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COMMUNITY DEVELOPMENT AGENCY
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www.santa-ana.org

June 21, 2022

Tish Kelly
Vice President, Development
Jamboree Housing Corporation

Sent via E-mail

Brateil Aghasi
Chief Executive Officer
WISEPlace

Re: WISEPlace Permanent Supportive Housing
1411 N. Broadway, Santa Ana, CA 92706
Pre-Commitment Letter for HOME – American Rescue Plan (“HOME –ARP”) Loan,
Inclusionary Housing Funds Loan, Twenty-Five (25) Project-Based Vouchers, and
CDBG Loan Forgiveness

Dear Mses. Kelly and Aghasi,

Jamboree Housing Corporation (“Jamboree”), in partnership with the fee owner of the WISEPlace apartment development (“Owner,” and collectively with Jamboree, the “Developer”), requested financial assistance in connection with the proposed development of a forty-eight (48) unit affordable housing complex, with forty-seven (47) units restricted for chronically homeless individuals, to be located at 1411 N. Broadway, Santa Ana, CA 92706 (APN 398-523-04) (the “Project”).

The Project will be an adaptive reuse of the existing one-story structure and the demolition of the existing two-story gym structure along Sycamore. The new construction component will include one story within the existing building along Broadway and a four-story new building along Sycamore. The Project requires a Density Bonus Agreement to be approved by the City Council.

The City of Santa Ana (“City”) and the Housing Authority of the City of Santa Ana (“Housing Authority”) have reviewed the Developer's request for assistance, and at the

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City Council / Special Housing Authority meeting on June 21, 2022, the City Council and Housing Authority Board authorized and approved issuance of this pre-commitment letter evidencing the preliminary award of (collectively, the "City Assistance"):

- A loan in the maximum amount of \$5,256,327 funded from the HOME Investment Partnerships Program – American Rescue Plan ("HOME –ARP") funds held by the City of Santa Ana for the Project ("HOME-ARP Loan");
- A loan in the maximum amount of \$484,000 from the Inclusionary Housing Fund held by the City for the Project ("Inclusionary Loan") to be used for relocation purposes only if necessary;
- Twenty-Five (25) U.S. Department of Housing and Urban Development Project-Based Vouchers ("PBV") from the Housing Authority of the City of Santa Ana.

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 Assistance:

The amount of the proposed City Assistance 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 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 Assistance shall include the following loan terms:

- The HOME-ARP Loan shall be for a maximum principal amount of \$5,256,327, or as much thereof as is disbursed for hard and soft costs in constructing the Project, provided from the HOME Investment Partnerships Program – American Rescue Plan fund:
 - A portion of the \$5,256,327 will be in the form of capital funds, repayable from residual receipts.
 - The remaining portion of the \$5,256,327 will be in the form of capitalized operating subsidy reserve.
 - The exact amounts may be determined at construction closing.
- 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, including social services expenses and monitoring fees, 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.

- Any repayments to the soft loans must be based on the pro rata share of all the soft loan balances (the same as the residual receipts splits).
- Remaining principal and accrued interest due upon the 55th anniversary of the issuance of Certificate of Occupancy or earlier upon sale, refinancing or an uncured 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 Note. Additionally, the City will receive 50% of the net proceeds received from any sale or refinancing of the Project in order to repay any outstanding principal or interest due on the City Promissory Note, after payment of outstanding conventional debt, payment in full of any deferred developer fee, payment for any necessary repairs, and establishment of any reserves and transaction costs.
- Cost savings from the Project, if any, will be applied first to pay down the City Assistance, subject to compliance with the Tax Credit Allocation Committee ("TCAC") Regulations and California Health and Safety Code, as applicable.
- After all other funding sources have been secured through enforceable funding commitments, a HOME Subsidy Layering Review is required in order to confirm the eligible amount of HOME-ARP funds committed to the Project.
- An environmental review in compliance with the National Environmental Policy Act is required prior to entering into a Loan Agreement for the HOME-ARP funds committed to the Project.

The HOME-ARP Loan shall also require specific HOME-ARP designated units in the Project. The City's preliminary HOME-ARP Cost Allocation Analysis suggests that approximately nine (9) units in the Project will be designated as HOME-ARP assisted-units.

The Inclusionary Loan shall have the same terms above and be for a maximum principal amount of \$484,000, or as much thereof as is disbursed for relocation benefits for current WISEPlace residents in the event the residents are not matched with an alternative housing or shelter option prior to the start of construction and would need to vacate the site, provided from the Inclusionary Housing Fund. If relocation assistance is to be provided to the site occupants per the same requirements as the Uniform Relocation Act ("URA") or California Relocation Regulations, the Owner will also contribute an equal amount, dollar for dollar, in matching funds to the Inclusionary Loan. For example, if the twenty (20) current WISEPlace residents are provided relocation assistance as calculated per the requirements of the URA and California State Relocation Regulations, the estimated total for relocation payments will be \$968,000, to be paid equally by the Inclusionary Loan and the Owner. The Owner will work with staff to relocate their 20 WISEPlace residents prior to the start of construction of the project. The Inclusionary Loan is for relocation purposes only, so if the Owner is able to relocate residents prior to the start of construction of the project, then the Inclusionary Loan funds shall be

proportionately reduced, or will not be required at all if all residents are relocated prior to the commencement of the project.

