

Grantee: Santa Ana, CA

Grant: B-08-MN-06-0522

July 1, 2021 thru September 30, 2021 Performance

Grant Number: B-08-MN-06-0522	Obligation Date: 03/26/2009	Award Date: 03/05/2009
Grantee Name: Santa Ana, CA	Contract End Date:	Review by HUD: Reviewed and Approved
Grant Award Amount: \$5,795,151.00	Grant Status: Active	QPR Contact: No QPR Contact Found
LOCCS Authorized Amount: \$5,795,151.00	Estimated PI/RL Funds: \$1,800,000.00	
Total Budget: \$7,595,151.00		

Disasters:

Declaration Number

NSP

Narratives

Areas of Greatest Need:

The foreclosure crisis began in 2007 with the collapse of subprime mortgages throughout the United States. California is one of the top three states hit hardest by this devastating event with Santa Ana being the hardest impacted in Orange County. In addition to the foreclosures, issues stemming from property abandonment by homeowners include blight due to little or no maintenance, and vandalism.

Distribution and and Uses of Funds:

At the time of the enactment of the Housing and Economic Recovery Act of 2008, the City of Santa Ana had approximately 1,500 foreclosures, 1,100 Notices of Default, and 1,700 active subprime loans throughout the city. The housing crisis has affected all sectors of our community. The City is focused on stabilizing its neighborhoods by focusing its acquisition and rehabilitation activities in distressed neighborhoods.

Definitions and Descriptions:

- 1) Blighted Structure: In accordance with Section 33031 of the California Redevelopment Law, the City of Santa Ana will define blighted structures in the following way:
 - a) This subdivision describes physical conditions that cause blight: 1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities. 2) Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction give the present general plan, zoning, or other development standards. 3) Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area. 4) The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.
 - 2) Affordable Rents: For purposes of the NSP Program, the City of Santa Ana will define affordable rents in a manner consistent with the requirements of the federal HOME Program for very low income rents: A rent that does not exceed 30 percent of the adjusted monthly income of a family whose annual income equals 50 percent of the median income for the area as determined by the U.S. Department of Housing and Urban Development, with adjustments for household size and numbers of bedrooms in the unit. Such rents must be reduced in accordance with a reasonable allowance for tenant paid utilities.
 - 3) Affordability: As a condition of the receipt of NSP funds for either owner-occupied or rental housing units, the City of Santa Ana will require recordation of deeds of trust and of enforceable covenants stipulating both the necessary period of affordability and also reporting requirements that will enable the City to determine if the affordability requirements are being met. For rental property the required period of affordability will be fifty-five years and will run with the land for that period. For owner-occupied property the required period of affordability will be thirty or forty-five years depending on the program utilized.
 - 4) Housing Rehabilitation Standards: NSP-assisted housing will be brought into compliance with all applicable codes, standards and regulations (local, state, and federal), including the Municipal Code of the City of Santa Ana, the 2007 California Building Codes, and the Section 8 Minimum Housing Quality Standards developed by HUD. Lead-based paint hazards will be evaluated, controlled and disclosed in accordance with the guidelines developed by HUD with the assistance and input of the CDC, EPA, and OSHA. Homes that are over fifty years old will be evaluated for their historic significance in a manner consistent with federal laws. If the home is historic, improvements will comply with all applicable historic rehabilitation standards.



Low Income Targeting:

The City of Santa Ana will budget \$1,800,000 for Program 4: Acquisition and Rehabilitation of Foreclosed or Abandoned Rental Property. This program will exclusively serve household with income at or below 50 percent of area median. The City's total grant amount will be \$5,795.151, and the Program budget of \$1.8 million equals 31 percent of that total.

Acquisition and Relocation:

Indicated whether the grantee intends to demolish or convert any low- and moderate-income dwelling units. The City does not intend to demolish or convert any occupied dwelling units. It will take action solely on vacant and foreclosed properties. NSP guidelines specifically exempt NSP funded projects from the one for one replacement requirements that would otherwise apply.

