CITY OF WESTMINSTER
WESTMINSTER REDEVELOPMENT AGENCY
8200 Westminster Blvd, Westminster, CA 92683

Affordable Housing Strategy and Ten-Year Housing Compliance Plan

(2004/05 thru 2013/14)

DRAFT

October 16, 2008

RSG
INTELLIGENT COMMUNITY DEVELOPMENT

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EXECUTIVE SUMMARY

Affordable housing issues in the City of Westminster (the "City") were assessed by Rosenow Spevacek Group, Inc., to provide the City and the Westminster Redevelopment Agency (the "Agency") with an overview of inclusionary housing requirements and strategies for implementation. The resulting document, the Affordable Housing Strategy and Ten Year Compliance Plan ("Housing Strategy") has been prepared to address the community's need for affordable housing while providing a road map for the City and Agency to better utilize both their physical and financial resources. An additional focus of this document is to provide the City and Agency with a practical strategy to meet the City and Agency's legal requirements for the production of affordable housing and use of the Agency's housing set-aside funds ("Low and Moderate Income Housing Funds" or "LMIHF").

This document, the Housing Strategy serves as the Agency's Ten-Year (2004/05-2013/14) Housing Compliance Plan.

The requirements and obligations of the Agency under California Health and Safety Code Section 33000 *et seq*. (California Community Redevelopment Law ["the CRL"]), provides the major focus for the Housing Strategy since they reflect the highest level of statutory review. Key housing provisions of the CRL provide that; 1) not less than 15% of the total units developed (by private parties) in a project area be made available to and occupied by persons of very low, low and moderate income, of which at least 40% must be for very low income households; 2) the replacement of low and moderate income housing destroyed or removed by Agency action within a four year period; 3) the deposit of not less than 20% of the tax increment revenue allocated to the Agency into a separate fund to increase, improve and preserve housing affordable to low-and moderate-income persons and households; and 4) LMIHF dollars must be spent in a timely fashion for specific uses to benefit the community's supply of affordable housing, proportionally to the City's established housing need as set forth in the City's Housing Element.[1]

City obligations for affordable housing under the Housing Element (2008 update) of the General Plan and the Regional Housing Needs Assessment (RHNA) targets were also evaluated. The following provides an overview of issues related to affordable housing in the City, and a summary of policy considerations and recommendations for their implementation based on the identified housing needs and available financial resources.

Affordable Housing Needs

The community's affordable housing needs fall within two categories, the citywide targets as reflected by the City's RHNA and Housing Element, and the obligations of the Agency as reflected in the Ten-Year Housing Compliance Plan (a component of this Strategy). The 2007 RHNA numbers reflect a citywide need for development of 147 dwelling units for the period of 2006 through 2014. Of the 147 needed units, 30 are designated for very low income, of which at least one half (15) should be targeted for extremely low income, 25 are designated for low income and 29 for moderate income. Therefore, of the 147 units

[1] The CRL defines "extremely low" as households or persons whose income does not exceed 30% of the area median income adjusted for household size, "very low income " as households or persons whose income does not exceed 50% of the area median income, "low income" as households or persons whose income is greater than 50% but does not exceed 80% of the area median income, and "moderate income" as households or persons whose income is greater than 80% but does not exceed 120% of the area median income adjusted for household size.

identified by the RHNA, 84 are designated for low and moderate income households and the remaining 63 are designated for upper income over 120%of the AMI.

This Strategy estimates that 520 dwelling units will be produced in the City and the Agency's Westminster Commercial Project Area No. 1 (the "Project Area") over the period from 2007 to 2014, obligating the Agency to create 78 affordable units. The Agency's past efforts to produce affordable housing has been highly successful. Currently, the Agency has a surplus (against its inclusionary obligation) of 211 affordable units.

A redevelopment agency's inclusionary housing production obligations may also be counted toward satisfying the citywide RHNA requirements. However, only new units created or assisted by the Agency from 2007 to 2014 will count toward meeting the City's RHNA obligation.

Affordable Housing Production Overview

Affordable housing activities in the City fall primarily under the Agency's responsibility due to its continuing legal obligations and access to the only reliable source of ongoing funding via required deposits to its Low and Moderate Income Housing Fund (LMIHF).

LMIHF monies may be used citywide subject to a number of limitations on their expenditure pursuant to the CRL. The CRL also requires the proportional expenditure of LMIHF monies in accordance with the community's proportional housing needs for very low, low and moderate income households. The proportional housing needs are generally identified as those reflected in the City's RHNA targets, thus the Agency's expenditure limitations are governed by the City's RHNA income category distribution, as adjusted to reflect only the proportion of very low, low and moderate income categories. The Agency's proportional expenditure requirements, as reflected by the City's RHNA distribution for very low, low and moderate income housing are 35.7%, 29.8%, and 34.5% respectively.

Affordable Housing Implementation Considerations

Implementation of affordable housing programs and projects is guided by the determination of the unmet housing needs and existing opportunities in the community weighed against the availability of financial resources and the limitations placed on the use of such resources. Implementation issues for consideration include the following:

General Considerations The City's Housing Element identifies a range of housing programs as a means to fulfill its affordable housing needs based on the availability of land with services for development. Determination of program applicability within geographic areas, identification of target income categories to meet City's objectives, and resolution regarding dispersal of affordable housing units to define project characteristics are considerations necessary to further guide the City and Agency in identifying specific affordable housing policies and implementation programs and projects. All income categories as reflected in the City's RHNA must be addressed to ensure the Agency's funds are expended as required under the CRL.

Planning Considerations Homeownership Assistance Programs for low and moderate income households targeting available existing homes and new mixed-income rental housing development represent the best means for achieving a balanced dispersal policy. Additionally, rehabilitation programs for rental properties will address older properties in need of repair. Higher density development, particularly projects that contain both commercial and residential uses may be the most viable option for infill sites located within or nearby existing retail and commercial corridors since residential and retail uses will generally support each other to create a more vibrant environment and serve to spread the development costs and risks. Evaluation of new construction and infill housing opportunities should address: density, combined income group and use issues.

Financial Considerations Monies from the Agency's LMIHF must be allocated to ensure that both timely and appropriate expenditures are made pursuant to the CRL. The Agency is expected to receive approximately $70.8 million of housing set-aside revenue during the ten year period commencing in 2004/05 through 2013/14, with $46.8 million expected to be received from 2008/09 through 2013/14. The Agency needs to plan and expeditiously expend these dollars on housing activities that benefit low and moderate income households citywide to avoid incurring an excess surplus. Since the Agency's inclusionary production obligations have been met for the foreseeable future, the Agency is free to allocate LMIHF dollars among a number of programs that address affordable housing production and housing stock preservation within the income targeting requirements of the CRL. The Agency has the financial resources to make substantial funds available for a variety of housing projects and programs over the term of this Housing Strategy, including funds for non-substantial housing rehabilitation for low and moderate income households.

The City and Agency need to continue to pursue affordable projects that utilize additional funding sources. Affordable low and moderate income new construction projects require significant financial support. Utilizing additional funding resources, such as HOME and Community Development Block Grant ("CDBG") as well as Low Income Tax Credits ("LIHTC") and Housing Bonds will ensure that the City and Agency will have the financial resources to offer the broadest scope of housing programs to their citizenry.

Organizational Considerations. This Housing Strategy envisions an aggressive approach to undertaking housing projects and programs over the next six years. This ambitious program is geared to enable the Agency to meet the spending requirements of the CRL (for the LMIHF) as well as assist housing citywide during the acknowledged economic downturn, thereby providing an economic stimulant to the City's economy.

Affordable Housing Policy Recommendations

1. Encourage construction of mixed-income projects, when feasible, to provide low and moderate income units which are indistinguishable from the market rate units in the same development.

2. Consider targeting higher density and developments containing both commercial and residential uses for infill locations along commercial corridors in need of additional economic stimulation that may be accomplished through development of more vibrant projects with extended daytime and night time activities.

3. Support development of 9% Low Income Housing Tax Credits ("LIHTC"), for family rental projects to ensure the high level of financial subsidy necessary to produce very low and low income housing. LIHTCs reflect Federal (and State) tax credits for the development of extremely low, very low and low income housing units. The LIHTCs are awarded to project developers (generally partnership between a non-profit and a for-profit housing developer), and sold to private or institutional investors with the proceeds applied directly

to the construction costs of the affordable units. This adds a substantial additional layer of funding to a project and thereby reduces the level of local assistance required.

4. Encourage homeownership opportunities for work-force and low and moderate income households by providing assistance programs for the purchase of existing and new ownership units.
5. Pursue strategic and selective land acquisitions or partnering with private property owners in order to secure affordable housing opportunities which may be implemented within the time frame of this Housing Strategy.
6. Encourage the inclusion of three and four bedroom units in new developments to serve larger families.
7. Promote public and private investment partnerships in the City for the development of low and moderate income dwelling units to serve the City's workforce.
8. Adopt programs and fund projects that preserve the City's housing stock and assist in providing housing affordable to low and moderate income households.
9. Pursue the purchase of affordability covenants in existing market rate rental projects to meet the City's need for extremely low and very low income housing.
10. Utilize the "Task Force" approach of coordination of Police, Code Enforcement and Housing Programs and Activities to generate "Neighborhood Enhancement Activities" to improve specific target areas.

Recommended Implementation Programs and Projects

Note: This proposed list of programs is meant only as a guideline to expend redevelopment and other sources of funds. It is not to be perceived as a rigid quota or determination of the exact accomplishments or expenditures of funds during the period of the Westminster Redevelopment Agency's Housing Plan portion of this document. It should also be noted that it is <u>not</u> necessary to expend all redevelopment tax increment housing funds that are received each year to remain in compliance with the law. Additionally, all of the proposed programs may not be successful depending upon the market environment, or cooperation and participation of landlords.

Recommended Implementation Programs and Projects for All Currently Available Funding Sources

1. Owner-Occupied Rehabilitation Programs for Lower Income Households

   A. <u>Mobile Home Improvement Grants</u>: 1) Continue existing Mobile Home Grant Program funded by CDBG and LMIHF for very low and low income households with emphasis on exterior improvement as a priority along with health and safety items.

   Program Funding Recommendation: CDBG dollars in the amount of $10,000, estimated 19 grants per year, cost $190,000 per year. Total over next six years (2008/09 through 2013/14) estimated to be $1,140,000.

Program Funding Recommendation: LMIHF dollars in amounts up to $10,000, estimated 15 grants per year, cost $75,000 per year. Total over the next six years (2008/09 through 2013/14) estimated to be $450,000.

B. Owner-Occupied Single Family Rehabilitation Loan Program: Continuation of Owner-Occupied Rehabilitation Loan Program funded primarily with LMIHF or by HOME, as funds are needed or available. The program would emphasize exterior improvements as a priority along with health and safety items. Program terms would range from a zero interest, deferred loan for a low income household to a 3% or 3.5% interest loan for a moderate income household (up to 120% AMI), with maximum loan amount of $45,000.

Program Funding Recommendation: LMIHF at $45,000 per loan, 15 units per year, cost $675,000 per year. Total over six year period estimated to be $4,050,000.

Program Funding Recommendation: LMIHF allocated to Substantial Rehabilitation Loans in amounts from $130,000 to $ 150,00 per loan, estimated 3 loans in the next six years for total of $ 150,000 per year. Total over next six years estimated to be $ 450,000.

2. Multi-Family Rehabilitation Program

A. Targeted Multi-Family Rehabilitation Program to Preserve Housing Stock and Assist Low- and Moderate- Income households. Three areas where the recent housing condition survey identified concentrations of multi-family properties that are in need of improvements, (see Condition Survey Map for Multi-family properties in Appendices on page 56) are recommended to be designated Program Target Area. Program to be funded with LMIHF dollars, with interest rate placed at zero to a minimal interest rate to ensure projects are economically feasible. Minimum of 15% but not more than 49% of units would be required to be affordable to very low and low income households with remaining units affordable to moderate income households for a 55-year time period.

Program Funding Recommendation: LMIHF allocated to fund cost of rehabilitation and financial gap created by required affordable rents. Overall cost per unit estimated at $95,000. An estimated 20 units rehabilitated per year, with covenants to ensure affordability for 55 years. Estimated total cost per year $1.9 million. Total cost over next six years estimated at $11.4 million.

3. Home Ownership Opportunities for Work-Force and Low-and Moderate-Income Households.

Citywide First-Time Homebuyer Program: Agency/City will implement program to address need for affordable workforce housing by providing opportunity to low and moderate income households to acquire their first home. Program would be funded with LMIHF. The housing ratio cannot exceed 33% and the debt ratio cannot exceed 45% of household income, based upon previous program. Maximum purchase price estimated at $455,000 based upon most recent median home price for 3 bedroom house as of August 2008. The Buyer must have of a minimum down payment of 3%. Additionally they will be required to contribute all assets except $5,000 (and retirement funds held in a restricted account) to the down payment. The Agency's 2nd mortgage loan amount will be on a sliding scale and will not exceed $250,000 based upon approved purchase price and funding gap as determined by Agency. Per the CRL, 45 year affordability covenants would be required. The Agency will have a first right of refusal to purchase the residence. Households must be able to obtain conventional 30 year fixed mortgages. Purchasers' housing cost must not exceed the CRL's affordability requirements (see Appendices for description on affordability and resale restrictions on loan recipient).

> *Program Funding Recommendation: LMIHF estimated per unit cost of up to $250,000 per year, 10 units per year. Targeted 60 units over next six years for estimated total cost $15,000,000.*

4. Housing Affordability Assistance Programs for Low and Moderate Income Households:

   Purchase of Multi-Family Affordability Covenants. Program to be funded with LMIHF would secure affordability covenant (55 years) on units reserved for extremely low, very low and low income tenant households. At least 50% of the covenanted units must be reserved for very low income households. This program will assist the City meet their RHNA need for extremely low income units.

   > *Program Funding Recommendation: Estimated cost of $250,000 per unit, 2 per year. Estimated total of 12 units completed over next 6 years for estimated total cost of $3,000,000. Units may be acquired (covenanted) in one or more years rather than on a per year basis.*

5. Expansion of City's Affordable Housing Stock through acquisition and new construction or rehabilitation.

   A. New Construction Assistance for Multi-Family Units: Program to be funded from LMIHF. Units would be affordable to low-and moderate-income households. Financial assistance, via a loan, would be provided to developers and/or non-profits to fund land acquisition and additional assistance as determined necessary to have quality product and meet all city codes. Where possible other sources of funding would be included in the deal such as 9% or 4% Tax Credits, HOME or other funds available to Developer.

   > *Program Funding Recommendation: The Agency has provided assistance to new affordable housing production in an ongoing manner since adoption of the Project Area with their LMIHF. In FY2007/08 the Agency expended $4.3 million in LMIHF in to purchase a 1.18 acre site for a new affordable family rental housing project. The 36 unit project is slated to contain 3 and 4 bedroom units to address the City's need for large family affordable rental housing (identified as site U-1 in the Housing Element).*

   B. Acquire housing sites suitable for development of new ownership affordable housing: Program to be funded with LMIHF. Locate sites that are currently vacant or underutilized that are suitable for housing development. Acquisition of property would be from willing seller to Agency. Agency shall assist developer produce quality housing type which meets all City code requirements. Once site is acquired, solicit developer interest and ultimately transfer property via an agreement that ensures development of the desired type of affordable housing suitable for the site.

   > *Currently underway is a Habitat for Humanity project located at 13931 Cedar Street. Through the Agency efforts and cooperation with Habitat for Humanity two affordable ownership units will be produced. The Agency will contribute the land and provide other financial assistance to allow for the construction of 1 very*

low income unit and 1 low income unit. It is expected that this project will start construction in 2008/09.

The Agency will look to acquire suitable sites for new housing or assist developers who present credible affordable housing proposals. Key to future affordable housing is development of projects that include a mix of income groups, including market rate units. Additional LMIHF dollars target for new housing is estimated at $9,000,000 over the next 6 years.

C. Acquisition and Rehabilitation of Multifamily Units by Agency/City and transfer to Non-profits: Program to be funded by HOME/CHDO dollars as funds are available and/or LMIHF, to assist non-profit, typically a Community Housing Development Organization (CHDO), to acquire multi-family or single family housing units. Non profit would rehabilitate units to be used as affordable rental housing. All tenants must be low income and all projects must comply with HOME regulations and/or CRL Law, depending on funding. Affordability covenants of 55 years would apply, regardless of funding.

6. Assist Special Needs Housing

   Provide funding for Homeless or Transitional Housing: Program to be funded with LMIHF and/or HOME dollars, as eligible. Assistance to be directed to non-profit who can demonstrate competence and can provide ongoing funding for operations and maintenance. The amount of financial assistance would be based upon a financial analysis of proposed homeless or transitional living facility project. If HOME funds are utilized with the LMIHF, then prevailing wage standards would apply.

7. Acquisition of Existing Homes in Distress/Provision of Affordability

   Acquisition, Reconstruction and Resale as Affordable Housing of Substandard or Foreclosure Ownership Units. Program to be funded with LMIHF. Locate, acquire and rehabilitate substandard ownership units or foreclosure units. Once rehabilitated as necessary, offer units to qualified household (very low, low or moderate income household) for purchase at an affordable housing cost price. Unit must be covenanted for affordability for a 45 year period.

