

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:

Performance Measure	2004 Business Plan	2005 Business Plan	How are we doing?
	Results	Target	
REDUCE PERCENT OF AFFORDABLE HOUSING NEEDED AS IDENTIFIED BY THE REGIONAL HOUSING NEEDS ASSESSMENT What: Includes providing monthly housing assistance and creating new affordable hsg units. Why: Increasing affordable housing units helps bridge the gap in housing costs for certain incomes.	HCS achieved record lease up of vouchers to assist 9,600-10,000 households in rent each month; and closed 5 multifamily housing loans totaling over \$4.3 million and 288 units of affordable housing.	HCS anticipates closing 3 multifamily affordable housing projects, issue one NOFA for \$5 million, and submit an application to HUD for additional Section 8 Rental Assistance vouchers, if available.	Since 2000, HCS increased the number of households leased with vouchers by over 2,500. HCS expects to produce over 1600 units or \$270 million of affordable housing construction with a County investment of \$24.8 million.
LEVEL OF COMMUNITY SATISFACTION WITH NEIGHBORHOOD IMPROVEMENT RESULTING FROM COUNTY REHAB EFFORTS. What: The effect of rehabilitation efforts on a neighborhood in terms of community satisfaction. Why: Home and neighborhood enhancement contributes to higher levels of community satisfaction and pride.	HCS completed the rehabilitation of 50 mobile homes and 40 single-family homes; assessment and design for expansion of 1 community center, 2 storm drains and street improvement designs, a sewer line installation; street light addition, and improvements to water distribution systems.	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.	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.

At a Glance:

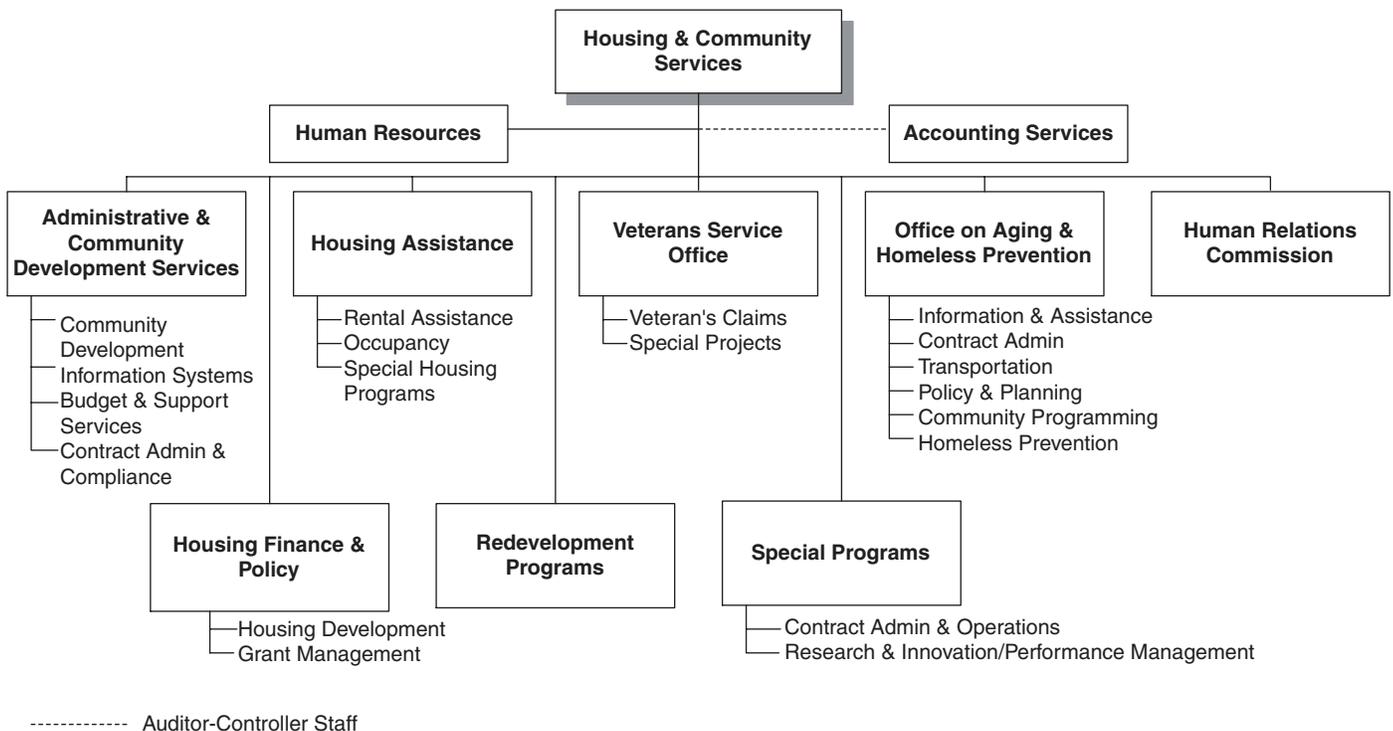
Total FY 2004-2005 Projected Expend + Encumb:	17,843,892
Total Recommended FY 2005-2006	39,271,628
Percent of County General Fund:	N/A
Total Employees:	152.00



