

# 15G - HOUSING AND COMMUNITY SERVICES

## Operational Summary

### Mission:

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

### Strategic Goals:

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

### Key Outcome Indicators:

Performance Measure	2006 Business Plan	2007 Business Plan	How are we doing?
	Results	Target	
<p><b>REDUCE PERCENT OF AFFORDABLE HOUSING NEEDED AS IDENTIFIED BY THE REGIONAL HOUSING NEEDS ASSESSMENT</b></p> <p><b>What:</b> Includes providing monthly housing assistance and creating new affordable housing units.</p> <p><b>Why:</b> Increasing affordable housing units helps bridge the gap in housing costs for certain incomes.</p>	<p>HCS achieved record lease up of vouchers to assist 9,500 households in paying their rent each month &amp; used S&amp;C grants to assist another 320 disabled families who are homeless. HCS also closed 5 multifamily housing loans totaling over \$4.3 million &amp; 288 units of affordable housing.</p>	<p>HCS anticipates closing 3 multifamily affordable housing projects, issue one NOFA for \$5 million, and submit an application to HUD for additional Section 8 rental assistance vouchers, if available.</p>	<p>Since 2000, HCS increased the number of households leased with vouchers by over 2,500. HCS expects to produce approximately 2,100 units or \$379 million of affordable housing construction with a County investment of \$36 million.</p>
<p><b>MEASURE THE LEVEL OF COMMUNITY SATISFACTION WITH NEIGHBORHOOD IMPROVEMENT AND REHAB PROJECTS.</b></p> <p><b>What:</b> The effect of rehabilitation efforts on a neighborhood in terms of community satisfaction.</p> <p><b>Why:</b> Home and neighborhood enhancement contributes to higher levels of community satisfaction and pride.</p>	<p>HCS completed the rehabilitation of 39 housing units; ADA improvements at the regional Justice centers; street improvements in the City of Stanton, Cypress Acres, and El Modena; new water main, service laterals and fire hydrants; sewer improvements and improvements to two Community Centers.</p>	<p>HCS targets include providing low interest loans and grants through the Neighborhood Preservation Program to repair 25 to 30 mobile and single family homes for seniors and working families countywide.</p>	<p>HCS is doing well as it continues to revitalize the unincorporated communities with the goal of eventual annexation of all County islands.</p>

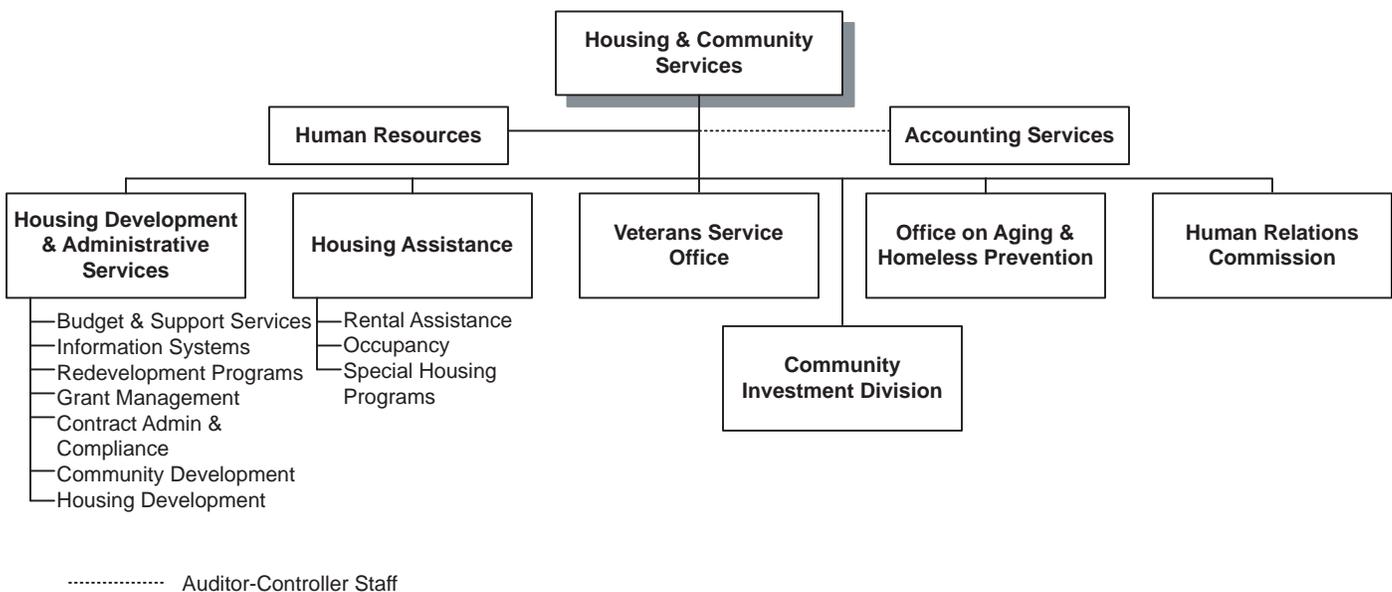
### At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	17,773,595
Total Final FY 2007-2008	29,502,171
Percent of County General Fund:	N/A
Total Employees:	142.00

