

REQUEST FOR COUNCIL ACTION



CITY COUNCIL MEETING DATE:

MAY 1, 2018

TITLE:

RECEIVE AND FILE THE QUARTERLY
REPORT FOR HOUSING
DIVISION PROJECTS AND ACTIVITIES
JANUARY 2018 – MARCH 2018
{STRATEGIC PLAN NO. 5, 3}

CITY MANAGER

CLERK OF COUNCIL USE ONLY:

APPROVED

- As Recommended
- As Amended
- Ordinance on 1st Reading
- Ordinance on 2nd Reading
- Implementing Resolution
- Set Public Hearing For _____

CONTINUED TO _____

FILE NUMBER _____

RECOMMENDED ACTION

Receive and file the Quarterly Report for Housing Division Projects and Activities for the period of January 2018 – March 2018.

COMMUNITY REDEVELOPMENT AND HOUSING COMMISSION ACTION

At a Special Meeting on April 11, 2018, by a vote of 6:0 (Frazier and Ramos absent), the Community Redevelopment and Housing Commission approved the recommended action.

DISCUSSION

This report for the quarter ending on March 31, 2018 provides statistics for all of the affordable housing projects and activities for the Housing Division. The report is divided into three 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	
	Q3	Total FY	Q3	Total FY	Q3	Total FY	Q3	Total FY
Single-Family Rehabilitation	75	136	75	125	4	10	2	3
Mobile Home Rehabilitation	10	60	5	47	1	5	2	3
Multi-Family Rehabilitation	0	0	0	0	0	0	0	0
Historic Home Restoration	1	4	0	3	0	0	0	0
Homeownership	60	175	45	139	1	3	0	0

Rehabilitation Loan Underwriting and Approval Progress

For the rehabilitation loans, staff reviews applicant eligibility, verifies income and assets, and oversees underwriting to ensure compliance with program guidelines and requirements established by the funding source. In addition, staff conducts an inspection of the property, prepares a work write-up to determine rehabilitation work to be performed, and develops a budget for the work. Due to the complex funding requirements, applications may be in underwriting for several months. The length of time in underwriting is largely determined by the applicant's timely submittal of the necessary paperwork. Once approved, staff prepares all necessary loan documents, makes arrangements for loan execution, and reserves the required loan funds. During this quarter, two (2) mobile home loans were approved, two (2) Single Family Rehabilitation loans were approved and five (5) inclusionary housing purchases at City Ventures were approved.

Rehabilitation Program Construction Progress

During this phase, 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. At the end of this quarter, there were three (3) homeowner rehabilitation projects out to bid and two (2) under construction.

Down Payment Assistance Loan Program 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). Applicants must meet established income requirements, complete an eight-hour pre-purchase counseling program from a HUD-approved agency, be pre-qualified for a first mortgage and have a minimum of three percent of the purchase price from their own savings. Other HUD requirements apply, including a current maximum sales price of \$513,000 for a single family home or condo. During this quarter the City Council approved an update to the Down Payment Assistance Loan Program increasing the loan amount to \$80,000 for low income households and approving the use of the

Inclusionary Housing Fund to offer down payment assistance of up to \$40,000 to moderate income households. The updated program requires the buyer must be a current resident of Santa Ana or work in Santa Ana at least 32 hour per week (except U.S Military Veterans). Additionally, the property needs to be in good condition and pass an inspection. During this quarter, staff conducted one (1) down payment assistance workshop in which a total of 25 people attended and made a Down Payment Assistance Loan Program presentation at Precise Investment Enterprises in Santa Ana, to a group of 40 local realtors and loan officers.

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 this quarter, the principal balance was \$120,980,386. This is comprised of 410 loans of which 386 are deferred or residual receipt payment loans. As shown in Table 2, the loan portfolio generated \$38,494 in payments of principal and interest during this quarter.

Table 2: Portfolio Revenue

	Funding Sources				
	HOME	CDBG	Redevelopment	NSP	CaHOME
Loan Payoffs	\$0	\$0	\$0	\$0	\$0
Residual Receipts Payments	\$0	\$0	\$0	\$0	\$0
Amortized Loan Payments	\$4,580	\$12,760	\$20,771	\$0	\$383
Total For Q2	\$4,580	\$12,760	\$20,771	\$0	\$383

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, 45 owner-occupancy recertification letters were mailed and 32 were returned and processed.

