



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 22-959

Board Meeting Date: 12/13/2022

Special Notice / Hearing: None
Vote Required: 4/5 Vote

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Executive

Subject: **MEASURE K:** \$500,000 grant to United Hope Builders, Inc. non-profit modular housing construction organization

RECOMMENDATION:

Measure K: Recommendation to:

- A) Adopt a resolution authorizing and directing the County Executive Officer, or designees(s), to execute a grant agreement with United Hope Builders, Inc. in the amount of \$500,000 for the term of December 13, 2022 through June 30, 2023, conditioned on United Hope Builders raising the additional funds necessary to establish and operate a modular housing manufacturing plant in East Palo Alto and provided that grant funds may be used only as reimbursement for reasonable construction expenses incurred for the manufacturing plant; and
- B) Approve an Appropriation Transfer Request (ATR) transferring one-time monies from **Measure K** reserves in the amount of \$500,000 from Non-Departmental Services Reserves to Non-Departmental Services Project Contributions - Other Agency to fund the grant.

BACKGROUND:

For many years, the County has contracted with WeHope, a non-profit organization located in East Palo Alto, to provide shelter and support services to homeless residents in southern San Mateo County. WeHope clients often experience homelessness because they cannot find affordable housing, and many, while working, have salaries that do not provide enough income to live in San Mateo County.

To create both affordable housing for extremely low-income residents in San Mateo County and local manufacturing jobs, the leaders of WeHope have joined with other community leaders to establish a new non-profit organization, United Home Builders, Inc. (UHB). In partnership with indieDwell, a certified B corporation, UHB plans to manufacture affordable, modular housing units at a new plant in East Palo Alto (the "Plant") that will provide residents with stable, well-paid manufacturing jobs.

indieDwell is an established manufacturer of affordable modular housing units based in Idaho, with manufacturing facilities in Colorado and Idaho. UHB leadership has expressed a commitment to employ at the Plant a diverse and inclusive workforce, including those who have lost jobs due to the pandemic, immigrants, and those reentering the community after incarceration. When the Plant is operating at full capacity, UHB anticipates that up to 80 individuals will be employed in manufacturing positions.

DISCUSSION:

UHB has previously requested financial assistance from the County to support the Plant during the initial stages of operation. On May 18, 2021, the Board adopted Resolution No. 078170, which authorized a grant of up to \$500,000 to partially fund the salaries and benefits of manufacturing line workers at the Plant, conditioned on UHB’s establishment of federal tax-exempt status, commencement of manufacturing operations at the Plant, and other requirements.

Since that initial request for financial assistance, UHB has encountered delays and cost increases in development and construction of the Plant and is seeking to raise additional funding to complete the construction of the Plant and begin operations.

In connection with this current fundraising effort, UHB has requested an additional \$500,000 contribution from the County toward construction of the Plant, which is expected to open by the end of March 2023. UHB has requested a funding commitment from the Board at this time to serve as a catalyst to generate additional financial support for the Plant from other donors, including from foundations and individuals who have expressed interest in supporting this project.

This second \$500,000 grant furthers the County’s efforts to ensure that more affordable housing units are built and supports employment for a diverse and inclusive workforce-including individuals who lost their job due to the pandemic; individuals facing homelessness or housing insecurity; immigrants; and those reentering the community after incarceration-which aligns with the Board’s priorities for Measure K funds, including affordable housing initiatives.

Therefore, staff recommends that the Board authorize a grant of Measure K funds to UHB in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00), which shall be conditioned on UHB first raising and receiving additional funding necessary for the project, and that these grant funds be limited to reimbursement for reasonable construction expenses incurred for the manufacturing plant. A grant agreement to this effect is presented to this Board for approval. Staff will report back to the Board when the grant conditions are met, and the funds are authorized for distribution.

The County Attorney has reviewed and approved the resolution and the proposed grant agreement as to form.

The Appropriation Transfer Request (ATR) presented to the Board for appropriation of the Measure K funds has been approved by the County Executive and Controller, or by their respective authorized designees.

PERFORMANCE MEASURE:

Measure	Target
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Increase number of jobs created in San Mateo County for diverse and inclusive workforce, including individuals who lost their job due to the pandemic; individuals facing homelessness or housing insecurity; immigrants; and those reentering the community after incarceration	80
Number of modular affordable units constructed within one year of operations	400

FISCAL IMPACT:

There are sufficient **Measure K** reserve funds for this specific FY 2022-23 **Measure K** request. The ATR reallocates \$500,000 from Non-Departmental Services Reserves to Non-Departmental Services Project Contributions - Other Agency to fund this grant.