

Orange | Housing
County | Finance
Trust

STRATEGIC PLAN

July 1, 2020 to June 30, 2025

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Executive Summary

Homelessness is on the rise in California. However, the latest “point-in-time” count for Orange County identified a 16.65% reduction in persons experiencing homelessness from the same methodological count two years prior. In actual persons affected, the number of persons experiencing homelessness went from 6,860 in 2019 to 5,718 in 2022. This is quite remarkable considering that it was initially estimated that Covid-19 would result in an increase in unemployment and an expansion in the homeless population by 20%¹ which would have potentially increased the Orange County homeless population by an estimated 1,400.

The celebration of a reduction in homelessness in Orange County is brief. While Orange County has a small number of homeless population in comparison to other metropolitan areas of the state, Orange County still has a homelessness issue and, in some categories, there was an increase in homelessness. For example, chronic homelessness, substance use issues, physical disability, domestic violence, and HIV/AIDs categories all had increased homelessness since 2019.

The cost of providing support to the homeless population is extremely high and getting more expensive. A collaborative study by Orange County United Way, Jamboree Housing, and the University of California at Irvine² estimated that the average annual cost per homeless person in a 12-month period from mid- 2104 to 2015 was \$45,000, with municipalities paying the largest share followed closely by emergency room hospital costs. Since the date of the study, the costs are most likely higher now and are significantly reduced when individuals and families have access to affordable and supportive housing.

In addition, the cost of labor and materials to develop additional affordable and supportive housing is growing exponentially, and skilled construction labor is in short supply.

While there are many root causes of homelessness, there is no doubt that there is a need for more affordable and supportive housing units to serve this population. The 2018 Housing Funding Strategy initiated by the Orange County Board of Supervisors established the need to create 2,700 new permanent supportive housing (PSH) units and an additional 2,700 affordable units before June 2025.³

¹ 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.

² “Homelessness in Orange County: The Costs to Our Community” by OC United Way, Jamboree Housing and UCI. Full report at www.unitedwayoc.org/resources

³ “Orange County Housing Funding Strategy – June 2018” Full report at <https://ochft.org/oc-housing-funding-strategy>

In 2019 the Orange County Housing Finance Trust (Trust) was established to seek additional funding sources and finance the development of affordable and permanent supportive housing (PSH) projects throughout the region. Created through a Joint Powers Authority, the Trust includes the County of Orange and 24 of its incorporated cities, representing 80% of the County's population.

The mission of the 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 Trust is *"to respond to the humanitarian crisis of homelessness by identifying and securing funding that will contribute to the construction of 2,700 permanent supportive housing units and work to secure funding that will contribute to additional affordable housing units by 2025."*

For consistency purposes, the Trust will track and establish goals based upon the County's start date of June 2018.

The Trust's Strategic Plan covers the period from July 1, 2020, through June 30, 2025. It identifies five strategic components that will help provide direction to the organization. It includes the two primary strategic components of raising and deploying funding that will help create 2,700 supportive housing units by June 2025. The Plan also includes three additional supportive strategic components to ensure accountability and compliance, to retain and increase Trust membership, and to attain self-sufficiency.

Sixteen different stakeholders were interviewed, and their feedback helped to create the five strategic components presented below with the corresponding tasks and accomplishments.

Strategic Component 1: Aggressive Fundraising Strategy

1. Apply for Local Housing Trust Funds (LHTF) grant program dollars.
 - a. *Accomplished. Year one received \$4.2 million dollars. Year two received \$5.0 million dollars. The Trust applied for \$3.75 million for year three and is awaiting the result.*
2. Work in conjunction with lobbyists to seek additional State/Federal funding beyond the LHTF grant program.
 - a. *Ongoing. The Trust hired a new lobbyist firm and was able to obtain a funding request letter from the entire OC State Legislative Delegation. That funding request was not included in the State Budget. However, the Governor may allocate surplus funding through State Housing & Community Development (HCD) in a competitive or formula-based process. This would allow the Trust to competitively apply for additional funding. The Trust is currently working with Congressman Correa on a \$3 million funding request from the federal government. It has been approved by the appropriations committee and should be awarded to the Trust once the federal budget is approved.*

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.
 - a. *Ongoing. A proposed relationship with Century Housing or Clearinghouse CDFI has been discussed, but to date the Trust has not secured a source of funds that can be used for pre-development purposes. Meanwhile, other sources of administrative funding have been secured, as reported below.*
4. Subscribe to and track various funding announcements and explore ways in which the Trust can apply for funding.
 - a. *Ongoing. Trust staff has subscribed to receive HCD announcements for funding and is seeking other direct funding opportunities through legislative processes.*
5. Set up a donor advised fund with Orange County Community Foundation (OCCF) for the receipt of charitable donations to support future Trust projects.
 - a. *Accomplished.*
 - b. *Ongoing. Now that the donor-advised fund is established, work to identify key philanthropic opportunities with individuals and private sector entities and explore appropriate mechanisms for financial contributions (i.e., donations, legacy gifts, project naming opportunities). To be pursued further in year three through donor-advised fund.*

Strategic Component 2: Deploy Trust Funds for Supportive and Affordable Housing Projects

1. Deploy Trust co-lending through short-term funds that also generate Trust administrative dollars which contribute to Trust sustainability.
 - a. *Funds for Trust predevelopment loans have not yet been identified. When or if they are, the relationship with Century Housing and Clearinghouse CDFI will be pursued.*
 - b. *The Trust is seeking funds for a potential ADU (accessory dwelling unit) financing program is another potential initiative to be explored and presented to the Trust Board for consideration.*
2. Create Trust “Notice of Funding Availability” (NOFA) loan documents.
 - a. *Accomplished. This has been accomplished and approved by HCD for nine project closings this past year.*
3. Review and fund NOFA projects ready to close.
 - a. *Ongoing. Out of the sixteen Board approved projects, nine have already closed and two additional projects will close before 2023.*
4. Update and issue Trust 3rd year NOFA.
 - a. *Accomplished. \$7.1 million in funding was committed to four projects totaling 253 affordable and supportive housing units.*
5. Review, award and provide commitment letters to 3rd year NOFA recipients.
 - a. *Accomplished.*
6. Deploy additional funding obtained from other various sources.
 - a. *No other funding sources have been secured so far. However, a \$3 million funding request has been approved at the federal appropriations committee and awaits final approval of the federal government.*

Strategic Component 3: Perform Accountability and Compliance Monitoring

1. Create updated website GIS mapping of affordable and permanent supportive housing (PSH) units to monitor pipeline and progress toward 2025 goal.
 - a. *Accomplished. In addition, grant funding for the Trust has been obtained to upgrade the website, increase public awareness, and track affordable housing.*
2. Prepare and submit annual report to the Trust Board and Trust Members.
 - a. *Accomplished. The Trust met with member and non-member cities to present an update on Trust accomplishments and solicit non-members to join. The result of that effort was that Seal Beach joined the Trust. Additional follow up meetings will take place in 2023.*
3. Develop loan compliance monitoring checklist and procedures in accordance with Trust loan documents.
 - a. *On-going. A financial compliance manager was recently hired to focus on this area of the Trust operations and is currently creating all the related checklists, procedures, and related reporting.*
4. Prepare annual Trust strategic plan review and update.
 - a. *Accomplished following Year 1 and an updated strategic plan for Year 2 was approved by the Trust Board on September 15, 2021.*

Strategic Component 4: Retain and Increase Trust City Membership

1. Submit annual report for Year 2 to the Trust Members and Non-Member cities.
 - a. *Accomplished.*
2. Solicit non-member cities to join the Trust using Trust members, Trust Board, and developers.
 - a. *Accomplished. Trust staff met with most non-member cities and follow up meetings will be scheduled. Ongoing efforts to reach a few un-responsive cities are scheduled to be completed before the end of 2022. See Appendix D, "Strategy to Retain and Increase Trust City Membership."*
3. Promote the Trust through the Trust website, email blasts, speaking presentations, conference participation, talking points for Directors/Staff, and city council meetings.
 - a. *Ongoing. The Trust Manager has and will continue to participate and present at recurring affordable housing and homelessness public and committee meetings. The Trust website eblast notifications have been utilized to announce various Trust news events. The Trust website continues to be updated including the project mapping unit table, helping the public stay informed on the goal of accomplishing the 2,700 PSH unit goal by 2025.*

Strategic Component 5: Increase Staff Support Opportunities While Keeping Administrative Funds Lean

1. Establish roles and responsibilities for County staff supporting the Trust and as-needed services.
 - a. *Accomplished. MOU signed between the County and the Trust establishing the budget and identifying various departments at the County which will provide ongoing administrative support to the Trust.*

2. Hire part-time contract-based administrative assistants when necessary and appropriate.
 - a. *Accomplished. Part-time Development Director and Financial Compliance Manager have been hired to manage various aspects of the Trust.*
3. Engage sub-consultants and County staff only when needed.
 - a. *Accomplished and ongoing. A financial consultant was hired to participate in the NOFA project proforma review process. A 3rd party auditor was hired to review and prepare an independent audit of the Trust. An advocacy and a lobbying firm were hired by the Trust seek additional funding. A strategic communications firm will be hired in 2022 to help promote the Trust.*
4. 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).
 - a. *Accomplished. The Trust applied and received approval to receive \$600,000 in administrative grant funding from the Orange County Council of Governments and SCAG. In addition, the Trust applied and received LHTF capital funding, of which 5% can be used by the Trust for project related administrative expenses. This significant receipt of administrative grant funding has provided sufficient funding to eliminate the necessity of member cities to contribute administrative funding for the 2021-22 and 2022-23 budget year and will likely be the same for the 2023-24 budget year. All of this is documented in detail in the Trust Board approved Capital and Administrative Funding Plan (See Appendix C).*

Chapter 1: History and Trust Formation

In June 2018, the Orange County Board of Supervisors approved a “Housing Funding Strategy” in response to the crisis of homelessness and a shortage of affordable and supportive housing in the County. The strategy set a target for the development of 2,700 new supportive housing units within 6 years and identified a need for an additional 2,700 affordable housing units during the same time period. The Housing Funding Strategy identified potential funding sources and required funding for the development of 2,700 new supportive housing units. However, there was not enough funding identified to fill the gap needed to achieve the targeted housing units.

On September 11, 2018, Governor Jerry Brown signed into law Assembly Bill 448 which authorized the creation of the Orange County Housing Financing Trust. AB 448 allowed the County and any of the incorporated cities in the county to join together and create a joint powers authority (JPA). The collaborative effort allows the Orange County region to be more competitive and access additional funding sources available to JPA’s for addressing homelessness and affordability.

Following the passage of AB 448, the County worked with representatives of the Association of California Cities Orange County (ACCOC) to form a collaborative working group comprised of elected officials and staff from both the County and various cities to establish the initial framework for the Trust.

On March 12, 2019, the Orange County Board of Supervisors approved the Trust Joint Powers Agreement and in subsequent months, 24 cities⁴, representing over 80% of the County’s population, approved a resolution to join the Trust and execute the Agreement.

