HOUSING HDC DEVELOPMENT

Scott McBride
Development Services Director
City of Merced
678 W 18th Street
Merced, California
Telephone: (209) 385-6818
E-mail: mcbrides@cityofmerced.org

Mark Sawicki, Susy Kim
RSG, Inc. Consultants
17812 Gillette Avenue
Irvine, CA 9264
Email: skim@webrsg.com
Email: msawicki@webrsg.com

June 2, 2021

Re: Surplus Properties – Lots 1, 2, 3, 4, 5 and 6 Merced California

Dear Mr. McBride and Ms. Kim:

The Housing Development Corporation is responding to your second round of questions regarding our proposal for various lots in Merced. Lot 6 will contain 19 units and a manager unit, with all units containing a bathroom and kitchen and will serve Veterans with a VASH Voucher. For both sites, the HDC will work with the Housing Authority of the County of Merced to project base Section 8 and/or VASH Vouchers. This is consistent with the HUD Five Year Plan for the Merced County Housing Authority. We have reached out to the Merced Housing Authority; they are aware of our need to collaborate with them regarding their goal of Project Basing some of their allocation. Currently they could allow 542 Section 8 vouchers over the next five years to be project based. The Agency's goal is also to conduct a RAD conversion of their public housing that will add an additional inventory of Section 8 to their portfolio. The Housing Authority of the County of Merced has been highly successful in obtaining VASH vouchers and would be even more successful in obtaining an allocation of Project Based VASH Vouchers. HDC does not develop properties without project-based Section 8 subsidies. There is enough time to work with the VA contact at Merced, along with the Housing Authority.

HDC is a nonprofit developer and as such our developments do not pay property tax, and therefore has not included that in our proforma attached. The HDC has a significant track record of working with Cities, Counties, and other Housing Authorities to assist them to maximize the utilization of their Section 8 allocations and to convert their public housing under the RAD or Section 18 programs. Additionally, HDC has participated in the competition for various properties in the following communities, Monterey, Eureka, Salinas (2) this year, this level of financial data is not normal in light of our track record in the production of affordable housing. HDC never discloses it sources of funding prior to any Development Agreement, usually the redevelopment agency provides loans to HDC to accommodate development.

The appraised price of the land should have been included in the Request for Proposals. An appraisal is part of the transfer process and should the property values be a part of the equity for a tax credit project which your RFP indicates is suitable for these properties it is even more important to include the land values. HDC has conducted a review of similar properties for sale nearby in a range of similar sizes and have determined the approximate value of the land, subject to an adequate appraisal is $600,000 (which we believe is overvalued).

HDC has significant financial capacity and ability to finance this project. Our projects are unique for each community and need, and the team of HDC has brought a total of 1355 affordable housing units on- line in the past fifteen years, bringing in $387,074,371 in grants, loans, and tax credit equity to this County during a time when construction was on the decline. HDC works with each community we serve to define our funding need, write grants, obtain tax credits, and design communities for low, very-low, extremely-low income households.

HDC has modified the proforma to address some of your concerns. One fact that must be brought forward is the issue of construction costs, and the fact that there has not been any multi-family or new construction since 2006/07 in the City other than that associated with the University, which is proposed to accommodate 270 residential units for students.

The city has historically not produced low-income housing sites consisting of over 50 units for persons other than Seniors. The city has not constructed senior housing within the past 10 years. HDC believes this is a factor in this analysis because the city has intentionally limited the size of development of much needed affordable housing. There is a long-standing history of the redevelopment agency purchasing small lots which can only accommodate single family housing. The history of Merced Successor Redevelopment Agency substantiates this fact. The 2019 Kosmont report indicates the majority of loans are down payment assistance for single family homes, and small-scale apartments. The city has never produced any substantial development which would meet the needs of the community and reduce homelessness and blight. HDC believes these issues can constitute substantial Fair Housing issues. Merced has been resistant to higher density development which is designed to reduce sprawl and consumption of agricultural lands.

The Draft Analysis of Impediments to Fair Housing notes the following issues:

Disproportional Housing Problems for Special Needs

- Accessible and affordable housing choices for persons with disabilities and the elderly are limited.
- Fair housing complains are most likely to be based on failures of private property owners to provide reasonable accommodation to tenants.
- Homelessness is an increasing problem in Merced, people experiencing homelessness are in need of housing and services.

Economic barriers due to limited supply of adequate and accessible affordable housing.

- High costs, especially for extremely-low, and very-low income rents face significant affordability gaps.
- Low vacancy rates leave limited housing options and few that are affordable.

HDC has utilized construction costs typically found in the local area of Monterey County. We have utilized our expertise to define a factor to add to the total costs the prevailing wage. We utilize this to illustrate how impactful the prevailing wage projects are on affordable housing.

Some of your questions are very premature, as there is a period of financing during the tax-credit period. A chart of possible financing which will be sought was enclosed. This site would be a good Infill Infrastructure Grant due to where it is located, and we would be willing to partner with the City and the transit authority to bring much needed improvements to the community. Typically, one does not know what source of funding one is going to obtain, HDC never produces this type of data for any project unit the tax credit stage. One can only wonder if this is all targeted to eliminate this very unique project for the downtown area due to NIMBY concerns and raises a number of fair housing concerns.

At this time, the Annual Plan for the City indicates the city will have approximately $1,132,674 in CDBG funding, $548,734 in HOME and $1,501,751 in Redevelopment L/M funding. We would project some funding from CDBG for community centers and infrastructure improvements including closing the alleyway. The area of Merced where these sites are located should be a prime area for improvement, as it is impacted by poverty and racial segregation according to the tax credit mapping tool, and the HUD census tracts for CDBG Community Revitalization Areas.

Other funding, we will seek includes the Multi-family Housing Program and the Infill Infrastructure Grant Program. All of these programs would require operations consistent with the Uniform Multi-Family Regulations, and tax credit regulations.