Staff also audited files for five (5) loans and conducted building code compliance inspections for 97 units in nine (9) projects. Regulations require that only a sample of units be selected for inspection. Staff also inspects the grounds and common areas such as laundry rooms to ensure they also meet municipal code requirements. The grounds, common areas and all of the inspected units were found to be in compliance at the time of initial inspection.

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 Successor Agency. As of March 31, 2018, a total of \$5,872,596 is available for affordable housing development. Exhibit 1 provides a summary of the funds available as of the end of this quarter. Exhibit 2 provides a summary of available land assets.

Housing Opportunity Ordinance

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 over \$10.5 million 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. To date, the Inclusionary Housing Fund has invested \$6,075,000 towards the development of 107 affordable rental housing units in the City. In regards to affordable ownership housing units, a total of 23 inclusionary affordable homes have been produced and/or are under construction as a result of our Housing Opportunity Ordinance.

Projects Under Development

Below are brief summaries for projects under development. Exhibit 3 provides a development timeline for the larger development projects including the Depot at Santiago, the Orchard, the Santa Ana Arts Collective, First Street Apartments, Santa Ana Veterans Village, Aqua Housing, and Tiny Tim Plaza.

For Sale Infill Housing (4010 - 4026 E. McFadden Street)

- Developer: Habitat for Humanity of Orange County
- Description: Acquisition and new construction project comprised of five (5) affordable single-family homes to be sold to qualified low- to moderate-income buyers.
- City Funds: Land provided by the Redevelopment Agency
- Status: Project is currently under construction and is expected to be completed in June 2018. Staff is working with the developer on the selection of qualified buyers.

Depot at Santiago (923 N. Santiago Street)

- Developer: C & C Development
- Description: Acquisition, demolition and new construction project comprised of 69 affordable rental units, 1 manager's unit, a 3,000 SF community room, and 8,500 SF of retail space.
- City Funds: HOME (\$2,634,566), CDBG (\$365,434), Eight (8) Project-Based Vouchers
- Update: Project was completed in March 2018 and the tenants are expected to move in during April.

The Orchard (2151 E. First Street)

- Developer: Community Development Partners with Mercy House as the service provider
- Description: Acquisition and rehabilitation of former motel yielding 71 units of affordable permanent supportive housing with wrap-around supportive services for chronically homeless individuals in the City of Santa Ana, and 1 manager's unit.
- City Funds: HOME (\$1,199,869), 71 Project-Based Vouchers (\$7,895,194)
- Update: Project was completed in January 2018. A grand opening and ribbon cutting ceremony was held on February 1, 2018.

Santa Ana Arts Collective (1666 N. Main Street)

- Developer: Meta Housing Corporation
- Description: Acquisition, adaptive reuse and new construction project comprised of 57 affordable rental units designated for professional artists of all disciplines, and 1 manager's unit.
- City Funds: Inclusionary Housing (\$4,775,000), HOME (\$2,219,760), CDBG (\$500,000)
- Update: Revised structural and engineering plans are under review. Epoxy injection is about 90% complete.

First Street Apartments (1440 E. First Street)

- Developer: AMCAL Multi-Housing, LLC.
- Description: Demolition and new construction of an affordable multifamily apartment complex consisting of 68 units of rental housing serving very-low and extremely-low income families, and 1 manager's unit.
- City Funds: Housing Successor Agency (\$8,522,740), Eight (8) Project-Based Vouchers
- Update: Loan documents recorded, escrow closed March 2018 and AMCAL is in the process of obtaining permits.

Santa Ana Veterans Village (3312 W. First Street)

- Developer: Jamboree Housing Corporation with Step Up on Second as the service provider
- Description: New construction of an affordable multifamily apartment complex consisting of 75 units of permanent supportive housing with wrap-around supportive services for HUD-VASH eligible homeless veterans in the City of Santa Ana, and 1 manager's unit.
- City Funds: 75 HUD-VASH Project-Based Vouchers (\$11,489,000), HOME (\$353,962)
- Update: Jamboree Housing received an award of Special Needs Housing Program funds from the County of Orange for 20 of the 75 units (\$2,912,000). With this additional financing, on February 28, 2018 Jamboree applied for 9% Low Income Housing Tax Credits.

Aqua Housing (317 E. 17th Street)

- Developer: Community Development Partners with Mercy House as the service provider
- Description: Acquisition, demolition and new construction of a former motel yielding 56 units of affordable permanent supportive housing with wrap-around supportive services for chronically homeless individuals in the City of Santa Ana, and 1 manager's unit.
- City Funds: 56 Project-Based Vouchers (\$9,237,900)

- Update: Community Development Partners (CDP) received an award of Special Needs Housing Program funds from the County of Orange for 9 of the 56 units (\$1,310,400). On February 28, 2018, CDP applied for 9% Low Income Housing Tax Credits and is awaiting the award.

