

Grantee: Santa Ana, CA

Grant: B-09-LN-CA-0047

July 1, 2021 thru September 30, 2021 Performance

Grant Number: B-09-LN-CA-0047	Obligation Date:	Award Date:
Grantee Name: Santa Ana, CA	Contract End Date:	Review by HUD: Reviewed and Approved
Grant Award Amount: \$10,000,000.00	Grant Status: Active	QPR Contact: No QPR Contact Found
LOCCS Authorized Amount: \$10,000,000.00	Estimated PI/RL Funds: \$2,415,913.44	
Total Budget: \$12,415,913.44		

Disasters:

Declaration Number

No Disasters Found

Narratives

Executive Summary:

The City of Santa Ana will use NSP 2 funds to undertake the following activities/programs under the financing mechanism:

- Downpayment Assistance
- Acquisition of Single Family Homes
- Rental Housing
- Administration

Target Geography:

Various locations throughout the City's NSP 2 Priority Area.

Program Approach:

Eligible Fund Use

The City of Santa Ana will use NSP 2 funds to undertake the following activities/programs under the financing mechanism. Programs 1 and 4, described below, will be implemented by the City and Programs 2 and 3 will be performed by intermediaries working on behalf of the City.

Program 1: Downpayment Assistance - \$400,000

The City will make downpayment loans available to households at or below 120 percent of area median income. These loans will be deferred for thirty years and have zero interest. They will be due and payable at the end of the thirty year period or at such time as the home is sold. The maximum loan amount will be 10 percent of the sales price or \$40,000, whichever is lower. Borrowers will be required to qualify for fixed conventional first mortgage loan, and downpayment loan amount will be restricted to the amount necessary to purchase the home. This program will be managed by City staff who will work directly with interested homebuyers and realtors. In accordance with requirements, participants will be required to attend a minimum of eight hours of HUD-approved homebuyer counseling.

Program 2: Acquisition and Rehabilitation of Single Family Homes - \$6,100,000

This program will facilitate acquisition and rehabilitation of abandoned or foreclosed owner-occupied residences through intermediaries. Upon completion, remodeled homes will be marketed and sold to households with incomes at or below 120 percent of area median income. Homes completed through this program will be in compliance with the California Health and Safety Code and will include energy-efficient features and drought-resistant landscaping. The City will provide loans to homebuyers that will carry 3 percent interest rates, and be due and payable in 45 years, or at such time as the home is sold or ceases to be used as the owners' principal residence. The interest will be forgivable over the 45 years. In accordance with requirements, participants will be required to attend a minimum of eight hours of HUD-approved homebuyer counseling.

Program 3: Acquisition and Rehabilitation of Rental Housing - \$2,500,000

This program will be used to acquire and rehabilitate foreclosed or abandoned properties suitable for rental housing (condominiums, duplex, multifamily). After acquisition and rehabilitation, such housing will be code compliant, energy efficient and be restricted to very low-income households at rents affordable to such households. The City has budgeted more than 25 percent of the anticipated NSP grant and will use this program to meet its very low-income requirement. Funds will be offered in the form of residual receipts payment loans carrying interest rates ranging from 0 percent to 3 percent depending on anticipate cash flow. The term of the loan will be 55 years, and the City will record trust deeds and covenants



to insure affordability for that period of time.

Program 4: Administration - \$1,000,000

The Administration will provide funding for the City to operate the Neighborhood Stabilization Program.

Income Targeting/Benefit

In accordance with NSP 2 requirements, the City will use all funds appropriated or otherwise made available shall be used with respect to individuals and households whose income does not exceed 120 percent of area median income. Additionally, no less than 2

Program Approach:

5 percent of the total grant will be used to benefit individuals and households whose income does not exceed 50 percent of area median income.

