

CITY OF



ONTARIO

303 EAST "B" STREET, CIVIC CENTER

ONTARIO

CALIFORNIA 91764-4196

(909) 395-2000

FAX (909) 395-2070

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MAYOR

ALAN D. WAPNER
MAYOR PRO TEM

GERALD A. DuBOIS
JASON ANDERSON
SHEILA MAUTZ
COUNCIL MEMBERS

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CITY CLERK

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TREASURER

September 27, 2005

Lucetta Dunn, Director
Department of Housing and Community Development
Division of Housing Policy Development
1800 Third Street, Suite 430
Sacramento, CA 94252-2053

RE: City of Ontario Housing Element Annual Report

Dear Ms. Dunn,

Enclosed, please find a copy of the City of Ontario's Housing Element Annual Report. If you have any questions, please don't hesitate to call Cathy Wahlstrom or me at (909) 395-2036.

Sincerely,


Jerry L. Blum
Planning Director

Enclosures

2004-2005 HOUSING ELEMENT PROGRESS REPORT

Prepared by:

THE CITY OF ONTARIO
Planning Department
Civic Center
303 East "B" Street
Ontario, CA 91764

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

CITY OF ONTARIO

2004-2005 HOUSING ELEMENT PROGRESS REPORT

INTRODUCTION

The City of Ontario adopted the 2000-2005 Housing Element in December 2001 and the State Housing and Community Development Department (HCD) found it to be in substantial compliance with housing element law in March 2002. This report covers progress made towards the implementation of the Housing Element from July 1, 2004 through June 30, 2005.

IMPLEMENTATION

The City's adopted Housing Element identifies Ontario's current and projected housing needs as well as specific strategies, funding sources and programs designed to meet those needs. A total of four major housing goals and 31 implementation strategies are included in the Housing Element. The four major goals include 1) Provision of Housing, 2) Affordable Housing, 3) Equal Opportunity Housing, and 4) Housing Conservation. Implementation strategies I-4 through I-31 are established and ongoing. Major progress has been made on strategies I-1, I-2, I-3, I-12, and I-16 during this reporting period (FY2004/2005), which is discussed below.

Strategy I-1: Center City Mixed Use Development

1. Work/live Lofts Since the adoption of the Housing Element, the Development Code was amended to include mixed-use and work/live loft development within the C2 (Central Business Center Commercial) Zone. During this reporting period a total of 32 work/live loft units have been completed within the C2 Zone. An additional 13 work/live units are under various stages of construction within the C2 Zone.
2. Flexible Parking Standards for Multi-family Residential The new Downtown Parking Model continues to provide flexible parking requirements for multi-family and mixed-use development within the downtown district. The model considers parking supply, shared parking and peak/non-peak demand from any combination of 30 specific land uses. Downtown parking standards are now performance-based rather than based on a prescriptive standard. This model has been used to support new construction and adaptive reuse projects within Downtown including new mixed-use buildings and work/live lofts. The Parking Model received a local American Planning Association (APA) Award in 2004.
3. Development Code Amendment A Development Code Amendment is underway to provide for transitional housing in the City's industrial zones.

Strategy I-2: Recycling of Underutilized Land

1. Lot Consolidation/Acquisition The 12-block Downtown Civic Center project includes 500-900 multi-family units, along with educational, office and civic uses. Property

acquisition is about 90% complete. The Environmental Impact Report (“EIR”) was certified, and a concept plan approved, on November 16, 2004 for this major revitalization project.

2. Utilization Study A land use study was completed on a 1.5-mile segment of Holt Boulevard during 2003. The information gathered during the study phase is being analyzed and alternative concept plans developed. The Holt Boulevard Study will assist in developing a lot consolidation/utilization strategy that will include housing options for the north side of the street. In 2005, the City hired a planning consultant to develop an ordinance that includes lot width/depth ratios and incentives to encourage lot consolidation.
3. Second Units Second units continue to be permitted ministerially and no longer require a conditional use permit (the City’s Density Bonus Ordinance is already consistent with state law).

Strategy I-3: Land Use Consistency Analysis

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

New Model Colony

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

1. Infrastructure Financing Mechanism The City is currently working with a consortium of developers to provide funding for initial infrastructure installation, including over \$35 million for the water system. Funding has been obtained for the design of water reservoir and well facilities. It is anticipated that additional funding will be available in late 2005 to begin construction of the water system. System activation is anticipated for the early 2007. The City and Inland Empire Utilities Agency (“IEUA”) have approved plans for regional sewer facilities to serve the eastern portion of the New Model Colony. Through funding provided by IEUA, construction began in June 2005 with completion anticipated in mid 2006.