   Program Funding Recommendation: The number of foreclosed units is increasing. It is unknown how many could be purchased and rehabbed. We have allocated $4,000,000 over the next six years.

INTRODUCTION & BACKGROUND

The City of Westminster ("City") and the Westminster Redevelopment Agency ("Agency") retained the Rosenow Spevacek Group ("RSG") to prepare an affordable housing implementation strategy and 10-year housing compliance plan (as required by California Community Redevelopment Law ["CRL"]) that will provide a framework for the City Council and Agency in identifying initiatives and priorities. The Affordable Housing Strategy and 10-Year Housing Compliance Plan ("Housing Strategy") is designed to provide the City Council and Agency with the following: 1) background on State redevelopment housing requirements, 2) an assessment of the community's housing needs as detailed in the City's Housing Element, and 3) detail strategies for implementation of affordable housing programs and projects along with their associated costs.

The Housing Strategy ("Strategy") presents a reconciliation of the Agency's replacement housing obligations and provides a forecast of the number of housing units that are or will be needed to be reserved and affordable to very low, low and moderate income persons or families over the Strategy's ten year term (fiscal years 2004/05 through 2013/14) and until the termination of the Redevelopment Plan. The Strategy will also address future Low and Moderate Income Housing Fund ("LMIHF") expected revenues as well as projected expenditures. In addition, the Strategy will identify programs and projects to be undertaken including an estimate of expenditures of LMIHF for the ten-year period ending in June of 2014 to ensure that the Agency's obligations under the CRL will be met. The Housing Element of the City's General Plan has been approved by the State and information from that endeavor has been utilized herein.

HOUSING NEEDS

The City's overall housing needs may be categorized as follows:

- <u>Preservation of the City's Housing Stock</u>. The City's housing stock is an important asset of the community. Besides providing shelter for the City's residents, it provides an important property tax base that supports both City and Agency activities. It is important to the City's well-being that its housing stock be maintained in such a manner as to ensure the health and safety of residents. It is equally important that the City's residential neighborhoods are well maintained and aesthetically pleasing. Deteriorated neighborhoods attract crime and are less desirable economically for those looking to invest. The economic well-being of a community is absolutely tied to the condition of its residential neighborhoods.

  In September of 2007, RSG conducted a comprehensive housing condition survey of the City's housing stock. The objective of the Survey was to assess the residential areas of the City to identify locations and types of housing in need of rehabilitation. Both single-family and multi-family housing were surveyed. Survey results indicate that the vast majority of the dwelling units within the City are in good condition. Table A below provides a summary of the Survey results; Table B provides results for single-family properties and Table C of the multi-family properties.

Table A
City of Westminster
Westminster Redevelopment Agency
Summary of Housing Conditions-Single and Multi-Family

Ranking	Single Family	Multi-Family (Units)	Total (Units)	Percentage
Excellent	4,699	1,397	6,096	
	32.1%	*15.8%*		26%
Good	9,125	6,239	15,364	
	62.3%	*70.6%*		65%
Fair	780	1,091	1,871	
	5.3%	*12.3%*		8%
Poor	37	114	151	
	0.3%	*1.3%*		0.6%
Total	**14,641**	**8,841**	**23,482**	**100%**

Source: RSG Housing Conditions Survey, Sep. 2007

RSG found that less than 9% of the City's housing stock is in fair or poor condition requiring significant rehabilitation. The majority (65%) of the housing stock is in good condition showing structurally sound buildings reflective of the age of the dwelling. Approximately 26% of the housing stock is in excellent condition and does not require any rehabilitation. Comparatively, the City's single family housing stock is in better repair and condition than that of its multi-family housing. Only 5% of the City's single family units were found to be in fair condition and less than 1% was in poor condition, compared to 12% and 1% for multi-family units, respectively.

Single family properties contained a higher percentage of properties in excellent condition.[2] As shown in Table B below, a total of 817 single family homes were found to be in fair or poor condition. Two block groups had a higher concentration (20-30%) of single family homes in fair or poor condition, bounded by Trask Avenue on the north, Hazard Avenue on the south, Goldenwest Street on the west, and Beach Boulevard on the east.

Table B
City of Westminster
Westminster Redevelopment Agency
Housing Condition Survey Results
Number of Units by Condition Rating
Single Family Units

Condition	Category	Number of SF Units	Percentage of Total
1	Excellent	4,699	32.1%
2	Good	9,125	62.3%
3	Fair	780	5.3%
4	Poor	37	0.3%
Totals		14,641	100.0%

[2] Mobile Homes were not surveyed

Based upon the income information derived from the 2000 U.S. Census, one can assume that approximately 53% of such homes are owned by households whose incomes fall within 120% of the area wide median income or below. These households would be eligible for financial assistance from the Agency's LMIHF to rehabilitate their homes.

The City's multi-family properties appear to be in somewhat poorer condition than single family properties. Table C shows that approximately 14% of multi-family units were classified as in fair or poor condition. Additionally, survey results show that 1,209 units, representing 201 multi-family properties, were designated as in poor or fair condition. This represents about 11% of all of the citywide multi-family housing properties.

Table C
City of Westminster & Westminster Redevelopment Agency
Housing Condition Survey Results
Number of Properties & Units by Condition Rating
Multi-Family Properties/Units

Condition	Category	Number of Properties	Percentage of Total	Number of Units	Percentage of Total
1	Excellent	63	3.30%	1,397	15.7%
2	Good	1,647	86.19%	6,290	70.7%
3	Fair	171	8.95%	1,095	12.3%
4	Poor	30	1.57%	114	1.3%
Totals		1,911	100.00%	8,896	100.0%

Three areas in the City had a higher concentration (over 50%) of multi-family properties in fair or poor condition. The first is between Westminster Boulevard to the north, Hazard Avenue to the south, Beach Boulevard to the east and Magnolia Street to the west. The second is between Hazard Avenue to the north, Bolsa Avenue to the south, Bushard Street to the east and Brookhurst Street to the west. The third is between McFadden Avenue to the north, Edinger Avenue to the south, Brookhurst Street to the west and Ward Street to the east.

Details of the Survey methodology and results are contained in Appendix A of this Strategy. Illustrative maps depicting the distribution of percentage of units ranking fair or poor by census block group is also provided in Exhibits A-1 and A-2 in Appendix A.

- <u>Need to continue to address housing affordability for the City's Low-and Moderate-Income Households.</u> Affordable housing continues to be a problem for the residents of the City. According to information contained in the Comprehensive Housing Affordability Strategy ("CHAS") prepared by the US Department of Urban Development ("HUD"), 49.2% of the City's households pay more than the benchmark standard of 30% of their gross income on housing. More problematic is the number of lower income households within the City that pay in excess of the 30% figure. As depicted in Table D below, 63% of the City's lower income households pay more than 30% of their income for housing costs. Additionally, 77% of lower income elderly residents that rent and 38% of elderly residents that own their own homes pay more than 30% of their income on housing costs. Information obtained from the CHAS indicates that 44% of lower income large families, defined as related households having five or more members, pay more than 30% of their income for housing costs.[3]

Table D
City of Westminster

Households with Housing Costs Greater Than 30%
Lower Income Households within City/ with Housing Costs Greater Than 30%[/1 & 2]

	Extremely Low Income Households			Above 30% to 50% AMI - Very Low Income Households			Very Low Income Households (0 to 50% AMI)		
Household Type	**Total of Ext. Low Inc. HH**	**Extremely Low HH paying > 30% of Income on housing/2**	***Extremely Low Inc. % paying > 30% on housing/2***	**Total of VL Inc. HH**	**VL HH paying > 30% of Income on housing/2**	***VL Inc. % paying > 30% on housing/2***	**Total of VL Inc. HH**	**VL HH paying > 30% of Income on housing/2**	***VL Inc. % paying > 30% on housing/2***
Total	3,711	3,021	*81%*	3,342	2,437	*73%*	7,053	5,457	*77%*
Renter	2,643	2,297	***87%***	1,973	1,593	*81%*	4,616	3,891	*84%*
Owner	1,068	723	***68%***	1,369	843	*62%*	2,437	1,566	*64%*
Elderly Households (1 & 2 persons)	**1,198**	**859**	***72%***	**831**	**444**	***53%***	**2,029**	**1,303**	***64%***
Renter	624	507	*81%*	287	257	*90%*	911	764	*84%*
Owner	574	352	*61%*	544	187	*34%*	1,118	539	*48%*
Non Elderly Households	**2,513**	**2,161**	***86%***	**2,511**	**1,993**	***85%***	**5,024**	**4,154**	***83%***
Renter	2,019	1790	*88%*	1,686	1,337	*79%*	3,705	3,127	*84%*
Owner	494	371	*75%*	825	656	*75%*	1,319	1,027	*78%*
	All City Households			**Low Income Households**			**Lower (Ext. Low, Very Low & Low) Income Households**		
Household Type	**Total All City HH**	**HH paying > 30% of Income on housing/2**	***% of All HH paying > 30% on housing/2***	**Total of Low Inc. HH**	**Low Inc.> 30% of Income on housing/2**	***Low Inc. HH % paying > 30% on housing/2***	**Total all VL& L HH**	**HH paying > 30% of Income on housing/2**	***Lower Inc. % paying > 30% on housing/2***
Total	**26,312**	**12,952**	***49.2%***	**4,514**	**1,792**	***39.7%***	**11,567**	**7,249**	***62.7%***
Renter	10,436	7,045	*67.5%*	2,157	623	*28.9%*	**6,773**	4,513	*66.6%*
Owner	15,876	5,907	*37.2%*	2,357	1,163	*49.3%*	**4,794**	2,729	*56.9%*
Elderly Households (1 & 2 persons)	**5,215**	**1,963**	***37.6%***	**934**	**245**	***26.2%***	**2,963**	**1,548**	***52.3%***
Renter	1,380	927	*67.2%*	172	74	*43.3%*	1,083	839	*77.4%*
Owner	3,835	1,035	*27.0%*	762	171	*22.4%*	1,880	710	*37.7%*
Non Elderly Households	**21,097**	**10,989**	***52.1%***	**4,342**	**1,540**	***35.5%***	**9,366**	**5,694**	***60.8%***
Renter	9,056	6,117	*67.6%*	1985	548	*28%*	5,690	3,675	*64.6%*
Owner	12,041	4,872	*40.5%*	2357	992	*42%*	3,676	2,019	*54.9%*

1/ Based Upon The United States Department of Housing and Urban Development Comprehensive Housing Affordability Strategy ("CHAS")
2/Extraplated from CHAS data

- Expansion of the City's Housing Stock to meet population growth. Although the majority of the City's land area has been developed, expected population growth in the region will translate into demand for more housing within the City's boundaries. Population projections indicate that the City's population will increase from the 2007 estimate number of 93,035 persons to 96,250 persons in 2012. The City's Housing Element Update examines the need for various types of new housing within the City.

[3] Lower Income is defined as households whose incomes range from 0 to 80% of the area's median income adjusted for household size.

The Southern California Regional Association of Governments ("SCAG") has prepared its Regional Housing Need Allocation Plan ("2007 RHNA") for the Planning Period of 2006 through 2014. It has determined that the City needs to provide a total of 147 new housing units within the RHNA Planning Period.

- Statutory requirements to provide and preserve affordable housing. The City's affordable housing needs fall within two categories, which include the citywide targets as reflected by the City's RHNA and Housing Element goals, and the obligations of the Redevelopment Agency pursuant to the requirements of the CRL.
- The need to address Special Needs Housing. The City's Housing Element Update examines the need for various types of special needs housing within the City. Such special needs include senior citizens, special care facilities for aged or handicapped persons, emergency and transitional homeless as well as large-family housing.

CITY OBLIGATIONS

Notwithstanding the absence of a statewide inclusionary housing policy or directive, HCD, through the various regional planning entities, provides guidelines for local jurisdictions to shape and focus their policies and expenditures to meet the appropriate levels of housing affordability.

1. Regional Housing Needs Allocation (RHNA)

Cities and counties are required to design and adopt their respective Housing Elements consistent with the specific RHNA goals issued by the regional planning entity, in whose jurisdiction they are located. The Southern California Association of Governments ("SCAG") is the regional entity with jurisdiction over the County of Orange and the City of Westminster.

According to the 2007 RHNA, there is a Citywide need for 147 dwelling units of which 30 need to be provided for very low income households, 25 units for low income households, 29 units for moderate income households and 63 units for households with income above moderate income households. The 2007 RHNA housing goals influence the guidelines for the Agency's proportional expenditure requirements for LMIHF dollars in the Project Area.

2. City of Westminster Housing Element

The California Government Code requires each local agency to review and update its Housing Element every five years to ensure that cities and counties conduct an appraisal of the community's housing resources and develop policies and programs for the provision and preservation of suitable housing for all residents. The Housing Element identifies population and employment trends, inventory and characteristics of existing housing supply, inventory of suitable land and sites for housing construction, analyses of opportunities and constraints for new housing construction, and identifies programs for preserving and developing assisted housing in the City. The City's Housing Element is in the process of being updated and is expected to be adopted by the City Council on October 22, 2008.

3. Density Bonus Ordinance

Effective January 1, 2005, the State of California implemented several changes to the State's Density Bonus Law. Pursuant to Senate Bill 1818, cities and counties are required to update their ordinances and bring them into conformance with new state standards. Under the prior Density Bonus Law, the State allowed for a 25% density bonus when housing projects provided between 10 and 20% of the total units as affordable. The most recent change in law[4] significantly reduces the amount of units that a developer must create in order to receive a density bonus, and also requires cities and counties to offer between one and three concessions or incentives, depending on the percentage of affordable units that the developer provides. Currently, per SB 1818 the City is obligated to meet the following requirements.

- If at least 5% of the units are affordable to very low-income households, or 10% of the units are affordable to low-income households, then the project is eligible for a 20% density bonus plus one incentive or concession.
- If at least 10% of condominium or planned development (ownership) units are affordable to moderate-income households, then the project is eligible to receive a 5% density bonus plus one incentive or concession.
- For every 1% increase of very low-income units above the initial 5% threshold, an additional 2.5% density bonus must be allowed.
- For every 1% increase of low-income units above the initial 10% threshold, an additional 1.5% density bonus must be allowed.
- For every 1% increase of moderate-income units above the initial 10% threshold, an additional 1% density bonus must be allowed.
- These bonuses reach a maximum density bonus of 35% when a project provides either 11% very low-income units, 20% low-income units, or 40% moderate-income units.

Pursuant to Senate Bill 435 (effective January 1, 2006) a developer providing the requisite affordable housing units may choose a density bonus from only one income category option identified above. Combining income categories for the purpose of increasing the allowable bonus is not acceptable and qualifying affordable units must be restricted for a period of not less than 30 years. Additional concessions or incentives that a city or county must provide include, but are not limited to, reductions in zoning standards, design requirements, mixed use zoning, and varied parking standards.

Developers seeking to increase density bonuses may do so with the donation of land for development of a residential project. The land for residential projects must satisfy the following requirements:

- The project site must have the appropriate General Plan designation and zoning to permit construction of units affordable to very low-income households in an amount not less than 10% of the units in the residential development.

[4] As of September 27, 2008, the Governor approved Assembly Bill No. 2280, which modifies covenants in the Government Code unrelated to the density bonus or incentives and concessions.

- The project site must be at least one acre in size or of sufficient size to permit development of at least 40 units.
- The project site must be served by adequate public facilities and infrastructure.

REDEVELOPMENT AGENCY

The Westminster Redevelopment Agency was established by the City Council of the City of Westminster by the Adoption of Ordinance No. 1955 on September 28, 1982. This action was taken in order to allow the City to address blighting conditions within the City. As the legislative body of the City, the City Council adopted Ordinance 1976 to form the Westminster Commercial Redevelopment Project No.1 (Original Area) by adoption of the Redevelopment Plan on July 19, 1983. The Project Area was subsequently amended to add territory on five separate occasions in 1986 (Amendment Area No.1), 1987 (Amendment Area No.2), 1989 (Amendment Area No.3), 1991 (Amendment Area No.4 and in 2000 (Amendment Area No. 5, commonly referred to as the "Infrastructure Area"). The adoption of the last (fifth) area resulted in the incorporation of the entire City within the Westminster Commercial Project No. 1 ("Project Area" or "Project Area as amended").

Redevelopment Agency Obligations

The California State Legislature determined that the provision of affordable housing is itself a fundamental purpose of the CRL and that the use of taxes allocated to redevelopment agencies is of statewide benefit and of particular benefit and assistance to local governmental agencies in providing affordable housing. The CRL identifies certain requirements and obligations of redevelopment agencies related to affordable housing, the major elements of which are summarized in the following.

1. Low- and Moderate-Income Housing Set-Aside Funds

CRL requires that not less than twenty percent (20%) of the gross annual tax increment revenue generated from a redevelopment project area be used for the purposes of increasing, improving and preserving the community's supply of affordable housing available to persons of very low, low-and moderate-income (Section 33334.2), and that such monies set-aside must be deposited and held in a separate Low-and Moderate-Income Housing Fund ("LMIHF") until used.

