



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 18-817

Board Meeting Date: 9/4/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors (Sitting as the Board of Commissioners for the Housing Authority)

From: Ken Cole, Executive Director, Housing Authority

Subject: Contract for Rent Study of the San Francisco HUD Metro FMR Area

RECOMMENDATION:

Acting as the Governing Board of Commissioners of the Housing Authority of the County of San Mateo, adopt a resolution authorizing:

- A) The Housing Authority of the County of San Mateo (HACSM) to partner with the San Francisco Housing Authority (SFHA) and the Housing Authority of the County of Marin (Marin HA) to initiate a rent survey of the tri-county San Francisco HUD Metro FMR Area for submission to the U.S. Department of Housing and Urban Development (HUD); and
- B) The Executive Director of HACSM, or the Executive Director's designee, to execute a contract with ICF Macro, Inc. to complete the rent study and report; and
- C) The Executive Director of HACSM, or the Executive Director's designee, to execute a Memorandum of Understanding with SFHA and Marin HA describing the roles and responsibilities of each of the housing authorities with respect to the rent study, including the shares of the contract fee to be paid by each housing authority; and
- D) HACSM to accept and administer funds from the SFHA and Marin HA to pay their respective portions of the contract fee based on the contract between HACSM and ICF Macro, Inc.

BACKGROUND:

In 2016, HACSM partnered with the housing authorities of San Francisco and Marin County to conduct a rent study used to contest HUD's determination of the Fair Market Rent (FMR) shared by the three Counties which together comprise a single HUD Metro FMR Area (HMFA). HACSM, on behalf of SFHA and Marin HA, contracted with ICF Macro, Inc. to conduct the study and successfully challenged the American Community Survey (ACS) data used by HUD, resulting in a 31 percent increase in San Mateo County's FMR rates. The study data also corrected HUD's determinations of

“Difficult Development Areas” (DDAs) restoring status in all but three zip-codes throughout the three counties. DDA status grants most affordable housing projects financed with Low Income Housing Tax Credits (LIHTC) access to 30 percent more LIHTC equity to fund development costs that otherwise must be funded by local subsidy. 2019 marks the first year that FMR and DDA calculations will revert to using ACS data unless the three housing authorities perform another rent study.

Since San Mateo County and the larger Bay Area region have seen dramatic rent increases in recent years, current rental data is expected to reflect higher costs than the three-year-old American Communities Survey data HUD will otherwise use to calculate FMRs and DDAs, even once HUD applies its trending formulas which are based upon national trends. Higher FMRs would give HACSM, SFHA, and Marin HA flexibility to pay higher rents under their respective Section 8 programs and could increase the amount of funding allocated by HUD to the Section 8 programs of each of the three housing authorities. As a result of the 2016 rent study, HACSM received an additional \$21 million in Section 8 funding between CY 2016 and CY 2017.

DISCUSSION:

HACSM seeks the Board’s approval to partner with SFHA and Marin HA to initiate a rent survey of the San Francisco HUD Metro FMR Area comprised of San Mateo, San Francisco, and Marin counties. HACSM also seeks the Board’s approval to execute a contract with ICF Macro, Inc. in the amount of \$123,711 to carry out the survey and prepare a corresponding report for submission to HUD on behalf of the partnering authorities. HACSM additionally seeks approval from the Board to execute a Memorandum of Understanding (MOU) with SFHA and Marin HA describing the roles and responsibilities of each housing authority in the process of contracting with ICF. The MOU will specify that:

- HACSM will singularly contract with ICF and administer the contract on behalf of SFHA and Marin HA in an amount not to exceed \$123,711.00.
- ICF’s fee will be split evenly for the first 2,000 Section 8 vouchers administered by each housing authority for the 2018 fiscal year, then calculated pro-rata based upon the remaining number of units. As a result, the estimated shares for each agency will be approximately \$70,840.09 for SFHA, \$32,057.01 for HACSM, and \$20,813.90 for Marin HA.
- SFHA and Marin HA will deliver checks in the amounts described above to HACSM upon execution of the ICF contract.
- HACSM will accept funds in the amounts described above from SFHA and Marin HA and administer payments of the entire \$123,711 fee according to the executed contract.
- Upon receipt, HACSM will provide copies of all ICF work submissions as well as evidence of approved payments to any staff designated by SFHA and Marin HA.
- In the unlikely event any contract funds are not spent, the remainder will be split pro-rata and returned to the three HA’s according to the percentages used in determining cost-sharing of the ICF contract fee.

Any material changes to these MOU terms would require additional Board approval. HACSM finally requests Board approval to accept and administer funds from SFHA and Marin HA to cover their financial shares of the ICF contract. Upon completion of the rent study, the results will be presented to the Governing Board of Commissioners for public comment.

The resolution has been reviewed and approved as to form by County Counsel. Approval of this

Resolution contributes to the Shared Vision 2025 outcome as a Livable Community by increasing the overall supply of affordable housing.

FISCAL IMPACT:

This item will be funded entirely by HACSM and its partners, SFHA and Marin HA, and will have no net fiscal impact to the County of San Mateo.