

15G - HOUSING AND COMMUNITY SERVICES

Operational Summary

Mission:

To work in partnership with Orange County's diverse communities to preserve and expand affordable housing opportunities, strengthen economic viability and enhance the livability of neighborhoods.

Strategic Goals:

- Increase and preserve affordable housing opportunities, especially for those most in need.
- Enhance the livability of the County's target neighborhoods.
- Increase and preserve shelter and supportive services for at-risk and homeless residents of Orange County.

Key Outcome Indicators:

At a Glance:

Total FY 2002-2003 Actual Expenditure + Encumbrance:	16,031,972
Total Final FY 2003-2004 Budget:	35,463,190
Percent of County General Fund:	N/A
Total Employees:	138.00

Performance Measure	2002 Business Plan Results	2003 Business Plan Target	How are we doing?
<p>REDUCE PERCENT OF AFFORDABLE HSG OPPORTUNITIES NEEDED AS ID BY THE REGIONAL HOUSING NEEDS ASSESSMENT</p> <p>What: AHO's include creating new and preserving existing affordable housing units and adding housing vouchers.</p> <p>Why: Increasing affordable housing opportunities will help bridge the gap in the OC housing market.</p>	<p>H&CD anticipates that Year 2000 Housing Development projects will be completed during FY 02/03 and groundbreaking will occur for 01/02 approved projects. HUD awarded H&CD 452 additional Section 8 Housing Vouchers for over \$3.4M annually in monthly rental assistance payments. We are at 100% lease up.</p>	<p>Targets include issuing a \$13M Notice of Funding Availability (NOFA) for the development of affordable housing units and applying for and receiving additional Housing Vouchers from HUD for rent subsidies.</p>	<p>Since 2000, H&CD increased number of housing vouchers by over 2,500 and broke ground on housing developments that included over 1,500 affordable housing units.</p>
<p>LEVEL OF COMMUNITY SATISFACTION WITH NEIGHBORHOOD IMPROVEMENT RESULTING FROM COUNTY REHAB EFFORTS.</p> <p>What: The effect of rehabilitation efforts on a neighborhood in terms of community satisfaction.</p> <p>Why: Home and neighborhood enhancement contributes to higher levels of community satisfaction and pride.</p>	<p>H&CD completed the rehabilitation of 40 single family homes, 60 mobile homes, 2 small multi-family units, 6 transitional housing units, 2 rental units, installed 2 traffic lights, improvements at 1 community center and 2 parks, 1 storm drain and 2 sidewalk projects, and 1 alley way reconstruction.</p>	<p>H&CD targets include providing loans and grants through the Neighborhood Preservation Program to repair 50 mobile homes and 45 single family homes for Seniors and working families countywide and completing the construction of 7 public works projects worth over \$1.1M in capital improvements.</p>	<p>H&CD has helped the Community Revitalization Program to continue its presence in the County islands with its extensive community contacts and federal funding assistance for public infrastructure improvements making a difference in County island neighborhoods and preparing them for annexation.</p>



Key Outcome Indicators: (Continued)

Performance Measure	2002 Business Plan Results	2003 Business Plan Target	How are we doing?
<p>PRESERVE EXISTING AND % INCREASE OF SHELTER & SUPPORTIVE SERVICE OPPS FOR AT-RISK AND HOMELESS OF OC</p> <p>What: Preserve/create emergency & trans shelter beds & services to move homeless from crisis to self-sufficiency</p> <p>Why: Increased shelter, perm supportive housing & service opportunities help eliminate gaps in OC CoC System</p>	<p>H&CD was awarded \$9.7M from 2002 Homeless Assist grant competition. Also, working with public/private partnerships appx \$17M allocated from var sources.</p> <p>Combined resources provide: \$9M to increase shelters & support service opportun & \$8M to preserve existing shelter beds & supportive service throughout OC</p>	<p>H&CD will continue to play a lead role in the Orange County's Continuum of Care System for the Homeless. This plan will enhance existing partnerships and develop new partnerships designed to eliminate gaps in Orange County's System of Care.</p>	<p>H&CD continues to make unprecedented progress in the development and implementation of programs and strategies that enhance the CoC System. H&CD's homeless prevention partnerships have been recognized as models by HUD, the State Children & Families Commission, & other public and private agencies.</p>

