



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 24-267

Board Meeting Date: 4/23/2024

Special Notice / Hearing: 30 day notice
(newspaper and electronic)

Vote Required: Majority

To: Honorable Board of Supervisors

From: Raymond J. Hodges, Director of Department of Housing

Subject: **Measure K:** Recommendation to Approve FY24-25 Annual Action Plan and Projects

RECOMMENDATION:

Measure K: Conduct a public hearing regarding the FY24-25 Annual Action Plan and Projects:

- A) Open public hearing
- B) Close public hearing
- C) Adopt a resolution:
 1. Approving and accepting the FY24-25 Annual Action Plan and the projects to be funded by the United States Department of Housing and Urban Development (“HUD”) Entitlement Awards: Community Development Block Grant (“CDBG”), Emergency Solutions Grant (“ESG”), and Home Investments Partnership Program (“HOME”) as provided in Attachment A to this resolution except as to CDBG funding for the Alta 2809 El Camino project and approving the reallocation of such CDBG funding to the Affordable Housing Fund 12 Notice of Funding Availability (“AHF 12 NOFA”); and
 2. Approving the projects to be funded via the State’s ESG and Permanent Local Housing Allocation (“PLHA”) programs as provided in Attachment A to this resolution; and
 3. **Measure K:** Approving the Equity Innovation Fund (“EIF”) programs to be funded by **Measure K** as provided in Attachment A to this resolution; and
 4. Authorizing the Director of the Department of Housing or designee, to make adjustments to the amounts of individual awards and funding levels set forth in Attachment A to this resolution as may be necessary and advisable to reflect final amounts approved by this

Board by this Resolution and final entitlement allocations released by HUD for the federal entitlement allocations, to accommodate changes once State agreements are finalized for PHLA programs and to account for any unspent prior Equity Innovation Fund grants; and

5. Authorizing the Director of the Department of Housing or designee, to submit the Annual Action Plan, the related certifications, and all understandings and assurances contained therein to HUD, to take all necessary actions in connection with the submission of and any amendments to the Annual Action Plan, including providing additional information that the federal government may require, and to execute contracts, as approved by the County Executive, acting in consultation with the County Attorney, for the programs and projects as indicated in the Annual Action Plan and for projects to be funded by State ESG and PLHA and **Measure K** programs as shown in Attachment A.

BACKGROUND:

The County receives funding allocations from the United States Department of Housing and Urban Development (“HUD”) under three entitlement programs: Community Development Block Grant (“CDBG”), Home Investments Partnership Program (“HOME”), and the Emergency Solutions Grant program (“ESG”). The CDBG Program supports community development activities to build stronger and more resilient communities. Activities may address needs such as infrastructure, economic development projects, public facilities installation, community centers, housing rehabilitation, public services, clearance/acquisition, microenterprise assistance, code enforcement, homeowner assistance, etc.

The HOME Program provides formula grants to states and localities to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

The ESG Program is designed to assist people with quickly regaining stability in permanent housing after experiencing a housing crisis and/or homelessness.

To receive these funds, the County is required to submit an Annual Action Plan each year that delineates allocations of the HUD funding to specific local projects, and reports outcomes attributable to these expenditures. These required documents serve both as an application for funds and a local policy statement.

As the lead agency for the HUD-designated Urban County, the County receives CDBG funds on behalf of 16 smaller cities within the County and on its own behalf. The County also receives HOME funds on behalf of the San Mateo County HOME Consortium which includes the County, the City of South San Francisco, and the City of San Mateo. The City of Redwood City and the City of Daly City are not members of the County HOME Consortium and, instead, these cities receive HOME funding directly. Federal ESG funds are provided to the County as the sole recipient for countywide distribution.

In addition, the County is the sole recipient for countywide distribution of State ESG funds, which were included in the County’s Winter FY24-25 Notice of Funding Availability (“NOFA”). The County, along with the cities of Daly City, San Mateo, South San Francisco, and Redwood City, also receives Permanent Local Housing Allocation (“PLHA”) funding. PLHA provides funding to local governments in California for housing-related projects and programs that assist in addressing the unmet housing

needs of their local communities. The County invests 50% of its annual PLHA allocation in projects that serve individuals at risk of or experiencing homelessness; 45% of its annual PLHA allocation in new affordable housing developments, and 5% of its annual PLHA allocation to support the administration of this source of funding.

