

**REGULAR MEETING AGENDA - ORANGE COUNTY HOUSING FINANCE TRUST**

**WEDNESDAY, SEPTEMBER 20, 2023 - 10:00 A.M.**

**MEETING WILL BE HELD IN-PERSON ONLY**

**COUNTY ADMINISTRATION NORTH – MULTI-PURPOSE ROOM – 1<sup>ST</sup> FLOOR  
400 W. CIVIC CENTER DRIVE  
SANTA ANA, CA 92701**

**KATRINA FOLEY**  
Chairman

**JESSIE LOPEZ**  
Vice Chair

**DON BARNES**  
Director

**NATALIE MOSER**  
Director

**TAMMY KIM**  
Director

**STEPHEN FAESSEL**  
Director

**SHARI FREIDENRICH**  
Director

**MIKE FROST**  
Director

**VICENTE SARMIENTO**  
Director

Trust Manager  
**Adam Eliason**

Trust Counsel  
**Lauren Kramer**

Clerk of the Trust  
**Valerie Sanchez**

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 (or pseudonym) for the record prior to providing your comments. **In compliance with the Americans with Disabilities Act and County Language Access Policy, those requiring accommodation or services of an interpreter for this meeting should notify the Clerk of the Board's Office 72 hours prior to the meeting at (714) 834-2206. Requests received less than 72 hours in advance will still receive every effort to reasonably fulfill within the time provided.**

This agenda contains a brief general description of each item to be considered. The Orange County Housing Finance Trust encourages public participation. Members of the public may address the Trust regarding any item in the following ways:

1. **In-person:** 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.
2. **Written Comment** – The Trust is also accepting public comments to be submitted by emailing them to [aeliason@ochft.org](mailto:aeliason@ochft.org). The comments will be distributed to all of the Directors and read into the record. If you wish to comment on a specific agenda item, please identify the item in your email. General public comments will be addressed during the general public comment item on the agenda. In order to ensure that staff has the ability to provide comments to the Directors in a timely manner, please submit your comments prior to noon the day before the meeting. Public comments will be made available to the public upon request.

*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  
County Administration North building, 400 W. Civic Center Drive, 6<sup>th</sup> Floor,  
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**

**CONSENT CALENDAR ITEMS:**

1. Approve Orange County Housing Finance Trust minutes from the July 19, 2023, meeting.

**DISCUSSION ITEMS:**

*At this time, members of the public in attendance may ask the Board to be heard, and emails received by members of the public will be read into the record on the following items as those items are called.*

2. Adopt a resolution authorizing Adam Eliason to execute application and program documents related to the State of California, Department of Housing and Community Development Local Housing Trust Fund Program.
3. Approve additional funding and related amendments for North Harbor Village.
4. Approve the 2023 update to the 2020-2025 Orange County Housing Finance Trust Strategic Plan.
5. Approve amendment to the agreement with CivicHome for professional management services for the term beginning January 1, 2023, and ending December 31, 2025, to increase the amount by \$140,000 per contract year for a new total not-to-exceed amount of \$400,000 per contract year.

**HOUSING TRUST MANAGER REPORT:**

6. Oral Report from the Housing Trust Manager

**PUBLIC COMMENTS:**

*At this time members of the public may address the Trust, and emails received by deadline will be read into record 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, and emails received are to be read.*

**DIRECTOR COMMENTS:**

**ADJOURNED:**

**NEXT MEETING:** November 15, 2023 – 10:00am

Agenda Item 1

Trust Minutes

July 19, 2023

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

**WEDNESDAY, JULY 19, 2023, 10:00 A.M.**

**STEPHEN FAESSEL**  
Chairman

**SHARI FREIDENRICH**  
Vice Chair

**DON BARNES**  
Director

**NATALIE MOSER**  
Director

**MIKE FROST**  
Director

**KATRINA FOLEY**  
Director

**JESSIE LOPEZ**  
Director

**TAMMY KIM**  
Director

**VICENTE SARMIENTO**  
Director

Trust Manger  
**Adam Eliason**

Trust Counsel  
**Lauren Kramer**

Clerk of the Trust  
**Valerie Sanchez**

ATTENDANCE: Directors Barnes, Faessel, Foley, Freidenrich, Frost, Kim, Lopez and Sarmiento

ABSENT: Director Moser

PRESENT: Trust Counsel  
Clerk of the Trust  
Trust Manager

Lauren Kramer  
Valerie Sanchez  
Adam Eliason

**CALL TO ORDER**

The Chairman called the meeting to order at 10:00 a.m.

**PLEDGE OF ALLEGIANCE**

Director Foley led the pledge of allegiance

**ROLL CALL**

The Clerk called the roll and confirmed quorum

**CONSENT CALENDAR**

1. Approve Orange County Housing Finance Trust minutes from the May 17, 2023 meeting  
**ON THE MOTION OF DIRECTOR SARMIENTO, SECONDED BY DIRECTOR LOPEZ, BY A VOTE OF 5 TO 0, WITH VICE CHAIR FREIDENRICH AND DIRECTOR MOSER BEING ABSENT AND DIRECTORS FROST AND KIM ABSTAINING, THE BOARD APPROVED THE MINUTES OF THE MAY 17, 2023 REGULAR MEETING**

**DISCUSSION ITEMS:**

2. Approve the Affordable Accessory Dwelling Unit Loan Program Policy Manual and authorize the Trust Manager to execute Trust Accessory Dwelling Unit Loan documents  
**ON THE MOTION OF DIRECTOR SARMIENTO, SECONDED BY DIRECTOR FOLEY, BY A VOTE OF 7 TO 0, WITH VICE CHAIR FREIDENRICH AND DIRECTORS MOSER BEING ABSENT, THE BOARD APPROVED ITEM AS AMENDED TO INCLUDE A 90% LOAN TO VALUE REQUIREMENT**
3. Receive and file Federal and State funding advocacy update from Townsend Public Affairs  
**ON THE MOTION OF DIRECTOR LOPEZ, SECONDED BY DIRECTOR FREIDENRICH, BY A VOTE OF 7 TO 0, WITH DIRECTORS KIM AND MOSER BEING ABSENT, THE BOARD RECEIVED AND FILED THE ORAL UPDATE PRESENTED BY ERIC O'DONNELL AND CORI TAKKINEN OF TOWNSEND PUBLIC AFFAIRS**
4. Approve amendment to agreement with CivicHome for professional management services for the term beginning January 1, 2023, and ending December 31, 2025, to increase the amount by \$166,500 per contract year for a new total not-to-exceed amount of \$426,500 per contract year  
**CONTINUED TO 09/20/2023, 10:00 A.M.**
5. Election of Officers for Fiscal Year 2023/2024  
**ON THE MOTION OF DIRECTOR BARNES, SECONDED BY DIRECTOR SARMIENTO, BY A VOTE OF 7 TO 0, WITH DIRECTORS KIM AND MOSER BEING ABSENT, THE BOARD NOMINATED AND VOTED UNANIMOUSLY TO APPOINT DIRECTOR FOLEY AS CHAIR AND DIRECTOR LOPEZ AS VICE CHAIR OF THE ORANGE COUNTY HOUSING FINANCE TRUST BOARD OF DIRECTORS FOR FISCAL YEAR 2023-24**

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

6. Oral Report from the Housing Trust Manager  
**TRUST MANAGER ADAM ELIASON ANNOUNCED SEVERAL PROJECTS COMING UP FOR GROUNDBREAKING INCLUDING EVENTS ON AUGUST 3<sup>RD</sup> AND AUGUST 15<sup>TH</sup> AND A GRAND OPENING IN SEPTEMBER FOR CENTER OF HOPE, ENCOURAGED ANY TRUST BOARD MEMBERS TO ATTEND AND REPRESENT THE TRUST AT THESE EVENTS**

**PUBLIC COMMENTS:**

Steve McNally – Oral re: Asked how the Trust is doing compared to other housing trusts and asked if the trust was receiving its fair share of both public and private funding; Santa Clara received funding from Apple and Cisco; Kaiser built housing in Los Angeles, and Berkeley also has an ADU program; concerned that potential MHSAs reorganization will have an impact on funding

DIRECTOR COMMENTS:

Director Faessel – Oral re: Expressed gratitude indicating it was an honor to serve as Chair of the trust

ADJOURNED: 11:21 a.m.

NEXT MEETING: September 20, 2023 at 10:00 a.m.

STEPHEN FAESSEL  
*Chairman, Orange County Housing Finance Trust*

VALERIE SANCHEZ  
*Clerk of the Orange County Housing Finance Trust*

## Agenda Item 2

Resolution Execute Application  
and Program Documents for  
LHTF Grant

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

**MEETING DATE:** September 20, 2023

**SUBJECT:** Adopt a resolution authorizing Adam Eliason to execute application and program documents related to the State of California, Department of Housing and Community Development Local Housing Trust Fund Program.



Adam B. Eliason, Trust Manager

**RECOMMENDED ACTION:**

ADOPT A RESOLUTION AUTHORIZING ADAM ELIASON TO EXECUTE APPLICATION AND PROGRAM DOCUMENTS RELATED TO THE STATE OF CALIFORNIA, DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT LOCAL HOUSING TRUST FUND PROGRAM.

**BACKGROUND:**

The Trust Board has previously adopted resolutions authorizing Adam Eliason to execute all documents related to the California Department of Housing and Community Development's (HCD's) Local Housing Trust Fund (LHTF) Program for each year between 2020 through 2022 as "Housing Manager." Inadvertently, the 2023 resolution used the term "Manager." In addition, annual funding reports and requests for funding have used the term "Trust Manager" in previous years.

HCD has requested that the Trust Board adopt a new resolution permitting the interchangeable use of these three titles, thereby ensuring approval for both past and current documents.

**RECOMMENDATION:**

Staff recommends approval of this agenda item.

ATTACHMENT: Attachment A – Resolution



RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE ORANGE COUNTY HOUSING FINANCE TRUST  
September 20, 2023

The Board of Directors of the Orange County Housing Finance Trust, ("Trust") by majority vote, hereby consents to, adopts and ratifies the following resolution:

WHEREAS, the Trust has applied for and received funding awards through the State of California Department of Housing and Community Development ("Department") Local Housing Trust Fund ("LHTF") Program;

WHEREAS, the Trust had adopted a resolution on July 15, 2020 authorizing Adam Eliason, Housing Manager, to execute LHTF Program Application, the LHTF Standard Agreement, and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate;

WHEREAS, the Trust had adopted a resolution on July 21, 2021 authorizing Adam Eliason, Housing Manager, to execute LHTF Program Application, the LHTF Standard Agreement, and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate;

WHEREAS, the Trust had adopted a resolution on May 18, 2022 authorizing Adam Eliason, Housing Manager, to execute LHTF Program Application, the LHTF Standard Agreement, and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate;

WHEREAS, the Trust had adopted a resolution on May 17, 2023 authorizing Adam Eliason, Manager, to execute LHTF Program Application, the LHTF Standard Agreement, and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate;

WHEREAS, Adam Eliason's job title at the Trust has included Housing Manager, Manager, and Trust Manager and has been utilized interchangeably across various documents including, but not limited to, applications, reports, requests for funds, etc.;

NOW, THEREFORE, BE IT RESOLVED that

1. Adam Eliason, is authorized as Housing Manager, Manager, and Trust Manager to execute the LHTF Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate for LHTF applications and awards made in 2020, 2021, 2022 and 2023.

PASSED AND ADOPTED at a regular meeting of the Orange County Housing Finance Trust this 20<sup>th</sup> day of September 2023 by the following vote:

AYES: \_\_\_\_\_  
ABSTENTIONS: \_\_\_\_\_  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_

\_\_\_\_\_  
Chair, Orange County Housing Finance Trust

CERTIFICATE OF THE ATTESTING OFFICER

The undersigned, Clerk of the Orange County Housing Finance Trust does hereby attest and certify that the attached Resolution is a true, fully and correct copy of a resolution duly adopted at a meeting of the Orange County Housing Finance Trust which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since tis date of adoption and is in full force and effect as of the date hereof.

ATTEST:

\_\_\_\_\_  
Signature of Attesting Officer

Agenda Item 3  
North Harbor Village

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

**MEETING DATE:** September 20, 2023

**SUBJECT:** Approve additional funding and related amendments for North Harbor Village.



Adam B. Eliason, Manager

**RECOMMENDED ACTION:**

1. APPROVE APPLICATION FOR MENTAL HEALTH SERVICES ACT FUNDING FOR NORTH HARBOR VILLAGE.
2. APPROVE A WAIVER FOR NORTH HARBOR VILLAGE REGARDING THE MAXIMUM PER PROJECT FUNDING AMOUNT AND MANAGEMENT FEES.
3. AUTHORIZE THE TRUST MANAGER TO EXECUTE AMENDMENTS TO PRIOR AWARD OF FUNDS FOR NORTH HARBOR VILLAGE.

**BACKGROUND:**

North Harbor Village is an adaptive reuse project situated in Santa Ana, currently being developed by the Jamboree Housing Corporation. Jamboree is transforming an existing motel into a 91-unit permanent supportive housing community, comprising 38 units designated for homeless veterans and the remaining units for the general homeless population.

Under the 2020 Notice of Funding Availability (NOFA), North Harbor Village was awarded \$2,217,769.14 by the Trust. Jamboree's initial application in 2020 projected construction to commence in March 2021, concluding in April 2022, with a total development cost of \$35.7 million. However, construction delays and unforeseen building conditions pushed the start date to April 2021, with an estimated completion in January 2024 and a total cost of \$56.4 million. These delays and cost overruns were primarily due to unanticipated issues discovered after construction began, necessitating complete drywall removal to replace significant portions of the plumbing and framing in the existing building.

Due to significant cost overruns, Jamboree has applied for additional Mental Health Services Act (MHSA) funding under the Trust's 2023 NOFA. As part of this application, they've requested that the Trust amend the 2020 loan documents to reduce the number of MHSA units and increase the number of non-MHSA units restricted under that award.

To cover these additional costs, Jamboree has increased its defer developer fee from around \$500,000 to nearly \$5 million and loaned the project over \$5.2 million in additional financing. Additionally, they've secured extra tax credits, yielding an additional \$6.1 million in equity, and obtained about \$2.6 million in additional permanent financing from their senior lender, Chase.

The Trust disbursed its \$2.1 million loan to North Harbor Village in January 2023. As part of this loan, a Regulatory Agreement was recorded, restricting rents and eligible populations for fourteen (14) units to extremely low-income households meeting MHSA requirements.

### **2023 TRUST NOFA APPLICATION:**

Jamboree has applied for an additional \$2,763,450 in MHSA funding under the 2023 NOFA. If approved, this application would increase the total Trust funding for North Harbor Village from \$2,217,769.14 to \$4,981,219.14, with an additional fifteen (15) units designated for extremely low-income households meeting MHSA requirements.

Given the nearly \$5 million deferred developer fee and the \$5.2 million loan from Jamboree, both expected to be repaid from project operations before the Trust loan, it is likely that the Trust loan will only be repaid after 15 years of project operations, if the project is refinanced, which is common for affordable housing developments.

### **PROJECT REQUIREMENT WAIVER:**

The Trust's 2023 NOFA imposes several requirements and limitations on funded projects, including a maximum per-project loan limit of \$2,500,000 and partnership management fees of \$15,000 per year. These limits can be waived by the Board. The maximum per-project loan limit was waived in the past for Paseo Adelanto in 2021, and Costa Mesa Motel 6 and St. Anselm's Apartments earlier in 2023. The partnership management fee limit, however, was not in place in the 2020 NOFA when North Harbor Village received funding and has not been waived by the Board since its inclusion in the Trust's NOFA in the current year.

### **PER PROJECT LOAN LIMIT:**

As previously mentioned, the Trust previously approved a \$2,217,769.14 loan to North Harbor Village, which has been funded. This \$2,763,450 application would increase the total loan amount for this project to \$4,981,219.14, almost double the per-project loan limit of \$2,500,000. If this funding application is approved, the Trust Board would need to waive the per-project loan limit for North Harbor Village.

**PARTNERSHIP MANAGEMENT FEE LIMIT:**

Since North Harbor Village was originally approved under the 2020 NOFA, which did not include the partnership management fee limit, the projected partnership management fees for North Harbor Village are set to begin at \$36,300/year, increasing by 3% annually. These fees are paid before calculating the cash flow available for repaying the Trust's loan.

Since the Partnership Agreement between Jamboree and their tax credit investor for North Harbor Village has already been negotiated and executed, reducing these fees to meet the Trust's current partnership management fee limit would be challenging. Therefore, it is recommended that the Trust Board also waive the partnership management fee limit if this application is approved.

**TRUST 2020 LOAN DOCUMENT AMENDMENTS:**

As part of this application, Jamboree has requested amendments to the Trust's existing loan documents for the 2020 NOFA award. As shown in the table below, the proposed changes would reduce the number of MHSA units from fourteen (14) to seven (7) and increase the number of non-MHSA units from zero (0) to twelve (12), thus raising the total number of Trust-funded units from fourteen (14) to nineteen (19) for the 2020 award. If this application is granted, the total number of Trust-funded units in North Harbor Village would increase from fourteen (14) to thirty-four (34), comprising twenty-two (22) MHSA-funded units and twelve (12) non-MHSA-funded units. All units would remain affordable to extremely low-income households.

	<b>MHSA Units</b>	<b>Non-MHSA Units</b>	<b>Total Units</b>
<b>2020 NOFA Award</b>	<b>14</b>	<b>0</b>	<b>14</b>
2020 NOFA Amendment	7	12	19
2023 NOFA Request	15	0	15
<b>Total 2023 Units</b>	<b>22</b>	<b>12</b>	<b>34</b>
<b>Increase in Units</b>	<b>8</b>	<b>12</b>	<b>20</b>

The 2020 NOFA award for North Harbor Village combined \$1,146,460 in MHSA funding with \$1,071,309.14 in Local Housing Finance Trust (LHTF) Program funding. Initially, Jamboree requested that all units be restricted to MHSA-eligible populations to utilize the higher MHSA per-unit loan limits. With this new funding application, Jamboree is asking the Trust to amend the 2020 award to reduce MHSA-funded units and increase units without MHSA-eligible

population restrictions, as requested by the City of Santa Ana, which provides Project Based Vouchers for North Harbor Village.

Santa Ana residents receive priority for units due to the use of the City's vouchers. Santa Ana is concerned that there may not be enough eligible Santa Ana residents to fully occupy the MHSA-restricted units, potentially making them available to residents from outside of Santa Ana.

Trust staff and Jamboree are presently negotiating the required changes to the existing loan documents to implement this amendment. Approval by the California Department of Housing and Community Development (HCD) is also necessary because LHTF Program funds are included in the Trust loan. If the Trust Board or HCD denies this amendment, the City of Santa Ana has agreed to accept the increased number of MHSA-restricted units if the Trust approves the 2023 NOFA funding request.

**RECOMMENDATION:**

Staff recommends approval of additional funding for the North Harbor Village project, along with waivers for the per-project loan limit and partnership management fee limit. Additionally, authorization for the Trust Manager to execute amendments to the North Harbor Village 2020 loan documents is recommended.

Agenda Item 4  
2023 Update to Strategic Plan



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

**MEETING DATE:** September 20, 2022

**SUBJECT:** Approve the 2023 update to the 2020-2025 Orange County Housing Finance Trust Strategic Plan.



Adam B. Eliason, Trust Manager

**RECOMMENDED ACTION:**

APPROVE THE 2023 UPDATE TO THE 2020-2025 ORANGE COUNTY HOUSING FINANCE TRUST STRATEGIC PLAN.

**BACKGROUND:**

On July 15, 2020, the Board approved the Trust's 5-Year Strategic Plan. The primary objective of this plan is to establish a clear and structured framework for achieving the Trust's mission and realizing its long-term vision. To keep the plan relevant and effective in addressing homelessness and affordable housing development in Orange County, annual updates have been incorporated.

The Strategic Plan consists of six chapters:

1. History and Trust Formation
2. Strategic Partner Interviews
3. Charitable Contributions to Support Trust Projects
4. Trust Administration and Budget
5. Implementation Plan
6. Trust Sustainability

Chapter 5, titled the "Implementation Plan," is of particular interest as it contains six strategic components, each with a set of short-term and long-term goals:

1. Aggressive Fundraising Strategy

2. Deployment of Trust Funds for Supportive and Affordable Housing Projects
3. Performance of Accountability and Compliance Monitoring
4. Retention and Increase of Trust City Membership
5. Increase in Outside Administrative Funding to Fully Support Trust Programs
6. Engagement in Regional and Collaborative Efforts to Combat Homelessness and Facilitate Housing Production

The 2023 updated Strategic Plan, detailed in Attachment A, includes an Executive Summary that divides the overview into three distinct sections: "Past," "Present," and "Future."

The "Past" section highlights achievements such as a 16.65% reduction in homelessness, significant cost increases, and securing \$60 million in funding. It also mentions the funding awarded to 18 projects, with 13 currently under construction, and the successful opening of the first Trust-funded project.

In the "Present" section, the plan outlines ongoing efforts, such as preparing and releasing the 2024 Notice of Funding Availability, launching the new ADU Affordable Loan Program, and designing a Predevelopment Loan Program. It also provides details on four grant applications totaling \$20 million submitted in the past six months and the forthcoming release of a mapping tool to promote affordable housing production in Orange County.

Lastly, the "Future" section of the Executive Summary explains the daunting task of achieving the goals outlined in the County Housing Funding Strategy approved by the County and the Trust. It explores potential initiatives that could drive a significant increase in affordable housing production, some of which require changing the way affordable housing production has been approached in the past and present.

A redlined version of the Strategic Plan is provided as a hyperlinked document - Attachment B and reflects all the changes made to the document from last year.

