

# **Affordable Rental Housing Administrative Procedures**



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**The City of Santa Ana**

**January 2015**



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## I. DEFINITIONS OF TERMS

**Adjusted Household Size Appropriate for the Unit** is based on the H&SC Section 50053 definition, and is only used in the Affordable Housing Cost calculations. For Affordable Housing Cost calculation purposes, the household size is set at one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit. This household size standard is used in the Affordable Housing Cost calculations; it is not an occupancy limit.

**Administrative Procedures** means the Affordable Rental Housing Administrative Procedures promulgated by the Executive Director pursuant to the Ordinance.

**Administrative Procedures Manual** is the Affordable Rental Housing Administrative Procedures Manual dated January, 2015, which has been prepared by the City for the implementation and enforcement of the Ordinance. A copy of the Administrative Procedures Manual shall be maintained on file with the City, and shall be provided to each Property Owner that is subject to the Ordinance requirement.

**Adult** means a person 18 years of age or older.

**Affordability Covenants** shall mean the Gross Household Income and Affordable Rent standards that will be applied to the Inclusionary Units throughout the Affordability Period. These covenants will be defined in an Inclusionary Housing Agreement.

**Affordability Period** shall be set at 55 years from the Recordation Date.

**Affordable Housing Cost** means the maximum costs that can be borne by Very-Low Income Households and Low Income Households based on the requirements imposed by H&SC Section 50053. The calculation methodology is described in Section IV of the Administrative Procedures Manual.

**Affordable Rent** shall mean the Affordable Housing Cost minus the applicable Utilities Allowance for each Inclusionary Unit.

**Affordable Rental Housing Program** shall mean rental units developed under the Ordinance.

**Applicant** means a Household that is applying to rent an Inclusionary Unit.

**City** means the City of Santa Ana, California.

**City Council** means the City Council of the City of Santa Ana.

**County** means the County of Orange.

**County Median Income** shall mean the Median Income adjusted by actual household size as published annually by HCD for the County.

**Eligible Tenant** shall mean a tenant who meets the eligibility criteria set forth in the Inclusionary Housing Agreement for the Project.

**Executive Director** is the Executive Director of the Community Development Agency of the City. The Executive Director, or designee, has the ultimate authority to evaluate appeals submitted in relation to the Administrative Procedures.

**Gross Household Income** means all income from whatever source from all Adult Household members, which is anticipated to be received during the 12-month period following the date of the determination of Gross Household Income. The applicable sources of income are defined in California Code of Regulations Title 25 Housing and Community Development Section 6914. The definition includes the following specific requirements:

1. Except as provided in subdivision (2), all payments from all sources received by the head of Household (even if temporarily absent) and each additional member of the Household who is not a minor shall be included in the annual income of a Household. Gross Household Income shall include, but not be limited to:
  - a. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
  - b. The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures



for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);

- c. Interest and dividends;
- d. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts (but see subdivision (2)(c));
- e. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- f. Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
  - i. The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
  - ii. The maximum amount which the public assistance agency could in fact allow for the Household for shelter and utilities.
- g. Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
- h. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Household or spouse or domestic partner (but see subdivision (2)(e));
- i. Where a Household has net assets in excess of \$5,000, income shall include the actual amount of income, if any, derived from all of the net Household assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net

Household assets means value of equity in real property other than the Household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

2. The following items shall not be considered as income:
  - a. Casual, sporadic or irregular gifts;
  - b. Amounts which are specifically for or in reimbursement of the cost of medical expenses;
  - c. Lump-sum additions to Household assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
  - d. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;
  - e. The special pay to a serviceman head of a Household away from home and exposed to hostile fire;
  - f. Relocation payments made pursuant to federal, state, or local relocation law;
  - g. Foster child care payments;
  - h. The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible Household;
  - i. Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

- i. National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
- ii. National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

**HCD** means the California Housing and Community Development Department.

**H&SC** shall mean the California Health and Safety Code.

**HUD** shall mean the United States Department of Housing and Urban Development.

**Household** means all the persons who will occupy the Inclusionary Unit. A child who is subject to a legally-binding shared-custody agreement, in which the child resides with the Household at least 50% of the time, is counted as a member of the Household. Excluded from the definition of Household are live-in caregivers/caretakers, foster children, unborn children and children being pursued for legal custody or adoption that are not currently living with the Household.

**Inclusionary Housing Agreement** means a legally binding agreement between the Property Owner and the City, in a form and substance satisfactory to the Executive Director and City Attorney. The Inclusionary Housing Agreement must contain those provisions necessary to ensure that the Ordinance requirements are satisfied, whether through the provision of Affordable Rental Housing Units or through an approved alternative method.

**Inclusionary Housing Fund** means a separate fund of the City which is codified in Article XVIII.1 Section 41-1909 of the City's Municipal Code. The fund was established for the specific purpose of providing the City with funds to assist in the development of housing that is affordable to low and moderate income

households. The allowable uses of Inclusionary Housing Funds, and the related reporting are described in Attachment I of the Administrative Procedures Manual.

**Inclusionary Housing Plan** means a plan submitted for approval to the Program Director that details the manner in which the affordable housing obligations will be fulfilled by the Project. The Inclusionary Housing Plan form is presented in Attachment C of the Administrative Procedures Manual, and also attached as Exhibit 4 to the Inclusionary Housing Agreement.

**Inclusionary Unit** means a rental unit in Santa Ana that is made affordable by covenants or conditions restricting occupancy and rental rate charged as described in this Administrative Procedures Manual.

**In-Lieu Fee** refers to a fee that may be paid by the Property Owner in specific circumstances in lieu of providing Inclusionary Units within a Project. These circumstances are identified in Section II-A of the Administrative Procedures Manual. The In-Lieu Fee calculation worksheet is updated annually. The current Affordable Housing In-Lieu Fee calculation worksheet schedule is presented in Attachment J of this Administrative Procedures Manual.

**Low Income** refers to Households whose incomes meet the standards defined by the H&SC Section 50079.5. Generally Low Income means household income that does not exceed 80% of the County Median Income, as adjusted for Household size. However, the maximum household income amount for Low Income Households shall be set at the amount published by HCD annually.

**Low Income Household** means individuals or Households who have an adjusted Gross Household Income that does not exceed Low Income.

**Median Income** is calculated by HCD using non-aggregated census income data and applying trending factors for metropolitan statistical areas (MSA) throughout the country. The MSA for Santa Ana is Orange County.

**Ordinance** means the Housing Opportunity Ordinance adopted by the City Council on November 28, 2011, which is codified in Article XVIII.1 Section 41-1900 of the City's Municipal Code.

**Program Director** has the day-to-day authority for making determinations related to the Ordinance and this Administrative Procedures Manual. The Program Director will be appointed by the Executive Director.

**Project** means the rental housing project proposed to be developed on the Property at the Property Owner's sole cost and expense.

**Property** means the real property on which the Project is to be developed, for which the legal description is provided in Exhibit 1 to the Inclusionary Housing Agreement.

**Property Owner** shall mean the owner of the Project that includes Inclusionary Units.

**Recordation Date** means the date of recording in the Official Records of the County of Orange, California of the Inclusionary Housing Agreement.

**Utilities Allowance** shall mean the Utility Allowance Schedule published annually by the Orange County Housing Authority.

**Very-Low Income** refers to Households whose incomes meet the standards defined by the H&SC Section 50105. Generally Very-Low Income means household income that does not exceed 50% of the County Median Income, as adjusted for Household size. The maximum household income amount for Very-Low Income Households shall be set at the amount published by HCD annually.

**Very-Low Income Household** means individuals or Households who have an adjusted Gross Household Income that does not exceed Very-Low Income.

## **II. INTRODUCTION**

### **A. Affordable Rental Housing Program**

The Ordinance applies to housing developments that involve an increase in the density otherwise available under applicable zoning and development standards; a change in land use designation from a zoning regulation that does not permit residential uses to one that does permit residential uses; or the conversion of rental units to condominium ownership. For those Projects, at least 15% of new housing construction of five or more units to be affordable for Very Low or Low Income Households.

Property Owners are typically required to meet their Inclusionary Units obligation within the market rate residential development. With approval from the City, a portion of Inclusionary Units may be provided at alternative locations. Property Owners may designate newly constructed units as affordable to meet their requirement, or they may substantially rehabilitate<sup>1</sup> existing housing units and designate them as affordable. In-Lieu Fees can be paid by right for Projects with between five and 20 units, and for fractional unit obligations. An In-Lieu Fee calculation worksheet is presented in Attachment J to this Administrative Procedures Manual.

Property Owners of Projects subject to the Ordinance must submit an Inclusionary Housing Plan to the Program Director for approval prior to the award of discretionary approvals for the proposed Project. The Inclusionary Housing Plan must demonstrate how the Project will comply with the pertinent Inclusionary Housing obligations. The Property Owner must fulfill all the requirements identified in the Inclusionary Housing Plan before the City will issue a certificate of occupancy for the Project.

### **B. Purpose of these Administrative Procedures**

The primary objective of the Affordable Rental Housing Program is to provide affordable housing to residents who would otherwise have difficulty renting a

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<sup>1</sup> Defined as rehabilitation of a dwelling unit that has substantial building and other code violations, that has been vacant for at least 90 days, and the cost exceeds 25% of the market value of the unit after rehabilitation.

home in Santa Ana. Persons interested in renting an Inclusionary Unit through the City's Affordable Rental Housing Program, must comply with tenant eligibility requirements imposed by the City.

The principal mechanism the City uses to establish restrictions on Inclusionary Units is the Inclusionary Housing Agreement recorded against the Project. While the individual terms of the Inclusionary Housing Agreements are controlling, this Administrative Procedures Manual addresses the following:

1. The eligibility criteria to be imposed on prospective tenants;
2. The methodology for setting the maximum rental rates;
3. The complaints and appeals process available to program participants;  
and
4. The monitoring and enforcement activities that will be undertaken by the City.

In the event there is an irreconcilable conflict between the Inclusionary Housing Agreement and the Administrative Procedures, the Inclusionary Housing Agreement will control.

### **III. PROGRAM ADMINISTRATION**

#### **A. General**

The City defines the requirements that are imposed by the Affordable Rental Housing Program. The Program Director oversees the Inclusionary Units upon their completion, which includes calculating the Affordable Rents, determining tenant eligibility, and monitoring program compliance on an ongoing basis.

#### **B. Fair Housing Policy**

Property Owners must comply fully with all Federal, State, and local non-discrimination laws. Specifically, Property Owners shall not discriminate on account of race, color, sex, religion, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability, or deny any Household or individual the opportunity to apply for or participate in the Affordable Rental Housing Program.

#### **C. Privacy Rights**

All eligibility applications are held in strict confidence and are not considered public records (H&SC Section 34332). Requests for the City to release information involving an Applicant must be accompanied by a written release request from the Applicant and/or a court order, unless disclosure is authorized under Federal or State law.

#### **D. Authorization**

The Program Director and/or a designee are authorized to sign all documents requiring approvals related to the development, waivers, subordinations, and any non-substantial changes to these Administrative Procedures.

#### **E. Administrative Procedures**

Each Property Owner participating in the Affordable Rental Housing Program will receive a copy of the Administrative Procedures Manual. The Administrative Procedures may be updated from time to time to increase the programs' effectiveness; modifications will require City Council approval



Each transaction will include an Inclusionary Housing Agreement that will be executed by the City and the Property Owner. In the event there is a conflict between the Inclusionary Housing Agreement and the Administrative Procedures, the Inclusionary Housing Agreement will prevail.

#### **IV. DETERMINATION OF TENANT ELIGIBILITY & AFFORDABLE RENT**

##### **A. General Policy**

Applicants will be required to provide documentation demonstrating that they are eligible to rent an Inclusionary Unit. Applicants unable to provide satisfactory evidence of income, assets, Household composition, or other qualifying criteria will not be considered an Eligible Tenant, and will not be allowed to rent an Inclusionary Unit.