It was not anticipated that the Trust would be the sole funding source to achieve the goal of creating 2,700 new supportive housing units. Instead, it was envisioned that the Trust would unite the region in a concerted effort to bring new sources of “gap” funding needed to make projects feasible and thus contribute towards 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 the three largest cities in each of the regional service planning areas: North, Central and South.

⁴ List of all members of the OCHFT <https://ochft.org/>

- 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 representative of cities that are not already included on the Board.

Current members of the Trust Board are listed below:

- | | |
|---------------------------------|--|
| 1. Chair Stephen Faessel | City of Anaheim |
| 2. Vice Chair Shari Freidenrich | County of Orange Treasurer-Tax Collector |
| 3. Board Member David Penalozza | City of Santa Ana |
| 4. Board Member Doug Chaffee | County of Orange Supervisor, 4 th District |
| 5. Board Member Lisa Bartlett | County of Orange Supervisor – 5 th District |
| 6. Board Member Don Barnes | County of Orange Sheriff |
| 7. Board Member Fred Jung | City of Fullerton |
| 8. Board Member Ed Sachs | City of Mission Viejo |
| 9. Board Member Jamey Federico | City of Dana Point |

The Trust Bylaws⁵ 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 agreed to fund the initial year of Trust administrative and formation operations through June 30th, 2020. After that, a cost-sharing formula was adopted by the Trust Board providing for administrative funding from both the County and the member cities, in proportion to their population size. The County funded the entire administrative costs for the first year of Trust operations. Member cities and the County funded the entire second year of Trust operations, July 1, 2020, through June 30, 2021. For the Fiscal Years 2021/2022 and 2022/2023 the Trust was able to secure enough administrative grant funding that it did not require any member cities to contribute administrative funding.

Soon after its creation, the County hired a Trust Manager on a contract basis. Since that time the Trust has approved a Memorandum of Understanding with the County of Orange and the Manager has hired various sub-consultants to aid in the administrative efforts of the Trust.

⁵ Link to OCHFT Bylaws <https://ochft.org/jpa-bylaws>

Mission and Vision Statement

The Board also approved 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.

The Trust has and will utilize its regional strength to lobby and apply for additional funds for the full five years, and beyond, presuming Trust operations continue after June 30, 2025, including State and Federal funds.

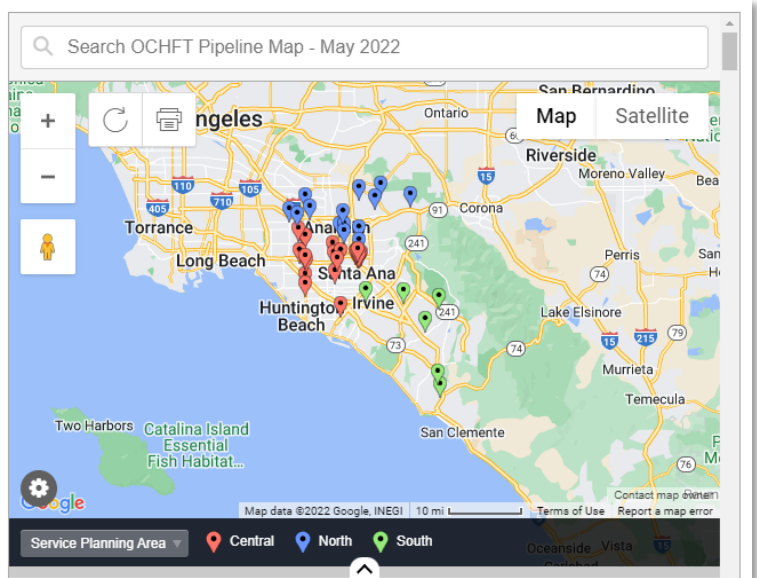
As part of the adoption of this strategic plan, the Trust Board adopted the following vision statement:

The vision of the TRUST is to respond to the humanitarian crisis of homelessness by identifying and securing funding that will contribute to the construction of 2,700 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 map⁶ displaying project details for all the affordable and supportive housing projects in the pipeline in Orange County (see sample map below). The map is updated on a regular basis and provides an effective tool for tracking the progress toward achieving the 2,700 supportive housing unit’s goal.

SERVICE PLANNING AREA	TOTAL PSH	% PSH	TOTAL UNITS	% TOTAL UNITS
Central	807	63%	1,344	51%
North	389	31%	892	34%
South	77	6%	401	15%
Grand Total	1,273	100%	2,637	100%

PROJECT STATUS	PSH UNITS	% PSH	TOTAL UNITS	% TOTAL UNITS
Complete	403	32%	734	28%
In progress of funding	311	24%	899	34%
Under Construction	379	30%	756	29%
Under Construction (Closing Loan)	180	14%	248	9%
Grand Total	1,273	100%	2,637	100%



⁶ OCHFT website link to Development page <https://ochft.org/developments>

Initial Funding and Projects

The Trust issued its first Notice of Funding Availability (NOFA) on January 24, 2020. Since then, two additional NOFA's have been issued each January⁷. These three NOFA's have committed \$17.3 million in Trust funding to 16 affordable housing developments scattered throughout Orange County. These 16 affordable housing developments will create 1,090 affordable and permanent supportive housing units. Of the 16 projects, 9 of them have already started construction, and 2 more will start construction before the end of 2022.

What is evident from the Trust funding to date is the need to accelerate the creation of additional affordable and PSH units in Orange County to not only reach the established goals but most importantly to provide a means to achieve "functional zero"⁸ homelessness before the challenges of homelessness get out of control.

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.⁹

Joint Powers Agreement and Bylaws

The Joint Powers Agreement (JPA) and the Bylaws become the governing documents for the Trust and among other things specify what the Trust can and cannot do. A summary of both is provided below.

The Trust can perform the following:

1. Make or enter 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

⁷ Each January the OCHFT NOFA is located here <https://ochft.org/2022-notice-of-funding-availability>

⁸ Functional zero recognizes that there will always be people or veterans who are homeless or at risk of becoming homeless, but as long as these people can be identified and re-housed quickly and effectively, the homeless rate will be effectively or functionally zero.

⁹ See Appendix A - "Ways to Reduce PSH Unit Costs"

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
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 and what problems are being encountered, and how they can mutually support each other. Duplication and inefficiency are minimized.

Interviews were conducted with other players in the homelessness 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 was briefed on the Trust’s formation, mission, vision and accomplishments. In addition, these organizations were asked for their opinions regarding the role that the Trust should play and what Trust activities would be helpful to help support/sustain their efforts. How they each might support the Trust’s efforts was also discussed.

The results were overwhelmingly positive. The Trust is viewed as a non-partisan, joint effort of the County and the member cities, representing a positive new force to help address homelessness.

Below are the significant comments and suggestions which 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:

- 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 year.
- Prevention of homelessness in the first place can be a highly cost-effective strategy. Early intervention, including counseling and rental assistance intended to keep individuals and families in their homes, combined with Homeless 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 (the “Housing First” concept) will 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 maintain the units themselves.

- The development of affordable and PSH units is both complicated and expensive, so ways need to be found to expedite unit creation and reduce the per-unit costs (now exceeding \$400,000/unit).
- 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 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 are 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 explored here.
- Not all cities in Orange County are doing their part to create affordable housing and PSH units. More advocacy and education are necessary to reduce local resistance to affordable housing and permanent supportive housing regionally.
- The Trust can be most effective 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.
- 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 them 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"> • Strong regional collaborative entity with the County of Orange and 24 incorporated cities. • Strong and experienced developers. • Political will to address homelessness throughout the County. 	<p style="text-align: center;"><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> • Administrative cost from Member cities may be an issue for some. • Single outside funding source; State. • High cost of affordable and supportive housing.
<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> • Additional funding from the State. • Philanthropic donations. • Alternative housing at lower cost. 	<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none"> • Political and taxpayer support may evaporate if significant results are not achieved within the next several years. • Long term financial sustainability of the Trust.

Chapter 3: Charitable Contributions to Support Trust Projects

Strategic Partner interviews have revealed that there may be local individuals of significant means who might be encouraged, under the right circumstances, to contribute significant sums to assist Trust projects and help leverage the Trust loan fund.

In addition to appropriate recognition to these individuals for these gifts, individually negotiated with each donor, it will be necessary for the Trust to either create its own 501c3 charity, with a separate Board, and assume all associated administrative/accounting and reporting requirements for the IRS, or to use an existing 501c3 local foundation organization as a pass-through to fund these projects directly.

Since donations would most likely involve only a few large contributions, there are significant cost and operational advantages to using an existing 501c3. The costs of establishing a new 501c3 would not be incurred, estimated between \$15,000 to \$20,000. In addition, the Trust would avoid the need to set up and staff a separate Board of Directors, as required by the IRS, in addition to employing the services of an accountant to prepare the annual filing of tax returns and Form 990's. Unless additional funding can be found, there is no line item for these expenses in the approved FY 2022-2023 budget.

The costs of using a local foundation for contributions intended for Trust projects would be significantly less (primarily staff time), associated with establishing a donor advised fund and/or account with a foundation and the required percentage of assets that the agent/foundation would charge for assets under management which would be paid not by the Trust but from the donor contribution (see below).

Under this scenario, charitable contributions, while intended for Trust projects, would not be permitted to pass through the Trust. Instead, they would remain with the 501c3 and then, upon a resolution of the Trust Board, be distributed directly to the 501c3 project sponsors. However, funds would not be transferred to any project without Trust Board approval.

Two potential local foundations were previously interviewed. The first was the Orange County Community Foundation, a significant local charity (\$500 million in assets) that also funds homeless initiatives, including Trust stakeholders such as United Way of Orange County. Cathleen Otero, Sr. Vice President, Donor and Community Engagement, and her staff were interviewed. OCCF would set up a "donor-advised" fund in the name of the Trust. OCCF charges an annual fee under a sliding scale starting at 2% and lower at various intervals starting at \$1 million. In general practice, the 2% is charged on the highest balance in the fund over the previous year. Trust projects funded through OCCF could only be distributed to non-profit affordable housing providers. In the case of a qualified for-profit affordable housing provider, the Trust would issue other non-donated funds.

The second foundation interviewed was Charitable Ventures (CV), a significantly smaller foundation (\$12 million in assets) which is primarily a nonprofit incubator. Ms. Anne Olin, President and CEO, and her staff were interviewed. CV would act as a "fiscal agent" for the

Trust, enabling charitable contributions to be made directly to CV, which charges a higher fee, ranging from 6% to 10% for which it provides not only fiscal stewardship for the contributions but also technical assistance. Most significantly, if contributions were made through CV, then qualifying Trust projects sponsored by for-profit sponsors could also be funded.

It is important that the Trust, in receiving charitable contributions (albeit indirectly), not be viewed as a competitor to the fundraising efforts of other local charities. The Trust is not currently perceived as such as it seeks the vast majority of its support from public rather than private sources. Significant contributions from a few wealthy individuals who would like to support specific Trust projects would most likely not be competitive with local charities' interests.