ATTACHMENT:            Attachment A – Strategic Plan  
                                 Attachment B – Redlined Strategic Plan (click on the following hyperlink)  
                                 <https://1drv.ms/b/s!AqvJYK5Oyst1hoFZ6NUkx-0rGKPBoQ?e=jcxhCR>

# DRAFT

Orange | Housing  
County | Finance  
Trust

---

## STRATEGIC PLAN

July 1, 2020, to June 30, 2025

Adopted July 15, 2020

Updated September 15, 2021

Updated September 14, 2022

Updated September 20, 2023

**Contents**

Executive Summary ..... 4

Chapter 1: History and Trust Formation..... 10

    Governance..... 10

    Mission and Vision Statement ..... 12

    Trust Accomplishments ..... 14

    Joint Powers Agreement and Bylaws..... 15

Chapter 2: Strategic Partner Interviews ..... 17

Chapter 3: Charitable Contributions to Support Trust Projects ..... 20

Chapter 4: Trust Administration and Budget..... 23

Chapter 5: Implementation Plan ..... 26

Chapter 6: Trust Sustainability..... 30

Appendices ..... 32

    Appendix A - Ways to Reduce PSH Unit Costs ..... 32

    Appendix B – Stakeholder Interviews..... 34

        Orange County Community Foundation..... 34

        University of California, Irvine (UCI) ..... 35

        Orange County United Way ..... 36

        Orange County Housing Authority (OCHA)..... 38

        Orange County Housing Trust (OCHT) ..... 39

        Salvation Army Orange County..... 40

        Commission to End Homelessness & Orange County Health Agency: Office of Care  
        Coordination ..... 41

        Association of California Cities - Orange County (ACC-OC) ..... 43

        Century Housing..... 44

        Orange County Continuum of Care..... 46

        City of Santa Ana ..... 47

        Kennedy Commission..... 48

        NationalCORE..... 49

        Mind OC - Be Well OC Clinic..... 50

        Anaheim Housing Authority..... 52

DRAFT

Agenda Item 4.0  
Attachment A

Orange County Health Care Agency ..... 52

The Financial Services Consulting Group, Minneapolis, MN ..... 53

Clearinghouse CDFI ..... 55

Jamboree Housing Corporation ..... 56

Orange County Council of Governments ..... 57

Appendix C - Capital and Administrative Funding Plan ..... 59

Appendix D: Strategy to Retain and Increase Trust City Membership ..... 70

## Executive Summary

The Orange County Housing Finance Trust (Trust) was officially established in 2019.

*The mission of the Orange County Housing Finance Trust is to strengthen the communities in Orange County by financing the development of affordable housing for homeless and low-income individuals and families.*

*The vision of the Orange County Housing Finance Trust is to respond to the humanitarian crisis of homelessness by identifying and securing funding that will contribute to the construction of 2,396 permanent supportive housing units and work to secure funding that will contribute to additional affordable housing units by 2029<sup>1</sup>.*

This Executive Summary provides an overview of the Trust's updated five-year Strategic Plan. It is divided into three distinct sections: "Past," "Present," and "Future." The purpose of this Executive Summary is to delve into each of these sections and highlight key insights and recommended adjustments that have led to the update of this year's Strategic Plan.

Developing this updated Strategic Plan involved a comprehensive process to engage with a wide range of stakeholders<sup>2</sup>. Each stakeholder interview provided an update on the Trust's activities, learning about the latest efforts of these stakeholder, noting suggestions, and exploring collaborative solutions at the regional level to address the challenges related to affordable housing and homelessness in Orange County.

The feedback from stakeholders played a crucial role in shaping the content of the entire Strategic Plan. It contributed to the formulation of the six Strategic Components and their associated goals, as fully described in Chapter 5. In summary, the six components are:

1. Aggressive Capital Fundraising
2. Deploy Funds for Supportive and Affordable Housing Projects
3. Perform Accountability and Compliance Monitoring
4. Retain and Increase Trust City Membership
5. Increase Administrative Funding to Fully Support Trust Programs
6. Engage in Regional and Collaborative Efforts to Combat Homelessness and Facilitate Housing Production.

### Past

Homelessness remains a growing concern across California, but there was a noteworthy development in Orange County. According to the February 2022 biennial "point-in-time" count,

---

<sup>1</sup> The County and the Trust updated this goal at the end of 2022 and beginning of 2023 as a result of the 2022 Updated County Housing Funding Strategy.

<sup>2</sup> See Appendix B for a list and summary of all the Stakeholder Interviews.

there was a 16.65% reduction in individuals experiencing homelessness compared to the count conducted two years prior. In concrete numbers, this reduction translated from 6,860 persons in 2019 to 5,718 in 2022. This reduction is particularly remarkable considering that most other counties experienced significant increases. Initially, it was anticipated that the Covid-19 pandemic would lead to a 20% rise in unemployment and an expansion of the homeless population<sup>3</sup>.

Despite having a smaller homeless population compared to other metropolitan areas in the state, Orange County still grapples with homelessness, and some categories have seen an increase. For instance, chronic homelessness, substance use issues, physical disabilities, domestic violence, and HIV/AIDS-related homelessness have all risen compared to 2019.

Furthermore, the cost of providing support to the homeless population has become prohibitively high and continues to escalate. A collaborative study conducted by Orange County United Way, Jamboree Housing, and the University of California at Irvine in 2016 estimated that the average annual cost per homeless individual in a 12-month period from mid-2014 to 2015 was \$45,000<sup>4</sup>. Municipalities bore the largest share of these costs, followed closely by emergency room hospital expenses and first responder services. Since the 2016 study, it is highly likely that these costs have seen a significant increase. However, a promising outcome of the study was that there is substantial cost reduction potential when individuals and families gain rapid access to affordable housing units and supportive services.

The affordability and homelessness challenge has been further exacerbated by the substantial increases in the cost of land, labor, and materials required for the development of additional affordable and supportive housing.

In 2018, a group of forward-thinking community leaders, elected officials and government staff recognized the pressing challenges of affordability and homelessness within the region. They saw an opportunity to address these issues by creating a new regional collaborative Joint Powers Authority, which would serve as an additional tool to tackle the growing crisis.<sup>5</sup>

The Trust primary objective is to seek additional funding sources and deploy them to finance the development of affordable and permanent supportive housing (PSH) projects across the region.

---

<sup>3</sup> White House Chief Domestic Policy Economist, Kevin Corinth, has determined through standard regression analysis that for every 1% increase in the unemployment rate, homelessness increases by 0.65%. California's number is projected to be lower than other states because it already has a high rate of homelessness.

<sup>4</sup> Homelessness in Orange County: The Costs to Our Community" by OC United Way, Jamboree Housing and UCI. Full report at [www.unitedwayoc.org/resources](http://www.unitedwayoc.org/resources)

<sup>5</sup> For a detailed description of the Trust formation, refer to Chapter 1.

Since its inception, the Trust has achieved remarkable milestones, securing nearly \$60 million in capital and administrative grants. It has successfully funded 18 affordable and permanent supportive housing projects, with 13 of them currently under construction. Moreover, the Trust celebrated the grand opening of its first funded project this past summer.

Also, in the past year, the Trust applied for and was awarded \$4 million from CalOptima Health to create a new innovative ADU Affordable Loan Program. In the last three months alone, the Trust has applied for an additional \$20 million in grant funding to be used for both additional ADU funding and for creating a new Predevelopment Loan Program<sup>6</sup>.

While the Trust's impressive list of achievements in such a short time is commendable, it is important to acknowledge that the County continues to grapple with significant challenges related to affordability and homelessness. Overcoming this crisis entirely is a formidable task, and the Trust was never established with the expectation of being the sole entity responsible for its resolution. However, this Strategic Plan underscores the Trust's commitment to leverage every available resource and explore all potential avenues to contribute to existing solutions and create innovative ones where needed to support the Trust's Mission and Vision.

## **Present**

While homelessness has various root causes, there is widespread agreement that addressing the issue requires an increase in the availability of affordable and supportive housing units. Currently, the annual developer pipeline of projects is not sufficient to meet the County and Trust goals of housing production. As a result, the Trust's last NOFA was not fully subscribed. Additional incentives need to be developed to encourage developers active in Orange County and in the surrounding region to initiate more projects here. Therefore, the Trust is preparing to launch several new initiatives to make it more attractive for developers to pursue more projects here.

The Trust is currently in the process of updating its long-standing Notice of Funding Availability (NOFA) and expects Trust Board approval to initiate this application process in January 2024. This program has been the cornerstone of Trust funding for the past four years and will remain a top priority in the years ahead. The 2024 NOFA will announce a minimum of \$15 million in available funding.

In the fall of 2023, the Trust's new ADU Affordable Loan Program is scheduled to begin financing 34 new ADUs in Orange County. This program will serve as a pilot initiative to assess the feasibility of a more extensive effort to fund a greater number of ADUs.

Furthermore, plans are currently underway to introduce a Predevelopment Loan Program in early 2024 in order to offer a lower-cost financing source for developers.

---

<sup>6</sup> For a detailed description of Trust accomplishments, refer to Chapter 1.



Over the past six months, the Trust staff has collaborated with an expert Geographic Information System (GIS) company to develop an innovative "heat map." This tool will enable planners, developers, and others to easily identify parcel-level data regarding the affordable financial viability of potential affordable housing properties across all of Orange County. Trust staff will use this "heat map" along with other information to engage with real estate brokers throughout the County to remind them to consider affordable housing developers when exploring Orange County properties for sale.

Lastly, the Trust has recently secured a grant to develop a comprehensive database to track affordable housing projects from the initial pipeline phase through funding, construction, occupancy, and ongoing compliance for the duration of the regulatory agreement. Additionally, the database will facilitate tracking toward County and Trust unit production goals and thereby facilitating future strategic planning to achieve functional zero homelessness<sup>7</sup>.

## **Future**

As the Trust begins its fourth year of operations, it is crucial to consider capital and administrative sustainability at levels relative to achieving the desired Mission and Vision of the Trust. The existing funding model of applying for grant funding is one method. Another is establishing a source of recurring funding.

According to the 2022 Update to the County Housing Funding Strategy, achieving the goals established in the Housing Funding Strategy would require \$458 million in capital and \$495 million in operating subsidies<sup>8</sup>.

Obviously, the Trust would not be required to raise all of these funds but would help contribute to the goal. The existing model of the Trust, applying for available grant funding, would likely make it extremely challenging to achieve the funding needed.

The second method, establishing a recurring funding source, could also substantially increase the amount of funding. There are several methods of securing recurring funds that the Trust could consider, including document recording fees on real estate transactions, tax increment financing that enables the Trust to capture a portion of the increase in property tax revenue generated by redevelopment or new development in a designated area, and a county-wide bond measure.

---

<sup>7</sup> Functional zero refers to a situation where the number of people experiencing homelessness is reduced to a level where it can be effectively managed, and resources are available to quickly rehouse anyone who becomes homeless. It doesn't necessarily mean that there are no homeless individuals; rather, it indicates that homelessness is brief and quickly resolved.

<sup>8</sup> <https://ochft.org/oc-housing-funding-strategy>

While the estimates for capital subsidies are daunting, and the task of raising nearly a billion dollars is formidable, the Trust could help by exploring ways to lower the per-unit cost of creating new housing and providing associated services<sup>9</sup>. Other regions in the state have successfully completed transitional housing projects, which are somewhere between congregate shelters and the typical affordable apartments and are built to the same standards as market-rate housing.

Affordable housing already faces its share of challenges. Transitional housing faces even more because it will most often look different from typical housing and/or may result in smaller living spaces.

Philanthropic contributions to the Trust have not yet yielded tangible results, although discussions have been started with the Orange County Community Foundation. A recent study conducted by the Gateway Cities Affordable Housing Trust in southeast Los Angeles County highlighted the difficulties in acquiring philanthropic donations for Trusts. However, the Housing Trust Silicon Valley has experienced significant benefits from such contributions, primarily from high-tech firms who see a need for more affordable housing for their employees. These contributions have taken the form of both grants and Program Related Investments (PRIs) primarily employed for short-term loans for land acquisitions. PRIs investments would provide below-market funds for the Trust to offer short-term loans to developers at attractive interest rates.<sup>10</sup>

While larger multi-family affordable rental projects produce a substantial amount of housing, they also face their own set of challenges, including opposition from NIMBY (Not In My Backyard) groups and the complexity of financing. One solution that the Trust could explore is "gentle density," a housing development concept that focuses on moderately increasing existing housing density while maintaining a sense of neighborhood and community. Instead of large-scale, high-rise developments, it encourages the construction of smaller-scale, low- to mid-rise buildings and/or accessory dwelling units on existing properties.

An example of this type of project is "The Bungalows" project in Costa Mesa, developed by Irvine-based Families Forward. This project involved renovating an existing six-unit apartment complex and building two new accessory dwelling units on a half-acre property.

This year, the updated Strategic Plan introduces a sixth strategic component, "Engage in Regional and Collaborative Efforts to Combat Homelessness and Facilitate Housing Production." As cities face stricter consequences under the production requirements of the California Housing Element Law, the Trust can help by exploring regional and collaborative solutions that meet these requirements and promote various affordable housing options to combat

---

<sup>9</sup> See Appendix A for additional ways to reduce PSH pre-unit costs.

<sup>10</sup> See Chapter 3 for additional details related to Philanthropic Contributions

homelessness and facilitate housing production, which would help cities meet their Regional Housing Needs Allocation.<sup>11</sup>

One such initiative is "city-initiated affordable housing," which refers to affordable housing projects or programs actively initiated and sponsored by local governments. This effort can take various forms. One example is the City of Glendale, which took a proactive approach by acquiring a 2.8-acre plot of land in 2019. That city then spent three years planning and entitling two separate projects on the property and ultimately selected two qualified affordable housing developers to complete, own and manage the 340-unit housing development.

In summary, the existing approach to increasing affordable housing will not result in wide scale increases in the production of units and help significantly reduce homelessness without a change in the approach. The Trust's efforts to help facilitate this change could include a variety of means, including:

1. Establishing a recurring source of funding for capital funding.
2. Exploring and encouraging lower-cost, high-quality housing.
3. Pursuing philanthropic contributions.
4. Supporting more gentle-density housing.
5. Engaging in regional and collaborative efforts to combat homelessness and facilitate housing production.

---

<sup>11</sup> See Appendix C for the Capital and Administrative Plan. See Appendix D for additional ways to retain and increase Trust City membership.

## **Chapter 1: History and Trust Formation**

In June 2018, the Orange County Board of Supervisors approved a "Housing Funding Strategy" in response to the homelessness crisis and the shortage of affordable and supportive housing in the County. The Strategy aimed to facilitate the development of 2,700 new supportive housing units within 6 years and identified the need for an additional 2,700 affordable housing units during the same period. However, the Strategy clearly illustrated that there was insufficient funding identified to bridge the gap required to achieve this goal.

On September 11, 2018, Governor Jerry Brown signed Assembly Bill 448 into law, authorizing the creation of the Orange County Housing Financing Trust. AB 448 granted the County and its incorporated cities the authority to collaborate and establish a Joint Powers Authority (JPA). This collaborative effort enabled the Orange County region to enhance its competitiveness for various grant funding opportunities and gain access to additional funding sources available to JPAs and Housing Trusts dedicated to addressing homelessness and expanding affordable housing.

Following the passage of AB 448, the County collaborated with representatives from the Association of California Cities - Orange County (ACC-OC) to form a working group. This group consisted of elected officials and staff from both the County and various cities, and its purpose was to lay the initial groundwork for the Trust.

On March 12, 2019, the Orange County Board of Supervisors approved the establishment of the Trust Joint Powers Authority. Since that date, 26 cities, collectively representing over 87% of the County's population, passed resolutions to join the Trust and execute the Agreement.

It was not expected that the Trust would serve as the sole funding source to accomplish the goal of creating 2,700 new supportive housing units. Instead, the Trust was envisioned as a unifying force for the region, rallying efforts to secure new sources of "gap" funding necessary to make projects financially viable and thereby contribute to the mission of ending homelessness.

### **Governance**

The Trust is governed by a nine-member Board of Directors, consisting of the following:

- Two members of the Orange County Board of Supervisors
- Two county-wide officials selected by the Board of Supervisors
- One representative each from one of the three largest cities in each of the regional service planning areas: North, Central and South.
- Two city council members who are each selected by the member cities and who are not already represented on the Board of Directors. The selection of these Directors is made by a "City Selection Committee" consisting of representatives of cities that are not already included on the Board.

Current members of the Trust Board are listed below:

- |                                       |  |
|---------------------------------------|--|
| 1. Chair Katrina Foley                | County of Orange Supervisor – 5 <sup>th</sup> District |
| 2. Vice Chair Jessie Lopez            | City of Santa Ana                                      |
| 3. Board Member Chair Stephen Faessel | City of Anaheim  |
| 4. Board Member Shari Freidenrich     | County of Orange Treasurer-Tax Collector               |
| 5. Board Member Vincente Sarmiento    | County of Orange Supervisor, 2 <sup>nd</sup> District  |
| 6. Board Member Don Barnes            | County of Orange Sheriff                               |
| 7. Board Member Natalie Moser         | City of Huntington Beach                               |
| 8. Board Member Tammy Kim             | City of Irvine   |
| 9. Board Member Mike Frost            | City of Dana Point                                     |

The Trust Bylaws<sup>12</sup> specify the unique composition of an Advisory Board consisting of a housing authority representative, police chief, city managers, Continuum of Care representative, and the County of Orange. The following persons are currently serving on the Trust Advisory Board, and they review and recommend various strategic planning goals and policy recommendations to the full Board of Directors:

- |                              |   |
|------------------------------|---|
| 1. Greg Blodgett             | City of Garden Grove Economic Development Manager |
| 2. Tim Shaw                  | Orange County Continuum of Care Board Member      |
| 3. Conal McNamara            | City of La Habra City Manager                     |
| 4. Shohreh Dupuis            | City of Laguna Beach City Manager                 |
| 5. Lori Ann Farrell Harrison | City of Costa Mesa City Manager                   |
| 6. David Valentin            | City of Santa Ana Police Chief                    |
| 7. Dylan Wright              | County of Orange Director of Community Resources  |

The County of Orange initially committed to funding the Trust's administrative and formation operations for the first year through June 30, 2020. Subsequently, the Trust Board adopted a cost-sharing formula, which involved both the County and member cities contributing to administrative funding based on their respective population sizes. During the second year, spanning from July 1, 2020, to June 30, 2021, both member cities and the County provided financial support for the Trust's operations.

For the Fiscal Years 2021/2022, 2022/2023, and 2023/2024, the Trust successfully secured sufficient administrative grant funding, eliminating the need for member cities to contribute to administrative expenses.

During the initial year of operations, the County contracted and compensated a Trust Manager. Currently, the Manager operates under a contract with the Trust, and the Trust has also executed a Memorandum of Understanding with the County of Orange. Additionally, the Trust has engaged

---

<sup>12</sup> Link to OCHFT Bylaws <https://ochft.org/jpa-bylaws>

various consultants and professional service companies to fulfill diverse administrative and operational functions.

### Mission and Vision Statement

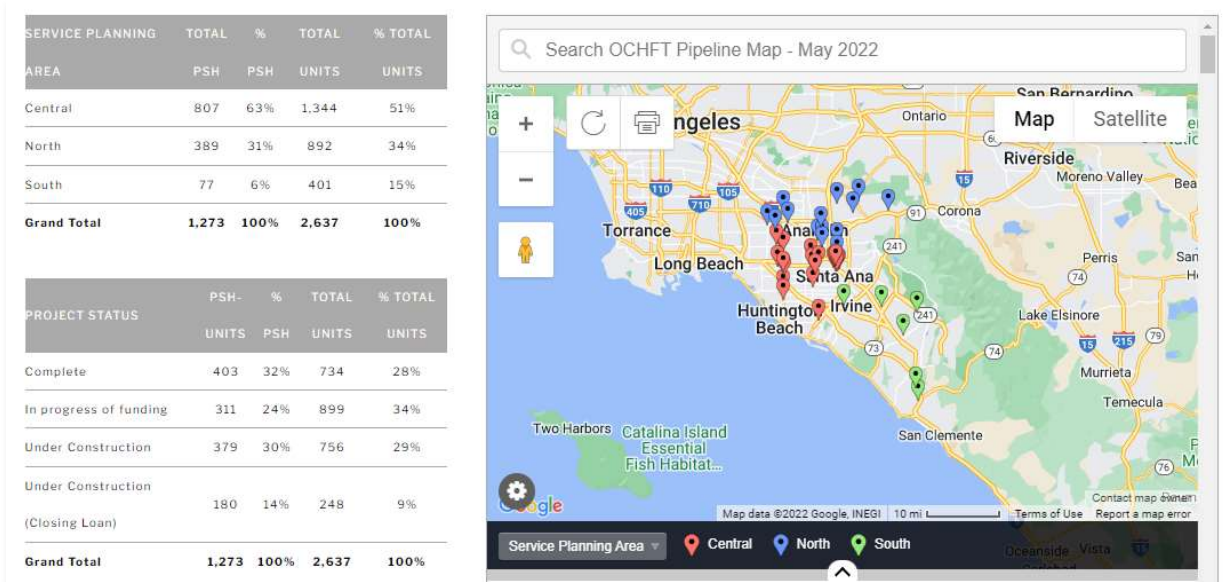
As part of the adoption of this strategic plan, the Trust Board adopted the following mission statement for the Trust:

*The mission of the Orange County Housing Finance Trust is to strengthen the communities in Orange County by financing the development of affordable housing for homeless and low-income individuals and families.*

In addition, the Trust Board adopted the following vision statement:

*The vision of the Orange County Housing Finance Trust is to respond to the humanitarian crisis of homelessness by identifying and securing funding that will contribute to the construction of 2,396 permanent supportive housing units and work to secure funding that will contribute to additional affordable housing units by 2025.*

The Trust’s website provides an interactive map<sup>13</sup> displaying the status of affordable housing projects since 2018 (see sample map below). The map is updated on a regular basis and provides an effective tool for tracking progress toward achieving the 2,396 supportive housing units’ goal.



<sup>13</sup> OCHFT website link to Development page <https://ochft.org/developments>

**DRAFT**

Agenda Item 4.0  
Attachment A

This map is currently being updated to include additional information about each project and ensure future updates to the website are simplified.

## Trust Accomplishments

Since its formation the Trust has applied for and has been awarded 58.6 million in total funding, \$55 million for capital and 3.6 million for administrative. This funding has come from a variety of sources including federal, state, County of Orange, the County's Medi-Cal provider— CalOptima Health, and Orange County Council of Governments. Some of the capital funding will be received in future years and all of it will eventually be used to directly finance additional affordable and supportive housing.

The Trust has issued four Notices of Funding Availability (NOFA) each January<sup>14</sup> starting in 2020. These four NOFA's have committed Trust funding to 18 affordable housing developments scattered throughout Orange County. These 18 affordable housing developments will create 1,221 affordable and permanent supportive housing units. Of the 18 projects, 13 of them have already started construction, and 1 project has already completed construction and is fully occupied with income qualified tenants some of which are our most vulnerable population and now receiving the essential services they need.

