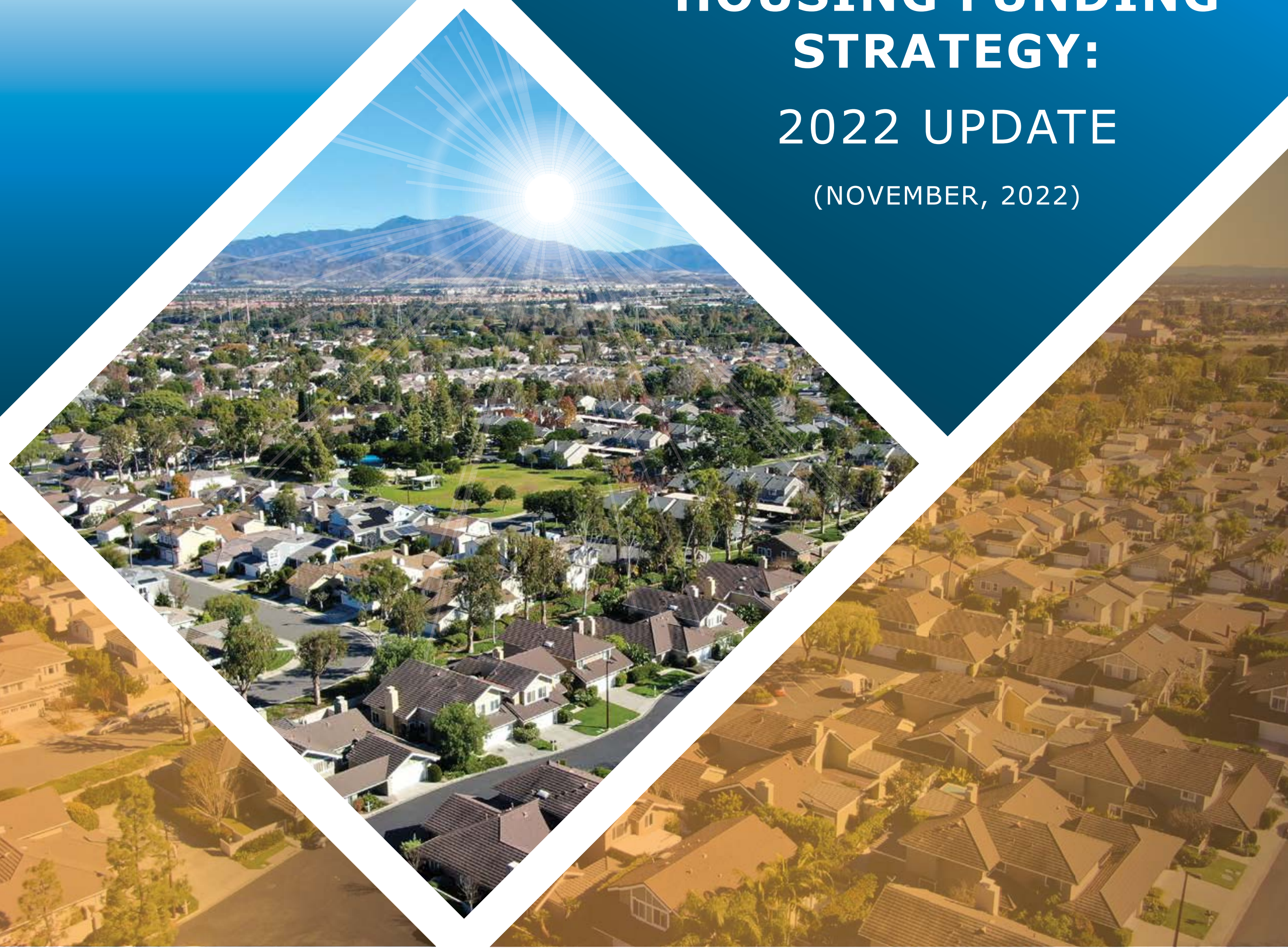

HOUSING FUNDING STRATEGY:

2022 UPDATE

(NOVEMBER, 2022)

ORANGE COUNTY, CALIFORNIA

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EXECUTIVE SUMMARY

- The 2018 Housing Funding Strategy identified a goal of creating 2,700 units of supportive housing over seven years, with an estimated funding gap of $353 million in capital and $350 million in operating subsidies (or an additional 1,375 Project Based Section 8 subsidies).
- Significant investments in capital and operating expenses have been made since 2018, producing a pipeline of 1,232 supportive housing units and a total projected pipeline of 2,144 supportive and affordable housing units.
- Orange County, local cities and developers have successfully leveraged local housing funding resources at a higher rate than initially anticipated. For example, for every $1 of local funds invested/approved by Orange County, $5.50 of other (non-County) housing funding has been invested in supportive/affordable housing.
- These investments have spurred the creation of significant new supportive and affordable housing in Orange County.
- People experiencing chronic homelessness has increased in Orange County since 2017, with decreases seen in veteran's homelessness and youth homelessness over that same time period. Persons experiencing chronic homelessness are most likely to need supportive housing units. People with long histories of homelessness and disabling health conditions need deeply affordable housing with services in order to remain successfully housed.
- There have been significant changes over the last four years, including rapidly increasing housing costs, and thus the supportive housing need continues.
- This Orange County 2022 Housing Funding Strategy Update continues to build on and refine the planning and investments to date in order to maximize supportive and affordable housing production.
- Current projections estimate a need for capital funding for 2,396 supportive housing units, including the need for 1,696 operating subsidies, with an estimated funding gap of $458 million in capital and $495 million in operating subsidies. This reflects significant increases in total development costs due to factors outlined in this report.
- The Housing Funding Strategy will support the creation of housing resources that will follow the best practices, guiding principles, and commitments of the Homeless Service System Pillars Report which was created by the Commission to End Homelessness and accepted by the County of Orange Board of Supervisors on October 4, 2022.

OVERVIEW
2022 ORANGE COUNTY HOUSING FUNDING STRATEGY

The 2018 Orange County Housing Funding Strategy outlined a bold vision of the creation of 2,700 supportive housing units over seven years as well as a need to create additional affordable housing. Investments in housing developments throughout Orange County have been an urgent priority and there has been catalytic investment in supportive housing opportunities over the last four years.

This 2022 Orange County Housing Funding Strategy updates the 2018 Strategy and maps out the progress that has been made toward the 2,700 unit goal, as well as provides an analysis of federal, state and local resources available to produce affordable and supportive housing. Orange County's strategic responses to homelessness and the California housing crisis is seen in the significant progress that has been made in supportive and affordable housing production locally. In addition, this 2022 Housing Funding Strategy provides an overview of current development costs, which rose significantly over the last four years, as well as the success of the County of Orange (County) in leveraging of locally invested resources to create new supportive housing as well as general affordable housing in the region.

SALVATION ARMY - CENTER OF HOPE
ANAHEIM

REGIONAL EFFORTS IN ORANGE COUNTY

Local regional partnerships are the engine of supportive housing production in Orange County, driven by the commitments from the Orange County Board of Supervisors as well as commitments from cities throughout the County to significantly address homelessness. Through these partnerships and regional efforts, significant investments of land, capital funding, operating funding, and services supports have spurred unprecedented supportive and general affordable housing production, creating pathways out of homelessness for those who need it most. This funding strategy focuses on the resources to be invested by the County to produce supportive housing in the region to meet the needs of persons experiencing homelessness and chronic homelessness. It is important to note, however, that the County investments also assist with the production of general affordable housing within the same developments as those providing supportive housing units. These units can also be made available to very low and extremely low income households with the assistance of other public subsidies.

Notably, since the original 2018 Housing Funding Strategy, the regional Orange County Housing Finance Trust was established as a joint powers authority between the County now 25 member cities throughout Orange County. Since 2019, the Orange County Housing Finance Trust has implemented several Notices of Funding Availability (NOFAs) using locally allocated funds from the County and matching funds from the State through a competitive process, demonstrating shared investments in ending homelessness across Orange County.

The various Public Housing Authorities in the region are investing Housing Choice Vouchers, including the Orange County Housing Authority, Anaheim Housing Authority, Santa Ana Housing Authority, and Garden Grove Housing Authority. These Public Housing Authorities are also working collaboratively to streamline access to housing, including close coordination with the Coordinated Entry System, which prioritizes people experiencing chronic homelessness for supportive housing. Additional significant resources have been dedicated through County Mental Health Services Act (MHSA) Housing and Housing Support Services Funds, Bringing Families Home and Housing and Disability Advocacy Programs. Most recently, the Orange County Continuum of Care has taken action to support the efforts of the County and the Orange County Housing Finance Trust to further advance the development of supportive housing and support the leveraging of Continuum of Care funding resources. These regional collaborative efforts will continue to drive the success of supportive housing production throughout the Orange County region.

HOMELESSNESS IN ORANGE COUNTY

This report updates Orange County's 2018 Housing Funding Strategy, which was informed by the 2017 Point in Time (PIT) Count and identifies strategies to meet the housing needs of people experiencing homelessness in Orange County based on the most current 2022 Point in Time Count.[1] Over the last four years, there has been significant progress in addressing homelessness across a variety of populations, with thousands of people moving from homelessness into homes through Orange County's strategic investments in solutions to homelessness. At the same time, the housing landscape has changed significantly. For example, housing costs have increased significantly while housing availability has become increasingly constrained. This 2022 Housing Funding Strategy analyzes a variety of factors, such as trends in homelessness, and the supportive and affordable housing development landscape, in order to continue to refine priorities and strategies that effectively address homelessness in Orange County.

Overview: Change in Homeless Population 2017 to 2022[2]

The data from the most recent Point In Time Counts is seen in the chart below:

	2017	2019	2022	Change 2017 to 2022
Homeless Individuals (chronically homeless individuals and% of all people experiencing homeless)	3,523 *(893/19%)*	5,296 *(2,491/36%)*	4,510 *(2,408/42%)*	+987 *(+28%)*
Homeless Families (households with at least one minor child) *(# of people in households)*	398 households *(1,265 people)*	466 households *(1,550 people)*	389 households *(1,201 people)*	-9 households *(-64 people)*
Unaccompanied Minors	4	14	7	+3
Total	**4,792**	**6,860**	**5,718**	**+926**

While the 2022 PIT showed a 16% decrease from the 2019 PIT that tallied 6,860 people experiencing homelessness (3,961 unsheltered and 2,889 sheltered), the overall homelessness in Orange County has continued to show an upward trend in the last five years, increasing by 19%.

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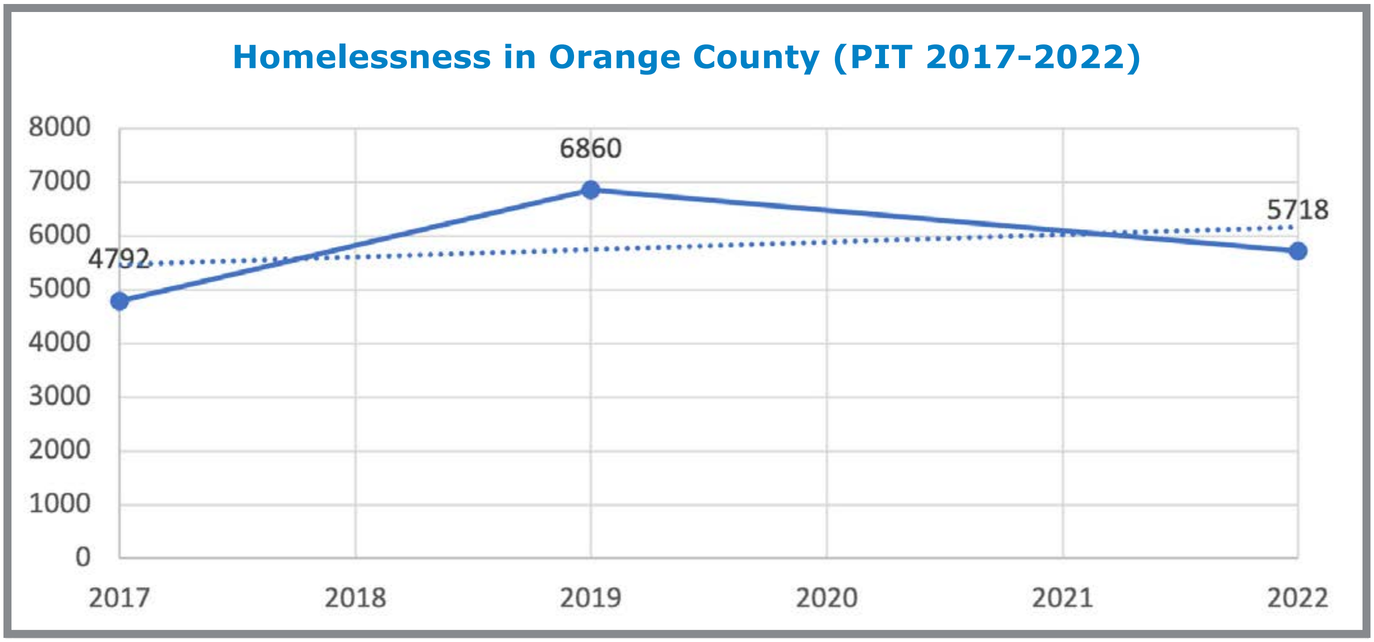
[1] This document analyzes the change between the 2017 and 2022 Point in Time counts to reflect on changes since the 2018 Housing Funding Strategy. Data on the 2019 Point In Time count as well as the 2020 and 2021 Sheltered Point in Time counts are available at http://ochmis.org/point-in-time-count-pit/

[2] Note, the Point in Time Count methodology changed between 2017 and 2019. The Point in Time Counts in 2019 and 2022 utilized the same methodology.



