



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**February 20, 2024**

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**TOPIC:** Housing Division Quarterly Report

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**AGENDA TITLE**

Quarterly Report for Housing Division Projects and Activities for the Period of October 1, 2023 to December 31, 2023

**RECOMMENDED ACTION**

Receive and file the Quarterly Report for Housing Division Projects and Activities for the period of October 1, 2023 to December 31, 2023

**GOVERNMENT CODE §84308 APPLIES:** No

**DISCUSSION**

This report for the quarter ending on December 31, 2023, provides information for all of the affordable housing projects and activities for the City's Housing Division. The report is divided into seven sections: Loan Activity, Loan Portfolio Management and Monitoring, Density Bonus Housing Agreements, Development Impact Fee Deferral Agreements, Rent Stabilization Program, Affordable Housing Opportunity and Creation Ordinance, and Development Projects.

**Loan Activity**

**Applications**

The Housing Division offers several different programs, including down payment assistance for first-time homebuyers and rehabilitation grants for mobile homes and single-family homes. Inquiries are received from the public and applications are mailed out, received, and approved for these programs on a continual basis. Table 1 shows the number of inquiries, applications sent out, received, and approved by type for the quarter and for the total fiscal year:

**Table 1: Applications Sent Out, Received, and Approved**

Program	Inquiries		Applications Sent Out		Applications Received		Applications Approved	
	Q2	Total FY	Q2	Total FY	Q2	Total FY	Q2	Total FY
Residential Rehabilitation Grant Program	6	21	6	21	0	15	0	10
Down Payment Assistance Program	36	103	36	97	4	4	4	7

Loan Subordinations	0	0	0	0	0	0	0	0
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The number of applications received is typically lower than the number of applications sent out in any given period due to the stringent program guidelines for eligibility regulated by the federal government, which makes it difficult for most applicants to qualify.

The City of Santa Ana's Residential Rehabilitation Grant Program is designed to improve and preserve affordable housing through the use of federal Community Development Block Grant (CDBG) funds. The Program is administered by Habitat for Humanity of Orange County on behalf of the City. The Program provides grants of up to \$25,000 for eligible home repairs for low-income homeowners at or below 80% of the Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD). Eligible activities include the repair, replacement, and/or installation of major systems including plumbing, heating, electrical, windows, roof, paint, and handicap accessibility. The Fiscal Year 2023-24 funding for this program was renewed by City Council on May 2, 2023. As of December 31, 2023, the city has received 15 applications and 10 of those applications have been approved for a rehabilitation project and one (1) project has been completed. The City no longer has any funding available to accept additional applications.

#### Emergency Solutions Grant Program

The City of Santa Ana's Emergency Solutions Grant program provides funding to engage homeless individuals and families living on the street, to improve the number and quality of emergency shelters for homeless individuals and families, provide essential services to shelter residents, rapidly rehouse homeless individuals and families, and prevent families/individuals from becoming homeless. As of July 1, 2023, the City has entered into agreements with the Santa Ana Police Department and four nonprofits to deliver these services. During this second quarter, organizations have worked diligently to enroll and deliver services to our residents. Quantitative data for this quarter is reflected below:

Organization Name	Project Name	Clients Served (Oct – Dec 2023)
Santa Ana Police Department	HEART Program	28
Illumination Foundation	Rapid Rehousing	0
Illumination Foundation	Homeless Prevention Program	3 individuals / 1 household
WISEPlace	Steps to Independence	2

#### Down Payment Assistance Loan Program

For the Down Payment Assistance Loan Program (DPAP), staff evaluates applicant eligibility and oversees underwriting to ensure compliance with program guidelines and requirements established by HUD. During this quarter, staff conducted the following outreach and education on the program:

- Staff conducted one (1) virtual workshop via Zoom together with NeighborWorks of Orange County with a total of nine (9) attendees. These workshops are conducted every second Tuesday of the month.
- On October 3, staff participated in the PNC Bank Homebuyer Workshop event at the Boys and Girls Club of Santa Ana. Staff had the opportunity to present information on the program, set up a resource table at the event, and answer questions regarding the program.
- On October 7, staff participated in the Santa Ana Mid-Autumn Festival event at Centennial Park, providing information to attendees.
- On October 12, staff attended the Affordable Housing Clearinghouse Community Reinvestment Forum event at Santa Ana Community College – Johnson Student Center to learn more about Expanding Affordable Homeownership Opportunities in Orange County.
- On October 14, staff participated in the Madison Park – 18th Annual Walk-A-Thon, Resource Fair, and Cultural Festival Community Event. Approximately 150 attendees stopped by our booth requesting information on our downpayment assistance program.
- On October 21, staff participated on a panel at the NeighborWorks Home Buyer Fair at the Anaheim Downtown Community Center and provided a resource table. Attendees had the opportunity to meet with different lenders and learn about different first time home buying programs available throughout the county.
- On November 20, staff provided information on the Down Payment Assistance Program at the Santa Anita Neighborhood Association event at Cesar Chavez Campesino Park.

As a result of these efforts, four (4) down payment assistance loan applications were approved and four (4) closed escrow.

In December, the City of Santa Ana's Down Payment Assistance program was awarded a "Turning Red Tape into Red Carpet Award" from the Orange County Business Council (OCBC). The City's OCBC award was in the category of Building and Land Reuse and Community Revitalization.

### **Loan Portfolio Management and Monitoring**

The Housing Division is responsible for managing the residential loan portfolio, which includes all of the loans entered into by the City and Housing Authority acting as the Housing Successor Agency. As of the end of the second quarter, the principal balance was \$149,808,101.80. This portfolio is comprised of 346 loans, of which 324 are deferred or residual receipt payment loans. As shown in Table 2, the loan portfolio generated \$677,654.47 in payments of principal and interest during the second quarter. The amount of residual receipts payments changes every quarter.

**Table 2: Portfolio Revenue**

	<b>HOME</b>	<b>CDBG</b>	<b>Redevelopment</b>	<b>CalHome</b>
Loan Payoffs	\$68,870.47	\$80,000	\$31,797.35	\$10,866.25
Residual Receipts Payments	\$420,950.00	\$0	\$38,146.75	0
Amortized Loan Payments	\$789.38	\$4,852.13	\$21,382.14	0
<b>Total for Q2</b>	<b>\$490,609.85</b>	<b>\$84,852.13</b>	<b>\$91,326.24</b>	<b>\$10,866.25</b>

### Monitoring

As part of the requirements for these loans, staff must monitor the owner-occupancy of single-family homes that have received loans, and the building code compliance of units in rental projects with long-term affordability covenants. During this quarter, 48 owner-occupancy recertification letters were mailed and 36 were returned and processed. This number includes letters sent from previous months. Staff also conducted a total of 12 inspections during this quarter.

### Density Bonus Agreements

The California Density Bonus law allows developers proposing five or more residential units to request incentives or concessions in exchange for providing affordable units on site. To help make constructing on-site affordable units feasible, the law allows developers to seek up to three incentives/concessions and an unlimited number of waivers, which are variances from development standards that would help the project be built without significant burden and without detriment to public health. As of the date of this report, the City of Santa Ana has entered into the following Density Bonus Agreements:

<b>Date of Agreement</b>	<b>Housing Development</b>	<b>Address</b>	<b>Affordable Units</b>
October 2018	Metro East Senior Park	2222 E. First St.	415 rental units restricted for very low income and low income or senior tenants
August 2018	First Point I & II Apartments	2110, 2114, and 2020 E. First St.	547 rental units restricted for very low income and low income tenants
February 2019	Legacy Square	609 North Spurgeon St.	92 rental units restricted for very low income and low income tenants
November 2019	The Rafferty	114 & 117 E. Fifth St.	11 rental units restricted for very low income tenants
December 2021	FX Residences	801, 807, 809, and 809 ½ East Santa Ana Blvd	16 permanent supportive housing units
June 2022	WISEPlace	1411 N. Broadway	47 permanent supportive housing units
August 2022	Brandywine Acquisition Group	1814 & 1818 E. First St.	4 townhomes restricted for sale to moderate-income buyers