In late 2022 and into 2023 the Trust began to diversify its financial tools offered to carry out its Mission. A \$3 million federal grant from the United States Housing & Urban Development (HUD) was awarded to the Trust for the purpose of providing seed funding for a new revolving Predevelopment Loan Program for acquisition and predevelopment expenses for affordable housing projects. A \$4 million CalOptima grant was awarded to the Trust for a new Accessory Dwelling Unit (ADU) Affordable Loan Program to help very-low-income renters and voucher holders find housing and homeowners build equity and generational wealth in their homes.

In 2023 the Trust applied for \$20 million in four separate grant applications as follows:

- CalOptima Grant 2.0 for \$8M that would fund a new predevelopment loan program that would be leveraged and matched with funding from a financial intermediary to create a \$22M fund for cities and developers.
- State of CA Local Housing Trust Fund for \$5M
- SCAG-REAP 2.0 \$3M that would fund a new predevelopment loan program that would be leveraged and matched with funding from a financial intermediary to create a \$12M fund for cities and developers.
- SCAG-REAP 2.0 \$4M that would add an additional 34 ADU loans to the Trust program.

While the Trust's accomplishments are commendable, it is evident that more funding, programs, collaboration, and housing are needed to increase the pipeline of projects and accelerate the creation of additional affordable and PSH units in Orange County to not only

---

<sup>14</sup> Each January the OCHFT NOFA is located here <https://ochft.org/2022-notice-of-funding-availability>



reach the established goals but most importantly to provide a means to achieve “functional zero”<sup>15</sup> homelessness before the challenges of homelessness become even more serious.

As a regional entity and a source of development funding, Trust staff has begun to explore alternative ways to lower the costs associated with affordable and PHS development and instituted an incentive in the Trust NOFA to leverage scarce development funds.<sup>16</sup>

## **Joint Powers Agreement and Bylaws**

The Joint Powers Agreement (JPA) and the Bylaws are the governing documents for the Trust and specify what the Trust can and cannot do.

The Trust can perform the following:

1. Make or enter into contracts
2. Contract for staff assistance
3. Apply for, accept, receive, and disburse grants, loans, or other aids from any agency of the United States of America or the State of California
4. Invest any money in the treasury pursuant to limitations found in the Joint Powers Act
5. Apply for letters of credit or other forms of financial guarantees
6. Carry out the provisions of the Joint Powers Agreement
7. Engage the services of private consultants to render professional and technical assistance and advice
8. Enforce affordable housing covenants or hold security interests in loans in a variety of methods
9. Rent space for the Trust
10. Solicit charitable contributions from private sources
11. Propose amendments to the JPA

The Trust cannot do the following:

1. Regulate land use in Cities or in the unincorporated area of the County
2. Serve as an owner or operator of housing units
3. Levy, or advocate or incentivize the levying of, an exaction, including an impact fee, charge, dedication, reservation, or tax assessment, as a condition for approval of a development project
4. Require or incentivize inclusionary zoning requirements

---

<sup>15</sup> Functional zero recognizes that there will always be people who are homeless or at risk of becoming homeless, but as long as they can be identified and re-housed quickly and effectively, the homeless rate will be effectively or functionally zero.

<sup>16</sup> See Appendix A - “Ways to Reduce PSH Unit Costs”

**DRAFT**

Agenda Item 4.0

Attachment A

5. Require the Parties to the JPA to dedicate or assign funding for any Trust obligations or programs
6. Approve a housing project or program that is not supported by the governing body of the jurisdiction (a City or County) in which the project is proposed to be sited
7. Require the Parties to the JPA to accept or provide any number of housing units as a prerequisite to joining or remaining a member of the Trust

## Chapter 2: Strategic Partner Interviews

The success of Trust activities will be enhanced by close cooperation and collaboration with other organizations, entities and individuals also addressing the problem of homelessness in the County. This concept is called “Collective Impact.”

Through this process, all the various entities stay informed of what each is doing, what successes are being realized, what problems are being encountered, and how the entities can react and mutually support each other. Through this process, duplication and inefficiency are minimized and potential impact is increased.

Each year, interviews are conducted with other players in the homelessness and affordable housing space to inform them about the Trust, solicit their reactions, suggestions, and guidance, and determine how everyone can work together effectively in pursuit of the common goal.

Each organization is reminded of the Trust’s mission, vision, and accomplishments, and a discussion of the work in progress. In addition, these organizations are asked for opinions regarding the role that the Trust should play and what Trust activities would be helpful to support/sustain their efforts. How they each might support the Trust’s efforts is also discussed.

Consistent with past years, the results were overwhelmingly positive. The Trust is viewed as a non-partisan, joint effort of the County and the member cities, representing a welcome new force to help address homelessness and affordable housing in the region.

Below are the significant comments and suggestions that emanated from the strategic partner interviews, which were updated this year. The details of those interviews are provided in Appendix B and helped inform this strategic plan:

- While the Trust focuses on production of housing, it is equally important for the Trust and elected officials to be aware of the alternative of doing nothing. The public cost of maintaining and servicing the homeless is very expensive, now exceeding \$50,000 per person per year. Caring for the top 10% of the chronically homeless can approach \$100,000 per person per year.
- Prevention of homelessness in the first place has been shown to be a highly cost-effective strategy. Early intervention, including counseling and rental assistance intended to keep individuals and families in their homes, combined with services to address underlying problems leading to homelessness, can dramatically lower the number of homeless individuals and families who become homeless.
- Similarly, rapidly re-housing those recently homeless has been shown to dramatically reduce costs.
- Homeless treatment plans must be tailored to individual needs to be effective.

- Homeless people exiting treatment must be quickly and effectively placed in housing or the benefit of the treatment will be lost. A close relationship is necessary between the Trust and the availability of its units and the Orange County Health Care Agency and its “Coordination of Care” function which places people in units.
- Tenants must be matched with units appropriate to their needs and support provided to ensure they are able to maintain the units themselves.
- The development of affordable and PSH units is both complicated and expensive; solutions required expediting unit creation and reducing the per-unit costs (in 2022 equaling almost \$500,000).
- The addition of affordable housing in a community does not affect the crime rate or the appreciation of surrounding property values.
- Additional sources of pre-development funding are needed for local Orange County developers.
- The contribution of free public land for affordable housing projects can significantly reduce the per-unit costs and serve as the “match” for additional public funding.
- Additional state and federal funding is critical. Funding requests have a higher chance of success when supported by legislators regionally and by other entities operating in the homeless space.
- Orange County corporations can be a potential source of funds for affordable housing and PSH units.
- Partnerships with local banks, CDFIs, and foundations to create affordable housing have proven to be effective in other markets and should be further explored here.
- Not all cities in Orange County are doing their part to create affordable housing and PSH units. More advocacy and education will be necessary to reduce local resistance to affordable housing and permanent supportive housing regionally.
- The Trust can be most effective and expeditious in assisting in the creation of new units by providing “gap” financing at attractive rates to projects already in the development pipeline to help them move forward.
- More efforts are needed to incentivize developers to increase the number of affordable housing projects in development and ensure that all Trust funds are utilized.
- As a non-political agency, the Trust can also play an important role in sharing information and helping to coordinate the activities of those working in the homeless space to help make homelessness interventions more effective.

#### SWOT Analysis

A SWOT (Strengths, Weaknesses, Opportunities, Threats) was performed for the Trust and approved by the Trust Board in the previous strategic plan. It is shown below:

<p style="text-align: center;"><u>STRENGTHS</u></p> <ul style="list-style-type: none"><li>• Strong regional collaborative entity with the County of Orange and 26 incorporated cities.</li><li>• Strong and experienced developers.</li><li>• Political will to address homelessness throughout the County.</li></ul>	<p style="text-align: center;"><u>WEAKNESSES</u></p> <ul style="list-style-type: none"><li>• Some Trust cities may have an issue with paying for Trust administrative expenses.</li><li>• High cost of affordable and supportive housing.</li></ul>
<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"><li>• Additional funding from a variety of sources.</li><li>• Philanthropic donations.</li><li>• Exploring alternative housing ideas at lower cost.</li></ul>	<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none"><li>• Political and taxpayer support may evaporate if significant results are not achieved within the next several years.</li><li>• Long-term financial sustainability of the Trust.</li></ul>

### Chapter 3: Charitable Contributions to Support Trust Projects

There exist two potential avenues for charitable contributions to support the Trust's mission. The first involves philanthropic grants from individuals or corporations. The second pertains to Program Related Investments (PRIs). PRIs resemble grants, yet a key distinction lies in the fact that foundations anticipate the return of funds by a designated timeframe, typically at an interest rate below the market rate. Both options are presented below.

#### Philanthropic Grants

Strategic partner interviews have uncovered the potential for local individuals with significant means to make substantial contributions that could support Trust projects and leverage the Trust loan fund.

In addition to acknowledging these gifts, which would be individually negotiated with each donor, the Trust needs to decide between establishing its own 501c3 charity with a separate Board and taking on administrative, accounting, and IRS reporting responsibilities, or using an existing 501c3 local foundation to funnel funds directly.

Given the likelihood of a few large donations, utilizing an existing 501c3 offers notable cost and operational advantages. The expense of setting up a new 501c3 is estimated at \$15,000 to \$25,000. Moreover, this approach avoids the need for a separate Board of Directors, administrative expenses for staffing the 501c3, and the cost of an accountant to manage tax returns and Form 990 filings. Unfortunately, the FY 2023-2024 budget doesn't account for these expenses unless additional funding is secured.

Opting for a local foundation to receive contributions for Trust projects comes with significantly lower costs, primarily related to establishing a donor-advised fund or an account with an existing 501c3 foundation. The associated asset management charges imposed by the agent/foundation would be covered by the donor contribution.

In this scenario, while the contributions are intended for Trust projects, the donated funding wouldn't pass through the Trust. Instead, they would be donated to the foundation, subject to direction and approval from the Trust Board as to which 501c3 would be the project financial beneficiary.

Two local foundations were previously considered. The Orange County Community Foundation (OCCF), a sizable local charity with \$500 million in assets, offers to establish a "donor-advised" fund under the Trust's name. OCCF's annual fee varies based on a sliding scale, starting at 2%, calculated on the fund's highest balance over the previous year. OCCF's distribution would be limited to non-profit affordable housing providers. For qualified for-profit providers, the Trust would use other non-donated funds.

The second foundation, Charitable Ventures (CV), with \$12 million in assets, acts as a "fiscal agent." Contributions through CV entail higher charges, ranging from 6% to 10%. These fees cover fiscal stewardship and technical assistance. Crucially, CV allows funding of Trust projects sponsored by for-profit sponsors.

To ensure the Trust isn't seen as competing with local charities, receiving charitable contributions indirectly is important. Currently, the Trust primarily seeks public, not private, support. Significant donations from a few wealthy individuals or corporations looking to back specific Trust projects are unlikely to overlap with local charities' objectives. Moreover, the Trust does not intend to compete with local charities in broad-based fundraising involving smaller donors.

Therefore, the Trust has initiated (though not yet funded) a donor-advised fund with OCCF due to lower fees (2% for OCCF compared to 6% to 12% for CV).

While maintaining ties with Charitable Ventures, which will likely collaborate with other Trust stakeholders on homelessness, such as Orange County United Way, the Trust might consider a "fiscal agent" role with CV if a major donor wishes to support a qualifying for-profit project. This arrangement allows donors a charitable deduction through CV. Orange County Community Foundation and Charitable Ventures have a collaborative history, and exclusivity isn't necessary.

It's worth highlighting the research conducted on behalf of the Gateway Cities Affordable Housing Trust earlier in 2023. The Gateway Trust engaged an independent consulting firm specializing in private and philanthropic funding to assess its potential to attract philanthropic support for its mission, especially from foundations and corporations.

The study's findings indicate that seeking philanthropic funds may not be a productive approach for the Gateway Trust at this time. Even with additional experience and the establishment of its own 501(c)(3) status, the Trust would still face challenges in raising significant funds from private foundations and corporations. Unless someone has strong philanthropic connections, the likelihood of substantial success appears to be more aligned with pursuing government funding sources. Governmental funding sources at the State level have actively encouraged the formation of regional housing trusts.

#### Program Related Investments (PRIs)

An additional opportunity available to the Trust involves exploring the potential of Program-Related Investments (PRIs) offered by foundations<sup>17</sup>. While grants received from foundations constitute funds that do not need to be repaid, PRIs are loans at interest rates below the market rate to entities like the Trust, which share a mission aligned with the foundation's goals.

---

<sup>17</sup> Candid Foundation Directory – ability to search for PRIs <https://learning.candid.org/resources/knowledge-base/pris/>

Foundations opt for PRIs to optimize their financial resources and amplify their philanthropic influence.

The majority of PRI funds are directed towards affordable housing and community development initiatives. However, only a small fraction of foundations makes PRI funding accessible, and an even smaller number maintain formal PRI programs or allocate funds for PRIs on an annual basis.

The Trust could deploy PRI funding as loans for acquisitions and predevelopment purposes targeted at developers and municipalities with interest rates slightly higher than the repayment terms for the PRI. For the recipients of these loans, the main advantage lies in gaining access to capital at a more favorable rate compared to other available options. From the Trust's perspective, the principal benefit is that the repaid amount can be reinvested in another affordable housing project while also generating a modest sum to cover administrative expenses.

In the case of the Trust, the duration of the PRI would ideally extend to 4-5 years to accommodate the typical timeline for an affordable housing project, which involves progressing from acquisition to the closing of a construction loan where the PRI loan would be repaid.



## Chapter 4: Trust Administration and Budget

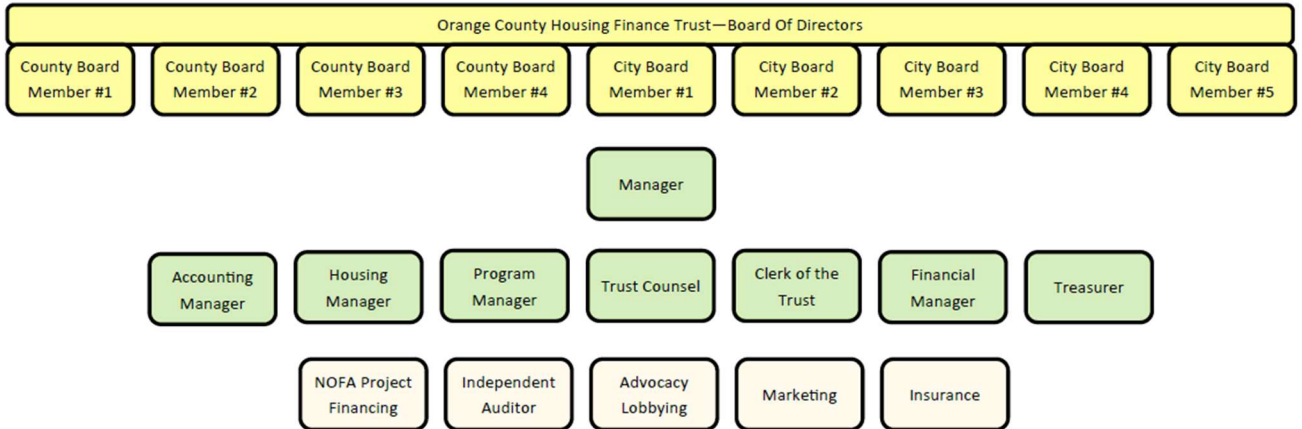
Although the Trust operates as a government entity, both the Trust member cities and the Trust Board currently prefer utilizing a range of consultants and professional services for Trust administration, as opposed to hiring full-time employees with the accompanying employee benefits and human resource responsibilities. At present, adopting a contractual approach for administrative staffing remains a cost-effective strategy during the Trust's developmental phase. Should the Trust's operational demands increase over time due to successful performance, the possibility of transitioning to a full-time employee staffing model could be entertained.

During its initial formative year (up to June 30, 2020), the Trust's administrative expenses were covered by the County of Orange, which subsequently engaged a Trust Manager through a professional service contract. Since then, the Trust Manager, in collaboration with the Board, has been instrumental in procuring additional essential consultant and professional services required for the Trust's functioning. As the Trust has expanded its range of activities, encompassing grant administration and a higher volume of financial transactions, these services have become increasingly vital.

Starting from July 1, 2020, the responsibility for the Trust's administrative expenses transitioned from the County of Orange to the Trust itself. These expenses have been financed through diverse sources, including membership dues from member cities, the County of Orange General Fund, and various grants.

The Trust has the added benefit of having a Memorandum of Understanding (MOU) with the County to provide services such as accounting, legal support, clerical assistance, and general Trust-related functions. This MOU serves to economize on administrative expenditures compared to procuring the same services through private contract consultants.

The ensuing Organizational Chart outlines the Trust's governance structure, Trust personnel, contracted consultants, and professional services. These positions and services are clearly identified and funded as part of the Trust's approved budget. The Trust Board approves its annual budget in the month of May each year. The Trust-approved administrative expense budget for 2023-2024 is shown below the Organizational Chart.



ADMINISTRATIVE REVENUES	22-23 BUDGET	22-23 As Of 04/30/23	%	Est 22-23 06/30/23	%	23-24 BUDGET
REAP Grant 1.0	\$ 470,000	\$ 382,000	81%	\$ 402,000	86%	\$ 127,000
MHSA 2	\$ -	\$ -	N/A	\$ -	N/A	\$ 500,000
CalOptima (ADU Loan Program Admin)	\$ -	\$ -	N/A	\$ 550,000	N/A	\$ 550,000
County of Orange Administrative Grant	\$ 200,000	\$ 200,000	100%	\$ 200,000	100%	\$ 200,000
City Membership Contribution	\$ -	\$ -	N/A	\$ -	N/A	\$ -
Local Housing Trust Fund Administrative Grant	\$ 341,367	\$ 291,372	85%	\$ 291,372	85%	\$ 147,956
Interest Earned	\$ 52,000	\$ 240,482	462%	\$ 300,000	577%	\$ 600,000
Carryover funds from previous year	\$ 188,466	\$ 188,466	100%	\$ 188,466	100%	\$ 1,355,406
Annual Project Compliance Monitoring Fee	\$ 19,765	\$ 2,950	15%	\$ 8,590	43%	\$ 13,355
<b>TOTAL ADMINISTRATIVE REVENUES</b>	<b>\$ 1,271,598</b>	<b>\$ 1,305,270</b>	<b>103%</b>	<b>\$ 1,940,428</b>	<b>153%</b>	<b>\$ 3,493,717</b>

ADMINISTRATIVE EXPENSES	22-23 BUDGET	22-23 As Of 04/30/23	%	Est 22-23 06/30/23	%	23-24 BUDGET
<b>GENERAL OPERATING COSTS</b>						
Memberships/Subscriptions/Dues/Website/Email	\$ 1,000	\$ -	0%	\$ -	0%	\$ 1,000
Office Supplies/Mailing/Equipment/Software/Copying/Misc Fees	\$ 1,500	\$ -	0%	\$ -	0%	\$ 1,500
Conference-Registration Fees/Travel Expenses/Business Meeting	\$ 4,000	\$ -	0%	\$ -	0%	\$ 4,000
Insurance (Alliant) (this budget item approved mid-year)	\$ 14,500	\$ 13,247	91%	\$ 13,247	91%	\$ 16,000
<b>TOTAL GENERAL OPERATING COSTS</b>	<b>\$ 21,000</b>	<b>\$ 13,247</b>	<b>63%</b>	<b>\$ 13,247</b>	<b>63%</b>	<b>\$ 22,500</b>

<b>CONSULTANT COSTS</b>						
Management and Administration (CivicHome)	\$ 260,000	\$ 198,779	76%	\$ 260,000	100%	\$ 426,500
County Counsel (County MOU)	\$ 110,000	\$ 63,556	58%	\$ 95,000	86%	\$ 110,000
County Clerk of the Board (County MOU)	\$ 6,000	\$ 268	4%	\$ 4,000	67%	\$ 6,000
County Sheriff (Board Meeting Audio/Video) (County MOU)	\$ 2,000	\$ -	0%	\$ -	0%	\$ -
County Treasurer (County MOU)	\$ 6,000	\$ 5,522	92%	\$ 6,000	100%	\$ 9,000
County Auditor Controller (County MOU)	\$ 15,000	\$ 11,419	76%	\$ 15,000	100%	\$ 20,000
County Community Resources (County MOU)	\$ 50,000	\$ 29,656	59%	\$ 45,000	90%	\$ 50,000
Financial Consultant (CSH)	\$ 18,000	\$ -	0%	\$ 14,625	81%	\$ 29,625
Auditing Consultant (Edie Bailly)	\$ 17,000	\$ 9,500	56%	\$ 15,400	91%	\$ 20,000
Advocacy/Lobbying Services	\$ 72,000	\$ 48,000	67%	\$ 72,000	100%	\$ 72,000
Marketing & Communication Services	\$ 25,000	\$ -	0%	\$ 24,750	99%	\$ 33,000
ADU Property Management Consultant	\$ -	\$ -	0%	\$ -	0%	\$ 153,000
ADU Income Certification Consultant	\$ -	\$ -	0%	\$ -	0%	\$ 11,000
Website and GIS Mapping Consultant	\$ 65,000	\$ -	0%	\$ 20,000	31%	\$ 20,000
<b>TOTAL CONSULTANT COSTS</b>	<b>\$ 646,000</b>	<b>\$ 366,700</b>	<b>57%</b>	<b>\$ 571,775</b>	<b>89%</b>	<b>\$ 960,125</b>

<b>ESTIMATED ANNUAL EXPENSES</b>	<b>\$ 667,000</b>	<b>\$ 379,947</b>	<b>57%</b>	<b>\$ 585,022</b>	<b>88%</b>	<b>\$ 982,625</b>
----------------------------------	-------------------	-------------------	------------	-------------------	------------	-------------------

<b>REVENUE MINUS EXPENSES</b>	<b>\$ 604,598</b>	<b>\$ 925,323</b>		<b>\$ 1,355,406</b>		<b>\$ 2,511,092</b>
-------------------------------	-------------------	-------------------	--	---------------------	--	---------------------

## **Chapter 5: Implementation Plan**

The Trust's Strategic Plan encompasses several Strategic Components, which represent the fundamental areas of focus crucial for achieving the Trust's Mission and Vision. Each of these components, along with its corresponding goals, aims to contribute to achieving the Trust Vision Statement. Late in 2022 the County updated their Housing Funding Strategy Report and also adjusted their unit production goal. The 2022 Report now establishes the creation of 2,396 more supportive housing units from 2022 to 2029. The Trust shares this same goal.

