

AFFORDABLE HOUSING LIGHT ONE CANDLE

SUMMARY

"It is better to light one candle than to curse the darkness."

Ancient Chinese Proverb

Orange County faces a serious shortage of affordable housing today and projections for the future suggest an even more acute problem. Some call it a crisis!

Orange County's economy is vibrant and growing but most business executives now recognize housing costs as the primary barrier to locating or expanding their companies in the County. The ratio of job formation to housing units created is three times above normal, putting a strain on people of all income levels. More and more of the workforce are establishing residences in adjacent counties, which stresses our transportation infrastructure and air quality, and increases commute time. To address this problem, the Board of Supervisors has now ranked affordable housing as one of the two top priorities for the County.

While affordable housing needs in Orange County are pressing in several income levels, they are most acute for the very-low income family. Only a small fraction (<10%) of their housing needs have been met in the last several years. There are financial and government constraints such as land scarcity, cost and zoning. Some elected officials lack the political will to overcome a fear that low-income housing will affect local property values.

The County and all cities within the County are in the final stages of updates to the Housing Element of their General Plan as required by California State law. This provides a challenge and opportunity to seriously follow through in meeting goals and objectives in their plans.

The 2000–2001 Orange County Grand Jury recommends the creation of a Countywide map to assist all public and private entities to develop affordable housing units. The Grand Jury strongly recommends all stakeholders cooperate in a regional approach to diffuse this crisis.

The Grand Jury recognizes that production of sufficient affordable housing is a daunting challenge. The recommendations alone will not accomplish the task. This study is one step in the process to raise the awareness and political will of policy makers and our communities.

PURPOSE/INTRODUCTION

The economy of Orange County depends upon providing housing availability and opportunities for its workforce. As additional jobs are created in the County's vibrant economy, the necessity for affordable housing becomes more apparent. As Orange County continues to be one of the nation's destinations for fulfillment of the American Dream, many large companies are scrambling to find not just affordable housing for their workers but any housing at all.

The purpose of this study was to assess the processes, methods and procedures to accomplish affordable housing goals in the County's and its cities' individual Housing Elements, a part of their General Plans. Cooperative and collaborative efforts of the private, non-profit and governmental sectors will be encouraged.

HISTORY/BACKGROUND

Housing is considered affordable when a household pays no more than 30-40% of its gross monthly income for housing, including utilities. Affordability is further categorized by income level as shown in the table below. The area median family income is determined by a survey of household incomes conducted by the County or its cities, adjusted by household size. In absence of such a survey, it is based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development for the Federal Section 8 Housing Assistance Program. This program is part of the Housing and Community Development Act (HCDA), 88 Stat. 633, passed by Congress in 1974.

Affordable Housing Annual Income Categories

<u>Category</u>	<u>Annual Income*</u>	<u>Max. Affordable Rent Payment**</u>	<u>Max. Affordable Purchase Price***</u>
Very-Low (0-50%AMI)	\$34,800	\$870	\$113,000
Low (51-80%AMI)	\$55,680	\$1,392	\$184,000
Moderate (81-120%AMI)	\$83,520	\$2,088	\$279,000
Above Mod. (>120%AMI)	\$83,520+	Over \$2,088	Over \$279,000

*Income limits established by HUD. Based on 2000 AMI of \$69,600 for Orange County
 **Based on 30% of income
 ***Assumes 10% down payment, 7.5% interest rate, 1.25% for property tax and \$40/month homeowners insurance, and 30% debt ratio

Source: Housing Element of Orange County (Draft)

The following authoritative published reports clearly demonstrate the critical need for more affordable housing.

In a survey report¹ of business respondents, 71% named housing costs as the top barrier to doing business in the County. A shortage of skilled workers can prompt employers to move away, or simply not locate in Orange County.

¹ University of California Irvine Graduate School of Management's *Executive Survey Report for the Year 2000*

A 2000 UCLA economic forecast² notes that there will be an increase in jobs in California and Orange County but “... the big question is: Where will and how will we house them?” The building pace of new housing units has slowed down in the 90’s. The forecast continues, “...the mismatch between demand and supply will not only manifest itself in home appreciation but also crowding in existing housing.”