The CRL defines and limits assisted income categories as follows:
Extremely Low Income - persons and households whose income does not exceed 30% of the area's median income, adjusted for household size and revised annually;
Very Low Income - persons or households whose gross income does not exceed 50% of the area's median income;
Low Income - persons or households whose gross income is greater than 50% but does not exceed 80% of the area's median income; and
Moderate-Income – persons or households whose gross income are greater than 80% but do not exceed 120% of the area's median income.

2. Use of LMIHF

The Agency's use of LMIHF is governed by the CRL. A redevelopment agency may use its LMIHF dollars both inside and outside of its project areas for the purposes of increasing, improving and preserving the community's supply of housing affordable to low-and moderate-income households. Specific use of LMIHF allowed by the CRL includes the following activities in support of affordable housing:

- Acquire real property or building sites.
- Provide on or offsite improvements as part of new construction or rehabilitation of affordable housing.
- Donate real property to private or public persons or entities.
- Finance insurance premiums.
- Construct buildings or structures.
- Acquire buildings or structures.
- Rehabilitate buildings or structures.
- Provide subsidies to, or for the benefit of, extremely low income, very low income, low income and moderate income households to the extent that those households cannot obtain housing at affordable costs on the open market.
- Develop plans, pay principal and interest on bonds, loans, advances or other indebtedness or pay financing or carrying charges.
- Maintain the community's supply of mobile homes.
- Preserve the availability to lower income households of affordable housing units in housing developments that are assisted or subsidized by public entities and that are threatened with imminent conversion to market rates.

3. Timely Expenditure of LMIHF Dollars

The CRL requires that redevelopment agencies use their LMIHF dollars in a timely fashion. Specific requirements of the CRL classify an excess accumulation of LMIHF as an "excess surplus". The CRL defines an excess surplus as unencumbered or unexpended LMIHF amounts that exceed the greater of $1.0 million or the aggregate amount of tax increment deposited into the Housing Fund for the four preceding fiscal years. If a redevelopment agency incurs an excess surplus pursuant to Section 33334.10 of the CRL, an Excess Surplus Plan must be adopted within six months of the close of the fiscal year that an agency exhibits an excess surplus. The required Excess Surplus Plan must cover a five-year period and must contain general objectives on how the agency intends to spend the excess surplus (it does not need to be site specific). The expenditure of excess surplus funds must be identified on a yearly schedule in the Plan which must also identify the party responsible for its administration.

4. Proportional Expenditures Requirements

Tax increment revenues deposited into the LMIHF must be expended to assist housing for persons of very low, low and moderate income in at least the same proportion as the total number of housing units needed for those income groups, as determined in the RHNA for the community.

Prior to 2007 Section 33334.4 of the CRL limited the expenditure of funds spent on affordable housing for senior households or individuals to the proportion of the community's population of that age, according to the 2000 Census. In 2006 this section of the CRL was amended, effective in 2007, to alter and further restrict the limitation on funds spent on affordable housing for senior individuals. The CRL now provides, "Each agency shall expend over the duration of each redevelopment implementation plan, the moneys in the Low and Moderate Income Housing Fund to assist housing that is available to all persons regardless of age in at least the same proportion as the number of low-income households with a member under age 65 years bears to the total number of low-income households of the community as reported in the most recent census of the United States Census Bureau." In addition, the Agency's proportional expenditures must be met each ten-year period during the duration of the Redevelopment Plan.

5. Affordable Housing Production Obligations

CRL also contains an affordable housing production requirement ("inclusionary housing") for units developed by an agency or private parties within a redevelopment project area (Section 33413(b)). For units directly constructed or substantially rehabilitated by an agency within the project area, at least 30% of such units shall be made available at affordable housing costs to persons of low- and moderate-income, with at least 50% of those units (15% of total units) available to persons of very low-income. At least 15% of all new units developed and substantially rehabilitated dwelling units (rehabilitated with Agency assistance) within a project area by persons other than the Agency must be made available at affordable housing costs to persons of low- and moderate-income, with at least 40% of those units (6% of total units) available to persons of very low-income. To satisfy the inclusionary production obligations, the low- and moderate-income units may be produced inside or outside of the project area providing that units produced outside may only be counted toward fulfilling the inclusionary production obligation as one (1) unit for every two (2) units produced outside the project area. Since the project area boundaries are coterminous with City's boundaries, all affordable housing provided by the Agency or with the Agency's assistance receives full credit. The Agency's inclusionary production obligations must be met each ten-year period during the effectiveness of the Redevelopment Plan.[5]

The CRL defines Affordable Housing Cost as:
- Extremely Low- Not more than the product of 30 times 30% of the area's median income adjusted for household size appropriate for the unit;
- Very Low - Not more than 30% of 50% of the area's median household income adjusted for household size appropriate for the unit;
- Low - Not more than 30% of 70% (or 60% for rental projects) of the area's median household income adjusted for households size appropriate for the unit; and
- Moderate - Not more than 35% of 110% (or 30% of 120% for rental projects) of the area's median household income adjusted for household size appropriate for the unit.

Although the RHNA and redevelopment inclusionary housing requirements originate from separate legal sources, units created through the Agency's efforts to meet the inclusionary housing production obligations may also be counted toward satisfying the citywide RHNA requirements.

[5] The requirement for a jurisdiction to provide housing affordable to low and moderated income persons or households is commonly referred to as "inclusionary housing need or obligation".

6. Replacement Housing Requirement

Redevelopment agencies are required for all redevelopment project areas adopted after January 1976, to replace one (1) for one (1) each unit occupied by a low or moderate income person or family destroyed by agency action. Effective January 1, 2002, 100% of all replacement housing units must be affordable to the same income categories as those displaced. Previously, only 75% of the units had to match the displaced income categories.

7. Form and Duration of Affordable Housing Restrictions

To satisfy the above requirements, all of the affordable housing units produced must have long-term affordability covenants recorded against the properties for a period of not less than 45 years for owner-occupied units and 55 years for rental units. An amendment to the CRL in 2007 now provides for a specific covenant period of 15 year for self-help housing.

8. Monitoring and Notification Requirements

Assembly Bill 987, approved in 2007 amended the CRL to expand redevelopment agencies monitoring and notification requirements related to affordable housing funded or assisted with housing set-aside tax increment funds. Section 33418(c) requires agencies to compile and maintain annually a data base of all existing new and substantially rehabilitated units assisted by redevelopment agencies or otherwise counted toward fulfilling such agency's affordable housing production obligations. The Agency is in compliance with the provisions of AB 987.

Summary Inclusionary Housing Needs

The City's housing needs fall within two categories, which include the citywide target reflected by the City's RHNA and Housing Element, and the obligations within the Redevelopment Project Area reflected in the Ten-Year Housing Compliance Plan. The 2007 RHNA numbers reflect the projected need for 84 affordable units to be produced over the period to 2014. The Housing Compliance Plan component of this Strategy reflects a projected requirement for 78 affordable units to be produced over the period to 2014. However, the Agency currently has a surplus of inclusionary units that exceeds the 78 required units.

As reflected in the discussion above, there are a number of inconsistent provisions among the various City and Agency affordable housing requirements. The inconsistencies are summarized in the following chart.

COMPARISION OF CITY'S AFFORDABLE HOUSING REQUIREMENTS

City & Agency Requirements	Density Bonus Ordinance	CRL	Federal HOME
Household Income Categories	Low- (80% AMI) and/or Moderate-(120% AMI)	Extremely Low- (30% AMI) Very Low- (50% AMI) Low- (80% AMI) and Moderate-(120% AMI)	Lower Income (0-80% AMI)Subject to Annual Federal Limitations
Affordable Housing Cost Limits Calculation	Rental: 30% X 60%AMI 30% X110%AMI Owner: 35% X 90%AMI	Rental: 30% X 50%AMI 30% X 60% AMI 30% X110%AMI Owner: 30% X 50%AMI 30% X 70%AMI 35% X110%AMI	Rental: Subject to Annual Federal Limitations Owner Subject to Annual Federal Limitations
Time Limits for Affordability Restrictions	Not Less Than 30 Years	Rental: NLT 55 Years Owner: NLT 45 Years Self-Help: 15 Years	City & Agency will require limits per the CRL

HOUSING STRATEGY GOALS

The housing goals for the term of this Housing Strategy are:

- To ensure that the City's housing stock provides a variety of types and housing opportunities that meet the needs of all income groups within the community.
- To facilitate the combined activities and efforts of the City and Agency to increase, improve and preserve the community's supply of affordable low-and moderate-income housing.
- To ensure that the Agency complies with the replacement and inclusionary housing requirements mandated by CRL.
- To leverage all available funding sources especially the Agency's LMIHF to promote the preservation and production of affordable housing within the community.
- To ensure that the dollars spent for general administrative activities are not disproportionate to the amounts actually spent to increase, improve and preserve affordable housing.

- To give priority to housing proposals that will eliminate or prevent the spread of blight Citywide and decrease excess demands on public services such as police, code enforcement and building and safety within the Project Area.
- To utilize the Agency's resources and powers as tools to implement and assist with the development of new affordable low- and moderate- income housing consistent with the goals of Housing Element of the City.
- To utilize the City and Agency efforts to stabilize problem multifamily projects and distressed residential areas.
- To encourage home ownership by expeditiously utilizing Agency and other housing funding sources to assist low and moderate income households.
- To protect existing affordable housing properties by providing assistance or taking such other actions that may be necessary to maintain such resources in the community.
- To provide direction in the development of housing programs and projects that over time will enable the City and Agency to meet their combined housing obligations.
- To assist the City with the implementation of the goals and objectives of the updated 2008 Housing Element of the General Plan.

This Housing Strategy also serves as the Agency's ten-year Housing Compliance Plan. Therefore, the Housing Strategy has been developed to accomplish the following objectives consistent with the requirements of Section 33490 of the CRL:

- Provide an assessment of the Agency's compliance with all aspects of the CRL's various affordable housing and replacement housing requirements, including current and future need for inclusionary units and the use of housing set-aside funds. This assessment will include the following:
    - An accounting of the number of affordable dwelling units, either constructed or substantially rehabilitated, in the Project Area since adoption;
    - Provide a forecast of the estimated number of dwelling units to be privately developed or substantially rehabilitated between fiscal years 2004/05 - 2008/09 and 2013/14 and over the duration of the Redevelopment Plan;
    - Provide a forecast of the estimated number of dwelling units to be developed or substantially rehabilitated by the Agency between fiscal years 2004/05 - 2008/09 and 2013/14 and over the duration of the Redevelopment Plan;
    - Account for any low or moderate income housing units destroyed through the Agency's implementation of the Redevelopment Plan;
    - Verify the number and type of replacement units provided by the Agency in response to any units destroyed through Agency action;
    - Project the availability of Agency revenue for funding affordable housing production;
    - Establish a timeline for implementing this Housing Strategy to ensure that the requirements of Section 33413 are met during the ten-year period between fiscal years 2004/05 and 2013/14; and

    - Review the consistency of Agency affordable housing goals, objectives and programs pursuant to the City's Housing Element.

- Assess the City's and Agency's current housing programs and regulations to determine how well they contribute to meeting the Agency's housing obligations under the CRL.
- Recommend housing strategies, potential programs and specific projects that will meet the Agency's and the City's housing obligations.
- Identify implementation policies/programs and potential sites for affordable housing development.

General Issues

Design and implementation of the City's and Agency's housing efforts are best guided by the determination of housing needs and existing opportunities in the community weighed against the availability of financial resources and the limitations placed on the use of such resources. There are numerous policy and program issues to be assessed which are discussed below, including those general in nature, those concerning planning, those regarding financing, and those dealing with program selection.

Program Applicability

Affordable housing programs including, but not limited to, new construction, substantial rehabilitation, homebuyer assistance, rental subsidy, and minor rehabilitation implemented citywide will provide the broadest spectrum of housing opportunities. These programs typically are heavily dependent on financial assistance through the use of LMIHF. However, traditionally the City has also made use of other financing sources directed at affordable housing such as Federal HOME Funds and CDBG funds.

Income Group Targeting & Affordable Housing Costs

Table E below identifies the Orange County 2008 Affordable Income Limits as provided by the State Department of Housing and Community Development. The City's 2007 RHNA indicates that 35.7% of the citywide affordable housing need is for units available at an affordable cost to very low income households, which includes those earning less than 50% of the area median income (AMI); currently set at $46,500 per year for a four person household. The RHNA also indicates that 29.8% and 34.5% of the citywide affordable housing need is for low-income and moderate-income households respectively ($74,400 for low-income and $100,900 for moderate income for four person households).

Table E
ORANGE COUNTY
2008 Affordable Income Limits
(Income figures based on Department of Housing and Community Development Income Limits dated February 28, 2008)

1 Person Household		2 Person Household		3 Person Household		4 Person Household	
Median Income:	**$58,900**	**Median Income:**	**$67,300**	**Median Income:**	**$75,700**	**Median Income:**	**$84,100**
Income Category	Annual Income [1]	Income Category	Annual Income	Income Category	Annual Income	Income Category	Annual Income
Very Low	$32,550	Very Low	$37,200	Very Low	$41,850	Very Low	$46,500
Low	$52,100	Low	$59,500	Low	$66,950	Low	$74,400
Moderate	$70,600	Moderate	$80,700	Moderate	$90,800	Moderate	$100,900

5 Person Household		6 Person Household		7 Person Household		8 Person Household	
Median Income:	**$90,800**	**Median Income:**	**$97,600**	**Median Income:**	**$104,300**	**Median Income:**	**$110,000**
Income Category	Annual Income	Income Category	Annual Income	Income Category	Annual Income	Income Category	Annual Income
Very Low	$50,200	Very Low	$53,950	Very Low	$57,650	Very Low	$61,400
Low	$80,350	Low	$86,300	Low	$92,250	Low	$98,200
Moderate	$109,000	Moderate	$117,000	Moderate	$125,100	Moderate	$133,200

DEFINITIONS
1. Annual Income: Gross income from all sources for all members of the household.

Affordable Rental Housing Cost

As shown below in Table F, affordable rental cost for very low-income households as defined by the CRL is calculated as 30% times 50% of the area median income ("AMI"), adjusted for household size. Based upon the 2008 AMI the maximum affordable rent for a four person household in a three bedroom apartment is $1,051 per month, which is about 46% below the $1,700 market rent for Westminster. [6]

[6] March 18, 2008, Rental Cost Survey of rental housing in Westminster conducted by RSG.

Table F
ORANGE COUNTY
2008 Affordable Rent Limits
(Income figures based on Department of Housing and Community Development Income Limits dated February 28, 2008)

Studio		1 Bedroom		2 Bedroom		3 Bedroom	
Median Income:	$58,900	Median Income:	$67,300	Median Income:	$75,700	Median Income:	$84,100
Income Category	Monthly Affordable Rent (1)	Income Category	Monthly Affordable Rent	Income Category	Monthly Affordable Rent	Income Category	Monthly Affordable Rent
Very Low	$736	Very Low	$841	Very Low	$946	Very Low	$1,051
Low	$884	Low	$1,010	Low	$1,136	Low	$1,262
Moderate	$1,620	Moderate	$1,851	Moderate	$2,082	Moderate	$2,313

4 Bedroom		5 Bedroom		6 Bedroom		7 Bedroom	
Median Income:	$90,800	Median Income:	$97,600	Median Income:	$104,300	Median Income:	$110,000
Income Category	Monthly Affordable Rent	Income Category	Monthly Affordable Rent	Income Category	Monthly Affordable Rent	Income Category	Monthly Affordable Rent
Very Low	$1,135	Very Low	$1,220	Very Low	$1,304	Very Low	$1,375
Low	$1,362	Low	$1,464	Low	$1,565	Low	$1,650
Moderate	$2,497	Moderate	$2,684	Moderate	$2,868	Moderate	$3,025

DEFINITIONS

1. Affordable Rent: Monthly rent amount would be adjusted for a reasonable utility allowance.

The dollar gaps between average rents or market rents and the CRL-defined affordable rents are important to the City and Agency because they represent general need for financial assistance for either rental subsidy (by households) or developer or owner assistance (for the investor). The annual rental housing subsidy between market rent and affordable rent is about $8,529 per unit for a 3 bedroom unit based upon a four person, very low income household and is $6,006 for a low income, four person household.

