

CALIFORNIA COASTAL COMMISSION

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To: Coastal Commissioners and Interested Parties

From: Peter M. Douglas, Executive Director
James W. Burns, Chief Deputy Director (E)

Subject: **Status of the Orange County Affordable Housing Program**

Helen Brown, President of the Civic Center Barrio Housing Corporation, will brief the Commission on the Status of the Orange County Affordable Housing Program.

The Civic Center Barrio Housing Corporation (CCBHC) has successfully administered the Coastal Commission's Affordable Housing Program for the past nine years and the Commission and the CCBHC have a memorandum of understanding for the CCBHC's continued administration of the program through August 15, 2000.

Background

From 1977 through 1982, the Coastal Act contained specific policies requiring the provision of affordable housing within the Coastal Zone. Under that authority, the Commission required the dedication of units for low and moderate income housing as a condition of development. Almost 600 affordable housing units were developed in the unincorporated areas of the Orange County Coastal Zone.

In order to ensure continued affordability of these units, a resale program was established with the Orange County Housing Authority (OCHA). The OCHA had the option of purchasing a unit at a controlled price and, in turn, assigning that option to an eligible low to moderate income purchaser. If the OCHA did not exercise the option, then the seller could sell the unit at the current market price. Certain units contained a recapture provision that dedicated the difference between the controlled price and the market price to the maintenance and enhancement of affordable housing opportunities in Orange County.

In August 1983, the OCHA withdrew from the Commission's Affordable Housing Program. The OCHA was succeeded by Community Housing Enterprise (CHE). The CHE terminated its participation in the Commission's Affordable Housing Program in 1987.

After the CHE's withdrawal, the Program did not have a full-time administrator, other than the Commission's staff in Long Beach. The Commission considered releasing owners of affordable

units from the resale requirements; however, the Attorney General offered an opinion that sale of units without any recapture provisions would be a "gift of public funds", which is prohibited constitutionally. Based on this advice from the Attorney General, the Commission allowed sale of restricted units and the release of units from the Affordable Housing Program only if the funds representing the difference between the selling price and the deed restricted price were deposited into a special deposit fund account (the Orange County Affordable Housing Recapture Fund) under the jurisdiction of the Commission.

In March 1989, the Commission contracted with the Fair Housing Council of Orange County (FHCOC) to conduct a study to obtain needed information on the status of the Affordable Housing Program. The FHCOC's study was completed in December 1989. The FHCOC found that 416 units were still in the Program and subject to resale controls, and that in most cases, the market value of these remaining units exceeded the controlled price, hence, the units were still capable of providing affordable housing opportunities. The FHCOC also found that the total value of the public's interest in the remaining housing units was nearly \$15 million. Therefore, the FHCOC recommended that an on-site administrative agency be selected to aggressively market the units and operate the Program.

In January 1990, the Commission invited nonprofit and local public entities to submit proposals to administer the Affordable Housing Program on a pilot basis for 18 months (August 15, 1990 through February 15, 1992). On August 7, 1990, the Commission selected the Civic Center Barrio Housing Corporation (CCBHC) of Santa Ana to operate the Affordable Housing Program for 18 months and awarded the CCBHC \$150,000 from the Orange County Affordable Housing Recapture Fund.

The CCBHC was chosen because it is a public benefit non-profit organization with many years of experience in managing affordable housing projects in Orange County. The CCBHC is organized with a Board of Directors, some of who are low income residents and representatives of the project sites, and some of who are community participants and leaders from the banking industry, the public relations field, public agencies, and other business organizations. The CCBHC was founded in 1975 in Santa Ana, California by a group of 400 community residents in response to dislocation activities of a redevelopment program. The CCBHC has a history of commitment to the provision of housing for low income persons through the rehabilitation of units, new construction, and owner-built housing in the Orange County area.

The CCBHC has been successfully operating the Affordable Housing Program without cost to the Commission since the pilot project was approved and initially funded in 1990. The Commission has extended the Memorandum of Agreement with the CCBHC on three occasions since August 7, 1990---on December 11, 1991, May 13, 1992, and April 8, 1997.