



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**September 6, 2022**

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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 April 2022 – June 2022

**RECOMMENDED ACTION**

Receive and file the Quarterly Report for Housing Division Projects and Activities for the period of April 2022 – June 2022.

**DISCUSSION**

This report for the quarter ending on June 30, 2022 provides statistics for all of the affordable housing projects and activities for the Housing Division. The report is divided into six sections: Loan Activity, Loan Portfolio Management and Monitoring, Density Bonus Housing Agreements, Renter Protections, 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, and 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
Residential Rehabilitation Grant Program	45	78	45	78	0	28	24	28
Homeownership / DPAP	104	200	20	200	9	7	3	4
Loan Subordinations	0	1	0	1	0	1	0	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 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- and moderate-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. A total of three (3) rehabilitation projects were completed during this quarter.

#### *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 the program guidelines and requirements established by HUD. During this quarter, staff conducted three (3) down payment assistance virtual workshops via Zoom with a total of 45 attendees. Three (3) down payment assistance loan applications were approved, two (2) closed escrow and one (1) is currently in escrow.

The Housing Division also participated in the Orange County Community Housing Corporation's Home Buyer Fair on Saturday, June 11. The fair was a collaboration with lenders, local real estate agents, the City, and fellow nonprofit partners, who provided services in English, Spanish and Vietnamese. Guests learned about different programs offered by various agencies, and learned how to achieve homeownership via workshops hosted by Citi and Bank of America. Twenty-two (22) attendees provided their email and were sent an application. After this Home Buyer Fair, interest from first-time homebuyers has increased and the Housing Division is anticipating the submittal of three (3) more applications at the start of the new quarter.

During the next quarter, staff will also be sending a letter and flyer to lenders and real estate agents to advertise the program and offer assistance for their clients. Staff will also be conducting monthly workshops together with NeighborWorks Orange County every second Tuesday of the month. In addition to these workshops, staff participated in the Vietnamese National Association of Real Estate Professionals (VNARP) Homeownership Fair on August 11 at the Garden Grove community center. During the event, staff participated on a panel with other organizations that provide first time home buyer assistance. Staff answered questions, provided staff contact information and assisted with applications as needed with the public in attendance. On August 27, staff will be participating in a Home Buyer Expo at HPT Realty & Finance offices, in partnership with VNARP, in the City of Westminster. Finally, staff are working with local

lenders at Wells Fargo to get the City’s program approved within their company for an easier approval process. These activities for our Down Payment Assistance Loan Program are supplemented by a current 4 to 6 unit affordable homeownership project that staff is negotiating with Habitat for Humanity.

**Loan Portfolio Management & Monitoring**

The Housing Division is responsible for managing the residential loan portfolio, which includes all of the loans entered by the City and Housing Authority acting as the Housing Successor Agency. As of the end of the fourth quarter, the principal balance was \$136,023,826.72. This is comprised of 340 loans, in which 315 are deferred or residual receipt payment loans. As shown in Table 2, the loan portfolio generated \$701,240.48 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	Inclusionary
Loan Payoffs	\$58,241.42	\$135,214.21	\$0	\$10,579.02	\$50,000.00	\$30,000.00
Residual Receipts Payments	\$79,934.99	\$0	\$172,461.05	\$139,351.08	\$0	\$0
Amortized Loan Payments	\$1,288.88	\$3,616.01	\$20,153.82	\$0	\$300.00	\$0
<b>Total for Q4</b>	<b>\$139,565.29</b>	<b>\$138,830.22</b>	<b>\$192,614.87</b>	<b>\$149,930.10</b>	<b>\$50,300.00</b>	<b>\$30,000.00</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, 47 owner-occupancy recertification letters were mailed and 46 were returned and processed. This number includes letters sent from previous months. Staff also conducted a total of 192 inspections during this quarter.

**Density Bonus Housing Agreements**

The California Density Bonus law allows developers proposing five or more residential units to seek increases in base density for providing on-site housing units in exchange for providing affordable on-site units. To help make constructing affordable on-site units feasible, the law allows developers to seek up to three incentives/concessions and an unlimited number of waivers, which are essentially variances from development standards that would help the project be built without significant burden and without detriment to public health. The first version of the Density Bonus Law was adopted in 1979 and has since been amended at various times. Recent revisions allow affordable housing developers to request incentives/concessions and/or waivers for 100-percent affordable developments, even if they do not require a numerical density bonus. Moreover, in early 2017, the law was amended to restrict the ability of local jurisdictions to require studies to “justify” the density bonus and requested incentives/waivers and

places the onus on local jurisdictions to prove that the incentives/concessions or waivers are not financially warranted.

