



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 20-639

Board Meeting Date: 9/15/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Raymond Hodges, Director, Department of Housing

Subject: Allocation of **Measure K** and California HCD Housing for a Healthy California funds from the Affordable Housing Fund 8.0

RECOMMENDATION:

Measure K: Adopt a resolution:

- A) Approving Affordable Housing Fund (AHF) 8.0 commitments up to \$33,666,437 consisting of \$12,254,836 in **Measure K** FY 2020-21 funds approved by the Board of Supervisors for affordable housing purposes; \$8,367,518 in **Measure K** funds previously allocated in AHF 7.0 but returned due to Affordable Housing Fund 7.0 funding conditions; approximately \$7 million in State of California Department of Housing and Community Development (HCD) Housing for a Healthy California funds; approximately \$5 million in HCD Local Housing Trust Fund funds; approximately \$544,000 in HCD Permanent Local Housing Allocation funds; \$150,000 in County Impact Fees; and \$436,000 in **Measure K** funds previously allocated in AHF 5.0 for Former Foster Youth housing but returned due to project cancellation, for eight new construction affordable rental housing developments and one new construction affordable multifamily homeownership development, including any conditions attached to such funding recommendations; and
- B) Authorizing the Director of the Department of Housing (“DOH”), or the Director’s designee, to execute contracts, as approved by County Counsel, for funding the affordable housing projects indicated.

BACKGROUND:

On April 8, 2013, the San Mateo County Board of Supervisors approved the allocation of approximately \$13.4 million of unrestricted general funds for affordable housing purposes. These funds, which initiated the County’s Affordable Housing Fund (“AHF”), were derived from a one-time distribution of Housing Trust Funds held by former redevelopment agencies in San Mateo County. There have been five subsequent AHF competitive funding rounds, using a combination of County general funds, **Measure K** funds, San Mateo County Housing Authority Moving to Work (“Moving to Work”) Housing Assistance Program (“HAP”) Reserves, HOME Investment Partnership Funds,

Community Development Block Grant (“CDBG”) funds, and funds allocated to the County from State of California’s Housing and Community Development department (“HCD”). Additionally, \$15 million 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.

The seventh (and most recent) round of AHF competitive funding-AHF 7.0-was released in 2019 and awarded \$37,451,751 for the new construction of 10 affordable rental housing developments and the rehabilitation of two existing affordable rental developments. Sources for AHF 7.0 included **Measure K** funds and HCD No Place Like Home program funds. Subsequent to AHF 7.0 awards, \$8,367,518 in **Measure K** funds was returned to the County from two new construction affordable rental housing developments in order to satisfy their AHF 7.0 funding conditions. To date, the AHF, together with its Preservation sub-fund, has allocated approximately \$120.3 million to assist 2,818 units in San Mateo County-supporting the development of 2,403 new affordable rental and homeownership units, and the preservation of 415 multifamily rental units as affordable housing.

DISCUSSION:

DOH released a Notice of Funding Availability (“NOFA”) for its eighth round of AHF competitive funding-referred to as AHF 8.0-on June 17, 2020. AHF 8.0 made available up to \$46.7 million including: \$12,254,836 in **Measure K** FY 2020-21 funds approved by the Board of Supervisors for affordable housing purposes; \$8,367,518 in **Measure K** funds previously allocated in AHF 7.0 but returned due to AHF 7.0 funding conditions; approximately \$20 million in HCD Housing for a Healthy California (“HHC”) funds; approximately \$5 million in HCD Local Housing Trust Fund (“LHTF”) funds; approximately \$544,000 in HCD Permanent Local Housing Allocation funds; \$150,000 in County Impact Fees; and \$436,000 in **Measure K** funds previously allocated in AHF 5.0 for Former Foster Youth housing but returned due to project cancellation.

DOH received twelve applications by the July 14, 2020 application deadline, which collectively requested a total of \$87,610,257 for the creation or preservation/rehabilitation of 1,342 affordable housing units. All twelve applications are for worthy projects that would significantly add to or help to preserve high-quality affordable housing stock in the County. DOH staff and the Housing and Community Development Committee are recommending that \$33,666,437 of the AHF 8.0 allocation be awarded, in varying amounts, to nine of the 12 projects. DOH staff and the Housing and Community Development Committee are recommending that approximately \$11 million of HCD HHC funds be allocated at a later date, either in DOH’s NOFA scheduled for winter of 2020 which releases HOME Investment Partnership funds and CDBG funds, or in DOH’s next round of AHF scheduled for summer 2021. The County has not yet received its award of HCD LHTF funds. Should the County receive less than its application amount of \$5 million, the County shall reduce funding commitments by an amount up to \$5 million made to two of the nine projects recommended for funding.

As shown in Attachment A, all nine projects recommended for funding would receive a portion of its allocation through the available **Measure K** funds.

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

Agreements will be reviewed and approved by County Counsel for execution by the Director of the Department of Housing.

FISCAL IMPACT:

The proposed competitive fund award process will be limited to the utilization of a maximum of: \$12,254,836 in **Measure K** FY 2020-21 funds approved by the Board of Supervisors for affordable housing purposes; \$8,367,518 in **Measure K** funds previously allocated in AHF 7.0 but returned due to AHF 7.0 funding conditions; approximately \$7 million in HCD HHC funds; approximately \$5 million in HCD LHTF funds; approximately \$544,000 in HCD Permanent Local Housing Allocation funds; \$150,000 in County Impact Fees; and \$436,000 in **Measure K** funds previously allocated in AHF 5.0 for Former Foster Youth housing but returned due to project cancellation.