c. Land Prices

The cost of land directly influences the cost of housing. In turn, land prices are determined by a number of factors, most important of which are location, land availability and permitted development density. As land becomes more scarce, the price increases. In terms of development density (see discussion of the City of Upland's zoning regulations), land prices are positively related to the number of units permitted on each lot.

In recent years, vacant residential land sales have steadily increased due to the highly active housing market in the Southern California region. Even in this market environment, there are significant differences in land prices in the region. In general, land prices in San Bernardino County and Riverside County (Inland Empire) are lower than the adjacent counties of Los Angeles and Orange; in fact, the availability of inexpensive residential land was a major impetus for the development of the Inland Empire.

Within San Bernardino County, there are also significant differences in land prices. New communities, including Chino and Chino Hills fetch higher residential land prices than communities including Upland, Ontario and Montclair. Recent residential land prices in the City of Upland range from $20,000 per acre for non-entitled raw land, to $35,000 per acre of entitled land. Relative to surrounding jurisdictions, as well as the region, land prices in Upland do not significantly constrain the production of housing, although they remain a significant cost component, often comprising up to 50% of the total cost of a home in the current market. This indicates a need for the City to consider land write down assistance to builders proposing housing with affordability controls.

d. Construction Costs

The cost of construction depends primarily on the cost of materials and labor, but it is also influenced by market demand and market-based changes in the cost of materials. The cost of construction depends on the type of unit being built and on the quality of the product being produced. Labor saving materials and construction techniques are available but they tend to reduce the quality of the finished product.

The type of product largely determines the cost of construction. Upland has an existing inventory of homes constructed prior to 1970 which, in some cases, reflect a lesser degree of amenities, (such as the provision of carports instead of a two-car garage), than the more recent tract development which has occurred throughout the City. Older homes generally reflect a lower resale market price than newer products with supplemental amenities and a higher quality of materials. Citywide, homes built after 1970 comprise over 61% of the overall housing stock, and provide a significant market rate resource for low- and particularly moderate-income households.

The cost of labor is based on a number of factors, including housing demand, the number of contractors in an area and the unionization of workers, but it is generally two to three times the cost of materials. Thus the cost of labor represents an estimated 17% to 20% of the cost of building a unit, which is a substantial portion of the overall cost of construction. Most residential construction in San Bernardino County is performed with non-union contractors, and as a result, labor costs are responsive to changes in the residential market.

According to 1996 Marshall and Swift construction tables, the average cost of labor and materials for a single family home ranges from $37.72 per square foot for a unit utilizing the least expensive materials to $85.77 per square foot for a home utilizing high quality materials, with an average of about $62.15 per square foot. (These estimates do not include the costs for fireplaces, balconies, porches and built-in appliances nor land costs.) Costs for multi-family units range from $32.54 per square foot for minimum required quality of materials to $77.31 for above average materials, with an average cost of $55 per square foot.

A reduction in construction costs can be brought about in several ways. A reduction in amenities and quality of building materials in new homes (still above the minimum acceptability for health, safety and adequate performance) may result in lower sales prices. State Housing Law provides that local building departments can authorize the use of materials and construction methods if the proposed design is found to be satisfactory and the materials or methods are at least equivalent to that prescribed by the applicable building codes. In addition, pre-fabricated, factory built housing may provide lower priced products by reducing labor and materials costs. As the number of units built at once increases, savings in construction costs over the entire development are generally realized as a result of economies of scale, particularly when combined with density bonus provisions. In addition, the City may implement a variety of programs to write down land costs or provide other developer incentives such as waivers in development standards or processing fees in order to increase affordability, subject to provision of a percentage of units with affordability restrictions.

e. *Financing*

Interest rates are determined by national policies and economic conditions, and there is little that local governments can do to affect these rates. Jurisdictions can, however, offer interest rate write-downs to extend home purchase opportunities to lower-income households. In addition, government-insured loan programs may be available to reduce mortgage down payment requirements.

First-time home buyers are the group impacted the most by financing requirements. Mortgage interest rates for new home purchases ranged from 7% to 9% for a fixed-rate 30-year loan in 1999. Lower initial rates are available with Graduated Payment Mortgages (GPMs), Adjustable Rate Mortgages (ARMs), and Buy-Down Mortgages. Although rates are currently fairly low, they can change significantly and substantially impact the affordability of the housing stock.

