

Orange | Housing  
County | Finance  
Trust

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**STRATEGIC PLAN**

July 1, 2020 to June 30, 2025

Adopted July 15, 2020

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## Executive Summary

Homelessness is on the rise in California. In Orange County, the latest “point-in-time” count, in January 2019, identified nearly 7,000 individuals/families who are experiencing homelessness that includes both sheltered and unsheltered populations. It is estimated that the advent of Covid-19 and the resulting increase in unemployment will expand the homeless population by 20%<sup>1</sup> which would potentially increase the Orange County homeless population by an estimated 1,400.

The cost of providing support to this population is extremely high. A collaborative study by Orange County United Way, Jamboree Housing and the University of California at Irvine<sup>2</sup> 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. These costs are most likely higher now and are significantly reduced when individuals and families have access to affordable and supportive housing.

So, 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 supportive housing units and an additional 2,700 affordable units before June 2025.

The Orange County Housing Finance Trust (OCHFT) was established to become a new funding source in the region to address this need. Created through a Joint Powers Authority, the Trust includes the County of Orange and 23 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 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 units and work to secure funding that will contribute to additional affordable housing units by 2025.”*

The Trust’s Strategic Plan covers the period from July 1, 2020 through June 30, 2025. It identifies six 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

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

<sup>2</sup> “Homelessness in Orange County: The Costs to Our Community” by OC United Way, Jamboree Housing and UCI.

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.

This Executive Summary presents the five strategic components and the corresponding year one tasks:

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

1. Apply for Local Housing Trust Funds (LHTF) grant program dollars (1st Year).
2. Work in conjunction with lobbyists to seek additional State/Federal funding beyond the LHTF grant program.
3. Explore and create potential co-lending program to further leverage Trust funds for short term pre-development loans that also generates Trust administrative dollars.
4. Subscribe to and track various funding announcements and explore ways in which the Trust can apply for funding.
5. Set up a donor advised fund with Orange County Community Foundation (OCCF) for the receipt of charitable donations to the Trust.
6. Identify key philanthropic opportunities with individuals and private sector entities to explore appropriate mechanisms for financial contributions (i.e. donations, legacy gift, project naming opportunity).

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

1. Deploy Trust co-lending, short-term pre-development loan funds that also generate Trust administrative dollars.
2. Create Trust “Notice of Funding Availability” (NOFA) loan documents.
3. Review and fund 1st year NOFA projects ready to close.
4. Update and issue Trust 2nd year NOFA.
5. Review, award and provide commitment letters to 2nd year NOFA recipients.
6. Deploy additional funding obtained from other various sources.
7. Contribute to the creation of 373 supportive housing by June 30, 2021.

### **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.
2. Prepare and submit annual report to the Trust Board and Trust Members.
3. Develop loan compliance monitoring checklist and procedures in accordance with Trust loan documents.
4. Prepare annual Trust strategic plan review and update.

### **Strategic Component 4: Retain and Increase Trust City Membership**

1. Submit annual report to the Trust Members and Non-Member cities.
2. Solicit non-member cities to join the Trust using Trust members, Trust Board, and developers.
3. Promote the Trust through the OCHFT 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**

1. Establish roles and responsibilities for County staff supporting the Trust and as-needed services.
2. Hire part-time contract-based administrative assistant when necessary and appropriate.
3. Engage sub-consultants and County staff only when needed.
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).

## **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 create a joint powers authority. 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 OCHFT Joint Powers Agreement and in subsequent months, 23 cities 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.
- 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.

Initial members of the Trust Board are listed below:

1. Chair John Mark Jennings, City of Laguna Niguel
2. Vice Chair Andrew Do, County of Orange Supervisor – 1<sup>st</sup> District
3. Board Member David Penaloza, City of Santa
4. Board Member Doug Chaffee, County of Orange Supervisor – 4<sup>th</sup> District
5. Board Member Shari Freidenrich, County of Orange Treasurer-Tax Collector
6. Board Member Don Barnes, County of Orange Sheriff-Coroner
7. Board Member Stephen Faessel, City of Anaheim
8. Board Member Ed Sachs, City of Mission Viejo
9. Board Member Jamey Federico, City of Dana Point

The County of Orange agreed to fund the initial year of Trust administrative and formation operations through June 30<sup>th</sup>, 2020. After that, a cost-sharing formula was adopted by the Trust Board providing for funding from both the County and the member cities, in proportion to their population size.