2. Specific Plan Submittals Currently, eight specific plan applications have been submitted to the City. These plans propose the development of 8,333 single-family residences, 3,242 multi-family residences, over 734,520 square feet of commercial use, and 550,000 square feet of business park/light industrial use over 2,421 acres of land. Each of these specific plans requires preparation of an Environmental Impact Report ("EIR"). Contracts have been awarded and EIR consultants are in the early stages of EIR preparation.
3. Williamson Act Contracts With the annexation of the former San Bernardino Agriculture Preserve, the City inherited approximately 115 Williamson Act Contracts. In preparation for anticipated development in the former agricultural preserve, approximately 2 non-renewal applications have been filed during the reporting period for a total of 40 during the planning period. Non-renewals applications have steadily increased each year since 1999, indicating property owner preparation for development within the NMC.

Strategy I-12: Home Buyers Assistance

Ontario OPEN (Ownership Program Enhancing Neighborhoods) House Program During FY 2004-2005, the City developed this program in conjunction with Neighborhood Partnership Housing Services, Inc. (NPHS) to provide down payment and closing cost assistance to first-time homebuyers to increase homeownership rates and revitalize neighborhoods. Financial assistance (not to exceed 6% of the purchase price of the property) is provided to qualified first-time homebuyers in the form of a 45-year, zero percent, deferred payment loans with an equity share component.

Strategy I-16: Homeless Service Plan

The Ontario City Council approved the Mercy House Homeless Services Continuum of Care Program (Continuum) during FY 2004-2005. The Continuum provides a comprehensive homeless strategy to assist homeless individuals and families to become self-sufficient. The programs within the Continuum include the following services: a full-service intake center, 14 emergency housing beds, 34 transitional housing beds, and 60 permanent housing units, and an aftercare program. The Continuum has been designed to enhance the homeless services available within Ontario and provide needed resources to fill identified gaps within the current delivery of homeless services. The Continuum is a phased project that is estimated to be completed within 3 years. The first phase will be completed in FY 2005-2006 and will provide the following services: a temporary intake center; 34 transitional housing beds, and 14 permanent moderate-income housing units, and aftercare services.

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

New Construction

1. Downtown Civic Center Project The City, Agency and Authority are currently working with two developers to implement multi-family residential and ancillary projects within the Downtown. The Downtown Civic Center Project area includes the 12-block area that surrounds and includes City Hall, which is bounded by D Street to the north; Sultana

Avenue to the east; Holt Boulevard to the south; and Euclid Avenue to the west. The ancillary location consists of a two-block area adjacent to the project, which is bounded by Holt Boulevard to the north; Melrose Avenue to the east; Emporia Street to the south; and Sultana Avenue to the west. The Project will potentially result in the construction of approximately 766 high quality for-sale condominiums, multi-family rental, and senior rental housing units. This project offers a unique opportunity to create an "urban village" and revitalize the downtown area by introducing new "urban" housing types and attracting new demographics. The primary objective for the site is to develop high quality, mixed-use housing developments consisting of market rate and affordable multi-family (for-sale and rental), senior housing, offices, and retail shops.

Currently, the City of Ontario, the Ontario Redevelopment Agency, and the Ontario Housing Authority own approximately 90% of the Downtown Civic Center Project area. During FY 2003-2004, the Ontario Housing Authority solicited requests for qualifications from 27 experienced in-fill developers for the project. Based upon interviews of the firms that responded and a review of the proposals, the Ontario Housing Authority entered into an Exclusive Right to Negotiate Agreement with J.H. Snyder Group, LLC. The J.H. Snyder Group, LLC is an experienced and successful developer of mixed-use in-fill development projects. Founded in 1949, the J.H. Snyder Company is a \$1 billion enterprise, with more than 41,000 homes, some 4 million square feet of office space, and over 3 million square feet of retail development to its credit. During FY 2004-2005, the Ontario Housing Authority staff has been in negotiations with J.H. Snyder Group regarding the design and project budget. It is anticipated that the approximately 410 units created will be restricted for very low-, low-, and moderate-income families and affordable senior units, which will assist the City in meeting its RHNA for moderate-income units.

2. Ontario Senior Housing Project Phase I This new construction project was completed during FY 2004-2005. This project consists of 90 affordable housing units for seniors restricted for very low-income seniors. An additional unit is reserved for an on-site property manager.
3. Ontario Senior Housing Project Phase II Staff has worked cooperatively with the developer (Cooperative Services, Inc.) to submit an application for the Department of Housing and Urban Development (HUD) Section 202 funds. The Phase II Project will consist of 48 affordable senior housing units.
4. Mountain View Senior Apartment Phase II Agency staff is working on a Phase II project for the Mountain View Senior Apartments. The Phase II project will create 20 additional affordable senior housing units for very low- and low-income seniors and will bring the total number of units at the site to 106. During FY 2004-2005, this project was awarded federal and state tax credits. Construction is estimated to begin by November 2005 and completed by August 2006.
5. Mission/Oakland Site The Agency currently owns a 3.5-acre site that will ultimately be developed with 31 market-rate for-sale housing units. During FY 2004-2005, the Agency

entered into a Disposition and Development Agreement with De Oro/Pelican LLC to develop the site. Construction is estimated to begin no later than March 2006.

