



PERFORMANCE AUDIT OF GRANT FUNDING FOR AFFORDABLE  
HOUSING AND HOMELESSNESS



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## Executive Summary

As in many large communities across the country, Orange County is experiencing an affordable housing crisis. Ranking among one of the least affordable places to live in the country, Orange County residents have limited affordable housing options which is impacting growing rates of homelessness. In February 2020, The County of Orange (County) partnered with Measurement Resources Company (MRC) to conduct a performance audit of grant funding to review the County's overall effectiveness in drawing down competitive funding for homelessness services and affordable and permanent supportive housing. The information gathered throughout the performance audit identified strengths and progress towards meeting the housing needs in the community, barriers preventing the County from competitively drawing down more funding, and recommendations for the County to consider.

### County of Orange Strengths

#### Increasing collaboration through the Orange County Housing Finance Trust

The County has taken critical steps to increase affordable housing options and effective housing solutions for homelessness through their leadership in establishing the Orange County Housing Finance Trust (OCHFT). Through the OCHFT, the County has dedicated general and Mental Health Services Act dollars (MHSA; funds generated from a one percent tax on personal income in excess of one million dollars) to support housing for the county's most vulnerable populations. There is also a strategic plan in place to maximize matching funds from the California Local Housing Trust Fund (LHTF) which provides matching funds to local housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters.

#### Increasing Permanent Supportive Housing (PSH) development and reducing barriers to housing those experiencing homelessness

The County has made significant progress towards its established, detailed plan for the development of an additional 2,700 PSH units by 2025. Further, through collaborating with Orange County United Way to establish the Landlord Incentive Program, the County is reducing barriers to housing those experiencing homelessness.

#### Public Housing Authority's Housing-Choice Voucher Success and Utilization

Despite a very competitive rental market, Orange County Public Housing Authority (PHA), known as the Orange County Housing Authority, has demonstrated higher than average success rates (percent of vouchers issued that result in an actual lease) for Housing Choice Vouchers (HCVs) and in expending the amount of HCV funding available.

#### Evidence of competitive applications leveraging additional funds

The County is competitive in drawing down CalWORKs Housing Support Program (HSP) funds relative to other counties. Based on high performance, the County successfully leveraged an additional \$1.9 million (beyond the base allocation funding) for fostering supportive housing for families experiencing homelessness.

## County of Orange Barriers

### A lack of local matching funds needed to draw down state or federal funds

The limited availability of sustainable local funds to leverage additional state and federal funding is seen as a major barrier to the County of Orange in competing and qualifying for homelessness and affordable housing funding. Internal staff and community housing partners agree that Orange County lacks sufficient sustainable local funding streams to draw down competitive state and federal funds. The impact limited local funds have on the County's ability to draw down more competitive state/federal funds is illustrated through No Place Like Home (NPLH) state funding, a funding source that places heavy emphasis on leveraging local funds. Compared to Alameda County (a County of Orange competitor for NPLH), County of Orange has received significantly less funding. In 2018, Alameda County received \$19.7 million relative to County of Orange's awarded amount of \$6.9 million.<sup>1</sup> Despite Orange County having a total population greater than two times the size of Alameda County and higher point-in-time counts (in 2017), Alameda County was competitively awarded 2.8 times (\$12.7 million) more.

### Competing city interests and need for unified homeless and affordable housing plan

County staff and community stakeholders agree that among the 34 cities in the County, there are competing needs, priorities, and political ideologies that hinder collaboration amongst the County and constituent cities. A lack of collaboration often leads to a fragmented response to the community's housing needs, as well as competition for scarce resources rather than collaboratively pulling resources together to address county-wide needs. Stakeholders identified a need for a unified homeless and affordable housing plan to establish priorities across all 34 cities, identify areas of greatest needs, and detail collaboration plans and resources available among all key stakeholders/entities within Orange County.

### High administrative demands of funding applications and perceived understaffing of departments for new programs/projects

County staff recognize that many funding opportunities require significant administrative capacity. Though staff perceive there is sufficient capacity to meet the needs of existing programs and projects, there is a need for additional staffing to support the administrative demands of applying for and implementing new affordable housing and homelessness funding opportunities. Staff also identified a need to establish a cost-benefit analysis framework for deciding when to apply for funding opportunities. This includes identifying the resources needed (e.g., staff time, County infrastructure needed to support administering the grant) to apply for and administer the grant (if received) relative to the monetary return on the investment of the grant.

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<sup>1</sup> <https://www.hcd.ca.gov/grants-funding/active-funding/nplh/docs/nplh-2018-nofa-list-of-awarded-projects.pdf>

## Performance Audit Conclusions and Recommendations

County leaders recognize the substantial need for more affordable housing and effective interventions for homelessness throughout Orange County. The County of Orange and its partners have taken critical steps towards meeting this need in recent years including:

- increasing collaboration among the County and cities,
- securing funding,
- developing a strategy for the development of PSH, and
- effectively administering Housing Choice Vouchers.

The Performance Audit identified several recommendations and next steps for the County to increase its effectiveness in drawing down more funding to meet the greatest needs in the community, which are summarized in a table below. Recommendations center around the key barriers identified above.

**Spanning across all the recommendations is the need for the County to engage in an internal strategic planning process with the three departments working on affordable housing and homelessness.**

Strategic planning should be organized to establish priorities and set actionable and measurable goals for the next three to five years around the following recommendations:

### **Strategic Recommendation #1: Review the County organizational structure and staffing levels with consideration of the most effective and efficient way to leverage cross-department staff resources and expertise**

This recommendation should be implemented to support the application for and implementation of new funding opportunities, as well as to increase competitiveness in grant applications. Increase staffing and/or contract with other partners/consultants to support applying for and implementing new affordable housing and homelessness programs. This process should begin with selecting a leader to guide the review process, ensuring cross-department engagement throughout the process.

### **Strategic Recommendation #2: Increase availability of sustainable sources of local funds to support affordable housing and homelessness needs through partnership**

Next steps towards this recommendation should include review of funding options to increase availability of sustainable local and private sources for the development of affordable housing/homeless programs. Options may include a review of existing efforts of local and state organizations that are supporting the implementation of a local bond and understanding key barriers, strengths, and resources in the community for a bond, philanthropic supports, or other sustainable funding and the potential to partner in those efforts.

### **Strategic Recommendation #3: Improve funding application competitiveness**

In addition to increasing availability of local match funds, next steps to increase the County's competitiveness include:

- Establish a strategy and framework for reviewing funding applications and scores and integrate feedback into future funding opportunities or recommendations to revise scoring criteria.
- Focus on improving performance year to year on key measures in all strategic areas identified in NOFAs (Notice of Funding Availability); and having concrete, actionable, time-bound, and measurable plans to improve that can be communicated to HUD and other funders. The County should focus efforts around the following strategic areas: reaching specific target populations

including the most vulnerable populations, leveraging/committing additional funding/financing, demonstrating evidence-based practices, project readiness and feasibility, and past performance and experience (for specific details, reference Table 8 on page 45).

Improve funding application competitiveness by incorporating specific metrics/evidence to support claims, clearly specifying how proposed programs/projects are aligned to evidence-based practices and identifying key barriers or inefficiencies the County has experienced with specific details of how the County is working to overcome them.

**Strategic Recommendation #4: Develop a unified homeless and affordable housing plan for the County**

The first step is to develop a strategic plan that is internal to the County departments/OCHFT: What is the County's internal three-to-five-year vision related to homelessness and affordable housing? Using this performance audit as a guiding document, the County should develop strategies, strategic goals, and action steps that the County will commit to internally. The County's strategic plan will also need to specifically identify what action steps/strategic goals are within the County's control and which action steps/strategic goals require partnership.

Once an internal strategic plan is established, the next step is for the County to share their vision and strategies with cities and community partners to help build system alignment and stronger collaboration. There are existing plans throughout the County, across various organizations, related to affordable housing and ending homelessness (e.g., Housing Funding Strategy, OCHFT's strategic plan, and County of Orange's 10-Year Plan to End Homelessness). Key to engaging external partners includes discussions and plan developments around aligning these various plans to ensure partners throughout the county have shared goals and aligned efforts. The many organizations and multiple strategic plans in the County can yield much positive activity. However, intentional alignment of activities is where sustainable impact will be yielded. Further, the County should work to identify key benefits and barriers cities experience in collaborating with the OCHFT. Understanding key benefits and barriers, develop strategies, in partnership with cities, that will increase participation among the 34 cities. The County could then consider the development of a larger, collaborative strategic plan, including priority-setting, coordination of resources, and exploring the feasibility and benefits of becoming a UFA.

## Summary of Performance Audit Recommendations

Gap/Barrier	Recommendation	Page Reference
Need for greater internal County alignment of resources and strategic planning surrounding affordable housing and homelessness needs	Engage in an internal strategic planning process with the three departments working on affordable housing and homelessness with the goal to align organizational structure and staffing levels to increase effective and efficient practices that drive funding application competitiveness, cross-department coordination, and increase availability of sustainable local funds.	5-6; 28-29
Lacking local match funds needed to leverage additional state or federal funds	<p>Conduct a review of funding options to increase availability of sustainable local and private sources for the development of affordable housing/homeless programs.</p> <p>Through partnership with community organizations, develop a comprehensive campaign strategy supporting a local bond that leverages community strengths and integrates solutions to overcome key barriers.</p>	23-26; 32-33; 41
Fragmented response to addressing homelessness and affordable housing needs throughout the county	<p>Building on the success of partnerships with 23 cities in the OCHFT, County of Orange should work in collaborating with the OCHFT to increase partnerships with remaining Orange County cities.</p> <p>Once full engagement in OCHFT has been established among all 34 cities, the collaborative partnerships between cities and the County developed through the OCHFT can serve as a vehicle to implementing a countywide plan to affordable housing and homelessness, including priority-setting, coordination of resources, and exploring the feasibility and benefits of becoming a UFA.</p>	23-24; 26-27
Perceived understaffing of County departments to support new programs/projects to address affordable housing and homelessness needs	Review the organizational structure within the County to identify opportunities to streamline application processes for new funding opportunities while incorporating cross-department expertise that can bolster the competitiveness of all County applications. Identify staff capacity to carry out administrative functions of applying for new funding opportunities.	28-29
Opportunity to increase the competitiveness of the County's and its partners' competitive funding applications	<p>To implement a debriefing process for leadership and application writers to discuss application briefings/award outcomes each program year for all funding opportunities.</p> <p>Increase the specificity included in open-ended explanations throughout funding applications.</p> <p>In funding applications, clearly articulate how the funding will contribute to meeting the greatest housing needs in the community and reach the most vulnerable populations; identify, secure, and communicate which leveraged funds will be used to support the project/program; identify and clearly articulate evidenced-based practices that will be integrated into the program/project; demonstrate project readiness and feasibility for application competitiveness; demonstrate past performance.</p>	36-37; 39-44

## Introduction

Orange County is experiencing an affordable housing crisis. Ranking among one of the least affordable places to live in the country, Orange County residents have limited affordable housing options which is impacting growing rates of homelessness. The County of Orange (County) has three departments who manage the County's response to homelessness and needs for affordable housing in the community:

- **Office of Care Coordination (OCC)** collaborates with cities and community-based organizations to strengthen the community's capacity and investments to prevent and address homelessness, coordinate resources to meet the needs of the homeless population, and integrate services to enhance the countywide responses to homelessness. OCC serves a lead role in the Orange County Continuum of Care (CoC) serving as the fiscal entity for administering planning and funding for homelessness assistance programs throughout the County. OCC advocates for funding and resources to meet the needs of individuals experiencing homelessness, as well as establishes priorities for funding proposals to address homelessness needs in the County.
- **Orange County Housing and Community Development (OCHCD)** is responsible for administering the County's affordable housing and community development programs including the administration of the Orange County Housing Authority, and housing successor programs/activities.
- **County Executive Office's Legislative Affairs Office (CEO/Legislative Affairs)** has one full-time employee dedicated to facilitating all County grants, including the affordable housing and homelessness grant approval process between the County departments and the Board of Supervisors (BOS).

### DATA SOURCES

- County of Orange Staff Survey
- Interviews
- Census data
- Policies and practices around affordable housing
- Grant funding trends among California Counties

Underlying the County's response to homelessness and affordable housing needs is funding primarily through state, federal, and private grant sources. Public sources of funding are primarily managed through:

- United States Department of Housing and Urban Development (HUD)
- California Department of Housing and Community development (CDHCD)
- California Department of Social Services (CDSS)
- California Department of Health Care Services (DHCS)

In February 2020, The County of Orange (County) partnered with Measurement Resources Company (MRC) to conduct a performance audit of grant funding to review the County's overall effectiveness in drawing down competitive funding for homelessness services and affordable and permanent supportive housing. The primary goals of the performance audit are to:

- Determine how County, City, and private actors' policies and practices promote or discourage the local receipt of state and federal funding.
- Provide recommendations on how the County and its partners can better identify opportunities and enhance the County's ability to compete for homeless- and housing-related funding.



To conduct the performance audit, MRC collaborated with County of Orange departments who manage the County's response to address homelessness and the needs for affordable housing in the county.

## Method

The recommendations and findings outlined in this report were made from an assessment of the current state of Orange County homeless and affordable housing systems. This assessment reviewed both internal and external information sources. Data sources included: primary data collection (i.e., interviews of affordable housing providers, housing advocacy groups, local government officials, individuals impacted by a lack of affordable housing, and individuals within other California counties working to provide affordable housing and homelessness supports and services in their communities; survey of County staff) and secondary data collections (census data, previous research reports, existing policies and procedures within the County, and publicly available data on receipt of grant funding statewide).

## Data Synthesis

All data sources were used to answer the following questions to assist the County of Orange in identifying opportunities to leverage more grant funds to meet the growing housing needs in the County:

1. What is the current state around affordable housing and homelessness in Orange County?
2. How do policies and practices within Orange County promote or discourage the receipt of funding around affordable housing and homelessness?
3. How can the County and its partners better identify opportunities and enhance their ability to compete for funding opportunities?

The answers to these three questions are outlined in the following sections of this report.

## County of Orange Housing SWOT Analysis

To assist the County of Orange in identifying opportunities to leverage grant funding in support of affordable housing and in reduction of homelessness, the results from all data collection sources were synthesized using a Strengths, Weaknesses, Opportunities, Threats (SWOT) framework. The SWOT analysis is the foundation for evaluating internal potential limitations, and probable opportunities and threats from the external environment. It views all positive and negative factors inside and outside the organization that affect success. A consistent study of the environment in which the County of Orange and its partners operate helps in forecasting and predicting changing trends. These factors can then be included in the decision-making process of the organization.

An overview of the four factors (Strengths, Weaknesses, Opportunities and Threats) is given below.

1. **Strengths** - Strengths are the qualities that enable the County of Orange and its partners to accomplish the organization's mission. These are the basis on which continued success can be made and continued/sustained. Strengths can be either tangible or intangible. These are what County of Orange and its partners are well-versed in, what they have expertise in, and the distinct features that give the County of Orange and its partners its consistency.
2. **Weaknesses** - Weaknesses are the qualities that prevent the County of Orange and its partners from fully accomplishing the mission. These weaknesses deteriorate influences on the organization's success and growth.
3. **Opportunities** - Opportunities are presented by the environment within which the County of Orange and its partners operate. These arise when an organization can benefit from conditions in its environment to plan and execute strategies that enable it to become more successful.
4. **Threats** - Threats arise when conditions in the external environment jeopardize the reliability and success of the organization's efforts. They compound the vulnerability when they relate to the weaknesses. Threats are uncontrollable. When a threat comes, the stability and survival can be at stake.

Table 1 provides a graphical representation of the findings of the SWOT analysis. Each strength, weakness, opportunity, and threat are further outlined and explained with support from the Current State Assessment in the following section.

**Table 1. County of Orange SWOT Analysis Overview**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• 24% increase in affordable housing developments since 2008</li> <li>• County’s leadership role in establishing the Orange County Housing Finance Trust</li> <li>• Plan in place to build 2,700 permanent supportive housing units by 2025</li> <li>• Staff’s deep understanding of funding and eligibility requirements for grant opportunities</li> <li>• Dedication of general and Mental Health Services Act (MHSA) funds for permanent supportive housing (PSH)</li> <li>• Staff perceived effectiveness in utilizing most funding sources County receives</li> <li>• Plan in place to maximize matching funds from California Local Housing Trust Fund (LHTF)</li> <li>• United Way’s Landlord Incentive Program</li> <li>• Orange County CoC has effective plan in place to reduce length of time individuals are homeless</li> <li>• CalWORKs Housing Support Program (HSP) application performance increased funding</li> <li>• Increasing internal County collaboration between departments</li> <li>• Housing Choice Voucher (HCV) success rates higher than national averages</li> <li>• Large decline in the HCV waitlist</li> <li>• HCV expenditure rate considered “full performance”</li> <li>• Opening of Yale Transitional Center</li> </ul>	<ul style="list-style-type: none"> <li>• Lacking sustainable, consistent local funding source</li> <li>• Housing production in the county predominately for moderate to above-moderate households</li> <li>• Insufficient funding to fully address both shelter and housing needs, resulting in disproportionately fewer housing solutions than needed</li> <li>• Lacking capacity from all 34 cities in OCHFT</li> <li>• OCHFT main matching source of dollars is MHSA funding which is restricted to populations who meet MHSA requirements</li> <li>• Lacking collaboration among the County and cities in jointly applying for grant opportunities</li> <li>• Perceived under-staffing, limited time/budget for carrying out administration activities for new projects/programs</li> <li>• No standardized process for determining the return on investment for grant opportunities</li> <li>• Turnover impacting ongoing improvements to HUD applications and other collaborative processes</li> <li>• Lower tiebreaker scores impacting MHP funding</li> <li>• Insufficient amount of affordable housing options for lower-income residents</li> <li>• Lower than average HUD CoC application scores</li> <li>• Lack of philanthropic supports for County efforts</li> <li>• Orange County CoC’s need to improve metrics and plan around reducing the rate of returns to homelessness</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• City and County Housing Elements updated between 2020 and 2022 can help overcome political barriers local governments face in developing more affordable housing<sup>2</sup></li> <li>• Growing acceptance in the community for housing solutions, including bond issue</li> <li>• Increasing federal funding for housing production and preservation</li> <li>• Senate Bill 329 ban on blanket policies against leasing to Section 8 applicants</li> </ul>	<ul style="list-style-type: none"> <li>• Rapidly increasing rents</li> <li>• Increase in individuals experiencing homelessness statewide</li> <li>• Funding opportunities favoring larger California counties and counties with more local funds compared to Orange County</li> <li>• Decreasing state funding for housing production and preservation</li> <li>• “Not in my backyard” mentality (NIMBYISM) among many residents</li> <li>• Unknown impacts of the pandemic</li> <li>• Low density/single-family zoning regulations as a barrier to affordable housing development</li> <li>• Moratorium on evictions may lead to subsequent lagging effect on homelessness</li> </ul>

<sup>2</sup> <https://escholarship.org/content/qt45g8b2pv/qt45g8b2pv.pdf?t=qlc6k7&v=lg>

## SWOT Summary

### Strengths

The County has several strengths supporting their ability to meet the affordable housing and homelessness needs in the community. The County has taken critical steps to increase affordable housing options and effective housing solutions for homelessness through their leadership in establishing the Orange County Housing Finance Trust (OCHFT); planning for the development of an additional 2,700 PSH units; and collaborating with Orange County United Way to establish the Landlord Incentive Program to reduce barriers in housing those experiencing homelessness. Through the OCHFT, the County has dedicated general and MHSA funds to support housing for the County's most vulnerable populations. There is also a strategic plan in place to maximize matching funds from the California Local Housing Trust Fund (LHTF). County of Orange staff perceive that they have utilized funding received effectively to meet the County's housing and homelessness needs. Despite a very competitive rental market, Orange County Public Housing Authority (PHA) has demonstrated higher than average success rates for HCVs and "full performance" in expending the amount of HCV funding available. Further, the Orange County CoC received maximum points in their HUD competitive scoring application for reducing the length of time individuals experience homelessness. Finally, through the County's high performance with the CalWORKs HSP, the County successfully leveraged an additional \$1.9 million in fostering supportive housing for families experiencing homelessness.