Soon after its creation, the County hired a Trust Manager on a contract basis. Other administrative support in the first year was provided by the County.

### **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 will utilize its regional strength to lobby and apply for additional funds for the next five years, and beyond, including State and Federal funds.

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

*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 units and work to secure funding that will contribute to additional affordable housing units by 2025.*

The Trust's website, found at [www.ochft.org](http://www.ochft.org) provides an interactive map displaying project details for all the affordable and supportive housing projects in the pipeline in Orange County (see sample map on following page) . The map is updated on a regular basis and provides an effective tool for tracking the progress toward achieving the 2,700 supportive housing units.

# Developments

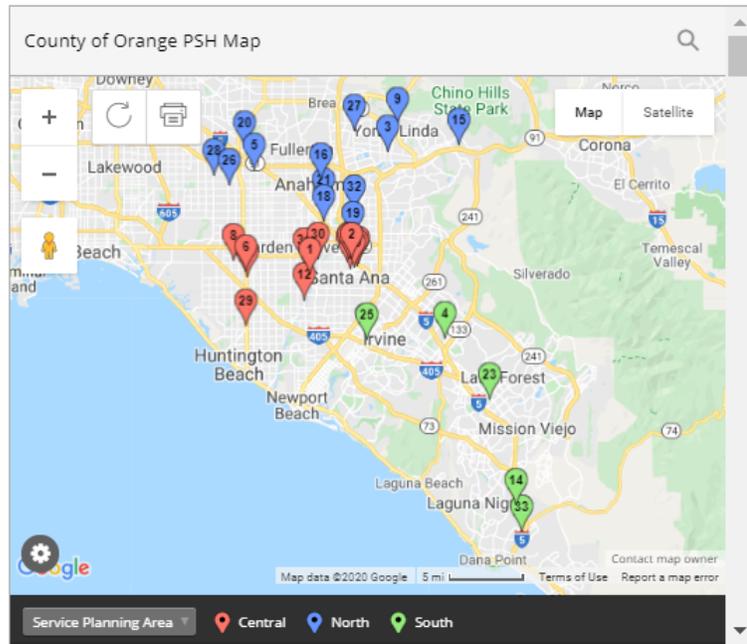
The Orange County Housing Finance Trust, County, and Cities share a common goal of creating 2,700 permanent supportive housing units by June 30, 2025. This page tracks the progress of that goal since June 2018 and reports the details related to each project.

Click on each push pin to obtain detailed project information. Zoom in and out to see overlapping push pins. Click on the link below the map to view a full screen version of the map.

SERVICE PLANNING AREA	TOTAL PSH	% PSH	TOTAL UNITS	% TOTAL UNITS
Central	549	53%	964	46%
North	374	36%	806	38%
South	107	10%	327	16%
<b>Grand Total</b>	<b>1,030</b>	<b>100%</b>	<b>2,097</b>	<b>100%</b>

PROJECT STATUS	PSH-UNITS	TOTAL UNITS
Complete	99	200
In progress of funding	607	1,263
Under Construction	324	634
<b>Grand Total</b>	<b>1,030</b>	<b>2,097</b>



[View County of Orange PSH Map in a full screen map](#)

## Initial Funding and Projects

The Trust issued its first Notice of Funding Availability (NOFA) on January 24, 2020. The development community responded enthusiastically with thirteen (13) applications for funding with requests nearly twice the \$11 million available.

