



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**September 7, 2021**

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**TOPIC:** Quarterly Report for Housing Division Projects and Activities

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**AGENDA TITLE:**

Quarterly Report for Housing Division Projects and Activities for the Period of April 2021 – June 2021

**RECOMMENDED ACTION**

Receive and file the Quarterly Report for Housing Division Projects and Activities for the period of April 2021 – June 2021.

**DISCUSSION**

This report for the quarter ending on June 30, 2021 provides statistics for all of the affordable housing projects and activities for the Housing Division. The report is divided into four sections: Loan Activity, Loan Portfolio Management and Monitoring, Affordable Housing Funds and Commitments, and Development Projects.

**Loan Activity**

**Applications**

The Housing Division offers several different programs, including: down payment assistance for first-time homebuyers and rehabilitation loans for mobile homes, single-family, multi-family, and historic 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 & Approved**

Program	Inquiries		Applications Sent Out		Applications Received		Applications Approved	
	Q4	Total FY	Q4	Total FY	Q4	Total FY	Q4	Total FY
Single-Family Rehabilitation	12	48	13	45	3	4	0	0
Mobile Home Rehabilitation	5	19	5	18	2	3	0	0
Multi-Family Rehabilitation	0	0	0	0	0	0	0	0
Historic Home Restoration	0	1	0	1	0	0	0	0
Homeownership / DPAP	16	56	16	50	8	19	5	11
Loan Subordinations	3	20	3	20	3	20	3	20

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. Due to the Coronavirus (COVID-19), application processing for the Single-Family and Mobile Home Rehabilitation Program continued to be on hold during the fourth quarter. There are currently nine applications for the Single-Family Rehabilitation Program and four applications for the Mobile Home Rehabilitation Program on hold.

Homeowners who have second liens with the City of Santa Ana have been interested in refinancing their first lien mortgage to take advantage of the low interest rates. When the first lien is refinanced, it is necessary for the City to subordinate its second lien. During the fourth quarter, three requests for subordination were received, approved, and processed.

#### *Rehabilitation Loan Underwriting and Approval Progress*

During this quarter, no mobile home rehabilitation loans were funded due to the program being on hold.

#### *Rehabilitation Program Construction Progress*

Homeowners receiving rehabilitation loans are guided through an open selection of contractors to complete the work on their homes. Each homeowner is given a list of contractors that have been screened by staff for license and insurance requirements. However, homeowners are allowed to select any contractor that meets these same requirements. Staff assists the homeowners with the evaluation of bids and selection of a contractor. Staff also monitors the construction work, approves payments to contractors, and tracks expenditures to ensure compliance with the loan agreement and program guidelines. During this quarter, zero additional homes were completed.

#### *Down Payment Assistance Loan Program (DPAP) Progress*

For the Down Payment Assistance Loan Program, staff evaluates applicant eligibility and oversees underwriting to ensure compliance with program guidelines and requirements established by the U.S. Department of Housing and Urban Development (HUD). During this quarter, staff conducted one down payment assistance virtual workshop via Zoom with 24 attendees. Five down payment assistance loans closed escrow. Eight down payment assistance applications were received, and five applications were approved.

#### **Loan Portfolio Management & Monitoring**

The Housing Division is responsible for managing the residential loan portfolio, which includes all of the loans entered into by the City and Housing Authority acting as the Housing Successor Agency. As of the end of the fourth quarter, the principal balance was \$138,481,778.26. This is composed of 369 loans, of which 346 are deferred or residual receipt payment loans. As shown in Table 2, the loan portfolio generated \$159,735.00 in payments of principal and interest during the fourth quarter. The amount of residual receipts payments changes every quarter.

**Table 2: Portfolio Revenue**

	Funding Source				
	HOME	CDBG	Redevelopment	NSP	CalHOME
Loan Payoffs	\$0	\$81,380	\$0	\$0	\$43,861
Residual Receipts Payments	\$0	\$6,663	\$0	\$0	\$0
Amortized Loan Payments	\$2,896	\$5,788	\$19,147	\$0	\$43,861
<b>Total for Q4</b>	<b>\$2,896</b>	<b>\$93,831</b>	<b>\$19,147</b>	<b>\$0</b>	<b>\$43,861</b>

### **Monitoring**

As part of the requirements for these funds, staff must monitor the owner-occupancy of single-family homes that have received loans, and the building code compliance of units in rental projects with long-term affordability covenants. During this quarter, 67 owner-occupancy recertification letters were mailed and 43 were returned and processed. This number includes letters sent from previous months.

