

**AGENDA**  
**ORANGE COUNTY HOUSING FINANCE TRUST**

**WEDNESDAY, JANUARY 15, 2020, 10:00 A.M.**

HALL OF ADMINISTRATION  
COMMISSION ROOM, FIRST FLOOR  
333 W. Santa Ana Blvd.  
Santa Ana, California

**JOHN MARK JENNINGS**  
Chair

**ANDREW DO**  
Vice Chair

**DON BARNES**  
Director

**DOUG CHAFFEE**  
Director

**DAVID PENALOZA**  
Director

**JAMEY FEDERICO**  
Director

**SHARI FREIDENRICH**  
Director

**ED SACHS**  
Director

**STEPHEN FAESSEL**  
Director

Trust Manger  
Adam Eliason

Trust Counsel  
Jacqueline Guzman

Clerk of the Trust  
Robin Stieler

*This agenda contains a brief general description of each item to be considered. The Orange County Housing Finance Trust encourages public participation. If you wish to speak during public comment, please complete a Speaker Request Form and deposit it in the Speaker Form Return box located next to the Clerk. Speaker Forms are located on the table next to the entrance doors. Except as otherwise provided by law, no action shall be taken on any item not appearing in the agenda. When addressing the Orange County Housing Finance Trust, please state your name for the record prior to providing your comments.*

**\*\*In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the Clerk of the Board's Office 72 hours prior to the meeting at (714) 834-2206\*\***

*All supporting documentation is available for public review online at:  
www.OCHFT.org and in the office of the Clerk of the Board of Supervisors located in the  
Hall of Administration Building, 333 W. Santa Ana Blvd., 10 Civic Center Plaza, Room 465,  
Santa Ana, California 92701 during regular business hours,  
8:00 a.m. - 5:00 p.m., Monday through Friday.*

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**DISCUSSION ITEM (Items 1-6):**

*At this time, members of the public may ask the Board to be heard on the following items as those items are called.*

1. Approve Orange County Housing Finance Trust minutes from the October 29, 2019 Regular meeting.
2. Approve Orange County Housing Finance Trust minutes from the December 19, 2019 Special meeting.
3. Approve Trust Strategic Plan Outline; and designate the Funding Strategy Ad Hoc Committee to work with Staff to draft the Strategic Plan.
4. Approve proposed Trust Administrative Expense Allocation Formula Policy and Procedures.
5. Direct Trust Staff to utilize Platinum Advisors as primary with Best, Best and Krieger (BB&K) as subconsultant for the purpose of securing state funding for the Trust.
6. Approve 2020 Permanent Supportive Housing Notice of Funding Availability (NOFA); and authorize issuance of NOFA on January 24, 2020.

**HOUSING TRUST MANAGER REPORT (Item 7)**

7. Oral Report from the Housing Trust Manager

**PUBLIC & TRUST COMMENTS:**

*At this time members of the public may address the Trust on any matter not on the agenda but within the jurisdiction of the Trust. The Trust or Chair may limit the length of time each individual may have to address the Trust.*

**PUBLIC COMMENTS**

**DIRECTOR COMMENTS**

**ADJOURNED:**

**NEXT MEETINGS:** March 18, 2020 at 10:00 a.m.

## Agenda Item # 1

*Approve Orange County Housing Finance  
Trust minutes from the October 29, 2019  
Regular Meeting*

**REGULAR MEETING SUMMARY ACTION MINUTES  
ORANGE COUNTY HOUSING FINANCE TRUST**

**TUESDAY, OCTOBER 29, 2019, 10:00 A.M.**

**JOHN MARK JENNINGS**  
Chair

**ANDREW DO**  
Vice Chair

**DON BARNES**  
Director

**DOUG CHAFFEE**  
Director

**DAVID PENALOZA**  
Director

**JAMEY FEDERICO**  
Director

**SHARI FREIDENRICH**  
Director

**ED SACHS**  
Director

**STEPHEN FAESSEL**  
Director

Trust Manger  
Adam Eliason

Trust Counsel  
Jacqueline Guzman

Clerk of the Trust  
Robin Stieler

ATTENDANCE: Directors Jennings, Barnes, Penaloza, Federico, Freidenrich, and Faessel

ABSENT: Directors Do, Chaffee and Sachs

PRESENT: Trust Manager Adam Eliason  
Trust Counsel Jacqueline Guzman  
Clerk of the Trust Valerie Sanchez, Chief Deputy

**CALL TO ORDER**

CHAIR JENNINGS CALLED THE MEETING TO ORDER AT 10:03 A.M.

**PLEDGE OF ALLEGIANCE**

DIRECTOR FAESSEL LED THE PLEDGE OF ALLEGIANCE

**ROLL CALL**

THE CLERK CALLED THE ROLL AND CONFIRMED QUORUM

**DISCUSSION ITEMS (Items 1-7):**

1. Approve Orange County Housing Finance Trust minutes from the August 30, 2019 Regular Meeting.  
**ON THE MOTION OF DIRECTOR PENALOZA, SECONDED BY DIRECTOR FAESSEL, BY A VOTE OF 5 TO 0, WITH DIRECTOR BARNES ABSTAINING, AND VICE CHAIR DO AND DIRECTORS CHAFFEE AND SACHS BEING ABSENT, APPROVED THE ORANGE COUNTY HOUSING FINANCE TRUST MINUTES FROM THE AUGUST 30, 2019 REGULAR MEETING**
  
2. Approve recommendation to hire outside legal counsel Orrick, Herrington & Sutcliffe to assist the Trust in evaluating options for structuring tax-deductible contributions from private sources; and authorize the Housing Trust Manager to execute an Agreement consistent with the attached Orrick engagement letter.  
**ON THE MOTION OF DIRECTOR FAESSEL, SECONDED BY DIRECTOR BARNES, BY A VOTE OF 6 TO 0 WITH VICE CHAIR DO AND DIRECTORS CHAFFEE AND SACHS BEING ABSENT, THE BOARD UNANIMOUSLY APPROVED ITEM AS RECOMMENDED**
  
3. Approve Trust Budget for Fiscal Year 2019-2020.  
**ON THE MOTION OF DIRECTOR FEDERICO, SECONDED BY CHAIR JENNINGS, BY A VOTE OF 6 TO 0 WITH VICE CHAIR DO AND DIRECTORS CHAFFEE AND SACHS BEING ABSENT, THE BOARD UNANIMOUSLY AMENDED THE ITEM TO INCLUDE DIRECTION FOR STAFF TO RETURN TO THE BOARD IN JANUARY WITH A PROJECTED COST ALLOCATION FORMULA AND RETURN TO THE BOARD IN MARCH WITH A BUDGET WORKSHOP; ON THE MOTION OF DIRECTOR FRIEDENRICH, SECONDED BY DIRECTOR FAESSEL BY A VOTE OF 6 TO 0 WITH VICE CHAIR DO AND DIRECTORS CHAFFEE AND SACHS BEING ABSENT, THE BOARD UNANIMOUSLY APPROVED ITEM AS AMENDED**
  
4. Approve Notice of Funding Available (NOFA) policy criteria and authorize Housing Trust Manager to issue \$5,950,000 NOFA for the development of supportive housing.  
**ON THE MOTION OF DIRECTOR BARNES, SECONDED BY DIRECTOR PENALOZA, BY A VOTE OF 6 TO 0 WITH VICE CHAIR DO AND DIRECTORS CHAFFEE AND SACHS BEING ABSENT, THE BOARD UNANIMOUSLY VOTED TO RECEIVE AND FILE; AND DIRECTED STAFF TO RETURN IN JANUARY WITH DRAFT NOFA, AND TO CHANGE POLICY CRITERIA TO POLICY GUIDELINES AND REVISE POLICY GUIDELINES AS FOLLOWS:**
  - **REVISE NUMBER 1 TO REFLECT DEVELOPMENTS WITHIN UNINCORPORATED COUNTY AREAS AND OF JPA MEMBER CITIES**
  - **REVISE NUMBER 8 TO REFLECT AFFORDABILITY COVENANT OF 55 YEARS UPON CERTIFICATE OF OCCUPANCY**
  - **REVISE NUMBER 11(C) TO REMOVE PARENTHETICAL SECTION**
  - **REVISE NUMBER 15 TO REFLECT A PREFERENCE FOR EVEN DISTRIBUTION AMONG THE SPA AREAS**
  - **REVISE NUMBER 16 (C), DEVELOPER EXPERIENCE TO INCLUDE FINANCIAL STRENGTH OF THE DEVELOPER**

