5. HOUSING RESOURCES

This section examines two major resources for meeting the unincorporated county's housing needs – land and financial resources. Opportunities for energy conservation are also discussed.

Availability of Sites for Housing Production

This section contains an analysis of land with the potential for housing development in the 2021-2029 planning period compared to the unincorporated county's remaining housing need.

Although the Housing Element covers the eight-year planning period from October 2021 through October 2029, the 6th RHNA cycle runs from January 1, 2021 through October 15, 2029.

NEW MASTER-PLANNED COMMUNITIES

During the past 50 years the majority of development in unincorporated Orange County has occurred in major landholdings under the planned community concept. Most of these areas were incorporated into new cities between 1988 and 2001, including Mission Viejo (1988), Dana Point (1989), Laguna Niguel (1989), Lake Forest (1991), Laguna Hills (1991), Laguna Woods (1999), Rancho Santa Margarita (2000), and Aliso Viejo (2001). Most of these areas were originally approved as planned communities in unincorporated Orange County.

Only one planned community in the unincorporated area, Rancho Mission Viejo – has a significant amount of land remaining to be developed during this Housing Element timeframe. Located in southeastern portion of the County east of Rancho Santa Margarita, Mission Viejo and San Juan Capistrano, Rancho Mission Viejo was approved in 2004 with a maximum of 14,000 residential units. It is expected to be the final large landholding that will be developed in unincorporated Orange County since all other significant undeveloped parcels are located within cities, regional parks or the Cleveland National Forest.

As part of the General Plan amendment, Planned Community (zone change) and development agreement for Rancho Mission Viejo ~~The Ranch Plan~~, the property owner is required to comply with the Affordable Housing Implementation Plan, as amended (2016), which includes the Private Sector Alternative discussed under Strategies and Action section. dedicate an aggregate of 60 gross acres of land to the County for affordable housing development. Up to approximately 165 lower-income units could be produced in Rancho Mission Viejo Planning Area 3.

Additional discussion of Rancho Mission Viejo is provided in Appendix B – Land Inventory.

Vacant and Underutilized Infill Parcels – the Housing Opportunities Overlay Zone

The incorporation and build out of south Orange County have shifted the focus of residential development that is under the jurisdiction of the County to the older unincorporated islands in the northern portion of the county. The "first wave" of development in these areas occurred during the 1950s and '60s as suburban growth spread south from Los Angeles. Fifty years later a few scattered vacant parcels remain, but there is also significant potential for redevelopment of underutilized properties with higher-density apartments and condominiums. The 2000 Housing Element included an Action Plan item to designate such areas for higher-density development, and in 2006 the Housing Opportunities Overlay Zone was adopted. The Housing Opportunities Overlay Zone (Section 7-9-44.6 of the Zoning Code) provides the option of affordable multi-family development on commercial and industrial sites, and in 2008 the Housing Opportunities Overlay Zone was expanded to include properties that are conventionally zoned for multi-family development along arterial highways. A detailed discussion of the inventory of sites within the Housing Opportunities Overlay Zone is provided in Appendix B.

Vacant and Underutilized Infill Parcels – the Mixed-Use Overlay Zone

The Mixed-Use Overlay Zone (Section 7-9-45 of the Zoning Code) provides the opportunity to develop high density housing in commercial areas. These regulations are intended to facilitate the vertical and horizontal mixing of retail, office, and residential uses and the development of mixed-use buildings accommodating both residential and employment activities. In both infill contexts and in larger projects, these regulations shall facilitate the inclusion of cultural, civic, educational, and urban recreational uses and support transit-oriented development and alternative modes of transportation.

Comparison of Land Inventory to New Housing Need

The County's strategy for accommodating the unincorporated area's new housing need for this planning period is based on infill/redevelopment opportunity areas within the Housing Opportunities Overlay Zone and development of underdeveloped parcels, including Rancho Mission Viejo, Banning Ranch, Coyote Canyon, the Santa Ana Country Club, and areas within Brea Canyon. Table B-4 presents a summary of the land inventory in the unincorporated area compared to the remaining housing need. This table shows that there is a total estimated development capacity to accommodate 12,685 units, with 5,615 Very low/Low units, 2,092 Moderate units and 4,978 Above Moderate units based on current General Plan and zoning designations and the amendment of the HOO to accommodate up to 65 dwelling units per acres. An additional 800 dwelling units are anticipated to be developed as accessory dwelling units throughout the County of Orange. Appendix B provides a thorough discussion of the land inventory and a parcel-specific listing of sites, along with an explanation of all assumptions used in this analysis.