Tiny Tim Plaza (2223 West 5th Street)

- Developer: Community Development Partners
- Description: New construction of an affordable multifamily apartment complex consisting of 51 units of rental housing serving very-low and extremely-low income families, and 1 manager's unit.
- City Funds: Inclusionary Housing (\$1,300,000), Housing Successor Agency (\$4,700,000)
- Update: CDP is currently pursuing other sources of financing to fill an estimated financial gap of approximately \$11.7 million. On January 16, 2018, CDP submitted an application for Affordable Housing and Sustainable Communities grant funds and for Infill Infrastructure Grant Program funds from the California Department of Housing and Community Development. If successful, CDP will apply for 4% over-the-counter Low Income Housing Tax Credits.

NSP 1, 2 and 3 Programs

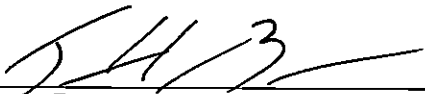
The City will make the NSP Program funds available for eligible projects in an upcoming Request for Proposals.

STRATEGIC PLAN ALIGNMENT

The activities covered by this report allow the City to meet Goal # 5 - Community Health, Livability, Engagement & Sustainability, Objective # 3 (Facilitate diverse housing opportunities and support efforts to preserve and improve the livability of Santa Ana neighborhoods).

FISCAL IMPACT

There is no fiscal impact associated with this action.



Judson Brown
Acting Executive Director
Community Development Agency

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

Exhibit 1

Available Funds for Affordable Housing Development Projects

As of March 31, 2018

Housing Successor Agency (Housing Authority)

\$5,554,147	Cash on Hand
(\$85,227)	First Street Apartments Loan ¹
(\$4,700,000)	Tiny Tim Plaza Conditional Pre-Commitment Loan ²
(\$276,628)	Habitat for Humanity Disposition and Development Agreement
(\$250,000)	Administrative Costs Allowance ³
<u>\$242,292</u>	Available Funds

Inclusionary Housing Funds

\$5,594,978	Cash on Hand ⁴
(\$468,483)	Santa Ana Arts Collective Project Costs ⁵
(\$1,300,000)	Tiny Tim Plaza Conditional Pre-Commitment Loan ²
(\$284,522)	Administrative Costs Allowance (CDA/PBA)
(\$400,000)	Down Payment Assistance Program ⁷
<u>\$3,141,974</u>	Available Funds

HOME Program

\$1,868,102	Funds to Drawdown
(\$353,963)	Santa Ana Veterans Village Pre-Commitment Loan ⁶
<u>\$1,514,139</u>	Available Funds to Drawdown

CDBG Program (Acquisition/Rehabilitation Projects Only)

\$974,191	Funds to Drawdown
<u>\$974,191</u>	Available Funds to Drawdown

\$5,872,596 **Total Available Funds**

¹ Approved by Housing Authority on January 16, 2018. 90% of loan paid on March 13, 2018; 10% remaining to be paid upon completion of construction.

² Approved by City Council/Housing Authority on June 20, 2017.

³ The Housing Successor Agency relies on available cash to fund the monitoring and compliance functions related to the former Redevelopment Agency's housing loans.

⁴ PR Broadstone Heritage Holdings, Phase I paid in-lieu fees in the amount of \$2,712,304.10 in November 2017.

⁵ Project costs only; \$4.8M in loans approved by City Council paid on July 26, 2017.

⁶ Approved by City Council on February 7, 2017.

⁷ Approved by City Council on March 6, 2018.

EXHIBIT 2
AVAILABLE LAND ASSETS FOR AFFORDABLE HOUSING DEVELOPMENT

(1) Remnant parcels at Spurgeon & E. 22nd Street (302 E. Twenty-Second Street)

- a. APN: 003-122-25
- b. Lot Size: 27,817 sf
- c. Current Zoning: R1
- d. Parcel was purchased using Low and Moderate Income Housing Asset Fund - 20% Set Aside
- e. Previous Use: Purchased from Cal Trans. It was a remnant parcel from the freeway widening project. The site was vacant and undeveloped at the time it was acquired.