Public Comment:

On November 1, 2008 the draft Substantial Amendment and SF424 were made available to the public on the City's website at the following web address: www.santa-ana.org/cda/default.asp. Additionally, the documents were made available at the following four locations: Housing Department, 20 Civic Center Plaza, 3rd Floor; Community Development Agency, 20 Civic Center Plaza, 6th Floor; Office of the Clerk of the Council, 20 Civic Center Plaza, Room 809; and the Main Public Library, 26 Civic Center Plaza, Santa Ana, California.

Availability of the documents and of the City's Council's intent to take action on November 17, 2008 was made known by publication on November 1, 2008 in the Orange County Register, a newspaper of general circulation. Publication in La Opinion and Nguoi Viet, newspapers published in Spanish and Vietnamese respectively, occurred on November 4, 2008. This was the earliest date possible.

Summary of Public Comments received to the proposed NSP Substantial Amendment:
Community Redevelopment and Housing Commission Comments

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- Acquire parks for open space, when feasible
- Recommend priority for live or work in Santa Ana, and Veterans
- Increase the number of 80 percent AMI units in Program

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City Council Comments

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- Seeks opportunities to leverage funds
- Prioritize most negatively impacted neighborhoods/blocks, including historic neighborhoods
- Recommend not using the funds for one specific bank or lender

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Overall	This Report Period	To Date
Total Projected Budget from All Sources	\$0.00	\$13,099,110.95
Total Budget	\$0.00	\$7,595,150.82
Total Obligated	\$0.00	\$7,595,150.82
Total Funds Drawdown	\$0.00	\$6,982,735.13
Program Funds Drawdown	\$0.00	\$5,555,109.25
Program Income Drawdown	\$0.00	\$1,427,625.88
Program Income Received	\$32,170.08	\$2,189,401.07
Total Funds Expended	\$0.00	\$6,959,058.87
HUD Identified Most Impacted and Distressed	\$0.00	\$0.00
Other Funds	\$ 0.00	\$ 5,503,960.13
Match Funds	\$ 0.00	\$ 5,503,960.13
Non-Match Funds	\$ 0.00	\$ 0.00

Funds Expended

Overall	This Period	To Date
City of Santa Ana Community Development Agency	\$ 0.00	\$ 6,959,058.87



Progress Toward Required Numeric Targets

Requirement	Target	Projected	Actual
Overall Benefit Percentage	99.99%	.00%	.00%
Minimum Non Federal Match	\$.00	\$.00	\$5,503,960.13
Overall Benefit Amount	\$6,820,586.46	\$.00	\$.00
Limit on Public Services	\$869,272.65	\$.00	\$.00
Limit on Admin/Planning	\$579,515.10	\$773,882.41	\$643,877.60
Limit on Admin	\$.00	\$773,882.41	\$643,877.60
Most Impacted and Distressed	\$.00	\$.00	\$.00
Progress towards LH25 Requirement	\$1,898,787.75		\$2,410,322.39

Overall Progress Narrative:

On July 2, 2018, the City of Santa Ana issued a Request for Proposals to expend our remaining NSP I, II and III funds. The RFP included \$1,239,599 in NSP I, II and III funds. The RFP also included \$901,317 in Housing Successor Agency funds, \$3,155,877 in Inclusionary Housing Funds, \$2,791,960 in HOME Program funds, \$1,534,129 in CDBG Program funds, 100 HUD-VASH Project-Based Vouchers, and four land assets owned by the Housing Authority of the City of Santa Ana (Housing Authority). The first deadline for the RFP was August 15th, 2018 and a total of 13 proposals were received before the deadline. Following this RFP Process, the Review Panel for the RFP recommended an award of \$932,912 in NSP Program funds and \$3,007,489 in HOME Program funds to the Related Companies of California for the development of an 86-unit new construction affordable housing project to be located on Housing Authority-owned land at 1126 and 1146 E. Washington. The project is referred to as the Crossroads at Washington. This award of funds will also include a 62-year ground-lease for the parcel, which is owned by the Housing Authority. The project will have 86 units of which 43 units will be permanent supportive housing and 43 units will be extremely low-income units affordable to families at 30% AMI. The award recommendation was approved by the City of Santa Ana City Council/Housing Authority Board on July 2, 2019. Following the approval by the City of Santa Ana and Housing Authority, the project was also approved by the County of Orange Board of Supervisors because the County of Orange owns an adjacent parcel for the entire project. The County of Orange will have a long-term ground lease for their parcel joined together with the Housing Authority because the project will cross the property lines of the County of Orange and the Housing Authority of the City of Santa Ana. The 62-year ground-lease was approved by the City Council for the City of Santa and the Orange County Board of Supervisors on February 18, 2020 which also included approval of a Joint Powers Agreement for the City and County to become joint owners of the combined land. With this pre-commitment of \$932,912 in NSP Program funds and \$3,007,489 in HOME Program funds, together with a 62-year ground-lease, the Related Companies has been working to secure their remaining sources of financing to develop the project. Toward that goal, the Related Companies submitted a 9% tax credit application for the Crossroads at Washington on July 1, 2020. (Their previous application for Round 1 that they submitted on March 9, 2020 was not successful). The project received an award of Further Consolidated Appropriations Act, 2020 (FCAA) tax credits from the Tax Credit Allocation Committee. The FCAA provided additional 9% federal tax credits for multifamily housing projects in certain disaster areas, in recognition of the recent disasters occurring in California. However, the developer conducted a Phase II environmental review and the environmental review has identified hazardous substances in the soil.

On December 15, 2020, the City Council for the City of Santa Ana authorized the Executive Director of the Housing Authority to execute a First Amendment to the Option Agreement with Washington Santa Ana Housing Partners, L.P. for the development of the project, including a maximum reimbursement amount not to exceed \$157,386. This First Amendment is necessary because the developer was considering to decline the award of FCAA tax credits from the Tax Credit Allocation Committee due to the extent of environmental remediation required for the development of the project. In March 2021, Related submitted an application for the Orange County Housing Finance Trust (OCHFT) Permanent Supportive Housing (PSH) Notice of Funding Availability (NOFA). The Crossroads at Washington received a commitment of \$2.5 million from the OCHFT following this NOFA.

The Developer has continued to work with the City, County and the California Department of Toxic Substances Control (DTSC) for environmental investigations onsite and for a



Voluntary Oversight Agreement between the City, County and DTSC for agency oversight. The County and City as joint owners submitted a Request for Agency Oversight Application to the Department of Toxic Substances Control (DTSC). The application was reviewed and accepted by DTSC. The Standard Voluntary Agreement allows DTSC to act as the oversight agency with the ability to facilitate and help coordinate further inspections and investigations, review and approve appropriate remediation measures and documents, and engage the public as necessary. These activities are necessary for the development of the site. After DTSC approves the remediation measures/documents, DTSC will remain as the oversight agency during the remedial activities. On July 20, 2021, the City Council authorized the Executive Director of the Housing Authority to execute the Standard Voluntary Agreement up to an amount not to exceed \$40,000 with the County of Orange and Department of Toxic Substances Control for the Crossroads at Washington affordable housing project located at 1126 and 1146 E Washington Avenue, Santa Ana, CA 92701, (APNs 398-092-13 and 398-092-14).

The deadline for the formal acceptance of the FCAA tax credits was on September 1, 2021 and Related accepted the FCAA tax credits. Acceptance of the FCAA tax credits requires Related to complete the project by December 2023, or risk impacting their ability to develop any other projects for two years as an affordable housing developer.

