

2005-2006 HOUSING ELEMENT PROGRESS REPORT

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**2000-2005 Housing Element
Adopted by Ontario City Council
December 4, 2001
Resolution No. 2001-113**

CITY OF ONTARIO

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INTRODUCTION

The City of Ontario adopted the 2000-2005 Housing Element in December 2001 and the State Housing and Community Development Department (HCD) found it to be in substantial compliance with housing element law in March 2002. This report covers progress made towards the implementation of the Housing Element from July 1, 2005 through June 30, 2006.

IMPLEMENTATION

The City's adopted Housing Element identifies Ontario's current and projected housing needs as well as specific strategies, funding sources and programs designed to meet those needs. A total of four major housing goals and 31 implementation strategies are included in the Housing Element. The four major goals include 1) Provision of Housing, 2) Affordable Housing, 3) Equal Opportunity Housing, and 4) Housing Conservation. Implementation strategies I-4 through I-31 are established and ongoing. Major progress has been made on strategies I-1, I-2, I-3, I-12, and I-16 during this reporting period (FY2005/2006), which is discussed below.

Strategy I-1: Center City Mixed Use Development

1. Work/live Lofts Since the adoption of the Housing Element, the Development Code was amended to include mixed-use and work/live loft development within the C2 (Central Business Center Commercial) Zone. During this reporting period a total of 32 work/live loft units have been completed within the C2 Zone. An additional 13 work/live units are under various stages of construction within the C2 Zone.
2. Flexible Parking Standards for Multi-family Residential The new Downtown Parking Model continues to provide flexible parking requirements for multi-family and mixed-use development within the downtown district. The model considers parking supply, shared parking and peak/non-peak demand from any combination of 30 specific land uses. Downtown parking standards are now performance-based rather than based on a prescriptive standard. This model has been used to support new construction and adaptive reuse projects within Downtown including new mixed-use buildings and work/live lofts. The Parking Model received a local American Planning Association (APA) Award in 2004.
3. Development Code Amendment A Development Code Amendment is underway to provide for transitional housing in the City's industrial zones (M1, M2, and M3 zones). Two amendments to the Development Code were approved which will help facilitate redevelopment in downtown, including a new article to allow for the creation of a Planned Unit Development Overlay Zone and to allow relocation of existing non-conforming uses to other locations in Ontario where the use is not listed as a permitted use when the relocation is caused by an action or actions by the City of Ontario.

Strategy I-2: Recycling of Underutilized Land

1. Lot Consolidation/Acquisition The 12-block Ontario Town Center project includes 547 multi-family units, along with educational, retail, office and civic uses. Property acquisition is about 95% complete. The Environmental Impact Report (“EIR”) was certified, and a concept plan approved, on November 16, 2004 for this major revitalization project.

As part of this project, the Ontario Town Center Project a Planned Unit Development (PUD) Ordinance was approved during FY 2005-2006 to establish development regulations for six blocks within the 12-block area. This PUD allows for the development of the following:

- Two mixed use blocks with each block containing a maximum of 36,000 square feet of ground floor commercial uses and up to 110 residential units above the blocks bounded by Holt Boulevard, Euclid Avenue, B Street and Lemon Avenue and the block bounded by C Street, Euclid Avenue, D Street and Lemon Avenue; and
- 160 apartments in the block bounded by Holt Boulevard, Lemon Avenue, B Street, and Plum Avenue;
- 140 townhomes in the two blocks bounded by Holt Boulevard, Plum Avenue, B Street, and Sultana Avenue; and
- Two restaurant buildings and a civic plaza in the block bounded by B Street, Euclid Avenue, C Street and Lemon Avenue.

The Development Plans for four of the blocks were approved and construction is estimated to begin in the fall of 2006.

2. Utilization Study A land use study was completed on a 1.5-mile segment of Holt Boulevard during 2003. The information gathered during the study phase is being analyzed and alternative concept plans developed. The Holt Boulevard Study will assist in developing a lot consolidation/utilization strategy that will include housing options for the north side of the street. In 2005, the City hired a planning consultant to develop an ordinance that includes lot width/depth ratios and incentives to encourage lot consolidation.