Initial NOFA funding sources included the following:

- |                                    |                     |
|------------------------------------|---------------------|
| 1. County MHSA Funds               | \$4,500,000         |
| 2. County General Funds            | \$1,000,000         |
| 3. State General Funds             | \$950,000           |
| 4. State Local Housing Trust Funds | \$5,000,000         |
| <b>TOTAL</b>                       | <b>\$11,450,000</b> |

On May 6, 2020 the Trust Board awarded funding to help finance seven (7) projects and thus create 467 new affordable and supportive housing units in Orange County.

## **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
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, inform them about the Trust, solicit their reactions, suggestions, and guidance, and determine how everyone can work together in pursuit of our common goal.

Each organization was briefed on the Trust’s formation, mission, and vision. 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.

Each interview is summarized below.

### **University of California, Irvine (UCI)**

Dr. George Tita, Professor of Criminology, Law and Society and Urban Planning and Public Policy, Doug Colby, Senior Director of Development, George Searcy, COO, Jamboree

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.

UCI is now conducting another research study on how crime and affordable housing affect home prices.

In addition, UCI’s “Livable Cities Lab” tracks trends on the intersection of crime, homelessness, and affordable housing.

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 the Trust’s efforts and help build the case for the Trust locally as well as for Trust-funded projects.*

## **Orange County United Way**

Sue Parks, Pres. & CEO, Michelle Murphy, Director, Public Affairs, Becks Heyhoe, Director, United to End Homelessness, Brenyale Toomer-Byas, Sr. Director Economic Opportunity

The vision of Orange County United Way is to have a community where every person receives a quality education, is financially stable, is healthy and thriving, and has a place to call home. Through their ten-year FACE 2024 communitywide action plan, established in 2014, various programs are implemented that reduce the number of homeless individuals and families through education, advocacy, and housing. The two initiatives that support the OCHFT’s goals are:

### 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.* Their efforts complement the work of the Orange County Commission to End Homelessness and Continuum of Care Board.

Following are the programs that are part of this initiative:

- WelcomeHomeOC: This unique county-wide landlord incentive program helps homeless individuals with rental vouchers to secure housing in private market apartments, including specific campaigns to end Veterans 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 about the issue, 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.
- 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.

#### 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. 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 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 families create step-by-step personal finance plans to tackle their specific needs. With the help of one-on-one financial coaching, goal-setting plans are created in three key areas to:
  - Increase income via job training and placement, free tax prep/tax credits, and access to public assistance programs.
  - Manage credit by managing debt, creating sustainable household budgets, and improving credit scores.
  - Build assets through savings and asset planning to help families reach goals like buying a home or paying for college.
- UpSkill OC: Builds a job pipeline that assesses and matches the needs of employers for middle-skill occupations in healthcare and information technology (IT). UpSkill OC targets 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.

*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 Trust are mostly the same as the ACC-OC cities.
- ACC-OC former Executive Director was very involved in the creation of the OCHFT.
- ACC-OC wants to continue to be informed on Trust goals and accomplishments. The Trust is invited to participate in ACC-OC activities (i.e. lunch-to-learn, May-June conference, etc.).
- ACC-OC organizes 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 Campbell, Executive Director, NeighborWorks of Orange County and Executive Director of OCHT, 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. The volunteer board of OCHT, chaired by Lucy Dunn of OCBC, is comprised of long-time OCHT members and has recently been joined by members of OCBC. 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. Currently has \$6 million available. \$3 million has been committed from Disney's contribution for gap financing for a project in the City of Anaheim.
- OCHT may want to eventually become a CDFI and use the spread on loan interest to fund permanent staff.

- OCHT is not subject to Brown Act or other public agency requirements, does not have elected officials on its board, which have been known in other non-profits to be problematic. 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 to keep in mind. 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 127 years. 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 100 emergency shelter beds.
- 50 Section 8 vouchers from the Anaheim Housing Authority are dedicated to the project.
- The project already includes 325 emergency shelter beds.
- Eventually the facility will expand to 600 units, including both shelter and permanent supportive housing units, as well as offices for service providers and project administration.
- Studies show that only 8% of homeless eventually self-resolve, hence the need for continuing supportive services.
- “Net Zero” homeless (where all homeless people are eventually off the streets and in some type of shelter) is their goal.
- 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.). See UCI study reference above.
- There is a need for SA 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.
- 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.

