



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 19-778

Board Meeting Date: 8/6/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Kenneth Cole, Director, Department of Housing

Subject: Use of **Measure K** Funds: Home for All Second Unit One Stop Shop Pilot Program

RECOMMENDATION:

Measure K: Adopt a resolution authorizing:

- A) The Director of the Department of Housing, or the Director's designee, to execute a sole-source agreement with Hello Housing to create a Second Unit One Stop Shop Pilot Program not to exceed \$325,000 for an initial term of three years; and
- B) The Director of the Department of Housing, or the Director's designee, to execute agreements with the cities of East Palo Alto, Redwood City and Pacifica (the "Pilot Cities") describing the roles and responsibilities of each with respect to participation in the Second Unit One Stop Shop Pilot Program; and
- C) The Department of Housing to accept and administer funds from Pilot Cities or their agents to pay their respective portions of the Second Unit One Stop Shop Pilot Program expenses based on the agreements between the Department of Housing and the Pilot Cities; and
- D) The approval of the allocation of **Measure K** funding in the amount of \$325,000 for the Second Unit One Stop Shop Pilot Program; and
- E) The appropriation of \$150,000 in new revenue from the Pilot Cities or their agents to the Department of Housing budget.

BACKGROUND:

In 2017, at the recommendation of the Closing the Jobs/Housing Gap Task Force, San Mateo County launched the Home for All initiative ("Home for All") to implement the Task Force action plan, which supports the development and preservation of all types of housing and includes tasks related to promoting Second Units (a.k.a. Accessory Dwelling Units, ADUs, backyard cottages and granny flats).

In February of 2018, Home for All, in conjunction with 21 Elements, created a robust suite of resources to inspire and guide homeowners who are interested in Second Units including an idea book, a workbook and a calculator. However, homeowner surveys and focus groups indicate the many homeowners need more personal support to design and manage a construction project.

Hello Housing, a nonprofit housing organization, has developed a Second Unit One Stop Shop Pilot Program (the "Pilot") to leverage its uniquely deep experience in working directly with homeowners on home renovations, home buying and home financing programs to now also support the production of Second Units. Under a contract with the Housing Authority of the County of San Mateo, Hello Housing conducted outreach to cities within San Mateo County to gauge their respective level of interest in participating in the Pilot and identified significant interest.

Home for All, through the County Manager's Office, and Hello Housing issued a Request for Letters of Interest to all cities in San Mateo County on April 11, 2019. The cities of East Palo Alto, Redwood City and Pacifica submitted proposals and all were selected as "Pilot Cities". The County will also participate in the Pilot as the fourth partner for the unincorporated areas.

DISCUSSION :

The Pilot Cities and the County will work with Hello Housing and Home for All to develop minimum criteria for homeowner participation in the Pilot. These criteria may include limits on homeowner household income, or a commitment to charge an affordable rent for a specified term. Eligible homeowners must also have access to funding and make a commitment to participate in fair housing and landlord training.

Hello Housing will market the pilot program to, evaluate the feasibility of Second Units, and select qualified homeowners to receive personal support and project management throughout the development process. Hello Housing will also to streamline the permitting process. Lessons learned will be shared widely through the Home for All Learning Network. The Pilot Cities will contribute \$50,000 each to participate.

The Director of the Department of Housing has determined that a waiver of the RFP process is appropriate to select Hello Housing as the sole-source to create the Pilot. This waiver is in the County's best interests because a Second Unit One Stop Shop is only available from Hello Housing at this time as this non-profit has been able to quickly capitalize on its uniquely deep experience in working with homeowners on single family construction projects to rapidly respond to the recent exponential expansion of public interest in second units after the passage of new state laws. Additionally, the Pilot is the continuation of the work currently being concluded by Hello Housing under its contract with the Housing Authority of the County of San Mateo to explore interest in a Second Unit One Stop Shop Pilot Program and also complements the work being done by Hello Housing to administer the County's Second Unit Amnesty loan program.

To continue this work, we recommend that the Board authorize the Department of Housing to enter into a sole-source contract with Hello Housing not to exceed \$325,000 in Measure K funds for an initial term of three years to create a Second Unit One Stop Shop Pilot Program, and to enter into agreements with the Pilot Cities or their agents describing the terms of their participation in the Pilot. We also recommend that the Board appropriate \$150,000 in new revenue from the Pilot Cities or their agents to the Department of Housing budget.

The Second Unit One Stop Shop Pilot Program supports the County vision of a collaborative community by increasing community participation in housing decisions. County Counsel has

reviewed this Memorandum and the accompanying Resolution as to form.

Performance Measures	FY 19/20	FY 20/21
Learning Network evaluations on a scale of 1 to 5	4.5	4.9
Positive feedback from Second Unit One Stop Shop pilot cities	100%	100%
Select 16-18 homeowners to participate in the One Stop Shop	100%	
Construction of 16-18 second units or junior second units in three years		6-8 units

FISCAL IMPACT:

The Second Unit One Stop Shop Pilot Program will utilize \$325,000 in **Measure K** funds from the Affordable Housing Fund, made available by the use of additional Moving To Work funds provided by the Housing Authority of the County of San Mateo.