Consortium Members:

The City of Santa Ana is not working with a Consortium

How to Get Additional Information:

All communication regarding this Action Plan should be addressed to the following:

Mr. Judson Brown
 Housing Division Manager
 City of Santa Ana
 20 Civic Center Plaza, M-37
 Santa Ana, CA 92701
 Tel: (714) 667-2241
 Fax: (714) 667-2225
 Email: jbrown@santa-ana.org

Overall	This Report Period	To Date
Total Projected Budget from All Sources	\$0.00	\$19,175,913.44
Total Budget	\$0.00	\$12,365,913.44
Total Obligated	\$0.00	\$12,171,470.51
Total Funds Drawdown	\$0.00	\$12,136,529.63
Program Funds Drawdown	\$0.00	\$9,984,737.11
Program Income Drawdown	\$0.00	\$2,151,792.52
Program Income Received	\$42,143.79	\$2,583,598.74
Total Funds Expended	\$0.00	\$12,087,599.43
HUD Identified Most Impacted and Distressed	\$0.00	\$0.00
Other Funds	\$ 0.00	\$ 6,810,000.00
Match Funds	\$ 0.00	\$ 6,810,000.00
Non-Match Funds	\$ 0.00	\$ 0.00

Funds Expended

Overall	This Period	To Date
City of Santa Ana Community Development Agency	\$ 0.00	\$ 12,087,599.43

Progress Toward Required Numeric Targets

Requirement	Target	Projected	Actual
Overall Benefit Percentage	99.00%	.00%	.00%
Minimum Non Federal Match	\$.00	\$.00	\$6,810,000.00
Overall Benefit Amount	\$11,152,912.45	\$.00	\$.00
Limit on Public Services	\$.00	\$.00	\$.00
Limit on Admin/Planning	\$1,000,000.00	\$1,150,345.31	\$1,136,698.83
Limit on Admin	\$.00	\$1,150,345.31	\$1,136,698.83
Most Impacted and Distressed	\$.00	\$.00	\$.00
Progress towards LH25 Requirement	\$3,103,978.36		\$4,710,038.65



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 (‘‘Related’’) with A Community of Friends (‘‘ACOF’’) 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 City’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 City’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 for Purchase,	\$0.00	\$11,240,305.24	\$9,517,242.42
02, Admin	\$0.00	\$1,160,345.31	\$467,494.69
NSP2 PI WAIVER, NSP2 PROGRAM INCOME WAIVER	\$0.00	\$0.00	\$0.00

Activities

Project # / 01 / Eligible Use A: Financing Mechanism for Purchase,



Grantee Activity Number: NSP2010RNTL

Activity Title: Rental Housing

Activity Type:

Acquisition - general

Project Number:

01

Projected Start Date:

02/11/2010

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Eligible Use A: Financing Mechanism for Purchase,

Projected End Date:

02/11/2013

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

City of Santa Ana Community Development Agency

Overall**Total Projected Budget from All Sources****Jul 1 thru Sep 30, 2021****To Date**

\$0.00

\$4,730,038.65

Total Budget

\$0.00

\$4,730,038.65

Total Obligated

\$0.00

\$4,730,038.65

Total Funds Drawdown

\$0.00

\$4,710,038.65

Program Funds Drawdown

\$0.00

\$4,162,138.62

Program Income Drawdown

\$0.00

\$547,900.03

Program Income Received

\$42,143.79

\$191,869.79

Total Funds Expended

\$0.00

\$4,710,038.65

Most Impacted and Distressed Expended

\$0.00

\$0.00

Activity Description:

This program will be used to acquire and rehabilitate foreclosed or abandoned properties suitable for rental housing (condominiums, duplex, multifamily). After acquisition and rehabilitation, such housing will be code compliant, energy-efficient and be restricted to very low-income households at rents affordable to such households. The City has budgeted 25 percent of the anticipated NSP grant for this program and will use it to meet its very-low income requirement. Funds will be offered in the form of residual receipts payment loans carrying interest rates ranging from 0 percent to 3 percent depending on anticipated cash flow. The term of the loan will be 55 years, and the City will record trust deeds and covenants to insure affordability for that period of time. The City anticipates that through this activity it will facilitate the purchase and rehabilitation of at least 30 rental units. The City intends to commit \$2.5 million or 25 percent of its requested grant amount to this activity.

Location Description:

Various locations throughout the City's NSP 2 Priority Area.

Activity Progress Narrative:

Accomplishments Performance Measures

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

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Housing Units	0		26/30	
# of Multifamily Units	0		26/30	

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	26/30	0/0	26/30	100.00
# Renter	0	0	0	26/30	0/0	26/30	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