*Strategic Plan Implications: The Salvation Army can be an essential partner for the Trust. SA has already responded to the Trust’s first NOFA and received a \$2.5 million award of funds. The Trust might also support the creation of other similar SA projects in the future.*

## **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 provides a forum for all of them to stay connected, track activities and progress, and coordinate with and support each other.

- Andrew Do is the Chair of the Commission.
- Dan Young and Andrew Do were instrumental in getting AB 448 approved, which enabled the creation of a Joint Powers Authority which established the OCHFT.
- 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 might be willing to make a substantial contribution and/or legacy gift to the Trust. For this to happen, the Trust would need to either have 501c3 status or have a formal relationship with a local charity/foundation which would serve as its fiscal agent for contributions.
- Dan is exploring a second location for a BeWell OC clinic in Orange County (see BeWell OC interview below).

*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.*

## **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 the construction of the Century Freeway.

- Century 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 currently 5.75% (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.
- Century is interested in possibly being involved in the early stages of OCHFT projects and proposes a co-lending arrangement. In such an arrangement, the Trust might share in the loan origination fees, providing money for Trust overhead and thus reduce the amount required by Trust Members. Josh has submitted to the Trust a concept paper explaining how this would work (see appendix).

*Strategic Plan Implications: Another potential financing partner for Trust projects, like the CDFI Clearinghouse (see above). 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 to1 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.*

### **Continuum of Care (CofC)**

Judson Brown, Housing Manager, City of Santa Ana

Judson is chair of the CofC Housing Committee and previous chair of the Continuum of Care Board.

- Developers have difficulty finding and securing sites and putting capital stacks together. The Trust should do everything possible to secure sites and additional capital to develop more units.
- The Silicon Valley Housing Trust is buying land. 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.
- The Trust, as a quasi-government organization, can be more of a neutral party and help with fundraising, coordination, and placement of funds.
- The efforts by United to End Homelessness (United Way), The Commission to End Homelessness, and the Continuum of Care need to be coordinated and perhaps even merged in the future. The Trust should help do this.
- It would also be in everyone’s best interest to bring the Orange County Housing Trust (private sector initiative) and the OCHFT together. The Trust should lead this merger to gain access to private sector funds.
- 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 OCHFT locally, and due to its regional aspect and its neutral position politically, there is support for the Trust to play a key leadership and coordinating role for all the various players in the 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 staff support is lacking at State HCD. Meanwhile, the State of California is anxious for some “wins,” and the Trust’s regional approach could be highly effective.

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

National CORE is a major nonprofit developer in southern California (formerly known as SoCal Housing). 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.

- The Trust, working with County staff, should operate as the coordinator of funding for affordable and supportive housing and assist in project applications, perhaps through creating a common application for various funding sources.
- The Trust can actively raise money for projects.
- 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, the Trust might not need to create its own 501c3 (and potentially be viewed as competing with the OCHT and other local nonprofits) but may be able to raise funds through an arrangement with an existing

foundation serving as its fiscal agent, like the Orange County Community Foundation or Community Ventures of Orange County (see Chapter 4).

*Strategic Plan Implications: National CORE supports the same coordinating role for the Trust as others do and suggests that the Trust create a common application process for public funds and for soliciting corporate money. Using an existing 501c3 as a fiscal agent would be efficient, less expensive, and avoid any appearance of competing with the OCHT.*

## **Mind OC - Be Well OC Clinic**

Marshall Moncrief, ED

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. [Be Well 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.

Be Well OC North Campus, a 60,000 sq. ft. state of the art facility is currently under construction in the city of Orange and scheduled for completion in early 2021. This Campus sets the first tangible cornerstone in building a world-class system of mental healthcare, and a new reality for the community.