##### **B. Applicant Eligibility Criteria**

###### ***United States Citizenship/Legal Residency***

Applicants and all Household members must be United States Citizens or have the right to permanently reside in the United States. Acceptable citizenship documentation includes a birth certificate or a Permanent Resident Card.

###### ***Household and Unit Size Compatibility***

The size of the Household occupying the Inclusionary Unit must be compatible with the size of the Inclusionary Unit to be occupied. The maximum number of occupants is set as follows:

Number of Bedrooms	Maximum Number of Occupants
Studios Units	2
One-Bedroom Units	3
Two-Bedroom Units	5
Three-Bedroom Units	7
Four-Bedroom Units	9

###### ***Verifiable Income / Annual Recertification***

All Adult Household members listed on the tenant application must provide income documentation to the Property Owner or property manager. This documentation can include income tax returns, employment verification, wage

statements, interest statements, and/or unemployment compensation statements to determine eligibility to reside in the Inclusionary Unit.

Once per year, over the life of the Affordability Period, the Property Owner or property manager will recertify each tenant in an Inclusionary Unit's annual Gross Household Income. The Property Owner or property manager will establish an annual recertification schedule and perform all tenant recertifications at the same time. Each tenant will be required to provide the appropriate documentation to certify their Gross Household Income.

### ***Composition of Household***

Any alteration to the Household composition must be disclosed during the annual recertification process.

## **C. Income Eligibility Criteria**

### ***Gross Household Income***

The Property Owner or property manager will consider Gross Household Income for all Adult Household members when determining Applicant eligibility to reside in an Inclusionary Unit. The funds included in Gross Household Income are detailed in the definitions section of these Administrative Procedures.

### ***Maximum Income***

The maximum allowable income is set forth for each Project and/or unit by the affordable housing agreements recorded on legal title to the property. Income levels include, but are not limited to Very-Low and Low Income as defined in these Administrative Procedures. The 2014 household income limits are presented in Attachment D to this Administrative Procedures Manual. In the case of conflict among the agreements, the most stringent requirement must be applied.

## **D. Affordable Rent Calculations**

Rental rates for the Inclusionary Units must be set at levels affordable to Very-Low Income Households and Low Income Households as set forth in the Project's Inclusionary Housing Agreement. The Affordable Rent is equal to the

Affordable Housing Cost minus the applicable Utilities Allowances. The 2014 Affordable Housing Cost calculations and Utilities Allowances are presented in Attachments E and F, respectively.

The Program Director will calculate the allowable rental rates based on the standards imposed in the Project's Inclusionary Housing Agreement. In the case of conflicts in the requirements imposed by the City and other funding sources used to finance the Project, the most stringent requirement must be applied.

The Affordable Rents may be re-evaluated once annually based on changes in the Gross Household Incomes (usually updated during the first quarter of each year). Any changes in the rents charged for the Inclusionary Units must first be approved in writing by the Program Director. The Property Owner, or property manager, must provide a Notice of Rent Increase to each Household renting an Inclusionary Unit.

## **V. COMPLAINTS AND APPEALS**

Complaints concerning the City's Affordable Rental Housing Program should be made in writing and addressed to the Program Director. Complaints will be accepted only if they are in writing and are received within 30 days from the event giving rise to the complaint. The Program Director will contact the complainant to attempt to resolve the matter. A written response from the Program Director will be made to the complainant within 10 business days.

If a complainant is not satisfied with the written response, a request for an appeal may be filed with the Executive Director. The written request must set forth the reasons for the appeal and must be received by the Executive Director within 15 days from the date of the Program Director's written response. In the event the request does not meet these requirements, the complainant will be notified that the request is denied; otherwise, the complainant will be invited to meet with the Executive Director. The Executive Director will provide the complainant with an opportunity to advocate his/her position and to resolve the matter. The Executive Director's response will be made in writing within 10 business days following the meeting.

## **VI. MONITORING AND ENFORCEMENT**

### **A. General Policy**

At the time of initial occupancy, and annually thereafter, the City will monitor the Project to ensure that the income verifications are correct and in compliance with these Administrative Procedures. The City is committed to assuring that its affordable housing resources reach only Eligible Tenants so that program integrity can be maintained. Property Owners are required to cooperate with the City in promptly providing all information requested by the City in monitoring compliance with program requirements.

### **B. Program Audits**

City staff will maintain a high level of awareness to indicators of possible abuse and fraud by Property Owners and tenants living in Inclusionary Units. The City will conduct periodic random quality control audits of Inclusionary Units to assure compliance with program rules and requirements. Such audits may include verification of continued occupancy in Inclusionary Units by Eligible Tenants, compliance with the Affordability Covenants, and physical inspections of the Project.

### **C. Program Abuse and Fraud Protections**

City staff will investigate suspected program abuse and fraud as appropriate. City staff will take all steps necessary and appropriate, both administrative or legal, to enforce program requirements.

#### ***Referrals, Complaints, or Tips***

The City will follow up on referrals from other agencies, companies, or individuals that are received by mail, by telephone, or in person, which allege that a Property Owner or tenant of an Inclusionary Unit is in non-compliance with or otherwise violating program rules. Such follow up will be made providing that the referral contains at least one item of information that is independently verifiable. A copy of the written allegation or a summary of the verbal allegation will be placed in the Property Owner's file.

### ***Internal File Review***

The City will investigate instances where it discovers, as a result of administering the program, information or facts that conflict with previous file data or any knowledge of the Property Owner or tenant, or are in any way discrepant with statements made by the Property Owner or tenant.

### ***Referrals to the City Attorney***

In the event of a breach or potential breach of program requirements, the City may institute legal action to enforce compliance with the program requirements, and to enjoin any actions by Property Owners that violate program requirements. The City's legal remedies may additionally include the following:

1. Actions to disapprove, revoke or suspend any permit, including a Building Permit, Certificate of Occupancy or other discretionary approval;
2. Injunctive relief and damages;
3. Civil citations with monetary penalties for violations of the Administrative Procedures; and
4. Recovering any excess rent that a tenant may have paid to a Property Owner.

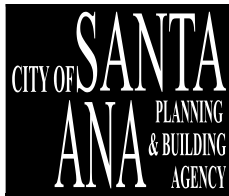




**ATTACHMENT A**

**HOUSING OPPORTUNITY ORDINANCE  
ARTICLE XVIII.1 SECTION 41-1900 OF THE  
SANTA ANA MUNICIPAL CODE**





Planning and Building Agency  
Planning Division  
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## HOUSING OPPORTUNITY ORDINANCE

**Sec. 41-1900. Purpose.** This Article establishes standards and procedures to encourage the development of housing that is affordable to a range of households with varying income levels. The purpose of this Article is to encourage the development and availability of affordable housing by requiring the inclusion of affordable housing units within developments that involve an increase in the density otherwise available under applicable zoning and development standards; a change in land use designation from a zoning regulation that does not permit residential uses to one that does permit residential uses; or the conversion of rental units to condominium ownership.

**Section 3.** Section 41-1901 is added to Chapter 41 of the Santa Ana Municipal Code to read in full as follows:

**Sec. 41-1901. Definitions**

As used in this Article, the following terms shall have the following meanings:

“Adjusted for Household Size Appropriate for the Unit” means a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

“Affordable Housing Cost” means the total housing costs paid by a qualifying household, which shall not exceed the fraction of gross income specified, as follows, in accordance with Sections 50052.5 and 50053 of the Health & Safety Code:

Very Low-Income Households. Thirty percent of the income of a household earning 50 percent of the Orange County median income adjusted for family size appropriate for the unit.

Low-Income Households. Thirty percent of the income of a household earning 70 percent of the Orange County median income for for-sale units, and 30 percent of the income of a household earning 60 percent of the Orange County median income for rental units, adjusted in either case for family size appropriate for the unit.

Moderate Income Households. Thirty-five percent of the income of a household earning 110 percent of the Orange County median income for for-sale units, and 30 percent of the income of a household earning 110 percent of the Orange County median income for rental units, adjusted in either case for family size appropriate for the unit.

In the event of a conflict between the fractions specified in this definition and those found in Sections 50052.5 and 50053 of the Health & Safety Code, the fractions specified by State law shall control.

“Developer” means any association, corporation, firm, joint venture, partnership, person, or any entity or combination of entities, which seeks City approval for all or part of a Residential Project.

“Executive Director” means the Executive Director of Community Development for the City of Santa Ana.

“Inclusionary Housing Agreement” means a legally binding agreement between the Developer and the City, in a form and substance satisfactory to the Executive Director and the City Attorney, and containing those provisions necessary to ensure that the requirements of this Article are satisfied, whether through the provision of Inclusionary Units or through an approved alternative method.

“Inclusionary Housing Fund” means the fund created by the City of Santa Ana in which all fees collected in compliance with this Article shall be deposited.

“Inclusionary Housing Plan” means the plan submitted by the Developer, in a form specified by the Executive Director, detailing how the provisions of this Article will be implemented for the proposed Residential Project.

“Inclusionary Unit” means a dwelling unit that will be offered for sale or rent to low or Moderate-Income Households, at an affordable housing cost, in compliance with this Article.

“Low-Income Households” means “lower income households” as that term is defined by Section 50079.5 of the Health & Safety Code.

“Low-Income Units, Moderate-Income Units, and Very Low-Income Units” means Inclusionary Units restricted to occupancy by low, moderate, or Very Low-Income Households, respectively, at an affordable housing cost.

“Market Rate Units” means dwelling units in a Residential Project that are not Inclusionary Units.

“Moderate-Income Households” means “persons and families of low or moderate income” as that term is defined by Section 50093 of the Health & Safety Code.

“Administrative Procedures” means those regulations promulgated by the Executive Director pursuant to Section 41-1910 of this Article.

“Regulatory Agreement” means an agreement entered into between the City of Santa Ana or the Santa Ana Community Redevelopment Agency and a Developer by which the Developer covenants to keep certain housing units at an affordable housing cost for a specified period of time.

“Residential Project” means any of the following:

- A subdivision resulting in the creation of 5 or more residential lots or residential condominium units; or

- The new construction of a project consisting of 5 or more multi-family units; or

- The new construction of 5 or more separate houses or dwelling units; or

- The conversion of 5 or more rental units to condominium ownership.

“Total Housing Costs” the total monthly or annual recurring expenses required of a household to obtain shelter. For a rental unit, total housing costs shall include the monthly rent payment and utilities paid by the tenant (excluding telephone and television). For an ownership unit, total housing costs shall include the mortgage payment (principal and interest), insurance, homeowners’ association dues (if applicable), private mortgage

insurance (if applicable), taxes, utilities, an allowance for maintenance and any other related assessments.

“Very Low-Income Households” means “very low income households” as that term is defined by Section 50105 of the Health & Safety Code.

**Section 4.** Section 41-1902 is added to Chapter 41 of the Santa Ana Municipal Code to read in full as follows:

**Sec. 41-1902. Applicability and Inclusionary Unit Requirements**

- (a) Zone Changes. The requirements of this Article shall apply to any Residential Project located within a zone that has been changed to allow for residential uses where such uses were not previously allowed, or where the zone change allows an increase to the existing residential density permitted by the zoning in place as of the effective date of this ordinance.
- (b) Applications. The requirements of this Article shall apply to any Residential Project proposed in connection with an application to do any of the following:
  - (1) Increase the permitted residential density of the subject property above the density permitted by applicable zoning at the time of the application.
  - (2) Increase the permitted percentage of residential development allowed for a mixed-use development above the percentage at the time of the application.
  - (3) Convert commercial or industrial land to residential uses; including, but not limited to, the conversion of a hotel to residential use.
  - (4) Approval of an overlay zone site plan permitting residential land uses pursuant to Division 28 of this Chapter.
  - (5) Convert rental units to condominium ownership.
- (c) Units for sale. If the Residential Project consists of units for sale, then a minimum of 15-percent of the total number of units in the project shall be sold to Moderate-Income Households, or lower.
- (d) Rental units. If the Residential Project consists of rental units, then a minimum of 15-percent of the units shall be rented to low or Very Low-Income Households.
- (e) Allowable credits. The Inclusionary Unit requirements of this Section may be reduced at the discretion of the Executive Director if a greater level of affordability is provided.
- (f) Rounding of quantities in calculations. In calculating the required number of Inclusionary Units, fractional units shall be rounded-up to the next whole unit. The Developer may choose to pay an in-lieu fee set forth in Section 41-1904(c) for the fractional units, which shall be calculated based on a percentage of the per unit cost.
- (g) Displacement of existing Inclusionary Units. Notwithstanding any other provision of this Article, any Residential Project subject to this Article that results in the displacement of Very Low, Low, and/or Moderate Income Household(s) shall be required to provide on-site Inclusionary Units as required by this Article.

