



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 24-300

Board Meeting Date: 4/23/2024

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Raymond Hodges, Director, Department of Housing
Subject: Allocation of **Measure K** from the County Housing Voucher Program (CHV Program) to permanent supportive housing projects

RECOMMENDATION:

Measure K: Adopt a resolution:

- A) Approving an additional commitment under the County Housing Voucher Program of four (4) additional rental subsidies for the Casa Esperanza project for a total of 51 units for a term of fifteen (15) years consisting of **Measure K** funds approved by the Board of Supervisors for permanent supportive housing purposes; and
- B) Authorizing the Director of the Department of Housing, or designee, to negotiate and execute contracts and other documents or amendments, subject to review and approval as to form by the County Attorney, as necessary to provide County Housing Voucher Program funding for the Casa Esperanza project as indicated in Attachment A and within the limits of this Resolution.

BACKGROUND:

On March 22, 2022 this Board of Supervisors (Board) accepted staff's recommendation for a \$4 million commitment in **Measure K** funds to pilot a local rental subsidy program known as the County Housing Voucher program (CHV Program). In August 2023, the Board approved an additional \$4 million annual commitment to the CHV Program. These **Measure K** funds provide an ongoing commitment to subsidize monthly rents for formerly homeless households in the County, which is subject to biennial appropriations approved by this Board. This commitment from the County will provide a stable long-term rental subsidy for at least 200 formerly homeless households and ultimately move the County towards reaching and maintaining functional zero homelessness.

Under the CHV Program, a fixed monthly subsidy is paid directly to property owners and/or operators to cover a portion of their tenant's rent. The subsidy serves as an ongoing operating subsidy to help ensure the project's fiscal stability. In the first year under the CHV Program, the subsidy is valued at approximately \$2,000 a month per unit, in alignment with the maximum rent limits for a 60 percent

Area Median Income (AMI) unit published annually by the State's California Tax Credit Allocation Committee (TCAC). Tenants contribute no more than 30 percent of their gross income towards the payment of rent and utilities. The affordable housing owner and/or operator is responsible for providing access to high quality, on-site supportive services to tenants in coordination with any pre-existing County-provided services. The CHV Program will ensure that formerly homeless households with the lowest incomes in the County are not disproportionately cost burdened by rents and have access to intensive supportive services that will enable them to retain their housing.

The CHV Program prioritizes funding subsidies for permanent supportive housing developments acquired using State Homekey ("Homekey") Program funds. Homekey was launched to provide funding to rapidly sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19. Homekey presented an opportunity for local public agencies to purchase motels and a broad range of other building types to increase community capacity to respond to homelessness and the COVID-19 pandemic.

Through Homekey, the County was able to purchase two hotels in Redwood City and convert them to permanent supportive housing for formerly homeless households. A TownePlace Suites Hotel was converted into a 95-apartment community for unhoused seniors, now called Shores Landing. A Comfort Inn motel was converted into a 51-apartment community which is now known as Casa Esperanza. The Homekey program offered some operating funds for initial operations at these properties, but the State did not provide long-term rental subsidies to support continuing operations.

DISCUSSION:

On August 1, 2023 this Board adopted Resolution 079847, which approved funding awards under the CHV Program for 50 units at Shores Landing and for 47 units at Casa Esperanza. These CHV Program subsidies are an important component of the operating funds for these Homekey projects, which are provided for a fifteen-year term.

Department of Housing staff has consulted with the operator of Casa Esperanza and determined that an additional four units at the project should be made eligible for subsidies under the CHV Program. The additional four units would be subject to the same eligibility requirements and serve the same population as the initial 47 units and meet this Board's priorities for the CHV Program to fund studio and 1-bedroom units located in permanent supportive housing developments acquired using Homekey funds. If authorized by this Board, a total of 51 units at Casa Esperanza would be eligible for subsidy under the CHV Program.

Attachment A to this Resolution outlines the CHV Program subsidies awarded to Shores Landing (50 units) and Casa Esperanza (47 units) to date under Resolution No. 079847 and the four additional rental subsidies that would be provided at Casa Esperanza with the adoption of the proposed resolution (for a total of 51 units). The number of CHV Program subsidies dedicated to Shores Landing will not be adjusted by this proposed resolution. Therefore, the CHV Program would provide by this proposed action committed rental subsidies that will assist 101 formerly homeless households and help ensure the respective project's long-term operating stability.

The resolution has been reviewed and approved as to form by the County Attorney.

FISCAL IMPACT:

The cost of the four additional CHV Program subsidies for Casa Esperanza for the first year of the 15-year term is approximately \$93,936.00. The total first year cost under the CHV Program of funding the 51 units is approximately \$1,201,044, which funding will be provided by **Measure K** and is

included in the fiscal year 2024-25 budget. The total annual funding for all 101 CHV Program subsidies across both projects (Casa Esperanza and Shores Landing) is \$2,392,044. This total amount will increase by 2 percent annually during the 15-year term of the agreements and will be included in future budgets.

In connection with its annual recommended budget, DOH will put aside annually a transition reserve sized at 10 percent of the total amount of CHV Program subsidies to account for any unanticipated program costs that may arise.