Our proforma is based upon the assumption of Project Based Section 8 and we do not believe that the Housing Authority would not participate in this project as it would be advantageous to their portfolio of Section 8 and assist them. Additionally, no new rental units have been produced in the area which would impact the Fair, Market Rents which are quite low, and are not in any way aligned with HOME Rents. Since there has been substantially no construction in the County this has impacted the potential for any viable construction budget because there is little historical data available. The focus of the city has been rehabilitation of older outdated non-energy efficient homes. The majority of the rentals in the city are older, non-energy efficient housing built before 1980.

HDC has worked extensively with redevelopment agencies, and we have never had a project conflict with redevelopment regulations. We have utilized Project Based Section 8 from the County of Monterey, and other forms of financing including tax increment financing from both the County of Monterey, City of Monterey and Salinas for Project based Section 8, tax credits and HOME financing. Question number 7 is making a presumption which is untrue and again attempting to reject a proposal which would make perfect sense in any other community. This yet is another example of long- standing fair housing violations by a local jurisdiction attempting to limit the development of higher density multi-family units near transit and other amenities. The historic selection of properties exemplifies this as a fact. The only project which the redevelopment agency has invested was the Sierra Senior Investments, a 100-unit senior project built by the Affordable Housing Development Corporation, over ten years ago with bonds financed by the Fresno County Housing Authority. Over the past ten years 40 senior units of housing have been produced in the city none of which have been assisted by the Redevelopment Agency.

HOME and Project Based Section 8 and Tax Credits have been utilized successfully by HDC without any issues or inconsistencies of rents. Project Based Section 8 is compatible with Tax Credit rents and tax credit projects are allowed to be Section 8 Project based so we do not understand your comments and believe they are premature at this time. We do not charge tenants more than the rents contained in the regulatory documents assigned to the property, even though Project Based rents are utilized. Project based rents are commonly utilized in Monterey County, the City of Monterey and elsewhere and are consistent with other Housing and Community Development programs including Redevelopment Housing Projects. Your regulatory agreements cannot limit the number of Section 8 or other rents because this project more than meets the intent of the former Redevelopment law and targets 100% affordable (all below 80% of median income). Your community cannot regulate the number of Section 8 project-based units to be placed on a site.

The following recent laws apply to this project as proposed:

- SB 330-Downzoning practices
- AB1763-Density bonus if 100% affordable, unlimited density if site is located within ½ mile of a major rapid transit stop and no more than the units are 20% moderate.
- AB 1560-Defines a major transit stop and multiple benefits related to affordable housing, including unlimited density.

The proposal submitted and proforma is for a total of 71 units for all sites. The proforma is based on Monterey County construction costs. Due to the lack of construction other than the University, the assumption is being made that there is most likely be a shortage of skilled workers in Merced County.

One site will contain housing for very-low, extremely low, and low-income seniors and will units for those in need of a live-in aid, consistent with the outline contained on the charts attached. Multi-generational households with a senior member in need of care will be assisted. Community centers, open area, and public art will be designed and constructed to meet the needs of the residents and the City of Merced. Not less than 50% or 35 of the total number of units on sites 1,2,3,4 and 5 when combined will be project based and affordable to those earning less than 30-50% of AMI or less, and at least 40% are affordable to low-income households. The HDC-

Monterey will work with the Merced Housing Authority to project base Section 8 units consistent with the agency's five-year plan.

The HDC would conduct a market study along with the Housing Authority, which may assist the Housing Authority obtain higher Section 8 rents. We have purposely omitted that in our proposal as typically on tax credit projects a consultant is hired to do the utility study and it is approved by the California Department of Energy for multi-family housing utilizing tax credits. This is based on the fact that there have been no new highly energy efficient apartments, targeted to lower income households, developed in Merced since 2006/07.

Because these will be constructed to be energy efficient housing utilizing solar, and other energy saving means the utility allowance schedule will be devised consistent with tax credit regulations which authorizes the use of an energy consultant to define the utility allowance schedules for tax credit projects. The State of California Department of Energy is authorized to approve utility schedules for projects developed with tax credits, typically the utility allowance produced by Housing Authorities does not consider high energy efficiency development and therefore causes confusion and should not be utilized because it may impact the feasibility of a highly efficient project. The Merced County Housing Authority manages sites that are outdated and in need of upgrade, and the Section 8 voucher holders are limited to older outdated housing with high energy costs. Those utility allowances will adversely impact any development budget.

Regarding your question 6, and the sale of tax credits, our last issuance in the City of Salinas were sold at .895, for Parkside in Salinas. This number has been utilized in our performa submitted. We have included projected laundry income, and corrected all other concerns.

Thank you for the opportunity to provide more clarification and information to you. Please check our website to discern our level of expertise in producing affordable housing in a very difficult costly environment, small lots, and difficult neighborhoods.

Starla Warren
Chief Executive Officer
Housing Development Corporation-Monterey

Attachment: Proforma
Attachment A-Excerpts from the Draft Analysis of Fair Housing
Utility Schedule

Concept A Studios

Unit Type	No. Of Units	Affordability	Proposed Rent	Proposed Income	Util. Allowance
	1	NA	Manager Unit	Moderate	
Project Based VASH or S* 450 square feet	19	30%-50%	$724	$14,650-$24,400 Below 50% median	To be determined for extremely energy efficient building as per California Energy Commission, and tax credit regulations.
Ground Floor Level				**RDA Rent=$573 targeted to below 50%**	**$619-$46 utility allowance for 1 bedroom -**
Parking	2 Handicapped				
Community Space-					
Meeting Room (2) office					
Bike Storage					
Other Parking/Cycle/motorcycle etc.					

This concept is consistent with the State of California Infill Grants Program and The California Sustainable Communities Program Grants.

- For a Density Bonus the City is required to add four concessions to 100% affordable projects. This project will contain over 50% of the units as affordable to extremely low and very low- income households.
- Four stories of development similar to concept A known as Adams Street-Monterey
- All units will contain bathrooms and kitchens around 450-500 square feet.

