



AGENDA STAFF REPORT

Control: 26001194

MEETING DATE: 05/19/2026

LEGAL ENTITY TAKING ACTION: Orange County Housing Authority

BOARD OF SUPERVISORS DISTRICT(S): District 2

SUBMITTING AGENCY/DEPARTMENT: OC Community Resources

DEPARTMENT CONTACT PERSON(S): Dylan Wright, 714-480-2788
Julia Bidwell, 714-480-2991

SUBJECT: Approve Project-Based Vouchers for Tustin Heritage

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	No Legal Objection	DISCUSSION
		3 Votes Board Majority

Budgeted: N/A	Current Year Cost: N/A	Annual Cost: N/A
Staffing Impact: No		Sole Source: No
Current Fiscal Year Revenue: N/A	Funding Source: See Financial Impact Section	County Audit in Last 3 years: No
Levine Act Review Completed? Yes		
Prior Board Action: N/A		

RECOMMENDED ACTION(S):

Acting as the Board of Commissioners to the Orange County Housing Authority:

1. Approve the selection of Tustin Heritage for the utilization of up to five Housing Choice Project-Based Vouchers in accordance with the policies and procedures identified in the Orange County Housing Authority Administrative Plan and authorize the execution of related documents, instruments and agreements.
2. Authorize the Executive Director of the Orange County Housing Authority or designee to execute agreements related to the commitment of the U.S. Department of Housing and Urban Development Housing Choice Project-Based Vouchers in connection with Tustin Heritage, provided the commitment incorporates the business and financial terms and contingencies set forth in this Agenda Staff Report and as approved as to form by County Counsel.

SUMMARY:

Approval of the County of Orange’s commitment of five Housing Choice Project-Based Vouchers for Tustin Heritage subject to applicable contingencies will help support the development of affordable and supportive housing in Orange County.

BACKGROUND INFORMATION:

On February 25, 2025, the Board of Supervisors (Board) approved the policy and process updates for the 2025 Supportive Housing Notice of Funding Availability (2025 NOFA). The Board also authorized the OC Community Resources (OCCR) Director or designee to issue the 2025 NOFA, making up to \$12.05 million in funding and up to 150 Housing Choice, Mainstream and/or Veterans Affairs Supportive Housing (VASH) Project-Based Vouchers (PBVs) available for the development of extremely low-income housing and to return to the Board for approval of funding commitments to individual projects. Units assisted through the 2025 NOFA receive direct referrals through the County of Orange's (County) Coordinated Entry System.

Families Forward, Inc. (Developer) submitted a funding application under the 2025 NOFA for the development of an eight-unit affordable and permanent supportive rental housing project known as Tustin Heritage (Development), to be located at 1852 San Juan Street in the City of Tustin.

The Developer is a 501(c)(3) nonprofit organization that has operated in Orange County for more than 40 years with a mission to prevent and end family homelessness. Uniquely, the Developer's primary expertise is in housing stabilization, homelessness prevention, rapid re-housing and the delivery of comprehensive supportive services for low-income families. The Developer has extensive experience administering rental assistance programs; providing housing navigation services; and delivering case management, financial education, employment counseling and food assistance to vulnerable households. The Developer serves hundreds of families annually through a combination of public, private, local, state, federal and philanthropic funding sources. While historically operating as a direct service provider rather than a large-scale housing developer, the Developer brings significant experience serving formerly homeless households and coordinating supportive services integrated with affordable housing.

The Development will consist of two one-bedroom units, four two-bedroom units, and two three-bedroom units. Of the eight units, five will be income-restricted by the County to serve families experiencing homelessness with household incomes at or below 30 percent of Area Median Income (AMI). The remaining units will be restricted to households earning at or below 80 percent AMI. The 9,583 square foot site is owned by the Developer, and the existing structure will be demolished and redeveloped to include eight on-site parking spaces and amenities such as common areas, laundry facilities, a community room and bicycle parking.

Property management services will be provided by the Developer through an off-site management model. The Developer property management team will oversee maintenance, daily operations, property accounting and tenant management consistent with its existing Orange County portfolio, which is comprised primarily of small-scale properties. Residents will be provided with a dedicated property management phone line with after-hours access to trained staff to triage requests, dispatch emergency maintenance, as needed, and escalate urgent matters appropriately.