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

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

For more information on Be Well OC, like or follow [@bewelloc](https://www.facebook.com/bewelloc) on Facebook, or visit [www.bewelloc.org](http://www.bewelloc.org).

*Strategic Plan Implications: Mind OC and its Be Well 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 has applied to the Trust for funding. The project has 50 project-based vouchers from the Anaheim Housing Authority and has had to address many complications which have now mostly been resolved.
- The Ecolodge project (motel conversion to supportive housing, being developed by Jamboree) is also in Anaheim.
- Anaheim Housing Authority is on the front lines for developing responses to covid-19 issues. 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 by identifying projects, expediting project approvals and providing necessary Section 8 vouchers.*

### **Commission to End Homelessness - Housing Ad Hoc Committee**

Paul Wyatt, Councilman, Dana Point: Member

As a south County councilman, and as a member of the Commission's Ad Hoc Housing Committee, Paul has been very involved in the homeless issue. He was an early supporter of the Trust and has done significant modeling of the homeless need for affordable and supportive

housing in Orange County through 2030. The City of Dana Point is represented on the Trust Board.

- The Trust was formed to help increase the amount of funding for affordable and supportive housing, which is very important, but there is also a great need for coordination of local existing resources. The Trust can play that role.
- Trust “early gap financing” is badly needed and could potentially cut 12 months off the development process. This early stage financing is needed to help the developers’ “pocket projects” move from the concept phase to pre-development.
- Paul has worked with Dan Young on the Commission and strategized about various homeless initiatives. He is also active with Mind OC and its Be Well clinics. He believes that the eventual solution must include prevention, or the County will never have sufficient gap funding or time to catch up to the affordable and supportive housing need.
- The solution must also include one-on-one intervention to address specific individual needs, development of more units, and a feeder system to place needy individuals in appropriate housing with the services they need.
- In addition to new development, the overall plan needs to include purchase and rehabilitation of existing units. These units are less expensive to acquire initially but require additional rehabilitation funds later.
- The development of “Micro Projects,” of 100% supportive housing, in a range between 15 and 30 units, is a good strategy and more politically acceptable than larger projects because they can be scattered throughout the County. Projects with 15 units and above can sustain on-site services

*Strategic Plan Implications: Paul can be a strong supporter and advocate for the Trust. The big picture for addressing homelessness must include a number of components, including prevention, tailoring services to the needs of the individual, greater supply of supportive housing units, and a “housing locator” function to match individuals and families with units appropriate to their needs and circumstances.*

### **Orange County Health Care Agency**

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 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.
- One project in development is the Della Rosa project, which consists of 50 apartments, with 25 studios designated as supportive housing units serving chronically homeless individuals, and 25 one- and two-bedroom units set aside for households earning 50 percent or less of the area median income. Affirmed Housing is the Developer and American Family Housing is the lead service provider. The project is currently under construction and is anticipated to be completed in October 2020.
- 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.
- A close relationship with OCHCA is critical. OCHCA will need to know about potential Trust projects starting in the early stages and suggests that a system be created to continually share information with OCHCA, OCCR and other stakeholders.
- OCHCA’s “Expression of Interest” form might be included in this process.

*Strategic Plan Implications: For the Trust to function effectively, it will need to develop a close working relationship with OCHCA. An information-sharing process will need to be developed, and this same system might 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 approx. \$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. TFCSG and Sunrise Banks are committed to support other communities looking to leverage the program.*

### **Clearinghouse CDFI**

Kristy Ollendorff, Chief Credit Officer

The Orange County Clearinghouse CDFI (Community Development Financing Institution) consists of 60 banks and other lenders who have come together to form a CDFI for the purpose of bringing capital to low-income and underserved communities. The Clearinghouse CDFI funds affordable and supportive housing projects as well as other community projects in Southern California and has recently expanded its lending to other states.