Strategy I-3: Land Use Consistency Analysis

A citywide vacant land survey was completed during 2003 and is updated annually. The survey continues to assist housing developers find potential housing sites and has assisted the Planning Department identify parcels that should be considered for rezoning from non-residential to residential. During this reporting period, several sites were rezoned from commercial to residential to provide housing development opportunities adjacent to major freeways, shopping, services and jobs. Properties considered for rezoning from industrial to residential during this reporting period could provide for up to 2,000 additional housing units.

New Model Colony

Strategies I-4 through I-7 deal specifically with the newly incorporated New Model Colony (NMC) area. The NMC is an 8,200-acre area of the former San Bernardino Agricultural Preserve. In order for this agricultural area to develop, three major issues need to be resolved. First, infrastructure-financing mechanisms must be in place. Second, specific plans must be submitted by developers and approved by the City. Third, Williamson Act Contracts must expire or be canceled by property owners. Progress is being made on all three fronts:

1. Infrastructure Financing Mechanism The City is currently working with a consortium of developers to provide funding for initial infrastructure installation, including over \$35 million for the water system. Funding has been obtained for the design of water reservoir and well facilities. It is anticipated that additional funding will be available in late 2005 to begin construction of the water system. System activation is anticipated for the early 2007. The City and Inland Empire Utilities Agency ("IEUA") have approved plans for regional sewer facilities to serve the eastern portion of the New Model Colony. Through funding provided by IEUA, construction began in June 2005 with completion anticipated in mid 2006. The City has entered into an agreement with a consortium of 14 developers for the funding of infrastructure serving the eastern portion of the NMC. The infrastructure to be funded includes sewer, water, storm drain, streets, fire station and park facilities totaling in excess of \$430 million. The regional trunk sewer serving the eastern portion of the NMC has been completed by Inland Empire Utilities Agency ("IEUA"). A regional storm drain facility has been completed by Riverside County that will convey storm water from the eastern portion of the NMC to the Cucamonga Flood Control Channel. Further, a water reservoir and two wells sites are currently under construction. The balance of the improvements are anticipated to be constructed in three phases over the next four years, with the first phase of construction slated to begin the first quarter of 2007.
2. Specific Plan Submittals Currently, ten specific plan applications have been submitted to the City. These plans propose the development of 12,058 single-family residences, 4,792 multi-family residences, over 1,669,920 square feet of commercial use, and 550,000 square feet of business park/light industrial use over 2,421 acres of land. Each of these specific plans requires preparation of an Environmental Impact Report ("EIR"). To date, two of the specific plans have been approved by the City allowing for 1,096 single family units, 307 multi-family units, 217,520 square feet of commercial space and 550,000 square feet of business park/light industrial space. The remaining specific plan applications are completing work on revisions to the plans and necessary environmental impact reports. It is anticipated that the remaining eight specific plans will be considered for approval by the City over the next 12-18 months. Contracts have been awarded and EIR consultants are in the early stages of EIR preparation.
3. Williamson Act Contracts With the annexation of the former San Bernardino Agriculture Preserve, the City inherited approximately 115 Williamson Act Contracts. In preparation for anticipated development in the former agricultural preserve, approximately 9 non-renewal applications have been filed during the reporting period for a total of 49 during the planning period. Non-renewals applications have steadily increased each year since 1999,

indicating property owner preparation for development within the NMC. In addition, 7 applications have been submitted requesting cancellation of the Williamson Act contracts, allowing for immediate development of the property rather than waiting for the non-renewal period to expire.

Strategy I-12: Home Buyers Assistance

1. Ontario OPEN (Ownership Program Enhancing Neighborhoods) House Program This program provides down payment and closing cost assistance to first-time homebuyers to increase homeownership rates and revitalize neighborhoods. Financial assistance (not to exceed 6% of the purchase price of the property) is provided to qualified first-time homebuyers in the form of a 45-year, zero percent, deferred payment loans with an equity share component. During FY 2005-2006, the City worked with Neighborhood Partnership Housing Services, Inc. (NPHS) to promote the Ontario OPEN House Program. During FY 2005-2006, no households were assisted through this program. The main impediment for the program was the rapidly increasing real estate market.