Supportive and social services will be delivered by Families Forward Affordable Housing Services (FFAHS), an affiliate of the Developer. Services will be provided on-site through scheduled visits by FFAHS staff. Coordinators would meet with residents at the property for case management, check-ins, and other group services. FFAHS will provide life skills training, resource coordination, crisis intervention, career coaching, financial literacy education and case management services. In addition, FFAHS will offer food assistance to eligible households and coordinate seasonal programs, including back-to-school and holiday initiatives.

The Developer is requesting a commitment of five PBVs, representing five of the eight units in the Development, to be allocated upon completion of construction and issuance of a Certificate of Occupancy. The PBVs will consist of one one-bedroom unit, three two-bedroom units, and one three-bedroom unit. The commitment will be provided for a term of up to 20 years, consistent with U.S. Department of Housing and Urban Development (HUD) regulations and will provide rental assistance to households earning at or below 30 percent of AMI.

Below are the updated financial summary highlights of the Construction and Permanent Financing phase of the Development.

Construction Sources of Funds

Source	Amount
City of Tustin	\$2,000,000
CalOptima Health	\$2,500,000
Families Forward Board Designated Capital Reserve	\$1,150,000
Samueli Foundation (Pending)	\$1,000,000
US Bank Line of Credit	\$553,618
Total	\$7,203,618

Permanent Sources of Funds

Source	Amount
City of Tustin	\$2,000,000
CalOptima Health	\$2,500,000
Families Forward Board Designated Capital Reserve	\$1,150,000
Samueli Foundation (Pending)*	\$1,000,000
US Bank Line of Credit	\$553,618
Total	\$7,203,618

Uses of Funds

Use	Amount
Acquisition	\$1,570,884
Construction	\$4,588,788
Architectural / Survey / Engineering	\$50,000
Loan Interest & Fees	\$94,606
Hard & Soft Cost Contingency	\$435,340
Reserves	\$30,290
Other Costs	\$228,496
Developer Fee	\$205,214
Total	\$7,203,618

Note: Financing subject to change prior to construction and completion of Development. Underwriting guidelines are in accordance with the 2025 NOFA guidelines.

* The Samueli Foundation grant is expected to be confirmed in October 2026.

The specific rent and occupancy restrictions may ultimately change based on the finalized financing structure of the Development, but under no circumstances shall restrictions be less than 30 percent AMI for the units subsidized by the PBVs.

Commitment of the County loan(s) and PBVs are contingent upon the following:

1. Completion and approval of California Environmental Quality Act (CEQA), as applicable, and satisfactory completion of an Environmental Review under the National Environmental Policy Act (NEPA) with receipt of an approval of the request for release of funds and certification from HUD under 24 CFR Part 58.
2. Evidence of commitment of all construction and permanent financing sources, including tax credit award, if applicable.
3. Receipt and approval of final project development costs and revised final development proforma and financing plan (including cash flow analysis) to reflect all final funding approvals.
4. Completion of the Subsidy Layering Review pursuant to the HUD Administrative Guidelines for Subsidy Layering Review for Project-Based Vouchers after receipt of all financing and prior to entering into an Agreement to Enter into a Housing Assistance Payment (AHAP) Contract and starting construction.

The Project Review Advisory Panel approved OCCR staff recommendation to pass project on underwriting at their April 23, 2026, meeting.

The supportive housing units in the Development are part of the 2,396 permanent supportive housing units identified in the Housing Funding Strategy 2022 Update to address housing needs for individuals and households experiencing homelessness. As such, these units of supportive housing will contribute to the progress of this effort and provide much needed supportive housing in the near future. Additionally, the up to five units of supportive housing units will follow the best practices, guiding principles and commitments of the Homeless Service System Pillars Report which was created by the Commission to Address Homelessness.

Compliance with CEQA: This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines Section 15378 (Attachment A) 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 regard to a project since it is for approval of a County commitment to provide 5 PBVs to support the development of affordable and 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.

Compliance with NEPA: Per 24 Code of Federal Regulations Part 58 (Attachment B), an Environmental Assessment of the project is being compiled and will be submitted to HUD for approval upon completion.

FINANCIAL IMPACT:

The five PBVs allotted to the Development recipient are funded 100 percent through federal HUD funding and will be absorbed with existing appropriations within the OC Housing Authority Fund 15F.

STAFFING IMPACT:

N/A

REVIEWING AGENCIES/DEPARTMENTS:

Office of Care Coordination

ATTACHMENTS:

Attachment A - California Code of Regulations Title 14 Section 15378

Attachment B – Code of Federal Regulations Title 24 Subtitle A Part 58