

15G - HOUSING AND COMMUNITY SERVICES

Operational Summary

Mission:

To work in partnership with and advocate for Orange County's diverse communities, improve lives by supporting and providing needed community services, strengthen economic viability, and preserve and expand affordable housing opportunities; thereby enhancing the quality of life for our community.

Strategic Goals:

- Increase and preserve affordable housing opportunities, especially for those most in need.
- Enhance the livability of the County's target neighborhoods.

Key Outcome Indicators:

At a Glance:	
Total FY 2003-2004 Actual Expenditure + Encumbrance:	17,242,743
Total Final FY 2004-2005 Budget:	41,086,679
Percent of County General Fund:	N/A
Total Employees:	152.00

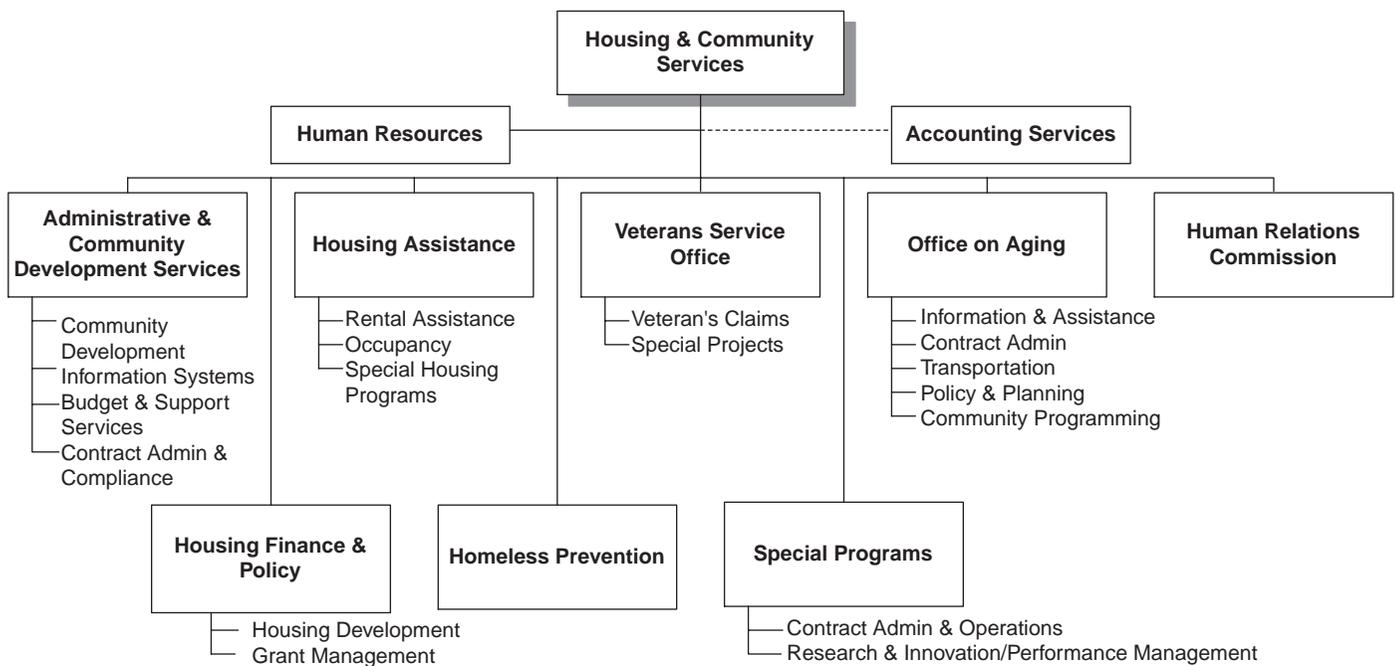
Performance Measure	2003 Business Plan Results	2004 Business Plan Target	How are we doing?
<p>REDUCE PERCENT OF AFFORDABLE HSG OPPORTUNITIES NEEDED AS ID BY THE REGIONAL HOUSING NEEDS ASSESSMENT</p> <p>What: AHO's include creating new and preserving existing affordable housing units and adding housing vouchers.</p> <p>Why: Increasing affordable housing opportunities will help bridge the gap in the OC housing market.</p>	<p>HCS achieved record lease up of vouchers to assist 9,600-10,000 households each month. HCS also saw seven grand openings funded through 2000 and 2001 NOFA processes and three ground-breakings in FY 03/04.</p>	<p>HCS will continue with the NOFA process and will issue one NOFA for \$5 million. HCS will also be submitting an application to HUD for additional Section 8 Rental Assistance vouchers, if available.</p>	<p>Since 2000, HCS increased the number of households leased with vouchers by over 2,500 and ground has been broken on housing developments that include over 1,500 affordable units. HCS expects to produce over \$270 million of affordable housing construction with a County investment of \$24.6 million.</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>HCS completed the rehabilitation of 27 mobile homes and 3 single-family homes; 2 improvements to community centers including general improvements and upgrades; 1 six-unit transitional shelter improvement; and 2 multi-family rental complex rehabilitations.</p>	<p>HCS targets include providing low interest loans through the Neighborhood Preservation Program to repair 50 mobile homes and 40 single family homes for Seniors and working families countywide and completing the construction of 5 public works projects worth over \$1M in capital improvements.</p>	<p>HCS is doing well as it continues to revitalize the unincorporated communities with the goal of eventual annexation of all County islands. In recent years, HCS has rebuilt the credibility of the rehab program and regained the trust of the community, the cities, and the Board of Supervisors.</p>