**FY 2006-07 Key Project Accomplishments:**

- Closed the following four multi-family housing loans, totaling 247 units: Heritage Place at Tustin Apartments (54 units), Ability First Apartments-Irvine (24 Units), Laguna Canyon Apartments (120 units), Summercrest Apartments (49 units).
- Issued a new NOFA for \$5 million. Received 5 applicants thus far, totaling over \$17.1 million in funding requests.
- In FY 06-07, OCHA continued to expand its Shelter Plus Care Program to 10 grants, which provide rental assistance for up to 360 homeless persons/families with disabilities. OCHA was limited in its ability to expand lease-up in the Housing Choice Voucher Program, and continued to assist approximately 9,500 households per month and achieved a “high performer” rating from HUD in the Section 8 Management Assessment Program (SEMAP).
- Completed two major initiatives: installation of new computer software and opening of the Waiting List to accept new applications.

**Organizational Summary**



**Executive Administration** - Plans, organizes, administers and directs all functions related to the implementation of policies, programs and projects for the Orange County Housing Authority, the Community Development Block Grant Program, Orange County Development Agency, and also provides oversight for Older Adult, Homeless, Workforce Investment, Veterans, and Human Relations programs. This activity includes Human Resources which is responsible for establishing an appropriate framework within the department so it can competitively attract and retain the best qualified employees while meeting appropriate laws and regulations and provides assistance in employee relations to ensure personnel standards and quality assurance.

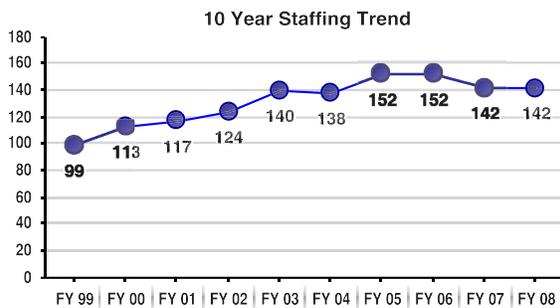
**Community Development Services** - The Administrative & Community Development Services Division oversees departmental community relations activities as well as revitalization activities such as public works, infrastructure improvements, and housing rehabilitation. This Division also administers sub contracts funded through the CDBG, HOME, ESG, and NDAPP. Additionally, this Division is responsible for environmental services, purchasing, facilities management, budget, payroll, petty cash, computer services, and general support services. It is also responsible for overall HCS program compliance. The Division performs audit, compliance and legal notification procedures required by HUD for the department.



**Housing Development & Administrative Services** - The Housing Finance & Policy division oversees new housing development in the creation of multi-family rental, transitional, and home projects for lower income households. This Division is responsible for legislative analysis and grants management. Grants Management includes the Application Review and Homeless Assistance Programs application processes, which are competitive processes by which funding is allocated to projects.

**Housing Assistance** - The Housing Assistance Division performs the operations of the Housing Authority. The Housing Authority is responsible for the disbursement of approximately \$95 million in housing subsidies annually, which is not reflected in the County's budget figures. In addition, the Housing Assistance Division operated special programs such as Family Self-Sufficiency, Family Unification, and the special needs homeless individuals or families under the HUD Continuum of Care Program.