Further, \$243,469 of PLHA funds were included in the NOFA and four projects were recommended for funding as shown in Attachment A along with two additional Homekey temporary shelter and/or navigation center projects, totaling \$289,997 in PLHA funding to be sourced and administered by the County's Human Services Agency ("HSA").

DISCUSSION:

The County's Annual Action Plan links national objectives to local project and program priorities, providing necessary context and justification for local decisions regarding the use of federal funds. Four overarching principles govern the County's administration of HUD entitlement funding: process, accountability, transparency, and collaboration. For the Annual Action Plan, a study session was held in February 2024 with the San Mateo County Housing and Community Development Committee ("HCDC"), followed by an HCDC public hearing with applicants on February 29, 2024. The public hearing with the Board on April 23, 2024, will conclude the required community participation process, after which the associated Annual Action Plan will be submitted to HUD for review and approval prior to May 15, 2024.

HUD entitlements to the County over the past 20 years have declined, from a high of \$5.1 million in FY 1994-1995 to \$4.18 million for FY23-24. The FY24-25 allocation amounts have yet to be announced, but the FY23-24 entitlement amount was approximately \$200,000 less than the year prior (FY22-23). The total estimated value of funding available including the new entitlement, any unused prior year funding, expected program income (primarily from loan payments), **Measure K**, State ESG, and PLHA funding is \$8,433,760. Of that total value, \$6,914,336 will be allocated to new or rehabilitated housing, community development and public service projects, \$505,900 to section 108 loan repayments, and \$1,013,524 to program administration.

The current year is the first year of two-year agreements the County enters with providers to implement public service, micro-enterprise development, fair housing, and shelter operations programs. The funding approved in connection with the proposed Action Plan will provide one-time only funding for new affordable housing and housing rehab projects, minor home repair and **Measure K** projects under the Equity Innovation Fund ("EIF"). Attachment A: Winter Fiscal Year 2024-2025 and Equity Innovation Fund Recommended Projects and Federal Funds Annual Action Plan Sources, Uses and Projects also details specific activities recommended for funding from the federal entitlement programs, the State's ESG and PLHA programs and **Measure K** programs, which were included in the Winter FY24-25 and EIF NOFAs.

In order to receive HUD entitlement funds, the County must submit pro forma certifications to HUD assuring that the County: (1) will not discriminate in providing services; (2) is following a citizen's participation process (now known as a community participation process and plan); (3) is providing a drug-free workplace for staff; and (4) has adopted and is enforcing a policy prohibiting the excessive use of force against individuals engaged in non-violent civil rights demonstrations.

In view of the foregoing, staff recommends that the Board approve and accept the FY24-25 Annual Action Plan and associated program funding outlined in Attachment A with the exception of the CDBG

funding for the Alta 2809 El Camino project, and authorize the Director of the Department of Housing or designee, to submit the Annual Action Plan, the related certifications, and all understandings and assurances contained therein to HUD, to take all necessary actions in connection with the submission of the Annual Action Plan, including providing additional information that the federal government may require, and to execute contracts, as approved by the County Attorney, for the programs and projects as indicated in the Annual Action Plan and for projects to be funded by State ESG and PLHA and **Measure K** programs as shown in Attachment A.

Staff recommends not including an award of CDBG funds for Alta's 2809 El Camino project in the FY24-25 Annual Action Plan because HUD has advised that the intended use of funds in this project is ineligible for CDBG funding. Staff recommends that the \$1,882,368 in CDBG funds be reallocated to the Affordable Housing Fund 12 (AHF 12) NOFA. Staff will undertake such steps as may be required to provide notice and amendment to the Action Plan to reflect this modification.

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

FISCAL IMPACT:

Budgetary appropriation to approve and accept the Annual Action Plan sources and projects, the additional Winter FY24-25 NOFA projects funded via State ESG and PLHA funds, the EIF NOFA **Measure K** projects and two Homekey projects to be funded via State PLHA funds and administered via HSA are included in the Department of Housing FY24-25 Adopted Budget. There is no net County cost associated with expenditures under the federal entitlement programs and State pass-through funds. **Measure K** funding in the amount of \$567,768 is approved by the proposed resolution.

ATTACHMENTS:

Attachment A: FY 2024-25 Annual Action Plan and Projects