Furthermore, it is not the intention of the Trust to compete with any local charities in any broad-based local fundraising activities focusing on smaller donors.

Therefore, The Trust has established (but not yet funded) a donor-advised fund with the Orange County Community Foundation for the following reasons:

- The fees are lower (2% for OCCF vs. 6% to 12% for CV).
- A significant majority of Trust projects will be most likely sponsored by other 501c3 organizations.
- The Trust is not in need of the technical assistance services that Charitable Ventures would provide, as Charitable Ventures does not have experience in developing supportive and affordable housing.

Through the OCCF facility, the Trust will be able to solicit (but not directly receive) donations for projects sponsored by 501c3 non-profit housing developers and subsequently, following Trust Board approval, direct those funds to eligible projects.

In addition, the Trust will maintain a relationship with Charitable Ventures as this organization will most likely play a role in addressing homelessness in some way in the future with other Trust stakeholders, like Orange County United Way. In addition, should a major donor wish to support a for-profit project that meets Charitable Ventures' criteria as a primarily charitable venture, then a "fiscal agent" relationship with Charitable Ventures might be an option for that project, enabling a charitable deduction for the donor to that project through CV. Orange County Community Foundation and Charitable Ventures work together on various initiatives, and relationships do not have to be exclusive.

Chapter 4: Trust Staff and Support

The Trust operated in its first formative year (through June 30, 2020) through funds provided by the County of Orange. A Trust Manager was hired on a contract basis and other support services were provided by the County and various sub-consultants to the Trust, as mentioned previously.

Starting July 1, 2020, the Trust administrative expenses were paid from membership dues and any grant funding collected from various sources. Since then, the Trust administrative expenses have increased due to nine project closings and compliance related expenses. The approved administrative expense budget for 2022-2023 is shown below:

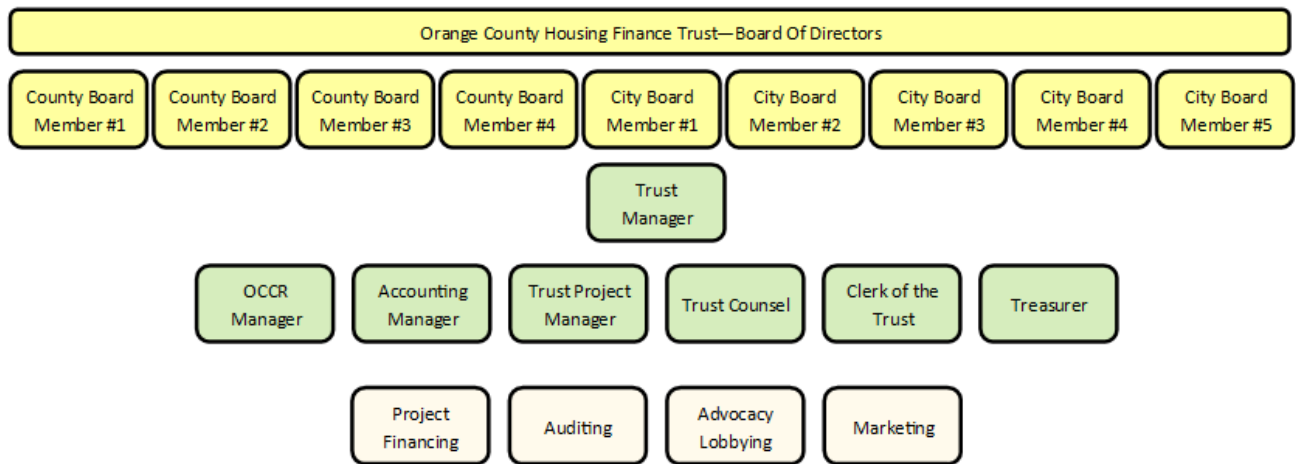
ADMINISTRATIVE REVENUES	21-22 BUDGET	21-22 As Of 04/30/22	%	Est 21-22 06/30/22	%	22-23 BUDGET
REAP Grant	\$ 310,000	\$ -	0%	\$ 130,000	42%	\$ 470,000
County of Orange Administrative Grant	\$ 200,000	\$ 200,000	100%	\$ 200,000	100%	\$ 200,000
City Membership Contribution	\$ -	\$ -	0%	\$ -	0%	\$ -
Local Housing Trust Fund Administrative Grant	\$ 105,384	\$ 21,457	20%	\$ 99,264	94%	\$ 341,367
Interest Earned	\$ -	\$ 43,386	0%	\$ 52,000	0%	\$ 52,000
Carryover funds from previous year	\$ -	\$ 207,372	0%	\$ 207,372	0%	\$ 188,466
Annual Project Compliance Monitoring Fee	\$ -	\$ -	0%	\$ 4,295	0%	\$ 19,765
TOTAL ADMINISTRATIVE REVENUES	\$ 615,384	\$ 472,215	77%	\$ 692,931	113%	\$ 1,271,598

ADMINISTRATIVE EXPENSES	21-22 BUDGET	21-22 As Of 04/30/22	%	Est 21-22 06/30/22	%	22-23 BUDGET
GENERAL OPERATING COSTS						
Memberships/Subscriptions/Dues/Website/Email	\$ 2,500	\$ -	0%	\$ 307	12%	\$ 1,000
Office Supplies/Mailing/Equipment/Software/Copying/Misc Fees	\$ 2,000	\$ 427	21%	\$ 427	21%	\$ 1,500
Conference-Registration Fees/Travel Expenses/Business Meeting	\$ 4,000	\$ -	0%	\$ -	0%	\$ 4,000
Insurance (Alliant) (this budget item approved mid-year)	\$ 16,000	\$ 12,581	79%	\$ 12,581	79%	\$ 14,500
TOTAL GENERAL OPERATING COSTS	\$ 24,500	\$ 13,008	53%	\$ 13,315	54%	\$ 21,000
CONSULTANT COSTS						
Management and Administration (CivicStone)	\$ 240,000	\$ 189,708	79%	\$ 285,000	119%	\$ 260,000
County Counsel (County MOU)	\$ 40,000	\$ 65,484	164%	\$ 82,000	205%	\$ 110,000
County Clerk of the Board (County MOU)	\$ 6,000	\$ 1,796	30%	\$ 2,500	42%	\$ 6,000
County Sheriff (Board Meeting Audio/Video) (County MOU)	\$ 1,803	\$ 463	26%	\$ 1,000	55%	\$ 2,000
County Treasurer (County MOU)	\$ -	\$ 5,142	0%	\$ 6,250	0%	\$ 6,000
County Auditor Controller (County MOU)	\$ 7,500	\$ 8,957	119%	\$ 12,000	160%	\$ 15,000
County Community Resources (County MOU)	\$ 80,000	\$ 36,592	46%	\$ 45,000	56%	\$ 50,000
Financial Consultant (CSH)	\$ 35,000	\$ -	0%	\$ -	0%	\$ 18,000
Auditing Consultant (Edie Bailly)	\$ 17,000	\$ 15,400	91%	\$ 15,400	91%	\$ 17,000
Advocacy/Lobbying Services	\$ 72,000	\$ 36,000	50%	\$ 42,000	58%	\$ 72,000
Marketing & Communication Services	\$ 20,000	\$ -	0%	\$ -	0%	\$ 25,000
Website and GIS Mapping Consultant	\$ 71,581	\$ -	0%	\$ -	0%	\$ 65,000
TOTAL CONSULTANT COSTS	\$ 590,884	\$ 359,542	61%	\$ 491,150	83%	\$ 646,000
ESTIMATED ANNUAL EXPENSES	\$ 615,384	\$ 372,550	61%	\$ 504,465	82%	\$ 667,000
REVENUE MINUS EXPENSES	\$ -	\$ 99,665		\$ 188,466		\$ 604,598

Hiring staff on a contract basis is a cost-effective strategy at this point in the Trust’s evolution. Should the Trust’s staffing and support needs grow, based on the success of its operations, then bringing full-time contract staff on board (with attendant overhead) might be considered.

The current staffing needs of the Trust is provided either by contract employees or County staff through a Memorandum of Understanding (MOU) agreement with the County. This MOU allows the Trust to save administrative dollars in comparison with procuring the same functions through additional private contract consultants.

The following Organization Chart illustrates the Trust Board governance, Trust staff, and the various consultants that are identified and funded in the Trust approved budget.



Chapter 5: Implementation Plan

This chapter documents the action items needed to ensure all the desired outcomes of the Trust are achieved. The overarching vision is to *“respond to the humanitarian crisis of homelessness by identifying and securing funding that will contribute to the construction of 2,700 permanent supportive housing units and work to secure funding that will contribute to additional affordable housing units by 2025.”* All the sub tasks listed in each strategic component support the overarching vision in some fashion.

An important element of the Trust, as supported by multiple comments from stakeholder interviews, was that the Trust join and contribute to other regional efforts to end homelessness in Orange County. While this regional effort is not a strategic component of the Trust, it does, however, help the overall mission and vision of the Trust to bring new funding into Orange County for the development of permanent supportive housing.

For example, Trust staff may coordinate with and communicate its activities to other stakeholder groups, commissions, committees, and individuals on an on-going basis, research best practices and studies in other areas that might be applicable to Orange County, investigate other housing options for homeless people that can be implemented quickly and for a lower cost per unit, coordinate with UCI to use their data and studies in furtherance of Trust projects, and provide support to Trust member cities’ efforts to create supportive housing units in their jurisdictions. In appropriate circumstances, the Trust may partner with one or more of its strategic partners in submitting funding requests when this will improve the chances of funding.

Progress in Year One has been reported above by strategic component. The five strategic components are presented below along with years 2, 3 and 5 identified tasks. An annual review of the strategic components and corresponding tasks will take place following the end of each fiscal year (i.e., after June 30th).

Strategic Component 1: Aggressive Fundraising Strategy

YEAR TWO

1. Apply for Local Housing Trust Funds (LHTF) grant program dollars.
2. Work in conjunction with a lobbyist to seek additional State/Federal funding beyond the LHTF grant program, with the goal of raising enough money to fund an aggregate total to date of at least 1,080 PSH units by the end of year two.
 - a. *Accomplished: The Trust hired a new lobbyist firm and was able to obtain a funding request letter from the entire OC State Legislative Delegation. That funding request was not included in the State Budget. However, the Governor may allocate surplus funding through State Housing & Community Development (HCD) in a competitive or formula-based process. This would allow the Trust to competitively apply for additional funding.*

3. Continue to explore finding funds for a potential co-lending program to further leverage Trust funds for short term pre-development loans that also generates Trust administrative dollars.
 - a. *Ongoing: The Trust is exploring funding options*
4. Subscribe to and track various other funding possibilities and explore ways in which the Trust can apply for funding.
 - a. *Ongoing.*
5. Finalize the establishment of the donor advised fund with Orange County Community Foundation (OCCF) allowing for the receipt of charitable donations to Trust-funded projects. *Accomplished.*
6. Identify key philanthropic opportunities with individuals and private sector entities and explore appropriate mechanisms for financial contributions (i.e., donations, legacy gifts, project naming opportunities, etc.).
 - a. *Pursuing this in year three.*

YEAR THREE

1. Examine whether to continue with OCCF, Community Ventures (CV), or establish separate 501c3.
2. Expand list of key philanthropic individuals/companies favorable to the Trust mission.
3. Work in conjunction with lobbyists to seek additional State funding beyond the LHTF grant program.
4. Apply for LHTF grant program dollars (3rd and 4th Years).
5. Actively seek philanthropic donations.