Chronic Homelessness

An individual experiencing chronic homelessness is someone who is homeless and lives in a place not meant for human habitation, a safe haven or in an emergency shelter; and has been homeless and living or residing in a place not meant for human habitation, a safe haven or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last three years where the combined length of time homeless in those occasions is at least 12 months; and has a disabling condition. A detailed definition as defined by the U.S. Department of Housing and Urban Development (HUD) can be found in Appendix A. Supportive housing is an effective solution to end chronic homelessness for individuals. Understanding chronic homelessness in Orange County is an important element of this 2022 Housing Funding Strategy. The Orange County Commission to End Homelessness Homeless Service System Pillars Report recognizes supportive housing as a best practice to end a person's homelessness and provides a sustainable place to live long term.

The 2022 PIT count identified 2,408 individuals experiencing chronic homelessness in Orange County. While the total number of individuals experiencing chronic homelessness decreased from the 2019 PIT, the percentage of individuals experiencing chronic homelessness compared to the total homeless population had noticeably increased. It is important to note that individuals experiencing chronic homelessness makes up 42% of all homelessness in Orange County which is an increase from 19% in 2017.

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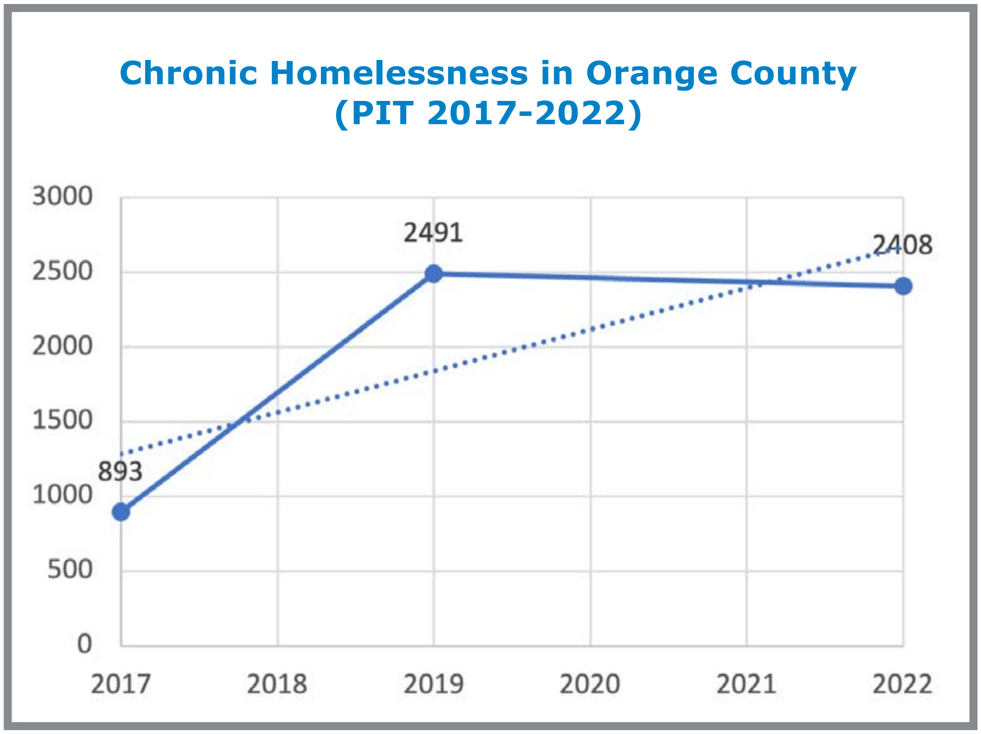
In addition, 55% of unsheltered homeless individuals are chronically homeless, which makes up the largest subpopulation of unsheltered homeless individual in Orange County.



Chronic Homelessness is Increasing Across California

Increase in chronic homelessness is not unique to Orange County. 10 of the 15 large counties in California show an increase in chronic homelessness between 2017 and 2022, and 6 large counties show an increase in chronic homelessness by more than 10%.

People experiencing chronic homelessness are particularly vulnerable because they often live in unsheltered settings and typically have multiple complex and long-term health conditions, such as mental illness, substance use and physical disabilities[3]. Once they fall into homelessness, it becomes exponentially challenging to return to housing stability. Supportive housing has shown to be an effective intervention in stabilizing the lives of individuals experiencing chronic homelessness by decreasing shelter utilization and acute psychiatric health care usage while staying housed.[4] Continued effort in providing and streamlining access to supportive housing in all service planning areas is crucial in curbing the number of individuals experiencing chronic homelessness in Orange County.[5]

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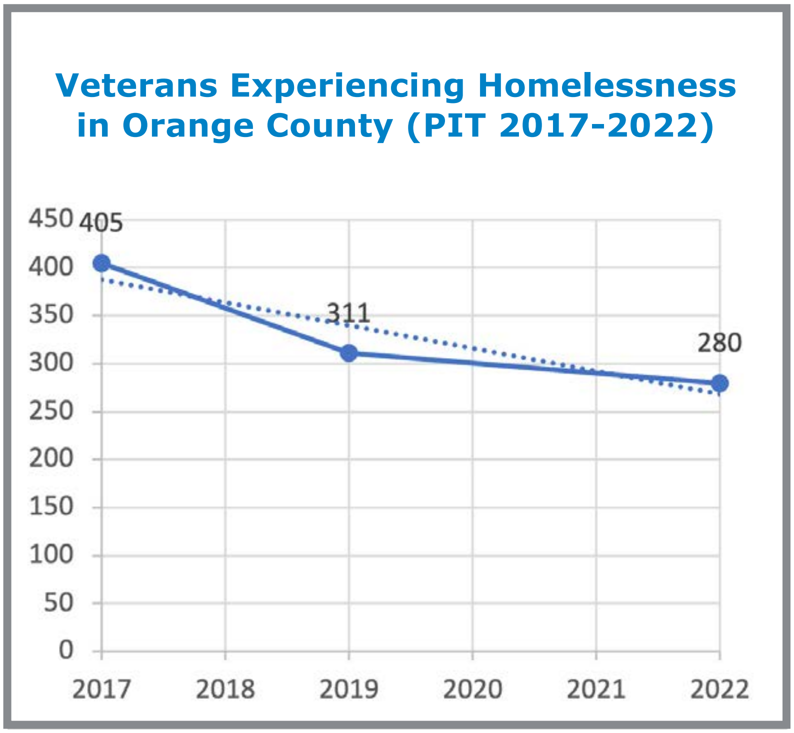
3 National Alliance to End Homelessness. Chronically Homeless. https://endhomelessness.org/homelessness-in-america/who-experiences-homelessness/chronicallyhomeless/#:~:text=People%20experiencing%20chronic%20homelessness%20typically,disabilities%2C%20or%20other%20medical%20conditions.

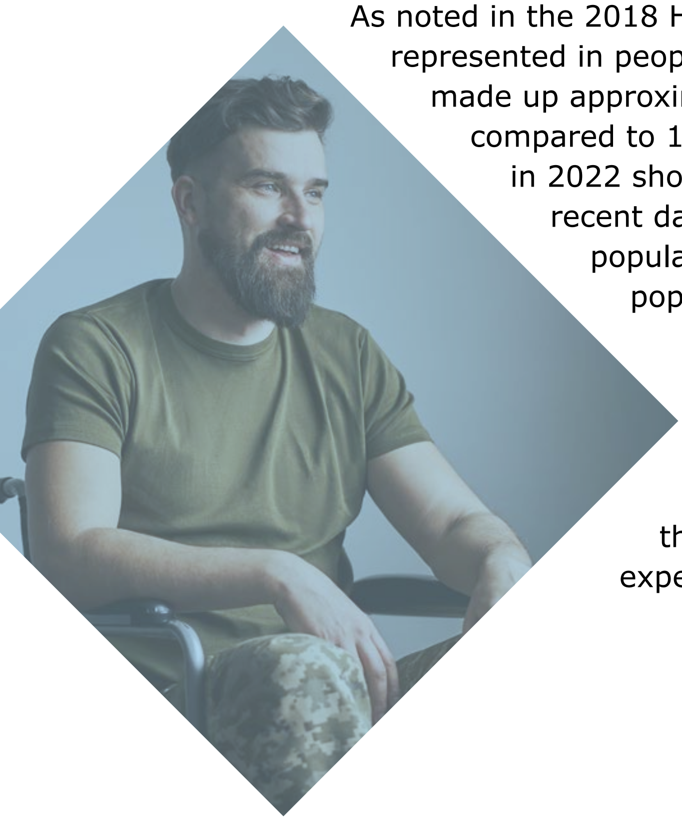
4 Raven, Maria C.; Niedzwiecki, Matthew J.; Kushel, Margot. A randomized trial of permanent supportive housing for chronically homeless persons with high use of publicly funded services. https://onlinelibrary.wiley.com/doi/full/10.1111/1475-6773.13553

5 Orange County Service Planning areas: https://ochealthinfo.com/sites/hca/files/import/data/files/69115.pdf

Veteran Homelessness

As highlighted in the 2018 Housing Funding Strategy, veteran homelessness has been on the decline since 2009 due to significant and ongoing investments in affordable and supportive housing for veterans in Orange County. The PIT count from 2017 to 2022 show the impact of these investments in housing, through efforts such as the U.S. Department of Housing and Urban Development (HUD) Veterans Affairs Supportive Housing (VASH) program and the State of California Veteran Housing and Homeless Prevention (VHHP) program, resulting in a continued downward trend in veteran homelessness.





As noted in the 2018 Housing Funding Strategy, veterans were disproportionally represented in people experiencing homelessness – in 2018, veterans made up approximately 4% of the overall population in Orange County compared to 10% of the overall homeless population. The PIT count in 2022 showed progress in this regard as well – from the most recent data, veterans make up approximately 3.3% of the overall population in Orange County and 4.8% of the homeless population.

The persistent effort to providing access to affordable, supportive housing targeted to the veterans combined with the strategic planning among County agencies, local jurisdictions and housing partners are the key to successfully reducing the number of veterans experiencing homelessness.

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Seniors

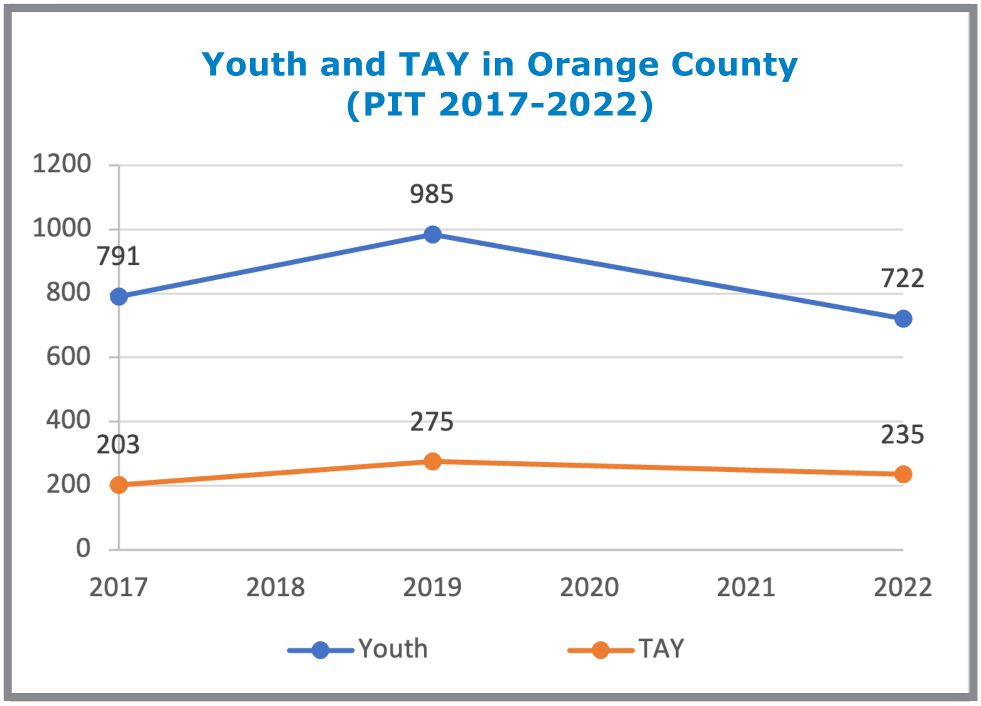
In 2022, Seniors ages 62 years and older, represent approximately 13% of people experiencing homelessness in Orange County. This is an increase from 2019 where 9% of people experiencing homelessness were seniors. Data on older adults was not collected in the 2017 PIT count. It is important to note that the upward trend of seniors experiencing homelessness can also be seen statewide. According to Homeless Data Integration System (HDIS), a data hub that gathers local California Continuum of Care data from the Homeless Management Information System (HMIS), the number of individuals ages 65 years and older in California accessing homeless services has increased by 53% from 2017 to 2020.[6] In contrast, the number of individuals under 65 years old accessing homeless services in California increased by 24% during the same period.

Seniors experiencing homelessness presents a complex set of challenges for housing and service providers as issues stemming from living in places not meant for human habitation is complicated by health challenges unique to elderly individuals. A comprehensive and coordinated services plan tailored to the needs of seniors, through program such as Program of All-Inclusive Care for the Elderly (PACE), combined with ample access to affordable and supportive housing is key to addressing homelessness within this population. >>>

THE GROVES
SAN JUAN CAPISTRANO
C&C DEVELOPMENT

6 State of California Business and Consumer Services and Housing Agency. Homeless Data Integration System. https://bcsh.ca.gov/calich/hdis.html

Youth and Transitional Aged Youth



A homeless youth is defined as an individual under the age of 18 experiencing homelessness. A homeless individual between the ages of 18 to 24 is considered homeless transitional aged youth (TAY). The data utilized in this analysis comprises of all individuals that fall within the specified age range captured in the PIT, including youth and TAY that are unaccompanied or a part of household. An overall downward trend in youth homelessness continued in 2022 as 722 homeless youths, representing 13% of total homeless population, were identified.