Table 5-1 Summary of RHNA Status and Sites Inventory

	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
RHNA (2021-2029)	3,139	1,866	2,040	3,361	10,406
Units Constructed in Projection Period (Begins June 31, 2021)	0	0	0	0	0
Casa Paloma (permits issued 2021)	48	21	0	2	71
Crossroads at Washington (SCAG approved RHNA transfer)	20	0	22	0	42
Placentia Village for Veterans (SCAG approved RHNA transfer)	12	0	12	0	24
Remaining Unmet RHNA	3,059	1,845	2,006	3,359	10,269
Sites Inventory – Existing Zoning					
Housing Opportunity Overlay (HOO)	3,825		0	0	3,825
Rancho Mission Viejo	165		800	3,200	4,165
Banning Ranch	443		811	221	1,475
Coyote Canyon	264		621	171	1,056
Santa Ana Country Club (Costa Mesa Island)	435		0	0	435
Brea Canyon Parcels	110		220	770	1,100
Total Potential Capacity - Existing Sites	5,242		2,452	4,362	12,056
Projected ADU Construction					
Projected ADU Construction	544		240	16	800
Sites Inventory Total					
Total Units towards RHNA	5,786		2,692	4,378	12,856
Total Capacity Over RHNA Categories	+16%		+32%	+30%	+124%
Surplus/Shortfall	781		652	1,017	2,450

Sources: OC Development Services 2021; SCAG 2021

A comparison of these estimates with the County's RHNA need shows that there is adequate capacity to accommodate the level of need in all income categories for the planning period. The Housing Action Plan contains a discussion of programs and policies to encourage and facilitate housing production, with particular emphasis on the lower-income categories.

Financial Resources

The County has access to a variety of funding sources to provide adequate supply of decent and affordable housing.

a. Federal Resources

HOME FUNDS

The Home Investment Partnership (HOME) Program is a federal program, created as a result of the National Housing Affordability Act of 1990. Under HOME, HUD awards funds to localities on the basis of a formula that takes into account tightness of the local housing market, inadequate housing, poverty and housing production costs. Localities must qualify for at least $500,000, based on HUD's distribution formula, to receive direct allocation of funds, or can apply to the state or combine with adjacent jurisdictions.

HOME funding is provided to jurisdictions to assist either rental housing or home ownership through acquisition, construction, reconstruction, and/or rehabilitation of affordable housing. Also possible is tenant based rental assistance, property acquisition, site improvements, and other expenses related to the provision of affordable housing and for projects that serve a group identified as having a special need related to housing. The local jurisdiction must make matching contributions to affordable housing under HOME.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

Through the federal CDBG program, HUD provides funds to local governments for funding a range of community development activities. CDBG grants are awarded on a formula basis for housing activities, including acquisition, rehabilitation, homebuyer assistance, economic development, homeless services and public services. CDBG funds are subject to certain restrictions and cannot be used for new housing construction. CDBG grants benefit primarily persons/households with incomes not exceeding 80% of the County Median Family Income.

COMMUNITY DEVELOPMENT BLOCK GRANT - CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITIES ACT FUNDING (CDBG-CV) AND CDBG-CV3

CDBG-CV funds are to provide relief to eligible entities due to hardship caused by COVID-19. Eligible activities include funding to: construct a facility for testing, diagnosis; or treatment; rehabilitate a community facility to establish an infectious disease treatment clinic; acquire and rehabilitate, or construct, a group living facility that may be used to centralize patients undergoing treatment; rehabilitate a commercial building or closed school building to establish an infectious disease treatment clinic, e.g., by replacing the HVAC system; acquire, and quickly rehabilitate (if necessary) a motel or hotel building to expand capacity of hospitals to accommodate isolation of patients during recovery; make interim improvements to private properties to enable an individual patient to remain quarantined on a temporary basis; provide grants or loans to support new businesses or business expansion to create jobs and manufacture medical supplies necessary to respond to infectious disease; avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons; provide technical assistance, grants, loans, and other financial assistance to establish, stabilize, and expand microenterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine.

CDBG-CV3 funds are being provided as grants to prevent, prepare for, and respond to the coronavirus pandemic. Eligible activities include funding for an Emergency Rental Assistance Program (ERAP) for renters who, as a result of the financial hardships caused by COVID-19, are struggling to meet their monthly rental obligations; implementation of interim housing through Project HomeKey; and interim housing to be provided at emergency shelter location in an urban county city that responds to the coronavirus pandemic on a regional basis.

EMERGENCY SOLUTIONS GRANT - CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITIES ACT FUNDING (ESG-CV) AND ESG-CV2

ESG-CV1 funds are to be used to prevent, prepare for, and respond to COVID-19 among individuals and families who are homeless or receiving homeless assistance; and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts of COVID-19.

ESG-CV activities include the Extension of Homeless Shelters that provide

Homeless Prevention, Rapid Rehousing, HMIS and Administration.
ESG-CV2 funds are to help inform long-term, innovative solutions for addressing homelessness in the future while combatting COVID-19. ESG-CV2 activities include Funding will be used for the operations and essential services of the Yale Navigation Center, an emergency shelters program for individuals experiencing homelessness. Operation costs include providing food, rent, security, maintenance, repair, fuel, equipment, insurance, utilities, furnishings, and supplies necessary for their operation. Essential services including case management, education services, employment assistance, outpatient health services, legal services, mental health services, substance abuse treatment services, and transportation.

Funding will also be used for rapid rehousing activities, including rental assistance and housing relocation and stabilization services. This funding will support the expansion of Project Toolbelt, a housing project to facilitate the engagement and transition of approximately individuals experiencing homelessness from Project Roomkey into appropriate housing opportunities by using the "every tool in the toolbelt" approach.

SECTION 108 PROGRAM

Section 108 is the loan guarantee provision of the CDBG program. This provision provides communities with a source of financing for a variety of housing and economic development activities. All rules and requirements of the CDBG program apply, and therefore all projects and activities must principally benefit low- and moderate-income persons, aid in the elimination or prevention of blight, or meet urgent needs of the community.