Strategy I-16: Homeless Service Plan

1. Mercy House – Homeless Services Continuum of Care Program – The City of Ontario worked cooperatively with Mercy House to implement a comprehensive Homeless Services Continuum of Care Program (Continuum). The Continuum provides a comprehensive homeless strategy to assist homeless individuals and families to become self-sufficient. The programs within the Continuum include the following services: a full-service intake center, 14 emergency housing beds, 34 transitional housing beds, and 60 permanent housing units, and an aftercare program. The Continuum has been designed to enhance homeless services available within Ontario and provide needed resources to fill identified gaps within the current delivery of homeless services. The Continuum is a phased project that is estimated to be completed within 3 years. The first phase will provide the following services: a temporary intake center; 34 transitional housing beds, and 14 permanent moderate-income housing units, and aftercare services. During FY 2005-2006, the following activities were achieved:
 - A temporary intake center, located at 905 E. Holt Boulevard, was secured and rehabilitated. Services to the community began at this site during FY 2005-2006;
 - Mercy House executed a Lease Agreement for a nine-unit building owned by the City of Ontario for the transitional housing facility. This property will provide 34 transitional housing beds. Construction is estimated to be completed by November 2006. All existing tenants were relocated to permanent housing during FY 2005-2006.
 - Mercy House executed a Lease Agreement for 15-unit property owned by the Ontario Redevelopment Agency for affordable permanent housing units. The rehabilitation of these units is expected to be completed by November 2006. All existing tenants were relocated to permanent housing during FY 2005-2006.
 - A site, located at 814 S. Greenwood Avenue, was acquired for the permanent Intake Center. The permanent Intake Center will provide for administrative offices, counseling offices, and 14 emergency beds. During FY 2005-2006, the facility was being designed. Construction is estimated to begin in FY 2006-2007.

City, Agency, and/or Authority Assisted Housing Project Activity

New Construction

1. Ontario Town Center Project The City of Ontario (“City”), the Ontario Redevelopment Agency (“Agency”), and the Ontario Housing Authority (“Authority”) are currently working with two developers to implement multi-family residential projects within the Downtown. The Downtown Ontario Town Center Project area includes the 12-block area that surrounds and includes City Hall, which is bounded by D Street to the north; Sultana Avenue to the east; Holt Boulevard to the south; and Euclid Avenue to the west. The ancillary location consists of a two-block area adjacent to the project, which is bounded by Holt Boulevard to the north; Melrose Avenue to the east; Emporia Street to the south; and Sultana Avenue to the west. The Project will potentially result in the construction of approximately 547 high quality for-sale condominiums, multi-family rental, and senior rental housing units. This project offers a unique opportunity to create an “urban village” and revitalize the downtown area by introducing new “urban” housing types and attracting new demographics. The primary objective for the site is to develop high quality, mixed-use housing developments consisting of market rate and affordable multi-family (for-sale and rental), senior housing, offices, and retail shops.

Currently, the City, Agency, and Authority own approximately 95% of the Downtown Ontario Town Center Project area. During FY 2003-2004, the Authority solicited requests for qualifications from 27 experienced in-fill developers for the project. Based upon interviews of the firms that responded and a review of the proposals, the Authority entered into an Exclusive Right to Negotiate Agreement with J.H. Snyder Group, LLC. The J.H. Snyder Group, LLC is an experienced and successful developer of mixed-use in-fill development projects. Founded in 1949, the J.H. Snyder Company is a \$1 billion enterprise, with more than 41,000 homes, some 4 million square feet of office space, and over 3 million square feet of retail development to its credit. During FY 2005-2006, the design was completed on four of the six blocks that J.H. Snyder Company will develop. The second developer is the Related Companies. It is anticipated that the Related Companies will construct a 76 unit affordable senior complex within this project area. It is anticipated that the approximately 236 units created will be restricted for very low-, low-, and moderate-income families and affordable senior units, which will assist the City in meeting its RHNA for moderate-income units.