It is important to note that youth and TAY experiencing homelessness, especially those who are unaccompanied, are particularly vulnerable. Many homeless youth and TAY have unmet basic needs and undiagnosed and/or untreated mental health disorders; as a result, they are susceptible to substance use, sexual exploitation and physical victimization.[7] Housing with tailored supportive services designed to meet the developmental, social, mental and physical health needs of homeless youth and TAY is necessary to achieve success in curbing the number of youth and TAY experiencing homelessness.

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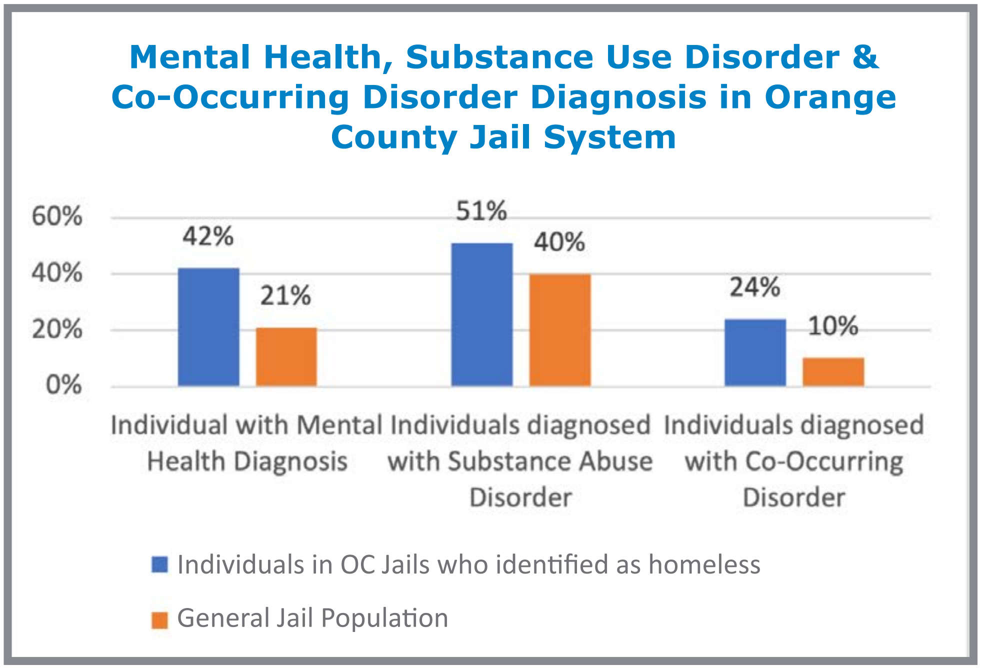
7 California Coalition for Youth. California's Homeless Youth. https://calyouth.org/advocacy-policy/californias-homeless-youth/

Justice Involved



Mental Health, Substance Use Disorder & Co-Occurring Disorder Diagnosis in Orange County Jail System

Justice involved individuals are broadly defined as someone who is involved with the justice system, including the jail, parole and/or probation systems. The Point in Time count does not gather data regarding people's history with the justice system, however, in California, data indicates that many people experiencing homelessness have a history with the justice system, for example for violating loitering laws or for sleeping in public spaces.

In looking at other data sources in Orange County, the 2025 Vision Integrated Services Plan identifies that 20% of individuals booked into Orange County jails between May 1, 2018 and April 30, 2019 were experiencing homelessness. These homeless individuals displayed a higher percentage of mental health diagnoses, substance use disorder and co-occurring disorder when compared to the general jail population. The more recent data provided by Orange County's Office of Care Coordination on high utilizers of the justice system, defined as individuals booked into Orange County jail system for four or more times during a twelve month period, further demonstrated barriers to housing for justice involved individuals. During fiscal year 2021 – 2022, there were 1,256 high utilizers of the justice system and 31% of these individuals have also accessed the homeless service system during the same time period.

As seen through the data, justice involved individuals who are experiencing homelessness face additional barriers in attaining stability upon re-entry to the community, which often leads to prolonged periods of homelessness. Communities have seen success in utilizing the Housing First model to support the justice involved population with focus on reducing housing barriers. This can be done using an "in-reach" model which is designed to provide immediate access to low barrier shelter and/or housing upon release, with planned connection to permanent housing placement. This approach

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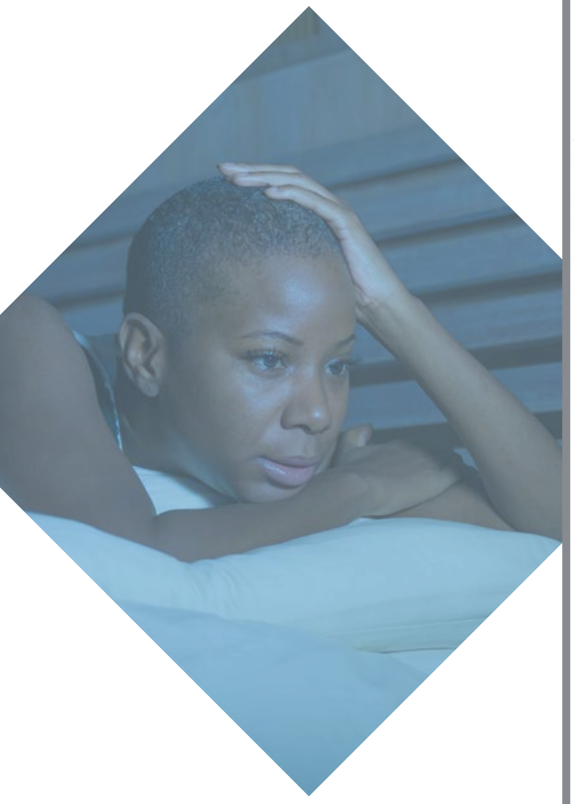
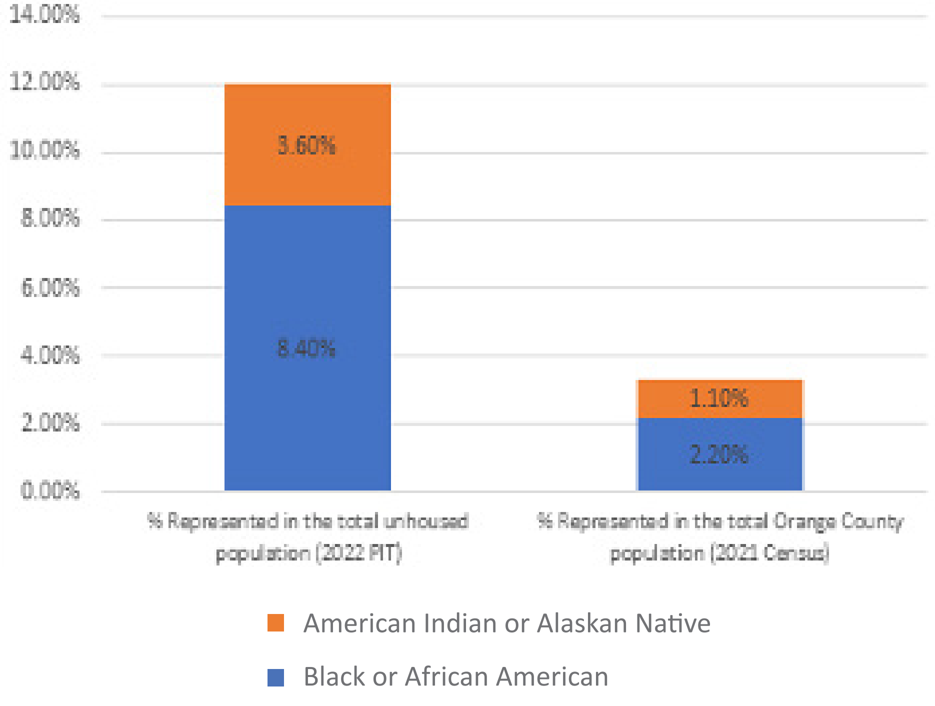
ensures participants are engaged in services and prevents any periods of homelessness. Further, housing coupled with strong service coordination is crucial in achieving success for justice-involved individuals. Early case planning, prior to release from jail, ensures individuals are care-connected upon release, which is a key contributor to one's stability during the transition period. Strong coordination and wrap-around services post release is crucial to address legal, mental health, substance use, medical, employment and housing needs, as well as reduce recidivism in the justice system.

Race Equity Considerations

National data has shown that Black, Indigenous, and People of Color (BIPOC) experience homelessness at a higher rate than their white counterparts;[8] this is also apparent in Orange County. According to the 2022 Point in Time Count, Black or African American and American Indian or Alaskan Native represents 12% of the total unhoused population while the same group represents only 3.3% of the total Orange County population. In planning for housing and supportive services, additional consideration and intentional effort to address structural and systemic discrimination is crucial in addressing the disproportionate impact.



Black or African American and American Indian or Alaskan Native Representation in the Unhoused Population



8 National Alliance to End Homelessness. Racial Inequalities in Homelessness, by the Numbers. https://endhomelessness.org/resource/racial-inequalities-homelessness-numbers/

UPDATING THE FINANCIAL MODELING

The Point in Time (PIT) Count data and special population considerations provide critical information which informs this 2022 Housing Funding Strategy. In addition, this updated Housing Funding Strategy considers trends related to supportive housing development costs, the amount of supportive housing that has been produced since 2018, as well as funding resources that will continue to support the creation of supportive housing in Orange County.

Supportive Housing Development Costs

Development costs in Orange County (as well as the State of California) have been increasing at a steady rate over the past four years and are expected to continue to increase in the next few years. The range of total development costs (TDC) per unit (see summary chart on the next page) for supportive and affordable housing currently under development are:

- a low of approximately $380,000 per unit to a high of $713,000 per unit
- an average of $497,570 per unit (supportive housing projects 2018 to 2022)
- more recent projects estimating development costs at $500,000 to $600,000 per unit

An analysis of the supportive housing developments funded in Orange County from 2018 to 2022 indicate an average per unit cost of $497,570, which is significantly higher (nearly 45%) than the initial 2018 projection of $344,444/unit. If current development cost trends continue, it is projected that the average per unit cost for supportive/affordable housing in Orange County will be approximately $550,000. Because approximately 70% of the development costs (materials, wages, land) are heavily impacted by market forces, there is very little local government can do on its own to reverse the upward trend in development costs. However, the County of Orange can positively impact the production of supportive/affordable housing by serving as a lender of below market financing, partnering with other public financing and health care agencies, and pursuing grants and other funding from state and national sources. Various market forces and funding strategies are discussed further below to inform the recommendations set forth within this updated Housing Funding Strategy.

COVID-19 Impacts on Housing Construction

As a result of COVID-19 pandemic, housing developers saw an increase in development costs due to supply chain issues and related delays (such as the impact of quarantine on construction crews, delays in various site inspections and inspection sign-offs, etc.), staffing shortages, and inflation. While the cost of construction materials normally increases on an annual basis due to inflation (which was an issue prior to the pandemic), experts have indicated that the inflation that accompanied the pandemic has been significantly different and has largely impacted construction costs. The United States construction industry is heavily dependent on foreign construction materials such as steel and stone. Because

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COVID-19 was a global pandemic, it caused closures and delays at international factories that produce the needed materials. The supply of construction materials dramatically decreased in the United States; demand remained high for the materials, but the supply was low so prices increased dramatically. Associated Builders and Contractors Chief Economist, Anirban Basu, opined that the supply chain troubles may last until 2024 because it takes a long time to rebuild capacity. According to the Bureau of Labor Statistics, construction material prices were up by 25% in 2021 and so far in 2022 construction costs are trending upwards.

In the supportive housing project financing example noted below, the per unit cost for the affordable/supportive housing development is $588,488. While this is high in comparison to the average for all projects, it is not an unusual financial scenario for current (FY2021/22) projects due to steadily increasing land, construction, and financing costs. Costs can vary widely between projects due to location (coastal or inland), land acquisition costs (donated, below market, market rate), type of project (new construction vs. rehabilitation) and the use of funding which triggers increases in construction costs, such as federal or state prevailing wage developments (e.g. nine or more project based rental assistance vouchers trigger federal prevailing wage). The most recent projects in Orange County's supportive housing projected pipeline have been in the range of $500,000 to $600,000 per unit (total development costs for all units, which include a portion of supportive housing units).

Example: Uses of Funds

Use	Total	Per unit	Percentage
Land Acquisition Costs (including interest reserve)	$6,925,000	$81,470	14%
Total Hard Costs (construction)	$29,623,485	$348,512	59%
Construction Interest & Fees	$1,200,000	$14,117	2%
Construction Contingency	$1,481,174	$17,426	3%
Loan Fees/Permanent Financing	$155,545	$1,830	.3%
Architectural & Engineering Fees	$800,000	$9,412	2%
Soft Costs/Other	$3,204,424	$37,698	6%
Reserves (Operating & Capitalized Transition)	$1,319,519	$15,524	3%
Developer Fee	$5,312,375	$62,499	11%
Total Uses of Funds	**$50,021,522**	**$588,488**	

It is currently anticipated that the impacts of the COVID-19 pandemic on development costs and the trend upwards will continue until at least 2024. There may be a leveling off of development costs, but it is unlikely that we will experience a reduction in these costs for many years.