Affordable Rents Gap Calculation Table **Table G**

City of Westminster **Based upon 2008 Median Income**

	Very Low-Income Households				
Household Income Limits	$32,550	$37,200	$41,850	$46,500	$53,950
Households Size	1 Person	2 Person	3 Person	4 person	6 Person
Dwelling Unit Size	Studio	1 Bedroom	2 Bedroom	3 Bedrooms	5 Bedrooms (1)
Affordable Rent	**$709.25**	**$807.25**	**$905.25**	**$989.25**	**$1,134.00**
Median Rents	**$1,108**	**$1,200**	**$1,465**	**$1,700**	**$1,960**
Affordability Gap	**$399**	**$393**	**$560**	**$711**	**$826**

	Low-Income Households				
Household Income Limits	$52,100	$59,500	$66,950	$74,400	$86,300
Households Size	1 Person	2 Person	3 Person	4 person	6 Person
Dwelling Unit Size	Studio	1 Bedroom	2 Bedroom	3 Bedrooms	5 Bedrooms
Affordable Rent	**$856.50**	**$975.50**	**$1,094.50**	**$1,199.50**	**$1,378.00**
Median Rents	**$1,108**	**$1,200**	**$1,465**	**$1,700**	**$1,960**
Affordability Gap	**$252**	**$225**	**$371**	**$501**	**$582**

	Moderate-Income Households				
Household Income Limits	$70,600	$80,700	$90,800	$100,900	$117,000
Households Size	1 Person	2 Person	3 Person	4 person	6 Person
Dwelling Unit Size	Studio	1 Bedroom	2 Bedroom	3 Bedrooms	5 Bedrooms
Affordable Rent	**$1,592.75**	**$1,816.75**	**$2,040.75**	**$2,250.75**	**$2,598.00**
Median Rents	**$1,108**	**$1,200**	**$1,465**	**$1,700**	**$1,960**
Affordability Gap	**none** **$0**	**none** **$0**	**none** **$0**	**none** **$0**	**none** **$0**

Notes:

Affordable Limits based on CRL Very low, Low and Moderate Income Limits less county's allowance for utilities

Very Low Income: 30% 0f 50% of AMI

Low Income: 30% of 51% of AMI through 30% 0f 80% of AMI (Calculated 30% of 60%AMI)

Moderate Income Limit : >30% 0f 81% of AMI (Calculated 30% of 110%AMI)

Median Rents calculated based on current rental listings (Source: Apartmentfinder.com)

(1) 5 Bedroom rents extrapolated on rent per square foot basis

There are a number of different methods to quantify the cost of affordability on a new development or existing housing project. A common investment analysis technique is the capitalization method, which reflects the capital value of an investment based on an annual rate of return (interest rate) (e.g. if annual earnings is $500, then $500 divided by 6% interest rate = $8,333 capital investment). The capitalized value (cost) of the very low-income annual rental subsidy requirement at 6% is $142,150 per unit ($8,529/.06 = $142,150 based upon the 2008 State Income Limits).

Low-income affordable rents are generally calculated not to exceed 30% times 60% of the AMI adjusted for household size. For a four person household, the 2008 maximum rent is $1,262 for a three bedroom unit (34.2% below market), which reflects an annual rental subsidy requirement of $6,006. The capitalized value of the 3 bedroom, four person low-income annual rental subsidy at 6% would be $100,100.

Moderate income affordable rents are generally calculated not to exceed 30% times 110% AMI. Because Orange County has one of the highest median incomes in the state, for Westminster no affordability gap exists between the four person household and the 2008 maximum rent affordable rent of $2,251 for a three bedroom unit. However, given the high cost of new construction it is likely that a moderate income gap for a new rental unit may occur. The rental gaps between market rents and affordable rents for all income categories are presented in the Table G above.

Table H

ORANGE COUNTY

2008 Affordable Housing Costs for Home Purchase Programs

(Income figures based on Department of Housing and Community Development Income Limits 2008)

1 Person Household			2 Person Household			3 Person Household			4 Person Household		
Median Income:		$58,900	Median Income:		$67,300	Median Income:		$75,700	Median Income:		$84,100
Income Category	Annual Income Limits	Monthly Affordable Housing Cost (2)	Income Category	Annual Income Limits	Monthly Affordable Housing Cost	Income Category	Annual Income Limits	Monthly Affordable Housing Cost	Income Category	Annual Income Limits	Monthly Affordable Housing Cost
Very Low	$32,550	$736	Very Low	$37,200	$841	Very Low	$41,850	$946	Very Low	$46,500	$1,051
Low (3)	$52,100	$1,031	Low	$59,500	$1,178	Low	$66,950	$1,325	Low	$74,400	$1,472
Moderate (4)	$70,600	$1,890	Moderate	$80,700	$2,159	Moderate	$90,800	$2,429	Moderate	$100,900	$2,698

5 Person Household			6 Person Household			7 Person Household			8 Person Household		
Median Income:		$90,800	Median Income:		$97,600	Median Income:		$104,300	Median Income:		$111,000
Income Category	Annual Income Limits	Monthly Affordable Housing Cost	Income Category	Annual Income Limits	Monthly Affordable Housing Cost	Income Category	Annual Income Limits	Monthly Affordable Housing Cost	Income Category	Annual Income Limits	Monthly Affordable Housing Cost
Very Low	$50,200	$1,135	Very Low	$53,950	$1,220	Very Low	$57,650	$1,304	Very Low	$61,400	$1,388
Low	$80,350	$1,589	Low	$86,300	$1,708	Low	$92,250	$1,825	Low	$98,200	$1,943
Moderate	$109,000	$2,913	Moderate	$117,000	$3,131	Moderate	$125,100	$3,346	Moderate	$133,200	$3,561

DEFINITIONS

Per CRL

1. Annual Income Limits-adjusted for family size (per State HCD): Gross income from all sources for all members of the household.
2. Monthly Housing Costs: Amount of mortgage payment principal and interest, mortgage insurance, property taxes, and property insurance.
3. Low Income Affordable Housing Costs: Assumes affordable housing costs computed at 30% of 70% of median income.
4. Moderate Income Affordable Housing Costs: Assumes affordable housing costs computed at 35% of 110% of median income; may not be less than 28% of household's gross income.

Affordable Housing Cost for Ownership Units

Table H, 2008 Orange County Affordable Ownership Housing Cost Limits by income category, above provides details of affordable monthly housing costs for ownership units by income group and household size according to the CRL. The formula provides that for a very low income household an affordable housing cost is calculated at 30% times 50%, for low income 30% times 70% and for moderate income 35% times 110% of the area median income, adjusted for household size. An affordable purchase price for a low-and moderate-income ownership unit is based upon the application of what an affordable monthly housing cost will support for a traditional 30 year fixed mortgage after monthly costs for taxes, insurance, homeowner's association fee and utilities are deducted. The remaining amount is what is available for the monthly mortgage payment which translates into an affordable purchase price once a down payment is added. Traditionally, down payment amounts for low and moderate income households are calculated at 3% or 5%.

In January of 2008 the City of Westminster's median home cost for three-bedroom single-family home was reported to be $530,000. However in the last seven months the median three-bedroom home cost has decreased to $455,000. Detailed analysis of what is considered an affordable purchase price based upon income group and household size has been conducted by RSG. Tables contained in Appendix C provide the detail calculations for hypothetical units (2 bedroom through 5 bedroom units) at low-and moderate-income levels.

Table I summarizes the information derived from Tables C I-L-1 through C II-M-4 which evaluate affordable housing funding gaps for low and moderate income households utilizing a $455,000 median home cost (3-bedroom unit), 6.3% mortgage rate and a 3% down payment.

Affordable Housing Ownership Gap Analysis Summary -August 2008 Table I

City of Westminster — **2008 Orange County Median Incomes**

Benchmark Median 3 Bedroom Home Cost $455,000 — **3% down 6.3% interest rate**

	Low-Income Households			
Household Income Limits	$66,950	$74,400	$80,350	$86,300
Households Size	3 Person	4 person	5 person	6 Person
Dwelling Unit Size	2 Bedroom	3 Bedrooms	4 Bedrooms	5 Bedrooms
Affordable Purchase Price	**$148,170**	**$160,893**	**$175,127**	**$187,517**
Median Home Price- August 2008	**$299,879**	**$455,000**	**$488,583**	**$524,523**
Affordability Gap	**$151,709**	**$294,107**	**$313,456**	**$337,006**
	Moderate-Income Households			
Household Income Limits	$90,800	$100,900	$109,000	$117,000
Households Size	3 Person	4 person	5 person	6 Person
Dwelling Unit Size	2 Bedroom	3 Bedrooms	4 Bedrooms	5 Bedrooms
Affordable Purchase Price	**$303,841**	**$333,794**	**$361,809**	**$388,190**
Median Home Price- August 2008	**$299,879**	**$455,000**	**$488,583**	**$524,523**
Affordability Gap	**$0**	**$121,206**	**$126,774**	**$136,333**

Likely household income groups that could take advantage of 1st Time Home Buyer Silent 2nd Program

Notes:

Affordable Limits based on CRL Low and Moderate Income Limits less county's allowance for utilities, real estate taxes and insurance

Low Income: 30% of 51% of AMI through 30% 0f 80% of AMI (Calculated 30% of 70%AMI)

Moderate Income Limit : >30% 0f 81% of AMI (Calculated 35% of 110%AMI)

Affordable purchase price includes 3% down payment contributed by owner

Median Home Price calculated based on Metroscan assessor's data recent sales for 2008

As shown in Table I above, a low income family of four would only be able to support an affordable home cost of $160,893, assuming a 3% down payment and mortgage rate of 6.3%. If the family was able to find a suitable home for $410,000 the Agency's silent second of $250,000 would allow the family to purchase the home. As depicted in Table I Moderate income households have affordability gaps that are currently below the proposed program maximum. However, economic factors such as interest rates and home costs impact the affordability gap and the need for a significant maximum silent second amount. The shaded areas in Table I represent those income groups by household size that would be able to utilize the proposed assistance program.

<u>Dispersal of Affordable Housing</u>

Weighing the pros and cons for dispersing affordable housing should be based on practical considerations, including but not limited to, more seamless integration into neighborhoods, more cost-effective means for production, increased opportunities for leveraging financial resources, and fit with community objectives. A one-size fits all approach may not be best or desirable.

Targeted rehabilitation efforts for rental properties occupied by low-and moderate-income households may be prudent in efforts to address specific areas that exhibit housing condition decline.

Planning Issues

<u>Mixed-Income Housing Development.</u>

Mixed-income housing represents the best means for achieving a balanced citywide dispersal policy. Typically, the affordable units would be constructed to be indistinguishable from the market-rate units in terms of size, number of bedrooms and amenities. This does not mean, however, that every project must have affordable units at all income categories or disbursed in the same proportion as the RHNA income categories.

While highly desirable, implementation of mixed-income programs should remain very flexible to avoid unintended consequences. For example, the very low and low income units in a mixed-income rental project will benefit from the increased rental income of the market-rate units but be handicapped in terms of competing for LIHTC's, thus increasing the construction funding gap. On the other hand, moderate income units in an ownership project would be more easily incorporated with the market-rate units since the affordable housing costs would be more similar, as opposed to the deep cost associated with providing very low- and low-income units.

<u>High Density Development and Multiple Use Development.</u>

While higher density development may or may not serve to reduce cost since increasing density serves to reduce (spread) land cost, but typically increases construction costs. Nevertheless, both the community and market conditions will typically dictate whether the units will be accepted in the manner desired. The ownership market is primarily characterized by single family detached homes with some newer condominiums-townhomes and older condominiums.

Combining commercial and residential uses in a development may be appropriate for either rental or ownership housing. The success of a combined use development will depend on a variety of factors, including a highly desirable location, design character and quality and complimentary commercial uses. Successful developments containing combined uses are generally pedestrian oriented and best located in urban or commercial core areas having a large number of neighborhood-serving retail establishments and restaurants and in close proximity to community services.

Design and Construction Quality

Affordable housing units must reflect the same level of design and construction quality as market-rate units to ensure that the units will not be stigmatized as "low cost" housing and to endure over the period of time covered by the affordability restrictions. This should be among the primary reasons for determining that financial assistance for a project is both needed and justified. This may also be the best argument favoring dispersal of affordable units throughout the community.

Potential Sites for Housing

Through the recent work done by the Planning Center on the 2008 Housing Element Update, a total of 14.2 acres of vacant land in 3 sites have been identified. Based upon the Planning Center's calculations these properties could provide 198 additional units to the City's housing stock of which 75 could be reserved for low and moderate income households. Additionally, a 1.18 acre site currently zone commercial has been identified as suitable for housing and has been acquired by the Agency. It is estimated that approximately 36 units could be provided on this site all affordable to very low and low income.

Financial Issues

Availability of Resources

The primary local funding source used to assist in the production of affordable housing is the Redevelopment Agency's LMIHF. As discussed previously, funds from the Agency's LMIHF may be used citywide but there are limitations on their expenditure under CRL. The Agency's receipt of tax increment revenue is projected to increase over the term of the Housing Strategy. The Agency already has substantial dollars in their LMIHF. It is estimated that over the ten year period covered by this Strategy (2004/05 through 2013/14) deposits into the LMIHF may exceed $70.8 million with the Agency receiving an estimated $46.8 million from 2008/09 through 2013/14.

Pursuant to CRL regulations, expenditures from the LMIHF are governed by the housing needs of the community as reflected by the City's RHNA unit need by income type. The City's 2007 RHNA proportional unit need for very low, low-and moderate-income housing is 35.7%, 29.8% and 35.3% respectively. While expenditures for very low and low income housing must at a minimum reflect the RHNA percentage, moderate income expenditures may be reduced in order to increase expenditures for very low or low income housing activities.

The CRL also imposes limitations on proportion of the LMIHF that can be spent on households 65 years of age or over. This limitation was adopted after housing advocates lobbied the State Legislature to increase funding for family housing. The argument made by the Housing Advocates was that redevelopment agencies were expending the vast majority of their redevelopment housing dollars on senior housing while ignoring family housing needs. Recent changes in the CRL have altered the limitation from the percentage of persons 65 years of age or older to the rest of the community's population according to the US census to the percentage of low income households with a member of 65 years of age or older to the total number of low income households within the community. RSG has calculated the senior funding limit based upon information taken from HUD CHAS (see Housing Compliance Plan, Targeting of Housing Fund Expenditures, Family and Senior Housing Table 9). Based upon the current CRL regulations, the Agency is limited to expending 24% of its LMIHF on Senior/Elderly Housing over the ten-year term of the Strategy.

At the federal level, HOME Investment Partnership Act Program ("HOME") Funds are allocated to the City by the federal government each year for the primary purpose of assisting the development of lower-income housing in the community.

At the state level, there are a number of grant and loan programs which are generally available on a competitive basis. The programs are administered by the California Department of Housing and Community Development (HCD) and are typically targeted to various housing types and income categories. The grant programs are relatively small in comparison to the assistance requirements, while the loan programs typically serve to marginally reduce the interest rate and payment schedules. The single largest form of assistance comes from Low Income Housing Tax Credits (LIHTC), which is a competitive federal (and state) tax credit program administered by the State to provide an alternative/additional source for equity funding for new construction or substantial rehabilitation of affordable rental housing units. A 4% LIHTC project may yield about 35% of the total project costs in tax credit equity investment, while a 9% project may yield about 65%. Due to the deep discounting for affordable rents however, the projects may still require additional public financing to subsidize the development cost.

<u>Leveraging of Funds</u>

CRL provides that redevelopment agencies may not use LMIHF monies to the extent that other reasonable means of private or commercial financing are available to the Agency or the developer to produce affordable housing units in the same quantity and at the same affordability levels as the proposed agency financing would allow. The Agency's best practices are to obtain all available financial resources to extend the purchasing power of its own resources to ensure it is meeting the community's affordable housing objectives. Leveraging financial resources is more easily done for very low and low income housing units where federal and state programs are more readily available. These programs, however, generally favor projects comprised entirely of affordable units available at the lowest income levels, which does not promote a community's dispersal policy.

Program Selection Issues

<u>Large Families</u>

Large family households comprise those of five or more persons and generally include three and four bedroom units. While the typical single family home in the market area may be three to four bedrooms, the apartment market has a very limited number of units that are three bedrooms or more. Since the incremental cost of an additional bedroom is relatively low, it would be advantageous to encourage the production of more three (and four) bedroom rental units, thereby expanding the housing options in the City. The Agency has recently acquired a 1.8 acre site suitable for large family housing. The Agency has entered into an Exclusive Negotiation Agreement with AMCAL, an affordable housing developer. The Agency expects that the current negotiations will lead to a Disposition and Development

Agreement that will provide for the construction of a 36 unit rental housing project that will provide 35 large family affordable units with one unit reserved for an on-site manager.

Substantial Rehabilitation

Substantial Rehabilitation for single-family homes is usually reserved for virtual tear downs. It involves rehabilitation, the value of which constitutes 25 % of the after-rehabilitatiaon value of the dwelling, inclusive of land value. A multi-family substantial rehabilitation program would focus primarily on preserving and improving the community's supply of affordable housing and would increase affordability by the imposition of long-term affordability restrictions on units assisted. Substantial rehabilitation programs involving rental properties may be accomplished through acquisition and rehabilitation of such properties using LMIHF, revenue bond financing and LIHTC equity funding. The program may be applied to existing larger apartment properties or in the assembly of separately-owned adjacent small properties of three to five units.

Provide Affordability within existing Rental Units/Purchase of Restrictive Covenants

The CRL allows redevelopment agencies to utilize their LMIHF to purchase affordability restrictions for extremely low, very low and low income households within existing rental properties. The CRL requires that at least 50% of such units be reserved for very low and the remainder to low income. Additionally, only 50% of a redevelopment agency's inclusionary housing unit need may be met by this method. A program of this type would allow the Agency to increase affordability to the group of residents most impacted by the increase in housing costs while allowing the Agency to disperse such units avoiding concentration of low income residents. Financial assistance is provided to the property owner based upon the analysis of the rent differential over the 55-year time period required to be restricted. Such amounts are normally present valued or capitalized to provide a payment up front. This eliminates the burden of providing payments (from the Agency to property owner) on an annual basis.