FY 2003-2004 Key Project Accomplishments:

- In 2003, Housing and Community Services (HCS) held four Grand Openings of affordable housing developments: Vintage Shores, Talega Phase I, Westminster Senior Apartments, and Linbrook. These provided a total of 403 new affordable units. HCS issued one Notice of Funding Availability (NOFA) early in the year for \$5,000,000 to fund 360 new affordable housing units, and a second NOFA in October.
- HCS approved six Cal Home First Time Homebuyer loans and two loans for the HIRE program (Home Ownership Incentive for the Recruitment and Retention of Employees in Orange County).
- HCS completed rehabilitation on 27 mobile homes, three single family homes, and two multifamily rental complexes. HCS also rehabilitated and then transferred a six-unit transitional housing facility to a non-profit owner.
- The Housing Assistance Division at HCS provided monthly rental assistance to 10,000 households. By aggressively optimizing funding flexibilities, the division was able to assist between 100-350 additional households per month over the targeted maximums, as well as remain within Federal funding limits.

Organizational Summary



----- Auditor-Controller Staff



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. This activity 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 HCS. As a result, HCS 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. In the FY 04-05 Budget, this program was moved from fund 15G to fund 100 at Agency 012.

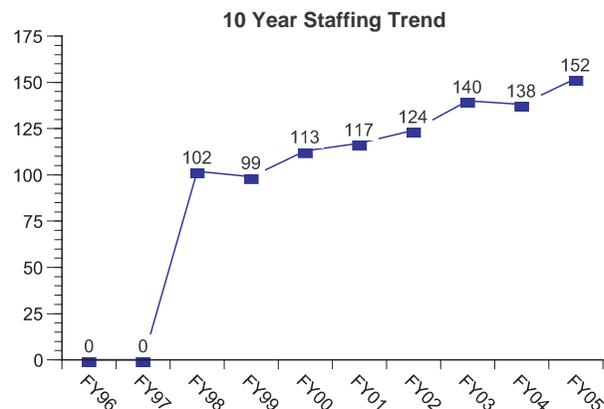
ADMIN & COMMUNITY DEVELOPMENT SVCS - The Administrative & Community Development Services Division oversees departmental community relations activities as well as revitalization activities such as public works, infrastructure improvements, and housing rehabilitation. This Division also administers subrecipient 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 HCS 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 oversees new housing development in the creation of multi-family rental, transitional, and homeownership projects for lower income households. This Division is responsible for

legislative analysis and grants management. Grants Management includes 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 \$95 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.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- Prior to FY 97/98, the former 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 HCS 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.
- As a result of the merger between CSA and H&CD, HCS has committed to analyzing each program area within all areas of the organization for efficiencies, regardless of funding source, in an effort to reduce costs. HCS has moved seven positions from agency 012 into fund 15G in the FY 04-05 budget. During FY 03-04, CEO transferred an Administrative Manager II from CEO/Strategic Affairs to HCS to oversee redevelopment and planning activities. Also during FY 03-04, HCS received six new positions to augment the growing Section 8 Rental Assistance Voucher Program. With the transfer of the Homeless Coordinator to agency 012, 15G is adding a net of 13 positions during this budget process. All of these positions existed or were approved during FY 03-04 and the augmentation to the budget is technical only.

