



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 23-100

Board Meeting Date: 2/28/2023

Special Notice / Hearing: Special Notice set time 30 day publication notice
Vote Required: Majority

To: Honorable Board of Supervisors
From: Raymond J. Hodges, Director of Department of Housing
Subject: Recommendation to Approve HOME-ARP Allocation Plan

RECOMMENDATION:

Public hearing regarding a substantial amendment to the Annual Action Plan for the Program Year 21-22 to incorporate the HOME Investment Partnership Program-American Rescue Plan (HOME-ARP) Allocation Plan:

- A) Open public hearing
- B) Close public hearing
- C) Adopt a resolution:
 1. Approving and accepting the HOME-ARP Allocation Plan for the expenditure of \$5,180,249 for the development of affordable rental housing for the Qualifying Populations; and
 2. Authorizing the Director of the Department of Housing (DOH) and/or the Director's designee to receive, consider and incorporate any public comments on the HOME-ARP Allocation Plan until the end of the public comment period on March 9, 2023, and include the County's responses to such comments; and
 3. Authorizing and directing the Director of DOH or the Director's Designee to submit the HOME-ARP Allocation Plan, the related certifications, and all understandings and assurances contained therein to the U.S. Department of Housing and Urban Development (HUD) and to take all necessary action required by HUD as a condition of its approval of the HOME-ARP Allocation Plan as a substantial amendment of the Annual Action Plan for the Program Year 2021-22.

BACKGROUND:

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (“ARP”) into law, which provided over \$1.9 trillion in relief to address the continued impact of the COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses. To address the need for homelessness assistance and supportive services, Congress appropriated \$5 billion in ARP funds to be administered through HUD’s HOME Investment Partnerships Program to primarily benefit individuals or families from the following populations (“Qualifying Populations”):

- People experiencing homelessness;
- People at-risk of experiencing homelessness;
- People fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking;
- Other populations where providing supportive services or assistance would prevent homelessness or would serve those with the greatest risk of housing instability; and
- Veterans and families that include a veteran family member who fall within any of the other four types of qualifying populations:

In addition to administration and planning, the following activities (“Eligible Activities”) are eligible to be supported with HOME-ARP funds when they benefit the Qualifying Populations:

- Production or preservation of affordable housing;
- Tenant-based rental assistance;
- Supportive services, homeless prevention services, and housing counseling;
- Acquisition and development of non-congregate shelters; and
- Non-profit operating and capacity building grants.

One-time HOME-ARP funding in the amount of \$5,180,249 has been allocated to the San Mateo County HOME Consortium for expenditure not later than September 30, 2030, subject to HUD’s approval of the HOME-ARP Allocation Plan submitted by the County as a Substantial Amendment of the 2021-22 Annual Action Plan originally approved by the Board of Supervisors on May 4, 2021 (Resolution No. 078146).

The Department of Housing (“DOH”) developed and released a draft HOME-ARP Allocation Plan for public comment on February 9, 2023, following a period of stakeholder consultation in the form of more than 30 individual meetings and several community meetings to discuss how the funds should be allocated, as well as assessment of relevant housing and demographic data and identification of current resources. As discussed below, the community provided extensive input on the needs of the Qualifying Populations and gaps in resources. While there is a need for funding across all the Eligible Activities, many stakeholders prioritized the need for more affordable rental housing that was truly affordable by the Qualifying Populations.

DISCUSSION:

The HOME-ARP Allocation Plan must address the needs of all the Qualifying Populations but may target one or more of the Eligible Activities for funding.

Because of San Mateo County’s high housing costs, many stakeholders identified the production of affordable rental housing as a priority need for all the Qualifying Populations. Some stakeholders pointed to the fact that people living in congregate or non-congregate shelters or benefiting from time-limited rental assistance or supportive services ultimately need a permanently affordable home to achieve stability.

HOME-ARP requires that the rent for HOME-ARP assisted permanent rental units be limited to 30% of the applicant’s *actual* household income. This level of affordability is needed by many in the HOME

-ARP Qualifying Populations whose income may not be sufficient to afford the rent. For example, in San Mateo County, the monthly rent for an affordable one-bedroom apartment targeted to an Extremely Low-Income household with an income up to 30% of Area Median Income is \$1,041-- which may consume all or more than 50% of the monthly income of many households in the Qualifying Populations.

The targeting of HOME-ARP funds to the production of affordable rental housing units would support the County’s ongoing efforts to leverage all available sources of federal, state, and local affordable housing finance programs, while providing the resources necessary to target rent for HOME-ARP units at 30% of actual household income.

Although there are gaps in resources in all of the Eligible Activities, the use of HOME-ARP funds to create more permanent rental housing units with rent priced at 30% of actual household income addresses a priority need of all of the Qualifying Populations. Stakeholders consistently expressed the value of using the one-time HOME-ARP funds to create truly affordable rental housing available for the Qualifying Populations.

PERFORMANCE MEASURE:

Performance Measure	Number of Rental Units	Number of Rental Units
Number of new HOME-ARP rental units created	Award of \$150,000/unit would produce 29 HOME-ARP units	Award of \$200,000/unit would produce 22 HOME-ARP units

FISCAL IMPACT:

There is no net County cost associated with the acceptance of the HOME-ARP allocation plan. The County would receive a one-time HOME-ARP award of \$5,180,249, and would allocate \$4,403,2112 (85%) to the development of permanent rental housing and the balance of \$777,037 (15%) for the cost of administering the HOME-ARP Allocation Plan as allowed by HUD.