

7. Quarterly Report for Housing Division Projects and Activities for the period of July 2021 – September 2021

**Department(s):**

**Recommended Action:** Receive and file the Quarterly Report for Housing Division Projects and Activities for the period of July 2021 – September 2021.



The number of applications received is typically lower than the number of applications sent out in any given period due to the stringent program guidelines for eligibility regulated by the federal government, which makes it difficult for most applicants to qualify.

The City of Santa Ana’s Home Repair Program is designed to increase, improve, and preserve affordable housing through the use of federal Community Development Block Grant (CDBG) funds. The program is administered by Habitat for Humanity of Orange County on behalf of the City. The program provides grants of up to \$25,000 for eligible home repairs to include eligible roof replacement to low- and moderate-income homeowners at or below 80% of the Area Median Income (AMI) as defined by the Department of Housing and Urban Development (HUD). Eligible activities include the repair, replacement, and/or installation of major systems including plumbing, heating, electrical, windows, roof, paint, and handicap accessibility.

*Down Payment Assistance Loan Program (DPAP) Progress*

For the Down Payment Assistance Loan Program, staff evaluates applicant eligibility and oversees underwriting to ensure compliance with program guidelines and requirements established by the U.S. Department of Housing and Urban Development (HUD). During this quarter, staff conducted one down payment assistance virtual workshop via Zoom with 12 attendees. One down payment assistance loan closed escrow. One Inclusionary Housing Buyer was approved and closed escrow.

**Loan Portfolio Management & Monitoring**

The Housing Division is responsible for managing the residential loan portfolio, which includes all of the loans entered into by the City and Housing Authority acting as the Housing Successor Agency. As of the end of the first quarter, the principal balance was \$138,539,857.67. This is composed of 368 loans, of which 344 are deferred or residual receipt payment loans. As shown in Table 2, the loan portfolio generated \$408,498.02 in payments of principal and interest during the first quarter. The amount of residual receipts payments changes every quarter.

**Table 2: Portfolio Revenue**

	Funding Source				
	HOME	CDBG	Redevelopment	NSP	CalHOME
Loan Payoffs	\$0	\$0	\$125,200	\$13,785.58	\$5,000
Residual Receipts Payments	\$59,275.31	\$0	\$96,633.70	\$68,830.02	\$0
Amortized Loan Payments	\$2,905.55	\$6,478.93	\$19,388.93	\$0	\$11,000
<b>Total for Q1</b>	<b>\$62,180.86</b>	<b>\$6,478.93</b>	<b>\$241,222.63</b>	<b>\$82,615.60</b>	<b>\$16,000</b>

**Monitoring**

As part of the requirements for these funds, staff must monitor the owner-occupancy of single-family homes that have received loans, and the building code compliance of units in rental projects with long-term affordability covenants. During this quarter, 36 owner-

occupancy recertification letters were mailed and 32 were returned and processed. This number includes letters sent from previous months.

On-site compliance monitoring of the tenant files was not conducted this quarter due to COVID-19. HUD has temporarily waived the requirement for ongoing periodic inspections of HOME-assisted rental housing through September 30, 2021. Staff is in the process of hiring for a Residential Construction Specialist to conduct these ongoing periodic inspections.

### **Available Funds and Land Assets for Affordable Housing Development Projects**

The City of Santa Ana and the Housing Authority acting as the Housing Successor Agency manages multiple sources of local, state and federal funds to promote and facilitate the development of affordable housing as well as land assets held by the Housing Authority. Exhibit 1 provides a summary of the funds available as of September 30, 2021. Exhibit 2 provides a summary of available land assets.

### **Housing Opportunity Ordinance**

#### On-Site Development:

Since 2011, a total of 33 units have been developed on-site as a result of the Ordinance, including 23 ownership units for-sale and 10 rental units:

<b>Units Built On-Site</b>		
<b>Ownership</b>	<b>Rental</b>	<b>Total</b>
23	10	33

#### In-Lieu Fees Generated:

All in-lieu fees, penalties and other monies collected pursuant to the Housing Opportunity Ordinance, including interest, are deposited into the Inclusionary Housing Fund. Since inception, the Inclusionary Housing Fund has generated \$21,510,127 to be used for the development of housing affordable to low- and moderate-income households, with a reasonable amount spent on administrative or related expenses associated with the administration of the Housing Opportunity Ordinance. In-lieu fees generated have been used to develop new affordable housing opportunities, provide emergency shelter, and create homeownership opportunities. Below is a summary of how in-lieu fees have been used by the City:

<b>Project</b>	<b>Inclusionary Housing Funds SPENT</b>	<b># of Units</b>	<b>Address</b>
Santa Ana Arts Collective	\$4,775,000	57	1666 N Main Street
Tiny Tim Plaza	\$1,300,000	50	2239 W 5th Street
The Link Interim Emergency Shelter	\$4,140,295	N/A	2320 S Red Hill Avenue
<b>TOTAL</b>	<b>\$10,215,295</b>	107	

Project	Inclusionary Housing Funds COMMITTED	# of Units	Address
Habitat for Humanity "Lacy & Vance"	\$565,271	2	416 Vance Street & 826 N. Lacy Street
Westview House	\$1,514,113	84	2530 and 2534 Westminster Avenue
WISE Place Steps to Independence Public Service Program	\$90,000	N/A	N/A
Down Payment Assistance	\$210,000	N/A	N/A
<b>TOTAL</b>	<b>\$2,379,384</b>	86	

### Affordable Housing Development Projects

There are two affordable housing projects under construction, and four affordable housing projects in pre-development. Below is a brief summary and status-update for each project. Exhibit 3 provides a development timeline for each project.

#### **Projects under Construction**

##### *Legacy Square (609 N Spurgeon Street)*

Developer	National Community Renaissance with Mercy House as the service provider
Description	New construction of a 100% affordable multifamily apartment complex consisting of 92 units of rental housing and one (1) manager's unit. All units will be affordable to households earning less than 60% AMI of which 33 units will be set-aside for permanent supportive housing.
Authority Funds	Eight Project-Based Vouchers (PBVs)
Update	Construction is fully underway, including the completion of sewer and water in the street. The Groundbreaking Ceremony was celebrated on July 8, 2021. The estimated completion date is February 2023.

##### *North Harbor Village (1108 N Harbor Boulevard)*

Developer	Jamboree Housing Corporation
Description	Acquisition and rehabilitation of a former motel yielding 89 units of permanent supportive housing.
City / Authority Funds	CDBG (\$1,687,047); Eight-nine PBVs consisting of 34 HUD-VASH PBVs and 55 non HUD-VASH PBVs.
Update	Construction is currently underway including the completion of the demolition of the units. The estimated completion date is October 2022.

#### **Projects in Pre-Development**

##### *Crossroads at Washington (1126 and 1146 E Washington Avenue)*

Developer	Related Companies of California with A Community of Friends (ACOF) as co-developer and lead service provider
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Quarterly Report for Housing Division Projects and Activities

November 2, 2021

Page 5

Description	New construction of a 100% affordable multifamily apartment complex consisting of 85 units of rental housing and one manager's unit. All units will be affordable to households earning less than 30% AMI of which 43 units will be set aside for permanent supportive housing.
City / Authority Funds	HOME Investment Partnerships Program (\$3,007,489), Neighborhood Stabilization Program (\$1,297,693), sixty-five-year ground lease agreement for 1126 and 1146 E Washington Avenue (Appraised Value as of September 22, 2019: \$4,108,136) Seven (7) Project-Based Vouchers (PBV's).
Update	The Developer was successfully awarded Orange County Housing Finance Trust funds in May 2021. The Developer continues to work with the City, County, and the California Department of Toxic Substances Control (DTSC) on supplemental environmental investigations. The City, County, and DTSC entered into a Standard Voluntary Agreement for further agency oversight. DTSC is preparing the Cleanup Plan for the project. Once the Cleanup Plan is made available, environmental cleanup can begin.

*FX Residences (801, 809, 809 ½ East Santa Ana Boulevard)*

Developer	HomeAid Orange County, Inc. with Mercy House as the service provider
Description	New construction of an affordable multifamily apartment complex consisting of 16 units of permanent supportive housing, and one (1) manager's unit.
City / Authority Funds	Housing Successor Agency (\$1,069,947), three (3) PBVs, 99-year ground lease agreement for 801 E. Santa Ana Blvd. (Appraised Value as of Oct 25, 2018: \$788,000)
Update	HomeAid Orange County applied for \$300,000 from Federal Home Loan Bank of San Francisco through their Affordable Housing Program (AHP) Loan Program at the beginning of March but the project was not awarded the AHP funds. Following this project setback, HomeAid Orange County is requesting additional financial support from the City of Santa Ana to close the financial gap of the project. HomeAid will be submitting the first set of Building permit drawings in early/mid October.