In Orange County, the ratio of job formation and housing units created is 4.67 to 1. The standard ratio for a healthy jobs/housing balance is 1.5 to 1.³

A Chapman University economic forecast report⁴ projects a widening gap between job growth and the availability of affordable housing in Orange County.

A Federal Department of Housing and Urban Development (HUD) report⁵ lists Orange County as one of the areas in the country with major affordable housing problems.

Orange County’s different zoning processes, high cost of land and insufficient vacant suburban land make it difficult to meet the affordable housing needs for much of its population.⁶

In the past year, home prices in Orange County rose 12%, to an average of \$292,000. Condominiums rose 9.5% to \$175,000.⁷ Average rents for two bedroom apartments increased 10% to \$1,175⁸.

Newspaper articles⁹ almost every month from July 2000 to the present describe the acute need for additional affordable housing units in the County and highlight the increase in housing and rental costs in the County. Workers’ lack of ability to pay these prices was emphasized.

Orange County’s 2000 census data indicates a growing population of senior citizens. Currently seniors make up 14% of the County’s population, but by 2020 they will make up 23% as the *Baby Boomer* generation reaches retirement age.¹⁰

² University of California Los Angeles (UCLA) Anderson School of Management’s *Economic Forecast of September 2000*

³ California Budget Project, *Locked Out: California’s Affordable Housing Crisis*, May 2000

⁴ Chapman University, *Economic and Business Review*, December 2000

⁵ Department of Housing and Urban Development, *Opting In: Renewing America’s Commitment to Affordable Housing*, April 1999

⁶ California Department of Housing and Community Development, 2000

⁷ DataQuick Information Systems, a private company that tracks and publishes statistics on home and condominiums sales

⁸ The Los Angeles Times, May 5, 2001

⁹ The Los Angeles Times and The Orange County Register

¹⁰ The County of Orange, *Orange County Community Indicators*, 2001

Providing senior citizens with affordable housing is crucial. Many seniors live on fixed incomes so when the cost of housing goes up their ability to pay the increase is affected. The California Housing Element Law, Government Code §65580, *et seq.*, places seniors in a special needs category. This is substantiated by the fact that seniors make up 30% of those receiving Federal Section 8 Housing Assistance Program.¹¹

In November 2000 the Orange County Board of Supervisors responded to these important needs by ranking affordable housing as one of the two top priorities for the County. Subsequent Board of Supervisors' action allocated \$34.8 million over the next five years toward this effort.

Housing Needs Assessment

The Southern California Association of Governments (SCAG) is responsible for a Regional Housing Needs Assessment (RHNA) and subsequent allocation to the County and cities. This represents total projected housing needs based on anticipated population growth with adjustments for replacement housing due to demolitions and conversions, and for variations in local vacancy rates. Total allocation for the 1998–2005 planning period represent an 8% increase over current Orange County housing units.

Allocation for New Housing for Orange County, 1998–2005

Income Level	RHNA Fair Share of Housing Units
Very Low	15,046
Low	9,725
Moderate	16,237
Above Moderate	34,506
Total	75,502

Source: Southern California Association of Governments

State Housing Element Law does not explicitly require local government jurisdictions to establish separate objectives for extremely low-income households, i.e., those with incomes less than 30% of the county median or about \$20,000 per year. This income group has been the priority for organizations such as the Kennedy Commission, an advocacy group. The Grand Jury believes the County and cities should recognize that it is important to address the needs of all economic segments of the County's population, including the extremely low category. The Federal Section 8 Housing Assistance Program of HUD has been the primary means for counties and cities to serve this group in the past. This program is administered through the Housing Authorities of counties and cities. The Orange County Housing Authority operates the

¹¹ Orange County Housing Authority, *Annual Plan, 2001*

program for unincorporated areas and 30 cities in the County. The cities of Anaheim, Garden Grove, and Santa Ana have their own Housing Authorities. The total number of assistance vouchers available to tenants is:

- 8,169 for the Orange County Housing Authority
- 5,400 for the Anaheim Housing Authority
- 1,988 for the Garden Grove Housing Authority
- 2,033 for the Santa Ana Housing Authority

The Federal Housing and Urban Development Department has allocated additional Section 8 vouchers to California. The Orange County Housing Authority has applied for 820 of these additional vouchers. Housing Authorities of the cities have applied as follows: Anaheim—700, Garden Grove—350, and Santa Ana—500. Federal and State funds for new construction and rehabilitation have also been appropriated. The County and cities are currently pursuing these vouchers and funds.