This year, the Trust introduces a sixth strategic component: *"Engage in Regional and Collaborative Efforts to Combat Homelessness and Facilitate Housing Production."* Since 2019, the Trust has recognized the significance of this facet within a regional collaborative entity. Even without a specific goal, Trust staff have been actively implementing various action items related to this component, and Stakeholder Interviews have further underscored the importance of this role for the Trust. This concept was initially introduced in this section during the 2022 update.

Each Component includes Short-Term (1-3 years) and Long-Term (4+ years) goals. An annual review of these components and their associated goals is scheduled to take place toward the conclusion of each fiscal year.

### **Strategic Component 1** **Aggressive Capital Fundraising Strategy**

#### **SHORT-TERM**

1. Apply for Local Housing Trust Funds (LHTF) grant program dollars in May and support legislative efforts to extend the LHTF program past 2024.
2. Work in conjunction with the Trust lobbyist to identify legislative champions for the Trust and seek discretionary state and federal funding.
3. Work in conjunction with the Trust lobbyist to meet and update local legislators and participate in opportunities to meet with state legislators to advocate policies and funding for the Trust.
4. Apply for funding to expand/create Construction/Permanent Loan Program, ADU Affordable Loan Program and Predevelopment Loan Program.
5. Create co-lending opportunity with financial intermediaries to leverage grant funds for the Predevelopment Loan Program.
6. Subscribe to and track various other funding possibilities and explore/apply for additional funding opportunities that allow the Trust to achieve its Mission and Vision.
7. Identify key philanthropic opportunities with individuals and private sector entities and explore appropriate mechanisms for financial contributions (i.e., donations, PRIs, legacy gifts, project naming opportunities, etc.).

LONG-TERM

1. Establish a Trust loan history sufficient to create a perpetual loan funding source for long-term Trust sustainability.

**Strategic Component 2**

**Deploy Trust Funds for Supportive and Affordable Housing Projects**

SHORT-TERM

1. Update and issue NOFA in January.
2. Review NOFA applications, award funding and provide commitment letters to NOFA recipients in May.
3. Coordinate preparation of loan documents and funding NOFA recipient projects.
4. Start new Trust Predevelopment Loan Program with leveraged funding and administrative support from financial intermediaries.
5. Start new ADU Affordable Loan Program.

LONG-TERM

1. Continue to fund essential programs and projects to achieve the Trust Mission and Vision.
2. Contribute to the creation of an aggregate of 2,396 supportive housing by 2029.

**Strategic Component 3**

**Perform Accountability and Compliance Monitoring**

SHORT-TERM

1. Create a new version and maintain website GIS mapping of Orange County affordable and PSH projects to monitor progress toward 2029 goal.
2. Create a new affordable housing project database to track pipeline projects, projects at various stages of completion, and compliance monitoring during regulatory period.
3. Perform loan/grant compliance monitoring in accord with Trust loan/grant documents.
4. Complete all compliance grant reports ensuring a good standing status.
5. Prepare annual Trust Strategic Plan review and update and present it to the Trust Board for approval.

LONG-TERM

1. Establish the Trust as a reliable and highly accomplished recipient of grant funding in both the expenditure of funding and the compliance monitoring and reporting.
2. Provide the residents of Orange County, government staff and elected officials, and affordable housing stakeholders a user-friendly, transparent, source of information regarding the current status of affordable housing and progress towards 2029 goal.

**Strategic Component 4**  
**Retain and Increase Trust City Membership.**

**SHORT-TERM**

1. Prepare and submit the annual Trust update report to the Trust Board and Trust Members.
2. Present biennial in-person update to Trust member elected officials on even years.
3. Solicit remaining non-member cities to join the Trust using Trust members, Trust Board, and developers.
4. Promote the Trust through the website, email blasts, speaking presentations, conference participation, and press releases.
5. Explore funding and support for City-Initiated Affordable Housing
6. Invite surrounding city staff and elected officials related to groundbreaking or grand opening of Trust funded projects.

**LONG-TERM**

1. Utilize a variety of means provided in the short-term goals to establish the Trust as a valuable contributing entity helping the region achieve its affordable and supportive housing goals and requirements.

**Strategic Component 5**  
**Increase Administrative Funding to Fully Support Trust Programs**

**SHORT-TERM**

1. Strive to only increase the administrative budget when granting funding is provided and there is a corresponding and measurable deliverable helping the Trust achieve its Mission and Vision.
2. During the May budget review and report, consider consultant contracts and administrative alternatives (e.g., such as full-time vs. part-time employees vs. contract services).
3. Continue to explore and pursue funding and financing that provide one-time or recurring sources of administrative funding (e.g., grant funding, legislative appropriations, member contributions, philanthropic donations, fees, and loan repayments).
4. Establish a new administrative accounting system to track and monitor short and long-term revenue and expenses and project 10-year cash flow.

**LONG-TERM**

1. Establish a perpetual source of administrative funding that does not rely upon Trust Member contributions.
2. Create an experienced high-performing team of Trust staff and professional service providers that is achieving the goals necessary to achieve the Trust Mission and Vision.

**Strategic Component 6**  
**Engage in Regional and Collaborative Efforts to Combat Homelessness and**  
**Facilitate Housing Production.**

**SHORT-TERM**

1. Consistently coordinate and communicate Trust initiatives and accomplishments with various stakeholder groups, commissions, committees, and individuals.
2. Research best practices and studies from other regions that may be applicable to Orange County, exploring swift and cost-effective housing and service options for homeless individuals.
3. Collaborate and/or support research to promote the Trust Mission and Vision and share those findings with Trust members and non-members that help to establish the regional approach of the Trust.
4. Explore any and all opportunities for the Trust to form strategic partnerships that leverage and secure additional capital funding and/or administrative assistance funds.
5. Implement new ADU Affordable Loan Program, Predevelopment Loan Program, and other initiatives.

**LONG-TERM**

1. Establish the Trust as a viable regional collaborative entity working on behalf of its members to improve affordable housing opportunities and combat homelessness by providing housing and other resources.

## Chapter 6: Trust Sustainability

One of the pivotal aspects of effective strategic planning is to ensure the organization's long-term sustainability. A significant portion of sustainability planning revolves around securing adequate capital and administrative funding over the years. In July 2022, the Trust Board approved an updated Capital and Administrative Funding Plan<sup>18</sup>. This comprehensive document outlines various existing and prospective funding sources designed to safeguard the Trust's long-term viability. Since its adoption, the Trust staff have been tracking emerging opportunities for both capital and administrative funding, actively applying for these opportunities as they arise.

A central strategy for the Trust's sustainability relies upon the future repayment of Trust loans and then revolving those funds into additional affordable housing projects. To execute this correctly the Trust incorporates a modest interest component into Trust loans. This serves to offset inflation-related costs. The Trust loans also include the borrower paying an annual compliance monitoring fee for auditing purposes. Based on this fundamental approach and considering that residual receipts loans for multi-family rental projects are typically repaid within approximately 15 years, the Trust is poised to establish a continuous funding source upon reaching the 15-year milestone since the loans were issued.

Starting from 2020, the Trust has approved 18 loan commitments, totaling \$32 million. Among these, one project has reached completion and is currently occupied. Additionally, thirteen projects are presently under construction, while the remaining four are in the process of finalizing their financing and entitlements.

Since its formation, the Trust has successfully applied for and secured \$58.6 million in grant funding, encompassing both capital (\$55 million) and administrative (\$3.6 million) allocations. During 2023, the Trust pursued four separate grants with a combined value of \$20 million, and two of those grants have the possibility of leveraging grant funds by adding matching funds from a financial intermediary such as a Community Development Financial Institution (CDFI). Furthermore, the Trust's staff collaborated closely with Caltrans to strategize potential funding in the event of the approval of a new toll road along the 5 freeway.

Across 2022 and 2023, the Trust's staff embarked on an exploration of diverse financing tools aimed at supporting the Trust's mission. Notably, this involved the establishment of a new ADU Affordable Loan Program and a Predevelopment Loan Program. These initiatives not only enhance the Trust's value and contribute to the creation of more affordable and supportive housing but also significantly bolster the Trust's long-term sustainability through new streams of administrative revenue. Moreover, they assist Trust members in fulfilling their Regional Housing Needs Allocation (RHNA), attracting, and retaining Trust members, as well as affordable housing developers, thereby prioritizing Orange County over alternative locations.

---

<sup>18</sup> See Appendix C – Capital and Administrative Funding Plan



The Trust deeply values the consistent and substantial support extended by the County of Orange, which has played a pivotal role in fostering the Trust's long-term sustainability, encompassing both capital and administrative funding. Although direct Trust member city contributions have only occurred in 2021, these same cities have been instrumental in aiding the Trust to secure \$650,000 in administrative funding grants from the Orange County Council of Governments. Should additional administrative funding be necessary, Trust members will contribute based on a cost-sharing formula stipulated in the Joint Powers Agreement, and more fully detailed and approved by the Trust Board at their January 15, 2020, meeting.

## Appendices

### **Appendix A - Ways to Reduce PSH Unit Costs**

The need for more permanent supportive housing in Orange County is urgent. With the current cost of building new units averaging \$497,570<sup>19</sup> per unit and taking years to complete, it is useful to explore ways of creating more PSH units quickly and at lower cost.

Starting in 2021, the Trust NOFA added language that prioritizes projects that leverage other funding.

Additional ways to lower the cost of affordable housing include the following, and may occasionally be used in combination in a single project:

Purchasing existing properties: With this strategy, per unit costs can be cheaper and timeframes for bringing these units on-line can be much shorter. For example, the City of San Francisco, which has approximately the same number of homeless people as Orange County (but concentrated in a much smaller area), currently has an aggressive program to buy or lease 1,500 units of additional PSH before the end of 2022. Recent purchases include a motel in the outer Mission district, an apartment building originally intended for student housing south of Market Street, and a single-room occupancy hotel in the Mission district.

Creating Tiny Villages: Seattle has a program to help create “tiny villages” which consist of very small units, sometimes movable structures with a single bed, combined with shared eating and bathing facilities. Services can be co-located or brought on-site. The City of Oakland is making certain larger properties currently in the development process available temporarily for shelters and supportive housing during the time that the approval process moves forward, which can be several years.

Using Donated Land: Unit costs can be significantly reduced if the cost of land is eliminated. The donation of city, county, state, or federally owned land are prime targets for this strategy. For example, the City of Santa Ana has used city-owned property for this purpose, leasing the land to the project and thereby maintaining control of affordability under a “land trust” structure. The Salvation Army owns various potential sites that could be used for future projects.

Reducing Production and Building Material Costs: LifeArk based out of Duarte, CA is an example of a company utilizing the prefabrication process to lower housing costs. They have several affordable and PSH projects scattered throughout California. The company produces housing and PSH units using plastic rotational molding as a building material. The material meets all building code standards and results in lower overall construction costs. LifeArk employs off-site

---

<sup>19</sup> County of Orange Housing Funding Strategy 2022 Update

prefabrication of building structures using a common design that reduces overall costs and expedites construction time. LifeArk won a \$1 million grant in LA County’s “Homeless Initiative” competition.

Demonstration Programs and Expedited Processing: When the need is urgent, some jurisdictions have waived some requirements temporarily and prioritized approvals of certain development projects that address a critical need. Moving projects forward quickly reduces the holding costs for the developer. This is sometimes accomplished through demonstration projects that are approved for a certain time period and therefore encounter less political resistance than would be the case with permanent changes. Numerous cities throughout California have employed expedited processing for affordable housing projects located near transit hubs.

Accessory Dwelling Units: Additional units created in existing structures, such as second units in single-family homes, can be a cost-effective strategy. The Development Fund in San Francisco ran a program with foundation funding that provided free design services and low-cost financing to homeowners who would agree to keep rents in the newly created units affordable. The Trust is implementing a similar program.

Facilitating the Use of Section 8 Housing Vouchers: Creating PSH units in existing properties is highly cost-effective. Jurisdictions that do not use all their housing vouchers in a year are subject to a lower allocation the following year. When the need for supportive and affordable housing is great, efforts to match qualifying individuals and families with vacant units can be productive and result in increased allocations in the future. United Way of Orange County operates a program to identify vacant units by working with landlords and those qualifying for Section 8 assistance to match people to units, thereby ensuring that all housing vouchers are used. These units can be matched with supportive services.

## Appendix B – Stakeholder Interviews

### Orange County Community Foundation

Cathleen Otero, Senior Vice President of Donor, and Community Engagement

Cathleen was interviewed this year and received a briefing on the Trust's progress in raising and deploying funds for permanent affordable housing in Orange County. The Trust has successfully raised \$55 million to date, which has supported 18 new permanent affordable housing projects. Her feedback was highly positive.

Additionally, Cathleen was informed about the Trust's two new initiatives: managing an Accessory Dwelling Unit (ADU) program and raising and deploying pre-development funding to encourage new projects in the county.

Cathleen was also updated on a recent study conducted for Gateway Cities regarding philanthropic support for their Trust. The study revealed a lack of interest for several reasons: (1) the Trust is relatively new, (2) it comprises government agencies, (3) it lacks existing relationships with foundations, and (4) it is not organized as a 501c3 organization.

Regarding funding to reduce homelessness, the Orange County Community Foundation (OCCF) achieves this through donors with donor-advised funds. Funding is directed to organizations such as OC United Way and specific service providers operating as 501c3 organizations.

The conversation also touched upon the need for more pre-development loan funds to attract developers to undertake more projects in Orange County. It was mentioned that the California Endowment was funding Program-Related Investments (PRIs) in collaboration with Mercy Housing. PRIs involve the foundation's endowment funds being invested in social causes run by nonprofits, yielding a below-market return.

Cathleen indicated that OCCF exclusively engages in PRIs through its donor-advised funds. This was unexpected, as most other foundations that provide PRI loans typically do so directly from their endowment rather than through their donor-advised funds.

Cathleen expressed her willingness to receive a concept paper on PRIs for review and potential sharing with donors who have donor-advised funds. However, the funds would need to be directed to 501c3 organizations since they are funded through OCCF, but arrangements could be made with a placement fee for the Trust (and Century Housing, if they are involved). She confirmed her interest and requested that a summary of the Trust's achievements to date be included in the materials which have been provided and are currently under review.

University of California, Irvine (UCI)

Dr. George Tita, Professor of Criminology, Law and Society and Urban Planning and Public Policy, Director of the Livable Cities Lab; Doug Colby, Senior Director of Development.

The previous UCI study, titled "Homelessness in Orange County – The Costs to our Community," which was completed in 2016, rapidly became one of the nation's most comprehensive and groundbreaking cost studies on homelessness. The study aimed to gain a deeper understanding of the expenditures incurred by the County, local municipalities, and non-governmental service agencies in delivering services to the local homeless population. Key findings from the study are outlined below:

- 68% of the County's homeless population had resided in the county for ten years or more.
- A total of \$299 million was expended by governmental and non-governmental entities during a 12-month period spanning 2014/2015.
- The average annual cost per homeless person for all services amounted to approximately \$45,000.
- Homeless individuals in permanent supportive housing reported 78% fewer ambulance transports and 100% fewer arrests in comparison to those who were chronically homeless, living on the streets or in emergency shelters.
- The estimated average annual cost of services per capita for permanent supportive housing clients was 50% lower than for chronically street homeless individuals.
- Factoring in the average cost of services per capita, the study identified a potential cost savings of approximately \$42 million annually if all Orange County's chronically homeless were placed in permanent supportive housing.
- The potential cost savings were even more significant for the chronically street homeless, who were the heaviest service users, and for those in the upper decile of costs. The study revealed that 10% of the chronically street homeless incurred annual costs exceeding \$439,787 per person, whereas the costliest 10% of those in permanent supportive housing incurred annual costs of only \$55,332.
- These findings from the study have played a role in garnering support from policymakers across the county for various initiatives aimed at providing shelter and housing for the homeless population.

More recently, UCI conducted a study on the effects of affordable housing on crime and housing values in Orange County. The study's overarching conclusion was that the introduction of affordable housing to a community did not impact the crime rate, and housing values continued to appreciate in these communities at a rate consistent with other areas that had not recently added affordable housing units. These findings align with similar studies conducted nationwide.

George expressed support for the Trust's idea of establishing a financing program to incentivize the construction of accessory dwelling units (ADUs) in the County. This approach could provide

housing for a subset of individuals experiencing homelessness who do not require extensive services, thus freeing up permanent supportive housing units for those in greater need. George also suggested considering a new single-room occupancy (SRO) model.

The need for innovative solutions to address the affordable housing crisis was discussed. George highlighted the increasing occurrence of families residing in large homes (with 3, 4, or 5 bedrooms) even after their children have left home. There might be opportunities to free up these homes for younger, larger families. A program implemented in Minneapolis during the 1980s was mentioned, which addressed this issue by constructing townhouses reserved for empty nesters and offering incentives for them to transition to these units.

The pressing need for more workforce housing was emphasized, as it is becoming increasingly critical. Subsidies are diminishing, and more units need to be created. The conversion of underutilized office parks was explored as an effective means of generating more housing, although conversion costs can be substantial, they are still considerably lower than new construction.

UCI's "Livable Cities Lab" tracks trends at the intersection of public safety, affordable housing, and social enterprise.

Data derived from UCI studies can contribute to dispelling previously held negative beliefs concerning affordable housing, homelessness, and homelessness prevention programs.

*Strategic Plan Implication: UCI studies and data can help educate and inform policy makers and the public on a variety of aspects related to homelessness. This ultimately improves the Trust's information-sharing and coordination efforts and helps build the case for the Trust locally as well as for Trust-funded projects.*

### Orange County United Way

*Susan B. Parks, President & CEO; Michelle Murphy, Director, Public Affairs, Michael Shepherd, Senior Manager, Community Strategies; and Becks Heyhoe, Director, United to End Homelessness.*

Staff met with Orange County United Way for the 2023 update to the Strategic Plan. Previous years focused on the three core initiatives of the United Way and their Emergency Rental Assistance work as it relates to preventing homelessness and increasing housing security.

Additional points of discussion and opportunities for aligning the work of the Trust and the United Way are as follows:

1. Opportunities to use United Way's contacts to increase the ability and will to build affordable housing in OC. OCUW would like the Trust to provide a small set of reasons why

Orange County is hard to build in, which could then be taken to the Leadership Council for discussion and action as leaders within the county.

2. SparkPoint OC (as described in the previous strategic plan) is going strong and continues to focus on families in Title 1 schools who are housing insecure. Additionally, a recently published study looks at rent-based evictions to understand the extent of the need and is now being applied to work with the court system so evictions do not follow families for life and impact their ability to find future housing.
3. Inconsistencies amongst agencies and service providers related to the definition and number of permanent supportive housing units in the County and how many more are needed to meet the established goals. Becks believes this is a strong opportunity for collaboration with the Trust to create demand for this information to inform future affordable housing funding priorities. United Way staff has already been working on determining a count of PSH but has been stymied by the definitional challenge.
4. Related to ensuring consistency in tracking the goal is looking at the specific subpopulations served by different PSH units and tracking the progress towards the established goals and the changing needs per subpopulation.
5. Continuum of Care's 3-year vision includes using data to predict future housing needs. HUD has made available tools that predict the supply needed to solve homelessness, including through the lens of specific subpopulations. Becks recommended the Trust submit a data request to the CoC to jump-start the conversation about predicting future needs for each subpopulation and clarifying the connection to housing funding and incentives to achieve those targets.
6. Reducing the cost of affordable housing: United Way has an interest in modular housing, alternative living arrangements such as shared housing, private investment strategies like Orangewood's Rising Tides project, and retaining affordable housing stock that is falling into disrepair. They will focus on generating the will and enthusiasm to try different housing solutions or taking the lead on pilots to test ideas.
7. United Way received a CalOptima grant from which they created their "Whatever It Takes" fund, which can provide landlord incentives for accepting formerly homeless tenants, such as holding fees when units are vacant. This differs from their WelcomeHomeOC program by being available to any homeless service provider that is funded by CalOptima.

*Strategic Plan Implication: Potential trusted partner, strong advocate for housing to end homelessness, provider of homeless prevention programs, and committed to increasing Orange County's utilization rate of HUD special purpose rental vouchers that increase the available housing opportunities for the Orange County homeless population.*

Orange County Housing Authority (OCHA)

Julia Bidwell, Director, Orange County Housing and Community Development;  
January Johnson, Housing Manager

Julia commended the Trust for its effective fundraising efforts from external sources beyond the County while staying true to the Trust's mission. She highlighted the Trust's accomplishment in accessing LHFT funds from the State, which were unavailable to local governments and were a key impetus for the County's initial seed funding and support for the Trust.

Julia also shared a vision of the Trust as a regional collaboration that brings together the efforts and voices of member cities. This united front could be employed to advocate for changes in state and federal policies, such as during discussions on tax credit regulations in Sacramento. Additionally, the Trust could play a role in aggregating funding pipelines from member cities and the County. Julia believed that the Trust is well-suited for this role as a member organization without its own jurisdictional needs or agenda. While Julia expressed support for the Trust's new ADU loan program, she cautioned the staff to be vigilant against mission drift that could extend the Trust beyond its expertise and role.

Adam relayed a need expressed by a local housing developer at a recent CalOptima meeting for increased Project-Based Voucher (PBV) funding. January provided an overview of the Housing Authority's strategy for PBVs. Currently, approximately 10% of their total allowed vouchers are designated as project-based, with the rest being tenant-based. HUD has authorized up to 20% to be used for PBVs, and this is the ratio OCHA is aiming for. They believe that this ratio strikes the right balance between highly successful tenant-based vouchers and providing vouchers for individuals with greater needs that cannot be met by the conventional housing market. To shift toward PBVs, OCHA is converting 50% of relinquished tenant-based vouchers to PBVs and returning the remainder to the tenant program. This practice has been in effect since 2014.

PBVs come with supportive services, and OCHA uses them to subsidize housing for individuals entering the Coordinated Entry System who often face additional barriers beyond affordability, such as poor credit, a criminal history, or a history of homelessness. With a 96% utilization rate, tenant-based vouchers without services appear to adequately meet the needs of households primarily facing affordability barriers. January also noted that the often-cited low utilization rate of tenant-based vouchers applies mainly to special-purpose vouchers that serve the same high-needs population as project-based vouchers but through tenant-based vouchers with added services. These special-purpose voucher holders have a much lower utilization rate (60%) than new-issue housing choice vouchers. Additionally, voucher holders experiencing turnover also encounter challenges in finding housing, resulting in an 80% utilization rate. This is likely due to previous housing issues, credit problems, payment difficulties, or problematic tenant histories.