Ground floor	2ndt floor	Third floor	Fourth Floor	Other Comments
5000 square feet	4000 square feet	4000 square feet	4000 square feet	21,000 square feet
1,300 square foot community meeting room	1 bdrm unit (600 square feet) Manager			
Open Plaza/entry area				
Tenant Space - 1,000 square feet to be determined by service coordinator	5 studios @ 450 square feet	7 studios @ 500 square feet	7 studios @ 500 square feet	
Computer lab-400 square feet				
Tenant and bike storage -19 bike lockers Tenant storage@25 square feet per unit-500 square feet-Other mechanical and stairwell/elevator				
Common area and meeting rooms-3800 square feet				
Parking- 4 spaces to accommodate handicapped				Total 20 Units including managers unit

Concept B Senior Housing Lots 1,2,3,4,5

Unit Type	Number Units	Affordability	Proposed Rent	Proposed Income	Utility Allowance/other
Studio-PBS8	29	30%	$724	Extremely and very-low income $14,650-$24,400	To be based on study as per tax credit regulations for very energy efficient buildings RDA rent-$371-$46
Studio-HOME	2	80%	$724	Low- income $39,050	RDA rent $743-$46 utility allowance
1 Bed-PBS8	9	30%	$882	Extremely and very-low income $14,650-$27,900 (Depending on size family)	RDA rents$424-$46 utility allowance
1 Bed - HOME	4	80%	$832	Low income- 80%	RDA rents-$848-$46 utility allowance
1 Bed -Low HOME-Project Base with FMR	1	50%	$882	Very- low Income $24,400 to $31,400 depending on family size	RDA rents-$707-$46 utility allowance
2 bed-PBS8	4	30%	$1,067	Extremely low based on family size $17,420-$26,500	RDA rents-$477-$60 utility allowance
2 bed-HOME	1	80%	$1,001	Low Income $44,600-$55,750	RDA rents-$955-$60 utility allowance
2 Bed-Low HOME* Project Based S 8	1	50%	$1,067	Very Low Income $27,900 to $34,850	RDA rents-$955-$60 utility allowance
Total Units	Total HOME 10=2 low HOME units				

Open Space and covered parking-	On small lots	Reduction in parking due to the location and transit options			
Common areas and meeting space first floor	6,900 square feet				
Presumes 15 HOME units of which 3 are Low HOME	Can be adjusted to all be project based section 8 no HOME				

Will require concessions in setbacks, height, density, and parking requirements or reduction of parking requirements based on populations and nearby transit.

Lot area of 15,000 square feet.

Similar to Concept B-Monterey Calle Principal

Development Incentives to assist to reduce the cost of development of housing for very low- and low-income housing:

Density Bonsu's beyond that required by the State of California to be defined at final design and approval state.

Maximum Density infill sites

Dedication of the parcel as affordable housing either through a low-cost ground lease long term, or transfer to the developer for free to bring equity to a tax credit project.

Development of High Energy Efficient Housing with solar components

Waiver of the following requirements

- Setbacks
- Facilitate diverse housing options.
- Reduction of Fees and deferral of all fees
- Reduction in Parking requirements to accommodate in-fill development when located on a major transit line and within 1000 feet of a parking garage.
- Fast track planning once a final design is approved.
- Reduction of Parking through parking management programs and offsets

Co-sponsoring grants for the following:

CDBG-infrastructure and other improvements, community center

HOME for production of affordable housing to those at 80% and 50%

Encourage the Housing Authority to issue requests for Project Based Section 8 pursuant to the intent of the City and County to collaborate to provide affordable low- income housing.

0
Merced-Surplus Lots 1, 2, 3, 4, 5, and 6
Merced

CASH FLOW ANALYSIS

INPUT ASSUMPTIONS

RENTAL INCOME ASSUMPTIONS

Unit Type	# of Units	Unit Size	Monthly Rent Per Unit	Total Monthly Rent	Total Annual Rent
Type 1 - studio (VASH proj based)	19	450	$724	$13,756	$165,072
Type 2 - Studios (1,2,3,4,5) PBS8	29	450	$724	$20,996	$251,952
Type 3 - 2 bdm-PBS*	4	800	$1,067	$4,268	$51,216
1Bdrm-HOME	4	600	$832	$3,328	$39,936
1 Bdrm-PBS8	9	600	$882	$7,938	$95,256
1 brdrm manager unit	1	600	$0	$0	$0
2 Bdrm HOME	1	800	$1,001	$1,001	$12,012
Studio-HOME	2	450	$724	$1,448	$17,376
one bdrm-HOME Low HOME	1	600	$882	$882	$10,584
2 bdr-HOME Proj based s8	1	800	$1,067	$1,067	$12,804
POTENTIAL GROSS RENT	71			$54,684	$656,208

RATE ASSUMPTIONS
(Note: Enter all rates as decimals)

VACANCY RATE ASSUMPTIONS:	
Vacancy	2.00%
Collection Loss	0.00%
GROWTH RATE ASSUMPTIONS:	
Rent (yrs. 1-5)	0.00%
Rent (yrs. 6-10)	0.00%
Rent (yrs. 11-15)	0.00%
Other Income	0.00%
General Expenses	0.00%
Real Estate Taxes	0.00%
Payroll Taxes	0.00%
Other Tax 1	0.00%
Other Tax 2	0.00%
Replacement Reserves	0.00%