- The Clearinghouse/CDFI can provide long-term stable financing for supportive housing projects, at 5% to 6%, 25 years (based on Federal bond money) or 4.5% if the project meets very-low income tenant thresholds for 10 years and agree to report tenant mix and qualifications of those tenants.
- Banks get double CRA credit when they invest through CDFIs
- The Clearinghouse/CDFI funds could be blended with other lower cost money to reduce the rate to the borrower.
- Construction financing.
- Real need in the market now is for predevelopment and acquisition funds.

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

## 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 2020-2021 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 interviewed. The first was the Orange County Community Foundation, a significant local charity (\$240 million in assets) that also funds homeless initiatives, including Trust stakeholders such as United Way of Orange County. Cathleen Otero, Vice President, Donor Relations, 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 \$10 million. In general practice, the 2% is charged for the average of the amount of funds in the account each 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 Community 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.

It is recommended that the Trust initially establish 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 Community Ventures would provide. (Community Ventures does not have experience in developing supportive and affordable housing)

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

## Chapter 4: Trust Staff and Support

The Trust has 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, as mentioned above.

Starting July 1, 2020, the Trust expenses are paid from membership dues and any administrative funds collected from the State or other sources. The approved expense budget for 2020-2021 is shown below:

<b>Orange County</b>   Housing Finance Trust	
<b>FY 2020-21 Estimated Annual Expenses</b>	
DESCRIPTION	CONTRACT STAFF
<b>GENERAL OPERATING COSTS</b>	
<i>Board Member Parking Validations</i>	\$750
<i>Memberships/Subscriptions/Dues/Website/Email</i>	\$2,500
<i>Taxes/ Business Licenses/Fees (state/gov agency)</i>	\$1,200
<i>Office Supplies/Mailing/Equipment/Software/Copying</i>	\$8,000
<i>Conference-Registration Fees/Travel Expenses/Business Meeting</i>	\$4,000
<b>TOTAL GENERAL OPERATING COSTS</b>	<b>\$16,450</b>
<b>CONSULTANT COSTS</b>	
<i>Executive Director &amp; Executive Assistant</i>	\$175,000
<i>County Counsel</i>	\$42,969
<i>County Clerk of the Board</i>	\$7,200
<i>County Sheriff (Board Meeting Audio/Video)</i>	\$1,803
<i>County Treasurer</i>	\$20,300
<i>Auditor Controller</i>	\$5,693
<i>County Community Resources (including accounting/invoices)</i>	\$87,585
<i>Financial Consultant (NOFA application underwriting)</i>	\$30,000
<i>Auditing Consultant</i>	\$15,000
<i>Advocacy/Lobbying Services</i>	\$38,000
<i>Marketing &amp; Communication Services</i>	\$10,000
<b>TOTAL CONSULTANT CONTRACTS</b>	<b>\$433,550</b>
<b>ESTIMATED ANNUAL EXPENSES</b>	<b>\$450,000</b>

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 than the same function through additional private contract consultants.

The following Trust staff functions are identified and funded in the Trust approved budget.

1. Trust Manager (contract)
2. Administrative Assistant (contract)
3. Trust Counsel (MOU with County)
4. Clerk of the Trust (MOU with County)
5. Audio/Video Staff (MOU with County)
6. Treasurer (MOU with County)
7. Auditor-Controller (MOU with County)
8. Development Services (MOU with County)
9. Financial Consultant (contract)
10. Auditing Consultant (contract)
11. Advocacy/Lobbying (contract)
12. Marketing & Communication Services (contract)

## **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 supports the overarching vision in some fashion.

An important element of the Trust and based upon 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.

The five strategic components are presented below along with years 1, 3 and 5 identified tasks. An annual review of the strategic components and corresponding tasks will take place in May of each year.