- (h) All Inclusionary Units required by this Article shall be sold or rented in compliance with this Article.

**Section 5.** Section 41-1903 is added to Chapter 41 of the Santa Ana Municipal Code to read in full as follows:

**Sec. 41-1903. Exempt projects**

The following are exempt from the requirements of this Article:

- (a) Applications deemed complete. A Residential Project for which a development application has been deemed complete prior to November 28, 2011.
- (b) Development Agreements. A Residential Project that is the subject of a development agreement under applicable provisions of the California Government Code that expressly provides for an exclusion to this Article or provides for a different amount of Inclusionary Units from that specified by this Article.
- (c) Project with Regulatory Agreement. A Residential Project for which a Regulatory Agreement has been approved, provided that the Regulatory Agreement is effective at the time the Residential Project would otherwise be required to comply with the requirements of this Article, and there is no uncured breach of the Regulatory Agreement before issuance of a Certificate of Occupancy for the project. This may include a Residential Project that has obtained a Density Bonus under Article XVI.I of the Santa Ana Municipal Code.

**Section 6.** Section 41-1904 is added to Chapter 41 of the Santa Ana Municipal Code to read in full as follows:

**Sec. 41-1904. Alternatives**

- (a) On site units. The primary means of complying with the inclusionary requirements of this Article shall be the provision of on-site Inclusionary Units in accordance with Section 41-1901, above. A Developer may only satisfy the requirements of this Article by means of an alternative to on-site Inclusionary Units in accordance with the requirements and procedures of this Section.
- (b) Off-site units. Upon application by the Developer and at the discretion of the City Council, the Developer may satisfy the Inclusionary Unit requirements for the project, in whole or in part, by substantially rehabilitating existing rental units. For purposes of providing off-site units, substantially rehabilitating means rehabilitating a dwelling unit that has substantial building and other code violations, and has been vacant for at least 90 days, such that the unit is returned to the City's housing supply as decent, safe and sanitary housing, and the cost of the work exceeds twenty-five percent of the market value of the unit after rehabilitation. The number of substantially rehabilitated units that will be required under the off-site unit provision will be determined based on a calculation of the affordability gap associated with on-site provision of the units. This affordability gap will then be translated into the number of off-site units that can be produced at a financial gap equal to the affordability gap associated with on-site provision of the units.
- (c) In-lieu fee.
  - (1) 20 or fewer units. In the case of a Residential Project containing between 5 and 20 residential lots or residential units, the Developer may elect to satisfy the Inclusionary Unit requirements for the project, in whole or in part, by payment of a fee in lieu of constructing some or all of the required units.

- (2) More than 20 units. In the case of a Residential Project comprised of more than 20 residential lots or residential units, the Developer may apply to pay a fee in lieu of constructing some or all of the required units, and such application shall be subject to the review and approval of the City Council, which may grant such the Developer's request if substantial evidence supports a finding that the cost of providing Inclusionary Units on-site would substantially exceed the amount of the applicable in-lieu fee.
- (3) Calculation of fee. The amount of the fees allowed by this Section shall be calculated in accordance with the methodology to be set forth in the Administrative Procedures. The calculation methodology is based on the affordability gap associated with fulfilling the required affordable housing units on site within the proposed Residential Project.
- (4) Timing of payment. The Developer shall pay any in-lieu fees allowed by this Section in full before issuance of a Building Permit for any portion of the Residential Project, including any non-residential portions of a mixed-use development.
- (5) Inclusionary Housing Fund. Fees collected in compliance with this Section shall be deposited in the Inclusionary Housing Fund.

**Section 7.** Section 41-1905 is added to Chapter 41 of the Santa Ana Municipal Code to read in full as follows:

**Sec. 41-1905. Housing Plan and Housing Agreement**

- (a) Submittal and execution. The Developer shall comply with the following requirements.
  - (1) Inclusionary Housing Plan. The Developer shall submit an Inclusionary Housing Plan, in a form specified by the Executive Director, detailing how the provisions of this Article will be implemented for the proposed Residential Project. If the inclusionary housing plan includes alternatives to on-site units that require the approval of the City Council, then the Inclusionary Housing Plan shall be subject to the review and approval of the City Council. All other Inclusionary Housing Plans shall be subject to the approval of the Executive Director, subject to appeal to the City Council. Any such appeal shall be filed within fifteen (15) days of the decision of the Executive Director.
  - (2) Inclusionary Housing Agreement. The Developer shall execute and cause to be recorded an Inclusionary Housing Agreement. The Inclusionary Housing Agreement shall be a legally binding agreement between the Developer and the City, in a form and substance satisfactory to the Executive Director and the City Attorney, and containing those provisions necessary to ensure that the requirements of this Article are satisfied, whether through the provision of Inclusionary Units or through an approved alternative method.
- (b) Discretionary approvals. No discretionary approval shall be issued for a Residential Project subject to this Article until the Developer has submitted an Inclusionary Housing Plan.

- (c) Issuance of Building Permit. No Building Permit shall be issued for a Residential Project subject to this Article unless the Executive Director has approved the Inclusionary Housing Plan, and any required inclusionary Housing Agreement has been recorded.
- (d) Issuance of Certificate of Occupancy. A Certificate of Occupancy shall not be issued for a Residential Project subject to this Article unless the approved Inclusionary Housing Plan has been fully implemented.

**Section 8.** Section 41-1906 is added to Chapter 41 of the Santa Ana Municipal Code to read in full as follows:

**Sec. 41-1906. Standards**

- (a) Location within project, relationship to non-Inclusionary Units. All Inclusionary Units shall be:
  - (1) Reasonably dispersed throughout the Residential Project;
  - (2) Proportional, in number of bedrooms, and location, to the market rate units;
  - (3) Comparable to the market rate units included in the Residential Project in terms of design, materials, finished quality, and appearance; and
  - (4) Permitted the same access to project amenities and recreational facilities, as are market rate units.
- (b) Timing of construction. All Inclusionary Units in a Residential Project shall be constructed concurrent with, or before the construction of the market rate units. If the City approves a phased project, a proportional share of the required Inclusionary Units shall be provided within each phase of the Residential Project.
- (c) Units for sale.
  - (1) Time limit for inclusionary restrictions. A unit for sale shall be restricted to the target income level group at the applicable affordable housing cost for a minimum of 45 years.
  - (2) Certification of purchasers. The Developer and all subsequent owners of an Inclusionary Unit offered for sale shall certify, on a form provided by the City, the income of the purchaser.
  - (3) Resale price control. In order to maintain the availability of inclusionary units required by this Article, the resale price of an owner occupied Inclusionary Unit shall be limited to the lesser of the fair market value of the unit as established by a licensed real estate agent based upon three comparable properties or the restricted resale price. For these purposes, the restricted resale price shall be the applicable Affordable Housing Cost.
  - (4) Inheritance of Inclusionary Units. Upon the death of an owner of an owner-occupied Inclusionary Unit, title in the property may transfer to the surviving joint tenant or heir (in the case of the death of a sole owner or all owners of the household.)



- (5) Forfeiture. If an Inclusionary Unit for sale is sold for an amount in excess of the resale price controls required by this Section, the buyer and the seller shall be jointly and severally liable to the City for the entire purchase price of the unit. Recovered funds shall be deposited into the Inclusionary Housing Fund. Notwithstanding the foregoing, it shall be within the discretion of the Executive Director to allow the buyer and seller to cure any violation of the resale price controls within 180 days.
- (d) Rental units.
    - (1) Time limit for inclusionary restrictions. A rental unit shall remain restricted to the target income level group at the applicable affordable housing cost for 55 years.
    - (2) Certification of renters. The owner of any rental Inclusionary Units shall certify, on a form provided by the City, the income of all members of the household above the age of 18 at the time of the initial rental and annually thereafter.
    - (3) Forfeiture. Any lessor who leases an Inclusionary Unit in violation of this Article shall be required to forfeit to the City all money so obtained. Recovered funds shall be deposited into the Inclusionary Housing Fund.
  - (e) The Executive Director may require the execution and recording of whatever documents are required to ensure enforcement of this Section; including but not limited to promissory notes, deeds of trust, resale restrictions, rights of first refusal, options to purchase, and/or other documents, which shall be recorded against all Inclusionary Units.
  - (f) General Prohibitions.
    - (1) No person shall sell or rent an Inclusionary Unit at a price or rent in excess of the maximum amount allowed by any restriction placed on the unit in accordance with this Article.
    - (2) No person shall sell or rent an Inclusionary Unit to a person or persons that do not meet the income restrictions placed on the unit in accordance with this Article.
    - (3) No person shall provide false or materially incomplete information to the City or to a seller or lessor of an Inclusionary Unit to obtain occupancy of housing for which that person is not eligible.
  - (g) Principal Residency Requirement.
    - (1) The owner or lessee of an Inclusionary Unit shall reside in the unit for not less than ten out of every twelve months.
    - (2) No owner or lessee of an Inclusionary Unit shall lease or sublease, as applicable, an Inclusionary Unit without the prior permission of the Executive Director.

**Section 9.** Section 41-1907 is added to Chapter 41 of the Santa Ana Municipal Code to read in full as follows:

**Sec. 41-1907. Takings Determination**

- (a) Determination of a taking of property without just compensation. In accordance with the procedures provided by this Section, a Developer may request a determination as to whether the requirements of this Article, taken together with the inclusionary incentives as applied to the Residential Project, would constitute a taking of property without just compensation under the California or Federal Constitutions.
  - (1) The Developer may request the Executive Director to make a takings determination within fifteen (15) days of approval or disapproval of the Inclusionary Housing Plan. The Developer may file an appeal of the takings determination of the Executive Director within fifteen (15) calendar days after the date of the decision. Any appeal shall be subject to the provisions of Chapter III of the Santa Ana Municipal Code.
- (b) Presumption of facts. In making the takings determination, the Executive Director, shall presume each of the following facts:
  - (1) Application of requirements. Application of the inclusionary housing requirement to the Residential Project;
  - (2) Incentives. Application and utilization of all density bonuses and incentives available under State and local law;
  - (3) Product type. Utilization of the most cost-efficient product type for the Inclusionary Units that would meet the standards of this Article; and
  - (4) External funding. The reasonable availability of external funding.
- (c) Modifications to reduce obligations. If it is determined that the application of the provisions of this Article would be a taking, the Inclusionary Housing Plan shall be modified to reduce the obligations in the inclusionary housing component to the extent, and only to the extent necessary, to avoid a taking. If it is determined no taking would occur through application of this Article to the Residential Project, the requirements of this Article remain applicable.

**Section 10.** Section 41-1908 is added to Chapter 41 of the Santa Ana Municipal Code to read in full as follows:

**Sec. 41-1908. Enforcement**

- (a) Any violation of this Article constitutes a misdemeanor.
- (b) Forfeiture of funds. Any individual who sells or rents an Inclusionary Unit in violation of this Article shall be required to forfeit all money so obtained. Recovered funds shall be deposited into the Inclusionary Housing Fund.
- (c) Legal actions. The City may institute any appropriate legal actions or proceedings necessary to ensure compliance with this Article, including actions:
  - (1) To disapprove, revoke, or suspend any permit, including a Building Permit, Certificate of Occupancy, or discretionary approval; and
  - (2) For injunctive relief or damages.

- (d) Recovery of costs. In any action to enforce this Article, or an Inclusionary Housing Agreement recorded hereunder, the City shall be entitled to recover its reasonable attorney's fees and costs.