Interest rates at the present time are not a constraint to affordable housing. Financing for both construction and long-term mortgages is generally available in Upland subject to normal underwriting standards. However, a more critical impediment to homeownership involves both the affordability of the housing stock and the ability of potential buyers to fulfill down payment requirements. Typically, conventional home loans will require 5% to 20% of the sale price as a down payment, which is the largest constraint to first-time homebuyers. This indicates a need for flexible loan programs and a method to bridge the gap between and a potential homeowner's available funds. As well, the availability of financing for developers under current economic conditions may pose a constraint on development outside of the City's control.

B. RESOURCES

1. Land Resources

a. *Vacant Land*

The City's vacant land supply is currently limited to a few parcels within the City limits, which poses a constraint to new development opportunities. There are approximately four acres in the higher density multi-family zones and six acres in the lower density detached single-family zones, as well as parcels totaling less than one acre in other residential zones, yielding a residential potential of about 103 dwelling units assuming development at the midpoint of the allowable density range. The lots are scattered throughout the City, with very little potential for consolidation. This acreage does not take into account vacant land designated TC (Town Center) or MU (Mixed Use) which can accommodate higher-density residential development in mixed-use projects with residential components.

The vast majority of developable residential land is located within the specific plan area known as The Colonies at San Antonio in the northeastern part of the city. This project is designated for an additional 1,479 units. The total residential development capacity of the city's vacant land inventory is estimated to be about 1,582 units based on current land use designations.

Table 38 summarizes this vacant land inventory along with an estimate of the number of potential units by income category. This analysis assumes that parcels with conventional zoning will be developed at the midpoint of the allowable density range on average. For the specific plan properties, it is assumed that the income mix of units will approximate the mix of new units described in Table 20 (i.e., 17% moderate and 83% above moderate).

TABLE 38
VACANT LAND SUMMARY BY LAND USE CATEGORY

			Potential Units [1]				
Land Use Category	**No. of Parcels**	**Acreage**	**Very Low**	**Low**	**Moderate**	**Above Moderate**	**Total**
Residential							
4 - 6 du/ac	27	6.03			5	25	30
7 - 12 du/ac Condominium	2	0.05					0
12 - 20 du/ac	6	4.11		22	44		66
12 - 20 du/ac Condominium	1	0.42		2	5	6	7
Residential/Commercial(SP)	26	307.30			251	1,228	1,479
Commercial							
Central Trading	3	1.39					0
Commercial Professional	4	7.32					0
Commercial/Industrial(SP)	22	74.85					0
Highway Commercial	12	16.52					0
Neighborhood Shopping	2	8.75					0
Office Only	15	8.05					0
Industrial							
IN (Industrial)	4	8.82					0
Industrial/Loft Mixed	2	2.82					0
Institutional/Institutional(SP)	4	5.79					0
Light Industrial	19	31.45					0
Neighborhood Conservation	3	0.51					0
Open Space							
Open Space	85	1011.72					0
Park	2	6.64					0
Reservoir	2	1.99					0
Flood control	1	11.49					0
Upland landfill	1	20.69					0
TOTALS		**1536.73**		**24**	**305**	**1,253**	**1,582**

[1] Assumes development at the midpoint of the allowable density range (conventional zoning) or the maximum entitlement (specific plan zoning).

b. Annexation

There are two major unincorporated areas within the City's Sphere of Influence (see Exhibit 1). The northern area, known as San Antonio Heights, is nearly built out with single-family residential units and has limited potential for additional housing development.

The western sphere of influence area is about 320 acres in size and is partially developed with a mix of residential, commercial and industrial uses. This area has a variety of constraints to housing development including infrastructure gaps and land use compatibility issues with a private airport.

It should be noted that while the sphere of influence areas may provide additional housing opportunities, these areas would not contribute to meeting the City's identified RHNA need (see Section III.B) since a portion of San Bernardino County's housing need is assigned to these unincorporated areas.