New Construction /Developer Assistance

New construction activities represent the greatest opportunity for expanding the community's supply of affordable housing through the development of both rental apartments and single family ownership condominiums. New construction has the advantage of adding the types of housing in the community for which there is the greatest need. New construction may be more costly in terms of its financial assistance requirements, but the ability to selectively target the types of units will enable the City to achieve more fully its affordable housing objectives.

Providing Opportunities for Homeownership

The primary and secondary considerations for ownership housing are that it serves to stabilize neighborhoods and expands homeownership opportunities in the City. Ownership housing is particularly well suited for entry level homebuyers in the moderate-income category. Ownership programs can also assist those at the low or very low income level; however the level of subsidy is usually so deep as to be impractical. The City and Agency have collaborated in the past with local non-profits to provide homeownership and rental opportunities to low income households by combining LMIHF with HOME Funds.

Protecting and Improving Mobile Home Resources

Mobile Homes provide an affordable housing resource within the community. The City has enacted regulations to protect these units by placing restrictions and requirements on the conversion of such properties to other uses. The City has in the past provided grant funding for necessary improvement to mobile homes for low and very low income residents. It is recognized that the continuation of such a program assists in preserving affordable housing within the community.

<u>Provide Resources for the Homeless or Emergency Shelter Programs</u>

Consistent with State Law, resources should be provided to deal with the emergency shelter or transitional housing needs to the community. Such assistance is best funneled through experienced non-profit groups who are community-based.

<u>Pairing Housing Needs and Funding Resources</u>

Based on the discussion above of the housing needs and available financial resources, housing for the very low-income category reflects the greatest need and availability of financial resources. The proportional expenditure allocation of set-aside funds, however, suggests that Agency assistance alone may not fund the very low-income inclusionary requirements within the Project Area It is imperative to leverage the Agency's assistance with other funds in order to expand the production of very low-income housing units. As previously discussed, this would best be accomplished through the new construction and/or acquisition and substantial rehabilitation of rental units, which may tap mortgage revenue bond financing and LIHTC equity funds along with County and Agency loans.

Housing for the low-income housing category would also be best incorporated into the new construction program described above since the revenue bond financing and LIHTC equity funding extends to units affordable at 30% times 60% of area median income. This would serve the greatest number of lower income households in the City. In addition, for both very low- and low-income units, a competitive advantage for LIHTC's would be gained by developing projects designed to include a higher number of large family households.

The moderate-income category presents the most viable option for expanding affordable homeownership opportunities in the City based on the lower level of subsidy required. Moderate income housing may also be included in rental new construction or substantial rehabilitation programs, but would be impacted by the lack of availability of additional financial resources since funding assistance from other than LMIHF is typically limited to the lower income categories.

HOUSING COMPLIANCE PLAN COMPONENT

The following portion of this Strategy serves as the Agency's Ten-Year Housing Compliance Plan (2004/05 through 2013/14).

Redevelopment Plan Limitations

The CRL provides that certain limitations on redevelopment and financing activities must be imposed on the redevelopment project areas as part of their redevelopment plans. Additionally, changes in the CRL have made, and may continue, changes in individual project area limitations. These limitations affect the length of time that the Agency may pursue revitalization efforts and, among other things, the amounts of tax increment revenue available for housing activities. The following Table 1 summarizes the Project Area's Redevelopment Plan limitations.

Summary of Redevelopment Plan Financial and Time Limits **TABLE 1**
Westminster Commercial Redevelopment Project No. 1

Project Area	Date of Adoption	Limit on Plan Duration/1	Limit on Receipt of Tax Increment/1	Time Limit on Incurring Debt	Tax Increment Limit	Bonded Debt Limit
Original Area	7/12/1983	7/12/2026	7/12/2036	Jan. 1, 2004 (2003-04)		
Amendment No. 1	4/22/1986	4/22/2026	4/22/2036	April 22, 2006 (2005-06)		
Amendment No. 2	6/23/1987	6/23/2028	6/23/2038	June 23, 2007 (2006-07)		
Amendment No. 3	7/11/1989	7/11/2030	7/11/2040	July 11, 2009 (2009-10)		
Amendment No. 4	7/18/1991	7/18/2032	7/18/2042	July 18, 2011 (2011-12)		
Collectively for the Original Area, Amendment No. 1, No. 2, No. 3 and No. 4					$290,000,000 adjusted annually per CPI (from date of adoption of Amendment No. 3)	$105,000,000 adjusted annually per CPI (from date of adoption of Amendment No. 3)
Amendment No. 5 (Infrastructure Revitalization Project)	7/12/2000	7/12/2031	7/12/2046	July 12, 2020	None Required	3X Total Tax Increment received in previous year less 20% set-aside and taxing agency payments

1/Per the adoption of Ordinance No. the Original and Amendment Area No1. had its effectiveness time limit extended by 1 year per AB 1046 and two additional years per AB 1096. Amendment Areas 2 through 5 had their effectiveness time limit extend by one year per AB 1096

2/ Per the adoption of Ordinance No. the Original and Amendment Area No1. had its time limit to collect tax increment extended by 1 year per AB 1046 and two additional years per AB 1096. Amendment Areas 2 through 5 had their time limit to collect tax increment extend by one year per AB 1096

AFFORDABLE HOUSING PRODUCTION

This section describes the Agency's housing production needs for the next ten years, which is comprised of two five-year planning periods (2004/05-2008/09 and 2009/10-2013/14) and over the duration of the Redevelopment Plan.

Definitions and Data Compilation

This Compliance Plan takes into account all residential construction or substantial rehabilitation that has occurred within the Project Area since the adoption of each component area in order to determine affordable housing production needs. This Plan includes figures for existing residential construction and substantial rehabilitation, and projections for the number of additional dwelling units to be constructed or substantially rehabilitated during the ten-year term of this Plan and over the life of the Redevelopment Plan. The following sections define "new construction" and "substantially rehabilitated", as well as the methodology used for collecting data on both existing and projected housing units.

- New Construction. The Agency and City Planning staff provided the original construction statistics used in previous Housing Plans. Because the CRL does not provide a clear definition of new construction, the Agency staff, consultant, and legal counsel have agreed upon a "definition" for new construction. The definition: "new construction occurs when building permits are issued for and construction occurs resulting in the development of a new dwelling unit", was utilized to account for units considered developed from the respective adoptions of the Project Areas until the 1993 Housing Plan preparation. Therefore, all units constructed during this time period would fall under the requirements for the production of affordable housing units within the Project Area pursuant to Section 33413 of the CRL. Counts of new dwelling units developed from adoption through 2007 were based upon information provided by the Community Development Department.
- Future projections of new units. Projections of future new units have been based on General Plan land use densities and available vacant land. The Community Development Director, his Planning staff and Housing Element consultant have reviewed the General Plan densities of residentially zoned vacant land within the Project Area to determine the potential numbers of new and substantially rehabilitated units that can be expected to be developed over the remaining effectiveness of the Redevelopment Plan.
- Agency Developed Units. According to Agency staff, the Agency does not anticipate directly developing or substantially rehabilitating any dwelling units which would trigger the thirty percent (30%) affordable housing requirement of Section 33413(b)(l) within the ten (10) year time frame of this Housing Strategy. However, the Agency will continue to cooperate with and provide assistance and incentives to private developers, nonprofits, and possibly the County Housing Authority in order to meet affordable housing production goals.

- Substantial Rehabilitation. The CRL, as amended by AB 1290, defines "substantial rehabilitation" as:
    - *"....rehabilitation, the value of which constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value." 33413(b) (2) (A) (IV)*
- As defined by the CRL "substantially rehabilitated dwelling units" means:
    - *"On or after January 1, 2002, substantially rehabilitated dwelling units means all units substantially rehabilitated, with agency assistance. Prior to January 1, 2002 substantially rehabilitated dwelling units shall mean multifamily rental units with three or more units or substantially rehabilitated with agency assistance, single-family dwelling units with one or two units." 33413(b) (2) (A) (iii)*

Table 2 below details the Units Constructed or Rehabilitated in the Project Area and units expected to be constructed from 2004 through the term of expiration of the Redevelopment Plan.

Table 2
Westminster Redevelopment Agency
Westminster Commercial Redevelopment Project No. 1 (as Amended)
Units Constructed or Rehabilitated

Constructed/ Rehabilitated	Adoption to January 2002	January 2002 through December 2004	January 2005 through December 2007	Projected from January 2008 to June 2009	Projected from July 2009 to June 2014	Projected from July 2014 through end of Redev. Plan (2031)	Total Units Built Through June 2031
Agency Developed Units	0	0	0	0	0	0	0
Private Developed Units	777	343	412	23	67	135	1757
Agency Substantially Rehabilitated Units	0	0	0	0	0	0	0
Private Substantially Rehabilitated Units	0	0	0	2	16	34	52
TOTAL NEW/REHABILITATED UNITS	777	343	412	25	83	169	1809

Table 3 below details the Agency's "Inclusionary Housing Obligation Status" with updated total units constructed to date in the Project Area, and those expected to be constructed from 2004 through the term of expiration of the Redevelopment Plan.

Table 3
Westminster Redevelopment Agency
Inclusionary Housing Obligation Status

Period	Sub-period	Westminster Commercial Redevelopment Project No. 1 (As Amended)	Developed Directly by:	Number of Units Produced	Total Number of Affordable Units Required/1	VL Income Units Required/2	L & M Income Units Required/3
Prior to 2002 through 2003/04	94/95-2001	**Built from date of adoption through December 31, 2001**	Agency	0.0	0.0	0.0	0.0
			Private	777.0	116.6	46.6	70.0
		Substantially Rehabilitated through December 31, 2001	Agency	0.0	0.0	0.0	0.0
			Private	0.0	0.0	0.0	0.0
		Subtotal		*777.0*	*117.0*	*47.0*	*70.0*
	2002-2004	**New Units**	Agency	**0.0**			
			Private	**343.0**	51.5	20.6	30.9
		Substantially Rehabilitated	Agency	0.0			
			Private	0.0	0.0	0.0	0.0
		Subtotal		*343.0*	*52.2*	*21.0*	*31.0*
		TOTAL through 12/31/04		**1120.0**	**169.0**	**68.0**	**101**
2nd 10-Yrs 2004/05 -2013/14	1st 5 Yr. Period 2005 - 08/09	**New Units Anticipated to be Built/2**	Agency	0.0	0.0	0.0	0.0
			Private	435.0	65.3	26.1	39.2
		Anticipated-Substantially Rehabilitated Units	Agency	0.0	0.0	0.0	0.0
			Private	2.0	0.3	0.1	0.2
		Subtotal 5 Year Period		*437.0*	*66.0*	*26.0*	*39.0*
	2nd 5 Yr. Period 09/10 - 13/14	**New Units Anticipated to be Built/2**	Agency	0.0	0.0	0.0	0.0
			Private	67.0	10.1	4.0	6.1
		Anticipated-Substantially Rehabilitated Units	Agency	0.0	0.0	0.0	0.0
			Private	16.0	2.4	1.0	1.4
		Subtotal 5 Year Period		*83.0*	*13.0*	*5.0*	*8.0*
		TOTAL 2nd Ten Year Period through 2013/14		**520.0**	**79.0**	**31.0**	**47.0**
Units Expected to be Built/Sub. Rehabed/Provided Over Remaining Project Term				**169.0**	**25.0**	**10.0**	**15.0**
		TOTAL UNITS OVER TERM OF PLAN		**1809.0**	**273.0**	**109.0**	**163.0**

1/ For units directly developed by the Agency 30% are required to be affordable; for units developed by private parties with or without Agency assistance 15% are required to be affordable to qualified households. Qualified households are persons or households whose gross income does not exceed the levels established as very low, low and moderate income adjusted for household size.

2/ For units directly developed by the Agency 50% of the required (30%)total affordable units must be affordable to very low income households. For units developed by private parties 40% of the required (15%) total affordable units must be affordable to very low income households.

3/ Of the 30% and 15% Affordable units not required to be reserved for very low income the remaining are required to be made affordable to low and moderated income households.

Inventory of Existing Deed-Restricted Units

The Agency is obligated under Section 33413 (b) of the CRL to ensure that 30% of all Agency developed or substantially rehabilitated units within the Project Areas are made available at affordable housing costs to very low, low- and moderate-income persons or households[7]. Additionally this section of the CRL provides that 15% of all units developed or substantially rehabilitated within the Project Area must be made available at affordable housing costs to very low, low-and moderate-income persons or households.

[7] Section 50052.5 of Health and Safety Code defines affordable housing cost as:
- Very Low - Not more than 30% of 50% of the County median household income.
- Low - Not more than 30% of 70% (or 60% for rental projects) of the County median household income
- Moderate - Not more than 35% of 110% (or 30% of 120% for rental projects) of the County median household income.

To satisfy the requirements of the CRL, units that are either developed or substantially rehabilitated with Agency assistance must be subject to affordability covenants. Units created after 2001 must carry 45-year affordability covenants for ownership units and 55-year affordability covenants on rental units.[8] Units may be constructed or assisted inside or outside the Project Area, but units provided outside a project area count towards an agency's inclusionary obligation on a 2-for-1 basis. The Agency may also purchase 55-year affordability covenants on rental units.

Table 4 below presents an inventory of the existing deed-restricted units that meet these requirements. In total, the Agency's affordable housing program has yielded 446 affordable units (excluding the AMCAL and Habitat for Humanity projects which are in the planning stage), of which all are credited to the Agency's inclusionary unit need.

Table 4
Westminster Redevelopment Agency
Westminster Commercial Redevelopment Project No. 1 (as Amended)
List of Inclusionary Housing Units

Type	Projects	Total # of Units		# Very Low Income Units		# Low Income Units		# of Mod Income Units		Term of Affordability
Since 1984 through 2004		Total	Credited	Total	Credited	Total	Credited	Total	Credited	
NC	**Rose Gardens: 8190 13th Street**	133	132	27	27	105	105	0	0	2026
NC	**Coventry Heights: NE Corner of Wyoming & Hoover-Senior Housing/1**	77	76	76	76	0	0	0	0	2058
NC	**Westminster Senior Apts: 7632 21st St/1**	92	91	28	28	63	63	0	0	2058
NC	**Stratford Place: 8144-8156 13th Street-Family Housing**	28	27	27	27	0	0	0	0	2060
NC	**Habitat for Humanity: 13942-13944, 13946-13948 Edwards St.**	4	4	4	4	0	0	0	0	Runs with the Land
Sub-total Produced through 2004		334	330	162	162	168	168	0	0	
2005-										
NC	**Windsor Court: 8140 13th Street - Senior Housing**	58	58	22	22	63	63	0	0	2060
PR	**1441 Newland - SRO**	54	54	54	54	0	0	0	0	2061
PR	**AFH Triplex- 13942 Cedar St: 3 Family units (assumed low)**	3	3	3	3	0	0	0	0	2060
PR	**AFH Lease Purchase: 8022 Worth Dr.**	1	1	0	0	1	1	0	0	2055
Sub-total Produced Since 2004		116	116	79	79	64	64	0	0	
2008/09	**Projected Projects**	0	0	0	0	0	0	0	0	
2009-10	**Projected Projects**									
NC	**AMCAL -family housing project/1**	36	35	35	35	0	0	0	0	at least 55 yrs
NC	**Habitat for Humanity Ownership Units 13931 Cedar St.**	2	2	1	1	1	1	0	0	60 yrs
	TOTAL	***488***	***483***	***277***	***277***	***233***	***233***	***0***	***0***	

1/1 unit reserved for manager
Type: NC, new construction; PR, purchase and rehabilitation and PC, pruchase of convenants

Affordable Units Required

As previously described, Section 33413(b) of the CRL requires that not less than 30% of any Agency-developed units ("30% Units") or 15% of privately developed units ("15% Units")

[8] 45 years for ownership units for 55 years for rental units. After December 31, 2007, 15 years for Mutual Self-Help Housing. Prior to January 1, 2002, affordability covenants could be as little as the duration of the redevelopment plan to count for meeting a redevelopment agency's affordable housing production requirements.

produced during the next five and ten year period (the "Planning Period") be affordable to low- and moderate-income households. The CRL also requires that 50% of the 30% Units and 40% of the 15% Units be specifically limited and affordable to very low income households. These affordable housing production requirements should be met during this planning period, which ends on June 30, 2014.

Based upon the forecast of housing construction presented earlier and the Agency's inventory of affordable housing projects completed to date, Table 5 presents the computation of the Agency's affordable housing production requirement for the planning period, as well as the entire duration of the Redevelopment Plan.