Affordable housing is extremely difficult for those workers who make \$7 to \$10 an hour. Occupations in this wage range include construction trade workers, nursing aides, cashiers, mail clerks, childcare workers, elder caregivers and cooks. Major amusement parks, healthcare institutions and fast food restaurants are significant job producers in the minimum and near minimum wage category. Success in providing affordable housing for these workers is sorely inadequate.

A negative impact on the transportation infrastructure occurs as more of the workforce of Orange County must find housing in adjacent counties. Air pollution and freeway-commute time increase, affecting quality of life for all County residents.

The Housing Element Process

California State Housing Element law requires counties and cities to have a Housing Element as part of their General Plan. The State of California has declared that "... availability of housing is of vital statewide importance and the early attainment of decent housing and a suitable living environment for every California family is a priority of highest order" (§ 65580 of Government Code). Further, State Housing Element law requires "... an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs," (Government Code § 65583(a)). The Housing Element spells out the present condition of housing stock in a particular city or county. The element projects into the future how a city or county will address the need to provide affordable housing for residents of that community. The County of Orange and its cities are creating updated Housing Elements for the 1998–2005 time period. In this process, SCAG has the responsibility to allocate the number of affordable housing units based on income levels for each governmental jurisdiction.

When establishing affordable housing needs, SCAG attempts to arrive at a fair share allocation. The County and its cities used the Orange County Council of Governments (COG) as the entity to negotiate the fair share numbers among Orange County cities.

All Housing Elements are sent to the State of California's Department of Housing and Community Development for review and approval. The Housing Elements must also consider the constraints and limitations in local communities for providing affordable housing. These can be grouped in the following categories:

Financial

- Land scarcity and cost
- Construction costs
- Mortgage interest rates
- Availability of mortgage and rehabilitation financing
- Labor costs
- Time required to process developments

Government

- Restrictive zoning
- Building codes
- Land use controls
- Government fees and improvement costs
- State and local tax and fiscal policies
- Environmental concerns
- Complicated government procedures for processing housing projects

Political will and the leadership of elected officials and local governmental staff are essential for any successful program to generate additional affordable housing units. An attitude called NIMBYism (Not In My Back Yard) exists in many communities. There is a fear that creating affordable housing will cause property values to go down.

The processes and procedures used by local governments to create these housing elements are intentionally extensive. It requires local entities to look closely at land use, zoning, regulations, fees and development resources. This provides a challenge and opportunity to follow through with creative plans and programs to implement the goals and objectives. Although the sanctions for not producing the affordable housing are not severe, the mandate to fulfill the allocations should be taken seriously.

Development Resources

No single map for the County and cities identifies the land available for affordable housing. The County's Housing Element Draft has proposed an Overlay Zone

that would identify affordable housing land sites. The County and some cities have maps of affordable housing site locations in their Housing Elements while other cities have it in narrative form. Countywide information is therefore somewhat fragmented. Technology called Geographic Information Systems (GIS) is available but the GIS mapping process requires computer hardware, software, data, people and training. Layers of information are created and can be superimposed. Land appropriate for higher density housing development can be depicted in a consolidated form and be made available to private and public entities.

Numerous private and public resources are available to develop affordable housing in the County. Resources can be used in a single program or in combinations to accomplish the goal to build new housing or rehabilitate existing units. A compilation of available resources prepared by the City of Huntington Beach in their Housing Element document is shown as an example in Appendix B. The County and other cities have comparable documents.

Assessment of Progress

The County appears to be meeting the affordable housing needs of the low and moderate-income levels but is falling far short in number of units built for the very-low income group. Less than 2% of new housing needs established by SCAG for the County unincorporated area for very-low income people have been met for the 1998–2000 period.

