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March 2, 2021

Laura Archuleta
President
Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, California 92614

Re: North Harbor Village (previously referred to as "Budget Inn")
1108 N. Harbor Boulevard, Santa Ana, CA 92703
Pre-Commitment Letter for CDBG Loan and Project Based Vouchers

Dear Ms. Archuleta:

Jamboree Housing Corporation ("Developer") requested financial assistance in connection with the proposed development of an eighty-nine (89) unit affordable housing complex to be located at 1108 N. Harbor Boulevard, Santa Ana, CA 92703 ("Project").

The City of Santa Ana ("City") and the Housing Authority of the City of Santa Ana ("Housing Authority") previously reviewed the Developer's request for assistance, and at the City Council / Housing Authority meeting on February 5, 2019, the City Council and Housing Authority Board authorized and approved issuance of a pre-commitment letter evidencing the preliminary award of (collectively, the "City Assistance"):

- A loan in the maximum amount of \$1,687,047 funded from the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant funds ("CDBG") held by the City of Santa Ana ("City Loan"); and,
- Eighty-nine (89) U.S. Department of Housing and Urban Development-Veterans Affairs Supportive Housing ("HUD-VASH") Project-Based Vouchers ("PBV") for Permanent Supportive Housing for the Project.

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At the City Council / Housing Authority meeting on March 2, 2021, the City Council and Housing Authority Board authorized and approved issuance of an extension of this pre-commitment letter to March 2, 2023. This letter shall evidence the City's pre-commitment of the City Assistance to the Developer for the Project subject to the conditions described below.

City Loan:

The amount of the proposed City Loan has been determined based upon the City's review of the Developer's request for the receipt of the City Assistance and the development proforma and projected cash flows for the Project submitted by the Developer to the City ("Proforma"). The City Manager and Housing Authority Executive Director has authority to approve revised development proformas and projected cash flows for the Project; provided, however, that the City Assistance is not increased or extended.

The City Loan shall include the following terms:

- \$1,687,047 maximum principal amount, or as much thereof as is disbursed for acquisition costs to construct the Project, funded from the HUD CDBG funds held by the City of Santa Ana.
- 3% simple interest per annum.
- Repayment from 50% of Residual Receipts (pro-rata with payments due in connection with other financing provided by other public agencies) (after payment of operating expenses, debt service, any deferred developer fee, and partnership fees to be described in the Agreement) with the remaining 50% to be disbursed to the Developer.
- Remaining principal and accrued interest due upon the 55th anniversary of the issuance of Certificate of Occupancy and/or final building permits or earlier upon sale, refinancing or default. On that date, the City agrees to review the performance of the property and consider in good faith any reasonable request by Developer to modify the terms or extend the term of the City Promissory Notes. Additionally, the City will receive a pro rata share of 50% of the net proceeds received from any sale or refinancing of the Project, after payment of outstanding debt and payment in full of any deferred developer fee and establishment of any reserves and transaction costs.
- Cost savings from the Project, if any, will be applied first to pay down the City Loan, subject to compliance with the Tax Credit Allocation Committee ("TCAC") Regulations.
- The City's lien and regulatory agreement pursuant to the City Loan will be subordinated pursuant to an approved subordination agreement, in conformance with the City's adopted Affordable Housing Funds Policies and Procedures.
- In the event title to the Property is transferred as a result of a foreclosure, or in the event the HAP contract is terminated, reduced or not renewed for a reason other than

the default of the Borrower, a deed in lieu of foreclosure or other realization upon the Property under Senior Loan Documents, notwithstanding anything to the contrary contained in the City's regulatory agreement, the units subject to restriction under the City's regulatory agreement shall be restricted for rental to and occupancy by households whose income does not exceed 60% of the area median income for the Orange County, California PMSA, adjusted for household size, as published by the U.S. Department of Housing and Urban Development, and rent in such units shall be restricted to the product of 30% of 60% of the area median income adjusted for family size appropriate for the unit.

Project-Based Vouchers:

The Project consists of eighty-nine (89) permanent supportive housing units to be made available at affordable rents for a term of fifty-five (55) years.

The project-based vouchers (PBVs) shall include the following terms:

- **Voucher Source:** The eighty-nine (89) PBVs will be funded exclusively out of the tenant-based voucher program annual budget authority received by the Housing Authority from the U.S. Department of Housing and Urban Development (HUD). Fifty-five (55) PBVs must be used to serve chronically homeless individuals with strong ties to the City of Santa Ana. Four (4) of these fifty-five (55) project-based vouchers must be designated for non-HUD-VASH homeless veterans as required by the Veterans Housing and Homelessness Prevention Program funds from the State of California Department of Housing and Community Development. The remaining thirty-four (34) PBVs are HUD-VASH PBVs that shall be referred from the Veterans Affairs Medical Center of Long Beach through the Orange County Coordinated Entry System, and are residing or working in the City of Santa Ana as defined under the City's criteria.

