


Board of County Commissioners


Local Housing Trust Fund Plan Work Session

August 11, 2020



Presentation Outline

- Background
- Trust Fund Ordinance
- Trust Fund Plan
- Trust Fund Budget
- Next Steps



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Background

Housing for All Task Force

- **Mission:** To create lasting, community-based solutions for expanding housing options, improving affordability, and providing access to diverse and vibrant neighborhoods
- **Housing for All 10-Year Action Plan:** accepted by the BCC on December 17, 2019
- The Action Plan outlined recommendations and associated strategies for the production and preservation of affordable and attainable housing



Background

10-Year Action Plan – Main Recommendations

- **Remove Regulatory Barriers**
- **Create New Financial Resources**
- **Target Areas of Access and Opportunity**
- **Engage the Community and Industry**

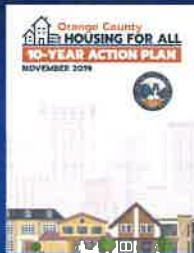





Background


10-Year Action Plan – Main Recommendations

- **Remove Regulatory Barriers**
- **Create New Financial Resources**
 - Establish a Local Housing Trust Fund
 - Evaluate the feasibility of a linkage fee
 - Introduce a Revolving Loan Fund
 - Develop a preservation strategy
- **Target Areas of Access and Opportunity**
- **Engage the Community and Industry**




 **Background**

- January 28, 2020 – BCC allocated \$10M for the Affordable Housing Trust Fund (the Trust Fund)
- March 24, 2020 – BCC adopted Ordinance No 2020-09, which provided a framework for the annual budget requirements of the Trust Fund, administration of the Program, and adoption of the Affordable Housing Trust Fund Plan (the Plan)


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 **Trust Fund Ordinance**


Purpose:

- To create and preserve affordable rental and ownership housing for very-low income, low-income, and moderate-income persons and households in Orange County
- To allow private individuals, as well as corporations, foundations and other entities, to make charitable contributions to the Affordable Housing Trust Fund to be used for the County's Affordable Housing Trust Fund Program

 **Trust Fund Ordinance**


Funding:

- Starting FY 19-20 and for the next 9 years thereafter, each FY budget will include at least \$10M in general revenue fund dollars for the Trust Fund Program
- After the initial contribution of \$10M in FY 19-20, the amount will increase annually by 10% over the immediately preceding FY
- \$160M – total amount of general revenue dollars expected to be contributed over a 10-year period


 **Trust Fund Ordinance**

The Trust Fund Plan:

- Within 6 months after the adoption of the Ordinance, the BCC is expected to adopt a Trust Fund Plan (the Plan)
- The Plan will be effective for 3 years unless a new or amended Plan is adopted in the meantime
- The Plan is required to include strategies and priorities, as well as annual reporting requirements that list sources and uses of funds and an indication of the progress made toward the goals set forth in the Housing for All 10-Year Action Plan

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Trust Fund Plan

Overview:

- The Plan is intended to incentivize the construction and preservation of affordable and attainable housing
- The Plan priorities are aligned with the Housing for All goals
- The strategies detailed in the Plan are targeted for the creation and preservation of affordable rental and ownership housing for very-low, low, and moderate-income households in Orange County



Trust Fund Plan

Process:

- The Plan offers opportunities for private individuals, corporations, and philanthropic organizations to participate in the production of affordable housing
- Implementation of the Plan relies on competitive processes to encourage innovative partnerships and solutions
- The award cycle designed to be a predictable process that complements and leverages existing resources (CDBG, HOME, SAIL, LIHTC, etc.)



Trust Fund Plan

Proposed Strategies:

1. Gap Financing for Affordable Housing Development
2. Leveraging and Incentives for Preservation
3. Land Banking
4. Revolving Loan Fund
5. Impact Fee Subsidies
6. Local Rental Assistance Program
7. Innovation in Housing
8. Additional Resources for Housing Construction and Education

Trust Fund Plan

Proposed Strategies:

- Gap Financing for Affordable Housing Development:** to close the funding gap on projects to secure the production/acquisition of affordable units
 - Gap Financing for Multi-family Rental Housing
 - Gap Financing for Owner-occupied Housing Production

Examples:

- Provide a \$2M low interest loan to a multi-family developer @ 1%
- Low interest capital provides leveraging for competing for additional funding and secures long-term affordability of a project



Trust Fund Plan

Proposed Strategies:

- Leveraging and Incentives for Preservation:** to preserve existing housing stock with a long-term strategy for investments
 - Homeowner Housing Preservation
 - Multi-family Rental Preservation
 - Long-Term Rental Housing Preservation Strategy

Examples:

- Fund \$750k into County's Homeowner Rehabilitation Program to provide home repairs for 50 low-income homeowners
- Invest \$1M to rehabilitate an existing affordable housing complex with an expiring affordability contract to extend affordability period by 20 years

Trust Fund Plan

Proposed Strategies:

- Land Banking:** to pursue land banking strategies for the purpose of ensuring the long-term affordability of new and existing housing stock
 - Development of County-Owned Properties by Nonprofit Organizations
 - Proposals for Development of County-Owned Properties
 - Active Acquisition of Property for Housing Development


Examples:

- Transfer small County-owned properties suitable for residential development to nonprofits to develop affordable units for sale
- Evaluate potential for mixed-income/mixed-use projects for larger County-owned properties
- Strategically purchase properties in the targeted areas to ensure availability of affordable housing in the future

Trust Fund Plan

Proposed Strategies:

4. Revolving Loan Fund: to establish low-interest loan fund for nonprofit developers as reliable financing to scale-up the production of affordable homeownership units



Examples:

- Provide 1% loans to nonprofit developers to fund land acquisition and/or vertical construction of for-sale affordable owner-occupied units
- \$1.5M initial investment, to increase over time
- The program will be administered by a CDFI
- Proceeds for home sales used to satisfy loans/replenish the Fund

Trust Fund Plan

Proposed Strategies:

5. Impact Fee Subsidies: to reduce the cost of producing housing by subsidizing impact fees for construction of new affordable units

5.1 Impact Fee Assistance for Homeownership Units

5.2 Impact Fee Assistance for Multi-family Units

Examples:

- Cover up to 75% of an impact fee total for a low-income owner-occupied unit
- Provide \$800K to offset the cost of impact fees related to the construction of an affordable housing complex for very low and low-income households

Trust Fund Plan

Proposed Strategies:

6. Local Rental Assistance Program: to provide rental assistance for up to 100 extremely low and very low-income households that are participating in two-year self-sufficiency program

Examples:

- Help low-wage working families increase their stability by paying a portion of their rent and covering some of the vocational training to help them get better paying jobs
- Length of program participation – up to 2 years
- Requires intensive case management

Trust Fund Plan

Proposed Strategies:

7. Innovation in Housing: to create opportunities for developments that demonstrate innovative housing policies and best practices, particularly in areas of high access and opportunity



Examples:

- Provide \$500K to fund a pilot project that showcases missing middle housing types (cottage homes, courtyard apartments, etc.) and/or innovative integration of units for various income levels
- Encourage innovative housing production and/or sustainable building practices

Trust Fund Plan

Proposed Strategies:

8. Additional Resources for Housing Construction and Education: to provide training/resources regarding affordable and missing middle housing types to existing and prospective developers and builders.

Education to include the provision of counseling for homebuyers, homeowners, and renters to improve credit and prevent foreclosures and/or evictions

Examples:

- Fund on-site development workshops throughout Orange County
- Develop a design booklet for innovative/missing-middle housing types/prototypes
- Provide \$40K to offer one-on-one counseling and financial education for the residents

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Trust Fund Budget

- 3-Year Trust Fund Plan Budget – Summary
- FY 19/20 (Current FY) \$10.0M (actual)
- FY 20/21 (Next FY) \$11.0M (proposed)
- FY 21/22 \$12.1M (projected)
- \$33.1M

Trust Fund Budget

- Proposed 3-Year Trust Fund Plan Budget*

Strategy	Budgeted Amount	% of Total
1. Gap Financing for Affordable Housing Development	\$14.4M	44%
2. Leveraging and Incentives for Preservation	\$2.3M	7%
3. Land Banking	\$5.0M	15%
4. Revolving Loan Fund	\$3.5M	11%
5. Impact Fee Subsidies	\$3.4M	10%
6. Local Rental Assistance Program	\$2.4M	7%
7. Innovation in Housing	\$1.7M	5%
8. Additional Resources for Housing Construction and Education	\$0.4M	1%
TOTAL	\$33.1M	100%


**Proposed funding allocations by strategies are approximate/rounded.*

Trust Fund Budget


- \$33.1M of projected \$160M allocation (21%)
- Trust Fund unit creation and preservation
 - 2,119 Affordable Units (19%)
 - 22 Attainable Units + resources
- Income level support
 - Very Low and Low (~80%)
 - Moderate and Middle (~20%)

Housing for All 10-Year Action Plan Goal: 30,300 units


- 11,000 Affordable Units
- 19,300 Attainable Units

 **Trust Fund Budget**

- Minor changes can be made on an “as needed” basis, and the Affordable Housing Advisory Board will review and approve such changes before they become effective
- Substantial changes, such as addition or deletion of strategies and/or changes over 25% of the annual budget allocation, will require approval by the BCC
- COVID-19 is expected to impact housing production and priorities, which might result in reallocation of funding between the strategies

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 **Next Steps**

- The Affordable Housing Advisory Board (AHAB) reviewed and commented on the proposed Trust Fund Plan on June 24, 2020 and July 29, 2020
- The AHAB voted to recommend adoption of the Plan and budget at their most recent meeting
- The Trust Fund Plan is scheduled to be presented to the Board on September 22, 2020 at a public hearing