October 2023	Unison Real Estate Group	1212 E. 4 <sup>th</sup> St.	1 rental unit for Very Low Income
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### Development Impact Fee Deferral Agreements

Development impact fees are a one-time charge to new developments imposed under the Mitigation Fee Act. These fees are charged to new developments to mitigate impacts resulting from the development activity and cannot be used to fund existing deficiencies. This means that for improvements that benefit existing as well as new development, impact fees can only pay for the portion of the improvement that benefits the new uses. Impact fees must be adopted based on findings of a reasonable relationship between the development paying the fee, the size of the fee, and the use of fee revenues. Development impact fees do not require voter approval and are commonly used by cities to address the impact of new development on schools, parks, transportation, etc.

Prior to issuance of any building permits, the City currently requires the payment of various development impact fees. However, affordable housing developers may submit a request to defer specific development impact fees for their property pursuant to California Government Code section 66007. The City and owner then execute a Development Impact Fee Deferral Agreement to defer certain development impact fees applicable to the property and place a lien on the property to secure payment of these fees, which are due before the issuance of the certificate of occupancy or the final building check. As of the date of this report, the City has entered into the following outstanding Development Impact Fee Deferral Agreements that are pending payment:

Date of Agreement	Developer	Housing Development Address	Estimated Total Fees Due
December 2021	Shelter Providers of Orange County	802, 809, 809 ½ East Santa Ana Blvd.	\$510,000
July 2022	Washington Santa Ana Housing Partners	1126 & 1146 E. Washington Ave.	\$652,717

### Rent Stabilization Program

Effective November 18, 2022, the City Council adopted an amended Rent Stabilization and Just Cause Eviction Ordinance (Ordinance) that included a number of changes. The amended Ordinance expands the administration and enforcement of renter protections for Santa Ana residents by establishing a rental housing board and a rental registry program. The amended Ordinance also includes additional petitions for tenants and landlords, voluntary mediation services, and other enhancements.

The City has prepared user-friendly information on the Ordinance for both tenants and landlords on the City's [webpage](#), including the full Ordinance and answers to Frequently Asked Questions in English, Spanish, and Vietnamese. Tenants and landlords are encouraged to [sign up](#) to receive the latest updates.

### Program Updates

This project has met many critical milestones over the course of Quarter 2 (Q2). The City of Santa Ana Rent Stabilization Division hired a Division Manager to oversee the program. This is the first position filled within the Division. The City will continue to work with RSG, Inc. on the long-term implementation of the Ordinance while working on hiring staff and developing a team to continue to provide service to our community.

The City of Santa Ana Rent Stabilization and Just Cause Eviction Ordinance requires landlords to register their rental units with the City. The deadline for rental registration was December 31, 2023. Staff provided in person and over the phone support to landlords with the rental registry process. Under the “Ordinance” Section 8-3147, property owners may file a property exemption. Staff reviewed and processed 859 property exemptions before December 31, 2023, ensuring a smooth and efficient process. During this quarter period, 18 petitions were received from tenants and landlords. Staff reviewed all of the 18 petitions.

Staff conducted a series of virtual workshops to assist landlords with completing the registration process in the Rental Registry. In Q2, staff conducted the last workshop of the series by providing one (1) informational workshop for property owners.

In addition to the progress made towards the long-term implementation of the Rent Stabilization Program, staff has continued to serve the community in the following ways throughout Q2:

- Reviewed and revised the rental registry portal by improving features for ease of use.
- Reviewed and made continuous improvements to the layout, content, and forms on the Renter Protections webpage for easier access and understanding.
- Fielded calls and emails from the public and provided information, referrals, and education to renters and property owners on the City’s Ordinance.
- Provided walk-in assistance to answer questions from property owners and assist with the Rental Registry at the Santa Ana WORK Center at 801 W. Civic Center Drive, Suite 200, Santa Ana, CA 92701.
- Currently accepting applications for appointment of the Rental Housing Board.
- Two new board members were appointed to serve on the Rental Housing Board.