Progress Toward Meeting New Housing Needs Orange County Unincorporated Area 1998-2005

	Very Low	Low	Moderate	Above Moderate	Total
Total needs 1998-2005	4,084	2,950	4,992	10,661	22,687
Units built 1998-2000* % of needs met	67 2%	2,694 91%	3,484 70%	3,106 29%	9,351 41%
Remaining needs 2000-05 % of needs remaining	4,017 98%	256 9%	1,508 30%	7,555 71%	13,336 59%
*Includes production through September 30, 2000					

Source: Orange County Planning & Development Services Department

City progress for the very-low income category is similar to the County's unincorporated area. Some cities have made zero progress and others have made as much as 40%. Overall average for the county is still less than 10%.

Cooperation and Collaboration

A variety of affordable housing types can be developed or rehabilitated to provide housing choices for very-low income people:

- Single-family homes
- Attached condominiums
- Rental apartment units
- Senior housing
- Single residence occupancy units (SRO)

Recently, the most successful very-low income affordable housing programs use a cooperative and collaborative model. The County and city Housing Elements include examples of partnerships among for-profit, non-profit and local government sectors in producing affordable housing. Innovative financial packages can be put together so government at all levels (federal, state and local) can join with for-profit and non-profit organizations to successfully create affordable housing for very-low income people in the County.

The County's earmarked Affordable Housing Fund includes provision to provide financial resources to cities to develop affordable housing. The Board of Supervisors has approved funding for nine projects consisting of 665 units of affordable rental housing in Orange County during the past year. Three projects are within the unincorporated areas and six projects are within the cities of Orange, Stanton, Anaheim, Tustin and San Clemente. The County requires all projects be marketed to residents throughout the County. In addition, cities are expected to contribute financially to the support of the project.

The Orange County HCD Department facilitated the establishment of the City—County Housing Roundtable in September 1999. The membership of this organization includes local government housing and redevelopment staff. The purpose of the Roundtable is to provide a forum for discussion and coordination of Countywide housing issues, procedures and processes.

The Orange County Affordable Housing Home Ownership Alliance (OCAHOA) is an example of a private collaborative that assists the County and cities to meet the affordable housing goals in their Housing Elements. OCAHOA has the following partners: Merrill Lynch, The Enterprise Foundation, Fannie Mae, Wells Fargo Bank and the Building Industry Association of Orange County. This partnership of private and non-profit sectors is aimed at the development of targeted solutions that will increase the availability and supply of quality affordable housing for working families. An affordable housing trust fund is a key component of the Alliance. This fund provides low interest loans to affordable housing builders for pre-development, site acquisition, and/or rehabilitation. Merrill Lynch committed the initial one million dollars to establish the fund. The first project is affordable housing in Buena Park for entry-level professors at California State University, Fullerton.

The Orange County Affordable Housing Collaboration is another example of an organization that uses a cooperative approach. It emerged from the Future Search Conference on affordable housing held in October of 1999. Participating are a broad range of stakeholders including: business, labor, local elected officials, government staff, lenders, affordable housing developers and non-profit service providers.

A new affordable housing program called *The Extra Credit Teacher Home Purchase Program* has been created for first-time buyers who are credentialed teachers, assistant principals or principals. Orange County and the Southern California Home Finance Authority have teamed up to establish this opportunity for home buying. Eligible educators must commit to work at a designated low-performing school in the County for five years. The assistance package includes a \$7,500 down payment grant as well as a low fixed-rate interest mortgage for a single family home.

In summary, the Grand Jury is encouraged by the progress and accomplishments that are occurring. All information from housing literature and from recognized private, non-profit and government leaders indicate that government assistance is essential to provide affordable housing for very-low income residents of the County. Collaboration and cooperation give hope that one candle lighted in darkness can create light at the end of the tunnel.

METHOD OF STUDY

The Orange County Grand Jury interviewed housing officials of the County and the cities. Also interviewed were the Orange County Business Council, Building Industry Association of Southern California and non-profit organizations involved in affordable housing construction and management. In addition, the Grand Jury conferred with several large employers, local university academicians, SCAG officials and housing consultants for Orange County.