**Section 11.** Section 41-1909 is added to Chapter 41 of the Santa Ana Municipal Code to read in full as follows:

**Sec. 41-1909. Inclusionary Housing Fund**

- (a) Inclusionary Housing Fund. There is hereby established a separate fund of the City, to be known as the Inclusionary Housing Fund. All monies collected pursuant to this Article shall be deposited in the Inclusionary Housing Fund. Additional monies from other sources may be deposited in the Inclusionary Housing Fund. The monies deposited in the Inclusionary Housing Fund shall be subject to the following conditions:
  - (1) Monies deposited into the Inclusionary Housing Fund must be used to increase and improve the supply of housing affordable to Moderate, Low and Very Low Income Households in the City. Monies may also be used to cover reasonable administrative or related expenses associated with the administration of this Article.
  - (2) The fund shall be administered by the Executive Director, or his or her designee, who may develop procedures to implement the purposes of the Inclusionary Housing Fund consistent with the requirements of this Article and any adopted budget of the City.
  - (3) Monies deposited in accordance with this Section shall be used in accordance with the City's Housing Element, Redevelopment Plan, Consolidated Plan, or subsequent plan adopted by the City Council to construct, rehabilitate, or subsidize affordable housing or assist other government entities, private organizations, or individuals to do so. Permissible uses include, but are not limited to, assistance to housing development corporations, equity participation loans, grants, pre-home ownership co-investment, pre-development loan funds, participation leases, or other public-private partnership arrangements. The Inclusionary Housing Fund may be used for the benefit of both rental and owner-occupied housing.

**Section 12.** Section 41-1910 is added to Chapter 41 of the Santa Ana Municipal Code to read in full as follows:

**Sec. 41-1910. Administrative**

- (a) Fees. The Council may by resolution establish reasonable fees and deposits for the administration of this Article.
- (b) Administrative Procedures. The City Manager is hereby authorized and directed to promulgate Administrative Procedures for the implementation of this Article.

**Section 13.**

If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council of the City of Santa Ana hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional. (*Ordinance No. NS-2825, November 28, 2011*)

## **ATTACHMENT B**

# **HOUSING OPPORTUNITY ORDINANCE AFFORDABLE RENTAL HOUSING PROGRAM SUMMARY**



# **CITY OF SANTA ANA HOUSING OPPORTUNITY ORDINANCE AFFORDABLE RENTAL HOUSING PROGRAM SUMMARY**

The following document is meant to provide Property Owners that wish to construct rental housing projects with a basic summary of the City of Santa Ana's (City) Housing Opportunity Ordinance (Ordinance) requirements. This summary only identifies the basic characteristics of the program. Persons interested in learning more about the affordable housing obligations imposed by the Ordinance may request an Administrative Procedures Manual from the City.

## **Key Housing Opportunity Ordinance Requirements**

A primary objective of the Ordinance is to provide affordable rental opportunities to residents who would otherwise have difficulty owning a home in Santa Ana. The Ordinance applies to residential projects with five or more units, under the following conditions:

1. The conversion of commercial or industrial land to a residential use; or
2. A zone change that increases the allowable residential density from the level that was permitted by the zoning in place as of the date of the application; or
3. The conversion of a hotel to a residential use; or
4. An increase in the percentage of residential development included in a mixed-use development above the amount allowed by the zone; or
5. The conversion of rental units to ownership condominium units.

Rental projects that are subject to the Ordinance are provided with the following alternatives for fulfilling the affordable housing requirements:

1. Fifteen percent (15%) of the units within the market rate project can be rented to Very-Low Income Households and Low Income Households at the defined Affordable Rents; or
2. The required number of Inclusionary Units may be provided in a newly constructed project located in an off-site location; or

3. Existing rental units can be acquired, substantially rehabilitated and then income and affordability covenants can be placed on the units. In order to exercise the acquisition and substantial rehabilitation option, the existing units must exhibit substantial building and other code violations, the units must have been vacant for at least 90 days, and the rehabilitation costs must be equal to at least 25% of the market value of the unit after the rehabilitation is completed; or
4. An In-Lieu Fee can be paid by right for projects with between five and 20 units, and for fractional unit obligations. In addition, projects with more than 20 units can fulfill the obligation by paying an In-Lieu Fee if the City Council determines that the cost of providing the Inclusionary Units on site would substantially exceed the applicable In-Lieu Fee.

Other key requirements are as follows:

1. The Inclusionary Units must be:
  - a. Reasonably dispersed throughout the market rate project;
  - b. Proportional in the number of bedrooms to the market rate units in the project;
  - c. Comparable to the market rate units in terms of design, materials, finished quality and appearance; and
  - d. Permitted the same access to project amenities and recreation facilities as the market rate units.
2. The Inclusionary Units must be constructed at the same time or before the construction of the market rate units.
3. The Property Owner must accept recorded income and affordability controls that will remain in place for 55 years from the date the Project is placed in service.

## **Administrative Procedures Manual**

The requirements that are imposed on rental housing projects are detailed in the Affordable Rental Housing Administrative Procedures Manual adopted by the City Council. The Administrative Procedures Manual provides Property Owners with the following information:



1. The eligibility criteria to be imposed on prospective tenants;
2. The methodology for setting the maximum rental rates;
3. The complaints and appeals process available to program participants;  
and
4. The monitoring and enforcement activities that will be undertaken by the City.

## **City Contact**

For additional information, please contact the City's Program Director designee:

Natalie Verlinich

[nverlinich@santa-ana.org](mailto:nverlinich@santa-ana.org)

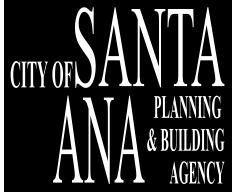
(714) 667-2267



**ATTACHMENT C**

**INCLUSIONARY HOUSING PLAN**





Planning and Building Agency  
 Planning Division  
 20 Civic Center Plaza  
 P.O. Box 1988 (M-20)  
 Santa Ana, CA 92702  
 (714) 647-5804  
 www.santa-ana.org

## INCLUSIONARY HOUSING PLAN

### OWNER/APPLICANT INFORMATION

Legal Owner \_\_\_\_\_ ( ) \_\_\_\_\_  
Full name of Person, Firm or Corporation Area Code Phone Number

\_\_\_\_\_ ( ) \_\_\_\_\_  
Mailing Address Area Code Fax Number

Applicant \_\_\_\_\_ ( ) \_\_\_\_\_  
Full name of Person, Firm or Corporation Area Code Phone Number

\_\_\_\_\_ ( ) \_\_\_\_\_  
Mailing Address Area Code Fax Number

Contact Person \_\_\_\_\_  
Full name of Person, Firm or Corporation Email address

\_\_\_\_\_ Mailing Address

( ) \_\_\_\_\_ ( ) \_\_\_\_\_ ( ) \_\_\_\_\_  
Area Code Phone Number Area Code Mobile Phone Number Area Code Fax Number

### PROJECT DESCRIPTION

Project Address: \_\_\_\_\_

Assessor Parcel Number(s): \_\_\_\_\_

Total number of units proposed: \_\_\_\_\_

Number of Rental Units: \_\_\_\_\_ Number of For Sale units: \_\_\_\_\_

Number of 15% Inclusionary obligation: \_\_\_\_\_

Identify the gross livable area of the proposed project (including private balconies, decks and patios). \_\_\_\_\_ square feet

Will the project be constructed in phases? \_\_\_\_\_ Yes \_\_\_\_\_ No

Is a density bonus being requested? \_\_\_\_\_ Yes \_\_\_\_\_ No

#### CITY APPROVALS (if applicable)

INCLUSIONARY HOUSING PLAN NO. \_\_\_\_\_

APPROVE  DENY Date: \_\_\_\_\_ Signature: \_\_\_\_\_

## HOUSING ALTERNATIVES

Select the applicable alternatives to indicate how the project will comply with the inclusionary housing requirement:

- On-site construction of inclusionary units  
 In-lieu fee payment for entire obligation<sup>1</sup>  
 In-lieu fee payment for fractional unit  
 Land dedication

Note: For development projects with more than 20 units requesting in-lieu fee payment to fulfill their inclusionary obligation, “substantial evidence” that the cost of providing inclusionary units on site would substantially exceed the amount of the applicable in-lieu fee is to be provided with this application.

Please complete the following table(s) as it applies to your project proposal:

### **Proposed Rental Housing Projects:**

Number of Bedrooms	Unit Size (Square Feet)	Number of Market Rate Units	Number of Low Income Units	Number of Very-Low Income Units	Total Number of Units	Percent of Total Units
Studio						
1						
2						
3						
4						
5						
Total						

<sup>1</sup> If the calculation of the number of required inclusionary housing units results in a fraction, the developer has the option to (a) provide an additional inclusionary housing unit or (b) pay an In-Lieu Fee equal to the percentage represented by the fractional inclusionary housing unit multiplied by the applicable In-Lieu Fee

**Proposed Ownership Housing Projects:**

Number of Bedrooms	Unit Size (Square Feet)	Number of Market Rate Units	Number of Moderate Income Unit	Total Number of Units	Percent of Total Units
Studio					
1					
2					
3					
4					
5					
Total					

**Required Exhibits to the Inclusionary Housing Plan**

- A.  Narrative description of the entire project;
- B.  Site plan that depicts the entire project (minimum 11" x 17");
- C.  Depiction of the location of the inclusionary housing units; and
- D.  If applicable, a phasing plan that provides for the proportionate number of the total inclusionary housing unit requirement to be built within each phase of the project.
- E.  If applicable, provide the In-Lieu Calculation Summary for the project.

**Property OWNER’S AFFIDAVIT**

I hereby certify that I am the legally authorized owner of all property involved in this application or have been empowered to sign as the property owner on behalf of a corporation, partnership, business, etc., as evidenced by separate instrument attached herewith. I hereby grant to the applicant submitting this form full power to sign all documents related to this application, including any conditions or litigation measures as may be deemed necessary.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on (Date) \_\_\_\_\_ at \_\_\_\_\_, California

Property Owner’s Signature \_\_\_\_\_

Property Owner’s Printed Name \_\_\_\_\_

**APPLICANT’S AFFIDAVIT**

I hereby certify that the statements furnished above and in the attached exhibits represent the data and information required for this initial evaluation and that the facts, statements and information presented are true and correct to the best of my knowledge and belief. Further, should the stated information be found false or insufficient, I agree to the return of this form for appropriate revisions, understanding the City of Santa Ana cannot process this form until all applicable information is corrected or provided by the applicant. I hereby certify that I have been legally authorized by the property owner to present this application and to sign on behalf of all documents related to this application, including any conditions or litigation measures as may be deemed necessary.

Note: When the applicant is a corporation, partnership, business, etc., a separate document verifying the authorization to sign for such applicant is required.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on (Date) \_\_\_\_\_ at \_\_\_\_\_, California

Applicant’s Signature \_\_\_\_\_

Applicant’s Printed Name \_\_\_\_\_



## **ATTACHMENT D**

### **HOUSEHOLD INCOME LIMITS - 2014**



**HOUSEHOLD INCOME LIMITS  
HOUSING OPPORTUNITY ORDINANCE  
2014 HOUSEHOLD INCOME LIMITS**

*TO BE UPDATED ANNUALLY BY THE CITY  
BASED ON ORANGE COUNTY HUD/HCD INCOME LIMITS*

The incomes listed below will be used to qualify potential tenants:

Number of Persons	Very-Low Income	Low Income
1	\$33,750	\$53,950
2	\$38,550	\$61,650
3	\$43,350	\$69,350
4	\$48,150	\$77,050
5	\$52,050	\$83,250
6	\$55,900	\$89,400
7	\$59,750	\$95,550
8	\$63,600	\$101,750

NOTE: The figures above shall only apply to calendar year 2014. Annual adjustments made to the above figures shall be made by the City when the updated household incomes are published by the State of California Housing and Community Development Department. The updated figures shall then be applicable to all prospective tenants of Inclusionary Units for that specified calendar year.