Budget Summary

Plan for Support of the County's Strategic Priorities:

All FY 04-05 budget submissions are the same as the SFP (Strategic Financial Plan) submitted on February 10, 2004. Fund 15G continues to project a negative fund balance which is due, in part, to the reimbursement nature of this fund and to multi-year projects which are budgeted and encumbered at 100% in the first year. Examples of projects budgeted this way include those funded by the SuperNOFA Homeless Assistance grant process and the block grant programs.

Affordable housing development continues to be one of the Board of Supervisors' Top 10 Strategic Priorities. HCS supports this priority by allocating over \$2.3 million in block grant funding through the ARC process for FY 04-05. Combined with over \$2.5 million appropriated in fund 117 and the Redevelopment commitment to affordable housing development, over \$30 million is allocated to fund affordable housing projects. Of that amount, \$12 million has already been committed to projects. HCS will continue to solicit projects through a Request for Proposals (RFP) and Notice of Funding Availability (NOFA) for development of affordable rental housing. The goal of the RFP and the 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:

HCS has moved seven positions from agency 012 into fund 15G in this budget submittal. During FY 03-04, CEO transferred an Administrative Manager II from CEO/Strategic Affairs to HCS to oversee redevelopment and planning activities. Also during FY 03-04, HCS received six new positions to augment the growing Section 8 Rental Assistance Voucher Program. With the transfer of the Homeless Coordinator to agency 012, 15G is adding a net of 13 positions during this budget process. All of these positions existed or were approved during FY 03-04 and the augmentation to the budget is technical only.

In FY 03-04, only requests for emergency payoffs were considered and approved by the HCS Director. In FY 04-05, HCS intends to reinstate its prior leave payoff policy.

The Proposed Budget includes \$7 million in new block grant funding and \$15.9 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 03-04. With the large carry-forward into FY 04-05, HCS has reallocated, for one year only, old funding from affordable housing creation to public facilities and rehabilitation. This allocation is anticipated to make it easier to spend down funding so that the carry-forward is reduced and the HUD performance criteria are easier to achieve each year.

HCS continues to receive an allocation of Redevelopment funds for affordable housing development, public works projects and the rehabilitation program. Pending any impact on those funds by the State, HCS 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 \$15.0 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 closing of several affordable housing projects this fiscal year. Fund 15G only reflects the administrative and direct project costs that will be reimbursed to 15G from the various redevelopment funds over the year.

HUD has changed the manner in which excess administrative fees are used. There is now a cap placed upon the amount of excess fees that a Housing Authority can retain before HUD stops paying administrative fees. As a result, HCS has budgeted several operating expenses in fund 117 in order to commit the funding and thereby protect it from recapture. Fund 117 will also continue to fund Housing Supportive Service contracts, SuperNOFA Homeless Assistance application planning activities, and affordable housing monitoring.

HCS's budget submission also includes fund 15U, Strategic Priority Affordable Housing. This fund was created during FY 02-03 to account for the monies allocated by the Board of Supervisors to the creation of affordable housing. During FY 02-03, \$5 million was transferred into this fund from 15B, Single Family Housing. The budget for FY 04-05 reflects the \$5 million less administrative costs for FY 03-04 and 04-05. The administrative costs are budgeted in 15G, offset from 15U. The majority of the funds in this budget are already committed to projects.

Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Positions	-	138	145	152	7	4.83
Total Revenues	12,745,394	41,007,294	16,937,869	41,086,679	24,148,810	142.57
Total Requirements	17,824,373	41,007,294	18,104,306	41,086,679	22,982,373	126.94
FBA	(5,078,979)	0	(1,166,436)	0	1,166,436	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 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 579.

Highlights of Key Trends:

- Over the past decade, the County has been experiencing a severe shortage of affordable housing. By the year 2005, the Regional Housing Assessment Needs (RHNA) for the unincorporated areas of Orange County calls for 22,407 additional housing units, 7,034 of which should be made affordable to very-low and low-income households. The development and preservation of affordable housing stock is challenged not only by funding short-

ages, but also by market conditions such as escalating rents, lack of appropriately zoned land, increased market demands, and community resistance. In the face of all these challenges, HCS will continue to pursue its goal of increasing and preserving affordable housing opportunities for lower income Orange County residents.