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Leveraging Public Resources and Subsidies

In order for developments to be successful in obtaining other public, low-cost financial assistance, loans, grants, etc., it continues to be critical for the County of Orange to invest in new, proposed developments. Since June 12, 2018, the County has approved financial assistance for 24 housing developments which continue to move forward in the process to obtain full financing. As of June, 2022, there remains only 5 projects (out of the 24) which have not been awarded all of the funding required to proceed with construction of the housing developments. While some of the developments required several funding applications/cycles to obtain full financing and some projects had to return to the County for additional funding when costs unpredictably increased, the track record for the Orange County region has been steadily improving over the past few years, with 20 new projects completing their financing and closing on construction loans and moving towards construction in the past couple of years. It is anticipated that there will continue to be a highly competitive environment in the next few years for all funding available for affordable/ supportive housing. The County of Orange, in partnership with cities throughout the region, intends to continue diligent collaborative efforts to financially assist projects in a responsible and cost-effective manner in order to expand the inventory of affordable/supportive housing, and assist housing developers to submit as competitive funding applications as possible to continue award success.

Leveraging is key to a successful supportive/affordable housing production strategy. The County can use its funding to leverage other sources of funding, such as tax-exempt bond proceeds, tax credit equity, conventional financing, housing trust funds and other grant and loan programs from the state and/or federal government. Without public subsidies from many sources, the number of units produced would be severely limited.

Success of County of Orange in Leveraging Public Resources

It is critical to leverage County resources in order to maximize affordable/supportive housing production. The total number of units produced would be limited if Orange County was required to provide 100% financing. As noted above, the cost of producing housing is increasing, and financial partnerships have become essential to any successful funding strategy. Through its low cost, flexible financial assistance, the County has demonstrated its success in assisting affordable/ supportive housing developers to compete for the additional public subsidies and other funding needed to produce the housing. Leveraging public resources is critical to this overall housing financing strategy.

To date, the County of Orange has been successfully leveraging its capital funding investment in about a 1:5.5 ratio. This means for every $1 of County capital funding invested/approved there has been approximately $5.50 of other public subsidies and/ or private investment contributed or approved for the 24 affordable/ supportive housing developments noted below. It is anticipated that this approach to leveraging public resources will continue as long as other public/private resources remain available for developments within the County of Orange.

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Through the state, federal tax-exempt financing (bonds and tax credit equity) program, developers of a supportive/affordable housing development can obtain approximately 55% to 65% of their total project financing, depending on their competitiveness and investment partner relationships. This means there is a gap of about 35% to 45% of total financing to be filled by other public financing agencies or other public/private subsidies. Typically, about 10% to 15% of the gap financing can come from other special funding programs at the state or federal level. Developers often defer a portion of their fee (5% to10%) as well and have it financed over time through residual receipts once a development is operational, which reflects the developer financial investment. If cities, and/or the County can contribute 20% to 25% of the total financing gap amount, the developments can successfully compete for the other public subsidies, which is demonstrated in the success of the County to date in financing 24 new supportive/affordable housing developments since 2018. In this strategy, it is assumed that the County will fund 18% of the gap and local cities will fund 7% of the gap, for 25% total in gap financing. By using city and County resources to leverage state and federal sources of funding, much more housing can be produced in Orange County and throughout the State of California.

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LEGACY SQUARE
SANTA ANA
NATIONAL CORE

Current Orange County Supportive Housing/Affordable Housing Pipeline

2018 to Present; projects yet to be completed or very recently completed

Project Name	Supportive Housing Units	Total Units	Total County Funds	OC Project-Based Vouchers	Total Non-County Funds**	Per Unit Cost (All units)
FX Residences	16	17	$6,217,047	0	$ 1,777,913	$470,292
Legacy Square	33	93	$7,527,376	0	$42,972,624	$543,011
Altrudy Senior*	10	48	$3,916,768	8	$17,314,309	$442,314
Casa Paloma*	48	71	$7,638,000	48	$31,362,000	$549,296
Valencia Garden (Orange Corp Yard)	8	62	$479,520	8	$29,792,894	$499,866
The Crossroads at Washington	43	86	$2,650,701	43	$42,796,833	$528,460
Villa St. Joseph	18	50	$10,359,215	18	$18,743,828	$582,061
Ascent (formerly Airport Inn)	57	58	$4,409,468	57	$17,719,512	$ 381,534
Mountain View	8	71	$2,343,372	8	$40,826,982	$608,033
Cartwright Family	10	60	$4,982,250	8	$35,245,146	$670,457
Lincoln Avenue	13	55	$3,484,680	5	$25,737,416	$531,311
Santa Angelina Senior	21	65	$7,825,714	21	$19,763,733	$424,453
Orchard View	8	66	$5,725,975	8	$16,400,505	$335,250
North Harbor Village	89	91	$2,217,769	0	$32,413,390	$380,562
Center of Hope	70	72	$10,159,344	16	$29,134,210	$545,744
The Meadows Senior	7	65	$620,008	0	$27,538,380	$433,206
Westview House	26	85	$11,570,817	0	$40,496,588	$612,558
Huntington Beach Senior	33	43	$5,807,348	33	$20,648,257	$615,247
Paseo Adelanto	40	50	$5,687,945	40	$29,944,142	$712,642
Stanton Inn & Suites (Homekey #1)	71	72	$1,085,000	71	$23,998,397	$348,381
Tahiti Motel (Homekey #2)	59	60	$2,400,000	59	$24,116,158	$441,936
Riviera Stanton (Homekey #3)	20	21	$1,532,983	10	$9,420,132	$521,577
HB Oasis (Homekey #4) PBV	62	64	$0	0	$22,996,369	$359,318
Motel 6 Costa Mesa (Homekey #5)	40	88	$4,250,000	0	$38,052,458	$480,710
Wise Place	47	48	$1,500,000	0		
Total	**857**	**1561**	**$114,391,300**	**461**	**$639,212,176**	**$497,570**
	362	*631*	*Additional completed units*			
	1,219	**2,192**	**Total SH/AH units (leased up/under development)**			

* Altrudy and Casa Paloma were recently completed; summer, 2022. All other projects in chart are yet to be completed and some are not yet fully financed.

** Total funding (non-county) amounts remain subject to change; funding amounts noted are a point in time (at county review) estimate.

MARKET FORCES AND HOUSING NEED

The Joint Center for Housing Studies of Harvard University recently released the "State of the Nation's Housing 2022." In this report, the authors shared that the "the costs of both owner-occupied and rental housing continue to climb. Home price appreciation reached a nationwide high of 20.6% in March, 2022. Rents for apartments were up 12% nationally." Nationwide and in California, including Orange County, there are a large number of apartments under construction or soon to be under construction; this will bring some relief to the rental side of the housing market. However, for lower-income households and households of color, the Harvard report indicates "the pressure of high housing costs is unlikely to relent. The surge in gas, food and other necessities has made matters worse, especially now that most emergency government supports have ended."

From a supportive housing perspective, the need for more housing units continues for those households in the lowest income brackets, specifically extremely low income. Discussion about the impact of market forces is important to understanding why there continues to be a growing need for the County of Orange to assist in the effort to provide more funding for more affordable/supportive housing for those persons experiencing homelessness and with very limited means. The County of Orange has made significant strides in financing the production of supportive housing in the past few years. With that said, the need continues to grow for several reasons. Here are some of the market forces, needs assessments and related impacts that are driving the focus of this housing funding strategy:

- **Imbalance in Housing Supply.** There has been for many years and remains today an imbalance in the housing market between supply and demand; this has caused housing costs to soar. To correct the imbalance, demand must be reduced and/or supply increased. Since it is very unlikely that demand for housing in the County will be reduced, this economic theory holds that supply must be increased to a point where supply exceeds demand. In the 6th cycle of the final Regional Housing Needs Assessment (RHNA) allocation for the County of Orange, it is noted that a total of 183,861 housing units need to be constructed Countywide for households at all income levels – very low, low, moderate and above moderate/upper income – over the next 8 years.

- **Housing Need – Very Low and Extremely Low Income.** Within the RHNA allocation, it is noted that 25% of the Countywide housing need (46,416 units) is for very low-income households; 50% of these units (23,208) are estimated to be needed for extremely low-income households, which are typically those households who are receiving social security as their only source of income and/or households experiencing homelessness with very limited financial resources. The extremely low populations are most often those in need of supportive housing and the specific focus of this funding strategy.

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- **Unincorporated County RHNA.** The RHNA allocation for the unincorporated area of the County is 10,406 housing units total, of which 3,059 housing units are identified for very low-income households; again, it is anticipated that 50% of the housing units allocated for very low income (or 1,530 units) need to be affordable to extremely low income households.

- **Overcrowded Housing.** Based on the 2020 Census, the percentage of overcrowded housing units (10.11%) within the County of Orange exceeds the national average of 6.76%. This means that households are very likely doubling and sometimes tripling up to be able to afford housing within the County, which is reflected in the imbalance of affordable housing inventory and demand for that housing.

- **Cost-Burdened Households.** According to the 2020 Census, 69.88% of the lower income households in the County are paying more than 30% of their incomes on housing costs; this is 10.88% higher than the national average.

- **Rent Arrears.** According to Household Pulse Survey data for December 2021 through April 2022, 10% of all households nationwide were still behind on their housing payments due to the pandemic. Renters with household incomes below $25,000 (extremely low-income households) are at 20%, which is alarmingly high.

- **Poverty Rate.** Nationwide, the poverty rate in 2020 was 11.4%, up 1.0 percentage point from 2019; this was the first increase in poverty after five consecutive annual declines according to the American Community Survey (census data). In the County of Orange, 9% of the population have incomes at poverty level (which is 285,103 persons total); housing insecurity is a continuing threat for a significant number of households in the County.

- **Housing Supply Outlook.** While the outlook for ongoing demand and supply is positive, it will take time for any additional supply to catch up with the demand and produce any meaningful improvement in affordability.

- **Scaling Housing Production.** Ongoing effort is critical by both the private and public sectors to bring housing production to scale in a way that will significantly impact the imbalance currently being experienced throughout the nation, including the County of Orange.

Considering the above noted market forces and related impacts, there continues to be an ongoing need for additional affordable housing, and more specifically supportive housing for very low and extremely low income households, in the County of Orange. While this updated Housing Funding Strategy focuses on resources needed specifically for the production of supportive housing to meet the projected needs in Orange County, the financial investments made by the County for supportive housing support the overall

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development of general affordable housing units as well. Supportive housing units are typically only a small portion of an overall affordable housing development. The County can be credited with not only the supportive housing units created through its investments, but also the general affordable housing units built as a result of the County's financial investments in all of the developments.

Generally speaking, there are two basic financial strategies to be pursued in combination or individually to address the need and impact the supply of supportive/affordable housing throughout the County:

1. Invest in production of affordable/supportive housing and record a regulatory agreement to restrict rents for the life of the development (typically 55 years) to be affordable to households with very low and extremely low incomes, which means the rents will not exceed 30% of the Orange County Area Median Income for the targeted households; and/or,

2. Provide rental assistance and/or operating subsidies to the targeted households directly, or provide operating subsidies to the developments through project based rental assistance (e.g. housing choice vouchers) or capitalized operating subsidy reserves (COSR).

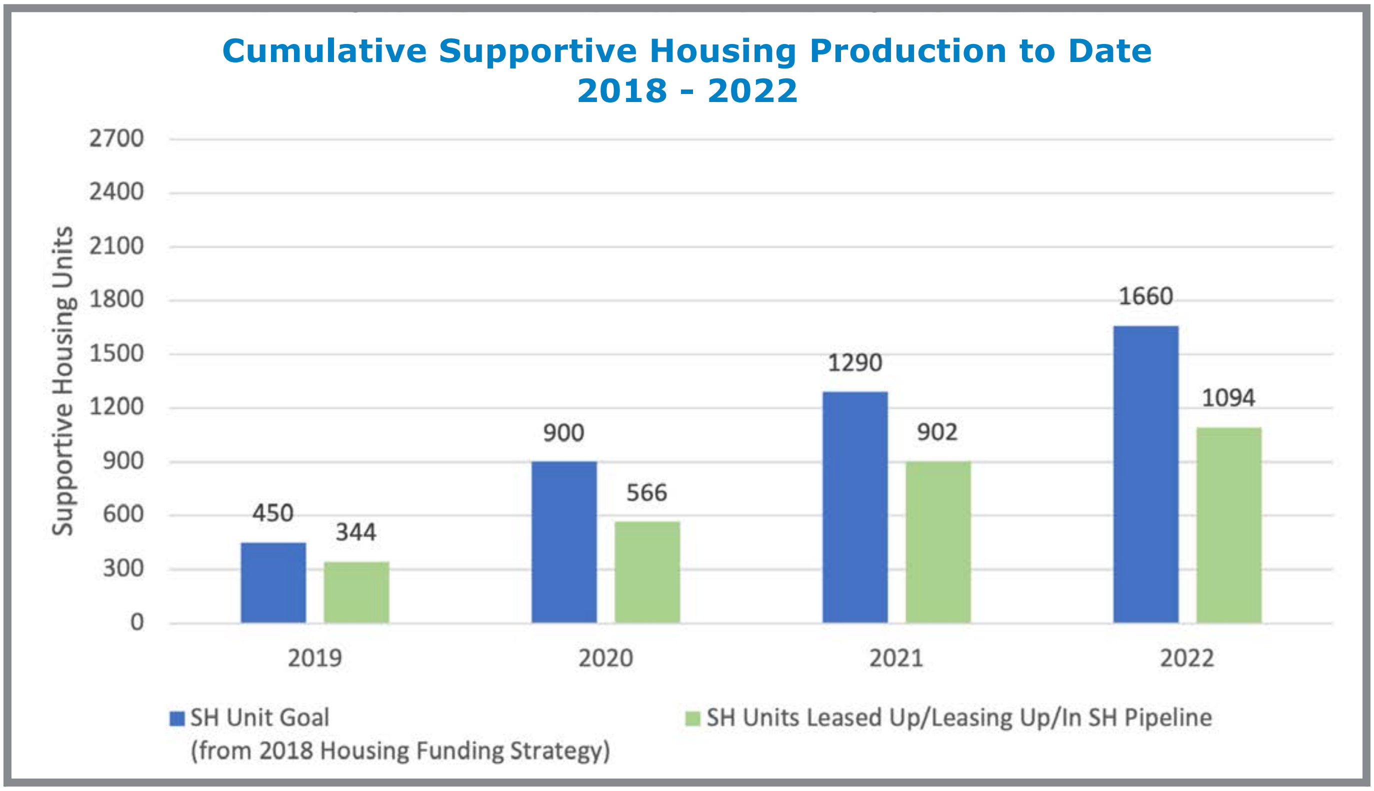
This Housing Funding Strategy Update is focused on both 1) the level of capital funding investments required to produce supportive housing to meet the need, by restricting rents for the life of the assisted developments to be affordable to households at 30% of the gross household income of the extremely low-income residents, and 2) the provision of rental assistance/operating subsidies. These two funding strategies are intended to work together to increase the supply of supportive housing within Orange County, together with the added benefit of ensuring the development of general affordable housing within the same developments.