*Habitat for Humanity (416 Vance Street & 826 N Lacy Street)*

Developer	Habitat for Humanity of Orange County
Description	New construction of two single-family detached homes for homeownership serving households up to 120% AMI.
City / Authority Funds	Inclusionary Housing (\$565,271) and a 99-year ground lease agreement for 416 Vance Street and 826 N. Lacy Street (Appraised Value as of Oct 25, 2018: \$578,000)
Update	On April 6, 2021, City Council approved a First Amendment to the Conditional Grant Agreement with Habitat for Humanity of Orange County for an additional \$333,777 in Inclusionary Housing Funds for a total Inclusionary Grant amount of \$565,271 for the development of the project. The Developer's Site Plan Review application was submitted in April 2021.

	The Developer is working through Site Plan Review prior to issuance of their building permit to start construction.
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**Westview House (2530 Westminster Avenue)**

Developer	Community Development Partners
Description	New construction of an affordable multifamily apartment development consisting of 85 units of both large family and PSH with one manager's unit. Twenty-six of the units will be funded by PBV and MHSA funds through the NPLH program.
City / Authority Funds	Inclusionary Housing (\$1,514,113), HOME Investment Partnerships Program (\$2,003,705), Rental Rehabilitation Program (\$386,523), and twenty-six (26) Mainstream Program PBVs
Update	The developer will apply for 4% tax credits and bonds on September 9, 2021. The formal CTCAC hearing is on December 8th. The developer is expecting to close on their financing before June 2022.

**Regional Housing Needs Assessment**

Housing projects that have been approved, permitted, or received a certificate of occupancy after June 30, 2021 may be counted towards the 6th Regional Housing Needs Assessment (RHNA) Cycle (October 2021 to October 2029). Below is a summary of our progress to meet our sixth RHNA Cycle requirements for affordable housing:

	Very Low Income	Low Income	Moderate Income
<b>RHNA Allocation</b>	606	362	545
<b>Pipeline Projects</b>	414*	529	2
<b>Remaining RHNA</b>	192	-167	543

\* 281 units are for extremely low income households (0 – 30% AMI)

**FISCAL IMPACT**

There is no fiscal impact associated with this action.

**EXHIBIT(S)**

1. Available Funds for Affordable Housing Development Projects
2. Available Land Assets for Affordable Housing Development
3. Project Timelines

Submitted By: Steven Mendoza, Assistant City Manager

Approved By: Kristine Ridge, City Manager

## Available Funds for Affordable Housing Development Projects

As of September 30, 2021

### Housing Successor Agency (Housing Authority)

\$3,647,769	Cash on Hand
(\$1,069,947)	Frances Xavier Residence Project Pre-Commitment Loan <sup>1</sup>
(\$250,000)	Administrative Costs Allowance <sup>2</sup>
(\$2,007,553)	Administrative Costs Allowance for Future Fiscal Years <sup>3</sup>
(\$307,386)	Crossroads at Washington Option Agreement Amendment <sup>4</sup>
(\$12,883)	Crossroads at Washington Environmental Assessment Oversight <sup>5</sup>
<b>(\$0.00)</b>	<b>Available Funds</b>

### Inclusionary Housing Funds

\$15,504,515	Cash on Hand
(\$50,000)	Down Payment Assistance Program <sup>6</sup>
(\$565,271)	Lacy Street Project Grant <sup>7</sup>
(\$1,514,113)	Westview House Pre-Commitment Loan <sup>8</sup>
(\$45,000)	WISEPlace Steps to Independence Program Agreement <sup>9</sup>
(\$3,007,673)	Administrative Costs Allowance (CDA/PBA)
<b>\$10,322,458</b>	<b>Available Funds</b>

### HOME Program

\$8,272,644	Funds to Drawdown
(\$3,007,489)	Crossroads at Washington Pre-Commitment Loan <sup>10</sup>
(\$60,150)	Crossroads at Washington Project Costs
(\$2,003,705)	Westview House Pre-Commitment Loan <sup>8</sup>
(\$40,074)	Westview House Project Costs
<b>\$3,161,226</b>	<b>Available Funds to Drawdown</b>

### CDBG Program (Acquisition/Rehabilitation Projects Only)

\$241,905	Funds to Drawdown
<b>\$241,905</b>	<b>Available Funds to Drawdown</b>

### NSP Program (Abandoned, Foreclosed or Vacant Properties Only)

\$1,529,195	Funds to Drawdown
(\$1,297,693)	Crossroads at Washington Pre-Commitment Loan <sup>10</sup>
(\$96,395)	Crossroads at Washington Project Costs
<b>\$135,107</b>	<b>Available Funds to Drawdown</b>

### Rental Rehabilitation Grant Program

\$394,378	Cash on Hand <sup>11</sup>
(\$386,523)	Westview House Pre-Commitment Loan <sup>8</sup>
<b>\$7,855</b>	<b>Available Funds</b>

**\$13,868,551 Total Available Funds**

<sup>1</sup> Approved by Housing Authority on January 15, 2019.