### Opportunities

As the County continues strategic decisions and opportunities for increasing its competitiveness for grant opportunities, there are environmental strengths and assets that can support its efforts. First, the Orange County PHA has struggled, as most PHAs do, to obtain sufficient funding to support Housing Choice Vouchers (HCV) due to the rapidly increasing rental costs in the community. HUD's Notices of Funding Availability (NOFAs) communicates HUD's ongoing research on alternative methods for calculating Fair Market Rents (FMRs) in markets with rapidly rising rents.<sup>3</sup> If these efforts are successful, it is likely that alternative approaches to calculating FMRs will benefit Orange County's efforts in housing individuals with HCVs. This presents an opportunity for the County to either participate in this research and/or lobby/advocate for methods that will benefit the County's efforts in distributing HCVs.

Additionally, California's Senate Bill 329 banning policies against leasing to housing-voucher holders may increase the PHA's ability to link individuals to housing. Second, despite overall declining state funding for housing preservation and production, federal funds (HUD Block grants and Federal Low Income Housing Tax Credit) have increased drastically in Orange County.

Third, stakeholders report growing acceptance throughout the community for housing solutions in all Orange County cities, including growing support for a possible local housing bond. Studies that show the value of bonds in other counties can help build momentum. For example, Alameda County committed \$245.9 million of Measure A funding that leveraged \$1.5 billion to support the development of affordable housing throughout the county. Finally, as cities and counties throughout the state are in the process of updating their required Housing Elements (state-mandated community plans for meeting the housing needs of everyone in the community),<sup>4</sup> researchers and legal experts indicate that the new

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<sup>3</sup> [https://www.hud.gov/program\\_offices/spm/gmomgmt/grantsinfo/fundingopps/alt\\_method\\_fmrs](https://www.hud.gov/program_offices/spm/gmomgmt/grantsinfo/fundingopps/alt_method_fmrs)

<sup>4</sup> <https://www.hcd.ca.gov/community-development/housing-element/index.shtml>

Housing Element framework incorporates political advantages for local government officials to pursue pro-housing policies. This could help overcome resistance to affordable housing developments local officials often face,<sup>5</sup> and presents an opportunity for the County to partner with its constituent cities in developing housing elements that align to the county's affordable housing needs.

## Weaknesses

The success of any strategic action can be compromised without accounting for and addressing the County's identified weaknesses. Highlighted throughout various secondary data is the large gap between affordable housing needs and availability. Despite growing need, housing production throughout the County continues to favor housing for higher income households. Additionally, though the County's housing stock for individuals experiencing homelessness is increasing, there remains a significant gap in funding for and availability of targeted prevention and rehousing solutions.

Limited sustainable local funds undermine the County's ability to draw down competitive funding. A lack of local funds often results in lower competitive application scores and in reduced funds the County can apply for, most notably in competitive No Place Like Home<sup>6</sup> state funding. Further, in applying for three rounds of state Multifamily Housing Program (MHP) funding, the County's overall and tiebreaker scores (based on the income levels proposed projects were serving) prevented the County from receiving up to \$58 million in competitive funding. HUD CoC applications are also an area for the County to improve their opportunities for more funding. In three of the past four years, the CoC application scores have been below the weighted mean average among all CoCs, impacting competitiveness towards new project and bonus funding.<sup>7</sup> As HUD has increased the share of the CoC score that is based on performance criteria in 2019, the areas with the greatest room for improvement include reducing the rate of returns to homelessness, increasing job and income growth among individuals in CoC-funded sites, and having a strategy in place to prioritize performance in ranking and reallocation processes.

Effective collaboration among the County and its 34 constituent cities was identified as a critical barrier. This often results in a fragmented response to affordable housing and homelessness needs, as well as barriers in cities and the County jointly applying for funding opportunities. Related, the OCHFT is a great strength for the County though it currently only includes partnerships with 23 of the 34 cities.

Identified internal opportunities to improve include reducing staff turnover to support ongoing improvements based on HUD feedback for CoC applications; increasing the number of staff for the administrative functions of applying for and implementing new project or program opportunities; developing a cost-benefits analysis to determine whether applying for certain opportunities is an effective use of staff and County resources; and refinement of time-consuming internal processes to make applying for opportunities more efficient.

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<sup>5</sup> <https://escholarship.org/content/qt45g8b2pv/qt45g8b2pv.pdf?t=qlc6k7&v=lg>

<sup>6</sup> <https://www.hcd.ca.gov/grants-funding/active-funding/nplh.shtml>

<sup>7</sup> see Section II.B in Notice of Funding Availability for the Fiscal Year (FY) 2019 Continuum of Care Program Competition).

## Threats

If not considered, external factors may jeopardize the reliability and success of the County's efforts. Community partners and staff recognize that many residents in the community have a "not in my backyard" mentality towards the development of affordable housing solutions. This mentality, without effective solutions to provide public outreach and address community concerns, may hinder the County's and its partners' ability to meet the increasing needs for affordable housing. Further, state funding availability for housing development and preservation has decreased in the past decade; increasing pressure on the County to secure other types of funding sources (e.g., local and philanthropic) to meet the growing needs in the community. Stakeholders also identified low density/single-family zoning regulations in the county as barriers to affordable housing development. Finally, the pandemic has had a significant negative impact on levels of poverty that is expected to result in high demand on Orange County's affordable housing and homelessness programs/projects. When the moratorium on evictions in the state ends (currently through June 2021) there will also likely be many households at risk of homelessness.

## Conclusion and Next Steps

The County serves a critical role in the community to support the growing needs for affordable and supportive housing. The County has taken many important steps towards increasing funding to support the community's housing needs and in bringing the cities together to support collaboration and a coordinated response to Orange County's affordable housing needs through the OCHFT. To continue this positive impact in the community, there are opportunities for the County to improve competitive funding applications, leverage and support the creation of more local funding, improve internal processes and capacity, and serve as a leader in strengthening collaboration among cities.

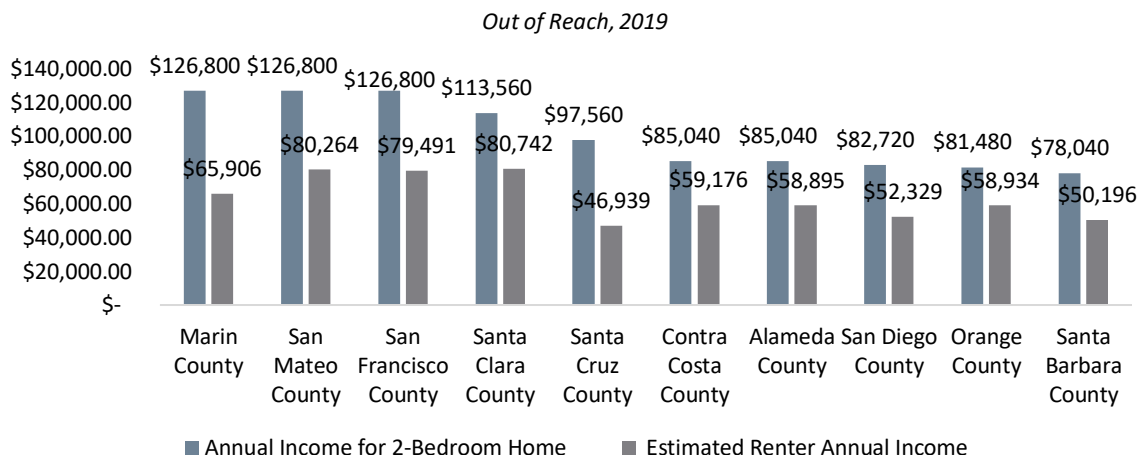
## Current State of Affordable Housing and Homelessness in Orange County

As in many large communities across the country, Orange County is experiencing an affordable housing crisis. Ranking among the top ten least affordable places to live in the country,<sup>8</sup> low- to middle-income residents have few affordable housing options in their community. As a result of the high cost of housing in the County, among other factors, homelessness is on the rise, increasing by 43 percent from 2017 to 2019.<sup>9</sup>

### Housing costs and earnings

Among California’s 58 counties, Orange County is the ninth highest expensive county to live in with an annual income of \$81,480 needed to afford a two-bedroom fair market rental (FMR) property (Figure 1).<sup>10</sup> The estimated median renter annual income<sup>11</sup> of \$58,934 falls well below that needed to afford a two-bedroom home, a gap of \$22,546 per year (Figure 2). These estimations illustrate the large gap between wages the average Orange County rental household earns, and wages needed to affordably live in Orange County.

**Figure 1. Top 10 Counties in California: Annual Income to Afford Fair Market Rent for a Two-Bedroom Home Compared to Estimated Median Renter Income**



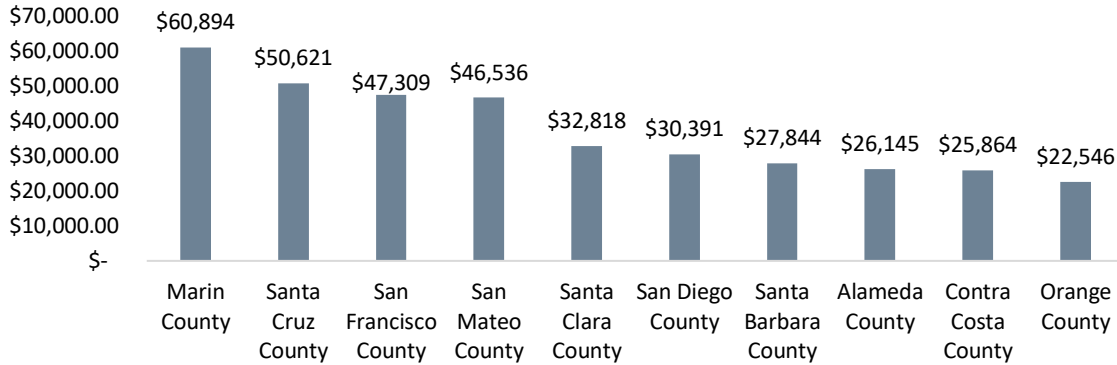
<sup>8</sup> Out of Reach, 2019; The High Cost of Housing [https://reports.nlihc.org/sites/default/files/oor/OOR\\_2019.pdf](https://reports.nlihc.org/sites/default/files/oor/OOR_2019.pdf)

<sup>9</sup> <http://ochmis.org/wp-content/uploads/2019/08/2019-PIT-FINAL-REPORT-7.30.2019.pdf>

<sup>10</sup> <https://reports.nlihc.org/oor/california>

<sup>11</sup> Out of Reach, 2019; Average weekly wages from the 2017 Quarterly Census of Employment and Wages divided by 40 (hours per work week). This overall wage is adjusted by the national ratio of renter household income to total household income reported in ACS 2013-2017 and an inflation factor is applied to adjust from 2017 to FY2019.

Figure 2. Top 10 Counties in California: Gap between Wage Needed for Two-Bedroom Home and Estimated Median Renter Wage  
*Out of Reach, 2019*



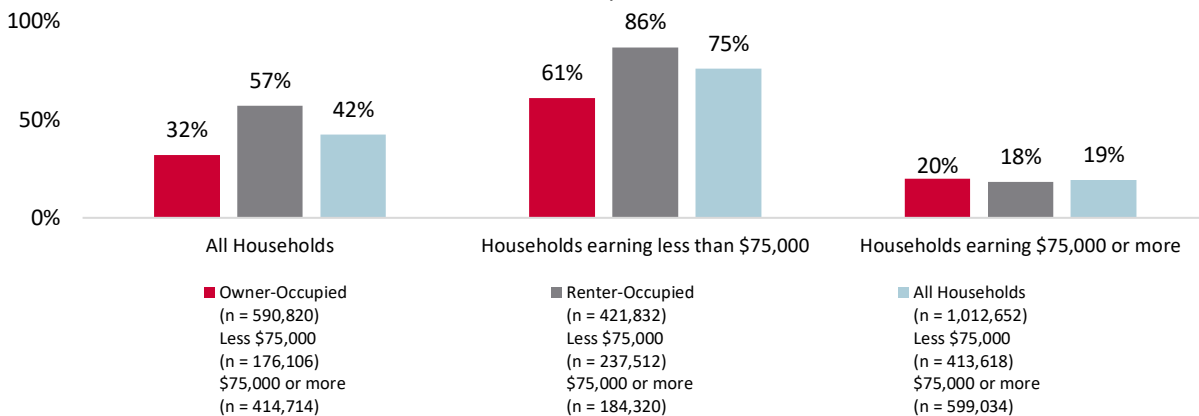
### What is affordable housing?

Affordable housing refers to a household spending 30 percent or less of their adjusted gross income (AGI) on housing. The Department of Housing and Urban Development (HUD) indicates that families paying more than 30 percent of their AGI on housing are considered “cost burdened, and may have difficulty affording necessities such as food, clothing, transportation, and medical care.”<sup>12</sup> Therefore, each family, depending on their income, has a different level of affordable rent or mortgage.

In 2019, 57 percent of all rental households and 32 percent of owner-occupied households in Orange County were housing-cost burdened (Figure 3). This equates to a total of 238,547 renter-occupied and 188,348 owner-occupied households who spend 30 percent or more of their income on housing. As expected, housing cost-burden rates are much higher among households earning less than \$75,000 per year, at 86 percent and 61 percent of renter and owner-occupied households, respectively.

Figure 3. Cost-Burdened Households in Orange County

*ACS table: S2503, 5-year estimates, 2019*



<sup>12</sup> HUD defines housing cost burden as paying more than 30 percent of their income for housing [https://www.hud.gov/program\\_offices/comm\\_planning/affordablehousing/](https://www.hud.gov/program_offices/comm_planning/affordablehousing/)



## Gaps in Affordable Housing and Resources to End Homelessness in Orange County

### What is the affordable housing gap in Orange County?

According to most recent data, there are an estimated 167,694 very low- to extremely low-income households in the County, yet only 43,180 affordable rental homes available. This means that 74 percent of low-income households are lacking affordable housing options (Figure 4).<sup>13,14</sup> Compared to the state, Los Angeles County and San Diego County averages, Orange County has a higher proportion of its very low- and extremely low-income residents without access to affordable housing (+8% compared to California = 66%; +8%

compared to Los Angeles County = 66%; +3% compared to San Diego County = 71%).

Since 2008, there has been an increase in the number of multifamily units constructed in the County (+24% from 2008 to 2019), with the overall production

pattern being inconsistent year after year (Figure 5). Despite growing affordable housing development, production overall has favored developments for moderate- to above-income levels and fallen short for low- to very low-income levels (Figure 6).