Exhibit 1 Sphere of Influence Areas

2. Preservation of Assisted Units at Risk of Conversion

State Housing Element Law requires the analysis of government-assisted housing units that are eligible to convert from low-income housing to market-rate housing during the next 10 years due to expiring subsidies, mortgage prepayments, or expiration of affordability restrictions, and development of programs aimed at their preservation. The following must be.included in each housing element as part of its preservation analysis:

- An inventory of assisted housing units at-risk of converting to market rate within ten years.
- An analysis of the costs of preserving and/or replacing these units.
- Resources that could be used to preserve the at-risk units.
- Program efforts for preservation of at-risk units.
- Quantified objectives for the number of at-risk units to be preserved during the housing element planning period.

Use restrictions, as defined by State law, means any federal, state or local statute, regulation, ordinance or contract which as a condition of receipt of any housing assistance, including a rental subsidy, mortgage subsidy, or mortgage insurance, to an assisted housing development, establishes maximum limitations on tenant income as a condition of eligibility for occupancy.

The following section analyzes the potential conversion of assisted housing units to market-rate housing.

a. *Inventory of Assisted Affordable Units*

An inventory of assisted, multi-family rental units in the City of Upland was compiled based on a review of the Inventory of Federally Subsidized Low-Income Rental Units at-risk of Conversion (California Housing Partnership Corporation), 1996 Annual Summary: The Use of Housing Bond Proceeds (California Debt Advisory Commission), and information provided by the City of Upland Consolidated Plan and Redevelopment Agency staff. Table 39 summarizes the results of the inventory. All multi-family rental units assisted under federal, state and/or local programs, including HUD programs, state and local bond programs, redevelopment programs and local in lieu fees, density bonus or direct assistance programs are included.

TABLE 39
INVENTORY OF ASSISTED UNITS

Project	Type of Unit	Form of Assistance	Total Units	Assisted Units	Date of Subsidy Termination
Sunset Ridge [1]	Family	Section 8/Multi-family housing revenue bonds	108	16	2029 [3]
Valley Apartments [2]	Family/Large Family	Section 8/Multi-family housing revenue bonds	72	20	2029 [3]
Los Olivos	Family/Large Family/Senior	Upland Housing Authority Public Housing	97	97	Perpetual
Mountain Springs	Family	Multi-family housing revenue bonds	340	68	2028
Northwoods Apartments	Family	Multi-family housing revenue bonds	324	64	2024
Pebble Grove	Family	Multi-family housing revenue bonds	149	33	2029
Sycamore Terrace	Senior	Section 202	100	100	2000
Upland Village Green	Family	Multi-family housing revenue bonds	186	47	2006
Arrow Point	Family	Variance & density bonus	136	28	2014
Highland Hills	Family	Variance	64	13	2015
Coy D. Estes	Senior	Redevelopment funds	130	111	2026 [3]
TOTAL			1,706	597	

[1] formerly the Americana Apartments.
[2] Formerly the Armstrong Apartments
[3] Estimated 30 years from date of bond issue.

As shown, there are a total of 597 assisted, multi-family rental units in the City, of which 100 are units that are "at-risk" of conversion to market rate over the next 10 years. These rental units received assistance under a combination of Housing Authority Revenue Bonds, the County of San Bernardino Multi-family Mortgage Revenue Bond program, the HUD Section 202 Senior Housing program, the HUD Section 8 program and Upland Redevelopment Agency Funds. The time frame for the analysis of assisted units is 2000-2010.

HCD recommends that the inventory be divided into two five-year planning periods, coinciding with the current and subsequent Housing Element planning period. As shown in Table 40, one project, Sycamore Terrace, is at risk of losing its use restrictions within the first five-year period (July 1, 2000 - July 1, 2005) for a total of 100 units. These 100 units will be included in the Quantified Objectives table in Section VI. There are no units at risk of converting in the second planning period (July 1, 2005 to July 1, 2010). None of the remaining projects will be eligible to convert to market rate until 2014.