(2) 801, 809 & 809 ½ E. Santa Ana Blvd

- a. APN: 398-303-04 / 398-303-05 / 398-303-06 / 398-303-07
- b. Lot Size: 15,000sf
- c. Current Zoning: SD84
- d. Parcel was purchased using Low and Moderate Income Housing Asset Fund - 20% Set Aside (801, 807, 809 & 809 ½). Includes 807 E. Santa Ana Blvd.
- e. Previous Use:
 - i. 801 – Demolished single family dwelling in 2011.
 - ii. 807 – Acquired through a foreclosure action. Demolished single family dwelling and detached garage in 2000.
 - iii. 809 & 809 1/2 – Acquisition through Fannie Mae in 1998. Demolished two single-family dwellings in 1999.

(3) 826 N Lacy / 830 N Lacy

- a. APN: 398-041-22 / 398-041-18
- b. Lot Size: 8,843sf / 7,405sf
- c. Current Zoning: SD19
- d. Parcel was purchased using Low and Moderate Income Housing Asset Fund - 20% Set Aside (both parcels)
- e. Previous Use: 830 was formerly 416 E. Vance Street. Demolished a six-unit apartment building and garage in 1995.

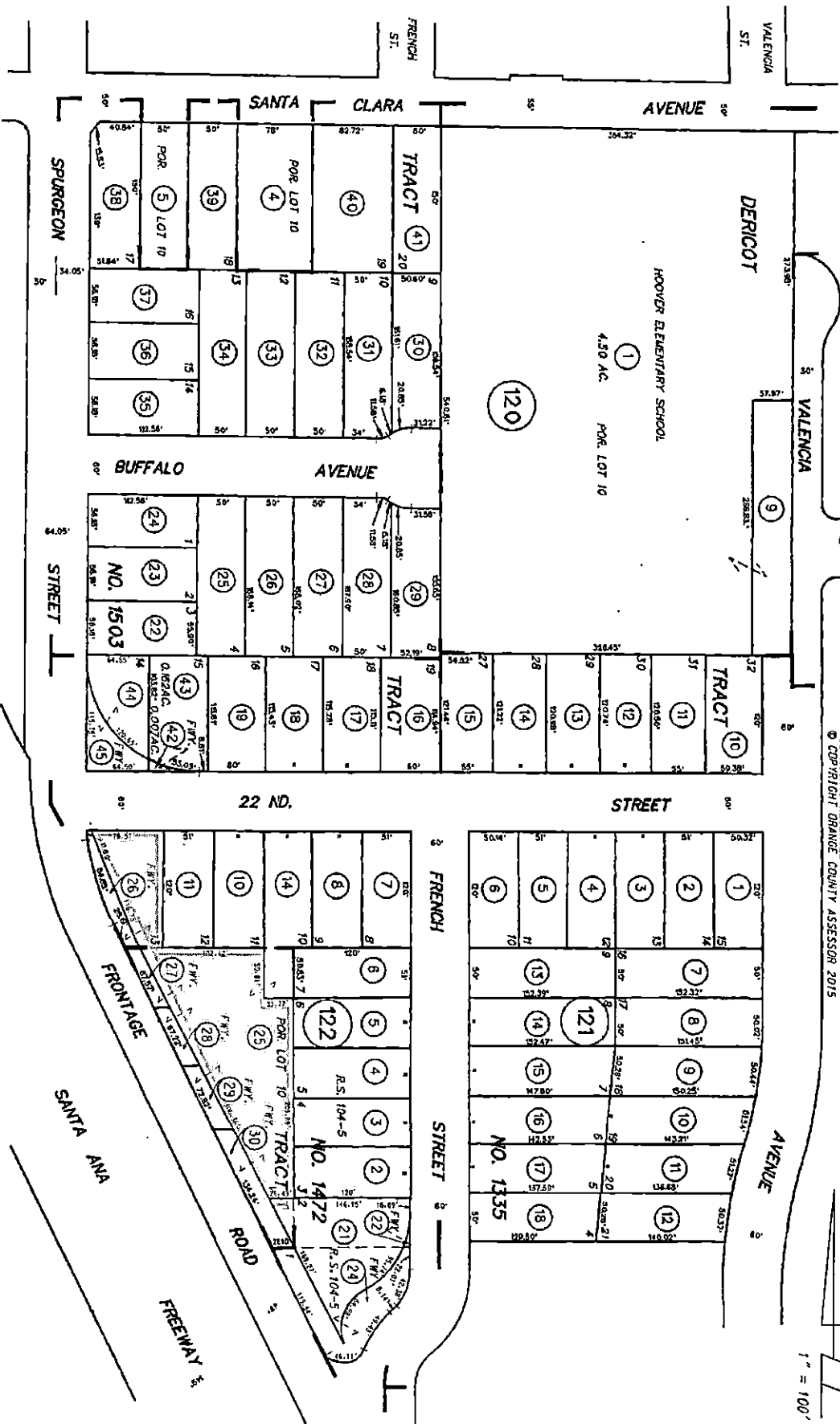
(4) 1126 & 1146 E. Washington Ave.