FIRST YEAR OF CASHFLOW:	2026
REPLACEMENT RESERVES (per unit)	300

CASH FLOW PROJECTION

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
GROSS INCOME															
Potential Gross Rent	$656,208	$656,208	$656,208	$656,208	$656,208	$656,208	$656,208	$656,208	$656,208	$656,208	$656,208	$656,208	$656,208	$656,208	$656,208
Less: Vacancy	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)	($13,124)
Less: Collection Loss	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Rent	$643,084	$643,084	$643,084	$643,084	$643,084	$643,084	$643,084	$643,084	$643,084	$643,084	$643,084	$643,084	$643,084	$643,084	$643,084
Other Income	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200
Effective Gross Income	$643,284	$643,284	$643,284	$643,284	$643,284	$643,284	$643,284	$643,284	$643,284	$643,284	$643,284	$643,284	$643,284	$643,284	$643,284
ANNUAL EXPENSES															
Administrative															
Management Fee	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Other Admin 1	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
Other Admin 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operating															
Utilities	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
Salaries	$25,308	$25,308	$25,308	$25,308	$25,308	$25,308	$25,308	$25,308	$25,308	$25,308	$25,308	$25,308	$25,308	$25,308	$25,308
Insurance	$27,330	$27,330	$27,330	$27,330	$27,330	$27,330	$27,330	$27,330	$27,330	$27,330	$27,330	$27,330	$27,330	$27,330	$27,330
Other Operating 1 - internet	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
Other Operating 2	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Maintenance															
Routine Maintenance	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000
Other Maintenance 1	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Other Maintenance 2	$15,503	$15,503	$15,503	$15,503	$15,503	$15,503	$15,503	$15,503	$15,503	$15,503	$15,503	$15,503	$15,503	$15,503	$15,503
Taxes															
Real Estate	$1,222	$1,222	$1,222	$1,222	$1,222	$1,222	$1,222	$1,222	$1,222	$1,222	$1,222	$1,222	$1,222	$1,222	$1,222
Payroll/ FICA	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Tax 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Tax 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Annual Expenses	$209,363	$209,363	$209,363	$209,363	$209,363	$209,363	$209,363	$209,363	$209,363	$209,363	$209,363	$209,363	$209,363	$209,363	$209,363
Expenses per Unit	$2,949														
CASH FLOW BEFORE DEBT SERVICE	$433,921	$433,921	$433,921	$433,921	$433,921	$433,921	$433,921	$433,921	$433,921	$433,921	$433,921	$433,921	$433,921	$433,921	$433,921
Replacement Reserves	$21,300	$21,300	$21,300	$21,300	$21,300	$21,300	$21,300	$21,300	$21,300	$21,300	$21,300	$21,300	$21,300	$21,300	$21,300
NET OPERATING INCOME	$412,621	$412,621	$412,621	$412,621	$412,621	$412,621	$412,621	$412,621	$412,621	$412,621	$412,621	$412,621	$412,621	$412,621	$412,621
DEBT SERVICE															
Loan	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000
Source 2		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Source 3		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Source 4		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Source 5		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000	$468,000
CASH FLOW AFTER DEBT SERVICE	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)	($55,379)
DCR	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88

<u>0</u>

Merced-Surplus Lots 1, 2, 3, 4, 5, and 6
0
Merced

71

$23,971,089

Developed By:
HDC

June 11, 2021

0

	A	B	C	D	E	F	G	H	I	J
1	0									
2	**Merced-Surplus Lots 1, 2, 3, 4, 5, and 6**									
3	**Merced**									
4										
5	**DEVELOPMENT BUDGET**									
6										
7										
8		**Budget:**		**Subtotals:**		**Eligible Costs:**		**Per Unit:**		**Notes:**
9										
10	**Land Acquisition Costs**									
11	Land Acquisition Cost	$600,000				X		$8,451		
12	Other Land Acquisition Costs	$0				X		$0		
13	Closing Costs(title, recording, etc.)	$0				X		$0		
14	Land Acquisition Total			$600,000				$0		
15										
16	**Building Acquisition Costs**									
17	Building Acquisition Costs	$0				$0		$0		
18	Other Building Acquisition Costs	$0				$0		$0		
19	Closing Costs (title, recording, etc.)	$0				$0		$0		
20	Building Acquisition Total			$0				$0		
21										
22	**Construction/ Rehab Costs**									
23	Site Work	$1,386,405				$1,386,405		$19,527		
24	Construction/ Rehab Costs	$15,000,000				$15,000,000		$211,268		
25	Equipment	$200,000				$200,000		$2,817		
26	General Requirements	$450,000				$450,000		$6,338		
27	Builder's Overhead	$550,000				$550,000		$7,746		
28	Builder's Profit	$995,184				$995,184		$14,017		
29	Bonding Fee	$100,000				$100,000		$1,408		
30	Builder's Risk Insurance	$150,000				$150,000		$2,113		
31	Other - prevailing wage	$500,000				$500,000		$7,042		
32	Other - GL insurance	$30,000				$30,000		$423		
33	Subtotal	$19,361,589								
34	Contingency	$650,000				$650,000		$9,155		
35	Construction Total			$20,011,589				$0		
36										
37	**Development Costs**									
38	Real Estate Matters:									
39	Partnership Formation	$10,000				$10,000		$141		
40	Subdivision	$0				X		$0		
41	Condominiumization	$0				X		$0		
42	Other	$30,000				$30,000		$423		
43	Other	$30,000				$30,000		$423		
44	Project Design:									
45	Architectural	$400,000				$400,000		$5,634		
46	Architectural Supervision	$50,000				$50,000		$704		
47	Cost Estimate	$0				$0		$0		
48	Engineering	$50,000				$50,000		$704		
49	Value Engineering	$0				$0		$0		
50	Site Investigation	$0				$0		$0		
51	Other	$12,000				$12,000		$169		
52	Other	$21,500				$21,500		$303		
53	Project Planning:									
54	All Fees	$250,000				$250,000		$3,521		
55	Permits	$250,000				$250,000		$3,521		
56	Appraisal	$20,000				$20,000		$282		
57	Environmental Study	$50,000				$50,000		$704		
58	Market Study	$50,000				$50,000		$704		
59	Survey	$0				$0		$0		
60	Utility Fees	$0				$0		$0		
61	Other	$150,000				$150,000		$2,113		
62	Other - soft cost contingency	$35,000				$35,000		$493		
63	Marketing/Leasing:									
64	Marketing	$0				X		$0		
65	Operating Reserve	$0				X		$0		
66	Other	$150,000				$150,000		$2,113		
67	Other	$115,000				$115,000		$1,620		
68	Other:									
69	Other	$160,000				$160,000		$2,254		
70	Other	$1,000				$1,000		$14		
71	Other	$20,000				$20,000		$282		
72	Development Costs Total			$1,854,500				$0		
73										
74	**Developer's Fee**	$1,200,000		$1,200,000		$0		$16,901		
75										
76	**Financing Costs**									
77	Tax Credits:									
78	Tax Credit Fee	$0				$0		$0		
79	Tax Credit Counsel	$0				$0		$0		
80	Cost Certification	$0				$0		$0		
81	Other	$0				$0		$0		
82	Other	$0				$0		$0		
83	Tax-Exempt Bond Financing									
84	Bond Counsel	$0				$0		$0		
85	Underwriter's Fee	$0				$0		$0		
86	Reimburseables	$0				$0		$0		
87	Other	$0				$0		$0		
88	Other	$0				$0		$0		
89	Conventional Loans:									
90	Construction Loan Origination Fees	$0				$0		$0		
91	Construction Loan Legal Fees	$0				$0		$0		
92	Permanent Loan Origination Fees	$80,000				X		$1,127		
93	Permanent Loan Legal Fees	$0				X		$0		
94	Loan Recordation Taxes/Fees	$0				$0		$0		
95	Other	$50,000				$50,000		$704		
96	Other	$50,000				$50,000		$704		
97	Other Loans:									
98	Legal Fees	$125,000				$125,000		$1,761		
99	Recordation Tax/Fees	$0				$0		$0		
100	Other	$0				$0		$0		
101	Other -	$0				$0		$0		
102	Construction Period Interest	$0				$0		$0		
103	Financing Total			$305,000				$4,296		
104										
105	**Total Development Cost**			**$23,971,089**						
106										
107	**Total Eligible Costs**					**$22,091,089**				
108										