TABLE 40
SUMMARY OF AT-RISK UNITS

	No. of Bedrooms					At-Risk Units		
Project	1	2	Program	Potential Conversion Date	Total Units	VL	L	Total
Sycamore Terrace	100		Section 202/ Project based Section 8	2000	100	100		100
					TOTAL AT-RISK	100		100

Sycamore Terrace is a 100-unit senior housing complex built in 1979. This project was financed through a HUD Section 202 loan. The project is owned and operated by Southern California Presbyterian Homes (a non-profit organization) and must be maintained as affordable housing for senior citizens for the full 40-year term of the loan. The mortgage is not due during this analysis period. However, the project-based Section 8 rent subsidy contract for this project will expire during the period of this Housing Element analysis, and will need to be renewed. Under the Section 8 rental subsidy, HUD pays the difference between a tenant's rent contribution (30% of monthly income) and the Fair Market Rent (FMR) set by HUD for the area. Only very-low-income households are eligible to occupy Section 8 units. All of the units in the complex have affordability restrictions and all are one-bedroom units.

b. Cost of Preservation Versus Replacement

Cost of Preservation

The cost of preserving Sycamore Terrace units is estimated to be less than replacing the units through new construction. Replacing the units with rehabilitated units may be cost-effective in some instances. Cost estimates provided in this analysis are intended to indicate an order of magnitude. Actual costs involved in each option will depend on the rental and real estate market at the time the affordability controls on these projects expire.

Preservation of the units as affordable may require financial incentives to the project owners to extend low-income use restrictions. Other scenarios for preservation would involve purchase of the affordable units by a non-profit or public agency, or local subsidies to offset the difference between affordable and market rents.

Two options exist for preservation of Sycamore Terrace units at-risk of losing their Section 8 rental subsidies: HUD may offer an extension of the Section 8 contract, or the City may offer rental subsidies.

Contract Extension

During 1999, any projects with expiring Section 8 project-based rental subsidy contracts had the option of receiving a one-year extension from HUD. Southern California Presbyterian Homes does not intend to convert the units to market rent and has initiated the process of renewing the Section 8 contract for the December 1999 to December 2000 period. They have notified all tenants of their intent to continue the assistance contract. In the future, they intend to continue to renew their contract with HUD for as many years as possible, until HUD funding resources are depleted. It is unknown, however, whether HUD will be able to continue to offer extensions and other incentives to owners with expiring Section 8 contracts. At that point, the owners of Sycamore Terrace intend to seek other financial resources in order to continue to offer the units at a rent affordable to very-low-income seniors. If HUD does not continue to offer contract extensions, or if the owner files a notice to opt-out, the City will need to pursue other options to preserve the affordability of the 100 units at Sycamore Terrace. The City will confirm each December on a yearly basis whether the owner has filed for an extension with HUD for the next calendar year.

Local Rental Subsidy

One available option for preservation of at-risk units at Sycamore Terrace would be a local rental subsidy to residents. This option could be used to retain the affordable status of the units, by providing assistance to the residents when their affordable units convert to market rate. Rent subsidies using state, local (Redevelopment Agency or City, such as the Tenant Based Assistance Program),the use of

HOME funds, or other funding sources can be used to maintain the affordability of these at-risk units. Rent subsidies can be structured to mirror the Section 8 program.

Under the project based Section 8 program, HUD pays owners the difference between what tenants can pay (defined as 30% of household income) and what HUD and the local Housing Authority estimate to be Fair Market Rent (FMR) on the unit. Section 8 certificates are only available to very-low-income households earning less than 50% of the County median income. The 1999 HUD median income for San Bernardino County is $47,200. To simplify the analysis, all senior units in Sycamore Terrace are assumed to be one person households and occupy one bedroom units, although it is probable that some of the units are occupied by two person households. As Sycamore Terrace is comprised solely of one bedroom units, other sized units are not considered at risk during this period and therefore not addressed in this analysis. The analysis also assumes the average very-low-income household has an actual income of 50% of the County median income, adjusted for household size. Thus, the average income for a one person very-low-income household in Upland would be $16,500. For comparison purposes, the average income for a two-person household would be $18,900.

As noted in Table 41, the earliest date the 100 units at Sycamore Terrace can convert to market rate is December 2000. The cost of providing subsidies for the 100 at-risk units to maintain subsidized rents assumes that none of the at-risk units are preserved. The cost of providing subsidies to 100 very-low-income households is based on a comparison between fair market rents (FMR) and rents which are affordable for very-low-income households. Affordability is defined as rents that do not exceed 30% of a household's monthly income.