# ATTACHMENT E

## AFFORDABLE HOUSING COST CALCULATIONS - 2014



**AFFORDABLE HOUSING COSTS - 2014  
HOUSING OPPORTUNITY ORDINANCE**

*TO BE UPDATED ANNUALLY BY THE CITY  
BASED ON ORANGE COUNTY HCD INCOME LIMITS*

The Affordable Housing Costs will be applied to Inclusionary Units in 2014. These Affordable Housing Costs must be reduced by the applicable Utilities Allowances to arrive at the Affordable Rent for the Inclusionary Units:

Number of Bedrooms	Very-Low Income	Low Income
Studio Units	\$763	\$916
One-Bedroom Units	\$872	\$1,046
Two-Bedroom Units	\$981	\$1,178
Three-Bedroom Units	\$1,090	\$1,308
Four-Bedroom Units	\$1,178	\$1,413

NOTE: The figures above shall only apply to calendar year 2014. The City will update the Affordable Housing Costs each year when the updated household incomes are published by the State of California Housing and Community Development Department (HCD). The updated Affordable Housing Costs shall then be applicable to the Inclusionary Units for that specified calendar year.





**ATTACHMENT F**

**UTILITIES ALLOWANCES - 2015**



MAYOR

Miguel A. Pulido  
MAYOR PRO TEM  
Sal Tinajero

COUNCILMEMBERS

Angelica Amezcua  
P. David Benavides  
Michele Martinez  
Roman Reyna  
Vincent F. Sarmiento



CITY MANAGER  
David Cavazos  
CITY ATTORNEY  
Sonia R. Carvalho  
CLERK OF THE COUNCIL  
Maria D. Huizar

**CITY OF SANTA ANA**  
**SANTA ANA HOUSING AUTHORITY**  
20 Civic Center Plaza • P.O. Box 22030  
Santa Ana, California 92702  
[www.santa-ana.org](http://www.santa-ana.org)

**UTILITY ALLOWANCE SCHEDULE**

**EFFECTIVE DATE: January 1, 2015**

BEDROOMS	0	1	2	3	4	5+
<b>GAS</b>						
COOKING	2	7	7	10	12	17
HEATING	12	15	19	28	34	35
WATER HEATING	7	9	9	15	19	21
<b>ELECTRIC</b>						
BASIC	13	19	23	40	40	40
COOKING	5	8	9	13	18	20
HEATING	11	15	20	26	33	37
WATER HEATING	15	21	27	36	37	37
<b>WATER</b>						
WATER	16	19	23	32	38	43
<b>TRASH</b>						
TRASH	16					
<b>SEWER</b>						
SEWER	7					
<b>REFRIGERATOR</b>						
REFRIGERATOR	9					
<b>STOVE</b>						
STOVE	7					
<b>MOBILE HOME FLAT RATE</b>						
MOBILE HOME FLAT RATE	62					

SANTA ANA CITY COUNCIL

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# **ATTACHMENT G**

## **ANNUAL TENANT RECERTIFICATION FORM**



**ANNUAL TENANT RECERTIFICATION  
CITY OF SANTA ANA  
AFFORDABLE RENTAL HOUSING PROGRAM**

Date:

Tenant Name:

Unit Address:

Dear \_\_\_\_\_:

In accordance with the requirements imposed by the City of Santa Ana (City) Housing Opportunity Ordinance, and your lease, the City requires that we review your income and family composition every year. To complete our review, the Property Owner or Property Manager will set up a meeting with you to receive the necessary information.

When you attend the meeting with the Property Owner or Property Manager you must bring documents that verify the income of all the adult members of your household. This information can include income tax returns, employment verification, wage statements, interest statements, and/or unemployment compensation statements.

Cooperation with the recertification requirement is a condition of continuing tenancy in an Inclusionary Unit. You must report the required information to enable the Property Owner to process the recertification by \_\_\_\_\_ (Month/Day).

Sincerely,

Property Manager / Property Owner

## TENANT INCOME VERIFICATION FORM

Head of Household (Print Name): \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: Home: \_\_\_\_\_ Work: \_\_\_\_\_ Cell: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Social Security #: \_\_\_\_\_

Household Composition				
List All Household Members Living in the Inclusionary Unit				
Name	Sex	Age	Dependent (Y/N)	Social Security #

List additional household members on a separate sheet of paper.



## TENANT INCOME VERIFICATION FORM

Monthly Gross Income \*

List All Sources of Income of All Household Members Living in the Inclusionary Unit

Part 1: Earned Income

		Head of Household	Other Adult Household Members	Total
1.	Gross amount, before payroll deductions of wages, salaries, overtime pay, commissions, fees, tips and bonuses.	\$	\$	\$
2.	Net income from business.	\$	\$	\$
3.	Social security, annuities, insurance policies, pension/retirement funds, disability or death benefits received periodically.	\$	\$	\$
4.	Payment in lieu of earnings, such as unemployment, disability compensation, worker's compensation and severance pay.	\$	\$	\$
5.	Public assistance, welfare payments	\$	\$	\$
6.	Alimony, child support, other periodic allowances	\$	\$	\$
7.	Regular pay, special pay and allowances of members of the Armed Forces	\$	\$	\$
8.	Other	\$	\$	\$

Subtotal: Monthly Earned Income

\$

Total Monthly Earned Income x 12 = \$ \_\_\_\_\_ Total Annual Household Gross Earned Income

## TENANT INCOME VERIFICATION FORM

Monthly Gross Income *				
List All Sources of Income of All Household Members Living in the Inclusionary Unit				
Part 2: Investment Income				
		Head of Household	Other Adult Household Members	Total Household Investment Income
1.	Interest paid on Bank and Savings accounts	\$	\$	\$
2.	Dividends and other payments from stocks and bonds	\$	\$	\$
3.	Income from real property (i.e. rental property)	\$	\$	\$
4.	Other (describe)	\$	\$	\$
Subtotal: Monthly Investment Income:				\$
Total Monthly Investment Income x 12 = \$ _____ Total Annual Household Investment Income				

\*Note: The following items are not considered income: casual or sporadic gifts; amounts specifically for or in reimbursement of medical expenses; lump sum payments such as inheritances, insurance payments, capital gains and settlement for personal or property losses; educational scholarships paid directly to the student or educational institution; special pay to a serviceman head of family away from home and under hostile fire; relocation payments under federal, state or local law; foster child care payments; value of coupon allotments for purpose of food under Food Stamp Act of 1964 which is in excess of amount actually charged the eligible household; payments received pursuant to participation in the following programs: VISTA, Service Learning Programs, and Special Volunteer Programs, SCORE, ACE, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience.

## TENANT INCOME VERIFICATION FORM

### Assets \*\*

List the Current Value of All Assets of All Household Members Living in the Inclusionary Unit

If the Asset generates income, that income must be specified In Part 2 above

		Head of Household Value	Other Adult Household Members Value	Total Value of Assets
1.	Bank and Savings accounts	\$	\$	\$
2.	Stocks and bonds	\$	\$	\$
3.	Real property (i.e. rental property)	\$	\$	\$
4.	Other (describe)	\$	\$	\$

Total Asset Value \$ \_\_\_\_\_

\*\*Note: Necessary items, such as furniture and automobiles, used for personal use are excluded from household assets. Collections of items for hobby, investment or business purposes must be included in household assets. If the total value of household assets exceeds \$5,000, the calculation of the household's annual income shall include the greater of the actual amount of income, if any, derived from all of the household assets; or 10% of the total value of the assets.

## TENANT INCOME VERIFICATION FORM

If the total asset value exceeds \$5,000, perform the calculations in the following table. If the total asset value is less than \$5,000, the amount of investment income to be included in annual household income is \$0.

Calculation of Investment Income to be Included in Annual Household Income			
1.	Total Annual Household Investment Income		\$
2.	Total Asset Value	\$	x 10%
The Greater of #1 or #2 = Investment Income to be Included in Annual Household Income \$_____			

Calculation of the Household's Total Annual Income	
Total Annual Household Gross Earned Income	\$
Total Investment Income to be Included in Annual Household Income	\$
Total Household Income	\$

Documentation	
Attach True Copies of the Relevant Documents Listed Below	
_____ Paycheck stubs from two most recent pay periods	_____ Bank/Savings account verification
_____ Employment verification	_____ Self-employment verification
_____ Income tax return	_____ Unemployment verification
_____ Social security verification	_____ Welfare verification
_____ Alimony/child support verification	_____ Disability income verification
_____ Other (Describe)	

## AFFIDAVIT

This Affidavit is made with the knowledge that it will be relied upon by the \_\_\_\_\_ City of Santa Ana, our landlord and the owner of our apartment building, to determine maximum income for eligibility. (I/we) warrant that all information set forth in this document is true, correct and complete and based upon information (I/we) deem reliable and based upon such investigation as (I/we) deemed necessary.

(I/We) acknowledge that (I/we) have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of (my/our) rental agreement with the property owner to rent the unit and will additionally enable the property owner to initiate and pursue all applicable legal and equitable remedies with respect to the unit and to me/us.

(I/We) do hereby swear under penalty of perjury that the foregoing statements are true and correct and that this affidavit has been executed as of the date specified below by each adult member of the household which intends to occupy an Inclusionary Unit located at \_\_\_\_\_, Santa Ana, California.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

Executed at \_\_\_\_\_, Santa Ana, California

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

Executed at \_\_\_\_\_, Santa Ana, California



# ATTACHMENT H

## ANNUAL RENTAL HOUSING COMPLIANCE REPORT









**ATTACHMENT I**

**INCLUSIONARY HOUSING FUND**



## **INCLUSIONARY HOUSING FUND**

The Inclusionary Housing Fund is a separate City fund established for the specific purpose of providing the City with funds to assist in the development of affordable housing. All In-Lieu Fees, penalties and other monies collected pursuant to the Housing Opportunity Ordinance, and all interest generated by monies in the Inclusionary Housing Fund shall be deposited in Inclusionary Housing Fund. Monies in the Inclusionary Housing Fund shall 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 Inclusionary Housing Ordinance.

The Inclusionary Housing Administrator shall report to the City Council and Planning Commission on the status of activities undertaken with the Inclusionary Housing Fund as provided by California Government Code Section 66006(b). The report shall include a statement of income, expenses and disbursements and other use of the Inclusionary Housing Fund. The report should also state the number and type of Inclusionary Units constructed during that year. The report may also evaluate the efficiency of the Inclusionary Housing Ordinance in mitigating the City's shortage of affordable housing and recommend any changes necessary to carry out its purposes.

The City shall expend monies in the Inclusionary Housing Fund as expeditiously as feasible. However, there is an understanding that there will be a need to accumulate a sufficient balance in the Inclusionary Housing Fund to undertake a project.



# ATTACHMENT J

## IN-LIEU FEE CALCULATION WORKSHEET





TABLE 2

IN-LIEU FEE CALCULATIONS TEMPLATE  
 RENTAL PROJECT  
 HOUSING OPPORTUNITY ORDINANCE  
 SANTA ANA, CALIFORNIA

I. Project Description

A. Project Name

B. Project Address

II. On-Site Inclusionary Requirement

A. Required Number of Inclusionary Units

Total Project Units	
Inclusionary Requirement as % Total Units	15%

**Total Inclusionary Requirement (Round Up)**

	Total Project Units	% of Total Units <sup>1</sup>	Required # of Inclusionary Units <sup>2</sup>
<b>B. Inclusionary Unit Distribution</b>			
One-bedroom Units			
Two-bedroom Units			
Three-bedroom Units			
<b>Totals</b>			
<b>Total Building Area (Square Feet)</b>			

	Very-Low Income	Low Income	Total
<b>C. Inclusionary Unit Income Distribution</b>			
One-bedroom Units			
Two-bedroom Units			
Three-bedroom Units			
<b>Totals</b>			

III. Rent Assumptions

	Market Rents	Very-Low Income	Low Income
One-bedroom Units		\$829	\$1,003
Two-bedroom Units		\$930	\$1,127
Three-bedroom Units		\$1,008	\$1,226

<sup>1</sup> This column must add up to 100%.

<sup>2</sup> Multiply the % of Total Units times the Total Inclusionary Requirement.

