



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 20-281

Board Meeting Date: 5/5/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Raymond Hodges, Interim Director, Department of Housing
Subject: **Measure K:** Authorize Use of Remaining **Measure K** Funds from the Redwood Trailer Village New Unit Loan Program for Department of Housing Administration Costs

RECOMMENDATION:

Measure K: Adopt a resolution authorizing the Department of Housing to place approximately \$900,000 in unspent funds from the previously approved \$6.5 million allocated to the Redwood Trailer Village New Unit Loan Program in the Department of Housing trust fund to cover staff costs for the administration of **Measure K** Projects in FY 2019-20.

BACKGROUND:

On October 23, 2018, the Board passed Resolution No. 076211 approving the allocation of \$6.5 million in **Measure K** funds for the Department of Housing (DOH) to implement the Redwood Trailer Village New Unit Loan Program (the "Loan Program"). The Loan Program was developed to address habitability issues identified by the County at Redwood Trailer Village (the "Park"), a 51-space mobile home park in North Fair Oaks, without displacing over 200 of the Park's residents, en masse - many of whom are low-income and about half of whom are children.

The Loan Program assisted 45 participating Park unit owners with the purchase of new units and demolition of existing units that could not be brought into compliance, as well as any costs incurred for paving beneath the new units. The Board also approved the use of the \$6.5 million in **Measure K** funds for other relevant expenses to complete the project, including project management services from Capital Program Management (CPM), security services, relocation expenses, and additional unit alterations.

A multi-departmental team including Supervisor Warren Slocum and his staff, the Office of Community Affairs, County Counsel's Office, DOH, the Human Services Agency, the Planning and Building Department, the Department of Public Works, and the County Manager's Office, along with CPM, worked with the property owner and the residents to renovate the park infrastructure and replace existing units. The first phase of site work began in April 2019. On December 20th, 2019, the

last group of residents moved into their new homes. A total of 45 loans for 36 park models, 7 HUD units, and 2 travel trailers were financed through the Loan Program. The project came in under budget and generally on-schedule, except for a factory delay.

DOH and CPM are currently very close to completing the project closeout. A little over \$5.5 million has been spent down from the allocated \$6.5 million, and DOH and CPM have identified just under \$110,000 in outstanding costs that remain. Accordingly, the total amount of remaining unspent funds is estimated to be \$900,000.

DISCUSSION:

DOH seeks the Board's approval to authorize the reallocation of any remaining unspent funds, estimated at \$900,000, from the Redwood Trailer Village New Unit Loan Program to the DOH trust fund to help cover outstanding administrative expenses related to administering **Measure K** Projects in FY 2019-20.

In the last five years, DOH staff costs have increased from \$1.6 million in FY 2014-15 to a projected \$2.7 million in FY 2019-20 as the Department has added eight permanent positions to address its growing portfolio. In addition to the 855 Barron Loan Program, DOH staff administers continuing and newly emerging federal, state, and **Measure K** programs, as well as a growing Affordable Housing Fund (AHF) loan portfolio of \$140 million in addition to over three decades of loans from previous department programs.

DOH has received an estimated \$1 million annually in federal sources to administer the federal programs. The remaining administrative expenses have been covered by **Measure K** loan origination fees, loan repayments, and eligible administration expenses from the Farm Labor Housing Fund, among others. However, it is anticipated that there will be a gap of \$850,000 to \$900,000 in the FY 2019-20 staff budget.

Any funds to cover this gap will be drawn from the DOH trust fund. To meet staff expenses, DOH recommends that the Board authorize the use of any remaining unspent funds from the 855 Barron Loan Program to cover the costs of DOH staff required to administer **Measure K** Projects in FY 2019-20, including the AHF program, the Employee Down Payment Assistance Program (EDPAP), and contract management for Legal Aid Society of San Mateo County, Project Sentinel, and HIP Housing.

The resolution authorizing the actions described in this report has been reviewed and approved as to form by County Counsel.

FISCAL IMPACT:

Approximately \$900,000 remaining unspent funds of the \$6.5 million previously allocated to the Redwood Trailer Village New Unit Loan Program will be reallocated to the Department of Housing FY 2019-20 administration funds. There is no Net County Cost associated with approval of this item.