- a. APN: 398-092-14
- b. Lot Size: 62,347sf (1.43 Acres)
- c. Current Zoning: SD-84
- d. Parcel was purchased using Low and Moderate Income Housing Asset Fund - 20% Set Aside
- e. Previous Use:
 - i. Purchased from Cal Trans. Remnant parcel from freeway widening project. Cal Trans demolished five buildings on the site in the early 1990s. The site was vacant and undeveloped when it was acquired by the City.

Spurgeon & E. 22nd St

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003-12



1" = 100'

MARCH 1948

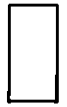
DERICOT TRACT
TRACT NO. 1335
TRACT NO. 1472
TRACT NO. 1503

M.M. 1-95
M.M. 42-36
M.M. 43-38
M.M. 44-48

11

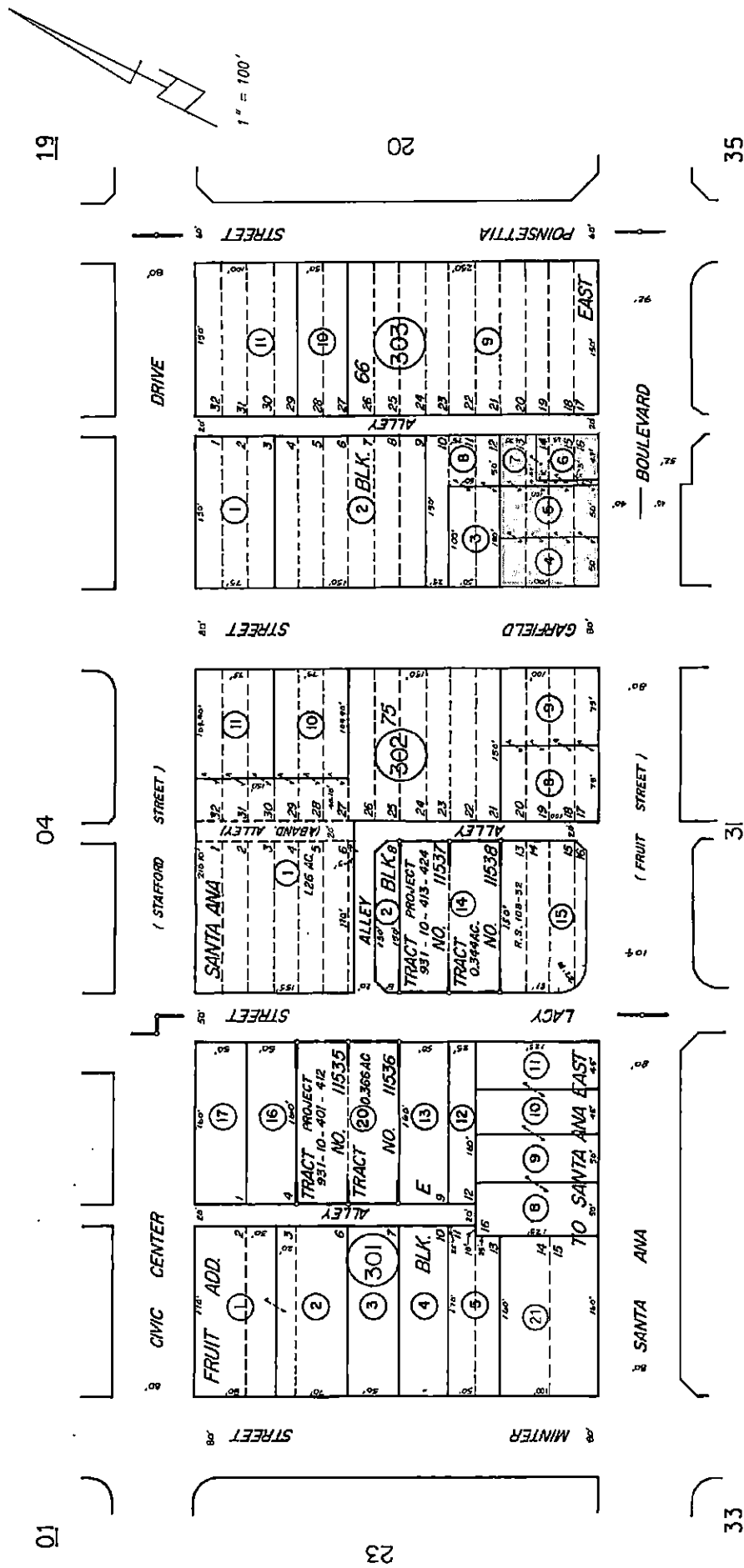
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801, 809 & 809 1/2 E. Santa Ana Blvd