January further explained that the HUD voucher program is designed to gradually decrease in size. Each year, the Housing Authority receives a set amount of money and a specific number of vouchers, which is never more than the previous year's usage. Due to the high cost of living in Orange County, OCHA often exhausts its funding before utilizing all the allotted vouchers. Consequently, each year's utilization is slightly lower than the previous years.

The diminishing pool of total vouchers, coupled with the success and high demand for the competing tenant-based voucher program, makes it unlikely that the Housing Authority will be able to supply enough PBVs to meet developers' needs. An opportunity remains for the Trust to explore alternative methods of providing the higher rent and reliability that developers value in PBVs.

*Strategic Plan Implications: The County of Orange, through its Housing authority and its Department of Housing and Community Development, supported the formation of the Trust and funded its early operations. Coordinating with the OCHA is necessary for the allocation of Project Based Vouchers for Trust projects. However, the availability of housing vouchers is limited and could affect the Trust's ability to meet its future goals.*

### Orange County Housing Trust (OCHT)

Helen O'Sullivan, Executive Director of OCHT & CEO, NeighborWorks of Orange County

Orange County Housing Trust is a 15-year-old 501c3 non-profit with a track record of success. It was retooled in 2019 and reinvigorated by a major grant from Disney. It seeks private and public sector contributions for affordable housing and supportive housing projects in Orange County.

- OCHT is looking for short-term financing opportunities as a “quiet” lender (predevelopment, acquisition loans).
- NeighborWorks OC is providing Helen O'Sullivan to serve as OCHT's executive director. OCHT will dedicate its resources to housing until such time as it develops funding for full-time staff.
- OCHT may plan an annual fundraising campaign for the business community. OCHT contributed the last of the Disney funding to the Center of Hope in Anaheim.
- OCHT may want to eventually become a CDFI to access low-cost capital for affordable housing development finance.
- OCHT is not subject to the Brown Act or other public agency requirements and does not have elected officials on its board, which has proven to be problematic in other non-profits. OCHT can move quickly to fund when funds are available.
- OCHT has been around for many years and has a significant track record itself.

*Strategic Plan Implications: A potential corporate financing partner. Some local corporate capital involved in Trust financing would be a major political advantage when seeking additional funding in Sacramento.*

### Salvation Army Orange County

#### Ben Hurst, Director of Strategic Operations

The Salvation Army (SA) has been active in Orange County for 128 years, commencing its operations in Santa Ana. Captain Nesan Kistan serves as the head of Orange County operations, and funding for these operations is primarily derived from donations and sales at Thrift stores.

A significant undertaking for the Salvation Army is the Center of Hope project in Anaheim, where the Salvation Army serves as both the developer and operator of the 6.9-acre site. This project encompasses 325 emergency shelter beds with the aim of expanding to 572, encompassing both shelter accommodations and permanent supportive housing units. Additionally, the project includes offices for service providers, project administration, and a research center.

Key developments related to the Anaheim Center of Hope project include:

- On August 11, 2021, it received approvals for bond allocations and tax credits.
- The City of Anaheim Community Development Department played a significant role in identifying, approving, and supporting the project, which includes shelter facilities, apartments, services, and the research center. The Orange County Housing Trust contributed \$2 million in funding, originally provided by the Disney Corporation.
- The project includes 50 Section 8 vouchers dedicated by the Anaheim Housing Authority.
- The site also features a substantial multi-story building that will house the "Center for Applied Research and Innovation," focusing on social policy solutions, including homelessness. This center will operate under a collaborative agreement with the University of California, Irvine (UCI).
- The groundbreaking ceremony for the Center of Hope project was well attended, with remarks in support of the project from Supervisor Chaffee, the Chair of the Trust, among others.
- The Salvation Army is exploring the possibility of another site in Santa Ana, a former five-acre church property off Edinger.
- The Salvation Army possesses extensive land holdings in Orange County and 69 other sites throughout California, making it one of the largest landowners in the United States.

Both the Salvation Army and the Trust share a common goal of achieving "Functional Zero" homelessness, where all homeless individuals have the opportunity to access various housing options based on their circumstances. Prioritization is given to veterans, women, and children, with accommodations for men being a secondary consideration, even though they represent the largest segment of the homeless population.

The most significant expense associated with homelessness is hospitalization, followed by the expenses incurred by first responders, such as police and fire services. There is a pressing need for the Salvation Army and other organizations involved in addressing homelessness to coordinate closely with CalOptima, a local organization that provides health insurance for low and very low-income individuals. This coordination is facilitated through the BeWell clinics and other efforts by the County Health Care Agency.

Without a concerted and effective effort to assist the homeless population in acquiring life skills and self-sufficiency, most individuals are unlikely to transition from permanent supportive housing, leading to a continuous growth in demand. Current studies indicate that only 8% of homeless individuals eventually self-resolve.

*Strategic Plan Implications: The Salvation Army is an essential partner for the Trust. Salvation Army has already received a \$2.5 million award of funds from the Trust for the City of Hope project. The Trust might also provide support for future Salvation Army projects. The cost of land could be zero if Salvation Army-owned land is made available for projects, thereby lowering per-unit cost.*

### Commission to End Homelessness & Orange County Health Agency: Office of Care Coordination

Doug Becht, staff to the Commission to End Homelessness & Continuum of Care, and Director of Operations at the County of Orange Health Care Agency

The Commission to End Homelessness is a collaborative body of government and stakeholder organizations dedicated to addressing homelessness in the County. It serves as a platform for maintaining connectivity among these organizations, tracking their activities and progress, and facilitating coordination and mutual support. The Commission comprises 20 members, with 18 having voting rights, while the remaining two are Continuum of Care staffers from the HCA.

It's important to note that the Commission operates solely as an advisory body and does not possess its own funds. Its primary role is to conduct an overarching assessment of how the County addresses homelessness and recommend strategies for enhancing coordination.

Don Wagner serves as the Chair of the Commission, and Doug Becht is responsible for providing staff support.

Key points about the Commission to End Homelessness include:

- Established in 2018 to address the four pillars of homelessness: prevention, outreach, shelter, and housing, the Commission holds bi-monthly meetings, subject to the Brown Act due to the involvement of public officials.

- The homeless issue involves numerous stakeholders, including cities, law enforcement, service providers, housing developers, the District Attorney, and others, all of whom are represented on the Commission. Effective coordination is crucial for the system to function optimally.
- Cities in Orange County also play a vital role in addressing homelessness, with most participating, but some have not fully engaged. Expanding Trust membership to encompass all Orange County cities is a goal, but cities will also need to contribute financially to projects in their jurisdictions, as everyone must contribute to resolving homelessness.
- Coordination of Care functions, managed by OCHA, aid in matching homeless individuals exiting treatment with available housing resources. The fact that both Coordination of Care and Commission functions operate within a single county simplifies the coordination compared to larger counties like Los Angeles.
- Doug emphasizes that the Trust and other organizations financing and developing permanent supportive and affordable housing are pivotal to the success of the initiative. Without suitable permanent housing options after treatment or transition, individuals may return to the streets, leading to a system failure.
- Once placed in a Permanent Supportive Housing (PSH) unit, homeless individuals typically have low turnover, with changes primarily occurring due to death and evictions. Therefore, there is a constant need for more PSH units, and an insufficient supply can hinder rapid re-housing efforts.
- The concept of the Trust financing accessory dwelling units (ADUs) within existing housing was discussed, and Doug expressed support. However, he stressed the importance of careful and appropriate placement, considering factors like the client's level of functioning and perceived self-sufficiency, as predicting outcomes after homelessness remains uncertain. The Commission planned to nominate a study committee on the viability of tiny structures for addressing the housing shortage.
- Recent Commission discussions highlighted the high cost of providing affordable housing units, which currently exceeds \$500,000 per unit. Efforts must be made to reduce development costs and to increase the number of units constructed.
- The "Tiny Village" concept and the potential use of land within the 22-acre site being developed in Irvine for a new BeWell Clinic were discussed as ways to provide temporary housing. The Trust could assist with financing, and CalOptima might also provide funding.
- Garden Grove, Westminster, and Fountain Valley are collaboratively creating a new shelter facility with 85 to 100 beds.
- Mortality rates are significantly higher among unsheltered individuals, underscoring the importance of adequate shelters as a first step on the way to permanent housing. Those at shelters are also more likely to be connected to housing, due to greater access to homeless services and resources
- The location of housing units is crucial, as individuals often have ties to specific communities where they have previously lived. Returning to familiar areas enhances satisfaction and stability.

- The Commission is looking towards South County for additional shelter and PSH due to a lack of those resources in that region. Cities in that region are less proactive and invested in addressing homelessness.
- Trust staff will continue to participate in future Commission meetings, providing updates on Trust projects and initiatives.
- Prevention remains the most effective strategy for addressing homelessness from the outset.

*Strategic Plan Implications: The Commission to End Homelessness provides an opportunity for the Trust to continue to be connected to homeless service providers in Orange County that can share what the significant issues are that may affect Trust activities and priorities. Commission members share similar concerns the Trust has regarding the high cost of affordable housing.*

### Association of California Cities - Orange County (ACC-OC)

Kris Murray, Executive Director; Lauren Kline, Director of Programs and Operations

ACC-OC came into existence following a disagreement with the Orange County League of Cities over Governor Jerry Brown's carbon tax. ACC-OC members opposed the tax, while the League supported it. The initial idea was to establish entities across the state as alternatives to the League of California Cities. However, ACC-OC was the sole entity created and is supported by its members.

- The city members of the Trust largely overlap with those in ACC-OC.
- The former Executive Director of ACC-OC played a significant role in the formation of the Trust. The current Executive Director, Kris Murray, who previously worked for the City of Anaheim, was on the ACC-OC Board when the idea of creating a Trust was considered and was highly supportive.
- ACC-OC primarily engages in communication and advocacy. Regarding housing, its advocacy efforts are concentrated on garnering community support for new affordable housing projects.
- ACC-OC desires to stay informed about Trust goals and achievements. The Trust is welcome to participate in ACC-OC events, conferences, and the Public Policy Makers Academy. They are looking for opportunities to offer infrastructure tours to their members and could bring members to see the physical work of the Trust a development. City of Hope was suggested as a good initial site.
- It is essential for cities to be aware of the new GIS parcel evaluation program initiated by the Trust, which facilitates the identification of parcels suitable for tax-credit projects.
- The Trust will provide ACC-OC with suggested content and updates for dissemination to ACC-OC member cities through their monthly newsletter and social media channels.

- The Trust can partake in ACC-OC-organized trips to Sacramento and Washington, D.C. each year to engage with legislators on matters impacting their cities. There is still a prevailing perception in Sacramento that Orange County is opposed to affordable housing, and this perception needs to be dispelled by showcasing the county's efforts in this realm.
- ACC-OC also suggested exploring a collaboration with the Trust to issue the Housing Report Card, previously published by the OC Business Council.

*Strategic Plan Implication: ACC-OC is a Trust partner for promoting future legislation favoring the Trust. ACC-OC provides a resource for the Trust to facilitate communication and networking with Orange County cities regarding Trust activities and providing support for new Trust projects.*

### Century Housing

Josh Hamilton, Sr. Vice President, Lending

Century Housing is a prominent affordable housing lender headquartered in Culver City and actively involved in Orange County. Initially, Century's capitalization stemmed from the transfer of remaining assets from the State of California's program to relocate homes in Los Angeles, which were in the path of the Century Freeway construction.

Among Century's many programs, its role as a Community Development Financial Institution (CDFI) is most pertinent to the Trust. Century extends early-stage acquisition and bridge loans to assist developers in securing land, obtaining soft financing, and obtaining tax credit approvals, all the way through construction and permanent loans.

Century frequently collaborates with the "Golden State Acquisition Fund (GSAF)," a revolving below-market-rate loan fund managed by the State's Housing and Community Development (HCD) department. GSAF assumes the top 25% loss position in each loan. Loan-to-value percentages can be higher, reaching 100% in some instances (note that loans funded by GSAF do not exceed 100% LTV, although LTV remains below 100% when Century finances predevelopment loans). HCD's rate on the State's funds is blended with Century's rate. After previously running out of funds, GSAF received an additional \$50 million infusion this year.

Century originates these early-stage loans for borrowers, conducts underwriting and loan closures, with repayment coming from construction loan proceeds. Interest rates are variable, with rates linked to LIBOR. Interest payments are made through an interest reserve funded from the loan at closing, and there are no prepayment penalties. Origination fees typically range from 1% to 1½%, depending on the loan amount. Present rates fall within the 6¾% range.

Century collaborates with established developers including nonprofit, for-profit, and governments with extensive experience and strong financial positions. The risk of default is minimal, as potential defaults carry reputational risks.

So far in 2023, there have been fewer requests for these acquisition funds, although Josh anticipates an increase.

The Trust has engaged in discussions with Century about partnering on a new pre-development loan program in Orange County. Century is interested and suggests a co-lending arrangement with the Trust in the first-loss position. In such a setup, the Trust would share in the loan origination fees, providing funding for Trust overhead and consequently reducing the amount required from other sources, including Trust Members. The Trust has applied for two grants (SCAG and CalOptima) and is currently applying for a third grant for predevelopment loans (HUD). Century Housing collaborates on a similar fund in Los Angeles County, known as LACHIF, which offers predevelopment and acquisition support. It is oversubscribed in acquisition financing, with resources sufficient for only 1-2 deals annually. Approximately 90% of the funds are allocated to acquisitions.

The Trust aims to promote more affordable and permanent supportive housing projects. Josh identified impediments, including insufficient equity gap financing (which the Trust provides), inadequate city funds, and a shortage of suitable land.

Encouraging developers who are not currently active in Orange County to initiate projects here is another avenue. Developers such as TSA (Tom Safran) in LA and various developers in San Diego (Affirmed Housing, Community Housing Works, Chelsea Investment Corporation) might be potential targets for outreach. Many San Diego-based developers have launched projects in LA due to local funding sources but have found it challenging to develop there currently. Josh suggested redirecting them to Orange County instead.

Josh emphasized the need to create more affordable housing in the 60% to 80% Area Median Income (AMI) range to stabilize families, preventing other family members in precarious situations from becoming homeless in the first place.

*Strategic Plan Implications: Century Housing is a potential financing partner for Trust projects. Century has a strong balance sheet and its own internal capital source as well as an existing partnership with the State of California. Should the Trust wish to do early-stage lending in addition to late-stage (residual receipts loans or another financing structure), partnering with Century would help leverage Trust funds. The Trust could take advantage of Century's existing and proven underwriting and loan servicing programs. Century could help the Trust expand its financing options and potentially lend credibility and expertise to the Trust as it pursues this new line of financing. Century's relationships with affordable housing developers in LA and San Diego could also be helpful to the Trust if the Trust decides to initiate an outreach program.*

Orange County Continuum of Care

Tim Shaw, Member of the CoC and Past Board Chair; Sarah Jones, CoC Manager

Adam discussed the Trust's financing of various affordable and permanent supportive housing projects. Tim commended the Trust on the good work done so far to fill an important niche in the capital stack for new projects and for their awareness of the need for permanent supportive housing.

The Office of Care Coordination, as the Continuum of Care collaborative applicant, operates the "Coordinated Entry System" (CES) to match individuals and families experiencing homelessness with appropriate housing units. The Trust asked for feedback on how to expand development financing opportunities while also emphasizing the importance of accessible data and knowledge transfer for all partners involved to help speak in a unified voice to funders and public officials.

Tim expressed a need for affordable housing as well as permanent housing that is inclusive of all HUD AMI limits, not just 30% AMI, as well as housing for specific sub-populations including senior citizens, veterans, families and the transitional age youth (TAY) population, as well as housing for those experiencing chronic and temporary homelessness.

We discussed the challenges of understanding and addressing homelessness in Orange County and accessing key data points. The point in time count and the housing inventory count are starting points for census-type counts in the County. The Housing Inventory Count aims to quantify the number of beds available for temporary, transitional, and permanent housing, as well as populations served within the full homeless services ecosystem in Orange County. The Housing Management Information System (HMIS) is another source for data but only includes recipients and agencies that participate in the County system. These sources have limitations.

There is also a need for comprehensive regional fiscal mapping to better understand the resources available for addressing homelessness and understanding the funding parameters and constraints for each source. A comprehensive understanding would allow disbursement of funds to be made with the full picture of the disbursements of other funds and jurisdictions. Tim emphasized the importance of clear messaging around the goal of achieving functional zero for homelessness in Orange County in various categories (veterans, seniors, very low-income populations, etc.) Adam mentioned that, with better data, Trust funds could prioritize some of these populations in future Trust NOFAs.

Adam expressed a need to know how we are doing as a County in ending homelessness and how will we know when we have reached functional zero. Tim explained that the functional zero concept came from a national consulting firm that sets the functional zero numbers and prescribes the steps necessary for a community to achieve them. This firm has not been under contract to consult in Orange County, although there has been some discussion about bringing them in. As it currently stands, no organization "owns" the functional zero goal, which is why it



remains undefined and nebulous. Due to the complexity of achieving buy-in from 35 governments in the County, Tim felt that a non-governmental organization would potentially be the most successful in taking the lead here. In the meantime, the Continuum of Care is targeting a 3-year goal of a negative-net inflow of people into the homeless system.

We discussed the importance of humanizing the homelessness issue for advocacy purposes and for providing information to all the participants in the homeless space so that they can provide better and more tailored services. In partnership with the Commission to End Homelessness, the Office of Care Coordination has contracted with City Net to conduct a homelessness survey to portray the circumstances, daily lives and needs of the homeless in Orange County. This ties in with previous work from the CoC around understanding the inequity that manifests itself in the populations experiencing homelessness.

Finally, we discussed the possibility of Adam's making a short presentation at a future Continuum of Care Board meeting and a separate presentation for the Lived Experience Advisory Committee.

The meeting also covered several additional topics related to what other Trusts were doing as well as the possibility of the Trust's issuing a housing trust fund bond (currently not permitted in the Trust's bylaws).

*Strategic Plan Implications: Since newly available units are distributed to homeless populations through the Continuum of Care's Coordinated Entry System, it is essential that the Trust maintain a close relationship and share information with the CoC. Raising additional money for PSH units is critical for reducing the populations of homeless people and eventually achieving "functional zero" which occurs when there is a unit available that can be matched for every new person or family experiencing homelessness.*

### City of Santa Ana

Judson Brown, City of Santa Ana Housing Division Manager and Chair of Housing Committee of the Continuum of Care

The City of Santa Ana is overseeing a substantial emergency rental assistance program funded with \$24.8 million from the Federal government and an additional \$24.8 million from the State of California. They administer the program in partnership with eight nonprofit organizations, including Catholic Charities, The Salvation Army, and United Way of Orange County, among others.

Emergency housing vouchers are managed through the Continuum of Care. There is a recognized need for providing incentives to landlords to accept these vouchers, such as offering increased security deposits or pre-paid rent.

Reducing the costs associated with permanent supportive housing and affordable housing can be achieved significantly through land donations. The Silicon Valley Housing Trust has been acquiring land for this purpose. Santa Ana is actively pursuing a similar strategy to acquire land and maintain ownership through ground leases, thus lowering development costs and ensuring long-term affordability. Moreover, opportunities may arise from state-owned, county-owned, and city-owned land, as well as underutilized parking lots, school properties, and church sites. The United Methodist Church has already donated land for this purpose.

Additional funding sources are on the horizon, including the HOME "American Rescue Fund" (a federal program with highly flexible funds) and the upcoming 3rd and 4th funding rounds of the HHAP program.

The Trust, as a governmental entity, can serve as a neutral party and contribute to fundraising, coordination, and fund allocation for developers working in the permanent supportive housing and affordable housing sectors. The Irvine Community Land Trust has excelled in this role in Irvine. Additionally, monitoring the tax credit project pipeline would be beneficial.

There is a need for improved coordination among the efforts of United to End Homelessness (United Way Orange County), the Commission to End Homelessness, and the Continuum of Care. In the future, merging these entities may even be considered, with the Trust potentially playing a facilitating role.

*Strategic Plan Implications: The City of Santa Ana supports the Trust, and there is much support for the Trust locally due to its regional aspect and its neutral position politically. There is also support for the Trust to play key leadership and coordinating roles for all the various stakeholders in the Orange County homelessness space.*

**Kennedy Commission**  
Cesar Covarrubias, Executive Director

The Kennedy Commission is the major local advocate organization for affordable and supportive housing. Cesar believes that adequate staffing is currently lacking at State HCD. Meanwhile, the State of California is anxious for some "wins," and the Trust's regional approach could be highly effective.

- Orange County Housing Bond - Large bond issuances are needed to get more money for supportive housing and affordable housing programs, like they have done in Santa Clara County (\$980 million), Alameda County: (\$500 million), and attempted in San Diego City (\$900 million).
- Perhaps a real estate transfer tax would create more local funds for homeless interventions.

- The County should use a portion of surplus budget funding and dedicate it to the development of permanent supportive housing and affordable housing.
- The County should use CARES funding for the development of permanent supportive housing and affordable housing.
- Each OC city and County should identify local surplus land and dedicate it for the development of permanent supportive housing and affordable housing.
- State excess land and previous redevelopment agency land could be transferred to local successor agencies, which might help identify future project possibilities (see “Continuum of Care, above.).

*Strategic Plan Implications: The Kennedy Commission can be helpful in supporting Trust initiatives and in publicizing Trust activities to help increase awareness and support in Orange County.*

### NationalCORE

Alexa Washburn, Sr. Vice President, Planning and Acquisitions

Alexa reports that the biggest need in Orange County is funding, especially gap financing, and supports efforts to continue to identify alternative sources of funds.

Currently, there is a large pool of funds through MHSA. However, Alexa stated that some cities in Orange County are reluctant to accept the funds due to the population it serves of formerly homeless with severe mental health issues. One city, described as a “sophisticated city” when it comes to issues of affordable housing, requested that National CORE decline the award from that fund, which leads Alexa to believe that other cities likely feel the same way. In this case, the city was convinced to proceed with the MHSA funds through the developer’s recognition of the supportive services provided by OC HCA and the needed enhancement to those supportive services through National CORE’s own in-house foundation. Alexa advocated for more education of member cities on MHSA funds.