**Ten Year Staffing Trend:**



**Ten Year Staffing Trend Highlights:**

- Prior to FY 97/98, the former H&CD was a division of EMA with all of the associated positions budgeted in EMA's budget.
- H&CD staff expanded in FY 99/00 due to an organizational assessment performed by the CEO and an outside consultant. Staff was added to the following sections: 13 to the Housing Assistance activity and 1 to the Program Support activity.
- H&CD staff increased by 4 in FY 00/01 due to the expansion of the Shelter Plus Care program (1), and the creation of CalWORKs program (3). Both of these programs are in the Housing Assistance Division.

- In FY 01/02 H&CD staff increased by 7 due to an award of 740 additional housing vouchers for the Section 8 program. Six staff members were added to the Housing Assistance section and 1 was added to the Program Support section.
- In September 2001 H&CD staff increased by 19 full time positions (12 new & 7 converted from extra help). This increase was due to an award of 820 additional housing vouchers for the Section 8 program and the implementation of a successful in-house inspection program. Hiring staff to perform annual inspections became more cost-effective than using a contractor. 17 of the staff members were added to the Housing Assistance section and 2 were added to the Administrative & Community Development Services section.
- In FY 02/03 4 positions were deleted due to the rising costs of staff, the slight decline in block grant funding and the fixed amount of administration fees received from the Federal Government to administer programs such as the Section 8 program.
- Due to the rising costs of staff and the fixed amount of administrative fees received from the Federal Government, it was necessary for HCS to analyze work assignments, positions and position levels in the FY 03/04 Budget. As a result, a net of five positions were deleted. Three of the positions were filled with limited term employees, one of the positions was vacant and one was vacated when the incumbent was promoted to another position. An additional position was deleted but was offset by an addition of a position to resolve a classification issue.
- As a result of the merger between CSA and H&CD, HCS has committed to analyzing each program area within all areas of the organization for efficiencies, regardless of funding source, in an effort to reduce costs. HCS moved seven positions from agency 012 into fund 15G in the FY 04-05 budget. During FY 03-04, CEO transferred an Administrative Manager II from CEO/Strategic Affairs to HCS to oversee redevelopment and planning activities. Also during FY 03-04, HCS received six new positions to augment the growing Section 8 Rental Assistance Voucher Program. With the transfer of the Homeless Coordinator to agency 012, 15G added a net of 13 positions during the FY 04-05 budget process.



- Due to federal CDBG funding cuts and increases in employee retirement cost, HCS needed to eliminate 10 positions out of the FY 06-07 budget. The Housing Development and Administrative Services Division eliminated 7 positions and the Community Development Services Division eliminated 3 positions. All of the proposed deletions were vacant positions, so no layoffs resulted.
- No staffing changes are projected in FY 07-08.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

Affordable housing development continues to be one of the Board of Supervisors' Top 10 Strategic Priorities. HCS continues to explore and commit all eligible funding to increase affordable housing opportunities in the County. Currently, HCS has allocated over \$36 million for affordable housing development in Orange County from Federal HOME and CDBG monies, Redevelopment funding, as well as Housing Authority Operating Reserves. HCS will continue to solicit and support affordable housing projects through Requests for Proposals (RFP) and Notice for Funding Availabilities (NOFA). The goal of the RFP's and NOFA process is to promote the development of permanent affordable rental housing for Orange County's very-low and low-income households by providing favorable financing.

### Changes Included in the Base Budget:

For FY 07-08, Housing and Community Services (HCS) expects level funding in OCHA Administrative Fees as well as a 10% decrease in CDBG/CDBG Program Income and a 1% decrease in HOME funding while operating costs overall have steadily increased. These challenges required the Department to reorganize staff in impacted areas and more

appropriately allocate costs to Redevelopment-eligible expenditures and activities as well as reduce Services and Supplies. In addition, the Mobility/Portability Program in OCHA is anticipating an additional \$400,000 in revenues due to increased administration associated with clients from outside of its jurisdiction. Repayments from clients that no longer meet low-income housing requirements is also projected to increase by an additional \$200,000 in FY 07-08.

