



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 22-812

Board Meeting Date: 10/18/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Raymond Hodges, Director, Department of Housing
Subject: Allocation of **Measure K**, American Rescue Plan Act, and other funds from the Affordable Housing Fund 10.0 to affordable housing projects

RECOMMENDATION:

Measure K: Adopt a resolution:

- A) Approving Affordable Housing Fund (AHF) 10.0 commitments of up to \$54,361,963, consisting of \$19,800,000 in **Measure K** Fiscal Year (FY) 2022-23 funds approved by the Board of Supervisors for affordable housing purposes; \$25,336,972 in American Rescue Plan Act (ARPA) funds; \$2,429,991 in **Measure K** funds allocated in previous AHF rounds but returned as project cost savings; \$864,000 in **Measure K** funds for former foster youth allocated in a previous AHF round but returned due to adjustments in project plans; \$931,000 in State of California Department of Housing and Community Development (State HCD) Permanent Local Housing Allocation funds; and \$5,000,000 in County Mental Health Services Act Project-Based Housing program funds for ten new construction affordable rental housing developments and one existing property with units that will be preserved as affordable and rehabilitated, including all conditions attached to such funding recommendations; and
- B) Authorizing the Director of the Department of Housing (DOH), or designee, in consultation with the County Attorney, to negotiate and execute contracts and other documents necessary to fund the affordable housing projects, as indicated in Attachment A.

BACKGROUND:

On April 8, 2013, the Board approved the allocation of approximately \$13,400,000 of unrestricted general funds for affordable housing purposes. These funds, which initiated the County's AHF, were derived from a one-time distribution of Housing Trust Funds held by former redevelopment agencies in the County. Across eight subsequent AHF competitive funding rounds, DOH allocated a combination of County general funds, **Measure K** funds, 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 ninth (and most recent) round of AHF competitive funding--AHF 9.0--was released in 2021 and awarded \$53,765,066 for the new construction of eight affordable rental housing developments, one existing affordable rental housing project needing rehabilitation, and one affordable homeownership housing development. Sources for AHF 9.0 included **Measure K** funds, State HCD Housing for a Healthy California funds ("HHC") funds, Permanent Local Housing Allocation ("PLHA") funds, and Mental Health Services Act Project-Based Housing program funds. To date, the AHF, including its Preservation sub-fund, has allocated approximately \$175,000,000 to assist over 3,200 units in the County by supporting the development of new affordable rental and homeownership units, and helping preserve multifamily rental units as affordable housing.

DISCUSSION:

On July 25, 2022, Department of Housing (DOH) released a Notice of Funding Availability (NOFA) for its tenth round of AHF competitive funding--referred to as AHF 10.0. AHF 10.0 made available \$29,224,991, consisting of **Measure K** funds, State of California Department of Housing and Community Development (State HCD) Permanent Local Housing Allocation funds, and County Mental Health Services Act Project-Based Housing program ("MHSA") funds.

DOH received fifteen applications by the August 4, 2022, application deadline, which collectively requested over \$102,000,000 for the creation or preservation/rehabilitation of 1,429 affordable housing units. All fifteen applications are for worthy projects that would significantly add to or help preserve high-quality affordable housing stock in the County. However, due to the oversubscription of AHF 10.0 and based on County's funding priorities, DOH staff and the HCD Committee are jointly recommending that up to \$54,361,963 of the AHF 10.0 allocation be awarded, in varying amounts, to eleven projects.

As shown in Attachment A to the Resolution, ten of the eleven projects recommended for funding would receive a portion of their allocation through the available **Measure K** funds and two of the eleven projects recommended for funding would receive a portion their allocation through available APRA funds prioritized by the Board for affordable housing purposes. In addition, two of the eleven projects recommended for funding are recommended for conditional funding awards ("Conditionally Awarded Projects"). If DOH determines that any of the Conditionally Awarded Projects have not made sufficient progress towards securing additional funding sources, including, but not limited to, State HCD funding programs, tax-exempt bonds, and Federal Low Income Tax Credits, DOH will rescind its AHF 10.0 funding award(s) for those projects.

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

FISCAL IMPACT:

The proposed competitive fund award process will be limited to the utilization of up to: \$19,800,000 in **Measure K** FY 2022-23 funds approved by the Board for affordable housing purposes; \$25,336,972 in American Rescue Plan Act (ARPA) funds; \$2,429,991 in **Measure K** funds allocated in previous AHF rounds but returned as project cost savings; \$864,000 in **Measure K** funds for former foster youth allocated in previous AHF rounds but returned due to adjustments in project plans; \$931,000 in

State of California Department of Housing and Community Development (State HCD) Permanent Local Housing Allocation funds; and \$5,000,000 in County Mental Health Services Act Project-Based Housing program funds.