TABLE 2

IN-LIEU FEE CALCULATIONS TEMPLATE  
 RENTAL PROJECT  
 HOUSING OPPORTUNITY ORDINANCE  
 SANTA ANA, CALIFORNIA

IV. <u>Project Value Comparison</u>	<u>100% @ Market Rent</u>	<u>Project with Inclusionary Standards</u>	<u>Difference</u>
<b>A. Rent Income</b>			
Market Rate Units			
One-bedroom Units			
Two-bedroom Units			
Three-bedroom Units			
Very-Low Income Units			
One-bedroom Units			
Two-bedroom Units			
Three-bedroom Units			
Low Income Units			
One-bedroom Units			
Two-bedroom Units			
Three-bedroom Units			
<b>Total Rent Income</b>			
<b>B. Effective Gross Income</b>			
Total Rent Income			
(Less) Vacancy Allowance			5%
<b>Effective Gross Income (EGI)</b>			
<b>C. <u>Operating Expenses (Excluding Debt Service)</u></b>			
General Operating Expenses			
Property Taxes			% Based on Developer's property tax estimate
<b>Total Operating Expenses</b>			
<b>D. Net Operating Income (EGI - Expenses)</b>			
<b>E. Project Value</b>			
Net Operating Income			
Capitalization Rate			
<b>Total Project Value</b>			
<b>V. Total In-Lieu Fee<sup>3</sup></b>			
Per Total Unit			
Per Income Restricted Unit			
Per Square Foot of Total Building Area			

<sup>3</sup> The Total In-Lieu Fee is equal to the difference between the project's value with 100% market rents and the value with the inclusionary housing obligation.

**ATTACHMENT K**

**INCLUSIONARY HOUSING AGREEMENT**



**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

City of Santa Ana  
20 Civic Center Plaza  
Santa Ana, California 92701  
Attention: City Clerk

---

To be recorded without fee.

(Space Above This Line For Recorder's Use Only)

(Government Code, §§ 6103 and 27383)

**INCLUSIONARY HOUSING AGREEMENT  
RENTAL PROJECT**

THIS INCLUSIONARY HOUSING AGREEMENT is dated as of \_\_\_\_\_, 2014, by and between the CITY OF SANTA ANA, a charter city and municipal corporation organized and existing under the Constitution and laws of the State of California, and \_\_\_\_\_, a \_\_\_\_\_ ("Property Owner").

**RECITALS**

- A. The City's Housing Opportunity ("Ordinance") was adopted by the City Council on November 7, 2011 and is codified in Article XVIII.1 Section 41 – 1900 of the City's Municipal Code.
- B. The Property Owner is the fee owner of the Property located at \_\_\_\_\_, Santa Ana, California.
- C. The Property Owner desires to, at the Property Owner's sole cost and expense, develop a \_\_\_\_\_ (\_\_) unit Project on the Property.
- D. On \_\_\_\_\_, the City Council/Planning Commission approved Resolution Number \_\_\_\_\_, which sets forth the City Approvals for the Project.
- E. On \_\_\_\_\_, the Program Director, acting on behalf of the City, approved an Inclusionary Housing Plan that was prepared by the Property

Owner in accordance with the requirements imposed by the Ordinance and the Administrative Procedures Manual established by the City Council to implement the Ordinance requirements.

- F. This Inclusionary Housing Agreement, when fully executed by the City and the Property Owner and recorded, is intended to satisfy the requirement that the Property Owner enter into an Inclusionary Housing Agreement, as set forth in the Ordinance and the conditions to City Approvals.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Inclusionary Housing Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the City and the Property Owner, the Parties, agree as follows:

## **DEFINITIONS OF TERMS**

The following words, terms and phrases are used in this Inclusionary Housing Agreement, as follows, unless the particular context of usage of a word, term or phrase requires another interpretation.

**Administrative Procedures** means the regulations promulgated by the Executive Director pursuant to the Ordinance.

**Administrative Procedures Manual** is the Affordable Rental Housing Administrative Procedures Manual dated January 2015, which has been prepared by the City for the implementation and enforcement of the Ordinance. A copy of the Administrative Procedures Manual shall be maintained on file with the City, and shall be provided to each Property Owner of Inclusionary Units.

**Affordability Covenants** shall mean the Gross Household Income and Affordable Rent standards that will be applied to the Inclusionary Units throughout the Affordability Period. The covenants are defined in this Inclusionary Housing Agreement.

**Affordability Period** shall be set at 55 years from the Recordation Date.

**Affordable Housing Cost** means the maximum costs that can be borne by Very-Low Income Households and Low Income Households based on the requirements imposed by H&SC Section 50053. The calculation methodology is described in Section IV of the Administrative Procedures Manual.

**Affordable Rent** shall mean the Affordable Housing Cost minus the applicable Utilities Allowance for each Inclusionary Unit.

**California Health and Safety Code (“HSC”)** provides definitions of household income and affordable housing costs that are used in this Inclusionary Housing Agreement.

**City** means the City of Santa Ana, California.

**City Approvals** are defined as the entitlement approvals and the Inclusionary Housing Plan that must be approved by the Program Director prior to the issuance of building permits for the Project.

**City Council** means the City of Santa Ana City Council.

**Default** means the failure of a Party to perform any action or covenant required by this Inclusionary Housing Agreement within the time period provided herein following notice and opportunity to cure, as set forth in Article 3 – Section I of this Inclusionary Housing Agreement.

**Effective Date** means the date on which this Inclusionary Housing Agreement is approved and executed by appropriate authorities of the Property Owner and the City; and this Inclusionary Housing Agreement is delivered to the Property Owner.

**Eligible Tenant** shall mean a tenant who meets the eligibility criteria set forth in the Inclusionary Housing Agreement for the Project.

**Executive Director** is the Executive Director of the Community Development Agency of the City. The Executive Director, or designee, has the ultimate authority to evaluate appeals submitted in relation to the Administrative Procedures.

**Exhibits** means the exhibits to this Inclusionary Housing Agreement, which are listed in Article 1 - Section V.

**Gross Household Income** means all income from whatever source from all Adult Household members, which is anticipated to be received during the 12-month period following the date of the determination of Gross Household Income. The applicable sources of income are defined in California Code of Regulations Title 25 Housing and Community Development Section 6914. The definition includes the following specific requirements:

1. Except as provided in subdivision (2), all payments from all sources received by the head of Household (even if temporarily absent) and each additional member of the Household who is not a minor shall be included in the annual income of a Household. Gross Household Income shall include, but not be limited to:
  - a. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
  - b. The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
  - c. Interest and dividends;
  - d. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts (but see subdivision (2)(c));
  - e. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
  - f. Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
    - i. The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
    - ii. The maximum amount which the public assistance agency could in fact allow for the Household for shelter and utilities.
  - g. Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;



- h. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Household or spouse or domestic partner (but see subdivision (2)(e));
  - i. Where a Household has net assets in excess of \$5,000, income shall include the actual amount of income, if any, derived from all of the net Household assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net Household assets means value of equity in real property other than the Household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.
2. The following items shall not be considered as income:
- a. Casual, sporadic or irregular gifts;
  - b. Amounts which are specifically for or in reimbursement of the cost of medical expenses;
  - c. Lump-sum additions to Household assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
  - d. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;
  - e. The special pay to a serviceman head of a Household away from home and exposed to hostile fire;
  - f. Relocation payments made pursuant to federal, state, or local relocation law;
  - g. Foster child care payments;

- h. The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible Household;
- i. Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:
  - i. National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
  - ii. National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

**Household** means all the persons who will occupy the Inclusionary Unit. A child who is subject to a legally-binding shared-custody agreement, in which the child resides with the Household at least 50% of the time, is counted as a member of the Household. Excluded from the definition of Household are live-in caregivers/caretakers, foster children, unborn children and children being pursued for legal custody or adoption that are not currently living with the Household.

**HCD** means the California Department of Housing and Community Development.

**HUD** means the United States Department of Housing and Urban Development.

**Inclusionary Housing Fund** means a separate fund of the City which is codified in Article XVIII.1 Section 41-1909 of the City's Municipal Code. The fund was established for the specific purpose of providing the City with funds to assist in the development of housing that is affordable to low and moderate income households. The allowable uses of Inclusionary Housing Funds, and the related reporting are described in Attachment I of the Administrative Procedures Manual.

**Inclusionary Housing Plan** means a plan submitted for approval to the Program Director that details the manner in which the Inclusionary Housing obligations will be fulfilled by the Project. The Inclusionary Housing Plan form is presented in

Attachment C of the Administrative Procedures Manual, and also attached as Exhibit 4 to this Inclusionary Housing Agreement.

**Inclusionary Unit** means a rental unit in Santa Ana that is made affordable by covenants or conditions restricting occupancy and rental rate charged as described in the Administrative Procedures Manual.

**In-Lieu Fee** refers to a fee that may be paid by the Property Owner in specific circumstances in lieu of providing Inclusionary Units within a Project. These circumstances are identified in Section II-A of the Administrative Procedures Manual. The In-Lieu Fee calculation worksheet is updated annually. The current Affordable Housing In-Lieu Fee calculation worksheet schedule is presented in Attachment J of the Administrative Procedures Manual.

**Low Income** refers to Households whose incomes meet the standards defined by the H&SC Section 50079.5. Generally Low Income means household income that does not exceed 80% of the County Median Income, as adjusted for Household size. However, the maximum household income amount for Low Income Households shall be set at the amount published by HCD annually.

**Low Income Household** means individuals or Households who have an adjusted Gross Income that does not exceed Low Income.

**Market Rate Unit** means any unit in the Project that is not restricted for rental and occupancy by Eligible Tenants.

**Median Income** is calculated by HCD using non-aggregated census income data and applying trending factors for metropolitan statistical areas (MSA) throughout the country. The MSA for Santa Ana is Orange County. The current household income information is presented in Attachment I of the Administrative Procedures Manual.

**Ordinance** means the Housing Opportunity Ordinance adopted by the City Council on November 7, 2011, which is codified in Article XVIII.1 Section 41-1900 et seq. of the City's Municipal Code.

**Party and Parties** mean the City and the Property Owner as parties to this Inclusionary Housing Agreement.

**Program Director** has the day-to-day authority for making determinations related to the Ordinance and Administrative Procedures Manual. The Program Director will be appointed by the Executive Director.

**Project** means the rental housing project proposed to be developed on the Property at the Property Owner's sole cost and expense.

**Property** means the real property on which the Project is to be developed, for which the legal description is provided in Exhibit 1 to the Inclusionary Housing Agreement.

**Property Owner** shall mean the owner of the Project that includes Inclusionary Units.

**Recordation Date** means the date of recording in the Official Records of the County of Orange, California of the Inclusionary Housing Agreement.

**Utilities Allowance** shall mean the Utility Allowance Schedule published annually by the Orange County Housing Authority.

**Very-Low Income** refers to Households whose incomes meet the standards defined by the H&SC Section 50105. Generally Very-Low Income means household income that does not exceed 50% of the County Median Income, as adjusted for Household size. The maximum household income amount for Very-Low Income Households shall be set at the amount published by HCD annually.

**Very-Low Income Household** means individuals or Households who have an adjusted Gross Household Income that does not exceed Very-Low Income.

**ARTICLE 1**  
**PARTIES; REPRESENTATIONS AND WARRANTIES; EFFECTIVE DATE; RECITALS; AND EXHIBITS**

**I. Parties to this Inclusionary Housing Agreement**

**I-A.** City. The City is a municipal corporation. The address of the City, for the purposes of this Inclusionary Housing Agreement, is:

City of Santa Ana  
Community Development Agency  
20 Civic Center Plaza, M-25  
Santa Ana, California 92701  
Attention: Program Director  
Facsimile Number: \_\_\_\_\_

**I-B.** Property Owner. The Property Owner is a \_\_\_\_\_. The principal office and address of the Property Owner, for the purposes of this Inclusionary Housing Agreement, is:

Property Owner Name  
Address  
City, State and Zip code  
Attention: \_\_\_\_\_  
Facsimile Number: \_\_\_\_\_

**II. Property Owner Representations And Warranties**

The representations and warranties of the Property Owner contained in Article 1 – Section II shall be based upon the actual knowledge of the Property Owner as of the Effective Date, and are true and correct as of the Effective Date. The Property Owner’s liability for misrepresentation or breach of warranty, representation or covenant, wherever contained in this Inclusionary Housing Agreement, shall survive the execution and delivery of this Inclusionary Housing Agreement.