6. Home Acquisition/rehabilitation Resale Down-Payment Assistance Loan – AOF/Golden State Development Corporation ((HARR-DPAL) Program (916 Taylor) During FY 2004-2005, the HOME Investment Partnership Agreement between the City of Ontario, the Ontario Redevelopment Agency, and AOF/Golden State Community Development Corporation was modified to increase the HOME CHDO funding by \$160,466, to increase the number of properties assisted from five to six and modify the time schedule to submit properties for consideration under this program. In addition, the Housing staff worked with AOF/Golden State Community Development Corp. began construction of a five-bedroom house, located at 916 S. Taylor. Resale restrictions will require that this house will be sold to a family at or below 80% of area median income.
7. Infill Housing Development This program is designed to preserve, enhance, and construct high-quality affordable housing within Ontario through the acquisition of vacant or underutilized parcels within existing neighborhoods. During FY 2004-2005, the Agency acquired 905 East Holt Boulevard (Ideal Mobile Home Park) for future affordable housing development.

Acquisition/Rehabilitation

1. Parc Vista, Terrace View, and Whispering Winds During FY 2003-2004, the Agency acquired Parc Vista, Terrace View and Whispering Winds to protect the long-term affordability and maintenance of the properties. The affordability of the units is listed on the table below:

Project	Description
Parc Vista (Family Complex) 1206 W. 4 th Street	78 units 16 units restricted for very low-income (50% of AMI) 16 units restricted for low-income (80% of AMI) 46 units restricted for moderate-income (120% of AMI)
Terrace View (Family Complex) 1130 W. 4 th Street	75 units 15 units restricted for very low-income (50% of AMI) 15 units restricted for low-income (80% of AMI) 45 units restricted for moderate-income (120% of AMI)
Whispering Winds (Family Complex) 406-518 E. Imperial Street	62 units 12 units restricted for very low-income (50% of AMI) 50 units restricted for moderate-income (120% of AMI)

During FY 2004-2005, the Agency continued to operate these properties as affordable housing units. The Agency solicited experienced affordable housing developers to

acquire and rehabilitate these properties. It is anticipated that the Agency will sell these properties to a qualified housing developer during late FY 2005-2006.

2. Cinnamon Ridge, Estancia, and Mission Oaks During FY 2004-2005, the Ontario Redevelopment Agency approved the financial restructuring and sale of Cinnamon Ridge, Estancia, and Mission Oaks to RPK Development. These developments consist of 333 units, of which 266 are affordable housing units.

3. Cambridge Square Townhomes, Waterford Court Apartments, Waverly Place Apartments, and Woodside II and III Apartments In 1996 and 1997, the City of Ontario and the Ontario Redevelopment Agency issued bonds to finance the projects known as Cambridge Square Townhomes, Waterford Court Apartments, Waverly Place Apartments, and Woodside Senior II and III Apartments. During FY 2003-2004, the current owner sold the apartments to Beneke/Krieg Company. The City of Ontario and the Ontario Redevelopment Agency worked cooperatively with the new buyer to purchase the bonds in lieu of redemption. As part of the City and Agency negotiated with the Beneke/Krieg Company that the properties would be rehabilitated at a cost of no less than \$4 million (approximately \$7,000 per unit). In addition, the City and Agency negotiated that 188 additional units would be restricted to moderate-income households at or below 110% of area median income. The affordability for these projects is listed on the table below:

Project	Total # of Units	Previous Restricted # of Units	New Restricted # of Units
Cambridge Square Townhomes (1037 N. Archibald Ave.)	125	12 very low-income units 13 low-income units	12 very low-income units 13 low-income units 25 moderate-income units*
Waterford Court (1675 E. G St.)	165	Not less than 11 very low-income units 22 low-income units	Not less than 11 very low-income units 22 low-income units 17 moderate-income units
Waverly Place (1725 E. G St.)	155	31 low-income units	31 low-income units 31 moderate-income units*
Woodside Senior II Apartments (302 W. G St.)	60	6 very low-income units 6 low-income units	6 very low-income units 6 low-income units 48 moderate-income units
Woodside Senior III Apartments (408 W. G St.)	84	7 very low-income units 10 low-income units	7 very low-income units 10 low-income units 67 moderate-income units
TOTAL		118 Affordable Units	306 Affordable Units

During FY 2004-2005, the Ontario Redevelopment Agency and the City of Ontario approved the issuance of multi-family housing revenue bonds to allow the property owner to refinance these properties to allow for the continued performance of these community assets.