0

Merced-Surplus Lots 1, 2, 3, 4, 5, and 6

Merced

FINANCING PLAN

1. Calculate LIHTC Tax Credit Equity

1.a Historic Tax Credits	Note: Ignore this box if historic credit does not apply
Enter "1" if eligble for Historic Tax Credits	0
Building Acquisition Cost (from Budget)	$0
Less: Land Cost	$0
Less: Other Non-Qualified Costs	$0
Plus: Qualified Rehabilitation Expenditures	$0
Plus: Qualified Soft Costs	$0
Historic Eligible Basis	$0
20%	20%
Historic Tax Credits	**$0**

1.b Acquisition Tax Credits	Note: Ignore this box if acquisition credit does not apply
Enter "1" if eligible for Acquistion Tax Credits	0
Building Acquisition Cost (from Budget)	$0
Less: Land Cost	$0
Less: Non-Qualified Costs (Land, Grants, etc.)	$0
Plus: Qualified Soft Costs related to Building Acquisition	$0
Acquisition Eligible Basis	$0
Applicable Fraction (% of development for qualified low income use)	0.00%
Total Qualified Basis for Acquisition	$0
Tax Credit Percentage (4% credit, or actual as published monthly by Treasury Department)	0.00%
Annual Acquisition Tax Credits	**$0**

1.c New Construction/ Rehabilitation Tax Credits	
Enter "1" if eligible for New Construction/ Rehabilitation Tax Credits	1
Total Eligible Costs (from Budget)	$22,091,089
Less: Acquisition Eligible Basis (from Box 1.b)	$0
Less: Historic Tax Credits (from Box 1.a)	$0
Less: Other Adjustments to Eligible Basis (Grants, etc.)	$0
New Construction/ Rehabilitation Eligible Basis	$22,091,089
QCT or DDA? If so, enter "1.3", otherwise enter "0".	0.0
Adjusted Eligible Basis	$22,091,089
Applicable Fraction (% of development for qualified low income use)	100.00%
Total Qualified Basis for New Construction/ Rehabilitation	$22,091,089
Tax Credit Percentage (4% or 9% credit, or actual as published monthly by Treasury Department)	9.00%
Annual New Construction/ Rehabilitation Tax Credits	**$1,988,198**

1.d Tax Credit Equity	
Annual Acquisition Credits	$0
Annual New Construction/ Rehabilitation Credits	$1,988,198
Total Calculated Annual Credits	$1,988,198
Allocated Annual Credits (if allocation is not yet received, enter calculated amount from line above)	$2,046,735
10 years	10
Total Tax Credits	$20,467,350
Percentage of Investor Limited Partner's Interest	99.00%
Investor's Share of Total Tax Credits	$20,262,677
Equity Investment ($/ investor's credit)	$0.90
Tax Credit Equity from Acquisition & New Construction/ Rehabilitation Credits	$18,135,095
Total Historic Credits	$0
Percentage of Investor Limited Partner's Interest	0.00%
Investor's Share of Total Tax Credits	$0
Equity Investment ($/investor's credit)	$0.00
Tax Credit Equity	$0
Total Tax Credit Equity	**$18,135,095**

2. Calculate Sources Needed During Construction Period

Total Development Cost	$23,971,089
Less: Developer's Fee (enter amount of Dev. Fee to be paid after construction period)	$600,000
Less: Other costs not incurred before obtaining all permanent financing	$0
Amount to be funded during construction period:	**$23,371,089**

3. List All Sources Available During Construction Period

Grants			
	Construction Loan		$8,953,321
			$0
Tax Credit Equity (if any)			
	% LIHTC Equity Available During Construction	75%	$13,601,322
Loans			
	Seller Financing		$600,000
	Permanent Loan 2		$0
	Permanent Loan 3		$0
Bridge Loan (if needed)			
	Bridge Loan 1		$866,857
	Bridge Loan 2		$0
		Subtotal All Sources	**$24,021,500**

