

## CASE STUDY: Orange County Housing Finance Trust

4,792

Unsheltered  
population in 2017

15%

Unsheltered as  
percent of total  
population

### Background

In 2019, The Orange County Housing Finance Trust (OCFHT) formed as a Joint Powers Authority (JPA) that shares power among the County of Orange and cities within the county to obtain and allocate funding for affordable housing projects and programs that primarily address the housing needs of formerly homeless individuals and those who are extremely low, very low, and low-income.

The Trust focuses its funding on increasing the production of permanent supportive housing, or PSH, which is long-term housing for people that have typically experienced chronic homelessness and that require the provision of additional social services such as mental health services, counseling or healthcare in order remain in their housing arrangement.

The biennial Point in Time Count, or PIT, in Orange County showed a steady increase in homelessness from 2013 to 2017 reaching a high of 4,792 in the latter year which comprised 15% of the county's population. Even though the overall percentage of homeless did not change drastically during this time, the county noticed a large growth in the unsheltered population.

In this period, local jurisdictions and residents saw a rise in visible homelessness where unsheltered individuals occupied public spaces including streets, overpasses, parks, transit centers, public facilities and riverbeds such as the Santa Ana River Trail. The homelessness crisis became increasingly recognized as a humanitarian, public safety and financial issue that required collaborative effort between the county's multiple agencies to resolve.

# CASE STUDY

## Orange County Housing Finance Trust



### Enabling Legislation

In 2018, the Association of California Cities – Orange County (ACC-OC) began working with state elected officials to introduce legislation to create OCHFT. Through this collaboration, State Assembly members Tom Daly and Sharon Quirk-Silva, representatives of California’s 69th and 65th Districts, sponsored Assembly Bill (AB) 448 to authorize OCHFT’s formation. Governor Jerry Brown signed AB 448 into law on September 11, 2018 after the bill received unanimous, bipartisan support throughout the state legislature.

### Establishing the Trust

#### Trust Functions

After AB 448 passed, ACC-OC led the effort to create a collaborative working group including county elected officials and staff to develop a governance framework that set forth the functions and powers of the trust.

The Trust was empowered to:

- fund the planning and construction of housing for the homeless population
- receive public and private financing and funds;
- authorize and issue bonds or other debt instruments repayable from funds received and pledged by the Trust



### Governing Board

The Trust’s Governing Board consists of nine members who are all elected officials; 4 represent the County of Orange and 5 represent cities. City representatives are selected by a designated City Selection Committee. The 5 city representatives, distributed across the county’s three Service Planning Areas (SPAs):

- 1 representative is selected from the largest city in the North service area
- 1 representative from the largest city in South service area
- 1 representative from the Central service area
- 2 representatives from medium-sized and small-sized cities

### Board Power

The Board has voting power to approve to which projects are selected for funding. Although all Orange County cities are eligible to become members of the Trust, only those cities that are actual members are then eligible to serve on the Board. The limits on the Board numbers means that not all Trust members will serve on Board. Yet, all parties are intended to engage in discussions about projects recommended for funding approval.

# CASE STUDY

## Orange County Housing Finance Trust



### Membership Agreements

In March 2019, the County of Orange was the first member to execute the JPA and join the OCHFT by Board action. By June 2019, 20 city councils had also executed the JPA giving the OCHFT enough members to reach a quorum during its first board meeting that same month. By September 2020, membership had increased to 24.

In return for their investment, OCHFT members are eligible to serve on its governing board and to vote on which projects are funded yearly with its pooled funds. Membership, however, does not guarantee that a proposed construction project in a particular member's jurisdiction will be funded, but it does allow projects within their jurisdiction to be considered for financing that is likely less competitive and less restrictive than what local jurisdictions would receive if they applied for funds from state or federal agencies or private companies.

### Operating the Trust

The County of Orange provided for the staffing costs of OCHFT in the first year of operation. OCHFT is managed by a Trust Administrator and relies on the counsel and support of County staff to fulfill other needed administrative duties. Given the County's start-up overhead funding, OCFHT did not charge member agencies any administrative fees in 2019. However in subsequent years, the trust may require fees up to \$25,000 annually from member agencies, in an amount that is determined based on population size.

### Securing Funding

OCHFT is funded mainly by a mixture of local, state and federal grants. Grants include Proposition 1's Coastal Conservancy Grant, the Mental Health Services Act (MHSA), the state's Local Housing Trust Fund Grant program, PLHA, and No Place Like Home and CBDG. OCFHT is also considering pursuing private funding sources such as impact fees, commercial linkage fees and other market real estate transaction fees.

### Financing Housing Development

OCHFT created a Permanent Supportive Housing (PSH) Loan program that is designed to provide low-interest gap financing to PSH developers that plan construction projects within the boundaries of its member jurisdictions. OCHFT's vision is to produce 2,700 additional PSH units by June 30, 2025.

OCFHT released its first Notice of Funding Availability in (NOFA) in June 2019 with a budget allocation of \$11,450,000. By May 2020, its Board had reviewed submitted applications and selected the first projects for funding. Projects were selected based on their alignment with OCHFT vision and priorities and how well they met stated guidelines and eligibility criteria. From OCHFT's funded projects, 200 units have been completed, 634 are under construction and 1,263 are in the process of funding. Project currently funded include those from developers such as Jamboree PSH and Santa Ana Veterans Village.