The current FMRs for the Riverside-San Bernardino Metropolitan Area (MSA), which encompasses the City of Upland, are shown in Table 41.

TABLE 41
FAIR MARKET RENTS FOR EXISTING HOUSING:
RIVERSIDE-SAN BERNARDINO MSA

*Efficiency**	*1 Bedroom*	*2 Bedroom*	*3 Bedroom*	*4 Bedroom*
$448	$499	$609	$845	$999

*Efficiency = Studio Apartment
FMRs include utility costs
Source: HUD FY 2000 Income Limits

At-risk units in the City during the 10-year period include only one-bedroom units, and are eligible only to very-low-income households. Therefore, an analysis of the affordability gap between fair market rents and income for households earning between 50% and 80% of the median County income is not warranted at this time. As the funding requirements for the Sycamore Terrace project makes it eligible only to very-low-income households, rental subsidies would not apply for low-income households at this time.

Based on 2000 HUD income data for San Bernardino County, affordable rents for very-low-income households would be approximately $415 for a senior one-bedroom, $473 for a one-bedroom, and $533 for a two-bedroom. This assumes a one-person household for senior units, a two-person household for a one-bedroom, and a four-person household for a two-bedroom unit. All one hundred (100) of the very-low-income units at Sycamore Terrace senior apartments are one-bedroom and are currently subsidized through the project-based Section 8 program. The cost of providing a rental subsidy to the 100 very-low-income households is shown in Table 42 to be $8,400 per month, or $100,800 per year. Actual subsidies required will vary from this estimate, as some households will earn below the assumed 50% of the County median income and therefore require higher subsidies, while other households may be comprised of two persons and therefore the assumed baseline affordable rent is higher, which translates to a lower subsidy. As well, it should be kept in mind that the actual rents currently charged at the Sycamore Terrace senior apartments are not based on a fixed rent, but are calculated based on a payment of 30% of a tenant's income.

TABLE 42
ESTIMATED MONTHLY SUBSIDY TO VERY LOW INCOME RESIDENTS

Unit	FMR	Affordable Rent [1]	No. Units	Difference	Total
Efficiency	$448	N/A	0	N/A	N/A
1 Bedroom	$499	$415	100	$84	$8,400
2 Bedroom	$605	$533	0	N/A	N/A
				TOTAL	**$8,400**

[1] Affordable rent includes all utilities
Source: HUD, 2000, The Planning Center

It should be noted that local funding will likely not be required to preserve the affordability of the Sycamore Terrace apartments, as HUD funding for project based Section 8 assistance associated with Section 202 Housing for Seniors is still available.

Replacement Cost

Maintenance of the at-risk housing units as affordable will depend largely on market conditions and the attractiveness of financial incentives that the City can provide to investors. Should affordability controls on this project be lost, the City has the option to construct new units to replenish its housing stock. The cost to replace the 100 units at-risk of converting to market rate during the 2000 - 2005 housing element planning period would vary based on the timing of replacement and the economic conditions in the region. Recent construction cost information of an average of $125 to $130 per square foot for multi-family units (source: Building Industry Association) was used to gauge the cost of replacing the at-risk units. Using the minimum square footages established by the Zoning Code of 700 square feet for one-bedroom units, 800 square feet for two-bedroom units, and 560 square feet for senior one-bedroom units (the Code allows for a 20% reduction in square footage for senior apartments) Table 43 shows that the cost of replacing the at-risk units through new construction would be approximately $7 million. The $125 per square foot estimate is used for this analysis as it is assumed that with a majority of one-person households and a senior tenant population, there may be a potential cost savings associated with reduced parking requirements or other project features.

Again, it should be noted that HUD funding will likely be available to preserve these units. This fact coupled with the high cost for replacement, makes this an unviable option.