5. Approve the appointment of Board Members to serve on a Funding Strategy Ad Hoc Committee to review and recommend to the Board various actions to obtain additional funding for the Trust.  
**ON THE MOTION OF CHAIR JENNINGS, SECONDED BY DIRECTOR BARNES, BY A VOTE OF 6 TO 0 WITH VICE CHAIR DO AND DIRECTORS CHAFFEE AND SACHS BEING ABSENT, THE BOARD UNANIMOUSLY APPROVED APPOINTMENT OF CHAIR JENNINGS AND DIRECTOR CHAFFEE TO THE FUNDING STRATEGY AD HOC COMMITTEE AND DIRECTED STAFF TO EXTEND INVITATION TO THE ABSENT DIRECTORS AND RETURN IN JANUARY TO MAKE ANY ADDITIONAL APPOINTMENTS TO THE AD HOC COMMITTEE**
  
6. Retroactively approve the Memorandum of Understanding (MOU) with the County of Orange and authorize the Housing Trust Manager, or his designee, to execute the agreement; and appoint Shari Freidenrich as Treasurer and Frank Davies as Auditor-Controller for the Trust pursuant to the terms of the MOU, and direct both parties to file an Official Bond if their existing bonds are not extended to cover their obligations to the Trust.  
**ON THE MOTION OF DIRECTOR PENALOZA, SECONDED BY DIRECTOR FAESSEL, BY A VOTE OF 6 TO 0 WITH VICE CHAIR DO AND DIRECTORS CHAFFEE AND SACHS BEING ABSENT, THE BOARD UNANIMOUSLY APPROVED ITEM AS RECOMMENDED**
  
7. Adopt by resolution the 2020 Orange County Housing Finance Trust meeting calendar.  
**ON THE MOTION OF CHAIR JENNINGS, SECONDED BY DIRECTOR FEDERICO, BY A VOTE OF 6 TO 0 WITH VICE CHAIR DO AND DIRECTORS CHAFFEE AND SACHS BEING ABSENT, THE BOARD UNANIMOUSLY APPROVED ITEM AS RECOMMENDED**

*RESO: 19-004-OCHF*

### **HOUSING TRUST MANAGER REPORT**

8. Oral Report from the Housing Trust Manager
  - **PRELIMINARY DISCUSSIONS WITH COUNTY STAFF ON CREATING A SHORT VIDEO THAT WILL ADDRESS THE QUESTION OF “WHAT IS PERMANENT SUPPORTIVE HOUSING” AND PLAN TO FEATURE INDIVIDUALS WHO HAVE TRANSITIONED FROM HOMELESSNESS TO PERMANENT SUPPORTIVE HOUSING AND WILL INCLUDE DISCUSSION ON SAFETY, SECURITY, PROPERTY VALUES AND HOW THIS APPROACH REDUCES DEMANDS AND COSTS ON PUBLIC SERVICES**
  
  - **ATTENDED ANNUAL CONFERENCE IN LOS ANGELES OF THE SOUTHERN CALIFORNIA ASSOCIATION OF NON-PROFITS AND PARTICIPATED ON A PANEL THAT INCLUDED THE ORANGE COUNTY HOUSING TRUST AND THE UNITED WAY AND DISCUSSED COLLABORATION OF BOTH TRUSTS AND DISCUSSED HOW THE RESEARCH CONDUCTED BY UNITED WAY AND UC IRVINE HELP ALL TO UNDERSTAND THE NUMBERS AND ISSUES OF HOMELESSNESS**

## PUBLIC & TRUST COMMENTS:

### PUBLIC COMMENTS

**Lucy Dunn** – Oral Re: Orange County Housing Trust and Orange County Business Council efforts to leverage private capital in the effort to address homelessness; received grants from Disney, Union Bank, Brookfield, Wells Fargo and others are in the works; and then to partner with the Finance Trust to raise public and private funding; currently have three projects in pipeline; focus is on affordable housing and permanent supportive housing and increasing supply

**Helen O’Sullivan** – Oral Re: Director of Orange County Housing Trust; similarities and differences between the two trusts; focus on collaboration between the two to work together to raise and attract capital to Orange County; the housing trust has already created over 300 units of affordable and permanent supportive housing and looks forward to working with the finance trust to do more

**Thomas Fielder** – Oral Re: Questions the logic of equally distributing funds equally between the 3 SPA areas because there are more homeless and the need is greater in Central and North SPAs; Disappointed that Directors Do and Chaffee were not at the meeting; County sits on close to a billion dollars in general funds and interest alone could provide a funding stream of \$1 million per month; housing homeless includes very different populations and recommends start by focusing on the small handful of folks who tend to use the most public resources

**David Durran** – Oral Re: Commended Directors Barnes and Freidenrich for making some great points during discussions; affordability should be a permanent designation; making the meetings available so more of the public can be involved and suggested live streaming the meetings, baby steps being taken will make this successful

### DIRECTOR COMMENTS

**Director Penalosa** – Oral re: Requested the Trust Manager and/or Trust Counsel be available to provide one-on-one briefings after the agendas are made available to answer questions prior to the meeting

**Director Faessel** – Oral Re: Attended the Be Well OC Groundbreaking on October 16<sup>th</sup>, it is a major step in the right direction and glad to see public-private partnership working together with the County and hospital care providers

**Chair Jennings** – Oral Re: Invited as Chair to speak at the ACCOC Housing Forum in which Lucy Dunn was the Keynote Speaker and championed cooperation between the Housing Trust and the Housing Finance Trust

**ADJOURNED:** 12:17 P.M.

**NEXT MEETINGS:** January 15, 2020, 10:00 A.M.

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**JOHN MARK JENNINGS**  
*Chair, Orange County Housing Finance Trust*

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**ROBIN STIELER**  
*Clerk of the Orange County Housing Finance Trust*



## Agenda Item # 2

*Approve Orange County Housing Finance  
Trust minutes from the  
December 19, 2019 Special Meeting*

**SPECIAL MEETING SUMMARY ACTION MINUTES  
ORANGE COUNTY HOUSING FINANCE TRUST**

**THURSDAY, DECEMBER 19, 2019, 4:00 P.M.**

**JOHN MARK JENNINGS**  
Chair

**ANDREW DO**  
Vice Chair

**DON BARNES**  
Director

**DOUG CHAFFEE**  
Director

**DAVID PENALOZA**  
Director

**JAMEY FEDERICO**  
Director

**SHARI FREIDENRICH**  
Director

**ED SACHS**  
Director

**STEPHEN FAESSEL**  
Director

Trust Manger  
Adam Eliason

Trust Counsel  
Jacqueline Guzman

Clerk of the Trust  
Robin Stieler

ATTENDANCE: Directors Jennings, Do, Chaffee, Penaloza and Faessel

ABSENT: Directors Barnes, Federico, Freidenrich, and Sachs

PRESENT: Trust Manager Adam Eliason  
Trust Counsel Jacqueline Guzman  
Clerk of the Trust Robin Stieler

**CALL TO ORDER**

CHAIR JENNINGS CALLED THE MEETING TO ORDER AT 4:06 P.M.

