

Grantee: Santa Ana, CA

Grant: B-11-MN-06-0522

October 1, 2020 thru December 31, 2020 Performance Report

Grant Number: B-11-MN-06-0522	Obligation Date:	Award Date:
Grantee Name: Santa Ana, CA	Contract End Date:	Review by HUD: Reviewed and Approved
Grant Award Amount: \$1,464,113.00	Grant Status: Active	QPR Contact: No QPR Contact Found
LOCCS Authorized Amount: \$1,464,113.00	Estimated PI/RL Funds: \$270,856.58	
Total Budget: \$1,734,969.58		

Disasters:

Declaration Number

NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

The City will be administering three activities with its NSP3 funding.

- Activity #1 - Administration that will provide funding needed by the City to operate and manage its NSP3 program.
- Activity #2 - Acquisition/Rehabilitation/Resale of Foreclosed Single Family Homes for Low Income Households will be used to acquire and rehabilitate foreclosed single family housing units to meet the NSP3 requirement that grantees spend at least 25 percent of their funds allocated to households whose annual income does not exceed 50 percent of area median income as determined by HUD
- Activity #3 - Acquisition/Rehabilitation/Resale of Foreclosed Single Family Homes for Low-, Moderate-, and Middle-Income Households will be used to acquire and rehabilitate foreclosed single family housing units. Sale and occupancy will be restricted to households whose annual income does not exceed 120 percent of the area median income as determined by HUD.
- Activity #4 - Redevelopment of Vacant Properties as Rental Housing for Low-Income Households will be used to acquire and redevelop vacant properties as rental housing for low-income households at or below 50 percent of the area median income as established by HUD.
- Activity #5 - Redevelopment of Vacant Properties as Rental Housing for Low-Income Households will be used to acquire and redevelop vacant properties as rental housing for low-income households at or below 60 percent of the area median income as established by HUD.

How Fund Use Addresses Market Conditions:

The areas of greatest need were established by means of a careful evaluation of local housing conditions as shown by the data sources identified above, and an analysis of the relative needs scores of neighborhoods known by staff to be experiencing significant numbers of foreclosures. These needs scores were found on HUD's NSP3 Mapping Tool website. Additionally, staff gave careful consideration to its ability to significantly impact the foreclosure problem in different neighborhoods with the limited funding the City will receive through this third round of NSP funding. Staff prioritized rental housing by first seeking to identify foreclosure impacted rental communities that had appropriate needs scores, as well as acquisition opportunities that could be accessed using the limited NSP3 funds the City anticipates receiving. The City has been unable to identify such neighborhoods, and consequently will be focusing its efforts on owner occupied single family homes.

Ensuring Continued Affordability:

In order to ensure continued affordability to the maximum extent practicable and for the longest feasible term for the for-sale and rental properties it assists with NSP3 monies, the City will record affordability covenants that will run for a period of 45 years for owner-occupied properties and 55 years for rental properties. In addition, the City will obtain promissory notes and record trust deeds to secure the NSP3 funds it invests in these for sale properties. These documents will have a 45 year term, and will require payment in full if the owner fails to comply with the terms of the covenants.



Definition of 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:

"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."

Definition of Affordable Rents:

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 number of bedrooms in the unit."

Housing Rehabilitation/New Construction Standards:

The City of Santa Ana has modified its existing NSP rehabilitation standards so as to meet the requirements established in NSP3. These newly revised standards are attached to the City's Substantial Amendment as Attachment 2.

Vicinity Hiring:

The City will be hiring an intermediary through the request for proposals process that will be required to market any employment or contracting opportunities to priority area residents and firms, and to select them to the maximum extent feasible.

Procedures for Preferences for Affordable Rental Dev.:

Staff gave careful consideration to its ability to significantly impact the foreclosure problem in different neighborhoods with the limited funding the City will receive through this third round of NSP funding. Staff prioritized rental housing by first seeking to identify foreclosed impacted rental communities that had appropriate needs scores, as well as acquisition opportunities that could be accessed using the limited NSP3 funds the City anticipates receiving. The City was unable to identify such neighborhoods, and consequently will be focusing its efforts on owner-occupied single family homes.

Grantee Contact 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	\$1,906,380.58
Total Budget	\$0.00	\$1,734,969.58
Total Obligated	\$0.00	\$1,734,969.58
Total Funds Drawdown	\$0.00	\$1,641,456.54
Program Funds Drawdown	\$0.00	\$1,457,653.65
Program Income Drawdown	\$0.00	\$183,802.89
Program Income Received	\$0.00	\$264,158.37
Total Funds Expended	\$0.00	\$1,632,514.87
HUD Identified Most Impacted and Distressed	\$0.00	\$0.00
Other Funds	\$ 0.00	\$ 171,411.00
Match Funds	\$ 0.00	\$ 171,411.00
Non-Match Funds	\$ 0.00	\$ 0.00

Funds Expended

Overall	This Period	To Date
City of Santa Ana Community Development Agency	\$ 0.00	\$ 1,632,514.87



Progress Toward Required Numeric Targets

Requirement	Target	Projected	Actual
Overall Benefit Percentage	99.99%	.00%	.00%
Minimum Non Federal Match	\$.00	\$.00	\$171,411.00
Overall Benefit Amount	\$173,479,608.30	\$.00	\$.00
Limit on Public Services	\$219,616.95	\$.00	\$.00
Limit on Admin/Planning	\$146,411.30	\$171,798.72	\$.00
Limit on Admin	\$.00	\$171,798.72	\$.00
Most Impacted and Distressed	\$.00	\$.00	\$.00
Progress towards LH25 Requirement	\$433,742.40		\$857,104.00

Overall Progress Narrative:

The City of Santa Ana issued a Request for Proposals on July 2, 2018 to expend 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 (the 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 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 tax credits from the Tax Credit Allocation Committee. However, over the last six months the developer has been conducting a Phase II environmental review and the environmental review has identified hazardous substances in the soil. The developer is awaiting the final results of the environmental review samples before deciding whether or not to accept the award of tax credits. Depending on the extent of remediation required to remove the environmental contamination, the City may increase our award of NSP Program funds such that the developer can accept the award of tax credits and continue to move the project forward. If this solution does not work, the developer will have to decline the award of tax credits and continue pursuing additional sources of financing to develop the project.

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 may have to decline the award of tax credits from the Tax Credit Allocation Committee due to the extent of environmental remediation required for the development of the project. If the developer declines the award of tax credits and decides not to move forward with the project, the City / Housing Authority will need to reimburse the developer 50% of the \$157,386 in their predevelopment costs, with the other 50% to be paid by the County of Orange as the joint owner of the combined property.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown



Admin, Admin	\$0.00	\$171,798.72	\$101,274.54
Eligible Use A, Financing Mechanism	\$0.00	\$441,790.86	\$284,999.11
Eligible Use E, Redevelopment of Vacant Properties	\$0.00	\$1,121,380.00	\$1,071,380.00

