



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** BOARD OF SUPERVISORS  
**DISTRICT 3**  
**File #:** 22-756

Board Meeting Date: 10/4/2022

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Supervisor Don Horsley, District 3  
**Subject:** Funding for Farmworker Housing in Half Moon Bay

**RECOMMENDATION:**

Adopt a resolution authorizing:

- A) The allocation of \$1,500,000 in American Rescue Plan Act (“ARPA”) funds toward development of the City of Half Moon Bay’s affordable housing project at 555 Kelly Avenue for local farmworkers impacted by the COVID-19 pandemic; and
- B) The County Executive, or designee, to enter into an agreement with the City of Half Moon Bay regarding the County’s contribution of \$1,500,000 in ARPA funds toward the 555 Kelly Avenue affordable housing project for local farmworkers impacted by the COVID-19 pandemic.

**BACKGROUND:**

In 2017, the City of Half Moon Bay (“City”) purchased the property located at 555 Kelly Avenue (“Property”), which is adjacent to the Ted Adcock Community Center. On February 15, 2022, the City issued a request for qualifications for development of affordable housing on the Property and, on May 23, 2022, the City Council selected a proposal submitted by Mercy Housing and Ayudando Latinos a Sonar (“ALAS”) for construction of 40 affordable housing units for local farmworkers.

The proposed development is a four-story building that includes a mix of studio and one-bedroom units and a 2,050 square foot resource center to be staffed and managed by ALAS, which plans to offer English classes, legal aid, internet access, case management, and a community kitchen in the resource center (“Project”).

On July 20, 2022, the City Council approved the Project and directed staff to negotiate a pre-development loan contract with Mercy Housing, the Project developer. The City will contribute \$2,160,000, the available balance in its Affordable Housing Fund, toward the Project. In addition to City funds, the Project will require a mix of tax credits, state grants, and support from the County Affordable Housing Fund to cover all development costs.

According to the California Department of Housing and Community Development, California farmworkers earn, on average, approximately \$20,000 a year, which is less than 20% of the County's area median income. Thus, even prior to the COVID-19 pandemic, local farmworkers and their families were among the most economically vulnerable members of our community.

This vulnerability was exacerbated by the pandemic, which has posed significant negative economic and health impacts for farmworkers and their families. Many farmworkers faced reduced work hours and/or reduced wages during the pandemic since they are only paid for the hours they work and do not have any paid time off. Thus, already stretched household finances were stretched further when farmworkers contracted COVID, had to care for relatives with COVID, or had to care for their children during school closures. These impacted farmworker households are still struggling to recover financially, which has made their need for additional local affordable housing on the Coastside even more dire.

## **DISCUSSION**

The County has received State and Local Fiscal Recovery Funds under the American Rescue Plan Act which can be used to respond to the pandemic and its negative economic impacts. To this end, in February 2022 staff proposed that our Board allocate \$1,500,000 from the second tranche of ARPA funds to help fund a farmworker housing development using modular construction. Since then, staff have explored multiple potential sites for development of farmworker housing using modular construction, but, unfortunately, each potential site had environmental or other limitations.

Instead of pursuing a modular housing option, it is proposed that our Board allocate the \$1,500,000 in ARPA funds toward the Project. Taking this course of action would provide an expeditious way to fund the pressing need for additional affordable housing for our significantly impacted local farmworker community. Given that the City has already selected a developer and committed funds to the Project, the County's contribution can assist a critical affordable housing project already underway. In sum, this expenditure addresses a harm to households that were disproportionately impacted by the pandemic by providing additional affordable housing and is appropriate in comparison to the modular housing alternative.

Staff further proposes that the Board authorize the County Executive, or designee, in consultation with the County Attorney's Office, to negotiate and enter into an agreement with the City regarding the County's contribution of \$1,500,000 toward the Project subject to appropriate terms and conditions governing the contribution and use of the funds.

## **FISCAL IMPACT**

The County's contribution of \$1,500,000 to the City for the Project will be funded exclusively with ARPA funds to the extent available and eligible. However, to the extent appropriate, these costs may ultimately be covered by reimbursement from funds provided through other state and/or federal funds that may be made available in connection with the County's response to the COVID-19 pandemic.