



County Executive Office

Memorandum

June 15, 2021

To: Clerk of the Board of Supervisors
From: Frank Kim, County Executive Officer
Subject: Exception to Rule 21

Digitally signed by Frank Kim
DN: cn=Frank Kim, o=County of
Orange, ou=CEO,
email=frank.kim@ocgov.com,
c=US
Date: 2021.06.15 08:32:06 -07'00'

CLERK OF THE BOARD
ORANGE COUNTY
BOARD OF SUPERVISORS

2021 JUN 15 AM 10: 58

RECEIVED

S71B

The County Executive Office is requesting a Supplemental Agenda Staff Report for the June 22, 2021, Board Hearing.

Agency: County Counsel
Subject: Memorandum of Agreement with City of Placentia
Districts: 4

Reason for supplemental: The Memorandum of Agreement, which provides for the transfer of Regional Housing Needs Assessment allocation shares between the County of Orange and City of Placentia, must be considered at the July 2021 Southern California Association of Governments meeting, for which finalized memorandums must be submitted June 23, 2021, to allow the County to incorporate the transfer of units from the County to the City in the County's October Housing Element Update.

Concur:

Chairman, Andrew Do, Supervisor, First District

cc: Board of Supervisors
County Executive Office
County Counsel



SUPPLEMENTAL AGENDA ITEM AGENDA STAFF REPORT

MEETING DATE: 6/22/2021
 LEGAL ENTITY TAKING ACTION: Board of Supervisors
 BOARD OF SUPERVISORS DISTRICT(S): 4
 SUBMITTING AGENCY/DEPARTMENT: County Counsel
 DEPARTMENT HEAD REVIEW: Leon Page
Digitally signed by Leon Page
DN: cn=Leon Page, o=County Counsel,
email=leon.page@ocgov.com, c=US
Date: 2021.06.14 14:39:43 -0700
Department Head Signature
 DEPARTMENT CONTACT PERSON(S): Leon J. Page (714) 834-3303
 James Treadway (714) 667-9700

RECEIVED
 2021 JUN 15 AM 10:58
 CLERK OF THE BOARD
 ORANGE COUNTY
 BOARD OF SUPERVISORS

SUBJECT: Memorandum of Agreement with City of Placentia

CEO CONCUR

Digitally signed by Frank Kim
 DN: cn=Frank Kim, o=County of
 Orange, ou=CEO,
 email=frank.kim@ocgov.com,
 c=US
 Date: 2021.06.15 08:31:36 -0700

CEO Signature

COUNTY COUNSEL REVIEW

Approve Agreement to Form

Action

County Counsel Signature

CLERK OF THE BOARD

Discussion

3 Votes Board Majority

Budgeted: N/A

Current Year Cost: N/A

Annual Cost: N/A

Staffing Impact: No

of Positions:

Sole Source: N/A

Current Fiscal Year Revenue: N/A

Funding Source: N/A

County Audit in last 3 years: No.

Prior Board Action: 12/4/2018 #38, 6/6/2017 #41, 1/24/2017 #39, 12/13/2016 #55

RECOMMENDED ACTION(S):

1. Find that the subject activity is not a project within the meaning of CEQA Guidelines Section 15378 and is therefore not subject to review under CEQA.
2. Approve Memorandum of Agreement Between the County of Orange and the City of Placentia Regarding Housing Needs Allocations for Future Housing Element Planning Periods to provide for the transfer of Regional Housing Needs Assessment allocation shares between the County of Orange and City of Placentia.
3. Authorize the Director of OC Public Works or designee to execute the Memorandum of Agreement in substantially the same form as Attachment A.

SUMMARY: Approval of the Memorandum of Agreement for the property located at 1945 East Veterans Way within the City of Placentia will support the County of Orange's Sixth Cycle Housing Element Update efforts to attain its Regional Housing Needs Assessment allocation.

BACKGROUND INFORMATION:

On December 9, 2014, the Board of Supervisors (Board) authorized issuance of the 2014 Affordable Housing Project-Based Voucher Notice of Funding Availability (2014 NOFA). The 2014 NOFA provided up to 30 United States Department of Housing and Urban Development (HUD) Veterans Affairs Supportive Housing (HUD-VASH) Project-Based Vouchers to qualified, for profit or not-for profit developers, on a first-come, first-served basis. The objective of the 2014 NOFA was to support the development of permanent supportive housing for homeless veterans, which is consistent with the 10-Year Plan to End Homelessness. On February 23, 2016, the Board approved a commitment of 14 HUD-VASH Project-Based Vouchers, bringing the total amount of HUD-VASH Project-Based Vouchers remaining under the 2014 NOFA to 16.

On November 10, 2015, the Board approved issuance of the 2016 Permanent Supportive Housing Notice of Funding Availability (2016 PSH NOFA). The objective of the 2016 PSH NOFA was to provide up to \$8 million in Orange County Housing Successor Agency funds and federal HOME Investment Partnerships Program funds and up to 100 Project-Based Vouchers for the acquisition, new construction and rehabilitation of permanent affordable supportive housing for Orange County's extremely low-income households experiencing homelessness. The 2016 PSH NOFA is one of the strategies implemented by the County to align resources to end homelessness through the development of permanent supportive housing.