On-Site compliance monitoring of the tenant files was not conducted this quarter due to COVID-19. HUD has temporarily waived the requirement for ongoing periodic inspections of HOME-assisted rental housing through September 30, 2021.

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

The City of Santa Ana and the Housing Authority acting as the Housing Successor Agency manages multiple sources of local, state and federal funds to promote and facilitate the development of affordable housing as well as land assets held by the Housing Authority. Exhibit 1 provides a summary of the funds available as of March 31, 2021. Exhibit 2 provides a summary of available land assets.

### **Housing Opportunity Ordinance**

#### *On-Site Development:*

Since 2011, a total of 33 units have been developed on-site as a result of the Housing Opportunity 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 Housing Opportunity Ordinance, including interest, are deposited into the Inclusionary Housing Fund. Since inception, the Inclusionary Housing Fund has generated \$21,510,127 to be used for the development of housing affordable to low- and moderate-income households, with a reasonable amount spent on administrative or related expenses associated with the administration of the Housing Opportunity Ordinance. In-Lieu fees generated have been used to develop new affordable housing opportunities, provide emergency shelter, and

create homeownership opportunities. Below is a summary of how in-lieu fees have been used by the City:

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

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

### **Affordable Housing Development Projects**

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

### ***Projects Completed***

#### ***La Placita Cinco – formerly Tiny Tim Plaza (2239 West 5<sup>th</sup> Street)***

Developer	Community Development Partners
Description	New construction of an affordable multifamily apartment complex consisting of 50 units of rental housing serving very-low and extremely-low income families, and one (1) manager's unit.
City / Authority Funds	Inclusionary Housing (\$1,300,000), Housing Successor Agency (\$4,700,000)
Update	The project is 100% complete, with only minimal close-out items remaining. All final inspections were signed, and the Certificate of Occupancy was

	issued on June 22, 2021. Retail renovations are complete, with final signage in progress. The project is now 100% leased.
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### ***Projects under Construction***

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

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

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

Developer	Jamboree Housing Corporation
Description	Acquisition and rehabilitation of a former motel yielding 89 units of permanent supportive housing.
City / Authority Funds	CDBG (\$1,687,047); Eight-nine (89) PBVs consisting of 34 HUD-VASH PBVs and 55 non HUD-VASH PBVs.
Update	The developer closed on their construction financing on April 1, 2021 Construction is currently ongoing. The estimated completion date is October 2022.

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

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

Developer	Related Companies of California with A Community of Friends (ACOF) 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 (\$3,007,489), Neighborhood Stabilization Program (\$963,951), sixty-five (65) year ground lease agreement for 1126 and 1146 E. Washington Avenue (Appraised Value as of September 22, 2019: \$4,108,136)
Update	The Developer was successfully awarded Orange County Housing Finance Trust funds in May 2021. The Developer continues to work with the City, County, and the California Department of Toxic Substances Control (DTSC) on supplemental environmental investigations. The City, County, and DTSC are expected to enter into a Standard Voluntary Agreement for further agency oversight.

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

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

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

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

*Westview House (2530 Westminster Avenue)*

Developer	Community Development Partners
Description	New construction of an affordable multifamily apartment development consisting of 85 units of both large family and PSH with one (1) manager's unit. Twenty-six of the units will be funded by PBV and MHSA funds through the NPLH program.
City / Authority Funds	Inclusionary Housing (\$1,514,113), HOME Investment Partnerships Program (\$2,003,705), Rental Rehabilitation Program (\$386,523), and twenty-six (26) Mainstream Program PBVs
Update	The developer applied for the OC 2020 Supportive Housing NOFA MHSA funds and received this funding award. The developer also applied for competitive NPLH funds on January 19th and received a formal award for these funds from HCD. The developer will apply for 4% tax credits and bonds

	on September 9, 2021 and is expected to close on their financing before June 2022.
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### **Regional Housing Needs Assessment**

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

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

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

### **FISCAL IMPACT**

There is no fiscal impact associated with this action.

### **EXHIBIT(S)**

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

Submitted By: Steven A. Mendoza, Assistant City Manager

Approved By: Kristine Ridge, City Manager