



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Department of Housing



Date: July 31, 2012
Board Meeting Date: August 14, 2012
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Duane Bay, Director

Subject: Agreement with HIP Housing Development Corporation

RECOMMENDATION:

Adopt a Resolution authorizing an agreement with HIP Housing Development Corporation to provide funding for rehabilitation of Willow Apartments for the term of August 14, 2012 through August 13, 2015 in an amount not to exceed \$240,000.

BACKGROUND:

The County administers the Nonprofit Rental Rehab Loan Program for multifamily rental housing units owned by nonprofit providers that are in need of upgrading. Dormant for many years, this program has been recently revived in response to the need created by shifting priorities of nonprofit housing developers from new housing development to rehab in light of the elimination of State redevelopment funding, along with deep cuts in federal funds under the Community Development Block Grant (CDBG) and the HOME Investment Partnerships (HOME) and Programs. The County's Nonprofit Rental Rehab Loan Program provides up to \$20,000 per unit for unit rehabilitation and/or building systems upgrade. This program is funded out of loan repayments and as-needed infusions of new capital under CDBG and HOME.

DISCUSSION:

The County will provide \$240,000 HOME funds to HIP Housing Development Corporation to rehabilitate a vacant 12-unit apartment complex at 1157-1161 Willow Road, Menlo Park. Known as Willow Road Apartments, this acquisition-rehab project has received a commitment of more than \$1.8 million from the City of Menlo Park for acquisition only. County funds will be used exclusively for rehab which will be undertaken soon after HIP acquires title. Moreover the City of Redwood City is contemplating additional HOME investment in the project to fill the rehab gap.

Total development costs are currently estimated at \$2.7 million, including \$1.9 million for property purchase and approximately \$394,000 for rehab. The rehab estimate

includes making a ground floor unit ADA-accessible plus creating a continuous accessible path to and from the parking area and project amenities.

As a HOME grantee, the County is required to set aside at least 15% of each year's HOME allocation for Community Housing Development Organization (CHDO) projects, a special designation under HOME. Because HIP has been certified as a CHDO, County HOME funds to the project will qualify and be treated as CHDO funds.

The Resolution and Agreement have been reviewed and approved by County Counsel, and Risk Management has reviewed and approved Contractor's insurance. Contractor has assured compliance with the County's Contractor Employee Jury service ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

The requested Board action also gives authority to the Director of the Department of Housing or the Director's designee to execute contract amendments modifying the County's maximum fiscal obligation by no more than \$25,000 (in aggregate) and/or modifying the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

Approval of this Agreement contributes to the Shared Vision 2025 outcome of a Livable Community through rehabilitation of 15 vacant recently acquired units which after renovation will be returned to the market as affordable units.

PERFORMANCE MEASURE(S):

Measure	FY 2011-12 Actual	FY 2012-13 Projected
Number of county-funded housing units developed and occupied	15	121

FISCAL IMPACT:

No Net County Costs will be incurred. The project has been included the Department of Housing's FY 2012-13 budget and will be funded with \$240,000 HOME Program funds.