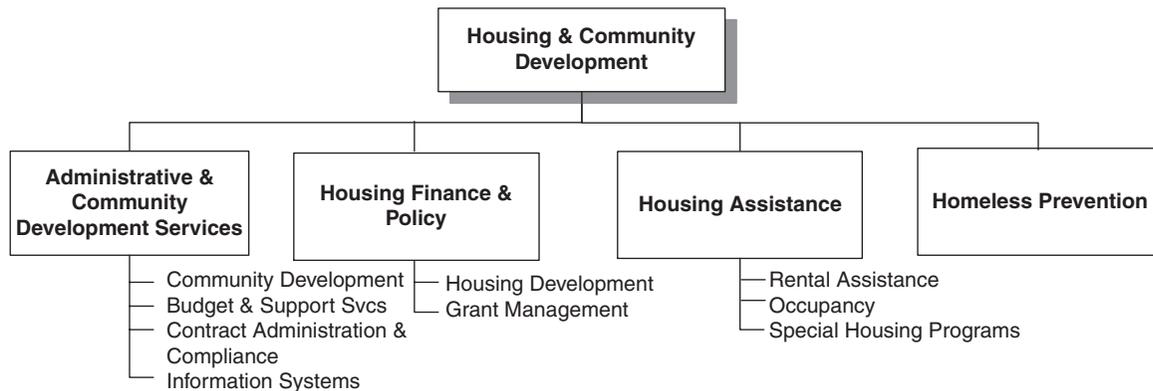
Fiscal Year FY 2002-2003 Key Project Accomplishments:

- H&CD received Board approval to finance an additional 697 affordable housing units totaling \$7.85 million. This County commitment was leveraged with over \$89 million in public and private funds for the construction of affordable housing in Orange County.
- Modification to the 2002 Notice of Funding Availability (NOFA) to include a policy objective to include units at 30% average median income (AMI) or lower (to reach those most in need).
- Affordable homeownership programs included the HIRE program, which resulted in 9 loans to individuals/families working in Orange County. The HIRE program was discontinued however, the Department launched the Cal-HOME/ Mortgage Assistance Program (MAP), which provides silent seconds to low-income first-time homebuyers. This program was revised in 02/03 to include homes in all participating cities. Two loans have closed under the Cal-HOME program and another four are anticipated.
- AB661 was signed into law in 2002. This County-sponsored legislation allows County Redevelopment housing funds to be invested in affordable housing projects anywhere in the County if specific conditions are met.
- OCHA assisted over 23,000 Orange County residents (9,107 households) with monthly rent payments through the Section 8 Rental Assistance Program, disbursing over \$75 million in annual rental subsidies to more than 3,800 participating property owners. In addition, OCHA successfully competed for additional rental assistance funding that expanded the program by 5% and serving more than 9,500 households.
- H&CD staff completed two of three planned educational manuals to assist residents' understanding of the rehabilitation options open to them and for clients to maintaining the improvements to their homes.
- Three community-wide newsletters were mailed out highlighting programs offered by H&CD as well ad services provided at the three community centers owned by the County. In addition to 14 community meetings, the newsletters helped contribute to the betterment of the community through better informed and empowered residents.
- H&CD completed 33 housing rehabilitations in target neighborhoods during a year of restructuring its housing rehabilitation program. During the year the Board of Supervisors approved modifications to the Neighborhood Preservation Program to increase its appeal to residents in the unincorporated islands as well as increase options for implementing Program improvements.
- H&CD coordinated the development of regional plans for the countywide Homeless Management Information System (HMIS) and the 2-1-1 Information and Referral Calling System.
- H&CD continued to make significant progress in preserving and expanding Orange County's Continuum of Care System for the homeless. H&CD actively worked with several key public and private agencies to secure nearly \$17 million in at-risk and homeless assistance funding. These funds will be used to: 1)preserve the operation of 20 existing homeless shel-



ters; 2)construct and operate 6 new homeless structures; 3)provide educational services for over 2,000 homeless children; 4)provide a variety of supportive services including life skills training, child care, transportation, health care and mental health care, and other services thereby adding approximately 10,000 supportive service slots to Orange County's System of care; and 5)provide permanent-supportive housing to approximately 201 special needs homeless individuals and/or families.