**PLEDGE OF ALLEGIANCE**

DIRECTOR CHAFFEE LED THE PLEDGE OF ALLEGIANCE

**ROLL CALL**

THE CLERK CALLED THE ROLL AND CONFIRMED QUORUM

## **DISCUSSION ITEMS (Item 1):**

1. Approve proposed bill language and authorize staff to implement the funding strategy Ad Hoc Committee recommendation; authorize staff to make edits to funding amounts under certain conditions; provide direction to staff for procuring legislative advocacy services; and direct staff to return to the Board in January 2020.

**ON THE MOTION OF CHAIR JENNINGS, SECONDED BY DIRECTOR FAESSEL, BY A VOTE OF 5 TO 0, WITH DIRECTORS BARNES, FEDERICO, FREIDENRICH AND SACHS BEING ABSENT, AMENDED RECOMMENDED ACTION 2 TO READ: ‘AUTHORIZE STAFF TO MAKE EDITS TO FUNDING AMOUNT BASED UPON LEGISLATIVE AND LOBBYIST RECOMMENDATIONS UP TO \$64.8 MILLION WITH CONCURRENCE OF THE AD HOC COMMITTEE’; AND AMENDED ATTACHMENT A, SECTION 1 (d) TO READ: ‘THE TRUST PLEDGES \$\_\_\_\_\_ OF THEIR OWN FUNDS TOWARDS FINANCING AFFORDABLE AND SUPPORTIVE HOUSING PROJECTS AND ALL OTHER NECESSARY ADMINISTRATIVE FUNDING FOR THE TRUST.’**

## **HOUSING TRUST MANAGER REPORT**

1. Oral Report from the Housing Trust Manager

**THE JANUARY 15, 2020 MEETING WILL INCLUDE A DISCUSSION OF THE TRUST ADMINISTRATIVE EXPENSE ALLOCATION STARTING JULY 1, 2020 AND INITIAL DISCUSSION OF THE TRUST STRATEGIC PLAN.**

**CURRENTLY WORKING ON A PUBLIC CEREMONY TO BE HELD IN JANUARY 2020 TO CELEBRATE THE DEPOSIT OF \$1 MILLION FROM THE STATE GENERAL FUND.**

## **PUBLIC & TRUST COMMENTS:**

### **PUBLIC COMMENTS**

**Thomas Fielder**– Oral Re: Supports the Orange County Housing Finance Trust Gap Funding Bill but bill will take time to get passed by the State Legislature; urged the Trust to look at other funding mechanisms such as the County’s discretionary funds since they are much more readily available; number of homeless deaths in Orange County.

### **DIRECTOR COMMENTS**

**Director Chaffee** – Oral re: Thanked Chair Jennings for his work on the Ad Hoc Committee and for reaching out to legislators; need to close the gap funding for completion of projects; met the new Executive Director of the Orange County Council of Governments (OCCOG); suggested OCCOG and the Trust coalesce in lobbying efforts; requested staff put information together for the various projects and provided a format for staff to use; wished everyone a Merry Christmas and a Happy New Year.

**Director Faessel**– Oral re: December 17, 2019 action of the City of Anaheim City Council regarding the Salvation Army Center of Hope financial assistance for permanent supportive housing units.

**Director Penaloza**– Oral re: Toured the City of Anaheim Salvation Army shelter and acknowledged the good work being done at the shelter.

**Chair Jennings** – Oral re: Adjourned the meeting to those living on the streets; Trusts actions in 2019 will help provide shelter for the homeless and get them off the streets.

**ADJOURNED:** 4:40 P.M.

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***JOHN MARK JENNINGS***  
*Chair, Orange County Housing Finance Trust*

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***ROBIN STIELER***  
*Clerk of the Orange County Housing Finance Trust*

## Agenda Item # 3

*Approval of Trust Strategic Plan Outline and  
expanded role of Funding Strategy Ad Hoc  
Committee*

**REQUEST FOR ORANGE COUNTY HOUSING FINANCE TRUST (TRUST) BOARD ACTION**

**MEETING DATE:** January 15, 2020

**SUBJECT:** Approval of Trust Strategic Plan Outline and expanded role of Funding Strategy Ad Hoc Committee.



Adam B. Eliason, Manager

**RECOMMENDED ACTION:**

1. APPROVE TRUST STRATEGIC PLAN OUTLINE AND DESIGNATE THE FUNDING STRATEGY AD HOC COMMITTEE TO WORK WITH STAFF TO DRAFT THE STRATEGIC PLAN.

**BACKGROUND:**

The Trust has created and approved the various formation-related documents including the Joint Powers Agreement and the Trust Bylaws. However, equally important and critical to the long-term success of the Trust is the creation of a strategic plan. Strategic planning involves stepping back from the day-to-day operations and articulating where the organization is headed, including establishing priorities as well as setting short- and long-term goals, time-specific objectives, and tasks for achieving them. A strategic plan also determines the organization's strengths, weaknesses, opportunities and threats. The plan will include clearly defined goals and objectives and how the Trust plans to measure progress. The future direction of the Trust will be guided by the strategic plan.

Some organizations have management/board retreats over multiple days to consider and develop a strategic plan. Staff has prepared, for the Board's consideration, an alternative approach to condense the time involved by creating a Trust Strategic Plan Outline. This Outline summarizes the key areas of focus and direction that Staff will use to draft the final document.

Staff recommends that the existing Funding Strategy Ad Hoc Committee be designated to include working with Staff on the Trust's Strategic Plan, which will identify various funding sources available to the Trust and the process for funding both projects and administrative

expenses, which is the reason the Ad Hoc Committee was created. The Ad Hoc Committee will review and provide feedback to Staff on various items prior to the full Board’s consideration.

The Board will have significant input opportunities at the March and May Board Meetings. Staff will conduct due diligence research and interviews with key Trust stakeholders, and meet with the Funding Strategy Ad Hoc committee, in order to provide information useful to the Board at the March Board Meeting. The March Board Meeting will be a facilitated discussion with the Board to finalize the decisions needed to complete the Trust Strategic Plan and propose its adoption at the May Board meeting.

The following timeline provides the major milestones for the Trust Strategic Plan:

January 2020	Interviews with Trust stakeholders
February 2020	Interviews with Trust stakeholders and meeting with Ad Hoc Committee
March 2020	Trust Board Meeting: Strategic Plan facilitated discussion with the Board
April 2020	Draft of Strategic Plan and review by the Ad Hoc Committee
May 2020	Trust Board Meeting: Consideration and approval of Draft Strategic Plan

Staff recommends approval of this agenda item.

ATTACHMENT:

Attachment A – Strategic Plan Outline



## Strategic Plan Outline

DRAFT January 15, 2020

### 1. Executive Summary

- a. Background
  - i. The context of homelessness in America/California/Orange County
  - ii. The costs of homelessness
  - iii. The need for supportive housing in Orange County (as identified in 2018 Housing Funding Strategy and other sources)
  - iv. Definition and types of supportive housing
  - v. Brief history and purpose of OCHFT
- b. Strategy
  - i. Purpose of the OCHFT strategic plan
  - ii. Adoption of County Housing Funding Strategy: funding sources and unit goals<sup>1</sup>
  - iii. Setting 1, 3- and 6-year goals – purpose and summary
  - iv. Implementation strategy
  - v. OCHFT role going forward

### 2. Introduction

- a. Summary/Key Findings of Recent Studies on Homelessness in OC
- b. Key strategies others have employed
  - i. Transitional housing/navigation centers
  - ii. Single-site supportive housing (example)
  - iii. Hotel/motel conversions (ordinance requirement)
- c. Focus our efforts: What OCHFT can and cannot do (JPA & Bylaws)
- d. Introducing OCHFT to and collaborating with other stakeholder entities

