



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 21-581

Board Meeting Date: 7/13/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Raymond Hodges, Director, Department of Housing
Subject: Authorization for Projects Utilizing Local Housing Trust Funds from the State of California Department of Housing and Community Development

RECOMMENDATION:

Adopt a resolution:

- A) Representing and certifying that if the County of San Mateo Department of Housing ("DOH") receives an award of Local Housing Trust Fund ("LHTF") Program funds from the Veterans and Affordable Housing Bond Act of 2018 ("Proposition 1") from the California Department of Housing and Community Development (the "Department") pursuant to the May 3, 2021 Local Housing Trust Fund Notice of Funding Availability ("LHTF NOFA"), attached hereto as Exhibit A, that DOH will use all such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation all rules and laws regarding the LHTF Program, as well as any and all contracts DOH may have with the Department; and
- B) Authorizing and directing DOH if it is to receive an award of LHTF Program funds in an amount not to exceed \$5,000,000 to expend funds in accordance with all applicable rules and laws; and
- C) Representing and certifying that DOH agrees to use the LHTF Program funds only for Eligible Activities as approved by the Department and in accordance with all LHTF Program requirements, LHTF Program Guidelines, other rules and laws, as well as in a manner consistent and in compliance with the Standard Agreement, its Application, and other contracts between DOH and the Department; and
- D) Representing and certifying that DOH shall be subject to the terms and conditions as specified in the Standard Agreement, the LHTF Program Guidelines, and any other applicable Proposition 1 guidelines published by the Department; and

- E) Authorizing DOH Director, or designee, in consultation with County Counsel, to execute the LHTF Program Application, the LHTF Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the LHTF Program or the LHTF grant awarded to DOH, as the Department may deem appropriate.

BACKGROUND:

The County of San Mateo Department of Housing (“DOH”) administers and operates a local housing trust fund called the Affordable Housing Fund (“AHF”), which consists primarily of **Measure K** funds allocated to DOH by this Board and includes other funding sources, including, but not limited to, loan repayments, Moving to Work funds provided by the Housing Authority of the County of San Mateo, and federal funds from the U.S. Department of Housing and Urban Development. AHF funds are for the provision of new construction affordable rental housing, affordable rental housing in need of rehabilitation, and new construction affordable homeownership housing. AHF funds are awarded by DOH to applicants through its competitive Notice of Funding Availability (NOFA) of affordable housing development (“AHF NOFA”) process. To date, DOH has issued nine (9) AHF NOFAs.

The Local Housing Trust Fund (“LHTF”) Program, which is administered by the California Housing and Community Development Department (the “Department”), provides matching grants to local housing trust funds established by cities and counties, Native American Tribes, and/or incorporated 501(c)(3) nonprofit organizations to be allocated for, among other uses, construction loans and/or permanent financing loans to pay for predevelopment costs, acquisition costs, and other costs associated with the development or rehabilitation of affordable rental housing projects, or emergency shelters, transitional housing, permanent supportive housing, and affordable homebuyer/homeowner projects, including assistance to income-eligible households to purchase for-sale housing units or to rehabilitate. The Department is authorized to provide approximately \$57 million in funding for the LHTF Program under the Veterans and Affordable Housing Bond Act of 2018 (“Proposition 1”). DOH’s AHF qualifies as a local housing trust fund under the LHTF Program.

DOH would like to submit an application for LHTF Program funds. If its LHTF application is awarded, DOH will receive up to \$5,000,000 to assist in the provision of new construction affordable rental housing, affordable rental housing in need of rehabilitation, and new construction affordable homeownership housing.

Should DOH receive a LHTF Program award, the LHTF Program funds will be used on a dollar-for-dollar basis with AHF funds for affordable housing development projects awarded by DOH to applicants through its competitive AHF NOFA process. This Board authorizes the AHF funding recommendations after each AHF NOFA.

DISCUSSION:

Earmarking \$5,000,000 of LHTF Program funds for awards to housing developers for the provision of new construction affordable rental housing, affordable rental housing in need of rehabilitation, and new construction affordable homeownership housing that apply to the AHF NOFA administered by DOH would allow for DOH to fund a greater number of affordable housing projects.

DOH seeks a resolution from this Board to authorize and support DOH’s application for and acceptance of LHTF funds. The Department Resolution attachment to this item is a template board resolution required for use by the Department.

The Board is being asked to authorize DOH approve and accept LHTF funds, authorize DOH

Director, or designee, to submit an application to the State California Department of Housing and Community Development, and execute the LHTF Standard Agreement as well as and any subsequent amendments or modifications thereto.

County Counsel has reviewed and approved the resolution as to form.

FISCAL IMPACT:

The amount of the grant would be up to \$5,000,000, disbursed to DOH as needed for projects, but no earlier than October 2021. This is a revenue agreement so there is no Net County Cost.