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FRUIT ADD. TO SANTA ANA EAST
 SANTA ANA EAST
 TRACT NO. 11535
 TRACT NO. 11536
 TRACT NO. 11537
 TRACT NO. 11538

L.A. 1-72
 L.A. 1-93, 94
 M.M. 499-24, 25
 M.M. 499-26, 27
 M.M. 499-28, 29
 M.M. 499-30, 31

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

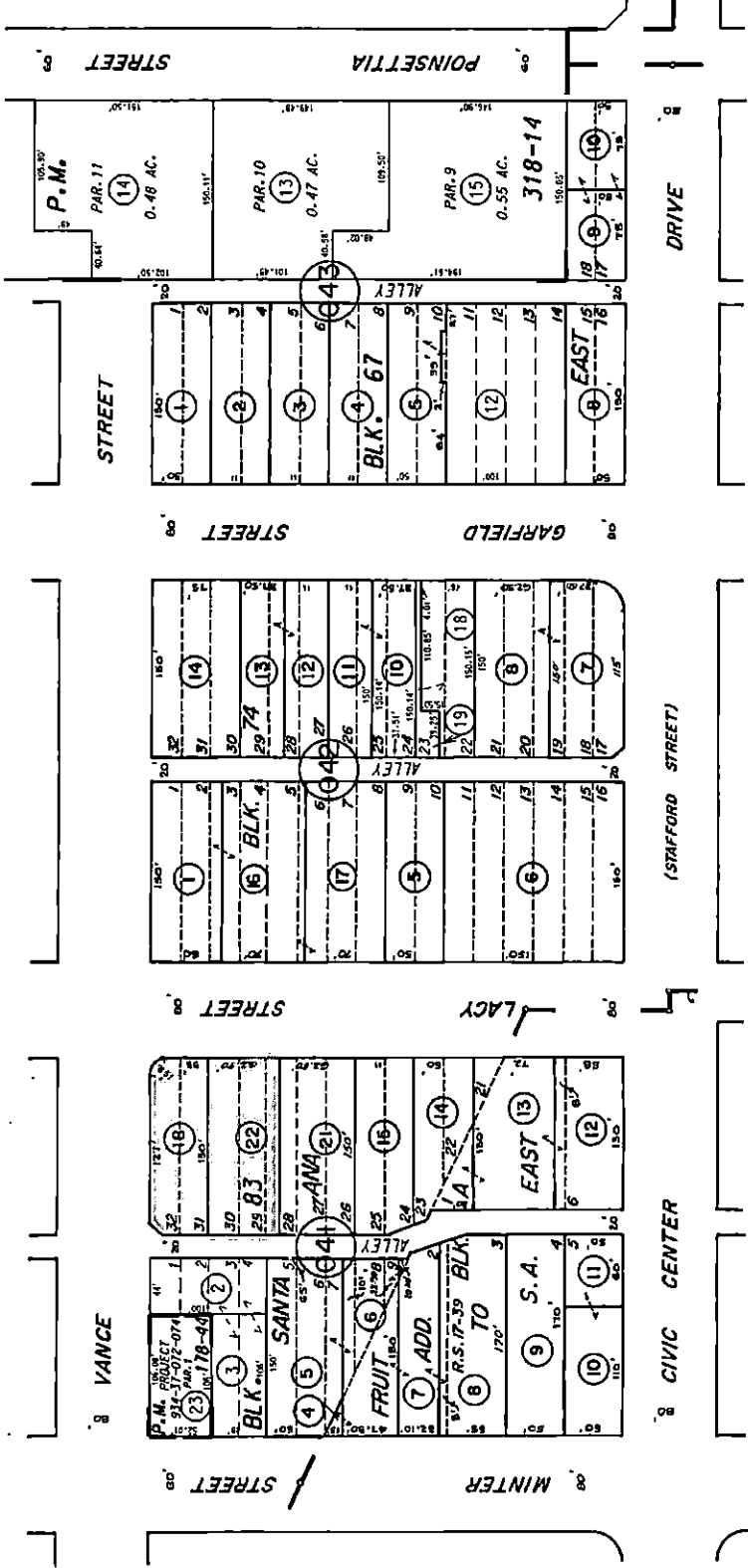
ASSESSOR'S MAP BOOK 398 PAGE 30 COUNTY OF ORANGE

