

Grantee: Santa Ana, CA

Grant: B-11-MN-06-0522

July 1, 2021 thru September 30, 2021 Performance

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:

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 Santa Ana, CA 92701
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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	\$8,301.73	\$272,460.10
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	\$1,563,014.54	\$.00	\$.00
Limit on Public Services	\$219,616.95	\$.00	\$.00
Limit on Admin/Planning	\$146,411.30	\$171,798.72	\$167,937.78
Limit on Admin	\$.00	\$171,798.72	\$167,937.78
Most Impacted and Distressed	\$.00	\$.00	\$.00
Progress towards LH25 Requirement	\$433,742.40		\$857,104.00

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
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

Activities

Project # / Eligible Use E / Redevelopment of Vacant Properties



Grantee Activity Number: NSP3REDEV50

Activity Title: Redevelopment of Vacant Properties - LH25

Activity Type:

Construction of new housing

Project Number:

Eligible Use E

Projected Start Date:

10/01/2013

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Redevelopment of Vacant Properties

Projected End Date:

10/01/2014

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

\$882,104.00

Total Budget

\$0.00

\$882,104.00

Total Obligated

\$0.00

\$882,104.00

Total Funds Drawdown

\$0.00

\$857,104.00

Program Funds Drawdown

\$0.00

\$857,104.00

Program Income Drawdown

\$0.00

\$0.00

Program Income Received

\$8,301.73

\$8,301.73

Total Funds Expended

\$0.00

\$857,104.00

Most Impacted and Distressed Expended

\$0.00

\$0.00

Activity Description:

The purpose of this program is to acquire properties suitable to be redeveloped as new housing construction for very low- and low-income households. Properties to be redeveloped will restrict the use of the property to meet NSP and CDBG eligible uses and a CDBG national objective.

Location Description:

Within the City's NSP3 Priority Area.

Activity Progress Narrative:**Accomplishments Performance Measures****No Accomplishments Performance Measures**

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

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