WESTMINSTER REDEVELOPMENT AGENCY								**TABLE 5**	
RECONCILIATION OF AFFORDABLE INCLUSIONARY UNITS PRODUCED AND INCLUSIONARY UNITS REQUIRED **Westminster Commercial Redevelopment Project No. 1 (as Amended)** **SECOND TEN YEAR AFFORDABLE HOUSING COMPLIANCE PLAN** **2004/05 through 2008/09 & 2009/10 through 2013/14**	**Inclusionary Requirement**	**Low/Mod. Requirement**	**Very Low Requirement**	***Inclusionary Production***	***Low/Mod Production***	***Very Low Production***	**Inclusionary Need (-) or Surplus+**	**Very Low Need or Surplus**
Time Frame								
Date of adoption through December 31, 2001	117	70	47					
2001-2004/Privately Developed	52	31	21					
Total Units Required through December of 2004	**169**	**101**	**68**				Surplus Units	
Total Affordable Units Produced through December of 2004				***330.0***	***168.0***	***162.0***	**161.0**	**94.0**
2nd 10 -Year Planning Period (2004/05-2013/14)								
1st 5 Yr. Period 2005 -08/09 Required Inclusionary	**66**	**39**	**26**				**95**	**68.0**
1st 5 Yr. Period 2005 -08/09 Produced Inclusionary/1				***116***	***64***	***79***	***211***	***147.0***
Projected 2nd 5 Yr. Period 09/10 - 13/14 Required Inclusionary	**13**	**8**	**5**	*37*	*1*	*36*	**198**	**142**
Projected 2nd 5 Yr. Period 09/10 - 13/14 Produced Inclusionary				*to be determined*				
From 2nd 10 Year End to End of Plan -Required Inclusionary	**25**	**47**	**10**				**173**	**132**
From 2nd 10 Year End to End of Plan -Required Produced				*to be determined*				
Total Over the Duration of Redevelopment Plan 2/	**273**	**195**	**109**					

1/ Includes Projected AMCAL units

2/ See Table 1 for effectiveness of Redevelopment Plan for each Area

Current Five & Ten-Year Inclusionary Unit Need

The Agency has actively worked to produce the required number of inclusionary units over the last ten years, producing 446 affordable inclusionary units. As detailed in Table 5, the Agency has more than met their inclusionary housing needs for the prior ten year period (1994/95 through 2003/04). Based upon the estimates of units expected to be built in the City during the next six years and to the end of the duration of the Redevelopment Plan, it is projected that the Agency has sufficient existing inclusionary units to meet the required projected inclusionary unit need. Therefore, the Agency's housing efforts will focus on meeting the overall housing needs of the City as detailed in the Housing Strategy as well as expending its LMIHF dollars proportionally to meet the needs of the various categories of low and moderate income households.

REPLACEMENT HOUSING

The CRL requires that whenever housing occupied by low and moderate income persons or households are destroyed as part of an Agency project, the Agency is responsible for ensuring that an equivalent number of replacement units are constructed or substantially rehabilitated. These units must provide at least the same number of bedrooms destroyed, and 100% of the replacement units[9] must be affordable to the same income categories (i.e. very low, low and moderate) as those removed. The Agency receives a full credit for all replacement.

The Agency has not destroyed housing occupied by low-and moderate-income persons or households since the adoption of the Project Area. The Agency does not anticipate demolishing or removing any additional affordable dwelling units during this five and ten-year planning period. Therefore, the Agency does not currently have, nor does it anticipate having in the future any replacement housing obligations.

FINANCIAL RESOURCES DEDICATED TO AFFORDABLE HOUSING

Low- and Moderate- Income Housing Set-Aside Tax Increment Funds

The Agency's primary source of funding for housing projects and programs is the annual deposit of 20% of its tax increment revenue into a special housing set-aside fund ("LMIHF"). The CRL requires that these funds be used to increase, improve, and preserve the community's supply of housing available, at affordable housing cost, to persons and families of very low, low-and moderate-incomes. Other sources of LMIHF revenues include interest earnings, bond proceeds, land sale proceeds, loan repayments and developer loan proceeds.

Table 6 below details staff's forecast of LMIHF revenues and expenditures for the terms of this planning period. The forecast accounts for operational and project expenditures based on the current budget and are subject to change.

[9] Prior to January 1, 2002, 75% of all replacement units must be of the same income category or a lower income category as those persons or households displaced.

WESTMINSTER REDEVELOPMENT AGENCY-LMIHF **Table 6**

Ten Year Housing Compliance Plan
Housing Fund Resources and Expenditures

Revenue	2004-05 Year 1	2005-06 Year 2	2006-07 Year 3	2007-08 Year 4	2008-09 Year 5	2009-10 Year 6	2010-11 Year 7	2011-12 Year 8	2012-13 Year 9	2013-14 Year 10	Totals 10-Year
Cash Housing Fund Balance (adjusted)/1	$4,964,302	$8,449,066	$11,070,452	$15,869,344	$10,705,566	$7,563,042	$2,383,818	$929,470	$1,266,048	$2,031,665	
Revenues											
Low & Moderate TI Set-Aside Revenue/1	4,544,248	5,937,373	6,673,727	6,881,593	7,145,852	7,400,927	7,661,104	7,926,484	8,197,172	8,473,274	70,841,754
Interest/2	763,239		717237	476,080	321,167	226,891	71,515	27,884	37,981	60,950	2,702,945
Other Revenue/3		111,811.0	4060								115871
Loan Repayments/ /Adjustments			(90,495)								(90,495)
Subtotal Revenues	5,307,487	6,049,184	7,304,529	7,357,674	7,467,019	7,627,818	7,732,618	7,954,368	8,235,154	8,534,224	73,570,074
TOTAL AVAILABLE FUNDS	10,271,789	14,498,250	$18,374,981	23,227,018	18,172,584	15,190,860	10,116,437	8,883,838	9,501,202	10,565,888	
Administration & Operations											
Administration & Operations	453,032	564,745	686,912	*800,000*	*950,000*	*997,500*	*1,027,425*	*1,058,248*	*1,089,995*	*1,122,695*	8,750,552
Debt Service Costs/estimated from 07-08 forward	486,621	510,208	509,542	*509,542*	*509,542*	*509,542*	*509,542*	*509,542*	*509,542*	*509,542*	5,073,165
Additional Program Administrative Costs											-
TOTAL ADMIN COSTS	939,653	1,074,953	1,196,454	1,309,542	1,459,542	1,507,042	1,536,967	1,567,790	1,599,537	1,632,237	13,823,717
Projects & Programs											
Housing Activities	881,531	2,352,845	290,001	252,000							3,776,377
1. Rehabilitation Programs for L-M HH				3,892,920							3,892,920
A Mobile Home Grants					75,000	75,000	75,000	75,000	75,000	75,000	450,000
(Mobile Home Grants with Funded with CDBG-not included in totals)					*195,000*	*195,000*	*195,000*	*195,000*	*195,000*	*195,000*	
B Single-Family-Ownership Rehabilitation Loan & Grants					675,000	675,000	675,000	675,000	675,000	675,000	4,050,000
C Substantial Rehabilitation Loans for Single-Family units					0	150,000	0	150,000		150,000	450,000
2 Multi-Family Rehabilitation					1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	11,400,000
3 Home Ownership Programs for L-M HH			1,019,182		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	16,019,182
4 Purchase of Covenants -Extremely Low Income HH					500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
5 Financial Assistance for New Affordable Housing				4,806,588	2,000,000	4,000,000	1,000,000			2,000,000	13,806,588
6 Special Needs Housing Assistance								250,000	220,000	250,000	720,000
7 Acquisition of Existing Homes in Distress					1,500,000	1,500,000	1,000,000				4,000,000
8 Housing Assistance/IRP				2,260,402							2,260,402
Total Project & Program Costs	881,531	2,352,845	1,309,183	11,211,910	9,150,000	11,300,000	7,650,000	6,050,000	5,870,000	8,050,000	63,825,469
Number of Units to be assisted				40	92	121	87	84	83	92	599
TOTAL ALL COSTS BY YEAR	$1,821,184	$3,427,798	2,505,637	12,521,452	10,609,542	12,807,042	9,186,967	7,617,790	7,469,537	9,682,237	
FUNDS REMAINING AT YEAR END	$8,450,605	$11,070,452	$15,869,344	$10,705,566	$7,563,042	$2,383,818	$929,470	$1,266,048	$2,031,665	$883,651	

1/ previous years TI amounts from State Auditor Controller -HCD Reports.Projections updated per 2008-09 assessment roll.
2/ fund balance @ 3.% per annum

Targeting of Housing Fund Expenditures

As set forth in Section 33334.4 of the CRL, each agency shall expend, over the duration of the compliance plan, the moneys in the LMIHF in proportion to the community need, both in terms of the income categories and the number of senior households assisted.

Housing Unit Need per 2007 Regional Housing Need Assessment (RHNA)

As shown in Table 7 below, the 2007 RHNA establishes that there is a Citywide need for 147 dwelling units of which 30 need to be provided for very low income households, 25 units for low income households, 29 units for moderate income households and 63 units for above moderate income households. According to the State, approximately 50% of the identified very low income units need to be provided to extremely low income persons or households.

Table 7
Westminster Redevelopment Agency
July 2007 RHNA Numbers for the City of Westminster

Category	Number of Households	% of Total
Very Low Income	30	20.4%
Low Income	25	17.0%
Moderate Income	29	19.7%
Above Moderate Income	63	42.9%
Total	147	100.0%

Targeting Assistance to Income Categories

Pursuant to Section 33334.4(a) of the CRL, LMIHF expenditures over the time period covered by the Housing Compliance Plan must be expended for very low and low income persons at a minimum in the same proportion to the City's fair share RHNA unit need for very low, low and moderate income units. Based on the figures detailed in Table 8 below, the Agency's LMIHF dollars must be expended in a manner consistent with a minimum of 35.7% of the funds spent to assist very low income persons or households and at a minimum of 29.8% spent on low income persons or households. The remaining 34.5% may be allocated either to the combined very, low or moderate income groups, but not to exceed the 34.5% spent on moderate income persons or households.

Table 8
Westminster Redevelopment Agency
Proportional Use of LMIHF
Minimum Share of LMIHF to be Spent on Qualified Income Groups

Low -Moderate Income Need	Number of Households	% of Total
Very Low Income	30	35.7%
Low Income	25	29.8%
Very Low/ Low or Moderate Income	29	34.5%
Total	84	100.0%

Family and Senior Housing

The CRL also imposes limitations or targeting requirements on the proportion of LMIHF that may be spent on households with persons 65 years of age or over. According to the 2000 US Census, persons 65 years of age or older represent 11.16% of the City's population. Recent changes in the CRL have altered the limitation from the percentage of persons 65 years of age or older to the rest of the community's population according to the US census to the percentage of low income households with a member 65 years of age or older to the total number of low income households within the community. RSG has calculated the percentage of low income households and senior low income households based upon information from HUD's CHAS (see Table 9 below). Based upon the current CRL regulations, the Agency is limited to expending a maximum of 20.4% of its LMIHF on Senior/Elderly Housing and a minimum of 79.6% on Family Housing over the ten year term of the Strategy.

Table 9
Westminster Redevelopment Agency
Targeting Use of LMIHF
Amounts to be Targeted at Senior and Family Housing

Low Income Households[/1]	Number of Households	% of Total
Elderly/Senior	2,963	20.4%
Family & Other	11,567	79.6%
Total	14,530	100.0%

1/ as computed from the US Department of Housing and Urban Development Comprehensive Housing Affordability Strategy ("CHAS")

Fund Expenditures

Table 10 presents a summary of the Agency's proportional future housing expenditures based on planned projects described in the next section, and the thresholds set forth above.

Table 10
Westminster Redevelopment Agency
Low and Moderate Income Housing Fund

10-Year Housing Compliance Plan Projected Housing Resources		**Projected total 10 Year Period**
Beginning Cash Balance		$4,964,302
	Projected 20% Tax Increment Rev.	70,841,754
	Other LMIHF Revenue	2,728,321
	Subtotal	$78,534,376
	Administrative & Operation Costs	(13,823,717)
Net LMIHF Available for Project & Programs		$64,710,659
10 YEAR ESTIMATED ALLOCATION OF LMIHF BY INCOME GROUP		
RHNA %	Income Group/Minimum Expenditures	Projected amount
35.7%	Very Low	$23,110,950
29.8%	Low	19,259,125
34.5%	Unrestricted (very low, low & moderate)	22,340,585
	Total	$64,710,659
SENIOR & FAMILY LMIHF ALLOCATION		
20.4%	Senior-Limit	$13,195,986

PROGRAMS AND PROJECTS

Note: This proposed list of programs is meant only as a guideline to expend redevelopment and other sources of funds. It is not to be perceived as a rigid quota or determination of the exact accomplishments or expenditures of funds during the period of the Westminster Redevelopment Agency's Housing Plan portion of this document. It should also be noted that it is not necessary to expend all redevelopment tax increment housing funds that are received each year to remain in compliance with the law. Additionally, all of the proposed programs may not be successful depending upon the market environment, or cooperation and participation of landlords.

Recommended Implementation Programs and Projects for All Currently Available Funding Sources

1. Owner-Occupied Rehabilitation Programs for Low-and Moderate-Income Households

   A. Mobile Home Improvement Grants: 1) Continue existing Mobile Home Grant Program funded by CDBG and LMIHF for very low and low income households with emphasis on exterior improvement as a priority along with health and safety items.

   Program Funding Recommendation: CDBG dollars in the amount of $10,000, estimated 19 grants per year, cost $190,000 per year. Total over next six years (2008/09 through 2013/14) estimated to be $1,140,000.

   Program Funding Recommendation: LMIHF dollars in amounts up to $10,000, estimated 15 grants per year, cost $75,000 per year. Total over the next six years (2008/09 through 2013/14) estimated to be $450,000.

   B. Owner-Occupied Single Family Rehabilitation Loan Program: Continuation of Owner-Occupied Rehabilitation Loan Program funded primarily with LMIHF or by HOME, as funds are needed or available. The program would emphasize exterior improvements as a priority along with health and safety items. Program terms would range from a zero interest, deferred loan for a low income household to a 3% or 3.5% interest loan for a moderate income household (up to 120% AMI), with maximum loan amount of $45,000.

   Program Funding Recommendation: LMIHF at $45,000 per loan, 15 units per year, cost $675,000 per year. Total over six year period estimated to be $4,050,000.

2. Multi-Family Rehabilitation Program

   A. Targeted Multi-Family Rehabilitation Program to Preserve Housing Stock and Assist Low and Moderate Income households. Three areas where the recent housing condition survey identified concentrations of multi-family properties that are in need of improvements (see Condition Survey Map for Multi-family properties contain in Appendices on page 56) are recommended to be designated Program Target Area. Program to be funded with LMIHF dollars, with interest rate placed at zero to a minimal interest rate to ensure projects are economically feasible. Minimum of 15% but not more than 49% of units would be required to be affordable to very low and low income households with remaining units affordable to moderate income households for a 55-year time period.

Program Funding Recommendation: LMIHF allocated to fund cost of rehabilitation and financial gap created by required affordable rents. Overall cost per unit estimated at $95,000. An estimated 20 units rehabilitated per year, of which all are to be covenanted to ensure affordability for 55 years) to ensure affordability. Estimated total cost per year $1.9 million. Total cost over next six years estimated at $11.4 million.

3. Home Ownership Opportunities for Work-Force and Low- and Moderate- Income Households.

<u>Citywide First-Time Homebuyer Program</u>: Agency/City will implement program to address need for affordable work-force housing by providing opportunity to low- and moderate- income households to acquire their first home. Program would be funded with LMIHF. The housing ratio cannot exceed 33% and the debt ratio cannot exceed 45% of household income based upon previous program. Maximum purchase price estimated at $455,000 based upon the most recent median home price for 3-bedroom house as of August 2008. The Buyer must have of a minimum down payment of 3%. Additionally they will be required to contribute all assets except $10,000 (and retirement funds held in a restricted account) to the down payment. The Agency's 2nd mortgage loan amount will be on a sliding scale not to exceed $250,000, based upon approved purchase price and funding gap as determined by Agency. Per the CRL, 45-year affordability covenants would be required. Households must be able to obtain conventional 30-year fixed mortgages. Purchasers' housing cost must not exceed the CRL's affordability requirements (see Appendices for description on affordability and resale restrictions on loan recipient).

Program Funding Recommendation: LMIHF estimated per unit cost of up to $250,000 per year, 10 units per year. Targeted 60 units over next six years for estimated total cost $15,000,000.

4. Housing Affordability Assistance Programs for Low- and Moderate-Income Households:

<u>Purchase of Multi-Family Affordability Covenants.</u> Program to be funded with LMIHF would secure affordability covenant (55 years) on units reserved for extremely low, very low and low income tenant households. At least 50% of the covenanted units must be reserved for very low income households. This program will assist the City meet their RHNA need for <u>extremely low income</u> units.

Program Funding Recommendation: Estimated cost of $250,000 per unit, 2 per year. Estimated total of 12 units completed over next 6 years for estimated total cost of $3,000,000. Units may be acquired (covenanted) in one or more years rather than on a per year basis.

5. Expansion of City's Affordable Housing Stock through acquisition and new construction or rehabilitation.

A. New Construction Assistance for Multi-Family Units: Program to be funded from LMIHF. Units would be affordable to low and moderate income households. Financial assistance, via a loan, would be provided to developers and/or non-profits to fund land acquisition and additional assistance as determined necessary to have quality product and meet all city codes. Where possible other sources of funding would be included in the deal such as 9% or 4% Tax Credits, HOME or other funds available to Developer.