Homebuyer Programs

1. Tax-exempt bonds to fund the Extra Credit Teacher Home Purchase Program were issued on November 2002 in the principal amount of \$23,750,000. The program is available through the California Housing Finance Agency (CalHFA). The program provides a below market interest rate CalHFA first loan, together with a deferred payment, junior mortgage loan not to exceed the greater of \$7,500 or 3% of the sales price with a forgivable interest rate (0% to 5%). This program was marketed during FY 2004-2005 but no households were assisted within Ontario through this program during the reporting period.
2. Police Residence Assistance Program The City of Ontario offers the Police Residence Assistance Program to Ontario police officers. The purpose of the program is to encourage Ontario police officers to live within the City. Through this program, the City provides forgivable loans of up to \$10,000 to Ontario police officers, which may be used to assist the officers in purchasing a new home within Ontario or may be used to reduce the balance on any existing first trust deed for their current Ontario residence. During FY 2004-2005, this program issued one (1) new loan, to an Ontario police officer. In addition, two (2) subordination agreements were processed and one (1) loan was paid off during this reporting period.

PROGRESS TOWARDS IDENTIFIED HOUSING GOALS

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

INCOME CATEGORY	Very Low	Low	Moderate	Total	% of Objective
CARES Single Family					
5-year Goal	830	830	840	2,500	
5-year Progress	663	318	1,083	2,064	83%
Acquisition/ Substantial Rehab					
5-year Goal	210	315	0	525	
5-year Progress	4	8	3	15	3%
Preservation of At- Risk Units					
5-year Goal	113	29	0	142	
5-year Progress	0	100	0	100	70%
TOTAL					
5-year Goal	1,153	1,174	840	3,167	
5-year Progress	667	426	1,086	2,179	69%
% of Objective					
5-year Progress	58%	36%	129%	69%	

Table 53 HOUSING ASSISTANCE PROGRAM OBJECTIVES 2000- 2005 Accomplishments 2000-2005					
INCOME CATEGORY	Very Low	Low	Moderate	Total	% of Objective
First Time Homebuyer Program					
5-year Goal	10	15	50	75	
5-year Progress	1	18	60	79	105%
Section 8 Rental Assistance					
5-year Goal	610	0	0	610	
5-year Progress	1,008	1,905	0	3,528	578%
Homeless Outreach Program					
5-year Goal	1,152	0	0	1,152	
5-year Progress	9,973	20	2	9,995	868%
Total					
5-year Goal	1,172	15	50	1,837	
5-year Progress	10,982	1,943	62	12,987	707%
% of Objective					
5-year Progress	973%	12,953%	124%	707%	

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

Table 54 Quantified Objectives Progress 2000-2005 Accomplishments 2000-2005						
PROGRAM	New Construction	Acquisition/ Rehab	Homebuyer Assistance	Total	RHNA	% of RHNA
Very Low						
5-year Progress	190	4	0	194	495	39%
Low						
5-year Progress	71	8	8	87	373	23%
Moderate						
5-year Progress	0	59	14	90	498	18%
Above Moderate						
5-year Progress	463	0	0	463	1,035	45%
TOTAL						
5-year Progress	724	71	22	834	2,401	35%

CONCLUSION

The City has successfully applied the 31 implementation strategies identified in the Housing Element. Through these strategies, substantial progress has been made towards the goals and policies of the Housing Element, especially in meeting needs identified in the above-moderate and very low-income categories. The City accomplished almost 70% of the Preservation/Rehabilitation objectives (Table 52) and has exceeded the Housing Assistance Program objectives by sevenfold (Table 53). One of the most challenging objectives for a built out City is to develop new infill residential construction. Except for the New Model Colony area, the City of Ontario's residential land has been substantially built out. Despite this, Table 54 shows that the City has accomplished 35% of the RHNA goals toward creating additional affordable units through homebuyer programs, new residential infill, and substantial rehabilitation of existing units. The Housing Agency is working on several programs and projects that are expected to provide an additional 1,000 units within FY2005/2006. These programs and projects include the Downtown Civic Center Project, Mountain View Senior Housing Project Phase II, Ontario Senior Housing Project Phase II, Mission and Oakland Single-Family Housing Project, Mercy House Homeless Continuum of Care Program, homebuyer programs, and additional live/work lofts.