2. Ontario Senior Housing Project Phase II Staff has worked cooperatively with the developer (Cooperative Services, Inc.) to submit an application for the Department of Housing and Urban Development (HUD) Section 202 funds. The Phase II Project will consist of 48 affordable senior housing units. During FY 2005-2006, this project was awarded a Section 202 grant in the amount of \$5.9 million for the construction of these units.
3. Mountain View Senior Apartment Phase II The Phase II project will create 20 additional affordable senior housing units for very low- and low-income seniors and will bring the total number of units at the site to 106. This project was awarded federal and state tax

credits. Construction is estimated to began in FY 2005-2006 and is expected to be completed by December 2006..

4. Mission/Oakland Site The Agency currently owns a 3.5-acre site that will ultimately be developed with 31 market-rate for-sale housing units. During FY 2004-2005, the Agency entered into a Disposition and Development Agreement with De Oro/Pelican LLC to develop the site. Construction is estimated to begin no later than October 2007.
5. HOME Acquisition/Rehabilitation Resale Down-Payment Assistance Loan – AOF/Golden State Development Corporation ((HARR-DPAL) Program (916 Taylor) During FY 2005-2006, AOF/Golden State Development Corporation completed the construction of a five-bedroom single-family house, located at 916 Taylor. This property was sold to a low-income family with a 45-year affordability covenant.
6. Infill Housing Development This program is designed to preserve, enhance, and construct high-quality affordable housing within Ontario through the acquisition of vacant or underutilized parcels within existing neighborhoods. One home was completed during FY 2005-2006 for a low income family.

NEW CONSTRUCTION SUMMARY (OCCUPANCY)

Project	New Income Restricted Units			
	Very Low Income	Low Income	Moderate Income	Total Restricted Units
916 S. Taylor	0	1	0	1

Acquisition/Rehabilitation

1. Parc Vista, Terrace View, and Casitas During FY 2003-2004, the Agency acquired Parc Vista and Terrace View to protect the long-term affordability and maintenance of the properties.

During FY 2005-2006, the Agency sold Parc Vista and Terrace View to JH Real Estate Partners to substantially rehabilitate these units and increase the affordability term for an additional 55 years. In an effort to increase the total number of affordable units and provide a mix of incomes at Parc Vista and Terrace View, the Agency negotiated the following changes:

ACQUISITION AND REHABILITATION SUMMARY FOR FY 2005-06

Current Parc Vista Unit Count				
	Very Low-Income	Low-Income	Moderate-Income	Totals
Studio	2	2	4	8
1BR	5	5	16	26
2BR	9	9	26	44
Total:	16	16	46	78

Current Terrace View Unit Count				
	Very Low-Income	Low-Income	Moderate-Income	Totals
Studio	1	1	0	2
1BR	12	12	35	59
2BR	2	2	9	13
3BR	0	0	1	1
Total:	15	15	45	75
Grand Total	31	31	91	153
Proposed Parc Vista Unit Count				
	Very Low-Income	Low-Income	Moderate-Income	Totals
Studio	2	2	4	8
1BR	5	0	21	26
2BR	9	2	33	44
Total:	16	4	58	78
Proposed Terrace View Unit Count				
	Very Low-Income	Low-Income	Moderate-Income	Totals
Studio	1	1	0	2
1BR	12	0	47	59
2BR	2	0	11	13
3BR	0	0	1	1
Total:	15	1	59	75
Proposed Affordable Casitas Count				
	Very Low-Income	Low-Income	Moderate-Income	Totals
1BR	0	17	22	39
2BR	0	9	0	9
Total:	0	26	22	48
Grand Total	31	31	139	201
Net Increase/(Decrease)	0	0	48	48

As part of the Agreement, the Agency was able to negotiate an additional 48 moderate-income units, which included units at the Casitas Apartments and provide for a greater income mix at the Parc Vista and Terrace View Apartments in an effort to make the projects more viable

The Ontario Housing Authority also authorized the issuance of \$13,200,000 of private activity bonds for the acquisition and rehabilitation of these properties by JH Real Estate Partners.