Monies received under the Section 108 loan guarantee program are limited to not more than 5 times the applicant's most recently approved CDBG amount, less prior Section 108 commitments. Activities eligible for these funds include: economic development activities eligible under CDBG; acquisition of real property; rehabilitation of publicly-owned property; housing rehabilitation eligible under CDBG; construction, reconstruction or installation of public facilities; related relocation, clearance or installation of public facilities; payment of interest on the guaranteed loan and issuance costs of public offerings; debt service reserves; and public works and site improvements.

Section 108 loans are secured and repaid by pledges of future and current CDBG funds. Additional security requirements may also be imposed on a case by case basis.

MORTGAGE CREDIT CERTIFICATE PROGRAM

Under the Mortgage Credit Certificate (MCC) Program, first-time homebuyers receive a tax credit of up to 15% of the mortgage interest paid for the year based on a percentage of the interest paid on their mortgage. This credit typically amounts to $80 to $125 month. This tax credit allows the buyer to qualify more easily for home loans as it increases the effective income of the buyer. Under federal legislation, 20% of the allocation must be set-aside for first time homebuyers with incomes between 75% and 80% of the County median income. This program may be used alone or in conjunction with a Down Payment Assistance Loan. The mortgage tax credit allows participants to meet monthly housing costs for households unable to meet monthly market-level payments. Additionally, lenders may write down the cost of the mortgage based on the value of the credit.

For the 2013-2021 planning period, the County financed thirty-one (31) homes through the CEO's first-time home buyer program for low income and moderate income Orange County residents.

SECTION 8 HOUSING ASSISTANCE PAYMENTS AND CONTINUUM OF CARE/SHELTER PLUS CARE CERTIFICATES GRANT PROGRAMS

The Section 8 Housing Choice Voucher Programs and Continuum of Care/Shelter Plus Care Certificate Grants provide monthly housing assistance payments to owners of rental properties in order to assist extremely low and very low-income families, elderly, and disabled persons with their rent. Section 8 participants can choose any housing that meets the requirements of the program and are not limited to units located within subsidized housing projects. The Orange County Housing Authority (OCHA) administers Section 8 Housing Choice vouchers within the unincorporated Orange County area. The subsidy typically represents the difference between 30% of the recipients' adjusted monthly income and the federally approved Fair Market Rents (FMR), locally established Payment Standards or the owner's Gross Rent; whichever is less. In general, the FMR for an area represents the 40th percentile of median rents in a designated local metropolitan area. These programs are designed to utilize privately owned, decent, safe and sanitary rental housing and assistance is available in the following forms:

Continuum of Care/Shelter Plus Care Housing Certificate Program. This program is funded with annual renewal grants to assist homeless/disabled individuals who are qualified and referred to the Housing Authority through the County Coordinated Entry System (CES). Under the certificate program, the property owner selects an eligible tenant and enters into a contract with the Housing Authority that establishes the total rent, following an inspection and approval of the rental property. The actual approved rent cannot exceed contract rents for non-assisted units comparable units in the area as determined by a Rent Reasonable test. Once approved, eligible tenants must pay the highest of either 30% of adjusted income or 10% of gross income. Housing subsidized through this program must meet Federal Housing Quality Standards established by HUD.

Section 8 Existing Housing Choice Voucher Program (HCVP). This program is the largest tenant-based housing program and also includes Vouchers reserved for specific populations including the Veterans Administration Assisted Housing (VASH), Non-Elderly Disabled (NED), Family Unification, Project-based Vouchers (PBV), Mainstream and Homeownership programs. HCVP is similar to the Certificate Program and requires Housing Quality Standards inspections and the Rent Reasonableness Test to determine the approvable contract rent. However, the housing authority is able to establish Payment Standards which may be 90% to 110% of the published Fair Market Rents. The monthly Housing Assistance Payment (HAP) is determined by subtracting 30% of the tenant's adjusted income from the approved Gross Rent or Payment Standard (whichever is less). Overall rents are not restricted to the Fair Market Rents and a tenant is allowed to pay up to 40% of income if they choose a rental property that has a rent higher rent than the Payment Standard. If the contract rent is increased after the first year and the unit meets comparability tests, assisted tenants are allowed to pay a higher portion of their income if they choose to remain in the rental property rather than move to a lower cost unit.

Section 202/811 Housing for Elderly or Handicapped Housing

Under this federally administered program, direct loans are made to eligible, private nonprofit organizations and consumer operative sponsors to finance development of rental or cooperative housing facilities for occupancy by elderly or handicapped persons. The interest rates on such loans are determined annually. Section 8 funds are made available for all of the Section 202 units for the elderly. Rental assistance for 100% of the units for handicapped persons has also recently been made available. Section 811 can be used to develop group homes, independent living facilities, and intermediate care facilities.

Private, nonprofit sponsors may qualify for Section 202 no-interest capital financing loans. Households of one or more persons, the head of which is at least 62 years old or is a qualified non-elderly handicapped person between the ages of 18 and 62, are eligible to live in these units.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

The federally administered HOPWA program provides entitlement and competitive grants for housing assistance and supportive services for persons with AIDS. Funds can be used for:

- Acquisition, rehabilitation, lease and repair of facilities;
- New construction;
- Project-based or tenant-based rental assistance;
- Planning and support services;
- Operating costs;
- Short-term rent, mortgage, and utility payments;
- Administrative expenses.