### 3. Mission and Vision

- a. Mission
- b. Vision

### 4. Governance and Board Structure

- a. Joint Powers Agreement
- b. Current JPA members
- c. Board Composition
- d. Bylaws
- e. Various ad-hoc committees

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<sup>1</sup> CSH Report – June 12, 2018



**5. Trust Staff and Consultants**

- a. Contract consultants vs. Employees (pros and cons including benefits, costs, hire timing and capacity)
- b. Organizational chart (present and evolving)
- c. Duties and responsibilities of staff/consultants/OC support
  - i. Manager/Executive Director
  - ii. Grants/Funding Specialist
  - iii. Administrative Assistant
  - iv. Legal Counsel
  - v. Financial/Development Consultants
  - vi. Bookkeeper/Auditor

**6. Measuring Results – Metrics & Milestones (1, 3 & 6 year goals)**

- a. Total Number of PSH and Affordable Units
  - i. 2017 Point in Time Analysis & Housing Funding Strategy
    - 1. Adoption of 2,700 PSH units and 2,700 affordable units.
  - ii. 2019 Point in Time and future Point in Time numbers
    - 1. Adapting to changing numbers up or down
- b. Supportive Housing Populations: Individuals & Families
  - i. Transitional Homeless
  - ii. Chronically Homeless
  - iii. Veterans
- c. Housing Models and Development Approaches
  - i. Single Site Supportive Housing
  - ii. Integrated Housing
  - iii. Acquisition/Rehab (Single Adult & Families)
  - iv. New Construction (Single Adult & Families)
- d. Marketing
  - i. A marketing blueprint that creates awareness of Trust news, accomplishments, and accountability.
- e. Policy, legislation and advocacy
  - i. Improving the Trust impact and results through proactive efforts
- f. Funding
  - i. Explore and summarize funding and financing opportunities that may be available to the Trust
    - 1. LHTF – NOFA 2020
    - 2. Legislative appropriations
    - 3. Innovative fundraising/philanthropic opportunities
    - 4. Other financing/funding from the Funding Strategy Ad Hoc Committee
- g. Beyond collaboration: Pursuing a collective impact in Orange County.
  - i. Coordinating efforts with organizations, County commissions, cities, developers, non-profits, with synergistic benefit to the Trust.
  - ii. Staying focused on the Trust Mission/Vision and mutually lifting each other along the way.

## **7. Key Strategic Partners (Services/Funding/Development/Advocacy)**

- a. County collaboratives
  - i. Commission to End Homelessness
  - ii. Continuum of Care
  - iii. OC Health Care Agency
- b. Local Funding
  - i. Orange County Housing Trust
  - ii. Century Housing
  - iii. Affordable Housing Clearinghouse
- c. Development & Services
  - i. (Interviews with active developers and service providers)
- d. Advocacy
  - i. Association of CA Cities – Orange County
  - ii. Kennedy Commission
  - iii. Orange County Council of Governments
  - iv. United Way of Orange County
- e. Others

## **8. Trust Sustainability – Administrative Expenses**

- a. OCHFT Annual Budget – revenues and expenses
- b. Formula for County/City administration contribution to the OCHFT
  - i. Basis of cost-sharing formula and options considered
  - ii. Admin costs projections and formula allocations
  - iii. Payment process (monthly/quarterly/annually)
- c. Sources of administrative expenses
  - i. State funding as part of greater project funding
  - ii. Legislative appropriations
  - iii. Member contributions
  - iv. Fund raising/philanthropic donations
  - v. Fees and loan repayment

## **Appendix**

SWOT Analysis

References to other studies with links to documents

Explanatory graphs/tables

## Agenda Item # 4

*Approval of Proposed Trust Administrative  
Expense Allocation Formula Policy and  
Procedures*

**REQUEST FOR ORANGE COUNTY HOUSING FINANCE TRUST (TRUST) BOARD ACTION**

**MEETING DATE:** January 15, 2020

**SUBJECT:** Approval of Proposed Trust Administrative Expense Allocation Formula Policy and Procedures.



Adam B. Eliason, Manager

**RECOMMENDED ACTION:**

1. APPROVE THE PROPOSED TRUST ADMINISTRATIVE EXPENSE ALLOCATION FORMULA POLICY AND PROCEDURES.

**BACKGROUND:**

At the October Trust Board Meeting it was requested that the January Board Meeting include a discussion and recommendation on how the administrative expenses for the Trust would be allocated to Trust Members for the 2020-2021 Fiscal Year Budget.

The Funding Strategy Ad Hoc Committee reviewed a proposed allocation at their December 3, 2019 meeting. This allocation formula is the same as prepared by the Association of California Cities – Orange County (ACC-OC) when they led the effort to recruit cities to join the Trust. While not binding, ACC-OC provided this example allocation formula to cities who were considering a membership with the Trust.

The ACC-OC allocation formula followed the Board composition ratio with the County always paying 4/9<sup>th</sup> of the Trust administrative budget and the cities always paying 5/9<sup>th</sup> of the Trust administrative budget. Member cities were then divided by population size with large cities (>95,000) paying twice as much as medium cities (60,000 – 95,000) and medium cities paying twice as much as much as small cities (<60,000). Any outside grant/donation funding that allows payment for administrative expenses would lower the total amount required by all Trust

members. ACC-OC also calculated scenarios with 15-28 cities and at different administrative expense levels with the highest at \$350,000 a year.

The ACC-OC expense number does not provide any level of detail. Attachment B provides the formula allocation and amounts per member based upon current membership and Trust administrative expenses of \$454,900 for the Fiscal Year 2020-21. Even at the ACC-OC lesser amount of \$350,000, the ACC-OC member contributions were in the range of \$2,000-\$6,000 for small cities, \$4,000-\$12,000 for medium cities and \$8,000-\$24,000 for large cities. Based upon twenty-one (21) Trust Members and the \$454,900 amount, the formula allocation has each city size category paying less than the maximum ACC-OC estimated amounts.

The Trust will be applying for a State Grant in 2020 and has a very strong chance of not only receiving a sizable project funding grant but up to \$50,000 per year for 5 years in administrative expenses which will lower the net Trust administrative expense total each year. However, grant awards will be in September 2020 and start benefiting the Trust next fiscal year.

Staff and the Funding Strategy Ad Hoc Committee recommends approval of this agenda item.

**ATTACHMENT:**

Attachment A - Administrative Expense Allocation Formula Policy and Procedures

Attachment B – FY 2020-2021 Administrative Funding Sources

DRAFT

## **ORANGE COUNTY HOUSING FINANCE TRUST (Trust)**

### **Administrative Expense Allocation Formula Policy and Procedures**

DRAFT January 15, 2020

1. The County shall pay 4/9<sup>th</sup> and Member Cities shall pay 5/9<sup>th</sup> of the annual Trust administrative expenses, less any grant or donated funds approved for administrative expenses, or other Trust reserve funds approved by the Board.
2. Member Cities shall pay their 5/9<sup>th</sup> allocation based upon the following formula allocation:
  - a. Small Cities shall be cities with a population size less than 60,000.
  - b. Medium Cities shall be cities with a population size between 60,000 and 95,000 and shall pay twice as much as Small Cities.
  - c. Large Cities shall be cities with a population size greater than 95,000 and shall pay twice as much as Medium Cities
3. Annual Member contribution amounts shall be reviewed and approved by the Board at the May Board Meeting.
4. Annual Member contributions will be invoiced to Trust Members no later than June 1<sup>st</sup> and due July 1<sup>st</sup> of each year.
5. Member contributions to the Trust administrative costs shall be in the form of money, unless the Board approves another form of contribution such as services, personal property or use of real or personal property, or other in-kind contributions. The acceptance and valuation of any such non-monetary contributions shall be determined by the Board in advance of such services. (JPA Section 7(c)(1))
6. In the case of a voluntary withdrawal of any Member from the Trust, written notice shall be given to the Trust six months prior to the effective date of withdrawal (JPA Section 10(b)(1)).
7. Unless otherwise provided by a unanimous vote of the Board of Directors, withdrawal from the Trust shall result in the forfeiture of that Members rights and claims relating to distribution of property and funds upon termination (JPA Section 10(b)(2)).
8. Non-Member cities that join the Trust after the annual May Board Meeting will pay a pro-rated amount based upon the most recent allocation formula approved by the Board and based upon their size category. The pro-rated amount will be calculated

based upon their Council date approving membership with the Trust and through June 30<sup>th</sup>.