Figure 4. Orange County's Affordable Homes Shortfall

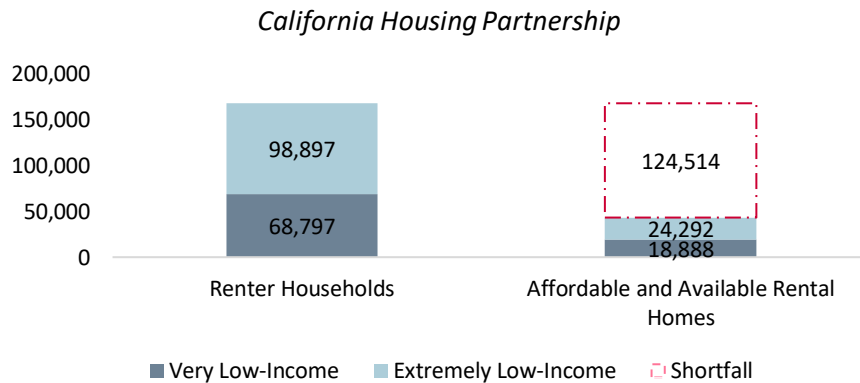
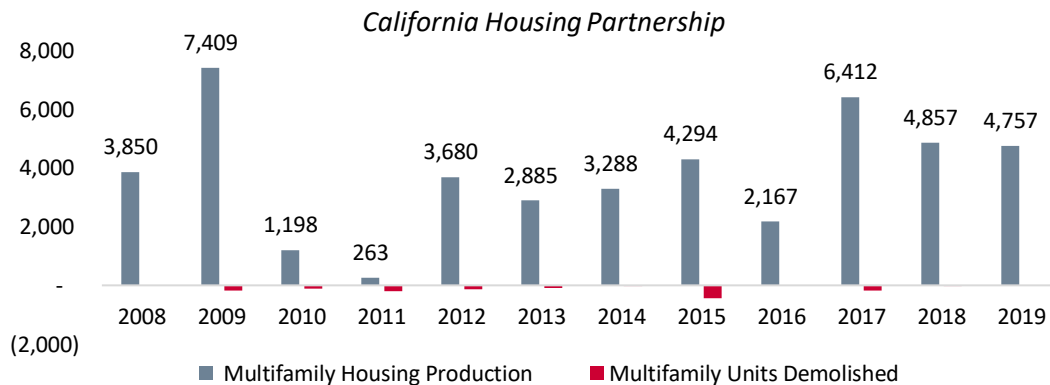


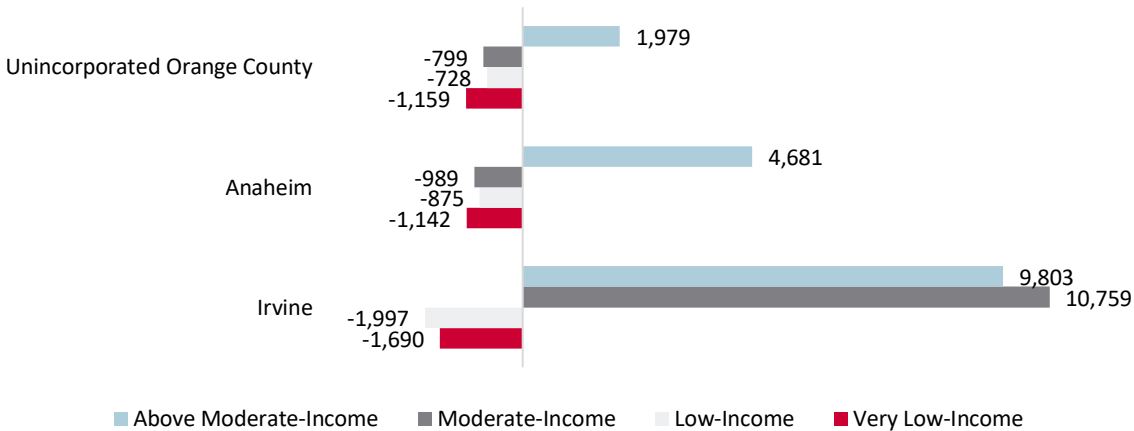
Figure 5. Orange County Multifamily Rental Homes Production



<sup>13</sup> Very Low- and Extremely Low-Income categories are based on HUD's Income Limits. In 2018, Orange County's Very Low-Income limit for a household of four was \$54,650. The Extremely Low-Income limit for a household of four was \$32,800.

<sup>14</sup> <https://chpc.net/housingneeds/?view=37.405074,119.26758,5&county=California,Orange&group=housingneed&chart=shortfall|current,cost-burden|current>

Figure 6. Progress towards Regional Housing Needs Assessment (RHNA)  
California Housing Partnership



**A lack of affordable housing and its relationship to homelessness**

The causes of homelessness undoubtedly reach beyond a lack of affordable housing. However, of Orange County’s residents experiencing homelessness, 36% reported a lack of affordable housing and 40% reported insufficient income or experiencing job loss as the main reasons for their homelessness.<sup>15</sup>

Given the increasing housing costs in Orange County and an inability to afford housing as the leading cause of homelessness, homelessness is also on the rise. According to Point-in-Time Counts (PITC) conducted in Orange County in 2017 and 2019, the number of individuals experiencing homelessness increased by 43% (from 4,792 individuals to 6,860).<sup>16</sup> This increase is larger than that experienced in 11 of the other 14 largest continuums of care in California.<sup>17</sup>

**Cost-effective solutions to homelessness**

It is commonly understood that homelessness not only negatively impacts the health and well-being of those experiencing homelessness, but also leads to high societal costs. Some studies have found that the annual cost estimate to taxpayers for each chronically homeless individual is as much as \$30,000 to \$50,000 per year.<sup>18</sup> Implementing effective housing solutions for homelessness, such as permanent supportive housing, rapid rehousing, and transitional housing, results in large community cost savings.

In Orange County, the community cost savings estimate associated with placing all chronically homeless individuals in permanent supportive housing (PSH) is \$42 million per year.<sup>19</sup> Further, the annual community cost for those in rapid re-housing and bridge/transitional housing is 75 percent and 38

<sup>15</sup> <https://www.unitedwayoc.org/wp-content/uploads/2017/08/united-way-cost-study-homelessness-2017-report.pdf>

<sup>16</sup> <http://ochmis.org/point-in-time-count-pit/>

<sup>17</sup> <http://ochmis.org/wp-content/uploads/2019/08/2019-PIT-FINAL-REPORT-7.30.2019.pdf>

<sup>18</sup> [https://www.usich.gov/resources/uploads/asset\\_library/Ending\\_Chronic\\_Homelessness\\_in\\_2017.pdf](https://www.usich.gov/resources/uploads/asset_library/Ending_Chronic_Homelessness_in_2017.pdf)

<sup>19</sup> <https://www.unitedwayoc.org/wp-content/uploads/2017/08/united-way-cost-study-homelessness-2017-report.pdf>

percent lower, respectively, as compared to the annual cost for the non-chronically homeless living on the streets or in emergency shelters.<sup>20</sup> Taken together, homelessness is costly to Orange County and the community's investment in effective housing solutions provides cost savings while also improving the health and well-being of its residents.

### **What is the gap for housing for those experiencing homelessness?**

As shown in Figure 7, Orange County's point-in-time count (PITC)<sup>21</sup> over the past five years shows a steady increase in the number of individuals estimated to be experiencing homelessness, increasing by 54 percent from 2015 to 2019. It is critical to note that PITCs are a snapshot in time, not a census, and often underestimate the true number of individuals experiencing homelessness given the inherent challenges with reaching the unsheltered population.<sup>22</sup> Thus, the PITCs should be thought of as a lower-bound of the estimate of individuals actually experiencing homelessness in Orange County. Also, Orange County's PITC methodology changed in 2019 to allow for more accurate counts. Consequently, the increase observed in 2019 is likely a combination of increasing homelessness as well as more accurate information as compared to prior years. As another estimate of homelessness in the county, CalOptima estimated that 10,000 of its members were experiencing homelessness in 2019.<sup>23</sup> Taken together, estimates suggest a range from nearly 7,000 to 10,000 individuals experienced homelessness in 2019 in Orange County.

In reviewing the types of housing available to those experiencing homelessness in Orange County over the past five years, the proportion of emergency shelter beds has grown considerably. Emergency shelter beds made up 18% of housing inventory in 2015, increasing to 36% in 2020 (Figure 8). Increasing emergency bed availability is important, especially as homelessness rises. However, community stakeholders often expressed concern that permanent housing solutions, though being known to be a more effective solution to homelessness, are not being made available for individuals once they are stabilized through an emergency shelter (Appendix A). In comparing the distribution of Orange County's housing stock to all other CoCs in California, Orange County has 11 percent more emergency shelter beds and 15 percent fewer PSH beds (Figure 9). **Taken together, there is a gap between housing availability and need; although Orange County's housing stock has grown as need has, the greatest growth observed is in emergency shelter availability with less growth in more effective and permanent solutions such as PSH. Community stakeholders identified a need for additional housing resources across the spectrum of needs (i.e., from emergency shelter to permanent housing options).**

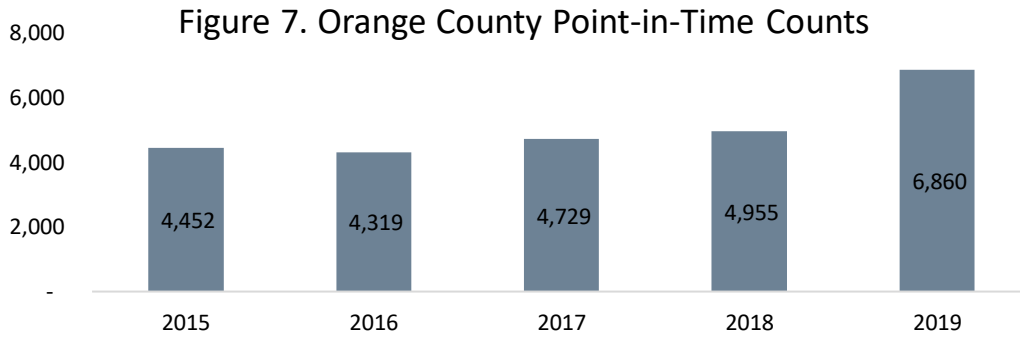
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<sup>20</sup> <https://www.unitedwayoc.org/wp-content/uploads/2017/08/united-way-cost-study-homelessness-2017-report.pdf>

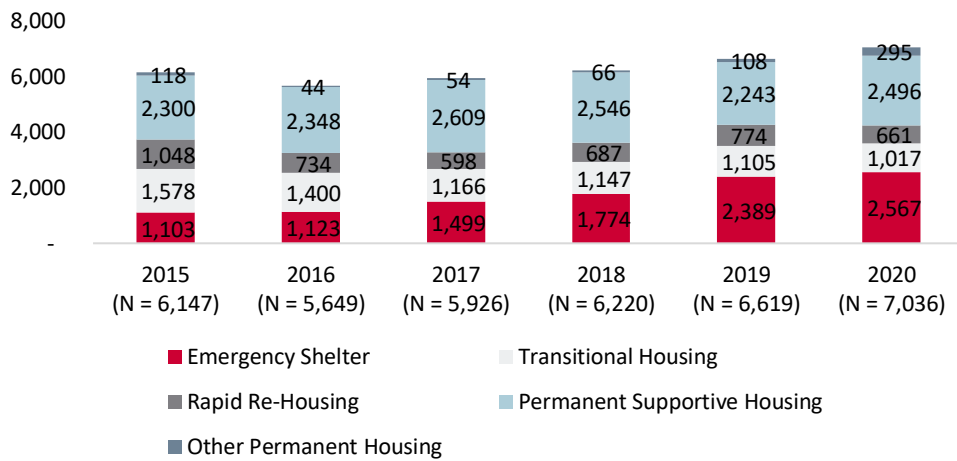
<sup>21</sup> <https://www.hudexchange.info/programs/coc/coc-homeless-populations-and-subpopulations-reports/>

<sup>22</sup> <https://www.gao.gov/assets/710/708090.pdf>

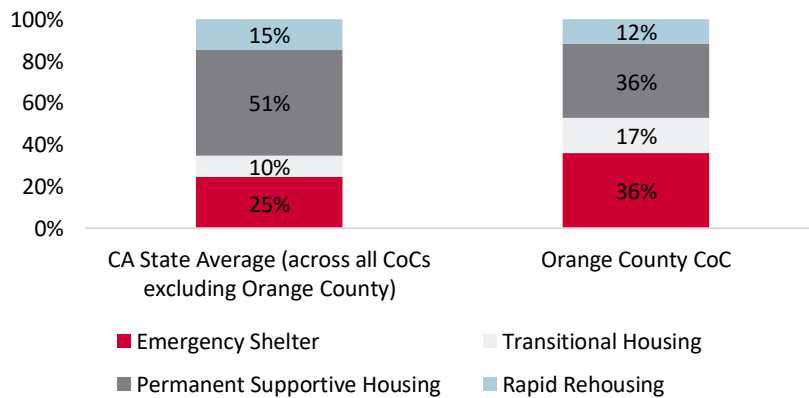
<sup>23</sup> <https://voiceofoc.org/2019/06/caloptima-counts-10000-homeless-people-in-oc/>



### Figure 8. Orange County Housing Stock (Beds), 2015 to 2020



### Figure 9. Distribution of CoC Housing Stock (Beds), 2019



## Orange County’s Progress in Providing Affordable Housing and Effective Solutions to Homelessness

As highlighted in previous sections, there is a large gap in resources available to provide affordable, permanent housing for individuals at risk of or experiencing homelessness in Orange County. The County of Orange and its partners have made strides in recent years to close this gap. As of January 2021, the County has a combined 2,343 affordable and supportive housing units in the pipeline (complete, in progress of funding or under construction). The following sections summarize progress made towards meeting the housing needs of Orange County residents.

### Permanent Supportive Housing

County of Orange’s 2018 Housing Funding Strategy outlines a plan to produce 2,700 supportive housing units by June 2025 (Table 2). By 2021, the goal is to have developed an additional 1,290 PSH units. While the goal of completed units has not been met, if the total 983 in-progress/under construction units are developed by the end of 2021, the County will be 119 units short of the 2021 milestone.

Table 2. PSH developments in Orange County since June 2018

PSH Project Status as of January 2021	PSH Units
Complete	188
In Progress of Funding	421
Under Construction	562
<b>Total</b>	<b>1,171</b>

### Transitional Housing

The Yale Transitional Center, which will include shelter, access to case management, employment and housing assistance, and healthcare (among other supportive services) to individuals experiencing homelessness, opened in Spring of 2021. The center will serve up to 425 individuals who can stay for 180 consecutive days.<sup>24</sup>

### Housing Vouchers

Since 2016, County of Orange Public Housing Authority (PHA) has seen several positive trends. In four years, the number of leased Section 8 households increased by six percent (Table 3). Most notably, the wait list for housing choice vouchers decreased by 80 percent from 2016 to 2020, and Veterans Affairs Supportive Housing (VASH) and project-based vouchers increased by 43 percent (Table 3). In both 2016 and 2020, the voucher success rate (percent of issued vouchers successfully resulting in housing assistance payment contract) was 78 percent. This success rate is higher than what historical studies have found nationwide, with other systems averaging around a 70 percent success rate.<sup>25</sup> Additionally, in 2020, the voucher funds expenditure rate was 98 percent and is considered “full performance” by the Section 8 Management Assessment Program. Lastly, through a partnership with United Way, the County of Orange has provided funding for the Landlord Incentive Program to help remove financial barriers discouraging landlords from renting to those experiencing homelessness. Taken together, County of

<sup>24</sup> <https://voiceofoc.org/wp-content/uploads/2019/11/Yale-Transitional-Center-Operations-Plan-Summary-October-2019.pdf>

<sup>25</sup> <https://www.cbpp.org/research/housing/agencies-generally-use-all-available-voucher-funding-to-help-families-afford>

Orange PHA has experienced several positive trends towards developing project-based housing, issuing housing choice vouchers, and partnering with United Way to assist housing placement for those experiencing homelessness.

Table 3. County of Orange Public Housing Authority Vouchers

Measure	2016	2020	% Change
Section 8 Vouchers	10,692	11,306	6%
% Finding Housing/ Success Rate	78%	78%	0%
VASH	694	989	43%
Set Aside vouchers for homeless populations	110 per year	110 per year	0%
Project-Based	400	573	43%
Current Wait List	43,000	8,600	-80%

## Policies and Practices within Orange County: How Do they Promote or Discourage the Receipt of Funding?

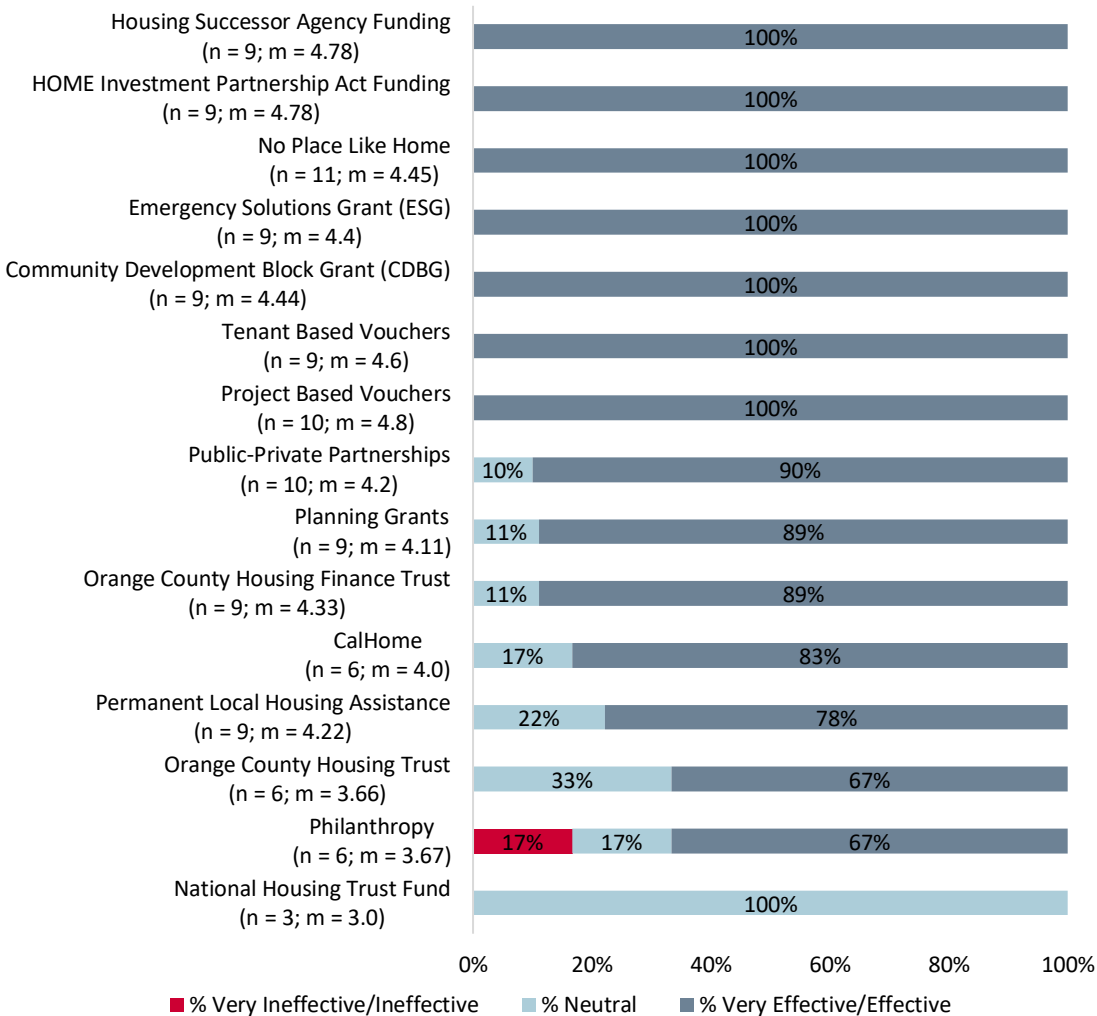
### Orange County’s Effectiveness in Utilizing Funding Sources

Stakeholder and staff interviews, and an internal County staff survey were conducted to identify barriers to and opportunities for strengthening Orange County’s internal policies and practices to support leveraging more funds for housing. Overall, staff perceive that most funding sources are used effectively to support the community’s housing needs (Figure 10). Staff highlighted the following County strengths contributing to their effectiveness:

- County’s leadership role in developing the Orange County Housing Finance Trust (OCHFT);
- Staff’s deep understanding of funding and eligibility requirements;
- Ability to combine various funding sources to issue notices of funding availability (NOFA) to support housing needs; and
- Dedication of Successor Agency and HOME Investment Partnership funds to develop more supportive housing units (Appendix B).