* Note: Bridge Loans will be repaid at end of Construction Period -See Box 4

	A	B	C	D	E	F	G	H
1			0					
2			Merced-Surplus Lots 1, 2, 3, 4, 5, and 6					
3			Merced					
4								
5			**FINANCING PLAN**					
6								
98		**Financing Gap During Construction Period** (equals $0 when in balance)		**($650,410)**				
99		Note: If amount is positive, more funds are needed. If negative, project could be over-financed.						
100								
101								
102	**4. Calculate All Costs that Occur After Construction Period**							
103	Pay Developer's Fee			$600,000				
104	Repay Bridge Loan(s)			$866,857	*			
105	Other Costs incurred after Construction Period			$0				
106	Other Costs incurred after Construction Period			$0				
107	Other Costs incurred after Construction Period			$0				
108			**Subtotal All Costs**	**$1,466,857**				
109								
110								
111	**5. List All Permanent Sources (even if already listed in Box 3 above).**							
112								
113		**Grants**						
114		Seller Financing		$600,000				
115		City -		$735,000				
116		Grant 3		$0				
117			**Grants Subtotal**	**$1,335,000**				
118								
119		**Loans**	(Note: for deferred loans, enter -1 as the term)				**Debt Service Test**	
120		**First Trust Loan**						
121		Principal		**$4,500,000**			Desired DCR in 1st Year of Cash Flow	1.20
122		Rate		4.00%			Maximum Total Debt Service	$343,851
123		Term		25			Current Total Debt Service	$285,032
124		Annual Payment		$285,032			Diff.(if negative,change debt service this much)	$58,819
125								
126		**Second Trust Loan**						
127		Principal		**$0**				
128		Rate		0.00%				
129		Term		-1				
130		Annual Payment		$0				
131								
132		**Third Trust Loan**						
133		Principal		**$0**				
134		Rate		0.00%				
135		Term		-1				
136		Annual Payment		$0				
137								
138			**Loan Subtotal**	**$4,500,000**				
139								
140		**Tax Credit Equity**						
141		LIHTC Equity	**Total Tax Credit Equity**	**$18,135,095**				
142								
143		**Deferred Developer's Fee**		**$600,000**				
144								
145			**Subtotal All Sources**	**$24,570,095**				
146								
147								
148	**6. Reconciliation**							
149	(Box 5 less (Box 3 less Bridge Loan)) less Box 4 - will equal zero when in balance			**($51,404)**				
150	(If positive, go to Box 7 and pay-down a source; if negative, reduce a cost or seek additional financing)							
151								
152								
153	**7. If Box 6 Shows a Positive Amount, Adjust to Generate Accurate Sources and Uses Statement**							
154			Original Amount	Adjustment	*		Adjusted Permanent Debt Financing:	
155		Deferred Developer's Fee	$600,000	$600,000			$0	
156		First Trust Loan	$4,500,000	$0			$4,500,000	
157		Second Trust Loan	$0	$0			$0	
158		Third Trust Loan	$0	$0			$0	
159			$5,100,000	$600,000			$4,500,000	
160	* Enter full amount if a source has been repaid. Also, enter up to the amount in Box 6 for any source you seek to pay-down.							
161								
162								

0
Merced-Surplus Lots 1, 2, 3, 4, 5, and 6
Merced

SOURCES AND USES STATEMENT

SOURCES:

LIHTC Tax Credit Equity	$18,135,095
Seller Financing	$600,000
City -	$735,000
Grant 3	$0
First Trust Loan	$4,500,000
Second Trust Loan	$0
Third Trust Loan	$0
Deferred Developer's Fee	$0
	$23,970,095

USES:

Land Acquisition		$600,000
Building Acquisition		$0
Site Work		$1,386,405
Construction		$18,625,184
Development Expenses		$1,854,500
Developer Fee		$1,200,000
Financing Fees		$305,000
	Total	$23,971,089

$133,751.00	13	15	18		1389	1512	1885
$ 11,145.92	2	3	4		37	44	59
	17	20	28		1352	1468	1826
	5	6	9				
	37	44	59				

Fair Housing Concepts

Housing choice plays a critical role in influencing individuals' and families' abilities to realize and attain personal, educational, employment and income potential. The fundamental goal of HUD fair housing policy is to make housing choice a reality through sound planning. Through its on-going focus on Fair Housing Planning, HUD "is committed to eliminating racial and ethnic discrimination, illegal physical and other barriers to persons with disabilities, and other discriminatory practices in housing." Among the recurring key concepts inherent in fair housing planning are:

- *Affirmatively Further Fair Housing (AFFH)* – Under its community development programs, HUD has required its grantees to affirmatively further fair housing through three broad activities: 1) conduct an Analysis of Impediments to Fair Housing Choice; 2) act to overcome identified impediments; and 3) track measurable progress in addressing impediments and the realization of fair housing choice.

  On Thursday, July 23, 2020, the U.S. Department of Housing and Urban Development (HUD) announced the termination of the federal 2015 Affirmatively Furthering Fair Housing Final Rule (2015 AFFH Rule). Through the 2015 AFFH Rule, a new fair housing planning framework was created, providing states, local communities, and public housing authorities a way to better understand existing fair housing barriers, and how those barriers can be overcome. The AHHF Rule had been previously suspended, but the termination of the Rule was a step farther and also ushered in the new Preserving Community and Neighborhood Choice Final Rule. The new rule defines fair housing broadly to mean housing that, among other attributes, is affordable, safe, decent, free of unlawful discrimination, and accessible under civil rights laws. It then defines "affirmatively furthering fair housing" to mean any action rationally related to promoting any of the above attributes of fair housing with no planning framework requirements. In essence, these changes broaden the term "affirmatively furthering fair housing" to make it an easier requirement to meet. Now, a grantee's certification that it has affirmatively furthered fair housing would be deemed sufficient if it proposes to take any action above what is required by statute related to promoting any of the attributes of fair housing.

  The termination of the 2015 AFFH Rule directly impacts HUD program participants and federal programmatic requirements across the country. However, the 2018 passage of California Assembly Bill 686 (AB 686) created new requirements for all state and local agencies to ensure that their laws, programs and activities affirmatively further fair housing (AFFH). The state requirement to AFFH remains intact, regardless of federal action regarding the 2015 AFFH Rule.

- *Affordable Housing* – Decent, safe, quality housing that costs no more than 30% of a household's gross monthly income for utility and rent or mortgage payments.

disabilities have been used as threat to displace tenants. Identifying legal programs to assist tenants as well as some tenant rights and landlord training may be helpful. Identifying other legal services to assist tenants was a stated need. Continuing Fair Housing services (Project Sentinel) provided by the City should also be continued. Also, the concept of encouraging tenant and landlord education or training.