Since 2018, the City of Santa Ana has entered into the following Density Bonus Housing Agreements.

<b>Date of Agreement</b>	<b>Developer or Housing Development</b>	<b>Housing Development Address</b>	<b>Affordable Units</b>
October, 2018	Metro East Senior Park, aka, Santa Ana Senior Associates	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, aka, Santa Ana Pacific Associates	2110, 2114 and 2020 E. First St.	547 Rental units restricted for Very Low Income and Low Income Tenants
November, 2019	The Rafferty, aka, QOZB III, LLC	114 & 117 E. Fifth St.	11 Rental units restricted for Very Low Income Tenants
August, 2022	Brandywine Acquisition Group	1814 & 1818 E. First St.	4 Townhomes restricted for sale to Moderate-Income Buyers

### **Renter Protections**

The Santa Ana City Council adopted two ordinances to help protect renters: a Rent Stabilization Ordinance, which limits residential rent increases to the lower of 3% or 80% of consumer price index (CPI) per year, and a Just Cause Eviction Ordinance, which provides “just cause” eviction protections for most tenants that occupy a residential real property or mobile home for 30 days. The new ordinances became effective on November 19, 2021, and expand on existing protections under the California Tenant Protection Act of 2019.

Since the adoption of the ordinances, flyers, frequently asked questions, and press releases have been circulated to the community. The City also regularly updates a website devoted to the ordinances, which includes related documents and announcements ([www.santa-ana.org/renterprotections](http://www.santa-ana.org/renterprotections)). The ordinances are currently administered by staff in partnership with RSG.

During this quarter, staff and RSG fielded calls from the public and provided information and education to renters and property owners on the City’s Rent Stabilization and Just Cause Eviction Ordinances. A breakdown of the number of inquiries is as follows:

<b>Month</b>	<b># of Inquiries</b>
April 2022	161
May 2022	174
June 2022	111
<b>Total</b>	<b>446</b>

The City requires that when changing the terms of a tenancy, an owner must submit proof of service to the City as evidence that the owner has complied with noticing requirements. A breakdown of the number of notices received is as follows:

<b>Month</b>	<b># of Notices</b>
April 2022	13
May 2022	117
June 2022	91
<b>Total</b>	<b>221</b>

During this quarter, the City announced the amount of allowable rent increase, which shall be effective as of September 1, 2022. Staff informed the public of programmatic updates via Nixle, social media, newsletters, and email distribution lists. A breakdown of the means of outreach is as follows:

<b>Platform</b>	<b>Individuals Reached</b>
Nixle	12,576
Facebook	7,816
Instagram	4,551
Twitter	337
Nextdoor	916
<b>Total</b>	<b>26,196</b>

Lastly, Staff and RSG also conducted one (1) informational workshop at the HOPE Center:

- April 29, 2022: 66 attendees

### **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 June 30, 2022.

### **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:

<b>Units Built On-Site</b>		
<b>Ownership</b>	<b>Rental</b>	<b>Total</b>
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 \$28,443,446 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 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
La Placita Cinco	\$1,300,000	50	2239 West 5th Street
The Link Interim Emergency Shelter	\$4,140,295	N/A	2320 S Redhill 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	826 N. Lacy Street & 830 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	\$1,250,000	N/A	N/A
WISEPlace PSH Pre-Commitment Loan	\$484,000	48	1411 N. Broadway
<b>TOTAL</b>	<b>\$3,903,384</b>	86	

### **Affordable Housing Development Projects**

There are three (3) affordable housing projects under construction, and four (4) 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 RFP for Affordable Housing Development, which was issued on December 8, 2021 and closed on February 28, 2022, received three eligible proposals, one of which WISEPlace PSH has been awarded a pre-commitment letter and the two other proposals are currently in the review and evaluation phase.