SUPPORTIVE HOUSING UNIT PRODUCTION: 2018 TO DATE

The section below outlines supportive housing production goals for Orange County by year, along with the number of actual units by type that have been developed and are leased up/leasing up/in the supportive housing pipeline. In addition, the chart details cumulative estimated supportive housing production as projected from through 2025. The 2018 Housing Funding Strategy projected unit goals starting in 2019 to recognize the time it takes from the announcement of funding opportunities and for projects to enter the supportive housing pipeline.

As noted above, the unanticipated significant increase in total development costs has greatly impacted the supportive housing pipeline and limited unit production. Current projections indicate that at the end of seven years (the original projected timeframe to produce 2,700 units of supportive housing), that there will be 1,643 supportive housing units produced towards the 2,700 unit goal.[9] Based on current information and assumptions, there is a gap of 1,057 units between the projected need in 2018 and what is anticipated to be in the supportive housing development pipeline by 2025.

In addition to the supportive housing development, during the same time period a total of 2,144 general affordable housing units, including the noted supportive housing units, were produced or are anticipated to be produced as a result of the combined investment in supportive housing developments throughout the County.



9 This assumes that an additional 235 SH units will be added to the pipeline in both 2024 and 2025.

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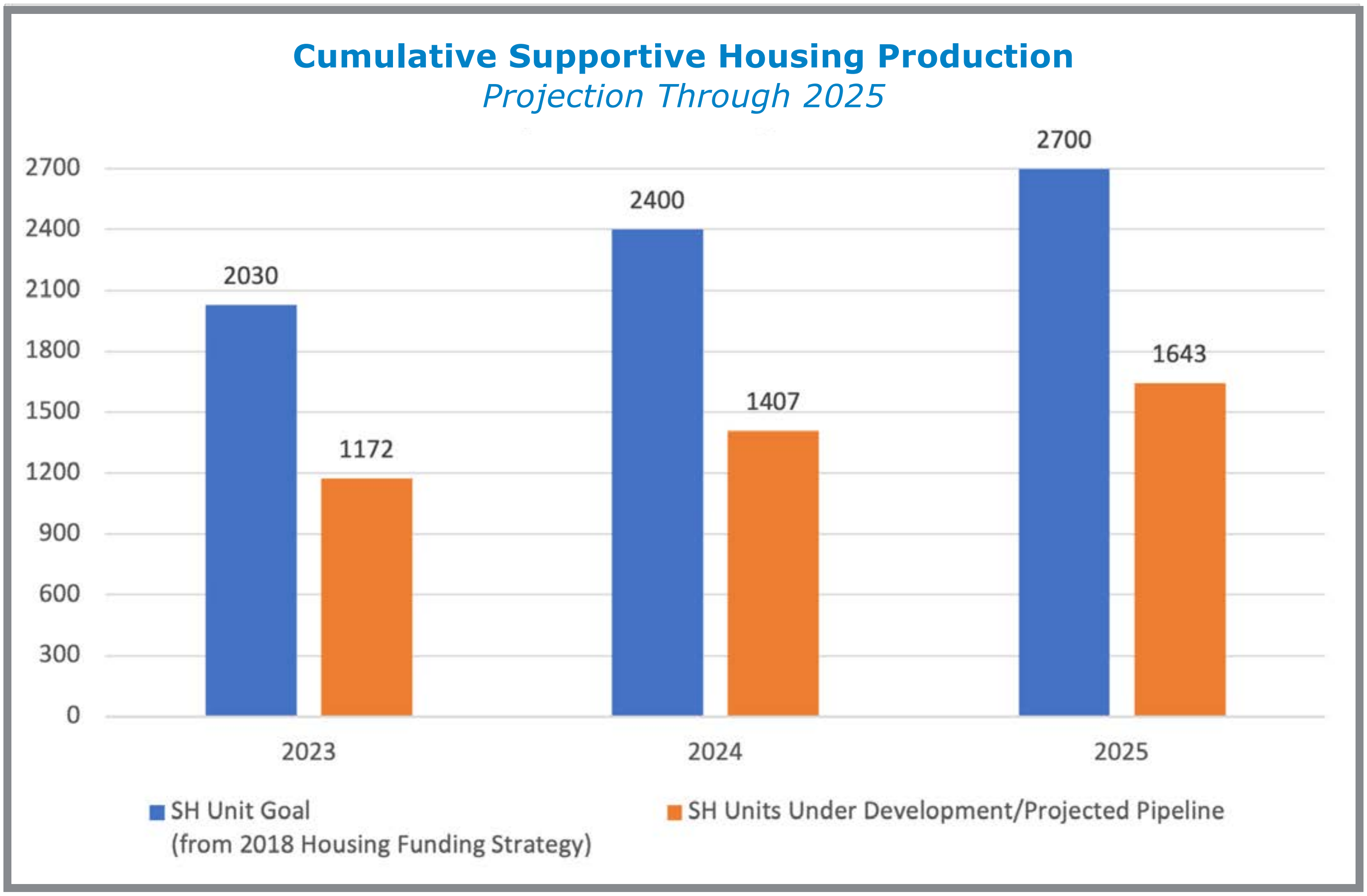

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2022 FUNDING STRATEGY SUPPORTIVE HOUSING PROJECTIONS

In updating the 2018 Housing Funding Strategy, it is important to recognize the initial 2,700 unit production goal, and to review the progress made towards achieving that goal. The current supportive housing pipeline projections identify a gap of 1,057 units of supportive housing. In addition, it is important to review the projections and estimates that were made in 2018 in order to determine current supportive housing need.

Based on the updated Point in Time (PIT) Count data, in 2022, there is an updated estimated need for 3,225 supportive housing units in the Orange County region to meet the current need (3,150 units for individuals and 75 units for families). Taking into account the current supportive housing units in the County's production pipeline (829 total); as a result, the updated goal is 2,396 supportive housing units to meet the needs of people experiencing homelessness in Orange County.

The number of supportive housing units projected to be needed within Orange County is based on the number of people experiencing chronic homelessness in Orange County, who by definition have long histories of homelessness and disabling health conditions. In the production goal, it is anticipated that the vast majority of people experiencing chronic homelessness need a combination of housing and wrap around support services to end their homelessness and remain stably housed.

The table below projects the unit breakdown to create 3,225 units of supportive housing over the next seven years to meet the housing needs of people with disabling health conditions who are experiencing homelessness in Orange County. There are an anticipated 829 supportive housing units that are leasing up in 2022 after the Point in Time Count was conducted, as well as units projected in the supportive housing pipeline, leaving a need for the creation of 2,396 supportive housing units during the period of this updated strategy.

Projected Revised Supportive Housing (SH) Unit Goal (by Population and Unit Type):

Supportive Housing Goal by Population	Studio/1 Bedroom	2 or 3 Bedroom	Total
Homeless Individual	330		330
Chronically Homeless Individual	2,820		2,820
Homeless Family		75	75
Total SH Unit Production Goal: 2022 to 2029	**3,150**	**75**	**3,225**
Units not leased up by 02/22 + Orange County Supportive Housing pipeline units currently assembling financing			**829**
Supportive Housing Unit Production Goal (2022 - 2029)			**2,396**

The Supportive Housing Unit production goal is a subset of the Regional Housing Needs Assessment (RHNA) numbers that communities are planning for with the update of their Housing Elements. It recognizes a specific type of housing that needs to be funded and developed as part of the plans to develop the housing needed for extremely low-income households in Orange County.

AFFORDABLE/SUPPORTIVE HOUSING RESOURCES

Financing affordable and supportive housing requires the use of diverse funding sources, including local, state, and federal funds as well as private equity. There is no single source of public or private funding that will fully fund any single supportive/affordable housing development. Funding partnerships and leveraging of public resources are critical to the success of providing for new supportive/affordable housing opportunities within the County of Orange, California.

Affordable/Supportive Housing requires three types of funding resources:

1. Capital Funding – to build the housing infrastructure;
2. Operating Funding – to ensure the affordability of housing for tenants and the long-term operation of the housing development; and,
3. Resident/Supportive Services Funding – to provide support services to residents to ensure their housing stability and promote housing retention.

Capital Funding Sources

The funding programs described below have been identified as potential investment sources or public subsidies available from state and/or federal agencies to build the housing infrastructure for the production of supportive/affordable housing in Orange County that meets the goals set forth within this funding strategy.

Federal and State Low-Income Housing Tax Credits (LIHTC) and Tax-Exempt Bond Financing

The LIHTC financing program subsidizes the acquisition, construction and rehabilitation of affordable rental housing for low- and moderate-income tenants. Through the tax credit program, private investors make cash investments in return for reductions in tax liabilities from the state and/or federal government. The 9% tax credit program is highly competitive and is combined with taxable hard debt. The 4% tax credit program is combined with tax-exempt bonds, which now has a competitive process for the allocation. This is a very complicated and competitive financing program, but critical to the long-term financing of affordable/supportive housing developments. Typically, 30% to 50% of total funding needed for a housing development is provided through the federal and state LIHTC financing programs. Local funding must be contributed in order for developers to be competitive in obtaining tax credit and bond financing.

Funding Program	Type of Housing Activity Funded	Est. Amount Available Funds Annually (CA state-wide)
9% Federal LIHTC	New construction and rehabilitation projects	$100 million
4% Federal LIHTC	New construction and rehabilitation projects, and funded with federal subsidies and/or tax-exempt bonds	$125 million
California LIHTC	New construction of multifamily housing projects.	$300 to $500 million

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HOME Investment Partnerships Program (HOME), Community Development Block Grant (CDBG) Program, and Section 108 Loans

HOME is a federally funded program and assists cities, counties, developers, Native American Entities and nonprofit Community Housing Development Organizations (CHDOs) to create and retain affordable housing. Grants and low-interest loans are available. Eligible activities include: housing rehabilitation, new construction and acquisition and rehabilitation, for multifamily projects. It also provides new construction and down payment assistance for single-family projects, first-time homebuyer assistance, owner-occupied rehabilitation, and tenant-based rental assistance programs, and predevelopment loans for CHDOs. All activities must benefit low-income renters, homebuyers and homeowners.

CDBG is a federally funded program and assists in meeting the community needs of lower income households, aids in the prevention or elimination of slums and blight, or meets an urgent need. For housing purposes, CDBG funds can be used for single and multi-family rehabilitation, rental housing acquisition or homeownership assistance, and other activities that support new housing construction (such as acquisition of property).

Section 108 Loan Program is a federally funded program and provides CDBG recipients with the ability to leverage their annual grant allocation to access low-cost, flexible financing for housing and other CDBG eligible projects. Communities can use Section 108 guaranteed loans to either finance specific projects or launch loan funds to finance multiple projects over several years. Flexible repayment terms allow it to be layered with other sources of community and economic development financing including, but not limited to, New Market Tax Credits (NMTC), Low Income Housing Tax Credits (LIHTC), and Opportunity Zone equity investments.

HUD 811 and 202 (Federal)

HUD 811 and 202 HUD 811 and 202 is federal funding which may be available in the future. When funding is available, HUD will issue Notice of Funding Availability (NOFA) and solicit applications for Section 811 and Section 202 funding. This funding can be used for capital and operating subsidies (through rental assistance). HUD provides project rental assistance contracts for properties developed using Section 811 capital advances; this covers the difference between the HUD-approved operating cost of the project and the amount the residents pay — usually 30% of adjusted income. The initial term of the project rental assistance contract is 3 years and can be renewed if funds are available. The Section 202 HUD program also provides interest free capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that provide supportive housing for very low income elderly persons, and also provides rent subsidies. Both programs are provided to private, nonprofit sponsors. Public agencies are not eligible for the funding.