Organizational Summary



EXECUTIVE ADMINISTRATION - Plans, organizes, administers and directs all functions related to the implementation of policies, programs and projects developed under legal authority granted to the Orange County Housing Authority, Community Development Block Grant and other similar federal, state and Orange County Development Agency funded programs. Includes Human Resources which is responsible for establishing an appropriate framework within the department so it can competitively attract and retain the best qualified employees while meeting appropriate laws and regulations and provides assistance in employee relations to ensure personnel standards and quality assurance.

In March 2002, the Homeless Prevention Program was shifted from the CEO to H&CD. As a result, H&CD now centrally coordinates the preservation and expansion of the County's Continuum of Care System for the Homeless. Major components of focus include: 1) Homeless Prevention; 2) Outreach and Assessment; 3) Emergency Shelter; 4) Transitional Housing; 5) Supportive Services; and 6) Permanent Supportive Housing.

ADMIN & COMMUNITY DEVELOPMENT SVCS - The Administrative & Community Development Services Division oversees departmental community relations activities as well as revitalization activities such as public works, infrastructure improvements, and housing rehabilitation.

This Division also administers subrecipient contracts funded through the CDBG, HOME, ESG, and NDAPP. Additionally this Division is responsible for environmental services, purchasing, facilities management, budget, payroll, petty cash, computer services, and general support services. It is also responsible for overall H&CD program compliance. The Division performs audit, compliance and legal notification procedures required by HUD for the department.

HOUSING FINANCE & POLICY - The Housing Finance & Policy division is new to H&CD in 2001. It oversees new housing development in the creation of multi-family rental, transitional, and homeownership projects for lower income households. As funding shrinks, this Division is charged with developing way to leverage available funding sources. This new division also is responsible for legislative analysis and grants management. Grants Management included the Application Review and Homeless Assistance Programs application processes which are competitive processes by which funding is allocated to projects.

HOUSING ASSISTANCE - The Housing Assistance Division performs the operations of the Housing Authority. The Housing Authority is responsible for the disbursement of approximately \$75 million in housing subsidies annually, which is not reflected in the County's budget figures. In addition, the Housing Assistance Division operated special programs such as Family Self-Sufficiency, Family Unification,

and the special needs homeless individuals or families under the HUD Continuum of Care Program. The Housing Assistance programs have grown over 25% the past three years primarily resulting from the award of additional housing vouchers from HUD for the Section 8 Rental Assistance Program.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- Prior to FY 97/98, H&CD was a division of EMA with all of the associated positions budgeted in EMA's budget.
- H&CD staff expanded in FY 99/00 due to an organizational assessment performed by the CEO and an outside consultant. Staff was added to the following sections: 13 to the Housing Assistance activity and 1 to the Program Support activity.
- H&CD staff increased by 4 in FY 00/01 due to the expansion of the Shelter Plus Care program (1), and the creation of CalWORKs program (3). Both of these programs are in the Housing Assistance Division.
- In FY 01/02 H&CD staff increased by 7 due to an award of 740 additional housing vouchers for the Section 8 program. Six staff members were added to the Housing Assistance section and 1 was added to the Program Support section.
- In September 2001 H&CD staff increase by 19 full time positions (12 new & 7 converted from extra help). This increase was due to an award of 820 additional housing vouchers for the Section 8 program and the implementation of a successful in-house inspection program. 17

of the staff members were added to the Housing Assistance section and 2 were added to the Administrative & Community Development Services section.