- The Section 8 Rental Assistance Voucher Program has experienced dramatic changes in 2003. HUD has reversed its decision to pay the costs associated with



vouchers leased up in excess of 100%, and the Housing Authority has had to stop issuing vouchers to lower the rate through attrition. However, the Housing Authority will continue to support the lease up levels of 100%.

- HCS continues to pursue its goal of enhancing the livability of the County's target neighborhoods. This goal is met by providing low-interest loans to home owners for rehabilitation, developing education and community programs for target areas, and communicating effectively with community residents.

Budget Units Under Agency Control

No.	Agency Name	Executive Administration	Admin & Community Development Svcs	Housing Finance & Policy	Housing Assistance	Total
012	Community Services Agency	15,212,611	0	0	0	15,212,611
117	O.C. Housing Authority - Operating Reserves	6,047,490	0	0	0	6,047,490
136	Community Social Programs	81,056	0	0	0	81,056
146	Workforce Investment Act	15,753,370	0	0	0	15,753,370
15G	Housing And Community Services	4,291,969	13,421,004	13,473,107	9,900,599	41,086,679
15U	Strategic Priority Affordable Housing	0	0	3,254,194	0	3,254,194
	Total	41,386,496	13,421,004	16,727,301	9,900,599	81,435,400

15G - HOUSING AND COMMUNITY SERVICES

Summary of Final Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Revenue From Use Of Money And Property	\$ 87,289	\$ 0	\$ 63,245	\$ 0	\$ (63,245)	-100.00%
Intergovernmental Revenues	15,611,237	41,263,273	16,542,007	39,372,103	22,830,096	138.01
Charges For Services	875,098	1,060,213	1,148,175	2,646,828	1,498,653	130.52
Miscellaneous Revenues	38,047	689,608	17,407	1,621,982	1,604,575	9,217.77
Other Financing Sources	502,427	2,973,179	2,636,724	248,436	(2,388,288)	-90.58
Total FBA	(7,797,577)	(4,978,979)	(4,978,979)	(2,802,670)	2,176,309	-43.71
Reserve For Encumbrances	3,428,873	0	1,509,290	0	(1,509,290)	-100.00
Total Revenues	12,745,394	41,007,294	16,937,869	41,086,679	24,148,810	142.57
Salaries & Benefits	7,798,937	8,736,294	8,410,332	9,992,824	1,582,493	18.82
Services & Supplies	7,039,079	25,694,048	8,547,667	23,908,391	15,360,724	179.71
Other Charges	2,774,181	3,460,158	849,830	6,870,827	6,020,997	708.49
Fixed Assets	212,175	616,794	151,832	314,637	162,805	107.23
Appropriation For Contingencies	0	2,500,000	0	0	0	0.00
Reserves	0	0	144,645	0	(144,645)	-100.00
Total Requirements	17,824,373	41,007,294	18,104,306	41,086,679	22,982,373	126.94
Balance	\$ (5,078,979)	\$ 0	\$ (1,166,436)	\$ 0	\$ 1,166,436	-100.00%

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Final Budget Summary of Executive Administration:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Revenue From Use Of Money And Property	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	0.00%
Intergovernmental Revenues	9,212,098	2,883,411	9,927,237	3,044,013	(6,883,224)	-69.34
Charges For Services	730,917	220,537	713,572	1,104,618	391,046	54.80
Miscellaneous Revenues	1,039	0	13,380	100,902	87,522	654.14
Other Financing Sources	308,816	141,643	108,647	42,436	(66,211)	-60.94
Total FBA	(7,797,577)	(4,978,979)	(4,978,979)	(2,802,670)	2,176,309	-43.71
Reserve For Encumbrances	3,428,873	0	1,509,290	0	(1,509,290)	-100.00
Total Revenues	5,884,167	(1,733,388)	7,293,147	1,489,299	(5,803,848)	-79.58
Salaries & Benefits	574,221	711,435	640,629	696,898	56,269	8.78
Services & Supplies	1,289,437	1,772,540	1,165,926	2,794,968	1,629,042	139.72
Other Charges	761,616	761,616	774,858	800,103	25,245	3.26

