

Workforce Housing Reward Program

California Department of Housing
and Community Development



***Housing lower income households ... the
key to livable communities***

Agenda

- Welcome & Introductions
- PowerPoint Presentation
- Break
- PowerPoint Presentation (continued)
- Questions & Answers
- Closing Remarks



Childcare play yard Robb Miller

Workshop Goals

- Overview of WFH Program Objectives
- Eligibility, Threshold & Other Requirements
- Grant & Bonus Awards
- Use of Grant Funds
- Lessons learned
- Respond To Your Questions



WFH Authorization & Allocation

Created by SB 423 (Torlakson),
Statutes of 2002, Health &
Safety Code 50550.

Funded by the Housing and
Emergency Shelter Trust Fund
Act of 2002 (Prop 46 Housing
Bond)



Funds Available in 2005

\$20 million in Workforce Housing Reward (WFH) funds

\$3 million in bonus funds for JHB grantees who apply and
qualify for the WFH

WFH Program Objectives

- Increase Affordable New Residential Construction (Rental & Ownership)
- Reward Compliance with State Housing Element Law
- Fund Local Capital Asset Projects which Benefit the Community



WFH Threshold Requirements



- Housing element must be adopted and submitted to HCD by December 31, 2005 and found in compliance with State Housing Element Law (Article 10.6 of the Government Code)
- Annual Progress Report on implementation of the Housing Element must be submitted to HCD by December 31, 2005 (WFH Guidelines, Attachment D)

WFH Threshold Requirements

- Eligible housing units must have received final land-use approval on or after January 1, 2004 and prior to, or concurrent with, the issuance of a building permit
- Building Permits to begin construction of affordable housing developments must have been issued on or after January 1, 2005



Annual Progress Report on Implementation of the Housing Element (Section 65400 of the Government Code)

Progress in Meeting Regional Housing Need

- Total number of new housing permits issued
- Affordability, by income level, of new units
- Compare new units permitted during the planning period to your jurisdiction's regional housing need by income category (very low, low, moderate, and above moderate)

Effectiveness of the housing element in attainment of the community's housing goals and objectives

- Implementation status report for each program included in the housing element
- Description of actions taken to implement each program
- Effectiveness assessment of actions and outcomes

Progress toward mitigating any governmental constraints identified in the housing element.

Annual Progress Report

- City of Cypress

SAMPLES

WFH Award Process

- The program does not use a competitive process among applicants
- All applicants meeting the threshold requirements will be funded
- Funds will be prorated among applicants if the program is oversubscribed
- Application will be available in January 2006
- Anticipated Application due date of March 2006
- Grant award announcements anticipated Summer 2006
- Standard Agreement with the State required (including monitoring and bi-annual/closeout reporting requirements)

WFH Base Awards

Production Award

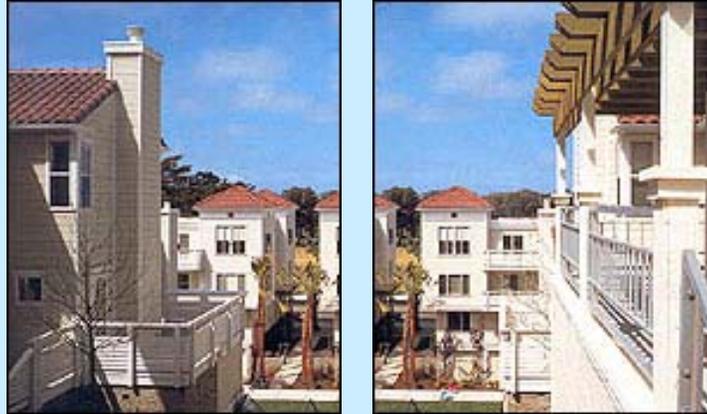
- Funds awarded on a per bedroom basis by income level
- New residential construction (housing units as defined by the Census)

Grant amounts per bedroom:

- \$1,500 per bedroom for units affordable to very low-income households
- \$1,000 per bedroom for units affordable to low-income households



WFH Bonus Awards

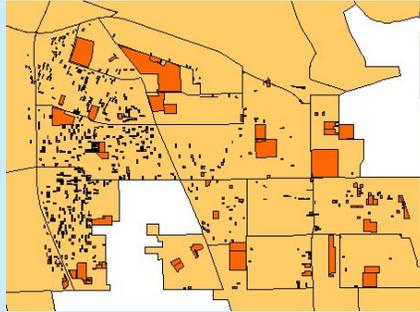


Jobs Housing Balance Program Bonus

For grantees of the 2003 Jobs Housing Balance Incentive Grant Program (JHB)