**Staff ratings indicate room for improvement in effectively utilizing the National Housing Trust Fund, increasing philanthropy, and promoting the Orange County Housing Trust.** Staff also highlighted areas that impact the County’s effectiveness but are outside the County’s control, including difficult timelines and eligibility requirements for some funding sources and funding sources that go directly to cities or private developers.

**Figure 10. Perceptions of County of Orange's Effectiveness**  
*Please rate how effective the County of Orange has been at utilizing each funding source to address the affordable housing needs and efforts to end homelessness in the community.*

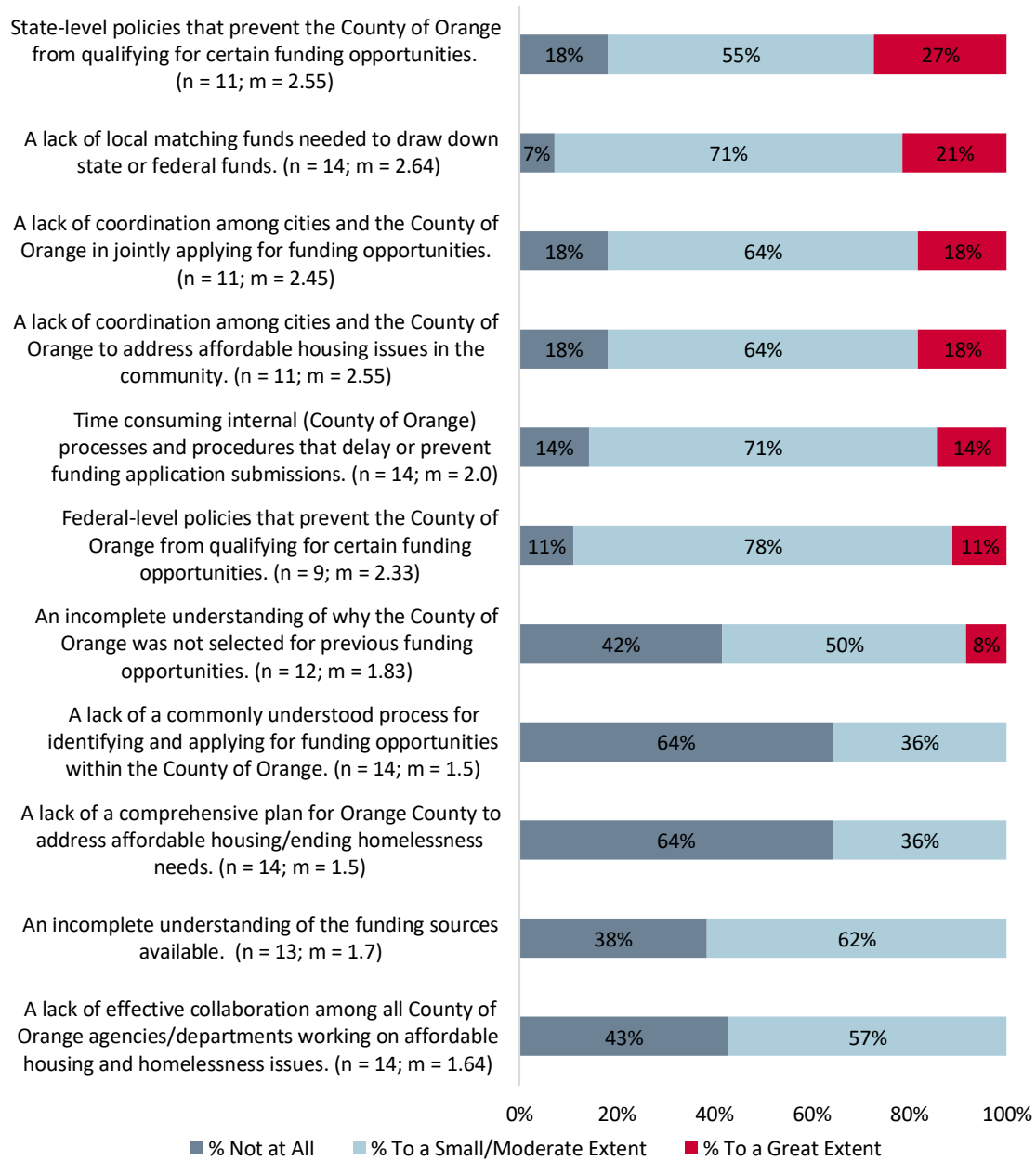


### Barriers that Hinder County of Orange's Ability to Compete for Funding and Opportunities to Overcome Barriers

The greatest barriers impacting the County's ability to compete for funding to support community housing needs include state-level policies preventing the County from qualifying for certain funding opportunities, the limited availability of local matching funds needed to draw down state or federal funds; competing city interests and a need for a unified homelessness and affordable housing plan; and high administrative demands of funding applications and perceived understaffing of departments (Figure 11 and Appendices A & B). For each of the top barriers identified, qualitative survey and interview data, as well as secondary data were gathered to further understand how these barriers are impacting the County and potential solutions to overcome them. Qualitative data themes and frequencies are found in Appendices A and B.

### Figure 11. Perceptions of Barriers to Funding

*To what extent do you perceive the following as barriers to the County's ability to compete for homelessness and affordable housing funding?*





## Barrier 1: Lack of sustainable source of local match funds

The limited availability of sustainable local funds to leverage additional state and federal funding is a major barrier to the County of Orange in competing and qualifying for homelessness and affordable housing funding. The state has restrictive matching fund requirements, with a strong preference towards local funding sources coming from bonds or tax increases. Internal staff and community housing partners agree that Orange County lacks sufficient sustainable local funding streams to draw down competitive state and federal funds. Stakeholders report that Orange County historically does not support passing bonds or tax increases to fund the community's housing needs. Local bonds/tax-increases provide a strategic advantage to communities by ensuring a consistent pipeline of funds that can be used to increase application competitiveness. Also, having a local revenue stream to support housing efforts that is flexible and under the control of the County makes the County less vulnerable to misaligned state and federal NOFA timelines.

An illustration of how instituting bond/tax-increases can impact a community's ability to draw down more funds can be seen in Alameda County. In November 2016, voters in Alameda

County approved Measure A1 which raised \$580 million in funding housing efforts, \$425 million dedicated to preserving affordable housing. As of fiscal year 2019-2020, Alameda County had committed \$245.9 million of Measure A funding that leveraged \$1.5 billion to support the development of affordable housing throughout the County.<sup>26</sup> Further, in comparing the competitive awards for No Place Like Home in 2018, Alameda County received \$19.7 million relative to Orange County's awarded amount of \$6.9 million.<sup>27</sup> Despite Orange County having a total population greater than two times the size of Alameda County and higher point-in-time counts (in 2017), Alameda County was competitively awarded 2.8 times (\$12.7 million) more than Orange County.

While some stakeholders perceive that Orange County is not receptive to bonds or tax increases, stakeholders are reporting growing acceptance in the community for housing solutions, including instituting a bond. As demonstrated in Alameda County, the passing of a similar bond in Orange County would likely result in a large return on investment through leveraging additional state and federal funds.

### Recommended Next Steps for The County of Orange:

1. Conduct a review of funding options to increase availability of sustainable local and private sources for the development of affordable housing/homeless programs. Options may include a review of existing efforts of local and state organizations that are supporting the implementation of a local bond (e.g., The Kennedy Commission) and understanding key barriers, strengths, and resources in the community for a bond, philanthropic supports, or other

### Strengths and Solutions

There is perceived growing acceptance in the community for housing solutions in each Orange County city, including growing support for a local bond.

Local housing bonds provide a strong return on investment for communities. Alameda County committed \$245.9 million in local bond revenue to leverage \$1.5 billion to support affordable housing development.

<sup>26</sup> <http://acgov.org/MS/OpenBudget/pdf/FY19-20/FY%202019-20%20Final%20Budget%20Book-Web%20Version-Final.pdf>

<sup>27</sup> <https://www.hcd.ca.gov/grants-funding/active-funding/nplh/docs/nplh-2018-nofa-list-of-awarded-projects.pdf>

- sustainable funding and the potential to partner in those efforts.
2. Through partnership with community organizations, develop a comprehensive campaign strategy supporting a local bond that leverages community strengths and integrates solutions to overcome key barriers.

## Barrier 2: Competing City Interests and Need for a Unified Homeless and Affordable Housing Plan

Another common barrier identified is a lack of strategic coordination among the County and cities within the County. This has been a recurrent theme that was also highlighted in the 2016 Report, *An Assessment of Homeless Services in Orange County*.<sup>28</sup> Stakeholders agree there are competing needs, priorities, and political ideologies that hinder collaboration amongst the County and the 34 constituent cities (Appendices A and B). To help address this, the County took a leadership role in developing the Orange County Housing Finance Trust (OCHFT).<sup>29</sup> The OCHFT is a collaborative effort among the County and 23 cities to fund housing for homeless and low-income individuals. The OCHFT is a vehicle to support coordinating funds and lessen duplicative efforts.

### Strengths and Solutions

The OCHFT has fostered collaboration among the County and 23 cities.

County staff perceive internal departmental coordination has improved in recent years.

Develop a unified homeless and affordable housing plan to establish priorities among all 34 cities, identify areas of greatest needs, and detail collaboration plans and resources among all Orange County key partners.

Explore the feasibility of becoming a HUD Unified Funding Agency to align resources and efforts throughout the county.

Currently, OCHFT's main funding is from Mental Health Services Act (MHSA), which limits what populations can be served with the funding. Because housing needs expand beyond populations covered under MHSA funds, an opportunity exists to increase unrestricted funds available to the OCHFT to serve all populations' needs.

Additionally, County and OCHFT leadership can leverage this platform by establishing the following priorities:

- Work to include all 34 cities
- Develop effective methods for ongoing priority setting throughout the County
- Build mechanisms to coordinate resources among County and city governments
- Implement ongoing data tracking to assess progress towards goals.

A key recommendation from *An Assessment of Homeless Services in Orange County (2016)* was for the County of Orange to explore the benefits of becoming a "competitive applicant" for HUD's Unified Funding Agency (UFA) designation. Becoming a UFA would enhance coordination of efforts within the

<sup>28</sup> [http://bos.ocgov.com/ceo/care/HOMELESS%20ASSESSMENT%20DCC%20REPORT\\_10.18.2016.pdf](http://bos.ocgov.com/ceo/care/HOMELESS%20ASSESSMENT%20DCC%20REPORT_10.18.2016.pdf)

<sup>29</sup> <https://ochft.org/>

County by ensuring system-wide decisions are aligned to community-wide priorities and CoC program investment. Some of the key community benefits of becoming a UFA include:<sup>30</sup>

- Increasing the amount of information available to CoCs for performance measurement and other community-wide programs, on an ongoing basis;
- Using reallocation to shift funds across projects outside the competition process to better meet community needs;
- Reducing the reallocation timeframe and resources needed to correct deficiencies and findings in community projects;
- Increasing flexibility to reallocate in response to changed conditions in the local community; and
- Targeting and monitoring funds more effectively and avoiding forfeiting unspent funds.

Key benefits of a UFA designation for the Orange County Continuum of Care include:

- The ability to implement program and budget changes across projects and even component types;
- May receive additional funding via application for UFA costs to help it carry out its new responsibilities as the UFA; and
- Create a single administrative budget for managing the portfolio of CoC programs which allows for cost and performance comparison and identification of under/over-spending.

Taken together, becoming a UFA would help align resources and efforts throughout the County. As stakeholders have mentioned efforts to address affordable housing and ending homelessness throughout the County are often siloed, obtaining UFA status would assist in establishing community-wide priorities with aligned resources to support them. However, efforts to gain UFA designation would need to be done in conjunction with cities, as a stakeholder commented that the County has learned trying to force cities into action is not productive.

#### **Recommended Next Steps for The County of Orange:**

1. Build on the success of partnerships with 23 cities in the OCHFT, County of Orange should work in partnership with the OCHFT to increase partnerships with remaining Orange County cities:
  1. Through, interviews, surveys, and/or discussions identify key benefits the 23 cities are experiencing being a part of the OCHFT;
  2. Identify reasons why remaining Orange County cities are not partnering with OCHFT;
  3. Understanding key benefits (a) and barriers (b), develop strategies, in partnership with cities, that will increase participation among all 34 cities.
2. Once full engagement in OCHFT has been established among all 34 cities, the collaborative partnerships between cities and the County developed through the OCHFT can serve as a vehicle to implementing a countywide plan to affordable housing and homelessness, including priority-setting, coordination of resources, and exploring the feasibility and benefits of becoming a UFA. This recommendation should not be taken to mean that the OCHFT should lead collaborative efforts around countywide planning and exploring the benefits of becoming the UFA; rather, this recommendation alludes to leveraging collaborative partnerships that were developed through the OCHFT to support greater collaboration countywide.

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<sup>30</sup> <https://allchicago.org/sites/allchicago.org/files/HUD%20Discussion-Guide%20full%20document.pdf>

### Barrier 3: High Administrative Demands of Funding Applications and Perceived Understaffing of Departments

Staff identified time-consuming internal processes and procedures that often hinder the County's ability to compete for funding opportunities. Some staff indicate that there is inadequate staffing needed to support the administration functions of applying for, administering, and reporting on grant functions. County staff and partners report there is sufficient staffing to support existing core affordable housing and homelessness programs/projects, but staff capacity to apply for and implement any new programs/projects that become available is lacking. Opportunities identified by staff include the potential to partner with a firm who focuses on assisting local governments with grants (e.g., Blais and Associates)<sup>31</sup> and in looking to other counties who have demonstrated success with competitive applications to better understand their internal processes and structure.

#### Strengths and Solutions

Establish a cost-benefit framework to determine the feasibility of grant opportunities.

Ensure adequate staffing levels for administrative functions of grant applications and implementation.

Partner with firm to support County's grant efforts.

Consult with other successful counties.

Stakeholders identified the need for the County to conduct a cost-benefit analysis for applying for specific grant opportunities (Appendix B). This would include identifying the resources needed (e.g., staff time, County infrastructure needed to support administering the grant) to apply for and administer the grant (if received) relative to the monetary return on the investment of the grant. Key metrics that the County should consider when applying for each grant opportunity include:

- Amount of staff time required to apply for and administer the grant;
- Total County resources that will be needed to administer the grant (e.g., software, development costs, etc.);
- Total amount of funding applying for;
- Consideration of whether the grant funding received can be leveraged to draw down additional funding from other grants; and
- Estimated community cost savings as a result of administering the grant (e.g., if individuals are linked to permanent housing through the grant, what is the estimated cost savings to the community through reduced reliance on public systems like hospitals, criminal justice, and emergency shelters).

Consideration of the above metrics will assist in establishing whether the grant will result in a return on the County's investment.

<sup>31</sup> <https://blaisassoc.com/>

Further, an observation from the Performance Audit is that the management of grant applications and implementation is fragmented among the County's teams working on affordable housing and homelessness services. For example, No Place Like Home funding is managed through OCHCD whereas Whole Person Care is managed through Orange County Health Care Agency (OCHCA). Because the application processes across many funding sources are similar in terms of processes and information required to submit, it would be beneficial to have a centralized staffing structure to support grant applications and implementation or cross-department involvement in all application processes. This will aid in information sharing across departments, integrating key learnings from previous applications that can improve future funding applications.

**Recommended Next Steps for The County of Orange:**

1. Review the organizational structure within the County to identify opportunities to streamline application processes for new funding opportunities while incorporating cross-department expertise that can bolster the competitiveness of all County applications. This process should begin with selecting a leader to guide the review process, ensuring cross-department engagement throughout the process.
2. Identify staff capacity to carry out administrative functions of applying for new funding opportunities. This includes a comparison of the number of staff hours needed to carry out existing administrative tasks and estimated time, on average, to apply for new funding opportunities. If the current full-time equivalent (FTE) staff support for administrative functions is less than what is needed to implement and apply for new funding opportunities, determine whether it is more feasible to increase capacity internally or contract out with a third party to support additional administrative functions.

# Resources the County of Orange Receives to Support Affordable Housing and Efforts to End Homelessness

Often housing funds are allocated based on a county’s relative total population, estimates of homelessness or need, and/or geographical location. Therefore, a subset of counties selected for comparative purposes were based on either similar geographical location to Orange County (i.e., Southern California) or levels of housing affordability (i.e., Alameda and Contra Costa counties). The following sections highlight the amount of funding County of Orange has received relative to other counties with considerations of opportunities for the County of Orange to leverage additional funding in future opportunities. The supplemental Funding Matrix Attachment provides county-level funding received from 2015 to 2020. As documented in the Funding Matrix, among the \$224 million **competitive** funding County of Orange and its partners received from 2015-2016 to 2019-2020 in support of affordable housing and homelessness, 57 percent of this funding was obtained through HUD Continuum of Care sources, 17 percent was obtained through HCD’s Affordable Housing and Sustainable Communities Program, and another 15 percent was obtained through Whole Person Care.

As shown in Table 4, Orange County ranks as the third highest among the counties in total population and fourth highest in the estimated number of individuals experiencing homelessness.

Table 4. Selected California Counties’ Population Size and Estimates of Homelessness

County	2019 Population	2019 Point-in-Time Count
Los Angeles	10,081,570	56,257
San Diego	3,316,073	8,102
<b>Orange</b>	<b>3,168,044</b>	<b>6,860</b>
Riverside	2,411,439	2,811
San Bernardino	2,149,031	2,607
Alameda	1,656,754	8,022
Contra Costa	1,142,251	2,295
Ventura	847,263	1,669
Santa Barbara	444,829	1,803

## General State and Federal Funding Trends for Production and Preservation

Over 10 years, funding for housing production and preservation has changed drastically throughout the state and in Orange County. Overall, funding for housing production and preservation in Orange County has increased by 73 percent since 2008-2009 (\$142,530,000) through increased federal support.