Additional challenges to MHSA include a need to combine the funds with housing vouchers as an operating subsidy. One challenge for PBVs is the conversion of Project Home Key sites into PSH, which is pulling the limited available PBVs into those developments.

Overall, there is a need to ensure that OCHFT fund requirements align with TCAC tax credit requirements, which are what determine the structure of the project (number of units, unit mix, and target population). Otherwise, projects won’t be under consideration for OCHFT NOFA and County funding. Our local priorities need to fit within the state’s priorities.

Alexa would like to see the Trust explore offering a JPA housing bond (currently prohibited under the Trust’s bylaws). SB 4 is moving forward and would provide by-right approval for church-owned properties. This would be a positive development given the trend towards

churches collaborating on affordable housing development and the requirements of these projects for general plan and zoning changes, requiring public hearings.

Finding land is another significant challenge to even begin the development process. Opportunities identified include gathering cities' preferred development sites (either from Housing Elements or community development goals), sharing those locations with developers, and ensuring sites identified by cities are competitive for TCAC credits. These opportunities layer well with the predevelopment, acquisition, and capital financing already available through the Trust.

Regarding commercial conversion projects, Alexa sees more redevelopment opportunities than conversion from office space. Their Lake Forest project was two office buildings—one demolished for redevelopment and the other sold as a stand-alone property. Beach Boulevard is another under-utilized commercial strip that is a good candidate. Mall redevelopments are increasing, and National CORE would like to see inclusionary housing plans continue to be a part of those redevelopments.

With respect to veterans, National CORE is having difficulty finding sufficient numbers of veterans for the available units in Pomona, with VASH-restricted units limiting other options for tenants. They suspect that projects near VA hospitals and/or clinics will lease up faster. However, the largest growing segment for affordable units are seniors, which is out of sync with state and other funding priorities that focus on other populations. For their 100% senior developments, they are including a small number of PSH units (typically eight). Senior housing projects are more acceptable to cities and neighborhoods than family housing.

PSH units are generally integrated with other affordable housing projects. But practically all new projects are tax credit projects that serve various income groups.

National CORE continues its historic investment in resident training programs through the Core Academy job-training program, in partnership with its foundation, "Hope Through Housing." Chaffey College in Rancho Cucamonga offers the certificate program to National CORE residents. Attendees receive property management and maintenance training and are considered for jobs at National CORE and with other property management companies on referral. They are also looking to expand the certificate program to include service coordination for PSH developments that are understaffed and seeing a shortage of qualified applicants. *Strategic Plan Implications: National CORE can be a key developer for Trust projects. In addition, National CORE supports the same coordinating role for the Trust as others do and supports the Trust's raising money from public and private sources, including corporate donations.*

Mind OC - Be Well OC Clinic  
Marshall Moncrief, MBA, MFT

No one organization, or even sector, can solve the pervasive challenge of mental health and substance use disorders alone. In Orange County, there are exceptional services, but they function in silos of excellence. BeWell OC is a transformative movement bringing together public, private, academic, and faith-based organizations, as well as others, to create a unified system of mental health care and support for all Orange County residents, regardless of payer. Three regional Be Well OC Campuses – North, Central & South County – will anchor the system, increasing access and greatly improving the quality and outcomes of mental health and addiction treatment for the community. The Campuses will include a variety of mental health and addiction assessment, stabilization, and recovery services, co-located and coordinated and uniquely available to all residents.

BeWell OC North Campus, a 60,000 sq. ft. state-of-the-art facility in the city of Orange, was completed in December 2020 and became fully operational in May 2021. This Campus sets the first tangible cornerstone in building a world-class system of mental healthcare, and a new reality for the community. A 28-acre property has been secured for a second campus in the City of Irvine. Additional clinical and other services (health/wellness, education, research, and supportive services) are planned to be offered there in the future.

Integration of mental health and substance abuse services in a central, easily accessible location improves access to care. Coordination in care across services improves the experience for patients and providers. Co-locating community-based social support services honors whole-person needs, improves outcomes, and reduces recidivism.

**Examples of On-site services slated for inclusion:**

- Social Services Support Organizations
- Community Based Organizations
- Faith Based Organizations
- Supportive Employment
- Supportive Education
- Legal Services

The length of a person’s stay in the clinic may range from 7 to 90 days, depending on individual needs, but one thing that remains consistent regardless is the coordination of care and a warm, supportive transition of a client from the campus to their next right destination in their journey to optimal mental health and wellness.

A “discharge planner” has been hired, funded temporarily by Jamboree Housing. Jamboree is investigating the possibility of how to better coordinate the discharge of BeWell OC clients into various housing options.

*Strategic Plan Implications: Mind OC and its BeWell OC clinics are intended to be the intermediary needed for transitioning the homeless to permanent supportive housing. Mind OC*

*and the Trust are both regional entities that can work closely together to support each other in helping to treat and reduce homelessness. Each needs the other to be successful.*

### Anaheim Housing Authority

Grace Stepter, Deputy Director for Community and Economic Development

The City of Anaheim is now the largest city in Orange County, recently surpassing Santa Ana. The Anaheim Housing Authority's allocation of Section 8 vouchers is currently 6,800. The Housing Authority also currently manages the HOME money, several affordable housing ground-lease projects, the City's CDBG program, the Housing Opportunities Program for People with AIDs, and any residual Anaheim Redevelopment Agency housing set-aside resources.

Grace believes that the Trust can play a very important role in developing affordable and supportive housing through providing additional funding, facilitating project development, representing a collective voice for approving and funding supportive housing projects, and educating politicians and others about the development process.

The Trust's geographic tracking of County-wide affordable and supportive housing projects is very helpful.

*Strategic Plan Implications: The City of Anaheim, though its Housing Authority, can be an active partner in helping leverage the Trust's funding to create more affordable and supportive housing in the City by identifying projects, expediting project approvals, and allocating the necessary Section 8 vouchers.*

### Orange County Health Care Agency

Jeff Nagel, Lisa Rowe, Jenny Hudson, Linda Molina

The Orange County Health Care agency (OCHCA) is responsible for administering the Mental Health Services Act (MHSA) funds which provide both the development gap funding and the 20-year services contracts for the Trust's supportive housing units. For this reason, the Trust has adopted the MHSA funding term sheet criteria into its NOFA's. OCHCA has allocated significant MHSA funds to the Trust for the development of projects and for the provision of services. The County Board of Supervisors has already approved the transfer of \$30.5 million in MHSA development gap funding to the Trust, which can be used as a source of matching funds to apply for State Local Housing Trust Fund grant money for the next five years.

- Project design is important. Frequent problem issues are the size of the units. Studios are not recommended, and 1-bedroom units are best. Units should have adequate

storage space, and accessibility, including handicap-accessible features and elevators in projects.

- The South County service planning area needs additional supportive housing units. However, there is limited transportation and other supportive community services in this area.
- Also, the “Housing for a Healthy California” program provides supportive services through its Whole Person Care program. Medicare eligible persons receive services through this program, associated with illness recovery. After recovery, many of these program recipients need supportive housing and there are often limited opportunities for units. But recipients must be able to maintain this housing.
- People exiting treatment are matched with available PSH units through the “Coordinated Entry System” which analyzes individual needs by various measures and within categories (including chronically homeless, in-shelter, vulnerability assessments) and then prioritizes and matches people with available units. BeWell is one of these exit points, but there are a number of others. Use of the Coordinate Entry System is mandatory so individual centers like BeWell cannot be individually prioritized outside the system.
- A close relationship with OCHCA is critical. OCHCA needs to know about potential Trust projects starting in the early stages. A system has been created on the Trust website to track units in development and continually share information with OCHCA, OCCR, and other stakeholders.
- OCHCA’s “Expression of Interest” form can be used by developers when potential projects are under consideration.

*Strategic Plan Implications: For the Trust to function effectively, it will need to have a close working relationship with OCHCA. An information-sharing process has been developed, and this same system will be used to inform the other stakeholders of the Trust’s activities and projects.*

The Financial Services Consulting Group, Minneapolis, MN  
Donovan Walsh, Executive Management Consultant

The Financial Services Consulting Group (TFSCG) works with financial services institutions to manage change and mitigate risk associated with entering new markets. In addition to its private sector work, TFSCG works with banks, non-profits, and foundations to help provide access to capital for community development, affordable housing, jobs creation, environment, and neighborhood stabilization and development.

- TFSCG developed an innovative \$20+ million equity pool for affordable/supportive housing projects in the Minneapolis/St. Paul area in partnership with Sunrise Banks, a community bank, and Community Development Financial Institution (CDFI).

- This unprecedented program established a collaboration between non-profit and private sectors. Ultimately, it enables the non-profit affordable and supportive housing developer (Aeon) to access a new source of low-cost, flexible equity to use in its efforts.
- Equity capital for affordable and supportive housing is notoriously scarce. Traditional funding like tax credits, deferred loans, and grants are simply insufficient. This model changes the landscape.
- Three foundations, including The Minneapolis Foundation, the St. Paul and Minnesota Foundation, and the Frey Foundation partner in the program with Sunrise Banks.
- The foundations provide an impact investment, along with unfunded limited guarantees, to a community development corporation (CDC) established by the Bank for the program.
- The Bank utilizes an innovative approach to leverage the impact capital as regulatory capital (and paired with its own set aside for the program) at approximately 20:1, which in turn provides low-cost, flexible, long-term equity capital through the CDC to be used by the developer. (This is actual equity capital and not a loan.)
- The developer then leverages the initial impact investment at approx. 60:1 (utilizing conventional first-lien financing paired with the equity from the CDC) for its work in affordable and supportive housing.
- For example, foundations provide approximately \$1mm impact investment along with approximately \$6mm of guarantees. The Bank leverages that investment, creating nearly \$20mm in low-cost equity. When a developer accesses the fund, they can acquire roughly \$60mm of affordable housing thanks to the initial \$1mm investment and additional unfunded guaranty support.
- This program is focused primarily on affordable housing purchase/preservation, including refurbishing of existing units. However, the model allows the equity capital to be used for new construction, etc. in multifamily in addition to preservation in other programs, or for other asset classes (e.g., single-family, small business, etc.).
- The term of the equity at the project level is 10 years (coterminous with the first mortgage), after which the projects can be refinanced by the affordable housing developer (and likely without any new equity needed).
- The “standby guarantees” are provided as unfunded commitments from the three foundations, and typically from the part of the foundation's corpus dedicated to “program-related investments” (PRIs). This leverages a framework TFSCG helped develop and launch nationally with The Kresge Foundation and others.
- The guarantees allow Sunrise Banks to both provide lower rate capital for the community reinvestment projects by lowering the risk profile of the program and provide more capital than would otherwise be allowable through regulatory guidelines.
- The structure of the unfunded guarantee of the foundation allows its capital to remain there and continue to earn regular returns from its portfolio investments. It typically remains in the foundations’ PRI investment pool as a contingent liability until/unless needed, and at which point a call would be treated as a grant.



- However, the guarantees may likely never be called due to the structure of the program (which also includes self-funding credit reserve, and loss sharing with the Bank). In the event there is a call on the guaranty, typical foundation earnings over the 10-13 years would have more than funded any call amount.
- The model provides the housing developer with a pool of low-cost equity, offers the bank appropriate levels of risk and economic return, and generates significant impact for foundations without expending valuable funds for other community needs. It was created with the intent to scale.

*Strategic Plan Implication: This TFCSG program represents a potential model for lowering long-term financing rates for Trust projects through developing a similar partnership with local banks and foundations. TFSCG and Sunrise Banks are committed to support other communities looking to leverage the program.*

### Clearinghouse CDFI

Kristy Ollendorff, Chief Credit Officer

Clearinghouse Community Development Financial Institution (CCDFI) is a full-service direct lender financing projects that create jobs and services to help people work, live, dream, grow, and thrive in healthy communities. CCDFI was established in 1996 to serve low-income and disadvantaged communities in Southern California. Since then, CCDFI has expanded its service area to address unmet credit needs throughout the U.S. with a focus on CA, NV, AZ, NM, TX, and Indian Country. ([www.ccdfi.com](http://www.ccdfi.com))

CCDFI has funded \$1.98 billion in total loans for over 2,250 community projects over the past 24 years. These projects have created or retained more than 23,000 jobs and benefit over 2.8 million individuals. In 2020, CCDFI created 1,137 housing units, 57% of which were designated affordable units.

CCDFI offers both short and long-term permanent, fixed-rate mortgages from 3-years to 25-years fully amortizing.

#### **Project types:**

- Multi-family affordable housing
- Community facilities
- Small businesses
- Commercial real estate
- Sovereign Nations / Indian Country
- New Markets Tax Credits

**Loan Types:**

- Construction
- Acquisition
- Renovation
- Expansion
- Refinance

CCDFI is a B Corporation—a certification received from the nonprofit B Lab. B Corporations are companies that meet rigorous standards of social and environmental performance, transparency, and accountability, and plan to use business as a force for good.

*Strategic Plan Implication: While not currently configured to make predevelopment loans, the Clearinghouse/CCDFI could be a good local source of acquisition and permanent financing for Trust projects.*

**Jamboree Housing Corporation**

Michael Massie, Chief Real Estate Development Officer

Jamboree Housing, one of the largest affordable housing developers in the state, is particularly active in Orange County, where it was founded and has its headquarters. Jamboree is one of the most frequent borrowers from the Trust and is eager to expand its collaboration with the Trust.

Jamboree has a strong focus on creating more permanent supportive housing (PSH) units. While previous projects were exclusively PSH units, newer projects follow a more integrated approach. For example, a current project in Anaheim consisting of 102 units includes 20 PSH units. Jamboree believes that aiming for 25% PSH units in new projects strikes a good balance.

Jamboree frequently pursues 9% tax credit projects. However, they have encountered challenges due to the slow approval process by HCD (California Department of Housing and Community Development). In recent times, Jamboree has been successfully closing between 6 to 10 projects annually, steadily building its project portfolio.

While having access to affordable pre-development funds would be advantageous, Jamboree has now secured its own resources to address this requirement, including a combination of cash reserves and credit facilities. While not a critical concern for Jamboree, they recognize that it might be crucial for smaller developers.

Jamboree consistently secures commitments for permanent financing at an early stage and utilizes various sources, including CCRC (California Community Reinvestment Corporation) and others like Bank of America.

Real estate brokers could potentially assist in identifying suitable sites for PSH and affordable housing. However, educating these brokers about affordable housing issues and operations would be essential before they can effectively contribute to such efforts.

*Strategic Plan Implications: Jamboree is a key developer for Trust projects. In addition, Jamboree supports the strong coordinating role for the Trust as others do and also supports the Trust's raising money from public and private sources.*

### Orange County Council of Governments

Marnie Primmer, Executive Director

Orange County Council of Governments (OCCOG) is using REAP 1.0 funding to assist member cities in support of creating more ADUs. They are focused on developing communication tools, including a "plans clearinghouse" for cities, and sharing best practices related to developing affordable ADU programs. The OCCOG is highly supportive of the Trust's new ADU Affordable Loan Program.

In addition to the typical larger tax credit projects, OCCOG is emphasizing the concept of "gentle density." This approach may garner greater acceptance in specific cities, as opposed to larger projects, with a portion of units designated for permanent supportive housing. OC-COG has initiated its gentle density initiative to support cities in conceptualizing and overseeing densification within their jurisdictions.

OC-COG offered to extend its assistance in marketing the Trust's ADU program to its member cities and connecting with potential contractors. Marnie also proposed posting an informative video on the OC-COG website, introducing the program to the public and showcasing examples. She is looking for narratives from individuals who have built ADUs and seeks the Trust's help in identifying interviewees. Illustrative stories might include senior downsizing or "right-sizing" large yet underutilized single-family homes.

Additionally, OC-COG is offering further resources to its members, such as consultants to aid in affirmatively furthering fair housing, objective design standards, ongoing support for cities in securing approval for their housing elements, and access to a 3D rendering tool for public comment efforts addressing concerns regarding sightlines, shadows, design, and more.

Lastly, the conversation touched on the ongoing RHNA reform process at State HCD. Marnie expressed skepticism about any substantial outcomes from this process, including the potential for a "permitting trade and transfer" program allowing cities to collaborate on affordable housing projects. This program might involve construction in one city while both cities share credit for it.

Given that state and federal funding sources for affordable housing increasingly require Affirmatively Furthering Fair Housing (AFFH) as a pass-through requirement for developers, OC-COG may play a role in facilitating this requirement and providing guidance to its member cities to enhance alignment.

An opportunity was also considered for the Trust to support OC-COG's "gentle density" initiative by offering funding for small-density projects like duplexes, triplexes, and fourplexes. This could fill the gap between ADUs and larger tax credit properties, representing the "missing middle."

*Strategic Plan Implications: The OC-COG is an important partner and is very supportive of the Trust's work. OC-COG is willing to partner with the Trust on a number of initiatives and projects. OC-COG has already provided direct funding for the Trust's GIS mapping program and could well be a source of funding for future Trust initiatives, such as the Trust's new ADU program.*

## Appendix C - Capital and Administrative Funding Plan

### Background

The Orange County Housing Finance Trust (OCHFT/Trust) is a Joint Powers Authority (JPA) consisting of 26 cities and the County of Orange. The JPA specifies that the OCHFT may do any of the following:

1. *Fund the planning and construction of housing of all types and tenures for the homeless population and persons and families of extremely low, very low, and low income including but not limited to, permanent supportive housing.*
2. *Receive public and private financing and funds.*

The JPA further states, *“nothing contained in this Agreement shall preclude the Parties from establishing, maintaining or providing social programs or services to its residents as it deems proper and necessary.”*

The current mission of the Trust is *“to strengthen communities in Orange County by financing the development of affordable housing for homeless and low-income individuals and families.”*

The vision of the OCHFT is *“to respond to the humanitarian crisis of homelessness by identifying and securing funding that will contribute to the construction of 2,396 permanent supportive housing and work to secure funding that will contribute to additional affordable housing units by 2025.”*

Since its creation in March 2019, the OCHFT has achieved some remarkable accomplishments towards its mission and vision. Specifically, the OCHFT has secured \$58.6 million in funding of which \$32 million has been awarded to 18 projects totaling 1,221 affordable and permanent supportive housing units.

### Strategic Plan

In July 2020 the OCHFT Board approved a five-year Strategic Plan. The Strategic Plan includes five components, one of which is entitled “Aggressive Fundraising Strategy.” The following is an excerpt from the Strategic Plan.

#### **Strategic Component 1: Aggressive Fundraising Strategy**

1. *Apply for Local Housing Trust Funds (LHTF) grant program dollars (1st Year).*
2. *Work in conjunction with lobbyists to seek additional State/Federal funding beyond the LHTF grant program.*
3. *Explore and create potential co-lending program to further leverage Trust funds for short term pre-development loans that also generates Trust administrative dollars.*

4. *Subscribe to and track various funding announcements and explore ways in which the Trust can apply for funding.*
5. *Set up a donor-advised fund with Orange County Community Foundation (OCCF) for the receipt of charitable donations to the Trust.*
6. *Identify key philanthropic opportunities with individuals and private sector entities to explore appropriate mechanisms for financial contributions (i.e., donations, legacy gifts, project naming opportunities).*

While the Trust has had considerable funding success for a new organization meeting its mission and vision statements, this document explores in more detail the Trust's sustainability for capital and administrative funding and additional funding the Trust can offer to the region. The details in this document will address the elements of Strategic Component 1 as stated above and specifically and separately focus on the details of how to have a sustainable Trust capital and administrative fund.

### **Capital Funding Plan**

The Trust has grant agreements totaling \$55 million in capital funding. The details of the existing capital funding and additional capital funding in the future are provided below along with Table 1 which provides the existing capital funding by fiscal year.

#### **1. State of California General Fund Grant**

The Trust received a one-million grant (Agreement #19-GFD-12998 executed 10/18/2019) from the State of California during the fiscal year 2019-2020 budget year. \$950,000 of this grant was committed to finance the development of permanent supportive housing. The remaining \$50,000 was committed to project management/administrative funding.

#### **2. County of Orange General Fund**

The Trust executed a funding agreement with the County of Orange on May 21, 2020. This agreement obligated the County to fund \$1 million in July of each year for five years. The entire grant amount is to be used to finance the development of affordable and/or permanent supportive housing.

#### **3. County of Orange Mental Health Services Act Fund**

The Trust has executed two funding agreements with the County of Orange. MHSA 1 was signed on May 21, 2020. This agreement obligated the County to fund \$4.5 million in July of the first year and \$4.0 million in July of each of the remaining four years. The entire \$20.5 million grant is to be used to finance the development of permanent supportive housing.

MHSA 2 was signed on April 25, 2023, and provided the Trust with a one-time payment of \$10 million, of which 5% (\$500,000) can be used for administrative expenses.

4. State of California Local Housing Trust Fund (LHTF)

Funding from the LHTF is provided by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) adopted by voters on November 6, 2018. The LHTF program provides matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters.

The LHTF program has a competitive application process and awards matching funds up to \$5 million. The Trust was the recipient of LHTF program funds in the following years:

Fiscal Year 2020-2021 \$4,215,360.01 of which \$4,004,592.01 went to finance the development of Trust funded projects and the remaining \$210,768 went to Trust administrative expenses.

Fiscal Year 2021-2022 \$5,000,000.00 of which \$4,750,000.00 went to finance the development of Trust funded projects and the remaining \$250,000 went to Trust administrative expenses.

Fiscal Year 2022-2023 \$3,756,424.00 of which \$3,380,781.60 will be committed to finance the development of Trust funded projects and the remaining \$375,642 will fund Trust administrative expenses.

State of California Funding

The Trust continues to pursue additional capital funding sources. In 2022 the Trust worked with Assemblymember Tom Daly to lead an effort to obtain supportive signatures from every legislator in Orange County and submit a funding request to Sacramento for \$30 million. The request was submitted but was not included in the State's budget. The request will be resubmitted next year. The Trust will continue to pursue other various State funding sources.

5. Federal Funding

At the end of 2022 the Trust worked with Congressman Lou Correa and was awarded a \$3 million federal grant. This grant will provide essential matching funds for the establishment of a new Trust Predevelopment Loan Program.

The Trust will continue to work with federal legislators to secure additional funding from various federal sources.

6. Regional Early Action Planning Grant (REAP) 2.0

In July 2023 the Trust completed their application for two grants from the Southern California Association of Governments (SCAG) from a funding allocation called REAP 2.0, which was funded from the Coronavirus Fiscal Recovery Fund of 2021 and the State General Fund. SCAG included a priority to fund regional housing trusts directly.