The Property Owner hereby makes the following representations, covenants and warranties, and Property Owner acknowledges that the execution of this Inclusionary Housing Agreement by the City has been made in material reliance by the City on such covenants, representations and warranties:

- II-A.** The Property Owner is a \_\_\_\_\_, lawfully entitled to do business in the State of California and the City. The Property Owner has the legal right, power and authority to enter into this Inclusionary Housing Agreement and the instruments and documents referenced herein and to consummate the transaction contemplated hereby. The persons executing this Inclusionary Housing Agreement and the instruments referenced herein on behalf of the Property Owner hereby represent and warrant that such persons have the power, right and authority to bind the Property Owner.
  
- II-B.** The Property Owner has taken all requisite action and obtained all requisite consents in connection with entering into this Inclusionary Housing Agreement and the instruments and documents referenced herein and the consummation of the transactions contemplated hereby, and no consent of any other party is required for the Property Owner's authorization to enter into this Inclusionary Housing Agreement.
  
- II-C.** Neither the execution of this Inclusionary Housing Agreement nor the consummation of the transactions contemplated hereby shall result in a breach of or constitute a default under any other agreement, document, instrument, or other obligation to which the Property Owner is a party or by which the Property Owner may be bound, or to the best of the Property Owner's knowledge, under any law, statute, ordinance, governmental regulation or any writ, injunction, order or decree of any court or governmental body applicable to the Property Owner or to the Property.
  
- II-D.** This Inclusionary Housing Agreement is, and all agreements, instruments and documents to be executed by the Property Owner pursuant to this Inclusionary Housing Agreement shall be duly executed by, and to the best of the Property Owner's knowledge, are or shall be valid and legally binding upon the Property Owner and enforceable in accordance with their respective terms.

### **III. Effective Date**

This Inclusionary Housing Agreement is dated \_\_\_\_\_, 201\_ for reference purposes only. This Inclusionary Housing Agreement shall not go into effect before the Effective Date.

### **IV. Recitals**

The Recitals set forth above are true and correct. The Recitals are incorporated into this Inclusionary Housing Agreement in their entirety by this reference.

### **V. Exhibit List**

The following is a list of the exhibits attached to this Inclusionary Housing Agreement. Each of the exhibits is incorporated by reference into the text of this Inclusionary Housing Agreement.

- Exhibit 1      Legal Description of Property
- Exhibit 2      Site Map Depicting Property and Zoning Designations
- Exhibit 3      Property Owner's Phasing Map
- Exhibit 4      Inclusionary Housing Plan
- Exhibit 5      Schedule of Performance for Construction of Inclusionary Units
- Exhibit 6      Household Income Limits - 2014
- Exhibit 7      Calculation of Affordable Housing Cost – 2014
- Exhibit 8      Utilities Allowances - 2014
- Exhibit 9      Annual Tenant Recertification Form
- Exhibit 10     Annual Rental Housing Compliance Report
- Exhibit 11     Notice of Affordability Covenants on Transfer of the Property

## **ARTICLE 2 INCLUSIONARY HOUSING COVENANTS**

### **I. Property Owner Compliance with the Ordinance**

The Property Owner acknowledges that the City has provided the Property Owner with copies of the Ordinance and the Administrative Procedures Manual. The Property Owner is familiar with the requirements of all the foregoing documents and shall ensure that the Project complies in all material respects with this Inclusionary Housing Agreement and the requirements set forth in all the foregoing documents.

### **II. Affordability Covenants**

1. The Property Owner covenants and agrees that \_\_\_\_\_ (\_\_\_\_) of the units to be developed on the Property shall be Inclusionary Units rented to Eligible Tenants at the Affordable Rent throughout the Affordability Period. This covenant and agreement shall be binding on the successors and assigns of the Property Owner.
2. The Inclusionary Units to be developed on the Property shall be reasonably dispersed throughout the market rate project. The initial location of the Inclusionary Units is depicted on Exhibit 4.
3. The Inclusionary Units to be developed on the Property shall be comparable to the market rate units in terms of design, materials, finished quality and appearance; and be permitted the same access to the Project amenities and recreation facilities as the market rate units.
4. The Inclusionary Units to be developed on the Property shall be constructed concurrently with, or prior to, the Market Rate Units in the Project. If the Project is phased, the Inclusionary Units shall be constructed in accordance with the phasing plan included as Exhibit 3 to this Inclusionary Housing Agreement. If the Property Owner wishes to change the timing and/or phasing of the Project's construction, the City agrees to amend said schedule in a manner consistent with such change so long as the revised schedule continues to ensure that the Inclusionary Units will be constructed concurrently with, or prior to, the Market Rate Units.



5. The Inclusionary Units shall be allocated as shown in the following table:

Number of Bedrooms	Very-Low Income Households	Low Income Households
Studios Units		
One-Bedroom Units		
Two-Bedroom Units		
Three-Bedroom Units		
Four-Bedroom Units		

6. The size of the Household occupying the Inclusionary Units must be compatible with the size of the Inclusionary Unit to be occupied. The maximum number of occupants is set as follows:

Number of Bedrooms	Maximum Number of Occupants
Studios Units	2
One-Bedroom Units	3
Two-Bedroom Units	5
Three-Bedroom Units	7
Four-Bedroom Units	9

7. The Property Owner shall affirmatively market the Inclusionary Units to Very-Low Income Households and Low Income Households. Property Owners must comply fully with all Federal, State, and local non-discrimination laws. Specifically, Property Owners shall not discriminate on account of race, color, sex, religion, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability, or deny any Household or individual the opportunity to apply for or participate in the Affordable Rental Housing Program.
8. The Property Owner shall submit to the Program Director for approval a standard lease form to be used for the Inclusionary Units. The Program Director shall reasonably approve the lease form upon finding that the lease form is consistent with the requirements of this Inclusionary Housing

Agreement. The Property Owner shall enter into a written lease, in the form approved by the Program Director, with each Household that occupies an Inclusionary Unit.

9. The Affordable Rents may be re-evaluated once annually based on changes in the Gross Household Incomes (usually updated during the first quarter of each year). Any changes in the rents charged for the Inclusionary Units must first be approved in writing by the Program Director. The Property Owner, or property manager, must provide written notice to each Household renting an Inclusionary Unit at least 30 days in advance of any rent increase.
10. The Property Owner or property manager must establish an annual schedule to recertify that each tenant in an Inclusionary Unit remains an Eligible Tenant; all the tenant recertifications for the Project must be performed at the same time each year. In the event the recertification demonstrates that a tenant's Gross Household Income exceeds the income standard applied to the Inclusionary Unit, the pertinent actions from the following list must be taken:
  - a. If the tenant occupies a designated Very-Low Income Inclusionary Unit, and upon recertification has a Gross Household Income that qualifies as Low Income:
    - i. The Very-Low Income Inclusionary Unit will be reclassified as a Low Income Inclusionary Unit, and the Property Owner may require the tenant to pay the Affordable Rent for a Low Income Inclusionary Unit; and
    - ii. When the next designated Low Income Inclusionary Unit, that has the same number of bedrooms as the reclassified Inclusionary Unit, is vacated, that Low Income Inclusionary Unit must be reclassified as a Very-Low Income Inclusionary Unit. The newly reclassified Inclusionary Unit must be rented to a Very-Low Income Household at the Affordable Rent for a Very-Low Income Inclusionary Unit.
  - b. If the tenant occupies a designated Very-Low Income Inclusionary Unit, and upon recertification has a Gross Household Income that exceeds the Low Income standard:

- i. The Very-Low Income Inclusionary Unit can be reclassified as a Market Rate Unit, and the Property Owner is no longer required to restrict the rent paid on that unit; and
    - ii. When the next Market Rate Unit, that has the same number of bedrooms as the reclassified Inclusionary Unit, is vacated, that Market Rate Unit must be reclassified as a Very-Low Income Inclusionary Unit. The newly reclassified Inclusionary Unit must be rented to a Very-Low Income Household at the Affordable Rent for a Very-Low Income Inclusionary Unit.
  - c. If the tenant occupies a designated Low Income Inclusionary Unit, and upon recertification has a Gross Household Income that exceeds the Low Income standard:
    - i. The Low Income Inclusionary Unit can be reclassified as a Market Rate Unit, and the Property Owner is no longer required to restrict the rent paid on that unit; and
    - ii. When the next Market Rate Unit, that has the same number of bedrooms as the reclassified Inclusionary Unit, is vacated, that Market Rate Unit must be reclassified as a Low Income Inclusionary Unit. The newly reclassified Inclusionary Unit must be rented to a Low Income Household at the Affordable Rent for a Low Income Inclusionary Unit.
- 11. The Property Owner shall affirmatively market the Inclusionary Units to Very-Low Income Households and Low Income Households. Property Owners must comply fully with all Federal, State, and local non-discrimination laws. Specifically, Property Owners shall not discriminate on account of race, color, sex, religion, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability, or deny any Household or individual the opportunity to apply for or participate in the Affordable Rental Housing Program.

### **III. Maintenance Covenants**

The Property Owner shall maintain the Property and the Project in good condition, free of debris, waste and graffiti, and in compliance with all applicable provisions of the City's Municipal Code. The Property Owner acknowledges that

the City, and its employees and authorized agents, shall have the right to conduct code compliance and/or code enforcement inspections of the Inclusionary Units at reasonable times and upon not less than 48 hours prior notice to the Property Owner. If such notice is provided by the City to the Property Owner, the Property Owner or property manager shall immediately advise any affected tenant of the inspection, and cause access to the Inclusionary Units to be made available. The lease for the Inclusionary Units shall include an express advisement of these inspection rights.

#### **IV. Covenants Running With the Property**

All conditions, covenants and restrictions contained in this Inclusionary Housing Agreement shall be covenants running with the Property, and shall be, to the fullest extent permitted by law and equity, enforceable by the City. The City shall be deemed the beneficiary of the covenants of this Inclusionary Housing Agreement.

In the event the Property Owner wishes to sell or transfer the Project during the Affordability Period, the City and the Property Owner shall execute and deposit into escrow the Notice of Affordability Covenants on Transfer of the Property in the form provided in Exhibit 11 to this Inclusionary Housing Agreement.

#### **V. Enforcement of this Inclusionary Housing Agreement**

The Property Owner irrevocably stipulates and agrees that breach of the Inclusionary Housing Covenants set forth above in Article 2 will result in great and irreparable damage to the City, and will result in damages to the City that are either impracticable or extremely difficult to quantify. Accordingly, upon the breach of the covenants set forth above in Article 2, the City may institute an action for injunctive relief and/or specific performance for the remedy of such breach.

#### **VI. In-Lieu Fee**

In lieu of providing any fractional Inclusionary Unit specified in the Inclusionary Housing Plan, the Property Owner shall pay to the City the sum of \$\_\_\_\_\_ prior to obtaining the first building permit related to the Project. The remainder of the \$\_\_\_\_\_ In-Lieu Fee will be due and payable before the City will issue a certificate of occupancy or a temporary certificate of occupancy for the Project.

## **ARTICLE 3 DEFAULTS AND REMEDIES**

### **I. Default**

If either Party defaults with regard to any provision of this Inclusionary Housing Agreement, the non-defaulting Party shall serve written notice of such default upon the defaulting Party. If, after the service of written notice of such default, the defaulting Party does not cure such default within thirty (30) calendar days after service of the notice of default (or, if such cure reasonably takes longer than thirty (30) days, if such cure has not been commenced within the thirty (30) day period or is not diligently completed within a reasonable time, not to exceed an additional sixty (60) calendar days), the defaulting Party shall be in Default of the terms of this Inclusionary Housing Agreement, and shall be liable to the other Party for damages caused by such Default. Alternatively, the non-defaulting Party, at its option, may institute an action for specific performance of the terms of this Inclusionary Housing Agreement.