Project-Based Vouchers:

The basic terms of the award are as follows:

- Funding Source: The twenty-five (25) 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).
- Rents: The PBV Housing Assistance Payments (HAP) Contract rents below are preliminary and contingent upon a reasonable rent determination to be conducted by the Housing Authority at the time of execution of the HAP Contract:
 - Studio: \$1,682

In accordance with HUD regulations and SAHA's Administrative Plan, these rents are subject to review prior to the execution of a HAP contract.

- Annual Amount: The Project will receive PBVs for twenty-five (25) units:

Unit Size	30% AMI	
	No. Units	Proposed Rent
Studio	25	\$1,682

The estimated maximum annual amount received under this award is \$560,100. These estimates assume 100% occupancy of the units over the twelve-month period with contract rent amounts limited to the current applicable Santa Ana Housing Authority Payment Standard.

- 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 permanent supportive housing for chronically homeless individuals or to expand housing opportunities and HUD funding. Subsequent extensions are subject to the same requirements.
- Units Receiving Assistance: The maximum number of units receiving PBV assistance will be twenty-five (25).
- Local Preference:
 - All individuals and families shall be chronically homeless individuals with, subject to compliance with applicable fair housing laws, a preference for

local residents from the City of Santa Ana based on the City's local residency screening criteria.

- An absolute preference shall be for current WISEPlace residents who are unable to be relocated prior to the start of construction and who qualify for relocation assistance paid for by the Inclusionary Loan and the Owner until the completion of the project. The "absolute" nature of this preference means that these current WISEPlace shelter residents will be selected if determined eligible for occupancy at the project before any other applicants are to be determined eligible.

CDBG Loan Forgiveness:

In 1996, the City provided the Owner a \$900,000 loan of Community Development Block Grant ("CDBG") funds ("CDBG Loan") to finance the rehabilitation of the site for the purposes of providing permanent affordable rental housing. The CDBG Loan was structured with a 55-year term and a 1% simple interest rate. The loan repayments were to be made from 50% of the project's residual receipts.

In 2001, the City amended the terms of the CDBG Loan. At that time, the outstanding principal balance of the loan was set at \$916,265, which consisted of two components: (1) a \$250,000 component, and (2) a \$666,616 component. The amended promissory note set the loan term at 55 years – starting in 2002 and ending in 2056.

The current outstanding CDBG Loan balance is currently \$723,446.41. Per the terms of the amended promissory note, the Owner is required to continue paying annual interest only payments until the end of the loan term in 2056. The entire balance of the CDBG Loan (\$723,446.41 plus interest) will become due and payable at that time. Following the fulfillment of the conditions provided herein, the entirety of the CDBG Loan will be forgiven by the City, including any interest that may have accrued since the date of this letter.

General Provisions:

The City's obligation to provide the City Assistance and CDBG Loan Forgiveness 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 in the form of enforceable funding commitments, which may include 9% or 4% Federal Low Income Housing Tax Credits, State Housing Tax Credits, a commitment of affordable housing funds from the County of Orange or State of California, Section 8 project-based vouchers from the Orange County Housing Authority, or any other funding source needed in the Project's capital stack to develop the Project before staff will return to the City Council for consideration of the HOME-ARP Loan Agreement and Inclusionary Loan Agreement.

- 100% of the affordable units (less one (1) manager's unit) in the Project will be restricted to extremely low-income, chronically homeless households at 30% of the Area Median Income.
- The Project consists of forty-seven (47) permanent supportive housing units for chronically homeless individuals and families. All individuals and families shall be referred from the Orange County Coordinated Entry System except for those current WISEPlace residents who qualify for an absolute preference.
- The rent standards for the Project must comply with the strictest of the standards imposed by TCAC and the HOME Program regulations, or other funding sources contributed to the Project, as applicable and with respect to the units assisted by each applicable funding source.
- All provided funding and Project requirements shall conform to the City's most recently adopted Affordable Housing Funds Policies and Procedures, unless alternative requirements are expressly provided in the executed Loan Agreements for the City Assistance or any other documents related to the development of the Project.
- Approval of all required entitlements and discretionary actions, to allow the adaptive reuse and construction (as applicable) of a forty-eight (48) unit affordable housing complex, with forty-seven (47) units restricted for chronically homeless individuals, to be located at 1411 N. Broadway, Santa Ana, CA 92706 (APN 398-523-04).
- The City's obligation to provide the City Assistance and CDBG Loan Forgiveness is and shall remain subject to all covenants, conditions, and restrictions set forth in the Loan Agreements, and in particular the 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 Loan documents evidencing the City Assistance by the City Council including the Loan Agreement(s), Promissory Note(s), Affordability Restrictions and Deed(s) of Trust.
- Developer must provide proof that it has received and reviewed three general contractor bids, and that all subcontractors are competitively bid out. Specifically, the Developer must obtain three general contractor bids; all subcontractors must be competitively bid out; and the City must review and approve the final general contractor's contract.
- 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, applicable HOME-ARP requirements, and all other federal, state, and local laws and regulations.

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 or any other federal, state, or local governmental entity having 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 June 21, 2024.

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

Sincerely,

On behalf of the City of Santa Ana:

***On behalf of the Housing Authority of
the City of Santa Ana:***

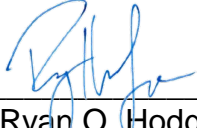
Kristine Ridge
City Manager

Steven A. Mendoza
Executive Director

Attest:

Daisy Gomez
Clerk of the Council / Recording Secretary

APPROVED AS TO FORM
Sonia R. Carvalho
Authority General Counsel



By: Ryan O. Hodge
Assistant City Attorney