YEAR FIVE

1. Re-examine whether to continue with OCCF, CV, or establish separate 501c3.
2. Expand list of key philanthropic individuals/companies favorable to the TRUST mission.
3. Work in conjunction with lobbyists to seek additional State funding beyond the LHTF grant program.
4. Apply for LHTF grant program dollars (5th Year).
5. Seek philanthropic donations.
6. Determine if Trust operations will continue beyond Year 5.

Strategic Component 2: Deploy Trust Funds for Supportive and Affordable Housing Projects

YEAR TWO

1. If appropriate funding is obtained, deploy Trust co-lending short-term pre-development loan funds that also generate Trust administrative dollars.
 - a. *Funds were not obtained.*
2. Issue Trust “Notice of Funding Availability” (NOFAs) to attract competitive applications for Trust funding.
 - a. *Accomplished.*
3. Review and fund NOFA projects ready to close.
 - a. *Accomplished.*

4. Update and issue additional Trust second year NOFA.
 - a. *Accomplished.*
5. Review, award and provide commitment letters to 2nd year NOFA recipients.
 - a. *Accomplished,*
6. Deploy additional funding obtained from other various sources.
 - a. *Accomplished.*

YEAR THREE

1. Secure and deploy Trust co-lending short-term pre-development loan funds that also create Trust administrative dollars.
2. Review and fund various NOFA projects ready to close.
3. Update and issue Trust 3rd year (and potentially 4th year) NOFA.
4. Review, award and provide commitment letters to 3rd & 4th year NOFA recipients.
5. Deploy additional funding obtained from other various sources.
6. Contribute to the creation of an aggregate 1,620 supportive housing by June 30, 2023.

YEAR FIVE

1. Deploy Trust co-lending short-term pre-development loan funds that also create Trust administrative dollars.
2. Review and fund various NOFA projects ready to close.
3. Update and issue Trust 5th year NOFAs.
4. Review, award and provide commitment letters to 5th year NOFA recipients.
5. Deploy additional funding obtained from the various sources.
6. Contribute to the creation of an aggregate 2,700 supportive housing by June 30, 2025, thereby meeting the Trust's original five-year goal.

Strategic Component 3: Perform Accountability and Compliance Monitoring

YEAR TWO

1. Create updated website GIS mapping of affordable and permanent supportive housing (PSH) units to monitor pipeline and progress toward 2025 goal.
 - a. *Accomplished.*
2. Prepare and submit annual report to the Trust Board and Trust Members.
 - a. *Accomplished.*
3. Employ and complete all loan/grant compliance monitoring checklist and procedures in accordance with Trust loan/grant documents.
 - a. *Accomplished.*
4. Prepare annual Trust strategic plan review and update.
 - a. *Accomplished and approved.*

YEAR THREE

1. Continue maintaining and updating website GIS mapping of affordable and PSH units to monitor pipeline and progress toward 2025 goal.
2. Prepare and submit annual report to the Trust Board and Trust Members.

3. Perform loan/grant compliance monitoring checklist in accord with Trust loan/grant documents.
4. Prepare annual Trust strategic plan review and update.

YEAR FIVE

1. Continue maintaining and updating website GIS mapping of affordable and PSH units to monitor pipeline and progress toward 2025 goal.
2. Prepare and submit annual report to the Trust Board and Trust Members.
3. Perform loan/grant compliance monitoring checklist in accord with Trust loan/grant documents.
4. Prepare Trust strategic plan summary of accomplishments and measure against Trust goals. If the Trust continues, prepare next 5-year strategic plan, and submit to the Trust Board for approval in June 2025.

Strategic Component 4: Retain and Increase Trust City Membership

YEAR TWO

1. Submit annual report to the Trust Members and Non-Member cities.
 - a. *Accomplished.*
2. Solicit non-member cities to join the Trust with the help of Trust members, Trust Board, and developers.
 - a. *Accomplished. One additional member cities added.*
3. Promote the Trust through the Trust website, email blasts, speaking presentations, conference participation, talking points for Directors/Staff, and city council meetings.
 - a. *Accomplished.*

YEAR THREE

1. Submit annual report to the Trust Members and Non-Member cities.
2. Solicit remaining non-member cities to join the Trust using Trust members, Trust Board, and developers.
3. Promote the Trust through the website, email blasts, speaking presentations, conference participation, talking points for Directors/Staff, and city council meetings.

YEAR FIVE

1. Submit annual report to the Trust Members and Non-Member cities.
2. Solicit any remaining non-member cities to join the Trust using Trust members, Trust Board, and developers.
3. Promote the Trust through the website, email blasts, speaking presentations, conference participation, talking points for Directors/Staff, and city council meetings.

Strategic Component 5: Increase Outside Administrative Funding Opportunities While Keeping Administrative Funds Lean

YEAR TWO

1. Review and update roles and responsibilities for County staff supporting the Trust including as-needed services.
 - a. *Accomplished.*
2. Hire any necessary additional part-time or full-time consultant staff.
 - a. *Accomplished.*
3. Engage other sub-consultants and County staff only when needed.
 - a. *Accomplished.*
4. 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).
 - a. *Ongoing.*

YEAR THREE

1. Consider full-time vs. part-time contract-based administrative assistant when necessary and appropriate.
2. Engage sub-consultants and County staff only when needed.
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).

YEAR FIVE

1. Adjust staffing as appropriate for fifth year operations.
2. Engage sub-consultants and County staff only when needed.
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. Prepare and submit to the Trust Board a five-year summary report on Trust operations and achievements.

Chapter 6: Trust Sustainability

One of the key areas of good strategic planning is ensuring the long-term sustainability of the organization. Much of sustainability planning revolves around ensuring sufficient capital and administrative funding over the years. In July 2022 the Trust Board approved a Capital and Administrative Funding Plan.¹⁰ The document describes a variety of current and planned funding sources to ensure the long-term sustainability of the Trust.

The Trust formation period up to June 30, 2020, was funded by the County of Orange. The following five years will be funded by administrative grants awarded to the Trust and \$200,000 per year from the County through an agreement with the Trust. If additional administrative funding is needed, member cities will pay based upon a cost-sharing formula as detailed in the Trust bylaws. Future administrative costs may be reduced by fees and interest that the Trust might earn through the placement of its financing.

While not part of the current plan or budget, there may be an opportunity for the Trust to earn additional income from the placement of its financing. At present, it has been planned that Trust funds would be invested as “residual receipt” loans, with payback of minimal interest (3%) only when projects have revenue which exceeds their other debt and reserve obligations. The current NOFA allocations are predicated on this basis.

However, should the Trust receive additional funds without restrictions, the Trust could provide other sources of earlier financing, such as pre-development funds, which have been identified by Orange County developers as a key need. As described in the stakeholder interviews (see appendix), one possibility would be to partner with financial institutions (e.g., Century Housing & Clearinghouse CDFI) to provide pre-development financing. While these financial institutions would underwrite the projects, and earn the origination fee, the Trust might participate in the amount financed and earn a proportional rate of return on those funds, thus providing an additional source of support for Trust operations.

Another critical component of good strategic planning is organizational program diversity. Currently the Trust offers one loan program to developers and is exploring the possibility of creating a predevelopment loan program to compliment that long term funding source. Trust staff is also exploring an additional financing program to support the effort of creating new affordable accessibility dwelling units (ADU’s). This funding initiative will be reviewed with the Trust Advisory Board prior to bringing it to the Trust Board for consideration. Trust funded ADU’s will create a pool of affordable units for an extended period of time, at less cost, and faster than traditional tax-credit affordable and supportive housing units. ADU’s may offer an alternative housing solution to a subset of the homeless population. Each homeless person housed in an ADU will free up a space for another homeless person in an affordable or permanent supportive housing unit, thereby contributing to the goal of “functional zero”.

¹⁰ See Appendix C – Capital and Administrative Funding Plan

In 2020/2021 the Trust secured \$600,000 in Regional Early Action Planning grant funds and \$210,768 in administrative funding associated with the Local Housing Trust Fund program from the State of California. These two sources have and will help support the Trust administrative expenses over the next two and a half years. In the next five years, the Trust will continue to seek other sources of administrative funds to help sustain its operations.

In 2021/2022 the Trust worked aggressively with its advocacy consultant and the entire Orange County delegation of elected officials to seek \$30 million in State funding. Unfortunately, the Trust was not successful this year and will re-apply next year.

In that same time, the Trust worked with Congressman Lou Correa on an application for \$3 million in federal funding. The application is working its way through the federal budget process and is looking very promising.

Appendix

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 exceeding \$400,000 per unit and taking years to complete, it is useful to explore ways of creating more PSH units quickly and at lower cost.

The Trust NOFA added language in the second year of funding that prioritizes projects that leverage funding. The specific language in the NOFA is as follows:

Projects receiving identical scores based on the project scoring will be ranked based on a tie breaker. The tie breaker is intended to determine the efficiency of each project's use of Trust funds. The tie breaker is a calculation of the requested Trust loan amount per unit in the project. (Total project request / total number of affordable units in the project = Trust dollars/unit.) The total number of affordable units in the project includes all affordable units, not limited to the number of units the applicant is requesting be funded through this NOFA. If a project includes multiple phases, the total number of affordable units in the project shall only include the number of units being proposed as part of the phase of the project that is being considered as part of the application to this NOFA.

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 building material. The material meets all building code standards and results in lower overall construction costs. LifeArk employs off-site 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 which 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 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 which provided free design services and low-cost financing to homeowners who would agree to keep rents in the newly created units affordable. A similar program could be structured to create PSH units.

Facilitating the Use of Section 8 Housing Vouchers: Creating PSH units in existing properties is highly cost-effective. Jurisdictions which 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. The Covid-19 relief program provided an additional allocation of emergency housing vouchers to jurisdictions. United Way of Orange County operates a program to identify vacant units through 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

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 “Homelessness in Orange County – The Costs to our Community” quickly became one of the nation’s most comprehensive and groundbreaking cost studies on homelessness. The purpose of the study was to better understand how much is spent by the County and the municipalities within the County and local non-governmental service agencies to provide services to the local homeless population. Key findings are summarized below:

- 68% of the County homeless population have lived in the county 10 years or longer.
- \$299 million was spent by governmental and non-governmental entities in a 12-month period encompassing 2014/2015.
- Average annual cost per homeless person for all services is approximately \$45,000.
- Those homeless in permanent supportive housing reported 78% fewer ambulance transports and 100% fewer arrests, compared to those who are chronically homeless living on the street or in emergency shelters.
- The estimated average annual cost of services per capita for permanent supportive housing clients is 50% lower than for the chronically street homeless.
- Taking into consideration the average cost of services per capita, the study determined a cost savings of approximately \$42 million per year if all Orange County chronically homeless were placed into permanent supportive housing.
- The potential cost savings of housing the homeless are even more significant for the chronically street homeless who are the heaviest service users, and for those in the upper decile of costs. The study found that 10% of the chronically street homeless incur annual costs higher than \$439,787 per person, whereas the costliest 10% of those in permanent supportive housing incur annual costs in excess of only \$55,332.

