

Board of County Commissioners

Affordable Housing Trust Fund Plan FY 2020-2022

Public Hearing

September 22, 2020



Presentation Outline

- **Background**
- **Trust Fund Plan**
- **Trust Fund Budget**
- **Action Requested**



Presentation Outline

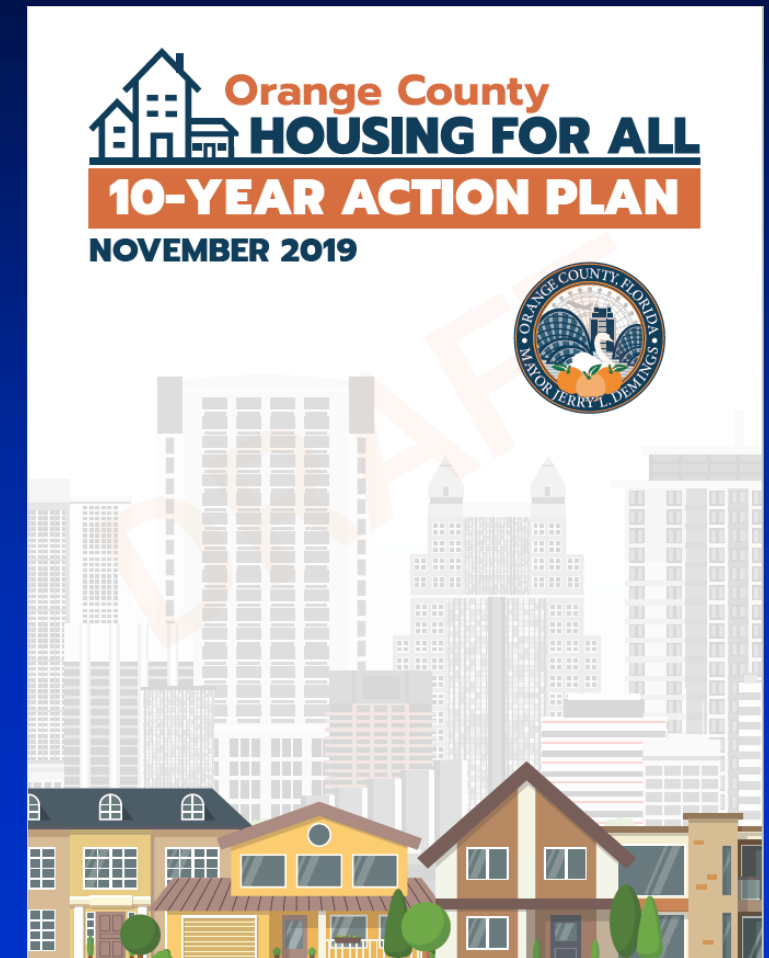
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Background

Housing for All 10-Year Action Plan

- The Action Plan, accepted by the BCC on December 17, 2019, outlined recommendations and associated strategies for the production and preservation of affordable and attainable housing
- The main recommendations included creating new financial resources, such as **establishing a local Housing Trust Fund**





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)
- August 11, 2020 – **BCC work session** on the Plan's strategies and sub-strategies, an initial three-year budget, and projected outcomes



Background

Trust Fund Ordinance

- **Purpose**: Established the Trust Fund Program to create and preserve rental and ownership housing for very-low, low, and moderate-income persons and households in Orange County
- **Funding**: Each FY budget (starting FY 19-20) will include at least \$10M in general revenue fund dollars for the Trust Fund Program. The contribution will increase by 10% annually, for a total of \$160M over a 10-year period
- **Trust Fund Plan**: Within 6 months after the adoption of the Ordinance, the BCC is expected to adopt a Trust Fund Plan (the Plan), which will include strategies and priorities, reporting requirements, and uses of funds



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Trust Fund Plan

Overview:

- The Plan is intended to incentivize the production and preservation of affordable and attainable housing for **very-low, low, and moderate-income** households in Orange County

Process:

- Private and philanthropic organizations can participate in the production of affordable housing through the Trust Fund
- Implementation of the Plan relies on competitive processes to **encourage innovative partnerships and solutions**
- The award cycle is designed to **complement and leverage 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:

- 1. Gap Financing for Affordable Housing Development:** to close the funding gap on projects to secure the production/acquisition of affordable units
- 2. Leveraging and Incentives for Preservation:** to preserve existing housing stock with a long-term strategy for investments

Example:

- Provide a \$2M low interest loan to a multi-family developer @ 1%

Example:

- Invest \$1M to rehabilitate an existing affordable housing complex and extend its affordability contract by 20 years



Trust Fund Plan

Proposed Strategies:

3. Land Banking: to pursue land banking strategies for the purpose of ensuring the long-term affordability of new and existing housing stock

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

Example:

- Strategically purchase properties in the targeted areas for future affordable housing development

Example:

- Provide 1% loans to nonprofit developers to fund land acquisition and/or vertical construction of for-sale affordable owner-occupied units



Trust Fund Plan

Proposed Strategies:

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

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

Example:

- Provide \$800K to offset the cost of impact fees related to the construction of an affordable housing complex

Example:

- Increase the stability working families by paying a portion of their rent and covering some of the vocational training to help them get better paying jobs



Trust Fund Plan

Proposed Strategies:

- 7. Innovation in Housing:** to encourage innovative housing policies and best practices through development
- 8. Additional Resources for Housing Construction and Education:** to provide training to existing and prospective developers and builders and counseling for homeowners, buyers, and renters

Example:

- Provide \$500K to fund a pilot project that showcases missing middle housing types

Examples:

- Fund on-site development workshops throughout Orange County
- Provide \$40K to offer one-on-one counseling and financial education for the residents



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Trust Fund Budget

▪ Proposed 3-Year Trust Fund Plan Budget (FY 2020-2022)*

	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.*

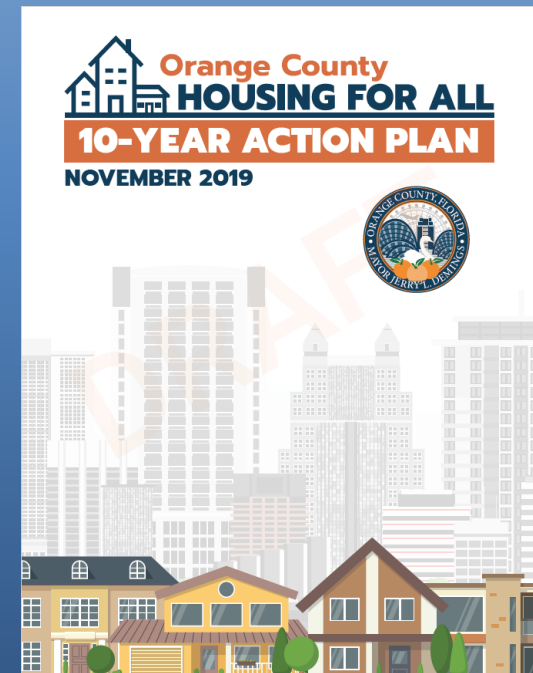


Trust Fund Budget

- **\$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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Action Requested

- **Adoption of the Affordable Housing Trust Fund Plan FY 2020-2022 to include priority strategies, annual budget requirements, and program administration to direct annual expenditures of the Affordable Housing Trust Fund. All Districts.**