### Residents Served

During this quarter, staff and RSG fielded calls from the public and provided information and education to renters and property owners on the Ordinance. A breakdown of the number of inquiries is as follows:

Month	# of Inquiries
October 2023	870
November 2023	549
December 2023	690
<b>Total</b>	<b>2109</b>

Staff also conducted one (1) workshop for property owners to assist with navigating the Rental Registry:

Month	# of Registrants
October 5, 2023	21
<b>Total</b>	<b>21</b>

The City regularly distributes important updates and information to Santa Ana residents. During this quarter, staff informed the public of programmatic updates via social media, newsletters, and email distribution lists, reaching a total of 38,238 Santa Ana residents.

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

The City of Santa Ana and the Housing Authority acting as the Housing Successor Agency manages multiple sources of local, state, and federal funds to develop affordable housing. Exhibit 1 provides a summary of the funds available as of December 31, 2023.

### **Affordable Housing Opportunity and Creation Ordinance**

#### On-Site Development

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

Units Built On-Site		
Ownership	Rental	Total
23	10	33

#### In-Lieu Fees Generated

All in-lieu fees, penalties, and other monies collected pursuant to the Ordinance, including interest, are deposited into the Inclusionary Housing Fund. Since inception, the Inclusionary Housing Fund has generated \$29,277,446 to be used for the development of housing affordable to low- and moderate-income households, with a reasonable amount spent on administrative or related expenses associated with the administration of the Ordinance.

### **Inclusionary Housing In-lieu Fees Received per Fiscal Year**

FYs 2009-2018	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
\$10,563,306	\$7,236,945	\$0	\$3,709,875	\$6,933,320	\$0	*\$834,000

*\*On October 17, 2023, the owner of The Met paid \$834,000 in in-lieu fees based upon their Development Agreement.*

In-lieu fees generated have been used to develop new affordable homeownership and rental housing opportunities as well as provide emergency shelter. Below is a summary of how in-lieu fees have been used by the City:

<b>Project or Program</b>	<b>Inclusionary Housing Funds SPENT</b>	<b># of Units</b>	<b>Address</b>
Santa Ana Arts Collective	\$4,775,000	57	1666 N. Main Street
La Placita Cinco	\$1,300,000	50	2239 West 5th Street
The Link Interim Emergency Shelter	\$7,893,866	N/A	2320 S. Redhill Avenue
Archways Santa Ana (formerly called Westview House)	\$1,514,113	84	2530 and 2534 Westminster Avenue
Habitat for Humanity "Lacy & Vance"	\$565,271	2	826 N. Lacy Street & 830 N. Lacy Street
WISEPlace Steps to Independence Public Service Program	\$90,000	N/A	N/A
Down Payment Assistance Program	\$800,000	9	N/A
<b>TOTAL</b>	<b>\$16,938,250</b>	202	

<b>Project</b>	<b>Inclusionary Housing Funds COMMITTED</b>	<b># of Units</b>	<b>Address</b>
Habitat for Humanity "Washington Street"	\$2,200,000	6	1921 W. Washington Ave.
Down Payment Assistance Program	\$1,697,021	N/A	N/A
<b>TOTAL</b>	<b>\$3,897,021</b>	6	

### **Affordable Housing Development Projects**

There are six (6) affordable housing projects under construction and two (2) affordable housing projects in pre-development. Below is a brief summary and status-update for each project. Exhibit 2 provides a development timeline for each project. The most recent RFP for Affordable Homeownership Opportunities was issued on October 19, 2023 and the first review deadline was on December 15, 2023. One proposal was received and it is currently under review.

#### ***Projects under Construction***

##### ***Estrella Springs (1108 N. Harbor) (Formerly called North Harbor Village)***

Developer	Jamboree Housing Corporation
Description	Acquisition and rehabilitation of a former motel yielding 89 units of permanent supportive housing.