This study and the related findings have contributed to helping policy makers throughout the county approve various efforts to provide shelter and housing for the homeless.

More recently, UCI has completed a study of the effects of affordable housing on crime and housing values in Orange County. The overall findings of the study are that the addition of affordable housing to a community does not affect the crime rate and that home values continue to appreciate in these communities at the same rate as in other communities which have not added affordable housing units recently. The study’s findings are consistent with other studies throughout the country.

George was supportive of the Trust’s idea to develop a financing program to incentivize the creation of more accessory dwelling units (ADUs) in the County as a way to provide housing for a subset of individuals existing homelessness who do not need extensive services, thereby

freeing up other permanent supportive housing units for others who need it. George suggested that a new SRO (single-room occupancy) model might also be considered.

The need for more creative solutions to the affordable housing crisis was discussed. George mentioned the increasing incidence of families continuing to occupy large homes (3, 4 and 5 bedrooms) after becoming empty nesters. Perhaps there might be a way to free up these homes for younger, larger families. A previous program in Minneapolis in the 1980's had addressed that issue through building townhouses reserved for empty nesters and providing incentives for them to move to these units.

The need for more workforce housing was addressed, which is becoming ever a more critical need. Subsidies are less and more units can be created. The conversion of underutilized office parks was discussed as an effective way to create more housing, although conversion costs can be high but still far less than new construction.

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

Data from UCI studies can contribute to "myth-busting" of previously held negative beliefs regarding 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 Sheppard, Housing Advocate/Program Manager, and Beth Heyhow, Director, United to End Homelessness.

The mission of Orange County United Way is to improve lives in Orange County by delivering measurable long-term solutions to complex issues in education, health, financial stability, and housing. Through their ten-year "FACE 2024" communitywide action plan, they implement programs that: (1) Increase the high school graduation rate to 95% among students from disadvantaged socio-economic backgrounds; (2) Seek to increase the number of Orange County Healthy Schools from 34 to 50; (3) Reduce the percentage of financially unstable families by 25%; and (3) End homelessness by achieving functional zero within targeted populations. United Way puts their mission into action through three initiatives: *United to End Homelessness, United for Financial Security, and United for Student Success.*

UNITED TO END HOMELESSNESS

United to End Homelessness (U2EH) was launched in February of 2018 to end homelessness in Orange County through public awareness, community education, advocacy, and housing. It is a collaboration of more than 150 leaders from Orange County's business, philanthropic, governmental, faith-based, and non-profit sectors. *U2EH is committed to ending homelessness by achieving functional zero within targeted populations.* These efforts complement the work of the Orange County Commission to End Homelessness and the Continuum of Care Board.

Following are the programs that are part of this initiative:

- **WelcomeHomeOC:** This unique county-wide landlord incentive program has helped more than 500 homeless individuals with HUD rental vouchers secure housing in private market apartments, including specific campaigns to end Veteran's homelessness with VASH vouchers and end former Foster Youth homelessness with FYI vouchers.
- **Public Awareness/Education:** Through Homelessness 101 classes, answers are provided to some of the most frequently asked questions, breaking down myths and providing the most up-to-date statistics and best practices for solving homelessness in Orange County. U2EH engages in broad public awareness activities through social media, speaking engagements, and advertising, and has engaged more than 35,000 people to date.
- **Advocacy:** The Housing Champions Advocacy Network recruits, trains, equips, and organizes community members to engage in advocacy in their communities for housing solutions to end homelessness. To date, 231 local residents have been trained to be Housing Champions to advocate for increased affordable and permanent supportive housing, resulting in the approval of 492 new units over the last year.

UNITED FOR FINANCIAL SECURITY

Orange County United Way is driving economic mobility through three key programs that involve accessing financial assistance, improving financial literacy, and workforce development, *seeking to prevent homelessness for those that are financially and housing insecure.* Following are the programs that are part of this initiative:

- **OC Free Tax Prep:** Partners with more than 30 organizations to offer a free tax preparation service for 15,000 low- and moderate-income individuals, families, and seniors. Volunteer tax preparers help eligible clients claim their refunds and federal Earned Income Tax Credit (EITC) and CalEITC.
- **SparkPoint OC:** Helps 400 families and individuals improve their financial literacy with financial coaching and workshops. With the help of one-on-one financial coaching, goal-setting plans are created in three key areas to: (1) Increase income via job training and placement, free tax prep/tax credits, and access to public assistance programs; (2) Manage credit by managing debt, creating sustainable household budgets, and improving credit scores; and (3) Build assets through savings and asset planning to help families reach goals like buying a home or paying for college.
- **UpSkill OC:** This program builds a job pipeline that assesses and matches the needs of employers for middle-skill occupations in healthcare and information technology (IT). UpSkill OC annually targets 100 low-income residents from high-need areas, including

rapid re-housing programs, to create a thriving job market through career training, education, case management, and job placement.

UNITED FOR STUDENT SUCCESS

United Way's educational and health programs are geared toward ensuring that children and youth receive the support they need to strengthen their literacy, stay on track in school, graduate high school on time, pursue college and/or find a career. This holistic focus brings together a multi-faceted approach to define success through a student's ability to be healthy and thriving.

- Early Literacy programs make books available in communities where access is scarce and encourages parents and caregivers to read aloud to kids every day to ensure children are reading proficiently by the third grade.
- Destination Graduation (DG): Implemented at 22 middle and high schools to improve math and science skills, DG engages, empowers, and inspires 5,000 at-risk youth to finish high school on time, and better prepares them for college.
- Youth Career Connections (YCC): This integrated work-based learning program connects 1,000 high school students directly to employers, so they graduate college and are career ready. YCC brings learning to life through Field Trips, Pitch Panels, Corporate Speakers, and Student Internships where students gain invaluable career exploration and work experience with leading local employers.
- Healthy Schools Initiative is an evidence-based effort that empowers schools to promote student health and wellness through physical activity, nutrition, and community-led advocacy. United Way seeks to increase Orange County's Healthy Schools from 34 to 50 by 2024.

UNITED WAY AND THE TRUST

United Way staff reported that wage stagnation and the present economic conditions are likely to result in increased homelessness. Vacancy rates in the County are very low, so increasing the housing supply, particularly for shelters and permanent supportive housing, is critical. It is rare to find rental contracts which include utilities, so some families who qualify for a voucher still cannot afford the housing offered.

A potential accessory dwelling unit program that the Trust is considering was discussed. United Way is supportive of this initiative. It would be preferable if the owners would retain the ADUs as affordable and allow the use of Section 8 vouchers. However, this will likely be an educational challenge to combat resistance to Section 8.

\$70 million in rental assistance has now been mostly distributed and is still not enough to meet the need. Eviction records are protected by the State, so this information is not available. While there are funds to help those who are homeless, those who are on the brink but still housed do not qualify, so this is a gap in the system. When assistance prior to eviction is

offered, there is a high percentage of non-responders. Nevertheless, United Way continues to do everything in its power to prevent homelessness from happening in the first place.

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 rental vouchers that increase the available housing opportunities for the Orange County homeless population.

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

Bruce Channing, Executive Director

- ACC-OC was formed after a breakup with the Orange County League of Cities over Brown's carbon tax. ACC-OC members were against the tax, while the League was in favor.
- City members of the Trust are mostly the same as the ACC-OC cities.
- ACC-OC former Executive Director was very involved in the creation of the Trust.
- ACC-OC wants to continue to be informed on Trust goals and accomplishments. The Trust is invited to participate in ACC-OC activities and conferences.
- The Trust should send ACC-OC suggested content and news updates for distribution to ACC-OC member cities using their monthly newsletter.
- The Trust can attend ACC-OC organized trips to Sacramento, Washington DC each year to meet with legislators on issues affecting their cities.

Strategic Plan Implication: Partner for promoting future legislation favoring the Trust; good organization for networking with Orange County cities regarding Trust activities.

Orange County Housing Trust (OCHT)

Helen O'Sullivan, Executive Director of OCHT, and President & CEO, NeighborWorks of Orange County, and Lucy Dunn, President and CEO, Orange County Business Council

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 to the business community. OCHT contributed the last of 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 Brown Act or other public agency requirements, 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 operating in Orange County for 128 years and started its operations in Santa Ana. Captain Nesan Kistan is the head of Orange County operations. Funds to support operations come from donations and sales from Thrift stores.

The Center of Hope project in Anaheim is the SA's major project. SA is both the developer and the operator of the 6.9-acre site. This project already includes 325 emergency shelter beds, with the goal of expanding to 572, including both shelter and permanent supportive housing units, offices for service providers and project administration, and a research center.

- On August 11, 2021, the Anaheim Center of Hope was approved for allocations of bonds and tax credits.
- The City of Anaheim Community Development Department was very involved in identifying, approving and supporting this project, which includes shelter beds, apartments, services and the research center. The Orange County Housing Trust provided \$2 million in funding which was originally contributed to OCHT by the Disney Corporation.
- 50 Section 8 vouchers from the Anaheim Housing Authority are dedicated to the project.
- The Center of Hope site also includes a large multi-story building which will house the "Center for Applied Research and Innovation." The Center will study social policy solutions, including homeless issues. (www.carioc.com.) The Center will operate under a collaborative agreement with the University of California at Irvine (UCI).
- The groundbreaking of the Center of Hope project was in January, 2022 and was well attended, including the Chair of the Trust, Supervisor Chaffee, who made remarks in support of the project.
- The Salvation Army is looking at another potential site in Santa Ana, a five-acre former church property off Edinger. This project would be a mixed-use project. In addition, there is

another potential property in Laguna Niguel, consisting of a former Federal building and parking lot.

- The Salvation Army owns considerable land in Orange County and 69 other sites throughout California (SA is one of the biggest landowners in the US).
- Construction costs are rising, particularly influenced by increasing lumber costs.
- SA and the Trust share a goal of “Functional Zero” homelessness. This is where all homeless people are provided an opportunity to be placed in a variety of housing choices depending upon their circumstances.
- Vets, women, and children are the first priorities. Beds for men are last, but men represent the largest segment of the homeless population.
- The single largest expense for homelessness is hospitalization. The second biggest expense is for first responders (police, fire, etc.).
- There is a need for the Salvation Army and others in the homeless space to coordinate closely with CalOptima, a local organization which provides health insurance for low and very low-income people. This is being coordinated through the BeWell clinics and other County Health Care Agency efforts.
- Without a concerted and successful effort to get the homeless population to change and learn life skills and self-sufficiency qualities, most people will likely never leave permanent supportive housing and therefore the need continually grows. Studies show that currently only 8% of homeless people eventually self-resolve.

