Thunderbird (Mecca Apts.)	Mecca	No	Tax Credit, Rural Rental Housing (USDA)	54	44560
Country Village	Mira Loma	No	HUD Insured Loan (2312), Seniors Only	1,197	2020
Ripley Migrant Center	Ripley	No	FmHA/ Labor Housing (USDA)	100	2020
Tamarisk Villa Apts.	Ripley	No	FmHA 515/ Section 8	50	38360
Thermal Apartments	Thermal	No	LRPH (Public Housing)	28	until sold
Thermal II Apartments	Thermal	No	LRPH (Public Housing)	25	until sold
Thermal Properties Inc.	Thermal/Coachella	No	Rural Rental Housing	48	43463
Arbol Real	Thousand Palms	No	Tax Credit	1	43463
Callita Bell	Thousand Palms	No	Tax Credit	1	43463
Callita Bonnie	Thousand Palms	No	Tax Credit	1	43463
Los Flores	Thousand Palms	No	Tax Credit	1	43463
Monte Vista Way	Thousand Palms	No	Tax Credit	11	43829

Table H-48
Unincorporated Riverside County
Inventory of Assisted Units

Project	Location	Type	Form of Assistance	# of Units	Subsidy Termination
Shangi La Palms 61	Thousand Palms	No	Tax Credit	1	44560
Thousand Palms Phase 3 #197	Thousand Palms	No	Tax Credit	1	12/312021
Thousand Palms Phase 3 Lot 241	Thousand Palms	No	Tax Credit	1	44560
Thousand Palms Phase 3 Lot 242	Thousand Palms	No	Tax Credit	1	44195
Thousand Palms Phase 3 Lot 98	Thousand Palms	No	Tax Credit	1	44560
Thousand Palms Phase II	Thousand Palms	No	Tax Credit	5	44195
Thousand Palms Phase II	Thousand Palms	No	Tax Credit	1	44560
Thousand Palms Phase III Lot 33	Thousand Palms	No	Tax Credit	1	44560
Thousand Palms Phase III Lot 60	Thousand Palms	No	Tax Credit	1	44560
Thousand Palms Phase IV	Thousand Palms	No	Tax Credit	1	44438
Hillside I	Sun City	Yes	Tax Credits/FmHA/ Rural Rental Housing (USDA)	36	44195
Hillside II	Sun City	Yes	Tax Credit/ FmHA	81	44195
TOTAL				**1,873**	

As shown, there are a total of 1,873 assisted units in the unincorporated County, of which only 50 are units "at risk" of conversion to market rate over the next 10 years. These rental units received assistance under a combination of the FmHA Section 515 Rural Rental Housing program and the Project Based Section 8 program.

The time frame for the analysis of assisted units is ten years. The initial date for the ten year period is typically tied to the statutory update period for jurisdictions within the SCAG region. The initial planning period date of this update of the Riverside County Housing Element is July 1, 2000.

HCD recommends that the inventory be divided into two five-year planning periods, coinciding with the current and subsequent housing element planning period. As shown in Table H-48, one project is at risk of losing its use restrictions within the first five year period (July 1, 2000 - July 1, 2005) for a total of 50 units. These 50 units are included in the Quantified Objectives of the Five-Year Action Plan. There are no units at risk of converting in the second planning period (July 1, 2005 to July 1, 2010).

Table H-49 shows the characteristics of the at-risk project. This project, Tamarisk Villas, was developed with a FmHA Section 515 Rural Rental Housing low interest loan in combination with a HUD Project Based Section 8 subsidy.

Table H-49
Summary of At-risk Units

Project	No. of Bedrooms			Program	Potential Conversion Date	Total Units	At-Risk Units		
	2	3	4				VL	L	Total
Tamarisk Villas	22	20	8	Project Based Section 8	01/09/2005	50	50		50
TOTAL	**22**	**20**	**8**			**50**	**50**		**50**

The FmHA Section 515 low interest loan program provides direct, competitive mortgage loans made to provide affordable housing for Very Low, Low and Moderate income households, the elderly and persons with disabilities. Primarily a direct mortgage program, funds may also be used to buy and improve land, and provide infrastructure. Loans are structured with a 50 year term at a 1% interest rate. For-profit operators must agree to operate on a limited profit basis. At the time Tamarisk Villas was constructed, the program required that 75% of the units be reserved for households at 50% or below of the County median income. Tamarisk Villas offers all 50 units to Very Low income households. The restrictions on the use of the structure for Very Low income households are not at risk of expiring during the next 10 years.

The Project Based Section 8 contract for this project will expire during the period of this Housing Element analysis, and will need to be renewed. Under the Section 8 rental subsidy, HUD pays the difference between a tenant's rent contribution (30% of monthly income) and the Fair Market Rent (FMR) set by HUD for the area. Only Very Low Income households are eligible to occupy Section 8 units. The complex is comprised of 22 two bedroom units, 20 three bedroom units, and 8 four bedroom units. All of the units in the complex have affordability restrictions. Tenants pay 30% of their adjusted monthly income for rent. (Adjusted monthly income is monthly income minus out-of-pocket medical costs). It appears unlikely that the affordability of these units will be threatened based on the determination that HUD is continuing to offer a five year extension with annual renewal, or one year extensions for its Project Based Section 8 program. In order to be eligible for renewal of the Section 8 contract in 2005, the owners must file the extension request under the conditions established by MAHRA and any subsequent legislation 120 days prior to expiration of the contract, including the conduct of a RCS to establish the initial renewal date.

Cost of Preservation Versus Replacement

The Tamarisk Villas project with a total of 50 units is at-risk of conversion to market rate during the July 1, 2000 to July 1, 2005 Housing Element planning period. The cost of preserving these units is estimated to be less in most cases to the County than replacing the units through new construction. Replacing the units with rehabilitated units may be cost effective in some instances. Cost estimates provided in this analysis are intended to indicate an order of magnitude. Actual costs involved in each option will depend on the rental and real estate market situations at the time the affordability controls on these projects expire.