Increased Salary and Employee Benefit costs coupled with level funding in OCHA Administrative fees will continue to require an operating transfer from the Orange County Housing Authority Operating Reserve (Fund 117) for operating deficits and to cover items such as the County's Homeless Assistance Grant Administration and Affordable Housing monitoring. HCS has assumed a \$300,000 Operating Transfer-In for FY 07-08. The Department plans to address this issue and bring the Housing Authority's operating costs in balance if the OCHA Administrative Fees continue to be insufficient.

Fund 15G continues to project a negative fund balance which is due, in part, to the reimbursement nature of this fund and to multi-year projects which are budgeted and encumbered at 100% in the first year. Examples of projects budgeted this way include those funded by the SuperNOFA Homeless Assistance grant process and the block grant programs.

The proposed 15G budget also includes reorganization of the Housing Development and Administrative Services Division. During FY 06-07, the Housing Development and Administrative Services Division was combined with the Community Development Division. This reorganization does not change the overall base budget requirements but rather is an effort to further increase efficiency within the Agency.

## Final Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev <sup>(1)</sup> As of 6/30/07	Final Budget	Actual Amount	Percent
Total Positions	152	142	142	142	0	0.00
Total Revenues	17,383,192	38,676,815	16,922,876	29,502,171	12,579,295	74.33
Total Requirements	17,936,346	38,676,815	17,925,528	29,502,171	11,576,643	64.58
Balance	(553,154)	0	(1,002,652)	0	1,002,652	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2006-07 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Housing and Community Services in the Appendix on page A177

## Highlights of Key Trends:

- Over the past decade, the County has experienced a shortage of affordable housing which is impacted by a variety of factors including the availability of land, affordable housing funds, political will, and the real estate market. The development and preservation of affordable housing is challenged by rising housing costs, lack of appropriately zoned land, increased market demands, and community resistance which combine to shrink the supply of affordable housing units and price low income residents out of the market. Despite these factors, HCS will continue to pursue its goal of increasing and preserving affordable housing opportunities for lower income Orange County residents.
- In 2004, HUD changed its allocation method for funding Housing Authority's administration costs which reduced the Housing Assistance Program's operating

revenues. This reduction in Administration fees coupled with increased employee retirement costs has resulted in a projected operating deficit of approximately \$300,000 annually. The operating deficit will be covered by Housing Authority operating reserves, which are the result of excess administrative fees in previous years. The operating reserves were established for the purpose of covering operating deficits and late Housing Assistance payments from HUD.

- HCS continues its goal of improving the livability of the County's unincorporated neighborhoods. This goal is met by providing low-interest loans to eligible homeowners for home rehabilitation, developing education and community programming for large areas, and effectively communicating these improvement programs to these neighborhoods.

## Budget Units Under Agency Control:

No.	Agency Name	Executive Administration	Community Development Services	Housing Development & Administrative Services	Housing Assistance	Total
012	Community Services Programs	15,269,687	0	0	0	15,269,687
117	O.C. Housing Authority - Operating Reserves	1,765,771	0	0	0	1,765,771
123	Dispute Resolution Program	795,542	0	0	0	795,542
124	Domestic Violence Program	1,021,969	0	0	0	1,021,969
146	Workforce Investment Act	10,731,253	0	0	0	10,731,253
15G	Housing and Community Services	14,768,699	7,732,884	0	7,000,588	29,502,171
15M	OCHA Admin Ree Reserves 2004	12	0	0	0	12
15U	Strategic Priority Affordable Housing	2,504,086	0	0	0	2,504,086
	<b>Total</b>	<b>46,857,019</b>	<b>7,732,884</b>	<b>0</b>	<b>7,000,588</b>	<b>61,590,491</b>