FY 2004-05 Key Project Accomplishments:

- In 04-05 , Housing and Community Service (HCS) held two grand openings for affordable housing developments: Fountain Valley Senior Apartments and Stanton Accessible Apartments. These provided a total of 66 new affordable housing units. HCS also issued a Notice of Funding Availability in September 2004 for \$5,000,000 which will be used to fund approximately 200 new affordable housing units.
- The Housing Assistance Division at HCS provided monthly rental assistance to more than 9,400 households during each month of FY 04-05. New federal funding limitations required HCS to reduce its former lease-up levels in the Section 8 Housing Choice Voucher program. This ensured that program resources benefiting the Section 8 Rental Assistance clients were fully utilized within new federal funding constraints.
- HCS completed the rehabilitation of 50 mobile homes, 40 single family homes; assessment and design for expansion of 1 community center; 2 storm drain a street improvement designs; 1 sewer line installation; street light addition, and improvements to a water distribution system.

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. 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.



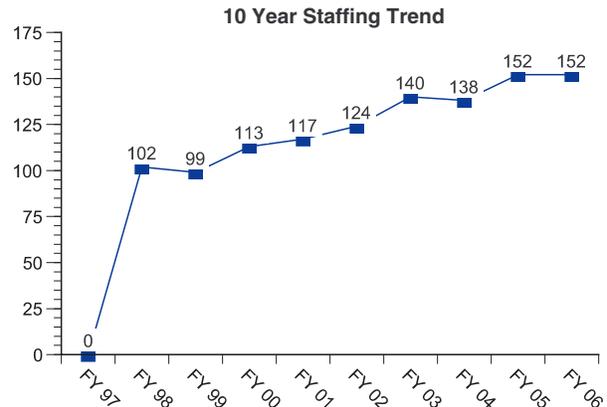
In March 2002, the Homeless Prevention Program was shifted from the CEO to HCS. As a result, HCS now centrally coordinates the preservation and expansion of the County's Continuum of Care System for the Homeless. Major components of focus include: 1) Homeless Prevention; 2) Outreach and Assessment; 3) 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 were 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 were deleted. Three of the positions were filled with limited term employees, one of the positions was vacant and one was vacated when the incumbent was promoted to another position. An additional position was deleted but was 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 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 added a net of 13 positions during the FY 04-05 budget process.
- No staffing changes in FY 05-06

Budget Summary

Plan for Support of the County's Strategic Priorities:

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. Combined with over \$2.5 million appropriated in fund 117 and the Redevelopment commitment to affordable housing development, more than \$29 million is allocated to fund afford-

able housing projects. Of that amount, \$21 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 Recommended Base Budget:

The proposed budget reflects a \$5 million decrease in revenues from the previous year. This is due to a 5% reduction in federal HOME and block grant funding, a reduction in housing administrative fees, and the elimination of revenue, although received, does not pass through this fund. Although there is a reduction in revenue, there is also a corresponding and proportional reduction in expenditures for the federal HOME and block grant funding. The budget includes about \$6.5 million in new block grant funding, and over \$13 million in carry-forward block grant monies, and about \$7.8 million in housing administrative fees.

