



STAFF REPORT

CITY of YORBA LINDA

COMMUNITY DEVELOPMENT DEPARTMENT

DATE: NOVEMBER 15, 2022

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: DAVID BRANTLEY, AICP, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: RESOLUTION NO. 2022-5829 RE CITY OF YORBA LINDA MEMBERSHIP
IN THE ORANGE COUNTY HOUSING FINANCE TRUST, A JOINT
POWERS AUTHORITY

RECOMMENDATION

It is recommended that the City Council take the following actions:

- 1) Adopt Resolution No. 2022-5829 approving, authorizing and directing City execution of the Joint Exercise of Powers Agreement relating to membership in the Orange County Housing Finance Trust; and,
- 2) Authorize the Mayor to execute the Orange County Housing Finance Trust Joint Powers Authority (JPA) Agreement.

BACKGROUND

Orange County Housing Finance Trust (OCHFT) is a Joint Powers Authority (JPA) formed in 2019 between Orange County cities and the County of Orange. Enacted by Assembly Bill 448, the OCHFT provides funding to residential developments that preserve and produce workforce and supportive housing. These funds improve the financial viability of individual housing projects and can also increase each project's competitiveness for state and federal funding sources. Additionally, OCHFT works with a variety of government and nonprofit entities to attract more state and federal housing funds to Orange County. Joining the OCHFT would support the City to achieve the stated goals and objectives of the 6th Cycle Housing Element (e.g., Program 5 of the City's 2021-2029 Certified Housing Element, specifically). To become a member, the City Council would adopt attached Resolution No. 2022-5829 and authorize the Mayor to execute the JPA with OCHFT (see Attachments 4 and 3, respectively).

DISCUSSION

With City membership in OCHFT, affordable housing developments located in Yorba Linda will be able to apply competitively for OCHFT direct capital, operating and social services support. By providing another layer of potential "gap" financing and potentially increasing

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local leveraged funding, OCHFT could increase the competitiveness of Yorba Linda housing projects for additional state and federal funds.

In August 2019, Adam Eliason, Manager of OCHFT, provided a brief presentation to the City Council and community regarding the, at that time, recently formed JPA. The City didn't have any housing projects pending at that time that potentially may have qualified for competitive funding through OCHFT sources and thus did not immediately become a member. More recently, it has come to the City's attention that the trust has received a sizeable state grant for affordable housing projects in Orange County that may be available for assisting Orange Housing/C&C Development with the financing of Phase II of the Altrudy Senior Apartments project development. In addition, since 2019, membership has grown to include 25 out of 34 cities in the County, including Aliso Viejo, Anaheim, Buena Park, Costa Mesa, Dana Point, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Irvine, Laguna Beach, Laguna Hills, La Habra, Lake Forest, Laguna Niguel, Mission Viejo, Newport Beach, Orange, Placentia, San Juan Capistrano, Santa Ana, Seal Beach, Stanton, Tustin, and Westminster. In addition, the County of Orange also is a member.

The OCHFT is governed by a nine-member Board of Directors (Board). Pursuant to the JPA by-laws (Attachment 1), the Board is comprised of two members of the Board of Supervisors of the County of Orange; two countywide elected officials; three city representatives, one each from the most highly populated city in each of the County's three Service Planning Areas (North, Central and South); and two additional city council representatives selected by the City Selection Committee. A list of current OCHFT Board Members is provided as Attachment 2.

OCHFT Membership

As outlined in the JPA, the OCHFT does not build, own, or manage housing projects. OCHFT cannot require that housing projects be located in specific cities, require member cities to take an allocation of supportive housing units, or require that cities provide a local funding match. The OCHFT Board of Directors determines whether a funding application meets the Notice of Funding Availability criteria. Each local jurisdiction maintains land use control and processes related entitlements consistent with its zoning and municipal code requirements, including the City's Right-to-Vote Amendment (aka Measure B), as applicable.

Developers with affordable housing projects in member cities can apply to OCHFT for construction and/or permanent loans, currently offered at a three percent simple interest rate. Permanent residual receipt loan terms are 55 years, which is also the required affordability covenant period for borrowers.

The JPA contains a provision that requires members to contribute towards administrative expenses of OCHFT if sufficient grant funding is not obtained. Member cities were not required to contribute funding for fiscal years 2021-2022 and 2022-2023 because the OCHFT successfully secured grant funding to support the administrative portion of the budget. It also appears that grant funding will cover most, if not all, of the administrative

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funding needed for fiscal year 2023-2024. Based on the current budget, if OCHFT did not secure any grant funding, the City of Yorba Linda would be asked to contribute approximately \$12,242 annually. The membership fees presently are:

- Small City with less than 60,000 population = \$6,121
- Medium City between 60,000 and 95,000 population = \$12,242
- Large City with greater than 95,000 population = \$24,484

Variables affecting membership cost include the number of member cities, funding sources that can be used to cover administrative expenses, and the adopted administrative budget. If costs exceed a certain threshold, the City would have the option to terminate its membership. The City would maintain the right to withdraw from the JPA subject to a written resolution and by providing a six-month notice.

FISCAL IMPACT

No financial impact is expected for FY 2022-23 as a result of the City joining the Orange County Housing Finance Trust. Although member agencies are ultimately responsible for costs incurred by the Trust, staff for OCHFT is optimistic that they will be able to secure grant funds to cover annual administrative costs. The estimated annual cost to Yorba Linda is approximately \$12,250 if grant funding is not realized.

ALTERNATIVES

City Council could decide not to become a member of the OCHFT. As a result, affordable housing developers would not have access to another potential financing source for projects in Yorba Linda.

ATTACHMENTS

- 1) OCHFT Joint Powers Authority By-Laws
 - 2) OCHFT Board of Directors List
 - 3) a. OCHFT Joint Powers Agreement
b. OCHFT Joint Powers Agreement Signature Page
 - 4) Resolution No. 2022-5829
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