**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 (8) Project-Based Vouchers (PBVs)
Update	Construction is currently underway. Specifically, the build up roof is complete and the low roof are dried and roof tiles are getting stocked. Pre-lim drywall is completed at the 4 <sup>th</sup> level. HVAC is starting to install ductwork and exhaust vents at the 4 <sup>th</sup> level. Pre-lim insulation is complete on the 3 <sup>rd</sup> and 4 <sup>th</sup> level and will start on the 2 <sup>nd</sup> floor units. Unit entry doors, WH doors and patio doors installation will be completed soon. Five community workshops were conducted for information on the application process of which there were 166 attendees. The estimated completion date is February 2023.

***North Harbor Village (1108 N Harbor)***

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	Construction is currently underway. Specifically, the following items have been completed: framing repairs, work on Harbor Blvd, concrete and rebar for the new community building, repairs to the roof/framing, installation of temporary stairs, demolition of old stairs, underground utilities for community building, and installation of new sheer wall to replace old rotted material. There was additional work due to unforeseen conditions such as mold, water damage, termite damage, and altered structures. Due to the additional construction work, the new estimated completion date is January 2023.

***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 units with one (1) manager's unit. Twenty-six of the units will be funded by Mainstream 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	Following approval by City Council on May 17, 2022, Community Development Partners successfully closed on their construction loan financing on May 31, 2022. The City disbursed 90% of our Inclusionary

	Housing (\$1,514,113) and HOME Investment Partnerships Program (\$2,003,705) loan funds at closing, and 100% of our Rental Rehabilitation Program funds. HOME Grading activities are currently taking place at the site. A groundbreaking ceremony date is to be determined. Completion of the project is anticipated in February 2024.
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**Projects in Pre-Development**

***Crossroads at Washington (1126, 1136 and 1146 E 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 (\$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) Fifteen (15) Project-Based Vouchers (PBV's)
Update	The City, County, and Department of Toxic Substances Control (DTSC) entered into a Standard Voluntary Agreement for further agency oversight. DTSC approved the draft Removal Action Workplan (RAW) on March 28, 2022 and the Removal Implementation Plan which is required for the start of remediation activities. Remediation/Cleanup in accordance with the RAW is complete. DTSC approved the cleanup completion report. DTSC's Land Use Covenant relating to the remaining contamination of PCE on the Housing Authority's parcel was executed and recorded. With the help of the Developer, the Housing Authority and County secured an award of DTSC's Equitable Community Revitalization Grant (ECRG) funds. These funds will be used for unforeseen environmental conditions during the construction of the affordable housing project. The construction loan closing will occur in July 2022.

***FX Residences (801, 809, 809 ½ E 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 (\$1,656,947), three (3) PBVs, 99-year ground lease agreement for 801 E. Santa Ana Blvd. (Appraised Value as of Oct 25, 2018: \$788,000)
Update	On December 7, 2021, City Council approved an additional \$587,000 from its Low and Moderate Income Housing Asset Fund due to an unanticipated increase in construction costs for the project. City Council also approved the project's Loan Agreement, 99-Year Ground Lease, Density Bonus Agreement, and Development Impact Fee Deferral Agreement. HomeAid Orange County submitted for the first grading plan check in November of 2021 and for the first building plan check in February of 2022. There have been comments back on a few plans and HomeAid is working with their engineers to resubmit those plans. They are expecting permits to be pulled in late

	summer 2022. Closing calls for current financiers of the project will begin in July 2022.
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***Habitat for Humanity (826 N Lacy & 830 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. Final Approval of Site Plan Review awarded and project was approved by the Planning Commission on May 9, 2022. Grading Plans submitted for review at the end of December 2021. Grading Plans for 826 N Lacy have been approved but they are still awaiting approval on 830 N Lacy. Once 830 N Lacy is approved, Habitat's Project Manager will work with Public Works staff to pull Grading Permits. Their goal is to start the Grading Process in August 2022. Building Plans submitted and have now been approved for both 826 & 830 N Lacy. Habitat is working with staff in Planning, Public Works and Building to pull Building Permits. The goal is to start the foundations by September 2022.

***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 48 permanent supportive housing units, and one (1) manager's unit.
City / Authority Funds	HOME-ARP (\$5,256,327); Twenty-five (25) PBVs
Update	The developer has obtained all of their soft funding commitments from the City of Santa Ana, Orange County Housing Finance Trust, and the County of Orange. The developer applied to TCAC for competitive 9% tax credits in June 2022. Awards will be announced in September 2022.

**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: Steven Mendoza, Assistant City Manager

Approved By: Kristine Ridge, City Manager