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Funding Program	Type of Housing Activity Funded	Est. Amount Available Funds
HOME Program	Housing Rehabilitation, New Construction, Acquisition and Rehabilitation – multifamily projects New construction and down payment assistance - single family First-time homebuyer assistance Owner-occupied rehabilitation Tenant-based rental assistance Predevelopment loans - CHDOs	$4 million (FY20-24), County Allocation
CDBG Program	Single and Multi-family Rehabilitation Rental housing acquisition or homeownership assistance Activities that support new housing construction (e.g., property acquisition)	$3.6 million (FY20-24), County Allocation
Section 108 Loan Program	Must meet CDBG objectives; Acquisition of real property; rehabilitation of publicly owned real property; housing rehabilitation eligible under CDBG; construction, reconstruction or installation of public facilities for housing; related relocation, clearance and site improvements; in limited circumstances, affordable housing construction	Up to 5 times the latest approved CDBG entitlement amount, minus any outstanding Section 108 commitments and/or principal balances on Section 108 loans. Maximum repayment period for a Section 108 loan is 20 years.
Section 811/202	Interest Free capital advances to nonprofit sponsors to help finance the development of rental housing such as independent living projects, condominium units and small group homes with the availability of supportive services for persons with disabilities. The capital advance can finance the construction, rehabilitation or acquisition with or without rehabilitation of supportive housing. HUD also provides project rental assistance contracts for properties developed using Section 811 capital advances	Funding available when Notice of Funding Availability (NOFA) issued by HUD. Amount of funding available will be indicated in the NOFA

State of California, Grants and Loans - Housing and Community Development (HCD) Department

The State Housing and Community Development (HCD) Department, administers a number of funding programs that provide grants and loans (from both state and federal housing programs) to create more rental and homeownership opportunities throughout the State of California. These programs are diverse and funding developments which meet the special needs of a variety of populations, including veterans, seniors, young families starting out, people with disabilities, farmworkers and individuals and families who are experiencing

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homelessness. Over the past 30 years, HCD has provided more than $3 billion in state and federal funding for the development of affordable housing and associated infrastructure. Each year HCD posts its Notice of Funding Availability (NOFA) Calendar and indicates its targeted release dates for draft guidelines, NOFAs, and awards as well as NOFA application due dates. Link to calendar: [Notice of Funding Availability (NOFA) Calendar | California Department of Housing and Community Development]

In 2022, HCD combined four programs into a **SuperNOFA**: Infill Infrastructure Grant Program (IIG); Joe Serna Jr. Farmworker Housing Grant, Multifamily Housing Program (MHP); and Veterans Housing and Homelessness Prevention Program (VHHP). This action was taken to streamline the funding programs and provide for a coordinated single application and award process, and speed up the processing time in accordance with Assembly Bill 434. The goal is to accelerate housing production.

Affordable Housing and Sustainable Communities Program (AHSC) funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduces greenhouse emissions. Three project areas have been identified to implement this funding strategy: transit-oriented development area; integrated connectivity project area; or rural innovation project area.

No Place Like Home Program (NPLH) was created through legislation in 2016 and dedicates up to $2 billion in bond proceeds to invest in the development of supportive housing for persons who need mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness. The bonds are repaid by funding from the Mental Health Services Act (MHSA). In 2018, voters approved Proposition 2, authorizing the sale of up to $2 billion of revenue bonds and the use of a portion of Proposition 63 taxes for the program. There are two parts to this funding program: 1) noncompetitive allocation which is distributed by formula allocation to each County based on their 2017 homeless point-in-time count with a minimum of $500,000; and 2) competitive allocation. It is important to note that the last anticipated round of No Place Like Home (NPLH) funding occurred in 2022.

NPLH funding is for supportive housing utilizing low barrier tenant selection practices that prioritize vulnerable populations and offer flexible, voluntary, and individualized supportive services. Counties must commit to provide mental health services and help coordinate access to other community-based supportive services.

Homekey 2.0 builds upon the success of Project Room Key and the first Homekey round; it continues a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or at risk of homelessness, and who are inherently impacted by COVID-19 and other communicable diseases. The money is available to cities, counties, or other local public entities, such as a housing authority or tribal entity within California (as well as in partnership with a private housing developer). The deadline for capital expenditures is eight

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months from the date of funding award, per statute. Operating funds are also available through this funding program, and must be fully expended by June 30, 2026. (Anticipate Homekey 3.0 NOFA in early 2023).

Funding Program	Type of Housing Activity Funded	Est. Amount Available Funds Annually (CA state-wide)
Infill Infrastructure Grant Program (IIG)	New infill development and rehabilitation of infrastructure that supports higher-density affordable and mixed-income housing	$300 million
Joe Serna Jr. Farmworker Housing Grant	Multifamily housing, new construction or rehabilitation, and single family owner-occupied	$75 million
Multifamily Housing Program (MHP)	Affordable multifamily rental and transitional, new construction, acquisition, rehabilitation and conversion housing developments	$200 million
Veterans Housing and Homelessness Prevention Program (VHHP)	Multifamily rental housing containing supportive housing, transitional housing and affordable housing for veterans and their families	$100 million
Affordable Housing and Sustainable Communities Program (AHSC)	New construction, acquisition and substantial rehabilitation, including preservation or conversion for affordable housing; housing related infrastructure.	$400 million Note: 50% of funds set aside for affordable housing developments and 50% set aside for projects benefitting disadvantaged community; a single project can address both set-asides
No Place Like Home	Supportive housing for persons experiencing homelessness and have a serious mental illness diagnosis	Noncompetitive Allocation $190 million total (formula allocation to County based on 2017 homeless point in time count) Competitive Allocation Up to $1.8 billion
Homekey 2.0	Broad range of housing types, including hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, and manufactured housing, and to convert commercial properties and other existing buildings to Permanent or Interim Housing for the target population	$1.4 billion (FY2021-22) Note: $1.2 million is derived from the Coronavirus State Fiscal Recovery Fund established by the federal American Rescue Plan Act of 2021; $250 million comes from state General Funds.

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Local Housing Trust Fund

The Orange County Housing Finance Trust (OCHFT) was formed in 2019 as a joint powers authority between the County of Orange and the cities throughout the County. The OCHFT was created for the specific purpose of funding housing for persons experiencing homelessness and for persons and families of extremely low, very low and low income within the County of Orange. For projects to be eligible for this funding, the project location must be within the unincorporated County of Orange or within Trust member cities. The only exception is for projects seeking only MHSA funding from OCHFT, which is required to be available County wide (including non-member cities). Projects must include a minimum of 5 units which are assisted by funding through the OCHFT. All projects must provide permanent supportive or affordable housing restricted to persons or families who qualify as extremely low income; they must also provide a plan for supportive services and eventually funding for the provision of those services.

Funding Program	Type of Housing Activity Funded	Est. Amount Available Funds Annually (CA state-wide)
Orange County Housing Finance Trust	Permanent supportive or affordable rental housing through new construction, acquisition/ rehabilitation, and/or conversion of commercial and light industrial to residential use on a case-by- case basis for extremely low income households.	10-12 million Note: Funds are comprised of County Mental Health Services Act, County General Fund, and State of California – Local Housing Trust Fund Program.

Permanent Local Housing Allocation Formula Program

In 2017, the Building Homes and Jobs Act (SB 2) established a $75 recording fee on real estate documents to increase the supply of affordable homes in California. The amount of funding available from year to year fluctuates because the number of real estate transactions vary each year. From 2019 and beyond, 70% of the funding available provides assistance to locally administered affordable housing activities; the remaining 30% of funding is used for other state administered programs with 15% to mixed-income multifamily rental housing, 5% for a production incentive program and 10% for farmworker housing. This funding is provided in the form of grants to local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their communities.

Funding Program	Type of Housing Activity Funded	Est. Amount Available Funds Annually (CA state-wide)
Permanent Local Housing Allocation Formula Program (PLHA)	New construction to meet local government RHNA allocation Affordable housing for households at 60% AMI or below Assistance for persons experiencing homelessness or at risk of homelessness Assistance to affordable owner-occupied workforce housing Facilitate housing affordability, particularly for lower and moderate income households	Amounts vary from year to year For 2022, County of Orange has been awarded $1,977,337 to be used for rental subsidies (homeless), accessibility improvements to ownership units, and production of housing Formula grants to entitlement and non-entitlement jurisdictions based on the formula prescribed under federal law for the Community Development Block Grant Program Note: applications for the formula allocation must be submitted within 48 months of the budget appropriation Competitive grants to non-entitlement jurisdictions. >>>

Cities within the County of Orange also receive PLHA funding, which could provide some financial partnership opportunities. The amounts of funding for 2022 and anticipated funding activities are noted below:

City	Annual Amount of PLHA Funding	Eligible Activities *As defined in each local jurisdiction's PLHA Plan*
Garden Grove	$1,545,517	Matching funds and homeownership assistance
Orange	$944,217	Homeless Assistance, which includes construction of housing
Santa Ana	$4,357,828	Homeless Assistance, which includes construction of housing
Rancho Santa Margarita	$157,602	Homeless Assistance, which includes construction of housing
Mission Viejo	$321,250	Homeless Assistance, which includes construction of housing
Fullerton	$1,070,068	Homeless Assistance, which includes construction of housing
Huntington Beach	$852,531	Homeless Assistance, which includes construction of housing
Tustin	$599,257	Homeless Assistance, which includes construction of housing
Newport Beach	$433,244	Homeless Assistance, which includes construction of housing
Anaheim	$3,349,981	Production of Affordable Housing, including operating subsidies, for lower income households.
Costa Mesa	$821,579	Homeless Assistance, which includes construction of housing
Fountain Valley	$1,524,968	Homeless Assistance, which includes construction of housing
Irvine	$1,178,131	Production of Affordable Housing, including operating subsidies, for lower income households; production of housing, including accessory dwelling units (ADUs) for moderate income households
Laguna Niguel	$391,868	Homeless Assistance, which includes construction of housing; accessibility modifications for low income homeowners
San Clemente	$482,867	Homeless Assistance, which includes construction of housing
Westminster	$793,596	Homeless Assistance, which includes construction of housing
Yorba Linda	$165,580	Homeless Assistance, which includes construction of housing
	$18,990,084	**Total Annual PLHA funding in the region**

Note: San Juan Capistrano recently joined the Urban County. However the city needs to apply to the State for the funding, which is pending.

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California Housing Accelerator Program

The funding for this program came from the Coronavirus State Fiscal Recovery Fund, established by the federal American Rescue Plan Act (ARPA) of 2021. In the Budget Act of 2021, the State of California allocated ARPA funds to this program. This program will make funding available for shovel-ready projects that may have received one or more awards from other HCD funding programs, but did not receive low income housing tax credits or tax-exempt bond allocations. The application must have noted tax-exempt bonds and 4% low income housing tax credits as development sources to be eligible for this funding. The funding will be provided in the form of a forgivable loan, with zero percent interest for 20 years, with no residual receipts or periodic payment during the life of the loan.

Funding Program	Type of Housing Activity Funded	Est. Amount Available Funds Annually (CA state-wide)
California Housing Accelerator Program	Fill permanent financing funding gap left by the inability of the developer to obtain tax credits/ bonds for housing projects with active HCD funding awards.	$735 million

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National Housing Trust Fund

A federal program to increase and preserve the supply of affordable housing, with an emphasis on rental housing for extremely low-income households. For federal years 2018 to 2021 the national funding is used for Housing for a Healthy California (HHC) Article 1 Program. The HHC program creates supportive housing for individuals who are recipients of or eligible for health care provided through the California Department of Health Care Services, Medi-Cal program. The financing is provided as a deferred payment loan or forgivable loan.

Through the Housing for a Healthy California, capital loans and operating reserve grants will be provided to developers for the creation of Supportive housing for people who are experiencing chronic homelessness, or are homeless and high-cost health users.

Funding Program	Type of Housing Activity Funded	Est. Amount Available Funds Annually (CA state-wide)
Housing for a Healthy California	New construction of permanent housing for extremely low-income households	$160 million made available through a NOFA – competitive process; 70% of funds available to California developers

Transformative Climate Communities Program Implementation Grant

The California Strategic Growth Council along with its partner agency, the Department of Conservation, makes funding available on an annual basis for projects that reduce greenhouse gas emissions through the development and implementation of neighborhood-level transformative climate community plans that include multiple coordinated GHG emissions reduction projects that provide local economic, environmental and health benefits to disadvantaged communities. Applicants must implement a minimum of three projects associated with the following strategies through a Collaborative Stakeholder Structure: equitable housing and neighborhood development, affordable housing land acquisition, transit access, and mobility, solar installation and energy efficiency, water efficiency, recycling and waste management, urban greening and green infrastructure, land conservation, health and well-being.

Funding Program	Type of Housing Activity Funded	Est. Amount Available Funds Annually (CA state-wide)
Transformative Climate Communities Program (grant)	Multiple projects within a single funding application; equitable housing and neighborhood development; affordable housing land acquisition. Grant funding for projects that reduce greenhouse emissions.	$106 million Eligible applicants represent collaborative partners that compete for 3 large grants

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Operating Funding Sources

The funding programs described below have been identified as potential investment sources or public subsidies available from state and/or federal agencies to ensure the affordability of housing for tenants and the long-term operation of the supportive/affordable housing produced in Orange County that meets the goals set forth within this funding strategy.

Operating funding or subsidies are a key element of supportive housing in order to ensure that housing is affordable to tenants with histories of homelessness and disabling health conditions, while enabling a property to be financially feasible over the long term. Operating subsidies are required due to the very low affordable rents which are necessary to allow for rehousing of people experiencing homelessness, and other very low and extremely low-income households. Partnerships with Public Housing Authorities (PHAs), successor redevelopment and/or housing agencies, and cities located within Orange County offers opportunities for operating subsidies. There are also some state and federal funding programs which can assist with operating subsidies, and/or provide funding for resident supportive services.