- In FY 02/03 4 positions are being deleted due to the rising costs of staff, the slight decline in block grant funding and the fixed amount of administration fees received from the Federal Government to administer programs such as the Section 8 program.
- Due to the rising costs of staff and the fixed amount of administrative fees received from the Federal Government, it was necessary for H&CD to analyze work assignments, positions and position levels in the FY 03/04 Budget. As a result, a net of five positions are being deleted. Three of the positions are filled with limited term employees, one of the positions is vacant and one will be vacant when the incumbent is promoted to another position. An additional position is being deleted but is offset by an addition of a position to resolve a classification issue.

Budget Summary

Plan for Support of the County's Strategic Priorities:

The budget is slightly higher than anticipated in the 2003 Strategic Plan. This is due to several large projects, originally projected to be completed, being carried forward into FY 03/04. H&CD's large carry forward and negative fund balance is due, in part, to an increase in multi-year projects budgeted and encumbered at 100% in the first year. Multi-year projects budgeted this way include those funded by the SuperNOFA Homeless Assistance grant process and the block grant programs. They were budgeted this way to facilitate the County's progress toward its strategic goal in addressing Housing, Homelessness, and infrastructure needs.

In addition, H&CD's FY 03/04 full-time, regular positions are 3 less than projected in the Strategic Plan. This is due to the mid-year addition of 3 net positions resulting from the addition of 452 new housing vouchers to our Section 8 Housing Assistance program and the deletion of 5 net positions during the FY 03/04-budget process.

Over the last several years, Affordable Housing Development was one of the Board of Supervisor's top 10 Strategic Priorities. It was also identified as Orange County's highest priority need in the 2003/2004 ARC funding process. As a result, almost \$2.5 million in new block grant funding was allocated toward this program in the FY 2003-2004 ARC process. Combined with over \$2.5 million appropriated in fund 117 and the increased Redevelopment commitment to affordable housing development, over \$36 million is allocated to fund affordable housing projects. Of that amount, \$25 million has already been committed to projects. H&CD will continue to solicit projects through a Request for Proposal (RFP) and Notice of Funding Availability (NOFA) for development of affordable rental housing. The goal of the RFP and NOFA is to promote the development of permanent affordable rental housing for Orange County's very-low and low-income households by providing favorable financing.

Changes Included in the Base Budget:

Due to the rising costs of staff and the fixed amount of administrative fees received from the Federal Government, it was necessary for H&CD to analyze work assignments, positions and position levels in the FY 03/04 Budget. As a result, a net of five positions are being deleted. Three of the positions are filled with limited term employees, one of the positions is vacant and one will be vacant when the incumbent is promoted to another position. An additional position is being deleted but is offset by an addition of a position to resolve a classification issue.

Another action taken by H&CD to absorb the increasing personnel costs was the elimination of annual leave payoff except in the event of an emergency. Over the past couple of years, H&CD has implemented a policy, which required employees to request leave payoffs during the budget process for the following year. In FY 03/04, only requests for emergency payoffs will be considered and approved by the H&CD Director. If funding permits, H&CD hopes to reinstate its prior leave payoff policy in future budget years.

The H&CD FY 03/04 Budget continues to reflect the Homeless Programs and CEO will continue to fund the associated position and programs from the Miscellaneous Fund, 100-004, as was agreed when the program was transferred to H&CD in 2002.

The Proposed Budget includes \$7.2 million in new block grant funding and \$15.8 million in carry forward block grant and SuperNOFA Homeless Assistance funding for projects currently in progress and not anticipated to be completed by the end of FY 02/03. With the large carry forward into FY 03/04, H&CD anticipates large funding draws during the next year as many large affordable housing projects close.

Despite the Boards withdrawal of funding support to the Affordable Housing program from the General Fund, H&CD continues to receive an allocation of Redevelopment funds. Pending any impact on those funds by the State, H&CD will continue to forecast projects using these funds. Project funds continue to be budgeted in the individual Redevelopment funds and not in fund 15G. The \$17.8 million allocated for Rehabilitation and Affordable Housing Development is budgeted throughout the various Redevelopment funds and is slightly down from last year due to the anticipated closing of an affordable housing project this fiscal year. Fund 15G only reflects the administrative and direct project costs that will be reimbursed to 15G over the year.

