



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Department of Housing



**Date:** October 28 2013  
**Board Meeting Date:** November 19, 2013  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** William Lowell, Director, Department of Housing

**Subject:** Amendments to HOME Covenants

**RECOMMENDATION:**

Adopt a Resolution authorizing the Director of the Department of Housing to execute amendments to HOME Program loans so that Affordability Covenants will match the minimum number of years and units required by federal HOME Program rules.

**BACKGROUND:**

The federal HOME Investment Partnerships (HOME) Program, enacted in 1990, provides funding to the County as an entitlement jurisdiction to increase the availability of decent affordable housing for low-income households. Once assisted, the housing units are required to remain affordable for a certain number of years, depending on the type of assistance provided and/or the amount of total funding invested. Long-term affordability is maintained via a recorded deed restriction or covenant running with the land.

HOME's minimum affordability terms vary depending upon whether they apply to rental housing or homeownership. For rental units, the minimum term is 20 years for new construction, and between five and 15 years for rehabilitation depending on the amount of HOME funds invested per unit. For homeownership, the affordability term varies from five to 15 years, again depending on the amount of HOME funds invested per unit for purchase and/or rehabilitation. At the option of the jurisdiction, HOME funds for homeownership rehabilitation may be allowed with no affordability term.

**DISCUSSION:**

The County has tended to use HOME for rental projects. In the early years of the HOME Program, the County structured affordability terms for rental housing equal to the term of the loan, irrespective of the HOME amount invested or type of HOME financing, whether for rehabilitation or new construction. Affordability terms were typically structured for at least 30 years, and for as long as 55 years if tax credits were involved.

Current County policy is to structure the HOME affordability terms of rental projects to the HOME minimums of 20 years for new construction and 15 years for rehabilitation, regardless of the per unit HOME investment. Longer-term affordability of these units is maintained through affordability covenants required by other funders, and/or the nonprofit housing provider's organizational mission to assist low-income households.

The requested authority allows for the modification of affordability terms to match the level required by HUD Program rules. This will enable projects to benefit from additional commitments of HOME funds after the expiration of the initial affordability term, reduce monitoring requirements for department staff and allow for changing the number of units in a multi-unit development that are covered by the HOME-related restrictions.

The Resolution has been reviewed and approved by County Counsel. Approval of the requested action contributes to the Shared Vision 2025 outcome of a Livable Community in that it will provide another funding option to enable physical renewal of existing affordable units in order to remain decent safe and sanitary for the longest term possible.

**PERFORMANCE MEASURE(S):**

Measure	FY 2013-14 Actual	FY 2014-15 Projected
Provide HOME funding as needed to previously HOME funded projects upon expiration of their HOME Affordability Covenants.	49	50 -100

**FISCAL IMPACT:**

No Net County Costs are incurred. The requested action will not affect the Department of Housing's FY 2013-14 Budget.