



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Department of Housing



Date: January 7, 2014
Board Meeting Date: January 28, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: William Lowell, Director, Department of Housing

Subject: Allocation of Affordable Housing Funds of Former Redevelopment Agencies to Support Affordable Rental Housing Developments

RECOMMENDATION:

Adopt a Resolution approving funding commitments totaling \$8,000,000 for six affordable rental housing developments, including any conditions attached to such funding recommendations, using County funds derived from the liquidation of Low and Moderate Income Housing funds formerly held by redevelopment agencies in San Mateo County.

BACKGROUND:

On April 9, 2013, the San Mateo County Board of Supervisors approved the allocation of approximately \$13.4 million of unrestricted general funds for affordable housing purposes, as shown in Attachment A Affordable Housing Fund Allocation Chart. These funds, hereafter referred to as the County's Affordable Housing Fund, or "AHF", were derived from a one-time distribution of Housing Trust Funds held by former redevelopment agencies in San Mateo County.

The Board of Supervisors specified that 25%, or approximately \$3 million, of the total allocation go toward homeless shelter construction and improvement, while 75%, or approximately \$10 million, go toward the following: (a) approximately \$8 million for development of affordable rental housing projects in former redevelopment agency cities that were in the planning stages of development at the time the agencies were dissolved, or for development of affordable rental housing projects in the unincorporated county; and (b) approximately \$2 million for the acquisition or acquisition/rehab of small-scale residential properties by non-profit organizations in order to provide transitional or permanent housing for special needs populations anywhere within the County.

The Board further specified that for projects in the affordable multifamily rental housing category: (a) the project must be ready for occupancy within 2-5 years from receipt of

the funding, (b) the County contribution must leverage funds from other public and private sources including City funds, (c) the project must target a portion of the units for homeless families or individuals, or those at risk of homelessness, and (d) the project must be in a state of readiness to reasonably warrant commitment of funds by the end of FY 2013-14.

On July 23, 2013 the Board approved a resolution authorizing the Department of Housing to conduct a process to allocate the AHF through two Notices of Funding Availability (NOFA's); one for homeless shelters and one affordable rental projects.

DISCUSSION:

On August 30, 2013 the Department issued a Notice of Funding Availability which included a competitive process for affordable multifamily rental housing developments and a non-competitive “over-the-counter” process for shelter projects and small-scale transitional and permanent supportive housing projects. The Board is now requested to take action on recommendations for allocation and commitment of \$8 million for development of affordable rental housing projects. Over-the-counter proposals will be brought separately to the Board during the next several months.

Seven applications representing a total of \$15,800,000 in funding requests were received in response to the competitive process for affordable multifamily rental housing developments. Applications were reviewed by Department staff, a due-diligence financial consultant, and the Housing & Community Development Committee (HCDC), an advisory body to the Board. The HCDC held a public hearing on December 12, 2012, where applicants were invited to give an overview of their project and respond to questions from the HCDC. The HCDC discussed staff’s recommendations and then voted to establish HCDC’s own funding recommendations.

The table below summarizes the project funding requests along with staff and HCDC funding recommendations, while the attached AHF Allocation Chart provides further details on applications received, funding recommendations, and conditions of funding. The six recommended projects comprise 325 units of new affordable housing.

Project/Applicant	Applicant Req.	Staff Rec.	HDCD Rec.
Waverly Place/Mental Health Assoc.	800,000	800,000	800,000
Junipero Serra Transit Village/Bridge Housing.	3,000,000	0	0
Willow Housing/The CORE Co	2,000,000	1,400,000	1,400,000
Foster Square Senior Housing/MidPen Hsg	3,000,000	2,750,000	2,750,000
6800 Mission St/ MidPen Hsg	2,600,000	2,350,000	2,350,000
Gateway Apts	2,100,000	400,000	400,000
University Ave Senior Housing/MP-CANDO & MidPen	2,300,000	300,000	300,000
TOTALS	15,800,000	8,000,000	8,000,000

The Resolution has been reviewed and approved as to form by County Counsel.

Approval of this Resolution contributes to the Shared Vision 2025 outcome of a Livable Community by increasing the overall supply of affordable housing.

PERFORMANCE MEASURES(S):

Measure	FY 2014-15 Projected	FY 2015-16 Projected
Units of affordable housing developed, or under development, using former Low/Mod funds (Cumulative)	200	400

FISCAL IMPACT:

The proposed fund award process will be limited to utilization of General Funds from the Affordable Housing Trust Fund which currently contains approximately \$13,400,000.

Attachments:

Attachment A - Affordable Housing Fund Allocation Chart

Attachment A: Affordable Housing Fund Allocation Chart
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Project Name / Applicant	Location	Project Summary	Applicant Funding Request	Staff Funding Recs	HCDC Funding Recs	Internal Scoring	Notes / Funding Conditions
Waverly Place / Mental Health Association	Unincorporated County (NFO)	Mental Health Association of San Mateo County has purchased a .45 acre site and will develop 15 permanent supportive housing units for adults with serious mental illness and one rent-restricted manager's unit. The site will have amenities including laundry, community room with kitchen, a secure perimeter, an interior courtyard and a raised bed garden. Fifteen furnished units will be studio apartments and the 16th unit will be provided for a resident manager. Program and on-site office space will be provided	800,000	800,000	800,000	42	Very worthy project which could be very competitive for 9% tax credit financing. Scored well on Preference criteria. Recommend funding the Applicant's full request given the Project's leveraging of multiple sources.
Junipero Serra Transit Village / BRIDGE Housing Corporation	Daly City	The Junipero Serra Transit Village, co-sponsored by BRIDGE Housing Corporation and Sares-Regs, is located on a SamTrans parking lot adjacent to the Colma BART Station. BRIDGE is proposing a 237-unit mixed income rental community. "Mixed income" is defined as affordable and market rate housing within a development seamlessly built to market rate standards. Of the 237 total units, 75 are affordable and ranging from 30% AMI to 60% AMI, randomly distributed within the building.	3,000,000	0	0		Not eligible as it does not meet three of the Qualification criteria: (a) Evidence of commitment of City funds prior to AHF contract execution; (b) Readiness for occupancy within 5 years of AHF funding; and (c) 2% of the project units to be targeted to the homeless.
Willow Housing (site is within Menlo Park VA campus) / The CORE Companies	Menlo Park	Willow Housing will provide 60 permanent, affordable homes with in-house services for homeless and at-risk veterans. Located at the Veterans Affairs Menlo Park Division, Willow will afford 59 veteran households the opportunity to live in high quality apartment community, in close proximity to healthcare, transit, and jobs. This project is one of over 36 similar project sites nationwide, selected by the VA to be used to increase well-located affordable housing for veterans.	2,000,000	1,400,000	1,400,000	43	Very worthy project which could be very competitive for 9% tax credit financing. Funding recommendation represents the full request of \$2M, minus (a) \$400,000 in public subsidy for the \$400,000 portion of the \$1.8M Developer fee not allowed as part of TCAC eligible basis, and (b) \$200,000 for the portion of anticipated Development Impact fees that Applicant indicated they can probably achieve through fee reductions/ or waivers). Funding Condition: Commitment is for up to \$1.4 million. Applicant to make good faith effort to reduce the need for the entire commitment by securing additional sources. Note: Any unused portion of the \$1.4 million shall be split 50/50 between the University Ave Senior Housing and Gateway Apartments projects.
Foster Square Affordable Senior Housing / MidPen Housing Corporation	Foster City	MidPen seeks \$3,000,000 in County Affordable Housing Funds for the development of 66 new senior affordable rental housing units in Foster City. MidPen will be the developer of the affordable housing within the 15-acre master development comprised of retail, market rate senior rental, for sale townhomes, and assisted living. The project will serve very low and extremely low income seniors, including two units targeted to homeless seniors and five units targeted to the frail elderly.	3,000,000	2,750,000	2,750,000	47	Very worthy project which could be very competitive for 9% tax credit financing. Scored well on Preference criteria. Recommend funding most of the Applicant's request.
6800 Mission Street / Mid-Peninsula The Farm, Inc. (MidPen Housing Corp)	Daly City	6800 Mission Street is proposed as a new construction, mixed-use development with 52 units of quality affordable housing and approximately 2,000 square feet of neighborhood-serving retail space. This project is envisioned as a transit-oriented development that will act as catalyst for revitalization along the Mission Street corridor. The project is located in Daly City and is being co-developed by Mid-Peninsula The Farm, Inc. and MidPen Housing Corporation.	2,600,000	2,350,000	2,350,000	45	Very worthy project which could be very competitive for 9% tax credit financing. Scored well on Preference criteria. Recommend funding most of the Applicant's request.
Gateway Apartments / Menlo Gateway, Inc. (MidPen Housing Corp)	Menlo Park	MidPen Housing Corporation seeks \$2,100,000 in County Affordable Housing Funds for the development of 90 senior affordable rental housing units in Menlo Park. Gateway Apartments is an existing affordable housing community in the Belle Haven neighborhood of Menlo Park. MidPen intends to redevelop the property in light of its revitalization needs and recent zoning changes allowing additional housing units. The goal of the redevelopment is to preserve and expand the supply of high-quality affordable housing for seniors	2,100,000	400,000	400,000	40	Very worthy project. Needs additional City and County funds to be financially feasible and ready for tax credit application. Recommend partial AHF funding, which could allow project to aggressively move forward on architectural design and removing the CalHFA loan.
University Avenue Senior Housing / MP-CANDO University Avenue Senior Housing, LLC (MidPen Housing and EPA CAN DO)		MP-CANDO University Avenue Senior Housing LLC seeks \$2,300,000 in County Affordable Housing Funds for the development of 46 new senior affordable rental housing units in East Palo Alto. Mid-Peninsula The Farm, Inc. and East Palo Alto Community Alliance Neighborhood Development Organization will be partnering on this development, which would provide much-needed housing for very low and extremely low income seniors, including one unit targeted to homeless seniors and four units targeted to the frail elderly	2,300,000	300,000	300,000	27	Very worthy project which is in the early development stage. Significant point reduction because of no City funding commitment at time of application (although City indicated support and possible funding commitment) . Recommend partial funding of the Applicant's request in order to signal County support and incentivize additional sources of support. This award takes into consideration progress made to date in site assembly and securing predevelopment funding commitments, and can be viewed as continued County support (beyond the already committed CDBG funds for site acquisition) for this important project. Funding Condition: Project must have a City funding commitment prior to execution of agreement