F. Seek Additional Housing Vouchers – Several speakers noted that additional housing vouchers are needed and there should be policies or programs in place to allow for renters using vouchers to not be discriminated against. There were concerns that renters with vouchers are being turned away in favor of other tenants. The City can strengthen the partnership with the Housing Authority to identify opportunities for securing additional vouchers. Potentially offering landlord and tenant education may also assist in this need. The City's on-going funding of Fair Housing services may also help address issues of tenants with vouchers being turned away.

G. Farmworker Housing – The City currently does not have an approach or policy to provide this housing type. Concerns were expressed that this housing type should be available in several neighborhoods within the city and not be concentrated in one area. This is also an item that is discussed in the Housing Element.

H. Substandard Housing – Concern was expressed that the condition of units is an issue. It was noted that units that are somewhat affordable are often maintained very poorly when compared to market rate units. Other communities have implemented a Rental Registry program that requires annual inspections or self-certifications to verify the condition of the units. This approach may be useful to maintain the housing stock.

I. Zoning of land for housing – The overall amount of land available to accommodate housing development was expressed as a potential concern. The City does track approved or entitled subdivision maps that demonstrate the number of approved units. There is also information available on approved multi-family units. This information has been shared in the past in community events such as the Builders Forum and Builders Roundtable. The information should continue to be updated and additional focus can be made by raising its location on the city's web site. The Housing Element does identify sites where land is zoned to accommodate housing to meet the RHNA obligation. Those areas can also be shared on the city web site. Several questions were asked about the provision of land to meet obligations vs. development occurring on those locations. As part of the annual Housing Element progress report any activity on sites designed to meet the RHNA will be discussed. Other activities or programs that encourage development on the locations identified in the Housing Element will also be noted.

Formatted: Font: (Default) Calibri

J. Housing Trust Fund and Commercial Linkage Fee – Establishing a program was expressed as a tool that would potentially create additional affordable housing and encourage ownership of the units. Establishing long term control on affordable units is also a need. This tool is more common in larger metropolitan areas. They are often implemented by nonprofit organizations. The Commercial Linkage Fee concept was discussed to support implementation of a Housing Trust

EXHIBIT A- FINDINGS FROM THE DRAFT ANALYSIS OF FAIR HOUSING

Fund. It could provide an ongoing source of funding for affordable housing. This is an area that would require additional research and identification of other partners to determine if it's feasible.

K. UC Merced Long Range Development Plan (LRDP) – Concern was expressed that the plan does not address housing impacts within the city. The commenters expressed the idea of a community benefits agreement between UC Merced and the City to assist in mitigation was discussed. It was conveyed that Staff members of UC Merced and the City do meet regularly to discuss common issues. Housing can be an ongoing discussion topic.

L. Displacement and Permanent Rehousing – Several speakers expressed concerns about becoming displaced due to increasing competition for units. Displacement can occur for a variety of reasons, some noted were increasing rental rates and housing condition. Once displaced having resources to assist in permanent rehousing should be provided. The City has provided funding for emergency housing through partner service providers. Additional resources and options may be available to assist in permanent housing relocation.

M. Homeowner Rehabilitation – This program type should continue to be funded and enhanced to ensure homeowners can retain their ownership and address necessary improvements. The City has implemented programs like this with other partners such as Habitat for Humanity.

N. Maintain Affordability for Perpetuity – Several members spoke to the need to maintain affordability for a longer term. The idea of using a Housing Trust Fund was expressed to support this goal. Other ideas included increasing the number of years on covenants or agreements that the city may already be using. There may potentially be other options as well that can be researched and shared with the City Council.

O. Housing Division Support – Comments were provided that the City should consider increasing staff and maintain other support resources. Currently, a vacancy exists in the division. Filling the position during 2020-21 is a priority. Potential grant programs that may allow for Zoning updates or other actions that may support housing production and affordability should also continue to be sought out. It was noted that the City's Planning Division also has a considerable overlap in the area of Housing policies.

Fair Housing Concepts

Housing choice plays a critical role in influencing individuals' and families' abilities to realize and attain personal, educational, employment and income potential. The fundamental goal of HUD fair housing policy is to make housing choice a reality through sound planning. Through its on-going focus on Fair Housing Planning, HUD "is committed to eliminating racial and ethnic discrimination, illegal physical and other barriers to persons with disabilities, and other discriminatory practices in housing." Among the recurring key concepts inherent in fair housing planning are:

- *Affirmatively Further Fair Housing (AFFH)* – Under its community development programs, HUD has required its grantees to affirmatively further fair housing through three broad activities: 1) conduct an Analysis of Impediments to Fair Housing Choice; 2) act to overcome identified impediments; and 3) track measurable progress in addressing impediments and the realization of fair housing choice.

  On Thursday, July 23, 2020, the U.S. Department of Housing and Urban Development (HUD) announced the termination of the federal 2015 Affirmatively Furthering Fair Housing Final Rule (2015 AFFH Rule). Through the 2015 AFFH Rule, a new fair housing planning framework was created, providing states, local communities, and public housing authorities a way to better understand existing fair housing barriers, and how those barriers can be overcome. The AHHF Rule had been previously suspended, but the termination of the Rule was a step farther and also ushered in the new Preserving Community and Neighborhood Choice Final Rule. The new rule defines fair housing broadly to mean housing that, among other attributes, is affordable, safe, decent, free of unlawful discrimination, and accessible under civil rights laws. It then defines "affirmatively furthering fair housing" to mean any action rationally related to promoting any of the above attributes of fair housing with no planning framework requirements. In essence, these changes broaden the term "affirmatively furthering fair housing" to make it an easier requirement to meet. Now, a grantee's certification that it has affirmatively furthered fair housing would be deemed sufficient if it proposes to take any action above what is required by statute related to promoting any of the attributes of fair housing.

  The termination of the 2015 AFFH Rule directly impacts HUD program participants and federal programmatic requirements across the country. However, the 2018 passage of California Assembly Bill 686 (AB 686) created new requirements for all state and local agencies to ensure that their laws, programs and activities affirmatively further fair housing (AFFH). The state requirement to AFFH remains intact, regardless of federal action regarding the 2015 AFFH Rule.