In 2008-2009, California had over a billion dollars dedicated to redevelopment housing which was dissolved in 2012. Despite increasing funds for housing bonds and budget allocations from 2008-2009 to 2018-2019, the overall state funding for housing production and preservation decreased by 45 percent throughout the state and 87 percent in Orange County (Table 5). During this same time, there has been a large increase in federal funds through the Federal Low-Income Housing Tax Credit (LIHTC) and, specifically for Orange County, in HUD Block Grants.

Table 5. State and Federal Funding for Housing Production and Preservation<sup>32</sup>

Funding Source <i>(in thousands)</i>	State		% Change State	Orange County		% Change OC
	FY 2008-09	FY 2018-19		FY 2008-09	FY 2018-19	
Redevelopment Housing	\$1,142,555	\$0	-100%	\$97,108	\$0	-100%
CA Housing Bonds & Budget Allocations	\$681,880	\$975,037	43%	\$9,600	\$13,747	43%
CA LIHTC	\$72,588	\$70,880	-2%	\$0	\$0	
<b>State Total</b>	<b>\$1,897,023</b>	<b>\$1,045,917</b>	<b>-45%</b>	<b>\$106,708</b>	<b>\$13,747</b>	<b>-87%</b>
Federal LIHTC	\$1,009,733	\$3,333,142	230%	\$44,211	\$284,304	543%
HUD Block Grants	\$734,928	\$701,593	-5%	\$45,523	\$325,225	262%
<b>Federal Total</b>	<b>\$1,744,661</b>	<b>\$4,034,734</b>	<b>131%</b>	<b>\$89,734</b>	<b>\$325,225</b>	<b>262%</b>

### Multifamily Housing Program (MHP)

Working towards making County of Orange’s and its partners’ tiebreaker score for MHP funding more competitive is critical. MHP is a funding source distributed by the California Department of Housing and Community Development (CDHCD) to assist counties with new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households.<sup>33</sup> Since 2019, there have been three rounds of competitive funding opportunities for MHP. As shown in Table 6, though County of Orange and its partners applied for all three rounds (totaling \$58.9 million), no projects were successfully funded.

**When comparing all three rounds of MHP awards, the tiebreaker score is having a significant impact on Orange County’s success.** Tiebreaker points are determined by the lowest weighted average affordability of Restricted Units.<sup>34</sup> As shown in Table 6, in Round 1, Orange County obtained the highest application score (115) but did not meet the tiebreaker threshold to compete against all other applicants with a score of 115. In Round 2, when the highest total score was 116, Orange County obtained 115 points. However, Orange County again was not competitive due to their tiebreaker score, with two awards going to Los Angeles for projects that had competitive tiebreakers but project scores of 115. In Round 3, Orange County’s project missed the minimum required points by 1 (received 115, with the minimum score being set at 116 for South region). **To increase MHP funds, County of Orange and its partners are best served by developing a plan to increase tiebreaker competitiveness, as well as review MHP guidelines (and application debriefs) to determine the best opportunity to gain one more point and continue to receive a bonus point OR if the tiebreaker score is not feasible for Orange County projects and an overall disadvantage to any Orange County project, provide comment and information to the State to revise the tiebreaker.**

<sup>32</sup><https://chpc.net/housingneeds/?view=37.405074,119.26758,5&county=California,Orange&group=funding&chart=funding|current,state-funding>

<sup>33</sup> <https://www.hcd.ca.gov/grants-funding/active-funding/mhp.shtml#awarded>

<sup>34</sup> Department of Housing and Community Development MHP Final Guidelines, Section 7320(7)



Table 6. MHP Scoring in South Region for Awarded Projects and Orange County

County	Final Points	Tiebreaker	Bonus Point	\$ Requested	\$ Awarded
<b>Round 1</b>					
Los Angeles	115	0.28	NA	\$3,491,680	\$3,491,680
Kern	115	0.30	NA	\$2,154,500	\$2,154,500
Los Angeles	115	0.30	NA	\$3,317,727	\$3,317,727
Los Angeles	115	0.30	NA	\$16,311,615	\$16,311,615
Riverside	115	0.30	NA	\$11,907,030	\$11,907,030
Los Angeles	115	0.33	NA	\$16,600,000	\$16,600,000
Los Angeles	115	0.35	NA	\$3,635,800	\$3,635,800
Los Angeles	115	0.35	NA	\$8,899,300	\$8,899,300
Los Angeles	115	0.35	NA	\$8,000,000	\$8,000,000
Los Angeles	115	0.36	NA	\$20,000,000	\$20,000,000
Ventura	115	0.36	NA	\$17,398,993	\$17,398,993
San Diego	115	0.37	NA	\$18,222,571	\$18,222,571
Orange	115	0.41	NA	\$15,722,879	\$-
Orange	107	0.15	NA	\$13,316,412	\$-
<b>Round 2</b>					
Los Angeles	116	0.28	1	\$19,713,746	\$19,713,746
Los Angeles	116	0.29	1	\$19,097,994	\$19,097,994
Los Angeles	116	0.30	1	\$4,076,650	\$4,076,650
Los Angeles	116	0.33	1	\$18,348,654	\$18,348,654
Los Angeles	116	0.35	1	\$3,620,000	\$3,620,000
Los Angeles	116	0.36	1	\$20,000,000	\$20,000,000
San Diego	116	0.36	1	\$20,000,000	\$20,000,000
San Diego	116	0.37	1	\$20,000,000	\$20,000,000
Los Angeles	115	0.32	1	\$17,452,256	\$17,452,256
Los Angeles	115	0.33	0	\$5,700,000	\$5,700,000
Orange	115	0.40	1	\$13,048,999	\$-
<b>Round 3</b>					
Los Angeles	116	0.29	1	\$20,000,000	\$20,000,000
Los Angeles	116	0.29	1	\$20,000,000	\$20,000,000
Los Angeles	116	0.29	1	\$6,985,455	\$6,985,455
Los Angeles	116	0.30	1	\$15,251,836	\$15,251,836
Los Angeles	116	0.33	1	\$13,247,000	\$13,247,000
San Diego	116	0.39	1	\$19,080,000	\$19,080,000
Orange	115	0.36	0	\$16,855,011	\$-

### No Place Like Home (NPLH)

NPLH is a funding source distributed by CDHCD to assist counties with acquiring, designing, constructing, rehabilitating, or preserving permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness/chronic homelessness or at risk of chronic homelessness.<sup>35</sup> Two counties (Los Angeles and San Diego) are not included in county comparisons as

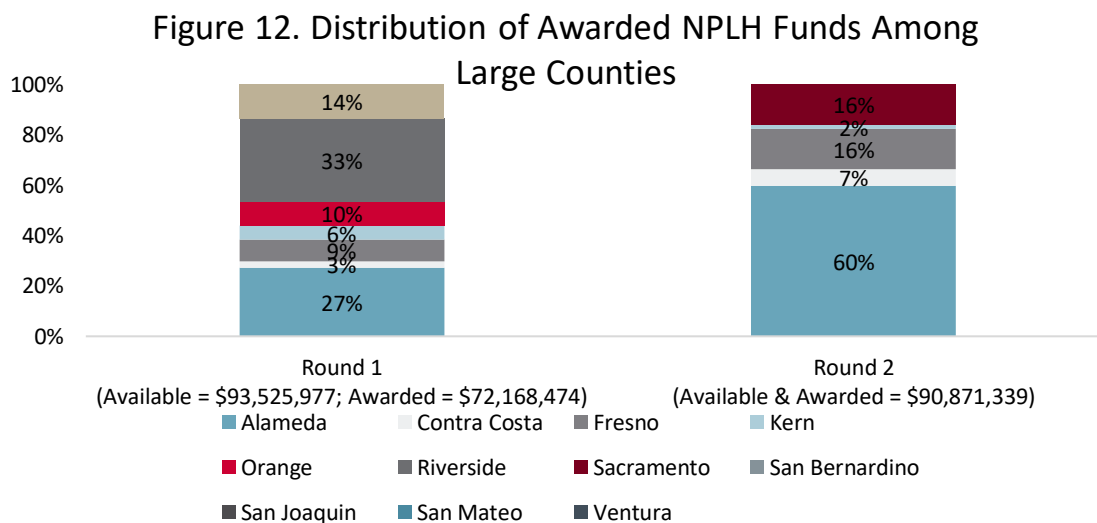
<sup>35</sup> <https://www.hcd.ca.gov/grants-funding/active-funding/nplh.shtml>



they are Alternative Process counties and do not compete for the competitive NPLH funds as do the other counties. Alternative Process counties have at least 5 percent of the state’s total homeless population as published by HUD and meet several other requirements as specified in Section 300 of No Place Like Home Round 3 Guidelines.<sup>36</sup> Among non-Alternative Process counties, counties compete with other counties of similar population size. Orange County is considered a “Large County” and competes against Alameda, Riverside, Contra Costa, San Bernardino, Sacramento, San Mateo, San Joaquin, Kern, Fresno, and Ventura counties.

Among the two rounds of competitive NPLH distributed to date (Round 3 is in progress), large counties competed for \$93.53 and \$90.87 million in Rounds 1 and 2, respectively. As shown in Figure 12, Alameda and Riverside counties received the majority of Round 1 funds (60%), and Alameda County alone received 60 percent of the Round 2 funds available. In comparison, Orange County only received 10 percent of Round 1 funds and none of the Round 2 funds.

There are six scoring components to competitive NPLH funding, including: percentage of total project units restricted to the target population, leverage of development funding, leverage of rental or operating subsidies, readiness to proceed, extent of on-site and off-site supportive services, and past history of evidence-based practices. Based on information gathered through staff interviews, County of Orange’s main barrier to drawing down more NPLH funds is the lack of local funds to leverage for funding. Given that one of Orange County’s competitors (Alameda County) has a large source of local funds to leverage (through Measure A), this lack of local funding makes County of Orange less competitive in drawing down more NPLH funds. **Therefore, when it comes to increasing NPLH funds, Orange County is best served by developing a strategy for increasing access to local funds that can be leveraged for NPLH funding.**



Another potential, longer-term goal for the County of Orange is to consider applying to become an Alternative Process County, if/when the County qualifies, which would result in not having to compete with other counties for NPLH funding. According to most recent PITCs, Orange County is just below the threshold for having at least 5 percent of the state’s homeless population ( $6,860/151,278 = 4.5\%$ ) to

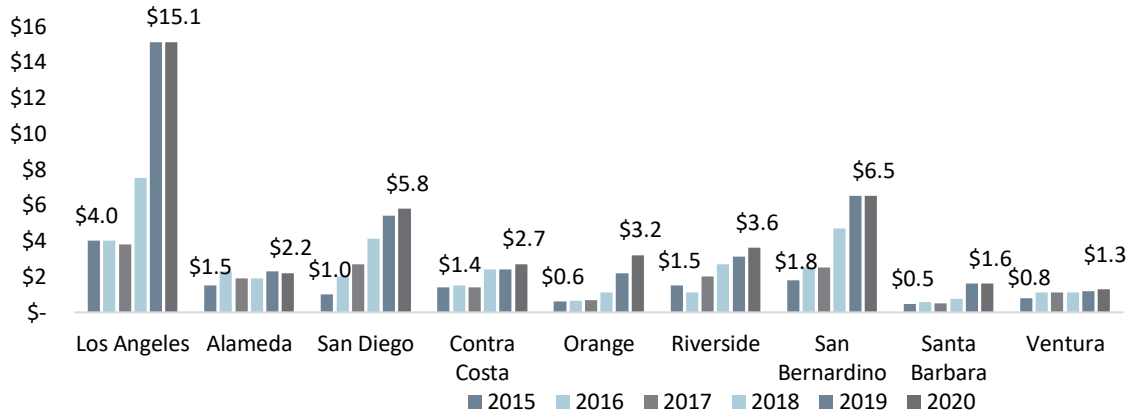
<sup>36</sup> <https://www.hcd.ca.gov/grants-funding/active-funding/nplh/docs/nplh-2020-amended-guidelines-clean-version.pdf>

qualify for Alternative Process County status. Should homelessness continue to rise in the County above the 5 percent state homeless population threshold and qualify the County for Alternative Process County status, the County should consider the feasibility, costs, and benefits of becoming a designated Alternative Process County.<sup>37</sup>

### CalWORKs Housing Support Program (HSP)

The County is competitive in drawing down CalWORKs HSP funds relative to other counties. The CalWORKs HSP program is administered by the California Department of Social Services (CDSS) aimed at fostering stability for families experiencing homelessness. Counties receive a base allocation as well as additional funds based on the County’s performance in meeting key performance benchmarks and its ability to demonstrate need, incorporation of innovation and equity, and use of best practices. Among the counties listed in Figure 13, Orange, Los Angeles, Riverside, San Diego, San Bernardino, and Santa Barbara received more than their allocation as a result of their application performance but only Orange County received more funding based on their application compared to their allocated amount (allocation = \$1.3 million; adjustment based on application = \$1.9 million).<sup>38</sup>

Figure 13. CalWORKs HSP Funding by County (in Millions)



### National Housing Trust Fund (NHTF)

Strong working relationships with cities and developers are needed to take advantage of smaller and/or unpredictable, competitive funding opportunities. For example, in 2018, the National Housing Trust Fund (NHTF) made \$26,000,000 available for multi-family unit development in non-rural jurisdictions in California with a relatively short timeframe between NOFA release and application submission (two months).<sup>39</sup> According to awardee lists, Orange County did not submit any applications for this funding source.<sup>40</sup> Having a county strategic plan with buy-in from all jurisdictions and maintaining strong partnerships with stakeholders throughout the County will be critical to being prepared (and competitive) for future opportunities where funds are limited and application windows are short. In addition, having county-wide agreements in place can allow for efficient administrative costs, providing more assurance that awarded funds are not diminished by administrative costs related to negotiating with city leadership or educating communities on the benefits of a project.

<sup>37</sup> Section 300 of No Place Like Home Round 3 Guidelines

<sup>38</sup> [https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CFLs/2020/20-21\\_34.pdf](https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CFLs/2020/20-21_34.pdf)

<sup>39</sup> [https://www.hcd.ca.gov/grants-funding/nofas/docs/nhtf\\_nofa\\_2018.pdf](https://www.hcd.ca.gov/grants-funding/nofas/docs/nhtf_nofa_2018.pdf)

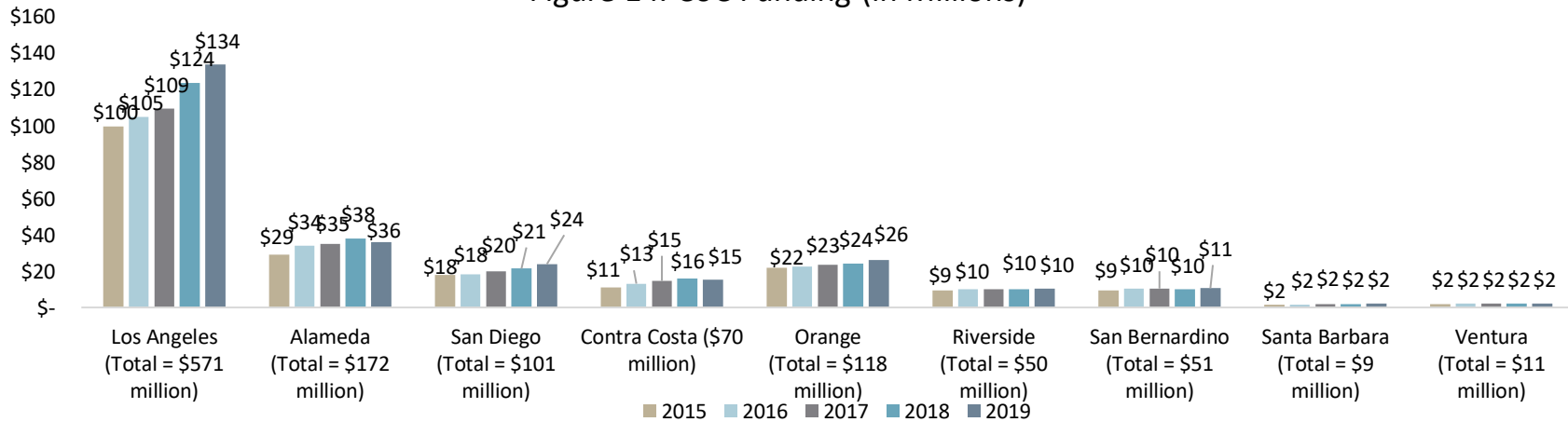
<sup>40</sup> [https://www.hcd.ca.gov/grants-funding/nofas/docs/nhtf\\_final\\_point\\_score\\_and\\_awardee\\_list.pdf](https://www.hcd.ca.gov/grants-funding/nofas/docs/nhtf_final_point_score_and_awardee_list.pdf)

## HUD Continuum of Care Funding

Overall, there is an opportunity for increasing the competitiveness of Orange County’s applications to competitive sources. Starting with improving the competitiveness of the County’s CoC HUD applications will help improve the competitiveness of other funding applications, as many other competitive sources base their requests on HUD requirements. HUD CoC funding decisions are provided with extensive feedback to the County relative to other funding sources (e.g., NPLH, MHP). As such, the recommendations below are based on detailed feedback provided by HUD. Though the following recommendations are based on examples of HUD CoC applications (as HUD provides the greatest level of detail of application feedback), the recommendations apply generally to all funding sources the County applies for. Further, the County would benefit by advocating for this level of detail in feedback from other funding sources beyond HUD to help improve their competitiveness in future funding applications. The following section describes how these specific recommendations align to other competitive funding sources available to the County.