In addition, the Authority will also have a local preference for chronically homeless veterans with strong ties to the City of Santa Ana for fifty-one (51) of these fifty-five (55) project-based vouchers, but it will not be a requirement as through HUD-VASH. Specifically, the chronically homeless veterans served at the Project must be a City of Santa Ana resident established by fulfilling one or more of the following requirements:

- Proof of strong ties to the community, to include current residency of an immediate family member – mother, father, sibling, or grandparent in the City of Santa Ana;
- Proof that the individual attended a K-12 school in Santa Ana;
- Proof that the individual resided on property zoned for residential use in Santa Ana and the individual was on the lease and/or paid utilities necessary for legal use of the property for residential purposes; or
- Knowledge – either first-hand or recorded – by the Santa Ana Police Department that the individual has been a member of the Santa Ana homeless community.

If there are no chronically homeless veterans with strong ties to the City of Santa Ana, then these fifty-one (51) project-based vouchers must be used to serve chronically homeless individuals with strong ties to the City of Santa Ana after the local veteran preference is exhausted.

- Rents: The PBV Housing Assistance Payments (“HAP”) Contract rents below are preliminary and contingent upon a reasonable rent determination to be conducted at the time of execution of the HAP Contract:
 - 0 Bedroom - \$1,527

In accordance with HUD regulations and the Housing Authority’s Housing Choice Voucher Program Administrative Plan, these rents are subject to review prior to the execution of a HAP Contract.

Rents and income requirements for the remaining affordable units shall be based on the requirements of the federal Low Income Housing Tax Credit Program as administered by TCAC.

- Annual Amount: The Project will receive PBVs for eighty-nine (89) units:

Unit Size	Income Target	No. Units	Proposed Rent	Total Annual Revenue
0-Br	30% AMI	89	\$1,527	\$1,630,836

The estimated maximum annual amount received under this award is \$1,630,836. These estimates assume 100% occupancy of the assisted units over the twelve-month period.

- Term: The HAP Contract will have a term of twenty (20) years. Any time before the expiration of the HAP Contract, the Developer may request an additional twenty (20) years, subject to a determination by the Housing Authority that it is appropriate to continue providing affordable housing for homeless veterans or to expand housing opportunities and HUD funding. Subsequent extensions are subject to the same requirements.
- Units Receiving PBV Assistance: The maximum number of units receiving PBV assistance will be eighty-nine (89).

General Provisions:

The City's obligation to provide the City Assistance to the Project is subject to each of the following conditions:

- Developer must provide proof that it has secured all of its remaining financing for the development of the Project before staff will return to the City Council for consideration of the Loan Agreement.

- All provided funding and project requirements shall conform to the City's adopted Affordable Housing Funds Policies and Procedures, unless alternative requirements are expressly provided in the executed Loan Agreement or any other documents related to the development of the Project.
- Approval of all required entitlements and discretionary actions, to allow the construction of a 89-unit affordable housing complex to be located at 1108 N. Harbor Boulevard, Santa Ana, CA 92703.
- The City's obligation to provide the Loan is and shall remain subject to all covenants, conditions, and restrictions set forth in the Loan Agreement, and in particular City's analysis of the available funding sources and development and operating costs of the Project and the overall economic feasibility of the Project.
- Review and approval of the documents evidencing the City Loan by the City Council, as applicable.
- Execution of HAP Contracts and all necessary documents for the PBV's.
- Compliance with applicable federal regulations set forth in 24 Code of Federal Regulations (CFR) Part 570 and 24 CFR Part 983.

Developer, at its sole cost and expense, will be responsible for securing any and all permits and discretionary approvals that may be required for the Project by the City, Housing Authority, or any other federal, state, or local governmental entity having or claiming jurisdiction over the Property or Project. Notably, this pre-commitment letter shall not obligate the City or any department thereof to approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the construction, rehabilitation, installation or operation of the Project.

This pre-commitment letter for the Project will expire on March 2, 2023.

If you have any questions or require any additional information regarding this award letter, please contact Judson Brown, Housing Division Manager, by telephone at (714) 667-2241 or by e-mail at jbrown@santa-ana.org.

Sincerely,

Kristine Ridge
City Manager
City of Santa Ana

Steven A. Mendoza
Executive Director
Housing Authority of the City of Santa Ana

Attest:

Daisy Gomez
Clerk of the Council
City of Santa Ana

Daisy Gomez
Recording Secretary
Housing Authority of the City of Santa Ana