HCS continues to receive an allocation of Redevelopment funds for affordable housing development, public works projects and the housing rehabilitation program. These projects will be budgeted in the individual redevelopment funds and not in fund 15G. Approximately \$14.5 million allocated for rehabilitation and affordable housing development is budgeted in various redevelopment funds. Fund 15G reflects the administrative and direct project cost that will be reimbursed to 15G from the various redevelopment funds over the year.

HUD recently 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 budgets 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.

This budget also includes certain Fund 15U, Strategic Priority Affordable Housing, expenditures. Fund 15U was created in FY 02-03 to account for monies allocated by the Board of Supervisors for the development of affordable housing. Approximately \$4 million remains in Fund 15U for affordable housing development, of which approximately \$900,000 is committed to projects. The administrative costs for those projects, estimated at \$106,000, are budgeted in 15G; but then reimbursed by 15U.

Proposed Budget History:

Sources and Uses	FY 2003-2004	FY 2004-2005	FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual	Budget As of 3/31/05	Projected ⁽¹⁾ At 6/30/05	Recommended	Projected Amount	Percent
Total Positions	-	152	152	152	0	0.00
Total Revenues	16,937,869	42,722,913	19,398,615	39,271,628	19,873,013	102.44
Total Requirements	18,104,306	42,722,913	20,032,200	39,271,628	19,239,428	96.04
Balance	(1,166,436)	0	(633,585)	0	633,585	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2004-05 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: Housing and Community Services in the Appendix on page page 639

Highlights of Key Trends:

- Over the past decade, the County has experienced a shortage of affordable housing which is impacted by a variety of factors including, including the availability of land, affordable housing funds, political will, and the real estate market. The development and preservation of affordable housing is challenged by rising housing costs, lack of appropriately zoned land, increased market demands, and community resistance which combined to shrink the supply of affordable housing units and price low income residents out of the market. Despite these factors, HCS will continue to pursue its goal of increasing and preserving affordable housing opportunities for lower income Orange County residents.
- In 2004, HUD changed its funding allocation method, which reduced Housing and Community Services' (HCS) funding for Section 8 rental assistance. This reduction coupled with Orange County's increasing housing costs, resulted in HCS not being able to support as many Section 8 households on a monthly basis. Reducing the lease-up level will ensure that program resources benefiting the Section 8 Rental Assistance clients were fully utilized within new federal funding constraints.
- HCS continues its goal of improving the livability of the County's target neighborhoods. This goal is met by providing low-interest loans to eligible home owners for rehabilitation, developing education and community programs for target areas, and effectively communicating these improvement programs to target areas.

Budget Units Under Agency Control:

No.	Agency Name	Executive Administration	Admin & Community Development Svcs	Housing Finance & Policy	Housing Assistance	Total
012	Community Services Agency	14,153,215	0	0	0	14,153,215
117	O.C. Housing Authority - Operating Reserves	5,760,656	0	0	0	5,760,656
123	Dispute Resolution Program	816,276	0	0	0	816,276
124	Domestic Violence Program	816,804	0	0	0	816,804
136	Community Social Programs	12,703	0	0	0	12,703



Budget Units Under Agency Control:

No.	Agency Name	Executive Administration	Admin & Community Development Svcs	Housing Finance & Policy	Housing Assistance	Total
146	Workforce Investment Act	15,281,431	0	0	0	15,281,431
14W	Welfare-to-Work	71	0	0	0	71
15G	Housing and Community Services	2,930,193	14,383,594	12,110,987	9,846,854	39,271,628
15U	Strategic Priority Affordable Housing	3,999,396	0	0	0	3,999,396
	Total	43,770,745	14,383,594	12,110,987	9,846,854	80,112,180