# Housing Division Quarterly Report

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City / Authority Funds	CDBG (\$1,687,047); Eight-nine (89) Project-Based Vouchers (PBVs) consisting of 34 HUD-VASH PBVs and 55 regular PBVs.
Update	During this quarter, construction activities include insulation, drywall, paint cabinets completion in building C. Building A drywall and insulation and interior work is in progress. Plan changes have been implemented for Framing, Grading, Fire Sprinklers, planter walls and corresponding drainage and landscaping and added shade structure. The clarified Solar underground work commenced along with added Future EV ready connections and landscape irrigation work. Transformer has been set and energized. Electrical trim is underway in units. Flatwork is nearing completion. Cabinets are in progress as well as stucco work in building A. The current schedule is subject to change pending approvals from the city on our plan revisions. Completion is anticipated for March 2024.

## *Archways Santa Ana (2530 Westminster Avenue) (Formerly called Westview House)*

Developer	Community Development Partners with Mercy House as the service provider
Description	New construction of an affordable multifamily apartment development consisting of 84 units of both large family and PSH units and one (1) manager's unit. Twenty-six of the units will be funded by Mainstream Program PBVs and Mental Health Services Act (MHSA) funds through the No Place Like Home (NPLH) program.
City / Authority Funds	Inclusionary Housing (\$1,514,113), HOME Investment Partnerships Program (\$2,003,705), Rental Rehabilitation Program (\$386,523), and twenty-six (26) Mainstream Program PBVs
Update	Installation of cabinets and finish carpentry is occurring through late January. The final work order from SCE was received on 12/20. Since then, Walton has met with SCE for a pre-trenching meeting regarding providing power to the building. SCE's protocol continues to result in delays and may not allow them to energize the buildings until mid-March at the latest. We are working with SCE and are pushing to have this occur closer toward the end of February. We still expect to welcome residents in April of this year. The team is also holding meetings with SoCalGas, Spectrum, and AT&T for additional utility coordination. We held our first lease-up meeting with FPI on 1/8, and they are gearing up to make the project website live within the next two weeks. Construction is expected to be complete by early March 2024.

## *Crossroads at Washington (1126, 1136, and 1146 E. Washington Avenue)*

Developer	The Related Companies of California with A Community of Friends as co-developer and lead service provider
Description	New construction of a 100% affordable multifamily apartment complex consisting of 85 units of rental housing and one (1) manager's unit. All units will be affordable to households earning less than 30% AMI of which 43 units will be set-aside for permanent supportive housing.
City / Authority Funds	HOME Investment Partnerships Program (HOME) (\$3,007,489), Neighborhood Stabilization Program (\$1,637,420), sixty-five (65) year ground lease agreement for 1126, 1136, and 1146 E. Washington Avenue (Appraised Value as of September 22, 2019: \$4,108,136) and fifteen (15) PBVs

Update	The project is 80% complete. The contractor is working on installing flooring, trims, and hardware for building 1136 and installing cabinets, painting kitchens and baths, and preparing to remove scaffolding in building 1146. The electronic lottery for the general affordable units has been conducted and the property management team is contacting applicants to schedule interviews. The developer continues to work with the Corporation for Supportive Housing and Orange County staff to begin the referral process for the permanent supportive housing units.
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*Habitat for Humanity (826 N. Lacy and 830 N. Lacy Street)*

