



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HOUSING

**File #:** 23-841

Board Meeting Date: 10/17/2023

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

**To:** Honorable Board of Supervisors

**From:** Raymond Hodges, Director of Housing

**Subject:** Amendment No. 1 to the Loan Agreement with Housing Endowment and Regional Trust (HEART) of San Mateo County

### **RECOMMENDATION:**

**Measure K:** Adopt a resolution authorizing the Director of the Department of Housing to execute Amendment No. 1 to the loan agreement with Housing Endowment and Regional Trust (HEART) of San Mateo County, extending the term through July 31, 2029, with no change to the not to exceed amount of \$5,000,000.

### **BACKGROUND:**

On July 11, 2017, the Board of Supervisors authorized the Director of Housing to execute a \$5 million **Measure K** loan agreement with HEART for the purpose of making housing development, preservation, acquisition and rehabilitation loans to non-profit and for-profit developers and educational institutions. The County and HEART wish to amend the loan agreement to extend the term by an additional five years for a new term of July 15, 2017 through July 31, 2029.

### **DISCUSSION:**

The loan agreement allows HEART to make two types of loans: 1) predevelopment, acquisition, construction, and bridge loans that are consistent with the terms of HEART's QuickStart Loan Program ("Development Loans"), and 2) preservation, acquisition, and rehabilitation loans. Development loans may be made for multifamily rental and ownership developments for residents earning up to 120 percent of the Medium Area Income (AMI). Preference is given to multifamily rental projects with greater levels of affordability and larger number of units. The full \$5 million of the County loan may be used for such development loans. Preservation, acquisition, and rehabilitation loans may be used for workforce multifamily rental developments, with preference given to projects providing larger numbers of units. HEART may use up to \$2 million of the County loan for preservation, acquisition, and rehabilitation loans. Both types of loans are for a five year term. Affordability restrictions shall be for a minimum of 55 years for rental projects and 45 years for ownership projects.

HEART shall repay all funds that constitute any portion of the principal within the 10 year period, by July 31, 2029.

**EQUITY STATEMENT:**

The **Measure K** grant loan amendment to extend the term through July 31, 2029 will allow HEART to continue to make housing development, preservation, acquisition, and rehabilitation loans to non-profit and for-profit developers and educational institutions, increasing the supply of affordable and workforce housing.

**PERFORMANCE MEASURE:**

<b>DESCRIPTION</b>	<b>TARGET</b>
Use Loan to fund housing units (new construction, rehabilitation, acquisition, other preservation) within San Mateo County	Complete
Use Loan to fund housing units designated for special needs households (including seniors, people with disabilities, veterans, formerly homeless)	Complete
Use Loan to leverage existing HEART funds in achieving HEART-funded projects	Complete
No portion of the \$5 million loan amount should remain uncommitted for a period longer than 12 months	Complete
Funding shall be committed to a minimum of 100 units of affordable housing at all times	Complete

The County Attorney’s Office has reviewed and approved the revised loan agreement (Amendment No. 1) and resolution as to form.

**FISCAL IMPACT:**

There is no fiscal impact to the approval of this amendment to the **Measure K** grant loan. Funding has already been loaned is expected to be paid back to the County by 2029. There is no impact to the Net County Cost associated with this amendment.