9. Initial date of Trust membership requires the payment of the pro-rated Member contribution.

FY 2020-2021 Administrative Funding Sources

<b>TOTAL FUNDING NEEDED</b>	<b>\$454,900</b>
<b>OUTSIDE FUNDING SOURCES</b>	
2020 LHTF 5% Admin	
<b>TOTAL OUTSIDE FUNDING SOURCES</b>	<b>\$0</b>
<b>TOTAL MEMBER FUNDING NEEDED</b>	<b>\$454,900</b>
<b>LESS COUNTY MEMBER CONTRIBUTION</b>	<b>\$202,175</b>
<b>TOTAL CITY MEMBERS CONTRIBUTION</b>	<b>\$252,725</b>
Aliso Viejo	\$5,265
Anaheim	\$21,060
Buena Park	\$10,530
Costa Mesa	\$21,060
Dana Point	\$5,265
Fountain Valley	\$5,265
Fullerton	\$21,060
Garden Grove	\$21,060
La Habra	\$10,530
Laguna Beach	\$5,265
Laguna Hills	\$5,265
Laguna Niguel	\$10,530
Mission Viejo	\$21,060
Newport Beach	\$10,530
Orange	\$21,060
Placentia	\$5,265
San Juan Capistrano	\$5,265
Santa Ana	\$21,060
Stanton	\$5,265
Tustin	\$10,530
Westminster	\$10,530
<b>TOTAL MEMBER FUNDING</b>	<b>\$252,725</b>

100.00%  
44.44%  
55.56%

Total City Members Funding Needed				\$ 252,725
CITY SIZE	POPULATION	QUANTITY	EACH TOTAL	TOTAL
SMALL	<60,000	8	\$5,265.10	\$ 42,121
MEDIUM	60,000-95,000	6	\$10,530.21	\$ 63,181
LARGE	>95,000	7	\$21,060.42	\$ 147,423
		21	Total	\$ 252,725

POPULATION	SMALL	MEDIUM	LARGE
51,950	1		
357,084			1
83,995		1	
115,296			1
34,071	1		
56,920	1		
144,214			1
176,896			1
62,850		1	
23,309	1		
31,818	1		
65,377		1	
95,987			1
87,182		1	
141,952			1
52,755	1		
36,759	1		
338,247			1
39,470	1		
82,344		1	
94,476		1	
	8	6	7




## Agenda Item # 5

*Direct Trust Staff to utilize Platinum Advisors as primary with Best, Best and Krieger (BB&K) as subconsultant for the purpose of securing State funding for the Trust.*

**REQUEST FOR ORANGE COUNTY HOUSING FINANCE TRUST (TRUST) BOARD ACTION**

**MEETING DATE:** January 15, 2020

**SUBJECT:** Direct Trust Staff to utilize Platinum Advisors as primary with Best, Best and Krieger (BB&K) as subconsultant for the purpose of securing State funding for the Trust.



Adam B. Eliason, Manager

**RECOMMENDED ACTION:**

1. DIRECT TRUST STAFF TO UTILIZE PLATINUM ADVISORS AS PRIMARY WITH BEST, BEST & KRIEGER (BB&K) AS SUBCONSULTANT FOR THE PURPOSE OF SECURING STATE FUNDING FOR THE TRUST.

**BACKGROUND:**

At the December Trust Board Meeting, Staff was directed to return to the Board in January with a recommendation to hire legislative advocacy services in order to pursue funding from the State of California for the development of supportive and affordable housing in Orange County.

Trust staff has worked with the County to bring a recommendation to the Trust Board for legislative advocacy services best suited to the Trust effort.

**RECOMMENDATION:**

Staff recommends the following two firms and specific individuals within these firms:

Darius Anderson - CEO of Platinum Advisors. Mr. Anderson is recognized as a California political strategist with a track record of advising high-ranking political and business leaders. Mr. Anderson has a widely diverse background in business development, government affairs, community relations, charitable activities, and more; plus, he has been the Founder of multiple businesses, including Kenwood Investments and Sonoma Media Investments.

Syrus Devers - is the Director of Governmental Affairs for Best, Best & Krieger (BB&K) — augmenting the firm’s advocacy support service. Working from the firm’s Sacramento office,

Devers brings more than 20 years of experience in state government affairs as both legislative staff and a lobbyist.

Prior to joining BB&K, Mr. Devers served as executive director of government affairs for Verizon and lobbied on behalf of the California Medical Association. Mr. Devers can provide both federal and state advocacy services. Mr. Devers was hired by ACC-OC and led the effort for the successful passage of AB 448 that created the Trust. Mr. Devers will work to ensure that the Trust is heard by lawmakers. Whether it be before state or federal legislative bodies or regulatory agencies, the firm's public agency and private company clients will be fully supported by a team of BB&K attorneys and advocates.

**SCOPE OF SERVICES FOR STATE LEGISLATIVE ADVOCACY:**

The list of services related to legislative advocacy from both firms is extensive. In this case, the Trust is specifically focused on exploring possible alternatives, whether legislatively with a bill or a general fund budget line item, for additional Trust funding for the development of supportive and affordable housing in Orange County.

Specific work assignments and tasks related to this effort to obtain State funding will be mutually agreed in advance. For example the scope of work will include, but is not limited to, participation in the development of legislative strategies to obtain state funding for the Trust; engagement of legislators and key stakeholders at the state and local level; representation of the Trust's position in Sacramento; monitoring and identifying opportunities for state funding; and other tasks as required to achieve success of the legislative strategy, including but not limited to travel, setting meetings, drafting correspondence, making presentations and providing updates.

Trust Staff will provide an update report at each Board Meeting related to this effort.

Staff recommends approval of this agenda item.

## Agenda Item # 6

*Approve 2020 Permanent Supportive Housing  
Notice of Funding Availability (NOFA); and  
authorize issuance of NOFA on  
January 24, 2020*

**REQUEST FOR ORANGE COUNTY HOUSING FINANCE TRUST (TRUST) BOARD ACTION**

**MEETING DATE:** January 15, 2020

**SUBJECT:** Approve 2020 Permanent Supportive Housing Notice of Funding Availability (NOFA); and authorize issuance of NOFA on January 24, 2020.



Adam B. Eliason, Manager

**RECOMMENDED ACTION:**

APPROVE 2020 PERMANENT SUPPORTIVE HOUSING NOTICE OF FUNDING AVAILABILITY (NOFA) AND AUTHORIZE ISSUANCE OF NOFA ON JANUARY 24, 2020.

**BACKGROUND:**

At the October Trust Board Meeting, Staff presented a NOFA policy guideline document for Board consideration. The Board provided several edits and directed Staff to bring the NOFA document to the January Board Meeting for review and approval.

Since then, the State of California has issued their draft guidelines for the issuance of a competitive grant application called the Local Housing Trust Fund Program (LHTF). The LHTF Program plans to release \$300 million over the course of 5 years. The maximum amount per year the Trust can receive is \$5 million. This is a matching grant program and in order to qualify, a Trust must have a dollar-for-dollar matching amount from non-housing dedicated funds.