Site visits were made to affordable single-family homes, single resident occupancy units and multi-family units in several locations within the County. The Grand Jury also interviewed occupants of these residences.

The Grand Jury attended committee and taskforce meetings of several organizations:

- The Orange County Area Agency on Aging
- The City—County Housing Roundtable where local government housing specialists gather to discuss common issues
- The Orange County Housing Element Resource Team which includes government, advocacy groups, for-profit and non-profit members

These committees and taskforces include the major stakeholders who discuss crucial issues involving policy, process and procedures to accomplish the goal to provide affordable housing for the residents of Orange County.

FINDINGS

Under California Penal Code § 933 and § 933.05, responses are required to all findings. The 2000–2001 Orange County Grand Jury has arrived at the following seven findings:

1. Government financial assistance and innovative financial packages are essential for the production of very-low income housing for residents of Orange County.
2. The County does not have a consolidated document or map to illustrate available land for affordable housing units. The County and individual cities create their own separate documents depicting the land available to meet affordable housing needs.
3. The City—County Housing Roundtable brings together local government housing experts to discuss mutual programs and plans from a regional perspective.
4. Production of affordable housing is most successful when the County and cities cooperate with all stakeholders to provide land, zoning and financing.
5. The County and cities have a great challenge to provide needed affordable housing for the extremely-low and very-low income people including the working poor, large families, seniors on fixed incomes and the disabled.
6. The County's and cities' Housing Authorities have been provided with the opportunity for additional Federal Section 8 Housing Assistance Vouchers.
7. The County has participated in cooperative efforts with some cities by providing financial support to develop affordable housing.

Responses to all Findings are required from the Orange County Board of Supervisors and the City Councils of:

**Anaheim
Costa Mesa
Fountain Valley
Huntington Beach
La Palma
Laguna Niguel
Los Alamitos
Orange
San Clemente
Seal Beach
Villa Park**

**Brea
Cypress
Fullerton
Irvine
Laguna Beach
Laguna Woods
Mission Viejo
Placentia
San Juan Capistrano
Stanton
Westminster**

**Buena Park
Dana Point
Garden Grove
La Habra
Laguna Hills
Lake Forest
Newport Beach
Rancho Santa Margarita
Santa Ana
Tustin
Yorba Linda**

Responses to Findings 1-5 are requested from the Orange County Housing and Community Development Department.

Responses to Findings 2 and 4 are requested from the Orange County Planning and Development Services Department.

A Response to Finding 6 is requested from the Orange County Housing Authority and the Housing Authorities of the cities of Anaheim, Garden Grove and Santa Ana.

RECOMMENDATIONS

In accordance with California Penal Code § 933 and § 933.05, each recommendation requires a response from the government entity to which it is addressed. These responses are submitted to the Presiding Judge of the Superior Court. Based upon the findings, the 2000–2001 Orange County Grand Jury recommends that:

1. The Orange County Housing and Community Development Department (HCD) and the Orange County Planning and Development Services Department should take the lead with cities in the County to create a consolidated Geographic Information System (GIS) map or other instrument designating available land for affordable housing units. This map should be made available to private and public entities. (Finding 2)
2. A regional approach to provide affordable housing in the County should be continued. (Finding 3)
3. Orange County HCD should continue to bring stakeholders (business, labor, local elected officials, government staff, lenders, housing developers, and non-profit service providers) together to accomplish the task to produce more affordable housing units in the County. (Finding 4)
4. Each time the Federal Government allows applications for additional Federal Section 8 Housing Assistance Vouchers the Housing Authorities of Orange County and the cities of Anaheim, Garden Grove and Santa Ana should vigorously pursue them. (Finding 6)
5. The County and cities should make a concerted effort to create innovative financial packages with private, non-profit and public sectors to produce additional affordable housing for the working poor, large families, elderly and disabled. (Finding 1)
6. The Orange County Board of Supervisors should continue to support a regional approach to affordable housing including financial support to cities in their efforts to create additional units. (Finding 7)

Responses to all Recommendations are required from the Orange County Board of Supervisors and the City Councils of:

Anaheim	Brea	Buena Park
Costa Mesa	Cypress	Dana Point
Fountain Valley	Fullerton	Garden Grove
Huntington Beach	Irvine	La Habra
La Palma	Laguna Beach	Laguna Hills
Laguna Niguel	Laguna Woods	Lake Forest
Los Alamitos	Mission Viejo	Newport Beach
Orange	Placentia	Rancho Santa Margarita
San Clemente	San Juan Capistrano	Santa Ana
Seal Beach	Stanton	Tustin
Villa Park	Westminster	Yorba Linda

Responses to Recommendations 1-5 are requested from the Orange County Housing and Community Development Department.

