



August 7, 2018

The Honorable Charles Margines
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, California 92701

RE: "Where There's a Will, There's a Way: Housing Orange County's Chronically Homeless"

Dear Presiding Judge Margines:

This letter constitutes, in accordance with Section 933.05 of the California Penal Code, the response of the City of Fullerton to the Orange County Grand Jury 2017-18 Report, dated May 31, 2018, titled "Where There's a Will, There's a Way: Housing Orange County's Chronically Homeless" (Grand Jury Report). The enumerated items in this response correspond to the Findings and Recommendations contained in the Grand Jury Report for the City of Fullerton.

Finding 1:

Homelessness in Orange County is a regional problem requiring regional approaches and solutions.

The City of Fullerton agrees with the finding.

Finding 2:

The lack of a regional plan designating specific development goals for Permanent Supportive Housing contributes to an insufficient number of available units to house the chronically homeless.

The City of Fullerton agrees with the finding. While cities have land use authority, such authority does not translate into a city's ability to develop Permanent Supportive Housing as cities are not developers. Planning Commissions and City Councils have discretionary approval over submitted development projects. In Orange County, there are no public housing developments; however, cities may provide funding assistance if available or fee deferrals to assist in providing a public subsidy. While cities generally do not have housing departments, the County's Community Services Department has both a Homeless Prevention division and Housing Development division to assist cities, developers, and non-profits with additional subsidies based on their elevated funding sources. A regional plan designating specific development goals for Permanent Supportive Housing would greatly assist the County and city on many fronts to assist chronically homeless.

Finding 4:

Cities' reluctance to provide sites for Permanent Supportive Housing development has contributed to overcrowded emergency shelters and an increased unsheltered homeless population.

The City of Fullerton disagrees wholly or partially with the finding. Cities have land use authority but, except in rare cases, do not have actual property to provide for Permanent Supportive Housing (PSH) developments. If a suitable site is brought forward to a city through a development plan review process that requires any granting of entitlements, a planning commission or City Council often face disagreement and vocal opposition by neighboring residents over proposed PSH developments. Thus, to state that cities' reluctance to provide sites for PSH contributes to overcrowded emergency shelters and an increase in the unsheltered population is misleading. Cities, in general, do not at the current time have specific funding sources for homeless services or emergency shelters, either acquisition, development, or operations. Cities do not, at all, have funding for mental health related issues. A player absent in the Grand Jury Report is the State of California and, specifically, the State Legislature and Governor, in providing necessary legislation to address the explosion of mental health issues amongst the homeless population to include the ability for local governments to adequately address a person with mental health issues to care for themselves under conservatorship and those with substance abuse problems to overcome their addiction when they are unwilling or unable on their own.

Finding 6:

Service Planning area meetings have successfully brought together city, county and non-profit entities to share information on homeless issues, but have not fostered decision making or action.

The City of Fullerton disagrees wholly or partially with the finding. Having three Service Planning Areas does provide for better economies of scale while keeping the overall group size – 10-12 cities versus all 34 – more manageable. The Service Planning Area meetings have helped coordinate efforts and are better for sharing information to achieve more localized successes. However, as with Finding 4, decision making and action is reliant upon funding sources to implement and cities do not generally have specific funding sources at this time for solutions to homeless issues.

Finding 7:

NIMBYism has impeded the creation of housing for the homeless, including Permanent Supportive Housing, in the County of Orange.

The City of Fullerton agrees with the finding.

Finding 8:

Orange County cities and the County have engaged in blaming and finger pointing, hampering the collaborative efforts needed to site, finance, and maintain Permanent Supportive Housing.

The City of Fullerton disagrees wholly or partially with the finding. This finding assumes that only cities and the County site, finance, and maintain permanent supportive housing units. Currently, there are no publicly managed (maintained) housing units in Orange County. In Orange County, cities, through the prior use of redevelopment funds, participated in partially funding the private (for-profit and non-profit) development and management of affordable housing units to include permanent support housing. In the City of Fullerton, prior to the dissolution of its redevelopment agency, the City/RDA issued a \$25 million housing bond to provide financing assistance for over 150 units of affordable housing, to include PSH units. Several future funding opportunities (such as SB 2) will provide critical funding to cities to assist private development and management of affordable housing and PSH units.

While Orange County cities and the County have come from miles apart in the last 9 months regarding homeless solutions, prior to this collaboration, and for the last 20 years, the County was the lead for homeless services and served as the planning agency. Cities, through elected official participation on commissions, and City Managers and Community Development staff, participated to add regional voices, but the County was the primary receiver of State and Federal funding for homeless assistance. Regardless, homelessness is not a result of any one action or inaction, it is a complex issue resulting from economic condition, housing affordability, substance abuse, mental health, and many other factors. The absence of an affirmative goal of a specific unit increase in PSH units, the elimination of funding through the dissolution of redevelopment agencies, and the fact that cities cannot force development are some of the reason that have 'hampered' development.

Finding 9:

Cities have taken a silo approach to developing Permanent Supportive Housing, resulting in ineffective leveraging and pooling of funds across municipal borders.