2. Whispering Winds

During FY 2003-2004, the Agency acquired Whispering Winds to protect the long-term maintenance of this property. This property was sold to a Pacifica Companies, LLC to convert the property into a market rate for-sale condominiums with sales prices ranging between \$220,000 to \$301,000 during FY 2005-2006. At the time that the units were lost, projects were identified that would replace these units. However, subsequently the replacement site has become unsuitable for development. These units will be replaced

within the Ontario Town Center Project and other Agency developed projects within the next four years as required.

3. Park Center

The City of Ontario authorized the issuance of Multi-Family Housing Revenue Refunding Bonds for the Park Center Apartments due to expiring credit enhancement and a change in ownership. As part of the issuance, City staff negotiated 101 affordable housing units with a 55-year covenant (20 units have income and rent restrictions and 81 units have income restrictions).

SUMMARY OF CHANGE IN INCOME RESTRICTED UNITS FOR FY 2005-06

PROJECT DESCRIPTION AND INCOME RESTRICTION CATEGORY	PREVIOUSLY RESTRICTED UNITS	2005 – 06 RESTRICTED UNITS CHANGE	TOTAL RESTRICTED UNITS
PARC VISTA (Family Complex) 1206 W. 4 th Street			
Very low-income (50% of AMI)	16	0	16
Low Income (80% of AMI)	16	-12	4
Moderate Income (120% of AMI)	46	+12	58
TOTAL	78	0	78
TERRACE VIEW (Family Complex) 1130 W. 4 th Street			
Very low-income (50% of AMI)	15	0	15
Low Income (80% of AMI)	15	-14	1
Moderate Income (120% of AMI)	45	+14	59
TOTAL	75	0	75
CASITAS (Family Complex) 1900 S. Campus Avenue			
Very low-income (50% of AMI)	0	0	0
Low Income (80% of AMI)	0	+26	26
Moderate Income (120% of AMI)	0	+22	22
TOTAL	0	+48	48
WHISPERING WINDS (Family Complex) 406-518 E. Imperial Street			
Very low-income (50% of AMI)	12	-12	0
Low Income (80% of AMI)	0	0	0
Moderate Income (120% of AMI)	50	-50	0
TOTAL	62	-62	0
PARK CENTER (Family Complex)			
Very low-income (50% of AMI)	0	0	0
Low Income (80% of AMI)	0	5	5
Low Income (80% of AMI with no rent restrictions)	0	81	81
Moderate Income (110% of AMI)	0	15	15
TOTAL	0	+101	101

Homebuyer Programs

1. Tax-exempt bonds to fund the Extra Credit Teacher Home Purchase Program This program is available through the California Housing Finance Agency (CalHFA). The program provides a below market interest rate CalHFA first loan, together with a deferred

payment, junior mortgage loan not to exceed the greater of \$7,500 or 3% of the sales price with a forgivable interest rate (0% to 5%). This program was marketed during FY 2005-2006, one (1) household was assisted within Ontario through this program during the reporting period with a total downpayment assistance of \$7,860.

2. Police Residence Assistance Program The City of Ontario offers the Police Residence Assistance Program to Ontario police officers. The purpose of the program is to encourage Ontario police officers to live within the City. Through this program, the City provides forgivable loans of up to \$10,000 to Ontario police officers, which may be used to assist the officers in purchasing a new home within Ontario or may be used to reduce the balance on any existing first trust deed for their current Ontario residence. During FY 2005-2006, this program issued no new loans. In addition, two (2) subordination agreements were processed.
3. Neighborhood Partnership Housing Services (NPHS) First-Time Homebuyer Program NPHS offers several first-time homebuyer programs in addition to the Ontario OPEN House Program. Through these other first-time homebuyer programs, three households were assisted in purchasing homes within Ontario during FY 2005-2006.