Strategic Plan Implications: The Salvation Army is an essential partner for the Trust. SA 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 SA projects. The cost of land might be zero if SA-owned land is made available for projects, thereby lowering per-unit cost.

Commission to End Homelessness

Dan Young, Vice Chair, and former President of the Irvine Company

The Commission to End Homelessness includes all the various organizations addressing homelessness in the County. It proves a forum for all of them to stay connected, track activities and progress, and coordinate with and support each other. There are 20 members of the Commission to End Homelessness, of which 18 vote. The two who do not are the HCA’s Continuum of Care staffers. The Commission is only an advisory body and has no money of its own. It takes an overall look as to how the County is responding to the homeless problem and recommends how coordination can be improved.

Doug Chaffee is the Chair of the Commission, and Doug Becht, from the Orange County Health Agency (OCHA) is staff to the Commission.

- The Commission was created in 2018 to address the four pillars of homelessness: prevention, outreach, shelter, and housing. It meets bi-monthly, and its meetings are subject to the Brown Act since public officials are involved.
- There are many actors in the homeless space, including cities, law enforcement, service providers, housing developers, the District Attorney, and others who are represented on the Commission. Coordination is essential for the system to work effectively.
- Dan Young was instrumental in getting AB 448 approved, which enabled the creation of a Joint Powers Authority which established the Trust.
- Dan believes there is plenty of land in Orange County for Trust projects.
- Land can be the match for additional public funds if the Trust can get it free (state land) or at a below-market price.
- Dan knows some wealthy individuals who could potentially be willing to make a substantial contribution and/or legacy gift to the Trust. To facilitate contributions, the Trust has established a donor-advised fund with the Orange County Community Foundation, which would serve as its fiscal agent for contributions since the Trust is not itself a 501c3 organization.
- However, Dan feels that the Trust is not yet ready to make requests for charitable donations. The Trust first needs to generate considerable enthusiasm for its work and raise significantly more public money to gain the reputation which will attract support from private philanthropists.
- Cities in Orange County also need to step up to do their part. While some have, others have not. Expanding the Trust membership to include all Orange County cities is a goal, but cities will need to participate financially in projects in their jurisdictions. Everyone needs to be part of the solution to ending homelessness.

Strategic Plan Implications: The Commission to End Homelessness, which includes all the homeless providers, offers a significant networking opportunity for the Trust. In addition, Dan Young is an experienced and influential developer in Orange County. He is well known in Sacramento and has a broad network of influential individuals. He played a pivotal role in the Trust formation and wants to see it succeed. He could be extremely helpful to the Trust in various ways and Trust staff need to keep him involved and seek his advice and counsel on a regular basis.

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

[Also see Orange County Health Care Agency, below]

- Both the Commission and the CofC are collaborative agencies. Coordination of Care functions help match homelessness people exiting treatment with housing resources.

- Because both the Coordination of Care and Commission functions are all organized around one county, it makes it easier than, for example, Los Angeles County, which has multiple Coordination of Care operations.
- Doug believes that the Trust and others who finance and develop permanent supportive and affordable housing are the critical elements for the success of the effort. If there is no place for the homeless to go after treatment/transition, then they are back out on the street and the system has failed. Permanent supportive housing is key here.
- Once a homeless person is placed in a PSH unit, turnover is low, primarily occurring from death and evictions, so more PSH units are always needed. Rapid re-housing is also not possible without sufficient units.
- The idea of the Trust financing accessory dwelling units (ADUs) in existing housing was discussed, and Doug was supportive of the idea, but responded that placement in these units will need to be done carefully and appropriately, making sure the client is right for this type of housing (i.e., be highly functioning and perceived as self-sufficient). Still, there is significant unreliability in predicting personal outcomes after homelessness. Nevertheless, if a client who is perceived as being self-sufficient can be placed in an ADU, that provides an opportunity for another client to be placed in a PSH unit.
- Of course, the most effective strategy is to try to prevent homelessness in the first place.

Strategic Plan Implications: Since the Office of Care Coordination places homeless people exiting treatment in housing, it is important for the Trust to coordinate closely with this agency so that Trust units can be appropriately matched with those existing treatment programs.

Century Housing

Ron Griffith, CEO, & Josh Hamilton, Sr. VP, Lending

Century is a significant affordable housing lender based in Culver City and active in Orange County. It was originally capitalized through transfer of the remaining assets of the State of California program to relocate homes in Los Angeles in the path of construction of the Century Freeway.

- Century is a CDFI and makes early-stage acquisition/bridge loans to help nonprofits secure land, get soft financing and tax credit approvals, and arrange for construction loans.
- Century often partners with the “Golden State Acquisition Fund, (GSAF)” a revolving below market rate loan fund administered by State HCD, which takes the 25% top loss position in each loan. Loan-to-value percentages are higher (100% in some cases) (note that GSAF funded loans do not exceed 100% LTV, although LTV does not exceed 100% when Century funds a predevelopment loan). HCD’s rate on the State’s money is blended with Century’s rate. The GSAF is currently out of funds, but additional money will be available as loans are repaid.
- Century originates these early-stage loans for nonprofits, underwrites and closes the loans, and is repaid from construction loan proceeds.

- Rates are variable (rate tied to LIBOR) with interest payments made through an interest reserve funded from the loan at closing, and no prepayment penalties. Origination fees are typically 1 to 1½% depending on the loan amount.
- In the current financial environment, the cost of funds has risen from 100 basis points to 150 to 175 basis points, so Century stopped the program and will wait until the spreads come back down to normal levels. Its main source of funds was life insurance companies. But since the Fed continues to raise rates, the markets are not stable.
- Century has also funded some permanent affordable housing loans from its resources, including two to Jamboree which included HomeKey deals (motel purchase/conversion to PSH units).
- Century participates in LA County's Housing Innovation program.

Century is interested in possibly being involved in the early stages of Trust projects and proposes a co-lending arrangement with the Trust in first-loss position (see above). In such an arrangement, the Trust might share in the loan origination fees, providing money for Trust overhead and thereby reducing the amount required to be raised from other sources, including Trust Members.

Strategic Plan Implications: Century Housing is a potential financing partner for Trust projects, like the CDFI Clearinghouse (see below). 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 potentially 3 to 1 for early-stage project financing. 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 to the Trust in its early years of operations.

Orange County Continuum of Care

Tim Shaw, Member of the CofC and past Chair

Since 1998, the County of Orange has coordinated a comprehensive regional Continuum of Care (CoC) to develop and implement a strategy to address homelessness in Orange County. The Orange County Continuum of Care covers the Orange County jurisdiction, including all 34 incorporated cities and unincorporated areas. Participation is welcomed from County departments and agencies, local governments, homeless, housing, and supportive service providers, community groups (including non-profits, faith-based organizations, interested business leaders, schools, individuals with lived experience and many other stakeholders.

The Orange County CoC Board is the governing body for the Orange County CoC whose purpose is to implement the Continuum of Care program. The Continuum of Care Program is authorized

by subtitle C of Title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381-11389). As noted in CFR 24 Part 578.1, the Continuum of Care program is designed to:

- A. Promote a communitywide commitment to the goal of ending homelessness through Regional Coordination and collaboration.
- B. Advocate for funding and resources to end homelessness and provide funding for proven efforts by nonprofit providers, States, and local governments to quickly rehouse people experiencing homelessness while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness.
- C. Promote access to and effective utilization of mainstream programs by homeless individuals and families.
- D. Promote the implementation of best practices and evidence-based approaches to homeless programming and services.

The Orange County CoC has several committees aimed at coordinating and collaborating on specific functions and programs associated with the Continuum of Care Program. One of these is the CofC Housing Committee chaired by Judson Brown (see Continuum of Care Housing Committee below).

- Tim Shaw has been involved in various capacities on homelessness activities since the 1990's and has served in many capacities. He has a good overview of the activities of various agencies working in this space.
- The Continuum of Care Board needs to be briefed on the Trust and its activities. Tim will help to arrange for the Trust Manager to present at a future Board Meeting.
- Money flows through the Continuum of Care process, including Covid-19 homelessness relief funding, and is allocated to various agencies, but there is a need for a better understanding of the sources of money and their various restrictions so the money can be more effectively employed. HUD has technical assistance grants for this purpose.
- More advocacy is necessary to reduce political resistance to the creation of permanent supportive housing in OC communities. CofC, the Kennedy Commission and United Way can all play an advocacy role.
- Tim offers to help with bringing more OC cities into the Trust. Advocacy assistance was provided previously for the Trust's Lake Forest project.

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

- The City of Santa Ana is running a very large emergency rental assistance program. It has \$24.8 million from the Federal government and an additional \$24.8 million from the State of California. It implements the program using eight nonprofit organizations including Catholic Charities, The Salvation Army and United Way of Orange County in addition to 5 others.

- Emergency housing vouchers are run through the Continuum of Care. There is a need for incentives for landlords to lease up units using these vouchers (increased security deposits, pre-paid rent, etc.).
- The cost of permanent supportive housing and affordable housing can be reduced significantly by land donations. The Silicon Valley Housing Trust is buying land for this purpose. Santa Ana has been working to do the same and retain ownership of the land under a ground lease to reduce the cost of the project to the developer and to ensure long-term affordability. In addition, State-owned, county-owned, and city-owned land, and underutilized parking lots, school and church sites might present opportunities. Land was donated for this purpose by the United Methodist Church.
- There are also new funding sources coming soon, like the HOME “American Rescue Fund” (Federal program) with very flexible money) and the 3rd and 4th funding rounds of the HHAP program.
- The Trust, as a quasi-government organization, can be more of a neutral party and help with fundraising, coordination, and placement of funds for those developers in the PSH and Affordable Housing space. The Irvine Community Land Trust has done a good job of this in Irvine. Tracking the tax credit project pipeline would also be helpful.
- The efforts by United to End Homelessness (United Way Orange County), The Commission to End Homelessness, and the Continuum of Care need to be better coordinated and perhaps even merged in the future. The Trust could play a role here.
- Anaheim has been very supportive of homeless programs. (See summary on interview with Anaheim Housing Authority Director Grace Stepter, below.)

Strategic Plan Implications: There is much support for the Trust locally, and due to its regional aspect and its neutral position politically, there is 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.

National Core

Michael Ruane, Executive VP. and Lorna Contreras, Senior Development Manager

National CORE is a major nonprofit developer in southern California (formerly known as SoCal Housing and National Housing Development Corporation). Michael is a former Deputy Executive Officer of Orange County, so he knows all the various entities and players. He also Chairs the Health Care Foundation for Orange County and is familiar with philanthropic fund development initiatives.