Developer	Habitat for Humanity of Orange County (Habitat)
Description	New construction of two single-family detached homes for homeownership serving households up to 120% AMI.
City / Authority Funds	Inclusionary Housing (\$565,271) and a 99-year ground lease agreement for 416 Vance Street and 826 N. Lacy Street (Appraised Value as of Oct 25, 2018: \$578,000)
Update	<p>During Q2, both homes underwent final inspections. The two-story Victorian (826 N. Lacy) home passed all final inspections and received completion sign-off. The family closed on their mortgage loan at the end of November and moved in December 2023.</p> <p>The one-story Craftsman (416 Vance St. now 830 Lacy St.) home has received sign-off on most inspections and is pending sign-off from the Planning and Building Agency. These inspections have been scheduled for January 2024. The family for this home is anticipated to have loan approval and closing by the end of February or early March 2024 at which time they will move in.</p> <p>The street light post for this project will be installed in late February 2024. Edison's demand for concrete light posts has impacted the supply and caused delays.</p> <p>Habitat continued to engage volunteers through Q2. From the beginning of the project to date, there have been 1,304 unique volunteers with a total of 24,000 hours.</p>

*WISEPlace Permanent Supportive Housing (1411 N. Broadway)*

Developer	Jamboree Housing Corporation with WISEPlace as the co-developer and lead service provider
Description	Adaptive reuse and new construction of the WISEPlace building to provide 47 permanent supportive housing units, and one (1) manager's unit.
City / Authority Funds	HOME-American Rescue Plan (\$5,256,327); Twenty-five (25) PBVs
Update	The developer closed on their construction loan financing and began construction in March 2023. The slab was poured on October 13, 2023. The construction crew is currently working on rough mechanical, electrical, and plumbing and installing a new fire hydrant on Broadway. The project is over

	90% bought out and working on submittals while framing is completed. The expected construction completion date is November 2024.
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***FX Residences (801, 809, 809 ½ East Santa Ana Boulevard)***

Developer	HomeAid Orange County, Inc. with Mercy House as the service provider
Description	New construction of an affordable multifamily apartment complex consisting of 16 units of permanent supportive housing, and one (1) manager's unit.
Authority Funds	Housing Successor Agency (\$1,656,947), three (3) PBVs, 99-year ground lease agreement for 801 E. Santa Ana Blvd. (Appraised Value as of Oct 25, 2018: \$788,000)
Update	Block wall completed the week of 10/6. The second-floor framing began the week of 10/10 and was completed the week of 11/3. Rough electrical and sprinkler began 11/13 and is slated to be complete in the first weeks of January. Roofing began on 11/20 to be completed in the 2 <sup>nd</sup> week of January. The developer worked with OCFA and the City's Public Work Agency on relocation of the underground water pump, completed first week of January 2024. Windows were installed in December. The developer had the site waterproofed by the end of December to avoid rain delays during the potential rainy season. Completion of the project is estimated by in May 2024.

***Projects in Pre-Development***

***Habitat for Humanity (1921 W. Washington Avenue)***

Developer	Habitat for Humanity of Orange County
Description	New construction of three (3) duplexes / six (6) homes for homeownership serving households up to 80% AML.
City Funds	Inclusionary Housing Funds (\$2,200,000)
Update	Habitat worked through the City's comments following their second resubmittal. Habitat submitted responses in December 2023. With a delay in demolition, volunteers came together for a site cleanup and removed excess growth that could have become a safety risk. A demolition permit was pulled, and the demo is scheduled for January 2024.

***Richard Lehn Intergenerational Housing (918 N. Bewley Street) (Formerly Bewley Street Intergenerational Housing Project)***

Developer	Illumination Foundation
Description	Rehabilitation of 2 two-story residential buildings into eleven (11) rental units for homeless transitional-age youth and senior citizens.
City Funds	Homeless Housing, Assistance and Prevention (HHAP) (\$2,021,319); Eight (8) PBVs
Update	CalOptima awarded \$3 million for the purchase and rehab of the project. The second Sunshine Ordinance meeting was held in October. The developer has provided all the follow-up information requested by the City's Planning and Building Agency and is currently waiting on a response. The developer is also working with the City's consultant on their NEPA environmental review. Head Start started the remodel of the pre-school.

**FISCAL IMPACT**

There is no fiscal impact associated with this action.

**EXHIBIT(S)**

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

Submitted By: Michael L. Garcia, Executive Director of Community Development

Approved By: Tom Hatch, Interim City Manager