In 2016, 2018 and 2019, Orange County’s CoC HUD application received from 2 to 17.25 points less than the weighted mean score for all CoCs. In 2017, Orange County’s application received the same score as the weighted mean score for all CoCs (see Appendix C). “The weighted mean score is the mean CoC score weighted by Annual Renewal Demand (ARD). CoCs that scored higher than the weighted mean score were more likely to gain funding relative to their ARD, while CoCs that scored lower than the weighted mean were more likely to lose money relative to their ARD.”<sup>41</sup> Due to changes in guidelines and scoring categories in 2019, the following recommendations for improving CoC HUD applications will focus on Orange County’s 2019 application. Figure 14 displays the total CoC funds each of the counties have received from 2015 to 2019.

Figure 14. CoC Funding (in Millions)



<sup>41</sup> FY2019 CoC Program Competition Debriefing, page 6

Due to the fact that HUD sets the standards of performance for many funding streams, including state, local and philanthropic foundations, increasing the County's competitiveness related to HUD funding will lead to increased competitiveness across the funding environment. Specific recommendations in this section draw on examples from HUD applications as these applications were most available for analysis. However, with HUD setting many standards for all funding streams, these recommendations can and should be applied to other competitive applications (e.g., State funding) where applicable.

**Recommendation 1:** To implement a debriefing process for leadership and application writers to discuss application briefings/award outcomes each program year for all funding opportunities. While not all funding sources provide full or even partial briefs on application performance, the grant writing team and leadership have the expertise to discuss what worked well and what can be improved for future funding rounds. The grant writing team can also request debriefing meetings with the funder to further discuss where the application can be improved in the future. Strategies and goals to improve Orange County's competitive applications to consider in debriefing applications include:

- Increasing HMIS coverage as much as possible, as reported in the HIC, and HMIS data quality. Any administrative and staffing investment required to increase HMIS should also be strategically utilized, identifying where HMIS data can be leveraged in support of grant applications with HUD, the State, philanthropic foundations, etc.
- Implementing concrete, actionable, time-bound, and measurable plans to improve key measures identified in state and federal NOFAs. Then, utilizing specific, qualitative descriptions of the County's actions to communicate the execution of those plans and specific data points to demonstrate your plans' success over time. In scoring applications, granting institutions value evidence-based improvements year to year.
- Identifying how stakeholder engagement and insights are utilized to inform County policy and practice of housing and homelessness services. Ensuring that the CoC governing body has representatives and full engagement from all stakeholder categories identified by HUD is key to successful applications across funding streams. Full engagement of key stakeholder groups and people with lived experience means that the County has an intentional plan for seeking meaningful stakeholder feedback and for incorporating their feedback in decision-making. With a strategic plan in place for stakeholder engagement, both communicating engagement (i.e., actions and related data) in grant applications and the County's housing-related outcomes are likely to be more effective.
- Ensuring CoC and other funding is spent as fully as possible and there are specific plans to address under-spending that can be communicated to the funder.
  - Establish a multidisciplinary team to evaluate current funding sources and expenditures and potential grant opportunities to maximize available resources and identify opportunities for enhanced collaboration among County departments.
  - Staffing turnover in OCC has impacted the spending of the CoC Planning Grants. Identify reasons for turnover and implement strategies to reduce future turnover to ensure CoC Planning Grants are not negatively impacted by OCC staffing levels.
  - Because Orange County Continuum of Care is not a UFA, the County is limited in their ability to address system-wide underspending. The County can take a leadership role in communicating the negative impacts of underspending to the CoC to aid in the CoC's collaborative response to address underspending.
- Assuring program/project standards are aligned to evidence-based practices (e.g., CoC standards for CoC and ESG funded activities), including Housing First, trauma-informed care,

positive youth development, etc.; and having a documentation process for being able to track and report specific ways in which activities are aligned with best practices in project applications. This includes:

- Fully implementing HUD coordinated entry requirements or have clear, actionable, timebound plan for achieving compliance that can be clearly communicated in applications.
- Fully implementing HUD Equal Access Rule requirements or have clear, actionable, timebound plan for achieving compliance that can be clearly communicated in applications.
  - Review and revise current contract language to more closely align to HUD Equal Access Rule.
  - OCC should partner with OCCR to implement HUD Equal Access Rule in affordable housing and supportive housing projects.

Orange County system experts identified that high staff turnover among those who contribute to funding applications has limited the County's capacity for leveraging lessons learned year to year, and from implementing new practices for application improvement. To overcome this barrier, it is recommended that a document is kept that identifies the focus areas, next action steps for each focus area and a timeframe for accomplishing each action step. Critical to this document is identifying a specific person who will track the progress of each (1 or more) focus area, and a specific person responsible for each (1 or more) action step. Then, if a staff member leaves the agency, it will be easy to identify their tasks and reassign the task to another staff member. A template to guide these focus area efforts can be found in Appendix D.

**Recommendation 2:** Increase the specificity included in open-ended explanations throughout funding applications. It is possible that applicants score lower on applications not because they have ineffective structures, processes, or collaboration with stakeholders, but that they fail to effectively communicate their systems to the funder in their application writing. Utilizing specific data points and examples is an opportunity for the County to identify inefficiencies and describe how it has taken action to correct for them. Although HUD does not specify in their briefings why points were lost, but only where points were lost in selected scoring categories, a review of Orange County's consolidated applications highlighted opportunities for improving application writing. Specific opportunities include:

- a. Altering word choice and sentence structures to allow for better use of the 2,000- or 3,000-character limit.
- b. Incorporating data to support claims and replace quantifying descriptors (e.g., several, many, often) with specific data points. For example, in describing improvements to the PIT Count process, Orange County wrote "The client-level data provided the ability to collect additional data points related to employment and community ties, complete additional local analysis to better understand the sheltered homeless population." An opportunity to be more specific and communicate the County's improvement would be to identify which specific 'additional local analyses' were done and in which specific ways the County better understands the sheltered homeless population. HUD guidelines make repeated request for specifics, and thus, it can be assumed that increasing specificity in applications can increase the County's competitiveness. Utilizing more specific data points and examples also communicates to HUD that the CoC's capacity to effectively spend funds is high, which can help offset other population-level performance measures that are less out of direct control of the CoC (e.g., number of PSH).

**Recommendation 3:** Develop and implement an internal County strategic plan that will aid in better alignment and collaboration with cities and partners, including when limited match funds should be leveraged in competitive applications. Performance sections related to 3B Performance and Strategic Planning of the HUD application can be used as a starting point to identify what strategic collaborations will also be able to be leveraged to improve application competitiveness across funding streams. Also, tracking the specific efforts and milestones achieved throughout the year will be key to communicating those successes to HUD and other funders that value stakeholder engagement. In interviews and survey responses from system experts, Orange County's greatest and unique challenge is having 34 cities, each having a different relationship with the County. Identifying this barrier and communicating documented steps being taken to overcome it will be a strength in future applications.

Overall, the County and its partners would benefit greatly by developing a strategic plan with measures for housing, homeless services and grant application writing. Documented, clear strategic plans will assist the County across the board by:

- providing institutional knowledge and supporting continuous improvement through leadership changes
- providing a structure by which the County's actions toward successful outcomes can be documented and effectively communicated in competitive grant applications using data
- building public confidence in the County administration of public funds, so as to support future efforts to implement a sustainable local funding source
- allowing the County to identify, or even predict, barriers to their strategic goals, such as where there are needed changes in how departments are structured or where investments in staffing would be most beneficial
- preparing the County to pivot when industry performance measures change due to unforeseen events or new political administrations
- allowing the County to identify priority areas in which their limited match funds can most effectively be leveraged, considering the variability in NOFA timelines.

In summary, there are opportunities for Orange County to improve their applications, whether it be through improved systems coordination in practice, or in how Orange County's system strengths are described and communicated in the open-ended portions/attachments of an application, or both. Application review and improvement plans are not only applicable to HUD funding, but is also a best practice to be applied to all competitive funding sources with multiple rounds. HUD's application provides the broadest measures by which to set goals for CoC and County-wide improvements to the point that focused improvements to the CoC competition will be applicable to other competitive funding sources as well.

## HUD New Project Funding Opportunities

Each year HUD releases NOFAs for competitive new projects for which the County of Orange could compete. For example, in 2016 HUD released the Youth Homelessness Demonstration Project (YHDP) to develop and implement a coordinated community plan to prevent and end youth homelessness. YHDP awards were distributed over three funding rounds totaling \$112 million to non-rural communities, with average awards per community being \$4.15 million. Based on discussions with County staff, the County has not yet applied for YHDP funding because staff have deemed that Orange County would not be competitive based on the rating factors. YHDP's seven factors included:

- Leadership capacity
- Resource Capacity
- Community Need
- Capacity for Innovation
- Collaboration/Community-Wide Partnerships
- Youth Collaboration
- Data Evaluation Capacity

As these factors will likely be emphasized in future funding rounds of YHDP and because many other competitive funding sources value the same or similar factors, **Orange county is best served by developing a strategy to increase their capacities in these areas.** Similar to reporting specifics in HUD CoC consolidated applications, tracking steps taken and progress made towards building these capacities will be critical to communicating the County's capacity in YHDP and other competitions. Such tracking will also be key to mitigating the loss of organizational information due to staff turnover or change to agency structures.

## Opportunities to Increase Competitive Affordable Housing and Homelessness Funding

The previous section detailed specific competitive funding sources available to the County to support affordable housing and efforts to end homelessness and, where applicable, the County's previous application performance. Across relevant funding sources, there are commonalities as to what increases applicants' competitiveness. These commonalities can serve as strategic focus areas for the County (or specifically, OCHFT for Local Housing Trust Fund [LHTF] funding) to consider across multiple funding sources. Though each funding source will vary in terms of how priority areas are operationalized, many funding sources share the same or similar priorities (e.g., reaching a target population and demonstrating how the populations are reached, demonstrating community need, project readiness and feasibility). For comparative purposes, shared priorities across the funding sources are summarized in Table 7. *The priority areas in Table 7 are not inclusive of all scoring criteria for all funding sources. Instead, they represent priorities listed by at least two or more different funding sources.* Details for each funding source, wherein sources are available, are summarized in the sections below.

Table 7. Application Priority Areas across Competitive Funding Sources

Application Priority Area	HUD COC	NPLH	MHP	CalWORKS HSP	LHTF	NHTF
Demonstrating/Meeting Greatest Community Needs and Reaching Specific Target Populations	X	X	X	X	X	X
Leveraging/Committing additional funding/Financing		X	X		X	X
Demonstrating Evidence-Based Practices	X	X		X		
Project Readiness and/or Feasibility		X	X		X	X
Past Performance/Experience			X			X

Note. An “X” indicates a priority area applies to the funding source.

## Demonstrating/Meeting Greatest Community Needs and Reaching Target Populations

Competitive funding sources place heavy emphasis on applicants’ ability to clearly articulate how the funding will contribute to meeting the greatest housing needs in the community and how it will serve the County’s most vulnerable populations (i.e., target population). Across the funding sources, demonstrating/meeting the greatest community needs includes:

- HUD CoC: Clearly articulating how projects consider severity of needs and vulnerabilities, including how individuals and families with the longest lengths of homelessness are identified and housed.
- NPLH: Percentage of total Project Units restricted as NPLH units, and use of the Coordinated Entry System, or use of an alternate system to refer persons at-risk of chronic homelessness to NPLH units.
- MHP: Detailing how a project is located in a “high resource” area and has units restricted for senior and special needs populations, prioritizing households with the lowest levels of income (30% area median income [AMI] or below).
- LHTF: Percentage of low-income households paying more than 50 percent of their income for rent and owner expenses in the jurisdictions the application will serve and prioritizing lower-income households (80% AMI or below).
- NHTF: Percentage of poor renters, renter overcrowding, and rental vacancy in the county and projects located in “Areas of Opportunity”.
- CalWORKS HSP: Actively engaging in robust outreach strategies that seek to identify families who are currently enrolled or likely eligible for the CalWORKs program that may be eligible for HSP. Continuing to seek engagement with the hardest-to serve families including those ineligible for broader opportunities for housing assistance (i.e., child-only CalWORKs families).

As demonstrated above, funders desire applicants to clearly document how funding for proposed projects will meet the greatest needs in the communities by serving the county’s most vulnerable populations (e.g., low-income households as a percent of AMI, special needs populations including seniors, and individuals who have experienced the longest lengths of homelessness). Based on the scoring criteria of the funding sources, the following recommendations are provided to the County to support application/project preparation that will make the County competitive in this priority area:



1. Identify/map the specific jurisdictions within the county with the greatest needs (e.g., areas with the highest percentage of households at or below 80% and 30% AMI).
2. Refer to the Tax Credit Allocation Committee Opportunity Map<sup>42</sup> to identify areas within Orange County considered to be “Areas of Opportunity”.
3. Prioritize projects that both serve those individuals in greatest need and are in “Areas of Opportunity”.
4. Identify specific practices that demonstrate meaningful target population engagement. This includes tracking of specific examples as to how target population insights are gathered and utilized to inform County policy and practice of housing and homelessness services.
5. Implement record keeping of target population engagement and service, so as to be able to report specific examples and standard practices of how the County reaches and values target population input. In particular, the tracking of improved and increased engagement over time.

## Leveraging/Committing Additional Funding/Financing

Many state funding sources place heavy emphasis on applicants’ commitment and/or leverage of additional funding or financing to support proposed projects. Across the funding sources, leveraging/committing additional funding/financing includes:

- LHTF: Matching program funds on a dollar-for-dollar basis is required; matching funds from sources other than Local Impact Fees or In Lieu Fees are preferred and receive additional points.
- MHP: Additional points awarded to applicants based on the amount of funds, other than MHP funds, proposed for permanent funding of the development costs as a percentage of the requested amount of MHP funds.
- NPLH: Ratio of the capital (non-Capitalized Operating Subsidy Reserve) portion of the NPLH loan to other sources of committed development funding attributable to the NPLH Units. Noncompetitive Allocation funds may count as leveraged funds. In addition, points are awarded based on the percentage of NPLH Assisted Units with Enforceable Funding Commitment for operating assistance, or for Project-based or Sponsor-based rental subsidies with commitment terms substantially similar in terms to project-based Housing Choice Vouchers.
- NHTF: 100 percent of non-state NHTF permanent financing is committed by the deadline set forth in the NOFA.

Based on the heavy emphasis of leveraging match dollars and/or committed financing, the following recommendations are provided to the County to support application/project preparation that will make the County competitive in this priority area:

1. For each funding opportunity, identify the types of leveraged funds that are preferred, beginning with the list above; update this list as new funding sources emphasizing leveraged funds/committed financing become available.
2. Once preferred leveraged funding sources are identified, detail resources available to the County (either alone or in partnership with other entities) that can be utilized to meet these leveraged funds priorities. If resources do not currently exist, develop an action plan to increase access to these leveraged funding sources.
3. Institute a guide to help the County better know when and where match dollars can be best leveraged, to the extent that grant cycles can be predicted.

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<sup>42</sup><https://belonging.berkeley.edu/2021-tcac-opportunity-map>

## Demonstrating Evidence-Based Practices

As in funding across all social service areas, funding institutions for housing and ending homelessness prioritize programs that can demonstrate their implementation of evidence-based practices. Further, applicants are more competitive when their practices are demonstrated to result in positive outcomes for individuals served by the programs. Across the funding sources, demonstrating evidence-based practices includes:

- HUD CoC: Applicants must describe the CoC's strategy to increase the rate at which individuals and persons in families in shelters, transitional, or rapid re-housing exit to permanent housing destinations; reduce the rate of additional returns to homelessness; increase access to employment; address both housing and service needs to ensure those served successfully maintain their housing once assistance ends.
- NPLH: Proposed project provides case management services onsite with additional points awarded for each evidence-based practice to be implemented and for each type of services to be offered (employment, services for individuals with mental and physical disabilities, recreational/social activities, educational services, assistance obtaining access to other needed services). Also, additional points are awarded to proposed projects where the lead service provider can document previous experience implementing evidence-based practices leading to a reduction in the number of chronically homeless, or at risk of chronic homelessness.
- CalWORKS HSP: Adhering to all Housing First checklist items<sup>43</sup> with descriptive plans for long-term institutional changes. Also, program offers rapid re-housing (RRH) components and can provide evidence of a well-functioning, cost-effective RRH model.

Demonstrating and implementing evidence-based practices not only increases the County's competitiveness on funding applications, but also leads to better housing outcomes for Orange County residents. To increase the County's competitiveness in demonstrating evidence-based practices, the following recommendations are provided:

1. Identify and document specific evidence-based practices funders prefer (e.g., Housing First Model).
2. Create a crosswalk document specifying providers/partners in the community offering these evidence-based practices, highlighting those who can provide evidence of the success of these practices.
3. When writing/applying for funding opportunities, select partners who have demonstrated success in providing these practices. Further, in writing, clearly articulate which practices will be integrated into proposed projects and provide evidence to support previous success of these practices with the target populations of interest.

## Project Readiness and/or Feasibility

Many state funding sources prioritize applicants that can demonstrate project readiness and feasibility. In general, housing project readiness refers to securing/committing funds to support construction and completing all necessary reviews and permitting (e.g., environmental reviews, building permits) in compliance with local, state, and federal requirements. Feasibility is a reflection of the applicants' ability to complete a proposed project or program within a named timeframe and within governmental regulations. Feasibility is often an assessment of an applicant's organizational structure, available

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<sup>43</sup> <https://www.usich.gov/tools-for-action/housing-first-checklist>

staffing, and expertise of regulations and subject matter. Across the funding sources, demonstrating project readiness and feasibility includes:

- NPLH: Obtaining Enforceable Funding Commitments for all needed construction financing, not including tax-exempt bonds, 4 percent low-income housing tax credits, and deferred developer fees. Obtaining Enforceable Funding Commitments for all deferred-payment permanent financing, grants, and subsidies, not including deferred developer fee, tax-exempt bonds, and 4 percent low-income housing tax credits, in accordance with TCAC requirements and with the same exceptions as allowed by TCAC. Completion of all necessary environmental clearances. Obtaining all necessary land use approvals or entitlements necessary prior to issuance of a building permit, including any required discretionary approvals, such as site plan review or design review.
- MHP: Points are awarded for obtaining enforceable commitments for all construction financing, adoption or certification of necessary environmental reviews, obtaining necessary land use approvals or entitlements needed prior to issuance of a building permit, completion of application to the relevant local authorities for land use approvals, a signed letter by a certified planner that the project meets all requirements for approval if the project has not been approved/disapproved by local authorities, and obtaining commitments for all deferred-payment financing and grants and subsidies in accordance with TCAC requirements.
- LHTF: Extent to which the Applicant has completed a first phase funding process for multifamily rental projects and announced on its website the status of each project, including those projects that were approved to submit a final application upon award of program Funds by California DHCD.
- NHTF: Compliance with state and federal requirements.