SUPPORTIVE HOUSING

The Supportive Housing Programs provide grants to public and private non-profit entities to promote the development of supportive housing and services. These grants are disbursed by HUD. Funds may be used for: acquisition of property; rehabilitation; new construction (under certain limitations); leasing of structures; operating and supportive services costs; and rental assistance.

FEDERAL EMERGENCY SHELTERS GRANTS (FESG)

This federal program provides grants to (1) engage homeless individuals and families living on the street, (2) improve the number and quality of emergency shelters for homeless individuals and families, (3) help operate these shelters, (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families and individuals from becoming homeless. Metropolitan cities, urban counties and territories may provide ESG funds to projects operated by units of general purpose local government or private nonprofit organizations.

b. State Resources and Programs

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM (AHSC)

This state program is administered by the Strategic Growth Council and implemented by the California Department of Housing and Community Development (State HCD). The AHSC Program funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas ("GHG") emissions. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund (GGRF), an account established to receive Cap-and-Trade auction proceeds. The AHSC Program will assist project areas by providing grants and/or loans, or any combination thereof, that will achieve GHG emissions reductions and benefit Disadvantaged Communities through increasing accessibility of affordable housing, employment centers, and key destinations via low-carbon transportation resulting in fewer vehicle miles traveled (VMT) through shortened or reduced trip length or mode shift from Single Occupancy Vehicle (SOV) use to transit, bicycling, or walking.

CALHOME

CalHome enables low- and very low-income households to become or remain homeowners. Eligible activities include predevelopment, site development, and site acquisition for development projects; rehabilitation and acquisition and rehabilitation of site-built housing, and rehabilitation, repair, and replacement of manufactured homes; and down payment assistance, mortgage financing, homebuyer counseling, and technical assistance for self-help.

CALIFORNIA EMERGENCY SOLUTIONS AND HOUSING (CESH)

CESH Program provides funds for a variety of activities to assist persons experiencing or at risk of homelessness as authorized by SB 850 (Chapter 48, Statues of 2018). State HCD administers the CESH Program with funding received from the Building Homes and Jobs Act Trust Fund (SB 2, Chapter 364, Statutes of 2017). CESH funds may be used for five primary activities: housing relocation and stabilization services (including rental assistance), operating subsidies for permanent housing, flexible housing subsidy funds, operating support for emergency housing interventions, and systems support for homelessness services and housing delivery systems. In addition, some administrative entities may use CESH funds to develop or update a Coordinated Entry System (CES), Homeless Management Information System (HMIS), or Homelessness Plan.

COMMUNITY DEVELOPMENT BLOCK GRANT - CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITIES ACT FUNDING (CDBG-CV) AND CDBG-CV3

CDBG-CV funds are to provide relief to eligible entities due to hardship caused by COVID-19. Eligible activities include funding to: construct a facility for testing, diagnosis; or treatment; rehabilitate a community facility to establish an infectious disease treatment clinic; acquire and rehabilitate, or construct, a group living facility that may be used to centralize patients undergoing treatment; rehabilitate a commercial building or closed school building to establish an infectious disease treatment clinic, e.g., by replacing the HVAC system; acquire, and quickly rehabilitate (if necessary) a motel or hotel building to expand capacity of hospitals to accommodate isolation of patients during recovery; make interim improvements to private properties to enable an individual patient to remain quarantined on a temporary basis; provide grants or loans to support new businesses or business expansion to create jobs and manufacture medical supplies necessary to respond to infectious disease; avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons; provide technical assistance, grants, loans, and other financial assistance to establish, stabilize, and expand microenterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine.

CDBG-CV3 funds are being provided as grants to prevent, prepare for, and respond to the coronavirus pandemic. Eligible activities include funding for an Emergency Rental Assistance Program (ERAP) for renters who, as a result of the financial hardships caused by COVID-19, are struggling to meet their monthly rental obligations; implementation of interim housing through Project HomeKey; and interim housing to be provided at emergency shelter location in an urban county city that responds to the coronavirus pandemic on a regional basis.

EMERGENCY SOLUTIONS GRANT - CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITIES ACT FUNDING (ESG-CV) AND ESG-CV2

ESG-CV1 funds are to be used to prevent, prepare for, and respond to COVID-19 among individuals and families who are homeless or receiving homeless assistance; and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts of COVID-19.

ESG-CV activities include the Extension of Homeless Shelters that provide Homeless Prevention, Rapid Rehousing, HMIS and Administration.

ESG-CV2 funds are to help inform long-term, innovative solutions for addressing homelessness in the future while combatting COVID-19. ESG-CV2 activities include Funding will be used for the operations and essential services of the Yale Navigation Center, an emergency shelters program for individuals experiencing homelessness. Operation costs include providing food, rent, security, maintenance, repair, fuel, equipment, insurance, utilities, furnishings, and supplies necessary for their operation. Essential services including case management, education services, employment assistance, outpatient health services, legal services, mental health services, substance abuse treatment services, and transportation.