A Response to Recommendation 1 is requested from the Orange County Planning and Development Services Department.

A Response to Recommendation 4 is requested from the Orange County Housing Authority and the Housing Authorities of the cities of Anaheim, Garden Grove and Santa Ana.

COMMENDATIONS

The Grand Jury commends the Orange County Board of Supervisors for placing the need to create more affordable housing units as one of the two top priorities for the County.

The Orange County Housing and Community Development Department is commended for its initial efforts to bring together County and city housing staffs to coordinate the regional efforts to produce more affordable units. HCD also brought together major stakeholders in an effort to create more affordable housing units for profit corporations, non-profits and the local government representatives.

Orange County Community Housing Corporation, Jamboree Housing, Mercy Housing of California, Habitat for Humanity, Orange Housing Development Corporation and Neighborhood Housing Services of Orange County are commended for their dedication and accomplishments in the field of affordable housing for Orange County residents in spite of many obstacles.

Appendix A

The Orange County Housing Element (Draft) 2001

City Housing Element, (Available Drafts) 2000, 2001

California's Department of Housing and Community Development, *Raising the Roof: California Housing Development Projections and Constraints*, 2000

California Budget Project, *Locked Out: California's Affordable Housing Crisis*, 2000

County of Orange, *Proposed Affordable Housing Strategy*, March 2, 1999

County of Orange Housing and Community Development Department, *Annual Action Plan Fiscal Year 1999-2000*

The Urban Institute, *Section 8, Mobility and Neighborhood Health*, October 1999

Southern California Studies Center, University of Southern California, *Sprawl Hits The Wall: Confronting the Realities of Metropolitan Los Angeles*, 2001

Orange County Council of Governments, *Smart Growth Strategies to Accommodate Orange Counties Future*, 1999

Appendix B

Example of Financial Resources Available for Housing Activities

Program Type	Program Name	Description	Eligible Activities
1. Federal Programs a. Formula/Entitlements	Community Development Block Grant (CDBG)	Grants awarded to the city on a formula basis for housing and community development activities. Recipients must be low to moderate income (up to 80% MFI), or reside in a low and moderate-income target area.	<ul style="list-style-type: none"> ▪ Acquisition ▪ Rehabilitation ▪ Home buyer assistance ▪ Economic development ▪ Homeless assistance ▪ Public services (15% cap) ▪ Neighborhood revitalization
	Home Investment Partnership (HOME)	Flexible grant program awarded to City on formula basis for housing activities	<ul style="list-style-type: none"> • New construction • Acquisition • Rehabilitation • Home Buyer Assistance • Tenant-based assistance • Planning
	Section 8 Rental Assistance Program	Rental Assistance payments to owners of private market rate units (certificates), or directly to tenants (vouchers). Section 8 tenants must be low income (up to 50% MFI). Administered by the Orange County Housing Authority	<ul style="list-style-type: none"> ▪ Rental Assistance
b. Competitive Programs	Section 202	Grants to non-profit developers of supportive housing for the elderly. Rental assistance is available to very low-income elderly persons (up to 50% MFI).	<ul style="list-style-type: none"> ▪ Acquisition ▪ Rehabilitation ▪ New construction ▪ Rental assistance ▪ Support services
	Section 811	Grants to non-profits developers of supportive housing for persons with disabilities, including group homes, independent living facilities and intermediate care facilities.	<ul style="list-style-type: none"> ▪ Acquisition ▪ Rehabilitation ▪ New construction ▪ Rental assistance
	Section 203 (k)	Provides single long-term, low-interest loan at fixed rate to finance both the acquisition and rehabilitation of residential property.	<ul style="list-style-type: none"> ▪ Acquisition – dwellings and land ▪ Rehabilitation ▪ Relocation of unit to another site on new foundation on the mortgage property ▪ Refinance existing indebtedness
2. State Programs	Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time homebuyers for the purchase of new or existing single-family housing. Local agencies (County) make certificates available.	<ul style="list-style-type: none"> ▪ Home Buyer Assistance