To support the County's competitiveness related to project readiness and feasibility, the following recommendations are provided:

1. As highlighted above, demonstrating project readiness and feasibility can require much planning efforts before the County applies for funding. To support planning pre-application, the County can create an ongoing list of potential projects in the community (ideally those located in "high resource" areas and targeting those in greatest need, as summarized above) that may qualify for funding, detailing which phase of planning each is in and next steps needed to be approved/competitive for funding (e.g., where each project stands in terms of environmental reviews, permitting, secured financing, land use approvals).
2. To support project readiness and feasibility, the County should also leverage existing partnerships within the community to keep an ongoing contact list of individuals who can support these efforts (e.g., certified local planners), actively seeking new partnership when gaps in expertise exist related to the specific funding priorities of a grant and remaining in ongoing communication with these partners on upcoming projects and deadlines for application submissions.

## Past Performance/Experience

Among the funding sources listed in Table 7, two (MHP and NHTF) place strong emphasis on prior applicant performance and development and ownership experience. Demonstrating prior experience and performance includes:

- MHP: Development and ownership experience of the Project Sponsor with additional points received for demonstrating projects completed within five years preceding the application date (fewer points are awarded for projects completed within ten years preceding the application

date). Further, points can be deducted if the Project Sponsor's prior experience indicates non-compliance with contractual obligations, documentation, or failing to provide support services agreed upon, among other significant violations.

- NHTF: Prior applicant experience in the implementation of local, state, or federal affordable housing or community development projects in the past seven years. Further, the performance factor works as deductions, with all applicants starting with 200 points, with deductions if poor performance is indicated. Poor performance is defined as missed project deadlines, late reports, providing information that has been misrepresented, and noncompliance with monitoring requirements.

To increase the County's competitiveness in demonstrating strong past performance and experience, the following recommendations are provided:

1. Identify and document the factors funders prefer related to past performance and experience.
2. Using these identified factors and the community partners list identified in recommendation two under Project Readiness and Feasibility, indicate which partners meet these preferred criteria.

## Summary of Recommendations to Increase Competitive Affordable Housing and Homelessness Funding

Through feedback provided on HUD CoC applications and a review of state and federal competitive funding sources’ scoring criteria, actionable recommendations are provided to the County to increase their competitiveness to draw down more funding in support of affordable housing and ending homelessness. Though each funding source reviewed, and future funding opportunities, will vary in terms of how priority areas are scored, many share the same or similar priorities. Table 8 provides a summary of recommendations made throughout this report regarding increasing application competitiveness. Planning and process recommendations apply to all funding sources, while other recommendations are tailored to funding sources that emphasize a particular focus area as described in the previous section.

Table 8. Summary of Competitive Funding Application Recommendations

Recommendations to Increase County of Orange’s Application Competitiveness
Planning and Process Recommendations
To implement a debriefing process for leadership and application writers to discuss application briefings/award outcomes each program year for all funding opportunities.
Increase the specificity included in open-ended explanations throughout funding applications.
Develop and implement an internal County strategic plan that will aid in better alignment and collaboration with cities and partners, including when limited match funds should be leveraged in competitive applications.
Reaching Target Populations Recommendations
Identify/map the specific jurisdictions within the county with the greatest needs (e.g., areas with the highest percentage of households at or below 80% and 30% AMI).
Refer to the Tax Credit Allocation Committee Opportunity Map to identify areas within Orange County considered to be “Areas of Opportunity”.
Prioritize projects that both serve those individuals in greatest need and are in “Areas of Opportunity”.
Identify specific practices that demonstrate meaningful target population engagement.
Implement record keeping of target population engagement and service, so as to be able to report specific examples and standard practices of how the County reaches and values target population input

## Recommendations to Increase County of Orange's Application Competitiveness

### Leveraging/Committing additional funding/Financing Recommendations

For each funding opportunity, identify the types of leveraged funds that are preferred, beginning with the list above; update this list as new funding sources emphasizing leveraged funds become available.

Once preferred leveraged funding sources are identified, detail resources available to the County (either alone or in partnership with other entities) that can be utilized to meet these leveraged funds priorities. If resources do not currently exist, develop an action plan to increase access to these leveraged funding sources.

Institute a guide to help the County better know when and where match dollars can be best leveraged, to the extent that grant cycles can be predicted.

### Demonstrating Evidence-Based Practices

Identify and document specific evidence-based practices funders prefer (e.g., Housing First Model).

Create a crosswalk document specifying providers/partners in the community offering these evidence-based practices, highlighting those who can provide evidence of the success of these practices.

When writing/applying for funding opportunities, select partners who have demonstrated success in providing these practices. Further, in writing, clearly articulate which practices will be integrated into proposed projects and provide evidence to support previous success of these practices with the target populations of interest

### Project Readiness and/or Feasibility Recommendations

To support planning pre-application, the County can create an ongoing list of potential projects in the community (ideally those located in "high resource" areas and targeting those in greatest need, as summarized above) that may qualify for funding, detailing which phase of planning each is in and next steps needed to be approved/competitive for funding (e.g., where each project stands in terms of environmental reviews, permitting, secured financing, land use approvals).

To support project readiness and feasibility, the County should also leverage existing partnerships within the community to keep on ongoing contact list of individuals who can support these efforts (e.g., certified local planners), actively seeking new partnership when gaps in expertise exist related to the specific funding priorities of a grant and remaining in ongoing communication with these partners on upcoming projects and deadlines for application submissions.

### Past Performance/Experience Recommendations

Identify and document the factors funders prefer related to past performance and experience.

Using these identified factors and the community partners list identified in recommendation two under Project Readiness and Feasibility, indicate which partners meet these preferred criteria.

## Performance Audit Conclusions and Recommendations

County leaders recognize the substantial need for more affordable housing and effective interventions for homelessness throughout Orange County. The County of Orange and its partners have taken critical steps towards meeting this need in recent years including:

- increasing collaboration among the County and cities,
- securing funding,
- developing a strategy for the development of PSH, and
- effectively administering Housing Choice Vouchers.

The Performance Audit identified several recommendations and next steps for the County to increase its effectiveness in drawing down more funding to meet the greatest needs in the community.

Recommendations center around the key barriers identified above. **Spanning across all the recommendations is the need for the County to engage in an internal strategic planning process with the three departments working on affordable housing and homelessness.** Strategic planning should be organized to establish priorities and set actionable and measurable goals for the next three to five years around the following recommendations:

### **Strategic Recommendation #1: Review the County organizational structure and staffing levels with consideration of the most effective and efficient way to leverage cross-department staff resources and expertise**

This recommendation should be implemented to support the application for and implementation of new funding opportunities, as well as to increase competitiveness in grant applications. Increase staffing and/or contract with other partners/consultants to support applying for and implementing new affordable housing and homelessness programs. This process should begin with selecting a leader to guide the review process, ensuring cross-department engagement throughout the process.

### **Strategic Recommendation #2: Increase availability of sustainable sources of local funds to support affordable housing and homelessness needs through partnership**

Next steps towards this recommendation should include a review of funding options to increase availability of sustainable local and private sources for the development of affordable housing/homeless programs. Options may include a review of existing efforts of local and state organizations that are supporting the implementation of a local bond and understanding key barriers, strengths, and resources in the community for a bond, philanthropic supports, or other sustainable funding and the potential to partner in those efforts.

### **Strategic Recommendation #3: Improve funding application competitiveness**

In addition to increasing availability of local match funds, next steps to increase the County's competitiveness include:

- Establish a strategy and framework for reviewing funding applications and scores and integrate feedback into future funding opportunities or recommendations to revise scoring criteria
- Focus on improving performance year to year on key measures in all strategic areas identified in NOFAs (Notice of Funding Availability); and having concrete, actionable, time-bound, and measurable plans to improve that can be communicated to HUD and other funders. The County should focus efforts around the following strategic areas: reaching specific target populations

including the most vulnerable populations, leveraging/committing additional funding/financing, demonstrating evidence-based practices, project readiness and feasibility, and past performance and experience (for specific details, reference Table 8 on page 45).

- Improve funding application competitiveness by incorporating specific metrics/evidence to support claims, clearly specifying how proposed programs/projects are aligned to evidence-based practices and identifying key barriers or inefficiencies the County has experienced with specific details of how the County is working to overcome them.

#### **Strategic Recommendation #4: Develop a unified homeless and affordable housing plan for the County**

The first step is to develop a strategic plan that is internal to the County departments/OCHFT: What is the County's internal three-to-five-year vision related to homelessness and affordable housing? Using this performance audit as a guiding document, the County should develop strategies, strategic goals, and action steps that the County will commit to internally. The County's strategic plan will also need to specifically identify what action steps/strategic goals are within the County's control and which action steps/strategic goals require partnership.

Once an internal strategic plan is established, the next step is for the County to share their vision and strategies with cities and community partners to help build system alignment and stronger collaboration. There are existing plans throughout the County, across various entities and organizations, related to affordable housing and ending homelessness (e.g., Housing Funding Strategy, OCHFT's strategic plan, and County of Orange's 10-Year Plan to End Homelessness). Key to engaging external partners includes discussions and plan developments around aligning these various plans to ensure partners throughout the county have shared goals and aligned efforts. The many organizations and multiple strategic plans in the County can yield much positive activity. However, intentional alignment of activities is where sustainable impact will be yielded. Further, the County should work to identify key benefits and barriers cities experience in collaborating with the OCHFT. Understanding key benefits and barriers, develop strategies, in partnership with cities, that will increase participation among the 34 cities. The County could then consider the development of a larger, collaborative strategic plan, including priority-setting, coordination of resources, and exploring the feasibility and benefits of becoming a UFA.



## Appendix A. Summary of Interview Themes and Focus Group

MRC conducted 14 one-on-one key-stakeholder interviews, both within and external to the County of Orange and one focus group with individuals with lived experiences with homelessness. The interviews and focus group assessed perceptions of the greatest needs around affordable housing/ending homelessness, perceptions of barriers to increasing access to affordable housing, and strengths in the community that can be leveraged to support increased access to affordable housing. The information gathered from the phone interviews was content coded to assess for emergent themes across interviewees (see Tables A1-A3).

Tables A1-A3 represent the 11 interviews conducted with key-stakeholders within the County of Orange, including:

- HomeAid Orange County
- City of Costa Mesa
- City of Santa Ana
- City of Anaheim
- Kennedy Commission
- OC Housing & Community Development, OC Community Resources
- OC Housing Finance Trust
- County of Orange: Continuum of Care System
- Coordinated Entry System Coordinator, Office of Care Coordination, Homeless Services Division
- Jamboree Housing Development
- OC United Way

Tables A4-A9 summarize themes from a focus group conducted with three individuals currently living in permanent supportive housing units in Orange County.

## Interview Themes and Frequencies

<b>Table A1: What are the greatest needs around Affordable housing/Homelessness in Orange County? (N = 11)</b>	
<b>Themes</b>	<b>Count</b>
Need for more units at all levels of affordability, a spectrum of housing for spectrum of needs (middle, lower, extreme low-income levels overall, senior, veteran, those who are able to move out of PSH, etc.).	11
Need for more funding and more sustained funding for long-term initiatives, across all funding streams in both housing and supportive services – or more cost-effective avenues to use the current funds.	8
Call for the County to take an active lead of the collective (providers, housing agencies, funding streams) to provide institutional knowledge and targeted actions.	8
Limited availability and coordination of supportive services and permanent supportive housing/limited crisis intervention services/greater collaboration needed between behavioral health care and homelessness systems of care.	6
Need for more shelter beds to serve more diverse homeless populations.	3
Funding streams specifically to support senior housing.	3
Reducing barriers to gaining access to available affordable housing (ex: criminal background checks, credit screening).	2
Strong need for more street outreach that includes linkages to mental health resources.	1
Need to reevaluate the role of law enforcement in handling challenges arising from homelessness. Better understand if they have the appropriate skills and resources to respond to individuals experiencing homelessness who also have mental health challenges.	1
Need for an exit strategy for individuals exiting emergency shelters. There has been an influx of shelter beds recently with no plan for permanent housing solutions for these individuals.	1
Limited opportunities to train workforce in housing/homelessness services locally (have to go to Los Angeles for professional development).	1
Need for County to provide guidance to Trust Fund to navigate funding systems.	1

<b>Table A2: What are the greatest barriers that exist for the County of Orange and its partners in meeting Affordable housing/Homelessness needs? (N = 11)</b>	
<b>Themes</b>	<b>Count</b>
Resistance from community to implement housing solutions, mentality of “not in my backyard”; leads to low political will at local level.	7
Competing for state funds relies on leveraging local funds, OC resistant to taxes/fees, while other counties OC competes against have bonds.	6
Policy barriers: Low density/single family zoning regulations, lack of landlord incentive programs and lack of county-wide inclusionary housing ordinances, leads to decreased availability of land to build on and units to fill.	6
Challenge for County to coordinate varying needs, politics, and priorities of diverse cities; the County and cities do not always collaborate well with one another (a lot of “finger pointing” rather than collaboration).	6

Lack of long-term strategic plan for ending homelessness in the County; Long-term collaboration and strategic planning is stunted by changing political wills and staff turnovers.	5
Lack of data to inform progress made in addressing homelessness, identify the emerging needs and gaps in order to set targeted goals.	3
Zoning, prevailing wage requirements and community attitude barriers are costly in time and resources to overcome, makes projects too expensive to complete and drains resources for sustaining properties.	3
Funding streams are on variable schedules with variable targeted outcomes; complicates and delays County stakeholders' ability to pull funds together.	3
Limited communications from OC Housing Trust Fund to stakeholders- limited staffing capacity of Trust.	2
OC gives more money in Prop 13 than is received back, leads to low general fund.	2
Affordable housing focus is on rental housing, homeownership left out.	2
Increasing numbers of at-risk seniors, families, and low-wage workers crossing into homelessness.	2
Lack of funding streams to account for the administrative costs needed to implement and monitor the programs, including outreach to get community support (i.e., operating subsidy; grants can cost more in administration or sustaining funds than the grant itself).	2
OC has to compete for smaller pots of Federal and State funding, while other counties have entitlement status to larger pots of funds.	2
Limitations of voucher funds system (ex: HUD vouchers based on previous years' housing market but rent increases faster; uncertainty as to how many vouchers to request).	2
Nature of County-government employment limits creativity-flexibility to approach problem-solving. There is a need to think through the staffing structure to set the County up for success (ex: when the Director of Care Coordination was brought on and reported to the Board of Supervisors. Reporting to five different bosses makes it difficult to get work done).	2
No public hospital	1
Not all cities have housing authorities, makes them more reliant on the County for solutions.	1
Complexity of shelter referral programs between cities.	1
The County of Orange is not accessing all funds that it can. Examples include Mental Health Services Act (MHSA) funds and Whole Person Care (the County was not using this funding towards all the possible ways it could be spent due to a lack of understanding of the funding source).	1
A lack of transparency regarding how the County of Orange is determining which organizations to fund, especially in light of COVID-19. There have been many projects awarded to organizations by the County with no indication of why those organizations were selected. This lack of transparency leads to a lack of trust.	1
High staff turnover among the County of Orange team dedicated to ending homelessness causes doubts and concerns in the community about what the work environment is like. It also leads to a lack of transparency about what the County is doing to end homelessness.	1
For County-led requests for proposals, the application/reporting requirements are overly complicated making it difficult to apply and/or carry out the work if selected.	1

The County not involving key stakeholders in critical decision-making processes, such as producing guidelines on how to run homeless shelters.	1
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**Table A3: What are strengths and opportunities that exist in Orange County that will help overcome barriers to meeting Affordable housing/Homelessness needs? (N = 11)**

<b>Themes</b>	<b>Count</b>
Growing acceptance among community that there is a need for housing solutions in all cities, lobbying successes to educate council people (Communities more receptive to hotel/motel rehab projects [very expensive projects] and bond issue).	8
Opportunity to increase coordination and funding partnerships with hospitals, insurance programs, healthcare industry; providers need guidance on billing Medi-Cal.	6
Perception that there is an opportunity to aggressively address homelessness in OC before it becomes a more systemic issue.	5
County team has reputation of being knowledgeable of funding streams.	4
Some demonstrated successful coordination of resources, co-case management and referral processes already in place among nonprofit and public providers.	4
Cities are increasing capacity of shelter systems	4
Several local institutions invested in sharing studies and data (ex: UCI Housing Cost Study, OC Business Council, United Way, Kennedy Commission, etc.).	3
OC Business Councils' partnership and messaging to OC community	3
County supports mental health and addiction services as part of housing solution (i.e., there is a call for supportive services and attention to mental health, BeWell OC).	3
Opportunity to increase private donor funds, leverage for more flexible spending and reduce project costs.	3
Large, skilled contractor and developer workforce that are also in support of creating affordable housing.	3
Kennedy Commission working on passing a bond issue.	2
Number of new funding streams through California Department of Housing and Community Development (DHCD).	2
OC Housing Finance Trust (public) matching funds, collaboration growing.	2
OC Housing Trust (private) funds, increasing success with MHSA funds and focus on low, very low and permanent supportive housing.	2
Affordable Housing Development Plan	2
Cities and housing authorities can coordinate funds together, lessen duplicative efforts and pull more funding down; County to assist cities to use their smaller entitlement allocations as a collective.	2
Four housing authorities with opportunity to increase collaboration.	1
County is showing increased capacity to use MHSA fund for housing.	1
Service Planning Areas allows for regional needs to be identified and better met.	1
COC Housing Opportunities Committee and their successes in data collection.	1
County-owned land could be made available to development.	1
For a portion of homeless, employment is the single barrier.	1