Update:

On August 11, 2021, the City, Housing Authority and County of Orange learned from DTSC that the total cost of remediation on the site will cost less than \$300,000. Following this meeting, the City and Housing Authority approved a Second Amendment to the Option Agreement to ensure that the City and County would provide a financial backstop (e.g. insurance against risk) if there were no other sources of funds to cover this cost. In addition, the City and Housing Authority amended the award of funds for the project to increase the amount of NSP funds and award up to seven project-based vouchers. Specifically, on August 17, 2021, the City Council authorized the City Manager to execute a First Amended and Restated Pre-Loan Commitment letter with The Related Companies of California, LLC (âRelatedâ) with A Community of Friends (âACOFâ) for a total of \$4,305,182 in affordable housing funds, consisting of \$3,007,489 in HOME Investment Partnerships Program funds, \$963,951 in Neighborhood Stabilization Program funds, and an additional \$333,742 in remaining Neighborhood Stabilization Program funds. This action increased the Cityâs commitment of NSP I, II and III funds for a total of \$1,297,693 in NSP funds. This is the entire remaining balance of the Cityâs NSP I, II and III funds.

On August 17, 2021, the Housing Authority also authorized the Executive Director of the Housing Authority to execute a Second Amendment to the Option Agreement with Washington Santa Ana Housing Partners, L.P., a California limited partnership for the development of the Crossroads at Washington affordable housing project to include an environmental remediation backstop amount not to exceed \$300,000 (if required). The Housing Authority also approved an award of up to seven project-based vouchers and authorized the Executive Director of the Housing Authority to execute an Agreement to enter into a Project-Based Vouchers Housing Assistance Payments Contract with Washington Santa Ana Housing Partners, L.P., a California limited partnership for the development of the Crossroads at Washington affordable housing project.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
01, Eligible Use A: Financing Mechanism	\$0.00	\$6,821,268.46	\$5,192,601.35
02, Eligible Use E: Redevelop Demolished or Vacant	\$0.00	\$0.00	\$0.00
03, Admin	\$0.00	\$773,882.41	\$362,507.90

Activities

Project # / 01 / Eligible Use A: Financing Mechanism

Grantee Activity Number: NSP2008ARCH

Activity Title: Acquisition/Rehab-Condos and Historic Homes

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

01

Projected Start Date:

01/15/2009

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Eligible Use A: Financing Mechanism

Projected End Date:

01/14/2014

Completed Activity Actual End Date:**Responsible Organization:**

City of Santa Ana Community Development Agency

Overall	Jul 1 thru Sep 30, 2021	To Date
Total Projected Budget from All Sources	\$0.00	\$2,154,059.80
Total Budget	\$0.00	\$2,154,059.80
Total Obligated	\$0.00	\$2,154,059.80
Total Funds Drawdown	\$0.00	\$2,103,317.90
Program Funds Drawdown	\$0.00	\$1,513,537.09
Program Income Drawdown	\$0.00	\$589,780.81
Program Income Received	\$13,785.58	\$1,180,675.54
Total Funds Expended	\$0.00	\$2,103,317.90
City of Santa Ana Community Development Agency	\$0.00	\$2,103,317.90
Most Impacted and Distressed Expended	\$0.00	\$0.00

Activity Description:

This program will be operated by contracted intermediaries selected through a Request for Proposals process. These intermediaries will use NSP funds, or ideally other funds available to them, to acquire and rehabilitate foreclosed or abandoned condominium units and historically significant homes. Upon completion the homes will be marketed and sold to households with incomes at or below 120 percent of the area median. Sales prices will be established for both low- and moderate-income households, and in accordance with the methodology established by the California Health and Safety Code with modifications designed to increase their affordability. For homes offered for sale to low income households, the affordable sales price will be based on 30 percent of the monthly income of a household at 65 percent of area median. For homes offered for sale to moderate-and middle-income households, the sales price will be base on 35 percent of the monthly income of a household at 100 percent of area median. For those receiving such assistance, continued affordability will be assured through forty five year deed restrictions and promissory notes requiring repayment of the difference between the sales price and the fair market value. Additionally, the loans will carry 3 percent interest rates, which interest rate will be forgivable over the forty five years. Should these homes prove hard to sell, the intermediaries will be able to offer them to income qualified households on a lease to own basis. The City will insure that this activity benefits income qualified households by limiting eligibility to those with incomes at or below 120 percent of area median income. Given the significant upfront and long term costs associated with homeownership the City does not anticipate that this program will serve any very low-income households, and it will not deed restrict any homes purchased through this program to occupancy by very low-income households.