Program Funding Recommendation: The Agency has provided assistance to new affordable housing production in an ongoing manner since adoption of the Project Area with their LMIHF. In FY2007/08 the Agency expended $4.3 million in LMIHF in to purchase a 1.18 acre site for a new affordable family rental housing project. The 36 unit project is slated to contain 3 and 4 bedroom units to address the City's need for large family affordable rental housing (identified as site U-1 in the Housing Element).

B. Acquire housing sites suitable for development of new ownership affordable housing: Program to be funded with LMIHF. Locate sites that are currently vacant or underutilized that are suitable for housing development. Acquisition of property would be from willing seller to Agency. Agency shall assist developer produce quality housing type which meets all City code requirements. Once site is acquired, solicit developer interest and ultimately transfer property via an agreement that ensures development of the desired type of affordable housing suitable for the site.

Currently underway is a Habitat for Humanity project located at 13931 Cedar Street. Through the Agency efforts and cooperation with Habitat for Humanity two affordable ownership units will be produced. The Agency will contribute the land and provide other financial assistance to allow for the construction of 1 very low income unit and 1 low income unit. It is expected that this project will start construction in 2008/09.

The Agency will look to acquire suitable sites for new housing or assist developers who present credible affordable housing proposals. Key to future affordable housing is development of projects that include a mix of income groups, including market rate units. Additional LMIHF dollars target for new housing is estimated at $9,000,000 over the next 6 years.

C. Acquisition and Rehabilitation of Multifamily Units by Agency/City and transfer to Non-profits: Program to be funded by HOME/CHDO dollars as funds are available and/or LMIHF, to assist non-profit, typically a Community Housing Development Organization (CHDO), to acquire multi-family or single family housing units. Non profit would rehabilitate units to be used as affordable rental housing. All tenants must be low income and all projects must comply with HOME regulations and/or CRL Law, depending on funding. Affordability covenants of 55 years would apply, regardless of funding.

6. Assist Special Needs Housing

Provide funding for Homeless or Transitional Housing: Program to be funded with LMIHF and/or HOME dollars, as eligible. Assistance to be directed to non-profit who can demonstrate competence and can provide ongoing funding for operations and maintenance. The amount of financial assistance would be based upon a financial analysis of proposed homeless or transitional living facility project. If HOME funds are utilized with the LMIHF, then prevailing wage standards would apply.

7. Acquisition of Existing Homes in Distress/Provision of Affordability

Acquisition, Reconstruction and Resale as Affordable Housing of Substandard or Foreclosure Ownership Units. Program to be funded with LMIHF. Locate, acquire and rehabilitate substandard ownership units or foreclosure units. Once rehabilitated as necessary, offer units to qualified household (very low, low or moderate income household) for purchase at an affordable housing cost price. Unit must be covenanted for affordability for a 45 year period.

Program Funding Recommendation: The number of foreclosed units is increasing. It is unknown how many could be purchased and rehabbed. We have allocated $4,000,000 over the next six years.

Administration, Project Implementation and Monitoring

Given the magnitude of the proposed programs and projects detailed in this Strategy and the ongoing required monitoring of affordable units provided by Agency assistance, the City/Agency will likely have to both increase staffing levels in the Housing Division as well as contract with consultants. Increased staff and consultant resources will be required to implement and monitor of the proposed housing programs identified in this Strategy.

APPENDICES

A. Housing Condition Survey Information

B. Orange County Income Limits & Ownership Rental Cost Limits

C. Affordable Ownership Gap Analysis

D. Requirements for 1st Time Homebuyers Program

CITY OF WESTMINSTER

A. SUMMARY HOUSING CONDITIONS SURVEY PROCESS AND RESULTS

Rosenow Spevacek Group ("RSG") was directed by the City of Westminster ("City") to conduct a Housing Conditions Survey ("Survey") pursuant to the Scope of Services for the Citywide Housing Strategy ("Strategy"). The objective of the Survey was to review residential areas of the City to identify locations and types of housing in need of improvements requiring rehabilitation, such as substandard and dilapidated structures, illegal garage conversions, and structures with deteriorating external building materials. This summary details the process and results of the Survey completed by RSG in September of 2007.

<u>Housing Conditions Analysis Approach</u>

RSG utilized the following approach to analyze existing citywide housing stock conditions. The approach involved the following three steps:

1) Determining housing stock classification criteria to rank housing conditions viewed during the Survey.
2) Conducting a parcel-by-parcel survey of city-wide residential properties and assigning a value based on ranking system.
3) Preparing a summary of Survey results identifying housing stock conditions in the City.

<u>Housing Conditions Ranking Classification</u>
The first step in assessing housing stock conditions in the City was to develop a ranking system. The ranking system created by assigning a numerical value of 1 through 4 to define the condition of the housing unit. The definition of the ranking classifications is detailed below:

1 - *Excellent*
 Reflecting newer or well maintained conditions requiring little or no rehabilitation
2 - Good
 Reflecting conditions appropriate to age and use with minimal issues regarding maintenance
3 - Fair
 Reflecting deferred maintenance correctible within economic limits
4 - *Poor*
 Reflecting significant deferred maintenance which is determined economically unviable to correct

The ranking system included guidelines for evaluating a combination of factors including the structural condition of the building, as well as the condition and age of building materials and fixtures, such as windows, painting and garages. Table 1 below provides a detailed summary of the guidelines used to rank residential properties during the Survey.

Guidelines for Housing Conditions Ranking							Table I
City of Westminster							
Rank	Condition		A. Doors, Windows, Garages	B. Roof	C. Building Shell	D. Wiring	E. Structure
1	Excellent	Meets all of the conditions	Installed to building standards with modern materials, no signs of neglect	Shows signs of routine maintenance and proper installations	Good painting, and stuccos	No loose wiring hanging off building	Building appears to be structurally sound without cracks or signs of subsidence
2	Good	Has 2 or less of conditions A,B,C,D	Substandard or old installations, Cracks or make-shift repairs evident	Shows signs of age and need for maintenance, few tiles missing. Cracks along overhangs and eaves	Old or peeling paintwork, needing a new coat of paint	Substandard or exposed wiring not causing a safety issue to building	Appears to be sound and shows wears that correspond with age
3	Fair	Has 3 or more of conditions A,B,C,D or/and Condition E	Substandard or old installations, Cracks or make-shift repairs evident	Shows signs of age and need for maintenance, few tiles missing. Cracks along overhangs and eaves	Old or peeling paintwork, needing a new coat of paint	Substandard or exposed wiring not causing a safety issue to building	Shows signs of deferred maintenance and will need some rehabilitation
4	Poor	Has 3 or more of conditions A,B,C,D and Condition E	Substandard or old installations, Cracks or make-shift repairs evident	Shows need for major rehabilitation or replacement. Uneven roofing	Old or peeling paintwork, needing a new coat of paint	Substandard or exposed wiring which may pose a safety threat to building	Shows signs of cracks along load bearing walls, structure needs substantial rehabilitation or replacement due to excessive damage, use

Housing Conditions Survey

The survey was carried out by assessing the citywide housing stock in census block group clusters. RSG prepared survey sheets using the City's land use maps by dividing residential properties on the map into several sheets representing a smaller subset of buildings similar to the census block designations within the City. Only residential land uses, were examined; all other land uses including commercial and public service uses were excluded from the survey. Using the housing condition ranking classifications, RSG completed a parcel-by-parcel windshield survey of each residential property in the City and assigned a ranking value based on conditions viewed from the public right-of-way.

Housing Conditions Survey Results

Survey results indicate that only 9% of the City's housing stock is in fair or poor condition requiring substantial rehabilitation or demolition. The majority (65%) of the housing stock is in good condition showing structurally sound buildings reflective of the age of the building. Approximately 26% of the housing stock is in excellent condition and does not require any rehabilitation. Survey results were separated by single and multi-family property uses. Single family properties contained a higher percentage of properties in excellent condition. The City's multi-family properties appeared to be in worse condition. Approximately 14% of the multi-family properties exhibited fair or poor conditions opposed to only 6% of single family properties. The survey results show that 1,205 units in the poor and fair category are multi-family housing, representing about 60% of the citywide housing within this category. Table II provides a summary of the Survey results by rank and property type and the following chart shows the proportion of housing stock conditions.

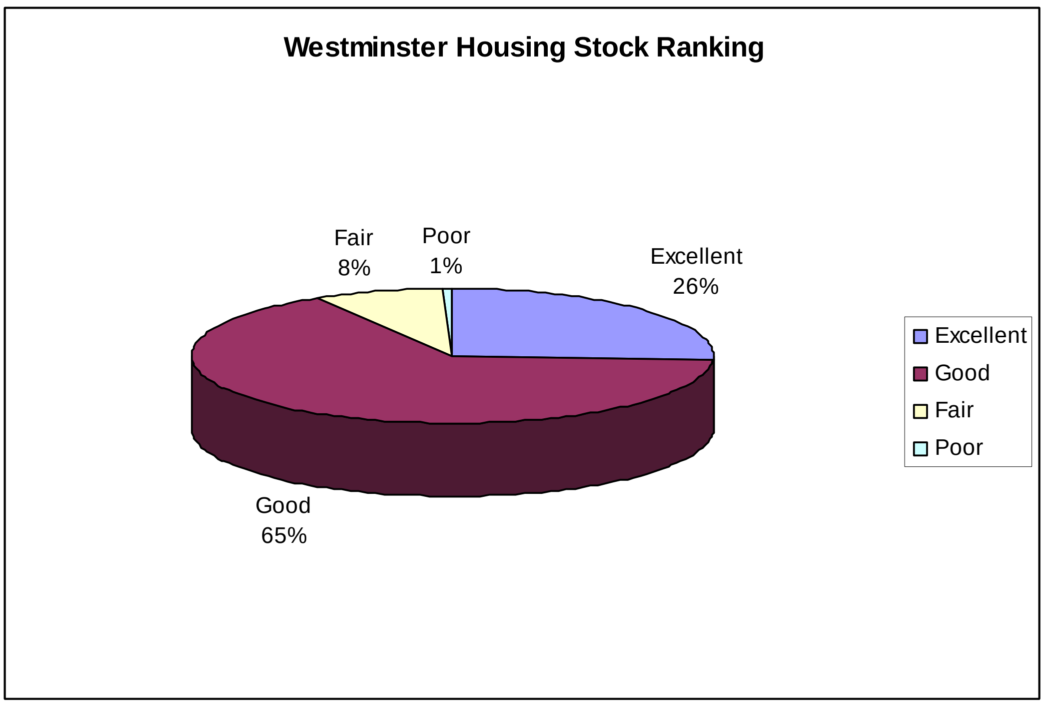
Table II
City of Westminster

Westminster Redeveopment Agency

Summary of Housing Conditions-Single and Multi-Family

Ranking	Single	Multi-	Total	Percentag
Excellent	4,699	1,397	6,096	
	32.1%	15.8%		26%
Good	9,125	6,239	15,364	
	62.3%	70.6%		65%
Fair	780	1,091	1,871	
	5.3%	12.3%		8%
Poor	37	114	151	
	0.3%	1.3%		0.6%

Source: RSG Housing Conditions Survey, Sep. 2007

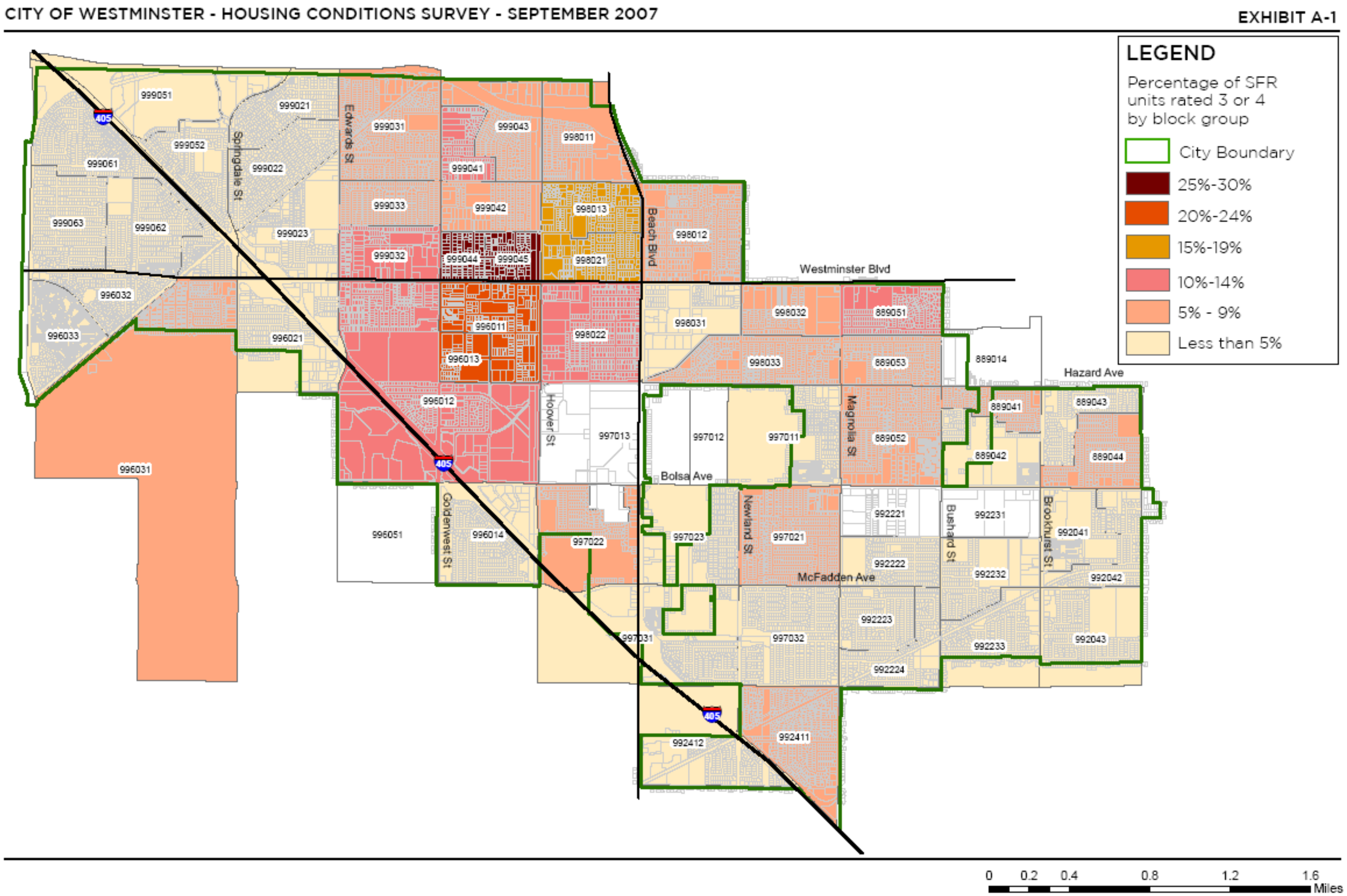


Two block groups had a higher concentration (20-30%) of single family homes in fair or poor condition, bounded by Trask Avenue on the north, Hazard Avenue on the south, Goldenwest Street on the west, and Beach Boulevard on the east. Three areas in the City had a higher concentration (over 50%) of multifamily properties in fair or poor condition. The first is between Westminster Boulevard to the north, Hazard Avenue to the south, Beach Boulevard to the east and Magnolia Street to the west. The second is between Hazard Avenue to the north, Bolsa

Avenue to the south, Bushard Street to the east and Brookhurst Street to the west. The third is between McFadden Avenue to the north, Edinger Avenue to the south, Brookhurst Street to the west and Ward Street to the east. These areas are shown on the maps in Exhibits A-1 and A-2.

In conclusion, the survey results show that less than 9% (2,022 units) of the City's housing stock may need significant rehabilitation to bring up to current building standards. These represent sections where the City can concentrate its housing strategy efforts. The results present a general picture of the City's housing conditions as viewed by the public right-of-way and can not be used to determine parcel specific individual maintenance needs.