TABLE 43
REPLACEMENT COST BY TYPE OF UNIT

Unit Size	Square Feet	Cost Per S.F.	Cost Per Unit	Number of Units	Total Cost
Senior 1 Bedroom	560	125	70,000	100	$7,000,000
1 Bedroom	700	130	91,000	N/A	--
2 Bedroom	800	130	104,000	N/A	--
				TOTAL COST	$7,000,000

Source. The Planning Center

Other Replacement Units

The Agency assisted in the development of the Coy D. Estes Senior Housing Project in the Town Center project area, which was completed in 1997. This project provided a total of 130 units, of which 111 are rented at prices affordable to very-low-income seniors, and 19 units are at market rate. These units have made a significant contribution to the City's affordable housing resources.

c. Resources for Preservation

The types of resources needed for preserving units at-risk fall into three categories: 1) financial resources available to purchase existing units or develop replacement units; 2) entities with the intent and ability to purchase and/or manage units at-risk; and 3) programs to provide replacement funding for potentially lost Section 8 rent subsidies.

d. Public Financing/Subsidies

A variety of federal, state and local programs are available for potential acquisition, subsidy, or replacement of units at-risk. Due to both the high costs of developing and preserving housing and limitations on both the amount and uses of funds, a variety of funding sources would be required. The following summarizes financial resources available to the City for preservation of assisted, multi-family rental housing units.

Federal Programs

- CDBG — The City is programmed to received approximately $711,000 during the 1999-2000 year. Of this total, approximately $14,500 is devoted to housing programs, specifically fair housing and landlord/tenant programs. This program is intended to enhance and preserve the City's affordable housing stock. CDBG funds are awarded to the City on a formula basis for housing activities. Eligible activities include: acquisition, rehabilitation, economic development, and public services. CDBG grants benefit primarily persons/households with incomes not exceeding 80% of the County median family income.

- **HOME Investment Partnership Funds** — The City is programmed to receive approximately $499,800 in HOME funds for the 1999-2000 year. The majority of these funds will be used to fund first-time homebuyer and owner-occupied rehabilitation programs. HOME funding is a flexible grant program which is awarded to Upland on a formula basis for housing activities and takes into account local market conditions, inadequate housing, poverty and housing production costs. HOME funding is provided to jurisdictions to either assist rental housing or home ownership through acquisition, construction, reconstruction and/or rehabilitation of affordable housing. Also possible is tenant-based rental assistance, property acquisition, site improvements, and other expenses related to the provision of affordable housing and projects that serve a group identified as having special needs related to housing.

- **Section 8 Rental Assistance Program** — This program provides rental assistance payments to owners of private market rate units on behalf of very-low-income tenants.

- **Section 811/202 Program** — Non-profit organizations and consumer cooperatives are eligible to receive no-interest capital advances from HUD for the construction of very-low-income rental housing for senior citizens and disabled persons. Project-based assistance is also provided in conjunction with this program. Section 811 can be used to develop group homes, independent living facilities, and intermediate care facilities. Eligible activities include acquisition, rehabilitation, new construction, rental assistance.

- **HUD Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA)** — LIHPRHA was enacted in response to concern over the prepayment of HUD-assisted housing projects. The legislation addresses the prepayment of units assisted under Section 221(d)(3) and Section 236 (Section 236 replaced the Section 221(d)(3) program in 1968). Generally, the law facilitates the preservation of these low-income units by providing incentives to property owners to either retain their units as low-income, or to sell the project to priority purchasers (tenants, non-profits, or governmental agencies.)

  Pursuant to LIHPRHA, HUD must offer a package of incentives to property owners to extend the low-income use restrictions. These incentives would assure property owners an 8% return on the recalculated equity in their property, provided the rents necessary to yield this return fall within a specified federal cost limit. The cost limits are either 120% of the FMR, or the prevailing rent in the local market. If HUD can provide the owner with this return, the owner cannot prepay the mortgage. The owner must either stay in the program, or offer to sell the project (a "voluntary" sale) to a priority purchaser for a 12-month option period, or other purchasers for an additional three months. The owner is required to document this choice in a Plan of Action.

  If HUD cannot provide the owner with the 8% return, i.e., the rents required would exceed federal cost limits, the owner may prepay only after offering the sale to priority purchasers for 12 months, or other qualified buyers for an additional 3 months (a "mandatory" sale), and filing a Plan of Action which demonstrates that conversion will not adversely impact affordable housing, or displace tenants. According to the California Housing Partnership Corporation, most projects in California will fall within federal cost limits, except those with exceptionally high rental value or condominium conversion potential.