## Focus Group Themes and Frequencies

<b>Table A4: What are common experiences that lead individuals to experience homelessness and/or struggle to find affordable housing? (N = 3)</b>	
<b>Themes</b>	<b>Count</b>
Mental and physical health challenges that prevent people from working	3
Family challenges, such as divorce or “falling outs” with family members	2
Not getting connected to the government benefits that can provide more income because I do not know where or how to get enrolled in such benefits (e.g., social security disability insurance, benefits for veterans)	1
Not being able to access affordable housing options, like permanent supportive housing, simply because individuals experiencing homelessness often do not know these types of programs exist. “There is no advertising designed for people experiencing homelessness.” Individuals experiencing homelessness also have a misunderstanding of who qualifies for certain programs like Section 8, and falsely assume they do not meet those qualifications which prevents them from seeking those programs out.	1
Often times when individuals find resources to help get them into shelter or housing, there are rules that prevent them from using such resources, like women and children only, only people with disabilities, etc. It is frustrating because I could be waiting in line for hours to learn the shelter is only taking in women and children.	1

<b>Table A5: What are significant barriers for you and individuals in similar situations to <u>obtain</u> permanent housing? (N = 3)</b>	
<b>Themes</b>	<b>Count</b>
Not knowing where or who to go to for help- there are many different organizations and societies out there to help, but many of them provide fragmented services	3
Mental health and addiction challenges	3
Lack of income	3
Needing support for how to reintegrate into society after being homeless for a long time	2
Stringent qualifications and long waiting lists for some housing programs	1

<b>Table A6: What are significant barriers for you and individuals in similar situations to <u>retain</u> permanent housing? (N = 3)</b>	
<b>Themes</b>	<b>Count</b>
No major barriers. Jamboree Housing works with you and is flexible which is nice. “Once I got housed it was easy to retain. It is a dream come true and I will do anything to keep it.”	2
For other people who get housed, I see them continue to struggle with addiction and not using all the supportive resources they have available to them. This puts their housing at risk because addiction often leads to people breaking the rules of the property. It is also frustrating to see people not using the supportive services because there are so many people out there who need the services but cannot access them.	2
Living with limited income. I bring in \$170 a month and pay \$50 a month for housing, but I also need a cell phone which leaves little money left over.	1

<b>Table A7: What services and supports have been most helpful for you and why? (N = 3)</b>	
<b>Themes</b>	<b>Count</b>
Telecare because they provide all the services and supports you need in one place. From food, getting an identification card, mental health, physical health, and beyond.	2
U.S. Vets provided me everything I needed and did not rush me out like other places do.	1
[When I was experiencing homelessness] drop-in centers like the Homeless Multi-Service Center in Santa Ana were very helpful as they provided many needed services in one place.	1
American Family Housing transitional housing services were very helpful	1

<b>Table A8: What services and supports have been least helpful for you and why? (N = 3)</b>	
<b>Themes</b>	<b>Count</b>
Mental health services provided by the County of Orange Health Care Agency. Their connections with me were very sporadic with no consistent follow-through. The services were not all encompassing and never really helped with my mental health.	1
Homelessness shelters because you would have to be gone from 5:00 am to 5:00 pm. I chose to live on the streets instead.	1
All services were helpful	1

<b>Table A9: Are there services and resources that you have not been able to access that you think would make a deep impact on your life? (N = 3)</b>	
<b>Themes</b>	<b>Count</b>
Homelessness providers and policy makers need to involve people with lived experiences when developing or improving current systems. I know they are having these conversations, but we are not included and can really help improve the system.	1
Better mental health services. When I was homeless, I was often turned away from mental health providers because they said I “wasn’t sick enough.”	1
There is a great need for more outreach. I know many people who are still homeless and cannot find the support they need.	1

## Appendix B. County of Orange Staff Survey Open-Ended Responses

Table B1. Please briefly describe your ratings to the question above (#4). For example, if you feel the County of Orange has utilized some sources more effectively than others, please briefly explain why. (n = 10)

Theme	Count
<p>County of Orange has effectively utilized local, State and Fed funding to address local housing needs</p> <ul style="list-style-type: none"> <li>• County of Orange has a deep understanding of the funding requirements, eligibility criteria for populations and services that can be funded through the various funding sources detailed above to address homelessness and create affordable housing.</li> <li>• the county issued two NOFAs in recent years, cobbling together many of the funding sources</li> <li>• effectively used HCV vouchers coupled with coordinated entry to house individuals experiencing homelessness</li> <li>• partnered with United Way OC to provide landlord incentives to house those experiencing homelessness</li> <li>• I believe the County of Orange has been highly effective in applying and utilizing MHSA funding for housing.</li> <li>• Through the grants report, departments have received and applied for a number of grant opportunities from the above funding sources.</li> <li>• Making vouchers available to support new program developments and affordable housing have proven to be successful and received many applications from viable projects that are under development; As many vouchers that can be project-based are. Need more funding for vouchers.</li> <li>• The County is using all its HOME and Successor funds to develop supportive housing.</li> </ul>	8
<p>Things outside the County's control:</p> <ul style="list-style-type: none"> <li>• funding sources and related timelines and eligibility criteria</li> <li>• resources that can only be accessed with private partners/developers</li> <li>• The Permanent Local Housing Funding went directly to Cities- it is an a la carte program allowing for many different uses. Much of the funding went towards shelter. None of the funding was allocated to housing.</li> </ul>	3
<p>I am not very familiar with the Orange County Housing Trust (OCHT) and National Housing Trust Fund; I do believe that OCHFT has engaged with OCHT, but I am not sure if they are able to partner with us in our affordable housing developments.</p>	2
<p>The County, with the leadership of the Board of Supervisors and CEO, made possible the OCHFT. Cities were willing to participate, but would commit no initial funds. The County carried the administrative costs for the Trust for its first year. In addition, County staff strategized a plan to maximize matching funds from the state's local housing trust fund program.</p>	1
<p>Continued disadvantage is a local source of match funding that would allow us to leverage those dollars with other state and federal funding streams.</p>	1
<p>Philanthropy has not traditionally supported County efforts directly. There are some examples of it supporting projects and some of the work through the OCHT. Have not seen a big presence of funding from Foundations to County for development of housing. Again, some of that has gone through developers to projects specifically.</p>	1

Table B2. If you selected any barriers “to a great extent”, please briefly explain why you chose that response option including any specific details (e.g., specific policies, funding sources, service providers). (n = 6)

Theme	Count
<p>State’s restrictive matching funds requirements: the state has repeatedly refused to allow multiple proposals for alternate sources, preferring instead for a bond or tax increases, neither of which have historically been politically viable.</p> <ul style="list-style-type: none"> <li>• The issue with matching fund requirements and state-level policies is also political - a guaranteed revenue stream for a local match requires either a bond to be issued or a tax increase, neither of which have any realistic support.</li> <li>• Lack of local matching funds, we don’t have them and they often provide valuable points in the scoring of other funding opportunities.</li> </ul>	3
<p>Cities’ unwillingness to partner and contribute to housing due to politics or ideologies</p> <ul style="list-style-type: none"> <li>• Cities despite their rhetoric to the contrary have refused to be true partners. The OCHFT was designed specifically to mitigate this gap, and time will tell whether it will ultimately be successful.</li> <li>• The conflict between cities and the County boils down to a political one: cities generally say they support building more housing but don't want to pay for it or put it within their jurisdiction because of political pressure. They'd rather have the County build and pay for it so that they don't have accountability and I don't know how you can ever get around that.</li> </ul>	2
<p>Requesting full debriefs from state/federal funders: I'm not sure if the County asks for full debriefs from state/federal funders (especially for annual grants or ones we expect to have future funding rounds). I've found this to be extremely helpful because then we learn what needs to be modified going forward to be more competitive in future rounds of funding. This also helps develop relationships with the funders whereby they may provide additional insight that can be helpful. However, this takes time and resources and a way to track those lessons learned going forward.</p>	1
<p>Federal funding resources and requirements have historically been very difficult to improve upon, particularly the elimination of transitional housing as a halfway point</p>	1
<p>Limits on the number of vouchers available is a challenge that we have managed to the best of our ability</p>	1
<p>Stronger cross-county-department relationships, less siloed: While silos among county departments in the past have been a concern, the relationships have become much stronger in recent years.</p>	1
<p>Time-consuming internal processes has been used as an excuse from some departments to avoid applying for dollars.</p>	1
<p>There are Federal and State funding sources that are more favorable to larger counties like Los Angeles, such as No Place Like Home where there are Alternative Process Counties that have their own allocation.</p> <ul style="list-style-type: none"> <li>• Our County projects also have a more difficult time competing for funding through State programs like MHP, etc. due to various reasons including lengthy entitlements process or committed funding that is not as robust as projects in other regions who may have access to more Federal and State funds.</li> </ul>	1
<p>The County required Staff reports to be prepared and ready for Board of Supervisors Approval 60 days in advance. It has to go through too many different departments and agencies, many of which do not seem to be applicable.</p>	1



Table B3. If there are other barriers to supporting affordable housing and homelessness efforts in Orange County that are not listed in the question above, please briefly describe those barriers below. (n = 8)

Theme	Count
<p>Need for system to determine when it is worth going for grants, especially when high administrative costs: We must prioritize which grants make sense spending scarce resources to compete for grant funding</p> <ul style="list-style-type: none"> <li>• Lack of adequate staffing to support the administrative functions of applying for, using and reporting on grant funding. Administrative costs allowed for most of the grant programs are insufficient to cover these costs and maintain staffing levels.</li> <li>• There needs to be an analysis of whether there is go/no go decision. For example, if there is a very complex nationwide grant application and there are only 4 grants available, the likelihood of being successful is low.</li> </ul>	2
<p>RHNA allocation requirements continue to be a problem</p>	1
<p>Capacity at the County level and also with community stakeholders and partners to develop and implement new programs</p>	1
<p>Lack of local support; lack of understanding by the general public of the needs for this housing and how, specifically, permanent supportive housing truly addresses homelessness.</p>	1
<p>Lack of funding to provide housing navigation and ongoing support services</p>	1
<p>There is no dedicated local funding stream (tax, surcharge, etc.) to support these efforts.</p>	1
<p>Barriers are more apparent when leasing up a property. We have experienced cities placing more restrictions on their vouchers which can limit the number of individuals who can apply for the housing project.</p>	1

Table B4. Please briefly describe how you think the County of Orange can improve their efforts to obtain, maintain, and/or implement funding resources to support affordable housing and/or efforts to end homelessness. If you do not see opportunities for improvement, please type “N/A”. (n = 10)

Theme	Count
<p>Need for fully staffing and maintaining staff:</p> <ul style="list-style-type: none"> <li>• I think HCA and OCCR staff have been doing a great job in applying for and managing all relevant grant opportunities. I believe one of the issues that affects all of our departments is the lack of staff available to apply for and manage grants at a large scale.</li> <li>• The County of Orange needs to maintain and support its current infrastructure and staffing that oversee the development and implementation of affordable housing and efforts to end homelessness.</li> <li>• Maintain a consistent level of staffing and infrastructure and consistent processes to sustain obtaining, maintaining, and implementing funding.</li> <li>• Plan for consulting resources to have available when volume increases such as during a pandemic, but maintain a core staffing complement so when funding opportunities arise we are not starting from ground zero or asking the same staff with other responsibilities to take on this work.</li> </ul>	5
<p>Need for sustained local funds:</p> <ul style="list-style-type: none"> <li>• The County of Orange needs to be able to identify sustainable funding sources for the various initiatives and programs that are developed and implemented. When there is funding gaps or uncertainty, an innovative project or initiative that has proven to be successful and impactful starts to lose its impact/influence within the County and then outwardly.</li> <li>• Local funding streams are key to more rapid progress, need cities on board</li> </ul>	3
<p>Continue to explore partnerships:</p> <ul style="list-style-type: none"> <li>• Between different county agencies and local, State and Federal funding source to create additional opportunities</li> <li>• Build community and relationships among stakeholder groups. It is an incredibly complex issue so it requires an all-hands-on-deck approach. Continuing to break down silos and seeing how we can collaboratively approach issues is helpful.</li> <li>• The responsibility for this cannot reside solely with the County. Cities must make this a priority as well.</li> </ul>	2
<p>Although there are often other factors involved it would be helpful to develop a decision tree or an ROI factor that would help department determine which funding opportunities to pursue.</p> <ul style="list-style-type: none"> <li>• It is always important to focus on funding opportunities that have a high likelihood of award and minimal cost/effort to administer.</li> </ul>	1
<p>I think many of the County processes are ingrained in stone without the ability for revisions.</p>	1

Table B5. Please briefly describe how you think the County of Orange and its partners can improve or strengthen their policies and practices to meet the community’s needs around affordable housing and ending homelessness. If you do not see opportunities for improvement, please type “N/A”. (n = 6)

Theme	Count
Continue in its efforts to collaborate with cities; needs to be more agreement on the local barriers for some cities; Participation by all cities in the OC Housing Finance Trust.	3
More coordination amongst County, cities, developers and affordable housing advocates, etc. could help improve and align current policies and practices regionally.	1
It would be helpful for there to be a thorough review of all policies and procedures and an evaluation of how these are implemented and practiced. This exercise will help identify gaps in policies and procedures, provide an opportunity to update policies and procedures and streamlining across multiple partners and jurisdictions.	1
To better address the community's needs around affordable housing and ending homelessness, there is an opportunity to agree on core definitions and eligibility criteria. The uncertainty or severe nuance in that area makes it hard for the community to navigate the space appropriately.	1
Establishing re-entry housing would be helpful as that is a challenging population to house.	1
JPA for congregate sheltering throughout the County, including County and individual city funding and representation.	1

Table B6. Please briefly describe how you think the County of Orange can strengthen its collaboration and coordination with cities when applying for homelessness and affordable housing funding opportunities. (n = 9)

Theme	Count
The County of Orange should continue to provide technical assistance, general information and ongoing support to cities who are interested in developing homeless service programs and affordable housing. Through these actions, the County's role will continue to grow as partner and promote collaboration and coordination. Given the tremendous amount of funding sources and opportunities, often times the cities cannot keep up with the nuanced details which is when the County can serve as a partner and identify opportunities that are mutually beneficial.	5
A challenge is that without a comprehensive, coordinated Countywide plan we end up competing with each other for scarce resources. Regional approaches fare much better for state and federal funding opportunities as we allow the state and federal government to say yes to a region instead of yes to a city and no to the County, for example. <ul style="list-style-type: none"> <li>• Need for improving relationships</li> <li>• Cities to be more flexible with prioritizing their residents when there are many funding sources in the project.</li> </ul>	3
Need for more streamlined processes between jurisdictions: <ul style="list-style-type: none"> <li>• letters of support process: If we want a countywide plan, this can mean that cities will ask for quick turnarounds on letters of support for grants they are applying for, especially if we ask for cities to do the same for us. Under current practice those letters of support must come from the full board through the grant’s report (which usually doesn't happen due to timing) and instead are just from the Chairperson on their own letterhead instead of on behalf of the entire County.</li> <li>• Create template agreements, policies and procedures. Develop simple approval process to apply for grants and execute MOU/Agreements between cities and County</li> </ul>	2

Table B7. Please briefly describe how you think the County of Orange and its partners can improve or strengthen their policies and practices to meet the community’s needs around affordable housing and ending homelessness. If you do not see opportunities for improvement, please type “N/A”. (n = 6)

Theme	Count
Where I've seen the greatest success is where we identify a project and then advocate for a funding source and/or weigh in early on the grant guideline side as they are being developed by an agency.	1
Option to hire consultant to manage grant processes: <ul style="list-style-type: none"> <li>There are firms focused on helping local governments get grants, like a Blais and Associates, for example, that are very successful in managing the process from identification, process management and grant writing.</li> </ul>	1
Look to successful counties: opportunity to look at other counties to understand how they are so successful in competitive applications or related development of affordable housing and supportive programs. This will provide the County of Orange with perspective as to how the current policy or programs implemented locally are implemented elsewhere. This type of research can then be incorporated as the County forges new partnerships and takes on new efforts to address homelessness.	1
Many Cities are not able to use their resources for the overall good as their councils, constituents are only interested in their jurisdictions. So that would be a hard thing to change	1
More coordination with CalOptima	1
More coordination with private sector and philanthropy	1
More coordination with philanthropy.	1

## Appendix C. Orange County CoC HUD Debriefing Scores

2016-2018 Orange County CoC HUD Debriefing Scores by Scoring Category			
Scoring Category	Orange County's Score / Maximum Score Available 2016	Orange County's Score / Maximum Score Available 2017	Orange County's Score / Maximum Score Available 2018
Part 1: CoC Structure and Governance	46.75/51	48.75/50	38.25/52
Part 2: Data Collection and Quality	27/27	18.5/46	28/49
Part 3: CoC Performance and Strategic Planning	58/101	70.5/82	70.5/77
Part 4: Cross-Cutting Policies	16.75/21	22/22	20.5/22
Total CoC Application Score	148.5/200	159.75/200	149.75/200
All CoCs	Highest Score for any CoC: 187.75 Lowest Score for any CoC: 79 Median Score for all CoCs: 154.5 Weighted Mean Score for all CoCs: 160.7	Highest Score for any CoC: 190.75 Lowest Score for any CoC: 57.75 Median Score for all CoCs: 147.5 Weighted Mean Score for all CoCs: 159.75	Highest Score for any CoC: 190 Lowest Score for any CoC: 47.75 Median Score for all CoCs: 160 Weighted Mean Score for all CoCs: 166.75

<b>2019 Orange County CoC HUD Debriefing Scores by Scoring Category</b>		
<b>Scoring Category</b>	<b>Orange County's Score / Maximum Score Available</b>	<b>Related Application Section</b>
1. Project Capacity, Review, and Ranking	25/29	1E Project Capacity, Review, and Ranking
2. System Performance	37/60	2B Point-in-Time Count, 3A System Performance
3. Homeless Management Information System	9/9	2A HMIS Bed Coverage
4. Point-in-Time Count	6/6	2B Point-in-Time Count
5. Performance and Strategic Planning	27/40	2B Point-in-Time Count, 3B CoC Performance and Strategic Planning Objectives
6. CoC Coordination and Engagement	51/56	1B CoC Engagement, 1C CoC Coordination, 1D CoC Discharge Planning, 3A System Performance, 3B CoC Performance and Strategic Planning Objectives, 4A Accessing Mainstream Benefits and Additional Policies
<b>Total CoC Application Score</b>	<b>155/200</b>	
All COCs	Highest Score all CoCs = 186.5 Lowest Score all CoCs = 37.25 Median Score all CoCs = 150.5 Weighted Mean Score all CoCs = 157	