<sup>2</sup> The Housing Successor Agency relies on available cash to fund the monitoring and compliance functions related to the former Redevelopment Agency's housing loans.

<sup>3</sup> Funds to be set aside for compliance and monitoring requirements due to uncertainty of future repayment revenues.

<sup>4</sup> Approved by Housing Authority on December 15, 2020. Additional \$150,000 maximum approved by Housing Authority on August 17, 2021 (2nd Amendment to Option Agreement)

<sup>5</sup> Approved by Housing Authority on July 20, 2021.

<sup>6</sup> \$400,000 originally approved by City Council on March 6, 2018. Nine loans paid through end of September 2021.

<sup>7</sup> Approved by City Council/Housing Authority on March 5, 2019. Additional \$333,777 approved by City Council on April 6, 2020.

<sup>8</sup> Approved by City Council on April 7, 2020.

<sup>9</sup> Approved by City Council on April 7, 2020.

<sup>10</sup> Approved by City Council on July 2, 2019. Additional \$333,742 loan amount approved on August 17, 2021.

<sup>11</sup> Old program income available after close out of program with HUD.



**AVAILABLE LAND ASSETS FOR AFFORDABLE HOUSING DEVELOPMENT**

**(1) 302 E. Twenty-Second Street**

- a. APN: 003-122-25
- b. Lot Size: 27,817sf
- c. Current Zoning: R1 Single-Family Residence, which allows one house per lot.
- d. Parcel was acquired 10/30/2002 using Low and Moderate Income Housing Asset Fund - 20% Set Aside.
- e. Previous Use: Purchased from Cal Trans. It was a remnant parcel from the freeway widening project. The site was vacant and undeveloped at the time it was acquired.
- f. General Plan: Low Density Residential, which allows single-family residences and ancillary uses.
- g. Maximum du/ac: Seven units per acre.
- h. Site Condition / Environmental Conditions: Property is irregular in shape, is below the minimum lot size for a residential lot, and will most likely require the approval of several variances from the zoning code in order to facilitate a residential unit.

**Current Affordable Housing Development Project Timelines**

**Projects Under Construction**

**Legacy Square – 609 North Spurgeon Street**

Aug 18 Santa Ana CDA Funding Application  
 Dec 18 Applied for NPLH and SNHP Funds  
 Jan 19 Santa Ana funding award  
 Feb 19 Planning entitlements approved  
 Feb 19 Applied for Round 4 AHSC Funding  
 May 19 Award of SNHP funds  
 Jul 19 Applied for Round 1 MHP  
 Nov 19 Applied for State 4% tax credits  
 Jan 20 Construction drawings (8-12 weeks)  
 Feb 20 Apply for Round 5 AHSC funding  
 May 20 Apply for 4% tax credits  
 May 20 Plan check (12-16 weeks)  
 Jun 20 Award of AHSC funds  
 July 20 Award of 4% Tax Credits  
 July 20 Award of Tax-Exempt Bonds  
 May 20 Plan Check (12-16 weeks)  
 Jan 21 Building permit issuance  
 Feb 21 Construction closing/syndication  
 Feb 21 Begin construction (24 months)  
 Jul 21 Groundbreaking Ceremony  
 Feb 23 Construction complete  
 June 23 100% fully leased (4 months)

**North Harbor Village – 1108 N. Harbor**

Mar 19 Start of design development  
 Mar 19 Applied to FHLBSF for AHP Financing (\$890,000)  
 Mar 19 Award of VASH Vouchers & City Loan by City Council (89 Vouchers and \$1,687,047)  
 Mar 19 Start environmental approval process with City of Santa Ana (CEQA/NEPA)  
 Mar 19 Applied for Home Depot Grant (\$500,000)  
 Jun 19 CEQA / NEPA Approval – City of Santa Ana  
 Jun 19 AHP Award Date (\$890,000)  
 Aug 20 Applied to HCD for MHP 1<sup>st</sup> Round Funding (\$13,316,412)  
 Dec 19 Notified project did not receive 1<sup>st</sup> Round MHP funding  
 Feb 20 Applied to HCD for VHHP Funding (\$10,000,000)  
 Mar 20 Applied to HCD for MHP 2nd round funding  
 Mar 20 Applied to OCHFT Financing (\$2,292,920)

