



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 23-194

Board Meeting Date: 3/28/2023

Special Notice / Hearing: None
Vote Required: 4/5ths

To: Honorable Board of Supervisors
From: Raymond Hodges, Director, Department of Housing
Subject: Employee Down Payment Assistance Program

RECOMMENDATION:

Approve an Appropriation Transfer Request (ATR) in the amount of \$1,000,000 from the County One-Time Expense Fund to the Department of Housing to fund the Employee Down Payment Assistance Program.

BACKGROUND:

The Employee Down Payment Assistance Program (EDPAP) is administered by the Department of Housing (DOH) and is a benefit open to all full-time, permanent employees with at least 18 months of service with the County of San Mateo or the Housing Authority of the County of San Mateo. The program offers a \$100,000 loan (second mortgage) towards the purchase of a home in San Mateo County. The loan is deferred for the first five years, amortized for 30 years at three percent interest. The County also offers a \$5,000 grant to help cover closing costs for those moving into San Mateo County from outside the County.

The program was designed to encourage County employees to live within the County thereby decreasing the environmental impact and the physical/emotional effects of a long commute.

Since the inception of EDPAP in January 2017, DOH has successfully closed 30 loans, assisting 36 County employees including six County couples, including a father/daughter duo. There was also one loan to a Housing Authority employee which is not included in the 30 loans.

DISCUSSION:

In 2019, the Board of Supervisors amended the ordinance on the county's Accumulated Capital Outlay fund to rename the fund as the County One-Time Expense Fund and expand the purposes for which the funds may be used. The new ordinance allows the Board to make available funding for Board approved housing programs and the EDPAP qualifies as one such program.

As of March 2023, the EDPAP only has enough funds for five County employees to purchase a home, and at the end of October 2022, five employees' names were drawn to access the funds. If all the employees are successful in purchasing a home, the funds will be completely depleted, and the program discontinued.

An additional \$1 million a year for the next five years will allow the program to continue and thereby increasing the number of County employees who are able to purchase a home in San Mateo County. The program could be sustainable on its own by 2029 but would need ten County employees purchasing in 2023. Since the loan is deferred for the first five years, a large amount of loan repayments won't occur until 2026 but once repaid, the funds can be revolved into the EDPAP program.

However, having an additional \$1 million for the next five years allows an average of ten employees per year to purchase a home. And after five years of funding, by 2031 with repayments, the program funding will almost double to \$2 million, annually, and thereby allowing the number of County employees who are able to purchase a home, to double.

The numbers and years are projections and could fluctuate extensively based on the housing market and the economic climate. In January 2023, home prices in San Mateo County were nearly down 12 percent. However, the median sale price was still \$1.3 million for a single-family home. County employees remain resourceful and continue to utilize the EDPAP program to purchased homes even with a fluctuating housing market. The average purchase price by the 30 County and the one Housing Authority employee averaged at \$875,523 and have purchased single family homes and condos, equally.

PERFORMANCE MEASURE:

Measure	FY 2022-23 Actual	FY 2022-23 Projected
Down Payment Assistance Loans	1	10

FISCAL IMPACT:

Approval of the Appropriation Transfer Request will move \$1 million in funding from the County One-Time Expense fund to the Department of Housing in the current fiscal year. Appropriations for future fiscal years will be done through the Departments FY 2023-24 and FY 2024-25 Recommended Budget.