PROGRESS TOWARDS IDENTIFIED HOUSING GOALS

Tables 52 through 54, below, summarize the cumulative progress made from 2000 through 2005 toward the goals and objectives identified in the Housing Element. Table 52 and 53 are City-prescribed objectives and show accomplishments toward programs and projects that preserve affordable housing and provide housing support services.

Table 52 PRESERVATION/ REHABILITATION OBJECTIVES 2000-2005 Accomplishments 2000-2005					
INCOME CATEGORY	Very Low	Low	Moderate	Total	% of Objective
CARES Single Family					
5-year Goal	830	830	840	2,500	
5-year Progress	740	416	1,168	2,324	93%
Acquisition/ Substantial Rehab					
5-year Goal	210	315	0	525	
5-year Progress	4	8	3	15	3%
Preservation of At- Risk Units					
5-year Goal	113	29	0	142	
5-year Progress	0	200	0	200	141%
TOTAL					
5-year Goal	1,153	1,174	840	3,167	
5-year Progress	744	624	1,171	2,539	80%
% of Objective					
5-year Progress	65%	53%	139%	80%	

Table 53 HOUSING ASSISTANCE PROGRAM OBJECTIVES 2000- 2005 Accomplishments 2000-2005					
INCOME CATEGORY	Very Low	Low	Moderate	Total	% of Objective
First Time Homebuyer Program					
5-year Goal	10	15	50	75	
5-year Progress	2	20	62	84	112%
Section 8 Rental Assistance					
5-year Goal	610	0	0	610	
5-year Progress	1,494	1,905	0	3,399	557%
Homeless Outreach Program					
5-year Goal	1,152	0	0	1,152	
5-year Progress	10,606	20	2	10,628	923%
Total					
5-year Goal	1,172	15	50	1,837	
5-year Progress	12,105	1,945	64	14,114	768%
% of Objective					
5-year Progress	1,033%	12,967%	128%	768%	

The State of California, along with regional government agencies, assigns the number of affordable housing units that each jurisdiction is expected to produce during the planning period based on state, regional and local demographics and potential general plan build-out. This number represents a jurisdiction's fair share of affordable housing units expected to be produced during the planning period and is referred to as the City's Regional Housing Needs Assessment (RHNA). The additional fair share units can be accomplished through new construction, substantial rehabilitation and affordable units created through homebuyer programs. The City's RHNA accomplishments are shown on Table 54.

Table 54 Quantified Objectives Progress 2000-2005 Accomplishments 2000-2005						
PROGRAM	New Construction	Acquisition/ Rehab	Homebuyer Assistance	Total	RHNA	% of RHNA
Very Low						
5-year Progress	190	4	1	195	495	39%
Low						
5-year Progress	72	8	8	88	373	24%
Moderate						
5-year Progress	0	59	16	75	498	15%
Above Moderate						
5-year Progress	463	0	0	463	1,035	45%
TOTAL						
5-year Progress	725	71	25	821	2,401	34%

CONCLUSION

The City has successfully applied the 31 implementation strategies identified in the Housing Element. Through these strategies, substantial progress has been made towards the goals and policies of the Housing Element, especially in meeting needs identified in the above-moderate and very low-income categories. The City accomplished 80% of the Preservation/Rehabilitation objectives (Table 52) and has exceeded the Housing Assistance Program objectives by sevenfold (Table 53). One of the most challenging objectives for a built out City is to develop new infill residential construction. Except for the New Model Colony area, the City of Ontario's residential land has been substantially built out. Despite this, Table 54 shows that the City has accomplished 34% of the RHNA goals toward creating additional affordable units through homebuyer programs, new residential infill, and substantial rehabilitation of existing units. The Housing Agency is working on several programs and projects that are expected to provide an additional 706 units within FY2006/2007. These programs and projects include the Ontario Town Center, Mountain View Senior Housing Project Phase II, Ontario Senior Housing Project Phase II, Mission and Oakland Single-Family Housing Project, Mercy House Homeless Continuum of Care Program, homebuyer programs, and additional live/work lofts.