Trust staff met with SCAG staff and attended multiple webinars to discuss various funding options that meet the core program objectives of REAP 2.0. The two grant applications submitted by the Trust included a \$4 million request to add additional funding to the ADU Loan Program and provide funding for 34 additional ADU loans. The second grant application from the Trust was for \$3 million that would be matched with \$3 million from the Trust HUD grant. This \$6 million would be matched by a financial intermediary.

SCAG is expected to announce grant awards in October 2023.

#### 7. Philanthropy – Charitable Foundations

The Trust Strategic Plan includes a recommendation to set up a Donor Advised Fund with the Orange County Community Foundation (OCCF) for the receipt of charitable donations to the Trust. The Trust and OCCF entered into an agreement in January 2022.

Now after four years of accomplishments since the Trust was formed, the Trust has a significant track record in obtaining donations to the Trust.

The other opportunity that falls under this category are Program Related Investments (PRIs). Unlike grants, foundations use PRIs to give money for charitable purposes with the expectation that the funding comes back within a certain period of time. PRIs offer below market interest rates to help the Trust offer financing to cities and developers.

In addition, the Trust can explore other funding options that pool private funding sources into start-up capital needed for affordable housing. Private funding entities earn a modest return on their investment in addition to the original investment being repaid.

As an example, the Housing Trust Silicon Valley has received investment funding from some of the largest tech companies in the country including Google, Cisco, and LinkedIn. Their investments into the Housing Trust's TECH Fund since March 2017 totals \$117.8 million and helped finance 4,579 homes.

#### 8. CDFI

The Trust is also exploring the possibility of becoming a Community Development Financial Institution (CDFI). CDFIs are mission-drive financial institutions that have been certified by the U.S. Department of the Treasury and have a primary mission of serving low-income communities. CDFIs can bring several benefits to the Trust, enhancing its capacity to



achieve its mission of promoting affordable housing. The principal benefit is access to various types of funding including grants and loans.

9. CalOptima

CalOptima Health is a new funding opportunity to the Trust since last year. CalOptima Health is participating in the Department of Health Care Services’ Housing and Homelessness Incentive Program (HHIP). The Trust applied for and was awarded \$4 million in grant funding for a new Trust Affordable ADU Loan Program for 34 homeowners. This funding includes administrative funding and capital funding. The ADU Program is set to launch in September 2023.

The Trust also applied for Round 2 HHIP funding for \$8 million for a Trust Predevelopment Loan Program. Award notices should be announced in September 2023.

10. Debt Options

California Government Code section 6539.5 also authorizes OCHFT the power to authorize and issue bonds, certificates of participation, or any other debt instrument repayable from funds and financing received and pledged by OCHFT. However, at the present time, the OCHFT Joint Powers Agreement (JPA) does not grant OCHFT the power to authorize and issue bonds or other debt instruments. The JPA may be amended in the future to grant OCHFT the power to issue bonds or other debt instruments.

That being said, it is worth a brief discussion about two different debt options for the Trust to consider in the future. Housing bonds provide access to a large amount of cheap financing that is then used to finance the development of affordable housing in the short term. In the long term the bonds are repaid.

As an example, in 2016 voters in the City of Los Angeles overwhelmingly supported a \$1.2 billion general obligation (Proposition HHH) bond to develop or acquire thousands of units of permanently supportive housing, along with additional affordable housing. Since the passage of Proposition HHH, 7,400 new units have been funded and are under construction or completed.

Bond financing would require an amendment to the Joint Power Agreement.

**Table 1 - Trust Capital Fund Summary**

Awarded Capital Sources	Awarded Fiscal Year	Amount
State of CA General Fund Grant	2019-2020	\$950,000.00
State of CA LHTF	2020-2021	\$4,004,592.01

County of Orange General Fund	2020-2021	\$1,000,000.00
County of Orange MHSa Fund	2020-2021	\$4,500,000.00
State of CA LHTF	2021-2022	\$4,750,000.00
County of Orange General Fund	2021-2022	\$1,000,000.00
County of Orange MHSa Fund	2021-2022	\$4,000,000.00
State of CA LHTF	2022-2023	\$3,756,424.00
County of Orange General Fund	2022-2023	\$1,000,000.00
County of Orange MHSa Fund	2022-2023	\$4,000,000.00
CalOptima Grant	2022-2023	\$3,450,000.00
County of Orange General Fund	2023-2024	\$1,000,000.00
County of Orange MHSa Fund	2023-2024	\$4,000,000.00
2023 Federal Grant	2023-2024	\$3,000,000.00
County of Orange MHSa 2 Fund	2023-2024	\$9,500,000.00
County of Orange General Fund	2024-2025	\$1,000,000.00
County of Orange MHSa Fund	2024-2025	\$4,000,000.00

**\$54,911,016.01**

**Administrative Funding Plan**

While capital funding is critical to the Trust's Mission and Vision of financing the actual “bricks and sticks” of additional affordable and permanent supportive housing, the Trust also needs administrative funding to operate. While a simple reduction in administrative funding is a worthy goal in order to have more available for capital funding, a more holistic goal would be to ensure the Trust is operating lean and efficiently and expect that administrative costs will increase with a correlating increase in programs and projects that continue to advance the Trust Mission.

In May of every year, the Trust Board reviews the past annual administrative budget and approves the upcoming fiscal year administrative budget (see Table 4 FY 2023-2024 Trust Administrative Budget). This budget provides the line-item administrative revenue sources and the line item expenses for the Trust's annual budget.

The Trust has various agreements committing administrative revenue sources totaling \$3.6 million. The details of the existing administrative funding and additional administrative funding

in the future are provided below along with Table 1 which provides the existing administrative funding by fiscal year.

1. State of California General Fund Grant

The Trust received a one-million grant (Agreement #19-GFD-12998 executed 10/18/2019) from the State of California during the fiscal year 2019-2020 budget year. \$950,000 of this grant was committed to finance the development of permanent supportive housing. The remaining \$50,000 was committed to administrative funding.

2. County of Orange Administrative Grant

The Trust executed an administrative grant agreement with the County of Orange on May 21, 2020. This agreement obligated the County to fund \$200,000 in July of each year for five years. Regardless of the Trust administrative funding balance the County funds this amount each year. This administrative grant takes the place of any Trust member contribution specified for the County.

The JPA does not specify the details of a cost allocation formula and instead leaves that decision up to the Board of Directors. On January 15, 2020, the Trust Board approved a cost allocation formula in which 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.

Once the existing County administrative grant funding term expires on June 30, 2025, the Trust will need to either request to extend the County of Orange Administrative Grant or request that the County pay 4/9<sup>th</sup> share of the Trust administrative expenses. At a minimum, the County has an obligation, per the executed JPA, to pay 4/9<sup>th</sup> of the Trust administrative expenses, less any grant or donated funds approved for administrative expenses.

3. County of Orange MHSA 2 Grant

MHSA 2 was signed on April 25, 2023, and provided the Trust with a one-time payment of \$10 million, of which 5% (\$500,000) can be used for administrative expenses.

4. City Member Contributions

On January 15, 2020, the Trust Board approved a cost allocation formula in which 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.

For the fiscal year 2020-2021, the Trust required all Member Cities to contribute to the Trust administrative expenses following the formula approved by the Trust Board at the

January 15, 2020, meeting. All Member Cities paid their fair share which totaled \$250,020. That amount, in combination with the County of Orange Administrative Grant of \$200,000, provided the necessary funding to operate the Trust that year.

For fiscal years 2021-2022 and 2022-2023 there was sufficient administrative funding from other sources to waive the City Member Contributions.

That approved cost allocation formula specifies the following:

- a. Small Cities shall be cities with a population size of 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.

5. State of California Local Housing Trust Fund (LHTF)

(See Capital Funding Plan #4)

Fiscal Year 2020-2021     \$210,768 went to Trust administrative expenses.

Fiscal Year 2021-2022     \$250,000 went to Trust administrative expenses.

Fiscal Year 2022-2023     \$375,642 went to Trust administrative expenses.

The LHTF administrative amounts are deposited into the Trust account at the time each project is funded by HCD and represent 5% of the project funding total amount.

6. Regional Early Action Planning (REAP) 1.0 & 2.0 Grant

On May 31, 2021, the Trust entered into a Memorandum of Understanding (Agreement) with the Orange County Council of Governments (OCCOG). OCCOG approved \$600,000 of REAP 1.0 funding to the Trust for various administrative activities.

Trust staff is currently working directly with SCAG regarding REAP 2.0 (see Capital Funding Plan #6) and anticipates receiving a portion of their funding for capital and administrative purposes. The exact amount and purpose of the funding is unknown at the current time.

In 2023 Trust staff also applied and were awarded from OCCOG a REAP 2.0 grant in the amount of \$50,000 for the purpose of creating a new affordable housing project database.

7. Loan Fees and Interest

One of the outcomes of the Trust creating additional financing programs from the debt options discussed previously in Capital Funding Plan #8 is the opportunity for the Trust to earn loan fees and interest from short-term pre-development Trust loans. Loan fees and interest could provide substantial administrative revenue to the Trust.

**8. Compliance Monitoring**

The template loan agreement for each project that closes includes a compliance monitoring fee paid at project loan closing. The fee equals an initial one-time fee of \$500 and an annual compliance fee. The compliance fee for 2020 and 2021 NOFA projects is \$65 per Trust unit funded and for 2022 NOFA projects it is \$95 per Trust unit funded.

An analysis of the annual compliance monitoring fee is provided in Table 3 and indicates the Trust will collect approximately \$16,000 per year. Each year as additional projects and Trust units are funded by the Trust the annual compliance amount will increase.

**Table 2 - Trust Administrative Fund Summary**

<b>Awarded Administrative Sources</b>	<b>Awarded Fiscal Year</b>	<b>Amount</b>
State of CA General Fund Grant	2019-2020	\$50,000.00
State of CA LHTF	2020-2021	\$210,768.00
City Member Contributions	2020-2021	\$250,020.00
County of Orange Admin Grant	2020-2021	\$200,000.00
State of CA LHTF	2021-2022	\$250,000.00
County of Orange Admin Grant	2021-2022	\$200,000.00
OCCOG REAP Admin Grant	2021-2022	\$600,000.00
State of CA LHTF	2022-2023	\$187,821.20
County of Orange Admin Grant	2022-2023	\$200,000.00
CalOptima Grant	2022-2023	\$550,000.00
County of Orange Admin Grant	2023-2024	\$200,000.00
County of Orange MHSA 2 Fund	2023-2024	\$500,000.00
County of Orange Admin Grant	2024-2025	\$200,000.00
OCCOG REAP 2.0 Admin Grant	2023-2024	\$50,000.00

**\$3,648,609.20**

**Table 3 - Compliance Monitoring Fee Analysis**

2020 NOFA		# OF TRUST UNITS	INITIAL FEE	INITIAL UNIT FEE	ANNUAL UNIT FEE	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Airport Inn	Dec-20	16	\$ 500	\$ 65	\$ 1,040		\$ 1,540.00	\$ 1,040.00	\$ 1,040.00	\$ 1,040.00
Center of Hope	Dec-21	16	\$ 500	\$ 65	\$ 1,040			\$ 1,540.00	\$ 1,040.00	\$ 1,040.00
Orchard View	May-22	5	\$ 500	\$ 65	\$ 325			\$ 825.00		\$ 325.00
Santa Angelina	May-22	5	\$ 500	\$ 65	\$ 325			\$ 825.00	\$ 325.00	\$ 325.00
North Harbor	Apr-21	14	\$ 500	\$ 65	\$ 910		\$ 1,410.00		\$ 910.00	\$ 910.00
FX Residences	Mar-22	16	\$ 500	\$ 65	\$ 1,040			\$ 1,540.00		\$ 1,040.00
Mountain View	Dec-21	11	\$ 500	\$ 65	\$ 715			\$ 1,215.00	\$ 715.00	\$ 715.00
<b>TOTALS</b>		<b>83</b>				\$ -	\$ 2,950.00	\$ 6,985.00	\$ 4,030.00	\$ 5,395.00

2021 NOFA		CLOSING DATE	# OF TRUST UNITS	INITIAL FEE	INITIAL UNIT FEE	ANNUAL UNIT FEE	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Paseo Adelanto	Nov-22	26	\$ 500	\$ 65	\$ 1,690			\$ 2,190.00			\$ 1,690.00
Westview House	May-22	25	\$ 500	\$ 65	\$ 1,625			\$ 2,125.00	\$ 1,625.00	\$ 1,625.00	
Orange Corporate Yard	Jan-22	6	\$ 500	\$ 65	\$ 390			\$ 890.00	\$ 390.00	\$ 390.00	
Anaheim Midway (Miraflores)	Mar-22	8	\$ 500	\$ 65	\$ 520			\$ 1,020.00	\$ 520.00	\$ 520.00	
Crossroads at Washington	May-22	15	\$ 500	\$ 65	\$ 975			\$ 1,475.00	\$ 975.00	\$ 975.00	
Meadows	Aug-22	7	\$ 500	\$ 65	\$ 455			\$ 955.00		\$ 455.00	
<b>TOTALS</b>		<b>87</b>				\$ -	\$ -	\$ 8,655.00	\$ 3,510.00	\$ 5,655.00	

2022 NOFA		# OF TRUST UNITS	INITIAL FEE	INITIAL UNIT FEE	ANNUAL UNIT FEE	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Motel 6	Sep-23	22	\$ 500	\$ 95	\$ 2,090			\$ 2,590.00		\$ 2,090.00
Lincoln	Apr-23	11	\$ 500	\$ 95	\$ 1,045			\$ 1,545.00		\$ 1,045.00
Meadows	Dec-22	7	\$ 500	\$ 95	\$ 665			\$ 1,165.00		\$ 665.00
WisePlace	Mar-23	14	\$ 500	\$ 95	\$ 1,330			\$ 1,830.00		\$ 1,330.00
<b>TOTALS</b>		<b>54</b>					\$ -	\$ 7,130.00	\$ -	\$ 5,130.00

<b>GRAND TOTALS</b>		<b>224</b>				\$ -	\$ 2,950.00	\$22,770.00	\$ 7,540.00	\$16,180.00
					<b># of Units</b>	<b>43</b>	<b>197</b>	<b>224</b>	<b>224</b>	<b>224</b>
					<b>Per Unit</b>	<b>\$ -</b>	<b>\$ 14.97</b>	<b>\$ 101.65</b>	<b>\$ 33.66</b>	<b>\$ 72.23</b>

Yellow: Paid

Aqua: Funded and Invoiced

(This space left intentionally blank)

**Table 4 - Trust FY 2023-24 Administrative Budget**

ADMINISTRATIVE REVENUES	22-23 BUDGET	22-23 As Of 04/30/23	%	Est 22-23 06/30/23	%	23-24 BUDGET
REAP Grant 1.0	\$ 470,000	\$ 382,000	81%	\$ 402,000	86%	\$ 127,000
MHSA 2	\$ -	\$ -	N/A	\$ -	N/A	\$ 500,000
CalOptima (ADU Loan Program Admin)	\$ -	\$ -	N/A	\$ 550,000	N/A	\$ 550,000
County of Orange Administrative Grant	\$ 200,000	\$ 200,000	100%	\$ 200,000	100%	\$ 200,000
City Memberhip Contribution	\$ -	\$ -	N/A	\$ -	N/A	\$ -
Local Housing Trust Fund Administrative Grant	\$ 341,367	\$ 291,372	85%	\$ 291,372	85%	\$ 147,956
Interest Earned	\$ 52,000	\$ 240,482	462%	\$ 300,000	577%	\$ 600,000
Carryover funds from previous year	\$ 188,466	\$ 188,466	100%	\$ 188,466	100%	\$ 1,355,406
Annual Project Compliance Monitoring Fee	\$ 19,765	\$ 2,950	15%	\$ 8,590	43%	\$ 13,355
<b>TOTAL ADMINISTRATIVE REVENUES</b>	<b>\$ 1,271,598</b>	<b>\$ 1,305,270</b>	<b>103%</b>	<b>\$ 1,940,428</b>	<b>153%</b>	<b>\$ 3,493,717</b>

ADMINISTRATIVE EXPENSES	22-23 BUDGET	22-23 As Of 04/30/23	%	Est 22-23 06/30/23	%	23-24 BUDGET
<b>GENERAL OPERATING COSTS</b>						
Memberships/Subscriptions/Dues/Website/Email	\$ 1,000	\$ -	0%	\$ -	0%	\$ 1,000
Office Supplies/Mailing/Equipment/Software/Copying/Misc Fees	\$ 1,500	\$ -	0%	\$ -	0%	\$ 1,500
Conference-Registration Fees/Travel Expenses/Business Meeting	\$ 4,000	\$ -	0%	\$ -	0%	\$ 4,000
Insurance (Alliant) (this budget item approved mid-year)	\$ 14,500	\$ 13,247	91%	\$ 13,247	91%	\$ 16,000
<b>TOTAL GENERAL OPERATING COSTS</b>	<b>\$ 21,000</b>	<b>\$ 13,247</b>	<b>63%</b>	<b>\$ 13,247</b>	<b>63%</b>	<b>\$ 22,500</b>

<b>CONSULTANT COSTS</b>						
Management and Administration (CivicHome)	\$ 260,000	\$ 198,779	76%	\$ 260,000	100%	\$ 426,500
County Counsel (County MOU)	\$ 110,000	\$ 63,556	58%	\$ 95,000	86%	\$ 110,000
County Clerk of the Board (County MOU)	\$ 6,000	\$ 268	4%	\$ 4,000	67%	\$ 6,000
County Sheriff (Board Meeting Audio/Video) (County MOU)	\$ 2,000	\$ -	0%	\$ -	0%	\$ -
County Treasurer (County MOU)	\$ 6,000	\$ 5,522	92%	\$ 6,000	100%	\$ 9,000
County Auditor Controller (County MOU)	\$ 15,000	\$ 11,419	76%	\$ 15,000	100%	\$ 20,000
County Community Resources (County MOU)	\$ 50,000	\$ 29,656	59%	\$ 45,000	90%	\$ 50,000
Financial Consultant (CSH)	\$ 18,000		0%	\$ 14,625	81%	\$ 29,625
Auditing Consultant (Edie Bailly)	\$ 17,000	\$ 9,500	56%	\$ 15,400	91%	\$ 20,000
Advocacy/Lobbying Services	\$ 72,000	\$ 48,000	67%	\$ 72,000	100%	\$ 72,000
Marketing & Communication Services	\$ 25,000	\$ -	0%	\$ 24,750	99%	\$ 33,000
ADU Property Management Consultant	\$ -	\$ -	0%	\$ -	0%	\$ 153,000
ADU Income Certification Consultant	\$ -	\$ -	0%	\$ -	0%	\$ 11,000
Website and GIS Mapping Consultant	\$ 65,000	\$ -	0%	\$ 20,000	31%	\$ 20,000
<b>TOTAL CONSULTANT COSTS</b>	<b>\$ 646,000</b>	<b>\$ 366,700</b>	<b>57%</b>	<b>\$ 571,775</b>	<b>89%</b>	<b>\$ 960,125</b>

<b>ESTIMATED ANNUAL EXPENSES</b>	<b>\$ 667,000</b>	<b>\$ 379,947</b>	<b>57%</b>	<b>\$ 585,022</b>	<b>88%</b>	<b>\$ 982,625</b>
----------------------------------	-------------------	-------------------	------------	-------------------	------------	-------------------

<b>REVENUE MINUS EXPENSES</b>	<b>\$ 604,598</b>	<b>\$ 925,323</b>		<b>\$ 1,355,406</b>		<b>\$ 2,511,092</b>
-------------------------------	-------------------	-------------------	--	---------------------	--	---------------------

## **Appendix D: Strategy to Retain and Increase Trust City Membership**

### **Background**

The Orange County Housing Finance Trust (OCHFT) is a Joint Powers Authority (JPA) with a mission to enhance Orange County communities by financing the development of affordable housing for homeless and low-income individuals and families. OCHFT envisions addressing the humanitarian crisis of homelessness by securing funding for the construction of 2,396 permanent supportive housing units and more affordable housing units by 2025.

Since its establishment in March 2019, OCHFT has achieved significant milestones in pursuit of its mission and vision. It has secured \$58.6 million in funding, with \$32 million awarded to 18 projects, resulting in 1,224 affordable and permanent supportive housing units.

In July 2020, OCHFT approved a five-year Strategic Plan, updated annually, with a focus on retaining and increasing city membership. As a regional entity, OCHFT raises awareness about Orange County's affordable housing needs and fosters collaboration with other organizations addressing housing and homelessness.

Regional collaboration is increasingly supported by policymakers to address critical issues. Examples of such regional efforts in Orange County include the Orange County Council of Governments, Continuum of Care, Orange County Business Council, BeWellOC, and OCHFT. OCHFT actively advocates for regional and collaborative efforts aimed at ending homelessness.

While substantial progress has been made, additional regional collaboration is recognized as essential. OCHFT aspires to have all 34 cities in Orange County as members, outlining three key components to achieve this goal:

1. **Retain Current Trust Membership:** OCHFT comprises the County of Orange and 26 cities, representing 87.34% of the County's population. Ongoing administrative funding is secured through grant funding which reduces the burden on cities to fund the Trust..
2. **Increase Trust Membership:** Ensuring administrative funding is a primary concern for both current members and potential new cities. Trust staff will continue to provide updates and extend invitations to neighboring cities for Trust-related events.
3. **Provide Ongoing Communication:** The Trust maintains an email list to disseminate essential information about OCHFT's activities to city elected officials and staff members. Annual updates are provided to State and Federal elected officials to secure support and funding.

In summary, OCHFT is committed to addressing the affordable housing crisis through regional collaboration, and its three-pronged approach aims to retain current membership, add new members, and ensure ongoing communication and engagement with stakeholders.



**ACTION ITEMS:**

1. Provide Trust member update presentations on a biennial basis.
2. Notify surrounding city staff and elected officials related to groundbreaking or grand opening of Trust funded projects.
3. Send routine email updates to Trust subscribers.
4. Provide State and Federal elected officials with an annual update on the Trust.

**Increase City Membership**

The Trust's 5-Year Strategic Plan aims to include all 34 cities in Orange County as members of the Trust. Currently, the Trust counts 26 member cities and is actively working to encourage the remaining 8 cities to join. Over the past four years, the Trust has been dedicated to its initial formation, strategic planning, securing, and committing funding for 18 projects, and establishing a track record of successfully achieving the Trust's mission and vision.

