



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
November 2, 2021

TOPIC: Quarterly Report for Housing Division Projects and Activities

AGENDA TITLE:

Quarterly Report for Housing Division Projects and Activities for the period of July 2021 – September 2021

RECOMMENDED ACTION

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

DISCUSSION

This report for the quarter ending on September 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 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 & Approved

Program	Inquiries		Applications Sent Out		Applications Received		Applications Approved	
	Q1	Total FY	Q1	Total FY	Q1	Total FY	Q1	Total FY
Home Repair Grant Program	26	26	26	26	20	20	0	0
Homeownership / DPAP	16	16	16	16	2	2	2	2
Loan Subordinations	1	1	1	1	1	1	1	1

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 Home Repair Program is designed to increase, 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 to include eligible roof replacement to low- and moderate-income homeowners at or below 80% of the Area Median Income (AMI) as defined by the 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.

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 12 attendees. One down payment assistance loan closed escrow. One Inclusionary Housing Buyer was approved and closed escrow.

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 first quarter, the principal balance was \$138,539,857.67. This is composed of 368 loans, of which 344 are deferred or residual receipt payment loans. As shown in Table 2, the loan portfolio generated \$408,498.02 in payments of principal and interest during the first quarter. The amount of residual receipts payments changes every quarter.

Table 2: Portfolio Revenue

	Funding Source				
	HOME	CDBG	Redevelopment	NSP	CalHOME
Loan Payoffs	\$0	\$0	\$125,200	\$13,785.58	\$5,000
Residual Receipts Payments	\$59,275.31	\$0	\$96,633.70	\$68,830.02	\$0
Amortized Loan Payments	\$2,905.55	\$6,478.93	\$19,388.93	\$0	\$11,000
Total for Q1	\$62,180.86	\$6,478.93	\$241,222.63	\$82,615.60	\$16,000

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, 36 owner-

occupancy recertification letters were mailed and 32 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. Staff is in the process of hiring for a Residential Construction Specialist to conduct these ongoing periodic inspections.

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 September 30, 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 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:

Project	Inclusionary Housing Funds SPENT	# of Units	Address
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
TOTAL	\$10,215,295	107	

Quarterly Report for Housing Division Projects and Activities

November 2, 2021

Page 4

Project	Inclusionary Housing Funds COMMITTED	# of Units	Address
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
TOTAL	\$2,379,384	86	

Affordable Housing Development Projects

There are 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 under Construction

Legacy Square (609 N 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 Project-Based Vouchers (PBVs)
Update	Construction is fully underway, including the completion of sewer and water in the street. The Groundbreaking Ceremony was celebrated on July 8, 2021. The estimated completion date is February 2023.

North Harbor Village (1108 N 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 PBVs consisting of 34 HUD-VASH PBVs and 55 non HUD-VASH PBVs.
Update	Construction is currently underway including the completion of the demolition of the units. The estimated completion date is October 2022.

Projects in Pre-Development

Crossroads at Washington (1126 and 1146 E Washington Avenue)

Developer	Related Companies of California with A Community of Friends (ACOF) as co-developer and lead service provider
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Quarterly Report for Housing Division Projects and Activities

November 2, 2021

Page 5

Description	New construction of a 100% affordable multifamily apartment complex consisting of 85 units of rental housing and one 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 (\$1,297,693), sixty-five-year ground lease agreement for 1126 and 1146 E Washington Avenue (Appraised Value as of September 22, 2019: \$4,108,136) Seven (7) Project-Based Vouchers (PBV's).
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 entered into a Standard Voluntary Agreement for further agency oversight. DTSC is preparing the Cleanup Plan for the project. Once the Cleanup Plan is made available, environmental cleanup can begin.

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 requesting additional financial support from the City of Santa Ana to close the financial gap of the project. HomeAid will be submitting the first set of Building permit drawings in early/mid October.

Habitat for Humanity (416 Vance Street & 826 N 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% 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	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.
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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 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 will apply for 4% tax credits and bonds on September 9, 2021. The formal CTCAC hearing is on December 8th. The developer is expecting to close on their financing before June 2022.

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 6th Regional Housing Needs Assessment (RHNA) Cycle (October 2021 to October 2029). Below is a summary of our progress to meet our sixth RHNA Cycle requirements for affordable housing:

	Very Low Income	Low Income	Moderate Income
RHNA Allocation	606	362	545
Pipeline Projects	414*	529	2
Remaining RHNA	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 Mendoza, Assistant City Manager

Approved By: Kristine Ridge, City Manager