The City of Fullerton disagrees wholly or partially with the finding. Until recently, there have been no stated goals or unit counts for Permanent Supportive Housing units. Cities have not been in the position to direct private developers to build PSH units as cities do not generate specific development plans, but maintain the discretionary review process over such plans when a private developer approaches a city. A city will work with a developer to seek additional subsidized funding to make PSH units possible, but without a city controlled funding stream, such as former Low & Moderate Income Housing funds derived from redevelopment agencies, a city does not control the development of the housing product. With the growing acceptance of the need for PSH units, specifically the goal of developing 2,700 units throughout Orange County, cities, the County, and the private development community have come together for better planning across jurisdictions which will provide for better leveraging of scarce funds.

Finding 10:

There is no established independent leadership body in the County empowered to address regional homeless issues in an effective manner.

The City of Fullerton agrees with the finding.

Recommendation 1:

Orange County Cities and the County should develop a Permanent Supportive Housing Development Plan, and should consider a plan structure similar to the proposal put forth by Association of California Cities-Orange County, that proportionally allocates sites among the cities. (F1, F2, F4, F7, F8)

The recommendation has been implemented. The Fullerton City Council adopted Resolution #2018-16 authorizing Staff to participate in county-wide planning efforts to address Permanent Supportive Housing. Additionally, the County approved a Housing Funding Strategy on June 12, 2018 that outlines strategies to utilize County funding for increased development opportunities. This Housing Funding Strategy provides needed understanding and direction for private developers and cities to better understand the available funding from the County.

Recommendation 2:

Each Service Planning Area should identify sites for Permanent Supportive Housing proportional to the allocation suggested in the Association of California Cities – Orange County proposal. (F1, F4)

The recommendation has not yet been implemented, but will be implemented in the future. As discussed in the Findings, cities and the County are not developers and while each has land use authority, generally none have specific site control over properties. Accordingly, each Service Planning Area, and cities individually to include the City of Fullerton, are working to identify financial assistance incentives, which may include city-owned sites if available and viable, to encourage private for-profit and non-profit developers to build PSH units. Additionally, while sites are not under the control of the City, the City of Fullerton has reviewed vacant, under-utilized, and potential motel conversion sites in which to determine the feasibility if approached by a private developer for Permanent Supportive Housing. This review is complete, but since the City does not control development, no timeframe exists for completion of actual units.

Recommendation 4:

Cities should ensure decision-makers fully participate in their region’s Service Planning Area meetings. (F1, F6, F8, F9)

The recommendation has been implemented. In response to the need for decision-makers participation, the City recently created the Homeless Resources Manager position. This staff person has and will continue to attend all Service Planning Area meetings and provide updates to City Council members. Additionally, the Fullerton City Manager is one of two North Service Planning Area representatives from the Orange County City Managers Association.

Recommendation 6:

Cities should collaborate with, and leverage the work done by, United Way on their “United to End Homelessness” public awareness campaign. (F7)

The recommendation has not yet been implemented, but will be implemented in the future. As mentioned above, the newly created Homeless Resources Manager position was created to ensure the City of Fullerton has a contact person available to attend all local, county and regional meeting regarding homelessness. This includes attendance to collaboration meetings with United Way. The City has included a link on its website to the United Way website to further promote the “United to End Homelessness” report. While the City does not have control over timeframes from third parties, we are working with local non-profits to have more public awareness and education efforts in place by October 1, 2018.

Recommendation 7:

To streamline shelter and Permanent Supportive Housing development, the County and its cities should establish a decision-making body, such as a Joint Powers Authority that is empowered to identify and allocate sites and pool funding associated with housing and supportive services for the homeless. (F1, F3, F4, F7, F8, F9, F10)

The recommendation requires further analysis. Assembly Bill 448 (Daly) Joint powers authorities: Orange County Housing Finance Trust, is at the time of this response in its third committee hearing and is expected to be approved and sent to the Governor. While the bill language creates the ability to form a

joint power authority (JPA), once formed, the JPA will approve bylaws to determine its powers. The JPA is not anticipated to allocate sites, but is being formed to pool available funding and act as a conduit for private development opportunities to fulfill PSH goals. If approved by the Governor, it is expected to have the JPA board and bylaws in place in early 2019.

Recommendation 8:

Such a decision-making body should develop a comprehensive, regional housing business plan that identifies both the number of Permanent Supportive Housing units needed as well as the associated costs of renovating existing units or building new ones. (F1, F2, F3, F4, F8, F9, F10)

The recommendation has not yet been implemented, but will be implemented in the future. Assembly Bill 448 needs to be signed into law by the Governor and, if so, it is expected that a comprehensive regional housing plan will be developed by mid-2019.

Recommendation 9:

Such a decision-making body should propose a plan for securing local, supplemental sources of funding for both Permanent Supportive Housing development and associated support services. (F1, F3, F8, F9, F10)

The recommendation requires further analysis. Assembly Bill 448 needs to be signed into law by the Governor and, if so, it is expected that a funding plan will be developed by mid-2019. Additionally, future funding sources such as SB 2, Building Jobs and Homes Act funding, and if approved by voters in November, the No Place Like Home and SB 3 Veterans and Affordable Housing Bond Act, are not yet available. Additional local, supplemental sources include use of overly burdened General Fund dollars or potentially other local or county-wide revenue measures which would require voter approval.

On behalf of the City of Fullerton, I want to thank you for the opportunity to provide these responses to the Grand Jury Report.

Sincerely,



Doug Chafee
Mayor

C: City Council
City Manager