May 20	Notified project did not receive 2 <sup>st</sup> Round MHP funding
May 20	Received OCHFT funding award (\$2,292,920)
Jun 20	Received VHHP funding award (\$10,000,000)
Jun 20	Submitted Plans for Ministerial Design Approval
Jun 20	Applied for CDLAC tax exempt bond allocation (\$24,000,000)
Jul 20	Applied for TCAC 4% competitive state and federal tax credits (\$9,896,911)
Sept 20	CDLAC Allocation
Nov 20	Ministerial Design Approval (upon completion of community meeting on 11/4/2020)
Oct 20	TCAC Allocation
Oct 20	Start construction documents for rehab
Nov 20	Submit first plan check
Dec 20	Awarded Home Depot Grant
Jan 21	Receipt of first plan check comments
Jan 21	Submit second plan check
Feb 21	Receipt of second plan check comments
Feb 21	Submit third plan check
Mar 21	Received permit ready
Apr 21	Construction loan closing
Apr 21	Pull Permits and start construction
Oct 22	Construction complete
Oct 22	Start of lease up
Apr 23	Full occupancy

### **Projects in Pre-Development**

#### **Crossroads at Washington – 1126 and 1146 E. Washington Avenue**

Aug 19	Submitted PSH application to County
Oct 19	Submitted for Planning entitlements
Oct 19	Community meeting
Nov 19	Approval of Joint Powers Agreement, Option to Ground Lease, Voucher Resolution and Cooperation Agreement, and Regional Housing Needs Assessment (RHNA) Agreement and Density Bonus
Dec 19	NEPA EA City Approval – City of Santa Ana submits NEPA EA to HUD
Feb 20	PSH Funds and Voucher approval from County Board of Supervisors
Feb 20	Planning entitlements approved
Mar 20	TCAC 9% Application – 1 <sup>st</sup> Round 2020
Jul 20	TCAC FCAA/9% Application – 2 <sup>nd</sup> Round 2020
Oct 20	TCAC FCAA/9% Award – 2 <sup>nd</sup> Round 2020
Mar 21	Submitted OCHFT PSH NOFA Application
May 21	OCHFT PSH NOFA Award
Jan 22	Submit for 1st plan check
Jun 22	City issues permit ready letter
Jun 22	Start construction
Aug 23	Construction complete

Dec 23 Full occupancy

**FX Residences – 801, 809, 809 ½ E. Santa Ana Boulevard**

Jan 19 Council approval for land lease and project funding  
Jan 19 Submittal of application for NPLH funding  
Feb 19 Confirm with City staff that project site can yield additional units under existing zoning  
Mar 19 Revise conceptual drawings for additional 5 units (17 total units, up from the original 12 units)  
Mar 19 SNHP funding application submitted to County  
Apr 19 City staff to review revised conceptual design  
Apr 19 Begin development agreement  
May 19 Board of Supervisors meeting for SNHP funding  
Jul 19 Execute Development Agreement  
Jul 19 Formal awards letters for NPLH funding to be issued  
Aug 19 Initial planning submittal  
Sept 19 Sunshine Ordinance Meeting  
Mar 21 Planning Commission Meeting (ministerial approval of density bonus)  
Oct 21 Submit for first plan check  
Nov 21 City Council Meeting (ministerial approval of density bonus)  
Mar 22 Building Permit  
Apr 22 Begin construction (grading, weather permitting)  
Apr 23 Completion of construction

**Habitat for Humanity – 416 Vance Street & 826 N. Lacy Street**

May 20 DDA signed  
June 20 Prepare grading plans  
Oct 20 Prepare architectural plans  
Oct 20 Submit Neighborhood Review Application  
Feb 21 Final Approval from Historic French Park Committee  
Apr 21 Submit Site Review Application  
Nov 21 Submit grading/improvements  
Nov 21 Submit architectural plans  
Jan 22 Grading permit issued  
Jan 22 Commence Grading  
Feb 22 Building Permits issued  
Mar 22 Begin construction  
Feb 23 Anticipated construction completion  
Feb 23 Certificate of Occupancy / Closings

**Westview House – 2530 Westminster Avenue**

Oct 19 City of Santa Ana RFP submittal  
May 20 OC 2020 Supportive Housing NOFA Submittal  
Dec 20 OC 2020 Supportive Housing NOFA award

## EXHIBIT 3

Jan 21	City of Santa Ana PBV Award
Jan 21	Construction/permanent debt commitments
Jan 21	Receive Entitlements
Jan 21	No Place Like Home application
Mar 21	OCHFT application
May 21	OCHFT Award
Jun 21	No Place Like Home commitment
Sep 21	CDLAC/TCAC 4% application
Dec 21	CDLAC/TCAC 4% award
Jun 22	Close on construction financing
Jun 22	Construction permits issued
Jun 22	Construction start
Dec 23	Construction complete
Mar 24	All units Leased
Aug 24	Perm Debt Conversion