The following programs or funding sources can assist with subsidizing the operations of supportive/affordable housing:

Project-Based Vouchers – Section 8 Rental Assistance (Federal) – provide rental subsidies to supportive housing developments that backfill extremely low-income affordable rental rates for supportive housing tenants that assists with meeting operational needs of the developments. Project-based housing choice vouchers are specific to each development and are not portable; the subsidies remain with the unit when the tenant relocates to another development.

- **HUD VASH** – This program combines U.S Department of Housing and Urban Development's (HUD) Housing Choice Voucher rental assistance for Veterans experiencing homelessness with case management and clinical services provided by the U.S Department of Veterans Affairs (VA). The program is administered in partnership with HUD and the VA. HUD publishes an annual HUD-VASH Registration of Interest Notice containing detailed instructions that PHA must follow if they are interested in receiving a portion of the available vouchers. HUD-VASH vouchers are renewed annually based on actual PHA leasing along with all other housing choice vouchers.

Tenant-Based Vouchers – Section 8 Rental Assistance (Federal) - provide rental subsidies that backfill lower income affordable rental rates for permanent supportive/affordable housing tenants that assists with meeting operational needs of the developments. Tenant-based housing choice vouchers, however, are portable; the subsidies move with the tenant. They can provide operational subsidies, however, both short and long term depending on how long a tenant retains housing at the development.

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Non-Elderly Disabled (NED) Vouchers – Section 8 Rental Assistance (Federal) provide rental assistance to enable non-elderly disabled families, who would have been eligible for PHA unit if occupancy of the unit or entire project had not been restricted to elderly families only through an approved Designated Housing Plan. The NED vouchers may also assist non-elderly families living in a designated unit/project/building to move from that project if they so choose.

- **Category 2 NED Vouchers** – these vouchers enable non-elderly persons with disabilities to transition from nursing homes and other healthcare institutions into the community. Only persons currently living in healthcare institutions (excluding board and care facilities) are eligible to apply for these vouchers. To be eligible, a person must be transitioning from a nursing home or other healthcare institution and must be provided services needed to live independently in the community.

No Place Like Home (NPLH) – provides funding for a Capitalized Operating Subsidy Reserve (COSR) that can be used to backfill operational revenue gaps due to extremely low income rents set for supportive housing tenants; the rental income provided by the tenant is not sufficient to meet operational needs for the extremely low income unit, and the COSR can be used to supplement the rental revenue for that unit to all for full operational cost reimbursement.

Housing for A Healthy California (HHC) – provides funding to create supportive housing for individuals who are recipients of or eligible for health care provided through the California Department of Health Care Services, Medi-Cal Program. These monies can be used for acquisition, new construction, reconstruction, rehabilitation, administrative costs, as well as COSR and rental subsidies/rental assistance for existing and new supportive housing opportunities to assist the target population.

HUD 811 and 202 (Federal) - When funding is available, HUD will issue Notice of Funding Availability (NOFA) and solicit applications for Section 811 and Section 202 funding. This funding can be used for capital and operating subsidies (through rental assistance). HUD provides project rental assistance contracts for properties developed using Section 811 capital advances; this covers the difference between the HUD-approved operating cost of the project and the amount the residents pay – usually 30% of adjusted income. The initial term of the project rental assistance contract is three years and can be renewed if funds are available. The Section 202 HUD program also provides interest free capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that provide supportive housing for very low income elderly persons, and also provides rent subsidies. Both programs are provided to private, nonprofit sponsors. Public agencies are not eligible for the funding.

Multifamily Housing Program (MHP) - provides funding through low-interest, long-term deferred-payment loans for new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households. Eligible use of funds include capitalized operating reserves and capitalized replacement reserves up to the amount of the initial deposit required by the Department pursuant to UMR Sections 8303(b) and 8309(b).

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Services Funding Sources and Partnerships

The funding programs described below have been identified as potential investment sources, public subsidies or funding partnerships available to provide support services to residents to ensure their housing stability. This is aligned with the best practices, guiding principles and commitments of the Housing Pillar as detailed in the Homeless Systems Pillar Report for the development of supportive and affordable housing.

Supportive housing is a combination of affordable housing and supportive services designed to help vulnerable individuals and families use stable housing as a platform for health, recovery and personal growth. The Homeless System Pillar Report states, "All people can achieve housing stability in permanent housing if they are provided the right supports, such as coordinating and building access to services is equally valuable for residents in affordable developments serving low- and moderate-income households as in supportive housing developments for the most vulnerable individuals and families." Quality affordable and supportive housing requires resources for capital to build or renovate the housing unit, revenue to support operations at the property, and funding to support direct service or coordination to connect residents to services. Property owners and providers are challenged to identify and coordinate resources from a wide range of sources – public and private – and to repeat the resource search year after year to maintain continued services for existing and new residents.

This 2022 Housing Funding Strategy provides information on various funding sources for supportive services, but also acknowledges the need to continuously seek new opportunities for partnerships and additional funding. There are many stakeholders across communities that have vested interest in supporting services for vulnerable populations, including mainstream and special population health programs. The following programs can provide service partnerships in supportive housing with careful attention to the agreements and relationships that enable services for supportive housing tenants:

California Advancing and Innovating Medi-Cal (CalAIM)

CalAIM is a multi-year initiative by the State of California Department of Health Care Services (DHCS) to transform and strengthen Medi-Cal, offering the people served a more equitable, coordinated, and person-centered approach to service delivery. CalAIM is the state's multiyear plan to transform and expand California's Medi-Cal program with the goal of improving participants' health outcomes by meeting participants' comprehensive needs through coordinated services and the whole person care approach. CalAIM services in Orange County are delivered through CalOptima Health. A wide-array of new benefit are available to Medi-Cal recipient in Orange County, including enhanced care management, housing transition navigation services, housing tenancy and sustaining services, housing deposit support, recuperative and medical respite care, short-term post-hospitalization housing, day habilitation programs, personal care and homemaker services, medically tailored meals and medically supportive food as well as sobering center.

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Program of All-inclusive Care for the Elderly (PACE)

The PACE program is a community-based Medicare and Medi-Cal program that provides a wide range of medical and social services to frail, community-dwelling elderly individuals. A person qualifies for PACE if she or he is 55 years of age or older, meets the requirement for skilled nursing home care, lives within a PACE service area and is able to live in the community safely. PACE program consists of an interdisciplinary team of health professionals that provides participants with coordinated care. Services include medical care, in-home care, therapy, rehabilitation services, social services, nutritional services, and transportation support. PACE providers also contract with mental health specialists to deliver behavioral health support. The array of services allows the participants to live independently at home and in the community. In Orange County PACE is provided by CalOptima Health, AltaMed and Innovative Integrated Health. There are successful models PACE supports provided in conjunction with affordable/supportive housing developments to create a coordinated and robust wrap-around service for seniors exiting homelessness and transition.

Mental Health Services Act (MHSA) Services

MHSA programs provide a variety of services to low-income adults living with severe and persistent mental illness, and children living with severe emotional disorders and their families. In conjunction with supportive housing, MHSA programs are designed to help individuals and families break the cycle of homelessness, improve mental and physical health well-being, enhance employment readiness and ultimately be successful in their housing placements, and integration into the community. Supportive services programs are provided on-site or in the participant's homes, promoting easy access to services. In addition, most housing sites are located near public transportation routes in order to enhance residents' access to transportation, as many residents do not own a car. To be eligible for MHSA-funded supportive housing, a person must be diagnosed with severe and persistent mental illness or children diagnosed with severe emotional disorders and are experiencing homelessness or at risk of homelessness.

Federally Qualified Health Centers (FQHCs)

FQHCs are community-based health service providers that deliver health care and other supportive services to vulnerable and underserved population in a specific geographic area. FQHCs are designed to provide comprehensive and culturally competent primary health care, as well as supportive services such as case management, behavioral health, health education, nutritional services, translation, and transportation. FQHCs in Orange County is a vital service utilized by supportive housing tenant. Through the multitude of health and supportive services, participants are able to meet their health needs, enhance their individual wellbeing and thus improve their housing stability and break the cycle of homelessness.

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Community Development Block Grant (CDBG) Funding – Public Services Allocation
The County of Orange (County) and Entitlement Cities in Orange County can use up to 15% of their annual CDBG entitlement for social service type programs. These jurisdictions could potentially fund private, non-profit or other organizations that provide resident supportive services to tenants in supportive housing developments. This is not an ongoing operational source of funding because organizations must compete for the funding each year, but it could provide some additional resources for programming on an annual basis for supportive housing developments.

Additional Service Partners:

- Health Partners: It is important to identify local health partners (such as hospitals, crisis centers, substance use disorder treatment services, and other health resources in Orange County) who provide responsive services that can assist in maintaining residential stability in housing.
- Local Philanthropy: In addition, local philanthropy will be a critical partner in all of these efforts, providing crucial supports to address funding gaps and spurring innovative approaches to ending homelessness in Orange County.

Potential Future Funding Sources for production and/or operation of affordable/supportive housing:

- Homeless Housing, Assistance and Prevention Program (HHAP)
- HOME American Rescue Plan Act (ARPA)
- Portfolio Reinvestment Program (PRP)
- Excess Sites Local Government Matching Grant Program (LGMG)
- Current funding proposals/propositions that are expected as upcoming ballot measures

Support Services Needs and Funding Gap

A critical element of supportive housing is tenant centered support services which enable supportive housing tenants to connect with the services that meet their health and behavioral health needs and support housing retention. It is estimated that the funding gap for the support services needed for the 2,396 unit goal is $350 million.[10]

10 This estimate takes into account available programs and services that are projected to be available for supportive housing tenants such as County of Orange Health Care Agency Mental Health and Recovery Services, Veterans Affairs Medical Center, CalAIM, and other in-kind support services. It is estimated that the majority of tenants will have experiences of chronic homelessness and an average services costs of $15,000/year in the first year.

CAPITAL FUNDING AND OPERATING SUBSIDY NEEDS

Cumulatively, in planning to create 2,700 units of supportive housing in the original 2018 Housing Funding Strategy, there was a funding "gap" estimated at a total of $703 million (representing $353 million in funding needed for capital expenses to develop the properties and $350 million in rental/operating subsidies to ensure the supportive housing units are affordable to people with histories of homelessness), along with an additional gap in resources to provide services in supportive housing. This significant funding gap in capital and ongoing operating subsidies has greatly limited the supportive housing development pipeline to date, and will continue to limit future development if additional resources are not committed to supportive housing production.

Capital Funding Review

For comparison and analysis purposes, a review of the financial modeling used in 2018 was completed and then updated for 2022. In reviewing the projections provided below, please note that the 2018 Housing Funding Strategy estimated that the noted units (2,700) would be financed over six years but produced over a seven-year period. The 2022 funding projections are estimated for the anticipated units that need to be financed (2,396 total) over six years and also produced over a seven-year period.

Capital Funding Needs Projections

Costs and Funding	2018 Modeling	2022 Modeling	Notes
Total # of Projected Supportive Housing Units	2,700	2,396[11]	
Total Cost Estimate	$930,000,000	$1,317,800,000	Per unit total development costs have increased from approximately $345,000/unit to $550,000/unit
Projection of Total Funds Available (non-County/city sources)	$576,550,000	$988,350,000	
Projection of Local Funding Gap (local sources needed – County (18%)/cities (7%))	$353,450,000 38%	$329,450,000 25%	Projection of capital funding needed from local sources in Orange County over the next six years: • Local cities: $92,246,000 (7%) • Orange County: $237,204,000 (18%)[12]

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11 This includes the updated 1,926 supportive housing unit production goal, plus the 470 supportive housing units that are assumed will be added in 2024 and 2025 to the current Orange County supportive housing pipeline.
12 Projections also show a shortfall off $458,350,000 in funding from other sources that will need to be identified in order to meet the projected unit goal, on the next page.

The 2018 Housing Funding Strategy identified the importance of attracting significant additional capital investment in Orange County to maximize housing development, including ensuring affordable and supportive housing projects in Orange County were successful in securing funding from State of California Department of Housing and Community Development (HCD), such as the Multi-Family Housing Program (MHP),[13] the Veterans Housing and Homelessness Prevention (VHHP) Program, as well as annual requests for State Budget funding. The Housing Funding Strategy also noted that new funding sources were needed to meet the demand for funding.

In the financial modeling for the 2022 Housing Funding Strategy, the funding projections builds upon the success experienced by the County to date in attracting financial investment in supportive/affordable housing from non-local sources. The assumptions for development costs and funding availability were also updated, with the impacts heavily influenced by the pandemic. The total development cost estimate for supportive housing increased from approximately $345,000 per unit (2018) to approximately $550,000 per unit (2022); this represents a 59% increase in development costs over four years largely due to increasing land costs as well as pandemic-related construction supply cost increases which are expected to have an ongoing cost accelerator impact for several more years.

The assumptions were also updated for projections of gap financing needed from local sources (city and County). On average, since 2018 about 5% to 7% of project gap financing was contributed by local cities and 18% to 20% by the County. These financial contributions were sufficient to allow housing developers to leverage other state, federal and/or private funding sources to finance the development of supportive/affordable housing in the County.