  Projects that are preserved under either of these methods are required to maintain affordability restrictions for the remaining useful life of the project, which is defined minimally as 50 years.

  Despite these requirements, property owners may still be able to prepay. First, the owner may prepay the property if no bona fide offer to purchase the property is made. Second, HUD may not provide some of the discretionary monies to priority purchasers in preservation sales. Finally, the overall success of the preservation efforts is contingent on congressional appropriation of sufficient funding to HUD.

State Programs

- **California Housing Finance Agency (CHFA) Multiple Rental Housing Programs** — This state program provides below-market financing to builders and developers of multiple-family and elderly rental housing. Tax-exempt bonds provide below-market mortgage money. Eligible activities include new construction, rehabilitation, and acquisition of properties with 20-150 units.

- **Low Income Housing Tax Credit (LIHTC)** — This state program provides tax credits to individuals and corporations that invest in low-income rental housing. Tax credits are sold to corporations and people with high tax liability and proceeds are used to create housing. Eligible activities include new construction, rehabilitation, and acquisition

- **California Community Reinvestment Corporation (CCRC)** — This private, non-profit mortgage banking consortium provides long-term debt financing for affordable multi-family rental housing. Eligible activities include new construction, rehabilitation, and acquisition.

Local Programs

- **Redevelopment Agency Funding** — 20% of this local agency's funds are set aside for affordable housing activities governed by state law. Eligible activities include acquisition, rehabilitation, and new construction. The Upland Redevelopment Agency generates approximately $700,000 annually in low- and moderate-income housing funds. These funds are used as a local match for HOME funded programs at a minimum 1:4 ratio.

- **General Fund** — The City of Upland allocates approximately $274,000 in General Funds annually to provide code enforcement support services and housing assistance to its residents.

Non-Profit Entities

Non-profit entities based relatively proximate to the City of Upland can be contacted to gauge their interest and ability in acquiring and/or managing units at-risk of conversion. A partial listing of entities with resources in the Riverside/San Bernardino area is provided In Table 44.

TABLE 44
HOUSING NON-PROFIT ENTITIES

Foothill Family Shelter, Inc.
Southern California Housing Corporation

Source: City of Upland Redevelopment Agency

e. *Program Efforts to Preserve At-Risk Units*

The following housing programs have been developed to address the preservation of assisted very-low-income units eligible to convert to market rate. The Upland Redevelopment Agency and/or the Community Development Department will be responsible for implementing the programs. Funding for implementation could be provided through funding sources cited above.

- **Monitoring At-Risk Units** — The City will maintain contact with owners of at-risk units as the use restriction expiration dates approach. The City will communicate to the owners the importance of the units to the supply of affordable housing in Upland as well as its desire to preserve the units as affordable. The City will confirm in 2000 that the owner of Sycamore Terrace has filed to continue the Section 8 contract, and will determine whether HUD will offer the owner a contract extension. The City has in place local incentives that can be offered to property owners to preserve any at-risk units (see following sections).

- **Rental Subsidies** — If HUD funding is discontinued at some point within the planning period, and other methods to preserve the at-risk units fail, the City will determine if it can assign financial resources to provide rental assistance to very-low-income tenants to cover the difference between their current rents and market rents. The previous section addressing the cost of preservation describes how a subsidy program would work.

f. Quantified Objectives

The City of Upland Consolidated Plan contains a five-year strategy for meeting the City's housing and community development needs. The Consolidated Plan Document (CPD) establishes housing priorities. Two of the priorities relate to affordable housing. CPD priority number one is to preserve existing rental and owner-occupied housing resources. CPD priority number two is to improve living conditions for very-low- and low-income renters. Both of these priorities represent the City of Upland's desire to preserve of affordable units.

Housing Element law requires that cities establish the maximum number of units that can be preserved over the planning period. One assisted project with a total of 100 units in Upland is at-risk of losing use restrictions within the 2000-2005 Housing Element planning period. All of the units at-risk of losing use restrictions during the present planning period have been preserved. Based on objectives stated in the Consolidated Plan, the objective for this planning period will be to preserve all 100 at-risk units or replace them with comparable units through acquisition or new construction.