



U.S. Department of Housing and Urban Development  
Los Angeles Field Office - Region IX  
300 N. Los Angeles St., Suite 4054  
Los Angeles, CA 90012  
www.hud.gov

AUG - 7 2017

Brenda J. Rodriguez, Executive Director  
Affordable Housing Clearinghouse  
23861 El Toro Road, Suite 401  
Lake Forest, CA 92630

SUBJECT: Response to your letter of July 25, 2017

Dear Ms. Rodriguez

This is in response to your letter of July 25, 2017, notifying HUD of Affordable Housing Clearinghouse's (AHC) intent to acquire the Josephine Street property in Garden Grove and to pursue anticipated supportive service funding opportunities. Our Office supports the consummation of a sales transaction that will result in a qualified organization assuming operation of the Josephine Street property. Our Office acknowledges that there is a critical need to preserve homeless housing stock in Orange County (OC), and to maintain and house the homeless veterans.

### **Background**

The Josephine Street property was originally acquired by Veterans First when it was awarded a HUD Supportive Housing Program (SHP) grant in 2007 in the amount of \$823,330 to provide permanent housing for chronically homeless and disabled veterans. This grant included funds to acquire the 24-bed facility, as well as funds for operations and supportive services. As per HUD's requirements, a Declaration of Restrictive Covenants was executed and recorded in 2008, restricting the use of the property to serving homeless persons for a 20-year term. Veterans' First sold the Josephine Street property in 2015. The new owner agreed to rent the Josephine Street property to Veteran's First continued operations.

In 2015 an audit conducted by HUD's Office of Inspector General (OIG) found that Veteran's First prepared false accounting documents, charged to its SHP grants program fees that were ineligible and unsupported, and had continued charging clients certain program fees even though a change in regulations disallowed the practice. Consequently, HUD has terminated funding to Veteran's First since then. Beginning in early 2017, Veteran's First paid rent to the property owner intermittently, then ceased paying rent altogether. The current property owner is actively seeking a qualified organization to acquire the property and to continue providing housing and services to the homeless as per the terms of the Restrictive Covenant.

Our Office is aware of Affordable Housing Clearinghouse's (AHC) intent to acquire the Josephine Street property and to pursue anticipated supportive service funding opportunities to benefit the veterans that currently reside there. Based on AHC experience administering HUD

programs, we can attest to its good standing with the Department. We would like to note the following:

- In 2001, AHC participated in the Federal Housing Administration's 203(k) Rehabilitation Mortgage Insurance Program. The program's success led to a partnership with HUD to coordinate the annual homebuyers fair in Orange County in 2002.
- In 2010, AHC applied for and became a sub-recipient of the County of Orange's National Stabilization Program (NSP) funds. AHC was awarded and expended \$800,000 in NSP funds to purchase foreclosed properties and stabilize neighborhoods with a pre-established foreclosure abandonment rate in specific areas of the county.
- In 2017, AHC met the requirements to become a HUD-certified Housing Counseling Agency.
- To date, AHC has no outstanding OIG audit findings related to the administration of its HUD-funded programs.

AHC has also demonstrated that it has the knowledge and capacity to carry out programs that serve homeless veterans. AHC is a member of OC's Kennedy Commission, a collaborative of community members advocating for the production of homes for the county's extremely low-income families. Since 2014, AHC has partnered with the Department of Veteran's Affairs in Long Beach to provide homebuyer workshops and other resources for veterans seeking homeownership opportunities. In addition, AHC's executive director has served in various leadership roles and capacities in support of homeless veterans. She is the current chairwoman of the board of directors for the Kennedy Commission, has co-chaired the OC Military and Veterans Family Collaborative Housing Working Group, has been a moderator for the OC Veterans Summit, and has been a facilitator for the first OC Veterans Housing Symposium.

Our Office supports the sale of this property so that it remains a part of the OC region's critical homeless housing stock. Based on AHC's past history of implementing HUD programs, it is an organization in good standing with HUD.

Sincerely,



Chin Woo Choi,  
Program Manager  
Office of Community Planning  
and Development