- \$200 per bedroom for very low- and low-income units

WFH Bonus Awards



RHNA Bonus

For jurisdictions that meet targeted percentage of the total Regional Housing Needs Allocation (RHNA)

- \$250 per bedroom for very low-income
- \$200 per bedroom for low-income

HCD will determine which applicants qualify for the RHNA bonus on the basis of permits reported by the Construction Industry Research Board (CIRB), State Department of Finance (DOF), or Census, relative to total RHNA

Via Roble

City of Escondido

91 unit mixed-use development (72* renter/19 owner units**)



25 Very Low -Income (VLI) Units

3 studios (counted as one- bedroom units)

3 one-bedroom

10 two-bedroom

9 three-bedroom

46 Low - Income (LI) Units

6 studios (counted as one-bedroom units)

5 one-bedroom

17 two-bedroom

18 three-bedroom

*Includes one unrestricted manager unit

** Ownership units are market rate



Via Roble – City of Escondido

Award calculations

6 VLI Units x 1 Bdrm = 6	x \$1,500/Bdrm =	\$9,000
10 VLI Units x 2 Bdrm = 20	x \$1,500/Bdrm =	\$30,000
9 VLI Units x 3 Bdrm = 27	x \$1,500/Bdrm =	<u>\$40,500</u>
	Subtotal	\$79,500
11 LI Units x 1 Bdrm = 11	x \$1,000/Bdrm =	\$11,000
17 LI Units x 2 Bdrm = 34	x \$1,000/Bdrm =	\$34,000
18 LI Units x 3 Bdrm = 54	x \$1,000/Bdrm =	<u>\$54,000</u>
	Subtotal	\$99,000
WFH Base Award		= \$178,500
TOTAL WFH AWARD		= \$178,500

Fremont Mews

City of Sacramento

119 Mixed Income Apartment Project

24 Very Low - Income (VLI) Units

4 studios (counted as a one- bedroom unit)

14 one-bedroom

6 two-bedroom

25 Low - Income (LI) Units

5 studios (counted as a one-bedroom unit)

14 one-bedroom

6 two-bedroom





Fremont Mews – City of Sacramento

Award calculations

18 VLI Units x 1 Bdrm = 18 x \$1,500/Bdrm	=	\$27,000
6 VLI Units x 2 Bdrm = 12 x \$1,500/Bdrm	=	<u>\$18,000</u>
Subtotal		\$45,000
19 LI Units x 1 Bdrm = 19 x \$1,000/Bdrm	=	\$19,000
6 LI Units x 2 Bdrm = 12 x \$1,000/Bdrm	=	<u>\$12,000</u>
Subtotal		\$31,000
WFH Base Award	=	\$79,000
JHB Bonus (61 Bdrm x \$200)	=	\$12,200
RHNA Bonus VLI (30 Bdrm x \$250)	=	\$ 7,500
RHNA Bonus LI (31 Bdrm x \$200)	=	\$ 6,200
Subtotal	=	<u>\$13,700</u>
TOTAL WFH AWARD	=	\$104,900

Tracking Affordable Units

What documentation must be submitted?

- Final Land Use Approval
- Permit to begin construction issued on or after 1/1/2005
- Number of units affordable to very low- and/or low-income households
- Number of Bedrooms (by income level)
- Affordability Restriction



Final Land Use Approval

- **Must have occurred on or after January 1, 2004**
- **Final action in planning process prior to or concurrent with the issuance of a building permit**

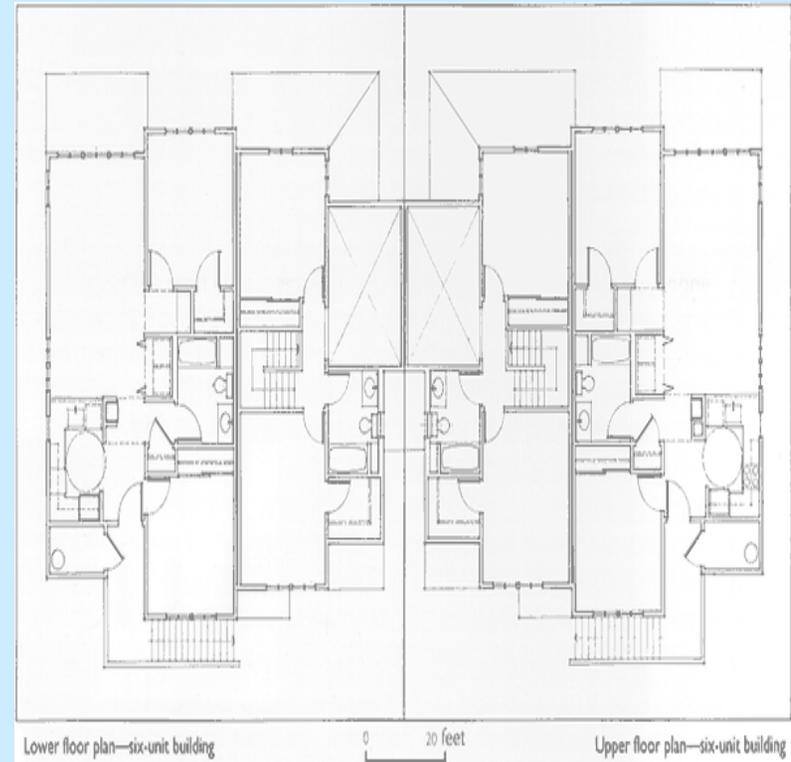
Examples of documented Final Land Use Approval:

- ✓ Plan Check Approval
- ✓ Site Plan Approval
- ✓ Conditions of Approval
- ✓ Design Review Approval
- ✓ Vesting or Final Map Approval
- ✓ CUP/Variance Approval



Building Permits

- Eligible units must have a building permit issued to begin construction on or after January 1, 2005



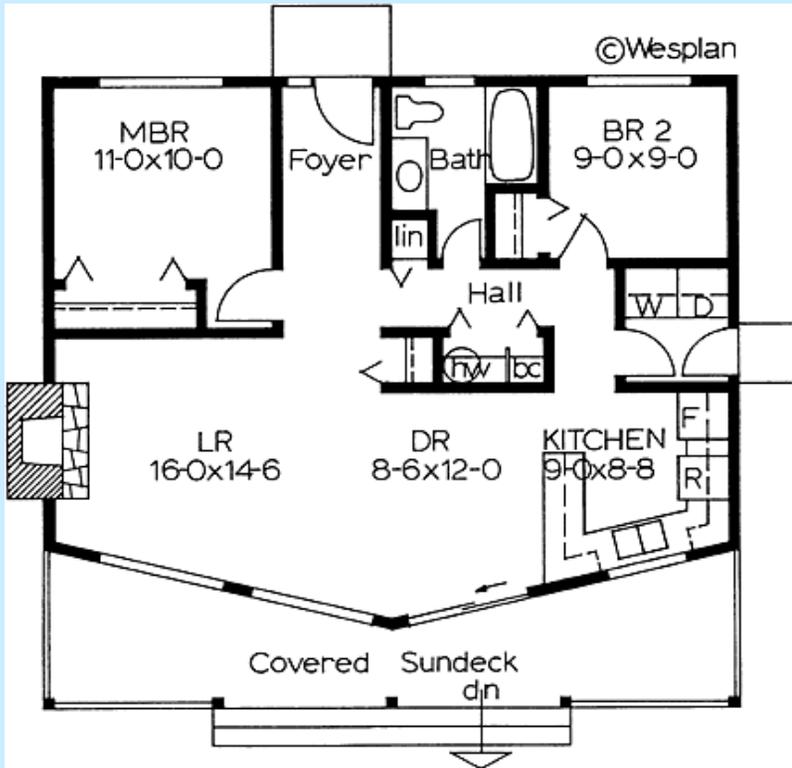
Income Eligibility & Verification



- Household incomes must not exceed the published income limits for very low- and low-income households as listed on HCD's website*:
www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html
- Applicants must demonstrate total number of units eligible by income level (very low or low)
- Cities and Counties must use the published income limits available when the permit was issued

*Unless using income limits specific to federal programs such as
USDA Rural Assistance Section 502

Bedroom Count Documentation



- ✓ Floor Plan
- ✓ Plan Check
- ✓ Tax Credit reservation letter or other subsidy document
- ✓ Signed Letter from program sponsor
- ✓ Approved Project Description (Memo/Staff Report to Legislative Body)

Affordability Restrictions

Regulatory Agreement or Covenant recorded against the property

- Rental (55 years) vs. Ownership (20 years)
- Subsidized vs. Non-subsidized
- Restricted vs. Non-restricted



WFH Rental Restrictions

- Recorded covenants restricting occupancy and rental affordability for units are to be in effect for no less than **55** years
- Unsubsidized rental projects (i.e. inclusionary units) are eligible for funding if restricted for the **55** year term

Rental Documentation

- **TCAC funded rental project**
City of Santa Barbara
- **Other subsidized rental project**
City of San Diego
- **Inclusionary rental project**
City of Carlsbad