Funding will also be used for rapid rehousing activities, including rental assistance and housing relocation and stabilization services. This funding will support the expansion of Project Toolbelt, a housing project to facilitate the engagement and transition of approximately individuals experiencing homelessness from Project Roomkey into appropriate housing opportunities by using the "every tool in the toolbelt" approach.

GOLDEN STATE ACQUISITION FUND (GSAF)

GSAF combined with matching funds, makes up to five-year loans to developers for acquisition or preservation of affordable housing.

HOMEKEY

Homekey funds will be made available to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings and convert them into interim or permanent, long-term housing. Awarded funds must be used to provide housing for individuals and families experiencing homelessness or at risk of experiencing homelessness and who are impacted by the COVID-19 pandemic.

Eligible activities include acquisition or rehabilitation of motels, hotels, or hostels; master leasing of properties; acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing; conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel; purchase of affordability covenants and restrictions for units; relocation costs for individuals who are being displaced as a result of rehabilitation of existing units; and capitalized operating subsidies for units purchased, converted, or altered with funds provided pursuant to HSC section 50675.1.1.

HOUSING FOR A HEALTHY CALIFORNIA (HHC)

The purpose of HHC is to reduce the financial burden on local and state resources due to the overutilization of emergency departments, inpatient care, nursing home stays and use of corrections systems and law enforcement resources as the point of health care provision for people who are chronically homeless or homeless and a high-cost health user.

The HHC program creates supportive housing for individuals who are recipients of or eligible for health care provided through the California Department of Health Care Services, Medi-Cal program. These funds competitively to counties for acquisition, new construction, reconstruction, rehabilitation, administrative costs, capitalized operating subsidy reserves (COSR), and rental subsidies and rental assistance for existing and new supportive housing opportunities to assist the HHC program's Target Population.

HOUSING-RELATED PARKS PROGRAM

To increase the overall supply of housing affordable to lower income households by providing financial incentives to cities and counties with documented housing starts for newly-constructed units affordable to very low- or low-income households. Creation of new park and recreation facilities or improvement of existing park and recreation facilities.

INFILL INFRASTUCTURE GRANT PROGRAM (IIG)

The purpose of the IIG Program is to promote infill housing development by providing financial assistance for Capital Improvement Projects that are an integral part of, or necessary to facilitate the development of, a Qualifying Infill Project or a Qualifying Infill Area. To be eligible for funding, a Capital Improvement Project must be an integral part of, or necessary for the development of either a Qualifying Infill Project or housing designated within a Qualifying Infill Area. Eligible costs include the construction, rehabilitation, demolition, relocation, preservation, and acquisition of infrastructure.

JOE SERNA, JR. FARMWORKER HOUSING GRANTS(FWHG): FWHG funds are to be used to finance the new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower income households. Activities incurring costs in the development of homeowner or rental housing for agricultural workers, including land acquisition, site development, construction, rehabilitation, design services, operating and replacement reserves, repayment of predevelopment loans, provision of access for the elderly or disabled, relocation, homeowner counseling, and other reasonable and necessary costs are eligible.

LOCAL EARLY ASSISTANCE PROGRAM (LEAP)

The Local Action Planning Grants (LEAP), provides grants complemented with technical assistance to local governments for the preparation and adoption of planning documents, and process improvements that accelerate housing production, and /or facilitates compliance to implement the 6th cycle Regional Housing Needs Assessment.

LOCAL HOUSING TRUST FUND (LHTF): LHTF assistance is to be used to provide matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing and emergency shelters. Eligible Activities include Loans for acquisition, predevelopment expenses and development of affordable rental housing projects, transitional housing projects, emergency shelters and homeownership projects, including down payment assistance to qualified first-time homebuyers, and for rehabilitation of homes owned by income-eligible homeowners. No more than 20 percent of each allocation may assist moderate-income households, and at least 30 percent of each allocation is required to assist extremely low-income households.

MULTI-FAMILY HOUSING PROGRAM (MHP)

MHP funds are to assist the new construction, rehabilitation and preservation of permanent and transitional rental housing for lower income households. Senate Bill 3 (Chapter 365, Statues 2017) authorized the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1). This measure was adopted by voters on November 6, 2018. It authorizes the issuance of bonds in the amount of $1.5 billion for the Multifamily Housing Program (MHP). California Department of Housing and Community Development (HCD) has developed draft MHP guidelines and is seeking feedback from stakeholders and interested parties.

Eligible Activities include new construction, rehabilitation, or acquisition and rehabilitation of permanent or transitional rental housing, and the conversion of nonresidential structures to rental housing. Projects are not eligible if construction has commenced as of the application date, or if they are receiving 9 percent federal low-income housing tax credits.

MHP funds will be provided for post-construction permanent financing only. Eligible costs include the cost of child care, after-school care, and social service facilities integrally linked to the assisted housing units; real property acquisition; refinancing to retain affordable rents; necessary on-site and off-site improvements; reasonable fees and consulting costs; and capitalized reserves.

NATIONAL HOUSING TRUST FUND (NHTF)

NHTF funds assist in new construction of permanent housing for extremely low-income households. Eligible activities are to be used for New construction. Applicants include individuals, joint ventures, partnership, limited partnerships, trusts, corporations, limited liability corporations, local public entities, duly constituted governing body of Indian Reservations or Rancherias or other legal entities or any combination thereof that meet program requirements.