## 15G - Housing and Community Services

### Summary of Final Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev <sup>(1)</sup> As of 6/30/07	Final Budget	Actual Amount	Percent
Revenue from Use of Money and Property	\$ 67,079	\$ 7,000	\$ 67,395	\$ 50,000	\$ (17,395)	-25.81%
Intergovernmental Revenues	16,611,605	35,436,810	14,002,615	21,788,004	7,785,389	55.60
Charges For Services	1,798,080	2,662,041	2,393,900	3,203,278	809,378	33.81
Miscellaneous Revenues	338,202	640,618	12,668	1,201,000	1,188,333	9,380.96
Other Financing Sources	721,832	483,500	310,140	300,000	(10,140)	-3.27
Total FBA	(1,408,082)	(553,154)	(553,154)	2,959,889	3,513,043	-635.09
Reserve For Encumbrances	(745,525)	0	689,313	0	(689,313)	-100.00
<b>Total Revenues</b>	<b>17,383,192</b>	<b>38,676,815</b>	<b>16,922,876</b>	<b>29,502,171</b>	<b>12,579,295</b>	<b>74.33</b>
Salaries & Benefits	8,931,508	9,544,784	9,411,735	9,882,236	470,501	5.00
Services & Supplies	4,798,517	7,720,190	3,606,133	5,316,020	1,709,887	47.42
Services & Supplies Reimbursements	0	0	(57)	0	57	-100.00
Other Charges	4,136,076	21,411,841	4,907,718	14,287,915	9,380,197	191.13
Fixed Assets	70,245	0	0	16,000	16,000	0.00
<b>Total Requirements</b>	<b>17,936,346</b>	<b>38,676,815</b>	<b>17,925,528</b>	<b>29,502,171</b>	<b>11,576,643</b>	<b>64.58</b>
<b>Balance</b>	<b>\$ (553,154)</b>	<b>\$ 0</b>	<b>\$ (1,002,652)</b>	<b>\$ 0</b>	<b>\$ 1,002,652</b>	<b>-100.00%</b>

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2006-07 Actual Expenditure + Encumbrance included in the "At a Glance" section.

### Final Budget Summary of Executive Administration:

Revenues/Appropriations	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev <sup>(1)</sup> As of 6/30/07	Final Budget	Actual Amount	Percent
Intergovernmental Revenues	\$ 9,903,726	\$ 18,732,044	\$ 6,086,354	\$ 8,257,000	\$ 2,170,646	35.66%
Charges For Services	1,450,138	513,956	1,985,751	700,000	(1,285,751)	-64.75
Miscellaneous Revenues	318,007	0	84,693	0	(84,693)	-100.00
Other Financing Sources	123,954	0	10,140	0	(10,140)	-100.00
Total FBA	(1,408,082)	(553,154)	(553,154)	2,959,889	3,513,043	-635.09
Reserve For Encumbrances	(745,525)	0	689,313	0	(689,313)	-100.00
<b>Total Revenues</b>	<b>9,642,218</b>	<b>18,692,846</b>	<b>8,303,097</b>	<b>11,916,889</b>	<b>3,613,792</b>	<b>43.52</b>
Salaries & Benefits	680,917	576,683	594,495	583,487	(11,008)	-1.85
Services & Supplies	1,357,150	1,493,051	1,542,144	2,140,731	598,587	38.82

### Final Budget Summary of Executive Administration:

Revenues/Appropriations	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev <sup>(1)</sup> As of 6/30/07	Final Budget	Actual Amount	Percent
Services & Supplies	0	0	(57)	0	57	-100.00
Reimbursements						
Other Charges	827,592	18,827,592	947,592	12,044,481	11,096,889	1,171.06
<b>Total Requirements</b>	<b>2,865,659</b>	<b>20,897,326</b>	<b>3,084,174</b>	<b>14,768,699</b>	<b>11,684,525</b>	<b>378.85</b>
<b>Balance</b>	<b>\$ 6,776,559</b>	<b>\$ (2,204,480)</b>	<b>\$ 5,218,923</b>	<b>\$ (2,851,810)</b>	<b>\$ (8,070,733)</b>	<b>-154.64%</b>