WFH Ownership Restrictions

- Ownership units with public subsidies must document a recorded restriction on the resale or recapture of public funds for not less than **20 years**
- Ownership units without public subsidy must document **initial occupancy** to very low- or low-income households (income of purchaser) and affordable sales price

Home Purchase Price Limits

- All ownership units must have a sales price no greater than the applicable new construction purchase price limits established and published by the California Housing Finance Agency (CalHFA)
- New construction purchase price limits are listed on the CalHFA website:*

<http://www.calhfa.ca.gov/homeownership/limits/salesprice/index.htm>

* Targeted refers to census tracts where 70% or more households earn less than 80% of median area income.

Single Family Documentation

- **Single-family Subsidized**

City of Oakland

- **Single-family Non-Subsidized**

City of Lindsay

Single-family Inclusionary

City of West Sacramento

What we learned from Round One...

- Separate and label documentation by project (Final Land Use Approval, building permit, income levels, bedroom count and affordability restriction)
- Final Land Use Approval and building permit documentation must include date of approval/issuance
- Final Land Use Approval must be issued prior to or concurrent with a building permit
- Connection between unit count, income level and bedroom count must be clearly demonstrated

What we learned from Round One...

- If funding source has a shorter restriction term than those required by the WFH program, the term must be extended to the 20 year (owner) and/or 55 year (rental) to qualify for WFH
- Typical minimum restriction periods for common funding programs:

MHP, TCAC, CDLAC	55 years (Rental)
CalHOME	20 years (Owner)
HOME (as of 2005)	55 years (Rental)
CDBG	15 years (Owner/Rental)
USDA Section 502	36 years (Owner/Rental)
HUD Section 202/811	40 years (Rental)
Redevelopment Low/Mod Fund	45 years (Owner) / 55 years (Renter)

What we learned from Round One...

- Documentation of affordability restrictions and bedroom count may include Disposition and Development Agreement (DDA), Regulatory Agreement, Tax Credit reservation letter, staff report or a letter from the program sponsor
- Submit only the most current complete copy of regulatory agreement
- No need to submit multiple agreements/funding sources for one project
- If agreement includes very-low, low and moderate units, documentation must specify total number of units allocated or restricted to very low and low-income households.

What we learned from Round One...

- Single-family homes, if part of a subdivision or under one regulatory agreement, should be submitted as one project
- A wide range of projects were submitted for WFH grant funds including infill development, Transit Oriented Developments (TODs), mixed-use, manufactured housing, senior housing, inclusionary, density bonus and second units

Use of WFH Funds



- Funds must be used for the construction, rehabilitation or acquisition of capital assets that benefit the community (Government Code Section 16727)
- Physical property with a useful life of 15 years or more
- Equipment with a useful life of 2 years or more

Examples of Capital Asset Projects



Police and Fire Stations & Equipment
Americans with Disabilities Act Retrofits
Libraries & Other Public Facilities

Street Improvements
Community Centers
Historic Preservation

Downtown Revitalization
Public Infrastructure
Parks and Recreation



City of Hanford
Shade Structures at Coe Park

Madera County

Public Information Counter and Self Service Center





Kings County Fire Station



Before



After

Lake County

Relocation of Modular Home & Public Lakefront Access Expansion



**City of Ceres
Entrance Sign**



Before



After

Fresno County Street Improvements



City of Galt ADA Retrofit



Foster City

Leo Ryan Park Improvements

What's Next?

1. **Meet with Planning Department**

Housing Element in Compliance?

Annual Progress Report – who's responsible?

What is the last step in the planning approval process (Final Land Use)?

2. **Meet with Building Official**

Building permit process (issuance vs. approval dates)?

Documentation?

3. **Meet with Housing Program Staff/Housing Sponsors**

How many affordable projects are in the pipeline?

How is affordability (very low / low) documented?

Has project funding been approved?

4. **Collect documentation and track units, including number of bedrooms**

Dates to Remember

- Final Land Use Approval On or after 1/1/2004
- Building Permit Issuance 1/1/2005 to 12/31/2005
- Annual Progress Report to HCD 12/31/2005
- Adopted Housing Element to HCD 12/31/2005
- Release of Application 1/2006
- Application Workshops TBA
- Tentative Application Deadline 4/2006
- Tentative Award Announcement 7/2006

Workforce Housing Reward Program



The WFH Crew

Program Guidelines, Notice Of Funding Availability and helpful links available on our website:

www.hcd.ca.gov/ca/whrp/

Workforce Housing Contacts

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