



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 23-660

Board Meeting Date: 8/1/2023

To: Honorable Board of Supervisors

From: Raymond Hodges, Director, Department of Housing

Subject: Allocation of **Measure K** from the County Housing Voucher Program (CHV Program) to permanent supportive housing projects

RECOMMENDATION:

Measure K: Adopt a resolution:

- A) Approving County Housing Voucher Program commitments of up to ninety-seven (97) rental subsidies for an ongoing term of fifteen (15) years, consisting of **Measure K** funds, approved by the Board of Supervisors for permanent supportive housing purposes; and
- B) Authorizing the Director of the Department of Housing, or designee, to negotiate contracts and other documents that are necessary to provide funding to the permanent supportive housing projects, subject to review and approval as to form by the County Attorney, and to execute them on the County's behalf, as indicated in Attachment A to this resolution.

BACKGROUND:

On March 22, 2022, the Board of Supervisors (Board) approved the FY 2022-2023 **Measure K** Budget including a \$4 million commitment to the County Housing Voucher program (CHV Program). The CHV Program provides \$4 million annually over a minimum term of 15 years to subsidize monthly rents for formerly homeless households in the County.

Under the new CHV Program, a fixed monthly subsidy is paid directly to property owners and/or operators to cover a portion of the tenant's rent. In the first year of the Program, the subsidy is valued at approximately \$2,000 a month per unit, in alignment with the maximum rent limits for a 60% Area Median Income (AMI) unit published annually by the State's California Tax Credit Allocation Committee (TCAC). Tenants will contribute no more than 30% of their gross income towards the payment of rent and utilities. The affordable housing owner and/or operator will also be responsible for providing access to high quality, on-site supportive services to tenants in coordination with any pre-existing County-provided services. The program will ensure that formerly homeless households with the lowest incomes in the County are not disproportionately cost burdened by rents and have access to intensive supportive services that will enable them to retain their housing.

The Board of Supervisors approved an additional \$4 million annual commitment over a minimum term of 15 years to the CHV Program under the FY 2023 - 2024 Recommended Budget on June 28, 2023.

The total value of the commitment to the CHV Program over the course of 15 years is now estimated at \$120 million. This sustained commitment from the County will provide a stable long-term rental subsidy for at least 200 formerly homeless households and ultimately move the County towards reaching and maintaining functional zero homelessness.

DISCUSSION:

The CHV Program prioritizes permanent supportive housing developments acquired using State Homekey ("Homekey") Program funds. Homekey was launched to provide funding to rapidly sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19. Homekey presented an opportunity for local public agencies to purchase motels and a broad range of other building types in order to increase community capacity to respond to homelessness and the COVID-19 pandemic.

Through Homekey, the County was able to purchase two hotels in Redwood City and convert them to permanent supportive housing for formerly homeless households. A TownePlace Suites Hotel was converted into a 95-apartment community for unhoused seniors, now called Shores Landing. A Comfort Inn motel was converted into a 51-apartment community now called Casa Esperanza. The Homekey program offered some operating funds to kick-start operations at these properties, but the State did not provide any long-term rental subsidies to support continuing operations.

The CHV Program's 15-year commitment will ensure that rents can remain affordable for formerly homeless households who have found permanent housing in the County's Homekey-funded communities. In addition to providing critical long-term rental subsidies under the CHV Program to these two properties, the Department of Housing will set-aside the remaining County Housing Vouchers, for potential use at an additional permanent housing project acquired using State Homekey Program 3.0 funds.

As shown in Attachment A to the Resolution, Shores Landing and Casa Esperanza are recommended to receive a total of 97 rental subsidies under the CHV Program through the available **Measure K** funds.

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

FISCAL IMPACT:

The value of the 97 County Housing Vouchers in the first year of the 15-year term is valued at approximately \$2,294,748. This amount will escalate by 2% annually for the 15-year term of the agreements.

The CHV Program will also annually put aside a transition reserve sized at 10% of the subsidy amount to prepare for the possibility of the subsidy not being reappropriated by the Board of Supervisors in any given biennial cycle. These funds are set-aside annually to provide backup funds for the awardees in the event that the funds are not reappropriated in the future.