



# County of San Mateo

## Inter-Departmental Correspondence

Department: HOUSING

File #: 24-400

Board Meeting Date: 6/11/2024

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

**To:** Honorable Board of Supervisors  
**From:** Raymond Hodges, Director, Department of Housing  
**Subject:** Allocation of **Measure K** funds, County Impact Fees, Permanent Local Housing Allocation, federal HOME Investment Partnerships Program funds, **Measure K** funds targeted to units for youth transitioning from foster care, and federal Community Development Block Grant funds from the Affordable Housing Fund 12.0 to affordable housing projects

### **RECOMMENDATION:**

**Measure K:** Adopt a resolution:

- A) Approving commitments of Affordable Housing Fund (AHF) 12.0 funds to the construction of the non-Moving To Work affordable housing projects listed in Attachment A to the Resolution in the total amount of up to \$24,024,486 consisting of \$19,000,000 in **Measure K** Fiscal Year 2024-25 funds approved by the Board of Supervisors for affordable housing purposes; \$1,391,667 in **Measure K** funds allocated in previous AHF rounds that were returned to the Department of Housing; \$466,622 in Permanent Local Housing Allocation funds (subject to state approval of the County Housing Element); \$300,000 in County Impact Fees (for unincorporated San Mateo County only); up to \$1,000,000 in federal HOME Investment Partnerships Program funds; \$864,000 in **Measure K** funds provided by the Children and Family Services Division of the San Mateo County Human Services Agency for units targeting youth transitioning from foster care; and \$1,002,197 in Program Year (PY) 2023 and PY 2024 Community Development Block Grant funds; including all conditions attached to such funding recommendations; and
- B) Authorizing the Director of the Department of Housing, or designee, in consultation with the County Attorney, to (1) negotiate and execute contracts and other documents necessary to provide funding to the non-Moving To Work affordable housing projects listed in Attachment A to this Resolution; and (2) implement a supplemental NOFA process to award funds recovered from termination of AHF awards to eligible projects seeking to be competitive in the first round of housing tax credit awards in 2025.

## **BACKGROUND:**

On April 8, 2013, this Board approved the allocation of approximately \$13,400,000 of unrestricted general funds for affordable housing purposes, thereby establishing the Affordable Housing Fund. These initial AHF funds were derived from a one-time distribution of Housing Trust Funds held by former redevelopment agencies in San Mateo County.

Since then, after eleven subsequent AHF competitive funding rounds, this Board has awarded more than \$300 Million for affordable housing from various sources. Specifically, the AHF has been funded by County general funds, **Measure K** funds, Redevelopment Agency (RDA) Housing Trust Funds, HOME Investment Partnership Funds, Community Development Block Grant (CDBG) funds, and funds allocated to the County from the State of California's Housing and Community Development department (HCD), including the Permanent Local Housing Allocation (PLHA), the Local Housing Trust Fund (LHTF) and Housing for Healthy California (HHC) funds. In addition, \$15,000,000 in **Measure K** funds have been allocated to priority preservation opportunities, resulting in the acquisition and preservation of four apartment complexes, one of which included households receiving County supportive services.

In 2023, under the eleventh (and most recent) round of AHF competitive funding, AHF 11.0, awarded \$29,398,683 for the new construction of five affordable rental housing developments. Sources for AHF 11.0 included **Measure K** funds (both new and recovered), returned RDA Housing Trust funds, federal HOME funds, and federal HOME-ARP funds.

## **DISCUSSION:**

On March 4, 2024, the Department of Housing (DOH) released a Notice of Funding Availability (NOFA) for its twelfth round of AHF competitive funding (AHF 12.0). AHF 12.0 made available \$19,000,000 in **Measure K** Fiscal Year (FY) 2024-25 funds approved by the Board for affordable housing purposes; \$1,391,667 in **Measure K** funds allocated in previous AHF rounds that were returned to DOH; \$466,622 in PLHA funds awarded by HCD subject to approval of the County Housing Element; \$300,000 from County impact fees (available only for projects in unincorporated San Mateo County); up to \$1,000,000 in federal HOME Investment Partnerships Program funds; \$864,000 in **Measure K** funds provided by the Children and Family Services division of the Human Services Agency for units targeting youth transitioning from foster care; and up to \$2,500,000 in PY 2023 and PY 2024 CDBG funds.

DOH received fifteen applications for AHF 12.0 funding by the application deadline of April 12, 2024, requesting a total amount of almost \$125 million for the creation of 1,081 affordable housing units with an aggregate development cost of more than one billion dollars.

All fifteen applications for AHF 12.0 funds propose worthy projects that would increase the supply of high-quality affordable housing in diverse communities across the County. A subsequent decrease in the amount of Community Development Block Grant funds from an expected amount of \$2,500,000 to an actual amount of \$1,002,197 has decreased the total amount available under AHF 12.0 to \$24,024,486. After considering the total amount of funding available, the comparative readiness of each project to proceed, the specific restrictions imposed on different funding sources available for allocation, the competitiveness of the project for housing tax credits and other funds, and the County's funding priorities, DOH staff and the Housing and Community Development Committee jointly recommend that the available AHF 12.0 funds totaling \$24,024,486 be awarded, in varying amounts, to the non-Moving To Work projects listed on Attachment A of the Resolution. The Board of Supervisors, sitting as the Board of Commissioners of the Housing Authority of the County of San Mateo will be separately and concurrently approving commitments of \$16,505,645 in Moving to Work

(MTW) reserve funds referenced in Attachment A and which are subject to HUD approval of the new MTW plan.

Funds recovered from the termination of AHF awards because a project has been unable to advance in the development process as planned are recommended to be made available in a supplemental NOFA process in order to make any such recovered funds available to projects that need additional funds to be competitive in the first round of housing tax credit awards in 2025, which is expected to take place before the expected award of funds pursuant to AHF 13.0 in 2025..

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

**FISCAL IMPACT:**

The proposed competitive AHF 12.0 awards authorized by the proposed Resolution and specified in Attachment A are limited to the utilization of up to \$19,000,000 in **Measure K** FY 2024-25 funds approved by the Board for affordable housing purposes; \$1,391,667 in **Measure K** funds allocated in previous AHF rounds but returned due to adjustments in project plans; \$466,622 in PLHA funds (subject to approval of County Housing Element); \$300,000 in County Impact Fees (for unincorporated San Mateo County only); up to \$1,000,000 in federal HOME Investment Partnerships Program funds; \$864,000 in **Measure K** funds provided by the Children and Family Services division of the San Mateo County Human Services Agency for units targeting youth transitioning from foster care; and \$1,002,197 in PY 2023 and PY 2024 CDBG funds. The **Measure K** funds will be included in DOH's recommended budget for FY 2024-25.