During the early stages of the Trust's formation, some Orange County cities expressed concerns about becoming Trust members. These concerns included the cost of membership, a lack of a proven track record for the Trust, and the possibility that some cities might not have projects requiring Trust funding. However, over the past four years, the Trust has successfully built a track record of accomplishments and eliminated any membership costs for member cities. Additionally, since the establishment of the OCHFT, the demand for cities to develop affordable housing has significantly increased due to changes in the State's Housing Element law and the expanded Regional Housing Needs Assessment (RHNA) in Orange County.

In 2022, the Trust attempted to meet with staff from all 8 non-member cities. These meetings include presentations to staff highlighting the Trust's significant achievements and legislative support. This includes the receipt of administrative grant funding, which has removed the need for member cities to contribute to the Trust for FY 2021-2022, FY 2022-2023, and FY 2023-2024. Furthermore, the Trust is exploring additional ways to assist cities in constructing the affordable housing required to meet their RHNA obligations. This includes launching a new financing program for residents to secure ADU financing with an affordable housing regulatory covenant, offering cities RHNA credits.

For those cities willing to consider presenting an agenda item to their City Council, Trust staff has prepared and will provide the following:

1. A template staff report
2. A template resolution
3. The Trust Joint Powers Agreement with a signature page ready for counterpart signing.
4. Trust Bylaws

5. A City Council PowerPoint presentation

For non-member cities that choose to delay joining the Trust, Trust staff will continue to explore the feasibility of providing ADU financing to residents of Trust member cities. If the ADU financing program garners support from the Trust Board and secures funding, Trust staff will engage in follow-up outreach to non-member cities, presenting the ADU program as an additional benefit of Trust membership.

In all cases, Trust staff will facilitate testimonies and validation of the advantages of Trust membership from Trust Board members, Developers who have received Trust funding, and current member cities with Trust-funded projects. Additionally, while the Trust is not coordinating these efforts, United Way Orange County and members of their Housing Champions Advocacy Network have successfully engaged in advocacy in their communities, educating non-member cities about the importance of affordable and permanent supportive housing.

ACTION ITEMS:

1. Meet with city staff of all 8 non-member cities in Orange County.
2. Provide template staff report and resolution to cities interested in joining the Trust.
3. Facilitate information sharing from Trust members to non-member cities.

Trust staff has actively participated in and will continue to engage in affordable housing and homelessness public and committee meetings. These opportunities serve as a platform for the Trust to showcase its notable achievements, highlight funding prospects, and establish connections with other organizations involved in the collaborative regional effort to combat homelessness in Orange County. By doing so, the Trust assumes the role of a representative entity for member cities, advocating for the realization of the Trust's mission and vision while exploring additional ways the Trust can contribute to the region.

Some of the meetings related to affordable housing include:

1. Association of California Cities – Orange County
2. Orange County Commission to End Homelessness
3. Orange County Council of Governments
4. SCAG Housing Forum
5. United to End Homelessness Leadership Council
6. Southern California Association of Non-Profits
7. Housing & Community Development
8. Kennedy Commission

Additionally, the Trust regularly distributes various news events and announcements to subscribers who have registered on the Trust website. These email notifications encompass agenda packets, event updates, funding announcements, and pertinent news articles related to the Trust's mission and vision. The Trust's website serves as an informational hub, featuring a

## DRAFT

Agenda Item 4.0

Attachment A

dedicated page that maps affordable housing projects since 2018 and provides data pertaining to the realization of the vision of 2,700 permanent supportive housing units by 2025. This page also offers insights into the annual funding of Trust projects.

### ACTION ITEMS:

1. Attend and participate in affordable housing and homelessness public and committee meetings.
2. Send routine periodic emails to people subscribed to the Trust's email list.

Agenda Item 5  
CivicHome Amendment

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

**MEETING DATE:** September 20, 2023

**SUBJECT:** Approve amendment to the agreement with CivicHome for professional management services for the term beginning January 1, 2023, and ending December 31, 2025, to increase the amount by \$140,000 per contract year for a new total not-to-exceed amount of \$400,000 per contract year.

**FROM:** Isela Martinez, Orange County Community Resources

**RECOMMENDED ACTION:**

APPROVE AMENDMENT TO THE AGREEMENT WITH CIVICHOME FOR PROFESSIONAL MANAGEMENT SERVICES FOR THE TERM BEGINNING JANUARY 1, 2023, AND ENDING DECEMBER 31, 2025, TO INCREASE THE AMOUNT BY \$140,000 PER CONTRACT YEAR FOR A NEW TOTAL NOT-TO-EXCEED AMOUNT OF \$400,000 PER CONTRACT YEAR.

**BACKGROUND:**

This report presents a proposal to amend the current contract between the Trust and CivicHome, the Trust's administrative services provider. CivicHome manages the various administrative needs to ensure the efficient operation of the Trust. The existing contract, approved by the Trust, stipulates a three-year term commencing on January 1, 2023, and concluding on December 31, 2025, with an annual amount of \$260,000.

**PROPOSED AMENDMENT:**

The purpose of this amendment is twofold. Firstly, it is in response to the Trust's recent receipt of a \$4,000,000 grant from CalOptima Health to establish a new Accessory Dwelling Unit (ADU) Loan Program. The grant received from CalOptima Health encompasses funding for both capital and administrative expenses as follows:

Capital Funding	\$3,450,000
Program Design/Management/Underwriting/Compliance (CivicHome)	\$380,900

Marketing	\$5,100
Income Certification (TBD)	\$11,000
Tenant Selection Consultant/Property Manager (TBD)	\$153,000
TOTAL	\$4,000,000

The Trust intends to utilize the grant's administrative funding in collaboration with CivicHome to cover the administrative costs associated with creating, operating, and monitoring the ADU Loan Program over the program's duration. Notably, a significant portion of the program-related work is concentrated in the initial years, gradually tapering off during the compliance period.

Secondly, the proposed amendment aims to address the increased staffing expertise and workload requirements related to the Trust's financial management and planning. Presently, the Trust Manager assumes responsibility for various financial functions, including financial reporting, internal controls, budgeting, forecasting, meetings regarding annual audits, and compliance requirements. To enhance financial oversight and ensure robust financial management, the amendment seeks to authorize CivicHome to hire a part-time professional with specialized expertise in these financial areas.

Over the past four years, the Trust has secured funding commitments amounting to nearly \$60 million through 12 separate applications, each carrying distinct accounting and reporting requirements. Moreover, the complexity and functionality of the Trust's financial operations, budgeting, and annual audit have intensified over this period. In addition, over the past four months, the Trust staff has applied for four different grants totaling \$20 million. Consequently, the Trust's financial administration necessitates additional expertise and dedicated attention to ensuring proper management and adherence to financial protocols.

Currently, the Trust maintains an existing Memorandum of Understanding (MOU) with the County of Orange for check issuance and wiring funds. The County's accounting system cannot accommodate the complexity of tracking each grant to reflect amounts committed, amounts expended, and a more detailed project/program funding requirement. The County's accounting system puts all of the Trust funding in one account and has no way of separating all the various grant funding sources and tracking each independent grant.

The newly appointed staff member from CivicHome will use standard accounting software to establish a conventional accounting system that allows detailed tracking of grant funding which will be especially useful during the annual audit in future years. CivicHome and the County will continue to work concerning the Trust's check issuance and wiring funds. This collaboration aims to facilitate seamless financial operations and strengthen financial oversight. Additionally, this staff member will prepare a mid-year budget report and presentation to the Trust Board, something that has been recommended by the annual audit for future years.

The proposed new staff person is Kelly Curtis, who holds a Master of Accountancy in Taxation and a Bachelor of Accountancy. His career spans 30 years and has included a CFO/Controller.

**CONCLUSION:**

At the Trust Board Meeting held in May 2023, the budget for the fiscal year 2023-2024 was approved. As part of this budget, an increase of \$166,500 was allocated for the professional services agreement with CivicHome. However, CivicHome has subsequently lowered this amount to \$140,000 for the ongoing fiscal year. This revision consists of \$100,000 funded by the CalOptima grant and \$40,000 sourced from available Trust administrative funds. The staff is proposing an amendment to the existing CivicHome contract to reflect this revised amount. This amendment will also encompass the additional tasks within the original scope of work.

**ATTACHMENT**

Attachment A – First Amendment to Agreement between OCHFT and CivicHome

**FIRST AMENDMENT  
TO AGREEMENT BETWEEN  
ORANGE COUNTY HOUSING FINANCE TRUST  
AND CIVICHOME FOR CONSULTING SERVICES**

This Amendment to the Consulting Services Agreement, (hereinafter referred to as “Contract”), hereinafter referred to as “First Amendment” is made and entered into as of the date fully executed by and between the Orange County Housing Finance Trust, a California public agency formed pursuant to California Government Code section 6500 et. Seq., with a place of business at 1 League #62335, Irvine CA 92602, (hereinafter referred to as “OCHFT” or “Trust”), and CivicHome, with a place of business at 1 League #62335, Irvine CA 92602; (hereinafter referred to as “Contractor”), with OCHFT and Contractor sometimes individually referred to as “Party” or collectively referred to as “Parties.”

**RECITALS**

**WHEREAS**, OCHFT entered into a Contract with CivicHome for the provision of Consulting Services, with an allocation amount of \$260,000.00 per year for three years commencing January 1, 2023, through December 31, 2025; and

**WHEREAS**, OCHFT has additional administrative management needs, including, the administration of a new affordable accessory dwelling unit loan program for the purpose of increasing affordable rental housing options for very low-income households in Orange County, for which OCHFT received a large grant.

**WHEREAS**, OCHFT has additional administrative management needs, including various accounting, financial reporting, and budget monitoring and reporting needs beyond existing staffing expertise and workloads.

**WHEREAS**, OCHFT now desires to amend the Contract to increase the Contract amount by \$140,000 per contract year for three years, and to modify the Scope of Work to reflect the additional administrative work; and

**NOW, THEREFORE**, in consideration of the mutual obligation set forth herein, both Parties mutually agree to amend the Contract as follows:

1. Amend the Contract to increase the Contract in the amount of \$140,000 per contract year for three years.
2. Attachment A Scope of Work is hereby replaced with Attachment A-1 Scope of Work.
3. Attachment B Compensation / Payment is hereby replaced with Attachment B-1 Compensation/Payment.
4. Except as otherwise expressly set forth herein, all terms and conditions contained in the Contract, including any amendments/modifications, are hereby incorporated herein by this reference as if fully set forth herein and shall remain in full force and effect.

THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK



**Signature Page**

**IN WITNESS WHEREOF**, the Parties hereto have executed this First Amendment on the dates with their respective signatures:

**CIVICHOME, LLC**

By: \_\_\_\_\_

Name: Adam B. Eliason

Title: Principal

Date: \_\_\_\_\_

\*For Subrecipients that are corporations, signature requirements are as follows: 1) One signature by the Chairman of the Board, the President, or any Vice President; and 2) One signature by the secretary, any assistant secretary, the Chief Financial Officer or an Assistant Treasurer.

For Subrecipients that are not corporations, the person who has authority to bind the Subrecipient to a contract must sign on one of the lines above.

\*\*\*\*\*

**ORANGE COUNTY HOUSING FINANCE TRUST**

By: \_\_\_\_\_

Katrina Foley, Chair  
Orange County Housing Finance Trust

Dated: \_\_\_\_\_

**APPROVED AS TO FORM  
TRUST COUNSEL**

By: \_\_\_\_\_

TRUST COUNSEL

Dated: \_\_\_\_\_

## **ATTACHMENT A-1**

### **SCOPE OF WORK**

#### **I. BACKGROUND**

In its efforts to address affordable housing and homelessness, the Orange County Board of Supervisors (“Board”) co-sponsored Assembly Bill 448, which authorizes the County and cities in Orange County to create the Orange County Housing Finance Trust (OCHFT). OCHFT will provide and receive funds for housing for those experiencing homelessness and those who are of extremely low, very low and low income within Orange County.

On March 12, 2019, the Board approved the OCHFT Joint Powers Agreement (JPA). The management and administrative support services provided by Contractor in this Contract will continue to implement the Board’s leadership related to the passage of Assembly Bill 448, the JPA, Bylaws, and the future 5-year Strategic Plan.

The County of Orange, OC Community Resource’s Housing Funding Strategy set an initial goal of 2,700 new supportive housing units and affordable housing units within six years. Since its inception, OCHFT has created Permanent Supportive Housing (PSH) mapping tool to track this goal.

#### **II. OBJECTIVES**

To continue the OCHFT regional collaborative effort for affordable housing, to work with key stakeholders dedicated to improving the humanity and quality of life throughout the communities in Orange County, and continue to align with the State goals to deploy funding to finance the development of more affordable and supportive housing.

#### **III. SCOPE OF SERVICES**

Contractor shall perform management and administrative support services described in this Contract to support OCHFT on an as-needed basis. Due to varying degree and complexities to fulfill the service requirements of this Contract, the actual scope of services including tasks, deliverables, project timeline/schedule and fees will require mutual approval from Parties in accordance with the Service Request Procedures identified in this Contract. Those services that are funded with Regional Early Action Planning (REAP) grant funds are indicated below. Contractor services shall include, but are not limited to, the following:

1. Review, edit, and manage annual Trust Notice of Funding Availability (NOFA) process.
2. Review and prepare Trust loan documents and closings.
3. Coordinate with Trust Advocacy/Lobbyist and meet with state and federal legislative officials and staff to provide Trust updates and secure additional funding.
4. Review, research, and apply for funding and explore new funding sources and programs in line with the mission and vision of the Trust.
5. Manage approved funding disbursements and required compliance monitoring of both capital and administrative grants.
6. Meet with the Trust Advisory Board on a quarterly basis.
7. Manage and explore Trust tax-exempt donations to fund more affordable and supportive housing.
8. Update the Trust 5 Year Strategic Plan.
9. Work closely with Auditor/Controller on the management of the Trust Budget.

10. Prepare and/or coordinate all items for Trust Board meetings including the coordination with various County Memorandum of Understanding (MOU) Departments such as OCCR Staff, County Counsel and Clerk of the Board.
11. Prepare and coordinate all competitive bidding proposals for consultant/professional services and recommendations to the Trust Board (e.g., financial, auditing, marketing, advocacy, insurance).
12. Establish policies and procedures for the Trust including various compliance monitoring Trust funded projects.
13. Manage and update the Trust website and strategic communications and public relations.
14. Represent the Trust at city council meetings, housing forums, seminars, workshops, committee meetings, various regional and stakeholder meetings to provide Trust updates, collaborate and explore solutions to the housing crisis in Orange County.
15. Implement the strategy to retain and increase Trust membership throughout Orange County.
16. Other duties and assignments as may be deemed necessary and requested by the OCHFT Board and/or through the OCHFT Chair.
17. Prepare program design documents and administer various Trust programs.

#### **IV. SERVICE REQUEST PROCEDURES**

The OCHFT Chair or Trust Board shall have the right to request all services and work provided for under this Contract. Contractor shall timely perform all such requested services and work as requested. All request for services shall require review and/or approval from the OCHFT Chair or designee.

##### **A. Contractor Responsibilities**

1. Contractor shall be required to submit a written quote to the OCHFT Chair with detailed tasks, deliverables, timeline, and not to exceed hours binding the Contractor for all work in response to a request for services.
2. Contractor shall discuss all required services to be performed with the OCHFT Chair or key designated personnel prior to the start of work.
3. Contractor shall perform all the necessary work in a professional manner and notify the OCHFT Chair or designee upon project completion.

##### **B. Change Management**

1. No changes to an approved request for services (tasks, deliverables, timeline, and not to exceed hours, etc.) shall be permitted without a change request in writing submitted by the Contractor and approved in writing by the OCHFT Board.

##### **C. Communication Management**

1. All communication for any work performed in this Contract will be directed to the Trust Board through the OCHFT Chair.

**V. OCHFT RESPONSIBILITIES**

1. The Trust Board, through its OCHFT Chair or Trust’s designee, shall assign, review, and approve all Contractor services provided in this Contract.
2. OCHFT will provide meeting facilities, as needed.

**VI. SUBCONTRACTORS**

In accordance with Article I, Assignment, the following subcontractor(s) shall assist Contractor to provide services on this Contract.

NAME	Project Function
Grant Henninger	Housing Development Manager
John Trauth	Affordable Housing - Strategic Plan
Kelly Curtis	Accounting and Finance Manager
Amanda Grill	Program and Compliance Manager

Assignment of additional key personnel shall be subject to OCHFT approval. OCHFT reserves the right to have any of the Contractor personnel removed from providing services to OCHFT under this Contract. OCHFT is not required to provide any reason for the request for removal of any Contractor personnel.

**ATTACHMENT B-1**  
**COMPENSATION / PAYMENT**

- I. COMPENSATION:** This is a fixed-fee Contract between the OCHFT and the Contractor for Consulting Services as set forth in Attachment A – Scope of Work. The annual Contract amount shall not exceed **\$400,000** per year for a total not-to-exceed Contract amount of **\$1,200,000** for the services provided in Attachment A, Scope of Work. **Excluded from this fixed fee is time spent locating responsive records and responding record requests under the California Public Records Act. Such requests shall be billed at a rate of \$88.00 per hour. The Contractor shall seek to subcontract pursuant to Section 21 of this Contract to reduce the costs associated with California Public Records Act requests.**

The Contractor agrees to accept the specified compensation as set forth in this Contract as full remuneration for performing all services and furnishing all staffing labor, insurance requirements and taxes required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by the Contractor of all its duties and obligations hereunder. The Contractor shall only be compensated as set forth herein below for work performed in accordance with the Scope of Work. The OCHFT shall have no obligation to pay any sum in excess of the fixed rates specified herein unless authorized by an amendment in accordance with Article C of this Contract.

- II. CONTRACTOR FEES:** OCHFT shall pay Contractor at the fixed hourly rate specified herein, based on the number of actual hours expended by Contractor to complete the services in this Contract; provided, however, that the total of such payments, including reimbursable expenses, shall not exceed the total Contract amount.

**Hourly Rate:**

STAFF NAME   TITLE	RATE PER HOUR
Adam Eliason	\$190.00
John Trauth	\$190.00
Kelly Curtis	\$170.00
Grant Henninger	\$168.00
Amanda Grill	\$88.00

Rate Per Hour will be increased annually on January 1, 2024, and January 1, 2025, equal to an increase in the Consumer Price Index (CPI) for All Urban Consumers (CPI-U), Los Angeles-Long Beach-Anaheim (1982-84=100 unless otherwise noted), All Items promulgated by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor, or replacement index published thereto.

BLS website: [https://www.bls.gov/regions/west/news-release/consumerpriceindex\\_losangeles.htm](https://www.bls.gov/regions/west/news-release/consumerpriceindex_losangeles.htm)

- III. FIRM DISCOUNT AND PRICING STRUCTURE:** Contractor guarantees that prices quoted are equal to or less than prices quoted to any other local, State or Federal government entity for services of equal or lesser scope.
- IV. CONTRACTOR’S EXPENSE:** Contractor shall furnish all materials, supplies, computer equipment, and labor to provide the requested services in this Contract.

Contractor will be responsible for all costs related to individual/mobile telephone communications, travel within Orange County, parking, and any and all “out of pocket” expenses incurred by the Contractor while on

OCHFT sites during the performance of work and services under this Contract, unless otherwise specified. The Contractor shall be responsible for payment of all parking costs and expenses incurred at an OCHFT facility while performing work under this Contract, except to the extent the OCHFT facility has free parking available to the public and the Contractor makes appropriate use of this free parking. However, the OCHFT will not provide free parking to the Contractor.

Contractor's travel expenses conducted outside of Orange County for airfare, mileage reimbursement at IRS standard for own car, lodging, car rental/ride share, car rental gas, toll expenses, airport parking fees, and conference/meeting fees will be paid on a reimbursement basis with receipts attached to monthly invoice. Office expenses such as messenger services, copy service, notary, overnight shipping/express mail costs, will be paid on a reimbursement basis with receipts attached to monthly invoice.

Travel outside of Orange County shall not be reimbursed without prior authorization from Trust Board or OCHFT Chair. Authorization must be done in writing. Written authorization may be in a form including email confirmation.

- V. **PAYMENT TERMS:** Invoices are submitted monthly in arrears for services rendered. The invoice(s) shall be submitted to the user agency/department to the bill-to address, unless otherwise directed in this Contract. The Contractor shall reference the Contract number on invoice. Payment will be net 30 days after receipt of an invoice in a format acceptable to the OCHFT and verified and approved by the agency/department and subject to routine processing requirements. The responsibility for providing an acceptable invoice rests with the Contractor.

Billing shall cover services not previously invoiced. The Contractor shall reimburse the OCHFT for any monies paid to the Contractor for services not provided or when services do not meet the Contract requirements.

Payments made by the OCHFT shall not preclude the right of the OCHFT from thereafter disputing any services involved or billed under this Contract and shall not be construed as acceptance of any part of the services.

- VI. **INVOICE/PAYMENT INSTRUCTIONS:** The Contractor will provide an invoice on the Contractor's letterhead for services rendered. Each invoice will have a number and will include the following information:

1. Contractor's name and address
2. Contractor's remittance address
3. Contractor's Taxpayer ID number
4. Name of Trust – **OC Housing Finance Trust**
5. Contract Number, if any
6. Dates services rendered
7. Service description.
8. Date specific and total time and billable cost.

Invoices and supporting documentation are to be sent to:

Orange County Housing Finance Trust  
Attn: OCCR Accounting Office  
601 N. Ross, 6<sup>th</sup> Floor  
Santa Ana, CA 92701

Invoices must be approved by OCHFT Board Chair. Incomplete or incorrect invoices are not acceptable and will be returned to the Contractor for correction.

- VII. PAYMENT (ELECTRONIC FUNDS TRANSFER [EFT]):** The OCHFT offers Contractors the option of receiving payment directly to their bank account via an Electronic Fund Transfer (EFT) process in lieu of a check payment. Payment made via EFT will also receive an Electronic Remittance Advice with the payment details via e-mail. An e-mail address will need to be provided to the OCHFT via an EFT Authorization Form. To request a form, please contact the agency/department DPA listed in the Contract. Upon completion of the form, please mail, or email to the address or phone listed on the form.
- VIII. TAX ID NUMBER:** The Contractor shall include its taxpayer ID number on all invoices submitted to the OCHFT for payment to ensure compliance with IRS requirements and to expedite payment processing