NO PLACE LIKE HOME (NPLH)

NPLH funds are to be used to acquire, design, construct, rehabilitate, or preserve permanent supportive housing for persons who are experiencing homelessness, chronic homelessness or who are at risk of chronic homelessness, and who are in need of mental health services.

NPLH funds are to assist Adults with serious mental illness, or children with severe emotional disorders and their families and persons who require or are at risk of requiring acute psychiatric inpatient care, residential treatment, or outpatient crisis intervention because of a mental disorder with symptoms of psychosis, suicidality or violence and who are homeless, chronically homeless, or at risk of chronic homelessness.

At risk of chronic homelessness includes persons who are at high risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings with a history of homelessness prior to institutionalization, and transition age youth experiencing homelessness or with significant barriers to housing stability.

PET ASSISTANCE AND SUPPORT PROGRAM (PAS)

PAS provides funding for qualified homeless shelters to provide shelter, food, and basic veterinary services for pets owned by individuals experiencing homelessness, along with staffing and liability insurance related to providing those services. Eligible uses include shelter, food, and basic veterinary services for pets owned by individuals experiencing homelessness, along with staffing and liability insurance related to providing those services.

PERMANENT LOCAL HOUSING ALLOCATION (PLHA)

The purpose of PLHA funds is to provide a permanent source of funding to all local governments in California to help cities and counties implement plans to increase the affordable housing stock. Funds will help to increase the supply of housing for households at or below 60% of area median income; increase assistance to affordable owner-occupied workforce housing; assist persons experiencing or at risk of homelessness; facilitate housing affordability, particularly for lower- and moderate-income households; promote projects and programs to meet the local government's unmet share of regional housing needs allocation; and ensure geographic equity in the distribution of the funds.

PREDEVELOPMENT LOAN PROGRAM (PDLP)

PDLP funds provide predevelopment capital to finance the start of low-income housing projects. Eligible activities include predevelopment costs of projects to construct, rehabilitate, convert, or preserve assisted housing, including manufactured housing and mobilehome parks. Eligible costs include but are not limited to site control, site acquisition for future low-income housing development, engineering studies, architectural plans, application fees, legal services, permits, bonding, and site preparation. Priority will be given to developments which are rural, located in the public transit corridors, or which preserve and acquire existing government-assisted rental housing at risk of conversion to market rents.

REGIONAL EARLY ACTION PLANNING GRANTS (REAP)

This program allows councils of governments (COGs) and other regional entities to collaborate on projects that have a broader regional impact on housing. Grant funding is intended to help regional entities and governments facilitate local housing production that will assist local governments in meeting their Regional Housing Need Allocation (RHNA).

SB 2 PLANNING GRANTS PROGRAM

SB2 grants provide funding and technical assistance to all local governments in California to help cities and counties prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production. Funding is to help cities and counties accelerate housing production; streamline the approval of housing development affordable to owner and renter households at all income levels; facilitate housing affordability, particularly for lower- and moderate-income households; promote development consistent with the State Planning Priorities (Government Code Section 65041.1); and ensure geographic equity in the distribution and expenditure of the funds.

SUPPORTIVE HOUSING MULTIFAMILY HOUSING PROGRAM (SHMHP)

SHMHP funds are to be used to provide low-interest loans to developers of permanent affordable rental housing that contain supportive housing units. SHMHP funds are for permanent financing only and may be used for new construction or rehabilitation of a multifamily rental housing development, or conversion of a nonresidential structure to a multifamily rental housing development. Eligible use of funds may include, but are not limited to, real property acquisition, refinancing to retain affordable rents, necessary on-site and off-site improvements, reasonable fees and consulting costs, capitalized reserves, facilities for childcare, after-school care, and social service facilities integrally linked to the restricted supportive housing units.

TRANSIT ORIENTED DEVELOPMENT HOUSING PROGRAM (TOD)

TOD funds are to be used to increase public transit ridership by funding higher density affordable housing developments within one-quarter mile of transit stations and infrastructure improvements necessary for the development of specified housing developments. To be eligible for funding, a Project must consist of either, a rental housing development project; and/or an infrastructure project necessary for the development of specified housing developments, or to facilitate connections between these developments and the transit station, or both.

TRANSITIONAL HOUSING PROGRAM (THP)

When left without support or resources, young adults aged 18 to 25 years (“transition age youth") can face huge barriers to finding safe, affordable homes. As a result, many of these youth are at extreme risk of falling into homelessness. THP provides funding to counties for child welfare services agencies to help young adults aged 18 to 25 years find and maintain housing, with priority given to those formerly in the foster care or probation systems. (SB 80, Statutes of 2019). Funds shall be used to help young adults who are 18 to 25 years of age secure and maintain housing. Use of funds may include, but are not limited to identifying and assisting housing services for this population within each community; helping this population secure and maintain housing (with priority given to those formerly in the state’s foster care or probation system); improving coordination of services and linkages to community resources within the child welfare system and the

Homeless Continuum of Care; and outreach and targeting to serve those with the most-severe needs.