### **II. Legal Actions**

In the event of a breach or potential breach of program requirements, in addition to any other rights or remedies, either Party may institute legal action to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purposes of this Inclusionary Housing Agreement.

**II-A.** The City's actions may include, but are not limited to, the following:

1. The following legal actions:
  - a. Actions to enforce compliance with the program requirements and to enjoin any actions by the Property Owner that violate program requirements;
  - b. Actions to disapprove, revoke or suspend any permit, including a Building Permit, Certificate of Occupancy or other discretionary approval;
  - c. Injunctive relief and damages; and

- d. Civil citations with monetary penalties for violations of the Inclusionary Housing Agreement.
- 2. If the Property Owner receives rent revenue in excess of the Affordable Rent for any Inclusionary Unit, the Property Owner shall forfeit all excess monetary amounts obtained through the rental of the Inclusionary Units.
- 3. All such restitution shall be made to the City. Any funds received by the City under this provision of this Inclusionary Housing Agreement shall be placed in the City's Inclusionary Housing Fund.
- II-B.** The laws of the State of California shall govern the interpretation and enforcement of this Inclusionary Housing Agreement.
- II-C.** In the event that any legal action is commenced by the Property Owner against the City, service of process on the City shall be made by personal service upon the Clerk of the City Council, or in such other manner as may be provided by law.
- II-D.** In the event that any legal action is commenced by the City against the Property Owner, service of process shall be made by personal service on the Property Owner's designated agent at such address as may be specified in written notice to the City, or in such other manner as may be provided by law, and shall be valid whether made within or without the State of California.

### **III. Rights and Remedies are Cumulative**

The rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or any other Default by the other Party.

## **ARTICLE 4 GENERAL PROVISIONS**

### **I. Notices, Demands and Communications Between the Parties**

Any and all notices, demands or communications submitted by any Party to another Party pursuant to, or required by, this Inclusionary Housing Agreement shall be proper if in writing and dispatched by messenger for immediate personal delivery, or by registered or certified United States mail, postage prepaid, return receipt requested, to the address of the City and Property Owner, as applicable, as designated in Article 1 – Section I of this Inclusionary Housing Agreement. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time-to-time designate as provided in this Section.

Any notice, demand or communication shall be deemed to be received by the addressee, on the day that it is personally delivered, if dispatched by messenger, or two (2) calendar days after it is placed in the United States mail. In addition to the submission of notices, demands or communications to the Parties via United States mail, copies of all notices shall also be delivered by facsimile to the facsimile numbers designated in Article 1 – Section I.

### **II. Conflict of Interest**

No council member, official, contractor, consultant, attorney or employee of the City having any conflict of interest, direct or indirect, related to this Inclusionary Housing Agreement, or in the development of the Property, shall participate in any decision relating to this Inclusionary Housing Agreement. The Parties represent and warrant that they do not have knowledge of any such conflict of interest.

### **III. Non-liability of City or City Officials and Employees**

No council member, official, contractor, consultant, attorney or employee of the City shall be personally liable to the Property Owner, any voluntary or involuntary successors and assignees, or any lender or other party holding any interest in the Property, in the event of any default or breach by the City, or for any amount which may become due to the Property Owner or to its successors or assignees, or on any obligations arising under this Inclusionary Housing Agreement.

#### **IV. Indemnification**

The Property Owner agrees to indemnify and hold the City, and their officers, employees and agents, harmless from and against all damages, judgments, costs, expenses and fees arising from or related to any negligent or wrongful act or omission of the Property Owner in performing its obligations hereunder. The City agrees to indemnify and hold the Property Owner and its officers, employees and agents, harmless from and against all damages, judgments, costs expenses and fees arising from or related to any negligent or wrongful act or omission of the City in performing its obligations hereunder.

#### **V. No Waiver**

Failure to insist upon strict compliance with any of the terms, covenants, conditions and restrictions hereof on any one occasion shall not be deemed a waiver of such term, covenant, condition or restriction. Any waiver or relinquishment of rights or powers hereunder at any one time or more times shall not be deemed a waiver or relinquishment of such other rights or powers at any other time or times.

#### **VI. Attorneys' Fees and Costs**

If either Party hereto files any action, or brings any action or proceeding against the other arising out this Inclusionary Housing Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs. The recovery shall be treated as an element of its costs of the suit, and not as damages. The amount of the recovery shall be fixed by the court in such action or proceeding, or in a separate action or proceeding brought to recover such attorneys' fees and costs.

#### **VII. Jurisdiction and Venue**

Any legal action or proceeding concerning this Inclusionary Housing Agreement shall be filed and prosecuted in the appropriate State of California court in Orange County, California. Each Party hereto irrevocably consents to the personal jurisdiction of that court. The City and the Property Owner each hereby expressly waive the benefit of any provision of federal or state law or judicial decision providing for the filing, removal, or change of venue to any other court or jurisdiction, including without implied limitation, federal district court due to any of the following:



1. Any diversity of citizenship between the City and the Property Owner; or
2. The fact that the City is a party to such action or proceeding; or
3. That a federal question or federal right is involved or alleged to be involved.

Without limiting the generality of the foregoing, the Property Owner and the City specifically waive any rights provided to it pursuant to California Code of Civil Procedure 394. The Property Owner acknowledges that the provisions of this Article 3 – Section VII are material consideration to the City for its entry into this Inclusionary Housing Agreement, in that the City will avoid the potential cost, expense and inconvenience of litigating in a distant forum.

#### **VIII. Inspection of Books and Records**

To enforce its rights under this Inclusionary Housing Agreement, the City shall have the right at all reasonable times and upon reasonable advance notice, at the City's cost and expense, to inspect the books and records of the Property Owner that are not privileged, confidential, trade secrets or otherwise protected from disclosure and that pertain to the rental of the Inclusionary Units at the Property. Matters discovered by the City shall not be disclosed to third parties unless required by law, or unless otherwise resulting from or related to the pursuit of any remedies or the assertion of any rights of the City hereunder subject to, however, any right of the Property Owner to seek a protective order to prevent the disclosure of any confidential or privileged information.

#### **IX. Successors and Assigns**

This Inclusionary Housing Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

#### **X. No Third Party Beneficiaries**

The performance of the City's and the Property Owner's respective obligations under this Inclusionary Housing Agreement are not intended to benefit any party other than the City or the Property Owner, except as expressly provided otherwise herein. No person or entity not a signatory to this Inclusionary Housing Agreement shall have any rights or causes of action against any Party to this Inclusionary Housing Agreement as a result of that Party's performance or non-

performance under this Inclusionary Housing Agreement, or for the enforcement of any provisions of this Agreement, except as expressly provided otherwise herein.

#### **XI. Entire Agreement**

This Inclusionary Housing Agreement integrates all of the terms and conditions mentioned herein or incidental hereto. This Inclusionary Housing Agreement supersedes all negotiations or previous agreement between the Parties with respect to all or any portion of the Property and the Project thereof.

#### **XII. Recordation**

The Developer and the City agree to permit recordation of this Inclusionary Housing Agreement, against the Property in the Office of the County Recorder of Orange County, California. The legal description for the Property is provided in Exhibit 1 to this Inclusionary Housing Agreement.

#### **XIII. Termination**

Except as set forth elsewhere, this Inclusionary Housing Agreement shall be effective until the termination of the Affordability Period. At that time, this Inclusionary Housing Agreement shall automatically and immediately terminate and shall have no further force and effect. Upon the termination of this Inclusionary Housing Agreement, the Property Owner shall have no further obligations or liability hereunder, or any responsibility with respect to the Inclusionary Units. The City and the Property Owner agree to promptly execute, acknowledge and deliver for recordation any documents that may be necessary to remove this Inclusionary Housing Agreement as encumbrance against title to the Property.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Inclusionary Housing Agreement as of the dates set forth below.

**[Signatures on Following Pages]**

**SIGNATURE PAGE  
TO  
INCLUSIONARY HOUSING AGREEMENT**

**CITY:**

CITY OF SANTA ANA  
A California Municipal Corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO LEGAL FORM:

By: \_\_\_\_\_

\_\_\_\_\_  
City Attorney  
City of Santa Ana

**SIGNATURE PAGE  
TO  
INCLUSIONARY HOUSING AGREEMENT**

**PROPERTY OWNER:**

\_\_\_\_\_

A \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT 1**  
**LEGAL DESCRIPTION OF PROPERTY**

**EXHIBIT 2**  
**SITE MAP DEPICTING PROPERTY AND ZONING DESIGNATIONS**

**EXHIBIT 3**  
**PROPERTY OWNER'S PHASING MAP**

**EXHIBIT 4**  
**INCLUSIONARY HOUSING PLAN**



**EXHIBIT 5**  
**SCHEDULE OF PERFORMANCE FOR CONSTRUCTION OF**  
**INCLUSIONARY UNITS**

**EXHIBIT 6**  
**HOUSEHOLD INCOME LIMITS - 2014**

**EXHIBIT 7**  
**CALCULATION OF AFFORDABLE HOUSING COST - 2014**

**EXHIBIT 8**  
**UTILITIES ALLOWANCES - 2014**

**EXHIBIT 9**  
**ANNUAL TENANT RECERTIFICATION FORM**

**EXHIBIT 10**  
**ANNUAL RENTAL HOUSING COMPLIANCE REPORT**

**EXHIBIT 11**  
**NOTICE OF AFFORDABILITY COVENANTS ON TRANSFER OF**  
**PROPERTY**





# ATTACHMENT L

## NOTICE OF AFFORDABILITY RESTRICTIONS



## NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

NOTICE IS HEREBY GIVEN that the CITY OF SANTA ANA, a charter city and municipal corporation organized and existing under the Constitution and laws of the State of California, has entered into an Inclusionary Housing Agreement with \_\_\_\_\_, a \_\_\_\_\_ (“Property Owner”). The Inclusionary Housing Agreement imposes income and affordability covenants on designated Inclusionary Units within the Project located at \_\_\_\_\_, Santa Ana, Orange County, Assessor’s Parcel Number \_\_\_\_\_, and further described in the legal description provided in Exhibit 1 to the Inclusionary Housing Agreement.

The Inclusionary Housing Agreement was recorded as Document/Instrument Number \_\_\_\_\_, and shall remain in effect until \_\_\_\_\_, 20\_\_ (Insert date of the termination of the Affordability Period). The Inclusionary Housing Agreement imposes the following income and affordability restrictions on the Inclusionary Units:

Number of Bedrooms	Very-Low Income Households	Low Income Households
Studios Units		
One-Bedroom Units		
Two-Bedroom Units		
Three-Bedroom Units		
Four-Bedroom Units		

In the event the Property Owner wishes to sell or transfer the Project during the Affordability Period, the City and the Property Owner shall execute and deposit into escrow this Notice of Affordability Covenants on Transfer of the Property. The sale or transfer of the Property shall not be effective unless and until the City and the transferee execute the documents necessary to transfer the Inclusionary Housing Agreement obligations from the Property Owner to the transferee.

This Notice of Affordability Covenants on Transfer of the Property in no way modifies the provisions of the Inclusionary Housing Agreement. In the event of any conflict between this Notice of Affordability Covenants on Transfer of the Property and the Inclusionary Housing Agreement, the terms of the Inclusionary Housing Agreement shall prevail.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Notice of Affordability Restrictions on Transfer of Property as of the dates set forth below.

**[Signatures on Following Pages]**

**SIGNATURE PAGE  
TO  
NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF  
PROPERTY**

**CITY:**

CITY OF SANTA ANA  
A California Municipal Corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO LEGAL FORM:

By: \_\_\_\_\_

\_\_\_\_\_  
City Attorney  
City of Santa Ana

**SIGNATURE PAGE  
TO  
NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF  
PROPERTY**

**PROPERTY OWNER:**

\_\_\_\_\_

A \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_





**City of Santa Ana**  
**Community Development Agency, Housing Division**  
**20 Civic Center Plaza, M-25**  
**Santa Ana, CA 92701**