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

#### **YEAR ONE**

1. Apply for Local Housing Trust Funds (LHTF) grant program dollars (1st Year)
2. Work in conjunction with lobbyists to seek additional State/Federal funding beyond the LHTF grant program
3. Explore and create potential co-lending program to further leverage Trust funds for short term pre-development loans that also generates Trust administrative dollars
4. Subscribe to and track various funding announcements and explore ways in which the Trust can apply for funding
5. Set up a donor advised fund with Orange County Community Foundation (OCCF) for the receipt of charitable donations to the Trust
6. Identify key philanthropic opportunities with individuals and private sector entities to explore appropriate mechanisms for financial contributions (i.e. donations, legacy gift, project naming opportunity)

#### **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 OCHFT mission
3. Work in conjunction with lobbyists to seek additional State funding beyond the LHTF grant program
4. Apply for LHTF grant program dollars (2nd & 3rd Years)
5. 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 OCHFT mission
3. Work in conjunction with lobbyists to seek additional State funding beyond the LHTF grant program
4. Apply for LHTF grant program dollars (4th & 5th Years)
5. Seek philanthropic donations.

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

#### YEAR ONE

1. Deploy Trust co-lending short-term pre-development loan funds that also generate Trust administrative dollars
2. Create Trust “Notice of Funding Availability” (NOFA) loan documents
3. Review and fund 1st year NOFA projects ready to close
4. Update and issue Trust 2nd year NOFA
5. Review, award and provide commitment letters to 2nd year NOFA recipients
6. Deploy additional funding obtained from other various sources
7. Contribute to the creation of 373 supportive housing by June 30, 2021.

#### YEAR THREE

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

#### YEAR FIVE

1. Deploy Trust co-lending short-term pre-development loan funds that also creates Trust administrative dollars
2. Review and fund various NOFA projects ready to close
3. Update and issue Trust 5th year NOFA
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 2,700 supportive housing by June 30, 2025

### **Strategic Component 3: Perform Accountability and Compliance Monitoring**

#### YEAR ONE

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

#### 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 compliance monitoring checklist in accord with Trust loan 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 compliance monitoring checklist in accord with Trust loan documents
4. Prepare annual Trust strategic plan review and update

### **Strategic Component 4: Retain and Increase Trust City Membership**

#### YEAR ONE

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

#### YEAR THREE

1. Submit annual report to the Trust Members and Non-Member cities
2. Solicit 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 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 ONE**

1. Establish roles and responsibilities for County staff supporting the Trust and as-needed services
2. Hire part-time contract-based administrative assistant when necessary and appropriate
3. Engage sub-consultants and County staff only when needed
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)

**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. 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. 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. 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)

## Chapter 6: Trust Sustainability

The formation period up to June 30, 2020, was funded by the County of Orange. The following five years will be funded by the County and the member cities through 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. As described in the stakeholder interviews in Chapter 3 above, one possibility would be to partner with financial institutions (e.g. Century Housing) 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.

In the course of the next five years, the Trust will continue to seek other sources of administrative funds to help sustain its operations.

## Appendix

### List of Trust Cities

# Orange County

 | Housing  
Finance  
Trust

## MEMBERS



### Trust Bylaws

<https://ochft.org/jpa-bylaws>

## OCHFT Project Mapping Link

<https://ochft.org/developments>

### SWOT Analysis

<p style="text-align: center;"><u>STRENGTHS</u></p> <ul style="list-style-type: none"><li>• Strong regional collaborative entity with the County of Orange and 23 incorporated cities.</li><li>• Strong and experienced developers.</li><li>• Political will to address homelessness throughout the County.</li></ul>	<p style="text-align: center;"><u>WEAKNESSES</u></p> <ul style="list-style-type: none"><li>• Administrative cost from Member cities may be an issue for some.</li><li>• Single outside funding source; State.</li><li>• High cost of affordable and supportive housing.</li></ul>
<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"><li>• Additional funding from the State.</li><li>• Philanthropic donations.</li><li>• Alternative housing at lower cost.</li></ul>	<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none"><li>• Political and taxpayer support may evaporate if significant results are not achieved within the next several years.</li><li>• Long term financial sustainability of the Trust.</li></ul>

### Orange County Housing Funding Strategy

June 2018

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

### Homelessness in Orange County: The Costs to Our Community

Full report at [www.unitedwayoc.org/resources](http://www.unitedwayoc.org/resources)