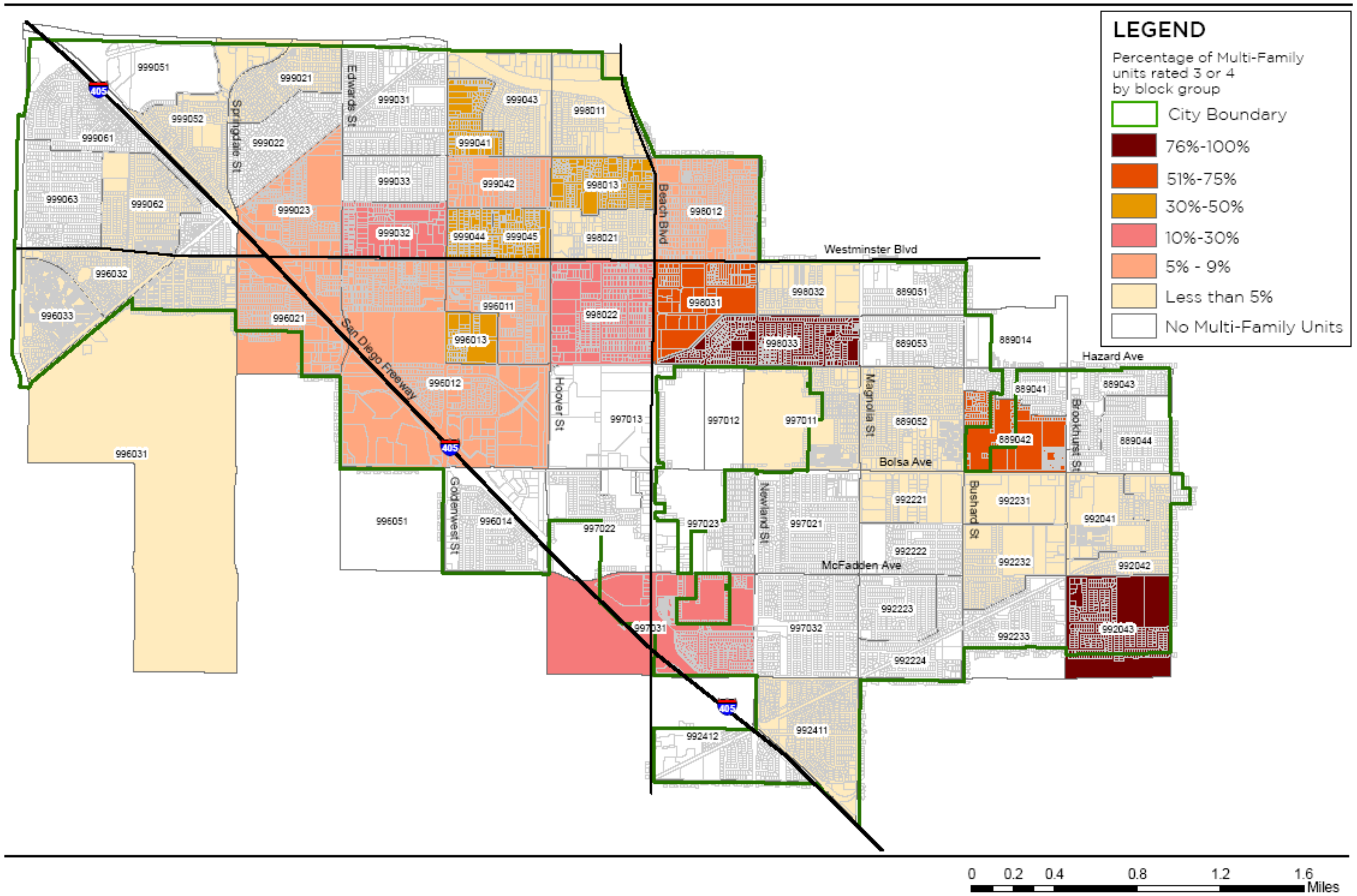
Survey Results for Single-Family Units



Survey Results for Multi-Family Units

CITY OF WESTMINSTER - HOUSING CONDITIONS SURVEY - SEPTEMBER 2007

EXHIBIT A-2



B. Orange County Income Limits & Rental Cost Limits

Orange County - 2008
Affordable Rental Housing Limits

Area Median Income:

Median Income	*Utility Allowance*	Number of Persons	Number of Bedrooms	Very Low-Income 50% of Median: Qualifying Income Limit	Very Low-Income 50% of Median: Max. Rent *30% X 50%*	Low-Income 80% of Median: Qualifying Income Limit	Low-Income 80% of Median: Maximum Rent Range *30% X 60%*	Moderate-Income 120% of Median: Qualifying Income Limit	Moderate-Income 120% of Median: Maximum Rent Range *30% X 110%*
		H&S Code 500053.(h)			*H&S Code 500053.(b)(2)*		*H&S Code 500053.(b)(3)*		*H&S Code 500053.(b)(4)*
$58,900	*$27*	One	Studio	$32,550	$709.25	$52,100	$856.50	$70,600	$1,592.75
$67,300	*$34*	Two	One	$37,200	$807.25	$59,500	$975.50	$80,700	$1,816.75
$75,700	*$41*	Three	Two	$41,850	$905.25	$66,950	$1,094.50	$90,800	$2,040.75
$84,100	*$62*	Four	Three	$46,500	$989.25	$74,400	$1,199.50	$100,900	$2,250.75
$90,800	*$75*	Five	Four	$50,200	$1,060.00	$80,350	$1,287.00	$109,000	$2,422.00
$97,600	*$86*	Six	Five	$53,950	$1,134.00	$86,300	$1,378.00	$117,000	$2,598.00

Note: Maximum Rent reflects net rent amount after deduction for utility allowance per OCHCD 2006 Schedule.

C. Ownership Affordable Cost Gap Analysis-Based upon August 2008 Median Home Cost

Affordable Housing Ownership Gap Analysis Summary -August 2008 **Table C-I**

City of Westminster **2008 Orange County Median Incomes**

Benchmark Median 3 Bedroom Home Cost $455,000 **3% down 6.3% interest rate**

	Low-Income Households			
Household Income Limits	$66,950	$74,400	$80,350	$86,300
Households Size	3 Person	4 person	5 person	6 Person
Dwelling Unit Size	2 Bedroom	3 Bedrooms	4 Bedrooms	5 Bedrooms
Affordable Purchase Price	**$148,170**	**$160,893**	**$175,127**	**$187,517**
Median Home Price- August 2008	**$299,879**	**$455,000**	**$488,583**	**$524,523**
Affordability Gap	**$151,709**	**$294,107**	**$313,456**	**$337,006**
	Moderate-Income Households			
Household Income Limits	$90,800	$100,900	$109,000	$117,000
Households Size	3 Person	4 person	5 person	6 Person
Dwelling Unit Size	2 Bedroom	3 Bedrooms	4 Bedrooms	5 Bedrooms
Affordable Purchase Price	**$303,841**	**$333,794**	**$361,809**	**$388,190**
Median Home Price- August 2008	**$299,879**	**$455,000**	**$488,583**	**$524,523**
Affordability Gap	**$0**	**$121,206**	**$126,774**	**$136,333**

Likely household income groups that could take advantage of 1st Time Home Buyer Silent 2nd Program

Notes:

Affordable Limits based on CRL Low and Moderate Income Limits less county's allowance for utilities, real estate taxes and insurance

Low Income: 30% of 51% of AMI through 30% 0f 80% of AMI (Calculated 30% of 70%AMI)

Moderate Income Limit : >30% 0f 81% of AMI (Calculated 35% of 110%AMI)

Affordable purchase price includes 3% down payment contributed by owner

Median Home Price calculated based on Metroscan assessor's data recent sales for 2008

Westminster Affordable Housing Analysis	August 2008			3% Down	Table C-II-L-1
Home Ownership - 2 Bedroom, Low Income Households					**3 Person Household**
2 Bedroom Unit	**Income limit to qualify (up to 80% of median for 3person HH):**			**$66,950**	
	CALCULATIONS OF AFFORDABLE HOUSING COSTS			**Low Income Annual**	**Low Income Monthly**
2008 Median Income -3 Person		$	75,700		
% of County Median		.		**70%**	**70%**
				52,990	**4,416**
% of Income to Housing				**30%**	**30%**
Annual Housing Cost/Monthly Housing Costs				**$15,897**	**$1,325**
less:	Property Tax @ affordable price		1.1000%	($1,628)	($136)
	Insurance		0.20%	($296)	($25)
	Utilities	@ $89 per month		($1,068)	($89)
	HOAX/Normal Maintenance	@ $195 per month		($2,340)	($185)
Available for Mortgage				**$10,565**	**$890**
Qualified Mortgage (Max. Loan Amount)			6.30%	$143,854	$143,854
Down Payment			3%	$4,316	$4,316
Total Affordable Home Price				**$148,170**	**$148,170**
2 Bedroom Unit Market Price-August 2008				**$299,879**	**$299,879**
	Unfunded Gap (between affordable payment and market cost)				**$151,709**

Westminster Affordable Housing Analysis	August 2008			3% Down	Table C-II-L-2
Home Ownership - 3 Bedroom, Low Income Households					**4 Person Household**
3 Bedroom Unit	**Income limit to qualify (up to 80% of median for 4person HH):**			**$74,400**	
	CALCULATIONS OF AFFORDABLE HOUSING COSTS			**Low Income Annual**	**Low Monthly Income**
2008 Median Income -4 Person		$	84,100		
% of County Median				**70%**	**70%**
				58,870	**$4,906**
% of Income to Housing				**30%**	**30%**
Annual Housing Cost/Monthly Housing Cost				**$17,661**	**$1,472**
less:	Property Tax @ affordable price		1.1000%	($1,766)	($147)
	Insurance		0.20%	($321)	($27)
	Utilities	@ $126 per month		($1,512)	($126)
	HOA/Normal Maintenance	@ $205 per month		($2,460)	($205)
Available for Mortgage				**$11,603**	**$967**
Qualified Mortgage			6.30%	$156,206	$156,206
Down Payment			3%	$4,686	$4,686
Total Affordable Home Price				**$160,893**	**$160,893**
3 Bedroom Unit Market Price-August 2008				**$455,000**	**$455,000**
	Unfunded Gap (between affordable payment and market cost)				**$294,107**

Westminster Affordable Housing Analysis		August 2008		3% Down		Table C-II-L-3
Home Ownership - 4 Bedroom, Low Income Households						**5 Person Household**
4 Bedroom Unit	**Income limit to qualify (up to 80% of median for 5 person HH):**			**$80,350**		
	CALCULATIONS OF AFFORDABLE HOUSING COSTS				**Low Income Annual**	**Low Monthly Income**
2008 Median Income -5 Person		**$**	**90,800**			
% of County Median					**70%**	**70%**
					63,560	**$5,297**
% of Income to Housing					**30%**	**30%**
Annual Housing Cost/Monthly Housing Cost					**$19,068**	**$1,589**
less:	Property Tax @ affordable price			1.1000%	($1,925)	($160)
	Insurance			0.20%	($350)	($29)
	Utilities	@ $142 per month			($1,704)	($142)
	HOA/Normal Maintenance	@ $215 per month			($2,580)	($205)
Available for Mortgage					**$12,509**	**$1,052**
Qualified Mortgage				6.30%	$170,026	$170,026
Down Payment				3%	$5,101	$5,101
Total Affordable Home Price					**$175,127**	**$175,127**
4 Bedroom Unit Market Price-August 2008					**$488,583**	**$488,583**
	Unfunded Gap (between affordable payment and market cost)					**$313,456**

Westminster Affordable Housing Analysis		August 2008		3% Down		Table C-II-L-4
Home Ownership - 5 Bedroom, Low Income Households						**6 Person Household**
5 Bedroom Unit	**Income limit to qualify (up to 80% of median for 6person HH):**			**$86,300**		
	CALCULATIONS OF AFFORDABLE HOUSING COSTS				**Low Income Annual**	**Low Monthly Income**
2008 Median Income -6 Person		**$**	**97,600**			
% of County Median					**70%**	**70%**
					68,320	**$5,693**
% of Income to Housing					**30%**	**30%**
Annual Housing Cost/Monthly Housing Cost					**$20,496**	**$1,708**
less:	Property Tax @ affordable price			1.1000%	($2,063)	($172)
	Insurance			0.20%	($375)	($31)
	Utilities	@ $153 per month			($1,836)	($153)
	HOA/Normal Maintenance	@ $225 per month			($2,700)	($225)
Available for Mortgage					**$13,523**	**$1,127**
Qualified Mortgage				6.30%	$182,056	$182,056
Down Payment				3%	$5,462	$5,462
Total Affordable Home Price					**$187,517**	**$187,517**
5 Bedroom Unit Market Price-August 2008					**$524,523**	**$524,523**
	Unfunded Gap (between affordable payment and market cost)					**$337,006**

Westminster Affordable Housing Analysis	August 2008			3% Down	Table C-II-M-1
Home Ownership - 2 Bedroom, Moderate Income Households					**3 Person Household**
2 Bedroom Unit	**Income limit to qualify (up to 120% of median for 3person HH):**			**$90,800**	
	CALCULATIONS OF AFFORDABLE HOUSING COSTS			**Moderate Income Annual**	**Moderate Income Monthly**
2008 Median Income -3 Person		$	75,700		
% of County Median		.		**110%**	**110%**
				83,270	**6,939**
% of Income to Housing				**35%**	**35%**
Annual Housing Cost/Monthly Housing Costs				**$29,145**	**$2,429**
less:	Property Tax @ affordable price		1.1000%	($3,339)	($278)
	Insurance		0.20%	($607)	($51)
	Utilities @ $89 per month			($1,068)	($89)
	HOA/Normal Maintenance @ $195 per month			($2,340)	($185)
Available for Mortgage				**$21,791**	**$1,826**
Qualified Mortgage (Max. Loan Amount)			6.30%	$294,991	$294,991
Down Payment			3%	$8,850	$8,850
Total Affordable Home Price				**$303,841**	**$303,841**
2Bedroom Unit Market Price-August 2008				**$299,879**	**$299,879**
Unfunded Gap (between affordable payment and market cost)					**$0**

Westminster Affordable Housing Analysis	August 2008			3% Down	Table C-II-M-2
Home Ownership - 3 Bedroom, Moderate Income Households					**4 Person Household**
3 Bedroom Unit	**Income limit to qualify (up to 120% of median for 4person HH):**			**$100,900**	
	CALCULATIONS OF AFFORDABLE HOUSING COSTS			**Moderate Income Annual**	**Moderate Monthly Income**
2008 Median Income -4 Person		$	84,100		
% of County Median				**110%**	**110%**
				92,510	**$7,709**
% of Income to Housing				**35%**	**35%**
Annual Housing Cost/Monthly Housing Cost				**$32,379**	**$2,698**
less:	Property Tax @ affordable price		1.1000%	($3,669)	($306)
	Insurance		0.20%	($667)	($56)
	Utilities @ $126 per month			($1,512)	($126)
	HOA/Normal Maintenance @ $205 per month			($2,460)	($205)
Available for Mortgage				**$24,071**	**$2,006**
Qualified Mortgage			6.30%	$324,072	$324,072
Down Payment			3%	$9,722	$9,722
Total Affordable Home Price				**$333,794**	**$333,794**
3 Bedroom Unit Market Price-August 2008				**$455,000**	**$455,000**
Unfunded Gap (between affordable payment and market cost)					**$121,206**

Westminster Affordable Housing Analysis	August 2008		3% Down		Table C-II-M-3
Home Ownership - 4 Bedroom, Moderate Income Households					**5 Person Household**
4 Bedroom Unit	**Income limit to qualify (up to 120% of median for 5 person HH):**		**$109,000**		
	CALCULATIONS OF AFFORDABLE HOUSING COSTS			**Moderate**	**Moderate**
2008 Median Income -5 Person	**$**	**90,800**		**Income Annual**	**Monthly Income**
% of County Median				**110%**	**110%**
				99,880	**$8,323**
% of Income to Housing				**35%**	**35%**
Annual Housing Cost/Monthly Housing Cost				**$34,958**	**$2,913**
less: Property Tax @ affordable price		1.1000%		($3,979)	($332)
Insurance		0.20%		($724)	($60)
Utilities	@ $142 per month			($1,704)	($142)
HOA/Normal Maintenance	@ $215 per month			($2,580)	($205)
Available for Mortgage				**$25,971**	**$2,174**
Qualified Mortgage		6.30%		$351,271	$351,271
Down Payment		3%		$10,538	$10,538
Total Affordable Home Price				**$361,809**	**$361,809**
4Bedroom Unit Market Price-August 2008				**$488,583**	**$488,583**
Unfunded Gap (between affordable payment and market cost)					**$126,774**

Westminster Affordable Housing Analysis	August 2008		3% Down		Table C-II-M-4
Home Ownership - 5 Bedroom, Moderate Income Households					**6 Person Household**
5 Bedroom Unit	**Income limit to qualify (up to 120% of median for 6person HH):**		**$117,000**		
	CALCULATIONS OF AFFORDABLE HOUSING COSTS			**Moderate**	**Moderate**
2008 Median Income -6 Person	**$**	**97,600**		**Income Annual**	**Monthly Income**
% of County Median				**110%**	**110%**
				107,360	**$8,947**
% of Income to Housing				**35%**	**35%**
Annual Housing Cost/Monthly Housing Cost				**$37,576**	**$3,131**
less: Property Tax @ affordable price		1.1000%		($4,270)	($356)
Insurance		0.20%		($776)	($65)
Utilities	@ $153 per month			($1,836)	($153)
HOA/Normal Maintenance	@ $225 per month			($2,700)	($225)
Available for Mortgage				**$27,994**	**$2,333**
Qualified Mortgage		6.30%		$376,883	$376,883
Down Payment		3%		$11,306	$11,306
Total Affordable Home Price				**$388,190**	**$388,190**
5 Bedroom Unit Market Price-August 2008				**$524,523**	**$524,523**
Unfunded Gap (between affordable payment and market cost)					**$136,333**

D. Requirements for 1st Time Homebuyers Program

To Be Determined