Program Type	Program Name	Description	Eligible Activities
2. State Programs (cont)	California Housing Finance Agency (CHFA) Rental Housing Programs	Below Market rate financing offered to builders and developers of multiple family and senior rental housing. Tax exempt bonds provide below-market mortgages.	<ul style="list-style-type: none"> ▪ New Construction ▪ Rehabilitation ▪ Acquisition of properties from 20 to 150 units
	Low Income Housing Tax Credit	Tax credits available to individuals and corporations that invest in low-income rental housing. Tax credits sold to people with high tax liability, and proceeds are used to create housing	<ul style="list-style-type: none"> ▪ New construction ▪ Rehabilitation ▪ Acquisition
3. Local Programs	Redevelopment Housing Set-Aside Funds.	20 percent of Agency tax increment funds are set-aside for affordable housing activities governed by state law.	<ul style="list-style-type: none"> ▪ New construction ▪ Rehabilitation ▪ Acquisition
	Tax Exempt Housing Revenue Bonds	The city can support low income housing by issuing housing mortgage revenue bonds requiring the developer to lease a fixed percentage of the units to low income households and maintain the rents at a specified rate.	<ul style="list-style-type: none"> ▪ New construction ▪ Acquisition Rehabilitation
4. Private Resources/ Financing Programs	Federal National Mortgage Association (Fannie Mae)	Loan applicants apply to participating lenders for the following programs:	
	<ul style="list-style-type: none"> a. Community Home Mortgage Improvement Program b. Community Seconds Mortgage Loans c. Fannie Neighbors 	<ul style="list-style-type: none"> ▪ Mortgages which fund the purchase and rehabilitation of a home. ▪ Fixed rate second mortgages issued by private mortgage insurers. ▪ Low Down Payment Mortgages for single-Family Home in under served low-income and minority communities 	<ul style="list-style-type: none"> ▪ Home buyer assistance ▪ Rehabilitation ▪ Home buyer assistance ▪ Home buyer assistance
	d. Fannie 97	<ul style="list-style-type: none"> ▪ 3% down payment mortgage loans for low income home buyers ▪ 3% loans for nonprofits, government agencies to pay for closing costs 	<ul style="list-style-type: none"> ▪ Down payment assistance
	Federal Home Loan Bank Affordable Housing Program	Direct Subsidies to non-profit and for-profit developers and public agencies for affordable low-income ownership and rental projects. Applicants respond to NOFAs, with funds awarded on competitive basis.	<ul style="list-style-type: none"> ▪ New Construction

Program Type	Program Name	Description	Eligible Activities
4. Private Resources/ Financing Programs (cont)	Freddie Mac	Home Works - Provides 1 st and 2 nd mortgages that include rehabilitation loan. City provides gap financing for rehabilitation component. Non-profit and for-profit developers contact member banks.	<ul style="list-style-type: none"> ▪ Homebuyer assistance combined with rehabilitation
	Low Income Housing Fund (LIHF)	Non-profit lender offering below market interest, short term loans for affordable housing in both urban and rural areas. Eligible applicants include non-profits and government agencies.	<ul style="list-style-type: none"> ▪ Predevelopment costs ▪ Site acquisition ▪ Construction ▪ Rehabilitation
	Private Lenders	The Community Reinvestment Act (CRA) requires certain regulated financial institutions to achieve goals for lending in low and moderate-income neighborhoods. As a result, most of the larger private lenders offer one or more affordable housing programs, such as first-time homebuyer, housing rehabilitation, or new construction.	<ul style="list-style-type: none"> • Varies, depending on individual program offered by bank

Source: City of Huntington Beach Housing Element (Draft 2000)