### Final Budget Summary of Community Development Services:

Revenues/Appropriations	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev <sup>(1)</sup> As of 6/30/07	Final Budget	Actual Amount	Percent
Revenue from Use of Money and Property	\$ 67,079	\$ 0	\$ 67,395	\$ 0	\$ (67,395)	-100.00%
Intergovernmental Revenues	1,128,845	5,230,565	128,968	0	(128,968)	-100.00
Charges For Services	294,482	740,272	321,305	0	(321,305)	-100.00
Miscellaneous Revenues	19,881	19,000	(72,046)	0	72,046	-100.00
Other Financing Sources	131,465	183,500	91,403	0	(91,403)	-100.00
<b>Total Revenues</b>	<b>1,641,752</b>	<b>6,173,337</b>	<b>537,025</b>	<b>0</b>	<b>(537,025)</b>	<b>-100.00</b>
Salaries & Benefits	2,538,705	1,293,284	992,711	0	(992,711)	-100.00
Services & Supplies	2,080,875	1,829,467	504,124	0	(504,124)	-100.00
Other Charges	3,308,484	2,584,249	3,960,126	0	(3,960,126)	-100.00
Fixed Assets	70,245	0	0	0	0	0.00
<b>Total Requirements</b>	<b>7,998,309</b>	<b>5,707,000</b>	<b>5,456,960</b>	<b>0</b>	<b>(5,456,960)</b>	<b>-100.00</b>
<b>Balance</b>	<b>\$ (6,356,557)</b>	<b>\$ 466,337</b>	<b>\$ (4,919,935)</b>	<b>\$ 0</b>	<b>\$ 4,919,935</b>	<b>-100.00%</b>

### Final Budget Summary of Housing Development & Administrative Services:

Revenues/Appropriations	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev <sup>(1)</sup> As of 6/30/07	Final Budget	Actual Amount	Percent
Intergovernmental Revenues	\$ 59,915	\$ 2,947,735	\$ 680,301	\$ 5,014,859	\$ 4,334,558	637.15%
Charges For Services	52,736	1,208,813	86,844	2,503,278	2,416,434	2,782.49
Miscellaneous Revenues	0	0	20	1,000	980	4,900.00
<b>Total Revenues</b>	<b>112,651</b>	<b>4,156,548</b>	<b>767,165</b>	<b>7,519,137</b>	<b>6,751,972</b>	<b>880.12</b>
Salaries & Benefits	606,806	2,021,470	2,111,713	3,381,230	1,269,517	60.12
Services & Supplies	417,219	3,199,133	396,410	2,092,220	1,695,810	427.79
Other Charges	0	0	0	2,243,434	2,243,434	0.00
Fixed Assets	0	0	0	16,000	16,000	0.00
<b>Total Requirements</b>	<b>1,024,025</b>	<b>5,220,603</b>	<b>2,508,124</b>	<b>7,732,884</b>	<b>5,224,760</b>	<b>208.31</b>
<b>Balance</b>	<b>\$ (911,374)</b>	<b>\$ (1,064,055)</b>	<b>\$ (1,740,958)</b>	<b>\$ (213,747)</b>	<b>\$ 1,527,211</b>	<b>-87.72%</b>

## Final Budget Summary of Housing Assistance:

Revenues/Appropriations	FY 2006-2007		FY 2006-2007		Change from FY 2006-2007	
	FY 2005-2006	Budget	Actual Exp/Rev <sup>(1)</sup>	FY 2007-2008	Actual	
	Actual Exp/Rev	As of 6/30/07	As of 6/30/07	Final Budget	Amount	Percent
Revenue from Use of Money and Property	\$ 0	\$ 7,000	\$ 0	\$ 50,000	\$ 50,000	0.00%
Intergovernmental Revenues	5,519,118	8,526,466	7,106,992	8,516,145	1,409,153	19.83
Charges For Services	725	199,000	0	0	0	0.00
Miscellaneous Revenues	314	621,618	0	1,200,000	1,200,000	0.00
Other Financing Sources	466,413	300,000	208,597	300,000	91,403	43.82
<b>Total Revenues</b>	5,986,570	9,654,084	7,315,589	10,066,145	2,750,556	37.60
Salaries & Benefits	5,105,080	5,653,347	5,712,815	5,917,519	204,704	3.58
Services & Supplies	943,273	1,198,539	1,163,455	1,083,069	(80,386)	-6.91
<b>Total Requirements</b>	6,048,352	6,851,886	6,876,270	7,000,588	124,318	1.81
<b>Balance</b>	\$ (61,783)	\$ 2,802,198	\$ 439,319	\$ 3,065,557	\$ 2,626,238	597.80%