The following chart summarizes the projections of capital financing needed to develop supportive housing in Orange County, based on the projected goals

Capital Financing Summary		
	2018 Estimates *(2,700 unit goal)*	**2022 Estimates** *(2,396 unit goal)*
Local Financing (Cities and County)	$200,800,000	$329,450,000
State HCD Funding	$63,750,000	$90,000,000.00
9% Low Income Housing Tax Credits	$48,000,000	$68,000,000.00
4% Low Income Housing Tax Credits	$120,000,000	$170,000,000.00
Mortgage/Bonds	$132,000,000	$185,000,000.00
Other Sources (e.g. Deferred Developer Fee; AHP; etc.)	$12,000,000	$17,000,000.00
Total projected available (all sources)	$576,550,000	$859,450,000
Total Capital Funding Needed to reach unit goals:	**$930,000,000**	**$1,317,800,000**
Total Capital Gap:	-$353,450,000.00	-$458,350,000

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13 Orange County projects have not received any MHP funding commitments to date.

Operating and Supportive Services Subsidy Review

The 2018 Housing Funding Strategy identified a clear need for additional operating/rental subsidies to successfully develop 2,700 financially viable supportive housing units, recognizing the extremely low incomes of people coming from homelessness. There was operating subsidy gap as well as an estimated shortfall in subsidy for supportive housing units. In 2022, unfortunately, the situation is not better. The County is committing all available locally controlled operating subsidies (including Project Based Section 8 Housing Choice Vouchers, as well as other special purpose operating subsidies), and actively pursuing any opportunities to bring additional operating subsidies to Orange County. This means that there is a projected operating subsidy gap for all of the projected operating subsidy need (2,396) for supportive housing units in Orange County.

Operating/Rental Subsidy Needs

	2018 Modeling	2022 Modeling
Total # of Projected Supportive Housing Units	2,700	2,396
Estimated Operating Subsidy Gap (15 years)	$350,000,000	$495,000,000
Estimated shortfall of rental/operating subsidies for supportive housing units	1,375	1,696[14]

CASA PALOMA
MIDWAY CITY (ORANGE COUNTY)
AMERICAN FAMILY HOUSING

14 Assumes commitment of 100 operating subsidies per year (e.g. Project Based Section 8 or Capitalized Operating Subsidy Reserve (COSR) from local Orange County sources.

2022 HOUSING FUNDING STRATEGY RECOMMENDATIONS & NEXT STEPS

In building on the successful and unprecedented investments in supportive housing across Orange County since 2018, the following recommendations outline specific strategies to continue to maximize supportive housing production in the Orange County region:

- Maximize competitiveness for capital and operating funding by aligning local, flexible resource commitments.
- Dedicate additional funding to housing development and operating subsidies; continue to refine funding policies that maximizes supportive housing developers' ability to attract other investors.
- Maximize the ability of all Public Housing Authorities (PHA) in the region to use Special Purpose Vouchers and Project-Based Section 8 Housing Choice Vouchers; up to the caps allowed for the available tenant-based vouchers managed by a PHA to be project-based to a specific unit in a development, based on available funding (the subsidy remains with the unit).
- Continue building investments from the 34 cities and the County of Orange in the Orange County Housing Finance Trust.
- Explore the outcomes of the Permanent Local Housing Allocation funding and the possibility of investing funds in supportive housing production or operations.
- Prioritize supportive housing for people experiencing chronic homelessness and design and invest in supportive housing resources for special populations, including veterans, seniors, Transitional Aged Youth, and people with a history of justice involvement.
- Build partnerships with mainstream supportive services (e.g. Federally Qualified Health Centers; Managed Care/CalOptima Health; California Advancing and Innovating Medi-Cal (CalAIM) and Program for All Inclusive Care for the Elderly (PACE) initiatives; etc.).
- Build on collaborative regional investments in supportive housing development and pursue an expanded Coordinated Funding structure. This allows funders to develop shared priorities to target beneficiaries and improve service delivery. Coordinate discussions between funders focused on breaking down barriers and "silos" and helping to realize common goals and benefits.
- Incorporate the best practices, guiding principles and commitments of the Housing Pillar as detailed in the Homeless Systems Pillar Report into the development of supportive housing to ensure stability and sustainability for people exiting from homelessness into housing, as created by the County's Commission to End Homelessness and accepted by the Board of Supervisors.

APPENDIX | ACRONYMS/DEFINITIONS

Affordable housing: A general term applied to public- and private-sector efforts to help low- and moderate-income people purchase or lease housing. As defined by the U.S. Department of Housing and Urban Development (HUD), any housing accommodation for which a resident/tenant household pays 30% or less of its income.

Area Median Income (AMI): A figure calculated by HUD based on census data, for specific size households in a specific area. The median income divides the income distribution into two equal groups, one having incomes above the median, and the other having incomes below the median.

At risk of chronic homelessness: An adult or older adult with a serious mental disorder or seriously emotionally disturbed children or adolescents who are exiting institutionalized settings such as jail or prison, hospitals, or long-term residential treatment and were experiencing homelessness prior to admission; transition- age youth (TAY) experiencing homelessness or with significant barriers to housing stability and with a history of foster care or involvement with the juvenile justice system; and persons, including TAY, who prior to entering into a facility or institutional care such as a state hospital, hospital behavioral health unit, hospital emergency room, institute for mental disease, psychiatric health facility, mental health rehabilitation center, skilled nursing facility, developmental center, residential treatment program, residential care facility, community crisis center, board and care facility, prison, parole, jail or juvenile detention facility, or foster care, have a history of experiencing homelessness with one or more episodes in the 12 months prior to entering into one of the above-mentioned facilities. A person's history of experiencing homelessness may be documented within a local coordinated entry system. The definition of "homeless" according to HUD 24 CFR Section 578.3 and its length-of-stay limitations shall not apply to those who have resided in the above-named settings; and homeless persons who prior to entry into the above-named settings resided in any kind of publicly or privately operated temporary housing, including congregate shelters, transitional, interim, or bridge housing, or hotels/motels.

At risk of homelessness: An individual or family that is coming out of a treatment program, institution, transitional living program, halfway house, or jail and has no place to go; is living in a situation where they are at great risk of losing their housing; is in need of supportive services to maintain their tenancy; or is living in an inappropriate housing situation (i.e., substandard housing, overcrowding, etc.).

Capitalized operating subsidy reserve (COSR): The reserve established to address project operating deficits attributable to units assisted with rental subsidies.

Case management: The overall coordination of an individual's use of services, which may include medical and mental health services, substance use services, and vocational training and employment. Although the definition of case management varies with the model it follows, local requirements, and staff roles, a case manager often assumes responsibilities for outreach, advocacy, and referral on behalf of individual clients.

Chronic Homeless/Chronically homeless: HUD defines this as an individual or family who: (i) is homeless and lives or resides in a place not meant for human habitation, a safe haven, or in an emergency shelter; (ii) has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least year or on at least four separate occasions in the last three years; and (iii) has an adult head of household (or a minor head of household if no adult is present in the household) with a diagnosable substance use disorder, serious mental illness, developmental disability, post-traumatic stress disorder, cognitive impairments resulting from a brain injury, or chronic physical illness or disability, including the co-occurrence of two or more of those conditions. Additionally, the statutory definition includes as chronically homeless a person who currently lives or resides in an institutional care facility, including a jail,

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substance abuse or mental health treatment facility, hospital, or other similar facility, and has resided there for fewer than 90 days if such person met the other criteria for homeless prior to entering that facility.

Continuum of Care: Defined by HUD as "a community plan to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximize self-sufficiency. It includes action steps to end homelessness and prevent a return to homelessness."

Coordinated Entry System (CES): The system that ensures all people experiencing a housing crisis have fair and equal access, and are quickly identified, assessed for, referred, and connected to housing and homeless assistance based on their needs and strengths, no matter where or when they present for services. This moves from being project focused to client focused and eliminates different forms and assessment processes, maximizes resources by matching highest need clients with most intensive resources, and increases coordination.

Cost Burdened Households: A household is said to be cost-burdened when it pays more than 30 percent of its income toward housing expenses.

Disability Income: Social Security Disability Income (SSDI) offers cash benefits for people with disabilities who have made payroll contributions to the federal social security program while they were employed.

Dually diagnosed/co-occurring: Dual diagnosis (also referred to as co-occurring) is a term for when someone simultaneously experiences a mental illness and substance use diagnosis. Either diagnosis — mental illness or substance use - can develop first.

Extremely Low-Income Household/Rent: A household that has a gross household income that does not exceed the greater of the Poverty Guidelines as published and periodically updated by the Department of Health and Human Services or the 30% of the Area Median Income for the county in which the household is located, as calculated by the US Department of Housing and Urban Development (HUD). Low Income Rent is the annual rental rate that is charged to an extremely low-income household that does not exceed 30% of 30% of the Area Median Income for the county in which the household is to reside.

Homeless: HUD defines literal homelessness as an: (1) individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning: (i) has a primary nighttime residence that is a public or private place not meant for human habitation; (ii) is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, and local government programs); (iii) is exiting an institution where (s)he has resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution; (2) an individual or family who will imminently lose their primary residence: (i) within 14 days of application for homeless assistance; (ii) no subsequent residence has been identified; (iii) the individual or family lacks the resources or support networks — such as family, friends, faith-based or other social networks — needed to obtain other permanent housing; (3) unaccompanied youth under age 25, or families with children and youth who do not otherwise qualify as homeless; (4) an individual or family who: (i) is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, or stalking and (ii) has no other residence and; (iii) lacks the resources or support networks, such as family, friends, and faith-based or other social networks, to obtain other permanent housing.

Housing and Urban Development (HUD): The U.S. Department of Housing and Urban Development was created in 1965 to administer programs of the federal government that provide housing assistance as a way to develop the nation's communities.

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HUD Homeless Management Information System (HMIS): A local information technology system used to collect client-level data and data on the provision of housing and services to individuals and families experiencing homelessness and persons at risk of experiencing homelessness.

Justice Involved Individuals: Someone who has been subject to an arrest and/or the adjudication process or otherwise involved with the justice system, including the jail, parole and/or probation systems.

Low Income Household/Rent: A household that has a gross household income that does not exceed 80% of the Area Median Income for the county in which the household is located, as published by the US Department of Housing and Urban Development. Low Income Rent is the annual rental rate that is charged to a low-income household that does not exceed 30% of 80% of the Area Median Income for the county in which the household is to reside.

Medi-Cal: California's Medicaid health care program. It pays for a variety of medical services for children and adults with limited income and resources. Medi-Cal is supported by federal and state taxes.

Noncompetitive Allocation: NPLH funds that are distributed by formula allocation to each county based on their 2017 homeless Point-In-Time Count.

No Place Like Home (NPLH) population: Populations identified in Welfare and Institutions Code Section 5600.3(a) and (b), adults and older adults with a serious mental disorder or seriously emotionally disturbed children or adolescents who are homeless, chronically homeless, or at risk of chronic homelessness. This includes persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders.

Overcrowded Housing: A home where the number of occupants is greater than the number of total rooms; an average of more than one person per room. In overcrowded homes, it is not uncommon for people to double up or triple up in the available bedrooms or for people to convert a living room or kitchen into a sleeping space.

Permanent supportive housing: Permanent supportive housing is an intervention that combines affordable housing assistance with voluntary support services to address the needs of chronically homeless people. The services are designed to build independent living and tenancy skills and connect people with community-based health care, treatment, and employment services.

Point-in-Time Count (PITC): A count of sheltered and unsheltered people experiencing homelessness on a single night in January. HUD requires that Continuums of Care conduct an annual count of people experiencing homelessness who are sheltered in emergency shelter, transitional housing, and safe havens on a single night. Continuums of Care also must conduct a count of unsheltered people experiencing homelessness every other year (odd numbered years).

Poverty Rate: The ratio of the number of people (in a given age group) whose income falls below the poverty line; taken as half the median household income of the total population.

Rapid rehousing: An intervention designed to help individuals and families that do not need intensive and ongoing supports to quickly exit homelessness and return to permanent housing. Rapid rehousing assistance is offered without preconditions (i.e., employment, income, absence of criminal record, or sobriety) and the resources and services provided are tailored to the unique needs of the individuals and families.

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Regional Housing Needs Assessment (RHNA): Quantifies the need for housing within each local government jurisdiction during a specified land use planning period; it is mandated by State Housing Law as part of the periodic process of updating local housing elements of the General Plan. Communities use RHNA in land use planning, prioritizing local resource allocation, and in deciding how to address identified existing and future housing needs resulting from population, employment and household growth.

Section 8 Rental Assistance: A rental subsidy that makes up the difference between what those in the low-income household can afford to pay for rent, and a contract rent established by HUD for an adequate housing unit. Subsidies are either attached to specific units in a property (project-based), or are portable and move with the tenants that receive them (tenant-based).

Subsidy: Financial assistance from the government to make the cost of housing affordable based on the household's income level.

Supplemental Security Income (SSI): Federal cash benefits for people aged 65 and over, the blind, or disabled. Benefits are based on income and living arrangement.

Supportive Housing: Permanent housing that has no time limit on residency and in which housing assistance (long term leasing or rental assistance) and supportive services are provided to assist households with at least one member (adult or child) with a disability in achieving housing stability. It is typically for those persons lacking housing who face a multitude of complex medical, mental health and/or substance use issues that are co-occurring.

Transitional-Aged Youth (TAY): This group is often characterized as unaccompanied youth and young adults between the ages of 18-24. Reasons for TAY experiencing homelessness are diverse and can include family conflict, abuse or neglect, poverty, aging out of foster care, and rejection over sexual orientation. As such, the service needs of this population are unique and vary from those of adults and younger youth.

Very Low-Income Household/Rent: A household that has a gross household income that does not exceed 50% of the Area Median Income for the county in which the household is located, as published by the US Department of Housing and Urban Development (HUD). Low Income Rent is the annual rental rate that is charged to a very low-income household that does not exceed 30% of 50% of the Area Median Income for the county in which the household is to reside.