VETERANS HOUSING AND HOMELESSNESS PREVENTION PROGRAM (VHHP)

VHHP funds are to be used for acquisition, construction, rehabilitation, and preservation of affordable multifamily housing for veterans and their families to allow veterans to access and maintain housing stability. Funds must be used to serve veterans and their families with at least 50 percent of the funds awarded shall serve veteran households with extremely low incomes. Of those units targeted to extremely low-income veteran housing, 60 percent shall be supportive housing units.

CALIFORNIA HOUSING FINANCE AGENCY (CALHFA)

CalHFA provides below-market interest rate mortgage capital through the sale of tax-exempt notes and bonds.

- Home Mortgage Purchase Program: CHFA sells tax-exempt Mortgage Revenue Bonds to provide below-market financing through approved private lenders to first-time homebuyers for the purchase of new or existing homes. The program operates through participating lenders who originate loans for CHFA purchase.
- Self-Help Housing Program: CHFA assists nonprofit housing development corporations that acquire land, provide building plans, and package loans for self-help housing. Families, under the supervision of nonprofit corporations, provide the majority of the construction labor. CHFA makes commitments to self-help corporations for low-interest mortgages and provides credit enhancements to lenders who provide construction financing and preferential interest rates.
- Multi-family Rental Housing Mortgage Loan Program: This program finances the construction or substantial rehabilitation of projects containing 20 or more units. 20% of the units in a project must be set aside for low-income tenants at affordable rents for the greater of 15 years or as long as the mortgage is outstanding.

LOW-INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM

This state program provides for federal tax credits for private developers and investors who agree to set aside all or a portion of their units for low-income households and the elderly for no less than 15 years. A minimum of 20% of the units must be made available to families whose income is less than 50% of the County median income or 40% of the units must be made available to families whose income is up to 80% of the median.

Developers and investors must apply for an allocation of housing units from the State Allocation Committee, administered by the Tax Credit Allocation Committee. While the program is beneficial in adding low-income housing units to the local housing stock, the statewide allocations are limited under this program and the application process is expensive for the developer. In addition, single resident and elderly rental projects are not competitive based on the State's selection criteria.

CALIFORNIA MENTAL HEALTH SERVICES ACT (PROPOSITION 63 OF 2004)

The passage of Proposition 63 (now known as the Mental Health Services Act or MHSA) in November 2004, provides the first opportunity in many years for the California Department of Mental Health (DMH) to provide increased funding, personnel and other resources to support county mental health programs and monitor progress toward statewide goals for children, transition age youth, adults, older adults and families. The Act addresses a broad continuum of prevention, early intervention and service needs and the necessary infrastructure, technology and training elements that will effectively support this system.

This Act imposes a 1% income tax on personal income in excess of $1 million. Statewide, much of the funding is provided to county mental health programs to fund programs consistent with their local plans. MHSA funding has been approved to facilitate development, acquisition or rehabilitation of permanent supportive housing for the target population.

c. Local and Private Resources and Programs

REDEVELOPMENT TAX INCREMENT FUNDS

On December 29, 2011, the California Supreme Court (the Court) issued its opinion in *CRA v. Matosantos*, regarding the constitutionality of AB1X 26 & 27. In their opinion, the Court upheld the provisions of AB1X 26, effectively eliminating redevelopment agencies statewide, but struck down AB1X 27 the legislation that would have allowed redevelopment agencies to continue so long as they provided payments to the State. Pursuant to California Health & Safety Code Section 34170 et seq., the Orange County Development Agency was officially dissolved on February 1, 2012. As a result of that action, redevelopment funds are no longer available as leverage for use with Community Development

Block Grant (CDBG) and/or Home Investment Partnership (HOME) funds. A Housing Successor Agency was established to wind down all remaining financial obligations of the Orange County Development Agency.

Affordable units produced or substantially rehabilitated through support by the former Orange County Development Agency's Housing Set Aside Fund from 2006 to 2020 are identified in Table 5-2:

Table 5-2
Affordable Housing Assisted with Former OCDA Funds – 2006-2020

Project Description	New Units Produced
Cornerstone Apartments	49
Bonterra Apartment Homes	94
Stonegate I Apartments	38
Stonegate II Apartments	26
Avenida Villas	29
Dorado Senior Apartments	150
Montecito Vista Apartments	162
Stratford Place and Windsor Court	86
Granite Court Apartments	71
Woodbury NE Apartments	150
Diamond Aisle	29
Buena Vista Apartments	17
Potter's Lane	15
Placentia Veterans Village	24
Della Rosa	25
Oakcrest Heights	54
Salerno at Cypress Village	37
Total	1056

Based on the uncertainty of the Housing Successor Agency funds, and the ability to monitor and maintain the existing HSA assets, it is unknown how many new affordable units will be created through HSA funds in the future.

BUILDING INDUSTRY ASSOCIATION/HOMEAID PROGRAM

HomeAid Orange County was established in 1989 by the Orange County Chapter of the Building Industry Association of Southern California with the mission to end homelessness through the development of shelters, advocacy, and service for the homeless. In the last 25 years, HomeAid has developed 50 shelters, adding more than 1,000 beds and changed the lives of more than 50,000 people who have experienced homelessness.

Kennedy Commission

The Kennedy Commission formed as a companion effort of the Affordable Housing Collaborative. The focus of this group is advocacy for the extremely-low-income group with incomes under $10 per hour (approximately $20,000 per year).