In August 2016, the Orange County Housing Authority successfully pursued an opportunity to secure 63 HUD-VASH Project-Based Vouchers directly from HUD. The Board approved acceptance of the vouchers on December 13, 2016. On June 6, 2017, OC Community Resources received Board approval to add these 63 HUD-VASH Project-Based Vouchers to the 2014 NOFA for a total of 79 HUD-VASH Project-Based Vouchers remaining available under the 2014 NOFA.

Mercy Housing California (Mercy) responded to both the 2014 NOFA and 2016 PSH NOFA with applications for a new construction affordable rental housing development, Placentia Veterans Village (Development).

Development

In November 2015, County Executive Office/Real Estate, on behalf of the Orange County Flood Control District (District), as owner of the property located at 1945 East Veterans Way (previously referred to as 1924 Orangeview Avenue) (Property) in the City of Placentia (City), near the intersection of East Orangethorpe Avenue and Lakeview Avenue north of the Atwood Flood Control Channel, released a Request for Proposal, seeking qualified, responsible bids for a long-term ground lease for the Development and use of the Property consistent with and achieving flood control purposes. On March 15, 2016, the Board selected Mercy as the primary developer for the Development. On April 26, 2016, the Board approved an Option Agreement with Mercy to conduct technical studies to support a zone change and general plan amendment and to secure funding for the Development. On January 24, 2017, the Board approved a lease agreement, which allows Mercy to develop the Development for 49 homeless and/or disabled United States Veterans. On June 6, 2017, the Board approved funding in the amount of \$2,754,000, and 49 Project-Based VASH vouchers for the Development and subsequent revisions to the financing on December 4, 2018, along with amendment to the Lease and Regulatory Agreement.

Construction of the Development was completed in Summer 2020. The Development consists of a 3.65-acre site comprised of two parcels within the City. The primary 2.34-acre parcel is owned by the District and the adjacent parcel is owned by a private party. The Development includes 50 furnished apartment homes for f49 veterans and one on-site manager, a courtyard, community garden, recreation room, energy efficient design and appliances, computer room and resident services offices. The state-of-the-art Development is Leadership in Energy and Environmental Design Gold certified, utilizing energy efficient design principles and building materials. The Development also provides a wide range of on-site services such as job training, job placement, United States Department of Veterans Administration benefits assistance and healthcare and wellness programs.

Memorandum of Agreement (MOA)

The Development is a prime example of a mutually beneficial intraregional public-private partnership, aligning resources to end homelessness by providing supportive housing to formerly homeless households and creating housing stability and security for households with extremely low income in Orange County.

On March 21, 2017, the City Council discussed its intent to absorb a number of agreed upon Regional Housing Needs Assessment (RHNA) units from the County's RHNA unit allocation based on the development of Placentia Veterans Village, and later authorized the City Manager to sign the MOA, which provides for the transfer of RHNA allocation units between the County and City. In 2018, the City contributed a residual receipts loan in the amount of \$582,850 in deferral of impact fees for the development of Placentia Veterans Village.

The City currently has local land use authority and is legally entitled to receive RHNA credit for all the units within the Development. However, since the County contributed both funds and project-based vouchers towards the Development, and the primary parcel is owned by the District, the City has agreed to transfer twenty-four (24) total RHNA units, which equates to nearly half of the total units in the Development. In particular, 12 very low-income and 12 moderate-income RHNA units would be transferred from the County's RHNA unit allocation to the City's RHNA allocation through the City-approved MOA (see Attachment A). The County desires to rely on this Project to meet certain affordable housing needs obligation imposed on the County by state law.

The MOA is permissible under Government Code Section 65584.07, which provides for the transfer of the County's RHNA allocation obligation to the City for the Sixth Cycle Housing Element planning period (2021-2029).

This MOA is conditioned upon approval by the Southern California Association of Governments (SCAG). If approved, the MOA would result in reduction of the County's RHNA allocation of very low-income units by 12 units and increase the City's RHNA share of very low-income units by 12 units from the County's RHNA allocation. In addition, the County's RHNA allocation of moderate-income units would also be reduced by 12 and the City's RHNA share of the moderate-income units would increase proportionally in accordance with state law. SCAG's approval would have a beneficial impact upon the County's Sixth Cycle RHNA allocation as established by SCAG.

Compliance with CEQA: This action is not a project within the meaning of CEQA Guidelines Section 15378 and is therefore not subject to CEQA, since it does not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The approval of this agenda item does not commit the County to a definite course of action in regards to a project since it is for the approval of the Agreement, which will support the intraregional collaboration between County of Orange and City of Placentia on the development of supportive housing

in Orange County. This proposed activity is therefore not subject to CEQA. Any future action connected to this approval that constitutes a project will be reviewed for compliance with CEQA.

FINANCIAL IMPACT:

N/A

STAFFING IMPACT

N/A

REVIEWING AGENCIES:

OC Public Works

ATTACHMENT(S):

Attachment A - Memorandum of Agreement Between the County of Orange and the City of Placentia Regarding Housing Needs Allocations for upcoming Sixth Cycle Housing Element

Attachment B - Government Code Section 65584.07