- National CORE recently received an S&P A+ Bond rating, one of only two nonprofit housing developers in the country to attain this rating. This will allow National CORE to access cheaper money for its projects through bond sales.
- The Trust as a special regional entity can actively raise money for projects. The County must be an integral part of this effort to support the Trust’s requests.
- The Trust could also be the platform for philanthropic and corporate contributions, working with (or absorbing) the OCHT. The Trust may be uniquely positioned to support or lead efforts to seek national foundation and federal grant opportunities that are targeted at regional or multi-jurisdictional collaboratives.
- For raising private and philanthropic dollars, Michael suggested last year that the Trust establish a relationship with a local foundation. That arrangement is now in place with the Orange County Community Foundation, where the Trust has established a Donor-Advised Fund which can receive charitable contributions for Trust projects.
- National CORE finds the Trust’s NOFA process streamlined and simple. National CORE hopes that the Trust’s NOFA process can eventually become semi-annual to align with tax credit allocations.
- A big need in Orange County is for larger affordable units (3+ bedrooms).

- Costs of building new is so high that the Trust should prioritize funding for acquisition of existing buildings, including motels, hotels, and existing apartment buildings.

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 and is planned for completion in 2023. 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.

For more information on BeWell OC, like or follow [@bewelloc](#) on Facebook or visit www.bewelloc.org.

Strategic Plan Implications: Mind OC and its BeWell OC clinics are intended to be the intermediary needed for transitioning 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 ground-lease projects, the City’s CDBG program, the Housing Opportunities Program for People with Aides, and residual redevelopment agency housing set-aside resources

- The Center of Hope project in Anaheim applied to the Trust for funding and was successful. The project has 50 project-based vouchers from the Anaheim Housing Authority.
- The Ecolodge project (motel conversion to supportive housing which is being developed by Jamboree) is also in Anaheim.
- Trailers are being sent to Anaheim by the State to help address the immediate needs of those infected by the virus.
- 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, through 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 providing 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 their 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 approved the transfer of \$20.5 million in MHSA development gap funding to the Trust that will 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 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 (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 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 for 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 foundations 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 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)

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 Corps are companies who meet rigorous standards of social and environmental performance, transparency, and accountability, and use business as a force for good.

Strategic Plan Implication: While not currently configured to make predevelopment loans, the Clearinghouse/CDFI 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 is one of the largest affordable housing developers in the state and is particularly active in Orange County, where it was founded and is headquartered. Jamboree is one of the most active Trust borrowers and would like to do more business with the Trust, as it can always uses more money.

Jamboree has a focus on creating more permanent supportive housing units. Previous projects were 100% PSH units, but newer projects are more integrated. For example, a current project in Anaheim of 102 units has 20 PSH units. Jamboree thinks 25% PSH units in new projects is a good balance.

Jamboree goes after a lot of 9% tax credit projects, but HCD's approval process is too slow. The Orange County Housing Trust (corporate/private sector) gave money to Jamboree's Anaheim project, which came from the Disney contribution of OCHT. Jamboree has been recently closing between 6 to 10 projects a year, building its inventory.

A cheap source of pre-development funds would be nice, but Jamboree now has its own resources for addressing this need (a combination of cash reserves and credit facilities) so this is not critical for them, although they realize it may be critical for other smaller developers.

Commitments for permanent financing is always obtained early, and Jamboree has used CCRC among other sources (BofA, etc.).

Real estate brokers could be a source for identifying potential sites for PSH and affordable housing, but they would need to be educated in affordable housing issues and operations first.

Strategic Plan Implication: Jamboree is a key developer for Trust projects. In addition, Jamboree supports the same coordinating role for the Trust as others do and supports the Trust's raising money from public and private sources including any advocacy for the Trust.

Appendix C - Capital and Administrative Funding Plan

Background

The Orange County Housing Finance Trust (OCHFT/Trust) is a Joint Powers Authority (JPA) consisting of 24 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 2,700 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 \$36 million in funding of which \$27 million has been awarded to 16 projects totaling 1,089 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

7. *Apply for Local Housing Trust Funds (LHTF) grant program dollars (1st Year).*
8. *Work in conjunction with lobbyists to seek additional State/Federal funding beyond the LHTF grant program.*
9. *Explore and create potential co-lending program to further leverage Trust funds for short term pre-development loans that also generates Trust administrative dollars.*
10. *Subscribe to and track various funding announcements and explore ways in which the Trust can apply for funding.*

11. *Set up a donor advised fund with Orange County Community Foundation (OCCF) for the receipt of charitable donations to the Trust.*
12. *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 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 agreements committing capital funding totaling just over \$35 million. 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 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 executed a funding agreement with the County of Orange 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.

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

Funding for 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.

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

Additionally, in 2022 the Trust worked with Congressman Lou Correa to support a \$3 million federal funding request to the Trust. The request has been approved by the House Appropriations Committee and awaits final budget approval within the next eight months.

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

The REAP 2.0 program is funded with \$500 million from the Coronavirus Fiscal Recovery Fund of 2021 and \$100 million from the State General Fund. The REAP 2.0 will be administered by the California Department of Housing and Community Development (HCD). The majority of funds will flow directly to the state's 18 Metropolitan Planning Organizations (MPOs), with an expectation the MPOs will subgrant a portion of the funds to eligible entities in the metropolitan region.

The purpose of REAP 2.0 is supporting transformative planning and implementation activities that include, but are not limited to, accelerating infill and affordable development; supporting residents through realizing multimodal communities; shifting travel behavior through reducing driving; and increasing transit ridership; walking; and biking as primary modes of transportation.

The Southern California Association of Governments (SCAG) is one of the largest MPOs in the State and will receive \$246 million in REAP 2.0 funding. SCAG has created a draft REAP 2.0 Program Development Framework that outlines the core objectives, guiding principles, and programmatic areas for allocating funds available to SCAG. One of the three programmatic areas of SCAG funding includes funding for Housing Trust Funds.

Trust staff have met with SCAG staff to discuss various funding options that meet the core program objectives of REAP 2.0. Trust staff will continue to work with SCAG to obtain capital funding for the Trust in the first quarter of 2023.

7. Philanthropy

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 three years of accomplishments since the Trust was formed, the Trust has a significant track record to pursue obtaining donations to the Trust.

8. 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 under construction or completed.

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.

Both funding options would require an amendment to the Joint Power Agreement.

Table 1 - Trust Capital Fund Summary

Capital Sources	Fiscal Year	Amount
State of CA General Fund Grant	2019-2020	\$950,000.00
State of CA LHTF	2020-2021	\$4,004,592.01
State of CA LHTF	2021-2022	\$4,750,000.00
County of Orange General Fund	2020-2021	\$1,000,000.00
County of Orange General Fund	2021-2022	\$1,000,000.00
County of Orange General Fund	2022-2023	\$1,000,000.00
County of Orange General Fund	2023-2024	\$1,000,000.00
County of Orange General Fund	2024-2025	\$1,000,000.00
County of Orange MHSA Fund	2020-2021	\$4,500,000.00
County of Orange MHSA Fund	2021-2022	\$4,000,000.00
County of Orange MHSA Fund	2022-2023	\$4,000,000.00
County of Orange MHSA Fund	2023-2024	\$4,000,000.00
County of Orange MHSA Fund	2024-2025	\$4,000,000.00
		\$35,204,592.01

Administrative Funding Plan

While capital is critical to the Trust mission and vision of financing additional affordable and permanent supportive housing, the Trust also needs administrative funding to operate.

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 2022-2023 Trust

Administrative Budget). This budget provides the line-item revenue sources, and the line item expenses for the Trust annual budget.

The Trust has various agreements committing administrative revenue sources totaling \$2.36 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 4/9th and Member Cities shall pay 5/9th 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 4/9th share of the Trust administrative expenses. At a minimum the County has an obligation, per the executed JPA, to pay 4/9th of the Trust administrative expenses, less any grant or donated funds approved for administrative expenses.

3. City Member Contributions

On January 15, 2020, the Trust Board approved a cost allocation formula in which the County shall pay 4/9th and Member Cities shall pay 5/9th 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 were 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 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.

4. 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.

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.

5. 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.

6. Loan Fees and Interest

One of the outcomes of the Trust creating additional financing programs from the debt options discussed previously in the 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.

7. 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

Administrative Sources	Fiscal Year	Amount
State of CA General Fund Grant	2019-2020	\$50,000.00
State of CA LHTF	2020-2021	\$210,768.00
State of CA LHTF	2021-2022	\$250,000.00
City Member Contributions	2020-2021	\$250,020.00
County of Orange Admin Grant	2020-2021	\$200,000.00
County of Orange Admin Grant	2021-2022	\$200,000.00
County of Orange Admin Grant	2022-2023	\$200,000.00
County of Orange Admin Grant	2023-2024	\$200,000.00
County of Orange Admin Grant	2024-2025	\$200,000.00
OCCOG REAP Admin Grant	2021-2022	\$600,000.00
		\$2,360,788.00

Table 3 - Compliance Monitoring Fee Analysis

2020 NOFA		# OF TRUST	INITIAL		ANNUAL					
		UNITS	FEE	UNIT FEE	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	\$ 1,040.00
Center of Hope	Dec-21	16	\$ 500	\$ 65	\$ 1,040	\$1,540.00	\$ 1,040.00	\$ 1,040.00	\$ 1,040.00	\$ 1,040.00
Orchard View	May-22	5	\$ 500	\$ 65	\$ 325			\$ 825.00	\$ 325.00	\$ 325.00
Santa Angelina	May-22	5	\$ 500	\$ 65	\$ 325		\$ 825.00	\$ 325.00	\$ 325.00	\$ 325.00
North Harbor	Apr-21	14	\$ 500	\$ 65	\$ 910		\$ 1,410.00	\$ 910.00	\$ 910.00	\$ 910.00
FX Residences	Mar-22	16	\$ 500	\$ 65	\$ 1,040		\$ 1,540.00	\$ 1,040.00	\$ 1,040.00	\$ 1,040.00
Mountain View	Dec-21	11	\$ 500	\$ 65	\$ 715	\$1,215.00	\$ 715.00	\$ 715.00	\$ 715.00	\$ 715.00
TOTALS		83				\$4,295.00	\$ 6,570.00	\$ 5,895.00	\$ 5,395.00	\$ 5,395.00

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

2022 NOFA		# OF TRUST	INITIAL		ANNUAL					
		UNITS	FEE	UNIT FEE	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	\$ 2,090.00
Lincoln	Apr-23	11	\$ 500	\$ 95	\$ 1,045		\$ 1,545.00	\$ 1,045.00	\$ 1,045.00	\$ 1,045.00
Meadows	Dec-22	7	\$ 500	\$ 95	\$ 665		\$ 1,165.00	\$ 665.00	\$ 665.00	\$ 665.00
WisePlace	Mar-23	14	\$ 500	\$ 95	\$ 1,330		\$ 1,830.00	\$ 1,330.00	\$ 1,330.00	\$ 1,330.00
TOTALS		54					\$ 4,540.00	\$ 5,630.00	\$ 5,130.00	\$ 5,130.00

GRAND TOTALS		224				\$4,295.00	\$19,765.00	\$17,180.00	\$16,180.00	\$16,180.00
					# of Units	43	197	224	224	224
					Per Unit	\$ 99.88	\$ 100.33	\$ 76.70	\$ 72.23	\$ 72.23

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Table 4 - Trust FY 2022-23 Administrative Budget