For the 2020 LHTF application, the matching funds will come from the County of Orange MHSA funds (\$4.5 million) and Trust funds previously received from the State of CA General Fund (\$1 million) and County of Orange General Fund (\$1.0 million). Assuming the Trust is successful at receiving the maximum amount of LHTF (\$5 million), the 2020 Trust NOFA amount would be a total of \$11.5 million. The NOFA document includes a disclaimer that the LHTF funding is contingent upon award of funding from the State.

The State plans to issue the LHTF NOFA application in April 2020. Draft guidelines for the LHTF application states that the Trust must have an agreement for the receipt of the matching funds

and have Letters of Intent issued to approved developers for permanent supportive housing. The Trust NOFA timeline will recommend Board approval of project applications and issuance of Letters of Intent at the May 2020 Board Meeting which is just prior to the June 2020 State LHTF NOFA deadline.

A redlined version of the 2020 Trust NOFA Policy Guidelines with Board directed edits and clarifying Staff edits are provided as Attachment A. The edited version of the Guidelines have been incorporated into the draft NOFA document as Attachment B.

The deadline for the 2020 Trust NOFA application is March 25, 2020. Applications will be reviewed by a panel including the OCHFT Manager, Financial Consultant, County Health Care Agency Staff, County Affordable Housing Development Manager and an additional private sector representative involved in supportive housing. Review Members will meet in April and prepare a summary of the applications and scoring. The Trust Board will review all applications along with Staff summary and scoring at the May 20, 2020 Board Meeting.

Staff recommends approval of this agenda item.

#### ATTACHMENTS:

Attachment A – 2020 Trust NOFA Policy Guidelines

Attachment B – 2020 Permanent Supportive Housing Notice of Funding Availability

### 2020 Trust NOFA Policy GuidelinesCriteria

1. Funded developments only within Trust member jurisdictions.
2. All Trust funding shall go towards Permanent Supportive Housing (PSH)
3. All PSH units funded by the Trust will be referred and required to go through the Coordinated Entry System (a process developed to ensure that a fair and equal access to housing are quickly identified, assessed for, referred, and connected to housing and assistance based on their strengths and needs).
4. Household income at 30% of Area Median Income or less with utility costs deducted
5. Trust funding is contingent upon the proposed PSH units having supportive services funding to help achieve maximum possible self-sufficiency. A defined list of minimum services will be defined in the NOFA.
6. All PSH units must have project-based rental assistance (e.g. project-based vouchers) or Capitalized Operating or Subsidy reserve.
7. Trust funding will be available as a source of construction financing and permanent financing. Loan terms will be 3% simple interest over a maximum 58 years with repayment as a residual receipts loan and subordinated to other financing.
8. Affordability Covenant: minimum of 55 years
9. Capitalized Reserve will include an adequate amount towards lease up expenses and operating expenses
10. Replacement Reserve to cover replacement of capitalized cost items = \$350/unit/year
11. Maximum Trust Investment = \$1,000,000/development
  - a. Studio \$90,000
  - b. 1 Bedroom \$100,000
  - c. 2 Bedroom \$110,000 ~~(2 bedrooms will be allowed on a case-by-case basis at the sole discretion of the Trust)~~
12. Developer Fee Limits tied to the same limits as State Tax Credit Allocation Committee criteria.
13. Application Deadline: 60 days from issuance of NOFA to respond
14. Award Letter: Must have all financing committed within 18 months with the right of the Trust to extend or withdraw at the sole discretion of the Trust.
15. Initially applications will compete within each Service Planning Area (SPA). Each SPA will be allocated an equal amount of the total NOFA. If no qualified applications are received within a SPA, that amount will be available to other SPA locations at the discretion of the Trust.
16. Applicant scoring based upon the following categories
  - a. Project Readiness: with extra points for developments ready to close and more time allotted for new construction versus acquisition/rehabilitation.
  - b. Leveraging: extra points for lower Trust subsidy requests. Cost effectiveness & PSH units committed
  - c. Developer Experience and Financial Strength: extra points for applicants with more experience and strong financial statements.
  - d. Service Enriched Location: extra points for projects near amenities nearby such as Grocery Store, Hospital, Urgent Care, Recreation Center or Public Park, Public

Library, Frequent bus transit.

17. Application Review Members

- a. Financial consultant to review applicant financial statements and project proforma.
- b. County Health Care Agency Staff Member to review applicants supportive services plan.
- c. Manager of OCHFT to review development applications overall and facilitate the application review process.
- d. County Affordable Housing Development Manager to review development and project funding details.
- e. An additional private sector representative involved in supportive housing for persons experiencing homelessness and without a conflict of interest with the applicants.



Orange | Housing  
County | Finance  
Trust

1501 E. St. Andrew Place, 1<sup>st</sup> Floor  
Santa Ana, CA 92705

2020 PERMANENT SUPPORTIVE HOUSING  
NOTICE OF FUNDING AVAILABILITY

DUE DATE: 5:00 P.M. - MARCH 25, 2020

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## **SECTION 1 INTRODUCTION**

This 2020 Permanent Supportive Housing Notice of Funding Availability (NOFA) announces the availability of ten million dollars (\$11,500,000) in Orange County Housing Finance Trust (OCHFT) (the “Trust”) funds to promote the new construction or acquisition/rehabilitation of Permanent Supportive Housing affordable for Orange County’s extremely low-income households who are homeless by providing below market rate financing. Interested and qualified developers who can successfully demonstrate their ability to acquire, build or substantially rehabilitate, and operate Permanent Supportive Housing are encouraged to submit proposals.

The NOFA application period shall be approximately 60 days after the release of this NOFA. All applications submitted within the NOFA application period shall be reviewed by Trust staff to ensure compliance with all threshold requirements and shall be competitively scored. Applications received after the NOFA application period will be considered if funding is still available from the initial round of applications.

The Trust is committed to serving the County’s needs for Permanent Supportive Housing. Projects in each County Service Planning Area (North, Central, and South) shall compete only against other projects within their Service Planning Area, with the goal of each Service Planning Area receiving an equal amount of funding through this NOFA. If all of the funds are not committed in each Service Planning Area, then any remaining funds shall be made available to the other Service Planning Areas if there is remaining demand for funds.

The sources of capital funds made available for this NOFA are the following:

1. County Mental Health Services Act funds (\$4,500,000)
2. County General Fund (\$1,000,000)
3. State of California General Fund Budget Line Item funds (\$1,000,000)
4. State of California - Local Housing Trust Funds (\$5,000,000)

*NOTE: The allocation of the County Mental Health Services Act funds has been approved by the Board of Supervisors to the Trust. A final transfer agreement between the County and the Trust must still be approved by the County. The Trust will be applying for \$5,000,000 from the State of California – Local Housing Trust Funds in 2020. The \$5,000,000 is contingent funds based upon actual award from the State. However, the application for those funds requires the Trust to issue Letters of Intent to qualified projects. The Trust NOFA process anticipates issuing the Letters of Intent after the May 2020 Trust Board Meeting which is 30 days prior to the State deadline.*

The Trust reserves the right to increase or decrease the amount in this NOFA subsequent to Orange County Housing Finance Trust Board approval.

## **SECTION 2 PROGRAM DESCRIPTION**

### **2.01 FUNDS AVAILABLE**

Up to eleven million, five-hundred thousand dollars (\$11,500,000) is made available from the Orange County Housing Finance Trust.

### **2.02 SERVICE PLANNING AREA ALLOCATION**

The County of Orange has divided the County into three County Service Planning Areas (SPAs), North, Central, and South. The Orange County Housing Finance Trust shall use the SPAs to ensure equal distribution of Trust loan money across the County. Each SPA will be allocated one-third (1/3<sup>rd</sup>) of the funding available under this NOFA. In the event there are not enough eligible projects in a given SPA to use the full allocation, those funds may be allocated to fund other projects in other SPAs at the discretion of the Trust Board.