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398-04

826 N Lacy / 830 N Lacy

03



19C-12

MARCH 1976

FRUIT ADD. TO S.A. EAST
SANTA ANA EAST
PARCEL MAP

L.A. 1-72
L.A. 1-93, 94
P.M. 178-44, 318-14

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ASSESSOR'S MAP
BOOK 398 PAGE 04
COUNTY OF ORANGE

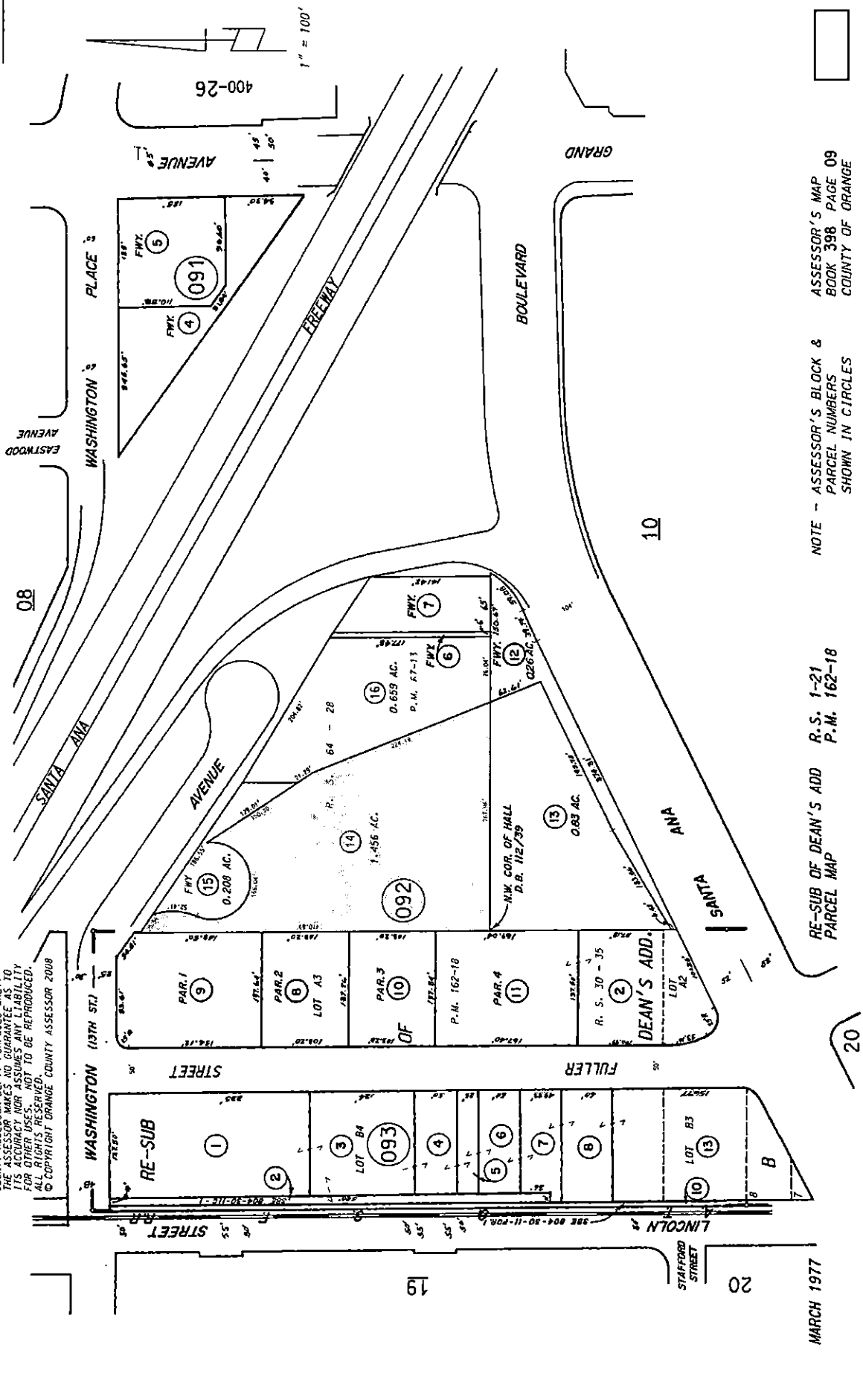


1126 & 1146 E. Washington Ave

POR. S 1/2, NE 1/4, SEC. 7, T 5 S, R 9 W

398-09

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RE-SUB OF DEAN'S ADD R.S. 1-21 P.M. 162-18