- *Affordable Housing* – Decent, safe, quality housing that costs no more than 30% of a household's gross monthly income for utility and rent or mortgage payments.

EXHIBIT A- FINDINGS FROM THE DRAFT ANALYSIS OF FAIR HOUSING

Section 7. Identification of Impediments to Fair Housing Choice and Actions

Findings

The following is a summary of the key findings of his report:

POPULATION

The City's population is expanding. Since 2000, the City's population has increased 28.4% The City's growth rate was noticeably higher than the state where the growth rate was 15.1%. Most population is concentrated in the northern portion of the City.

While the average age in the City has increased, higher percentages of the population are being represented in the 25-34 year old group. In 2017, the median age of the population was 34.9 years old. That is an increase of 1.3 years since 2000 when the median age was 29.2 years old. However, the largest age group in the City is the 25 to 34 years old group with 12,555 people, or 15.3% of the population.

RACE AND ETHNICITY

Merced is more ethnically diverse than the state as a whole. It is a majority Hispanic City, with 52.2% of the population identifying as Hispanic compared to 38.8% at the state level.

Census tracts with disproportionally large number of black residents are found in the northern part of the City. These tracts have over 10% of the population that identifies as Black.

Asian and Hispanic residents are more prevalent in the southern part of the City. In southern census tracts, Asians make up 20% or more of the population and Areas with a heavy Hispanic concentration are located primarily in the southern part of Merced and more than 70% of Hispanic residents live in the southern portion of the City.

Merced has a significant foreign-born population. According to the most recent data, there are 17,667 foreign-born residents and nearly 45% of them are naturalized citizens. Nearly 65% of them entered prior to 2000 and 67% came from Latin America. The median household income for foreign-born residents in the City is over $12,000 less than the MHI for foreign-born residents in the state.

Merced as a whole has a diversity index score of 57, meaning that it is classified diverse. While no areas in the City had a score below 25, there are areas that are noticeably less diverse than others. Tracts in the north part of the City are overall more diverse, particularly when compared to central tracts in the southern part of the City.

EXHIBIT A- FINDINGS FROM THE DRAFT ANALYSIS OF FAIR HOUSING

DISABILTY

Merced's disability rate is higher than the state average. In Merced there are 14,113 residents who report a disability, or 17.4%. This is higher than the statewide rate of 10.6%. Older residents are more likely to have a disability.

Fair housing complaints are predominantly based on perceived violations of disability rights. All disability complaints reported to HUD since 2015 cited reasonable accommodations among the bases for their complaints.

INCOME AND POVERTY

Incomes in Merced are lower than the state average but growing on par with state increases. In 2017, the median household income (MHI) in Merced was $40,704. This was considerably less than the statewide MHI of $67,169. Those living in the northern part of the City are more likely to earn higher incomes than the City average.

Merced has income disparities among races. Whites earn the highest median income and are the only group to earn over the citywide median household income. Black and mixed race households earn the least.

The poverty rate in Merced is twice the statewide average and is growing more quickly. Poverty increased over 15% between 2010 and 2017. Census tracts in central Merced have poverty rates of over 50%.

Poverty levels differ across races. American Indian and Alaska Native households have the highest poverty rate at over 50%, followed by mixed race households at over 41%, and Hispanic households at over 35%.

While unemployment had been decreasing in recent years, Merced's unemployment rate continues to be higher than the state unemployment rate. The state unemployment rate in 2018 was 4.2% compared to Merced's at 6.7%

Homelessness is an increasingly prevalent concern in the community. As homelessness rates rise, more support for those experiencing homelessness and at risk of homelessness is needed. Over 36% of survey respondents reported that they have experienced homelessness.

HOUSING

The most prevalent housing type in the City is 1-unit detached structures. These structures comprise 65.8% of all units, which is a slight increase from 2010 when this housing type represented 61.4%.

EXHIBIT A- FINDINGS FROM THE DRAFT ANALYSIS OF FAIR HOUSING

Housing units with three bedrooms make up the largest portion of City's housing stock at 39.3% of all units.

Much of the housing stock in the City is relatively new. Fifty-three percent of Merced's housing was built after 1980 with the largest cohort built between 2000-2009. However, that leave 47% of all housing built before 1980. These units are at greater risk for lead-based paint hazards.

The majority of households are renter households. Renter households make up 60% percent of the households in Merced compared to 40% owner households.
Vacancy rates have declined significantly for both renter and owner households since 2000. Vacancy rates for renters fell from 8.6% to 5.3%. Vacancy rates for owners fell from 6.4% to 2.3%.

While median home values have decreased since 2010, rents have increased. The Median Home Value in Merced fell from $223,500 in 2010 to $185,000 in 2017, a 17.2% drop. However, during the same period median rents have increased. The median contract rent in 2010 was $680 and jumped to $781 in 2017. Rents are highest in north Merced.

Renters are more likely to be cost burdened than owners with a mortgage. Approximately 32.9% of homeowners with a mortgage are cost-burdened in Merced. In contrast, over 58% of owners are cost burdened. Respondents to the community survey, which represented a mix of owners and renters, reported that over 57% were cost burdened.

Housing costs and lack of available housing were among the top barriers to housing in the community survey. Over 77% of respondents stated that housing costs were a concern. Over 46% stated that finding affordable housing was an issue and over 38% reported that finding available housing generally was a challenge.

LENDING

Whites and Hispanics are most likely to apply for home purchase loans, but denial rates across races are consistent. In 2017 Whites and Hispanics 39% and 37% of all home purchase applications, respectively. In contrast, Asian applicants represented 17% and Black applicants represented only 4%. Among all groups, however, denial rates are consistent at around 7%.

The single-family denial rate declined for all income groups except Very Low Income between 2007 and 2017. Very Low Income denials have increased significantly in recent years compared to other groups. As of the most recent data year, Very Low Applicants are more than five times as likely to be denied for a home purchase relative to High Income applicants.