Final Budget Summary of Executive Administration:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Fixed Assets	9,394	0	0	0	0	0.00
Reserves	0	0	144,645	0	(144,645)	-100.00
Total Requirements	2,634,668	3,245,591	2,726,058	4,291,969	1,565,911	57.44
Balance	\$ 3,249,499	\$ (4,978,979)	\$ 4,567,089	\$ (2,802,670)	\$ (7,369,759)	-161.37%

Final Budget Summary of Administration & Community Development Services:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Revenue From Use Of Money And Property	\$ 40,844	\$ 0	\$ 62,340	\$ 0	\$ (62,340)	-100.00%
Intergovernmental Revenues	1,170,892	15,827,553	1,196,001	14,671,166	13,475,165	1,126.68
Charges For Services	77,196	597,689	373,884	1,207,374	833,490	222.93
Miscellaneous Revenues	29,800	143,878	717	214,134	213,417	29,777.36
Other Financing Sources	0	182,929	28,077	131,000	102,923	366.57
Total Revenues	1,318,732	16,752,049	1,661,019	16,223,674	14,562,655	876.73
Salaries & Benefits	2,327,071	2,393,072	2,383,158	3,105,473	722,315	30.31
Services & Supplies	3,445,828	6,071,380	5,171,956	4,113,807	(1,058,149)	-20.46
Other Charges	379,185	2,698,542	74,972	6,070,724	5,995,752	7,997.37
Fixed Assets	59,835	541,794	151,829	131,000	(20,829)	-13.72
Total Requirements	6,211,919	11,704,788	7,781,915	13,421,004	5,639,089	72.46
Balance	\$ (4,893,187)	\$ 5,047,261	\$ (6,120,896)	\$ 2,802,670	\$ 8,923,566	-145.79%

Final Budget Summary of Housing Finance & Policy:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Revenue From Use Of Money And Property	\$ 46,445	\$ 0	\$ 905	\$ 0	\$ (905)	-100.00%
Intergovernmental Revenues	134,036	14,882,048	82,712	12,983,403	12,900,691	15,597.14
Charges For Services	66,985	241,987	58,549	334,836	276,287	471.89
Miscellaneous Revenues	0	153,922	0	154,868	154,868	0.00
Other Financing Sources	0	73,607	0	0	0	0.00
Total Revenues	247,465	15,351,564	142,166	13,473,107	13,330,941	9,377.01
Salaries & Benefits	647,974	767,250	730,909	837,264	106,355	14.55
Services & Supplies	1,396,989	14,652,596	1,445,100	12,635,843	11,190,743	774.39
Other Charges	1,563,926	0	0	0	0	0.00
Total Requirements	3,608,888	15,419,846	2,176,009	13,473,107	11,297,098	519.17
Balance	\$ (3,361,423)	\$ (68,282)	\$ (2,033,843)	\$ 0	\$ 2,033,843	-100.00%



Final Budget Summary of Housing Assistance:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Intergovernmental Revenues	\$ 5,094,212	\$ 7,670,261	\$ 5,336,057	\$ 8,673,521	\$ 3,337,464	62.55%
Charges For Services	0	0	2,170	0	(2,170)	-100.00
Miscellaneous Revenues	7,207	391,808	3,311	1,152,078	1,148,767	34,696.94
Other Financing Sources	193,611	2,575,000	2,500,000	75,000	(2,425,000)	-97.00
Total Revenues	5,295,031	10,637,069	7,841,538	9,900,599	2,059,061	26.26
Salaries & Benefits	4,249,672	4,864,537	4,655,636	5,353,189	697,553	14.98
Services & Supplies	906,825	3,197,532	764,685	4,363,773	3,599,088	470.66
Other Charges	69,454	0	0	0	0	0.00
Fixed Assets	142,947	75,000	3	183,637	183,634	5,400,988.00
Appropriation For Contingencies	0	2,500,000	0	0	0	0.00
Total Requirements	5,368,898	10,637,069	5,420,324	9,900,599	4,480,275	82.66
Balance	\$ (73,867)	\$ 0	\$ 2,421,214	\$ 0	\$ (2,421,214)	-100.00%