ASSESSOR'S MAP BOOK 398 PAGE 09 COUNTY OF ORANGE

Current Affordable Housing Development Project Timelines

Depot at Santiago - 923 N. Santiago St	
Feb-13	RFP Issued for HOME/CDBG Funds
May-13	Awarded HOME/CDBG Funds
Jun-14	Planning Entitlements Approved
Oct-14	RFQ Issued for PBVs
Apr-15	Submitted Application for AHSC (Cap & Trade Funds)
May-15	Awarded PBVs
Jun-15	Awarded AHSC (Cap & Trade) Funds
Sep-15	9% Tax Credits Awarded
Nov-15	Relocation Plan Approved
May-16	Building Permits Pulled/Construction Initiated
Mar-18	Construction Completion
Apr-18	Tenants Anticipated Move-In

The Orchard - 2151 E. First St	
Oct-15	Conditional Use Permit Approved
Dec-15	RFP Issued for PBVs
Feb-16	RFP Issued for HOME Funds
Mar-16	Awarded PBVs
Jun-16	Awarded HOME Funds
Jul-16	4% Federal Tax Credit + Tax Exempt Bond Awarded
Sep-16	Building Permits Pulled/Construction Initiated
Jan-18	Construction Completion

Santa Ana Arts Collective - 1666 N. Main St	
Jun-15	RFP Issued
Nov-15	Approved HOME/CDBG Funds
Mar-16	Submitted Application for AHSC (Cap & Trade Funds)
Sep-16	Awarded AHSC (Cap & Trade) Funds
Nov-16	9% Tax Credits Awarded
Dec-16	Relocation Plan Approved
Jul-17	Final Loan Approved/ Close of Escrow
Jul-17	Planning Entitlements Approved
Jul-17	Building Permits Pulled/Construction Initiated
Apr-19	Anticipated Construction Completion

First Street Apartments - 1440 E. First St	
Oct-15	Developer Submitted Request for Funds to CDA
Apr-16	Planning Entitlements Approved
Jun-17	Awarded Successor Agency Funds
Jun-17	Relocation Plan Approved
Sep-17	9% Tax Credits Awarded
Jan-18	Final Housing Authority Loan Approved
Mar-18	Close of Escrow

Santa Ana Veterans Village - 3312 W. First St	
Dec-16	RFP Issued for PBVs
Apr-17	Approved HUD VASH PBVs
Jun-17	Awarded HOME CHDO Funds
Jun-17	Planning Entitlements Approved
Jan-18	Awarded County Special Needs Housing Funds
Feb-18	Submittal of 9% Federal Tax Credit Application
Jun-18	Anticipated Award of 9% Federal Tax Credits

Aqua Housing - 317 E. 17th St	
Dec-16	RFP Issued for PBVs
Apr-17	Approved PBVs
Jun-17	Planning Entitlements Approved
Jun-17	Approved Additional PBVs
Jan-18	Awarded County Special Needs Housing Funds
Jan-18	Submitted Application for HCD Infill Infrastructure Funds
Feb-18	Submittal of 9% Federal Tax Credit Application
May-18	Anticipated Award of HCD Infill Infrastructure Funds
Jun-18	Anticipated Award of 9% Federal Tax Credits

Tiny Tim Plaza - 2223 W. 5th St	
Dec-16	Developer Submitted Request for Funds to CDA
Jun-17	Awarded City and Successor Agency Funds
Jan-18	Planning Entitlements Approved
Jan-18	Submitted Application for AHSC (Cap & Trade Funds)
Jan-18	Submitted Application for HCD Infill Infrastructure Funds
Mar-18	Developer is securing additional financing prior to submittal of Federal Tax Credit Application
May-18	Anticipated Award of HCD Infill Infrastructure Funds
Jun-18	Anticipated Award of AHSC (Cap & Trade Funds)