ORANGE COUNTY HOUSING TRUST (OCHT)

OCHT is a fully qualified 501(c)(3) nonprofit private capital-funded trust dedicated to increasing the supply and availability of permanent supportive housing units and affordable housing developments in Orange County to prevent homelessness. With renewed interest to solve the homelessness crisis in Orange County, Orange County Business Council approached NeighborWorks Orange County to work together to retool OCHT and seek donations from the private sector interested in making a difference. Their focus is to provide gap financing for the acquisition, development or construction of supportive and affordable housing projects for developers who share our vision of ending homelessness in Orange County.

ORANGE COUNTY HOUSING FINANCE TRUST (OCHFT)

In June 2018, the Board of Supervisors approved a Housing Funding Strategy in response to the crisis of homelessness and a shortage of supportive housing and affordable housing in Orange County. It set a target for the development of 2,700 new supportive housing units within six years. The Housing Funding Strategy identified all the funding sources for both capital and operating funding. While these numbers are significant it is not enough to fill the funding gap needed to achieve the target housing units.

The Orange County Housing Finance Trust (OCHFT) was formed in 2019 as a joint powers authority between the County of Orange and the cities throughout the county. OCHFT was created for the purpose of funding housing specifically assisting the homeless population and persons and families of extremely low, very low, and low income within the County of Orange.

COUNTY'S MORTGAGE ASSISTANCE PROGRAM

The County's Mortgage Assistance Program (MAP) provides silent (deferred payment) downpayment assistance loans to assist low-income first-time homebuyers (FTHB). Eligible FTHB's annual income must not exceed 80% of the Area Median Income (AMI). The loans are designed to help with the down payment to purchase a home. The 3% simple interest, deferred payment loan has a 30-year term and a maximum loan amount of $80,000. Homebuyers must occupy the property as their primary residence. There is a 1% minimum down payment requirement for this program and the total sales prices shall not exceed 85% of the Orange County median sales price for all homes. All applicants are required to attend a homebuyer education workshop. This program is available to eligible families in the unincorporated areas and in several participating cities.

Updated MAP policies and guidelines were approved by the Board of Supervisors on August 25, 2020. Eleven (11) households received a loan from the MAP during the 2013-2021 planning period. Whereas 0 loans were funded with HOME, eleven (11) loans were funded with CalHOME.

Opportunities for Energy Conservation

State of California Energy Efficiency Standards for Residential and Nonresidential Buildings were established in 1978 in response to a legislative mandate to reduce California's energy consumption. The standards are codified in Title 24 of the California Code of Regulations and are updated periodically to allow consideration and possible incorporation of new energy efficiency technologies and methods. California's building efficiency standards (along with those for energy efficient appliances) have saved more than $56 billion in electricity and natural gas costs since 1978. It is estimated the standards will save an additional $23 billion by 2013[9].

Title 24 sets forth mandatory energy standards and requires the adoption of an “energy budget” for all new residential buildings and additions to residential buildings. Separate requirements are adopted for “low-rise” residential construction (i.e., no more than 3 stories) and non-residential buildings, which includes hotels, motels, and multi-family residential buildings with four or more habitable stories. The standards specify energy saving design for lighting, walls, ceilings and floor installations, as well as heating and cooling equipment and systems, gas cooling devices, conservation standards and the use of non-depleting energy sources, such as solar energy or wind power. The home building industry must comply with these standards while localities are responsible for enforcing the energy conservation regulations through the plan check and building inspection processes.

9 California Energy Commission (e)

Examples of opportunities and techniques for reducing residential energy use include the following:

- **Glazing** – Glazing on south facing exterior walls allows for winter sunrays to warm the structure. Reducing glazing and regulating sunlight penetration on the west side of the unit prevents afternoon sunrays from overheating the unit.
- **Landscaping** – Strategically placed vegetation reduces the amount of direct sunlight on the windows. The incorporation of deciduous trees in the landscaping plans along the southern exposure of units reduces summer sunrays, while allowing penetration of winter sunrays to warm the units.
- **Building Design** – The implementation of roof overhangs above southerly facing windows shield the structure from solar rays during the summer months.
- **Cooling/Heating Systems** – The use of attic ventilation systems reduces attic temperatures during the summer months. Solar heating systems for swimming pool facilities saves on energy costs. Natural gas is conserved with the use of flow restrictors on all hot water faucets and showerheads.
- **Weatherizing Techniques** – Weatherization techniques such as insulation, caulking, and weather stripping can reduce energy use for air-conditioning up to 55% and for heating as much as 40%. Weatherization measures seal a dwelling unit to guard against heat gain in the summer and prevent heat loss in the winter.
- **Efficient Use of Appliances** – Appliances can be used in ways that increase their energy efficiency. Unnecessary appliances can be eliminated. Proper maintenance and use of stove, oven, clothes dryer, washer, dishwasher, and refrigerator can also reduce energy consumption. New appliance purchases can be made on the basis of efficiency ratings.

In addition to these architectural and construction techniques, thoughtful land use planning provides additional opportunities for energy savings. Examples of the County's energy-saving land use strategies include higher density along transit routes and close to employment centers and infill development. The Housing Opportunities Overlay Zone advances this goal, as does the County's long history of approving balanced communities such as Ladera Ranch and Rancho Mission Viejo planned communities.