Location Description:

For reasons described in Section A of the City's Substantial Amendment, condominiums were excluded from the City's analysis of its Areas of Greatest Need. Additionally, historically significant homes are widely scattered,



but are an important contributor to the City’s cultural life. As a consequence the City will offer this program on a citywide basis to insure that both types of housing can be acquired and rehabilitated with NSP funds.

Activity Progress Narrative:

Accomplishments Performance Measures

	This Report Period Total	Cumulative Actual Total / Expected Total
# of Properties	0	0/0

	This Report Period Total	Cumulative Actual Total / Expected Total
# of Housing Units	0	22/10

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	1/0	16/0	22/10	77.27

Activity Locations

No Activity Locations found.

Other Funding Sources

No Other Funding Sources Found

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Activity Supporting Documents: None



Grantee Activity Number: NSP2008RNTL

Activity Title: Acquisition and Rehabilitation - Rental Housing

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

01

Projected Start Date:

01/15/2009

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Eligible Use A: Financing Mechanism

Projected End Date:

01/14/2014

Completed Activity Actual End Date:**Responsible Organization:**

City of Santa Ana Community Development Agency

Overall	Jul 1 thru Sep 30, 2021	To Date
Total Projected Budget from All Sources	\$0.00	\$2,503,724.46
Total Budget	\$0.00	\$2,503,724.46
Total Obligated	\$0.00	\$2,503,724.46
Total Funds Drawdown	\$0.00	\$2,410,322.39
Program Funds Drawdown	\$0.00	\$2,365,147.26
Program Income Drawdown	\$0.00	\$45,175.13
Program Income Received	\$18,384.50	\$99,666.50
Total Funds Expended	\$0.00	\$2,410,322.39
City of Santa Ana Community Development Agency	\$0.00	\$2,410,322.39
Most Impacted and Distressed Expended	\$0.00	\$0.00

Activity Description:

The City will operate this program on a citywide basis through contracted intermediaries who will possess demonstrated capacity to acquire, rehabilitate, operate and maintain rental housing units restricted to very low-income tenants. NSP funds will be used in conjunction with other private and/or public funds for this purpose. The City will use this activity to meet the low-income housing requirement for those below 50 percent of area median income. Long term affordability will be insured by recordation of a City deed of trust, loan agreement and regulatory agreement stipulating the amount of the NSP loan and requiring a fifty five year period of affordability. Allowable rents will depend on project specifics but will need to be affordable to households between 30 percent and 50 percent of area median income.

Location Description:

Based on its current Consolidated Five Year Plan and its draft Housing Element, the City of Santa Ana has determined that there is a citywide shortage of rental housing available and affordable to households at or below 50 percent of area median income. As a consequence the City will operate this program on a citywide basis.

Activity Progress Narrative:

Accomplishments Performance Measures

	This Report Period Total	Cumulative Actual Total / Expected Total
# of Properties	0	1/0
	This Report Period Total	Cumulative Actual Total / Expected Total
# of Housing Units	0	51/24
# of Multifamily Units	0	51/24

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	51/24	0/0	51/24	100.00
# Renter	0	0	0	51/24	0/0	51/24	100.00

Activity Locations

No Activity Locations found.

Other Funding Sources

No Other Funding Sources Found

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Activity Supporting Documents: None