15G - Housing and Community Services

Summary of Proposed Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2003-2004		FY 2004-2005		Change from FY 2004-2005	
	Actual	Budget As of 3/31/05	Projected ⁽¹⁾ As of 6/30/05	FY 2005-2006 Recommended	Projected Amount	Percent
Revenue from Use of Money and Property	\$ 63,245	\$ 0	\$ 0	\$ 0	\$ 0	0.00%
Intergovernmental Revenues	16,542,007	39,372,103	16,999,990	35,404,704	18,404,714	108.26
Charges For Services	1,148,175	2,646,828	1,266,003	3,056,515	1,790,512	141.43
Miscellaneous Revenues	17,407	1,621,982	107,062	1,271,494	1,164,432	1,087.62
Other Financing Sources	2,636,724	248,436	296,610	172,500	(124,110)	-41.84
Total FBA	(4,978,979)	(1,166,436)	(1,166,436)	(633,585)	532,851	-45.68
Reserve For Encumbrances	1,509,290	0	1,895,387	0	(1,895,387)	-100.00
Total Revenues	16,937,869	42,722,913	19,398,615	39,271,628	19,873,013	102.44
Salaries & Benefits	8,410,332	9,992,824	8,498,195	10,055,397	1,557,202	18.32
Services & Supplies	8,547,667	25,544,625	10,516,850	20,149,781	9,632,931	91.59
Other Charges	849,830	6,870,827	800,103	8,845,450	8,045,347	1,005.53
Fixed Assets	151,832	314,637	217,051	221,000	3,949	1.81
Reserves	144,645	0	0	0	0	0.00
Total Requirements	18,104,306	42,722,913	20,032,200	39,271,628	19,239,428	96.04
Balance	\$ (1,166,436)	\$ 0	\$ (633,585)	\$ 0	\$ 633,585	-100.00%

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2004-05 projected requirements included in "At a Glance" (Which exclude these).

Proposed Budget Summary of Executive Administration:

Revenues/Appropriations	FY 2003-2004		FY 2004-2005		Change from FY 2004-2005	
	Actual	Budget As of 3/31/05	Projected ⁽¹⁾ As of 6/30/05	FY 2005-2006 Recommended	Projected Amount	Percent
Intergovernmental Revenues	\$ 9,927,237	\$ 3,044,013	\$ 10,484,491	\$ 2,322,948	\$ (8,161,543)	-77.84%
Charges For Services	713,572	1,104,618	1,049,010	607,242	(441,768)	-42.11
Miscellaneous Revenues	13,380	100,902	11,558	0	(11,558)	-100.00
Other Financing Sources	108,647	42,436	0	0	0	0.00
Total FBA	(4,978,979)	(1,166,436)	(1,166,436)	(633,585)	532,851	-45.68
Reserve For Encumbrances	1,509,290	0	1,895,387	0	(1,895,387)	-100.00
Total Revenues	7,293,147	3,125,533	12,274,009	2,296,605	(9,977,404)	-81.28
Salaries & Benefits	640,629	696,898	571,654	735,264	163,610	28.62
Services & Supplies	1,165,926	4,356,202	1,518,151	1,394,826	(123,325)	-8.12
Other Charges	774,858	800,103	800,103	800,103	0	0.00
Reserves	144,645	0	0	0	0	0.00
Total Requirements	2,726,058	5,853,203	2,889,908	2,930,193	40,285	1.39
Balance	\$ 4,567,089	\$ (2,727,670)	\$ 9,384,101	\$ (633,588)	\$ (10,017,689)	-106.75%



Proposed Budget Summary of Admin & Community Development Svcs:

Revenues/Appropriations	FY 2003-2004	FY 2004-2005	FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual	Budget As of 3/31/05	Projected ⁽¹⁾ As of 6/30/05	Recommended	Projected Amount	Projected Percent
Revenue from Use of Money and Property	\$ 62,340	\$ 0	\$ 0	\$ 0	\$ 0	0.00%
Intergovernmental Revenues	1,196,001	14,671,166	87,616	12,122,128	12,034,512	13,735.51
Charges For Services	373,884	1,207,374	185,483	1,911,955	1,726,472	930.79
Miscellaneous Revenues	717	214,134	95,504	29,800	(65,704)	-68.79
Other Financing Sources	28,077	131,000	0	0	0	0.00
Total Revenues	1,661,019	16,223,674	368,603	14,063,883	13,695,280	3,715.45
Salaries & Benefits	2,383,158	3,105,473	2,452,448	3,110,484	658,036	26.83
Services & Supplies	5,171,956	4,113,807	6,846,099	3,227,763	(3,618,336)	-52.85
Other Charges	74,972	6,070,724	0	8,045,347	8,045,347	0.00
Fixed Assets	151,829	131,000	134,521	0	(134,521)	-100.00
Total Requirements	7,781,915	13,421,004	9,433,068	14,383,594	4,950,526	52.48
Balance	\$ (6,120,896)	\$ 2,802,670	\$ (9,064,465)	\$ (319,711)	\$ 8,744,754	-96.47%

Proposed Budget Summary of Housing Finance & Policy:

Revenues/Appropriations	FY 2003-2004	FY 2004-2005	FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual	Budget As of 3/31/05	Projected ⁽¹⁾ As of 6/30/05	Recommended	Projected Amount	Projected Percent
Revenue from Use of Money and Property	\$ 905	\$ 0	\$ 0	\$ 0	\$ 0	0.00%
Intergovernmental Revenues	82,712	12,983,403	136,525	12,474,468	12,337,943	9,037.13
Charges For Services	58,549	334,836	31,510	537,318	505,808	1,605.23
Miscellaneous Revenues	0	154,868	0	0	0	0.00
Other Financing Sources	0	0	0	52,500	52,500	0.00
Total Revenues	142,166	13,473,107	168,035	13,064,286	12,896,251	7,674.74
Salaries & Benefits	730,909	837,264	630,092	824,307	194,215	30.82
Services & Supplies	1,445,100	12,710,843	1,229,200	11,286,680	10,057,480	818.21
Total Requirements	2,176,009	13,548,107	1,859,292	12,110,987	10,251,695	551.37
Balance	\$ (2,033,843)	\$ (75,000)	\$ (1,691,257)	\$ 953,299	\$ 2,644,556	-156.36%

Proposed Budget Summary of Housing Assistance:

Revenues/Appropriations	FY 2003-2004		FY 2004-2005		FY 2004-2005		Change from FY 2004-2005	
	Actual	Budget	As of 3/31/05	Projected ⁽¹⁾	As of 6/30/05	Recommended	Projected	Percent
Intergovernmental Revenues	\$ 5,336,057	\$ 8,673,521	\$ 8,673,521	\$ 6,291,358	\$ 6,291,358	\$ 8,485,160	\$ 2,193,802	34.87%
Charges For Services	2,170	0	0	0	0	0	0	0.00
Miscellaneous Revenues	3,311	1,152,078	1,152,078	0	0	1,241,694	1,241,694	0.00
Other Financing Sources	2,500,000	75,000	75,000	296,610	296,610	120,000	(176,610)	-59.54
Total Revenues	7,841,538	9,900,599	9,900,599	6,587,968	6,587,968	9,846,854	3,258,886	49.46
Salaries & Benefits	4,655,636	5,353,189	5,353,189	4,844,001	4,844,001	5,385,342	541,341	11.17
Services & Supplies	764,685	4,363,773	4,363,773	923,400	923,400	4,240,512	3,317,112	359.22
Fixed Assets	3	183,637	183,637	82,530	82,530	221,000	138,470	167.78
Total Requirements	5,420,324	9,900,599	9,900,599	5,849,931	5,849,931	9,846,854	3,996,923	68.32
Balance	\$ 2,421,214	\$ 0	\$ 0	\$ 738,037	\$ 738,037	\$ 0	\$ (738,037)	-100.00%