Although H&CD received \$9.7 million for the 2002 SuperNOFA Homeless Continuum of Care application, the only part of the awarded amount that is reflected in H&CD's FY 03/04 Budget is \$2.9 million for the Shelter Plus Care Program. This is due to the continued submission of an Associated Application by H&CD, which results in no fiscal agent responsibilities or administrative fees to the Department for the remainder of the funds. This type of Application allows individual applicants to contract directly with HUD for their funding. Funds are no longer appropriated in fund 15G for administration of the 1998 and 1999 contracts since these contracts no longer have administrative funding available. Fund 117, however, does continue to fund the ongoing planning responsibilities of the SuperNOFA applications and the Continuum of Care system.

In August 2002, H&CD was awarded an additional 452-rental assistance Housing Vouchers by HUD for a revised allocation of 9,555 vouchers. This resulted in an additional 3 positions, the conversion of 2 limited term positions to full time positions and an increase of \$185,664 in the FY 02/03 Budget.

Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
Position Changes Amount:\$ (259,761)	Deletion of six positions, Addition of one position, and Increase of funding for one position.	Deletion of six positions, Addition of one position, and Increase of funding for one position.	15G-001

Final Budget and History:

Sources and Uses	FY 2001-2002 Actual Exp/Rev	FY 2002-2003 Budget As of 6/30/03	FY 2002-2003 Actual Exp/Rev ⁽¹⁾ At 6/30/03	FY 2003-2004 Final Budget	Change from FY 2002-2003 Actual	
					Amount	Percent
Total Positions	-	141	141	138	(3)	-2.13
Total Revenues	10,332,538	35,009,884	12,845,394	35,463,190	22,617,796	176.08
Total Requirements	18,130,115	35,009,884	17,824,373	35,463,190	17,638,817	98.96
Balance	(7,797,577)	0	(4,978,979)	0	4,978,979	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2002-03 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Housing and Community Services in the Appendix on page 581.

Highlights of Key Trends:

- As the supply of affordable new and resale housing has decreases there is additional pressure for programs to address the needs of first time and low to moderate-income homebuyers. According to the California Association of Realtors, only 23% of Orange County households can afford the median-priced home.
- By the year 2005, the regional housing needs assessment for the unincorporated areas of Orange County calls for 22,407 additional housing units, about 7,034 of which should be affordable to very-low and low-income households. Of the 7,034 units, 2,950 units are needed for low-income households and 4,084 for very low-income households.
- One third of Orange County residents either pay more than 30% of their income on housing, live in overcrowded units, live far from their work place or live in substandard or poorly maintained housing.
- Job and population growth are far out pacing the housing supply.
- According to the Meyers Group, in September 2002, Orange County had only a one day supply of new homes available for sale. At the same time rental vacancy rates have decreased to about 4%. This pent-up demand is expected to continue to affect housing costs.
- Many struggling families and seniors are living in motels because those units do not require deposits and rent week to week.
- According to H&CD's 2002 Needs Assessment, there are 23,000 homeless in Orange County. Orange County's housing market remains one of the most expensive in the nation. Although employment continues to increase, the highest growth is in lower paying jobs in the service industry. As a result, thousands of working poor homeless families and individuals continue to be priced out of the housing market.
- As rents increase, landlords are less likely to participate in the Section 8 Rental Assistance Program unless HUD subsidies are commensurate with market rates.



Budget Units Under Agency Control

No.	Agency Name	Executive Administration	Admin & Community Development Svcs	Housing Finance & Policy	Housing Assistance	Total
117	OC Housing Authority- Operating Reserve	16,898	997,713	2,703,400	632,972	4,350,983
15G	Housing/Community Development	3,201,600	8,836,825	15,419,846	8,004,919	35,463,190
15U	Strategic Priority Affordable Housing	0	0	4,900,000	0	4,900,000
	Total	3,218,498	9,834,538	23,023,246	8,637,891	44,714,173