Orange County Housing Finance Trust

FY 2022-23 Administrative Budget

ADMINISTRATIVE REVENUES	21-22 BUDGET	21-22 As Of 04/30/22	%	Est 21-22 06/30/22	%	22-23 BUDGET
REAP Grant	\$ 310,000	\$ -	0%	\$ 130,000	42%	\$ 470,000
County of Orange Administrative Grant	\$ 200,000	\$ 200,000	100%	\$ 200,000	100%	\$ 200,000
City Membership Contribution	\$ -	\$ -	0%	\$ -	0%	\$ -
Local Housing Trust Fund Administrative Grant	\$ 105,384	\$ 21,457	20%	\$ 99,264	94%	\$ 341,367
Interest Eamed	\$ -	\$ 43,386	0%	\$ 52,000	0%	\$ 52,000
Carryover funds from previous year	\$ -	\$ 207,372	0%	\$ 207,372	0%	\$ 188,466
Annual Project Compliance Monitoring Fee	\$ -	\$ -	0%	\$ 4,295	0%	\$ 19,765
TOTAL ADMINISTRATIVE REVENUES	\$ 615,384	\$ 472,215	77%	\$ 692,931	113%	\$ 1,271,598

ADMINISTRATIVE EXPENSES	21-22 BUDGET	21-22 As Of 04/30/22	%	Est 21-22 06/30/22	%	22-23 BUDGET
GENERAL OPERATING COSTS						
Memberships/Subscriptions/Dues/Website/Email	\$ 2,500	\$ -	0%	\$ 307	12%	\$ 1,000
Office Supplies/Mailing/Equipment/Software/Copying/Misc Fees	\$ 2,000	\$ 427	21%	\$ 427	21%	\$ 1,500
Conference-Registration Fees/Travel Expenses/Business Meeting	\$ 4,000	\$ -	0%	\$ -	0%	\$ 4,000
Insurance (Alliant) (this budget item approved mid-year)	\$ 16,000	\$ 12,581	79%	\$ 12,581	79%	\$ 14,500
TOTAL GENERAL OPERATING COSTS	\$ 24,500	\$ 13,008	53%	\$ 13,315	54%	\$ 21,000

CONSULTANT COSTS						
Management and Administration (CivicStone)	\$ 240,000	\$ 189,708	79%	\$ 285,000	119%	\$ 260,000
County Counsel (County MOU)	\$ 40,000	\$ 65,484	164%	\$ 82,000	205%	\$ 110,000
County Clerk of the Board (County MOU)	\$ 6,000	\$ 1,796	30%	\$ 2,500	42%	\$ 6,000
County Sheriff (Board Meeting Audio/Video) (County MOU)	\$ 1,803	\$ 463	26%	\$ 1,000	55%	\$ 2,000
County Treasurer (County MOU)	\$ -	\$ 5,142	0%	\$ 6,250	0%	\$ 6,000
County Auditor Controller (County MOU)	\$ 7,500	\$ 8,957	119%	\$ 12,000	160%	\$ 15,000
County Community Resources (County MOU)	\$ 80,000	\$ 36,592	46%	\$ 45,000	56%	\$ 50,000
Financial Consultant (CSH)	\$ 35,000	\$ -	0%	\$ -	0%	\$ 18,000
Auditing Consultant (Edie Bailly)	\$ 17,000	\$ 15,400	91%	\$ 15,400	91%	\$ 17,000
Advocacy/Lobbying Services	\$ 72,000	\$ 36,000	50%	\$ 42,000	58%	\$ 72,000
Marketing & Communication Services	\$ 20,000	\$ -	0%	\$ -	0%	\$ 25,000
Website and GIS Mapping Consultant	\$ 71,581	\$ -	0%	\$ -	0%	\$ 65,000
TOTAL CONSULTANT COSTS	\$ 590,884	\$ 359,542	61%	\$ 491,150	83%	\$ 646,000

ESTIMATED ANNUAL EXPENSES	\$ 615,384	\$ 372,550	61%	\$ 504,465	82%	\$ 667,000
REVENUE MINUS EXPENSES	\$ -	\$ 99,665		\$ 188,466		\$ 604,598

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 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 2,700 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 \$36 million in funding of which \$27 million has been awarded to 16 projects totaling 1,089 affordable and permanent supportive housing units.

In July 2020 the OCHFT approved a five-year Strategic Plan. The Strategic Plan includes five components, one of which is to retain and increase city membership with the OCHFT. As a regional entity, the OCHFT has contributed towards an awareness of the affordable housing needs within Orange County and promotes collaboration with other entities that are working to solve the region's affordable and homelessness challenges.

Policymakers are increasingly supporting efforts that go beyond local jurisdictional boundaries to resolve critical and shared problems in a region. There are a number of examples that illustrate regional efforts in Orange County that include Orange County Council of Governments, Continuum of Care, Orange County Business Council, BeWellOC, and most recently the OCHFT. The OCHFT has been a vocal supporter of regional and collaborative efforts that shifts the focus from managing the problem to creating a system that aims to end homelessness, which happens when a region is housing more people than the number of actively homeless per month.

While so much has already been achieved, there is clearly a sense that more regional collaboration and effort is needed. One of the key focus areas to functional zero homelessness in Orange County is to create more affordable and permanent supportive housing. The OCHFT recognizes that legislators look for regional support towards a critical cause. To that end, the OCHFT aspires to have all 34 cities in Orange County as members of the OCHFT. This document outlines three components to achieve this strategic goal:

1. Retain Current Trust Membership
2. Increase Trust Membership
3. Provide Ongoing Communication

Retain Current Membership

To date, the OCHFT includes the County of Orange and 24 cities within the County, representing 80% of the County's population. Membership in the OCHFT includes the following:

1. Aliso Viejo
2. Anaheim
3. Buena Park
4. Costa Mesa
5. County of Orange
6. Dana Point
7. Fountain Valley
8. Fullerton
9. Garden Grove
10. Huntington Beach
11. La Habra
12. Laguna Beach
13. Laguna Hills
14. Laguna Niguel
15. Lake Forest
16. Mission Viejo
17. Newport Beach
18. Orange
19. Placentia
20. San Juan Capistrano
21. Santa Ana
22. Seal Beach (***joined June 2022***)
23. Stanton
24. Tustin
25. Westminster

Ongoing funding of the Trust's activities is a primary concern for any current OCHFT member or city looking to join the Trust. Over the past several years, the OCHFT has been able to identify sufficient grant funding to cover all its operating costs, without needing to turn to its members for funding. However, when insufficient grant funding is available for OCHFT administrative needs, the JPA has a provision that allows the OCHFT Board to dictate a formula to determine member contributions.

It's a fair and important question for a member city to ask, "*What are we getting for our money...or membership?*" Trust staff recently completed the goal of attending each member city council meeting and presenting a "report card" on the Trust accomplishments. It was also a wonderful opportunity to inform city councils and the public on the mission and vision of the Trust. During this presentation, elected officials and the public are educated on the success of the Trust and the regional support the Trust has achieved.

Therefore, Trust staff will continue to make these update presentations on a biennial basis. In addition, when a Trust funded project has any ceremony related to groundbreaking or grand opening, Trust staff will reach out to surrounding cities and invite staff and elected officials to attend.

In addition, the Trust maintains an email list that includes many city elected officials and staff. The Trust will routinely send out announcements of OCHFT Board meetings, project news such as loan closings, ground breakings, and grand openings, and other important information about the Trust.

Trust staff will also provide annual Trust updates to State and Federal elected officials to keep them informed and aware of the Trust and continue to garner support for additional funding AND encourage them to be Trust Champions to local elected officials in their district or jurisdictions.

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. Routine Email update 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 endeavors to have all 34 Orange County cities become members of the Trust. Currently, the Trust has 24 member cities and is therefore attempting to have the remaining 10 cities join the Trust. The Trust has spent the past three years focusing on the initial formation, strategic planning, securing, and committing funding for 16 projects and establishing a track record of achieving the mission and vision of the Trust.

During the initial formation stages of the Trust, some Orange County cities expressed some concerns about becoming a Trust member. These concerns have included the cost of Trust membership, a lack of track record for the Trust, and the fact that some of these cities may never have a project that needs Trust funding. Over the past three years, the Trust has been able to build a track record of success and, as discussed above, been able to eliminate any cost of membership to member cities. In addition, since the formation of the OCHFT, the need for cities to build affordable housing has greatly increased due to changes in the State's Housing Element law and Orange County's greatly expanded Regional Housing Needs Assessment (RHNA).

The Trust is currently attempting to meet with staff from all 10 non-member cities. This meeting includes a presentation to staff on the Trust significant accomplishments and legislative support, including the receipt of administrative grant funding that has eliminated the need for member cities to contribute to the Trust for the FY 2021-2022, FY 2022-2023, and

likely the FY 2023-2024. In addition, the Trust is exploring additional ways that it can help cities build the affordable housing necessary to meet their RHNA needs, such as through a potential new financing program for residents to obtain ADU financing with an affordable housing regulatory covenant that provides the city with a RHNA credit.

For those cities that are receptive to having an agenda item presented to their City Council, Trust staff has prepared and will provide to city staff the following:

1. Template staff report
2. Template resolution
3. Trust Joint Powers Agreement with signature page ready in counterpart
4. Trust Bylaws
5. City Council PowerPoint presentation

For those non-member cities that choose to delay joining the Trust, staff will continue to research the feasibility of providing ADU financing to residents of Trust member cities. If the ADU financing program obtains support by the Trust Board and secures funding, Trust staff will attempt a follow-up outreach to non-member cities and provide the ADU program information to show the additional new benefit of Trust membership.

In all cases, Trust staff will facilitate testimony and validation of the benefits of Trust membership from Trust Board members, Developers that have obtained Trust funding, and current member cities that include a Trust funded project.

In addition, United Way Orange County, and members of their Housing Champions Advocacy Network, have expressed a desire to engage in advocacy in their communities by speaking and educating non-member cities of the importance of affordable and permanent supportive housing, although the Trust is not coordinating this effort.

ACTION ITEMS:

1. Meet with city staff of all 10 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 and will continue to participate and present at affordable housing and homelessness public and committee meetings. These opportunities allow the Trust to promote its significant accomplishments, funding opportunities, and network with other organizations engaged in the regional collaborative effort to end homelessness in Orange County. By doing so, the Trust becomes a representative entity for member cities advocating to achieve the mission and vision of the Trust and exploring additional ways the Trust can benefit the region.

Some of the affordable housing meetings include:

1. Association of California Cities – Orange County
2. Orange County Council of Governments

3. SCAG Housing Forum
4. United to End Homelessness Leadership Council
5. Southern California Association of Non-Profits
6. Housing & Community Development
7. Kennedy Commission

In addition, the Trust sends various news events and announcements to subscribers who have registered on the Trust website. These email notices provide agenda packets, event notices, funding notices, and relevant news articles related to the Trust mission and vision. The Trust website is also a source of information including a page dedicated to mapping affordable housing projects since 2018 and data related to achieving the vision of 2,700 permanent supportive housing units by 2025. This page also provides details on the Trust annual funding of projects.

ACTION ITEMS:

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