



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 21-802

Board Meeting Date: 10/19/2021

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 other funds from the Affordable Housing Fund 9.0 to affordable housing projects

RECOMMENDATION:

Measure K: Adopt a resolution:

- A) Approving Affordable Housing Fund (AHF) 9.0 commitments up to \$54,265,066, consisting of \$20,000,000 in **Measure K** FY 2021-22 funds approved by the Board of Supervisors for affordable housing purposes; \$10,000,000 in Measure K funds allocated in previous AHF rounds but returned due to awardee inability to meet funding conditions or as project cost savings; \$15,943,095 in State of California Department of Housing and Community Development (State HCD) Housing for a Healthy California funds; \$1,931,667 in State HCD Local Housing Trust Fund funds; \$1,390,304 in State HCD Permanent Local Housing Allocation funds; and \$5,000,000 in County Mental Health Services Act Project-Based Housing program funds for eight new construction affordable rental housing developments, one existing affordable rental housing project needing rehabilitation, and one new construction affordable multifamily homeownership development, including all conditions attached to such funding recommendations; and
- B) Authorizing the Director of the Department of Housing (DOH), or designee, in consultation with County Counsel, to negotiate and execute contracts and other documents necessary to provide funding to the affordable housing projects, as indicated in Attachment A to the Resolution.

BACKGROUND:

On April 8, 2013, the San Mateo County Board of Supervisors approved the allocation of approximately \$13,400,000 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 seven 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, \$15,000,000 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 eighth (and most recent) round of AHF competitive funding- AHF 8.0- was released in 2020 and awarded \$33,666,437 for the new construction of eight affordable rental housing developments and one affordable homeownership housing development. Sources for AHF 8.0 included **Measure K** funds, State HCD Housing for a Healthy California funds ("HHC") funds, Permanent Local Housing Allocation ("PHLA") funds, and County Impact Fees. To date, the AHF, including its Preservation sub-fund, has allocated approximately \$150,000,000 to assist 2,748 units in San Mateo County by supporting the development of 2,638 new affordable rental and homeownership units, and helping preserve 110 multifamily rental units as affordable housing.

DISCUSSION:

On June 28, 2021, Department of Housing ("DOH") released a Notice of Funding Availability ("NOFA") for its ninth round of AHF competitive funding-referred to as AHF 9.0. AHF 9.0 made available up to \$57,083,399 including: \$20,000,000 in **Measure K** FY 2021-22 funds approved by the Board of Supervisors for affordable housing purposes; \$10,000,000 in **Measure K** funds allocated in previous AHF funding rounds but returned due to awardee inability to meet funding conditions and project cost savings; \$15,943,095 in State HCD HHC funds; up to \$4,750,000 in State HCD Local Housing Trust Fund ("LHTF") funds; \$1,390,304 in State HCD PLHA funds; and \$5,000,000 in County Mental Health Services Act Project-Based Housing program ("MHSA") funds.

DOH received ten applications by the July 23, 2021 application deadline, which collectively requested a total of \$64,765,580 for the creation or preservation/rehabilitation of 759 affordable housing units. All ten applications are for worthy projects that would significantly add to or help preserve high-quality affordable housing stock in the County. Accordingly, DOH staff and the Housing and Community Development Committee are jointly recommending that \$54,265,066 of the AHF 9.0 allocation be awarded, in varying amounts, to all ten projects.

As shown in Attachment A to the Resolution, eight of the ten projects recommended for funding would receive a portion of their allocation through the available **Measure K** funds. In addition, five of the ten projects recommended for funding are recommended for conditional funding awards ("Conditionally Awarded Projects"). If DOH determines that any or all of the Conditionally Awarded Projects have not made sufficient progress towards securing additional funding sources, including, but not limited to, State HCD funding programs, state bonds, and Federal Low Income Tax Credits, DOH will rescind its AHF 9.0 funding award(s) for those projects.

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

FISCAL IMPACT:

The proposed competitive fund award process will be limited to the utilization of up to: \$20,000,000 in **Measure K** FY 2021-22 funds approved by the Board of Supervisors for affordable housing purposes; \$10,000,000 in Measure K funds allocated in previous AHF rounds but returned due to funding conditions and project cost savings; \$15,943,095 in State HCD HHC funds; \$1,931,667 in

State HCD LHTF funds; \$1,390,304 in State HCD PLHA funds; and \$5,000,000 in MHSA funds.