### **2.03 ELIGIBLE PROJECTS**

Projects eligible under this NOFA must be located within unincorporated County of Orange or within Trust member cities (See Attachment A). Projects must include a minimum of five (5) units which are assisted under this NOFA and will provide permanent supportive housing restricted to homeless persons or families who qualify as extremely low income. Proposals must include a plan and eventual funding for the provision of supportive services appropriate to the needs of the designated population.

### **2.04 ELIGIBLE APPLICANTS**

Proposals will be accepted from non-profit and for-profit organizations, joint ventures, or partnerships that serve the identified purpose of this NOFA.

### **2.05 ELIGIBLE ACTIVITIES**

Funds shall be used to develop and support permanent supportive rental housing through new construction, acquisition/rehabilitation and also conversion of commercial and light industrial to residential use on a case-by-case basis.

### **2.06 ELIGIBLE COSTS**

Under this NOFA, funds may be used for construction loan financing and/or permanent loan financing. To the extent that all sources of project funding have been secured and are a part of either the construction loan and/or the permanent loan the following costs are eligible: “hard” costs of construction or rehabilitation of housing, “soft” costs associated with acquisition, financing, and/or rehabilitation. “Soft” costs include marketing costs (not to exceed \$1,500 per unit), appraisals, architectural and engineering fees, individual apartment furnishings, certain common area furnishings (not to exceed \$1,000 per unit), building permit fees, credit reports, environmental assessments, impact fees, legal and accounting costs, private lender origination fees, recording fees, surety fees, and title insurance. An overall cost limitation of fourteen percent (14%) of the cost of construction shall apply to contractor overhead, profit, and general requirements, excluding contractor’s general liability insurance. For purposes of contractor overhead and profit, the cost of construction includes site work, structures, prevailing wages, and general requirements. For

purposes of general requirements, the cost of construction includes offsite improvements, demolition and site work, structures, and prevailing wages.

## **2.07 AFFORDABILITY COVENANT**

Restricted units must remain affordable for the remaining life of the project, which is presumed to be a minimum of fifty-five (55) years. A restrictive covenant will be recorded against the property to ensure affordability during the term of the agreement. Except as approved by the Orange County Housing Finance Trust, all projects shall be required to agree to maintain the project's affordability for the term of the restrictive covenant, regardless of whether the loan is fully repaid.

The annual reporting requirements will be outlined in the Regulatory Agreement. Projects receiving funds from the Trust shall report quarterly certifying that they are in compliance with the occupancy and affordability requirements of the Regulatory Agreement.

Program Compliance shall utilize a two-step monitoring process that provides for monitoring of all affordable housing developments financed with funds from the Trust. Monitoring of each development will occur in two phases: Phase 1: In-house review of quarterly reports, and Phase 2: On-site monitoring visit, which shall include monitoring of tenant files in accordance with the affordability and income restrictions of the restrictive covenant and a Housing Quality Standards (HQS) inspection.

## **2.08 LOAN TERMS & CONDITIONS**

**2.08.1 Funding Timing:** Loan funds will be made available at the closing of the construction loan and/or closing of the permanent loan.

**2.08.2 Interest Rate:** Loans will bear an interest rate of three percent (3%) simple interest. Interest will be calculated based on a 360-day year and the actual number of days elapsed. The Orange County Housing Finance Trust reserves the right to renegotiate this rate for the benefit of the Trust and the project.

**2.08.3 Term:** Loans will be for a term of fifty-five (55) years, from the date of Certificate of Occupancy, except as approved by the Orange County Housing Finance Trust.

**2.08.4 Loan Repayment:** The Trust loan will be typically structured as a residual receipts loan except as otherwise approved by the Trust.

**2.08.5 Residual Receipts Loans:** The following is the definition of a residual receipts loan, which will be used by the Trust to underwrite projects:

The loan for the project will be repaid from the Net Operating Income (NOI), if any, from the project as calculated ninety (90) days after the close of each fiscal year. NOI shall mean all of the rental revenue from the residential portion of the project (the "Annual Project Revenue") less (i) operating expenses of the project as approved by the Trust (the "Annual Operating Expenses") in an annual audit submitted by the developer and approved by the Trust; (ii) obligated debt service payments on the Project as approved by the Trust; (iii)

scheduled deposits to reserves, as approved by the Trust; (iv) deferred developer fees, as approved by the Trust; and (v) partnership management or asset management fees as approved by the Trust.

Annual Project Revenue shall not include tenant security deposits, capital contributions, insurance or condemnation proceeds, income received for the purpose of completing the project, or funding received for the purpose of social services to the residents.

(i) **Exclusions to NOI:** It is the policy of the Trust that the following costs, fees, charges, penalties, judgments and the like shall not be deducted from the Annual Project Revenue by the developer thereby reducing the amount of NOI available to pay the Trust's loan, including those arising out of: (i) a breach or default of the Trust's loan or any other mortgage loan on the project, (ii) the fraud, negligence or willful misconduct of developer, (iii) the failure to make timely payments under any loan secured by the project, (iv) the breach or default by developer under any other contract, lease or agreement pertaining to the project; and (v) any other cost, expense, fee or the like which is not first approved by the Trust. The approved Operating Expenses of the project shall also not include other expenses such as intra-partnership or other internal loans of the operating entity, depreciation, amortization, accrued principal and interest expense on the deferred payment debt and capital improvement expenditures unless approved by the Trust.

**2.08.6 Security:** The loan shall be evidenced by a promissory note and secured by a deed of trust.

**2.08.7 Subordination:** The Orange County Housing Finance Trust may, at its sole discretion, subordinate repayment, security positions, and affordability covenants to a conventional lender or other public agency lenders such as the State of California HCD, County of Orange, city loans, and CalHFA or AHP loans.

**2.09 MAXIMUM LOAN AMOUNTS/SUBSIDY LIMITS**

The maximum loan/subsidy amounts shall be calculated on the basis of the number of units assisted by the Trust and shall vary by unit size. However, in no case shall the Trust's investment in a single development exceed two-million five-hundred thousand dollars (\$2,500,000). Final award amounts shall be at the discretion of the Trust Board. The maximum unit subsidy limits are shown below:

<b>Unit Size</b>	<b>Maximum Loan Amount</b>
0 Bedroom	\$90,000
1 Bedroom	\$100,000
2 Bedroom or larger	\$110,000

**2.10 DEVELOPER FEE LIMIT**

The maximum Developer Fee shall be the same as the maximum allowed under the State Tax Credit Allocation Committee regulations, as adopted at the time this NOFA was issued.

## **2.11 NOFA SCHEDULE MILESTONES**

The Orange County Housing Finance Trust is committed to helping get Permanent Supportive Housing units occupied as quickly as possible. The Trust will strive to meet the following milestones:

1. NOFA Issuance – January 24, 2020
2. NOFA Question & Answer Session for applicants – February 13, 2020 10:00-11:30am  
(a) Location: TBD: Email [aeliason@ochft.org](mailto:aeliason@ochft.org) to request meeting location.
3. Applications Due – March 25, 2020
4. Application Review Committee meeting April 2020
5. Trust Board Meeting and approval of NOFA awards – May 20, 2020

## **2.12 APPLICATION REVIEW COMMITTEE**

After the close of the NOFA application period, the Orange County Housing Finance Trust will convene an Application Review Committee to review and score the applications. The Application review Committee may include:

- OCHFT's financial consultant
- County Health Care Agency Staff Member
- Manager, OCHFT
- County of Orange Affordable Housing Development Manager
- Private sector representative with experience in homelessness

## **SECTION 3 THRESHOLD REQUIREMENTS**

### **3.01 COORDINATED ENTRY SYSTEM**

Each individual living in units assisted with Orange County Housing Finance Trust funding through this NOFA will be required to be referred by and go through the County of Orange Coordinated Entry System (a process developed to ensure that a fair and equal access to housing are quickly identified, assessed for, referred, and connected to housing and assistance based on their strengths and needs).

### **3.02 INCOME LIMITS**

All units assisted with Orange County Housing Finance Trust funding through this NOFA will be required to be restricted to households whose income does not exceed Thirty Percent (30%) Area Median Income, as adjusted for household size with rents that are affordable to such households. Utility costs shall be deducted from the tenants rent so that rent and utilities combined remain at an affordable level.

### **3.03 SUPPORTIVE SERVICES**

Permanent Supportive Housing units funded by the Trust shall include supportive services to ensure the maximum possible self-sufficiency by the tenants.

(NEED TO INSERT MHSA SUPPORTIVE SERVICES REQUIREMENTS-COMING SOON  
AND PRIOR TO RELEASE OF NOFA)

### **3.04 RESERVES**

Projects funded by the Trust shall include a Capitalized Operating Reserve. Projects that have project-based rental assistance, such as Project Based Section 8 Vouchers, may forego the Capitalized Operating Reserve. The Capitalized Operating Reserve shall provide for the ongoing operation and maintenance of the project and the provision of required supportive services throughout the term of the of the loan agreement.

In addition to the Capitalized Operating Reserve, projects shall provide for a Replacement Reserve to cover replacement of capitalized cost items at no less than \$350/unit/year.

### **3.05 COMPLIANCE MONITORING FEE**

The Orange County Housing Finance Trust shall charge all projects an annual compliance monitoring fee of \$65/unit/year, increasing at 2%/year.

### **3.06 FINANCIAL COMMITMENTS**

Projects must have all financing committed within 18 months of the Trust's award letter or risk losing their project funding. The Trust reserves the right to extend this time limit at its sole discretion.



## **SECTION 4        SCORING**

Applications will be competitively scored and ranked against other projects located within the same County Service Planning Area (SPA). Scoring serves as a basis to compare applications but ultimately the decision to award funds is based upon the Trust Board approval.

Project scoring shall be based on the following categories:

1. Project readiness;
2. Developer experience; and,
3. Service enriched location.

### **4.01    PROJECT READINESS**

Projects shall be scored on how quickly they will have units ready for occupancy. Projects will receive a maximum of 35 points for project readiness. For acquisition/rehab projects, projects will be deducted one point for each month past April 1, 2021 for its scheduled loan closing. For new construction projects, projects will be deducted one point for each month past April 1, 2022 for its scheduled loan closing.

### **4.02    DEVELOPER EXPERIENCE & FINANCIAL STRENGTH**

A maximum of 40 points will be available for applicants based on their prior development experience and financial strength. One point will be awarded for every ten (10) units of Permanent Supportive Housing that the applicant developed and currently operates. Discretionary scoring may adjust this number downward based upon the financial strength of the applicant.

### **4.03    SERVICE ENRICHED LOCATION**

Projects will be awarded points based on proximity to nearby amenities.

#### **4.03.1 Grocery Store**

Projects will be awarded 5 points if they are within 0.25 miles of a full-scale grocery store. Projects will be awarded 2 points if they are within 0.50 miles of a grocery store. Full-scale grocery store shall have the same definition as in the California Tax Credit Allocation Committee Regulations in effect at the time this NOFA was issued.

#### **4.03.2 Medical Care**

Projects will be awarded 5 points if they are within 0.5 miles of a hospital. Projects will be awarded 3 points if they are within 0.5 miles of an urgent care facility.

#### **4.03.3 Community Center**

Projects will be awarded 5 points if they are within 0.5 miles of a public library or community center that is open at least 5 days a week to the general public.

#### **4.03.4 Public Park**

Projects will be awarded 5 points if they are within 0.5 miles of a public park.

**4.03.5 Transit**

Projects will be awarded 5 points if they are within 0.5 miles of a bus station, or bus stop that provides service at least every 30 minutes during the hours of 7-9 a.m. and 4-6 p.m., Monday through Friday. If frequency and hours cannot be met but the project is still within 0.5 miles, 3 points will be awarded.

## **SECTION 5 APPLICATION**

This NOFA has an online application that is available at (website location will be inserted here). Applications must be submitted through this website no later than 5:00 PM, March 25, 2020. All submissions will be automatically date and time stamped. The application will consist of several parts, which are described below.

### **5.01 GENERAL APPLICATION FORM**

The General Application Form includes basic information about the project and the applicant. Project information will include project name, address, type of project, project schedule and population served. Applicant information will include the applicant name, contact information, and the legal structure of the applicant.

### **5.02 PROJECT NARRATIVE**

A narrative description of the project is required. The project narrative must include:

1. The purpose and the scope of the project.
2. Identify the neighborhood the project will serve.
3. Summarize the condition of the housing stock in the neighborhood.
4. Document neighborhood services (public transportation, schools, shopping, etc.)
5. Discuss the process and timing to receive entitlement approvals.

### **5.03 PROJECT VICINITY MAP**

A map showing the project site is required. The map should clearly show the project site boundaries and the surrounding neighborhood. In addition, the vicinity map must clearly show all service enriched amenities for which the applicant is seeking points for project scoring. The map should be uploaded as a single-page PDF.

### **5.04 PROJECT PROFORMA**

The Orange County Housing Finance Trust will provide all applicants with a blank project proforma in Excel for them to fill out and submit as part of their application. The project proforma must be submitted in an Excel format. The proforma Excel file will be substantially similar to the OC Housing & Community Development proforma.

### **5.05 FINANCIAL NOTES AND ASSUMPTIONS**

Provide a brief narrative regarding each of the expected funding sources and their expected timing and other details indicating likelihood of award.

### **5.06 DEVELOPMENT TEAM MEMBERS**

Provide the name, address, contact person, telephone number, fax number, e-mail address, and resumes for all members of the proposed project team.

### **5.07 APPLICANT EXPERIENCE**

Provide a brief description of the applicant's experience developing Permanent Supportive and Affordable Housing.

### **5.08 APPLICANT FINANCIAL STRENGTH**

Provide the most recent audited financial statements and a schedule of real estate owned.

### **5.09 SOCIAL SERVICES PLAN**

All applications shall include a Social Services Plan demonstrating how social services appropriate to the needs of the homeless residents will be provided. The Plan shall include provisions specified in Section 3.03 of this NOFA and provide a description of the proposed social services to be provided, including:

- Target Population
- Types of Services to be provided
- Agency which will provide the services and their experience
- Location of the services (on or off-site, and if off-site, where and provide travel plan for clients)
- Proposed source of funding for services
- Status of funding for services
- Any fees to be charged for services

All applicants must identify a qualified service provider that will provide supportive services to the residents occupying units assisted under this NOFA. In the event that there are multiple service providers, the application must identify a primary service provider for the residents occupying units assisted under this NOFA. The applicant will be required to arrange for the provision of supportive services for the term of the assistance provided under this NOFA.

### **5.10 SOCIAL SERVICES OPERATING BUDGET**

If the applicant is proposing to fund services for the homeless through project revenues, or a funding source that is specific to the project, provide a budget for the social services. A budget is not required where services are proposed to be provided by third party agencies from existing revenue sources.

## ATTACHMENT A

### List of Trust Members

1. Aliso Viejo
2. Anaheim
3. Buena Park
4. Costa Mesa
5. County of Orange
6. Dana Point
7. Fountain Valley
8. Fullerton
9. Garden Grove
10. Laguna Beach
11. Laguna Hills
12. Laguna Niguel
13. La Habra
14. Mission Viejo
15. Newport Beach
16. Orange
17. Placentia
18. San Juan Capistrano
19. Santa Ana
20. Stanton
21. Tustin
22. Westminster